

# ATB Listens



Strategic Plan  
FY2018–FY2020

## The Landscape

### Times are a changin’

ATB has been building its capacity—both in people and in technology—and is now poised to capitalize on that foundation to accelerate with the digital revolution that is enveloping financial services. By having two clear points of differentiation—the “ATBs”<sup>1</sup> and an outstanding culture to serve our customers, *plus* the tools, technology, and processes required to streamline how things work behind the scenes—ATB is in a position to embrace the change swirling around it and separate ATB from the crowd of competitors. Focusing on being a bank for entrepreneurs, diversifying and supporting the growing sectors of Alberta’s economy, and harnessing ATB’s resources to reimagine banking from the customer perspective, will enable ATB to capture growth in a slow market.

In such a rapidly changing financial world, an artful mix of nimbleness and reliability will be required. With that backdrop, ATB may be *exactly* the right size: Small enough to move quickly and partner with financial technology companies, yet large enough to be disciplined and have the resources to invest.

Improving results in the ensuing three years will come from taking market share, improving efficiency, and decreasing loan loss provisions. ATB’s “home-field advantage” and the strong engagement of team members will enable ATB to punch above its weight.

### Uncertainty still looms

While oil prices have stabilized close to \$50US a barrel, there is no real expectation that prices will improve substantially over the next year. Likewise, natural gas prices, interest rates, unemployment rates, and the Canadian dollar all seem to have settled or slightly improved but are still at lacklustre levels and are expected to stay there through most of fiscal 2018.

At the same time, there are positive signs indicating that we may have seen the worst of the downturn. Business sectors outside of the energy industry are picking up or holding steady, and we see opportunities to expand ATB’s business in renewable energy, manufacturing, agriculture, franchising, social enterprise, equipment financing, trade finance, technology, and start-ups. The initial launch of two Entrepreneur Centres in fiscal 2017 provides the foundation for expanding that approach to more centres across the province and continuing our journey to become Alberta’s bank for entrepreneurs.

And, importantly, our own team members are sticking with us. Our team is embracing our support of Albertans and reimagining how ATB “works” and what we can be.

Looking ahead, while we’re not anticipating a dramatic uptick in Alberta’s economy, we are anticipating steady and profitable growth in our business over the next three years. We’ll do that by sticking with our strategy, sticking with our customers, and engaging our team members to seize the right opportunities to grow. With that perspective in mind, now is the time to press ahead and increasingly separate ATB from the pack.

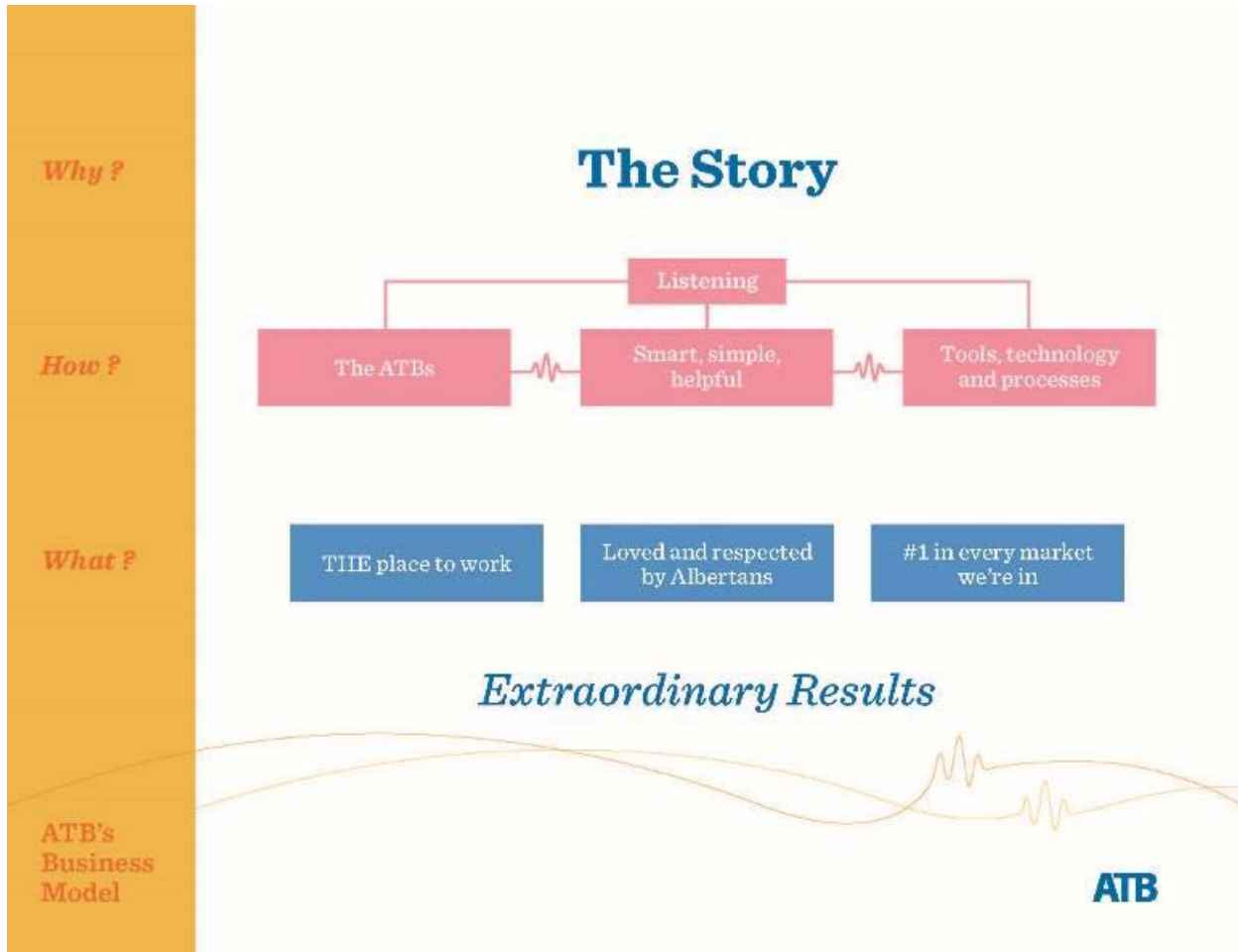
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<sup>1</sup> The ATBs are 10 statements that guide our culture in how we treat our customers and each other.

## Strategic Highlights

### Sticking with ATB's business model

ATB recently launched its **Story**, 94 words that describe ATB's purpose and challenge us to transform banking, reimagine it, and make banking work for its customers.<sup>2</sup> Rather than setting our sights on being like the rest of the banks, our Story calls on us to be more than a bank.



We make the Story true by differentiating ATB on two fronts:

- **The ATBs** and our ability to develop an exceptional culture that sets a consistently high bar for how we treat our customers and each other

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<sup>2</sup> The ATB Story: “We can transform banking. Reimagine it. Make banking work for people. Because we carry the outrageous belief that banking can change people’s lives for the better. Make their time richer, their aspirations closer, their happiness deeper. How will we do this? By doing things other banks wouldn’t do. By being ever loyal to our customers, relentlessly inventive, and steadfastly genuine in our pursuit of Albertans’ greater good. By using banking to create happiness. Why happiness? Because good things happen when happiness becomes your purpose. That’s why ATB will always be more than a bank.”

- **Tools, technology, and processes** that ensure that all things that go on behind the scenes are engineered from the customer’s perspective—so we not only meet but exceed customers’ expectations

To constantly remind us that customers have to be at the heart of everything we do, we added an expectation that everything we do for our customers is **smart, simple, and helpful**: words that describe what our customers consistently want and expect from ATB. And this year, to reflect ATB’s new brand, we’ve added “listening,” which reflects our understanding that the only way we can deliver on the Story is by listening to customers. ATB Listens is the promise we’re making to Albertans, and it will define how we are differentiating ATB in the marketplace.

### Honouring our goals and overarching strategies

ATB’s three goals have been in place for many years: to be **the place to work**, to be **loved and respected by Albertans**, and to be **number one in every market we’re in**. Those goals will not change. First and foremost, our goal is to make this a great place for team members to work. Because if it is, we know they do their best work and deliver outstanding service to our customers. By being loved and respected by Albertans, we’ll grow our reputation, be recognized as a strong asset to communities and the province as a whole, and predispose more and more Albertans to doing business with ATB. And with both of those goals in place, combined with the solid strategies of our new Customer Obsession team and the Transformation team, we’ll achieve the third goal of being number one in every market we’re in.

Last year, we introduced three new overarching strategies to help to focus our business model. Those three strategies remain:

- **Become the bank for entrepreneurs.** Alberta is known for its entrepreneurial spirit and there are countless examples of Alberta entrepreneurs who buck the odds and turn a bold idea into an outstanding business success. But traditional banking has not always worked well for entrepreneurs whose approach is not as “neat and tidy” as banks would like. ATB will bridge that gap, not only through our approach to business banking, but also by understanding that, for entrepreneurs, their personal banking needs are equally important and don’t always fit the “neat and tidy” retail box either.
- **Grow and diversify our business.** We see a number of opportunities to expand our expertise to match and support growing areas of Alberta’s economy. We have identified and are actively pursuing several key areas, including manufacturing, renewable energy, technology, and non-profits, including social enterprises. This diversification also affords us opportunities to change the “mix” of our income to rely less on margin-based revenue.
- **Reimagine banking.** We have the opportunity to truly transform banking for our customers, starting with a deliberate focus on designing customer experiences and following that through with all the new tools and technologies we introduce.

### Matching resources with the business model

While we can’t predict the future for banking, it’s safe to bet that more change will take place in our industry in the next 10 years than we’ve seen in previous decades combined. New tools and technology are being developed at an increasingly rapid rate. New players are entering the marketplace. And customers are no longer willing to accept cumbersome and confusing banking just because that’s what they’ve always experienced.

Although that challenge can feel daunting, ATB is ideally positioned to do banking differently. We’re the perfect size: not too big to be able to change quickly, and not too small to be able to invest in new tools and technology that transform banking experience for our customers.

The challenge for us is to reimagine ATB—to line up our resources, people, and priorities to match the business model and make sure we can deliver outstanding results. That starts with recognizing that, until now, ATB has been a successful traditional financial institution that added digital tools and expertise. We need to turn that approach on its head and become an outstanding digital company that has the added advantage of having traditional banking channels and services and outstanding people that, combined with new digital offerings, can serve customers however they want to be served.

In the fall of 2016, we took the first steps to reimagining ATB. We established two new roles, to accelerate ATB’s strategy and realigned responsibility for streamlining processes, and expanded a third:

- The **Chief Customer Officer** brings together all customer-facing areas of ATB: Retail Financial Services, Business & Agriculture, Corporate Financial Services, Investor Services, the Customer Care Centre, a “listening post” to assess and respond to customer feedback, and a new focus on digital banking. This grouping (the Customer Obsession Leaders Team) will have an obsessive focus on customers and a mandate to maximize the use of all new tools and technology developed across the company to deliver outstanding customer experiences.
- The **Chief Transformation Officer** focuses squarely on upping our game around transforming banking. With a mindset like a startup, the Transformation team will focus on

customer experience, digital development, data, IT, and innovation. Its goal is to drive a very different forward-thinking and tech-savvy customer experience at ATB.

- The expanded role of **Chief Financial Officer and Head of Operations** aligns responsibility for streamlining and simplifying processes within a single team.

### Serving customers and reimagining banking

Over the next three years, we will focus on transforming banking and making the promise of the Story true. We will serve our customers (by aligning all customer-facing roles), follow through on our commitment to transform banking (through the Transformation team mandate), and improve ATB's behind-the-scenes processes so they work better for customers and team members.

ATB's Customer Obsession Leadership Team (COLT) will lead ATB's movement to "kill what people hate about banking and create what people love." They'll do that by listening to customers, making banking work for people, looking at business opportunities that cut across all areas of expertise (AoEs),<sup>3</sup> and exploring new ways for team members to work and keep pace with rapid changes in our business. They'll expect all team members to be proficient in the new tools and technology ATB develops and to be advocates with customers. They'll count on the strong expertise of all four AoEs to execute and deliver on strategies to become the bank for entrepreneurs, grow and diversify ATB's business, and rapidly acquire new customers. And they'll move ahead on plans to launch a digital bank by 2020.

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<sup>3</sup> The AoEs include Retail Financial Services, Corporate Financial Services, Business & Agriculture, and ATB Investor Services.

## Achieving Extraordinary Results

ATB's three-year financial forecast reflects the view that we are focused on transforming ATB and banking for our customers despite the difficult economic times that Alberta is still experiencing. There will be a continued need to invest in the future to accelerate our financial performance by thoughtfully optimizing our returns, managing the increasing costs of regulatory requirements, and continuing to minimize as much as possible the increase in loan loss provisions. The exceptional execution of our strategies, as part of transforming banking, diversifying our business, and becoming the bank for entrepreneurs will be required to overcome these and other resource constraints on our business.

The financial road map is the product of our focus on growth in solutions for our customers that yield strong risk-adjusted margins and fee income for ATB. The combination of strong revenue growth, cost management, and a focus on capital optimization will result in ATB becoming a \$1.8-billion company generating nearly \$500 million of net income before payment in lieu of taxes by fiscal 2020.

In addition to tracking our financial results, ATB tracks key metrics that allow us to assess whether or not we're meeting our three goals of being the place to work, being number one in the markets we're in, and being loved and respected by Albertans. Based on our results for fiscal 2017 and the impact of ATB's various strategies, tempered by the current economic environment, we expect to be on track to achieve the following results over the next three years.

<b><i>The place to work</i></b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Engagement	89%	89%	89%
<b><i>Loved and respected by Albertans</i></b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Customer advocacy index <sup>4</sup>	59	60	60
Willingness to bank	59%	60%	60%
<b><i>Number one in every market we're in</i></b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Consumer-customer market share	15.4%	16.1%	16.8%
Business-customer market share	21.1%	21.3%	21.5%
<b><i>Extraordinary results (\$ millions)</i></b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Net income	\$202	\$277	\$381

<sup>4</sup> The customer advocacy index (CAI) is ATB's standard metric, based on surveys conducted by NRG Research on ATB's behalf, for measuring a customer's willingness to continue to bank with ATB and to recommend ATB to others, allowing us to benchmark ourselves against other financial institutions in Alberta.