

ALBERTA TREASURY BRANCHES MANDATE AND ROLES DOCUMENT

This Mandate and Roles Document (“**MRD**”) for Alberta Treasury Branches (“**ATB**”) has been developed collaboratively between the Minister of Finance and Enterprise (the “**Minister**”) and ATB to reflect a common understanding of their respective roles and responsibilities.

I. ATB’S MANDATE

The legislative mandate of ATB is established in the *Alberta Treasury Branches Act* (the “**ATB Act**”) and Regulation and generally is to provide Albertans access to financial services and enhance competition in the financial services marketplace in Alberta.

A. Expectations

In fulfilling this legislative mandate, the government’s expectations of ATB include:

1. **ATB shall facilitate access to financial services for Albertans by:**
 - a) Providing financial services throughout Alberta.
 - b) Offering low-fee retail deposit accounts to its customers that are generally consistent with the requirements under federal legislation for deposit-taking institutions. A low-fee account shall have certain features such as:
 - (1) In opening an account, the level of identification required should be consistent with industry practice;
 - (2) A low monthly fee;
 - (3) Availability of some in-branch transactions;
 - (4) No charge for deposits;
 - (5) Availability of a debit card; and
 - (6) A free monthly statement or passbook.
2. **ATB’s customers must be predominantly Alberta residents and corporations headquartered in Alberta.** ATB may not intentionally solicit business from outside of Alberta. If marketing through mediums accessible from outside Alberta, such as national TV or the Internet, it must be made clear the target audience is Alberta residents. ATB shall not advertise in mediums not generally distributed in Alberta.

ATB must not provide services outside Alberta, except under the following circumstances:

- a) Where specifically permitted under the *ATB Act* and Regulation.

- b) Where ancillary to providing financial services to persons residing or operating in Alberta.
- c) Persons previously resident in Alberta that have left the province may continue to maintain accounts with ATB.
- d) ATB may offer those administrative and back office processing services included in the Approved List of Back Office Services (Section IX, Appendix A) to any persons resident in Canada. The provision of these services to others must be ancillary to the business of ATB and at a level necessary to sustain ATB's operations.

3. ATB must be operationally independent from government. ATB must:

- a) Make day to day operations and management decisions including branch management, credit granting and enforcement, and investment decisions.
- b) Make business decisions in a sound commercial fashion within the prudential framework set by the applicable legislation, regulation and Guidelines and the strategic framework set by the business plan.
- c) Ensure business transactions with the government are on market terms and conditions that are no more favourable or onerous than those offered to private sector customers in comparable circumstances.
- d) Not provide personal information about ATB customers, including all credit granting and enforcement decisions, to the government except as required by law.

4. ATB is to conduct itself in accordance with legal and statutory provisions applying to all Alberta Crown agents or to ATB in particular. ATB is also to conduct itself in accordance with those policies of general application to agencies, boards and commissions specified by the Minister, and with management principles adopted by the government.

The principles deal with:

- a) Ethical behaviour;
- b) Public accountability;
- c) Prudent financial management;
- d) Quality service to the public; and
- e) Fairness to consumers in the marketplace for financial services in Alberta.

5. ATB shall foster competition for financial services throughout Alberta to promote access to financial services and strong financial services providers by operating on sound financial institution and business principles with the objective of earning a return that is fair in the context of its Mandate and the broad strategic policies and level of risk agreed to by the Minister and ATB.

B. Applicable Legislation, Regulations and Guidelines

1. ATB has responsibilities under, and is subject to a number of statutes, regulations and rules including:
 - a) ATB is a “Provincial corporation”, as defined under the *Financial Administration Act*.
 - b) ATB’s legislative mandate and powers are set out in the *ATB Act* and Regulation.
 - c) In addition to the *ATB Act*, the related Regulation and the approved Guidelines, ATB functions within the legal framework established by such statutes of general application as the *Financial Administration Act*, *Government Accountability Act* and *Alberta Public Agencies Governance Act*.
 - d) All documents and reports provided to the Minister become the property of the Minister and are subject to the protection and disclosure provisions of the *Freedom of Information and Protection of Privacy Act* (“**FOIP**”). Pursuant to *FOIP*, the Minister is required to protect certain third party business and personal information and will consult with ATB, as necessary, to determine if those provisions apply.
2. ATB is subject to regulatory oversight by the Alberta Superintendent of Financial Institutions who, on behalf of the Minister, has issued the following Guidelines and Ministerial Order:
 - a) Capital Adequacy;
 - b) Ministerial Order on Capital Adequacy;
 - c) Derivatives Best Practices;
 - d) Legislative Compliance Management System;
 - e) Liquidity;
 - f) Outsourcing; and
 - g) Prudent Person Rule.

II. DUTIES AND RESPONSIBILITIES

The Government is responsible for the legislative, regulatory and policy frameworks in which ATB operates.

A. The Minister

1. The Minister is accountable to the Legislature for ATB. The Minister reports to the Legislature on the affairs of ATB and answers questions about ATB. To enable ATB to fulfill its mandate, the Minister:
 - a) Recommends appointments and re-appointments of ATB’s board of directors (the “**Board**”), and the President and Chief Executive Officer

(the “CEO”) to Cabinet for approval, after consultation with the Chair of the Board (the “Chair”), as appropriate;

- b) Recommends to Cabinet, as appropriate, the establishment of ATB subsidiaries;
- c) Approves Guidelines that are developed to manage the risks to which ATB is exposed;
- d) Monitors the activities of ATB in respect of its mandate and compliance with all relevant government policies, the *ATB Act* and Regulation, *Financial Administration Act* and *Government Accountability Act*, and takes appropriate action;
- e) Reviews business plans in the context of public policy objectives and consistency with ATB’s mandate and government expectations;
- f) Consults with the Chair, as appropriate, when significant new strategic directions that directly impact the mandate of ATB or when initiatives are taken to amend any legislation, regulation, or Guidelines which may affect the operations of ATB; and
- g) Acts as agent for ATB’s borrowings in compliance with section 81(1) of the *Financial Administration Act*

B. The Deputy Minister

- 1. The Deputy Minister supports and acts under the general direction of the Minister. The Deputy Minister is responsible for the following activities:
 - a) Maintaining the legislative framework;
 - b) Addressing strategic and business/fiscal planning issues in terms of both content and timelines; and
 - c) Keeping stakeholders informed.

C. The Department of Finance and Enterprise (the “Department”)

The Department is responsible for supporting ATB in the following areas:

- 1. Maintaining the legislative framework by:
 - a) Recommending changes to legislation and regulations including:
 - (1) Monitoring the specific and general social/economic environment for significant developments that may affect ATB;
 - (2) Consulting with ATB and other stakeholders affected by decisions of ATB, and as appropriate, gathering the views of Albertans and the Legislature; and
 - (3) Managing the processes leading to legislation, regulations and guidelines.

- b) Providing advice to address such legislative issues as ATB governance, performance monitoring and compliance by:
 - (1) Assisting in the appointment of Directors as set forth in section III below;
 - (2) Providing advice and support to assist the Minister in accounting to the Legislature for the actions and performance of ATB; and
 - (3) Assisting in ensuring ATB complies with applicable legislation including taking appropriate action for non-compliance.
2. Addressing strategic and business/fiscal planning issues in terms of both content and timelines by:
 - a) Assisting the Minister in setting the mandate, strategic direction and performance expectations for ATB by:
 - (1) Monitoring the specific and general environment affecting ATB by analyzing sectoral trends and benchmarking; and
 - (2) Ensuring the strategic and business plans are linked to Government's.
 - b) Monitoring ATB's achievement of objectives and performance expectations and proposing remedial action where necessary.
 3. Keeping stakeholders informed by:
 - a) Keeping ATB informed of other government expectations, strategic directions, legislative changes and specific government policy matters which could affect ATB directly or indirectly.
 - b) Assisting the Minister in keeping Cabinet, the Legislature and Albertans informed of significant positive and adverse events.

D. ATB Board

The Board is responsible for the governance of ATB and overseeing the management of the ATB's business and affairs. The Board guides ATB's strategic direction, including ensuring broad strategic policies and overall risk appetite of the government is reflected in ATB's business plans, approves and monitors ATB's business plan, operational plan and financial results and performance of the CEO and is ultimately accountable to the Minister. Board members must act honestly and in good faith.

1. The Board is responsible for:
 - a) establishing appropriate governance processes to assist in fulfilling its mandate;
 - b) ensuring all Directors comply with ATB's Board of Director's Code of Conduct and Ethics and general oversight of the associate Code of Conduct and Ethics;

- c) establishing such committees as it deems necessary to assist it in carrying out its duties and ensuring a written mandate for each committee is reviewed and approved annually. The Board has established the following committees:
 - (1) Audit Committee;
 - (2) Risk Committee;
 - (3) Governance and Conduct Review Committee;
 - (4) Human Resources Committee; and
 - (5) Strategic Planning Committee.
- d) developing a position description for the CEO and ensuring an appropriate management team is in place;
- e) recommending to the Minister the appointment of the CEO, monitoring and evaluating the CEO's performance, and recommending to the Minister the CEO's compensation;
- f) assisting in the appointment of Directors per section III below;
- g) conducting periodic evaluation of the Board and its standing Committees, and their processes, including peer assessment as appropriate;
- h) ensuring adequate plans are in place for management development and succession, and conducting an annual review of such plans;
- i) monitoring the financial performance of ATB and ensuring, with the advice of the external auditors, the financial results are reported on a timely and regular basis and in accordance with any legislated requirements and the Canadian Generally Accepted Accounting Principles (GAAP);
- j) ensuring all material developments, and significant emergent issues of ATB, are disclosed to the Minister on a timely basis, including promptly informing the Minister of any legal issues relating to ATB and of which ATB has actual knowledge, in respect of:
 - (1) constitutional or Charter of Rights arguments that arise in cases filed with the courts; and
 - (2) claims relating to Crown immunity, ATB's ownership or actual or contingent liabilities of a material nature that arise in cases filed with the courts;
- k) overseeing compliance with all relevant policies, procedures and standards by which ATB operates and ensuring ATB operates at all times in compliance with all applicable laws and regulations;
- l) approving all matters which require Board approval as prescribed by the *ATB Act* and Regulations and ensuring such matters are brought to the attention of the Minister if necessary;
- m) providing an orientation to new Directors of the particular practices of ATB, including its governance practices;

- n) providing ongoing training and development opportunities for Directors;
- o) ensuring the Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the Board, its committees, the Chair and individual Directors. The Board reviews the results of the evaluations and discusses opportunities to improve Board effectiveness. Individual Director evaluations are used to identify opportunities to improve the individual Director's competence and to inform the re-appointment process;
- p) preparing and providing to the Minister a Business Plan and Annual Report for each fiscal year in the form and at a time acceptable to the Minister;
- q) addressing how ATB interacts with the public and establishing policies that clearly identify roles and responsibilities in the area of communication with the public;
- r) communicating with the Minister and the Department on items of mutual concern; and
- s) engaging in a strategic planning process which includes the consideration of the principal risks associated with ATB's business. The oversight of these risks is assigned to the Risk Committee of the Board and the management of these risks is assigned to the CEO. The status is periodically reviewed by the Board.

E. The Chair

With direction from the Board, the Chair represents the Board and its interests, as well as the interests of ATB, in dealing with the Minister, the Department, the CEO, stakeholders and the community. The Chair is responsible for providing leadership for the Board and for effectively facilitating the work of the Board.

1. The Chair is responsible for:
 - a) planning and managing Board meetings, setting meeting agendas and reviewing meeting minutes;
 - b) providing the Minister with updates on ATB's activities and informing the Minister regarding emergent issues;
 - c) ensuring the Board, and its committees, have opportunities to meet independent of management;
 - d) ensuring ongoing communications with ATB primarily through the CEO and Corporate Secretary;
 - e) directing the Board self assessment process; and
 - f) ensuring the Board carries out its work.

F. The CEO

The CEO is responsible for leading management, developing recommendations for and implementing ATB's strategy and reporting to the Board.

1. The CEO is responsible for:
 - a) the day-to-day management of ATB;
 - b) ensuring products and services are within the standards and policies of ATB and the Government of Alberta and that they meet or exceed industry standards;
 - c) establishing appropriate systems for the general administration and financial management and control of ATB;
 - d) monitoring performance and taking corrective action when problems are identified;
 - e) ensuring the proper management of ATB's risk in providing services and care of ATB's assets;
 - f) providing support to the Board to allow it to carry out its governance responsibilities;
 - g) working with the Board to prepare an annual Business Plan and Annual Report in accordance with the guidelines provided by the Minister;
 - h) maintaining effective communications with the Chair, the Deputy Minister, senior staff in the Ministry, other Ministries as required, stakeholders and other business partners; and
 - i) ensuring ATB is operating within the mandate, policies, standards and budget approved by the Board.

G. ATB Subsidiaries

1. The following subsidiary corporations were established to assist ATB in carrying out its mandate by providing wealth management services and each are responsible for the services described below:
 - a) *ATB Securities Inc.* - Provides the services of an investment dealer, including access to a wide range of fixed income, equities and mutual fund products;
 - b) *ATB Investment Management Inc.* - Provides managed discretionary investment services for high net worth private and institutional clients and also acts as the manager, portfolio advisor and trustee of funds; and
 - c) *ATB Insurance Advisors Inc.* - Provides tax and estate planning advice and a range of protection products and services, including life and disability insurance.

III. RECRUITMENT AND APPOINTMENT OF DIRECTORS

1. Board members are appointed by the Lieutenant Governor in Council and collectively constitute the Board.
2. The Board and the Department will maintain a board succession plan which meets the needs and timing appropriate to both parties.
3. ATB will maintain an inventory of the values and competencies of individual members. Values will include respect, integrity, excellence and accountability.
4. When a vacancy occurs or is expected, the Board and the Department will collaborate to identify the competencies needed and provide that profile to those responsible for leading the recruitment process.
5. A public posting of all vacancies (which includes the required competencies) will be the responsibility of the Department. ATB may also post vacancies to expand the search for qualified candidates.
6. Applications will be reviewed by the Board and the Department and a joint list of prospective candidates sent to the Interview Panel.
7. The Interview Panel will consist of a representative selected by the ATB Chair, a representative selected by the Minister and an independent third party jointly selected by the Chair and the Minister.
8. Candidates will be assessed on the basis of the applicable competencies and values.
9. Conflict of interest and other screening shall be completed before a list of suitable candidates is prepared for submission to the Minister.
10. The Minister will recommend appointments to the Board to the Lieutenant-Governor-in-Council from the short list provided by the Interview Panel.
11. The results of the recruitment process will be posted publicly on ATB's website.
12. Appointment is for a fixed term of up to three (3) years, with the potential for reappointment, based on satisfactory performance, to a maximum of ten (10) years of continuous service.

IV. CODE OF CONDUCT

A. ATB Associates

ATB has established a code of conduct and ethics (the "**Code of Conduct**") which sets out the principles and standards that guide the actions of all ATB associates.

All ATB associates are responsible for adhering to the Code of Conduct. The Code of Conduct sets out a process for handling actual or apparent breaches of the Code of Conduct, which includes an escalation process to resolve issues.

The Governance and Conduct Review Committee of the Board has overall responsibility for the effectiveness of the Code of Conduct and recommends any amendments to the Code of Conduct to the Board. The Ethics Committee is responsible for administering the Code of Conduct, except where the matter concerns a member of the Ethics Committee, in which case it would be administered by the Governance and Conduct Review Committee of the Board.

A copy of the Code of Conduct shall be made available to the public on ATB's website at www.atb.com.

B. ATB Board Members

ATB has established a code of conduct and ethics (the "**Director's Code of Conduct and Ethics**") which sets out the principles and standards that guide the actions of all ATB Board members.

The Board has the responsibility for maintaining the effectiveness of and administering the Director's Code of Conduct and Ethics.

A copy of the Director's Code of Conduct and Ethics shall be made available to the public on ATB's website at www.atb.com.

V. INTERACTION BETWEEN ATB AND THE DEPARTMENT

The Board and the Minister expect ongoing communication, collaboration and consultation with each other, including regular meetings between the Department and ATB management to obtain briefings on:

1. ATB's planned activities; results of operations and compliance with applicable regulations; and emerging strategic decisions which could directly impact the mandate of ATB;
2. Broad strategic policies of the Department including the level of risk ATB is expected to assume; and
3. Initiatives planned to amend any legislation, regulation, or Guidelines which may affect the operations of ATB directly or indirectly.

VI. FINANCIAL, STAFFING AND ADMINISTRATIVE ARRANGEMENTS

1. ATB determines its own financial and administrative arrangements in accordance with its Business Plan objectives and prepares an annual budget.
2. ATB has its own human resources department, employs all of its own employees and determines its own employee compensation.

VII. ATB'S PLANNING AND REPORTING REQUIREMENTS

1. ATB must prepare and provide to the Minister the following planning and reporting documents to allow the Minister and other stakeholders to make an assessment about how efficient and effective ATB is in exercising its mandate:
 - a) Business Plan and Annual Report for each fiscal year in accordance with the requirements of the *Government Accountability Act*; and
 - b) Annually, financial statements as required pursuant to the *ATB Act*.
2. ATB must, on the request of the Minister and subject to the protection and disclosure provisions of *FOIP*, prepare and provide commercially sensitive information to the Minister in confidence to allow the Minister to make an assessment about how efficient and effective ATB is in exercising its mandate and may include information regarding the following:
 - a) ATB's geographic coverage and market penetration in the province;
 - b) ATB's low fee retail deposit accounts;
 - c) Market conduct information;
 - d) Financial services to excepted persons in Section IA2 above;
 - e) Compliance with statutory provisions and policies of general application; and,
 - f) ATB risk levels and planned and actual return on average risk weighted assets in the financial services industry and for ATB.

VIII. ADMINISTRATION

A. Review of the Mandate and Roles Document

1. This MRD shall be in effect for not more than three years and must be renewed or revised on or before the expiry date.
2. This MRD may be amended on the written approval of both the Minister and the Chair.

B. Transparency

Copies of the MRD will be filed with the Minister, ATB and the Agency Governance Secretariat. In support of the principle of transparency, this document will also be easily available to the public on ATB's website at www.atb.com.

C. Periodic Mandate Review

A review of ATB's mandate and purpose will be carried out by the Department at least every five years to determine if the work of ATB is still relevant to the needs of Albertans, and being carried out in a manner that supports government objectives.

IX. APPENDICIES

The following documents will be appended to and form part of this MRD:

A. Approved List of Back Office Services

B. Framework for Closing Branches or Agencies

X. OTHER

This MRD replaces and supercedes the Memorandum of Understanding dated November 24, 2003 between ATB's Board Chair and the Minister.

The undersigned agree to the terms and conditions set out in this MRD.

"Bob Splane"
Board Chair

ATB

"Ted Morton"
Minister

Ministry of Finance and Enterprise

13. Jan. 11
Date:

13 Dec 2010
Date

ALBERTA TREASURY BRANCHES
MANDATE AND ROLES DOCUMENT

APPENDIX A - APPROVED LIST OF BACK-OFFICE SERVICES

Subject to the following parameters, conditions and reporting requirements, Alberta Treasury Branches (ATB) may provide the following back-office services to businesses outside Alberta:

1. Access to the clearings system for indirect clearers.
2. Access to MasterCard Canada for financial institutions.
3. Point of sale (POS) debit card, credit card and merchant services.
4. Automated banking machine (ABM) services.
5. Call Centre services.
6. Loan and mortgage processing services.
7. Payroll-processing services.
8. Wealth management processing services.
9. Information Technology consulting services.

Parameters and Conditions

- Within the meaning of section 277(1) of the *Alberta Business Corporations Act*, or generally, equivalent legislation of other jurisdictions, ATB must not “carry on business” outside Alberta.
- The back-office service must be required to support ATB’s core operations.
- The extent of ATB’s out-of-province operations must be limited to that amount which allows ATB to (i) develop its operations on an economically viable scale, or (ii) utilize any excess capacity included to accommodate reasonable future growth.

Reporting Requirements

- Provide annually to the Minister information on the types and levels of back-office services offered and the extent to which they support the core operations of ATB and its customers in Alberta vs. in other jurisdictions.

APPENDIX B - FRAMEWORK FOR CLOSING BRANCHES OR AGENCIES

Similar to the federal requirements for banks, ATB must consider the following factors in developing a framework for closing branches or agencies.

1. **Notice requirements** - When ATB closes a branch or withdraws providing financial services through an agency, there are varying impacts on consumers. These can range from the mild inconvenience of having to switch to a nearby branch, agency or another financial institution, to the complete loss of service when the last ATB agency or branch closes in a small town.

ATB is required to provide the following notice period to their customers as branches or agencies are closed or converted:

Branch or agency closure	Amount of notice
a. Where there is no ATB agency, branch or another retail deposit-taking institution within 10 km of the affected agency or branch.	6 months.
b. Where there is an ATB agency, branch or another retail deposit-taking institution within 10 km of the affected agency or branch.	4 months.
c. Where ATB changes its presence from a branch to an agency.	4 months.

2. **Exceptions to notice requirements** - The notice requirements in (1) above do not apply in the following situations:

- Where the change is not expected to impair the customers ability to access financial services notice is not required. Examples include:
 - the sale of a branch or take over of an agency by another retail deposit-taking financial institution
 - temporary disruptions in service that do not continue for more than 15 business days (e.g., renovations); and
 - closures as a result of a relocation of a branch or agency or its consolidation with one or more other branches or agencies where the site of the relocated or consolidated branch or agency is less than 500 metres from the site of the closed branch or agency.
- Where the change is a result of something outside of ATB's control, notice required is the lesser of minimum period referred to in the chart above and within a reasonable period following the date ATB received notice. Examples include closures resulting from:
 - agent initiated closures of an agency (e.g. resignation);
 - events beyond ATB's control (i.e. acts of God);
 - a risk to the safety of personnel or the public (e.g., repeated robberies at a branch or agency);

- the unexpected termination by the landlord of a lease arrangement for the branch or agency, where the landlord has not given the institution enough notice of the termination to allow it to comply with the notice requirements;
- cancellation of an agency contract for reasons other than financial viability reasons (e.g., fraud); and
- other instances where ATB would face undue hardship in complying with the notice requirements, with the consent of the Minister.

3. ***Type of notice*** - The following information must be posted in a conspicuous place in a public area of the agency or branch:

- Location of the branch or agency;
- Proposed date for the closure;
- Address of the branch or agency where customer accounts will be transferred, if at all; and
- Other locations of ATB where customers may obtain service after that date, or a telephone number that customers may call to find out such information.

In addition, ATB must send the above information on the closure to

- Each customer of the affected branch or agency (i) by mail, either included with a regular account statement or in a separate meeting or (ii) by electronic means, if the customer regularly receives material from ATB by electronic means;
- Municipal authority within which the affected agency or branch is located; and
- The Minister.

As well, ATB must publish notice in a locally distributed newspaper in rural areas within the affected branch or agency.

