

Memorandum

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Date: JUL 29 2020

From: Travis Toews
President of Treasury Board and
Minister of Finance

To: Aaron Roth
Committee Clerk

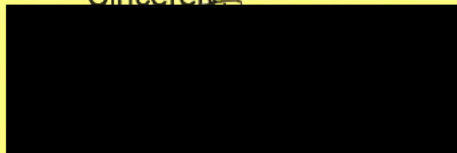
Subject: Followup Responses for the Standing Committee on Public Accounts

During the June 23, 2020, meeting of the Standing Committee on Public Accounts regarding Treasury Board and Finance's 2018-19 Annual Report and outstanding recommendations from the Auditor General, the Committee requested that the department and ATB Financial representatives provide written followup responses to certain questions asked in the meeting.

I am pleased to provide the attached responses to those questions on behalf of the Ministry of Treasury Board and Finance, which includes ATB Financial. Attached are excerpts from Alberta Hansard and the subsequent response to the thirteen non-ATB Financial questions. This includes responses from the Superintendent of Insurance, Sherri Wilson. Also attached separately, are the ATB Financial responses to seventeen questions.

Please contact Ms. Athana Mentzelopoulos, Deputy Minister, if further clarification is required.

Sincerely,



Travis Toews

Attachments

cc: Shannon Philips
Chair, Standing Committee on Public Accounts

Athana Mentzelopoulos
Deputy Minister, Treasury Board and Finance

Sherri Wilson
Superintendent of Insurance

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Treasury Board and Finance

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**Superintendent of Insurance Report-Insurance Bureau of Canada
Members- Ms. Phillips – (PA-253)**

Q1. Ms. Phillips: I just want to confirm my understanding using the 2018 superintendent of insurance's report on automobiles only, that Insurance Bureau of Canada members represent all but 12 of the more than 75 companies that provide motor vehicle insurance in the province, and the market share of that group is 97 per cent of the total premiums paid in Alberta. Am I correct in those calculations? (PA-253)

Answer from Superintendent of Insurance:

- The Insurance Bureau of Canada (IBC) represents insurers that make up 90 per cent of the total motor vehicle insurance market in Alberta.

**Superintendent of Insurance Report-Cheng and Associates Report –
Ms. Phillips (PA-253)**

Q2: Ms. Phillips: Recently there was some information based on 2018 claims that was released to the public around cost of administration of claims to insurance companies, and there was a Cheng and associates report that was put out based on 2018 claims that said that administration of automobile insurance claims was 7.3 per cent of direct written premiums in 2018. I just want to confirm that the department was using the same companies as the superintendent's report for the Cheng report that also refers to 2018 claims. Is that correct? (PA-253)

Answer from Superintendent of Insurance:

- My 2018 Annual Report (Superintendent's Report) provides data for motor vehicle insurance in Alberta. The data includes the annual premiums written and direct claims by insurers for all classes of motor vehicle insurance, such as private passenger vehicles, commercially rated vehicles, motorhomes, motorcycles, all-terrain vehicles and snowmobiles.
- Premiums written are the premiums invoiced for policies issued by insurance companies in 2018.
- Direct claims are the claims and adjustment expenses incurred in 2018.
- The Superintendent's Report and the JS Cheng & Partners Inc. Claims and Costs Study (Claims and Costs Study) were developed using the same insurance companies.

The data in the Superintendent's Report is for all classes of motor vehicle insurance, while the data used in the Claims and Costs Study is for private passenger vehicle insurance only.

Superintendent of Insurance Report- 2018 Profit Estimates – Ms. Phillips (PA-253)

Q3: Ms. Phillips: Okay. The way I read this, the claims ratio shows that Insurance Bureau of Canada companies took in more than \$4.7 billion in premiums in 2018, according to my reading of the superintendent of insurance report, paid out about \$3.75 billion in claims, meaning that those companies, that 97 per cent of the market share, together recorded net surpluses of more than a billion for the year 2018 on automobile insurance alone. Then if we even take in that cost of administration, that was published by Treasury Board and Finance, of 7.3 per cent of direct written premiums in 2018, we are still looking at total direct claims plus cost of administration, a sector-wide estimate of profit of \$613 million; for Insurance Bureau of Canada members, \$671 million. Is that correct? (PA-253)

Answer from Superintendent of Insurance:

- The question uses premiums and claims information from the Superintendent's Report. This data is for all classes of motor vehicle insurance written in Alberta. The 7.3 per cent cost of administering claims is from the Claims and Costs Study and pertains only to private passenger vehicle insurance. The 7.3 per cent does not include other costs incurred in carrying on automobile insurance business in Alberta.
- The equation cited in the question ignores a number of financial elements that go into determining if an automobile insurer is profitable. Profitability is determined by subtracting all expenses from all revenues.
- When the department cites that Alberta private passenger vehicle insurers have lost \$667 million between 2013 and 2018, we include the following revenue and expense elements from the GISA profit and loss report to determine overall private passenger vehicle insurance profitability:
 - Revenue (net earned premiums + net investment income + other revenue) – Expenses (net claims and adjustment + acquisition costs + general expenses + income taxes) = Net Income/Loss
- The profitability equation is only for private passenger vehicle insurance and does not include insurance on any other types of motor vehicle.

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- The calculation set out in the question does not include important financial elements in determining profit or loss for private passenger vehicle insurance in Alberta. As a result, it paints an inaccurate picture of the financial health of motor vehicle insurance in the province.
- The following shows the performance of the private passenger vehicle insurance business in Alberta since 2012:

Year	Net Earned Premiums	Net Invest. Income	Other Rev. & Expense	Net Claims and Adj.	Acquisition Expense	General Expenses	Income Taxes	Net Income / Loss
2012	\$2,523,586	\$224,824	\$0	\$1,946,131	\$482,502	\$151,747	\$47,983	\$120,047
2013	\$2,703,237	\$165,899	-\$18,031	\$2,219,510	\$524,144	\$184,670	-\$17,688	-\$59,531
2014	\$2,919,259	\$236,620	\$65,700	\$2,442,356	\$561,257	\$190,208	\$27,769	-\$11,000
2015	\$3,013,794	\$192,109	\$18,227	\$2,449,000	\$580,889	\$221,221	-\$9,802	-\$16,978
2016	\$3,083,784	\$182,372	\$13,422	\$2,793,458	\$624,202	\$242,288	-\$78,498	-\$301,872
2017	\$2,825,253	\$222,545	\$23,486	\$2,432,172	\$590,460	\$238,891	-\$61,028	-\$129,211
2018	\$3,173,909	\$126,591	\$51,733	\$2,714,996	\$607,015	\$253,526	-\$63,593	-\$159,711

Figures are in '000's; 2019 data not yet available

Superintendent of Insurance Report- 2018 Automobile Insurance Reserves- Ms. Phillips (PA - 253)

Q4: Ms. Phillips: The other piece that has come to light is that at least in the year of 2018, reserves for insurance companies are gradually improving and nearing adequacy, so it would seem that there are fewer concerns than in years past in automobile insurance around reserves. Is that a correct assessment? (PA-253)

Answer from Superintendent of Insurance:

- Reserving for bodily injury claim reserves has been trending closer to adequate in more recent years. Inadequate reserves will have a significant impact on increasing premium rates; however, reserve adequacy does not negate premium increases dictated by claims inflation.
- The rate increases approved by the AIRB following the expiration of the rate cap in August 2019 was due to the rate inadequacy that had grown under the two successive rate caps from November 2017 through August 2019. Because private passenger automobile insurers had not been able to request increases of more than five per cent under each rate cap, they had not been able to request the increases that were necessary to meet their rate indications and to cover costs.
- The AIRB's actuary, Oliver Wyman, in its annual review conducted for the AIRB, advises that there remains inadequacy in private passenger vehicle insurance rates in Alberta.
- Additionally, despite the two rate limitations, many Albertans saw their automobile insurance premiums increase by more than five per cent:

Premium Rate Change	November 1, 2017, to November 30, 2018	December 1, 2018, to August 31, 2019
Rate Decrease	33%	10%
No change	5%	2%
0.1% – 5% increase	28%	36%
5.01% – 10% increase	17% (431,000 vehicles)	40% (1,111,000 vehicles)
10.1% – 20% Increase	11% (275,000 vehicles)	10% (275,000 vehicles)
20.1% + Increase	5% (122,000 vehicles)	3% (91,000 vehicles)

PUBLIC ACCOUNTS COMMITTEE – June 23, 2020
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- As demonstrated by the above table:
 - 33 per cent of Albertans experienced a rate increase greater than five per cent from November 1, 2017, to November 30, 2018; and
 - 53 per cent of Albertans experienced a rate increase greater than five per cent from December 1, 2018, to August 31, 2019.

**Superintendent of Insurance Report- Rising Costs included in 2018
Claims Ratio- Ms. Phillips (PA-253)**

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Q5: Ms. Phillips: You know, I think what I'm looking for here is just a confirmation around a few different interpretations of this, which is that we have then a follow-up report from Treasury Board and Finance on the 2018 state of the automobile insurance sector in which it says that settlements for bodily injury and so on are going up, and costs are going up, but I want to confirm that that analysis, those costs for those companies are contained within the superintendent of insurance claims ratio. (PA-253)

Answer from Superintendent of Insurance:

- The direct claims data provided in the Superintendent's Report includes all incurred claims and adjustment expenses for all automobile insurance policies in force in Alberta for 2018. By extension, those expenses are contained in claims ratio reported in the Superintendent's Report.
- According to the annual review of Alberta automobile insurance by OW total bodily injury claims costs and the average amount of bodily injury claim settlements both continue to increase. Bodily injury loss costs are the dollar amount out of the average automobile insurance premium that goes to paying bodily injury claims. In 2019, bodily injury loss costs increased to \$456.01 per policy from \$441.77 in 2018.
- The average claim amount (known as severity) for bodily injury increased from \$71,210 in 2018 to \$74,946 in 2019.
- The 2019 numbers, when compared to 2015 numbers, show that:
 - Loss costs have increased from \$361.62 per policy in 2015 to \$456.01 in 2019, an increase of 26 per cent; and
 - Average bodily injury claim severity increased from \$56,746 in 2015 to \$74,946 in 2019, an increase of 32 per cent.

Superintendent of Insurance Report- Bodily Injury Claims contained within Claims Payout – Ms. Phillips (PA-253/254)

Q6: Ms. Phillips: Perhaps because we have had new information based on 2018 come to the public, really, in the last few months since the superintendent insurance report came out, the public does have questions about that analysis that Treasury Board and Finance has published around costs of bodily injury claims and their relationship to insurance company profits and profitability. That is something that certainly companies have been talking about for the last four or five years and certainly formed the reason for the 5 per cent cap, but also the public is wondering if those bodily claims injury numbers are, in fact, contained within that claims payout and insurance cost calculation. If that is the case then we still have a profitability of \$600 billion, so I'd like confirmation from the department that new analysis based on that same year is contained within that claims ratio. (PA-253/254)

Answer from Superintendent of Insurance:

The profitability calculation for private passenger vehicle insurance in Alberta is set out in the answer to Q3 above.

- When insurer profitability is discussed, it is often on all of an insurer's lines of business across Canada.
- We utilized GISA data to highlight the state of private passenger vehicle insurance in Alberta and to conclude that the industry cannot continue to carry on a line of business that is constantly losing money on a year-over-year basis.
- Insurers that carry on automobile insurance business in Alberta may be profitable overall, spanning the many lines of business they conduct across the country, but that does not mean that there are not concerns with the financial results of Alberta private passenger vehicle insurance.

Tax Revenue Funding – Ms. Rosin (PA-254)

Q7: Ms. Rosin: I believe that the total revenue derived from just taxation alone actually is not even enough to fund the health care and education portfolios, and then there are a number of other government departments that exist. I'm wondering if you can just speak to that and speak to how many departments and how much of our total revenue in the province is actually derived from areas other than just personal, corporate, and other taxation and if you can speak to: how many departments, actually, are funded beyond those levels of taxation? (PA-254)

Answer:

- Income and other taxes were \$23.6 billion in 2018-19 and they accounted for:
 - 48 per cent of government 2018-19 revenue;
 - 77 per cent of the program expense of Health and Education; or
 - the program expense of 18 out of 21 ministries (excluding Health, Education, and Advanced Education).

Tax and Levies – Largest Sources of Revenue – Ms. Rosin (PA-254)

Q8: Ms. Rosin: This is kind of related as well, I suppose. Page 12 of your annual report mentions a variety of levies and taxes that contribute to your department's revenue collection. I'm wondering if you can just explain all of the taxes and different levies that we do have in the province, whether that's the tourism levy or other ones that exist, and just explain which ones are the largest sources of revenue for the government beyond personal, corporate, and other taxation. (PA-254)

Answer:

- Other taxes, including the tourism levy, were \$6.8 billion in 2018-19. Government also collects energy industry levies, which totalled \$330 million in 2018-19.

TAX / LEVY (\$ millions)	2018-19 REVENUE	RATE / DESCRIPTION
Education property	2,441	Residential/farmland property – \$2.56 / \$1,000 of assessment Non-residential property – \$3.76 / \$1,000 of assessment
Carbon	1,324	Alberta's Carbon Tax was repealed on May 30, 2019.
Fuel	1,394	13.0 cents / litre on gasoline and diesel, 5.5 cents / litre on locomotive, 1.5 cents / litre on aviation, and 9.4 cents / litre on propane
Tobacco	873	\$50 / carton
Insurance	612	3% of premium for life, accident and sickness 4% of premium on other
Tourism Levy	90	4%
Freehold mineral rights	67	Levied on each owner of a petroleum or natural gas mineral right.
Cannabis	30	Administered by the federal government
Total other tax revenue	6,833	
AER Levies	299	Remitted by oil, gas and coal industries to fund the Alberta Energy Regulator
AUC Levies	31	Remitted by electric, natural gas and water utilities to fund the industry regulator, the Alberta Utilities Commission
Total levy revenue	330	

Energy Sector Revenues and Impact to Budget – Ms. Rosin (PA-254)

Q9: Ms. Rosin: I'm wondering if you can talk just about how much of our budget is funded by revenues derived from the energy industry, whether that's a percentage or a dollar number, if you can just speak to how significant of an impact our energy industry has on the Alberta government's budget. (PA-254)

Answer:

- The Alberta government has substantial non-renewable resource revenue (NRR), including royalties from bitumen, crude oil, natural gas and by-products and coal, as well as revenue from bonuses and sales of Crown leases, and rentals and fees.
- In 2018-19 NRR was \$5,429 million, an increase of \$449 million from 2017-18 and \$1,600 million from the Budget 2018 estimate. NRR accounted for approximately 11 per cent of total revenue in 2018-19.
- Total expense in 2018-19 was \$56.3 billion. NRR as a percentage of total expense was approximately 9.6 per cent.
- Alberta relies heavily on revenue that is volatile and unpredictable, including non-renewable resource revenue, corporate income tax and investment income. This revenue is linked to factors such as energy prices, equity markets, exchange and interest rates, geopolitical events, global economic swings and weather, which are all uncertain and can fluctuate rapidly. This large revenue uncertainty means the Alberta government must assess the degree of risk associated with its revenue outlook and spending decisions.

AIMCo– Performance Bonuses for Adding AUM – Ms. Phillips (PA-258)

Q10: Ms. Phillips: I'll just ask a really quick question, and then I'll turn things over to Mr. Dach. Mr. Epp, I'm wondering if you can confirm for me if there is any element of performance bonuses for AIMCo tied to adding additional assets under management? (PA-258)

Answer:

- No. AIMCo's compensation structure for its executive and staff is not linked to the size of assets under AIMCo's management.

Capital Planning and Climate Risk - Ms. Phillips (PA-260)

Q11: Ms. Phillips: I'm wondering if Treasury Board and Finance can provide some written follow-up on how they bring climate risk into the capital planning process and how that, if at all, formed part of the response to the Auditor General recommendation around capital risk management and the capital planning process. (PA-260)

Answer:

- Climate risk is considered through the evaluation criteria used to evaluate all new capital projects during the capital planning process. There are a number of criterion that are directly attributable to how a project or program addresses/mitigates climate risk. When departments submit requests for capital funding, they need to assess whether capital projects or programs address the following:
 - Does a project or program protect people and assets from disasters (such as forest fires, floods and other extreme weather events)?
 - Does a project or program reduce the risk to people and property due to extreme weather events?
 - Does a project or program produce potential greenhouse gas reductions or other environmental benefits?
- The evaluation criteria, which is part of the overall capital planning process, has been provided to the Auditor General's office. Treasury Board and Finance is currently working with the Auditor General to address its recommendations pertaining to capital risk management and the capital planning process.

**Executive Compensation Bonuses based on ATRF and WCB returns -
Ms. Phillips (PA-260)**

Q12: Ms. Phillips: I'm also wondering if Treasury Board and Finance could provide an analysis of what executive compensation at the annual, long-term, and restricted fund unit bonuses would have been based on the returns of ATRF and WCB, so if those funds over the 2015-2019 period were added based on those fund performances and the total value of those funds, what their addition to the calculation of executive bonuses would have been in that period and what the 2018 payouts, then, would have looked like. (PA-260)

Answer:

- It is difficult to perform this type of analysis.
- There is insufficient publicly available information to determine the past performance impact on executive compensation, especially in light of differing investment portfolios and year-end financial reporting periods.
- In addition, AIMCo's compensation structure for its executive is not linked to the size of assets under AIMCo's management.

**Redwater-Sturgeon upgrader corridor announcement – Mr. Barnes
(PA-261)**

Q13: Mr. Barnes: The Redwater-Sturgeon upgrader corridor announcement: how did it affect these financial statements? (PA-261)

Answer:

- Page 112 of the Ministry of Energy's 2018-19 Annual Report identified a loss of \$164 million in the Alberta Petroleum Marketing Commission's financial statements, as of December 31, 2018, related to the Sturgeon Refinery.

June 23 Standing Committee on Public Accounts:

ATB Financial - FY2018-19 results

On June 23, the Alberta Government's Standing Committee on Public Accounts reviewed ATB Financial's fiscal year 2018-19 results and asked a series of questions related to that time period. Below are questions that require a follow-up response. The responses need to be aligned with fiscal year 2018-19 results.

Take Away Questions

Ms Phillips: Can you tell me what proportion - you may have to follow up in writing, and that is fine - of your workforce is located outside of Edmonton, Calgary, Lethbridge, Red Deer, Medicine Hat, Grande Prairie, sort of the larger population centres? It's okay to just follow up on that. I'm just interested in how many workers you have outside of those major cities

- Although this question is posed within the FY2018-19 committee questions, the response provided is current as of May 31, 2020.
- At ATB, 75% of our team members live in Calgary, Edmonton and Lethbridge. StatsCan has defined those cities as the Census Metropolitan Areas in Alberta. 12% of ATB team members live in other cities or towns (including Red Deer, Grande Prairie, Medicine Hat and Fort McMurray) and 11% live in areas designated by StatsCan as rural.

Ms Phillips: I want to understand your property tax situation because you're a government of Alberta entity and one of our ABCs. Is it correct to assume that the property taxes would be included in the current grants in place of taxes granting system that the province has had for many years, or are you somehow outside of that? And, so if there's any actual estimate as you're doing that, I'm interested in the actual value of property taxes owed by ATB to local municipalities every year.

- For property that ATB Financial owns, ATB pays property taxes based on each municipality's assessed property value and levied mill rate, as would any other property owner to local municipalities. For property that ATB Financial leases, ATB Financial pays market-based rent to the property owner, who in turn, pays property taxes to local municipalities. Further, ATB Financial pays business taxes as would any other business to local municipalities.

Mr. Reid: Thank you. Focused again - I guess, to continue looking at controlling expenses, again going to the 2019 annual report, it shows that the noninterest expenses, Other category was \$54.7 million, which was an increase of 13 per cent from 2018. Any insight or explanation as to why we saw such an increase in this in spite of declining income?

- Types of expenses include variable costs not forming part of other non-interest expense categories. There was an increase in variable costs based on revenue generated by our ATB Wealth segment. Expenses that were previously classified under Professional Consulting were also reclassified as Other in FY2018-19.

Mr. Guthrie: Okay. Great. On the same page and same heading the amount of revenue for net gains on derivatives is stated. The revenue increased there 42.9 per cent, moving from \$24.9 million to \$35.6 million. Can you explain the derivative positions, you know, that led to this very positive result?

- In order to minimize ATB's exposure to future interest rate changes we enter into interest rate swap contracts. In FY2018-19, we benefited from a significant decrease in swap rates related to our received fix swaps.

Mr. Guthrie: Okay. Great. Thanks for that. Just moving on to the next page, page 79, there is an explanatory note that says that foreign exchange and derivative income earned PA-258 Public Accounts June 23, 2020 was more than offset by a weaker Canadian dollar. Is this referring to income loss, as the foreign exchange line item shows, like, that decrease of 72 per cent?

- In FY2018-19, the USD/CAD rate weakened. This decline, coupled with our increased reliance on USD funding sources, drove significant movement on ATB's USD Balance sheet, resulting in a decrease in FX income.

Mr. Dach: Okay. Quick question with respect to agricultural lending, sir. You have a unique connection to rural Alberta because of your concrete presence in the communities in terms of your buildings and your businesses plus the community services that your members provide. I would imagine that this gives you a special understanding of agricultural lending versus the chartered banks, which don't have that presence. I'm wondering if indeed you have incorporated that into an opportunity for you to dovetail your business with the Agriculture Financial Services Corporation in terms of your lending so that you can incent new farmers to get into the business as well as provide lending products that kind of collaborate with AFSC. Is that purposeful collaboration going on between yourself and AFSC?

- ATB's Agriculture team is engaged with primary producers and producer associations, as well as with various Agribusiness and Agri-Food associations and networks across the innovation, education, and policy landscape. Through this engagement, ATB's team provides input and thought leadership that differentiates ATB from both the chartered banks and AFSC.
- As far as product offering is concerned, ATB does not currently offer the provincial and federal risk management programs AFSC provides in the form of insurance products. However, our lending product offerings compete in the marketplace.

Read In Questions

Ms Phillips: I'm wondering from ATB if you might want to provide some written follow-up on your diversity and attraction and retention policies, in particular of women and people of visible minority into the banking sector?

- ATB is a great place to work because of our team members — people with diverse skills, backgrounds, experiences and perspectives. From recruiting and hiring to engagement and

advancement, we must make decisions that encourage diversity and must lead by creating an inclusive environment every day.

- Although no formal attraction and retention policies are currently in place, we leverage informal and localized approaches, such as executive mentoring and active encouragement of female candidates. We also have a strong group of team member led networks focussed on various minority groups and we continue to review our diversity and inclusion practices across ATB with the expectation of building a focused plan, which could include creating appropriate policies.

Ms Phillips: I'm wondering if ATB might want to follow up in writing on any of their policies or moves towards providing loans outside of Alberta and any business planning or risk management that may have happened in order to achieve that policy objective or if it's been under consideration.

- ATB's policies for providing loans outside of Alberta are in compliance with the ATB Financial Act, Alberta Treasury Branches Regulation, and the Mandate and Roles Document, and other legislation of general application.

Mr. Dach: Thank you, Chair. I'm wondering with respect to rural lending, because it's not a chartered bank, what advantages has this given to ATB in terms of its lending practices to customers, rural customers? Has it given them an ability to be more flexible than their chartered bank competitors?

- ATB is the 8th largest financial institution in Canada based on assets and the 44th largest in North America. We prudently manage a safe and sound financial institution and have leading market share with nearly 25% of all Alberta businesses banking with ATB. We're also the sole financial institution in more than 100 locations in this province.
- Our credit underwriting is periodically reviewed by the Office of the Alberta Superintendent of Financial Institutions (ASFI). The last review was in 2018 and was of our small business underwriting. The report concluded that ATB is following prudent lending policies, practices are consistent with the Board approved credit policies, and good industry practices.

Mr Dach: I wanted to ask about ATB, if they've actually altered any of their business practices since the 2019 mandate changed? There are significant direction changes mandated there, and I wanted to know specifically what alterations ATB made to their business practices as a result of that implementation of that mandate change. Has it helped or hindered your competitiveness versus other lenders in Alberta?

- The new mandate for ATB came into effect for fiscal year 2019-2020 and was welcome news for the organization.

Mr Dach: I also wanted to confirm that the farmland purchase lending that ATB is doing is focused on transitioning from intergenerational purchases from father to son or from mother to son or daughter in purchasing a farm from one generation to another. I know that AFSC is involved in this. How are they dovetailing with AFSC to offer transitional or intergenerational purchases?

- ATB offers a suite of products in the agricultural lending market. ATB offers products and services, working closely with our client's accountants and lawyers, to restructure farmland and farm operational financing to support intergenerational transfers.
- Our offerings compete with each other versus dovetailing together as it relates to AFSC.

Ms Rosin: Page 78 of the ATB annual report for 2018-19 states that AltaCorp Capital has now been a wholly controlled subsidiary for the entire fiscal year, so can you please speak to the advantages of wholly controlling AltaCorp Capital and its expertise in capital markets?

- Together, ATB Financial and AltaCorp (now called ATB Capital Markets) will be a strong provider of advisory services—giving clients access to a full suite of financial service solutions for all of their treasury, finance and capital markets needs—with local market expertise, relationships within these communities, and a deep understanding and commitment to the Alberta economy.
- The move creates more opportunity for investment in Alberta companies—no other Alberta-based financial institution has equivalent offerings and expertise.

Ms Rosin: Given ATB's mandate to operate in Alberta, can ATB speak to its expertise and experience in attracting and facilitating investment from outside the province from Asia and other key markets for the betterment of Alberta's economy? Specifically, maybe touch on the investments such as Nexen and CNOOC and any others that you may have.

- ATB Capital Markets bolsters Alberta's economy by helping companies find success globally with a full suite of financial service solutions for all their treasury, finance and capital markets needs.
- With offices in Calgary, Edmonton, Toronto and Denver, no other Alberta-based organization offers this unique combination of market expertise, a deep understanding and commitment to the Alberta economy alongside a broadened global reach.

Ms Rosin: If you could speak further to the issue of facilitating foreign investment, does AltaCorp Capital also play a role in any investment attraction initiatives?

- ATB Capital Markets bolsters Alberta's economy by helping companies find success globally with a full suite of financial service solutions for all their treasury, finance and capital markets needs.
- ATB Capital Markets will help corporate clients find success globally by:
 - Raising capital through creative financing and advisory services
 - Accessing markets
 - Leveraging industry and sector insight through institutional research
 - Managing risk in financial markets and commodities

Mr. Rowswell: I'd just like to give you a chance to brag a little bit. If you could describe – I've learned some of that here in your discussion today – the niche that you fill or feel that you fill relative to federal chartered banks or private alternatives like credit unions, you know, the

provincially regulated ones like credit unions. What's your niche? Like, the Four Directions and the Cashco, you were unique there. If you could write just kind of a broader list of those types of things, I'd appreciate it.

- Since becoming a provincial Crown corporation in 1997, ATB has returned nearly \$4 billion directly back to the Province in earnings and injected multiples of that figure into the Alberta economy.
- With assets approaching \$56 billion, ATB provides personal, business, agriculture, corporate, investment banking, and wealth management services to nearly 800,000 customers in nearly 250 Alberta communities.
- We've been creating change in the community, too, including the opening of Four Directions Financial—a branch designed specifically to serve vulnerable communities. One of the reasons homeless people don't have bank accounts is because they don't have identification. At Four Directions they don't need it, because we use biometrics like fingerprints and retinal scans. So here you have a location in the poorest postal code in Alberta that's the most technologically advanced branch anywhere in Canada.

Mr. Loewen: Of course, I like the idea that ATB represents and provides services to rural Alberta and some of the smaller communities. In the constituency I represent we have several branches, including I think one of the smallest in Alberta, the Cleardale branch. It's probably around 100 square feet. I just want to ask you to provide, I guess, assurance that ATB will continue to serve these small communities across Alberta as they have in the past. Again, I think that's really important for my constituents and for much of rural Alberta.

- ATB Financial is an Alberta-built financial institution that is a catalyst for economic growth in our province. We got started in 1938 to help Albertans through tough economic times and are still the only financial institution in more than 100 Alberta communities.
- ATB's more than 5,000 team members love to deliver exceptional experiences to nearly 800,000 customers in our 175 branches, 138 agencies, 24-hour Client Care Centre, four entrepreneur centres, or through our digital banking option.
- Everything we do is focused on how we can serve Albertans—from providing expert advice and supporting entrepreneurs to helping Albertans buy a home and grow their wealth.

Mr. Barnes: The Redwater-Sturgeon upgrader corridor announcement: how did it affect these financial statements?

- There was no meaningful impact on ATB's financial statements.
- ATB continues to support the energy industry—it's the fabric and backbone of Alberta—and we continue to support our customers.

