

How big can we dream?



firstcalgary
FINANCIAL

2010 REPORT ON THE WAY WE DO BUSINESS IN CALGARY



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We don't exist in isolation,

or to feed profits to public shareholders.

We exist to help make your dreams become a reality.

We exist for our members' financial health and security,

the vivacity of our communities and the limitless possibilities.

*So dream your dreams, big or small and
together, we'll lift the words off the page.*

message from the president and ceo



PAUL KELLY
President and CEO

CHALLENGING OURSELVES TO CHANGE LIVES

Why do we exist as an organization? That may seem an odd question coming from me. But I believe it's a question every leader must ask to ensure that their organization remains relevant.

So with that question in mind, First Calgary Financial's Board of Directors and executive management team set out in 2010 to establish a new strategic plan. And through the planning process, we formulated the answer: First Calgary Financial exists to play a vital role in enriching and changing Calgarians' lives by:

- improving its members' financial well-being
- engaging in and influencing social issues within its communities
- respecting the environment

I believe this clearly and honestly answers the "why do we exist" question. It confirms our purpose and gives us confidence to make important and sometimes difficult strategic choices. Among the most important was re-affirming our commitment to the Calgary region.

Our new five-year strategic plan will see us focus on sustainable, organic growth in the Calgary metropolitan area. We won't pursue mergers for the sake of merging. Instead, we'll pursue growth by adding new members and providing better products and services for our members.

Achieving our growth objectives requires a strong identity, one that reflects our 70 years of Calgary roots and our full range of financial services offerings. That's why we changed our trade name to First Calgary Financial.

We have an exciting journey ahead as First Calgary Financial. It will be as challenging as it will be rewarding. We are well prepared for whatever the market brings. And prepared to turn into reality our big dream of bringing positive change to our members' lives, one small step at a time.

MAINTAINING OUR FINANCIAL PROSPERITY

The first priority of our organization is to maintain financial prosperity. This isn't new, but in today's economic environment it is ever-more important. Financial prosperity enables us to invest in new products and services, in more efficient technology, in our communities and in our employees. In other words, if we don't sustain high levels of financial prosperity, we won't be able to serve our members effectively, and we will quickly become irrelevant.

I am, therefore, very happy to report that First Calgary Financial posted record financial results in fiscal 2010. In fact, we exceeded all of our financial targets. We did this despite relatively weak economic growth, historically low interest rates and fierce competition in the Calgary market.

Financial prosperity can be measured in many ways. Let me highlight the key indicators that I believe are important in gauging First Calgary Financial's performance.

We enjoyed strong year-over-year growth in our loan portfolio, up 8%, and in deposits, up 6%. Adjusted net earnings from operations before taxes exceeded \$15 million, an increase of 40%. As a result, we returned to members \$6.5 million, or 43%, of fiscal 2010 adjusted net earnings in the form of patronage and investment share dividends. Over the past decade, members have received more than \$23 million in patronage and dividends.

STAYING ON TOP OF OUR GAME

We also hit our marks operationally during 2010. We expanded our reach in the Calgary region by opening a branch in Okotoks in March. The new Willow branch enables us to more conveniently meet the needs of members in that fast-growing community.

We stayed true to our environmental commitment by building the branch with Leadership in Energy and Environmental Design (LEED) sustainable materials to achieve LEED standards.

Going forward, you can expect to see more proactive action to reduce our environmental impact. We have no plans to buy our way to sustainability with carbon offsets. Instead, we'll seek tangible, meaningful environmental initiatives, such as the new e-statements we introduced in 2010.

Our employees are passionate, energized and eager to serve members. They have led, created and sustained our member-focused culture. Indeed, they're the main reason First Calgary Financial was recognized for the 11th consecutive year in 2010 as one of Canada's 50 Best Managed Companies — once again retaining its Platinum Club membership — and as one of Alberta's Top 50 Employers.

This annual report gives me an opportunity to thank all of our employees for their outstanding individual and team efforts. They enable us to stay on top of our game and, as you'll read elsewhere in this report, to change lives by satisfying the individual, and sometimes unique needs of our members.

BEING DIFFERENT: IT'S THE WAY WE DO BUSINESS

First Calgary Financial has built a reputation for being different, in a good way. We're taking the lead in changing the future of financial services in Calgary. We're starting conversations about the value of a Calgary-based, full-service financial organization.

We may be smaller than most of our competitors. But where too many large organizations try to be all things to all people, we don't. We're growing and succeeding by building personal relationships and by earning new business one member at a time. I know that has an old-fashioned ring to it. Yet, I believe that a traditional approach to growth that's built on valuing individual members — and helping them realize their dreams — is more relevant today than ever.

With this philosophy in mind, we've set targets for controlled, balanced growth in our balance sheet, net income and membership for fiscal 2011. I believe that our targets are both realistic and challenging. Even though the Calgary economy is slowly recovering from the recession, I expect lower than normal housing starts, continued low interest rates and stiff competition from the Toronto-based institutions.

During my first year as President and CEO, I've enjoyed meeting and hearing from many of our members and interacting with community partners, whose great work and dedication make Calgary such an enjoyable city to call home.

I've also been fortunate to work alongside an outstanding team of employees who are responsible for our record financial results in 2010. Please know that we all remain committed to serving you, our members, and to helping you achieve your dreams.



Sincerely,

PAUL KELLY

President and CEO



message from the board chair



RON GIBSON

Board Chair

THE WAY WE DO BUSINESS IN CALGARY

The goal of the board of directors is to develop and maintain corporate governance principles that ensure that members receive value from and maintain confidence in First Calgary Financial. In an increasingly globalized and competitive world, those principles are critical for the long-term sustainability of our organization.

I am pleased to report that First Calgary Financial was recognized in 2010 by the Canadian Co-operative Association for demonstrating excellence in corporate governance. We received the association's Leadership in Co-operative Governance Award, which recognizes governance innovation and quality in co-operatives and credit unions across Canada.

STRENGTHENING OUR BOARD OF DIRECTORS

As part of the process of maintaining an effective board, we limit the number of consecutive three-year terms that a director may serve to three. We filled two vacancies created by this policy at our annual general meeting in 2010, when Bill Boon and Michel Cantin were elected by acclamation.

In 2011, we will have three board vacancies to fill. To ensure that we have a large roster of candidates for these positions, we actively recruited potential directors during 2010. We sought candidates with expertise in three areas: information technology, commercial finance and risk management.

Our recruiting activities secured eight qualified candidates and enabled us to quickly fill an unexpected vacancy during the summer. Stella Thompson was appointed to the board, replacing Gary Cerantola, who resigned. I welcome Stella, and I thank Gary for his years of dedicated service.



BOARD COMMITTEE PARTICIPATION, ATTENDANCE AND COMPENSATION REPORT

| Director | Committee Memberships | Attendance |
|--|---|------------|
| Ron Gibson <i>Board Chair</i> | Human Resources, Governance, Nominations | 100% |
| Bob Petryk <i>Vice Chair</i> | Human Resources, Investment & Credit Risk (<i>Chair</i>), Governance (<i>Chair</i>), Nominations | 100% |
| Jeannette Kirchner <i>Board Secretary</i> | Audit (<i>Chair</i>), Governance, Human Resources | 100% |
| Sarah Arthurs | Audit, Human Resources, Member Relations & Corporate Citizenship | 100% |
| Bill Boon | Audit, Investment & Credit Risk, Member Relations & Corporate Citizenship | 100% |
| Michel Cantin | Audit, Investment & Credit Risk, Member Relations & Corporate Citizenship | 100% |
| Hazel Corcoran | Audit, Governance, Investment & Credit Risk, Member Relations & Corporate Citizenship (<i>Chair</i>) | 86% |
| Judy Martin | Audit, Human Resources (<i>Chair</i>), Investment & Credit Risk | 100% |
| Stella Thompson | Investment & Credit Risk, Member Relations & Corporate Citizenship (<i>Director from September to December</i>) | 75% |

* Gary Cerantola resigned from the board of directors on May 1, 2010 to pursue employment outside of Alberta. He attended 100% of the regularly scheduled board and committee meetings in April.

COMPENSATION PAID TO DIRECTORS IN FISCAL 2010

| | | | |
|-------------------------------------|----------|-----------------------------|----------|
| Ron Gibson, Board Chair | \$47,379 | Michel Cantin * | \$13,050 |
| Bob Petryk, Vice Chair | \$22,900 | Gary Cerantola ¹ | \$11,600 |
| Jeannette Kirchner, Board Secretary | \$26,350 | Hazel Corcoran * | \$20,100 |
| Sarah Arthurs | \$27,275 | Judy Martin | \$21,300 |
| Ken Bolstad ** | \$10,000 | Stella Thompson *** | \$1,050 |
| Bill Boon * | \$12,850 | Ron Ziegler ** | \$9,800 |

* *Acclaimed to the board in March 2010*

** *Retired from the board in March 2010*

*** *Appointed to the board in September 2010*

¹ *Resigned from the board on May 1, 2011*



ENSURING EFFECTIVE GOVERNANCE

A large part of the board's work is done in committee. Each committee is assigned specific tasks related to economic, social and environmental governance. The following are among the most important achievements of the board's committees during fiscal 2010:

- Implemented a code of conduct and ethics for directors.
- Developed role descriptions for directors, for committee chairs and for board chair, vice chair and board secretary based on industry best practices.
- Adopted director mentoring and development programs to ensure streamlined orientation for new directors.
- Completed a comprehensive review of director compensation and updated our Director Remuneration Program for re-launch in 2011.
- Developed and implemented a Board Emergency Succession Plan.
- Redefined our relationship with First West Credit Union.

My fellow directors and I believe the governance framework for First Calgary Financial adequately addresses known risks and opportunities. We are, nevertheless, committed to developing ever-more robust governance principles to ensure the sustainable long-term growth of our organization.

I thank our members and employees for your continued loyalty and confidence.

On behalf of the board of directors,



RON GIBSON

Board Chair

Good Governance Best Practices

The board represents the 80,000 members of First Calgary Financial. It is accountable to those members for making sound financial decisions and ensuring a personal commitment to First Calgary Financial's community involvement. The board's principal responsibilities, set out below, serve as a framework for good governance:

- Develop mission and vision statements and long-range plans.
- Set policies and formulate strategies with management.
- Select the President and Chief Executive Officer, ensure management succession planning and monitor the organization's performance.
- Establish effective member relations and communication systems.
- Review and approve capital and operating budgets.
- Ensure the integrity of internal controls and management information systems.
- Identify, monitor and manage organizational risks.
- Fulfill and comply with all legislation.
- Delegate operational authority to the President and Chief Executive Officer.
- Ensure the healthy perpetuation of the organization.
- Carry out those duties that cannot by legislation be delegated to the President and Chief Executive Officer.
- Establish, implement and monitor policies regulating the duties and powers of board committees.
- Authorize the issuance of investment shares and the payment of dividends and patronage rebates.
- Establish and apply written procedures on prudent lending standards.
- Represent the organization on other boards.

The responsibilities outlined below guide directors in their participation on the board:

- Promote the interests of the organization.
- Lend judgment to board decisions.
- Comply with provincial and federal regulatory requirements.
- Be adequately informed to vote knowledgeably with a view to promoting the best interests of the organization.
- Promote and abide by all decisions and positions taken by the board.
- Complete Credit Union Director Achievement Program, Level A, within the first year as a board member.
- Report to members on the performance of the organization.
- Act independently and ethically and avoid conflicts of interest.
- Participate actively in board orientation, training, development and self- and peer-assessment programs.
- Respect the confidential nature of the business.

executive management team



PAUL KELLY
President and CEO



JACKIE BARBER
*Senior Vice President
Human Resources & Governance*



JOHN DUNDAS
*Senior Vice President
Strategy, Risk & Partnership Relations*



WARREN BOOK
Vice President Finance



HAROLD CHORNOBOY
Vice President Business Banking



DEBBIE PRATT
Vice President Sales & Service

board of directors



RON GIBSON
Board Chair



BOB PETRYK
Vice Chair



JEANNETTE KIRCHNER
Board Secretary



SARAH ARTHURS



BILL BOON



MICHEL CANTIN



HAZEL CORCORAN



JUDY MARTIN



STELLA THOMPSON

member stories



A FRESH START



CHANGING LIVES BY HELPING TO END HOMELESSNESS AND ADDICTION

Similar to the men he helps recover from drug and alcohol addiction at Calgary's Fresh Start Recovery Centre, Stacey Petersen has been there and done that. The executive director of the centre is also one very smart businessman.

Fresh Start is ranked as one of the best-run social-service agencies in Canada. It received the 2010 Donner Canadian Foundation Award for Excellence in the prevention and treatment of substance abuse. It was also recommended by Charity Intelligence Canada for its "exceptional addiction treatment program that produces top results for men who are addicts."

The growth and success of Fresh Start, however, created a new set of problems for Stacey and his team to solve. "We had a waiting list of 73 at one point, and guys were dying while they waited, including a 23-year-old kid who was number two on the list," Stacey explains.

Calgary clearly needed someone and something to help with addictions and housing, so Stacey started the wheels turning in 2007 with plans for a new 50-bed housing and addiction centre.

By 2009, his proposal had garnered the unanimous support of Calgary's city council and the backing of the Calgary Homeless Foundation, which was implementing a bold plan designed to shift the focus of homeless from managing or coping with it, to a community-wide effort to end it. Stacey also lined up provincial and federal government grants along with significant commitments from private donors. Total construction cost: \$12.7 million. And one more problem: how to fund the ambitious project without compromising Fresh Start's annual operating budget.

Like every good businessman, Stacey knows the value of good relationships. "Hands down, everything we do at Fresh Start is about relationships with the men we serve, their families, the community and our funders."

The strength of those relationships paid off when Stacey secured a \$4.6 million grant from the Province of Alberta. But there was a hitch: he needed to provide assurance that Fresh Start had sufficient financing to complete the project. No financing; no grant.

That's when Stacey turned to his credit union. "First Calgary Financial not only put a financing facility in place, they donated 50% of their loan fees — \$10,000 — which was huge for us," Stacey reports. "I got the sense that First Calgary Financial is invested in providing solutions to complex problems. It's not about the money; it's about getting things done for Calgary."

Stacey, meanwhile, continues to raise construction funding for the treatment centre, which is expected to open in June 2011. Now, however, Fresh Start's reputation for excellence is working in his favour. An anonymous individual recently donated \$160,000 on the strength of Charity Intelligence Canada's recommendation. "I can sleep better now," comments Stacey. "But it's always a balancing act."



SHARING A VISION. BUILDING A DREAM.

Tattoos and tattoo parlours have long conjured up unsavoury images and associations. But not for Jason McNicol. When this Calgary entrepreneur and First Calgary Financial member started planning a tattoo studio in mid-2009, he had a vision for an upscale experience featuring the work of classically trained artists in a relaxed, inviting atmosphere.

Drawing on his background in automotive finance, Jason set out to research and write a business plan in support of his novel approach. "I based my business model on European shops, which are very much like art galleries," Jason explains.

His market research confirmed that demand for tattoos among Calgary's younger and more affluent population was already strong, as waiting times for appointments at existing shops were as long as seven months.

Jason, nevertheless, recognized that he didn't have all the answers, so he turned to his accountant, other business owners and a government agency for help in planning his new enterprise. "Location was paramount," says Jason, who took 11 months to find space with strong foot traffic on 12 Avenue SW.

When it came to qualifying for a loan for leasehold improvements and other start-up costs, Jason faced two problems: his business was new and even though the tattoo industry has slowly entered the mainstream, tattoos remain somewhat stigmatized.

"Many lending institutions are reluctant to lend to a new business," Jason observes.

Undaunted, Jason approached several banks before meeting with Catherine Sloan, Manager of Business Solutions for First Calgary Financial. "Catherine questioned everything I'd put down on paper, but she also took the time to understand my business, advise me on loan structure and show me how to develop a corporate credit history."

Jason appreciated that Catherine showed genuine interest in his business plan and that First Calgary Financial was willing to be flexible on loan security requirements.

With a term loan approved, Jason was free to build his dream, and Barron Tattoo Studio became a reality in October 2010. He hired a veteran tattooist with 40 years of experience and other artists who, together, brought in enough business to cover the first six months of operating costs. Jason, meanwhile, took on the tasks that "nobody else wanted to do," namely administration and marketing.

Today, his busy 10 studios attract a diverse clientele that ranges from Calgary Police Service officers to an 81-year-old woman who sat fearlessly for her first tattoo.

"I have nothing but good things to say about First Calgary Financial. They showed confidence in my business even though it was different," Jason adds.

member relationships



LOOKING OUT FOR YOUR BEST INTERESTS

ENRICHING LIVES. IMPROVING FINANCIAL WELL-BEING.

Whether we're opening a high-interest savings account, helping a business owner to buy new equipment or providing financial planning advice, our goal is the same: to change the lives of our members by improving their financial well-being and knowledge.

How do we do that? Through teamwork, mostly. From our Business Solutions Centre to our new branch in Okotoks, our employees work together to enrich the lives of our members, while creating an ever-growing and improving suite of value-added financial products and services.

LOOKING OUT FOR YOUR BEST INTERESTS

We measure our progress toward achieving our strategic goals and providing meaningful member experiences by conducting an annual member survey. In 2010, our Member Satisfaction Index scores averaged 80%. That's unchanged from 2009 and above the average score of 76% for all financial institutions in Alberta.

The survey indicated strong member loyalty in several areas, with a majority of members indicating that they will remain with First Calgary Financial, consider First Calgary Financial for other financial needs and recommend First Calgary Financial to others. Importantly, the survey also showed that 64% of members agreed with the statement, "First Calgary Financial is looking out for your best interests."

IMPROVING CONVENIENCE AND USABILITY

When we say that we listen to our members, we're not just talking through our hats. We rely on their feedback to identify opportunities to improve our business.

Direct feedback led us to update our account statements in 2010. The new format improves readability, lists accounts in a more logical order and provides space to advise members about products and services that may be of interest to them. We also made e-statements available, which help us reduce paper usage for members who elect to receive their statements electronically.



Our corporate premises strategy will see one new First Calgary Financial branch constructed in Calgary every year for the next 10 years. In 2012, we will be moving our TransCanada branch on 16 Avenue to a new location across the road from the existing location, as part of a new three-storey building we are constructing.

Coins can be both a pain and a sweet source of cash. To make it easier to convert unwrapped, mixed coins into cash, we placed automated coin-counting machines in six of our branches during 2010. Our members can now enjoy a bit of free entertainment while watching the machine quickly sort and count coins before it produces a voucher that can be redeemed for cash or credit in one of their accounts.

We also improved the functionality of our automated teller machines (ATM). Members can now change their PIN number at an ATM rather than having to visit a branch. In 2011, we will expand our ATM network by adding a new machine at the University of Calgary. Located in the new Taylor Family Digital Library, the conveniently positioned ATM will provide the opportunity to expand our reach to a younger demographic.

EARNING LOYALTY AND TRUST FROM THE GET-GO

The first few days of a new member's experience with our organization are critical to building a long-term relationship. With that in mind, we began in 2010 to reach out more frequently and consistently to new members in order to make them feel welcome.

We now contact each new member by phone to get feedback on their experience with us and to answer any questions or provide more information. And every new member receives a welcome card from our President & CEO, Paul Kelly.

KEEPING MONEY AND LIFE IN SYNCH

Our new HARMONeY™ account simplifies banking for our members by combining seven frequently used products and services into one account for a low monthly fee.

The multi-feature account includes unlimited transactions, a no-fee MasterCard® and a high-interest savings account. It also includes change-up, which rounds up debit-card transactions and puts the extra money directly into the high-interest savings account.

IMPROVING SECURITY AND RAISING CONFIDENCE

Financial security and fraud prevention are foremost in our members' minds. So we took the lead among Alberta credit unions by launching a mass conversion of our MemberCards® and First Cheque™ Global Payment™ Cards to CHIP cards. Sometimes referred to as smart cards, the new cards use an embedded microchip to provide an added level of security against counterfeiting and fraud.

By December 31, 2010, we reissued 34,922 MemberCards® and 888 First Cheque™ Global Payment™ Cards with new CHIP technology. This represents 85% of our card-user base and exceeds the mandatory conversion rate of 65%, as set by Interac Association, a leading debit card service provider.

EXPANDING OUR NETWORK REACH

Unlike many of our members who travel frequently throughout Alberta, we can't be everywhere. That's why we launched Inter-Credit Union Banking with seven other credit unions in 2010.

The trial program featured shared in-branch services across a network of 55 credit union branches in 26 southern-Alberta communities. Our members could conduct certain financial transactions at no additional cost across that network. The pilot project worked so well that we plan to expand this inter-branch service across the province in mid-2011.

ADDING NEW COMMUNICATION CHANNELS

We increased the ways in which members can contact us by launching corporate pages on Facebook and Twitter in 2010. These popular social media tools have become effective ways to share business and community activities and respond to and address member inquiries, concerns and questions. By year-end, we had more than 1,000 Facebook fans.

Our Contact Centre, meanwhile, received 81,697 calls in 2010. Of these, more than 38,000 were service related, indicating that our members value the centre's fast, efficient service. In fact, we answered 89.8% of those calls within 34 seconds on average.

employee family



HELPING TO CHANGE PEOPLE'S LIVES

FIVE HUNDRED EMPLOYEES. ONE DREAM.

Sure, we're a different credit union. But to be different and successful, we need a dedicated and passionate group of individuals striving toward a common objective: to help change people's lives. We must attract, train and retain employees who thrive individually and as part of a team. And we must support our employees with progressive human resource practices to help develop the expertise to serve our members today and in the future.

THE EMPLOYEE EXPERIENCE

At First Calgary Financial, we are proud to offer our employees a unique work experience. We're more informal here. That includes regular contact with the executives and senior management team to share thoughts and ideas, including having a direct say in the design of our work spaces. In 2010, employees designed the layout of our new corporate kitchen — "The Nook" — at the Administration office which has become a gathering area throughout the work day for socializing. More recently, employees designed, painted and developed a new fitness room for employee use at the Administration office. Employees also have a voice in developing corporate policies and practices through participation on the HR Advocacy team, which meets quarterly to solicit employee feedback.

First Calgary Financial employees are kept "in the know" through our First Glance Employee Newsletter, our CEO blog, corporate videos, our intranet and our social media sites.

All job levels within the organization work together, but we also play together, we volunteer in the community together and we celebrate our successes together.

Our employees are appreciated at First Year Employee barbeques, Long Service luncheons, and corporate launch events which include fun, family-friendly activities. In the past year we held a private viewing of the newest Harry Potter movie with family and friends and employee contributions are recognized in an annual employee award ceremony.

TRAINING EMPLOYEES TO DO THEIR CURRENT JOBS AND SUPPORTING THEM TO FOLLOW THEIR DREAMS

We support our employees to do their jobs and show them the path towards other job opportunities in the company through our comprehensive employee development programs.

We also establish rewarding career paths within our organization. Always eager to improve on our performance, we tried something new in 2010: an internal career fair. This one-day event gave our employees insights into career opportunities throughout our organization, including in business operations that were little known or unknown to them. Our executive and leadership team members participated in question-and-answer sessions with employees, speaking with employees about their own jobs and career paths. All in all, the fair was a big hit. It was eye-opening for some, inspiring for others, while providing an opportunity to build camaraderie among participants. We plan to run career fairs again.

We enjoyed a stable employment market in fiscal 2010. As in the previous year, slow economic growth in Alberta meant that few people were interested in changing jobs and few employers were offering new jobs. Even though the average number of employees who left our organization increased 6% from the previous year, our turnover was still 16% lower than at peak level in 2008.

We provided 32% of our employees with lateral career moves in 2010, compared with 36% in the previous year. Those moves were to a different branch, to a job to broaden work experience or to a position to help better balance work and family commitments. Additionally, we promoted 18% of our employees, a percentage unchanged from 2009. We also delivered internally and externally facilitated instruction to 1,763 participants, representing 1,320 classroom hours, an increase of 17% over the previous year.

For employees interested in pursuing a post-secondary education, we made available more than \$119,000 through our Education Reimbursement Program. More than \$5,000 of this was for special interest courses that employees took to expand their personal interests including: an Italian cooking course, art classes, GMAT, History 101 and a Lamaze class.

STRENGTHENING OUR LEADERSHIP TEAM

Leadership development and succession remains a focal point of our human resources activities. Building on our 2009 launch of a leadership competency model, in 2010 we introduced an online leadership effectiveness review for our senior leaders that facilitates leader-to-peer and peer-to-peer feedback. We continue to work towards a comprehensive feedback system that will strengthen leadership development.



SETTING OURSELVES APART FROM THE PACK

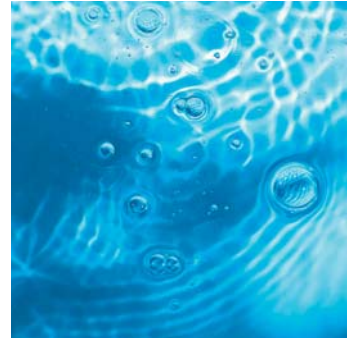
We conduct an annual survey to measure the engagement of our employees and to get their feedback on their employment experience with us. In 2010 our employees participated in the 50 Best Employers in Canada study conducted by Aon Hewitt, the global leader in human capital consulting and outsourcing solutions. This new approach enabled us to participate in an independent and more comprehensive employee survey that collected information from 251 companies to gauge levels of employee engagement.

How did we do? We compared favourably against the database average in important areas, such as, “employees strive to do good work for First Calgary Financial” and “speak favourably about working for us.” We didn’t make the top 50, at least not in 2010, however, the survey findings were otherwise consistent with our past internal employee surveys.

The study also identified that there is more we can do to improve communication in areas such as career opportunities and employee recognition. So we will continue to strengthen these areas in response to what our employees are saying.

Our goal is to be a best employer, if not in name, and to distinguish ourselves from the rest of the pack. The 50 Best Employers survey provided us with a valuable comparison with other Canadian organizations. Knowing how we stack up against the best organizations in Canada gives us an opportunity to define a real edge when competing for scarce talent in Calgary.

environment



HOLDING OURSELVES ACCOUNTABLE

CHAMPIONING ENVIRONMENTAL CHANGE

Environmental advocacy is engrained in the culture of our organization. From front-line staff to senior executives, we champion efforts to respect and protect the environment where we live, work and play.

We don't hold ourselves out to be environmental experts. We instead hold ourselves accountable for making responsible decisions and for initiating positive change.

SETTING PRIORITIES

Our environmental activities are championed by our Environmental Advocacy Team.

This employee-led, 18-member group brings forward new opportunities to help us meet the following seven priorities for limiting our environmental footprint:

- Reduce energy use and improve air quality
- Reduce waste impacts
- Reduce water use and impacts
- Decrease travel impacts
- Increase staff and member engagement and awareness
- Foster environmentally responsible procurement with suppliers
- Support community-based environmental initiatives

TAKING ACTION

In 2010, we conducted a variety of environmental initiatives:

- **Waste-Free Lunch Week.** Eight branches and four departments participated in a Biggest Loser Campaign. Over seven days, we cut waste by 93 pounds, a reduction of 63% over the previous week.
- **Ride Your Bike to Work Day.** To encourage our staff to discover sustainable transportation options, we held a commuter challenge between branches.

- **Waste at Work.** Our Waste Team worked with Green Calgary to host a lunch-and-learn session for staff. The presentation focused on ways to reduce waste through individual actions.
- **Leadership in Energy and Environmental Design (LEED).** We built our new Willow branch in Okotoks using sustainable design elements and recycled and non-toxic materials to achieve LEED certification. Our training and contact centres were also built to achieve LEED standards.

REACHING OUT

Our Environmental Advocacy and Corporate Citizenship teams supported environmental initiatives throughout the community in 2010. Highlights of their activities include the following:

- **Fish Creek Provincial Park Cleanup.** We were a corporate sponsor of this annual event, and our employees and their families joined 175 other volunteers in picking up garbage and tearing out leafy spurge, an invasive plant.
- **REAP & Calgary Public Library Sustainable Business Lecture Series.** We were the presenting sponsor of this lecture series, which was held during Down to Earth Week. The lectures focused on sustainability and facilitated discussions about relevant environmental issues and shared details about helpful resources and services.
- **Water for Life Program.** We partnered with Green Calgary on this program, which featured an entertaining, interactive in-class presentation to Calgary students about water supply and quality issues.
- **Protecting Our Planet.** Our Corporate Citizenship Team made protecting our planet one of its four priorities, resulting in charitable donations to Western Sky Land Trust, Parks Foundation Calgary and Evergreen Theatre.
- **Eco-Initiatives Program.** For the third year in a row, we were the title sponsor of this program with the Calgary Folk Music Festival. Through First Calgary Financial's support, the Calgary Folk Music Festival effectively runs the Eco-Initiatives Program to increase awareness of environmental issues, while diverting recyclable and compostable materials away from the landfill. Our support of this program enables the Calgary Folk Music Festival to work with Green Calgary in measuring, auditing and reporting on their

environmental footprint. In addition to financial support, our employees volunteered nearly 100 hours of their time to help the four-day festival run smoothly. We are very pleased to see how this program has reaped so many ecological benefits over the years. Take a look at the results below from the past three years:

Calgary Folk Music Festival Waste Materials Diverted from Landfill

| Material Collected | Weight (kg) | | | 2010 Ecological Benefit |
|---------------------|--------------|--------------|---------------|---|
| | 2008 | 2009 | 2010 | |
| Organic Waste | 2,190 | 4,200 | 4,500 | 1 car off the road |
| Beverage Containers | 1,400 | 914 | 1,207 | 0.12 truckload diverted from landfill |
| Cardboard | 1,670 | 3,850 | 3,600 | |
| Wood | 1,010 | 0 | 205 | 89 trees saved |
| Mixed Paper | 410 | 220 | 350 | |
| Plastic | 425 | 300 | 220 | 3 barrels of oil saved |
| Glass | 20 | 10 | 10 | 0.38 kwh |
| Metal | 150 | 350 | 150 | Energy saved equivalent to eight computers running for a year |
| Oil | – | 49 | 3 | n/a |
| Total | 7,275 | 9,893 | 10,245 | 1 garbage truckload diverted from landfill |

Chart courtesy of Green Calgary

SMART ECO-THINKING...

We identified an opportunity to further shrink our eco-footprint by making our member newsletter, the Advisor, available only online on our corporate website — firstcalgary.com.

Community and Society



MOVING FORWARD BY GIVING BACK

Our corporate citizenship initiatives begin with a clear focus on the community issues that we want to address. We then seek community experts who share our vision for helping to improve lives in the community. By following this strategy, we saw several of our community partnership initiatives flourish in 2010.

CIVIC ENGAGEMENT

We fostered community dialogue through our support of civic forums held throughout Calgary in the months leading up to the city's 2010 general election. First Calgary Financial didn't endorse a party or a candidate; we just wanted to help the citizens of the greater Calgary area where we do business engage in important conversations and make informed choices.

Mayoral Debate

As part of Homeless Awareness Week, Vibrant Communities Calgary hosted "Creating a Vibrant Calgary: Mayoral Candidates Engage on Poverty Reduction." This debate format gave the audience an opportunity to hear the mayoral candidates speak directly to poverty-related issues. It generated heated discussions among the candidates, providing voters with insight into candidates' plans for looking out for voters' interests.

Vibrant Communities Calgary seeks to engage Calgarians and to advocate for long-term strategies that address the root causes of poverty in Calgary.

Sustainable Politics Forum

The non-profit organization, Make It Good, hosted "My vote could have changed that" in partnership with the Calgary Public Library and the REAP Business Association.

The objective was to take a big step towards sustainable politics by shifting the focus away from rhetoric, cynicism, denial and apathy. The event provided the audience with a better understanding of representative democracy.

Make It Good aims to engage business leaders and other community members in opportunities that enhance the sustainability of community, the environment and commerce.

Mayoral Forum

CivicCamp Calgary held a Citizens' Mayoral Forum which drew an audience of approximately seven hundred, plus five hundred people watched the live Internet broadcast. During the election, CivicCamp played the role of honest broker by hosting 15 citizens' forums, one in each ward and one mayoral forum. The forums gave Calgarians a chance to get to know their candidates and their views on current issues.

CivicCamp Calgary is a non-partisan public advocacy group committed to increasing citizen engagement by helping to eliminate traditional barriers to becoming an informed voter.

GIRLS NIGHT OUT

Room to Read is a global organization that partners with local communities throughout the developing world to establish schools, libraries and other educational infrastructure.

When Room to Read's Calgary chapter was launched in 2007, First Calgary Financial stepped up to fund three libraries, making a total contribution of \$45,000 by 2009.

To stay involved with Room to Read, we became the title sponsor of the Calgary chapter's inaugural fundraiser, Girls Night Out – Bollywood Style.

Planning for the event was led by a core team of seven women with no budget.

As a result of the effort, the initial goal of raising \$40,000 in scholarships for girls was exceeded by nearly \$6,000. The event was staffed by 25 volunteers, including six from First Calgary Financial, and garnered support from over 200 local businesses through silent and live auctions.

The result: Girls Night Out – Bollywood Style raised \$45,900 and was often referred to as the "event of the year." It also won Room to Read's 2010 Zackie award for the most imaginative fundraiser and an Achievement in Marketing Excellence award from the Marketing Association of Credit Unions.

In 2010, we continued our title sponsorship for the fundraiser. The second Girls Night Out adopted a Breakfast at Tiffany's theme. Women of all ages enjoyed an evening of fun and entertainment. More importantly, the event raised more than \$100,000, a thrilling accomplishment for the second year of the event!



KNOWLEDGE BUILDERS GRANT PROGRAM

First Calgary Financial's Knowledge Builders Grant Program provides funding to non-profit organizations. The funds are meant to help non-profits address such organizational needs as strategic planning, board governance and team building.

In 2010, we directed 44% of our charitable donations to Knowledge Builders, allocating \$54,700 to 25 local non-profits. We have awarded 215 Knowledge Builder grants, totalling more than \$408,000, since we launched the program 11 years ago.

Charitable organizations in the Calgary region can apply for up to \$2,500 per year through the program for internal learning needs.

STEPPING STONES GRANT PROGRAM

Stepping Stones is a unique and innovative partnership between The Calgary Foundation and First Calgary Financial. The program encourages active citizenship by assisting Calgarians in exploring ways to make their neighbourhoods stronger. Individuals or small neighbourhood teams receive funding that enables them to put ideas into action in their community, moving initiatives from "what if" to "let's go" status.

In 2010, the program distributed \$11,555 to 30 projects in grants ranging from \$100 to \$600. We have distributed more than \$39,000 through 79 Stepping Stones grants since the program's inception in 2006.

CARING COMPANIES PROGRAM

We continue to be a proud member of Imagine Canada's Caring Companies Program. In the past 11 years, we have contributed more than \$941,000 to the Calgary community through this program.

First Calgary Financial annually exceeds the minimum 1% of pre-tax profits that Imagine Canada requires program participants to invest in their communities. We also dedicate more than the required one page in our annual report to community involvement.

ALBERTA'S PROMISE

We renewed our commitment as an "Alberta's Promise Builder" in 2010, furthering our priority to invest in youth and education in Alberta.

Alberta's Promise was founded on the belief that all young people should have the opportunity to realize their full potential. To make this possible, organizations work to inspire Albertans to direct more resources toward benefiting the province's youth.

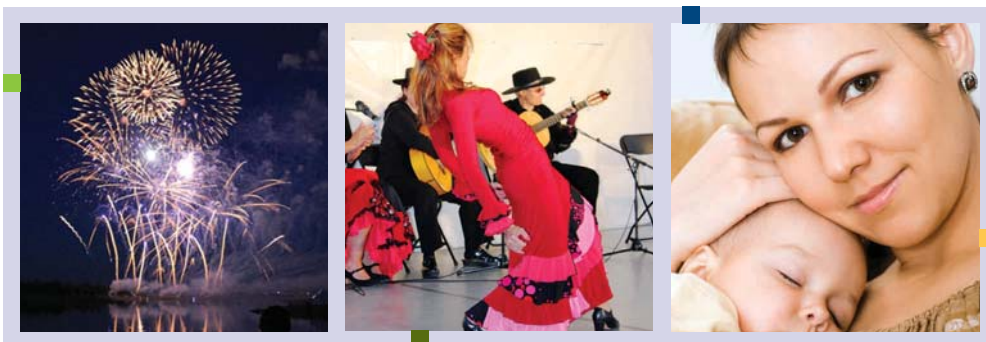
VOLUNTEER INVOLVEMENT PROGRAM

Our Volunteer Involvement Program (VIP) recognizes and supports employees who volunteer their time to charitable and non-profit organizations. We celebrate employees' philanthropic commitments by making a financial contribution up to a maximum of \$1,000 to the charitable organization of a selected employee's choice. Full- and part-time staff and their immediate family members are eligible to participate in this program.

In 2010, we allocated \$12,000 to 12 organizations through VIP. Our organization has contributed nearly \$68,900 to 90 charitable or non-profit organizations, since the program's inception in 2003.

ANGUS AND MARY MCKINNON SCHOLARSHIP FUND

Our Angus and Mary McKinnon Scholarship Fund is designed to reward students for leadership in academic pursuits and in citizenship and volunteer activities. The fund annually distributes five \$1,000 scholarships to post-secondary students studying in Alberta.



CALGARY HOMELESS FOUNDATION

In 2009, First Calgary Financial helped to end homelessness by approving an interest-free line of credit up to \$5 million for the Calgary Homeless Foundation. Since then, the foundation has used our innovative financing to acquire two properties:

- The Ophelia (formerly The Oscar), a 15-unit apartment building in Lower Mount Royal to house women. The building cost \$2,250,000; \$675,000 came from utilizing the line of credit. Referrals and support are coordinated by The YWCA of Calgary.
- Bankview Apartments, a 27-unit building in Bankview. The building cost \$3,915,000; \$1.17 million came from utilizing the line of credit. The tenants are individuals, couples and families, referrals and support are provided by various agencies helping the homeless.

GLOBALFEST FIREWORKS FESTIVAL

Students are a key reason for the sparkling success of the GlobalFest fireworks festival. Through the festival's Youth Leaders of Tomorrow Program, at least six students from various backgrounds and education are selected each year to help with everything from festival marketing and programming, to procurement and coordination. As a festival sponsor, First Calgary Financial is proud to help these students acquire work experience as they prepare for their future careers.

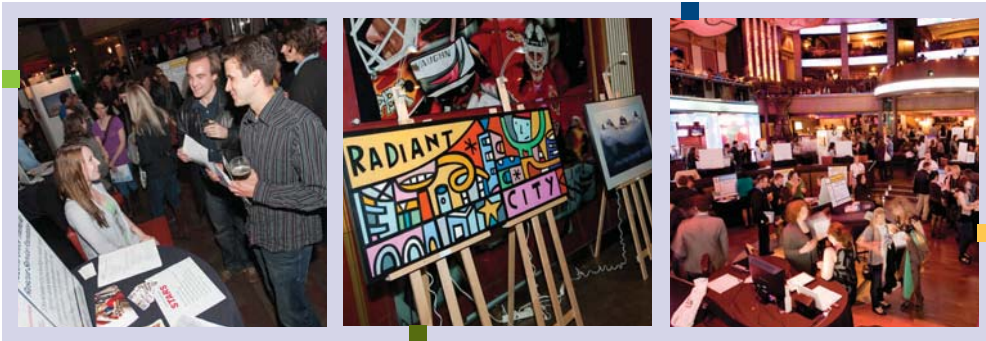
Seven students were accepted into different work placements in 2010, representing the following six schools: Bow Valley College, Queens University, University of Calgary, Mount Royal University, Haskayne School of Business and SAIT.

CALGARY TIMERAISER

As a founding sponsor, we have supported the Calgary Timeraiser since 2006. A Timeraiser event is a silent art auction with a twist: instead of bidding money, participants pledge their time to community agencies that need their volunteer skills and energy.

Participants bid on artwork created by emerging local and national artists. Successful bidders have 12 months to complete their volunteer pledge, which then entitles them to bring the artwork home as a permanent reminder of their goodwill. In the 2010 event, participants pledged 6,825 hours to 28 non-profits in Calgary.

Since 2004, Timeraiser has engaged 6,500 Canadians, raised over 83,000 volunteer hours for 395 non-profit agencies and invested \$410,000 in the careers of Canadian artists.



BIG BROTHERS BIG SISTERS OF CALGARY

Between Generations

We partnered with Big Brothers Big Sisters of Calgary and Area in 2004 to establish Between Generations, a mentoring program that matches adult volunteers over age 50 with elementary school children.

In 2010, 59 volunteers mentored 106 children in nine schools throughout Calgary through this award-winning program. When surveyed, all of the children said their mentor always listened to them and 90% of children's teachers said the experience had a positive influence.

Our staff also supported Big Brothers Big Sisters through its annual fundraiser, Bowl for Kids. Nine teams and 56 employees participated, raising \$7,392.

THEATRE JUNCTION MENTORSHIP PROGRAM

This award-winning program provides a group of high school students each year with an opportunity to learn theatrical skills from actors, directors, technicians and designers. What's more, the students experience world-class performances free of charge at Theatre Junction GRAND. In 2010, 16 high school students from eight schools participated in nine workshops with theatre professionals.



EMPLOYEE FEEDBACK ON ELEMENTS OF CORPORATE SOCIAL RESPONSIBILITY

Every year we conduct a survey of our employees to get their feedback on how they feel First Calgary Financial is meeting its goal of being their employer of choice. In 2010, 81% of our employees participated in the survey. That response level provided a high degree of confidence in the results of the survey, which was conducted as part of the 50 Best Employers in Canada study.

We are especially proud of our employees' favourable responses in the area of Corporate Social Responsibility (CSR). It exceeded the average number of survey participants and matched the results of companies identified as the 50 Best Employers in Canada. Overall, 85% of our employees felt that "This is a socially and environmentally responsible organization." A favourable response was given by 92% of employees agreeing that "Our organization plays an active role in the community." "This organization considers long-term social, environmental and economic impacts when it makes decisions" received favourable response from 71% of employees. While 75% of employees agreed, "This organization works to minimize the impact of its operations, products and services on the environment."

COMMUNITY INVESTMENT SUMMARY

First Calgary Financial invested 3% of pre-tax profit in 2010 in the form of charitable donations, sponsorships and partnerships to a variety of worthwhile causes. First Calgary Financial is proud to have contributed \$632,532 to our communities through cash investments, in-kind donations, employee volunteer time during working hours and program management costs. With the addition of external resources leveraged, (contributions to a community project that can be directly linked to a company's involvement in the project, but are not a cost to the sponsoring company. For example: matched funds from the government, input from a corporate partner, or employee time volunteered during non-working hours), First Calgary Financial created total value of contributions to our community of \$699,368.

First Calgary Financial is pleased to invest in the following worthwhile areas:

Total Value of Company Contributions

| | | | |
|--------------------------|-----------|----------------|-----|
| Philanthropic Investment | \$ | 124,638 | 20% |
| Social Investment | \$ | 438,819 | 69% |
| Commercial Initiatives | \$ | 69,075 | 11% |
| Total investments | \$ | 632,532 | |

Allocation of Investment (focus areas)

| | | | |
|-------------------------|-----------|----------------|-----|
| Arts & Culture | \$ | 105,890 | 17% |
| Capacity Building | \$ | 93,417 | 15% |
| Civic Leadership | \$ | 81,393 | 13% |
| Education | \$ | 124,197 | 19% |
| Employee Programs | \$ | 26,940 | 4% |
| Environment | \$ | 30,436 | 5% |
| Poverty Reduction | \$ | 170,259 | 27% |
| Total allocation | \$ | 632,532 | |

Source of Investment

Cash contributions \$ 440,297

Employee time during working hours

Number of volunteers: 149

Volunteer hours: 503

Cash value \$ 11,649

In-kind contributions (cash value) \$ 39,533

Program management costs \$ 141,053

\$ 632,532

External resources leveraged

Number of volunteers: 132

Total volunteer hours: 2,573

Value of external in-kind: \$ 700

Funds from external sources: \$ 66,136

Cash value \$ 66,836

Total value of contributions to the community **\$ 699,368**



LBG Canada is a community of companies working toward a higher standard in the management, valuation and performance measurement of corporate community involvement.

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First Calgary Financial is proud to be associated
with the following groups and organizations.

A selection of groups and organizations that facilitate leadership and break-through thinking in corporate citizenship:

- Alberta's Promise
- Canadian Business for Social Responsibility
- CentrePoint
- Imagine Canada
- LBG Canada
- Make it Good
- The Calgary Foundation
- Thrive Calgary
- United Way of Calgary and Area
- Vibrant Communities Calgary
- Volunteer Calgary

A selection of Community Response and Global and Environmental Outreach recipients:

- Calgary Interfaith Food Bank
- Canadian Red Cross - *Haiti Earthquake*
- Cerebral Palsy Association
- Children's Cottage Society
- Distress Centre Calgary
- Evergreen Theatre
- Momentum (*Thrive Calgary*)
- Parks Foundation Calgary
- Salvation Army - *Christmas Hope Campaign*
- United Way of Calgary and Area
- Vibrant Communities Calgary
- Western Sky Land Trust
- YWCA of Calgary

A selection of Knowledge Builders Grant Program recipients:

- Accessible Housing Society
- Alzheimer Society of Calgary
- Aspen Family & Community Network Society
- Big Brothers Big Sisters of Calgary & Area
- Boys & Girls Clubs of Calgary
- Calgary Bridge Foundation for Youth
- Calgary Family Services
- Calgary Girls Choir
- Calgary Science Network
- Calgary Seniors' Resource Centre
- Canadian Mental Health Association
- Churchill Family Care Society
- Further Education Society
- Green Calgary
- Heart & Stroke Foundation of Alberta, NWT & Nunavut
- Hillhurst Sunnyside Community Association
- Hull Child & Family Services
- Kids Up Front Foundation
- Nature Conservancy of Canada
- Peer Support Services for Abused Women
- Social Venture Partners Calgary
- TELUS World of Science
- Theatre Junction GRAND
- Trico Centre for Family Wellness
- Vocational & Rehabilitation Research Institute



REALIZE YOUR GREATEST DREAMS
WITH ONE OF THE GREATEST COMPANIES
IN ONE OF THE GREATEST CITIES.



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FIRST CALGARY FINANCIAL BRANCH LOCATIONS

NORTHWEST BRANCHES

BRENTWOOD

3750 Brentwood Rd NW
403.289.8436

CROWFOOT CENTRE

800 Crowfoot Cr NW
403.547.6000

DALHOUSIE STATION

735, 5005 Dalhousie Dr NW
403.286.3630

SOUTHWEST BRANCHES

OAKRIDGE

70, 2580 Southland Dr SW
403.281.2258

SIGNAL HILL CENTRE

5735 Signal Hill Centre SW
403.246.2245

DOWNTOWN BRANCH

TD SQUARE

116, 317 - 7 Ave SW
403.269.4850

NORTHEAST BRANCHES

BEDDINGTON HEIGHTS

8220 Centre St N
403.275.7722

COVENTRY HILLS CENTRE

500, 130 Country Village Rd NE
403.503.8088

NORTHGATE VILLAGE

455 - 36 St NE
403.272.8821

TRANSCANADA

510 - 16 Ave NE
403.230.1451

TARADALE

100, 6520 Falconridge Blvd NE
403.503.8028

VILLAGE SQUARE

116, 2640 - 52 St NE
403.285.0700

SOUTHEAST BRANCHES

MACLEOD TRAIL

8726 Macleod Tr S
403.253.4431

SHAWNESSY VILLAGE

110, 70 Shawville Blvd SE
403.531.5100

SOUTH TRAIL

400, 4915 - 130 Ave SE
403.503.8090

WILLOW BRANCH - OKOTOKS

41, 71 Riverside Dr
Okotoks, AB
403.520.8000
403.736.4930

BUSINESS SOLUTIONS CENTRE™

830 - 1 Ave NE
403.503.8012

COMMERCIAL BANKING

11th FLOOR, DOME TOWER
1100, 333 - 7 Ave SW
403.269.7970

CONTACT CENTRE

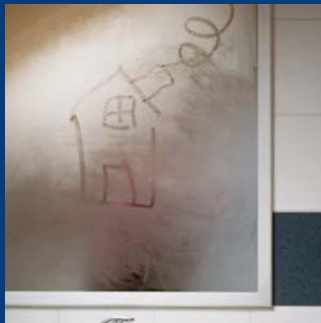
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JUST FINANCIAL

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200, 510 - 16 Ave NE
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TO ACCOMPLISH GREAT THINGS,
WE MUST NOT ONLY ACT, BUT ALSO DREAM;
NOT ONLY PLAN, BUT ALSO BELIEVE.

