

Notes to the Interim Consolidated Financial Statements

(unaudited)

1. Basis of Presentation

These Interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended March 31, 2002, as set out in ATB's 2002 Annual Report. These Interim Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles using the same significant accounting policies outlined in the notes to the Consolidated Financial Statements for the year ended March 31, 2002.

2. Establishment of Subsidiary

ATB has established a new wholly owned subsidiary, ATB Investment Management Inc. for the purpose of facilitating the management of ATB mutual fund portfolios. The company was incorporated on August 21, 2002 under the Alberta Business Corporation Act.

3. Market Segment Information

ATB conducts its business through market segments that offer different products and services designed specifically for each particular group of customers: individual, agricultural and independent and commercial business financial services. Results for these market segments presented in the following table are based on ATB's internal financial reporting systems, and are consistent with the accounting policies followed in the presentation of ATB's Consolidated Financial Statements. The net interest income is determined based on the nature and term of the assets and liabilities for each segment. Other income and provision for credit losses are captured for each group. Non-interest expenses are allocated to the market segments based on management's estimates. The presentation of market segment information has been changed from ATB's 2002 Annual Report. The comparative numbers have been adjusted to conform to the new format.

Segmented Income Statements

For the three months ended					
(\$ in thousands)	Individual	Agricultural	Independent business and commercial	Other*	Total
September 30, 2002					
Net interest income	\$ 44,468	\$ 9,065	\$ 34,451	\$ 5,533	\$ 93,517
Other income	13,140	814	9,747	2,838	26,539
Total revenue	57,608	9,879	44,198	8,371	120,056
Provision for (recovery of) credit losses	1,430	743	688	(7,576)	(4,715)
Net interest and other income	56,178	9,136	43,510	15,947	124,771
Non-interest expenses	38,371	5,926	23,529	6,454	74,280
Net income	\$ 17,807	\$ 3,210	\$ 19,981	\$ 9,493	\$ 50,491
Average loans	\$ 6,345,057	\$ 1,297,556	\$ 3,209,718	\$ (137,804)	\$ 10,714,527
Average deposits	6,411,895	360,776	4,170,041	700,267	11,642,979
Total assets	6,458,026	1,292,557	3,212,857	1,794,599	12,758,039
September 30, 2001					
Net interest income	\$ 44,965	\$ 8,379	\$ 34,933	\$ 6,605	\$ 94,882
Other income	11,258	621	9,491	2,484	23,854
Total revenue	56,223	9,000	44,424	9,089	118,736
Provision for credit losses	1,181	351	1,468	3,157	6,157
Net interest and other income	55,042	8,649	42,956	5,932	112,579
Non-interest expenses	34,445	5,611	21,851	6,607	68,514
Net income (loss)	\$ 20,597	\$ 3,038	\$ 21,105	\$ (675)	\$ 44,065
Average loans	\$ 5,667,221	\$ 1,225,531	\$ 3,044,191	\$ (130,115)	\$ 9,806,828
Average deposits	5,842,111	458,778	3,832,554	1,243,153	11,376,596
Total assets	5,747,270	1,227,178	3,128,793	2,298,343	12,401,584
For the six months ended					
(\$ in thousands)	Individual	Agricultural	Independent business and commercial	Other*	Total
September 30, 2002					
Net interest income	\$ 86,247	\$ 17,693	\$ 67,648	\$ 10,426	\$ 182,014
Other income	26,044	1,871	19,357	5,334	52,606
Total revenue	112,291	19,564	87,005	15,760	234,620
Provision for (recovery of) credit losses	2,788	797	2,224	(9,184)	(3,375)
Net interest and other income	109,503	18,767	84,781	24,944	237,995
Non-interest expenses	76,574	11,999	47,440	14,339	150,352
Net income	\$ 32,929	\$ 6,768	\$ 37,341	\$ 10,605	\$ 87,643
Average loans	\$ 6,243,037	\$ 1,292,211	\$ 3,213,062	\$ (138,011)	\$ 10,610,299
Average deposits	6,446,805	354,299	4,036,973	739,753	11,577,830
Total assets	6,458,026	1,292,557	3,212,857	1,794,599	12,758,039
September 30, 2001					
Net interest income	\$ 89,154	\$ 16,376	\$ 68,652	\$ 13,307	\$ 187,489
Other income	22,305	1,353	18,848	4,684	47,190
Total revenue	111,459	17,729	87,500	17,991	234,679
Provision for credit losses	2,473	357	3,137	6,347	12,314
Net interest and other income	108,986	17,372	84,363	11,644	222,365
Non-interest expenses	66,849	11,067	43,097	16,331	137,344
Net income (loss)	\$ 42,137	\$ 6,305	\$ 41,266	\$ (4,687)	\$ 85,021
Average loans	\$ 5,597,961	\$ 1,222,157	\$ 3,004,929	\$ (128,273)	\$ 9,696,774
Average deposits	5,824,343	344,011	3,816,690	1,244,580	11,229,624
Total assets	5,747,270	1,227,178	3,128,793	2,298,343	12,401,584

*Comprised of business of a corporate nature such as investment, risk management, asset liability management and treasury operations, as well as expenses and general allowances and recoveries for credit losses not expressly attributed to the market segments.

4. Subsequent Event

Subsequent to the second quarter ended September 30, 2002, ATB reached an out-of-court resolution of its legal dispute with the owners of the West Edmonton Mall, the background of which is outlined in Note 14 of the Notes to the Consolidated Financial Statements for the year ended March 31, 2002. As a result of this resolution, net income for the third quarter will increase by \$45.0 million due to recoveries of previously reported credit losses on this account.