

BMO Financial Group

**Risk Review
Fourth Quarter 2003**

M.G. Maila
*EVP & Head of
Corporate Risk Management*

Quarterly Investor Presentation
November 25, 2003

QUARTERLY PCL

C\$ Million

Quarter	Specific PCL	General PCL
Q1/01	100	117
Q3/01	117	117
Q1/02	546	180
Q3/02	320	160
Q1/03	160	150
Q3/03	95	120

ANNUAL PCL

C\$ Million

Year	Specific PCL	General PCL
1998	110	20
1999	235	85
2000	110	248
2001	880	100
2002	820	100
2003	455	100

Provision for Credit Losses (PCL) trend is positive despite the slight increase in Q4

Portfolio Segment	Provision for Credit Losses (C\$ Million)		
	Q4 2003	F2003	F2002
Consumer	37	141	150
Commercial	24	60	109
Corporate			
U.S.	45	190	357
Canada and International	(11)	64	204
	<u>34</u>	<u>254</u>	<u>561</u>
Total Specific PCL	95	455	820
Specific PCL as a % of Avg Net Loans and Acceptances (incl. Reverse Repos)	25 bps	30 bps	56 bps

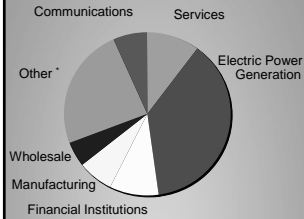
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RISK REVIEW FOURTH QUARTER 2003

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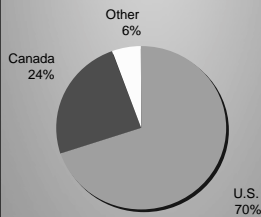
Q4 2003 FORMATIONS

BY SECTOR

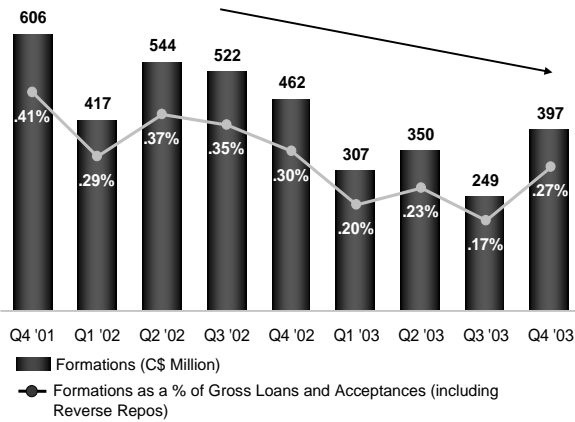


* Includes numerous sectors, none of which exceeds 7% of the total gross formations.

BY GEOGRAPHY

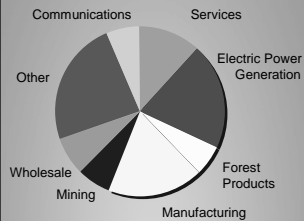


Formations of Gross Impaired Loans (GIL's) are up this quarter due primarily to the deterioration in the U.S. electric power generation sector



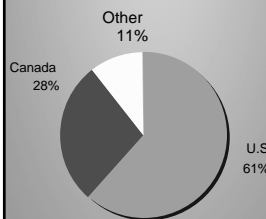
F2003 FORMATIONS

BY SECTOR

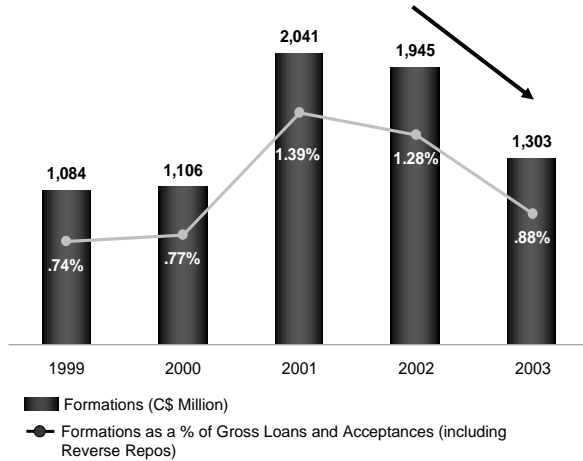


* Includes numerous sectors, none of which exceeds 5% of the total gross formations.

BY GEOGRAPHY



For the year however, formations of new GIL's are down \$642 million or 33% and are at their lowest level since F2000



Moreover, the Impaired Portfolio continues to be managed proactively, resulting in a relatively high level of repayments as well as significant sales activity this quarter and for the year

	C\$ Million	
	Q4 2003	2003
Repayments	171	602
Sales	85	263*
Other Reductions**	81	291
Reductions in GIL's	337	1,156
Write-Offs	185	566
Total Reductions in GIL Balances	522	1,722

* Sales of impaired loans and assets related to restructured loans are net of \$25 million in write-offs.

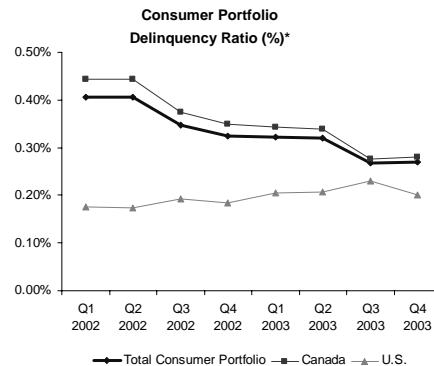
** Includes loans returned to performing status and foreign exchange rate changes.

Context for F2004 PCL Guidance of \$500 million or less

Exposure to Sectors of concern in the commercial/corporate portfolios is manageable...

	C\$ Million as at October 31, 2003	
	Total Gross Loans & BA's	of which Impaired
Cattle Farming and Related Sectors (Canada)	1,447	18
Electric Power Generation	847	391
Forest Products	732	66
Auto Manufacturing and Supply	689	76

...and consumer portfolio delinquencies are stable or declining



* % of portfolio which is 90 days or more past due

Appendix

7. Loan Portfolio Distribution – Consumer/Commercial/Corporate
8. Cattle Farming and Related Sectors (Canada)
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10. Forest Products
11. Automotive Manufacturing and Supply
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15. Trading and Underwriting Daily P&L versus Value at Risk
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Loan Portfolio Distribution – Consumer/Commercial/Corporate Segments

Total Gross Loans and Acceptances* As at October 31, 2003

Portfolio Segment	(C\$ Billion)				Total	
	Canada	U.S.	Other	Total		
Consumer						
Residential Mortgages	43	5	-	48	36%	
Personal Loans	16	7	-	23	17%	
Cards	3	-	-	3	2%	
Total Consumer	62	12	-	74	55%	
Commercial	28	5	-	33	24%	
Corporate	6	20**	2	28	21%	
Total	96	37	2	135	100%	

* Excludes Reverse Repos

** Includes Harris Nesbitt mid-market portfolio of \$7 billion

Cattle Farming and Related Sectors (Canada)

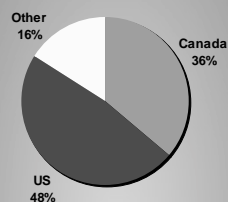
C\$ Million as at October 31, 2003

	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non- Investment Grade"
Livestock, Field Crop and Horticultural	624	3	3	354	267
Feedlots and Cow/Calf Operations	563	10	8	243	310
Other Related Sectors	260	5	4	126	129
Total	1,447*	18	15	723	706

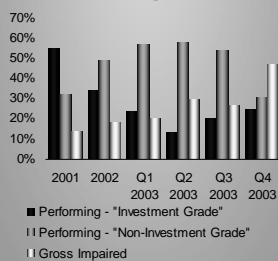
* Represents 1.1% of the total loan portfolio (excluding reverse repos).

(Exposure to Cattle Farming and Related Sectors is included as part of the Wholesale Trade (Food and Beverage), Manufacturing (Other) and Agriculture categories in the Supplementary Financial Package. Refer to pages 26, 29 and 30.)

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Electric Power Generation

C\$ Million as at October 31, 2003

	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non- Investment Grade"
Diversified and Regulated	365	101	75	109	155
PPA* Projects	291	121	90	95	75
Merchant Projects	191	169	85	-	22
Total	847**	391**	250	204	252

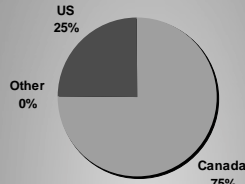
* Power Purchase Agreement

** Represents 0.6% of the total loan portfolio (excluding reverse repos).

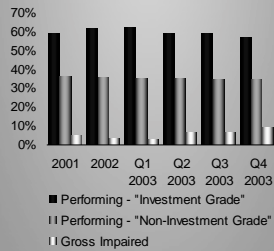
*** U.S. 68%, Other 32%

(Refer to the Supplementary Financial Package pages 26, 29 and 30)

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Forest Products

C\$ Million as at October 31, 2003

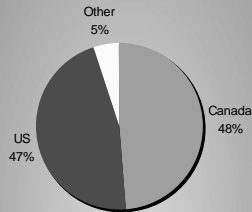
	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non-Investment Grade"
Forest Products					
Manufacturing	611	42	16	358	211
Logging	121	24	16	57	40
Total	732*	66**	32	415	251

* Represents 0.6% of the total loan portfolio (excluding reverse repos).

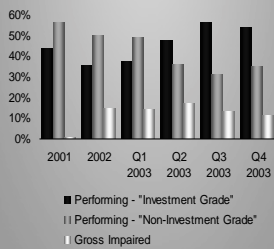
** U.S. 61%, Canada 39%

(Refer to the Supplementary Financial Package pages 26, 29 and 30)

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Automotive Manufacturing and Supply

C\$ Million as at October 31, 2003

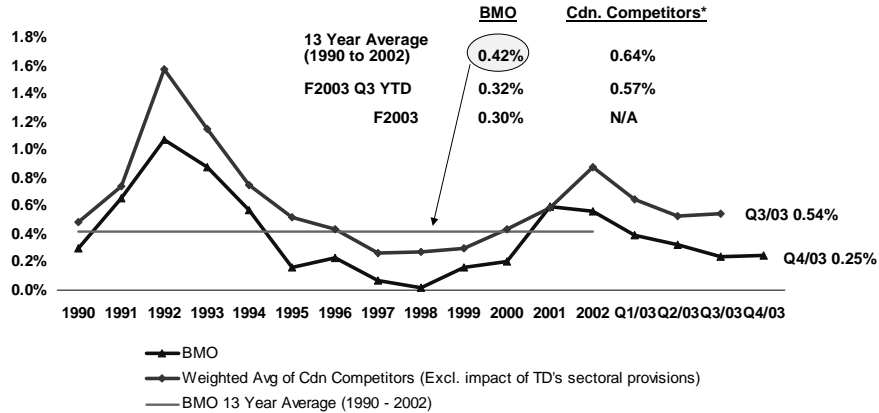
	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non-Investment Grade"
Suppliers	554	76	66	263	215
Motor Vehicle Manufacturing	135	-	-	109	26
Total	689*	76**	66	372	241

* Represents 0.5% of the total loan portfolio (excluding reverse repos).

** U.S. 97%, Canada 3%

(Refer to the Supplementary Financial Package pages 26, 29 and 30)

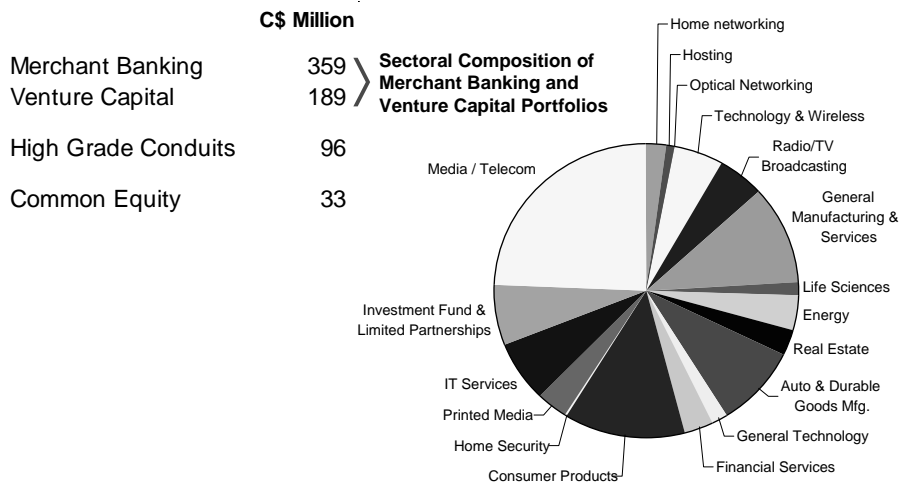
Specific Provisions for Credit Losses as a percentage of Average Net Loans and Acceptances (including Reverse Repos) - BMO versus Canadian Competitors (1990-2003)



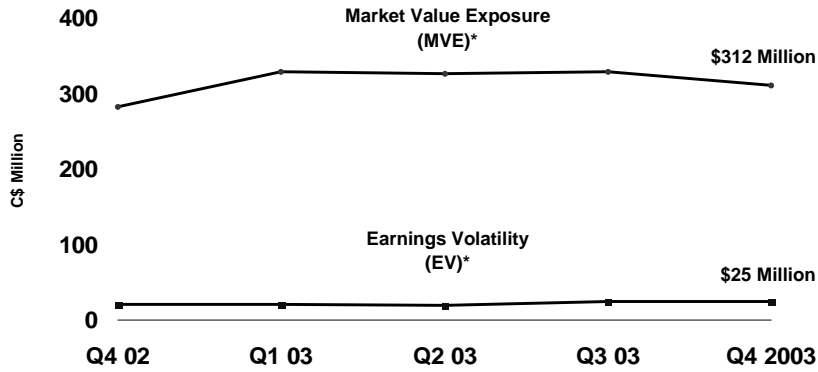
* BMO's Canadian competitors include: Royal, BNS, CIBC, TD and National. Competitor average excludes the impact of TD's sectoral provisions in F2002 and subsequent transfers/drawdowns.

Major Equity Investment Portfolios

Book Value as at October 31, 2003



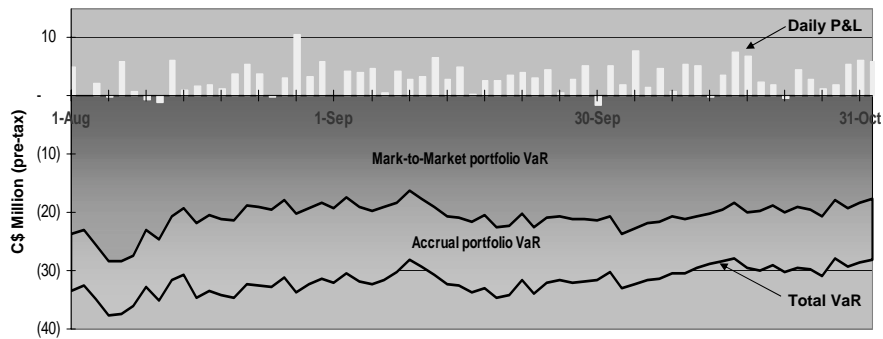
Structural Market Risk: Market Value Exposure and Earnings Volatility



(Refer to Supplementary Financial Package page 33 for definitions and risk data)

Trading and Underwriting Daily P&L versus Value at Risk

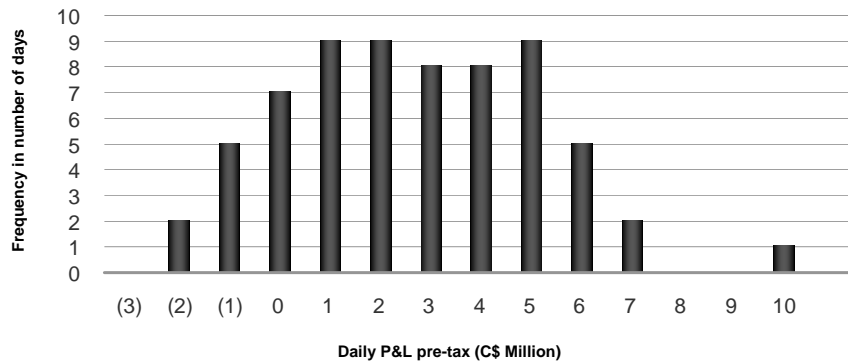
Daily P&L versus Value at Risk (VaR)
August 1, 2003 to October 31, 2003
(presented on a pre-tax basis)



(Refer to Supplementary Financial Package page 33 for risk data - presented on an after tax basis)

Frequency Distribution of Daily Trading and Underwriting P&L

Frequency Distribution of Daily P&L for
Trading and Underwriting Portfolios
August 1, 2003 to October 31, 2003



Forward-Looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: global capital market activities; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply disruptions; industry and worldwide economic and political conditions; regulatory and statutory developments; the effects of competition in the geographic and business areas in which we operate; management actions; and technological changes. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to Bank of Montreal, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Bank of Montreal does not undertake to update any forward-looking statement, whether written or oral, that may be made, from time to time, by the organization or on its behalf.

Investor Relations	Susan Payne	416-867-6656
	Lynn Inglis	416-867-5452
	Amanda Mason	416-867-3562
	Fax	416-867-3367
	Email:	investor.relations@bmo.com