



Risk Review Third Quarter 2003

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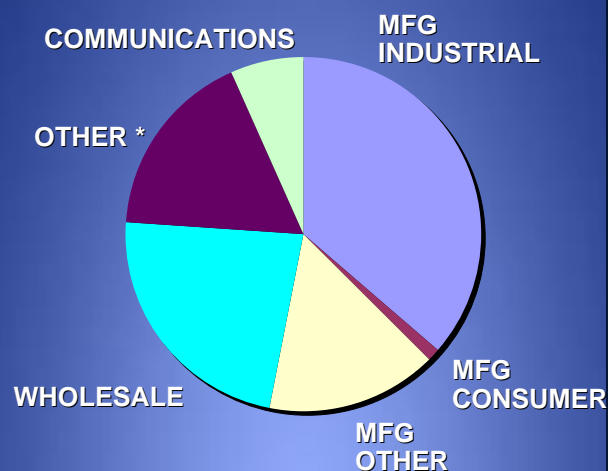
Quarterly Investor Presentation
August 26, 2003

Credit and Counterparty Risk Highlights

Continued improvement in overall credit quality

- Specific Provisions for Credit Losses (PCL's) were \$90 million for the quarter
- The impaired portfolio continues to be managed prudently and effectively
- Revised PCL Guidance for F2003: at or below \$500 million

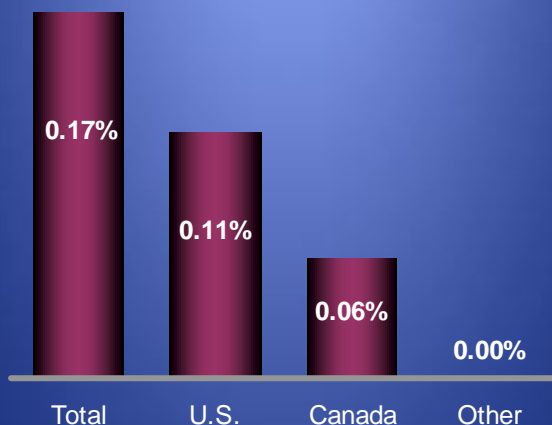
Formations By Sector



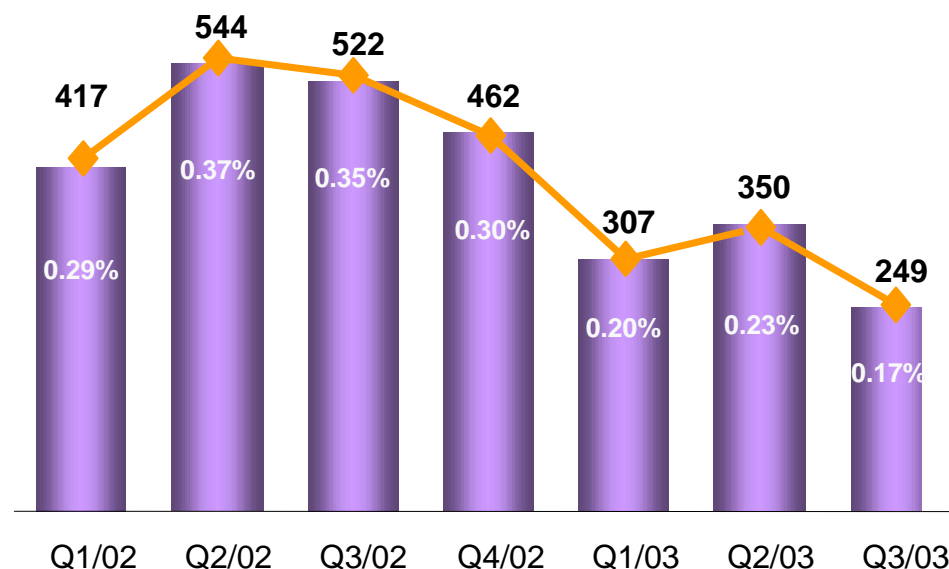
* Includes numerous sectors, none of which exceeds 5% of the total gross formations.

By Geography

Formations as a % of Gross Loans and Acceptances (including Repos)



Formations of Gross Impaired Loans
(GIL's) are down 29% from the previous quarter



■ Formations (C\$ Million)

◆ Formations as a % of Gross Loans and Acceptances (including Repos)

The Impaired Portfolio continues to be managed proactively resulting in a relatively high level of repayments as well as significant sales activity this quarter

| | (C\$ Million) | |
|---|---------------|--------------|
| | Q3 2003 | YTD 2003 |
| Repayments | 270 | 552 |
| Sales | 108* | 178** |
| Loans returned to performing status | 13 | 89 |
| Reductions in Impaired Loans & Acceptances | 391 | 819 |
| Write-offs | 127 | 381 |
| Total Reductions in GIL Balances | 518 | 1,200 |

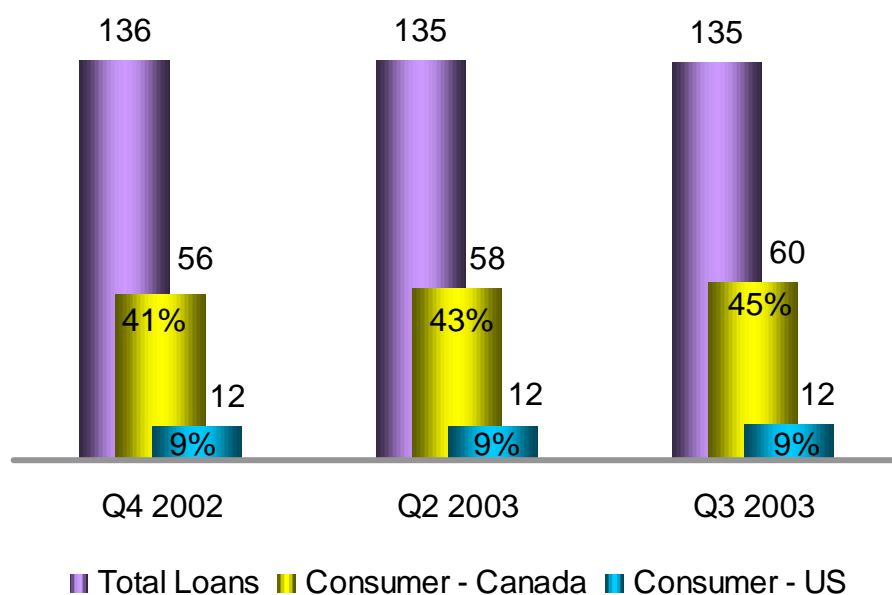
* Q3 sales of impaired loans are net of \$11 million in write-offs

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

Consumer portfolios represent a large and growing proportion of the loan book and continue to perform well

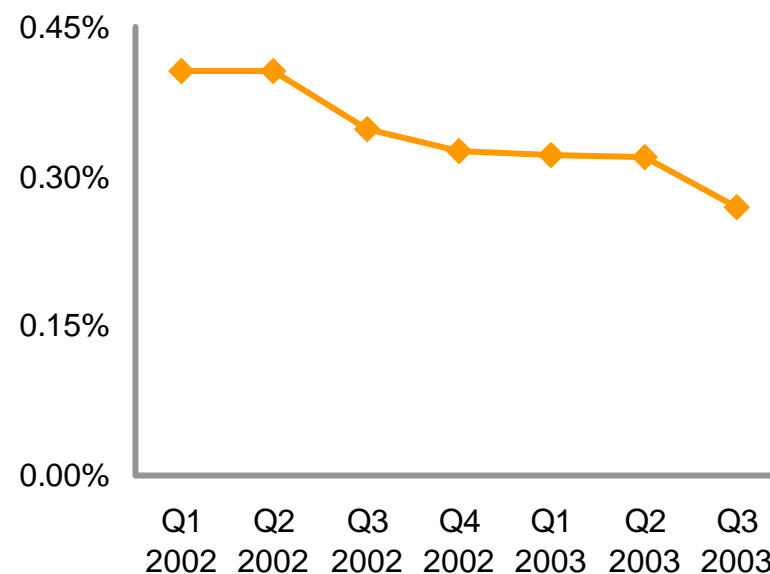
**Consumer Portfolio
as a % of Gross Loans & Acceptances***

C\$ Billion



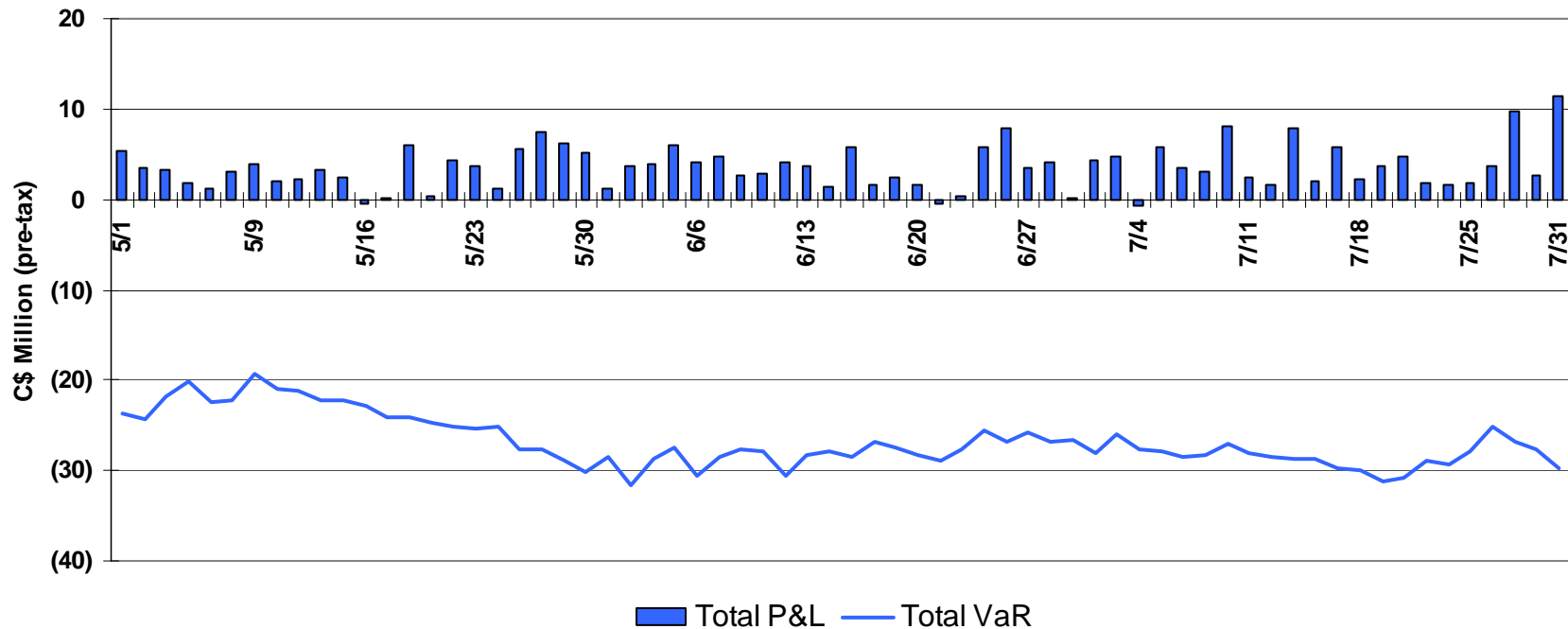
* Excludes Reverse Repos

“90 Days & Over” Delinquency Ratio
(% of portfolio which is 90 days or more past due)



Trading and Underwriting performance remained profitable during the quarter

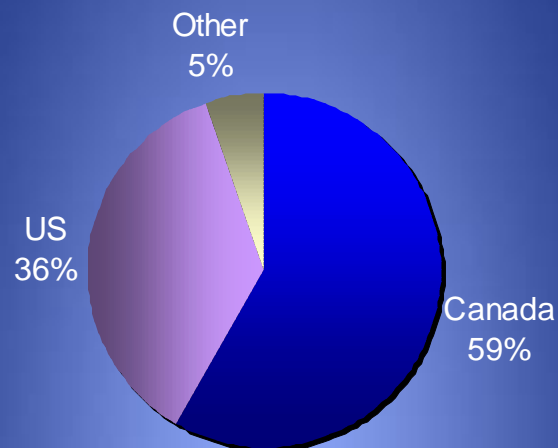
Daily P&L versus Value at Risk
May 1, 2003 to July 31, 2003



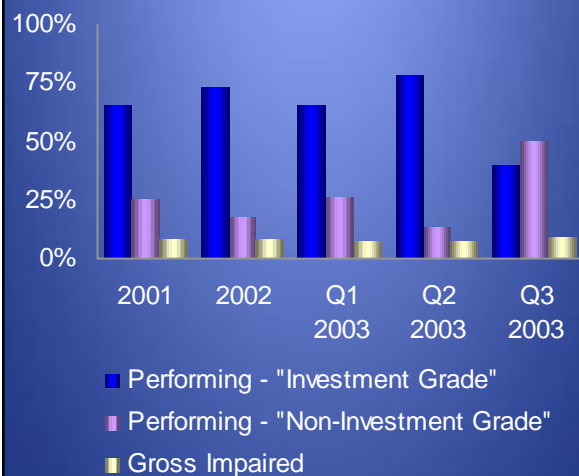
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Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Airlines and Aerospace

C\$ Million as at July 31, 2003

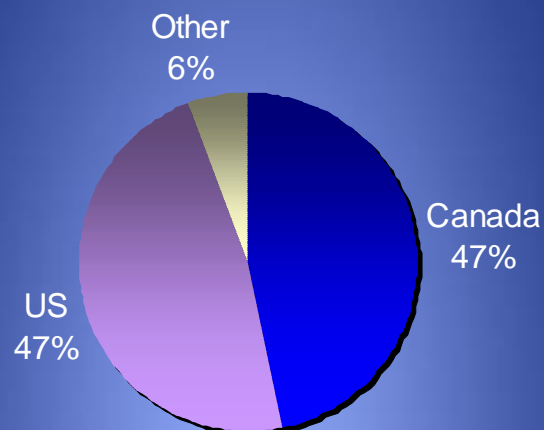
| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
|--------------------------|--------------------------|----------------|--------------|----------------------|------------------------|
| | | | | "Investment Grade" | "Non-Investment Grade" |
| Aircraft Manufacturing** | 208 | 1 | - | 81 | 126 |
| Air Transportation | 116 | 29 | 5 | 49 | 38 |
| Total | 324* | 30 | 5 | 130 | 164 |

* Represents 0.4% of the total loan portfolio (excluding reverse repos).

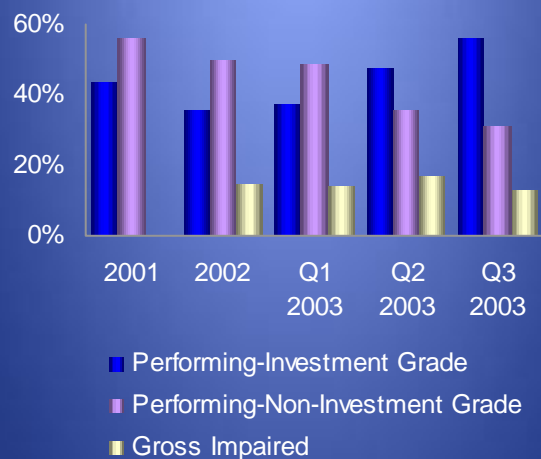
** Includes exposure to aircraft manufacturing divisions of integrated transportation manufacturers.

(Airline and Aerospace data is included as part of the Transportation and Manufacturing categories in the Supplementary Financial Package. Refer to pages 26, 29 and 30.)

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Automotive Manufacturing and Supply

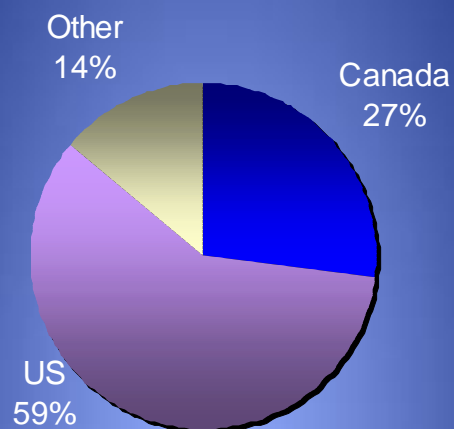
C\$ Million as at July 31, 2003

| | Performing Portfolio | | | | |
|-----------------------------|--------------------------|----------------|--------------|--------------------|------------------------|
| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | "Investment Grade" | "Non-Investment Grade" |
| Suppliers | 481 | 80 | 67 | 250 | 151 |
| Motor Vehicle Manufacturing | 138 | - | - | 97 | 41 |
| Total | 619 * | 80 | 67 | 347 | 192 |

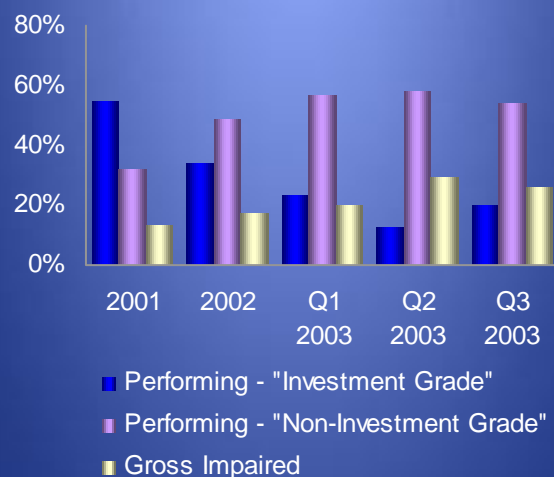
* Represents 0.5% of the total loan portfolio (excluding reverse repos).

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

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Electric Power Generation

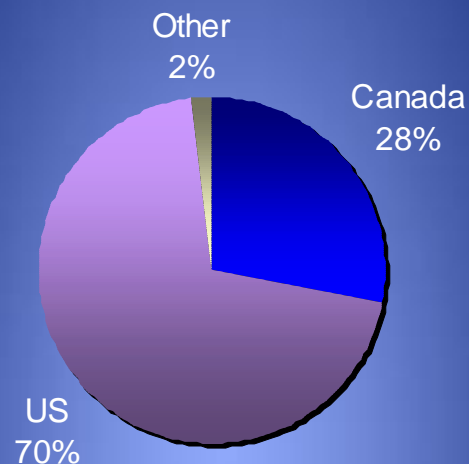
C\$ Million as at July 31, 2003

| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
|-------------------|-----------------------------|-------------------|--------------|-----------------------|-------------------------------|
| | | | | "Investment Grade" | "Non- Investment Grade" |
| Diversified | 362 | 63 | 49 | 73 | 226 |
| PPA Projects | 324 | 73 | 52 | 102 | 149 |
| Merchant Projects | 202 | 124 | 37 | - | 78 |
| Regulated | 102 | - | - | 22 | 80 |
| Total | 990* | 260 | 138 | 197 | 533 |

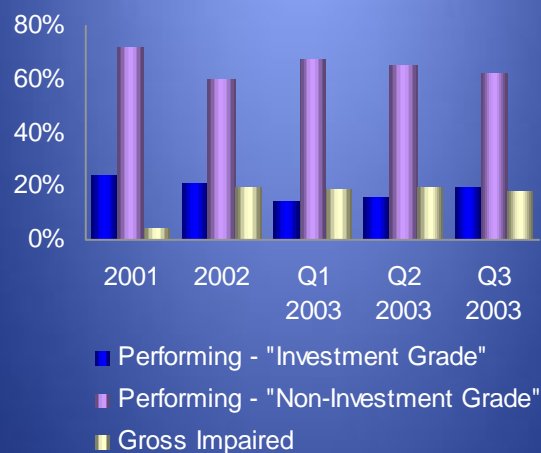
*Represents 0.7% of the total loan portfolio (excluding reverse repos).

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

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Communications

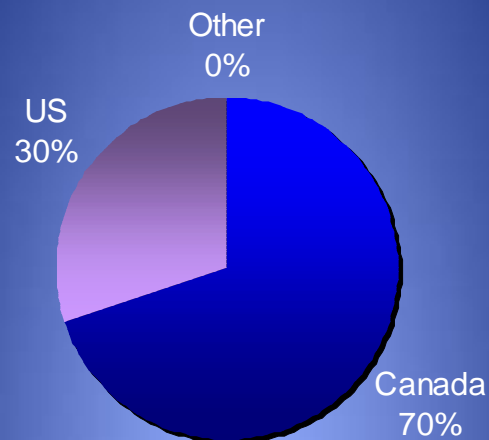
C\$ Million as at July 31, 2003

| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
|--------------------------|--------------------------|----------------|--------------|----------------------|------------------------|
| | | | | "Investment Grade" | "Non-Investment Grade" |
| Long Haul Fibre | 82 | 82 | 32 | - | - |
| Wireless | 221 | 5 | - | 54 | 162 |
| Towers | 93 | 20 | 20 | - | 73 |
| CLECs | 17 | 17 | 8 | - | - |
| Other | 388 | 34 | 21 | 118 | 236 |
| Telecom | 801 | 158 | 81 | 172 | 471 |
| Cable | 771 | 214 | 195 | 38 | 519 |
| Telecom and Cable | 1,572 | 372 | 276 | 210 | 990 |
| Broadcasting | 560 | 15 | 15 | 210 | 335 |
| Total | 2,132[*] | 387 | 291 | 420 | 1,325 |

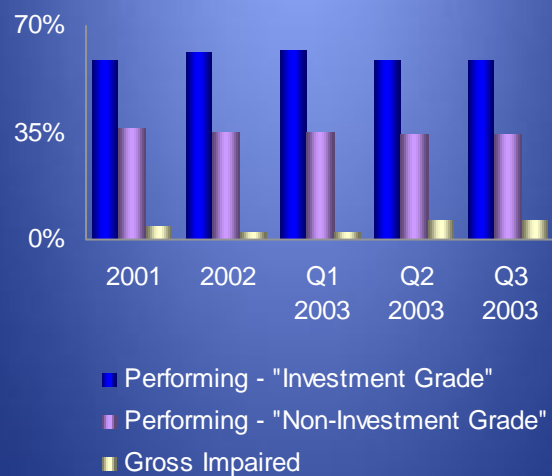
* Represents 1.7% of the total loan portfolio (excluding reverse repos).

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

Gross Loans & Acceptances by Geography



Portfolio Migration (%)



Forest Products

C\$ Million as at July 31, 2003

| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
|-----------------|-----------------------------|-------------------|--------------|-----------------------|-------------------------------|
| | | | | "Investment Grade" | "Non- Investment Grade" |
| Forest Products | | | | | |
| Manufacturing | 825 | 33 | 19 | 503 | 289 |
| Logging | 128 | 30 | 17 | 58 | 40 |
| Total | 953* | 63 | 36 | 561 | 329 |

* Represents 0.7% of the total loan portfolio (excluding reverse repos).

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

Hospitality and Recreation (Canada)

| | C\$ Million as at July 31, 2003 | | | | |
|--|---------------------------------|-------------------|--------------|-----------------------|-------------------------------|
| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
| | | | | "Investment Grade" | "Non- Investment Grade" |
| Amusement & Recreation | 489 | 4 | 3 | 256 | 229 |
| Accommodation and Eateries (excluding hotels) | 388 | 12 | 10 | 158 | 218 |
| Hotels | 271 | 1 | 1 | 149 | 121 |
| Total | 1,148* | 17 | 14 | 563 | 568 |

*Represents 0.8% of the total loan portfolio (excluding reverse repos).

(Hospitality and Recreation is included as part of the Commercial Real Estate and Service Industry categories in the Supplementary Financial Package. Refer to pages 26, 29 and 30.)

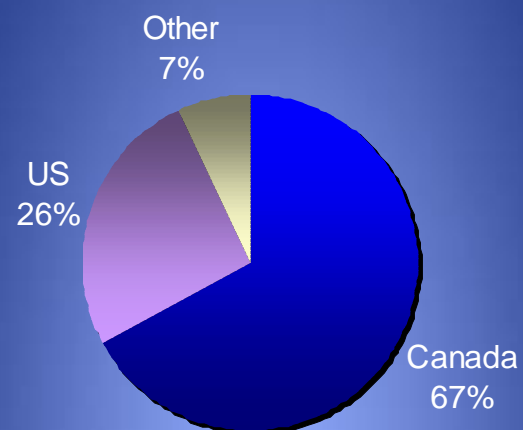
Cattle Farming and Related Sectors (Canada)

| | C\$ Million as at July 31, 2003 | | | | |
|---|---------------------------------|-------------------|--------------|-----------------------|-------------------------------|
| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
| | | | | "Investment Grade" | "Non- Investment Grade" |
| Livestock, Field Crop and Horticultural | 598 | 2 | 2 | 373 | 223 |
| Feedlots and Cow/Calf Operations | 559 | 11 | 7 | 266 | 282 |
| Other Related Sectors | 282 | 4 | 3 | 134 | 144 |
| Total | 1,439 * | 17 | 12 | 773 | 649 |

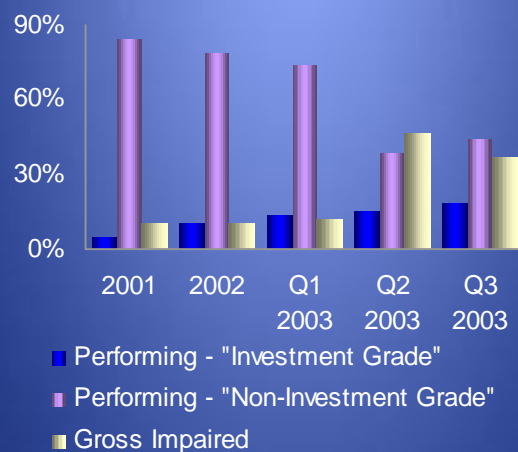
* Represents 1.1% of the total loan portfolio (excluding reverse repos).

(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 (%)



Steel

C\$ Million as at July 31, 2003

| | Total Gross Loans & BA's | Gross Impaired | Net Impaired | Performing Portfolio | |
|------------------------------|--------------------------|----------------|--------------|----------------------|------------------------|
| | | | | "Investment Grade" | "Non-Investment Grade" |
| Steel Pipe and Tube Industry | 29 | - | - | 9 | 20 |
| Steel Foundries | 25 | 20 | 10 | 1 | 4 |
| Total | 54* | 20 | 10 | 10 | 24 |

* Represents less than 0.1% of the total loan portfolio (excluding reverse repos).

(Steel is included as part of the Manufacturing (Industrial Products) category in the Supplementary Financial Package. Refer to pages 26, 29 and 30.)

Major Equity Investment Portfolios

Book Value as at July 31, 2003

Merchant Banking
Venture Capital
High Grade Conduits
Common Equity

C\$ Million

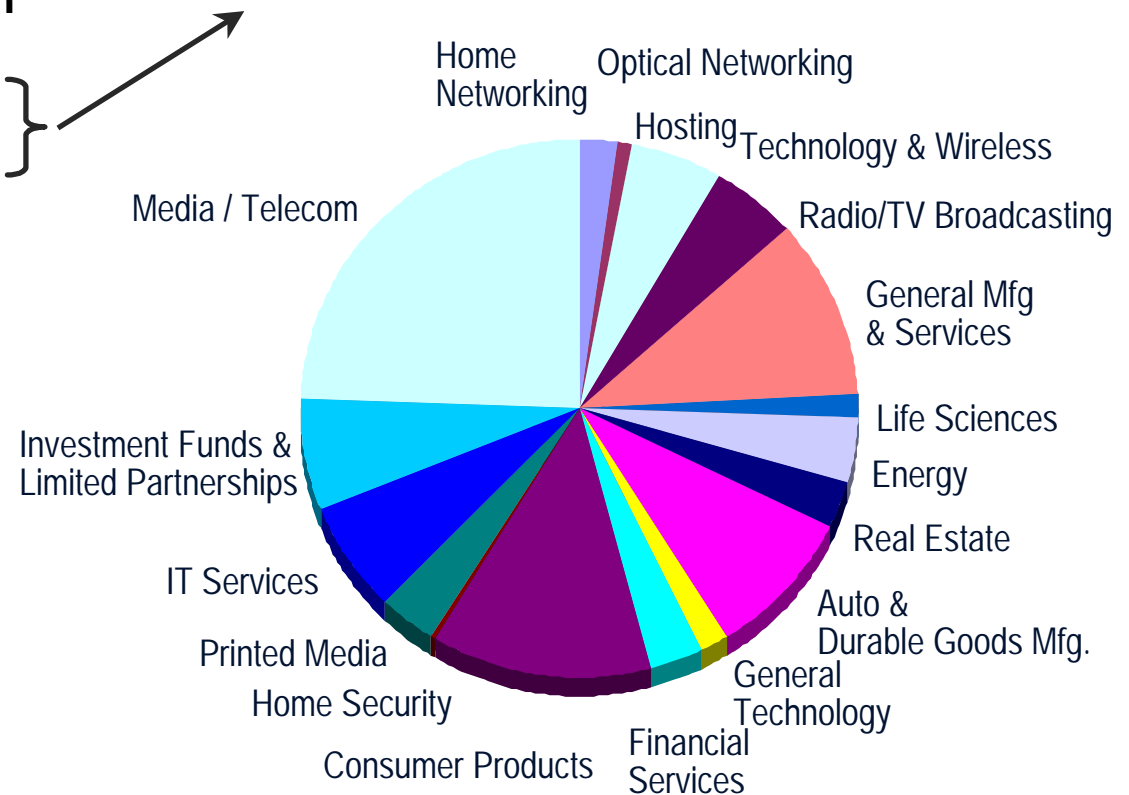
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196

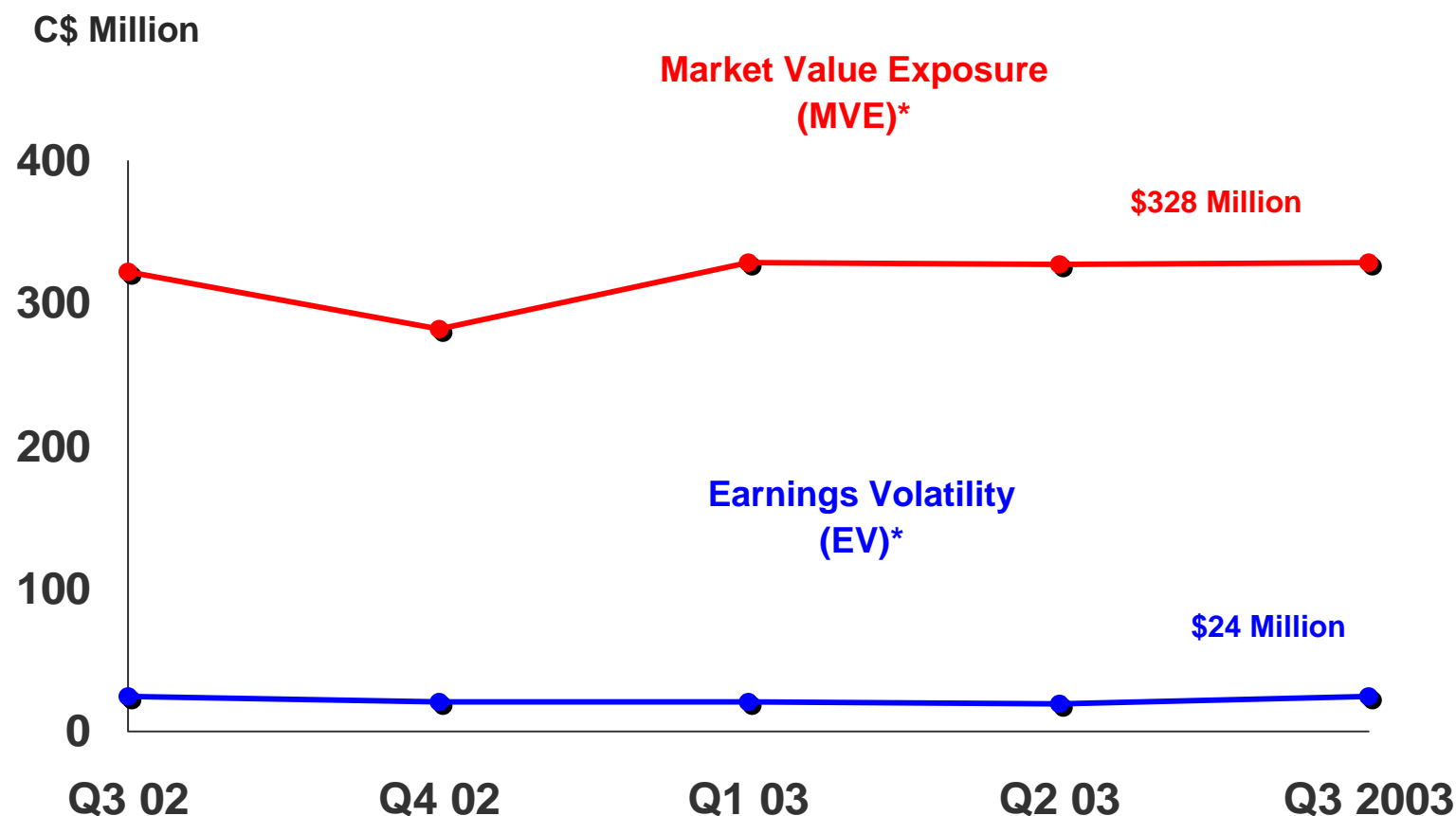
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Sectoral Composition of Merchant Banking and Venture Capital Portfolios



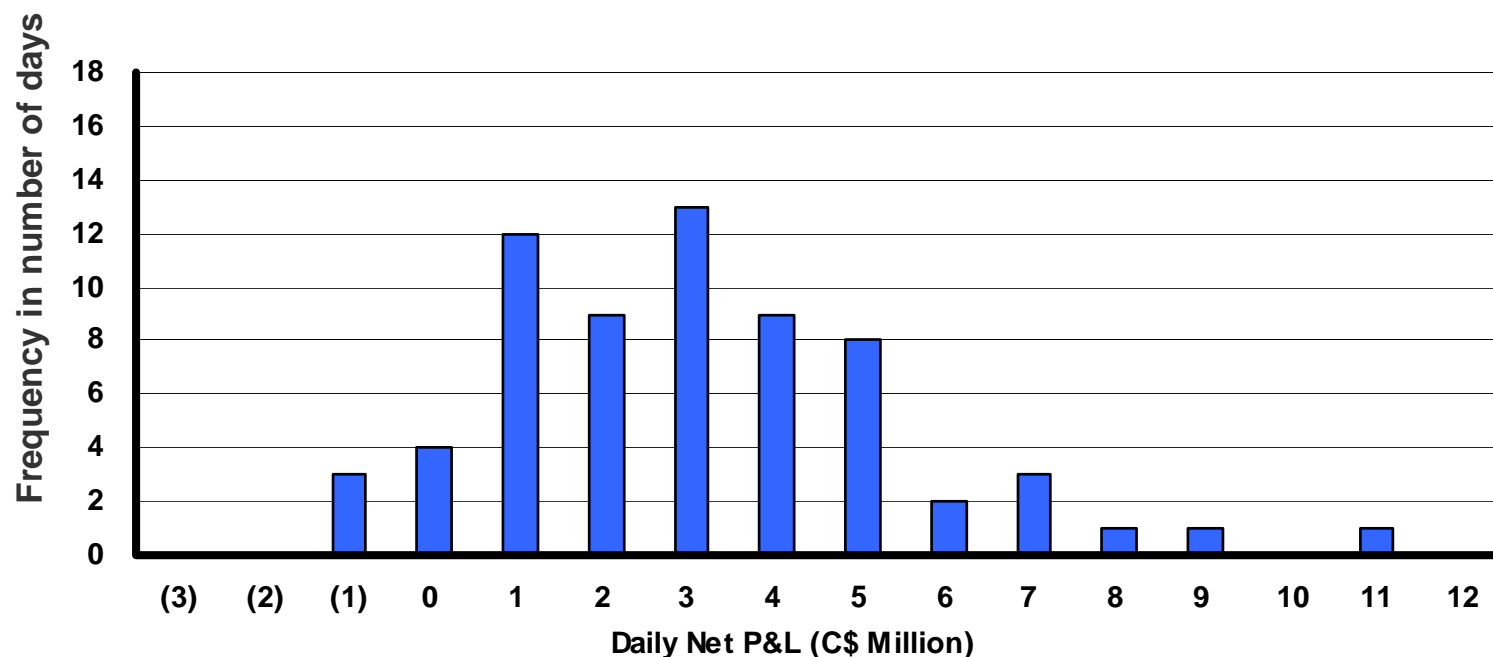
Structural Balance Sheet: Market Value Exposure and Earnings Volatility



(Refer to definitions on page 33 of the Supplementary Financial Information package)

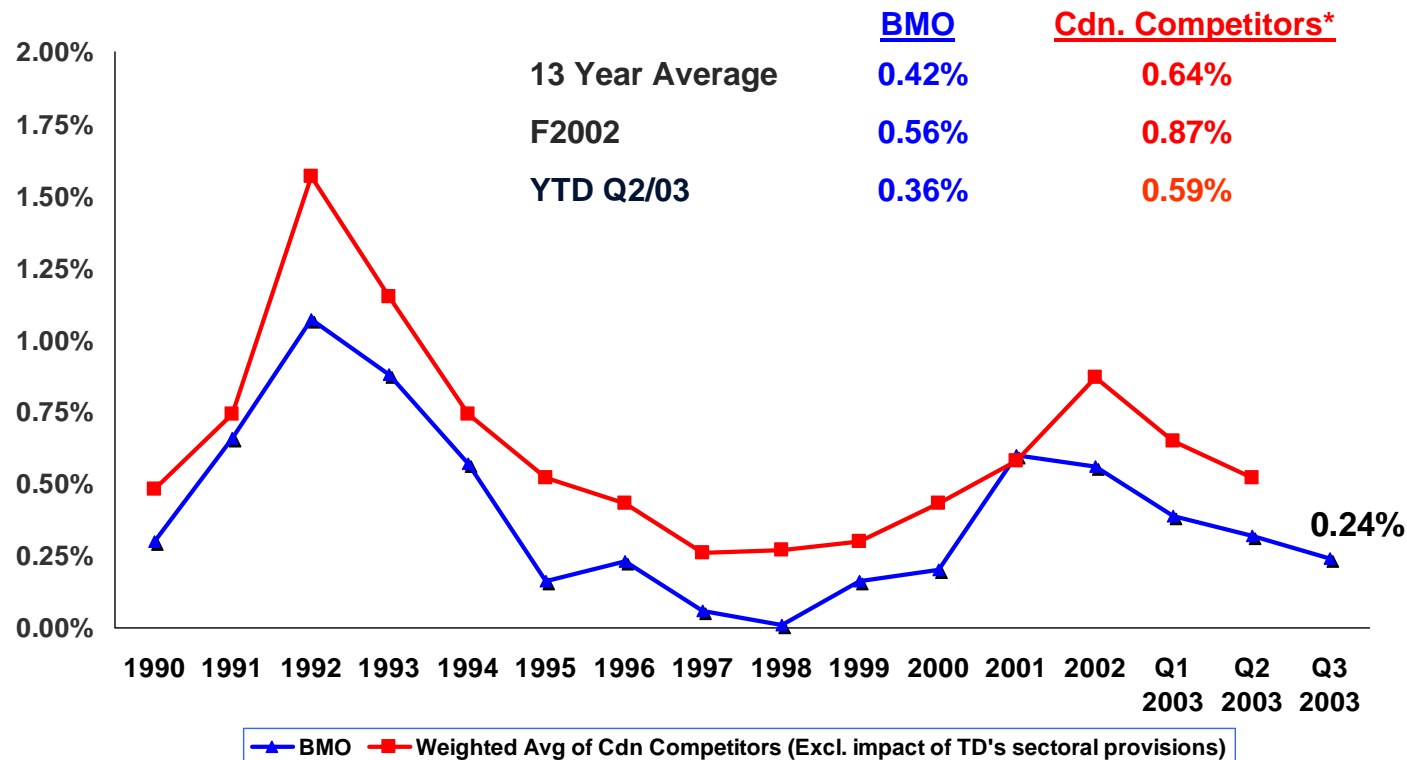
Frequency Distribution of Trading and Underwriting P&L

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



See Supplementary Financial Information package page 33 for risk data (presented on an after tax basis)

Specific Provisions for Credit Losses as a % of Average Net Loans and Acceptances (including Reverse Repos)



*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.

Forward-Looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this presentation, and may be included in filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2003 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of or outlook for our operations or for the Canadian and U.S. economies.

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, 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.

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