




BMO  **Financial Group**

Risk Review
Second Quarter 2003

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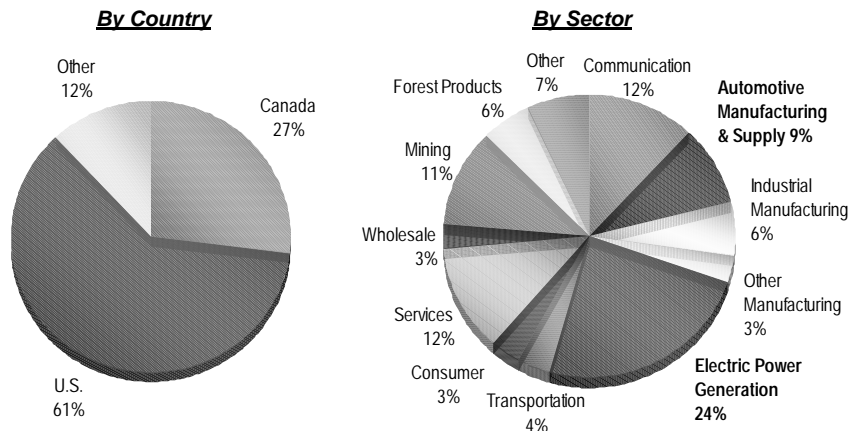
Quarterly Investor Presentation
May 27, 2003

Credit and Counterparty Risk Highlights

- Specific Provisions for Credit Losses (PCL's) were \$120 million for the quarter (net of a \$21 million reversal)
- The impaired portfolio continues to be managed prudently and effectively
- Revised PCL Guidance for F2003: at or below \$600 million

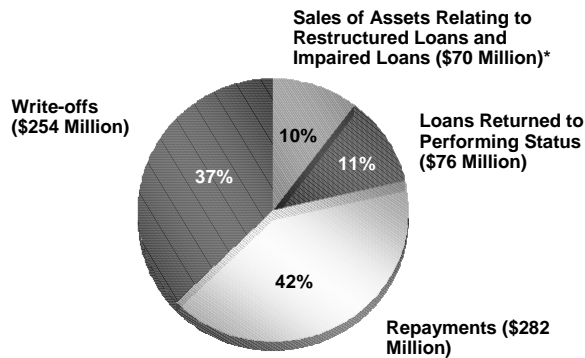
GIL formations reflect continuing weakness in the U.S. economy, particularly in the Electric Power Generation and Automotive Manufacturing & Supply sectors

Q2 2003
GIL Formations, C\$350 Million



However, the Impaired Portfolio continues to be managed prudently and effectively, with reductions of \$682 million offsetting formations of \$657 million over the past two quarters

YTD Q2 2003
Total Reductions in GIL Balances C\$682 Million



* Net of \$14 million in write-offs

The more stable Consumer portfolio represents a large and growing proportion of the loan book

Total Gross Loans and Acceptances* (C\$ Billion)

As at April 30, 2003

	Canada	U.S.	Other	Total	Q2 2003	Q1 2003
Residential Mortgages	40	5	-	45	34%	33%
Personal Loans	15	7	-	22	16%	15%
Cards	3	-	-	3	2%	2%
Total Consumer	58	12	-	70	52%	50%
Commercial	28	5	-	33	24%	24%
Corporate	7	22	3	32	24%	26%
Total	93	39	3	135	100%	100%

* Excludes Reverse Repos

The Bank is not unduly exposed to sectors that have raised credit concerns over the past quarter, such as Hospitality and Recreation . . .

C\$ Million As at April 30, 2003

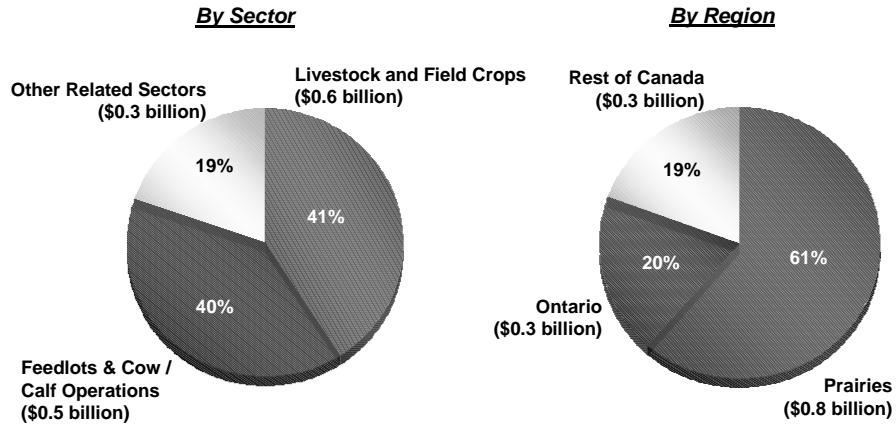
	Total Gross Loans & BA's					Gross Impaired	Net Impaired
	Ontario	Rest of Canada	Total Canada	U.S. and Other	Total		
Accommodations & Eateries (excluding hotels)	195	242	437	13	450	13	11
Amusement & Recreation	115	403	518	169	687	28	15
Hotels	58	128	186	142	328	-	-
Total	368	773	1,141	324	1,465*	41	26

* Of which the performing portfolio consists of "Investment Grade" \$761 million; "Non-investment Grade" \$633 million. Does not include additional travel and tourism exposure of \$9 million classified under Service Industries, Other.

(Hospitality and Recreation is included as part of the Commercial Real Estate and Hospitality and Recreation categories in the Supplementary Financial Package page 31, 34 and 35.)

... and Cattle Farming and related sectors in Canada

**Gross Loans and Acceptances (Canada)
C\$1.4 Billion as at April 30, 2003**

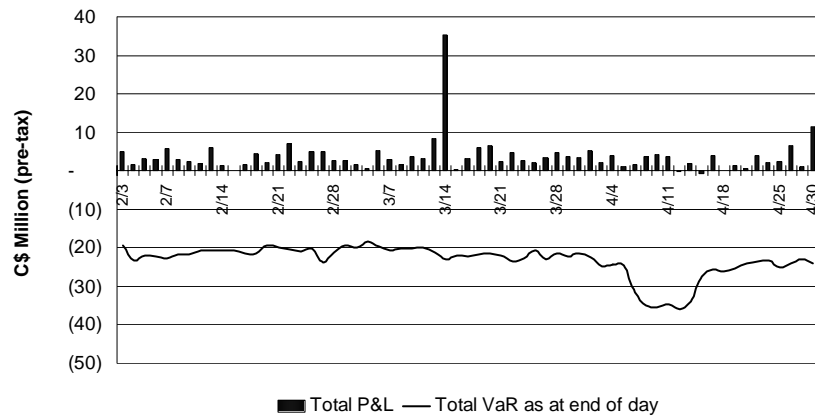


Context for Revised PCL Guidance

- Loan loss experience in first half of F2003 significantly lower than expected
- Q2 is fourth consecutive quarter with PCL of \$160 million or less
- Portfolio resilience re-confirmed by extensive stress testing of exposures to:
 - Current problem sectors e.g. electric power generation, airlines and aerospace
 - Cattle farming and hospitality/recreation sectors in Canada
 - Sectors most likely to be adversely impacted by higher/more volatile Canadian dollar exchange rate e.g. automotive supply

Trading and Underwriting profitability remained stable except for a commodity trading gain in mid-March. Risk exposure increased temporarily in mid-April reflecting equity underwriting opportunities.

Daily P&L versus Value at Risk
February 1, 2003 to April 30, 2003



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Airlines and Aerospace

C\$ Million as at April 30, 2003

	Total Gross Loans & BA's	% of Total Loan Portfolio*	Gross Impaired	Net Impaired	Performing Portfolio	
					"Investment Grade"	"Non- Investment Grade"
Aircraft Manufacturing	200	0.2%	1	-	188	11
Air Transportation**	195	0.1%	30	5	121	44
Total	395 ***	0.3%	31	5	309	55

* Excludes Reverse Repos

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

*** Canada 63%, U.S. 32%, Other 5%

(Airline and Aerospace data is included as part of the Transportation and Manufacturing categories in the Supplementary Financial Package. Refer to page 31, 34 and 35.)

Automotive Manufacturing and Supply

C\$ Million as at April 30, 2003

	Total Gross Loans & BA's	% of Total Loan Portfolio*	Gross Impaired	Net Impaired	Performing Portfolio	
					"Investment Grade"	"Non- Investment Grade"
Suppliers	585	0.4%	120	97	252	213
Motor Vehicle Manufacturing	133	0.1%	1	-	89	43
Total	718 **	0.5%	121	97	341	256

* Excludes Reverse Repos

** Canada 40%, U.S. 54%, Other 6%

(Automotive Manufacturing and Supply data is included in the Manufacturing category in the Supplementary Financial Package. Refer to page 31, 34 and 35)

Electric Power Generation

C\$ Million as at April 30, 2003

	Total Gross Loans & BA's	% of Total Loan Portfolio*	Performing Portfolio			
			Gross Impaired	Net Impaired	"Investment Grade"	"Non- Investment Grade"
Diversified	379	0.3%	73	59	37	269
PPA Projects	308	0.2%	75	54	80	153
Merchant Projects	226	0.2%	140	17	-	86
Regulated	111	0.1%	12	12	15	84
Total	1,024**	0.8%	300	142	132	592

* Excludes Reverse Repos

** Canada 29%, U.S. 56%, Other 15%

(Refer to the Supplementary Financial Package page 31, 34 and 35.)

Communications

C\$ Million as at April 30, 2003

	Total Gross Loans & BA's	% of Total Loan Portfolio*	Performing Portfolio			
			Gross Impaired	Net Impaired	"Investment Grade"	"Non- Investment Grade"
Long Haul Fibre	84	0.1%	84	33	-	-
Wireless	268	0.2%	10	-	55	203
Towers	112	0.1%	19	19	-	93
CLECs	18	0.0%	1	-	-	17
Other	475	0.3%	32	19	87	356
Telecom	957	0.7%	146	71	142	669
Cable	906	0.7%	319	299	41	546
Telecom and Cable	1,863	1.4%	465	370	183	1,215
Broadcasting	648	0.5%	24	18	213	411
Total	2,511**	1.9%	489	388	396	1,626

* Excludes Reverse Repos

** Canada 30%, U.S. 68%, Other 2%

(Refer to the Supplementary Financial Package page 31, 34 and 35)

Forest Products

C\$ Million as at April 30, 2003

	Total Gross Loans & BA's	% of Total Loan Portfolio*	Performing Portfolio			
			Gross Impaired	Net Impaired	"Investment Grade"	"Non- Investment Grade"
Forest Products Manufacturing	945	0.7%	34	10	576	335
Logging	131	0.1%	37	25	55	39
Total	1,076**	0.8%	71	35	631	374

* Excludes Reverse Repos

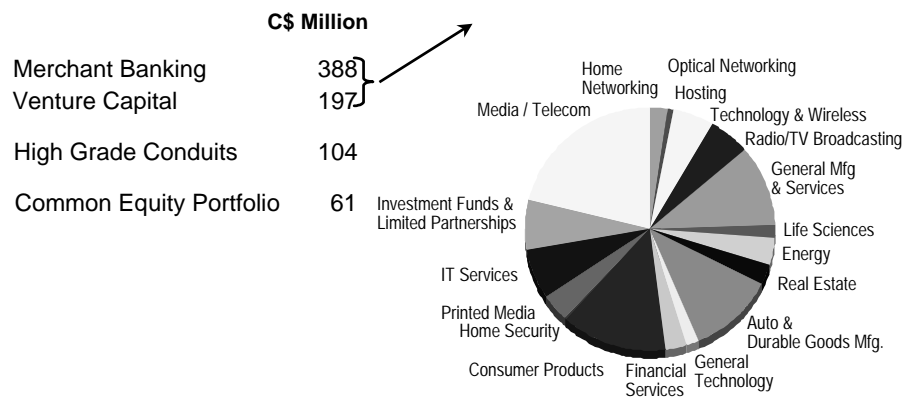
** Canada 68%, U.S. 32%

(Refer to the Supplementary Financial Package page 31, 34 and 35)

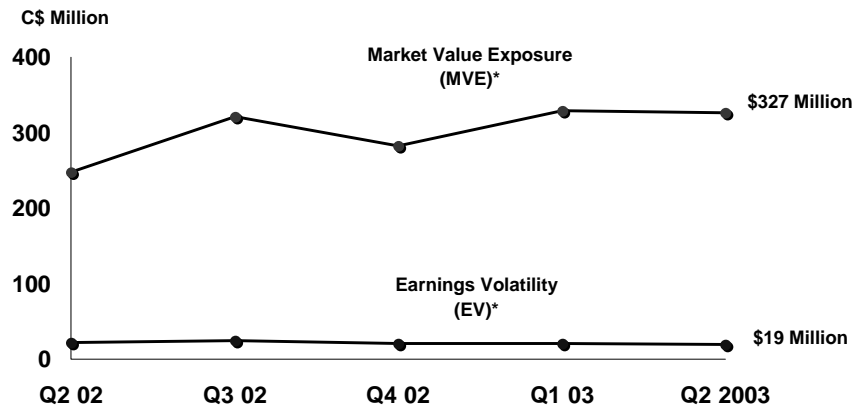
Major Equity Investment Portfolios

Book Value as at April 30, 2003

Sectoral Composition of Merchant Banking
and Venture Capital Portfolios



Structural Balance Sheet: Market Value Exposure and Earnings Volatility

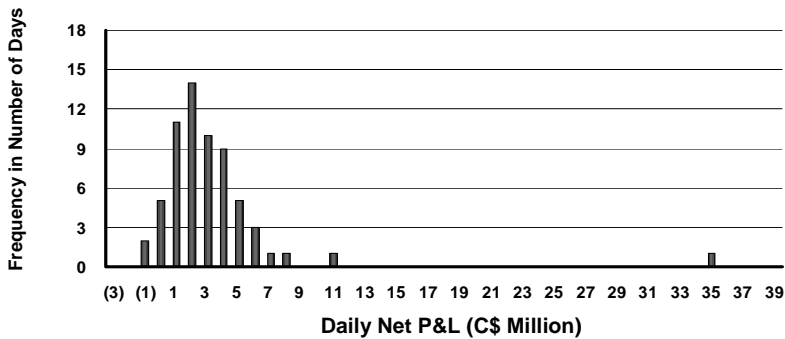


* Beginning in Fiscal 2003, structural earnings volatility and structural market value exposure measures include the benefit of correlation. Historical results have been restated accordingly.

(Refer to definitions on page 38 of the Supplementary Financial Information package)

Frequency Distribution of Trading and Underwriting P&L

Frequency Distribution of Daily P&L for Trading and Underwriting
February 1, 2003 to April 30, 2003



See Supplementary Financial Information package page 38 for risk data (presented on an after tax basis)

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.

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