



RISK REVIEW

Q3 2002

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Quarterly Investor
Presentation

August 27, 2002

BMO  Financial Group

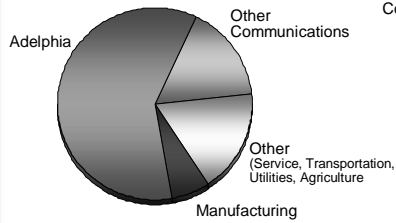
Highlights

- *Specific Provision for Credit Losses was \$160 million for the quarter, in line with guidance range*
- *The Impaired Loan Portfolio continues to be managed pro-actively and prudently*
- *Consumer and Commercial loan portfolios continue to perform well*
- *Trading and Underwriting performance was profitable and relatively stable during the quarter*

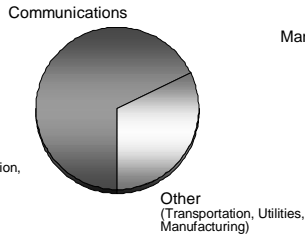
The Impaired Loan Portfolio continues to be managed pro-actively and prudently

Q3 2002

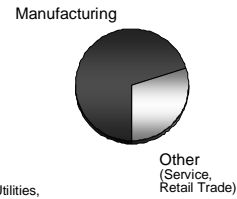
GIL Formations
C\$ 522 Million



Write-Offs
C\$ 405 Million



Reductions*
C\$ 210 Million

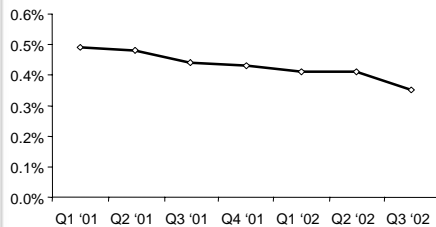


* Reductions of GIL's include repayments, sales and upgrades to accrual status
(Refer to page 32 of Supplementary Financial Package for historical comparison)

Consumer and Commercial Loan Portfolios continue to perform well

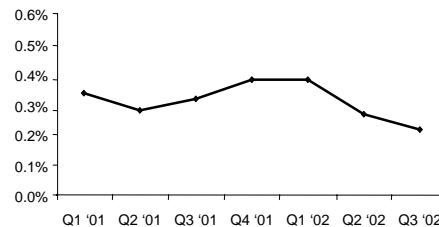
Consumer Portfolio
(C\$ 66 Bn at July 31, 2002)

90 Day Delinquency Ratio

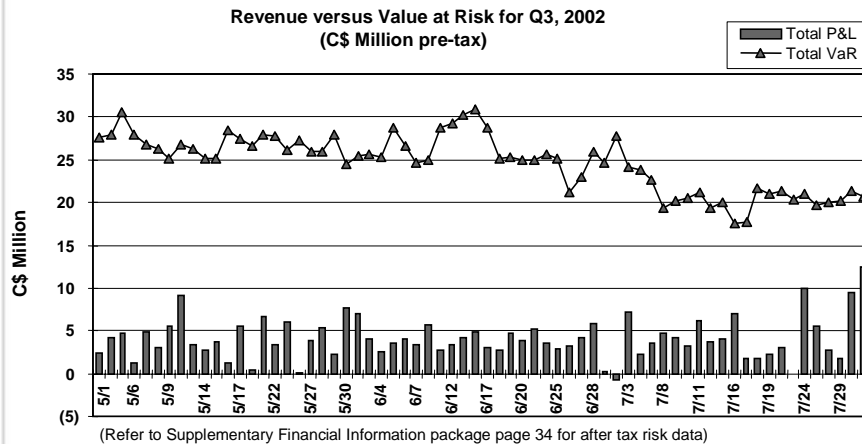


Canadian Commercial Portfolio
(C\$ 26 Bn at July 31, 2002)

GIL Formation Ratio



Trading and Underwriting performance was profitable and relatively stable during the quarter



Appendices

Slide

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- 7 Power and Power Generation
- 8 Brazil, Argentina and Uruguay
- 9 Structural Market Risk
- 10 Frequency Distribution of Trading and Underwriting Revenue

Communications

C\$ Million as at July 31, 2002

	<u>Total Gross Loans & BA's</u>	<u>Gross Impaired</u>	<u>Net Impaired</u>	<u>Performing Portfolio</u>	
				<u>"Investment Grade"</u>	<u>"Non-Investment Grade"</u>
Long Haul Fibre	123	123	87	0	0
Wireless	259	29	10	31	199
Towers	139	22	22	0	117
CLECs	83	12	1	0	71
Other	230	25	11	106	99
Telecom	834	211	131	137	486
Cable	1,173	312	290	203	658
Telecom and Cable	2,007	523	421	340	1,144
Broadcasting	675	32	26	143	500
Total Communications	2,682	555	447	483	1,644

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

Power and Power Generation

C\$ Million as at July 31, 2002

	<u>Total Gross Loans & BA's</u>	<u>Gross Impaired</u>	<u>Net Impaired</u>	<u>Performing Portfolio</u>	
				<u>"Investment Grade"</u>	<u>"Non-Investment Grade"</u>
Power & Power Generation					
Regulated Utilities	352	0	0	238	114
Diversified Generation	502	0	0	147	355
Generation Projects with PPA's*	267	0	0	117	150
Merchant Generation Projects	103	24	18	24	55
Power & Power Generation	1,224	24	18	526	674

* Power purchase agreement

(Power and Power Generation data is included as part of the Utilities category in the Supplementary Financial Package, refer to pages 26, 29 and 30)

Brazil, Argentina and Uruguay

C\$ Million as at July 31, 2002

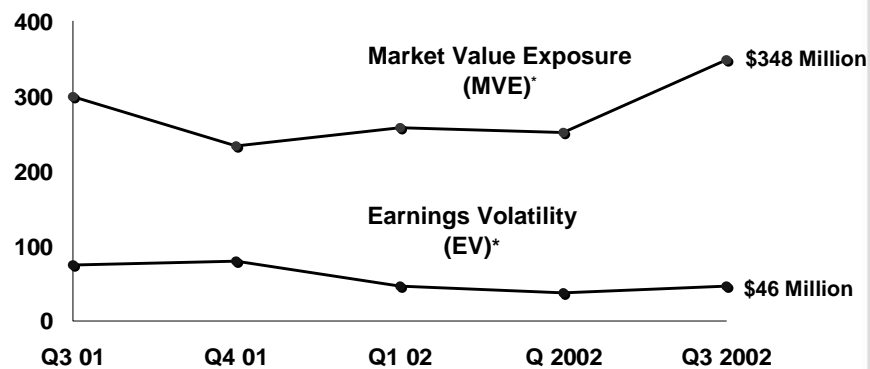
	<u>Financial Institutions</u>		<u>Corporate</u>		<u>Total</u>	
	<u>Net O/S</u>	<u>Net Impaired</u>	<u>Net O/S</u>	<u>Net Impaired</u>	<u>Net O/S</u>	<u>Net Impaired</u>
Brazil*	429	-	9	-	438	-
Argentina**	12	12	29	-	41	12
Uruguay	6	-	-	-	6	-

* Exposure is short-term trade-finance related. More than half of the financial institutions exposure is to Brazilian branches or subsidiaries of foreign financial institutions, with the balance restricted to top-rated Brazilian banks.

** Exposure to financial institutions is short-term trade-finance related. Corporate exposure is project finance related.

Structural Market Risk

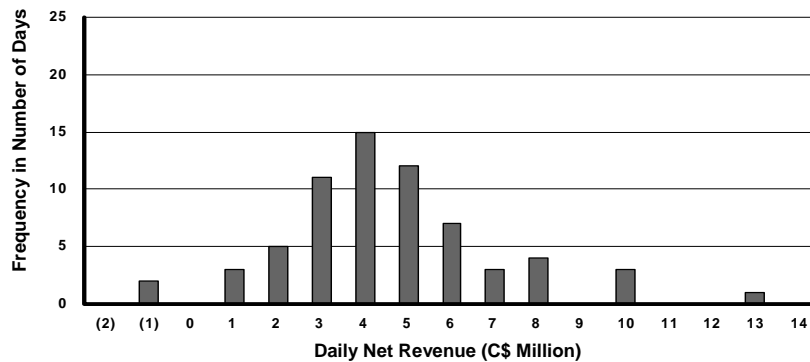
C\$ Million



* Refer to definitions on page 34 of the Supplementary Financial Information package

Frequency Distribution of Trading and Underwriting Revenue

Frequency Distribution of Daily Net Revenue for
Total Trading and Underwriting
Q3 2002



See Supplementary Financial Information package page 34 for risk data (presented on an after tax basis)

Forward-looking Statements

Caution Regarding Forward-looking Statements

This financial presentation includes forward-looking statements, which are made pursuant to the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, comments with respect to our objectives, targets, strategies, financial condition, the results of our operations and our businesses, our outlook for our businesses and for the Canadian and U.S. economies, and risk management.

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on these forward-looking statements as a number of important factors could cause actual future results to differ materially from the plans, objectives, targets, expectations, estimates and intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by the following factors: fluctuations in interest rates and currency values; regulatory developments; statutory changes; the effects of competition in the geographic and business areas in which we operate, including continued pricing pressure on loan and deposit products; and changes in political and economic conditions including, among other things, inflation and technological changes. We caution that the foregoing list of important 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 the foregoing factors as well as other uncertainties and potential events. The Bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Bank.

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