

## Small Business Banking

### Description and Strategy

Small Business Banking provides a full range of banking services to more than 440,000 customers who can access products and services, including cash management and loans and deposits, through various channels. Small Business Banking's goal is to become Canada's number one bank for small business with leading market share growth and customer loyalty.

### Overview of Performance

We continued to rank second in small business lending and increased our market share by 61 bps over 12 months to 19.5%. Through independent third party research, we found customers' assessment of our employee professionalism increased over the prior year, which widened our lead over the average score for our competition. These results reflect our ability to utilize our new customer knowledge analytical environment, which assists us in developing proactive customer solutions and enables us to reach more customers, more often, with the right solution.

### 2003 Focus

- Continue to build BMO Bank of Montreal's reputation as the bank for small business.
- Continue our focus on customer retention, improve our customer loyalty scores and close the shortfall relative to the competition.
- Improve the alignment of our branch and direct banking sales and service resources to better meet the needs of our customers.

## Commercial Banking

### Description and Strategy

Commercial Banking provides mid-market clients with a suite of advisory services and products that includes senior debt, asset-based lending, mezzanine and private equity financing, cash management, treasury, mergers and acquisitions, and cross-border financing. Our highly experienced professional bankers provide clients with the advice and solutions they need to be successful in their business.

### Overview of Performance

During 2002, the implementation of strategies to accelerate growth helped solidify our competitive advantage. We also launched our mergers and acquisitions advisory services, expanded our subordinated-debt offering, and added staff to better support our corporate finance relationship group and our cash management specialist sales force.

### 2003 Focus

- Expand the sales force in selected business segments in which growth opportunities have been identified.
- Pursue incremental growth through selective acquisitions of small commercial portfolios.

## Chicagoland Banking

### Description and Strategy

Chicagoland Banking serves individuals, small businesses and lower middle-market commercial clients through a retail bank network of 145 branches. Our goal is to be the best and the biggest retail and small business bank in Chicagoland. We have a strong branch distribution network, a well-developed business model and an integrated multi-channel platform providing operating leverage for our U.S. retail growth strategy.

### Overview of Performance

Our key financial performance measures continue to improve. By expanding our distribution, providing high-quality service, expanding our sales force and increasing its effectiveness, we have achieved strong organic loan, deposit and earnings growth and enhanced our customer experience. We now serve one household in five in Chicagoland and more than a million customers.

### 2003 Focus

- Grow our market share by expanding our distribution network through a combination of new branch openings and acquisitions.
- Continue to target a US\$1 billion increase in retail and small business loans.
- Increase marketing to improve frequency and reach of brand and product promotional campaigns.
- Migrate to a single deposit platform to simplify customer transaction processing.
- Enhance and fill in our product and service capabilities to ensure a fully competitive lineup.