

BMO has restated its interim financial statements and MD&A for the first quarter of 2007 to reflect the effects of previously announced commodities trading losses that relate to that quarter.

Please refer to the restated First Quarter 2007 Report to Shareholders.



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PRIOR TO RESTATEMENT


Q1
2007

RISK REVIEW

Investor Community Conference Call

BOB McGLASHAN
Executive Vice President and Chief Risk Officer

March 1 • 2007



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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 document, and may be included in other 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, and are intended to be forward-looking statements under, the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2007 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, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. 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: general economic conditions in the countries in which we operate; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition in the geographic and business areas in which we operate; changes in laws; judicial or regulatory proceedings; the accuracy and completeness of the information we obtain with respect to our customers and counterparties; our ability to execute our strategic plans and to complete and integrate acquisitions; critical accounting estimates; operational and infrastructure risks; general political conditions; global capital market activities; the possible effects on our business of war or terrorist activities; disease or illness that impacts on local, national or international economies; disruptions to public infrastructure, such as transportation, communications, power or water supply; and technological changes.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect our results. For more information, please see the discussion on pages 28 and 29 of BMO's 2006 Annual Report, which outlines in detail certain key factors that may affect BMO's future results. 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.

Assumptions about the performance of the Canadian and U.S. economies in 2007 and how that will affect our businesses are material factors we consider when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions include that the Canadian and U.S. economies will expand at a moderate pace in 2007 and that inflation will remain low. We have also assumed that interest rates in 2007 will remain little changed in Canada but decline in the United States and that the Canadian dollar will hold onto its recent gains in value relative to the U.S. dollar. In determining our expectations for economic growth, both broadly and in the financial services sector, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining our sustainable effective tax rate.

RISK REVIEW - FIRST QUARTER 2007 2

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Q1 2007 Credit and Counterparty Risk Highlights

Specific PCL

\$52 million ↑ 2% *

GIL Balance

\$748 million ↑ 12% *

GIL Formations


\$113 million ↑ 31% *

* Change from Prior Quarter

CREDIT PERFORMANCE EXCEEDS EXPECTATIONS for Q1 2007

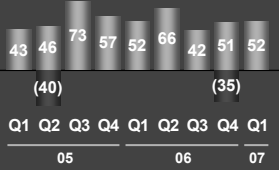
- BMO continues to maintain its historic strong credit performance
- Q1 2007 PCL is \$52 million, with no reduction in the General Allowance
- Gross Impaired Loans (GILs) are up from recent quarters to \$748 million, but still remain low relative to historical levels
- GIL Formations are higher than Q406 levels
- Revised Specific PCL target for F2007 of \$325 million or less, reflecting favourable Q1 results and a more subtle deterioration in the credit environment later in the year than originally expected

RISK REVIEW - FIRST QUARTER 2007 **3**

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Total Provision for Credit Losses

Quarterly
(C\$ Million)



Portfolio Segment

	Q1 07	Q4 06	Q1 06
Consumer	49	54	46
Commercial	5	12	6
Corporate	(2)	(15)	-
Specific Provisions	52	51	52
Reduction of General Allowance	-	(35)	-
Total PCL	52	16	52

Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos)*

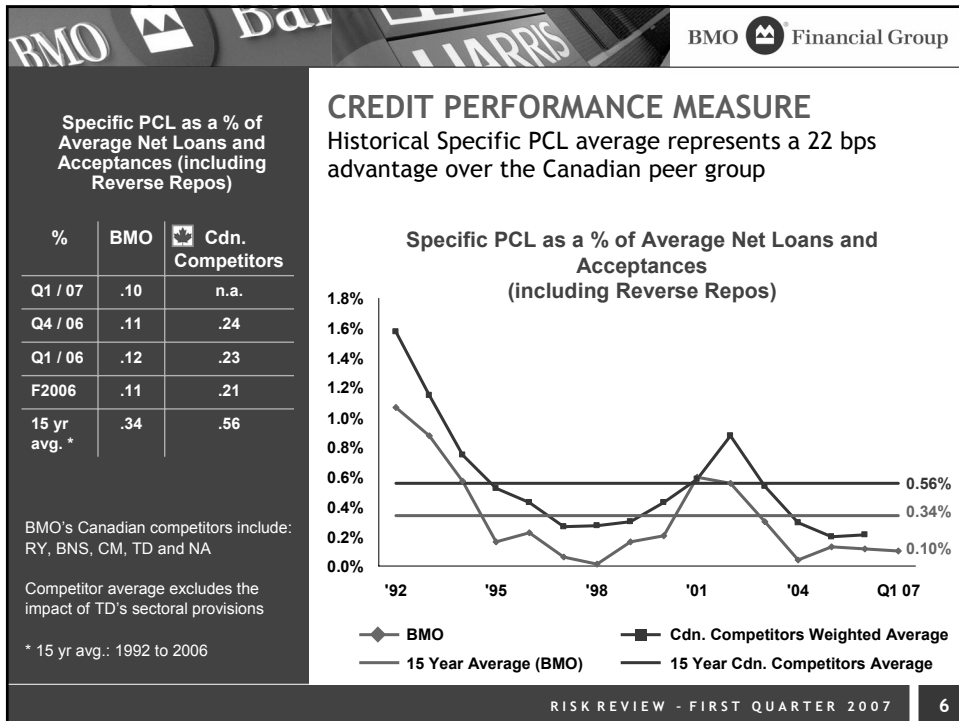
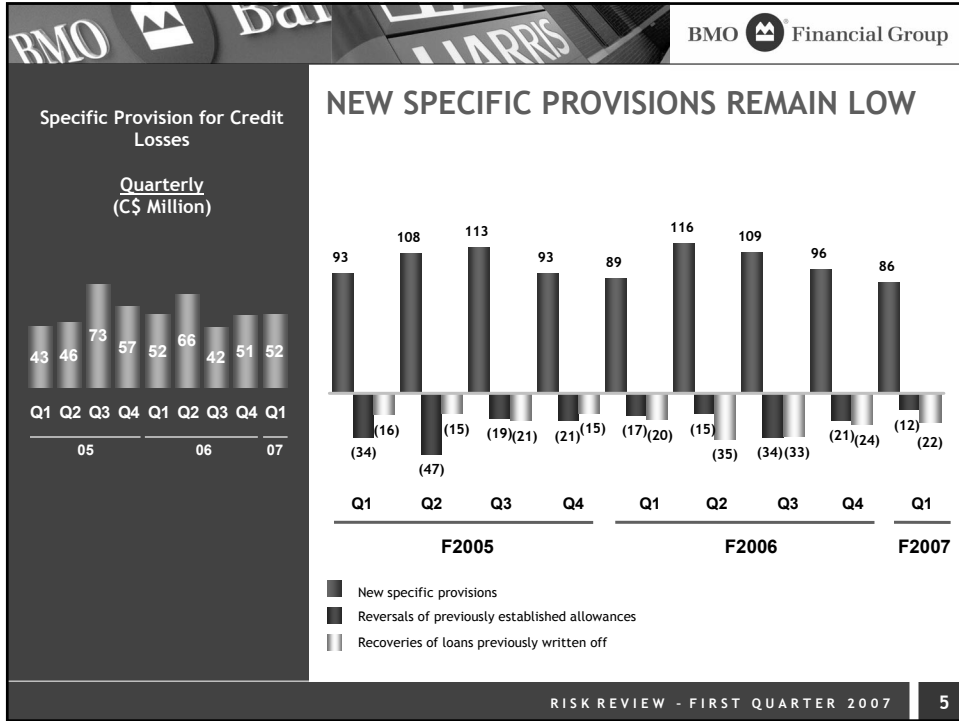
	10 bps	11 bps	12 bps
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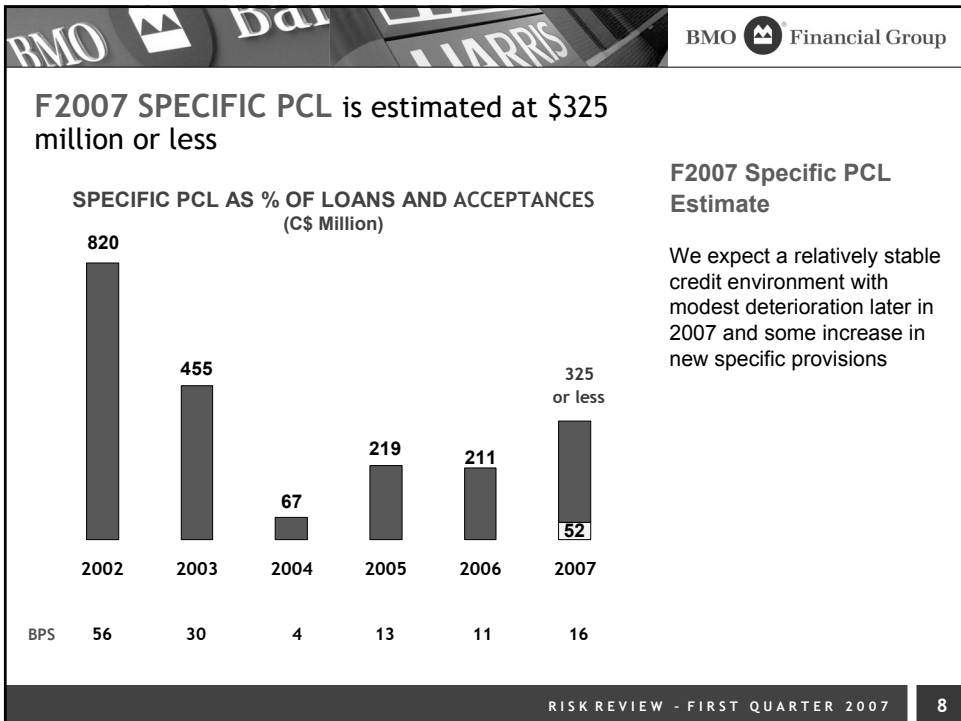
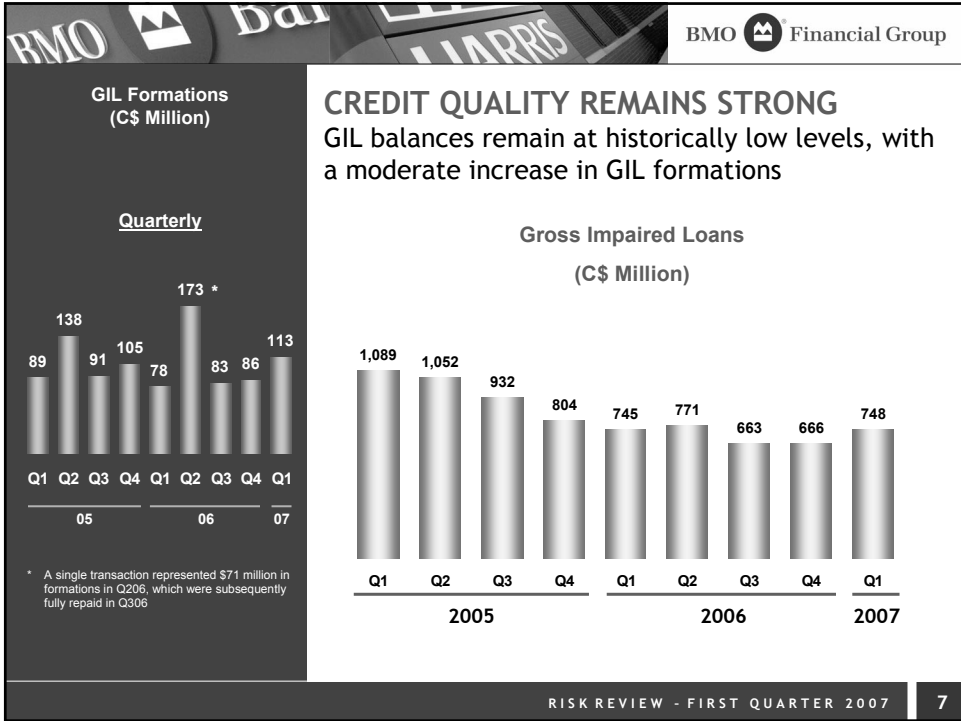
TOTAL PROVISION FOR CREDIT LOSSES reflects the benign credit environment

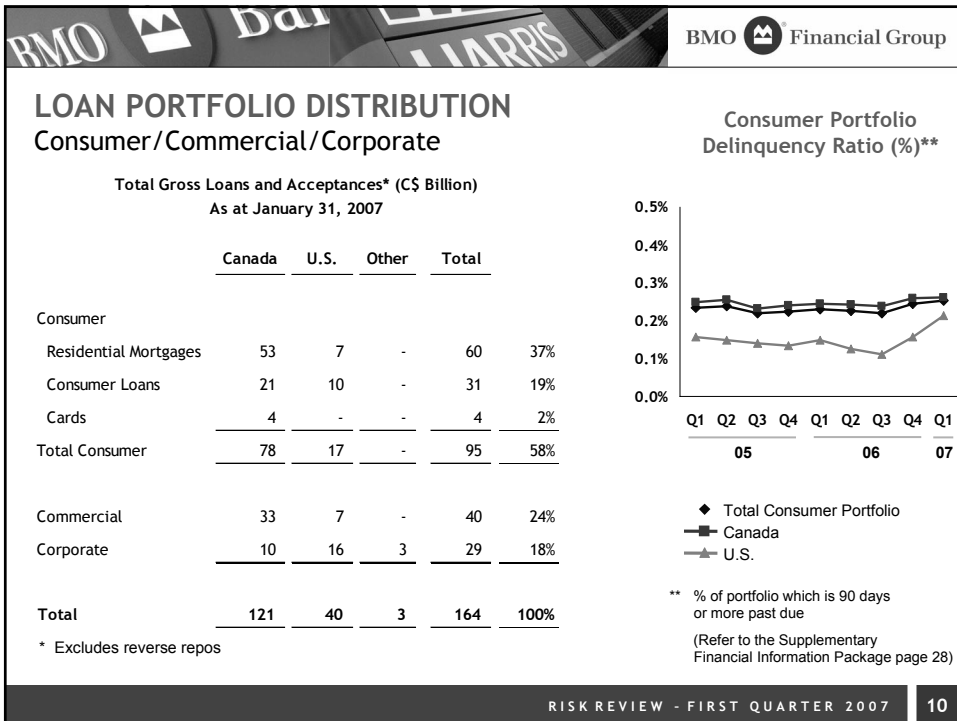
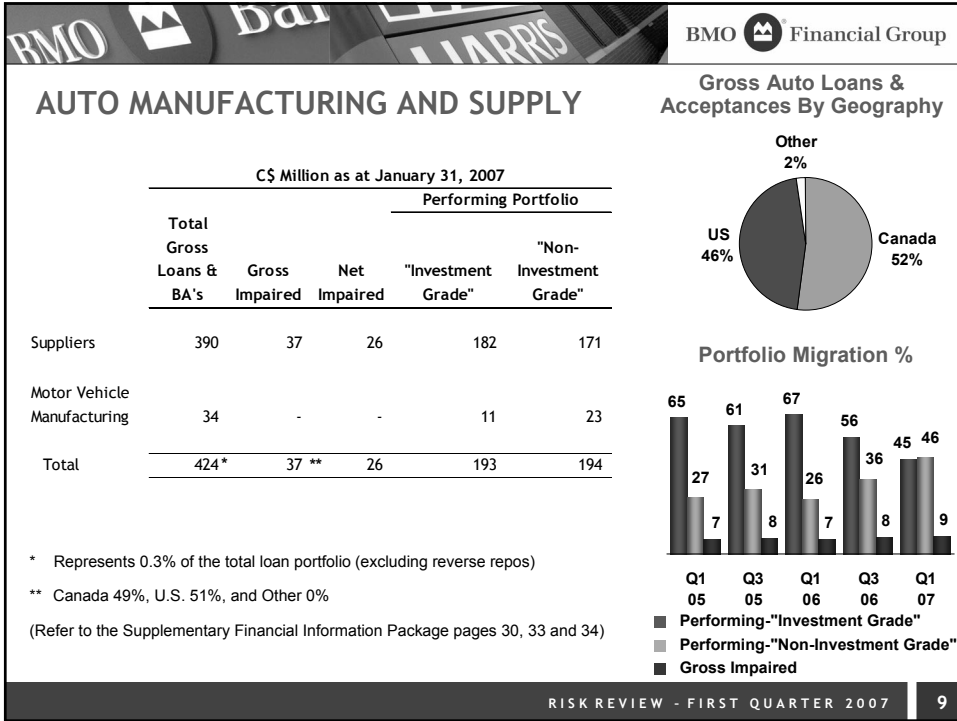
Provision for Credit Losses
(C\$ Million)

* Annualized; versus 15 year average of 34 bps

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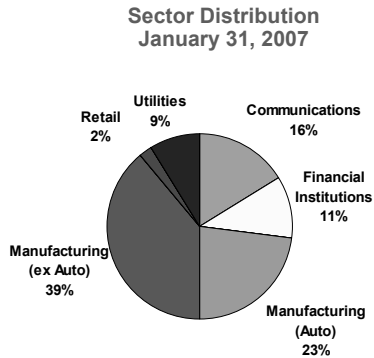






CREDIT DERIVATIVES ARE USED TO ASSIST IN THE PORTFOLIO MANAGEMENT OF OUR LOAN BOOK, with the stable credit environment driving a decrease in usage

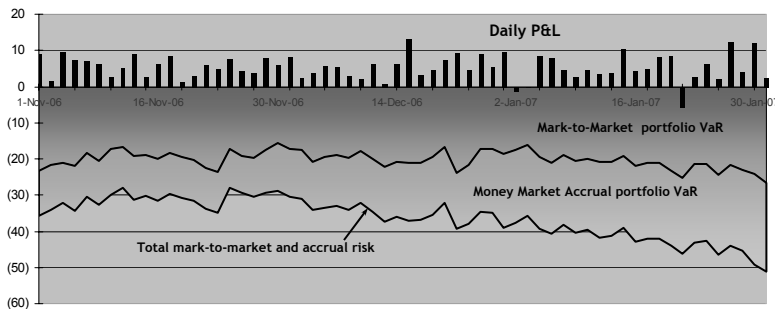
Credit Protection Portfolio (\$C Millions) ⁽¹⁾	
January 31, 2007	
	Single Name Hedge
Communications	41
Construction	-
Financial Institutions	29
Forest Products	-
Government	-
Manufacturing (Auto)	59
Manufacturing (ex Auto)	100
Oil and Gas	-
Real Estate	-
Retail	6
Services	-
Transportation	-
Utilities	24
Wholesale	-
Total at Q1 07	259
Total at Q4 06	413



1. There were no Index Hedges outstanding at the end of Q107 (Q406 Index Hedges totalled C\$671 million)

TRADING AND UNDERWRITING
Stable and profitable during the quarter

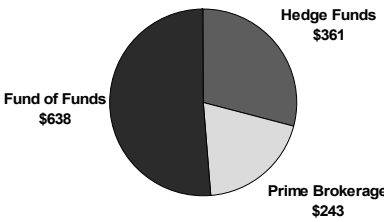
Trading and Underwriting Net Revenues Versus Market Value Exposure
November 1, 2006 to January 31, 2007 (C\$ millions)
(Presented on a Pre-Tax Basis)



(Refer to Supplementary Financial Package page 38 for risk data - presented on an after tax basis)

EXPOSURES TO HEDGE FUNDS ARE MONITORED CLOSELY AND ARE SUBJECT TO TIGHT CONTROLS

Hedge Funds – Utilized *
US\$ Million
January 31, 2007



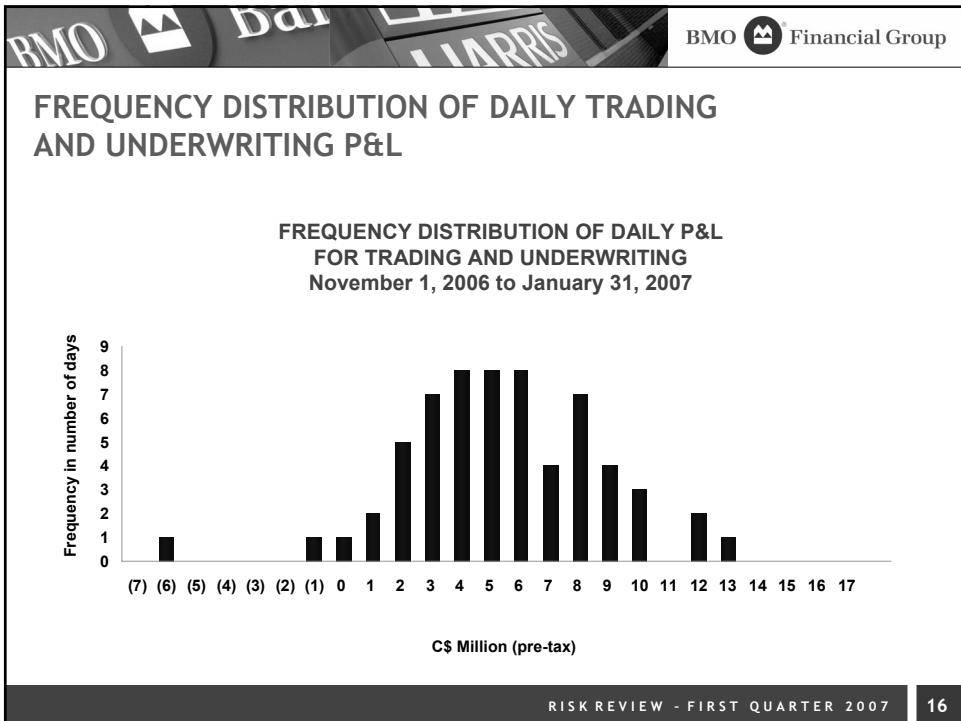
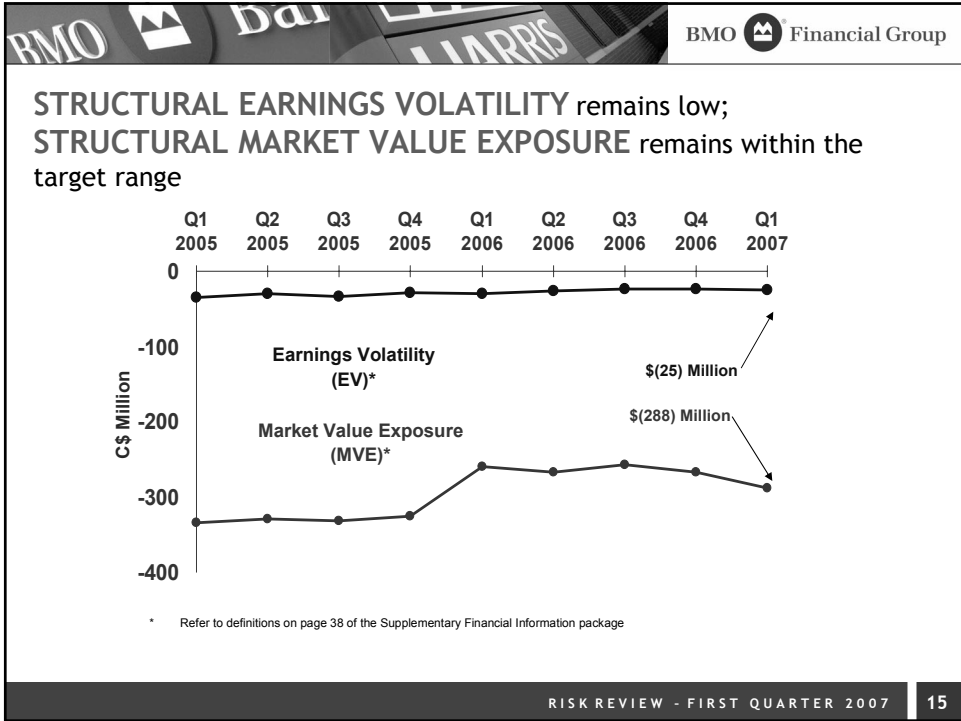
Fund of Funds	\$638
Hedge Funds	\$361
Prime Brokerage	\$243

Exposures to these sectors are subject to limits which are approved by and reported to the Board

Exposure	Primary Nature of Risk
Hedge Funds	Replacement risk associated with capital markets trading
Prime Brokerage	Secured lending transactions
Fund of Funds	Short-term, working capital loans

* The aggregate as at Q1 2007 was US\$1.3 billion versus US\$1.5 billion at the end of the prior quarter

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