



Investor Community Conference Call

Risk Review

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May 27 • 2008



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 2008 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 and market 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 2007 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. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the level of asset sales, expected asset sale prices and risk of default of the underlying assets of the structured investment vehicles were material factors we considered when establishing our expectations of the amount to be drawn under the BMO liquidity facilities provided to the structured investment vehicles discussed in this document. Key assumptions included that assets would continue to be sold with a view to reducing the size of the structured investment vehicles, under various asset price scenarios.

Assumptions about the level of defaults and losses on defaults were material factors we considered when establishing our expectation of the future performance of the transactions that Apex and Sitka Trusts have entered into. Key assumptions included that the level of defaults and losses on defaults would be consistent with historical experience. Material factors which were taken into account when establishing our expectations of the future risk of credit losses in Apex/Sitka Trust as discussed in this document included industry diversification in the portfolio, initial credit quality by portfolio and the first-loss protection incorporated into the structure.

In establishing our expectation that we will reverse a portion of the charges recorded in preceding periods on Apex/Sitka Trust as discussed in this document, we considered the fact that the Trust was restructured on May 13th and assumed that the credit environment would be reasonably consistent with recent experience.

In establishing our expectations regarding the run-rate costs of our credit card loyalty rewards program discussed in this document, we took into account the terms of the agreement that was entered into with Loyalty Management Group Canada Inc. subsequent to the end of the quarter.

Assumptions about the performance of the Canadian and U.S. economies in 2008 and how it will affect our businesses were material factors we considered when setting our strategic priorities and objectives, and when determining our financial targets, including provisions for credit losses and our expectations about achieving those targets and our outlook for our businesses. Key assumptions were that the Canadian economy will expand at a moderate pace in 2008 while the U.S. economy expands modestly, and that inflation will remain low in North America. We also assumed that interest rates in 2008 will decline slightly in Canada and the United States, and that the Canadian dollar will trade at parity to the U.S. dollar at the end of 2008. 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. In the first quarter, we anticipated that there would be weaker economic growth in Canada and that the United States would slip into a mild recession in the first half of 2008. We also updated our views to expect lower interest rates and a somewhat weaker Canadian dollar than when we established our 2008 financial targets. Our views remain unchanged from the first quarter. 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.

Impaired and Provisions Reflect the Current Market Environment

**Q2 2008
Credit and Counterparty Risk
Highlights
(\$MM)**

GIL Balance	1,820
GIL Formations	554
Specific PCL	151

- Canadian and US consumer portfolios performance continues to be better than peers but experiencing some negative migration
- Non-real estate related commercial and corporate portfolios generally remain sound but experiencing softness in certain sectors including Canadian manufacturing, certain agricultural sectors and forest products
- Certain US real estate exposures showing weakness
- Specific provisions for the remainder of the year are expected to exceed Q108 experience of \$170 million

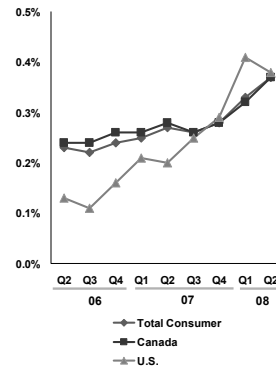
Loan Portfolio Distribution and Consumer Delinquencies

- The consumer & commercial segments comprise the majority of the Bank's loan portfolio
- US and Canadian delinquency ratios have increased, but remain below industry averages

Total Gross Loans and Acceptances¹
As at April 30, 2008

(\$B)	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgage	43	7	-	50	29%
Consumer Loans	28	10	-	38	22%
Cards	4	-	-	4	2%
Total Consumer	75	17	-	92	53%
Commercial	37	8	-	45	26%
Corporate	12	18	6	36	21%
Total	124	43	6	173	100%

**Consumer Portfolio
Delinquency Ratio (%)²**

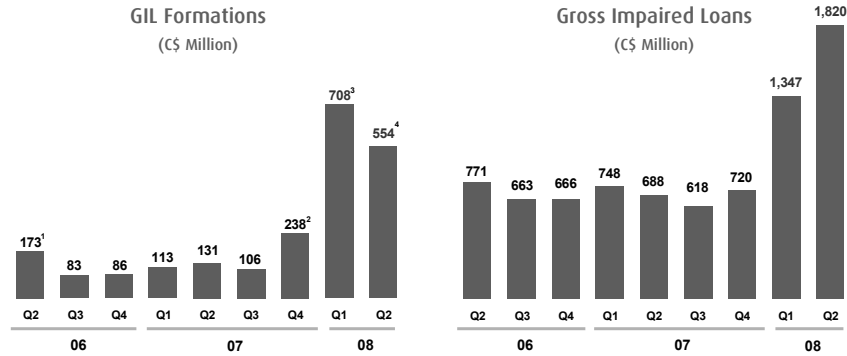


¹Excludes reverse repos

² Percent of portfolio which is 90 days or more past due (Refer to the Supplementary Financial Information Package page 29)

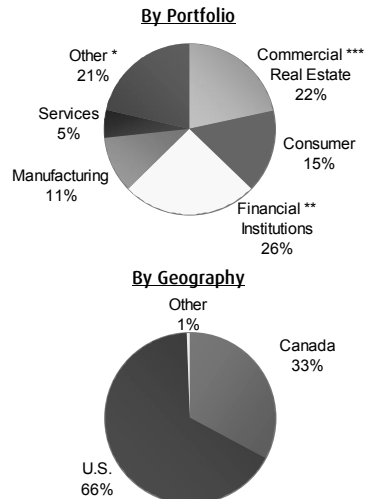
GILs Trending Upward

- Two specific US residential real estate related exposures have driven approximately one-half of the increase in GILs since Q407 (\$459 million and \$150 million in Q1 and Q2, respectively)
- Majority of Q208 Formations driven by US real estate related (≈ 40%) and manufacturing (≈ 18%)



¹ A single enterprise group represented \$71 million in Formations in Q206; subsequently fully repaid in Q306
² Q407 included an approximate \$43 million Formation related to a single enterprise group the majority of which (\$33 million) was concurrently written-off; the written-off portion is not reflected in the ending GIL balances
³ Q108 included an approximate \$459 million Formation relating to a single enterprise group, classified as a Financial Institution. The assets of this enterprise are US residential mortgages.
⁴ Q208 includes \$234 million in Formations relating to the US Commercial Real Estate Portfolio, of which \$150 million is a single enterprise group

Gross Impaired Loans Segmentation



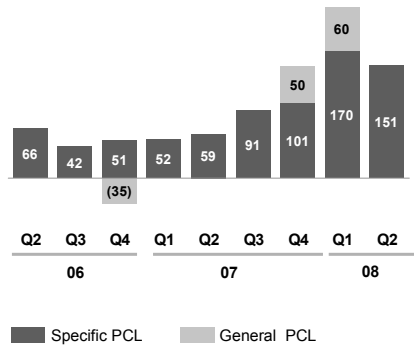
Q2 2008 Gross Impaired Loans (C\$ 1,820 Million)

- Commercial real estate represents 22% of GIL -- 46% if one real estate related exposure currently classified in Financial Institutions is included
- While there has been some weakness in US commercial real estate related portfolios, exposures remain within our risk tolerance
- US Retail mortgages and home equity loans are approximately US\$6.5 billion and US\$4.5 billion respectively and are performing in-line with expectations

* Other includes \$78 million in formations related to the Wisconsin acquisition, the "Other" category also includes several industries, none of which exceeds 5% of the total.
 ** A single enterprise group represented approximately 94% (\$438 million) of the GIL balances in the Financial Institutions industry. The assets of this enterprise are US residential mortgages.
 *** Commercial Real Estate includes Developers, Real Estate Investment Trusts (REITs) and commercial building operators

Total Provision for Credit Losses (c\$ Million)

- Provisions in Q208 benefited from recoveries that were approximately \$12 million above the average rate of the last two quarters
- Consumer provisions were stable quarter-over-quarter
- Given the environment, average quarterly specific provisions for the remainder of the year are expected to exceed Q108 experience of \$170 million



Portfolio Segment	Q2 08	Q1 08	Q2 07
Consumer	68	69	56
Commercial	38	31	9
Corporate	45	70	(6)
Specific Provisions	151	170	59
Change in General Allowance	-	60	-
Total PCL	151	230	59

Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos)¹

Quarter	Specific PCL as a % of Avg Net Loans & Acceptances
Q2 08	28 bps
Q1 08	31 bps
Q2 07	12 bps

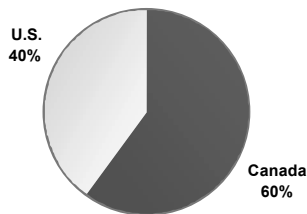
¹ 16 year average of 33 bps

Q208 Specific Provision for Credit Losses

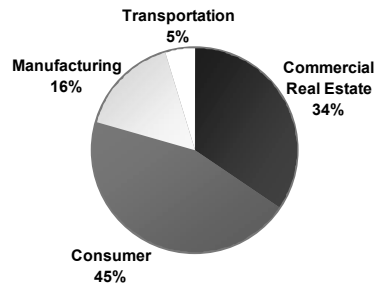
- Provisions in Canada are approximately 65% consumer and 35% commercial. Approximately 70% of the consumer portfolio are credit card related.
- Approximately \$35 million, or 55% of the US specific provisions, relates to a single enterprise group in the residential construction business

Specific Provision for Credit Losses (c\$ 151 Million)

By Geography

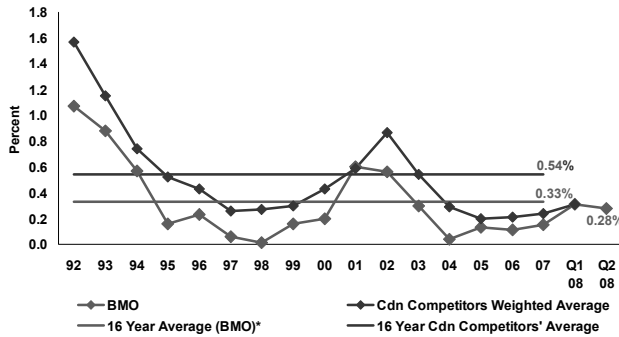


By Portfolio



Credit Performance Measure
16-year Historical Specific PCL average

Specific PCL as a % of Average Net Loans and Acceptances
(including Reverse Repos)



	BMO	Canadian Competitors
Q2 08	0.28	N/A
Q1 08	0.31	0.31
Q2 07	0.12	0.25
F2007	0.15	0.24
16 yr avg.*	0.33	0.54

* 16 yr avg.: 1992 to 2007

- BMO's Canadian competitors include: BNS, CM, NA, RY, TD
- Competitor average excludes the impact of TD's sectoral provisions

SIV Update

- Future funding levels not expected to exceed 65% of liquidity facilities
- Senior Notes benefit from strong asset quality, diversification and subordinate Capital Notes
- Approximately 92% and 75% of SIV assets are rated AA or better by Moody's and S&P, respectively. 99% of the assets are rated investment grade.

	Assets in Vehicle (07/31/07)	Assets in Vehicle ¹ (04/30/08)	Capital Notes in Vehicle (04/30/08)	Senior Notes in Vehicle (04/30/08)	BMO's Capital Note investment (04/30/08)	Liquidity Facilities Extended by BMO (04/30/08)	Liquidity Facilities Drawn (04/30/08)
Links	US\$23.4B	US\$9.5B	US\$1.7B	US\$9.2B	US\$10.3MM	US\$8.8B	US\$0.288B
Parkland	€3.4B	€0.84B	€226MM	€0.7B	(net)	€0.75B	€0.09B

¹ Links assets at market value, excludes cash of approximately US\$46MM. Parkland assets at market value, excludes cash of approximately €2MM.

As at April 30, 2008 Asset Types	Links	Parkland
Cash	0.5%	0.2%
Arbitrage CBO/CLO	8.2%	10.5%
Balance Sheet CLO	9.7%	10.3%
CMBS	6.0%	10.7%
Commercial Bank – Senior	5.9%	13.5%
Commercial Bank – Subordinated	28.5%	27.3%
Assets wrapped by Monolines	10.5%	3.5%
RMBS	13.1%	12.9%
Other ²	17.6%	11.1%

² Other includes numerous asset types, none of which exceeds 5% of the total.

Apex/Sitka Restructuring

- Restructuring closed on May 13th, 2008, substantially in accordance with terms previously announced
 - ▶ BMO holds approximately \$815 million in the subordinate notes, which total \$2.2 billion, and has provided \$1.0 billion of a \$1.1 billion senior funding facility to the Trusts
 - ▶ In addition, BMO would have exposure for realized credit losses on the net notional credit positions held by the Trusts if those credit losses exceeded the first loss protection levels described below and the \$3.3 billion in committed collateral (which represents leverage of approximately 6.5x)

- Credit quality of underlying portfolio is strong
 - ▶ Each of the underlying tranches in the Trusts has been rated AAA from a credit perspective by DBRS. This rating does not consider collateral call or funding risks.
 - ▶ Portfolio comprised of approximately 450 corporate credits that are predominantly investment grade
 - ▶ Names well diversified by industry and geography
 - ▶ Will only experience credit losses if realized losses on underlying portfolios exceed substantial first-loss protection thresholds, which vary by tranche
 - ▶ Average first-loss protection threshold is 17% of underlying positions with a range from 9% to 38%
 - ▶ Only 6% of notional positions have less than 15% first loss protection
 - ▶ The first-loss protection levels are significantly higher than historical default and loss rates on BBB equivalent credits

Summary Of Monoline Exposure

Mark-to-market exposures are not material at \$214 million

(C\$ Million)	Total
Direct Exposure (As at April 30, 2008)	
Traded credit notional	32
Counterparty	
Derivative mark-to-market asset ¹	214
Direct Lending, Authorizations (undrawn)	28
Indirect Exposure	
Notional of wrapped securities held by Bank ²	635
Notional of wrapped securities, swaps and TRS ³	2,390
Notional of wrapped securities within Links and Parkland ⁴	1,045

¹ Notional of \$3,894 million mostly related to CDOs, Total Return Swaps and CDS within our trading books. 100% of notionals protected by monolines rated AAA

² 93% consist of U.S. municipal bonds

³ 83% represented by securitized pools within Fairway; 98.2% are investment-grade equivalent before monoline wraps

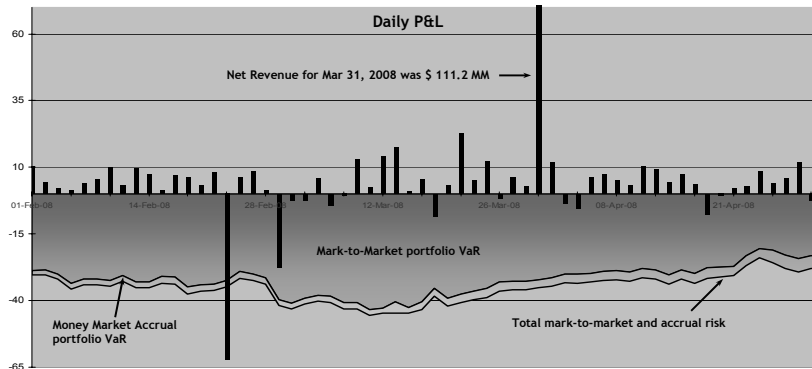
⁴ 67% are comprised of HELOCs

Fairway Finance Corporation

- Fairway is BMO's US ABCP conduit, rated A1/P1 by Moody's/S&P since 1997.
- Client-focused financing of diversified pools of assets (see slide 17 for asset breakdown)
- All outstanding paper has been consistently rolling with 3rd party investors notwithstanding market disruption
- Backstop liquidity facilities \$9.9 billion as at April 30, 2008
- Asset profile is sound:
 - ▶ Assets are all investment grade quality based on internal or external ratings. Approximately 50-55% of the assets in the conduit are externally rated.
 - ▶ All assets subject to normal BMO credit underwriting
 - ▶ Well diversified
 - ▶ Assets have benefit of overcollateralization and structural protections
- Three real estate related assets totaling approximately \$851 million were funded directly by BMO. Two of these entities with outstanding balances of approximately \$590 million are classified as impaired
 - ▶ BMO's special asset management unit to more actively manage the exposures
- Review of Fairway's other commercial real estate related exposures, approximately 12% of the Fairway portfolio, has not identified issues of immediate concern.

Trading and Underwriting Q2 2008

Trading and Underwriting Net Revenues Versus Market Value Exposure
February 1, 2008 to April 30, 2008 (C\$ millions)
(Presented on a Pre-Tax Basis)



- 1) The largest daily P&L gains for the quarter were CAD \$111.2 million on March 31, 2008, CAD \$66.3 million on April 30 and CAD \$22.6 million on March 20.
 - **March 31st:** Primarily reflects valuation adjustments.
 - **April 30th:** Primarily reflects valuation adjustments and a fair valuation of traded liabilities.
 - **March 20th:** Primarily reflects mid-month valuation adjustments.
- 2) The largest daily P&L losses for the quarter were CAD \$(62.2) million on February 25 and CAD \$(27.6) million on February 29.
 - **February 25th:** Primarily reflects mid-month valuation adjustments.
 - **February 29th:** Primarily reflects valuation adjustments.

Market Environment Update

As at April 30, 2008 unless noted otherwise	Portfolio Commentary – including exposure to U.S. sub-prime mortgages
U.S. sub-prime mortgages exposure	<ul style="list-style-type: none"> • Small exposure • US\$ 590MM of mortgages and home equity with FICO score of less than 620; well under half has LTV over 80% without insurance. • Single enterprise exposure of C\$438MM included in gross impaired includes some sub-prime • Indirect exposure is \$1.8B primarily via TRS that are hedging CDO exposures. TRS are with three large financial institutions that are rated A1/A+, Aa2/AA and Aa2/AA. Exposure includes approximately \$60MM wrapped by two monolines rated AAA/Aaa and one rated Baa3/BB. Positions are largely collateralized by counterparties
BMO sponsored asset-backed conduits with BMO liquidity support (includes Fairway Finance)	<ul style="list-style-type: none"> • Provide C\$20.9B liquidity lines to Canadian conduits, down from C\$26.2B at Q3'07 • C\$1.8B in trading inventory as at May 21st, C\$ 3.15B as at April 30, 2008, down from \$8.5B at July 31, 2007 • Provide US\$9.9B liquidity lines to US conduit (Fairway), down from US\$11.3B at Q3'07. No commercial paper held in bank inventory
Apex/Sitka Trust	<ul style="list-style-type: none"> • Previously announced restructuring successfully complete • C\$815MM and C\$1.0B investment in subordinate notes and senior funding facility, respectively as at May 21, 2008 • Leveraged super senior AAA exposure to a high quality portfolio of corporate credits. Substantial first-loss protection in place.
Third party asset-backed conduits with BMO liquidity support	<ul style="list-style-type: none"> • Provide US\$0.9B liquidity lines to U.S. auto-based and financial-based conduits, with US\$2MM drawdown; no direct exposure to U.S. sub prime.
Investments in non-bank sponsored asset-backed commercial paper	<ul style="list-style-type: none"> • Pre-write down C\$0.3B commercial paper in inventory, purchased as market maker • All under 'Montreal Accord'
Structured Investment Vehicles (Links and Parkland)	<ul style="list-style-type: none"> • Current assets in vehicles are US\$9.5B and €0.84B, reduced by US\$13.9B and €2.6B since July 31, 2007; approximately 92% and 75% of SIV assets are rated AA or better by Moody's and S&P, respectively. 99% of the assets are rated investment grade. • Senior ranked liquidity facility of US\$8.8B and €0.75B provided. Actual funding expected not to exceed 65% of this amount.
Hedge fund trading and lending exposure, including prime brokerage	<ul style="list-style-type: none"> • Conservative; hedge funds and prime brokerage exposure collateralized; unsecured exposure to funds of funds for timing differences short term with other exposure collateralized
Monolines and Credit derivative Counterparties exposure	<ul style="list-style-type: none"> • Small mark-to-market exposure of \$214MM. Direct notional amounts of \$3.9B. Indirect exposures are wraps and quality of underlying assets are generally sound

APPENDIX



Assets in Fairway

Asset Type (Balances at March 31, 2008)	Liquidity Exposure (\$Bn)*		CP Outstandings (\$Bn)*	
		%		%
Auto Loans/Leases	1.3	13.0	0.7	9.6
Capital Commitments	0.5	5.0	0.2	2.7
Commercial Real Estate Loans, Leases	1.2	12.1	0.8	11.0
Consumer Instalment	0.7	7.1	0.6	8.2
Corporate Loans	1.2	12.1	0.9	12.4
Credit Cards	0.3	3.0	0.3	4.1
Equipment Loans, Leases	0.8	8.1	0.7	9.6
Future Flow	0.6	6.1	0.5	6.9
High Yield bonds	0.0	0.0	0.0	0.0
Middle Market Corporate Loans	2.2	22.2	1.7	23.3
Residential Mortgages – Prime	0.2	2.0	0.2	2.7
Structured Settlements	0.1	1.1	0.2	2.7
Trade Receivables	0.5	5.1	0.3	4.1
Other	0.3	3.0	0.2	2.7
TOTAL	9.9	100	7.3	100

* Balances may not add due to rounding

- Assets well diversified
- Corporate & Commercial Loan facilities typically short term revolving warehouses for commercial finance companies. These clients originate, underwrite and service the underlying assets and are characterized as operating companies vs. investment managers
- Nominal sub-prime exposure: <0.3% of assets in conduit
- Fairway has approximately \$2.0B in notional assets guaranteed by monolines in the form of wrapped securities, swaps and TRS. None of these guarantees involve mortgages or ABS/structured finance CDOs. All of the underlying transactions are performing in accordance with terms and conditions
- Credit Enhancement measures include
 - Overcollateralization-Primary
 - Reserve Account - in some instances
 - Excess Spread - in some instances



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