

Q3
2007




RISK REVIEW

Investor Community Conference Call

BOB McGLASHAN

Executive Vice President and Chief Risk Officer

August 28 • 2007

BMO  Financial Group

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.

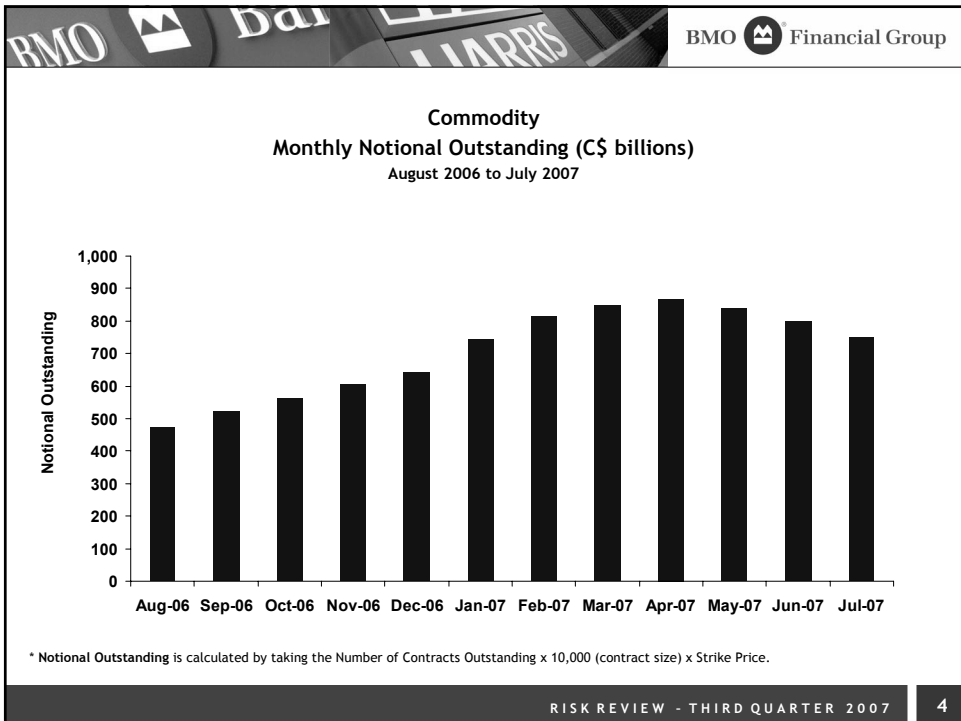
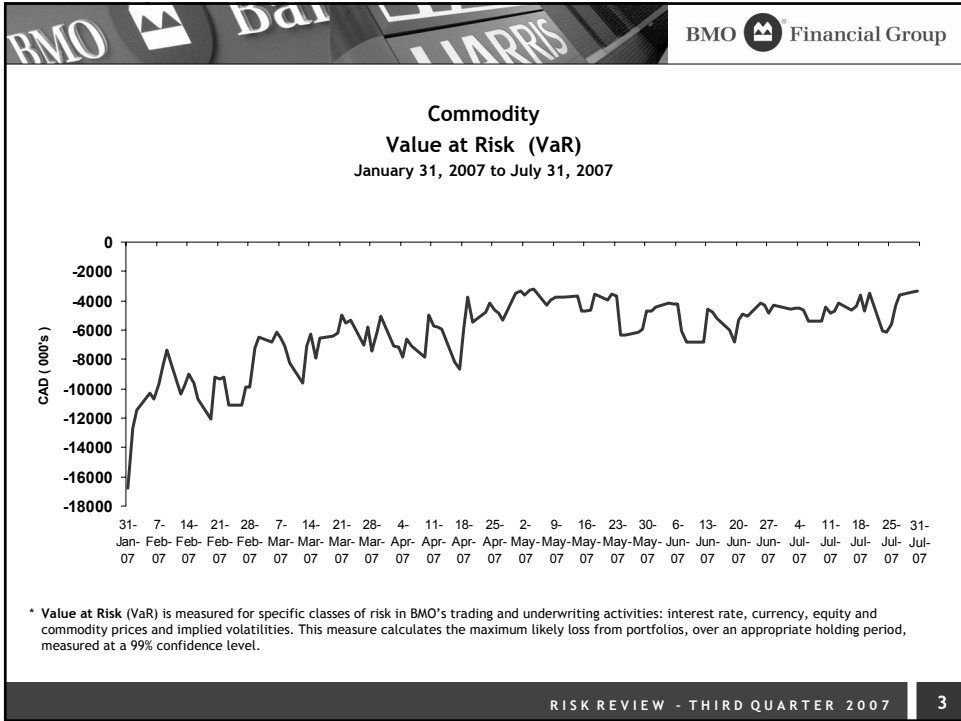
The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition in the 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.

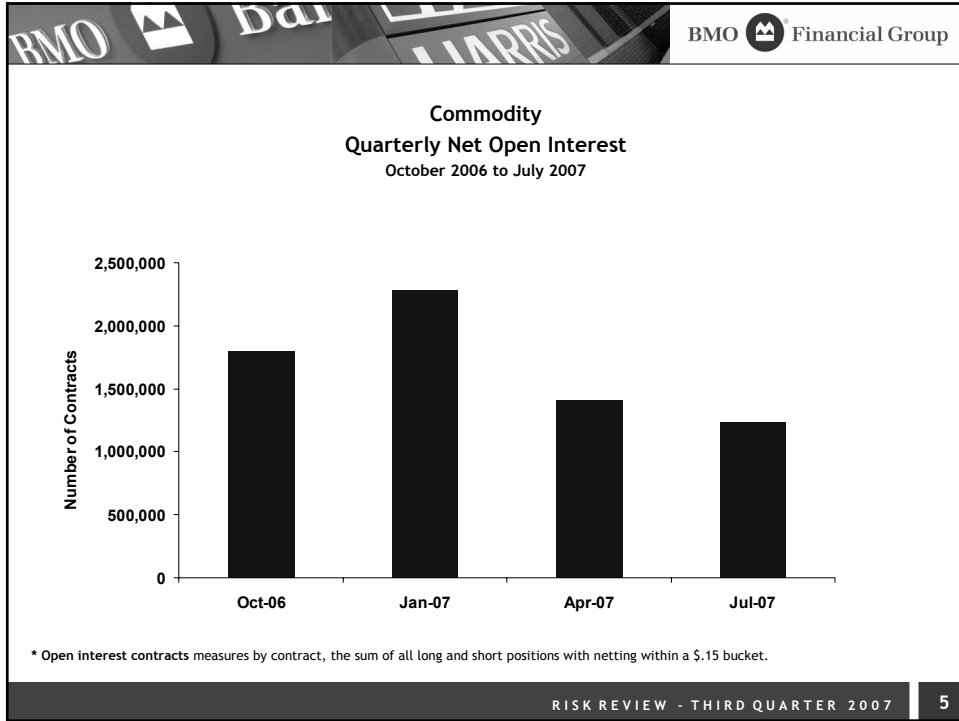
We caution that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect our results. For more information, please see the discussion on pages 28 and 29 of BMO's 2006 Annual Report, which outlines in detail certain key factors that may affect BMO's future results. 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 future performance of the Canadian and U.S. economies and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a moderate pace in 2007 and that inflation would remain low. We also assumed that interest rates in 2007 would remain little changed in Canada but decline in the United States and that the Canadian dollar would hold onto its value relative to the U.S. dollar. The Canadian dollar has strengthened relative to the U.S. dollar and interest rates have increased in the United States, but we believe that our other assumptions remain valid. We have continued to rely upon those assumptions and the views outlined in the following Economic Outlook in considering our ability to achieve our 2007 targets. 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.

Assumptions about the performance of the natural gas and crude oil commodities markets and how that will affect the performance of our commodities business were material factors we considered in making the forward-looking statements regarding the commodities portfolio set out in this document. Key assumptions included that commodities prices and implied volatility would be stable and our positions would continue to be managed with a view to lowering the size and risk level of the portfolio.

RISK REVIEW - THIRD QUARTER 2007 2





BMO  Financial Group

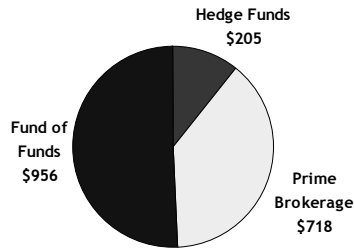
EFFECTIVE RISK MANAGEMENT IN TODAY'S CREDIT ENVIRONMENT

U.S. sub prime mortgages direct exposure	• None
Commercial paper liquidity lines to BMO sponsored asset-backed conduits	• Provide C\$26.4bn and US\$11.4bn liquidity support; • Nominal exposure to U.S. sub prime mortgages
US Commercial paper liquidity lines to third party asset-backed conduits	• Provide US\$1.1bn liquidity support; • No exposure to U.S. sub prime mortgages
U.S. sub prime exposure through un-hedged bonds backed by CDOs and RMBS	• Nominal
Investments in non-bank sponsored asset-backed commercial paper	• Nominal (< 0.2% of assets) • None of the Canadian money market funds offered by BMO Mutual funds and GGOF Guardian Group of Funds have exposures in their portfolios to ABCP issued by non-bank sponsored conduits
Leveraged buy out (LBO) underwriting commitments	• Nominal (0.1% of assets)
Hedge fund trading and lending exposure, including prime brokerage	• Conservative; prime brokerage collateralized

RISK REVIEW - THIRD QUARTER 2007 6

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

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



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 Q3 2007 was US\$1.9 billion versus US\$1.2 billion at the end of the prior quarter

**Q3 2007
Credit and Counterparty
Risk Highlights**

GIL Balance

\$618 million ↓ 10% *

GIL Formations

\$106 million ↓ 19% *

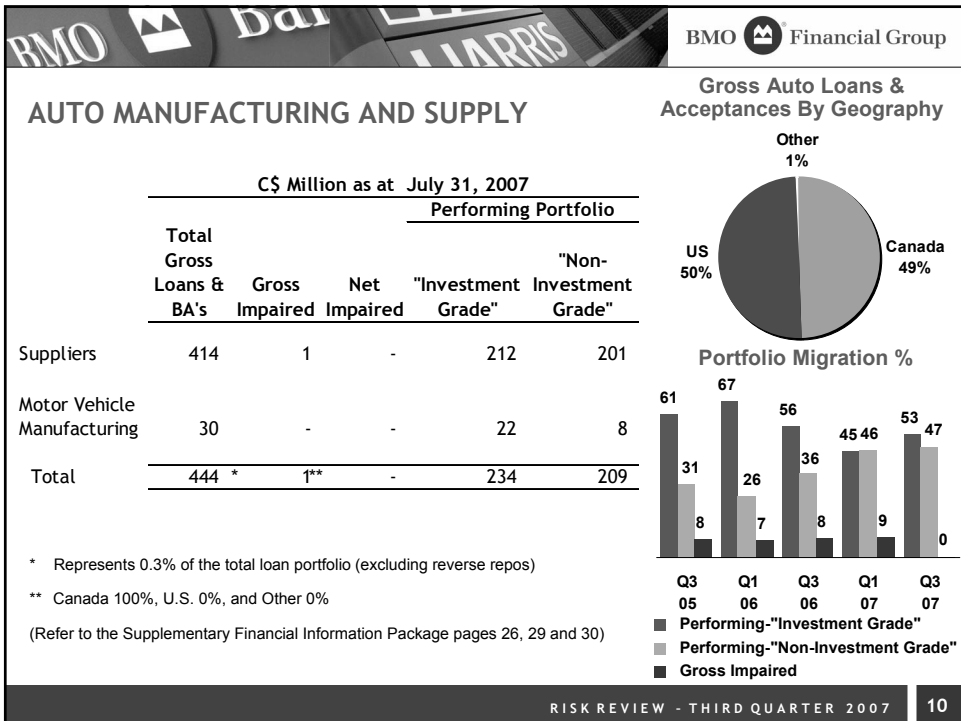
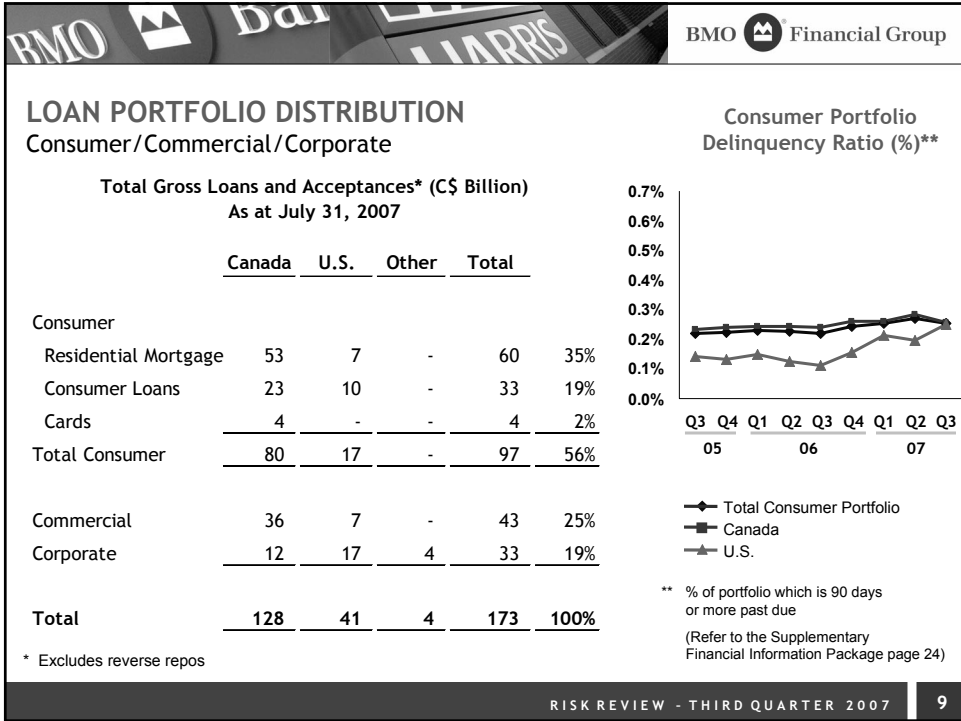
Specific (PCL)

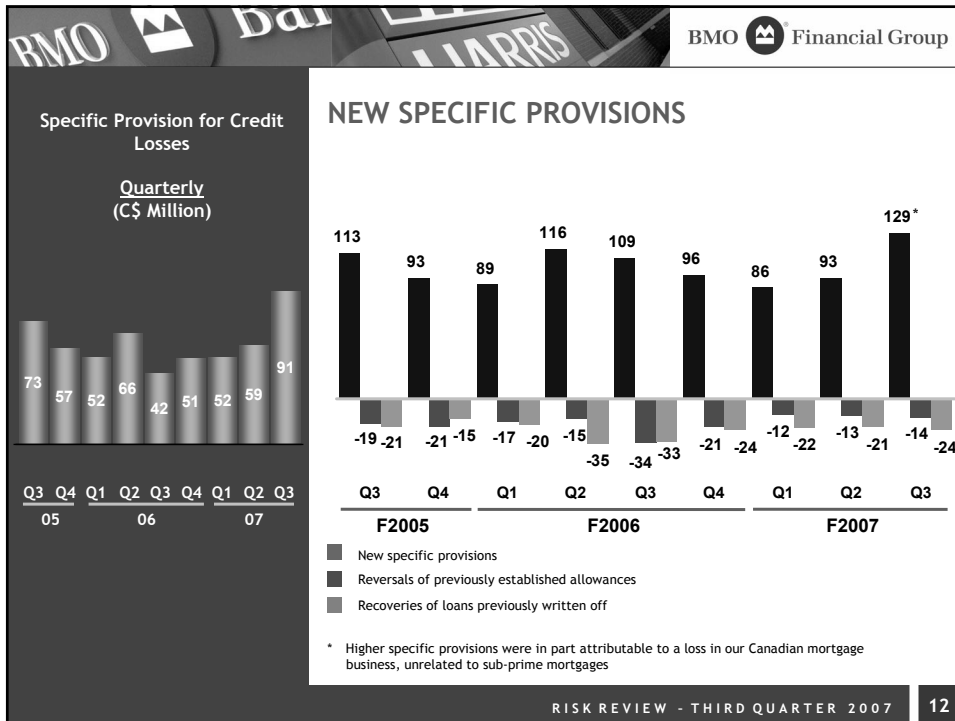
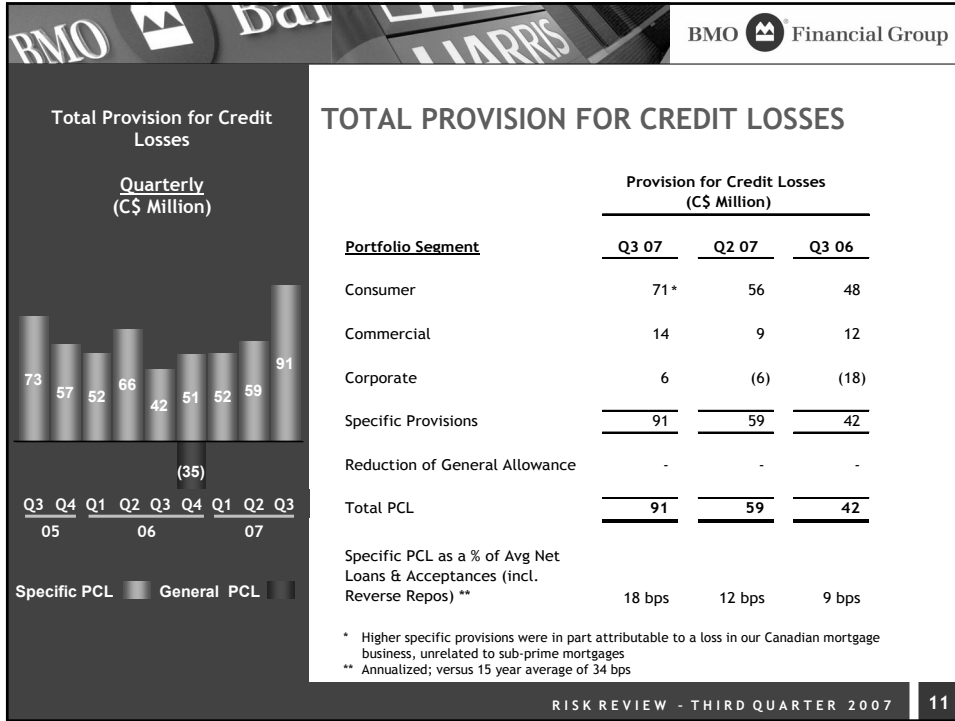
\$91 million ↑ 54% *

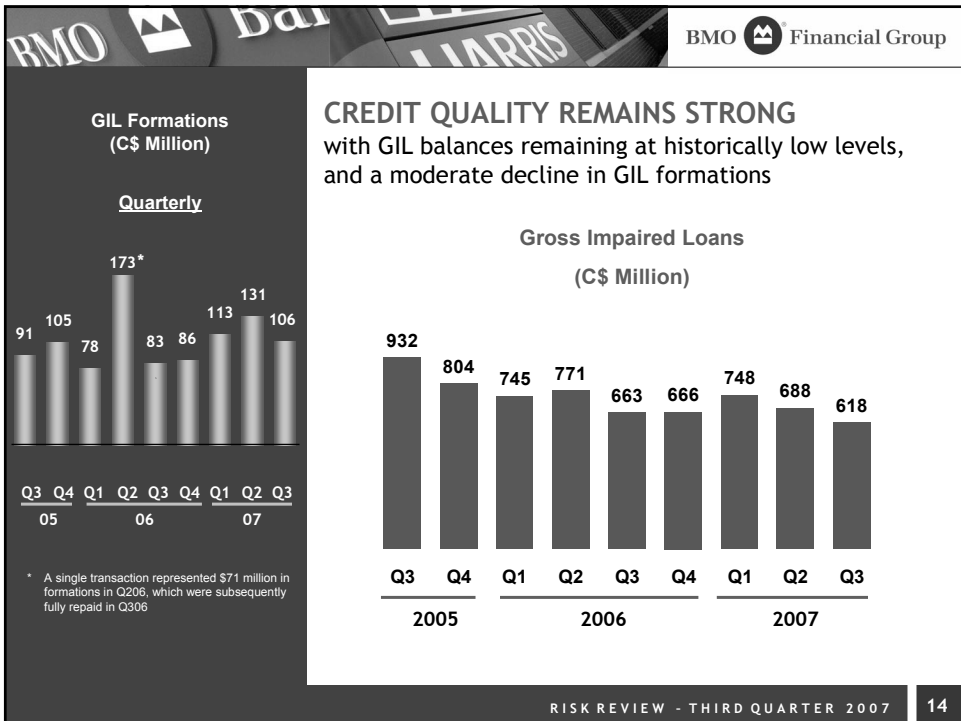
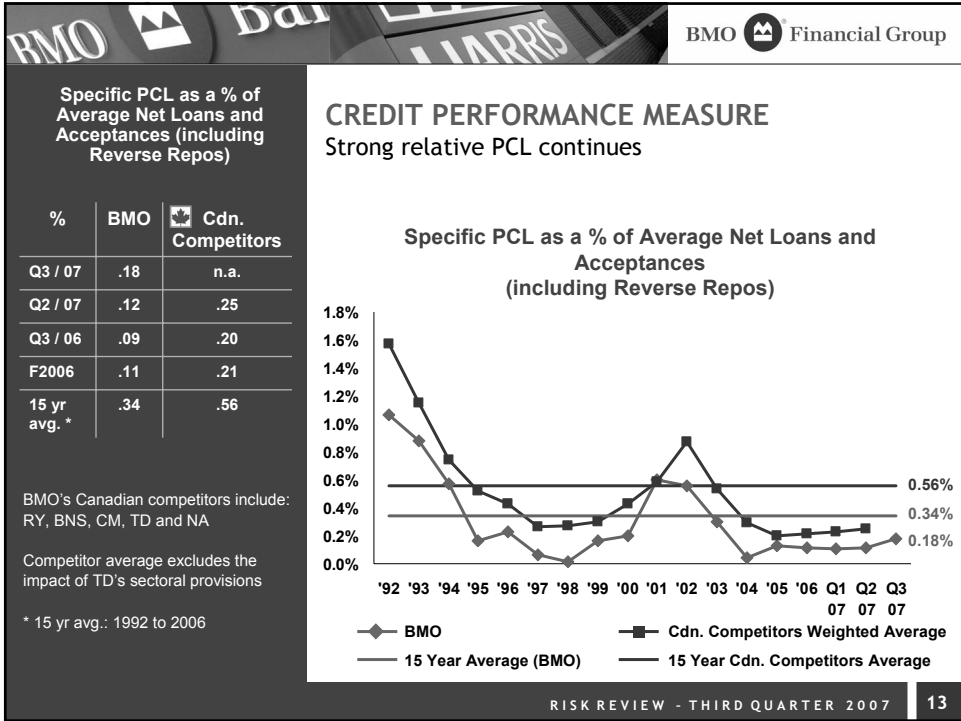
* Change from prior quarter

SOLID CREDIT PERFORMANCE in Q3 2007

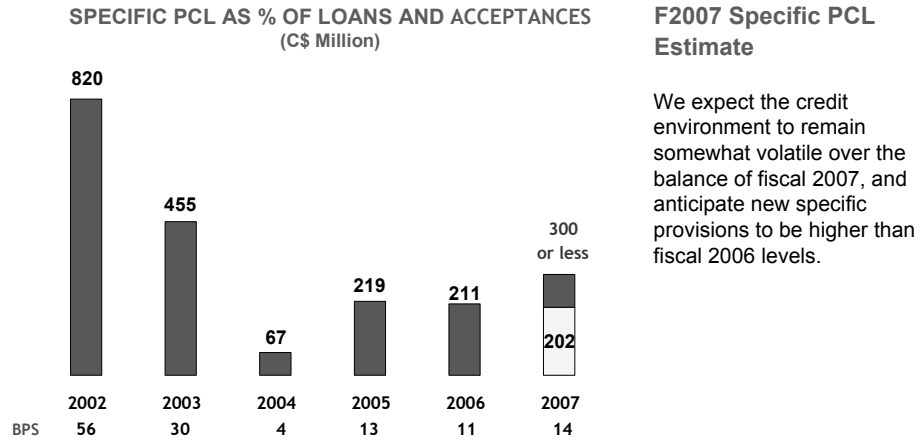
- Credit quality remained strong with Gross Impaired Loans (GIL) remaining at historically low levels.
- GIL Formations continue to remain low, down \$25 million for the quarter
- Q3 2007 PCL is \$91 million, with no reduction in the General Allowance
- Specific PCL target for F2007 remains at \$300 million or less, reflecting favourable Q3 results and a more subtle deterioration in the credit environment later in the year than originally expected







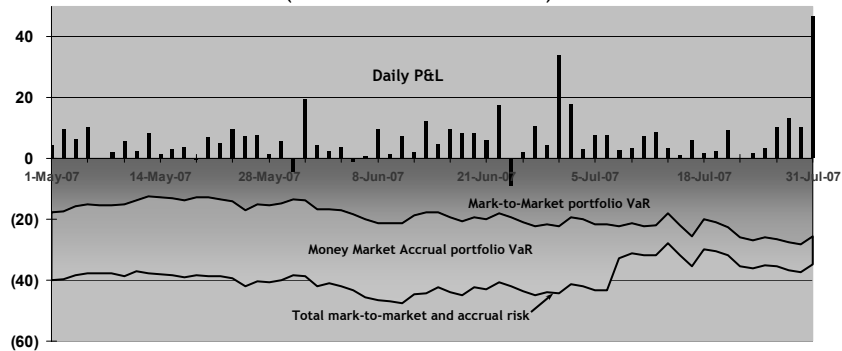
F2007 SPECIFIC PCL remains unchanged estimated at \$300 million or less



TRADING AND UNDERWRITING Q3 2007

Excludes the CAD \$149 MM loss related to commodities

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

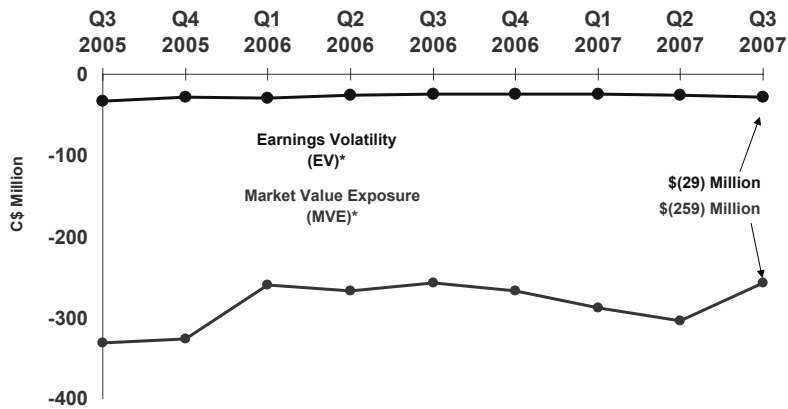


* The largest daily P&L gains for the quarter were:
 CAD 33.8 MM on June 29, 2007 consisting mainly of underwriting fees in addition to normal trading profits; and
 CAD 46.6 MM on July 31, 2007 consisting mainly of holdback reversals due to widening credit spreads and profit on liquidation of a warrant position in addition to normal trading profits.

(Refer to Supplementary Financial Package page 35 for risk data - presented on an after tax basis)

APPENDIX

STRUCTURAL EARNINGS VOLATILITY remains low;
STRUCTURAL MARKET VALUE EXPOSURE remains within the target range



BMO  Financial Group

INVESTOR RELATIONS CONTACT INFORMATION

VIKI LAZARIS, *Senior Vice President*
viki.lazaris@bmo.com
416.867.6656

STEVEN BONIN, *Director*
steven.bonin@bmo.com
416.867.5452

KRISTA WHITE, *Senior Manager*
krista.white@bmo.com
416.867.7019



E-mail: Investor.relations@bmo.com

Fax: 416.867.6656

www.bmo.com/investorrelations