



RISK REVIEW

Investor Community Conference Call



BOB McGLASHAN
Executive Vice President and
Chief Risk Officer
November 28 • 06



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 2006 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, and 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 29 and 30 of BMO's 2005 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.

BMO Financial Group

Fiscal 2006
Credit and Counterparty Risk Highlights (Y/Y)

GIL Balance
\$666 million ↓ 17%

GIL Formations
\$420 million ↓ 1%

Specific PCL
\$211 million ↓ 4%

CREDIT PERFORMANCE EXCEEDS EXPECTATIONS for Fiscal 2006

- BMO continues to maintain its historic strong credit performance and Provision for Credit Losses (PCL) advantage over competitors
- F2006 PCL is \$176 million, comprised of Specific PCL of \$211 million and a \$35 million reduction in the General Allowance
- F2006 Specific PCL at 11 bps is low relative to our 15-year average of 38 bps and the 59 bps average of the Canadian peer group
- Gross Impaired Loans (GILs) are at \$666 million and remain low relative to historical levels, while GIL Formations are comparable to F2005 levels
- Specific PCL for F2007 is estimated at \$400 million or less

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BMO Financial Group

GIL Formations (C\$ Million)

Quarterly

Q4 04	109	Q1 05	89	Q2 05	138	Q3 05	91	Q4 05	105	Q1 06	78	Q2 06	173*	Q3 06	83	Q4 06	86
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Annual

F01	2,041	F02	1,945	F03	1,303	F04	607	F05	423	F06	420
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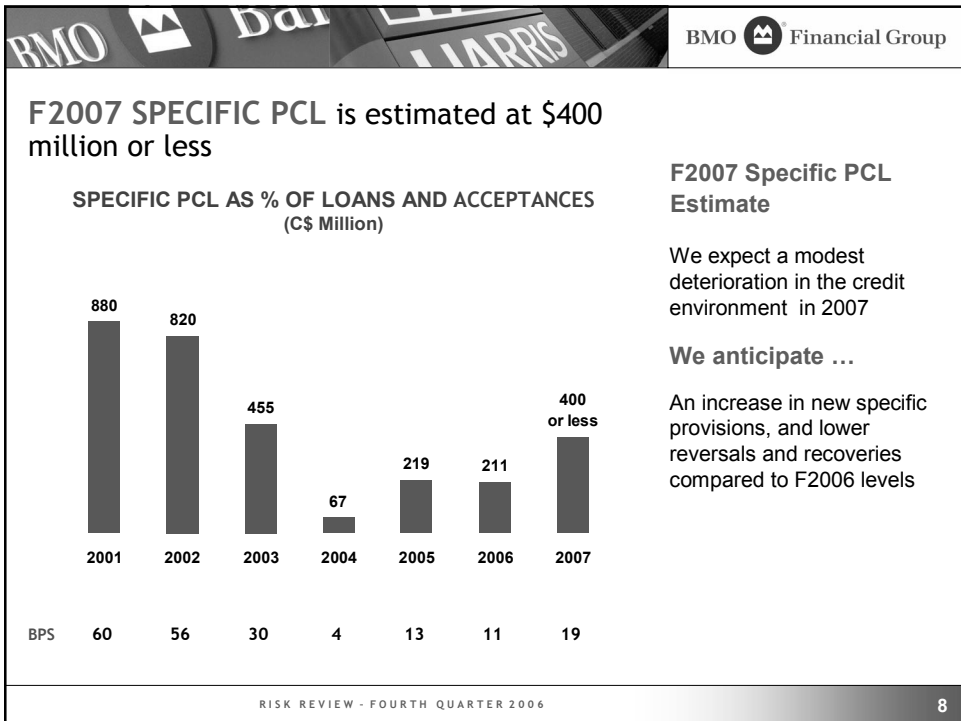
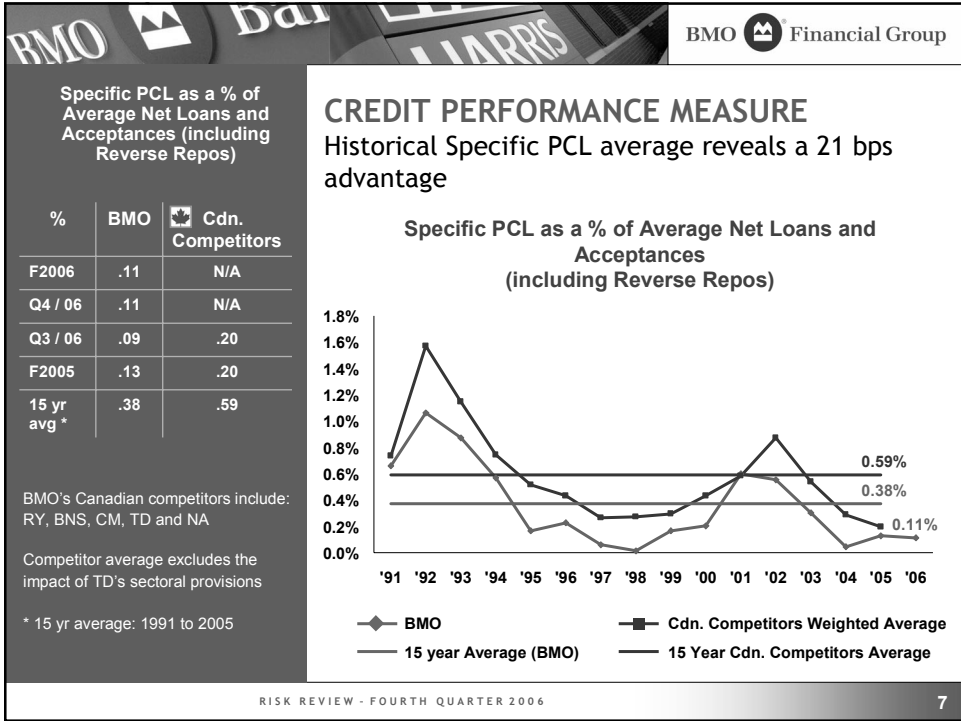
CREDIT QUALITY REMAINS STRONG
GIL balances continue at historical lows with GIL formations in the quarter remaining at low levels

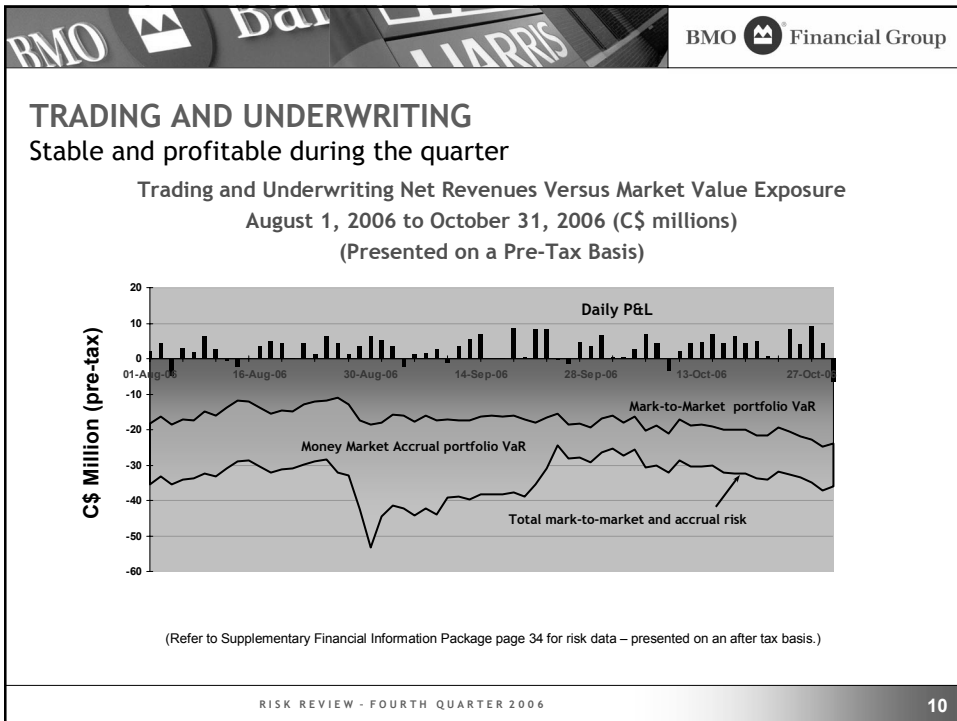
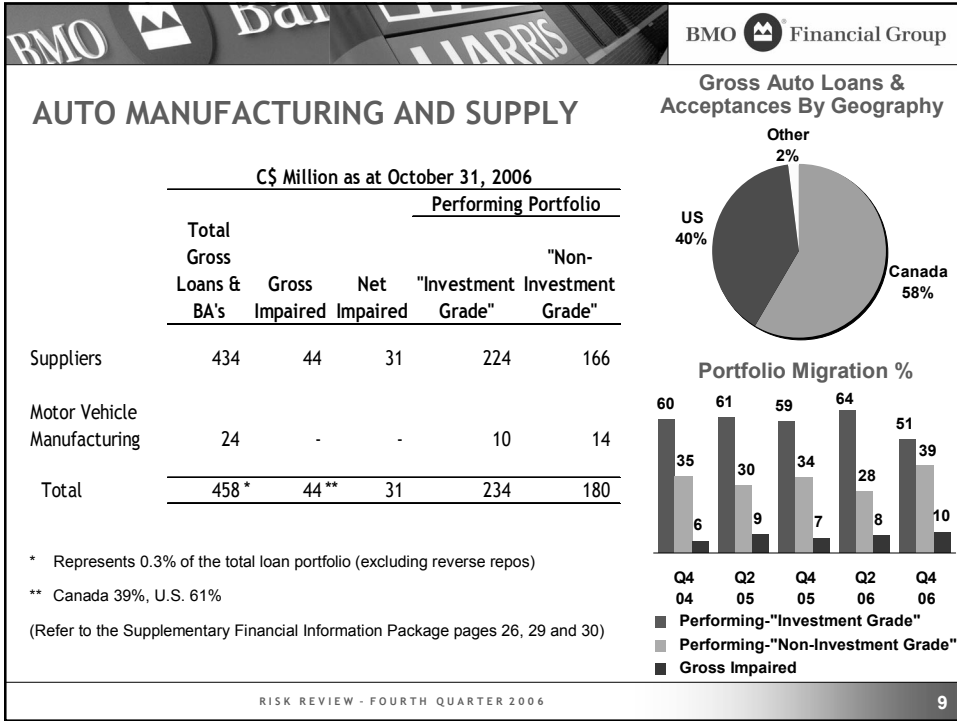
Gross Impaired Loans (C\$ Million)

2001	2,014	2002	2,337	2003	1,918	2004	1,119	2005	804	2006	666
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* A single enterprise group represented \$71 million in formations in Q206, which were subsequently fully repaid in Q306

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BMO Financial Group

LOAN PORTFOLIO DISTRIBUTION Consumer/Commercial/Corporate

Total Gross Loans and Acceptances* (C\$ Billion)
As at October 31, 2006

	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgages	54	6	-	60	38%
Consumer Loans	20	10	-	30	19%
Cards	4	-	-	4	2%
Total Consumer	78	16	-	94	59%
Commercial	33	6	-	39	24%
Corporate	9	15	3	27	17%
Total	120	37	3	160	100%

* Excludes reverse repos

Consumer Portfolio Delinquency Ratio (%)**

Year	Quarter	Total Consumer Portfolio (%)	Canada (%)	U.S. (%)
2004	Q4	0.23	0.22	0.16
	Q1	0.25	0.24	0.15
	Q2	0.26	0.25	0.15
	Q3	0.24	0.23	0.14
2005	Q4	0.24	0.23	0.14
	Q1	0.25	0.24	0.15
	Q2	0.24	0.23	0.13
	Q3	0.23	0.22	0.12
2006	Q4	0.26	0.25	0.16

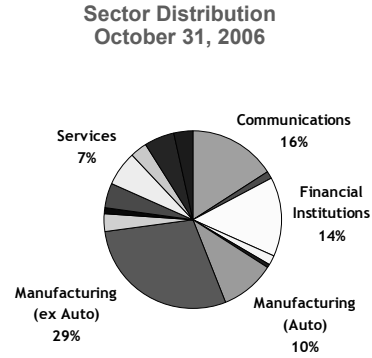
** % of portfolio which is 90 days or more past due
(Refer to the Supplementary Financial Information Package page 24)

RISK REVIEW - FOURTH QUARTER 2006

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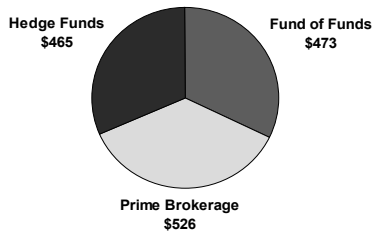
CREDIT DERIVATIVES ARE USED TO ASSIST IN THE PORTFOLIO MANAGEMENT OF OUR LOAN BOOK

Credit Portfolio Management Activity (C\$ Millions)			
October 31, 2006			
	Single Name	Index	Total
Communications	113	59	172
Construction	0	16	16
Financial Institutions	28	127	155
Forest Products	0	17	17
Government	0	11	11
Manufacturing (Auto)	96	9	105
Manufacturing (ex Auto)	146	166	312
Oil and Gas	0	37	37
Real Estate	0	11	11
Retail	6	42	48
Services	2	69	71
Transportation	0	32	32
Utilities	22	38	60
Wholesale	0	37	37
Total at Q4 06	413	671	1,084
Total at Q3 06	553	591	1,144



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

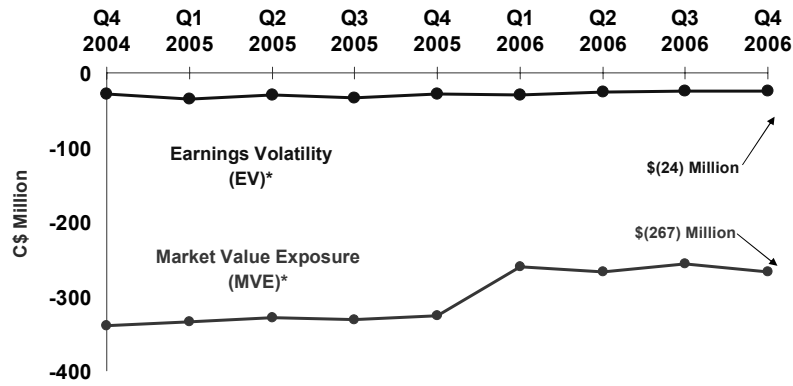
Hedge Funds – Utilized
US\$ Million
October 31, 2006



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

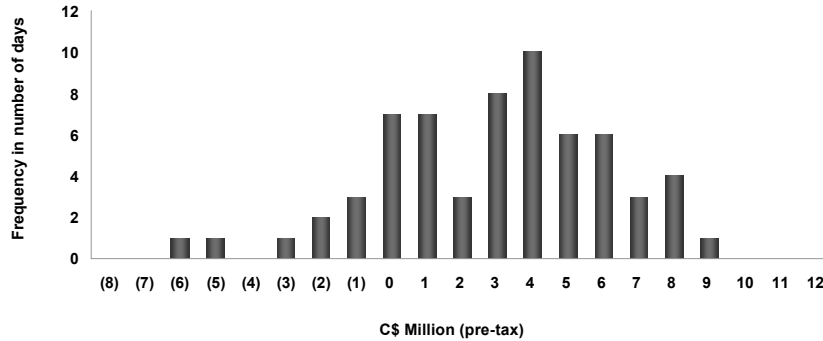
STRUCTURAL EARNINGS VOLATILITY remains low;
STRUCTURAL MARKET VALUE EXPOSURE remains within the target range



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

FREQUENCY DISTRIBUTION OF DAILY TRADING AND UNDERWRITING P&L

FREQUENCY DISTRIBUTION OF DAILY P&L FOR TRADING AND UNDERWRITING
 August 1, 2006 to October 31, 2006





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