

Credit Protection Vehicle

Low risk of loss given hedges on position, quality of underlying portfolio and the first loss protection in structure.

- The vehicle has 12 tranches each of which has exposures to diversified credit pools with first loss protection in place. The majority of the underlying credits are investment grade rated.
- \$2.2B Medium Term Notes outstanding.
- BMO's participation:
 - Medium Term Notes: Subsequent to quarter end, BMO agreed to a transaction that hedges its Note exposure of \$815MM par value/\$423MM carrying value.
 - Senior funding facility: \$1.03B (hedged up to the first C\$515MM of losses) out of a total \$1.13B. July 31st outstanding amount was \$214MM (BMO portion). Collateral requirements effectively capped.
 - Exposure to credit notional above these amounts.
- Risk of future loss is considered very low as expected loss on underlying exposures is well below size of Notes, and hedges provide protection in excess of BMO's Note position.
- Only two tranches have first loss protection below 10.5%. Other 10 tranches are well protected by first loss ranging from 13.0% to 29.4% and a weighted average of 23.6%.
- Portfolio quality sound. Approximately 70% of exposure within the tranches are investment grade rated (24% rated higher than BBB, 46% rated BBB and 30% rated below investment grade). A number of the ratings on the underlying companies are on watch or under review for downgrade.

Group ¹	Maturity Date (mm/yy)	# of Credits in Pool	Net Notional (MM)	Approximate Attachment Point	Approximate Detachment Point	% Investment Grade (Moody's)	Tranche Rating(s) (DBRS)
1 - [1 Tranche]	6/12	117	875	3.2%	4.3%	76.4%	CCC
2 - [1 Tranche]	9/13	103	342	10.4%	20.6%	62.1%	BB(low)
3 - [7 Tranches]	9/12 - 12/13	94-151	8,030	13.0% - 15.0%	28.9% - 50.0%	62.4% - 70.0%	A(low) to AAA
4 - [3 Tranches]	9/12 - 9/16	94-123	12,050	23.7% - 29.4%	34.3% - 69.5%	67.5% - 78.0%	AAA

¹ The 5 largest industry segments: Consumer Cyclical (24%), Financial (19%), Communications (15%), Consumer Non-cyclical (13%) & Basic Materials (10%) and asset domicile is 59% US, 34% Europe and 7% Other.

Structured Investment Vehicle Highlights

Risk of loss considered low based on amount of first loss protection provided by subordinated capital, and quality of investment portfolio.

- Strategy to reduce the senior funding facility over time through maturity of assets, and sales when pricing is considered representative of value.
- Links' asset quality remains strong – 92%/93% investment grade by Moody's/S&P. 55% rated Aa3 or better by Moody's; 49% rated AA- or better by S&P (by Market Value).
- Senior ranked BMO liquidity facility well secured – has benefit of asset quality and significant subordinated capital beneath it - \$935MM Book Value (12% of asset B/V) for Links and capital is a higher percentage of assets for Parkland.
- Market value of assets impacted by market illiquidity; has shown some recovery over the quarter.

As of July 31, 2009	LINKS	PARKLAND
Market Value of Assets	US\$5.6B	€598MM
Book Value of Subordinate Capital Notes	US\$935MM	€154MM
Senior Ranked Liquidity Facility	US\$6.6B (US\$6.4B funded)	€650MM (€622MM funded)
Book Value of Assets ¹	US\$7.8B	€774MM
Rating of Assets in Vehicles (by Market Value)	92% / 93% investment grade; 55% / 49% rated Aa3/AA- or better (Moody's / S&P)	99% / 99% investment grade; 63% / 57% rated AA- or better (Moody's / S&P)
Agency Ratings on Senior Notes	Aa1/A+	Aa1/A+

¹ Asset sales and maturities generated cash of US\$387MM/€23MM for Links/Parkland in the quarter.

Sector (by Fair Value)	Links	Parkland
CBO/CLO	17.0%	24.3%
CMBS	6.0%	9.1%
Commercial Bank - Senior	3.9%	8.2%
Commercial Bank - Subordinated	36.0%	30.1%
Assets wrapped by Monolines	6.8%	3.6%
RMBS	12.6%	11.0%
Other ²	17.7%	13.7%

² Other includes numerous sectors, none of which exceeds 7% of the total.

- No US subprime in RMBS. Under 1% indirect exposure; in CBO/CLO.
- CBO/CLO – backed by corporate loans and bonds, asset backed securities, commercial real estate assets and bank issued trust preferreds. Well diversified - 68 total trades. 69% of trades rated Aaa/AAA.
- Senior Commercial Bank exposure comprised of 9 banks (5 US and 4 European) rated A- or higher by S&P.
- Subordinated Commercial Bank exposure is 63% European, 32% North American and 5% Australasian. 95% rated A- or higher by S&P.