RISK REVIEW

Investor Community Conference Call

BOB McGLASHAN
Executive Vice President and
Chief Risk Officer
May 24 • 06

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 presentation, 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 the United States Private Securities Litigation Reform Act of 1995 and of 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 presentation 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 affects 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 concerning the effect 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 on how the Canadian and U.S. economies will perform in 2006 and how that impacts our businesses were material factors we considered when setting our strategic priorities and objectives, and in determining our financial targets for the fiscal year, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a healthy pace in 2006 and that inflation would remain low. We also assumed that interest rates would increase gradually in both countries in 2006 and that the Canadian dollar would hold onto its recent gains. We believe that these assumptions are still valid and have continued to rely upon them in considering our ability to achieve our 2006 financial 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.

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Q2 2006

Credit and Counterparty Risk Highlights

GIL Balance

$771 million ↑3%*

GIL Formations

$173 million ↑122%*

Specific PCL

$66 million ↑27%*

* Change from prior quarter

SOLID CREDIT PERFORMANCE for Q2 2006

- Gross Impaired Loans (GILs) are up $26 million for the quarter and remain low relative to historical levels
- GIL Formations increased $95 million for the quarter, but were offset by loan sales and repayments
- Provision for Credit Losses (PCL) is $66 million with no reduction in the General Allowance, up $14 million from Q1 2006
- Allowance for Credit Losses of $1,117 million, consisting of Specific Allowances of $178 million and a General Allowance of $939 million
- Specific PCL target for F2006 remains at $325 million or less, reflecting favourable year-to-date results and a continuing stable credit environment

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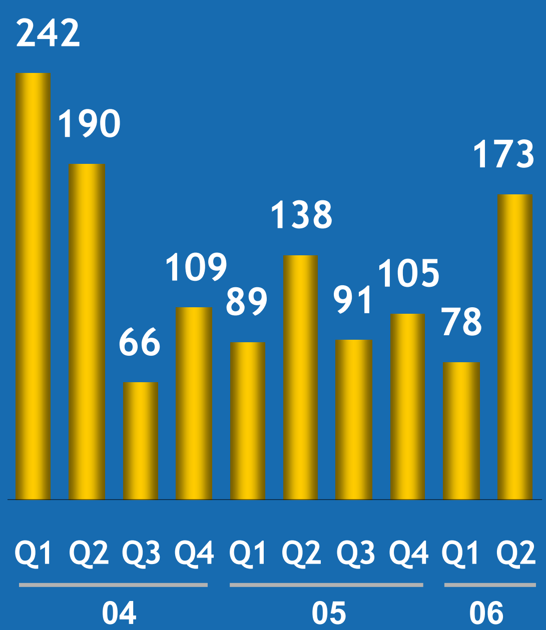
GIL Formations

Quarterly
(C$ Million)

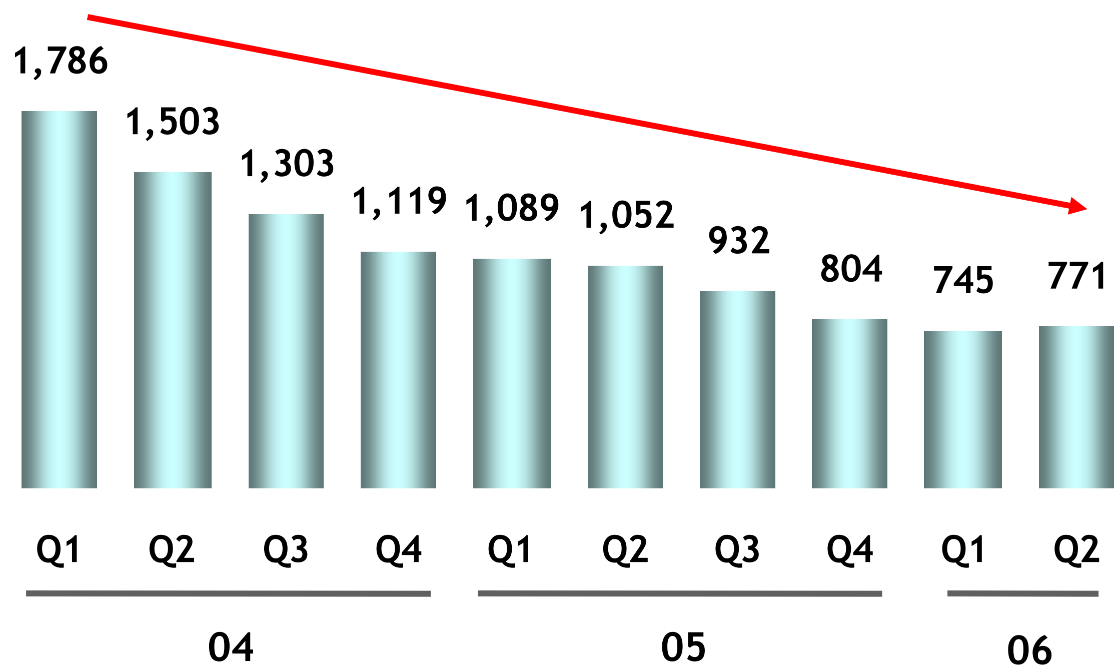


CREDIT QUALITY REMAINS STRONG

GIL balances continue at historically low levels; volatility in GIL formations continues

Gross Impaired Loans

(C$ Million)



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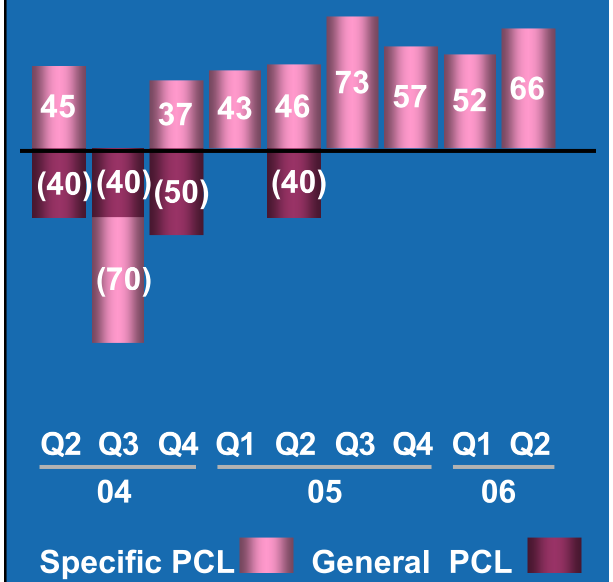
Total PCL

Quarterly
(C$ Million)



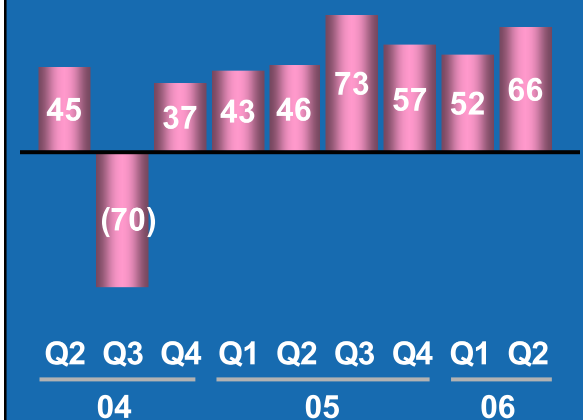
TOTAL PCL reflects the ongoing stable credit environment

Portfolio Segment	Provision for Credit Losses (C$ Million) Q2 06	Q1 06	Q2 05
Consumer	58	46	64
Commercial	12	6	11
Corporate	(4)	-	(29)
Specific PCL	66	52	46
Reduction of General Allowance	0	0	(40)
Total PCL	**66**	**52**	**6**
Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos)*†	14 bps	12 bps	11 bps

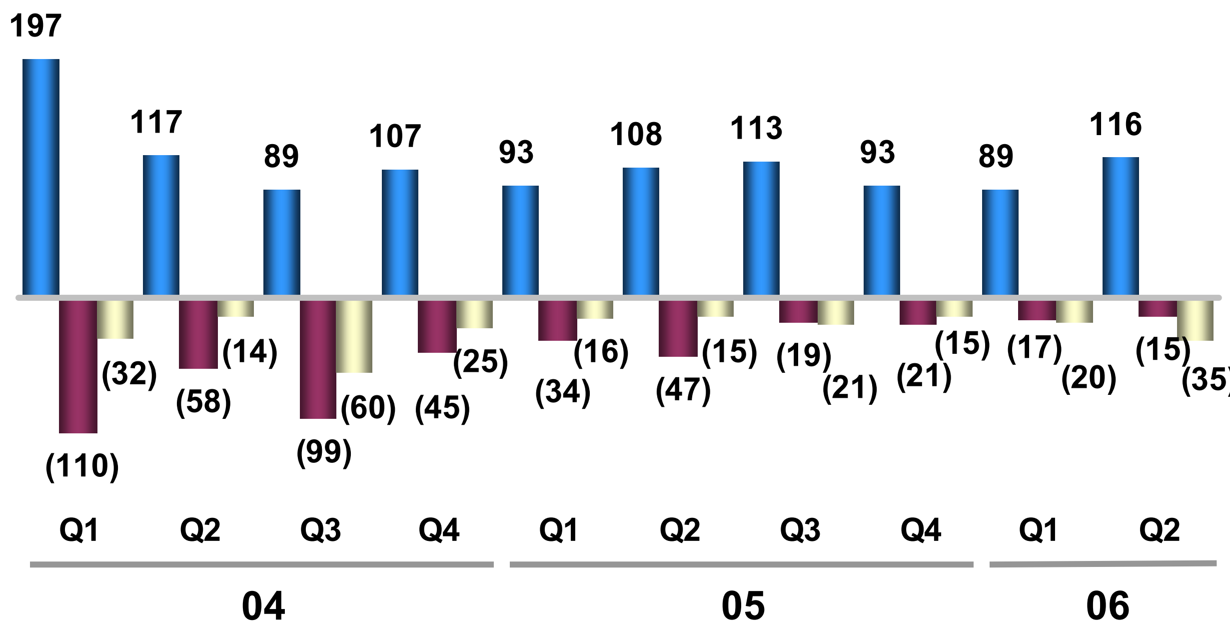
* Annualized
† Versus 15 year average of 38 bps

Specific PCL

Quarterly
(C$ Million)



NEW SPECIFIC PROVISIONS REMAIN LOW



New specific provisions

Reversals of previously established allowances

Recoveries of loans previously written off

CREDIT PERFORMANCE MEASURE

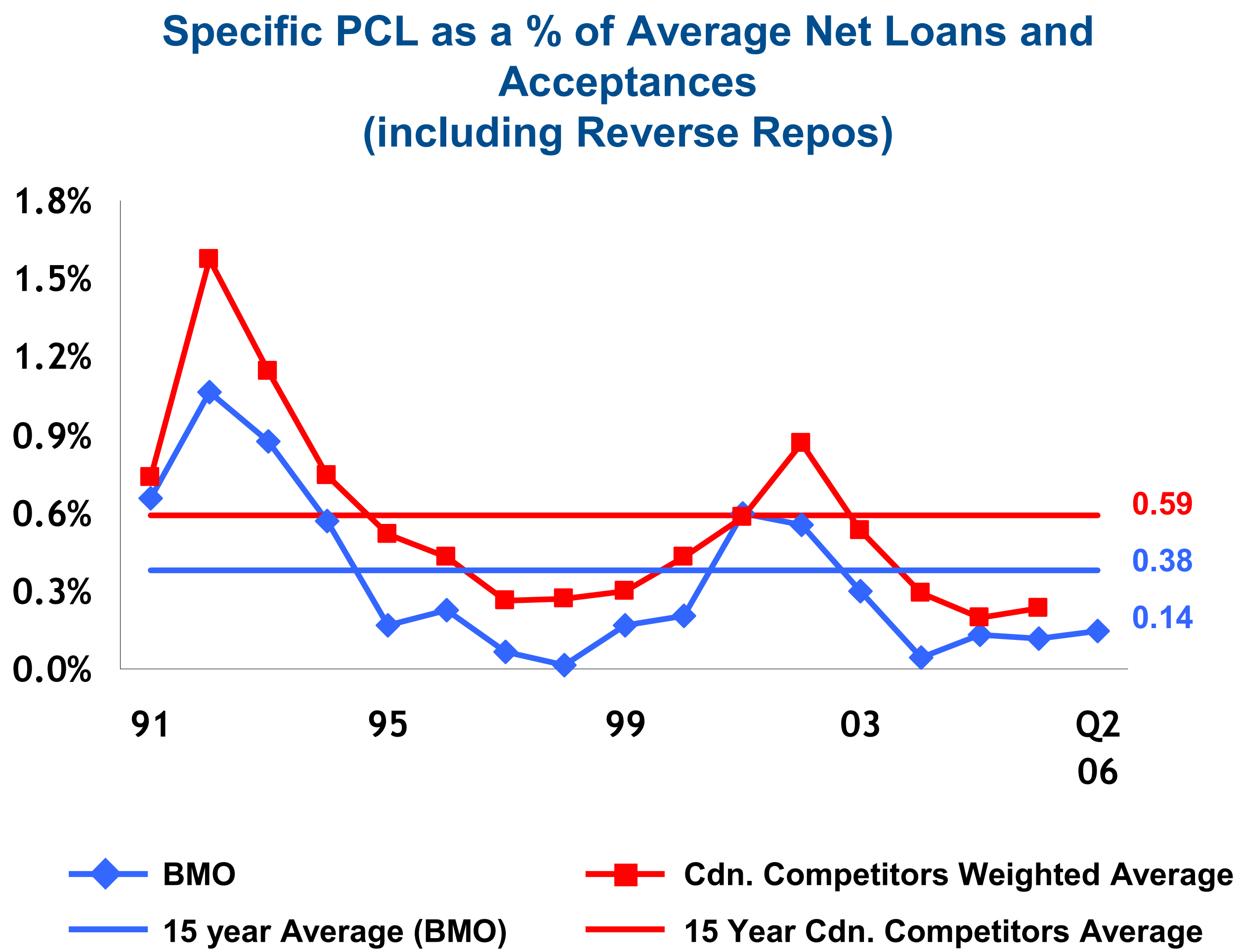
Specific PCL as a % of Average Net Loans and Acceptances (including Reverse Repos)

%	BMO	Cdn. Competitors
Q2 / 06	.14	N/A
Q1 / 06	.12	.23
Q2 / 05	.11	.17
F2005	.13	.20
15 yr avg	.38	.59

BMO's Canadian competitors include: RY, BNS, CM, TD and NA

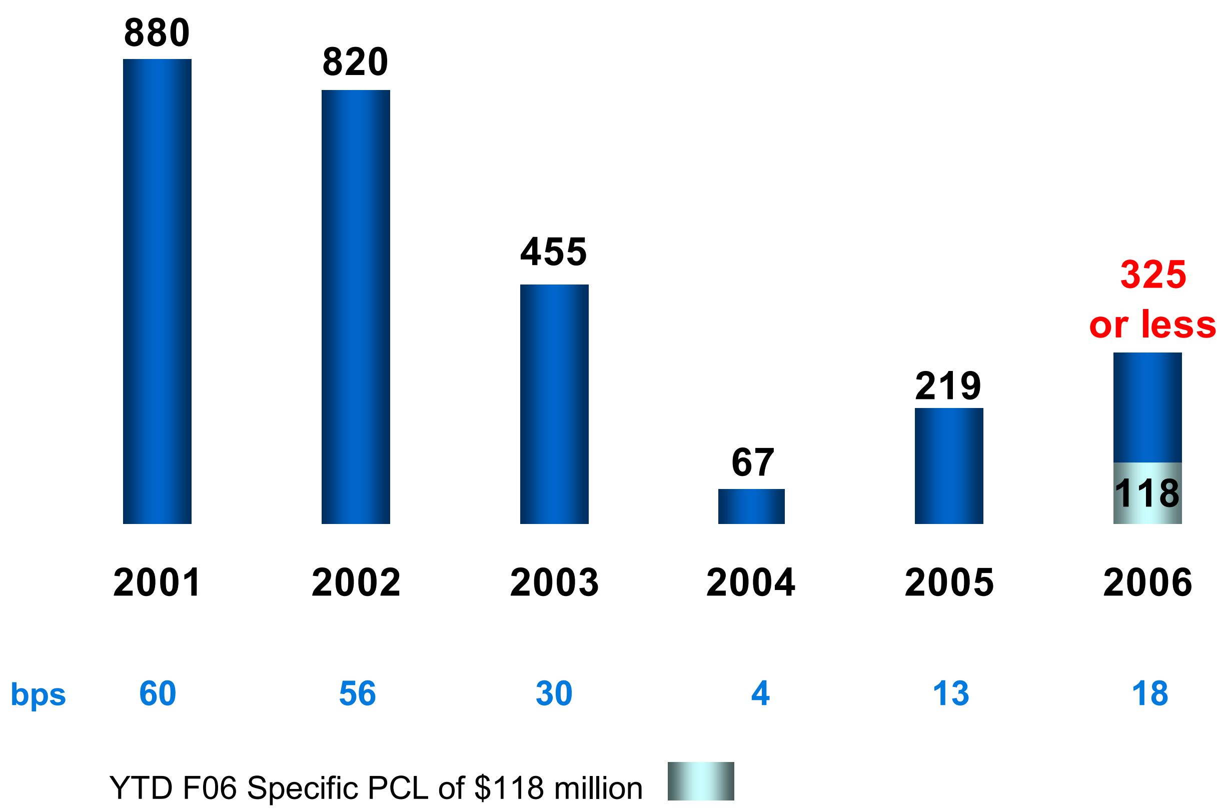
Competitor average excludes the impact of TD's sectoral provisions

15 yr average - 1991 to 2005



F2006 SPECIFIC PCL TARGET remains at $325 million or less

SPECIFIC PCL AS % OF LOANS AND ACCEPTANCES
(C$ Million)



F2006 Specific PCL Target

Favourable year-to-date results due to the continued stable credit environment

We continue to anticipate …

A modest increase in new specific provisions and lower reversals and recoveries from F2005 levels

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AUTO MANUFACTURING AND SUPPLY

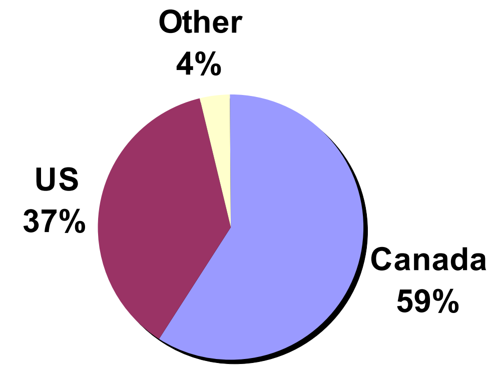
C$ Million as at April 30, 2006

	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio: "Investment Grade"	Performing Portfolio: "Non-Investment Grade"
Suppliers	400	35	30	257	108
Motor Vehicle	33	-	-	21	12
Total	433 *	35 **	30	278	120

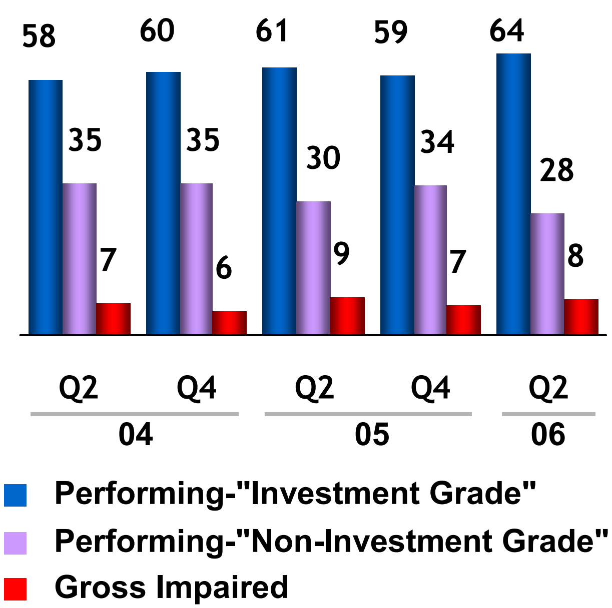
* Represents 0.3% of the total loan portfolio (excluding reverse repos)
Refer to the Supplementary Financial Package pages 26, 29 and 30

** Canada 6%, U.S. 94%

Gross Auto Loans & Acceptances By Geography



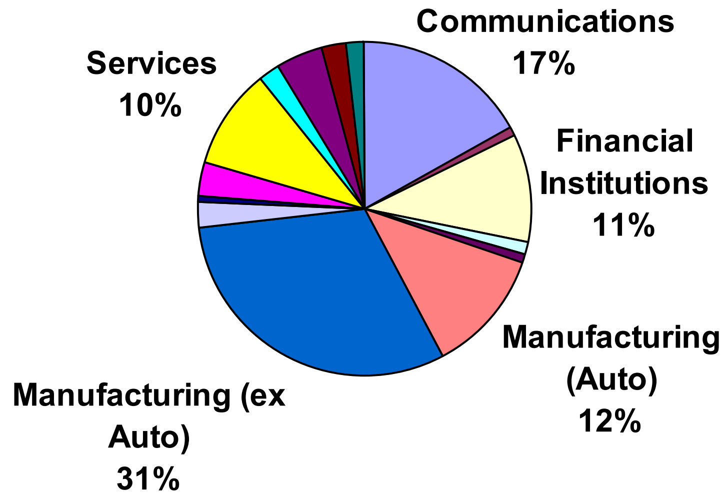
Portfolio Migration %



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

Credit Protection Portfolio ($C Millions) April 30, 2006			
	Single Name Hedge	Index Hedge	Total Hedge
Communications	166	49	215
Construction	-	14	14
Financial Institutions	28	107	135
Forest Products	-	14	14
Government	-	9	9
Manufacturing (Auto)	140	12	152
Manufacturing (ex Auto)	264	130	394
Oil and Gas	-	33	33
Real Estate	-	9	9
Retail	6	35	41
Services	67	59	126
Transportation	-	28	28
Utilities	22	32	54
Wholesale	-	33	33
Other	-	22	22
Total at Q2 06	**693**	**586**	**1,279**
Total at Q1 06	**664**	**602**	**1,266**

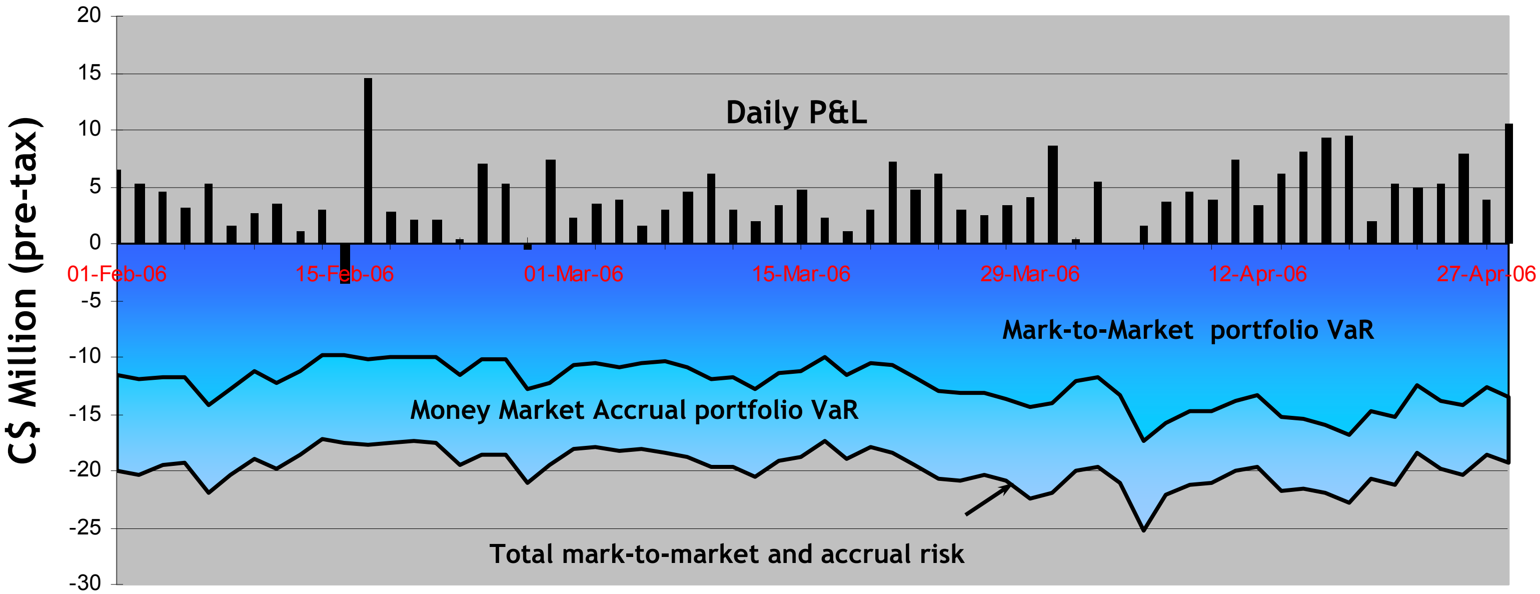
Sector Distribution April 30, 2006



TRADING AND UNDERWRITING

Stable and profitable during the quarter

Trading and Underwriting Net Revenues Versus Market Value Exposure
February 1, 2006 to April 30, 2006 (C$ millions)
(Presented on a Pre-Tax Basis)



(Refer to Supplementary Financial Package page 34 for risk data – presented on an after tax basis.)

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APPENDIX

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LOAN PORTFOLIO DISTRIBUTION

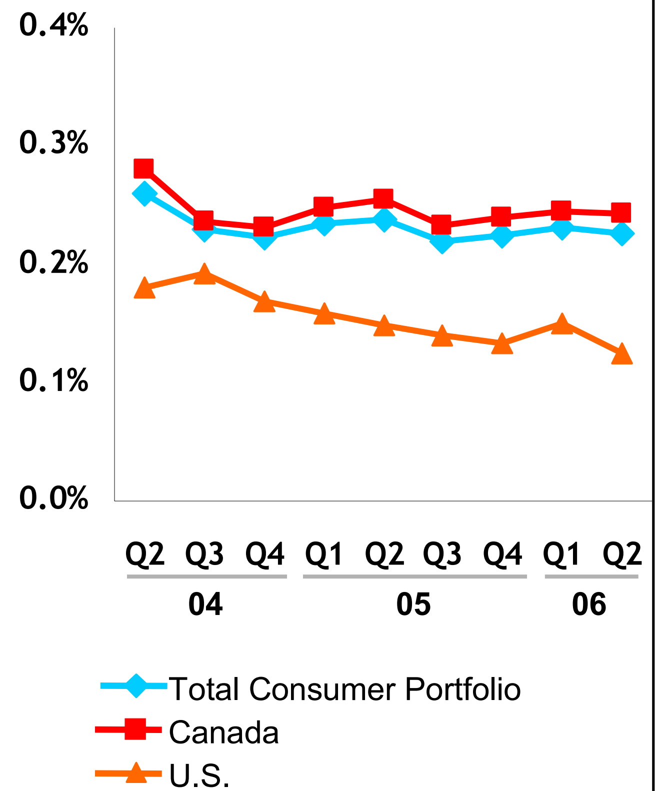
Consumer/Commercial/Corporate

Total Gross Loans and Acceptances* (C$ Billion)
As at April 30, 2006

	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgage	54	6	-	60	39%
Consumer Loans	20	9	-	29	19%
Cards	5	-	-	5	3%
Total Consumer	79	15	-	94	61%
Commercial	32	6	-	38	24%
Corporate	8	13	3	24	15%
Total	119	34	3	156	100%

* Excludes reverse repos

Consumer Portfolio Delinquency Ratio (%)**



** % of portfolio which is 90 days or more past due

(Refer to the Supplementary Financial Package page 24)

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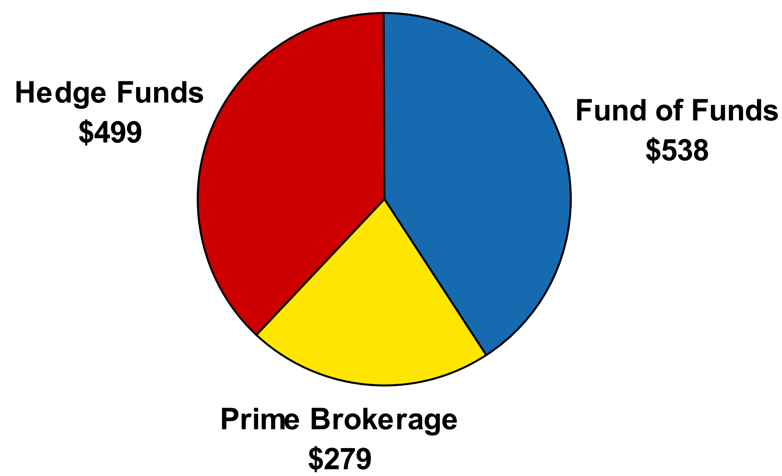
EXPOSURES TO HEDGE FUNDS ARE MONITORED CLOSELY AND ARE SUBJECT TO TIGHT CONTROLS

Hedge Funds – Utilized
US$ Million
April 30, 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

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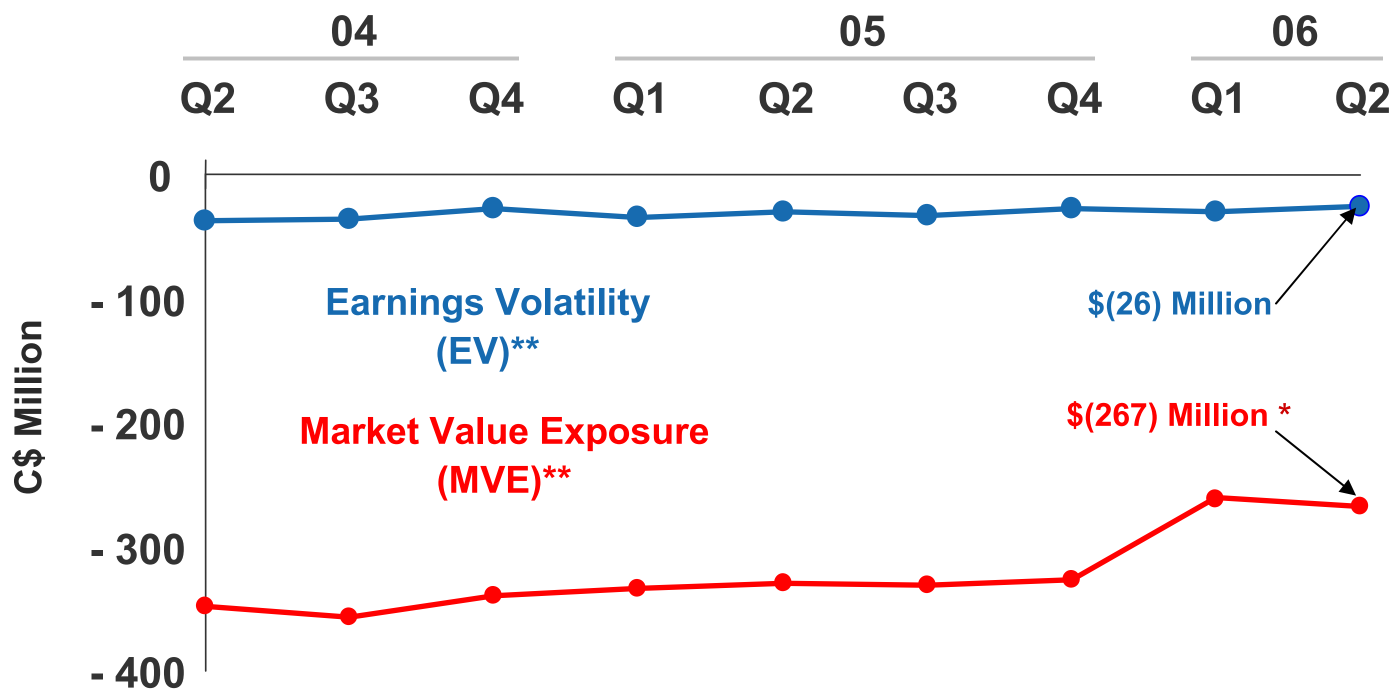
STRUCTURAL EARNINGS VOLATILITY remains low; STRUCTURAL MARKET VALUE EXPOSURE remains within the target range



* Structural Market Value Exposure (MVE) declined in the first quarter of 2006 as a result of lower modelled interest rate volatility. Interest rate volatility is derived from 10 years of historical data, which, starting in fiscal 2006, excludes the high volatility associated with fiscal 1995.

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

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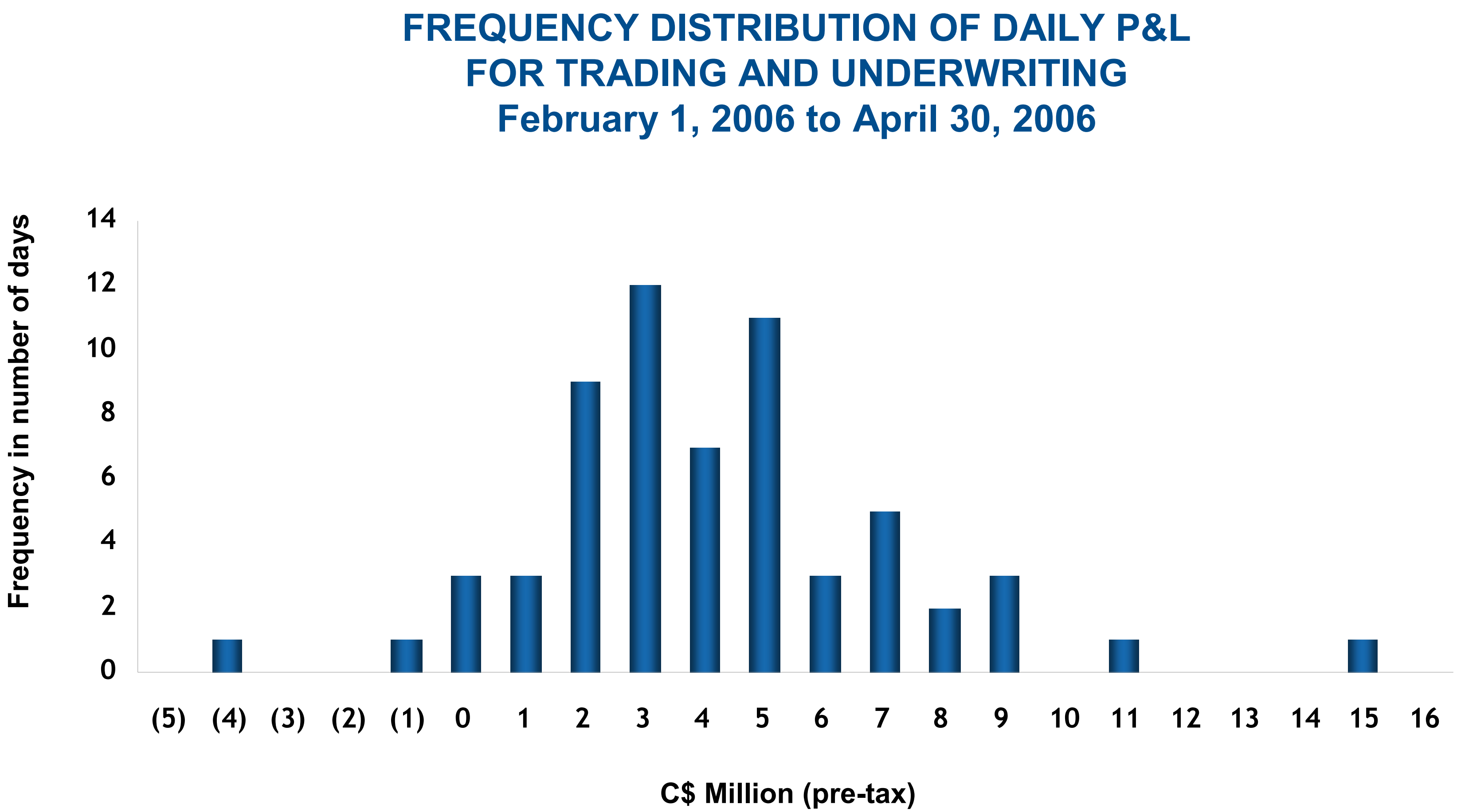
FREQUENCY DISTRIBUTION OF DAILY TRADING AND UNDERWRITING P&L



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