

Q3 05

RISK REVIEW
*Investor Community
Conference Call*

BOB McGLASHAN
*Executive Vice-President and
Chief Risk Officer*

AUGUST 23 • 05

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 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. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2005 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 and other forward-looking statements will not prove to be accurate. 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: global capital market activities; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communications, power or water supply disruptions; industry and worldwide economic and political conditions; regulatory and statutory developments; the effects of competition in the geographic and business areas in which we operate; management actions; and technological changes. We caution that the foregoing list of factors is not exhaustive and that 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.



STRONG CREDIT PERFORMANCE

Continues in Q3 F2005

- Gross Impaired Loan (GIL) Formations for the quarter decreased \$47 million
- GILs down \$120 million for the quarter to their lowest levels since F2000
- There was no change in the General Allowance
- Specific Provision of Credit Losses (PCL) is up \$27 million
- Specific PCL guidance for F2005 remains at \$275 million or less, reflecting a stable credit environment and YTD specific PCL of \$162 million

Credit And Counterparty Risk Highlights (Q/Q)

GIL Formations

\$91 million ↓ 34%

GIL Balance

\$932 million ↓ 11%

Specific Provision for Credit Losses (PCL)

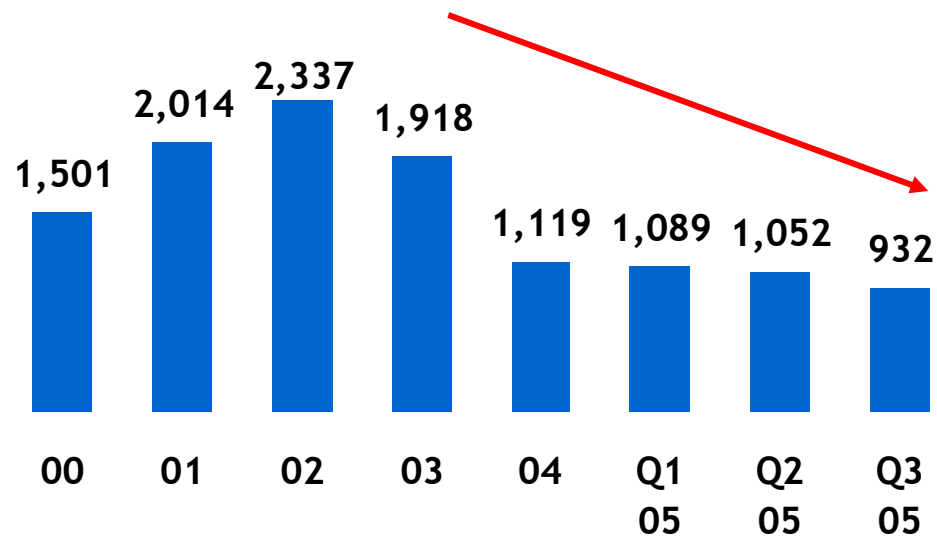
\$73 million ↑ 59%



CREDIT QUALITY REMAINED STABLE

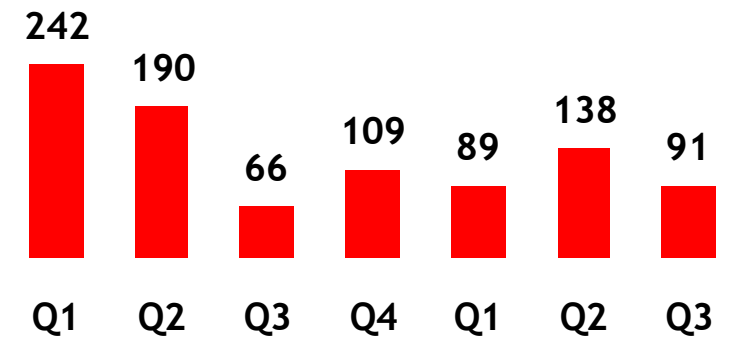
Reflected in continued low GIL formations and balances

GROSS IMPAIRED LOANS
(C\$ Million)

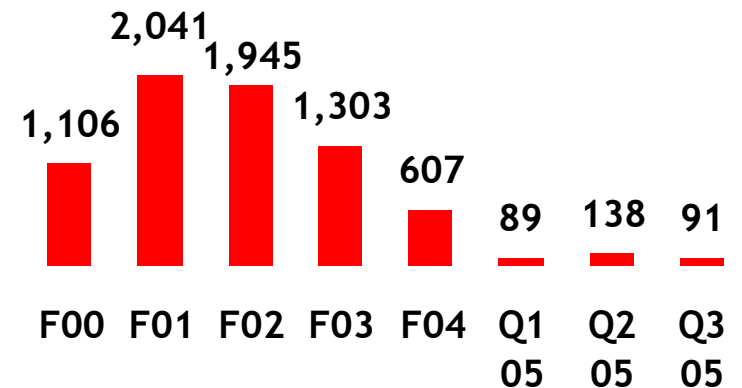


GIL Formations (C\$ Million)

Quarterly



Annual



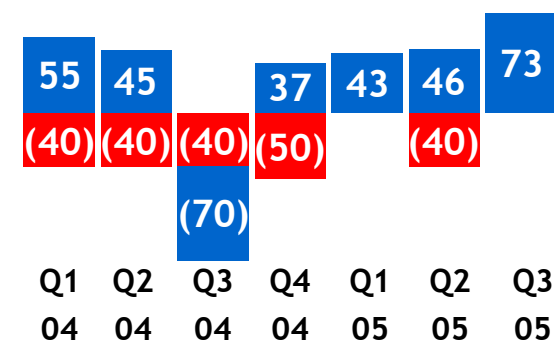


STRONG PCL PERFORMANCE CONTINUES

Q3 results reflect a stable credit environment

Total Provision For Credit Losses (PCL)

Quarterly (C\$ Million)



Specific PCL  General PCL 

Portfolio Segment	Provision for Credit Losses (C\$ Million)		
	Q3 05	Q2 05	Q3 04
Consumer	49	64	43
Commercial	11	11	9
Corporate	13	(29)	(122)
Specific Provisions	73	46	(70)
Reduction of General Allowance	-	(40)	(40)
Total PCL	73	6	(110)
Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos)*	17 bps	11 bps	(18) bps

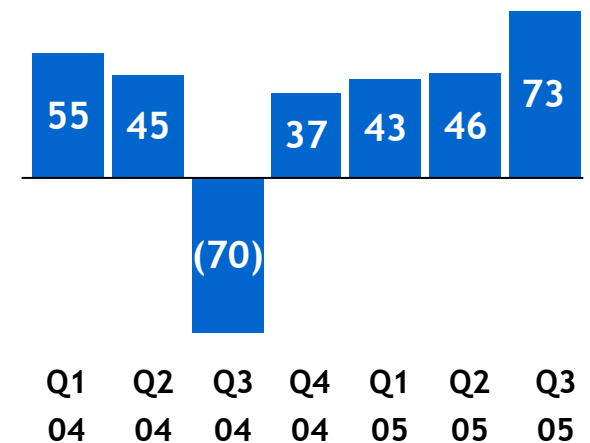
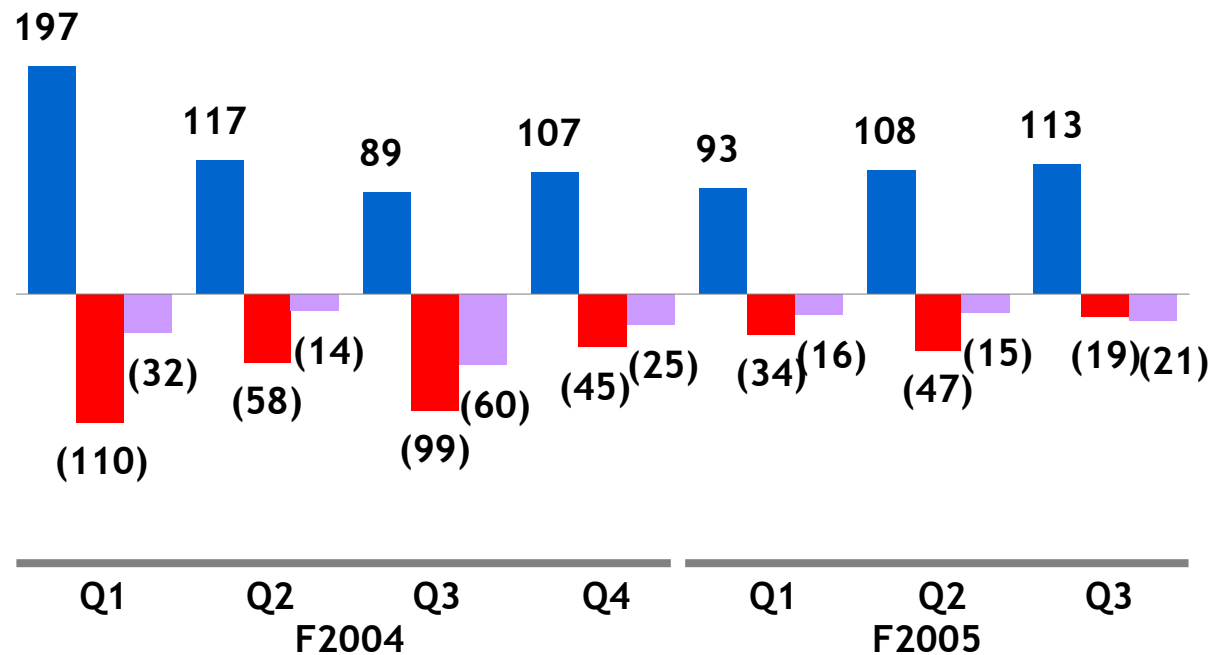
* Annualized



NEW SPECIFIC PROVISIONS REMAIN LOW

Reversals and recoveries continue to decline

Specific PCL
(C\$ Million)



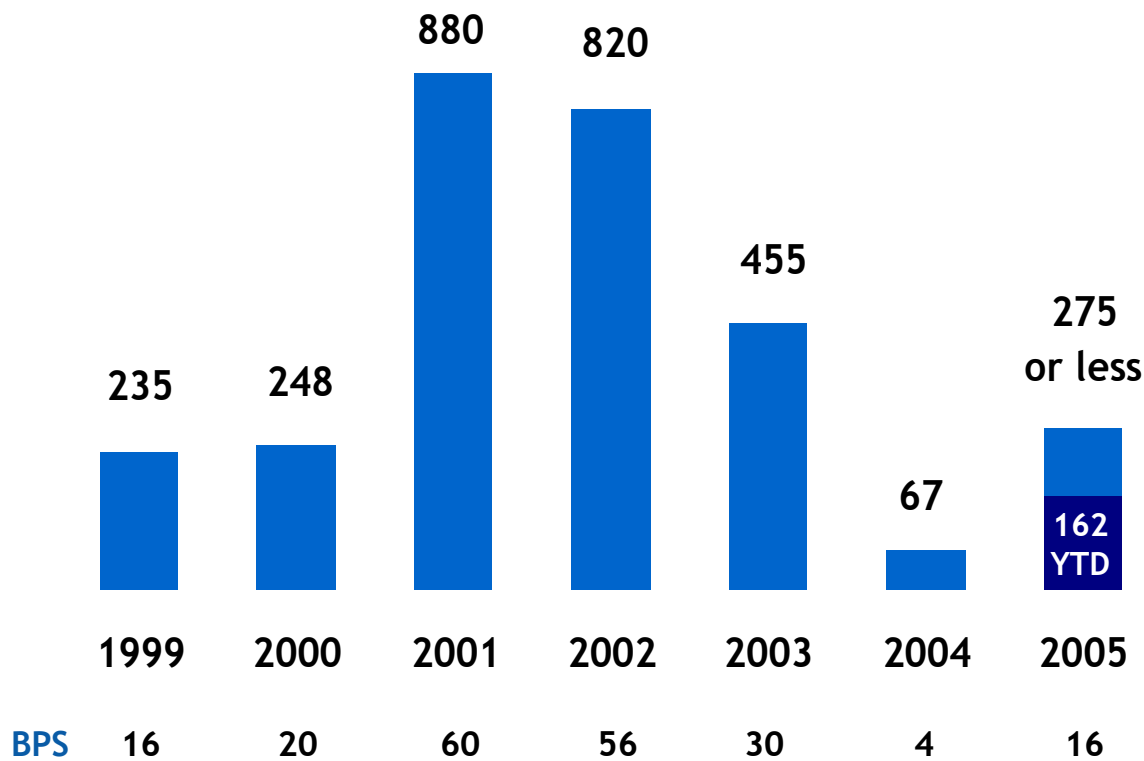
○ Reversals and recoveries have declined from unusually high levels in F2004

■ New Reservations ■ Reversals ■ Recoveries



2005 SPECIFIC PCL estimate remains at \$275MM or less

SPECIFIC PCL
(C\$ Million)



F2005 Specific PCL Estimate

- Continued strong performance in Q3 F2005
- Credit quality anticipated to remain stable for the balance of F2005

We continue to ...

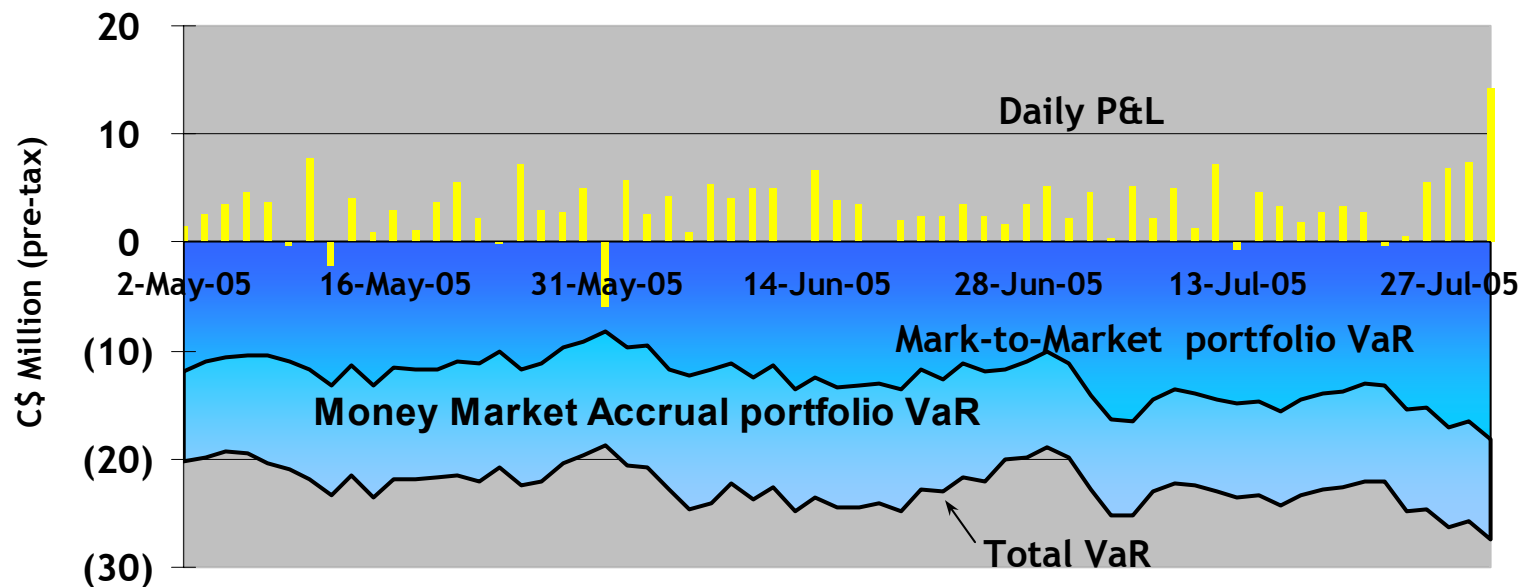
- Anticipate low levels of reversals and recoveries



TRADING AND UNDERWRITING

Stable and profitable performance during the quarter

DAILY P&L VERSUS VALUE AT RISK (VaR)
MAY 2, 2005 TO JULY 29, 2005
(Presented On A Pre-Tax Basis)



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



Appendix

LOAN PORTFOLIO DISTRIBUTION

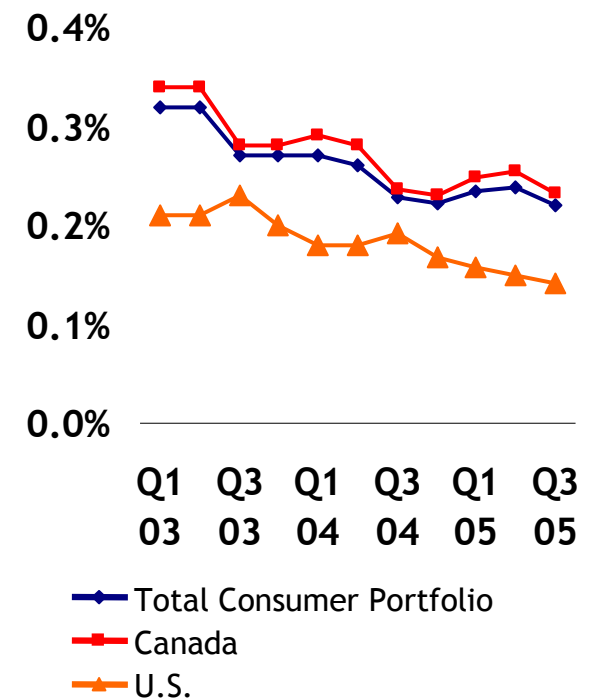
Consumer/Commercial/Corporate

Total Gross Loans and Acceptances* (C\$ Billion)
As at July 31, 2005

	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgage	51	6	-	57	39%
Consumer Loans	18	9	-	27	19%
Cards	5	-	-	5	3%
Total Consumer	74	15	-	89	61%
Commercial	31	6	-	37	25%
Corporate	7	11	2	20	14%
Total	112	32	2	146	100%

* Excludes reverse repos

Consumer Portfolio Delinquency Ratio (%)**



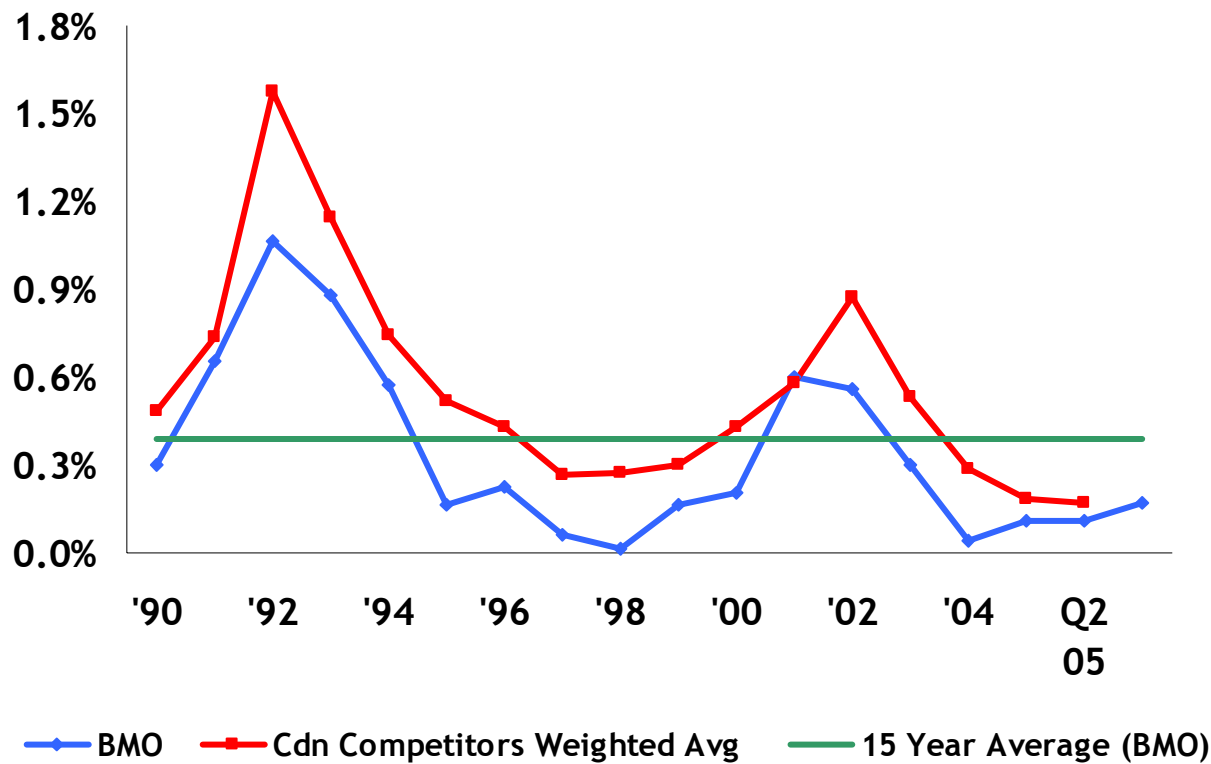
** % of portfolio which is 90 days or more past due

(Refer to the Supplementary Financial Package page 24)



CREDIT PERFORMANCE MEASURE

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



Specific Provision For Credit Losses

%	BMO	Canadian Competitors
F2004	.04	.29
Q2/05	.11	.17
Q3/05	.17	N/A
15 yr av.	.39	.61

BMO's Canadian competitors include: RBC, BNS, CIBC, TD and National.

15 yr av. - 1990 to 2004

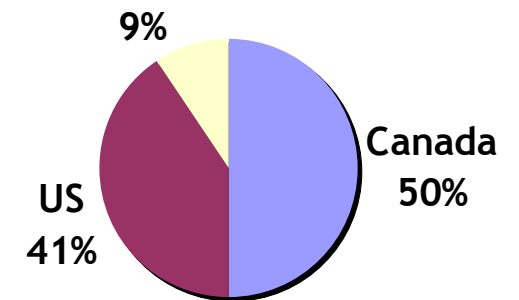
AUTO MANUFACTURING AND SUPPLY

C\$ Million as at July 31, 2005

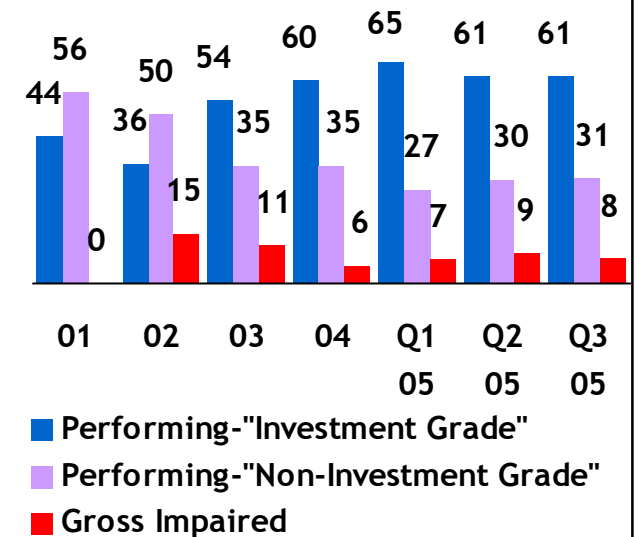
	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non-Investment Grade"
Suppliers	510	41	30	330	139
Motor Vehicle Manufacturing	69	3	3	24	42
Total	579 *	44 **	33	354	181

* Represents 0.4% of the total loan portfolio (excluding reverse repos)
 Refer to the Supplementary Financial Package pages 26, 29 and 30
 ** U.S. 65%, Canada 35%

Gross Auto Loans & Acceptances By Geography



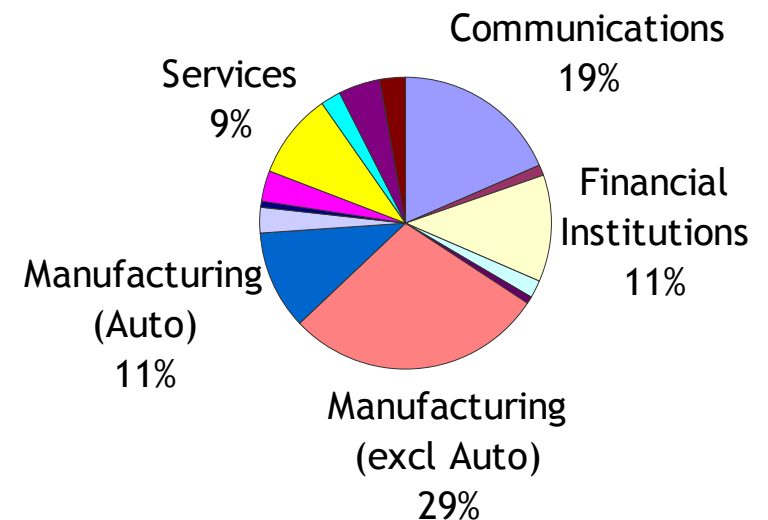
Portfolio Migration %



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

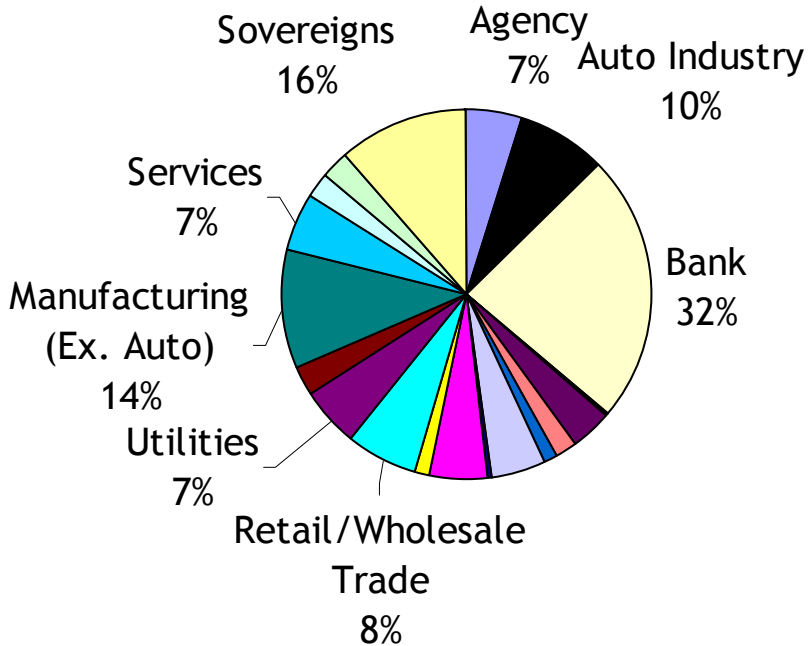
SECTOR CONCENTRATIONS OF CREDIT DEFAULT SWAPS (JULY 31, 2005)

Credit Protection Portfolio (\$C Millions)			
July 31, 2005			
	Single Name Hedge	Index Hedge	Total Hedge
Communications	181	62	243
Construction	0	15	15
Financial Institutions	31	118	149
Forest Products	12	15	27
Government	0	10	10
Manufacturing (excl Auto)	225	152	377
Manufacturing (Auto)	122	18	140
Oil and Gas	0	36	36
Real Estate	0	10	10
Retail	6	39	45
Services	58	64	122
Transportation	0	31	31
Utilities	24	36	60
Wholesale	0	36	36
Total at Q3 05	659	642	1,301
Total at Q2 05	751	567	1,318

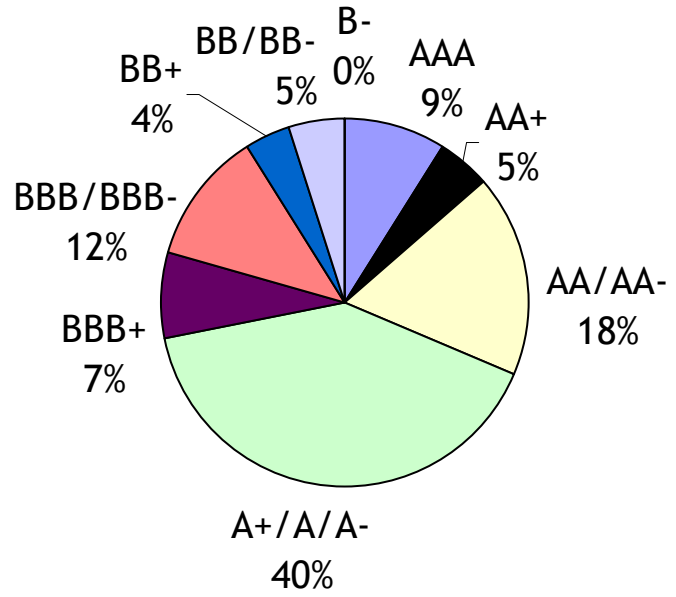


THE CREDIT DEFAULT SWAP TRADING BOOK PREDOMINANTLY CARRIES A LONG PROTECTION POSITION

**EXPOSURE BY INDUSTRY
JULY 31, 2005**



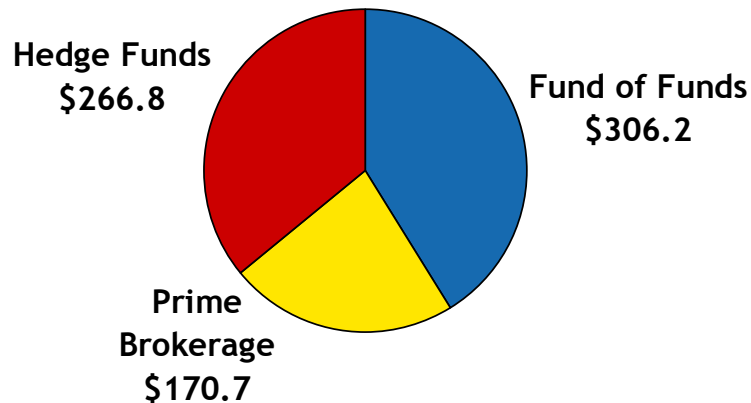
**EXPOSURE BY COUNTERPARTY RATING
JULY 31, 2005**





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

Hedge Funds - Utilized
\$US Million
July 31, 2005

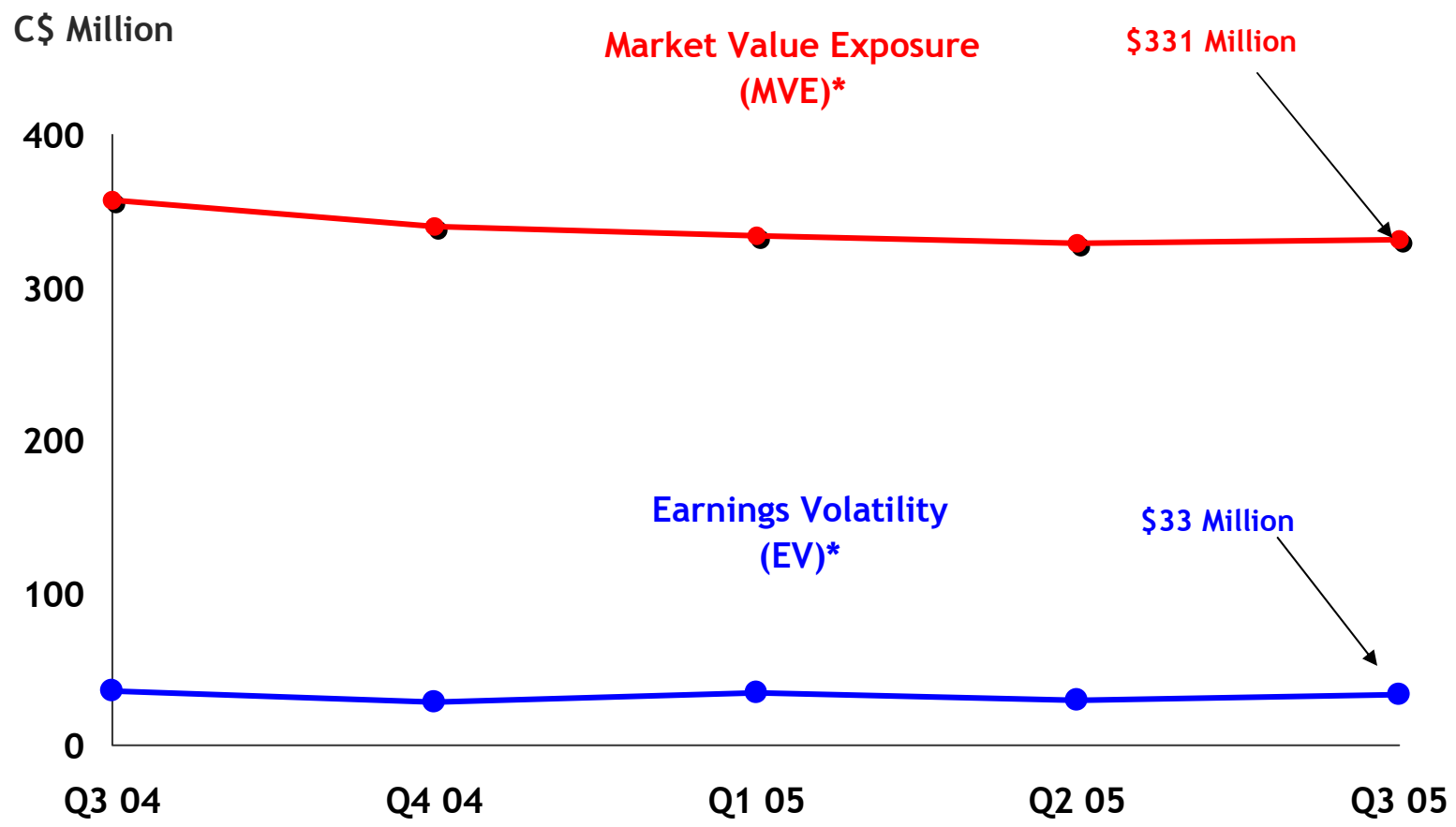


Exposures to these sectors are subject to limits which are approved by and reported to the Board

Exposure	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 expected range

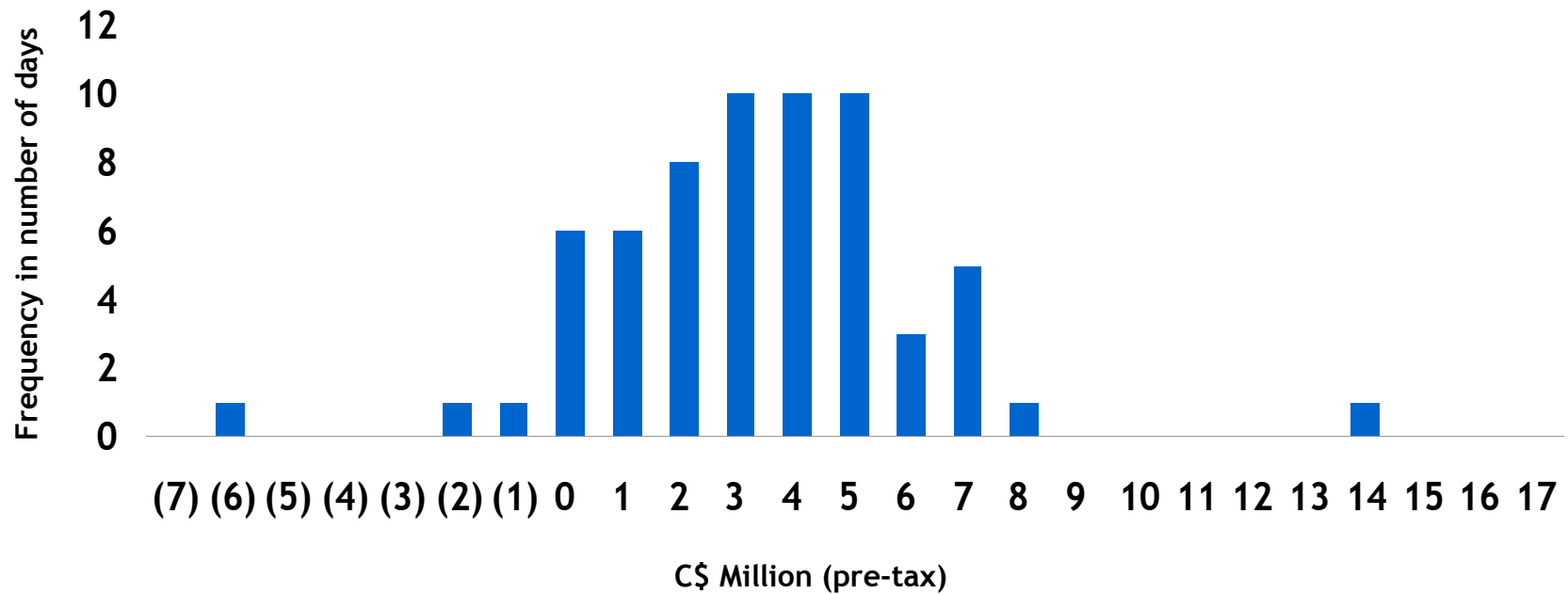


* Refer to definitions on page 34 of the Supplementary Financial Information package



FREQUENCY DISTRIBUTION OF DAILY TRADING AND UNDERWRITING P&L

FREQUENCY DISTRIBUTION OF DAILY P&L
FOR TRADING AND UNDERWRITING
MAY 2, 2005 TO JULY 29, 2005





CONTACT INFORMATION INVESTOR RELATIONS

Susan Payne

Senior Vice President

(416) 867-6656

susan.payne@bmo.com

Steven Bonin

Director

(416) 867-5452

steven.bonin@bmo.com

Krista White

Senior Manager

(416) 867-7019

krista.white@bmo.com

FAX

(416) 867-3367

E-mail

investor.relations@bmo.com

www.bmo.com/investorrelations

