BMO Financial Group

Q4 2007

RISK REVIEW

Investor Community Conference Call

BOB McGLASHAN

Executive Vice President and Chief Risk Officer

November 27 • 2007

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 and market 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 performance of the Canadian and U.S. economies in 2008 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 provision for credit losses. Key assumptions include that the Canadian economy will expand at a moderate pace in 2008 while the U.S. economy expands modestly, and that inflation will remain low in North America. We also have assumed that interest rates in 2008 will decline slightly in Canada and the United States, and that the Canadian dollar will trade at approximately parity to the U.S. dollar by the end of 2008. 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. Assumptions about the terms of any agreement we enter to transfer our liability for future customer redemptions, or to change the cost structure, relating to our customer credit card loyalty rewards program are material factors we considered in assessing expected changes in the run-rate costs of the program. 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.

EFFECTIVE RISK MANAGEMENT IN TODAY'S CREDIT ENVIRONMENT

As at October 31, 2007 unless noted otherwise	**Portfolio Commentary – including exposure to U.S. sub-prime mortgages**	**Q4 Pre-tax loss CDE$**
U.S. sub-prime mortgages direct exposure	• None	
BMO sponsored asset-backed conduits with BMO liquidity support	• Provide C$26.3B and US$11.4B liquidity lines with nominal exposure to U.S. sub prime mortgages; C$6.2B commercial paper in inventory	Nil
BMO sponsored asset-backed conduits with no BMO liquidity support	• Pre-write down C$0.5B commercial paper in inventory, purchased as market maker; • Super senior AAA exposure to a high quality basket of corporate credits in CDO form: no exposure to U.S. sub-prime. • Total Asset size $2B	$80 million (15%)
Third party asset-backed conduits with BMO liquidity support	• Provide US$1.1B liquidity lines to U.S. auto-based and financial-based conduits, with US$17MM drawdown; no direct exposure to U.S. sub prime;	Nil
Investments in non-bank sponsored asset-backed commercial paper	• Pre-write down C$0.4B commercial paper in inventory, purchased as market maker • Majority under 'Montreal Accord'	$54 million (15%)
BMO-sponsored Structured Investment Vehicles (Links, Parkland)	• As of November 21st, current asset market value of US$18.7B and €2.5B, reduced by US$4.0B and €820MM since late August; Strong asset quality – Links has 0.01% direct exposure to U.S. sub-prime, Parkland has no exposure to U.S. residential mortgages • Pre-write down investment of US$50MM & €14MM of total Capital Notes of US$1.87B and €244MM • US$1.6B of available senior support, including US$125MM and €75MM liquidity lines;	$15 million on Capital Notes (20%)
Leveraged buy out (LBO) underwriting commitments	• Nominal (0.1% of assets)	
Hedge fund trading and lending exposure, including prime brokerage	• Conservative; prime brokerage collateralized	

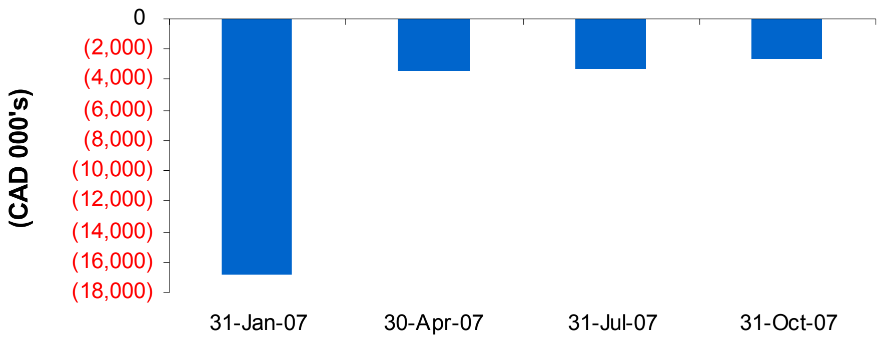
BMO Financial Group

Commodity Products Group

Fiscal 2007 Quarter End Measures

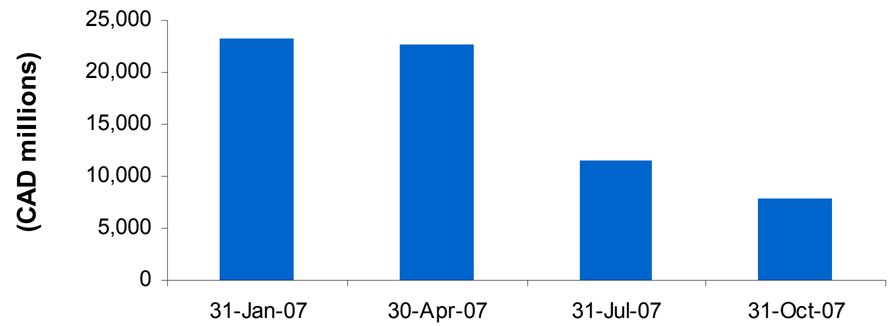
Commodity

Quarterly Market Value Exposure
January 2007 to October 2007



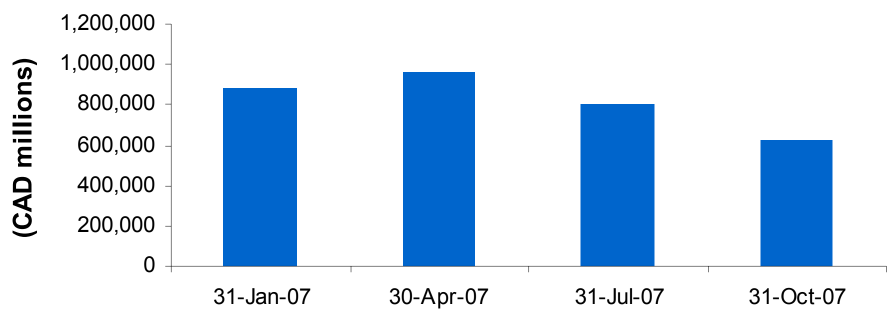
Commodity

Quarterly Fair Value of Gross Assets
January 2007 to October 2007



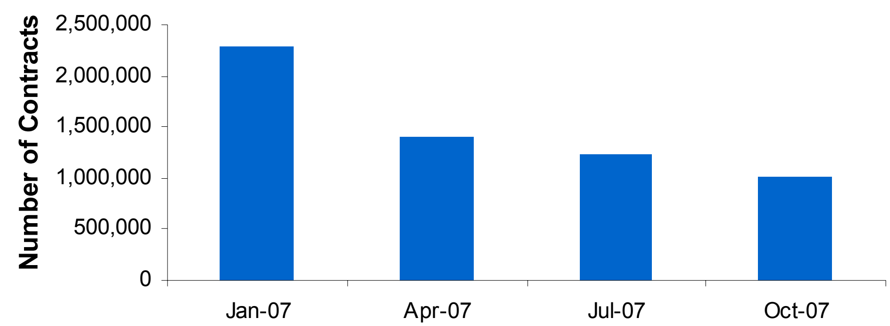
Commodity

Quarterly Notional Outstanding
January 2007 to October 2007



Commodity

Quarterly Net Open Interest
January 2007 to October 2007



Fiscal 2007

Credit and Counterparty Risk Highlights

GIL Balance

$720 million ↑ 8% *

GIL Formations

$588 million ↑ 40% *

Specific (PCL)

$303 million ↑ 44% *

* Change from prior year

RELATIVELY STABLE CREDIT PERFORMANCE for Fiscal 2007

- Gross Impaired Loans (GIL) increased nominally, but remained at historically low levels
- GIL Formations increased from historic lows
- F2007 PCL of $353 million, comprised of $303 million Specific PCL and a $50 million increase in the General Allowance
- F2007 Specific PCL at 15 bps is low relative to our 15-year average of 34 bps and the 56 bps average of the Canadian peer group
- Specific PCL for F2008 is estimated at $475 million or less

LOAN PORTFOLIO DISTRIBUTION

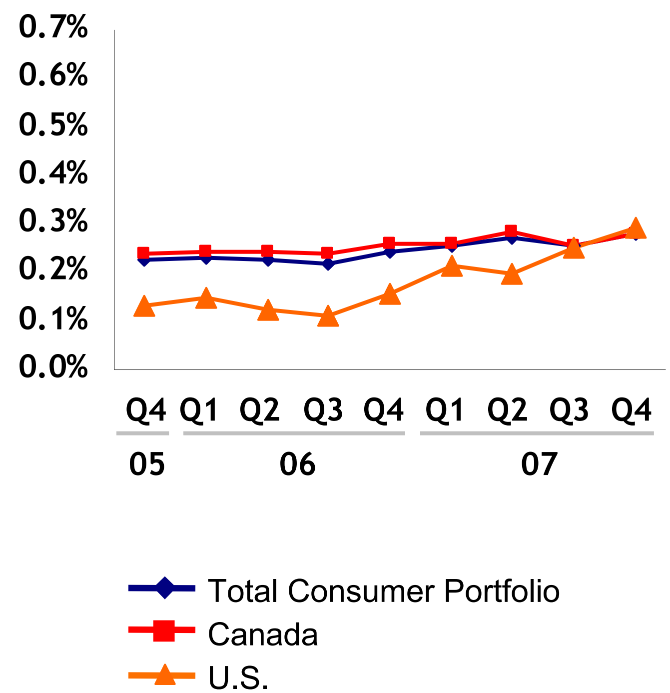
Consumer/Commercial/Corporate

Total Gross Loans and Acceptances* (C$ Billion)
As at October 31, 2007

	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgages	44	6	-	50	31%
Consumer Loans	24	9	-	33	20%
Cards	4	-	-	4	2%
Total Consumer	72	15	-	87	53%
Commercial	37	6	-	43	26%
Corporate	15	15	5	35	21%
Total	**124**	**36**	**5**	**165**	**100%**

* Excludes reverse repos

Consumer Portfolio Delinquency Ratio (%)**



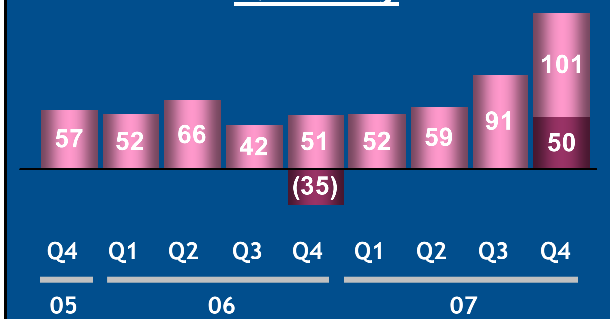
** % of portfolio which is 90 days or more past due

(Refer to the Supplementary Financial Information Package page 25)

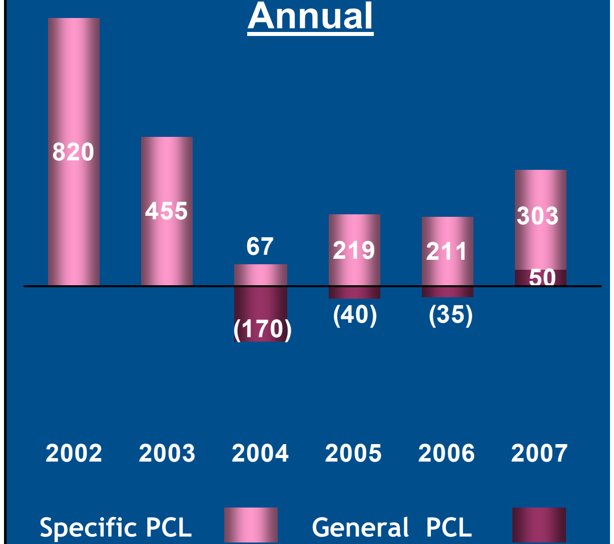
BMO Financial Group

Total Provision for Credit Losses
(C$ Million)

Quarterly



Annual



The F2007 TOTAL PCL of $353 million is reflective of the current environment

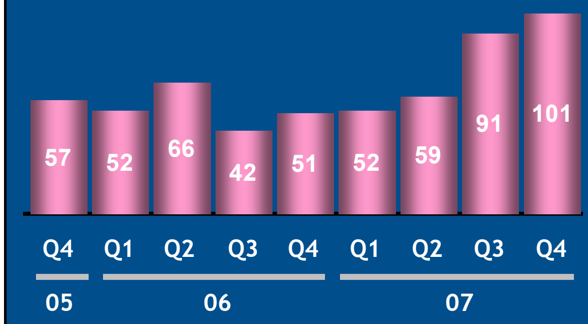
Portfolio Segment	Q4 07	Q3 07	Q4 06
	Provision for Credit Losses (C$ Million)		
Consumer	53	71	54
Commercial	15	14	12
BMO Capital Markets	33	6	(11)
Corporate Areas	-	-	(4)
Specific Provisions	101	91	51
Change in General Allowance	50	-	(35)
Total PCL	**151**	**91**	**16**
Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos) *	19 bps	18 bps	11 bps

* Annualized; versus 15 year average of 34 bps

BMO Financial Group

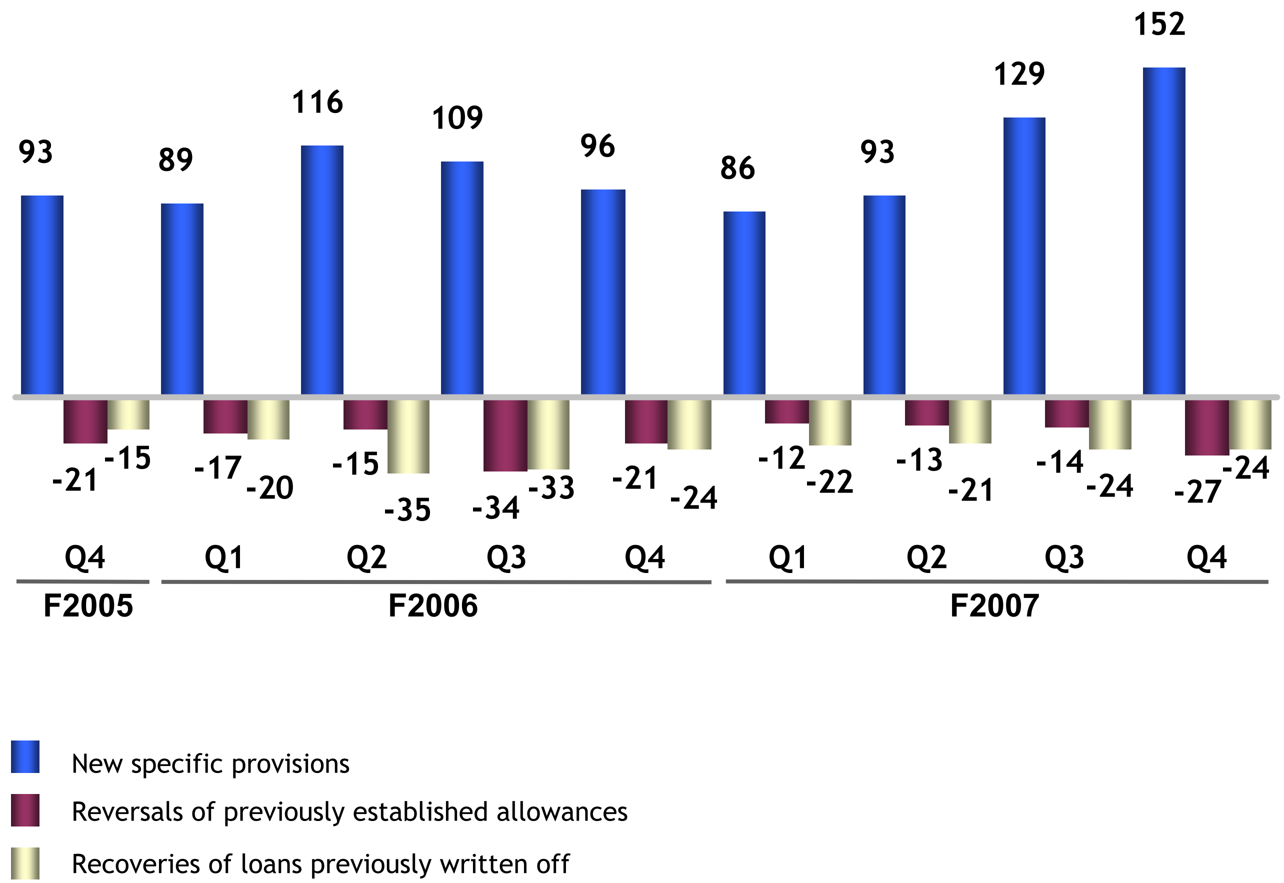
Specific Provision for Credit Losses

Quarterly
(C$ Million)



NEW SPECIFIC PROVISIONS INCREASING

in line with the credit cycle



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

%	BMO	Cdn. Competitors
F2007	.15	n.a.
Q4 / 07	.19	n.a.
Q3 / 07	.18	.23
F2006	.11	.21
5 yr avg. *	.23	.42
15 yr avg. **	.34	.56

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

Competitor average excludes the impact of TD's sectoral provisions

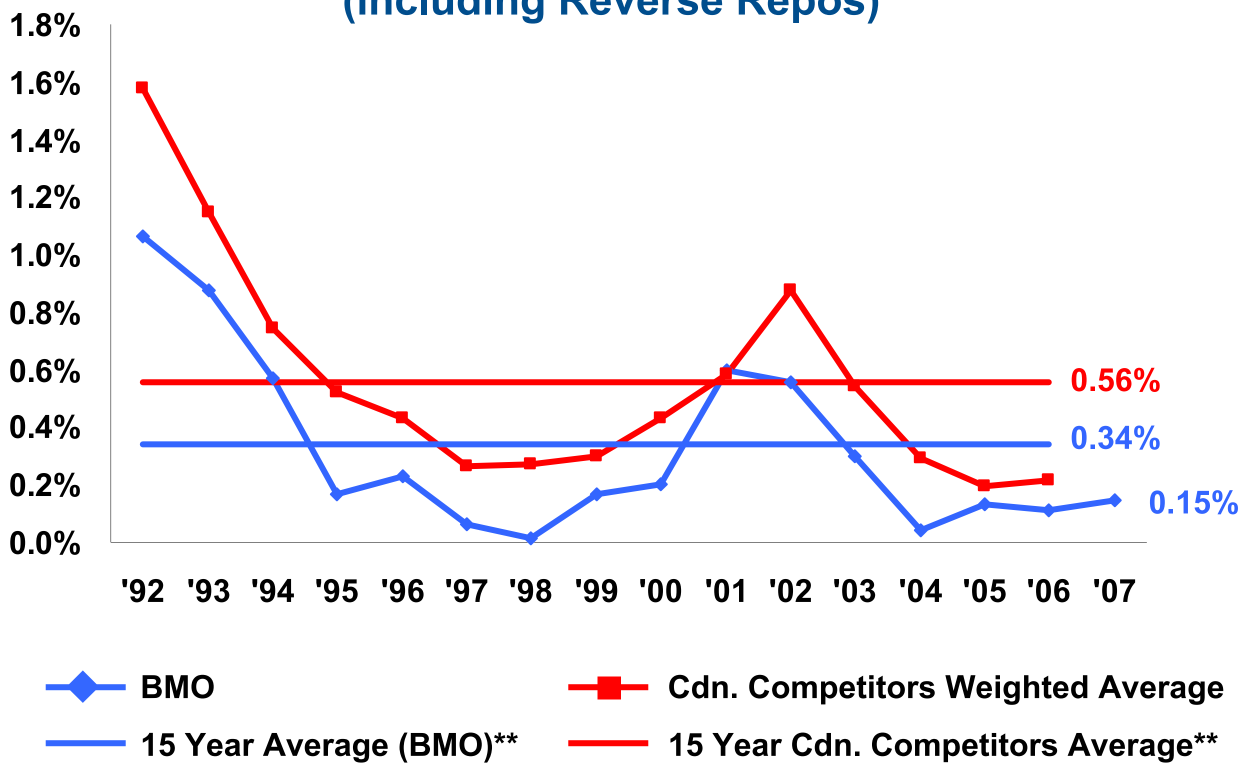
* 5 yr avg.: 2002 to 2006

** 15 yr avg.: 1992 to 2006

CREDIT PERFORMANCE MEASURE

Historical Specific PCL average represents a 22 bps advantage over the Canadian peer group

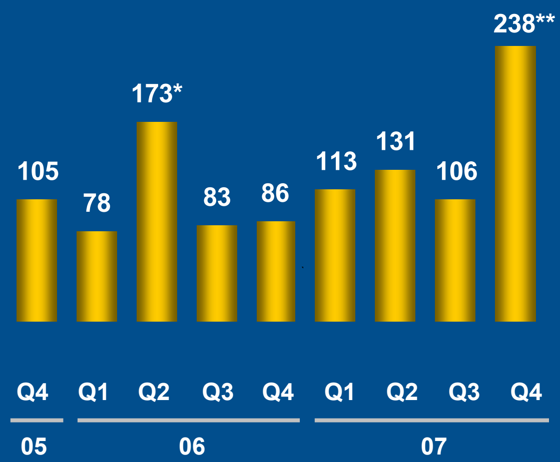
Specific PCL as a % of Average Net Loans and Acceptances (including Reverse Repos)



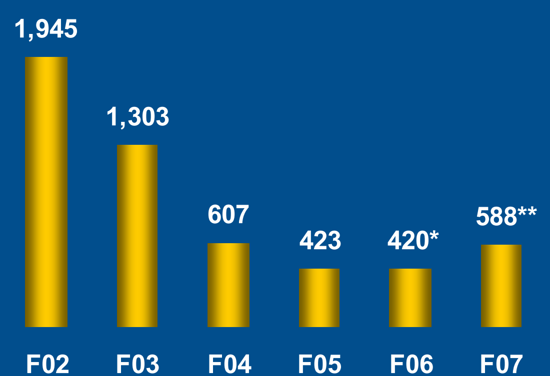
BMO Financial Group

GIL Formations (C$ Million)

Quarterly

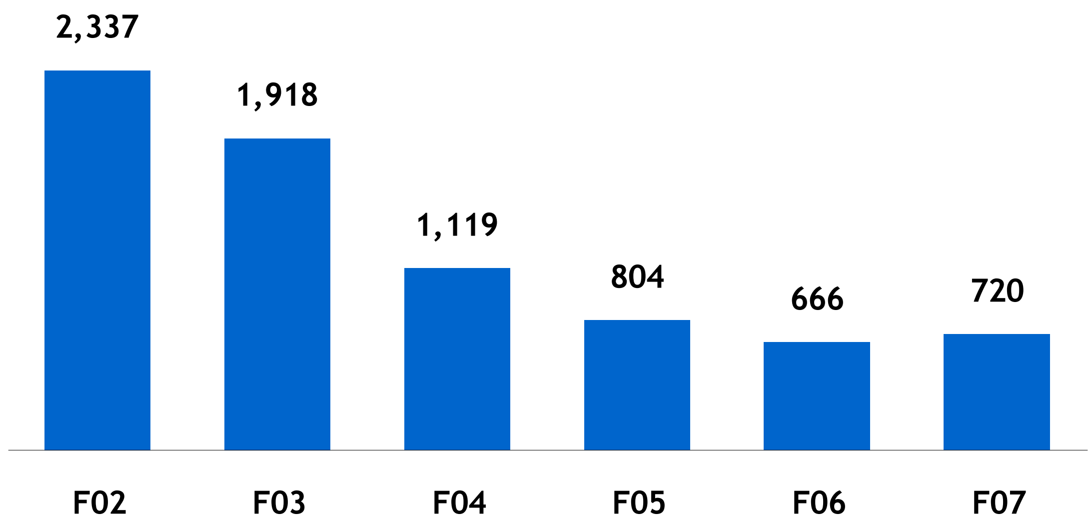


Annual



CREDIT CYCLE TURNING While GIL balances continue at historically low levels, GIL formations are increasing

Gross Impaired Loans (C$ Million)

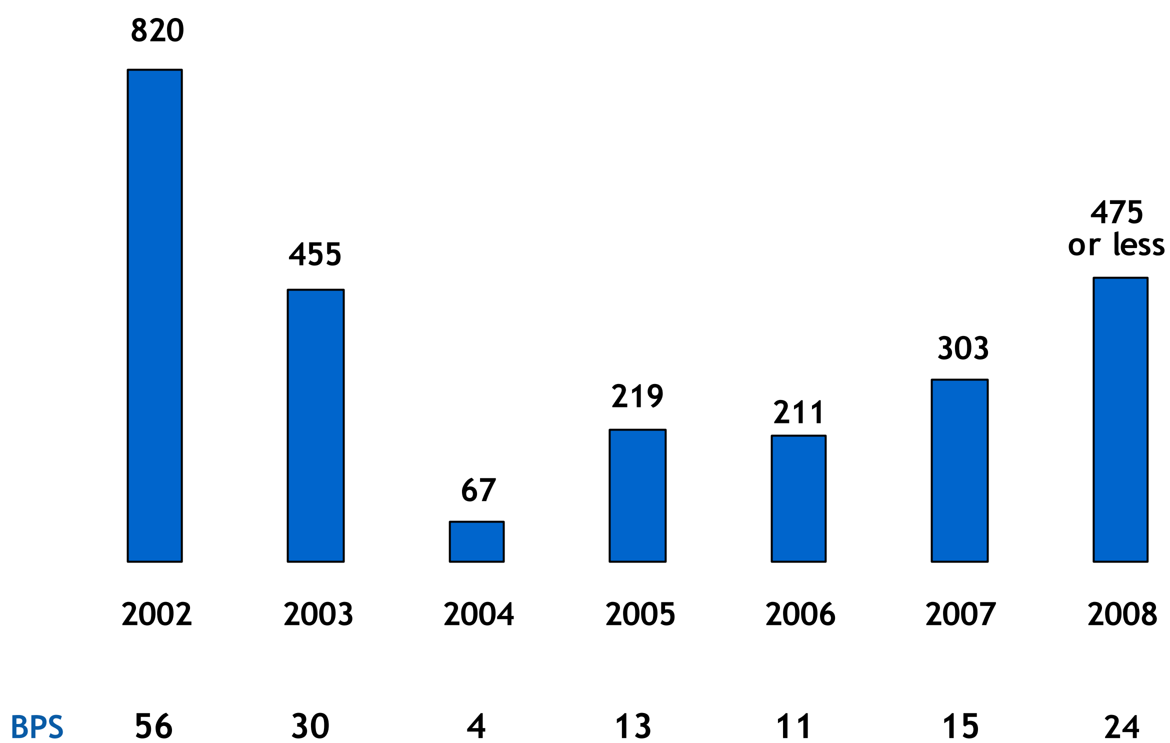


* A single enterprise group represented $71 million in Formations in Q206, which were subsequently fully repaid in Q306

** Q407 & F07 includes an approximate $43 million Formation related to a single enterprise group, the majority of which ($33 million) was concurrently written-off; the written off portion is not reflected in the ending GIL balances

F2008 SPECIFIC PCL is estimated at $475 million or less

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

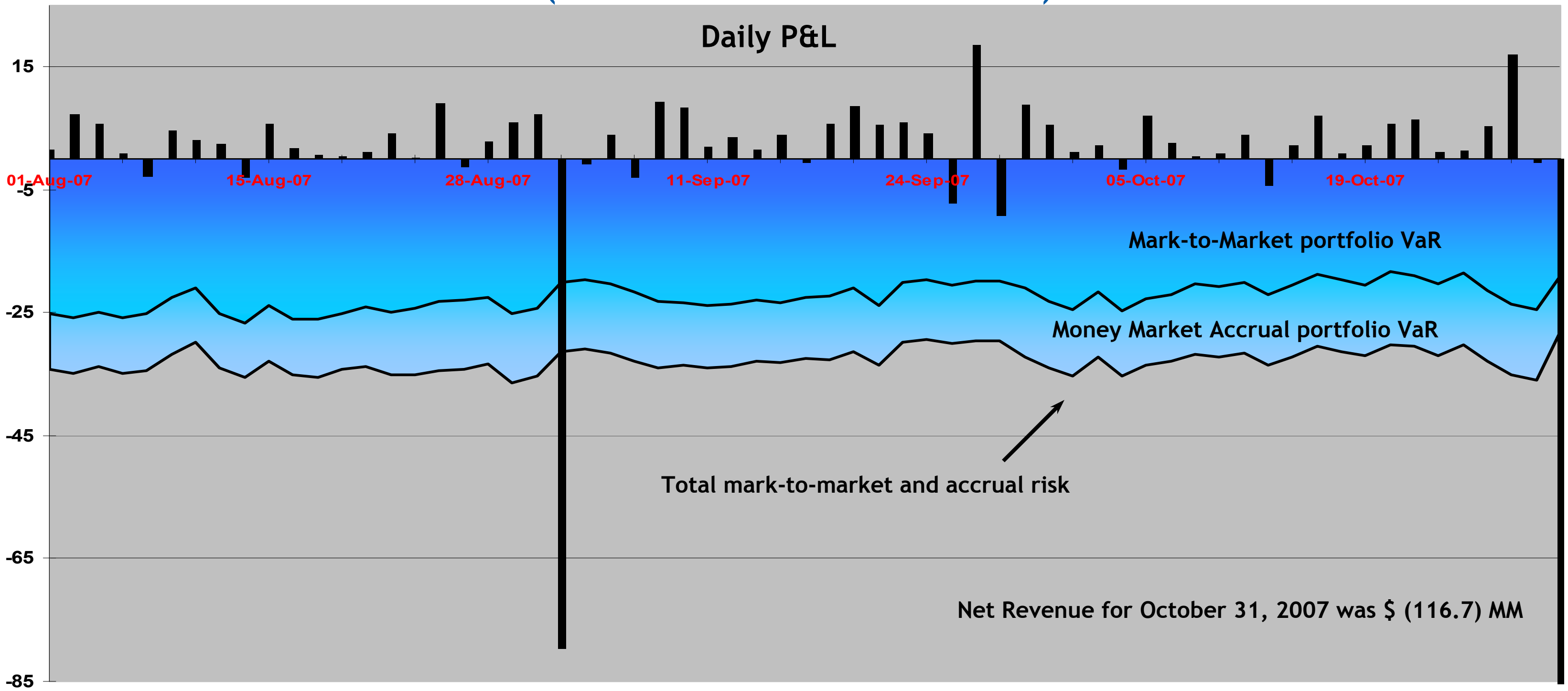


F2008 Specific PCL Estimate

We expect PCL to be higher than F2007 levels in light of current market issues resulting in a deteriorating credit environment in conjunction with reduced levels of reversals and recoveries.

TRADING AND UNDERWRITING Q4 2007

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



1) The largest daily P&L gains for the quarter were CAD $18.7 MM on September 26 and CAD $16.9 MM on October 29.
   - <u>September 26th</u>: Primarily reflects gains in Canadian equity positions.
   - <u>October 29th</u>: Driven in part by dividend payments on equity positions.

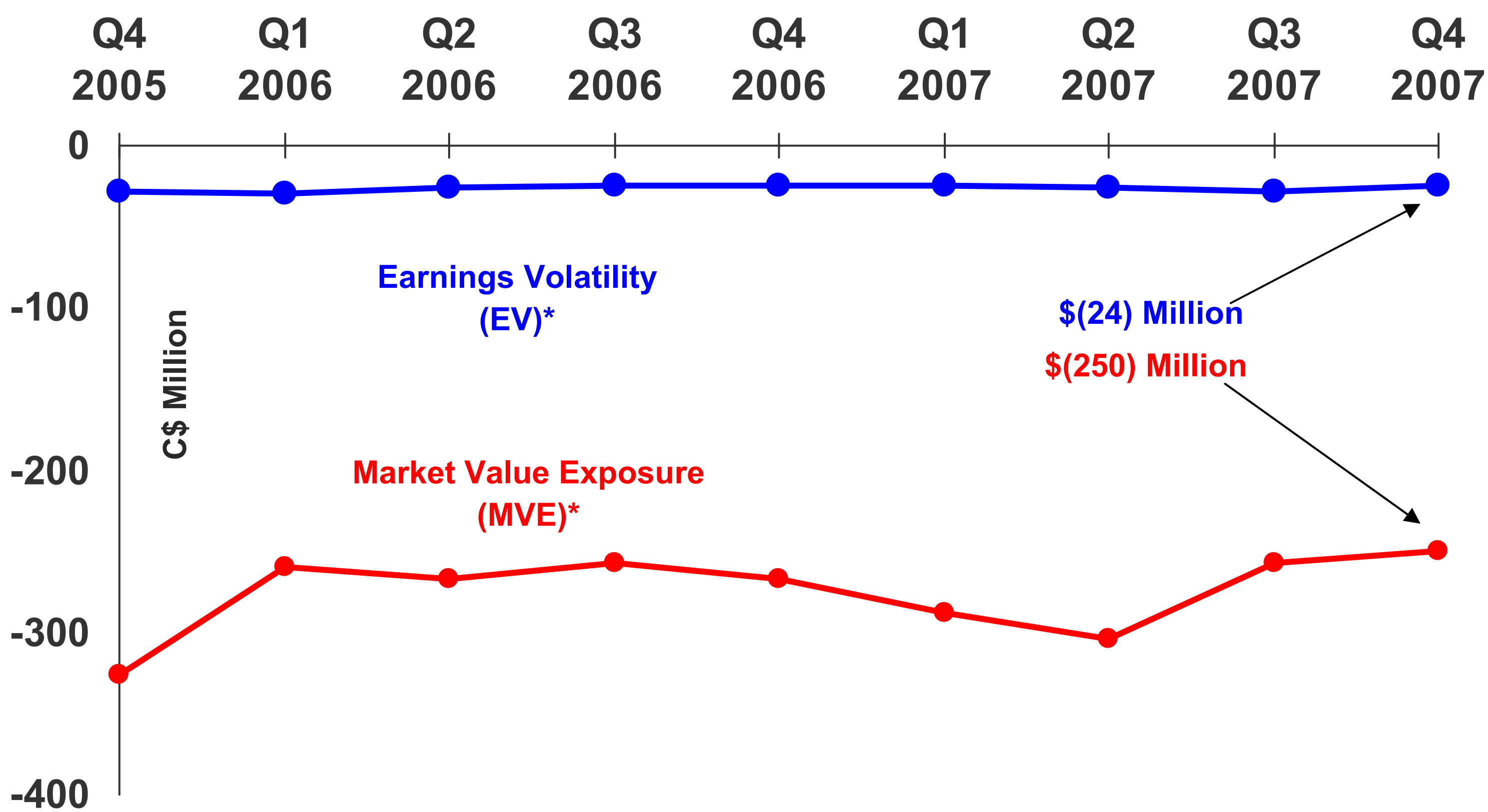
2) The largest daily P&L losses for the quarter were CAD $(116.7) MM on October 31 and CAD $(79.7) MM on August 31.
   - <u>October 31st</u>: Primarily reflects valuation adjustments of approximately $(135) MM on Canadian asset backed commercial paper.
   - <u>August 31st</u>: Primarily reflects valuation adjustments on trading and structured credit related positions.

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

APPENDIX

BMO Financial Group

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



* Refer to definitions on page 35 of the Supplementary Financial Information package

BMO Financial Group

STRUCTURED INVESTMENT VEHICLE HIGHLIGHTS

- 3 key differences between SIVs and ABCP:
  - SIVs are vehicles created to provide investment opportunities in customized, diversified debt portfolios in a variety of asset and rating classes while bank-sponsored ABCP is primarily a vehicle to finance bank customer assets.
  - SIVs are capitalized with subordinated capital notes
  - Bank-sponsored ABCP for client assets fully supported by liquidity backstop facilities, SIVs have limited backstop liquidity
- BMO manages 2 SIVs: Links and Parkland
- BMO's exposures relate to investments in these vehicles and derivative contracts we have entered into with these vehicles

	Assets in Vehicle (07/31/07)	Assets in Vehicle (11/21/07)	Capital Notes in Vehicle (11/21/07)	Senior Notes in Vehicle (11/21/07)	BMO's investment (10/31/07)	Back up liquidity lines extended by BMO	Senior Note Funding Commitment (10/31/07)
Links	**US$23.4B**	**US$18.7B**	**US$1.87B**	**US$17.5B**	**$53MM (net)**	**US$125MM**	**US$1B**
Parkland	**€3.4B**	**€2.5B**	**€244MM**	**€2.4B**		**€75MM**	**€250MM**

Links assets exclude cash of US$2.0B and breakable deposits of US$0.3B. Parkland assets exclude cash of €10MM and breakable deposits of €100MM.

The fair value of derivative contracts outstanding with these SIVs was a derivative liability of $11MM.

- Senior notes rated Aaa / AAA by Moody's / S&P
- Losses to the SIVs on assets sold to date have been minimal (less than 0.5%)
- No structured finance assets in either vehicle have been downgraded or watchlisted since the beginning of August 2007

HIGH QUALITY ASSETS (11/21/07)
NOMINAL EXPOSURE TO SUBPRIME

SECTOR	Subsector	LINKS Sector Total	PARKLAND Sector Total
Financial	Commercial Bank – Senior	14.8%	11.8%
	Commercial Bank – Subordinated	27.0%	26.1%
	Finance Company	0.9%	0.2%
	Insurance	2.4%	2.0%
	Investment Bank	2.2%	3.8%
	Other Financial	0.2%	0.2%
Total Financial		**47.4%**	**44.1%**
Structured Finance	Arbitrage CBO/CLO	9.1%	6.5%
	Auto loans	1.3%	4.4%
	Balance Sheet CLO	8.2%	10.8%
	CMBS	3.5%	6.9%
	Credit Cards	2.7%	2.4%
	Monoline	7.7%	1.5%
	Non-US RMBS	11.9%	21.4%
	US RMBS	3.2%	0.0%
	Student Loans	3.5%	0.9%
	Other Structured	0.2%	0.0%
Total Structured		**51.2%**	**54.8%**
Corporate		**1.2%**	**0.7%**
Sovereign/Government		**0.1%**	**0.4%**
TOTAL		**100.0%**	**100.0%**

LINKS

Moody's Rating	% of Assets
Aaa	55.3%
Aa	41.2%
A	3.3%
Baa	0.2%
Ba and below	0.0%

PARKLAND

Moody's Rating	% of Assets
Aaa	55.6%
Aa	40.4%
A	3.8%
Baa	0.2%
Ba and below	0.0%

Links has 0.01% direct exposure to US subprime RMBS, all rated AAA/Aaa and short-dated first pay tranches, classified within “US RMBS”

Links has 1.16% indirect exposure to US subprime RMBS through CDOs of ABS, all rated AAA/Aaa and super senior, classified within “Arbitrage CBO/CLO”

Parkland has no direct or indirect exposure to US subprime RMBS in its structured finance portfolio

LIQUIDITY SUPPORT PROVIDED BY BMO

- BMO has participated in the senior debt of the SIVs
- We currently hold US$1.0B and €180MM and will hold up to a maximum of approximately C$1.6B or 8% of the senior debt outstanding, which includes pre-existing liquidity lines of US$125MM and €75MM, which we don't expect to be drawn
- As a result of recent difficulties in capital markets, the SIVs are addressing various strategies to generate liquidity such as the sale of assets and additional funding from senior and capital note holders
  - US$1.1B of additional support has been provided by other existing senior note and capital notes holder currently (Links)
  - US $1.6B of additional support via repo transactions provided by third parties to date
  - Links US$4.0B and Parkland €820MM of proceeds generated by asset sales to third parties to date
- This is a prudent action given market conditions
  - Senior funding supported by subordination of capital notes
  - 96% of the portfolio is rated Aa or better
  - 20% of the portfolio has been sold since August 1 at a 40bps discount
  - Significant cushion exists on capital and leverage requirements

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