

Q2 05

RISK REVIEW

*Investor Community
Conference Call*

BOB McGLASHAN

*Executive Vice-President and
Head of
Corporate Risk Management*

MAY 25 • 05



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 Q2 F2005

- Gross Impaired Loan (GIL) Formations for the quarter increased \$49 million from Q1 2005
- GILs down \$37 million for the quarter to their lowest levels since F1998
- Total Q2 Provision of Credit Losses (PCL) is down \$37 million at \$6 million, comprised of \$46 million in Specific PCL and a \$40 million reduction in the General Allowance
- Revised specific PCL guidance for F2005 of \$275 million or less reflects a stable credit environment and favourable Q1 and Q2 results

Q2 2005

Credit And Counterparty Risk Highlights (Q/Q)

GIL Formations

\$138 million ↑ 55%

GIL Balance

\$1,052 million ↓ 3%

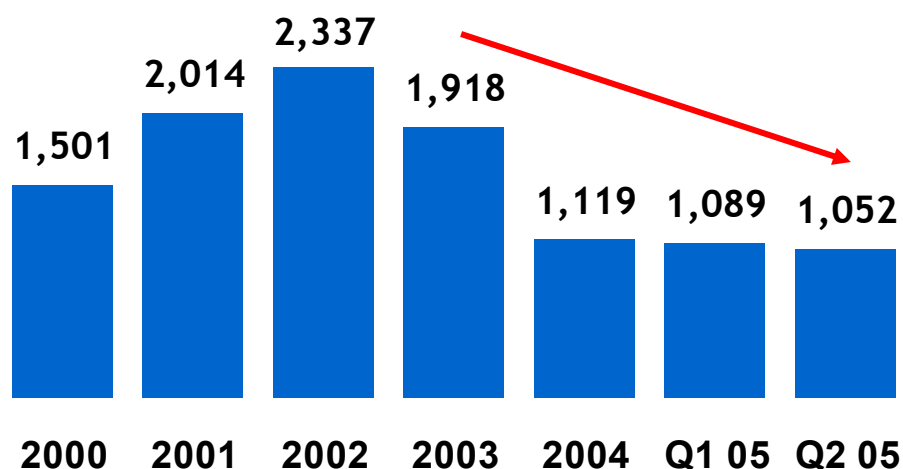
Total Provision for Credit Losses (PCL)

\$6 million ↓ 86%

CREDIT QUALITY REMAINED STABLE

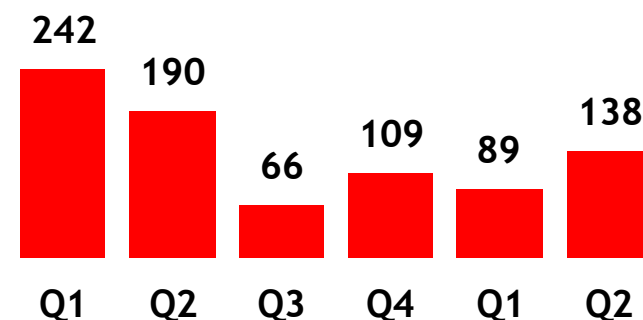
Reflected in continued low GIL balances

GROSS IMPAIRED LOANS (C\$ Million)

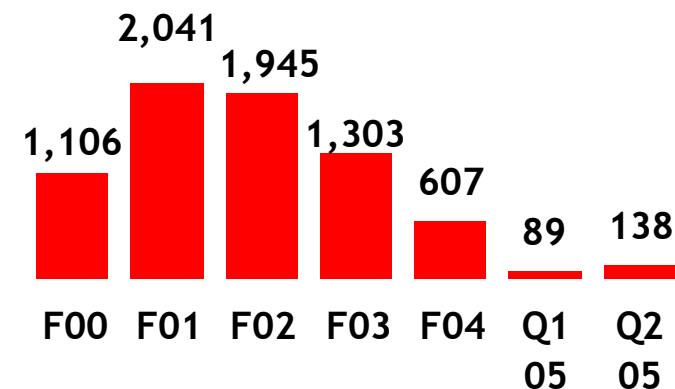


GIL Formations (C\$ Million)

Quarterly



Annual





STRONG PCL PERFORMANCE CONTINUES

Continued low levels in Q2 reflect a stable credit environment

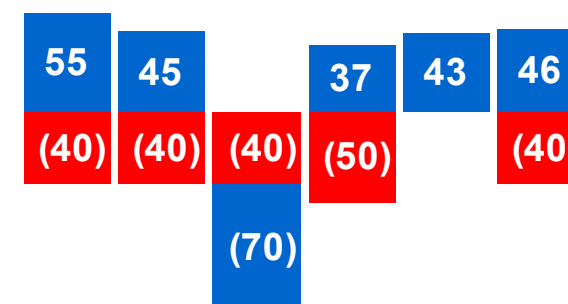
Portfolio Segment	Provision for Credit Losses (C\$ Million)			
	Q2 05	Q1 05	F04	Q2 04
Consumer	64	40	169	42
Commercial	11	15	84	26
Corporate	(29)	(12)	(186)	(23)
Specific Provisions	46	43	67	45
Reduction of General Allowance	(40)	-	(170)	(40)
Total PCL	<u>6</u>	<u>43</u>	<u>(103)</u>	<u>5</u>
Specific PCL as a % of Avg Net Loans & Acceptances (incl. Reverse Repos)*	11 bps	11 bps	4 bps	12 bps

* Annualized

Total Provision For Credit Losses (PCL)

Quarterly

(C\$ Million)



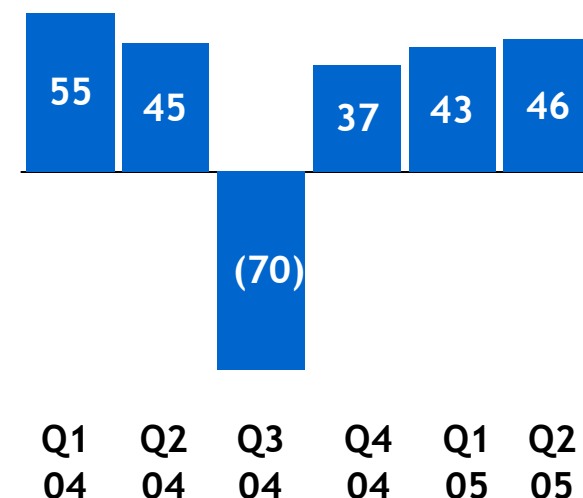
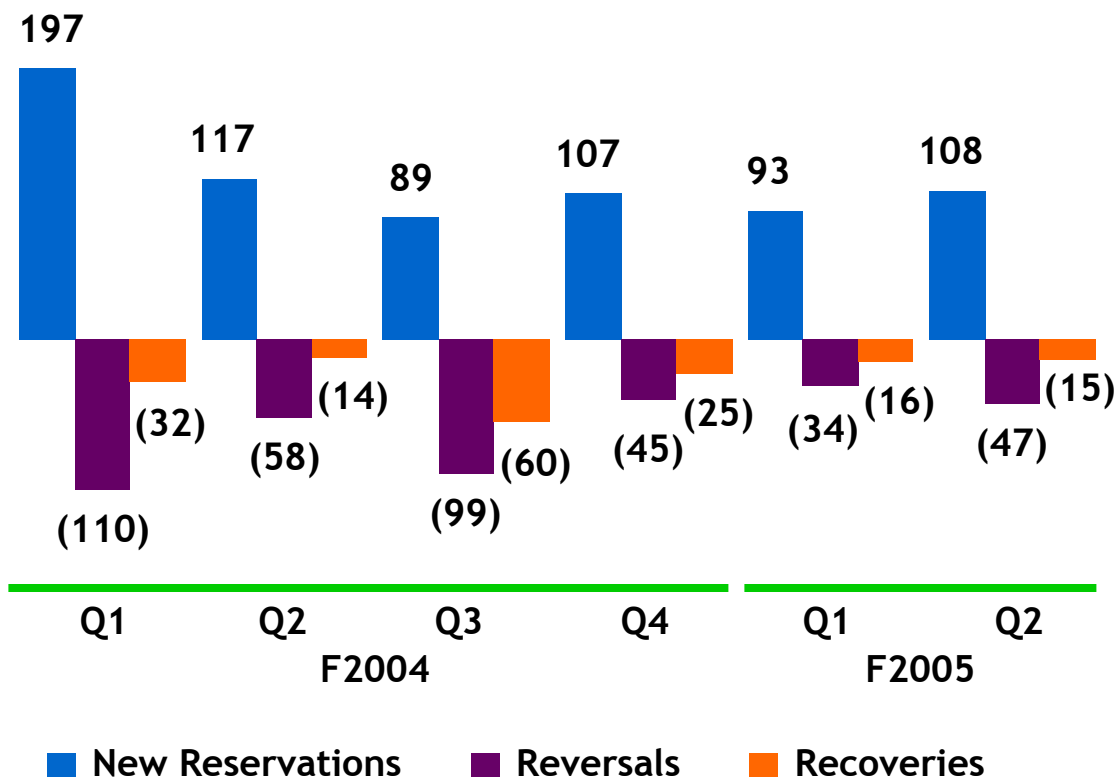
Q1 04 Q2 04 Q3 04 Q4 04 Q1 05 Q2 05

Specific PCL  General PCL 

NEW SPECIFIC PROVISIONS REMAIN LOW

While reversals and recoveries declined

Net Specific PCL
(C\$ Million)

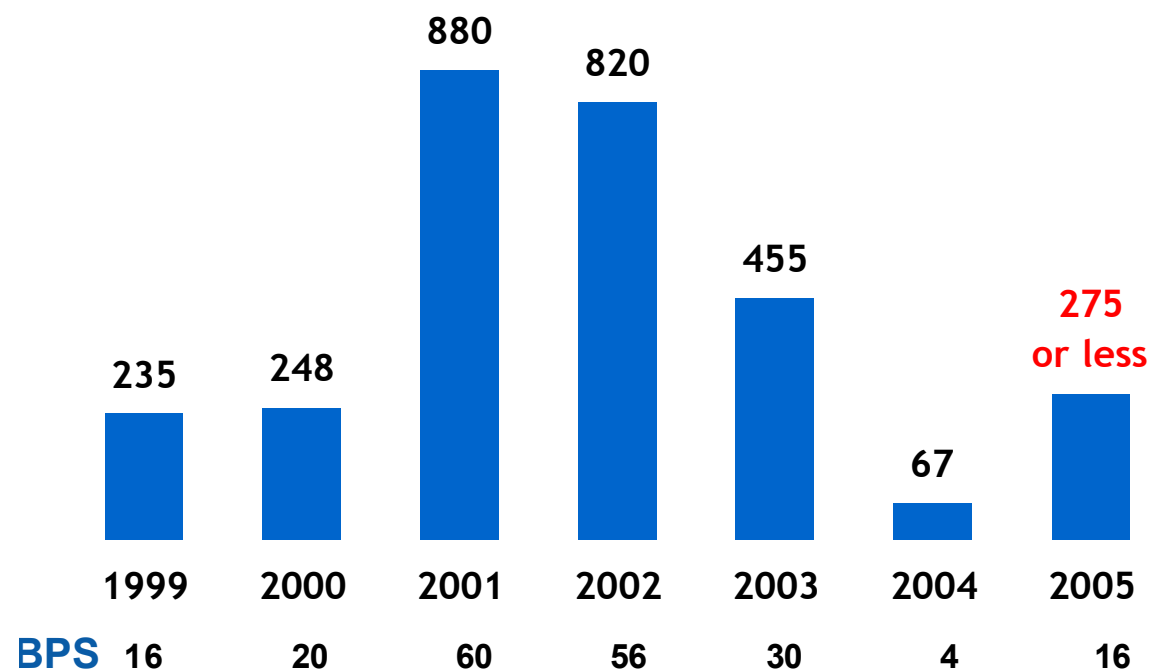


- Reversals and recoveries have declined from unusually high levels in F2004

2005 REVISED SPECIFIC PCL

Now estimated at \$275MM or less
down from our most recent estimate
of \$350MM or less

SPECIFIC PCL (C\$ Million)



F2005 Specific PCL Revised Estimate

- Continued strong performance in Q2 F2005
- Credit quality anticipated to remain stable in F2005

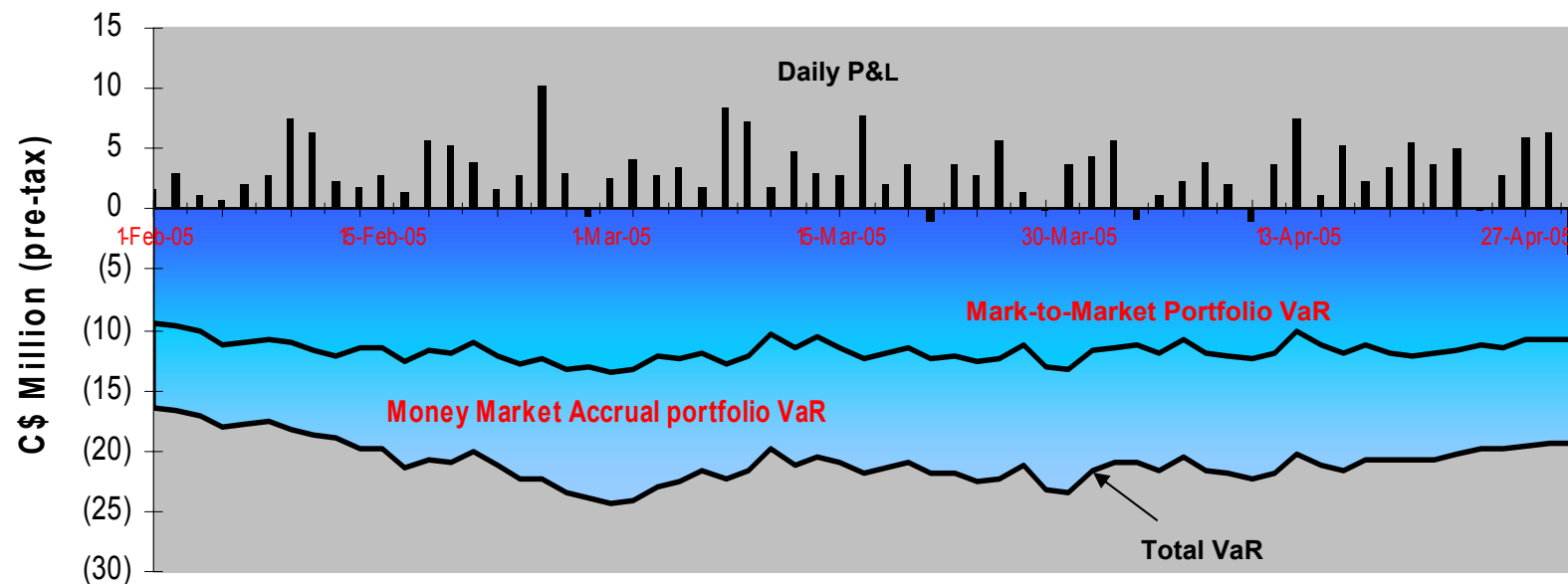
We continue to ...

- Anticipate significantly lower reversals and recoveries
- Anticipate F2005 new reservations will be relatively flat to F2004

TRADING AND UNDERWRITING

Was stable and profitable during the quarter

Daily P&L Versus Value At Risk (VaR) February 1, 2005 To April 29, 2005 (Presented On A Pre-tax Basis)

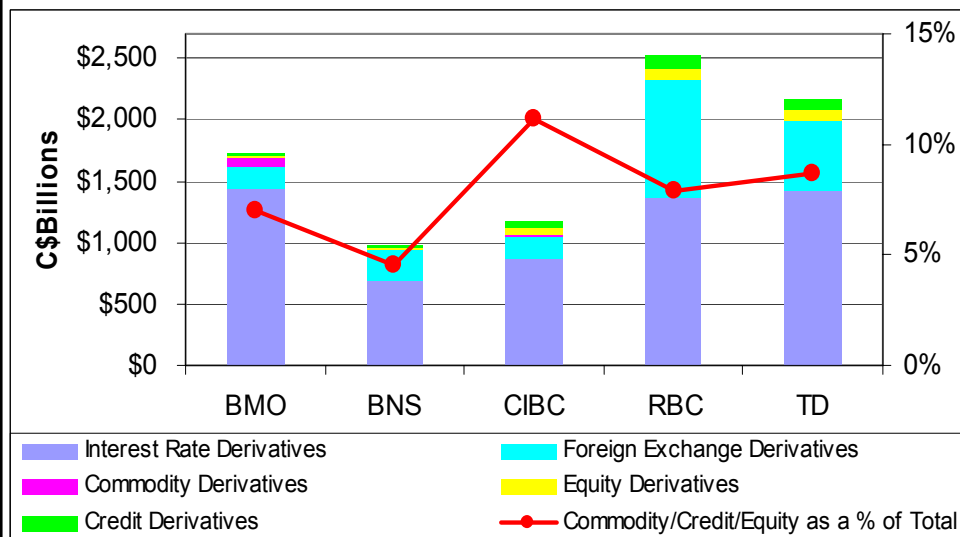


(Refer to Supplementary Financial Package page 34 for risk data - presented on an after tax basis.)

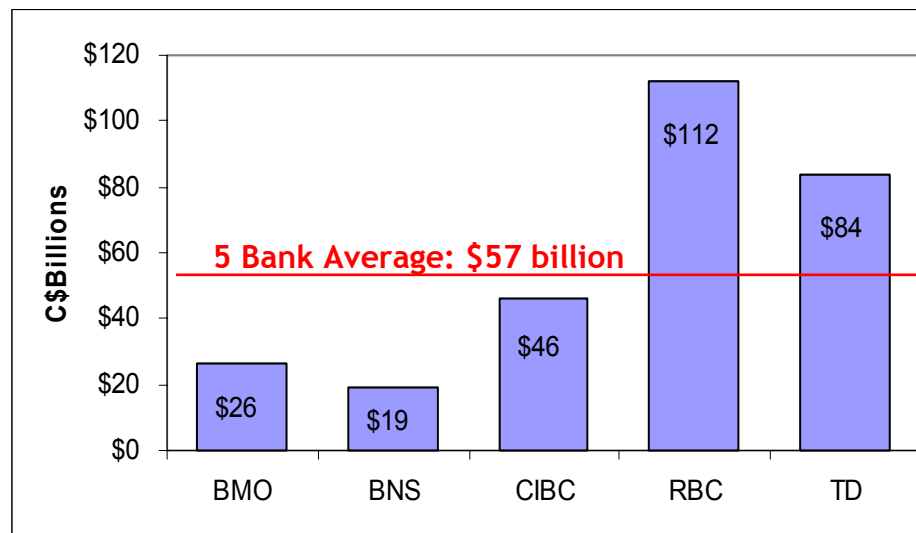


BMO IS ACTIVE IN THE DERIVATIVES BUSINESS, HOWEVER, A LARGE PORTION OF OUR ACTIVITY IS IN 'PLAIN VANILLA' CONTRACTS

Derivatives by Risk Type Q4/F2004
(Notional)



Credit Derivatives Q4/F2004
(Notional)

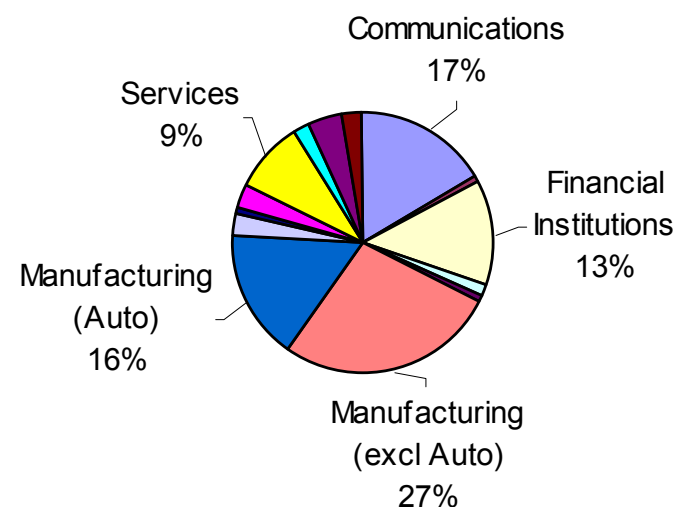


Source: PricewaterhouseCoopers 'Canadian Banks 2005' Report

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

Credit Protection Portfolio (\$C Millions) April 30, 2005			
	Single Name Hedge	Index Hedge	Total Hedge
Communications	164	54	218
Construction	0	14	14
Financial Institutions	63	104	167
Forest Products	6	14	20
Government	0	9	9
Manufacturing (excl Auto)	219	139	358
Manufacturing (Auto)	200	15	215
Oil and Gas	0	32	32
Real Estate	0	9	9
Retail	6	35	41
Services	68	51	119
Transportation	0	27	27
Utilities	25	32	57
Wholesale	0	32	32
Total	751	567	1,318

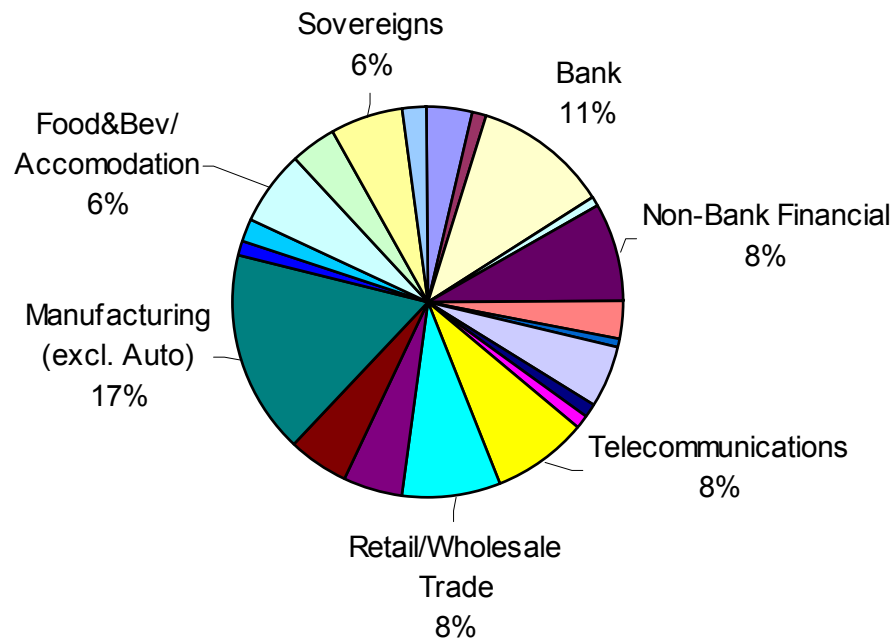
SECTOR CONCENTRATIONS
OF CREDIT DEFAULT SWAPS
(APRIL 30, 2005)



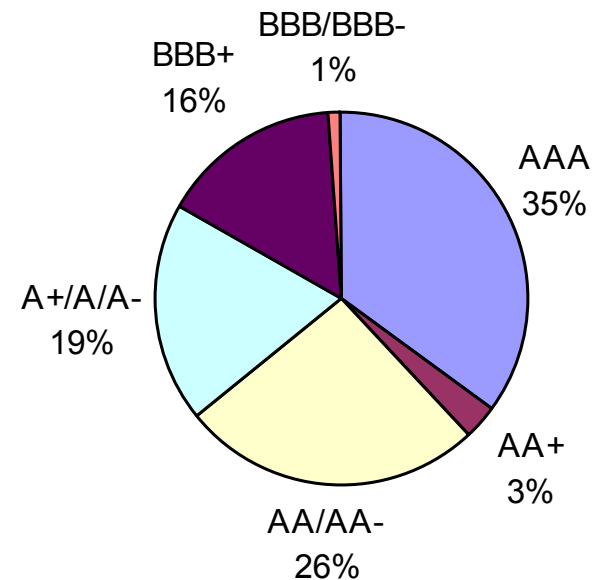


THE CREDIT DEFAULT SWAP TRADING BOOK PREDOMINANTLY CARRIES A LONG PROTECTION POSITION

EXPOSURE BY INDUSTRY
APRIL 30, 2005

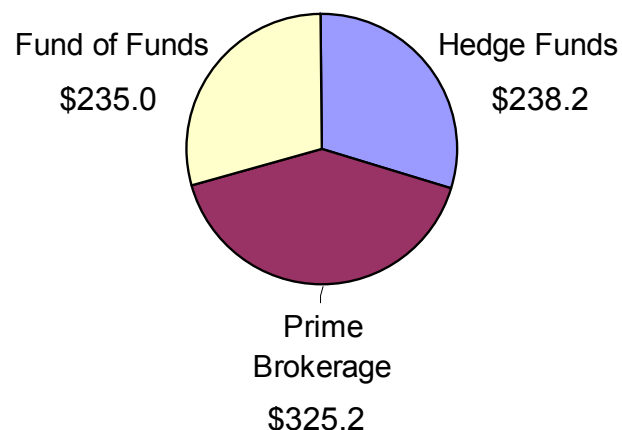


EXPOSURE BY
COUNTERPARTY RATING
APRIL 30, 2005



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

Hedge Funds - Utilized
\$US Million
April 30, 2005



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

Exposure	Nature of Risk
Hedge Funds	<ul style="list-style-type: none"> Replacement risk associated with capital markets trading
Prime Brokerage	<ul style="list-style-type: none"> Secured lending transactions
Fund of Funds	<ul style="list-style-type: none"> Short-term, working capital loans



Appendix

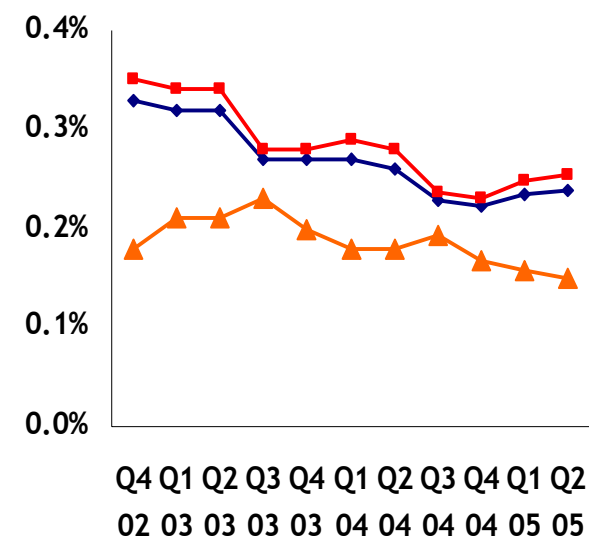
LOAN PORTFOLIO DISTRIBUTION

Consumer/Commercial/Corporate

Total Gross Loans and Acceptances* (C\$ Billion)
As at April 30, 2005

	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgage	48	6	-	54	38%
Consumer Loans	18	9	-	27	19%
Cards	5	-	-	5	3%
Total Consumer	71	15	-	86	60%
Commercial	30	7	-	37	26%
Corporate	6	12	2	20	14%
Total	107	34	2	143	100%

Consumer Portfolio Delinquency Ratio (%)*



◆ Total Consumer Portfolio
■ Canada
▲ U.S.

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

(Refer to the Supplementary Financial Package page 24)

* Excludes reverse repos

AUTO MANUFACTURING AND SUPPLY

C\$ Million as at April 30, 2005

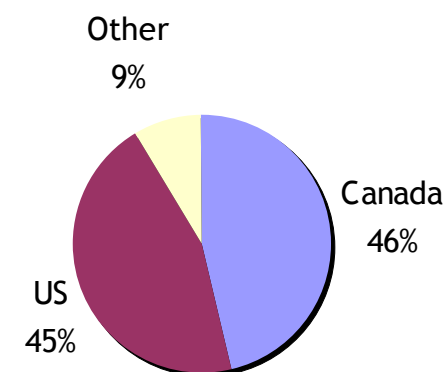
	Performing Portfolio				
	Total Gross Loans & BA's	Gross Impaired	Net Impaired	"Investment Grade"	"Non-Investment Grade"
Suppliers	533	50	38	331	152
Motor Vehicle Manufacturing	97	4	4	54	39
Total	630 *	54 **	42	385	191

* Represents 0.4% of the total loan portfolio (excluding reverse repos)

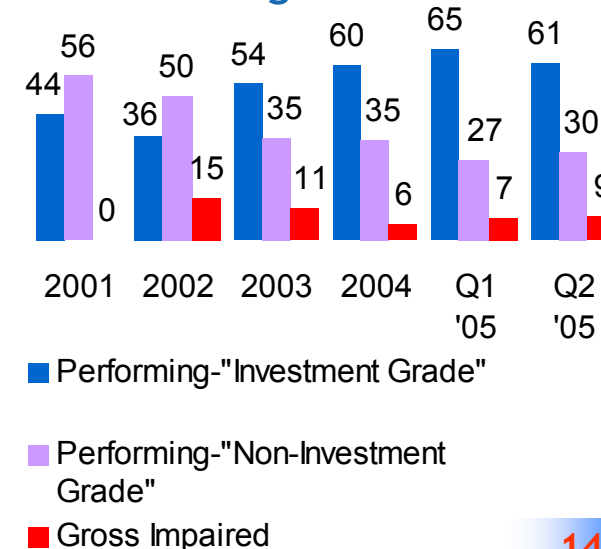
Refer to the Supplementary Financial Package pages 26, 29 and 30

** U.S. 65%, Canada 35%

Gross Auto Loans & Acceptances By Geography



Portfolio Migration %



CANADIAN CATTLE FARMING AND RELATED SECTORS

C\$ Million as at April 30, 2005

	Total Gross Loans & BA's	Gross Impaired	Net Impaired	Performing Portfolio	
				"Investment Grade"	"Non- Investment Grade"
Livestock, Field Crop and	583	9	4	283	291
Feedlots and Cow/Calf Operations	521	12	7	170	339
Other Related Sectors	253	1	-	160	92
Total	1,357 *	22	11	613	722

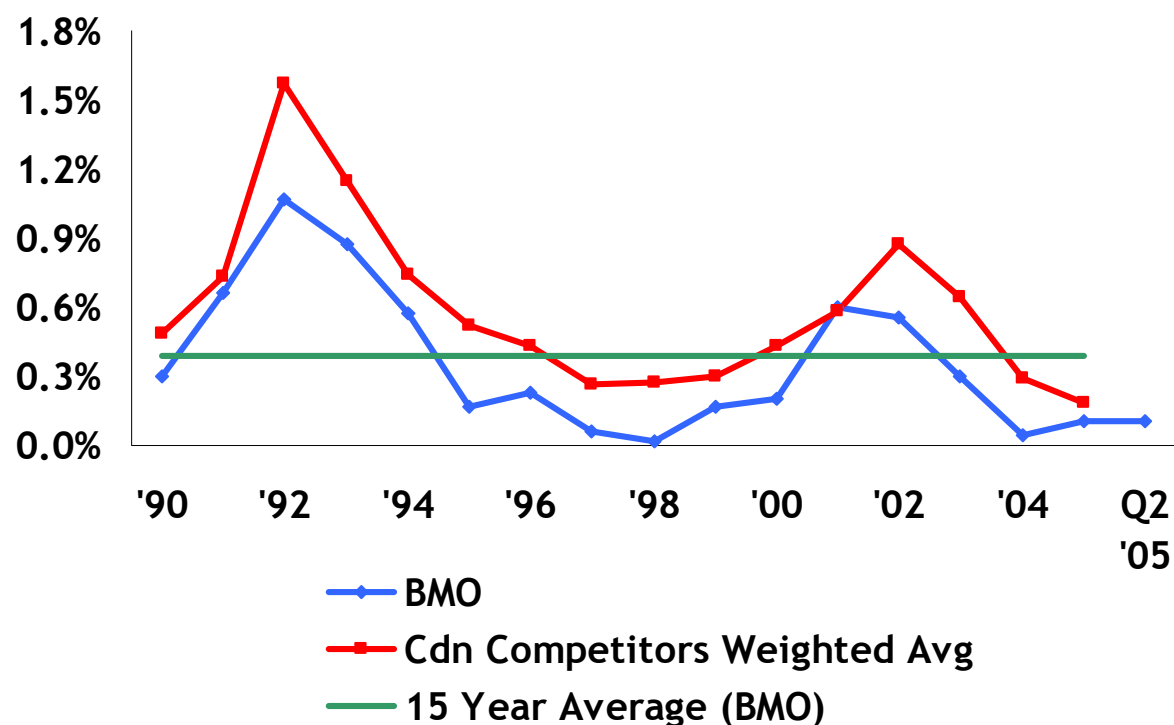
* Represents 1% of the total loan portfolio (excluding reverse repos)

Exposure to Cattle Farming and Related Sectors is included as part of the Wholesale Trade (Food and Beverage), Manufacturing (Other) and Agriculture categories in the Supplementary Financial Package.

Refer to pages 26, 29 and 30

CREDIT PERFORMANCE MEASURE

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



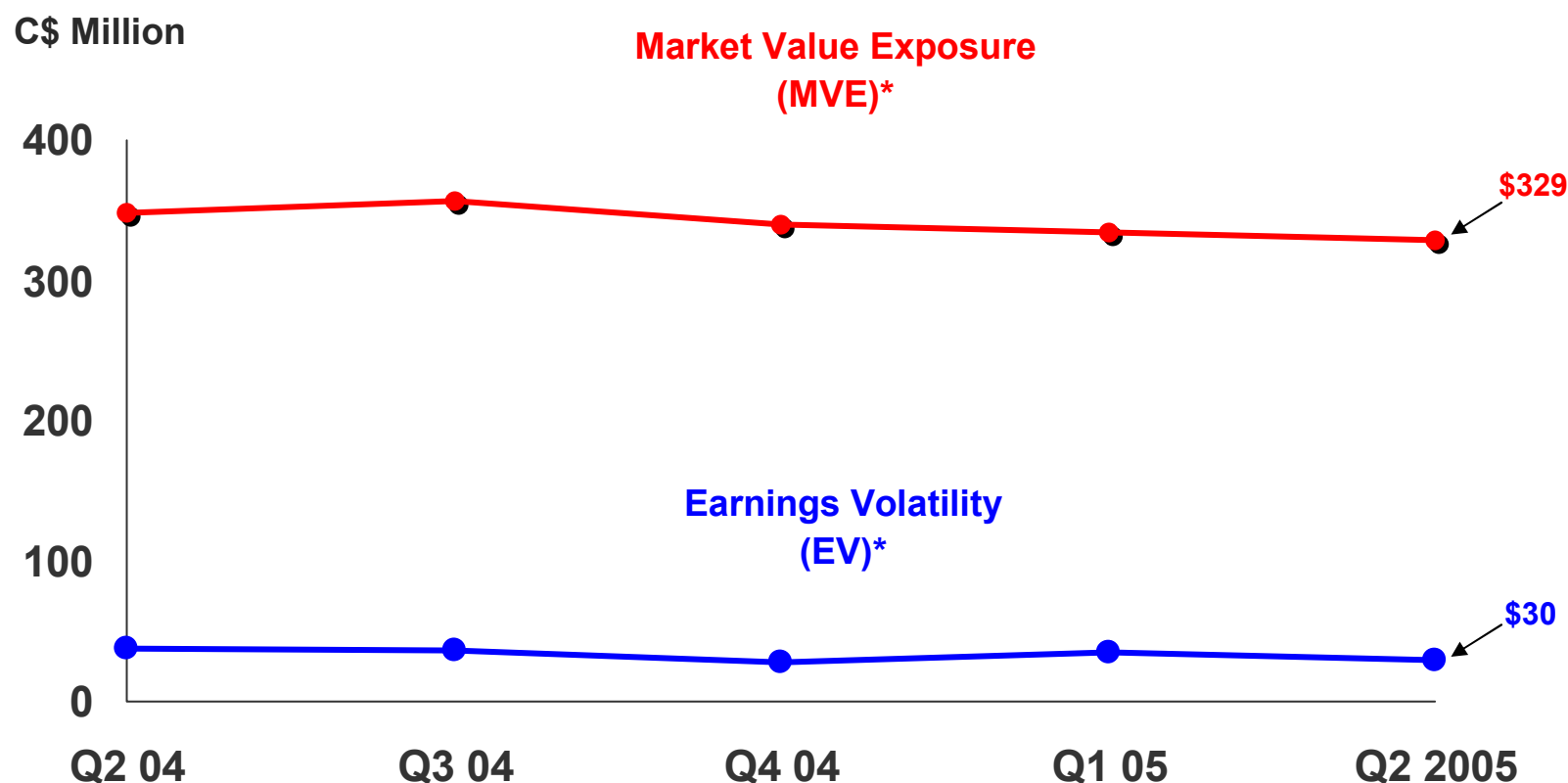
Specific Provision For Credit Losses

%	BMO	Canadian Competitors
F2004	.04	.29
Q1/05	.11	.19
Q2/05	.11	N/A
15 yr av.	.39	.61

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

15 yr av. - 1990 to 2004

STRUCTURAL EARNINGS VOLATILITY remains low
STRUCTURAL MARKET VALUE EXPOSURE remains within
the expected range

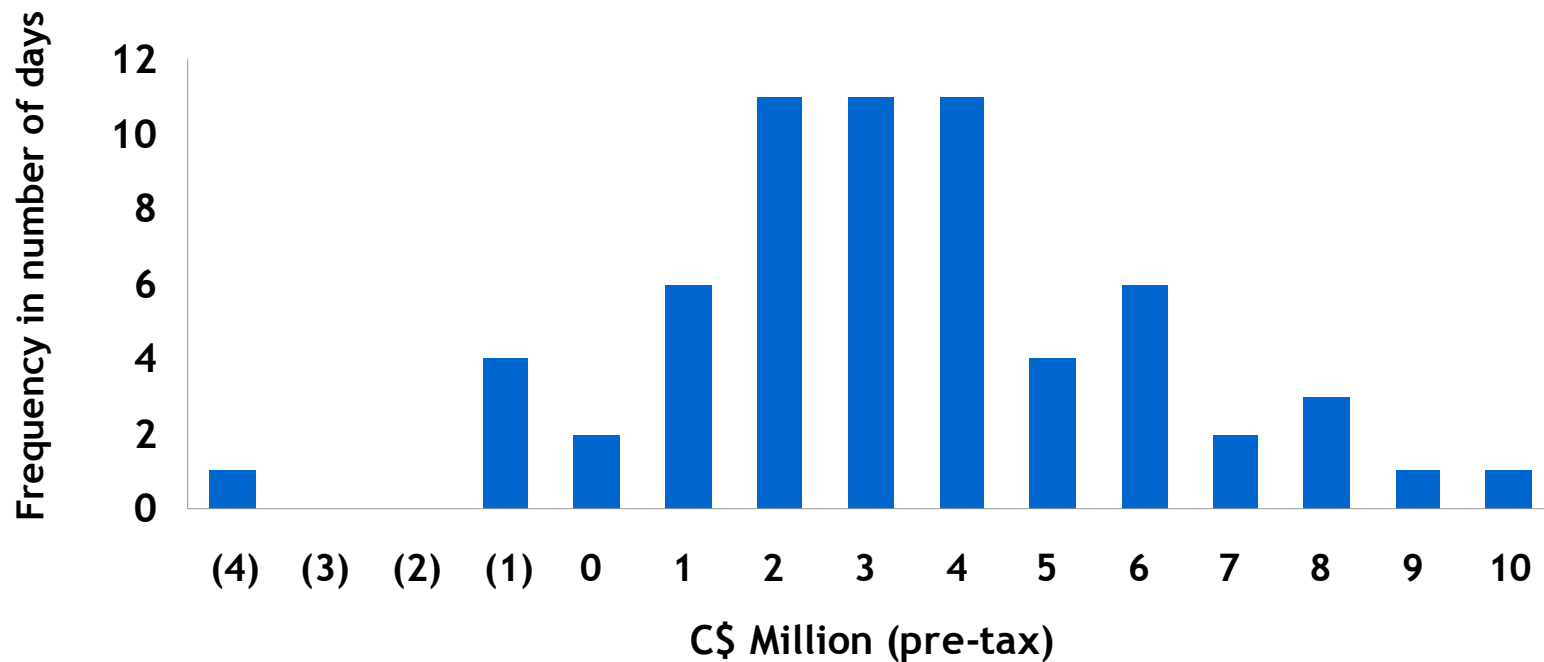


* Refer to definitions on page 34 of the Supplementary Financial Information package



FREQUENCY DISTRIBUTION OF DAILY TRADING AND UNDERWRITING P&L

FREQUENCY DISTRIBUTION OF DAILY P&L
FOR TRADING AND UNDERWRITING
FEBRUARY 1, 2005 TO APRIL 29, 2005





RISK REVIEW - SECOND QUARTER 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