Risk Review

Q1|10

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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 harbour 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 2010 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.

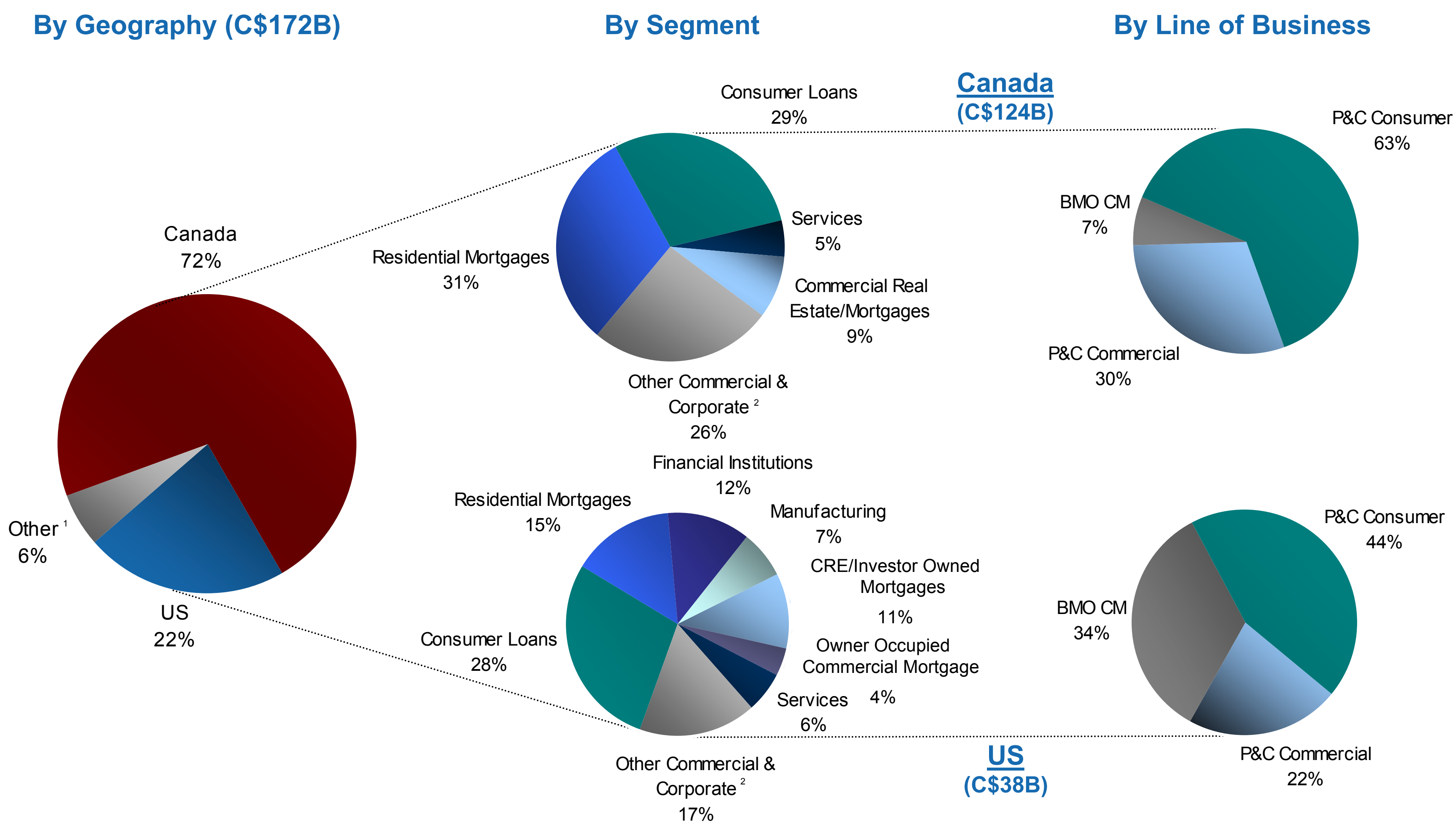
The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which we operate; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition 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 32 and 33 of BMO's 2009 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, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the performance of the Canadian and U.S. economies as well as overall market conditions and their combined effect on the bank's business, including those described under the heading Economic Outlook and Review in our First Quarter 2010 Report to Shareholders, are material factors we consider when determining our strategic priorities, objectives and expectations for our business. 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.

Loan Portfolio - Well Diversified by Segment and Business

- Canadian and US portfolios well diversified. Canadian portfolio 72% of total, US 22%.
- P&C banking business represents the majority of loans, 85% of the Retail portfolio is secured in Canada and 99% in the US.

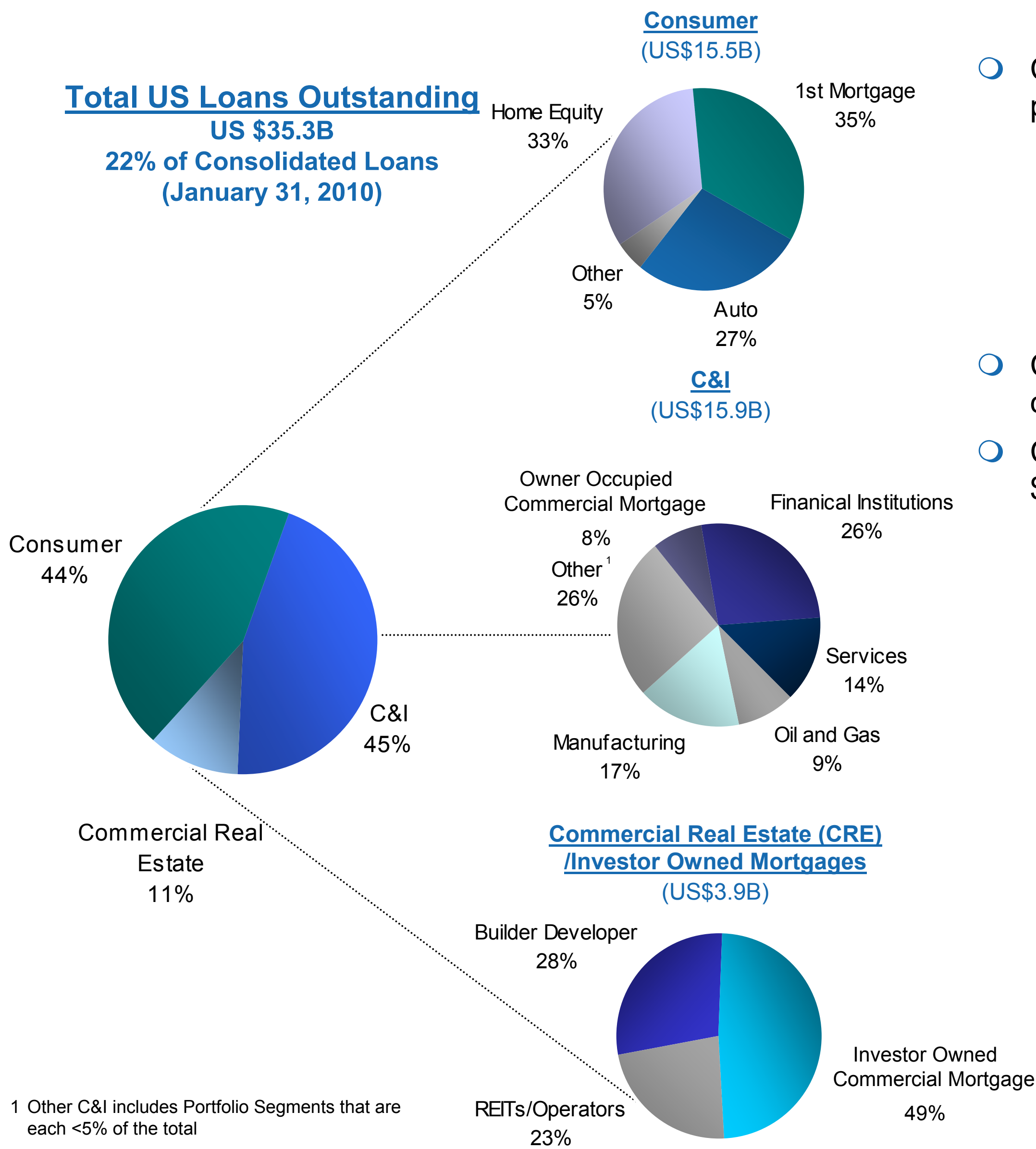


1 Other (C$10B) not shown in Portfolio Segmentation & Line of Business graphs.

2 Other Commercial & Corporate includes Portfolio Segments that are each <5% of the total.

US Loan Portfolio – Well Diversified and Not Outsized Relative to Total Balance Sheet

Total US Loans Outstanding
US $35.3B
22% of Consolidated Loans
(January 31, 2010)

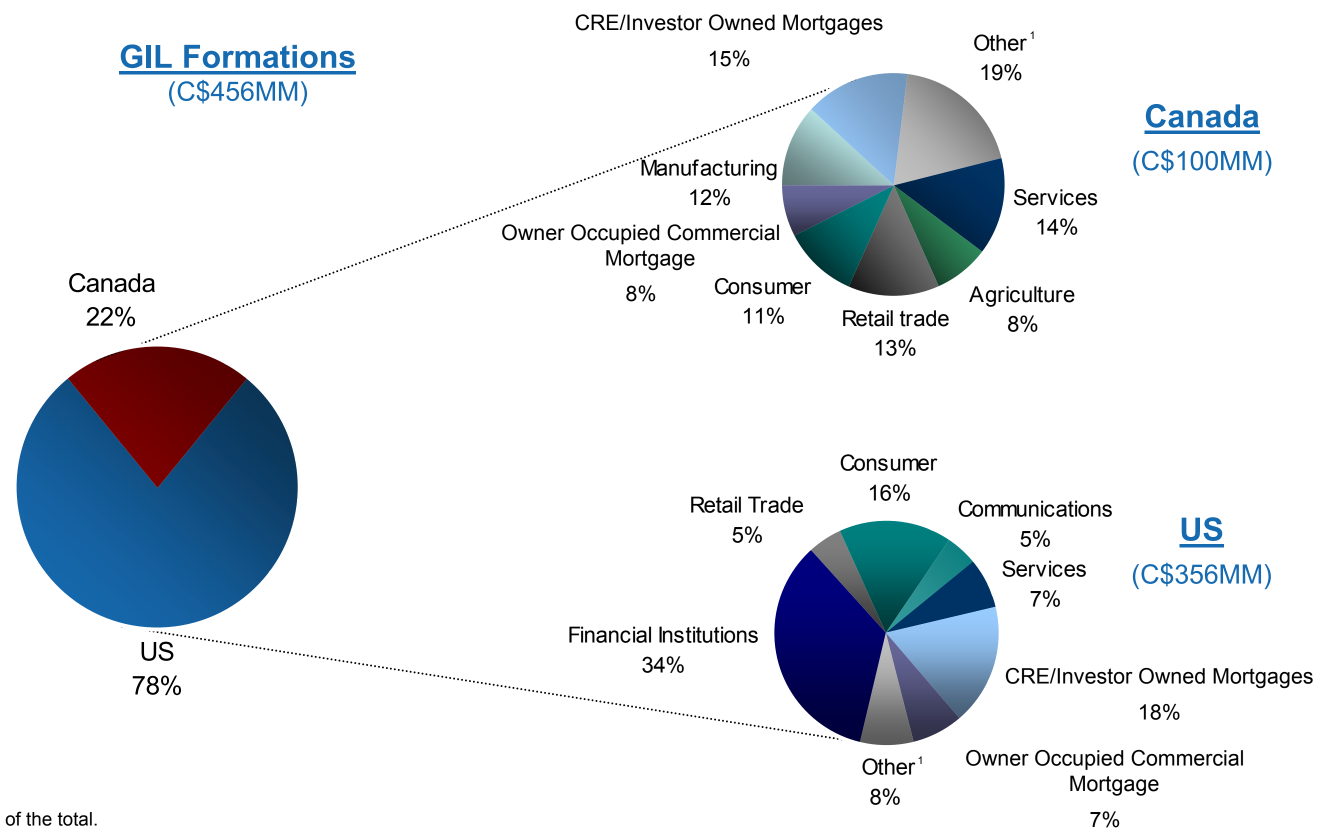


1 Other C&I includes Portfolio Segments that are each <5% of the total

- Consumer portfolios: $15.5B, performing better than US peer group although impacted by environment.
  - Residential real estate market remains stressed but our underwriting was more conservative than most and performance is better than peers.
  - Indirect Auto portfolio strong overall and relative to peers reflecting conservative underwriting.
- C&I portfolio: well diversified and performing reasonably considering environment.
- Commercial Real Estate/Investor Owned-Mortgages: $3.9B
  - Portfolio not that large at 2% of BMO loans and 11% of US loans.
  - The Investor-Owned Mortgage component at ~$2B, is 5% of the US total. Predominantly in the Illinois/Indiana/Wisconsin footprint and well diversified across Retail, Residential, Mixed Use, Office and Industrial. Prudent lending practices maintained. The portfolio is experiencing some negative migration given environment.
  - Developer portfolio continues to reduce and is ~3% of the total US portfolio. The portfolio continues to experience weakness due to housing market conditions.

Impaired Loans & Formations – Migration Continues but at a Slower Pace

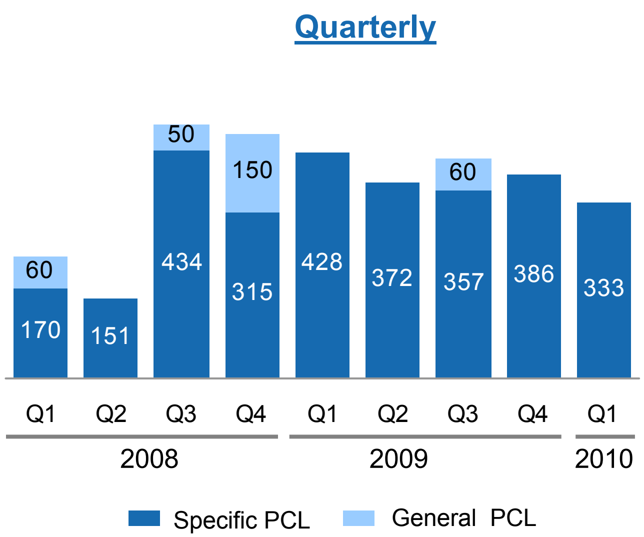
- Q1 ‘10 formations were lower quarter over quarter at $456MM (Q4: $735MM, F’09 $2,690MM). Migration is continuing although at a slower pace.
- Q1 ’10 Canadian formations of $100MM (Q4 ‘09: $104MM, F’09 $422MM) were diversified across sectors with CRE/Investor Owned Mortgages the largest at 15%.
- Q1 ’10 US formations of $356MM (Q4 ‘09: $605MM, F’09 $2,146MM) were diversified across C&I, Real Estate and Financials.
- Gross Impaired Loans down to $3.1B (Q4 ’09: $3.3B).
  - Canada & Other balances account for 35%, US 65%. Largest segments in Canada are Consumer and Manufacturing. Largest segments in US are related to Commercial and Residential Real Estate.



1 Other includes Portfolio Segments that are each <5% of the total.

Provision for Credit Losses – Remain Elevated but Down Quarter Over Quarter

- Specific provisions are $333MM vs. $386MM last quarter.
- P&C Canada provisions were higher quarter over quarter, primarily in the consumer portfolio.
- P&C US provisions improved quarter over quarter but continue to be impacted by the weak economy and real estate markets.
- BMO Capital Markets provisions were down quarter over quarter and remain concentrated in the US.
- P&C Canada Consumer includes losses associated with securitized assets which are accounted for as negative NIR in Corporate and were $53MM for Q1 ’10 (Q4 ’09: $53MM, F’09: $172MM).



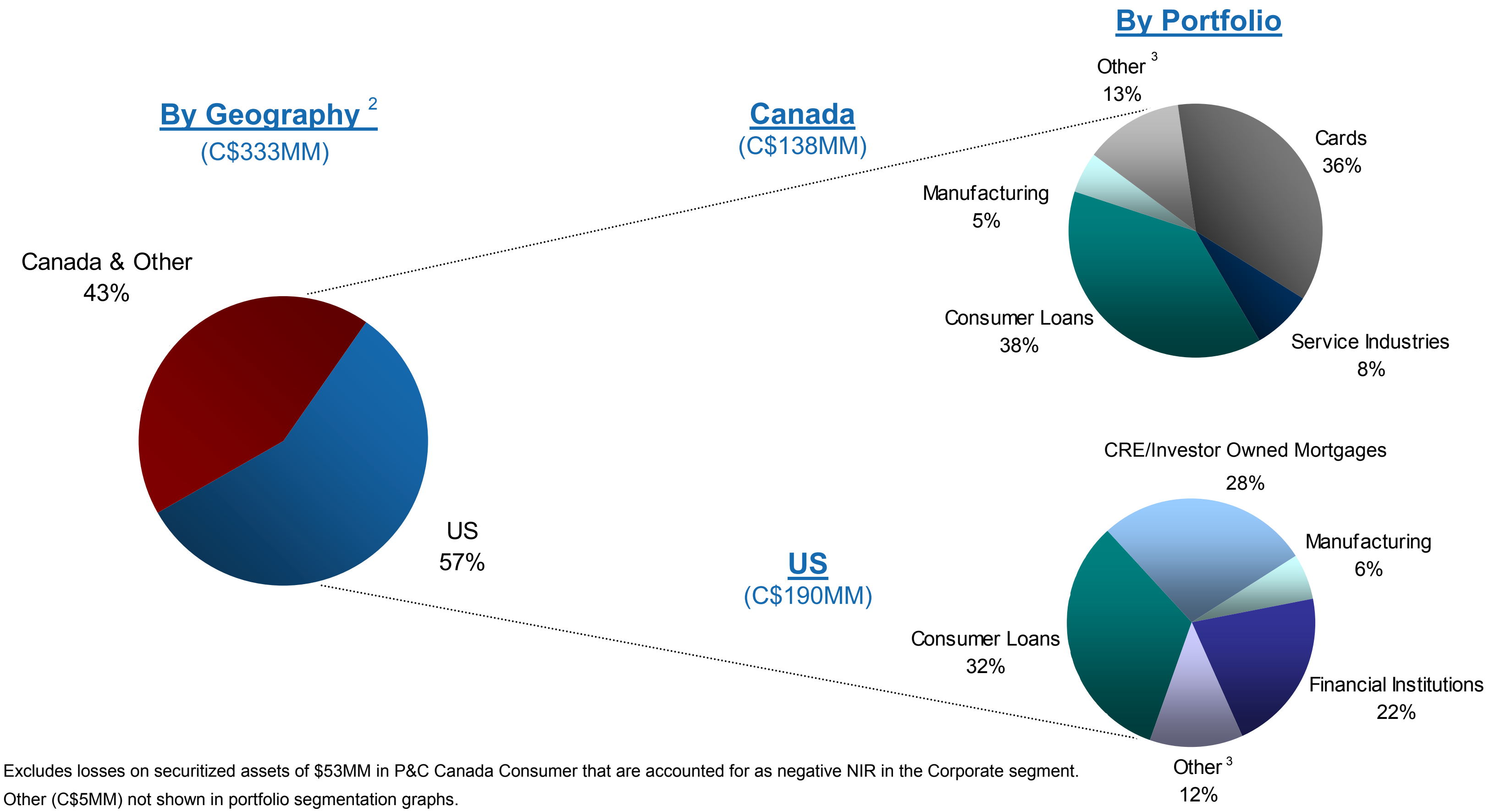
Business Segment (By Business Line Segment) (C$ MM)	Q1 ‘09	Q4 ‘09	Q1 ‘10
Consumer – P&C Canada	120	149	161
Commercial – P&C Canada	22	28	29
Total P&C Canada	**142**	**177**	**190**
Consumer – P&C US	44	72	58
Commercial – P&C US	148	77	73
Total P&C US	**192**	**149**	**131**
PCG[1]	**1**	**20**	**5**
Capital Markets Canada & Other	-	1	6
Capital Markets US	125	92	54
Total Capital Markets	**125**	**93**	**60**
Losses on Securitized Assets[2]	(32)	(53)	(53)
Specific Provisions	**428**	**386**	**333**
Change in General Allowance	-	-	-
Total PCL	**428**	**386**	**333**

1 Substantially all PCG provisions are in the US.

2 Losses on securitized assets are included as negative NIR in corporate, not as PCL on the income statement.

Specific Provision Segmentation[1]

- Canadian provisions continue to be centered in the Consumer portfolio and are up from last quarter at $138MM (Q4 ‘09: $124MM). Commercial provisions are well diversified.
- US provisions were down to $190MM in Q1 ‘10 versus $261MM in Q4 ’09, largely due to lower Capital Markets provisions in the Manufacturing & Transportation segments.
- C&I represents largest component of US provisions with Consumer and real estate related accounting for the balance.



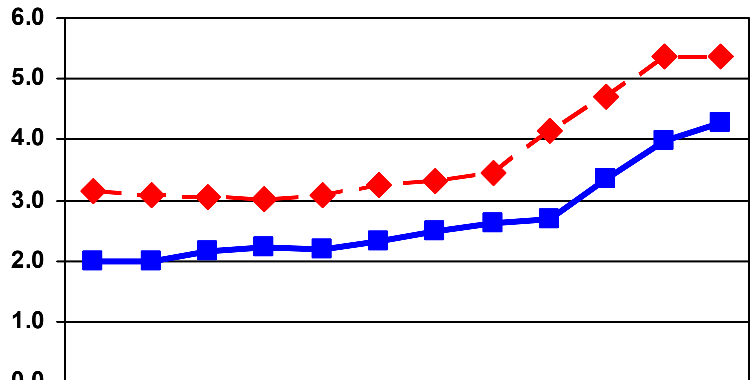
1 Excludes losses on securitized assets of $53MM in P&C Canada Consumer that are accounted for as negative NIR in the Corporate segment.
2 Other (C$5MM) not shown in portfolio segmentation graphs.
3 Other includes Portfolio Segments that are each <5% of the total.

Consumer Credit Performance – Strong Performance vs. Peers

Canadian Credit Performance

- Canadian performance remains strong relative to peers.
  - #1 performance in loan loss rates for personal products based on F2009 peer comparison[1].
  - Credit Card losses F2009 were 359bps and significantly better than other credit card issuers who averaged 538bps[2].
  - 85% of the Canadian Retail portfolio is secured; 88% excluding credit cards.

CBA/BMO Card Loan Loss Comparisons (%)



	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
CBA	3.14	3.08	3.04	3.01	3.07	3.24	3.32	3.46	4.14	4.72	5.37	5.38
BMO	1.99	1.98	2.16	2.21	2.19	2.33	2.48	2.63	2.70	3.36	3.97	4.29

1 Peer comparison on Personal Loan products is to CBA.

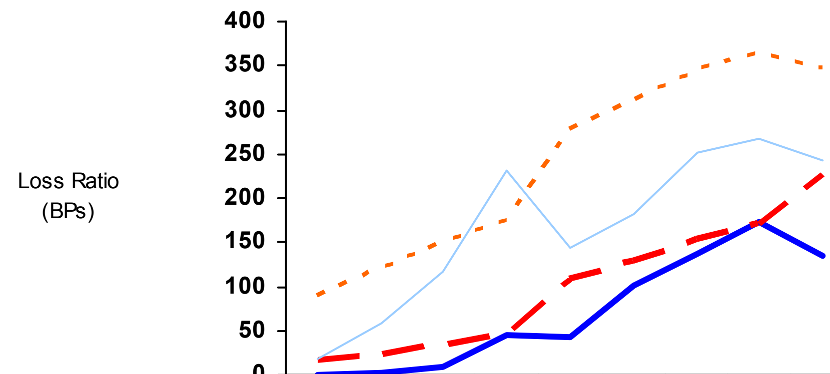
2 Including securitized assets, excluding losses due to fraud-consistent with industry comparative reporting practices. Peer group includes all Canadian Credit Card issuers as well as BMO.

US Credit Performance

- US Retail portfolio outperforming Risk Management Association (RMA) peers although higher given environment[1].
  - Residential Mortgages loan losses YTD F '10 134bps vs. RMA peer group loan losses of 226bps.
  - Home Equity YTD F '10 losses of 243bps vs. 348bps for RMA peers.
  - Indirect Auto loan losses YTD F '10 75bps vs. 170bps for RMA peers.
- 99% of the US Retail portfolio is secured.

First Mortgage and Home Equity Losses

(Quarterly Annualized)

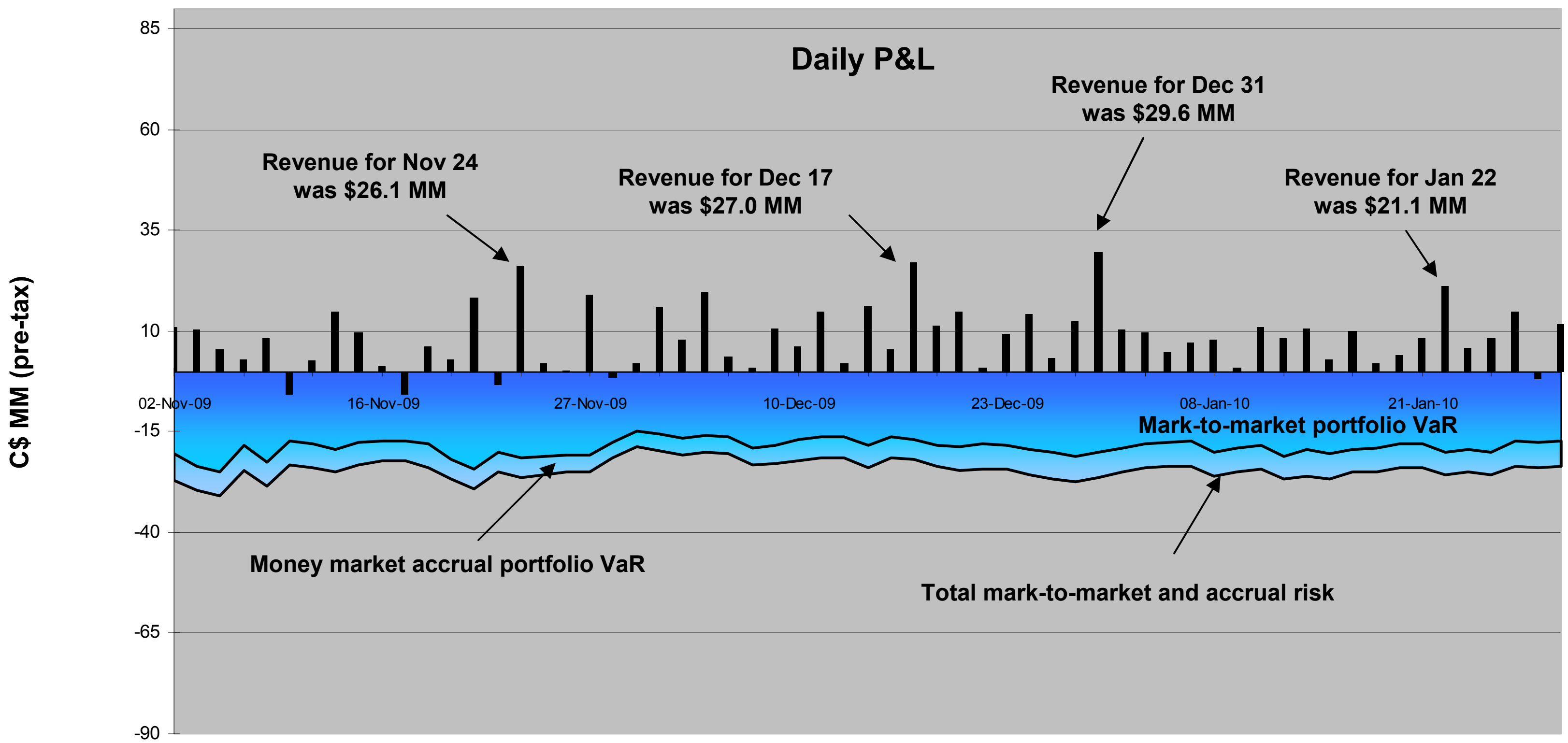


	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10*
BMO Res Mtg	1	2	8	46	43	101	138	173	134
RMA Peer - Mtg	16	23	33	44	108	127	152	171	226
BMO Home Equity	19	58	116	232	143	183	251	268	243
RMA Peer - HE	91	122	151	175	278	312	346	366	348

1 RMA Peer represents 2 months loss through 11/30/09; Harris represents 3 months loss through 12/31/09.

Trading & Underwriting Net Revenues vs. Market Value Exposure

November 2, 2009 to January 29, 2010 (Presented on a Pre-Tax Basis)



The largest daily P&L gains for the quarter are as follows:

- **November 24 – CAD $26.1MM:** Primarily reflects revenues from normal trading activity.
- **December 17 – CAD $27.0MM:** Primarily reflects recognition of credit valuation adjustments and revenues from normal trading activity.
- **December 31 – CAD$29.6MM:** Primarily reflects revenues from normal trading activity and month end valuation updates.
- **January 22 – CAD $21.1MM:** Primarily reflects revenues from normal trading activity.

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