

BMO Selects Covarity to Strengthen Commercial Loan Risk Management Framework and Deliver Operational Efficiencies

Despite market tension, proactive financial institutions continue to invest in commercial loan monitoring solution with SaaS (Software as a Service) company.

December 3, 2008 - Kitchener-Waterloo, Ontario, CA - Covarity Inc., the leading provider of commercial loan management software solutions, today announced that BMO Financial Group has signed a multi-year agreement with Covarity. The Covarity solution will automate and standardize the commercial loan management process across BMO Bank of Montreal's more than 900 branches in order to ensure an unsurpassed standard of risk management. The partnership will also help Canada's fifth largest financial institution strengthen borrower relations and prosper during these challenging financial times. The Covarity solution has begun deployment and will be rolled out nationally in the spring of 2009.

Covarity offers a hosted, web-based commercial loan portfolio management solution that automates the collection and management of key loan documents and borrower financial data. Covarity's solution enables financial institutions to mitigate credit and operational risk, prepare for regulatory compliance, improve efficiencies, and increase the value delivered to commercial customers.

"Covarity offers BMO the benefits of automating commercial loan monitoring processes, bringing consistency and quality control to their risk management framework, while at the same time improving their service to borrowers," said Rod Foster, President and CEO, Covarity, "This proactive approach by one of Canada's leading financial institutions illustrates why the Canadian banking system has been recognized as the strongest in the world."

Covarity addresses traditional labor-intensive and error-prone manual processes by allowing lenders to automatically gather, analyze and track borrower financial data. This process efficiency leads to improved risk management by reducing errors and ensuring quality within a bank's loan review processes, as well as enabling compliance with increasing regulatory requirements and, ultimately, reducing loan risks and losses.

Covarity has worked with many banks and credit unions to help ensure a healthier commercial loan portfolio, which helps ensure long term profitability. Covarity delivers a consistent framework for tracking financial data, spreading and covenant analysis, and borrowing base analysis, which translates into process efficiencies, while reduced data entry through automation delivers significant quality improvement and productivity gains.

"We selected Covarity to enhance and simplify information sharing with our commercial clients. These customers will benefit from faster and more transparent information

sharing, value added financial analysis, enhanced security features and simplified reporting requirements,” said Doug Palmer, Vice President, Commercial Products BMO Bank of Montreal.

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About Covarity Inc.

Covarity is rapidly establishing itself as the benchmark provider of commercial loan monitoring software. Covarity offers a hosted, web-based commercial loan management solution that delivers process efficiencies and enables banks to mitigate credit and operational risk and prepare for regulatory scrutiny fast and efficiently with minimal capital outlay. Covarity is based in Kitchener, ON and was incorporated in 2001. The Covarity solution is part of a long term profitability and competitiveness strategy for customers such as BMO, Royal Bank of Canada, HSBC Bank Canada, Libro Financial Group, and RBC Bank in the United States. Please see www.covarity.com for more information.

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