

# 2010

Investor Presentation

Scotia Capital Financials Summit

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September 15 • 2010

**Bill Downe**

President & Chief Executive Officer  
BMO Financial Group



# Forward Looking Statements & Non-GAAP Measures

## 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.

In concluding that we will complete the conversion of the operations acquired through the second quarter Rockford, Illinois-based bank transaction, we have assumed that no competing priorities emerge that take a priority claim to the needed staffing and technical resources and that no serious systems problems arise on the conversion.

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 Third 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.

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## Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies. Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in Bank of Montreal's Third Quarter 2010 Report to Shareholders and 2009 Annual Report to Shareholders all of which are available on our website at [www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

Examples of non-GAAP amounts or measures include: cash earnings per share, cash operating leverage and cash productivity ratio; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes.

Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

# Financial Highlights

Revenue continues to be a key growth driver

C\$ billions unless otherwise indicated

	YTD Q3 10	YTD Q3 09
Revenue	9.0	8.1
PCL	0.8	1.2
Expense	5.6	5.6
Net Income	2.1	1.1
Cash EPS (\$)	3.55	2.01
Cash ROE (%)	14.9	8.7
Cash Productivity Ratio (%)	61.7	69.0
Tier 1 Capital Ratio (%)	13.55	11.71
TCE / RWA Ratio (%)	10.39	8.71

- Benefit of diversified business mix:
  - Revenue growth 11%
  - Improved productivity ratio
  - Strong credit performance
  - Strong capital position
- Results reflect the success of our businesses through clear priorities to:
  - Strengthen our brand; and
  - To increase customer loyalty, competitiveness and core business performance

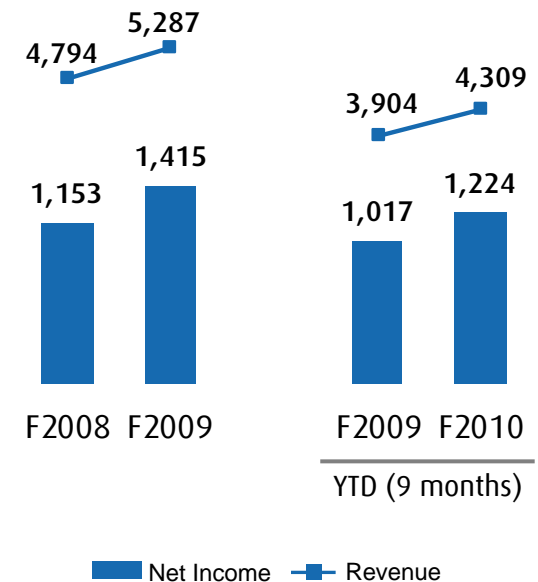
# Personal & Commercial Banking - Canada

Meeting our goal of improving customer experience

- Excellent results for eight consecutive quarters
- Year-to-date revenue growth of 10% and net income growth of 20%
- Continue to make gains in market share
- Continue to invest strategically to advance our competitive position while managing operating expenses prudently



Revenue and Net Income\*  
(C\$MM)



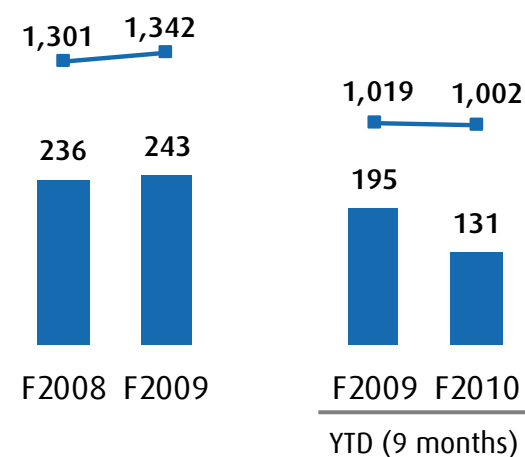
\* BMO employs a methodology for segmented reporting purposes whereby expected credit losses are charged to the operating groups quarterly based on their share of expected credit losses. The difference between quarterly charges based on expected losses and required quarterly provisions based on actual losses, as well as changes in the general allowance are charged (or credited) to Corporate Services. See note 27 on page 154 of the 2009 Annual report

# Personal & Commercial Banking U.S.

## Positioning our businesses for growth

- Year-to-date results reflect reality of economy and markets in the United States
- Finalizing integration of acquired branches in Illinois and Wisconsin; pleased with results to date
- Looking at all potential opportunities to grow our Midwest network
- “Bank for Business” in the U.S. Midwest

Revenue and Net Income\*  
(US\$MM)



HELPING MAKE MONEY MAKE SENSE.<sup>SM</sup>

\* Operating segment results reported on an Expected Loss (EL) basis; see Note 27 on page 154 of the 2009 Annual Report

# Private Client Group

Providing clients with exceptional retirement and financial planning advice

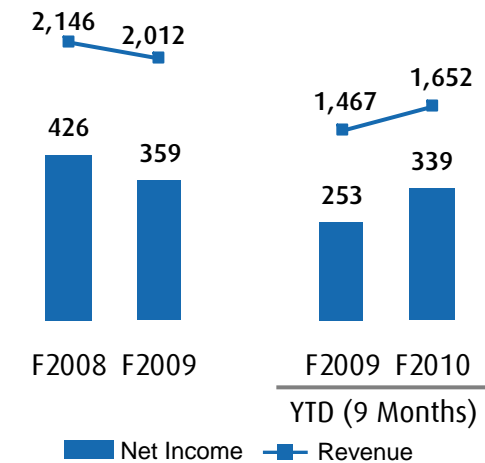
- Year-to-date revenue up 13% with growth across all businesses
- AUM / AUA increased 11% Y/Y, after adjusting to exclude the impact of the weaker U.S. dollar
- Year-to-date net income up 34%, powered by traditional wealth offerings

**We're in the know with ETF know-how.**

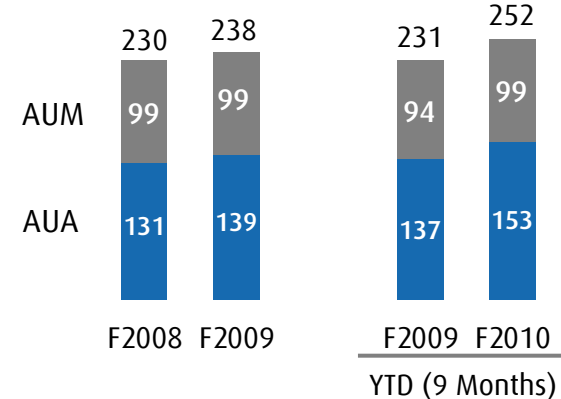
See how extensive our ETF expertise really is.  
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**BMO Financial Group**  
Exchange Traded Funds

Revenue and Net Income\*  
(C\$MM)



AUA/AUM  
(C\$B)



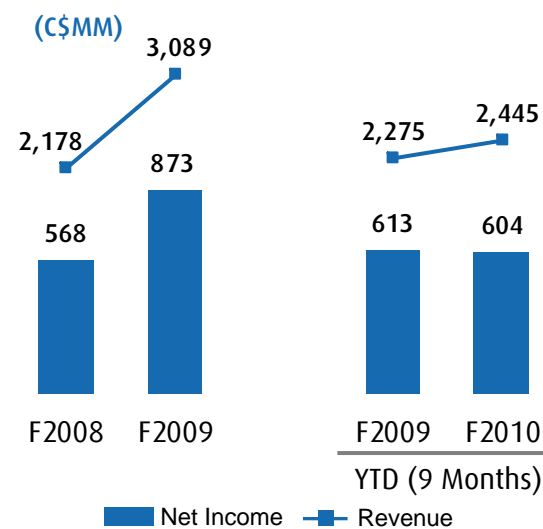
\* Operating segment results reported on an Expected Loss (EL) basis; see Note 27 on page 154 of the 2009 Annual Report

# BMO Capital Markets

Positioned for growth across key target sectors

- Year-to-date revenue growth 7%
- Strategy is based on client relationships that encompass multiple offerings
- Year-to-date ROE is 18.4%
- Significantly expanded our team adding talent and depth for the long-term


## Revenue and Net Income\*



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Institutional investors can rely on the insights of our 80 analysts who collectively cover 900 companies. Their expertise has helped us become one of North America's best\* in equity research.

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\*2010 The Wall Street Journal "Best on the Street" rankings. 2009 Thomson Wood International Equity Research, Sales and Trading Report.

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Your ambition achieved.\*

\*Includes fertilizer, excludes exploration companies with market caps under \$100 million, and steel companies.

\* Operating segment results reported on an Expected Loss (EL) basis; see Note 27 on page 154 of the 2009 Annual Report

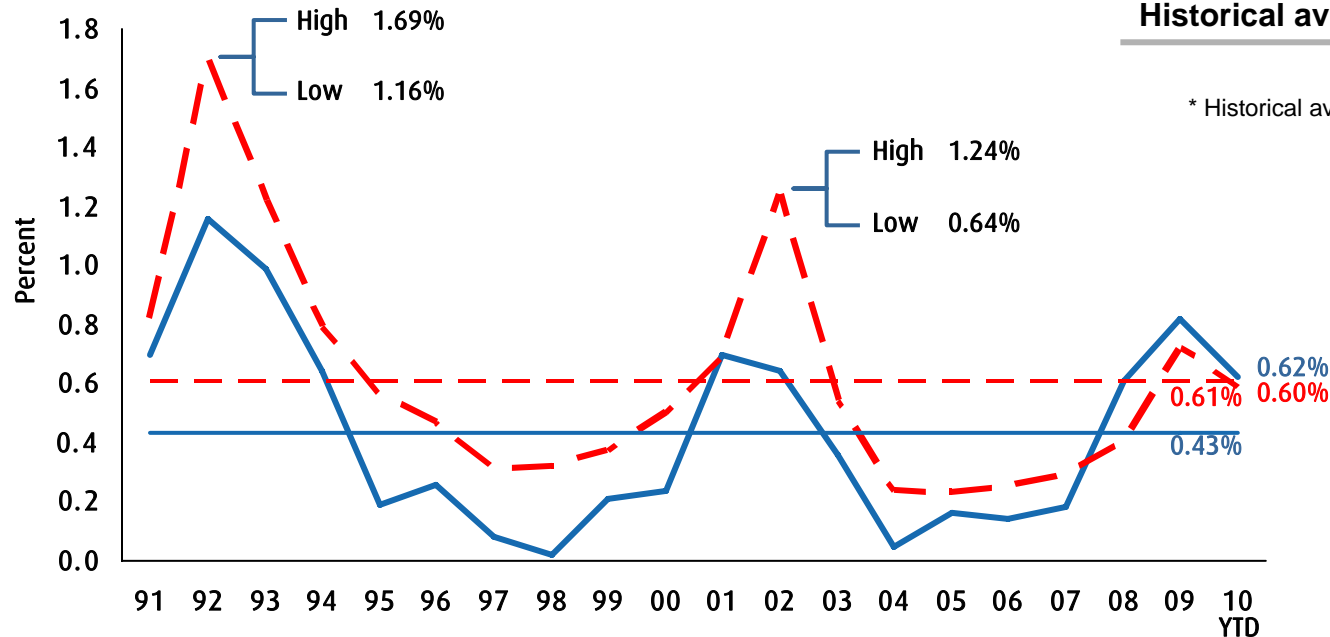


# Strong Credit Performance History

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

	BMO	Canadian Competitors
F2010 YTD	0.62	0.60
F2009	0.82	0.72
Historical avg.*	0.43	0.61

\* Historical avg.: 1991 to 2009



— BMO  
 — Cdn Competitors Weighted Average  
 — Historical Average (BMO)\*  
 — Historical Cdn Competitors' Average

- BMO's Canadian competitors include: BNS, CM, NA, RY, TD
- Competitor average excludes the impact of TD's sectoral provisions



# Economic Outlook

## Canada



- Economic expansion slowing after a very strong rebound in early part of year
- Confident in the prospects for positive GDP growth
- Monitoring the housing market
- Bank of Canada expected to very gradually raise interest rates over the next two years

## United States



- Recent slowdown in economic activity more pronounced
- Growth expected to be slower in the second half of 2010 with unemployment just below 10%
- The Fed expected to keep interest rates near zero well into next year to ensure sustainability of the recovery
- The Fed and White House have additional tools to stimulate demand and will not hesitate to employ them if necessary

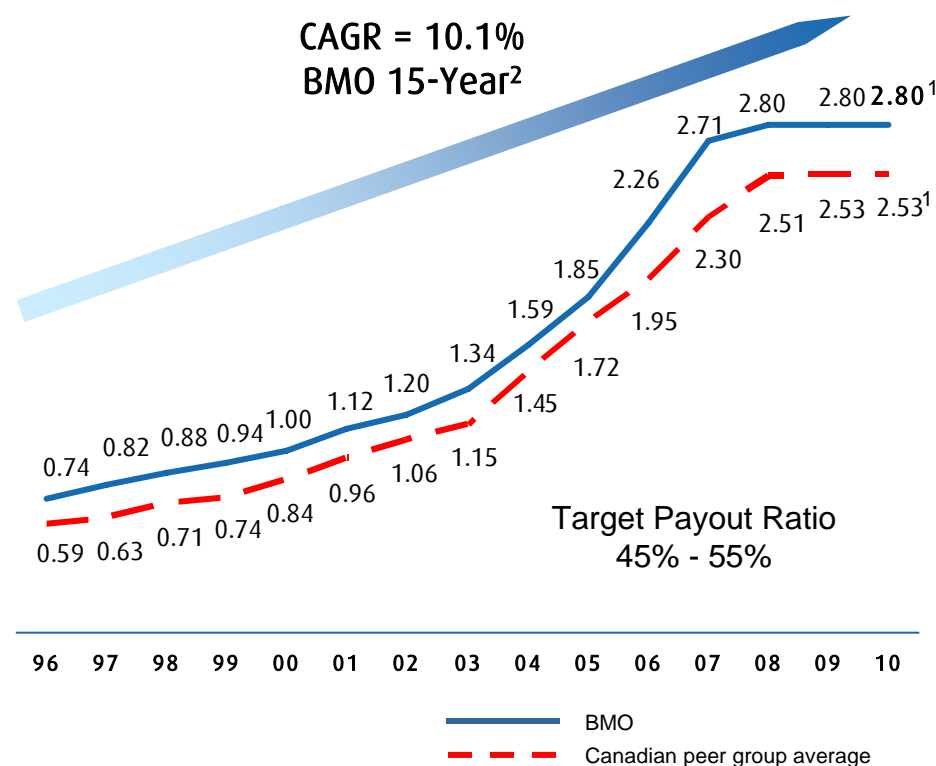
\* Source: BMO Economics; Outlook as at September 9, 2010

# Capital

Demonstrated ability to build capital, grow the business and increase dividends when appropriate

Basel II	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
Tier 1 Capital Ratio (%)	11.71	12.24	12.53	13.27	13.55
Total Capital Ratio (%)	14.32	14.87	14.82	15.69	16.10
Assets-to-Capital Multiple (x)	14.91	14.09	14.67	14.23	14.27
Tangible Common Equity-to-RWA (%)	8.71	9.21	9.51	9.80	10.39

## Annual Dividends Declared Per Share (C\$)



<sup>1</sup>Estimate based on the assumption that current dividend level continues for the rest of the year

<sup>2</sup>CAGR based on dividends declared 1995 - 2010

# BMO – Moving With Our Customers

**1**

**Remain focused on our strategy and our customers**

**2**

**Concentrate on where customers are going and foster progressive innovation**

**3**

**Maximize the strength of our brand to drive growth**

**4**

**Sustain a culture that supports our strategic agenda and is deeply rooted across the organization**

# Looking Ahead...

We have the business platform, balance sheet and expertise to generate sustainable growth

- Changes to the economy, regulatory environment and North American banking industry are rapid and ongoing
- BMO has emerged as a bank with excellent core businesses and a strong capital position on both an absolute and relative basis
- BMO is well positioned for the future:
  - ✓ Brand Promise stands out and gains relevance in the new environment
  - ✓ P&C Canada and PCG are producing excellent financial results and demonstrating good market momentum
  - ✓ P&C U.S. and BMO Capital Markets positioned well for recovery
  - ✓ Well positioned in the U.S. for anticipated increase in pace of consolidation through acquisition

# Q & A



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