

Fixed Income Investor Presentation

June 13, 2014

Q2 | 14



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 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 2014 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, U.S. and international 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; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal or economic policy; the degree of competition in the geographic and business areas in which we operate; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance; 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, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks; changes to our credit ratings; general political conditions; global capital markets activities; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes; and our ability to anticipate and effectively manage risks associated with all of the foregoing factors.

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 30 to 31 of BMO's 2013 Annual Report, which outlines in detail certain key factors that may affect Bank of Montreal'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 statements, 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, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the level of default and losses on default were material factors we considered when establishing our expectations regarding the future performance of the transactions into which our credit protection vehicle has entered. Among the key assumptions were that the level of default and losses on default will be consistent with historical experience. Material factors that were taken into account when establishing our expectations regarding the future risk of credit losses in our credit protection vehicle and risk of loss to Bank of Montreal included industry diversification in the portfolio, initial credit quality by portfolio, the first-loss protection incorporated into the structure and the hedges into which Bank of Montreal has entered.

Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on our business, 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. See the Economic Review and Outlook section of BMO's Second Quarter 2014 Report to Shareholders.

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 Second Quarter 2014 Report to Shareholders and Bank of Montreal's 2013 Annual Report, all of which are available on our website at www.bmo.com/investorrelations.

Examples of non-GAAP amounts or measures include: efficiency and leverage ratios; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes; adjusted net income, revenues, provision for credit losses, non-interest expenses, earnings per share, effective tax rate, ROE, efficiency ratio and other adjusted measures which exclude the impact of certain items such as credit-related items on the purchased performing loan portfolio, run-off structured credit activities, acquisition integration costs, amortization of acquisition-related intangibles assets, decrease (increase) in collective allowance for credit losses and restructuring costs.

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

BMO Financial Group

8th largest bank in North America¹; 2nd largest Canadian bank by retail branches in Canada and the U.S.

Who we are

- Established in 1817, Canada's first bank
- In Canada: a full service, universal bank across all of the major product lines - banking, wealth and capital markets
- In the U.S.: banking and wealth management largely in the Midwest, with a mid-cap focused strategy in Capital Markets
- In International markets: select presence, including Asia
- Key numbers (as at April 30, 2014):
 - Assets: \$582 billion
 - Deposits: \$394 billion
 - Employees: ~45,600
 - Branches: 1,559
 - ABMs: 4,275

Q2'14 Results *	Adjusted ²	Reported
Revenue (\$B)	4.0	4.0
Net Income (\$B)	1.1	1.1
EPS (\$)	1.63	1.60
ROE (%)	14.6	14.3
Basel III Common Equity Tier 1 Ratio (%)		9.7

Other Information	
Quarterly Dividend Declared (per share)	\$0.78
Market Capitalization as at: April 30, 2014	\$48.7 billion
Exchange Listings	TSX, NYSE (Ticker: BMO)
Share Price (April 30, 2014)	
TSX	C\$75.55
NYSE	U.S. \$68.94

* All amounts in this presentation in Canadian dollars unless otherwise noted

¹ As measured by assets as at April 30, 2014; ranking published by Bloomberg

² Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders. See slide 33 for adjustments to reported results.

Clear and Consistent Strategy

Four areas of operating focus are going to be dominant in the execution of our strategy

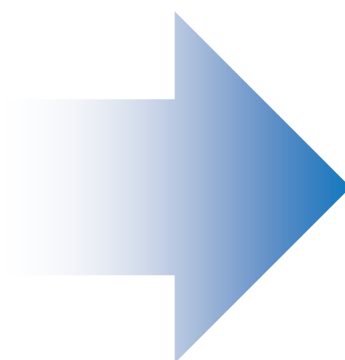
AREAS OF OPERATING FOCUS

Continuing to build a strong, differentiated brand

Extending the digital experience across all channels

Leveraging data to serve customers better

Simplifying and automating for greater efficiency



STRATEGIC PRIORITIES

1 Achieve industry-leading customer loyalty by delivering on our brand promise.

2 Enhance productivity to drive performance and shareholder value.

3 Leverage our consolidated North American platform to deliver quality earnings growth.

4 Expand strategically in select global markets to create future growth.

5 Ensure our strength in risk management underpins everything we do for our customers.

Operating Group Overview

Canadian Personal & Commercial Banking

- Over 7 million customers
- Over 900 branches; 2,900 ABMs
- 2nd in Canadian business banking loan market share for small and medium-sized loans
- Strong volume growth with loans up 9% and deposits up 10% Y/Y

U.S. Personal & Commercial Banking

- Over 2 million customers
- Over 600 branches; 1,300 ABMs
- Footprint includes six contiguous U.S. Midwest states – Illinois, Wisconsin, Indiana, Minnesota, Missouri and Kansas
- Continued strong double digit growth in core Commercial & Industrial loans

Wealth Management

- Broad offering of products and solutions including insurance
- Full range of client segments from mainstream to ultra-high net worth, and institutional
- Operations in Canada, United States, as well as in global markets including Asia and Europe
- AUM/AUA: \$612B
- Acquisition of F&C Asset Management plc closed May 7th; significantly increases client assets

BMO Capital Markets

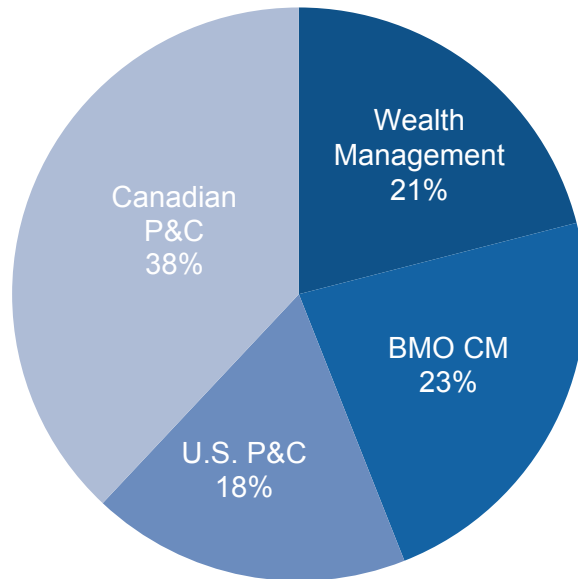
- Offers full service investment banking and sales & trading in Canada
 - #1 in Canadian Announced M&A¹
 - #1 in Canadian Domestic Bond Trading¹
- Mid-cap focus in the U.S.; focused on strategic sectors where we have expertise and experience
- Unified client coverage approach and integrated distribution across North American platform

¹ April 30, 2014 (sources: Bloomberg, IRROC)

Advantaged Business Mix

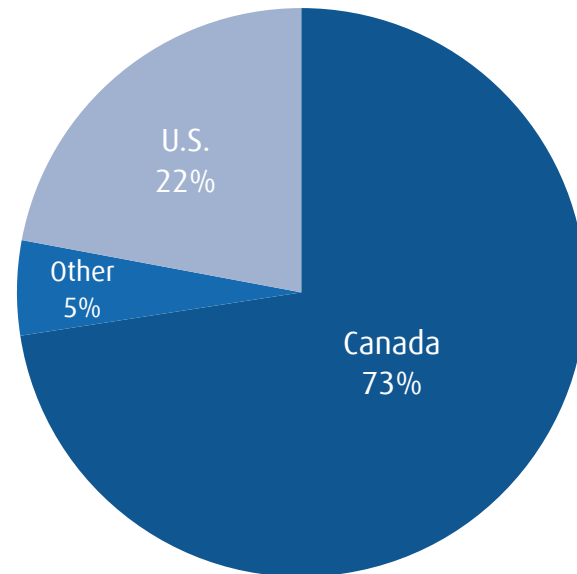
Diversified by both customer segment and geography

Q2'14 Operating Group Revenue*



* Excludes Corporate Services

Q2'14 Adjusted Net Income by Geography¹



¹ Reported net income by Geography – Canada 74%; U.S. 21%; Other 5%

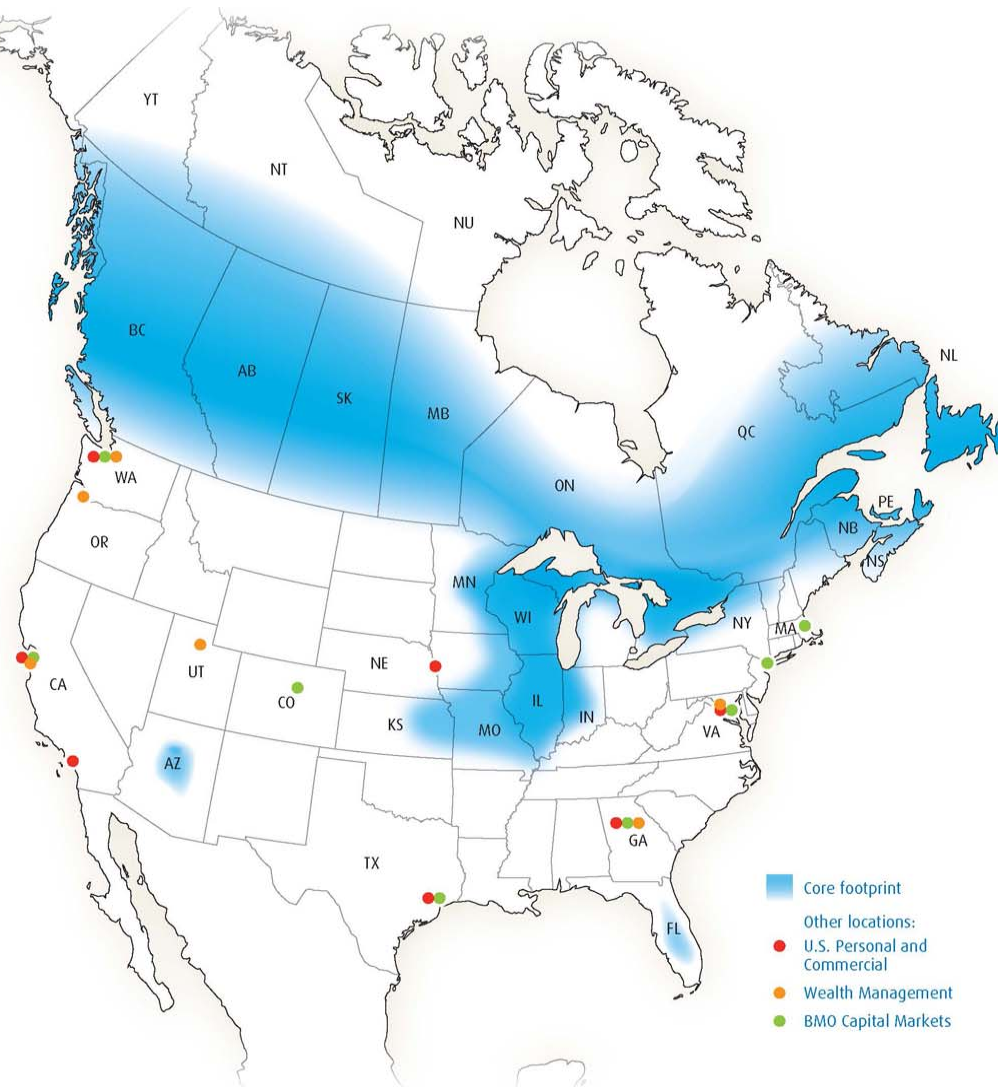
Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders. See slide 33 for adjustments to reported results.

BMO's Strategic Footprint

Combined population and GDP of BMO's U.S. Midwest States is greater than Canada

BMO's strategic footprint is anchored by our business in the heartland of the continental economy. Our three operating groups serve individuals, businesses, governments and corporate customers right across Canada and in six U.S. Midwest states – Illinois, Wisconsin, Indiana, Minnesota, Missouri and Kansas – as well as in other select locations in the United States.

Our significant presence in North America is bolstered by operations in select global markets, including Europe and Asia, allowing us to provide our North American customers with access to economies and markets around the world, and our customers from other countries with access to North America.



1,559¹
Branches

\$230B²
Customer Deposits

¹ Branches in Canada and the U.S., excluding Other, 1,555

² Q2'14 customer deposits: core deposits plus larger fixed-date deposits excluding wholesale customer deposits

Reasons to Invest in BMO

- Clear opportunities for growth across a diversified North American footprint
 - ✓ Large North American commercial banking businesses with advantaged market share
 - ✓ Good momentum in our well-established Canadian Personal & Commercial banking
 - ✓ Award-winning wealth franchise with strong growth opportunities in North America and select global markets
 - ✓ Operating leverage across our U.S. businesses
- Well-capitalized with sound underlying bank credit ratings
- Focus on productivity through core operations and technology integration, particularly for retail businesses across North America
- Industry-leading customer loyalty and a focus on customer experience to increase market share and drive revenue growth
- Committed to upholding the highest level of business ethics and corporate governance

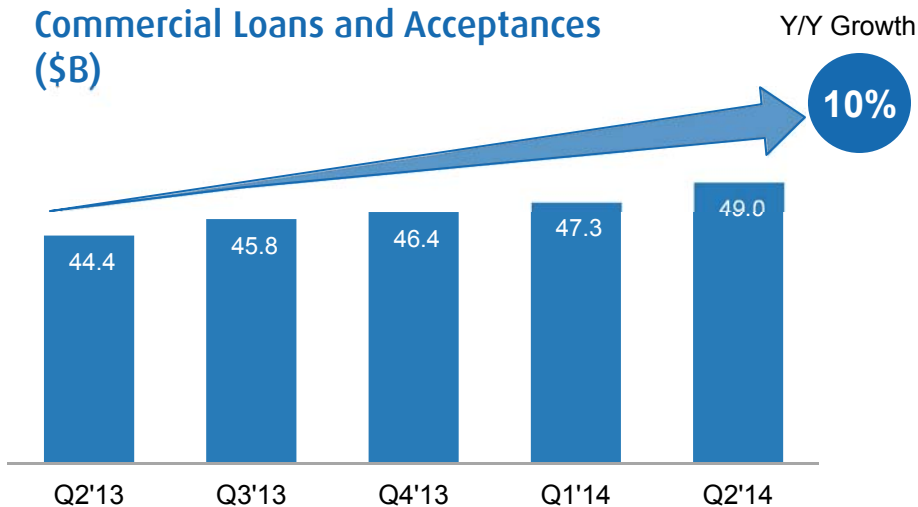
Proven Strength in Commercial Banking

Commercial loan growth remains robust across our large North American platform

Canadian P&C

- Strong commercial lending with growth¹ of 10% Y/Y and 4% Q/Q
- Strong competitive position ranked 2nd in Canadian business banking loan market share for small and medium-sized loans
- Commercial deposits up 9% Y/Y

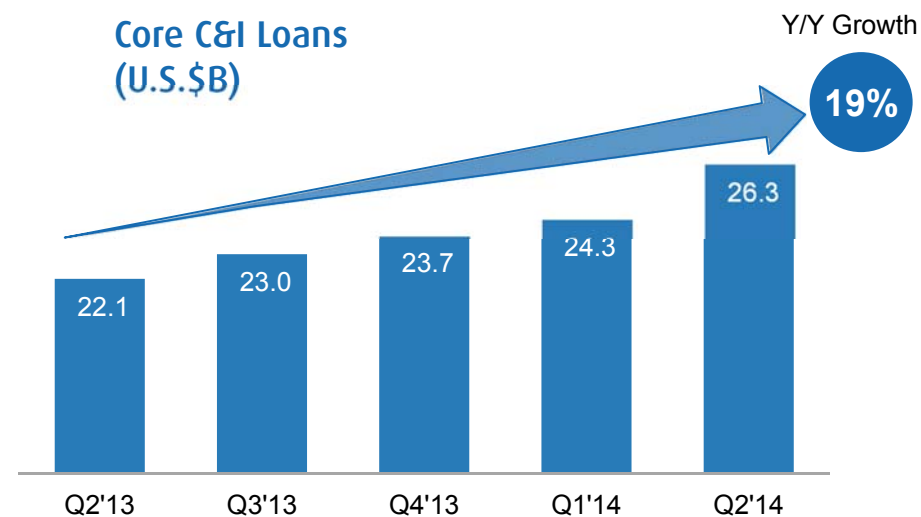
Commercial Loans and Acceptances (\$B)



U.S. P&C

- Strong core C&I loan growth, up 19% Y/Y reflecting balance increases across all segments
- Good growth in Commercial Real Estate portfolio, up 21% Y/Y and 9% Q/Q
- Deposits increased 7% Y/Y, primarily in checking accounts

Core C&I Loans (U.S.\$B)

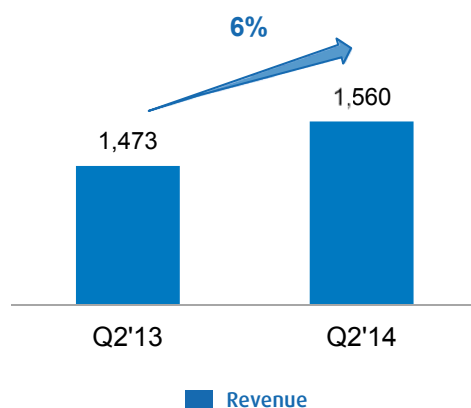


¹ Commercial lending growth excludes commercial cards. Commercial cards balances approximately 11% of total credit card portfolio in each of Q2'13, Q1'14 and Q2'14

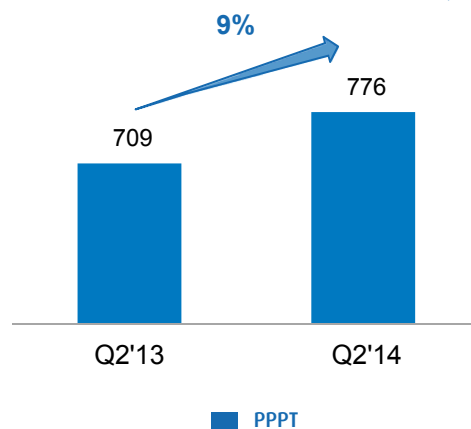
Continued Momentum in Our Canadian P&C Banking Business

- Strong net income growth of 14% Y/Y benefitting from robust volume growth
- Operating leverage strong at 3.3% in Q2; 3rd consecutive quarter above 2%
- Solid improvement in efficiency ratio; Q2'14 50.2% down 160bps Y/Y
- Commercial loans¹ up 10% and Personal loans² up 9% Y/Y
- Highly experienced team of specialists in mid-market commercial banking
- Large loyal customer base supported by strong and differentiated brand
- Largest Mastercard issuer in Canada, as measured by transaction volumes, and one of the top commercial card issuers in North America

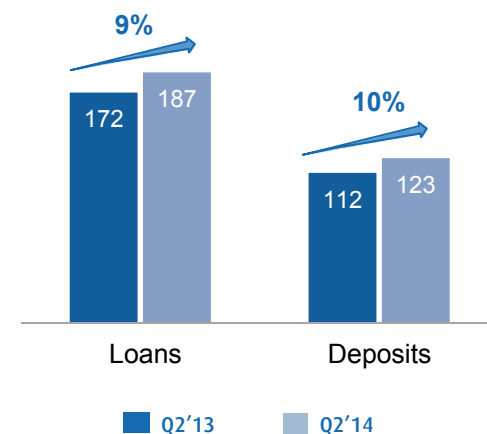
Revenue (\$MM)



Pre-Provision Pre-Tax Income (\$MM)



Average Loans and Deposits (\$B)



¹ Commercial lending growth excludes commercial cards. Commercial cards balances approximately 11% of total credit card portfolio in each of Q2'13, Q1'14 and Q2'14

² Personal lending includes mortgages and consumer loans but excludes credit cards. Personal Cards balances approximately 89% of total credit card portfolio in each of Q2'13, Q1'14 and Q2'14

Wealth Management

Strong wealth franchise with good growth prospects; contributes over 20% of total bank revenue

- Assets under management and administration over \$600B

BMO Nesbitt Burns (Full-service brokerage)

- Highest client loyalty score for investment advisors (*2013 Full Service Brokerage Report from Ipsos Reid*)
- Best Full Service International Advisory in Canada (*Global Banking and Finance Review*)

BMO InvestorLine (Self-directed investing)

- Top bank-owned online firm, for the third consecutive year (*The Globe and Mail*)

BMO Insurance

- Offers life, annuity and creditor insurance products

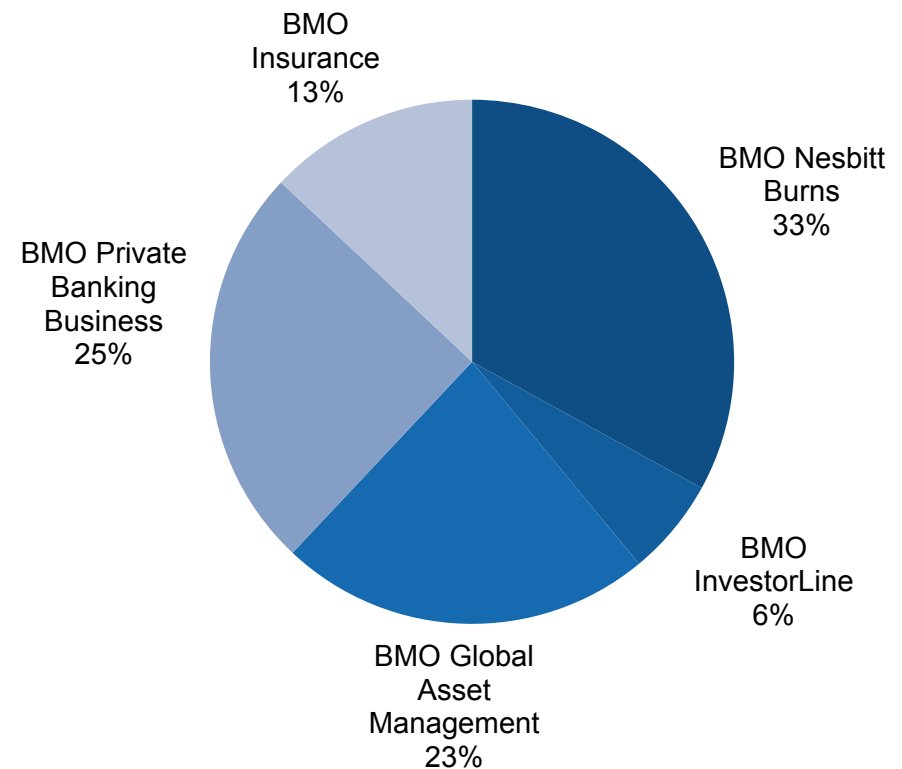
BMO Global Asset Management

- On May 7, 2014 completed acquisition of F&C Asset Management, strengthening BMO GAM's position as a globally significant money manager

BMO Private Bank

- BMO Harris Private Banking - Best Private Bank in Canada, for the fourth consecutive year (*Global Banking and Finance Review*)
- BMO Private Bank Asia - Best New Private Bank in Hong Kong, and Best New Private Bank in Singapore (*Global Banking and Finance Review*)

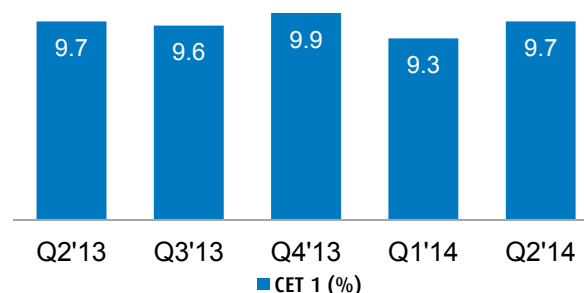
Wealth Management
F2013 Revenue by Line of Business (%)



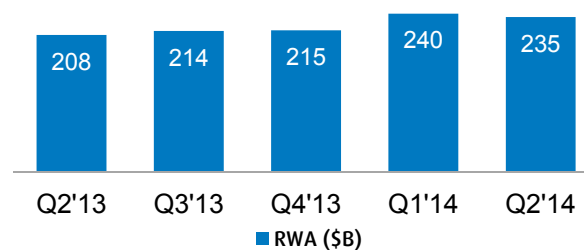
Balanced and Disciplined Approach to Capital Management

- CET1 Ratio of 9.7% increased approximately 40 bps from Q1'14 due to lower RWA and benefit from increased retained earnings
- RWA of \$235B decreased \$5B from Q1'14 due to reduced market risk exposures and lower credit risk, primarily due to improved risk assessments and favourable FX movement, partially offset by updates to calculation methodologies
- Q3'14 will include impact of F&C acquisition which will lower CET1 Ratio by approximately 75 bps

Common Equity Tier 1 Ratio (%)

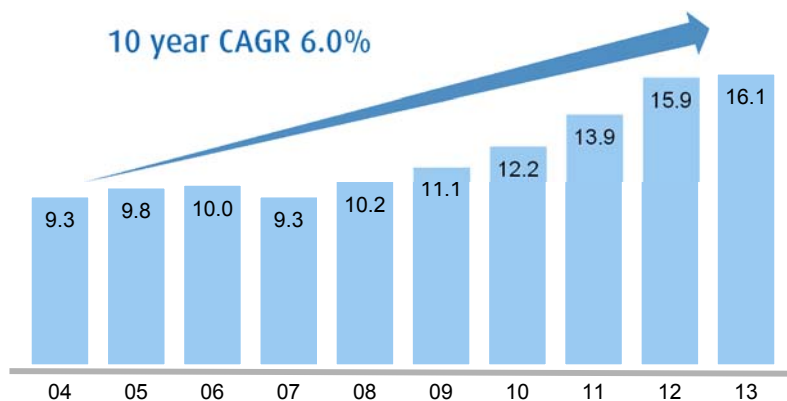


Risk Weighted Assets (\$B)



Strong, Stable Long-Term Financial Trends

Revenue (\$B)

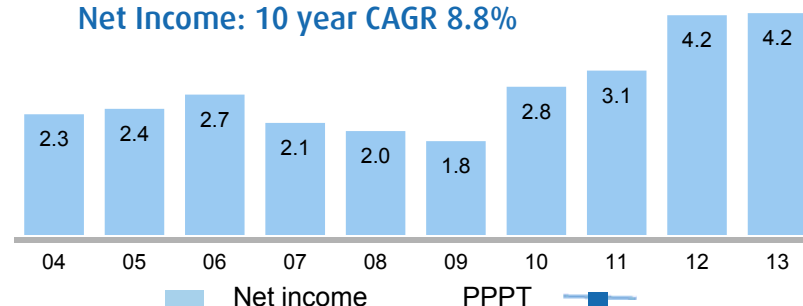


Net Income & Pre-Provision Pre-tax Earnings (\$B)

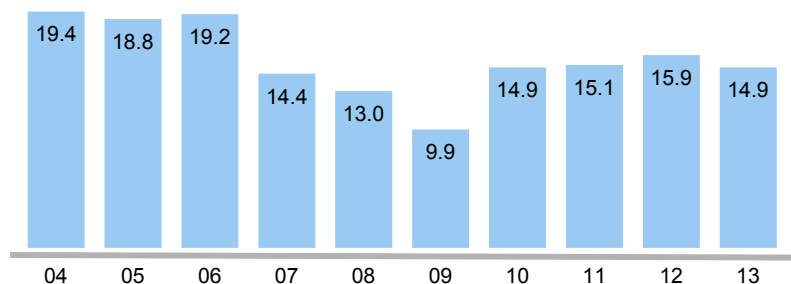
PPPT: 10 year CAGR 7.2%



Net Income: 10 year CAGR 8.8%

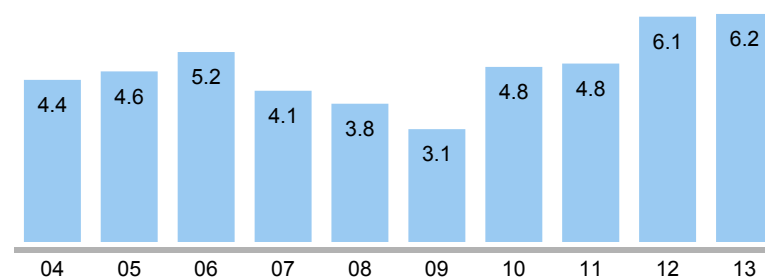


ROE (%)



EPS (\$)

10 year CAGR 6.0%



* Financials as reported. 2010 and prior period information based on CGAAP. Prior to 2011, under CGAAP, non-controlling interest in subsidiaries was deducted in the determination of net income. Ten year CAGR based on CGAAP in 2003 and on IFRS in 2013. F2012 and F2013 financial information restated to reflect changes in IFRS (IAS 19, IFRS 10 and IFRS 11)

Q2 2014 - Financial Highlights

Adjusted net income of \$1.1B with EPS growth of 13%

Adjusted (\$MM) ^{1,2}	Q2 13	Q1 14	Q2 14
Revenue	3,708	4,122	4,041
Expense	2,384	2,653	2,566
Net Income	984	1,083	1,097
Diluted EPS (\$)	1.44	1.61	1.63
ROE (%)	14.6	14.5	14.6
Basel III Common Equity Tier 1 Ratio (%)	9.7	9.3	9.7

- Adjusted EPS up 13% Y/Y reflecting strong operating group performance
- Revenue growth of 9% Y/Y reflecting good growth in Wealth Management, BMO CM and Canadian P&C
- Expenses up 8% Y/Y reflecting higher employee and technology costs related to a changing business and regulatory environment
- Positive adjusted operating leverage³ of 1.2%
- Adjusted efficiency ratio of 63.5% improved 80 bps Y/Y; adjusted efficiency ratio (ex. PBCAE)⁴ of 58.8% in Q2
- PCL up \$53MM Y/Y and \$63MM Q/Q reflecting lower recoveries
- Adjusted effective tax rate⁵ of 16.5% or 24.4% on teb basis

¹ See slide 33 for adjustments to reported results

² Reported Revenue: Q2'13 \$3,893MM; Q1'14 \$4,122MM; Q2'14 \$4,041MM; Reported Expenses: Q2'13 \$2,550MM; Q1'14 \$2,684MM; Q2'14 \$2,594MM; Reported Net Income: Q2'13 \$962MM; Q1'14 \$1,061MM; Q2'14 \$1,076MM; Reported EPS – diluted: Q2'13 \$1.40; Q1'14 \$1.58; Q2'14 \$1.60; Reported ROE: Q2'13 14.2%; Q1'14 14.2%; Q2'14 14.3%

³ Reported Operating Leverage: 1.9%

⁴ This ratio is calculated excluding insurance policyholder benefits, claims and acquisition expenses (PBCAE) and is provided to facilitate comparison with peer disclosure

⁵ Reported effective tax rate: Q2'14 16.2%

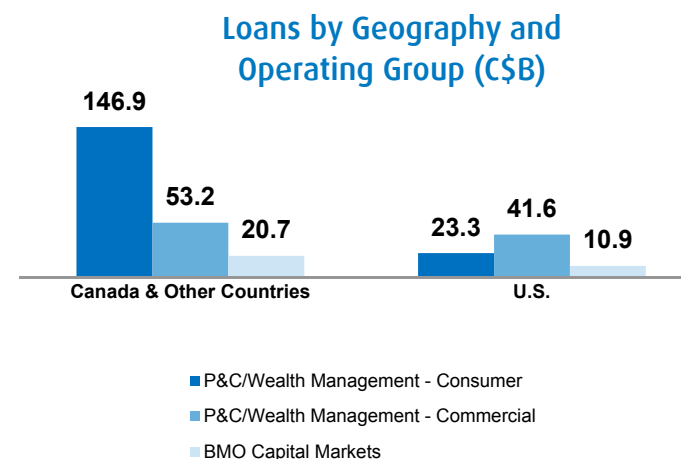
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Loan Portfolio Overview

Canadian and U.S. portfolios well diversified by industry

Gross Loans & Acceptances By Industry (C\$B)	Canada & Other ¹	U.S.	Total	% of Total
Residential Mortgages	89.8	7.8	97.6	33%
Personal Lending	49.6	15.0	64.6	22%
Credit Cards	7.5	0.5	8.0	2%
Total Consumer	146.9	23.3	170.2	57%
Financial	13.7	9.5	23.2	8%
Service Industries	11.4	8.4	19.8	7%
Commercial Real Estate	11.1	6.3	17.4	6%
Manufacturing	5.1	7.7	12.8	4%
Retail Trade	8.3	3.9	12.2	4%
Agriculture	7.1	1.7	8.8	3%
Wholesale Trade	3.8	4.0	7.8	3%
Other Commercial & Corporate ²	13.4	11.0	24.4	8%
Total Commercial & Corporate	73.9	52.5	126.4	43%
Total Loans	220.8	75.8	296.6	100%

○ 2% loan growth Q/Q driven primarily by Canadian commercial loans



¹ Commercial & Corporate includes ~\$11.6B from Other Countries

² Other Commercial & Corporate includes industry segments that are each <3% of total loans

Economic Outlook and Indicators



Economic Indicators (%) ¹	Canada			United States			Eurozone		
	2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E
GDP Growth	2.0	2.3	2.5	1.9	2.5	3.1	(0.4)	0.9	1.2
Inflation	0.9	1.8	1.8	1.5	1.8	2.0	1.4	0.8	1.4
Interest Rate (3mth Tbills)	0.97	0.92	1.12	0.06	0.03	0.27	0.15	0.20	0.29
Unemployment Rate	7.1	6.9	6.6	7.4	6.3	5.5	12.0	11.9	11.7
Current Account Balance / GDP*	(3.2)	(2.5)	(2.0)	(2.3)	(2.1)	(2.0)	2.8	3.1	3.2
Budget Surplus / GDP*	(0.9)	(0.1)	0.3	(4.1)	(2.8)	(2.6)	(3.0)	(2.5)	(1.8)

¹Annual average

*Estimates as of May 27, 2014; Eurozone estimates provided by OECD.

Source: OECD Economic Outlook 95 database.

Canada

- The economy is growing at a moderate pace, supported by low interest rates, a weaker currency, rising oil production and improved U.S. demand, while being held back by elevated household debt and fiscal consolidation
- Firmer GDP growth is expected in 2014 and 2015, as exports respond to a stronger U.S. economy and weaker Canadian dollar
- The Bank of Canada is expected to keep interest rates steady until the middle of 2015
- The Canadian dollar should weaken moderately further against the U.S. dollar in 2014 in response to Canada's trade deficit and less stimulus from the Federal Reserve

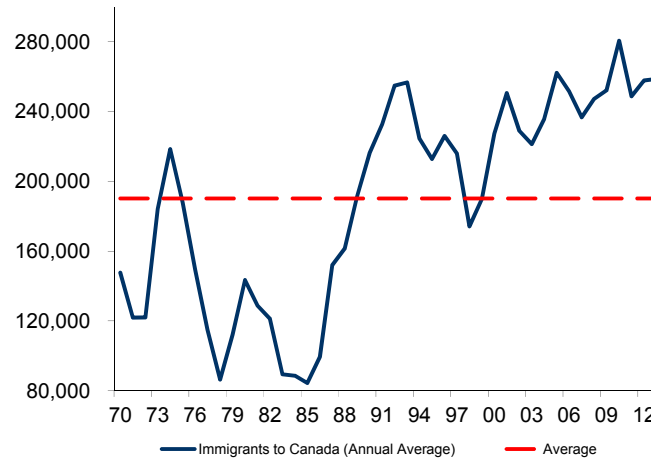
United States

- The economy stalled in Q1 largely due to the extreme winter weather, but appears to have rebounded strongly in Q2
- Less fiscal restraint will allow economic growth to strengthen to 2.5% in 2014 and 3.1% in 2015, with additional support from improved household finances and strengthening housing markets
- The unemployment rate is expected to fall below 6% by the end of 2014
- The Federal Reserve will likely keep interest rates near zero for a sixth straight year in 2014
- The U.S. dollar is expected to strengthen in 2014 as the Fed reduces the pace of asset purchases

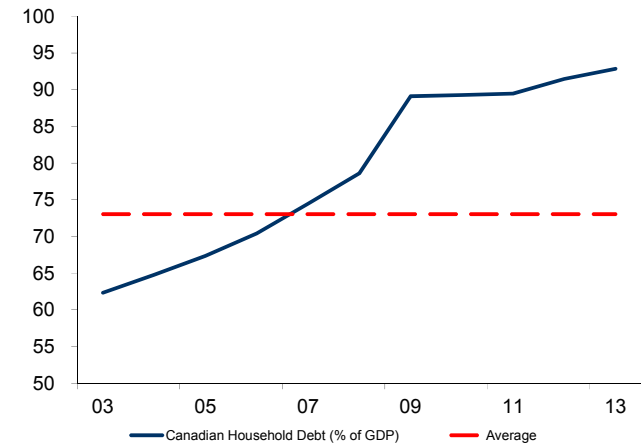
The Canadian Housing Market Remains Healthy

- Consistent immigration flows into Canada continue to drive household demand
 - The prime-home buying age group (30 to 34 year olds) is growing about twice as fast as the general population
- Still, elevated household debt and modestly higher long-term interest rates should restrain sales in 2014
- Most regions are expected to see steadier prices, sales and homebuilding in 2014
- Canadian home prices have steadily increased and are now rising in line with personal income growth
- Both mortgage delinquencies and the unemployment rate have continued to improve post financial crisis

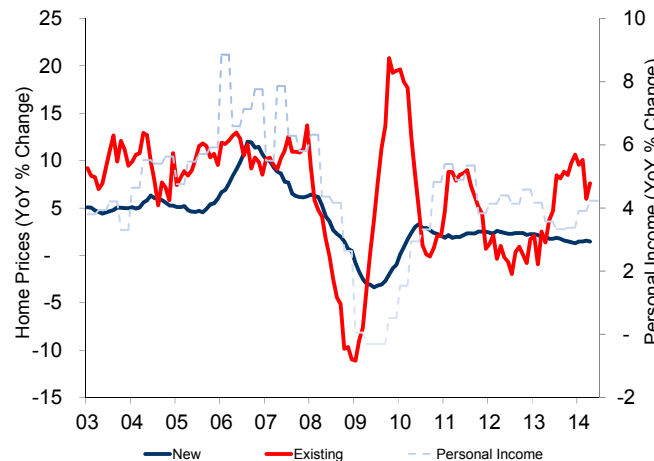
Immigration to Canada



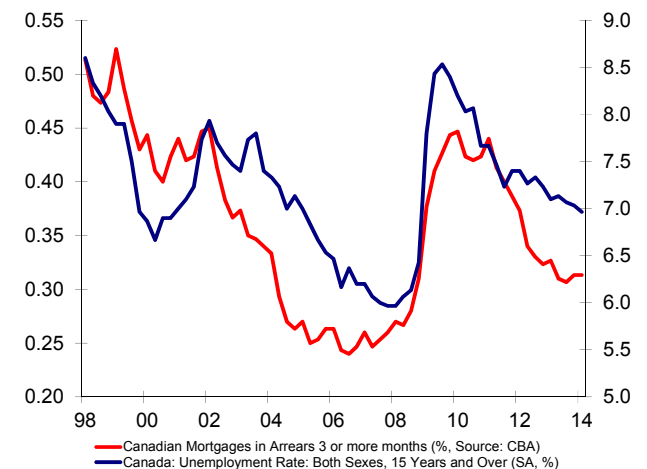
Canadian Household Debt to GDP



CAD Home Prices vs Personal Income



Mortgage Delinquencies / UE Rate



Housing Scorecard

+	-
Job Growth	Tighter Mortgage Rules
Immigration	Elevated Valuations
Echo Boomers	High Household Debt
Low Mortgage Rates	Expect Modestly Higher Interest Rates

Source: BMO CM Economics and Canadian Bankers' Association as of May 30, 2014
This slide contains forward looking statements. See caution on slide 1.

Canadian Residential Mortgages – A Snapshot of Key Features

- Structure of Canadian residential mortgage market lower risk compared to U.S. due to:
 - No lending with loan to value above 80% without government backed insurance
 - Shorter terms (i.e., 1-10 years)
 - Prepayment charges borne by the borrower
 - No mortgage interest deductibility for income tax purposes (no incentive to take on higher levels of debt)
 - Recourse back to the borrower in most provinces

- The Federal government has made a number of adjustments in recent years to support the stability of the housing market and the financial system
 - All borrowers must meet the minimum standards for a five-year fixed rate mortgage, regardless of the mortgage chosen
 - Minimum 20% down payment required for rental / investment properties
 - Maximum amortization period on insured mortgages lowered from 30 to 25 years, effective July 9, 2012
 - Maximum amount Canadians can withdraw when refinancing their mortgages lowered to 80 percent of the value of their homes, effective July 9, 2012
 - Withdrawal of government backed insurance for home equity secured lines of credit (HELOCs), effective April 18, 2011
 - Maximum loan-to-value (LTV) on HELOCs dropped to 65% from 80%, effective October 31, 2012

Canadian Residential Mortgages

- Total Canadian residential mortgage portfolio at \$89.8B represents 43% of Canadian gross loans and acceptances – smallest of the big five banks
 - 60% of the portfolio is insured
 - Loan-to-value (LTV)¹ on the uninsured portfolio is 59%²
 - 67% of the portfolio has an effective remaining amortization of 25 years or less
 - Loss Rates for the trailing 4 quarter period were less than 1 bps
 - 90 day delinquency rates remain stable at 29 bps
 - Condo Mortgage portfolio is \$12.7B with 52% insured

Residential Mortgages by Region (C\$B)	Insured	Uninsured	Total	% of Total
Atlantic	3.5	1.6	5.1	6%
Quebec	8.2	5.1	13.3	15%
Ontario	22.5	14.5	37.0	41%
Alberta	9.9	4.4	14.3	16%
British Columbia	7.4	9.3	16.7	18%
All Other Canada	2.1	1.3	3.4	4%
Total Canada	53.6	36.2	89.8	100%

1 LTV is the ratio of outstanding mortgage balance to the original property value indexed using Teranet data. Portfolio LTV is the combination of each individual mortgage LTV weighted by the mortgage balance

2 To facilitate comparisons, the equivalent simple average LTV on uninsured mortgages in Q2'14 was 51%

BMO's Canadian Consumer Loan Portfolio

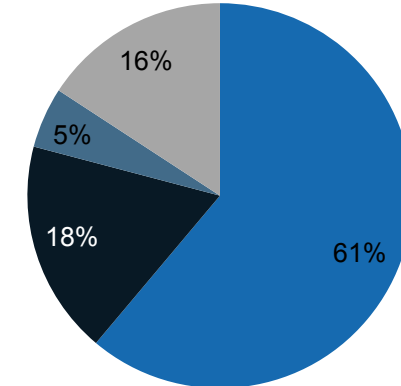
○ BMO's Canadian consumer loan portfolio is well diversified, supported by prudent historical and current adjudication practices

- Consumer loans as a percentage of total bank loans is the lowest of peer banks
- 88% of consumer loan portfolio is secured
- Unsecured loan portfolio is the smallest of the big five banks on an absolute basis; retail credit card portfolio is smaller than peer average
- Unsecured and non-real estate secured loans are prime only (not sub prime)
- HELOC portfolio is of high quality; 80% max LTV. Over 90% of the portfolio is in priority position
- Consumer lending products (cards, LOCs, auto loans, Indirect & Other Instalment) loss rates lower than peer average over time

○ Total Canadian residential mortgage portfolio at \$89.8B represents 43% of Canadian gross loans and acceptances – smallest of the big five banks

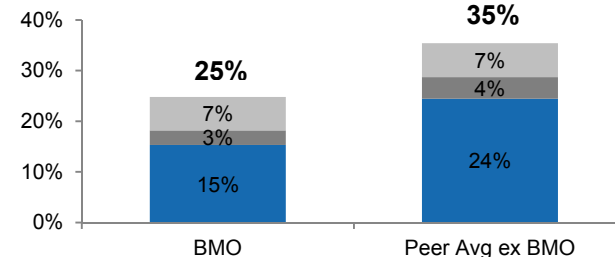
- Portfolio is of high quality given loss history, insured portion and LTV
- 60% (\$53.6B) of portfolio is insured
- LTV on uninsured portfolio is 59%
- Losses for trailing 4 quarter period were less than 1bps
- Losses over past 25 years averaged 1.6bps, with highest annual rate experienced less than 5 bps

Total Canadian Consumer Loans: Q2'14 \$147B
(88% is secured)



■ Mortgages ■ HELOC ■ Credit Cards ■ Other Personal

Canadian Consumer Loans¹
(% of Total Assets)



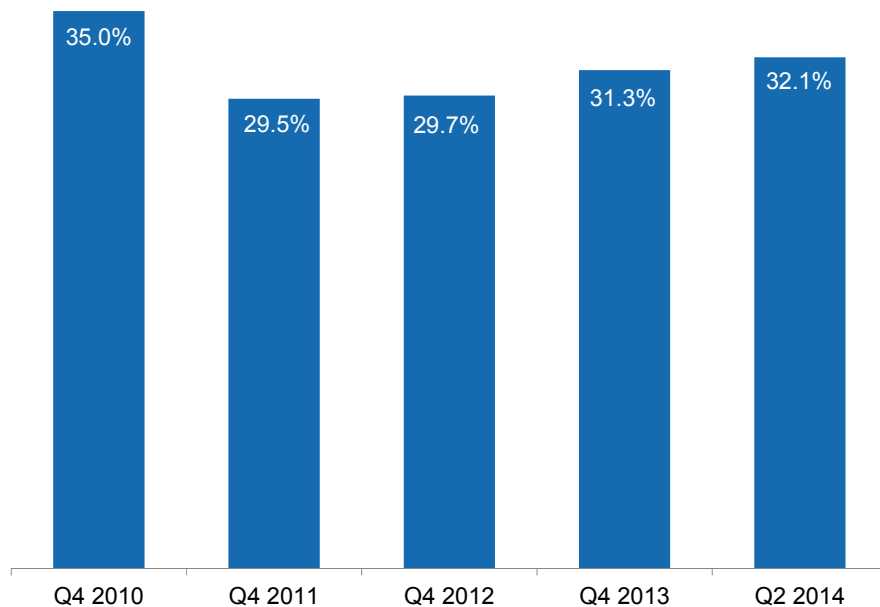
■ Personal Secured (by real estate + non real estate)
■ Personal Unsecured
■ Mortgages

¹ Based on OSFI data as of March 31, 2014; personal refers to non-mortgage loans to individuals for non-business purposes per OSFI filings; total currency less foreign currency denominated.

Liquidity and Funding Strategy

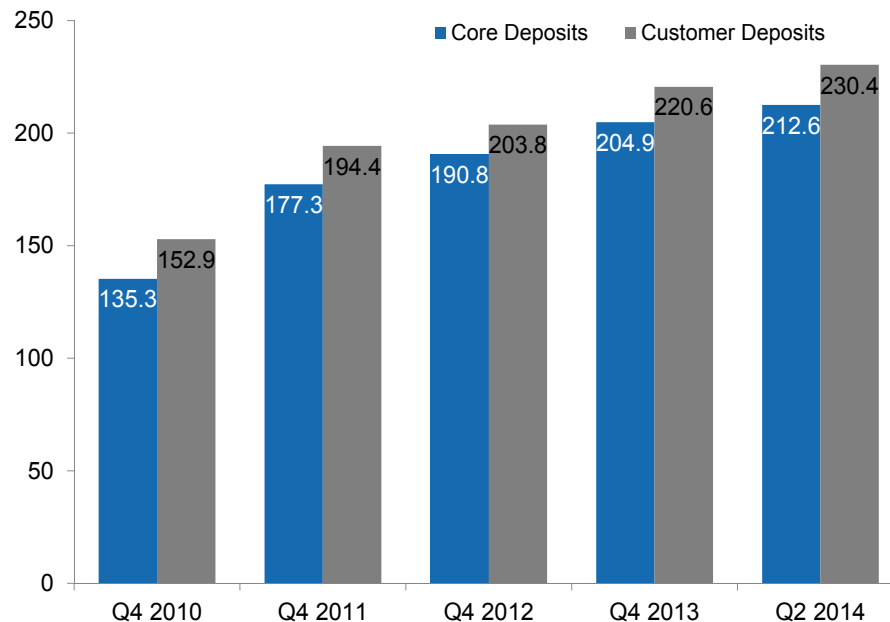
- BMO's Cash and Securities to Total Assets Ratio reflects a strong liquidity position
- BMO's large base of customer deposits, along with our strong capital base, reduces reliance on wholesale funding

Cash and Securities to Total Assets Ratio (%) ⁽¹⁾



⁽¹⁾ The decline in the ratio in 2011 from 2010 is the result of including securitized loans and mortgages previously reported as off balance sheet under Canadian GAAP are now reported as on balance sheet under IFRS

Core and Customer Deposits (C\$B)



* Core Deposits are comprised of customer operating and saving deposits and smaller fixed-date deposits (less than or equal to C\$100,000)

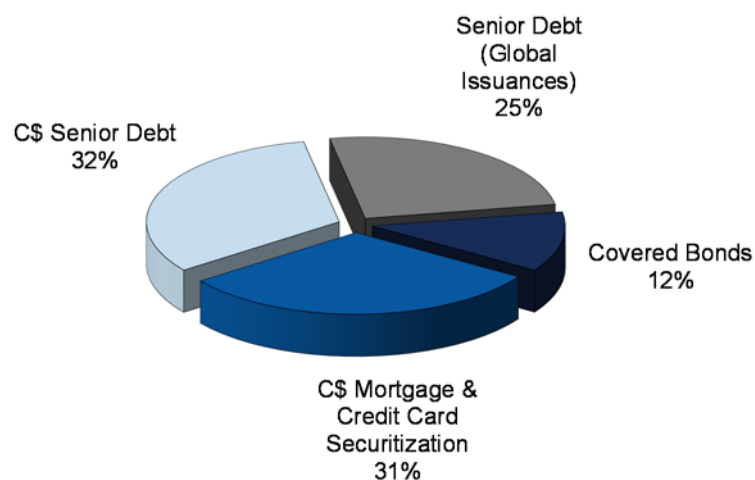
** Customer Deposits are core deposits plus large fixed-date deposits excluding wholesale customer deposits

Diversified Wholesale Term Funding Mix

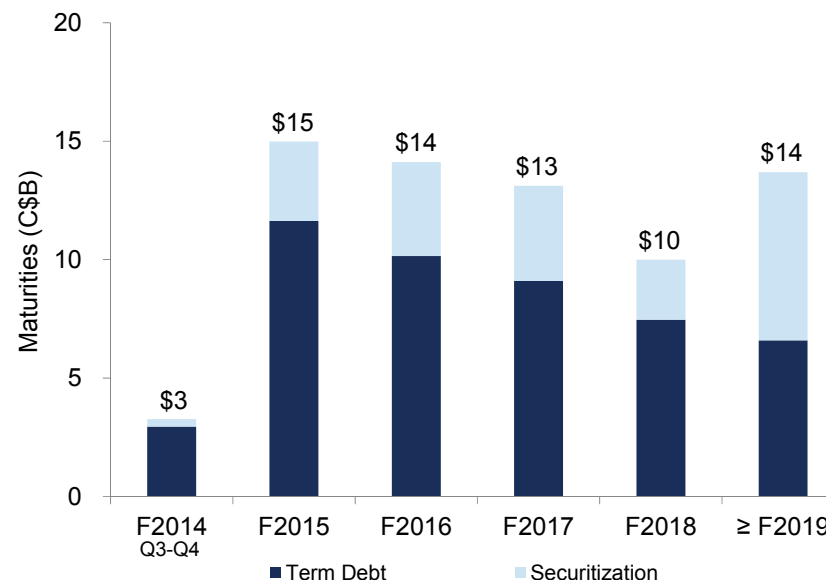
- BMO's wholesale funding principles seek to match the term of assets with the term of funding. Loans, for example, are funded with customer deposits and capital, with any difference provided by longer-term wholesale funding
- BMO has a well diversified wholesale funding platform across markets, products, terms, currencies and maturities

Senior Note Credit Ratings			
Moody's ⁽¹⁾	S&P	Fitch	DBRS
Aa3	A+	AA-	AA

**Wholesale Capital Market ⁽²⁾
Term Funding Composition
(Total \$69.2B)**
As at April 30, 2014



**Wholesale Capital Market ⁽²⁾⁽³⁾
Term Funding Maturity Profile
(Total \$69.2B)**
As at April 30, 2014



(1) On June 11, 2014 Moody's affirmed the long-term ratings of the seven largest Canadian banks, including BMO, and changed the outlook to negative from stable.

(2) Wholesale capital market term funding primarily includes non-structured funding for terms greater than or equal to two years. Excludes extendible notes and capital issuances.

(3) BMO term debt maturities includes term unsecured and covered bonds.

Wholesale Funding Platform

- Programs provide BMO with diversification and cost effective funding

Canada ⁽¹⁾

- Canadian MTN Shelf (C\$8B)
- Master Credit Card Trust II (C\$4B)
- Other Securitization (Canada Mortgage Bonds, Mortgage Backed Securities)

U.S. ⁽¹⁾

- SEC Registered U.S. MTN Shelf (US\$18B)
- SEC Registered Covered Bond Program (US\$10B)⁽²⁾

Europe & Asia ⁽¹⁾

- Note Issuance Programme (US\$20B)
- Global Registered Covered Bond Program (US\$10B)⁽²⁾

Recent Benchmark Transactions

- €0.7B 3-yr FRN MTN at 3M EURIBOR +34bps
- C\$1.0B 5-yr Credit Card Securitization (via MCCT II) at GOC+90bps
- C\$0.75B 5-yr Fixed Senior Unsecured Deposit Notes at GOC+79bps
- €1.0B 5-yr Fixed Euro Covered Bonds at m/s+9bps

(1) Indicated dollar amounts beside each wholesale funding program denotes program issuance capacity limits.

(2) US\$10B program limit is shared between both SEC Registered and Global Registered Covered Bond program.

BMO Covered Bond Program

Global Issuance Platform

- Recent €1.0B 5-yr issuance off newly created uninsured Global Registered Covered Bond Program
 - Currently C\$9.7B outstanding of insured and uninsured Covered Bonds⁽²⁾
- Can issue covered bonds in different currencies (EUR, CAD, USD, GBP, CHF) through our UKLA and SEC registered covered bond shelf prospectuses

Fundamentally Strong Issuer

- Top four Canadian bank by market capitalization
- Well capitalized and consistent profitability demonstrated through strong operating group performance
- Well diversified business mix
- Strong underlying Bank credit ratings (Aa3/A+/AA-/AA)⁽¹⁾

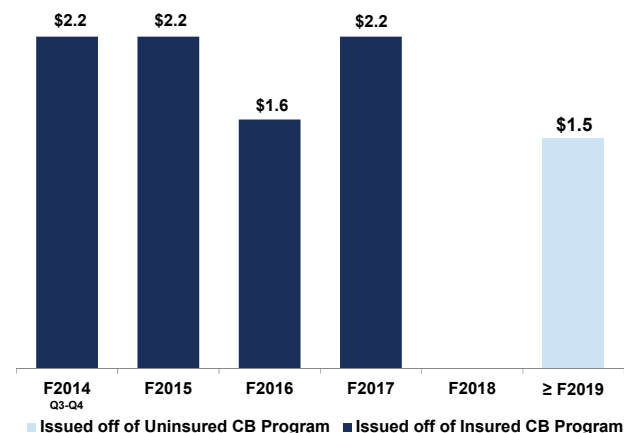
Canadian Legislative Framework

- Canadian legislative framework sets out certain statutory protections for covered bond investors
 - Extensive regulatory oversight and pool audit requirements
 - Mandatory property value indexation beginning June 2014

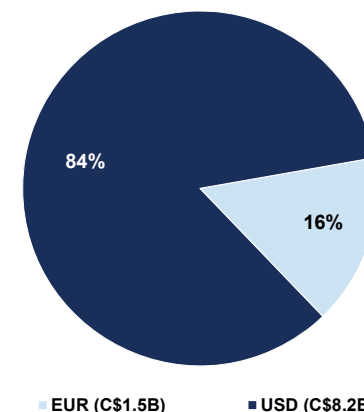
Program Registration

- U.S. Covered Bond Program is SEC registered
 - Index eligible and Trace eligible
- Global Registered Covered Bond Program is registered with the UKLA

Covered Bond Maturity Profile (C\$B) ⁽²⁾



Covered Bond Currency Composition ⁽²⁾



(1) Ratings by Moody's, S&P, Fitch and DBRS, respectively. On June 11, 2014 Moody's affirmed the long-term ratings of the seven largest Canadian banks, including BMO, and changed the outlook to negative from stable. .
 (2) As of June 2, 2014

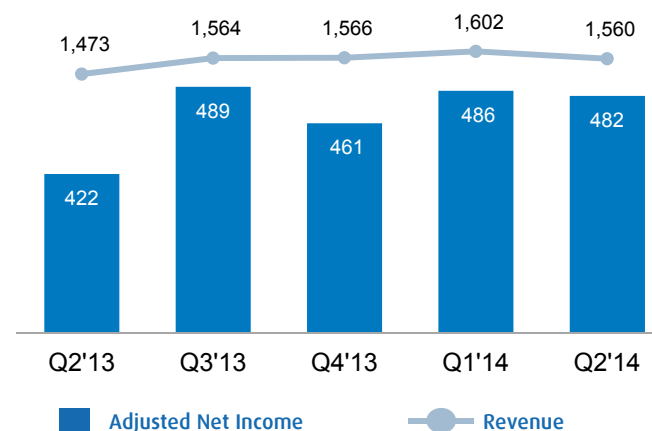
APPENDIX

Canadian Personal & Commercial Banking

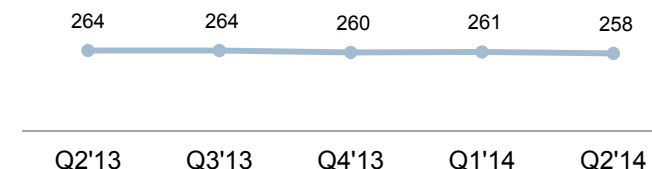
Continued momentum with strong net income growth and operating leverage

- Net income of \$482MM up 14% Y/Y
- Strong operating leverage of 3.3%; above 2% for the 3rd consecutive quarter
- Continued strong volume growth across both our personal and commercial businesses
 - Total loans up 9%
 - Total deposits up 10%
- Efficiency ratio of 50.2%, 160bps better Y/Y
- During the quarter upgraded the BMO mobile banking application, providing customers with enhanced capabilities; mobile transactions have nearly doubled since release

Adjusted Net Income¹ and Revenue (\$MM)



Net Interest Margin (bps)



See slide 33 for adjustments to reported results

Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders

¹ Reported Net Income: Q2'13 \$421MM; Q3'13 \$486MM; Q4'13 \$458MM; Q1'14 \$484MM; Q2'14 \$480MM

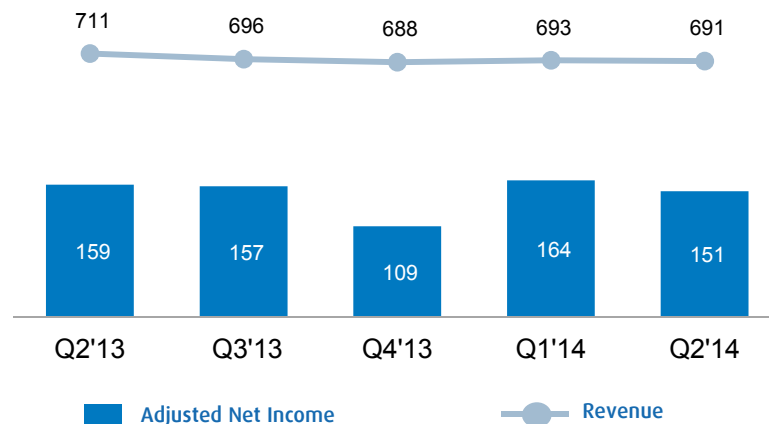
U.S. Personal & Commercial Banking

Good loan growth and stable revenue Q/Q

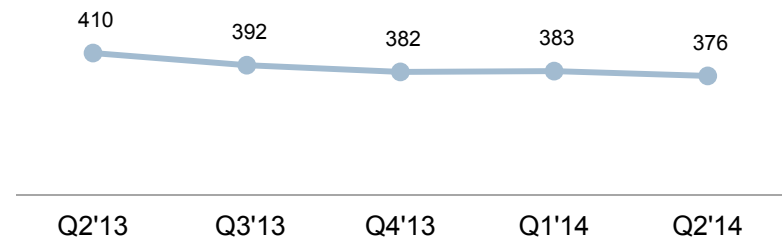
(Amounts in US\$MM)

- Adjusted net income down 6% Y/Y and 8% Q/Q
- Pre-Provision, Pre-tax earnings² up 4% Q/Q
 - Revenue stable Q/Q despite the impact of fewer days, largely due to strong commercial loan growth
 - Expenses well managed, down Y/Y and Q/Q
- Commercial banking team continues to deliver strong volume growth
 - Core C&I Loans up 19% Y/Y
 - Commercial Real Estate loans up 21% Y/Y
 - Commercial deposits up 7% Y/Y

Adjusted Net Income¹ and Revenue (US\$MM)



Net Interest Margin (bps)



See slide 33 for adjustments to reported results

Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders

¹ Reported Net Income (US\$): Q2'13 \$148MM; Q3'13 \$144MM; Q4'13 \$98MM; Q1'14 \$153MM; Q2'14 \$140MM

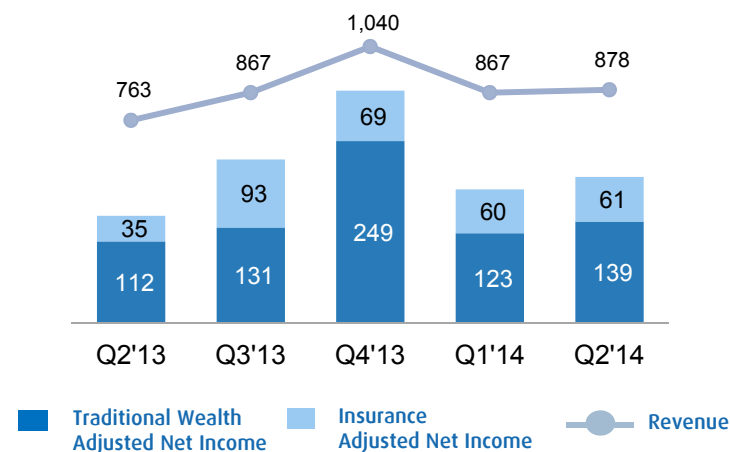
² Reported pre-provision, pre-tax earnings up 5% Q/Q

Wealth Management

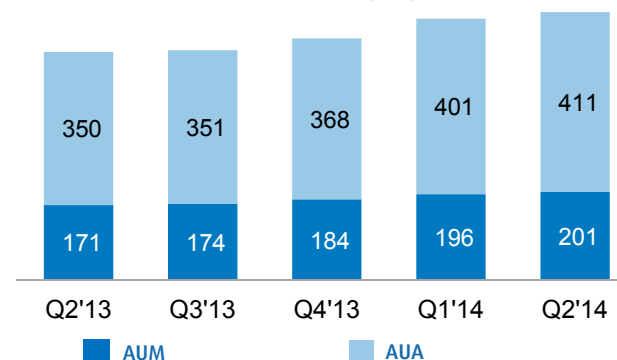
Continued strong performance with adjusted net income up 36% Y/Y

- Adjusted net income up 36% Y/Y and 10% Q/Q.
 - Continued strong performance in traditional wealth with adjusted net income up 23% and revenue up 11%
 - Good underlying Insurance results; prior year results impacted by movements in interest rates
- AUM/AUA up 17% Y/Y driven by market appreciation, the stronger U.S. dollar and growth in new client assets
- Completed the acquisition of F&C Asset Management shortly after quarter end which will significantly increase client assets and lift Wealth Management revenues and earnings in Q3

Adjusted Net Income¹ and Revenue (\$MM)



AUM/AUA (\$B)



See slide 33 for adjustments to reported results

Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders

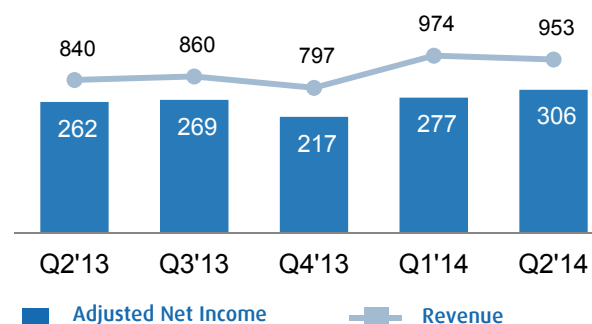
¹ Reported Net Income: Q2'13 \$140MM; Q3'13 \$217MM; Q4'13 \$311MM; Q1'14 \$175MM; Q2'14 \$194MM

BMO Capital Markets

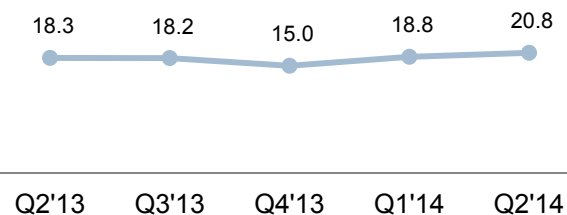
Strong results reflect the benefit of a diversified business mix

- Adjusted net income up 17% Y/Y and 10% Q/Q with good contribution from the U.S. business
- Strong ROE of 20.8%
- Revenue up 14% Y/Y due to higher corporate banking revenues, increased investment banking fees and trading revenue
- Continued focus on understanding and meeting core clients' needs rewarded:
 - Named World's Best Metals and Mining Investment Bank for the 5th consecutive year by *Global Finance* magazine
 - Selected as a 2014 Greenwich Share Leader in Canadian Foreign Exchange Market Share

Adjusted Net Income¹ and Revenue (\$MM)



Return on Equity (%)



See slide 33 for adjustments to reported results

Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders

¹ Reported Net Income: Q2'13 \$261MM; Q3'13 \$268MM; Q4'13 \$217MM; Q1'14 \$277MM; Q2'14 \$305MM

Provision for Credit Losses (PCL)

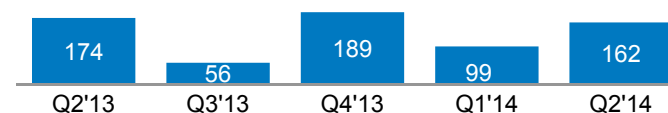
Good credit performance continues

PCL By Operating Group (C\$MM)	Q2 13	Q1 14	Q2 14
Consumer – Canadian P&C	117	91	110
Commercial – Canadian P&C	36	50	23
Total Canadian P&C	153	141	133
Consumer – U.S. P&C	38	20	20
Commercial – U.S. P&C	17	(1)	30
Total U.S. P&C	55	19	50
Wealth Management	1	(1)	2
Capital Markets	(6)	(1)	(4)
Corporate Services^{1,2}	(94)	(59)	(19)
Adjusted PCL	109	99	162
Purchased Performing ¹	65	-	-
Specific PCL	174	99	162
Change in Collective Allowance	(30)	-	-
Total PCL	144	99	162

- Specific PCL improved with a Q/Q \$9MM reduction excluding Purchased Credit Impaired portfolio recoveries of \$45MM (Q1: \$117MM)

- 1 Effective Q1'14, Corporate Services adjusted results include credit-related items in respect of the purchased performing loan portfolio (\$21MM in Q2'14; \$34MM in Q1'14)
- 2 Corporate Services results include purchased credit impaired loan recoveries \$45MM in Q2'14 (\$28MM after-tax); \$117MM in Q1'14 (\$72MM after-tax); and \$107MM in Q2'13 (\$66MM after-tax)

Quarterly Specific PCL (C\$MM)



Corporate Governance

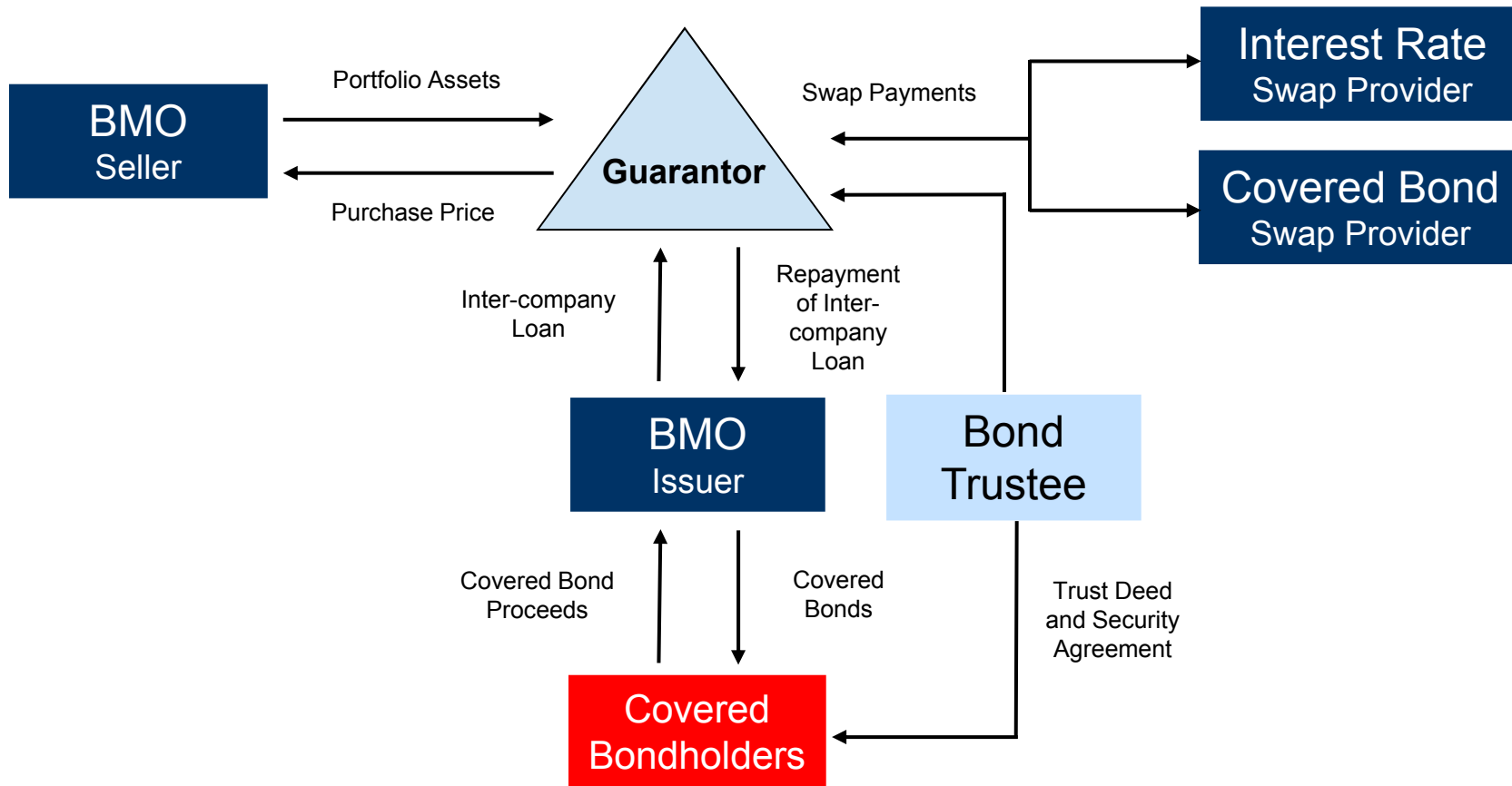
- Comprehensive code of business conduct and ethics, *FirstPrinciples*, guides conduct and ethical decision-making by our directors, officers and employees
- Governance practices reflect emerging best practices and BMO meets or exceeds legal, regulatory, TSX and NYSE requirements
- We have share ownership requirements to ensure directors' and executives' compensation is aligned with shareholder interests
- *The Globe and Mail's Board Games 2013* annual review of corporate governance practices in Canada ranked BMO 15th overall among 232 Canadian reporting issuers

Comparison of Non CMHC Registered Covered Bonds and CMHC Registered Covered Bonds

	Non CMHC Registered Covered Bonds	CMHC Registered Covered Bonds
Issuance Framework:	<ul style="list-style-type: none"> No legal framework 	<ul style="list-style-type: none"> Canadian registered covered bond programs' legal framework (including the National Housing Act (Canada)) Canadian Registered Covered Bond Programs Guide issued by Canada Mortgage and Housing Corporation (CMHC)
Eligible Assets:	<ul style="list-style-type: none"> CMHC-insured loans secured by residential property 	<ul style="list-style-type: none"> Uninsured loans secured by residential property
Mortgage LTV Limits:	<ul style="list-style-type: none"> LTV limits in compliance with CMHC requirements 	<ul style="list-style-type: none"> LTV limit of 80%
Basis for Valuation of Mortgage Collateral:	<ul style="list-style-type: none"> Latest valuation (unindexed) 	<ul style="list-style-type: none"> Starting in July 2014, issuers are required to index the value of the property underlying mortgage loans in the cover pool
Substitute Assets:	<ul style="list-style-type: none"> Exposures to institutions with 10 or 20% risk weighting under the Standardised Approach Canadian dollar denominated residential mortgage-backed securities 	<ul style="list-style-type: none"> Securities issued by the Government of Canada Repos of Government of Canada securities having terms acceptable to CMHC
Cash Restriction:	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> The cash assets of the Guarantor may not include cash in excess of funds necessary to meet the Guarantor's payment obligations for the immediately succeeding six months
Coverage Test:	<ul style="list-style-type: none"> Asset Coverage Test Amortization Test 	<ul style="list-style-type: none"> Asset Coverage Test Amortization Test
Market Risk Reporting:	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Valuation Calculation
Covered Bond Registrar:	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> CMHC
Requirement to Register Issuer and Program:	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Yes; prior to first issuance of the covered bond program
Registry:	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Yes; http://www.cmhc-schl.gc.ca/en/hoficlincl/cacobo/cacobo_004.cfm
Disclosure Requirements:	<ul style="list-style-type: none"> Monthly investor report 	<ul style="list-style-type: none"> Monthly investor report with prescribed disclosure requirements set out by CMHC and ongoing disclosure requirements

Covered Bond Structure

- Consistent with Canadian peers and similar to UK and Australian programs



Adjusting Items

Adjusting ¹ items – Pre-tax (\$MM)	Q2 13	Q1 14	Q2 14
Credit-related items on the purchased performing loan portfolio	119	-	-
Acquisition integration costs	(50)	-	-
Amortization of acquisition-related intangible assets	(31)	(31)	(28)
Decrease/(increase) in the collective allowance for credit losses	22	-	-
Run-off structured credit activities	6	-	-
Restructuring costs	(82)	-	-
Adjusting items included in reported pre-tax income	(16)	(31)	(28)

Adjusting ¹ items – After-tax (\$MM)	Q2 13	Q1 14	Q2 14
Credit-related items on the purchased performing loan portfolio	73	-	-
Acquisition integration costs	(31)	-	-
Amortization of acquisition-related intangible assets	(22)	(22)	(21)
Decrease/(increase) in the collective allowance for credit losses	11	-	-
Run-off structured credit activities	6	-	-
Restructuring costs	(59)	-	-
Adjusting items included in reported net income after tax	(22)	(22)	(21)
Impact on EPS (\$)	(0.04)	(0.03)	(0.03)

¹ All adjusting items are reflected in Corporate Services with the exception of the amortization of acquisition-related intangible assets, which is reflected across the Operating Groups. Adjusted measures are non-GAAP measures. See slide 1 of this document, page 34 of BMO's 2013 Annual Report and page 22 of BMO's Second Quarter 2014 Report to Shareholders

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