

## INVESTOR PRESENTATION

National Bank Financial  
Canadian Financial  
Services Conference

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Personal & Commercial  
Banking Canada*

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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 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 2007 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 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 28 and 29 of BMO's 2006 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.

Assumptions about the performance of the Canadian and U.S. economies in 2007 and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a moderate pace in 2007 and that inflation would remain low. We also assumed that interest rates in 2007 would remain little changed in Canada but decline in the United States and that the Canadian dollar would hold onto its value relative to the U.S. dollar. Although the U.S. dollar strengthened relative to the Canadian dollar in the first quarter, we believe that our other assumptions are valid. We have continued to rely upon those assumptions and the views outlined in the following Economic Outlook in considering our ability to achieve our 2007 targets. 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. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining our sustainable effective tax rate.

## BMO - Q1 2007 FINANCIAL HIGHLIGHTS

|                                | Net Income | EPS    | EPS Growth | Cash EPS | ROE   | Specific PCL | Tier 1 Capital | Cash Productivity |
|--------------------------------|------------|--------|------------|----------|-------|--------------|----------------|-------------------|
| Excluding Restructuring Charge | \$673MM    | \$1.30 | 11.1%      | 1.32     | 18.0% | \$52MM       | 9.90%          | 61.7%             |
| As Reported                    | \$585MM    | \$1.13 | (3.4)%     | 1.15     | 15.7% | \$52MM       | 9.90%          | 66.9%             |

### Key Messages (Measures below exclude Restructuring Charge)

- Good quarter driven by high quality operating performance
- EPS grew 11.1%, excluding restructuring charge
- Revenue growth of 4.1% Y/Y
- Expenses well managed, growing 2.8% Y/Y
- Cash productivity of 61.7% improved 72 bps
- Net interest margins stable for P&C Canada and Total Canadian Retail
- Total bank effective tax rate of 26.1%

## Q1 2007 GROUP NET INCOME

### P&C Canada Net Income of \$292MM

- Increased \$30MM or 12% Y/Y
- Revenue growth of 6.4% driven by volume growth and higher revenue in card business
- Expense growth of 4.1% due to expansion of sales and service staff

### IBG Net Income of \$219MM

- Decreased \$3MM or 2% Y/Y
- Revenue decreased 3.6% as trading revenues declined from record high levels in Q1 06
- Expenses declined 1.2%

### P&C U.S. Net Income of US\$25MM

- Decreased US\$3MM or 15% Y/Y
- Revenue growth of 0.8%
- Expense growth of 8.0% supporting business volumes and costs associated with new branch technology platform

### PCG Net Income of \$95MM

- Increased \$4MM or 4.2% Y/Y
- Revenue growth of 8.9% due to higher fee-based and commission revenue
- Expense growth of 9.7%






### Corporate Services Net Income of \$38MM

- Excludes restructuring charge
- Increased \$40MM Y/Y due to lower taxes, better revenues and lower expenses

## FINANCIAL HIGHLIGHTS – P&C CANADA

| P&L (\$MM)                | Q1 06 | Q4 06 | Q1 07 |
|---------------------------|-------|-------|-------|
| Net Interest Income (teb) | 726   | 755   | 760   |
| Non-interest revenue      | 370   | 403   | 406   |
| Total Revenue             | 1,096 | 1,158 | 1,166 |
| PCL                       | 78    | 79    | 80    |
| Expenses                  | 624   | 675   | 649   |
| Provision for taxes       | 132   | 132   | 145   |
| Net Income                | 262   | 272   | 292   |
| NIM (bps)                 | 267   | 266   | 267   |
| Cash Productivity (%)     | 56.7  | 58.1  | 55.5  |

## BMO - 2007 STRATEGIC PRIORITIES

|   |   |
|---|---|
|  | <b>Build a superior Canadian personal banking business to ensure that we meet all of our customers' financial needs</b>   |
|  | <b>Further strengthen our commercial banking businesses to become a leading player everywhere we compete</b>  |
|  | <b>Grow our wealth management businesses, capturing an increasing share of this high-growth market</b>  |
|  | <b>Drive strong returns and disciplined growth in our North American investment banking business</b>  |
|  | <b>Improve our U.S. performance and expand our network to become the leading personal and commercial bank in the U.S. Midwest</b>   |
|  | <b>Build a high-performing, customer-focused organization supported by a world-class foundation of productive technologies, efficient processes, disciplined performance management, sound risk management and governance</b> |

## PERSONAL & COMMERCIAL BANKING - CANADA

Where we're going, what we're doing

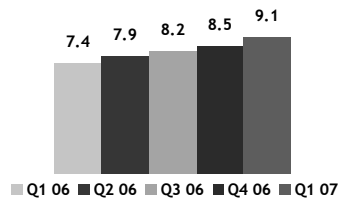
### Management Agenda

- Build loyalty through a better customer experience
- Optimize our distribution network and specialized sales forces
- Improve our personal banking performance
- Continue to leverage our strengths

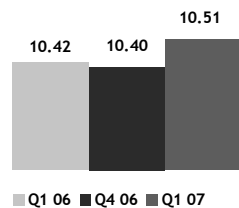
## PERSONAL LOANS - PERFORMANCE

- Strong volume growth Y/Y
- Customer Welcome Offer driving volume growth:
  - ▶ Average of 2.5 products per customer on account opening
- Market share increase in personal lending 11 bps Q/Q, 9 bps Y/Y

Personal Loans Year-Over-Year Growth (%)



Personal Loans Market Share (%)

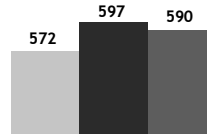


Personal share statistics are issued on a one-month lag basis. (Q1.07: December 2006)  
Source: Consumer Loans - Bank of Canada.

## PERSONAL BANKING - THE OPPORTUNITY

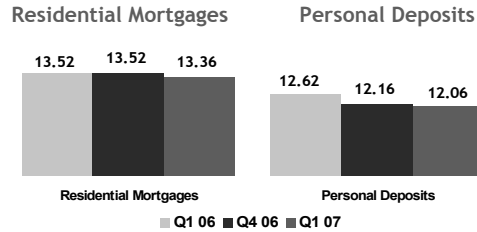
- Improve personal deposits and residential mortgages results
  - ▶ Accelerate growth in personal deposits
  - ▶ Focus on proprietary channels to grow residential mortgages

Personal Revenues (\$MM)



**Personal**  
 Personal includes Residential Mortgages, Personal Loans, Personal Deposits, Term, Mutual Funds, Insurance and Other.

Market Share (%)



Personal share statistics are issued on a one-month lag basis. (Q1.07: December 2006)  
 Sources: Mutual Funds – IFIC, Credit Cards – CBA, Consumer Loans & Residential Mortgages – Bank of Canada, Personal Deposits – OSFI

## PERSONAL BANKING - THE OPPORTUNITY

- Revenue growth and net promoter scores key metrics to measure performance
- Opportunity to increase lending within current risk appetite concentrating on secured lending
- Review mix of staff and continue to build specialized sales forces, specifically mortgage specialists and financial planners

**A solid foundation starts with solid advice**

Talk to us and get the right advice on buying your new home.

BMO Bank of Montreal  
 What's next for you?

## PERSONAL BANKING - OUR OPPORTUNITY

- Continue to build and optimize our branch network with a focus on key communities
- Reduce account opening time
- New technology to consolidate information results in more time to spend with customers

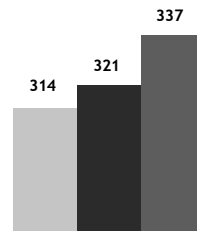
## Best of BMO



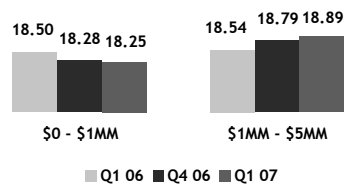
## COMMERCIAL BANKING - PERFORMANCE

- Continued strength in the upper end of the commercial market as well as strong growth in loan balances over \$1MM
- Maintained #2 market position in business loans <\$5MM
- Good volume growth Y/Y in total commercial
  - ▶ Average loans and acceptances up 6.8%
  - ▶ Average deposits up 10.2%

Commercial Revenue (\$MM)



Business Loan Market Share (%) <sup>1</sup>




<sup>1</sup> Business loans (Banks) are issued by CBA on a one calendar quarter lag basis (Q1.07: September 2006)  
Market share restated to reflect the latest CBA data

## COMMERCIAL BANKING - OUR OPPORTUNITY

- New operating units focused solely on commercial business in the key Toronto, Montreal and Vancouver markets will facilitate future growth
- Specifically in the \$0-1MM market we have a program to grow, starting with simplified product offerings and expansion of the front-line sales force

**Invest in your business.  
Invest in yourself.**



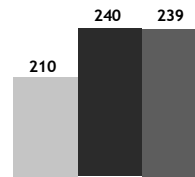
Meet with your Commercial Account Manager to find out how to get the most out of your business and personal investments.

BMO Bank of Montreal  
What's next for you?

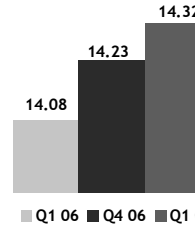
## CARDS - PERFORMANCE

- Strong revenue growth Y/Y
- In F2006:
  - ▶ Lowest attrition rate in 7 years
  - ▶ 23% increase in new accounts, 105% increase in branch originations
- 55% of customers have a BMO MasterCard
- Market share
  - ▶ #3 in Canada
  - ▶ Corporate card #6 in North America for Large Corporate/Mid Market

Card Revenue (\$MM)



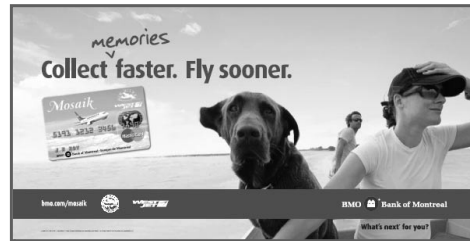
Card Net Retail Sales Market Share (%)



1 Net Retail Sales (NRS) refer to card volume less transfers and cash advances. NRS include both retail and corporate card business, and are on a two-month lag basis. (Q1.07: November 2006)

## CARDS - OUR OPPORTUNITY

- More holistic view of payments, including Moneris®
- Greater and more effective utilization of branch network
- Expand the security and usability of our product



## BMO Bank of Montreal

### KEY TAKEAWAYS:

- Solid Franchise
- Opportunities exist – we are taking action
- Improvements expected to take hold over the course of 2007





BMO  Financial Group

Q&A



BMO  Financial Group

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