

# 2011

Investor Presentation  
Morgan Stanley U.S. Financials Conference

The logo consists of the letters B, N, M, I, and O in a bold, white, sans-serif font. Each letter is a thick, 3D block with a black shadow underneath, giving it a sense of depth. They are arranged horizontally on a dark blue surface.

**Bill Downe**  
President and Chief Executive Officer

February 2 • 2011

# 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 the expected closing of the proposed acquisition of Marshall & Ilsley Corporation (M&I), future plans for the acquired business, anticipated financial and operating results and impacts of the acquisition; the companies' plans, objectives and intentions, cost savings, our objectives and priorities for 2011 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, the results of or outlook for our operations or for the Canadian and U.S. economies and other statements including words such as "anticipate", "believe", "plan", "estimate", "expect", "intend", "will", "should" and other similar expressions.

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 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; critical accounting estimates; operational and infrastructure risks; 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; disruptions to public infrastructure, such as transportation, communications, power or water supply; and technological changes. Actual results about statements respecting the proposed transaction with M&I may differ materially from the results anticipated in such forward-looking statements. Such factors include, but are not limited to: the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the proposed transaction may need to be modified to satisfy such approvals or conditions; the anticipated benefits from the proposed transaction such as it being accretive to earnings, expanding our North American presence and synergies are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which M&I operates; the ability to promptly and effectively integrate the businesses of M&I and BMO; reputational risks and the reaction of M&I's customers to the transaction; diversion of management time on merger-related issues; and increased exposure to exchange rate fluctuations. A significant amount of M&I's business involves making loans or otherwise committing resources to specific companies, industries or geographic areas. Unforeseen events affecting such borrowers, industries or geographic areas could have a material adverse effect on the performance of our integrated U.S. operations.

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 29,30, 61 and 62 of Bank of Montreal's Management's Discussion and Analysis for 2010, 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.

Additional factors that could cause BMO Financial Group's and Marshall & Ilsley Corporation's results to differ materially from those described in the forward-looking statements can be found in the 2010 Annual Report on Form 40-F for BMO Financial Group and the 2009 Annual Report on Form 10-K of M&I filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's Internet site (<http://www.sec.gov>).

In calculating the pro-forma impact of Basel III on our regulatory capital, regulatory capital ratios, and risk-weighted assets (including Counterparty Credit Risk and Market Risk), we have assumed our interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) as of this date and our models used to assess those requirements are consistent with the final requirements that will be promulgated by BCBS and the Office of the Superintendent of Financial Institutions Canada (OSFI). We have also assumed that the proposed changes affecting capital deductions, risk-weighted assets, the regulatory capital treatment for non-common share capital instruments (i.e. grandfathered capital instruments) and the minimum regulatory capital ratios are adopted as proposed by BCBS and OSFI. We also assumed that existing capital instruments that are non-Base I compliant but are Basel II compliant can be fully included in the October 31, 2010 pro-forma calculations. The full impact of the Basel III proposals has been quantified based on our financial and risk positions at year end or as close to year end as was practical. The Basel rules are not yet finalized and are subject to change, which may impact the results of our analysis. In setting out the expectation that we will be able to refinance certain capital instruments in the future, as and when necessary to meet regulatory capital requirements, we have assumed that factors beyond our control, including the state of the economic and capital markets environment, will not impair our ability to do so.

Assumptions about current and expected capital requirements, M&I's revenues and expenses, potential for earnings growth as well as costs associated with the transaction and expected synergies, were material factors we considered in estimating the economics of the transaction.

Our expectations regarding the key impacts of our transition to International Financial Reporting Standards (IFRS) are based on IFRS as issued by the International Accounting Standards Board (IASB) that are in effect as of this date. Should IFRS change prior to our transition to IFRS, our expectations of the key impacts of transition could change.

Assumptions about the performance of the Canadian and U.S. economies in 2011 and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives, and our outlook for our businesses. Key assumptions included that the Canadian and U.S. economies will grow moderately in 2011, that interest rates will remain low and that our assumptions regarding regulatory reforms will be consistent with the implementation of such reforms. We also assumed that housing markets will strengthen in Canada and the United States. We assumed that conditions in capital markets will improve somewhat and that the Canadian dollar will strengthen modestly relative to the U.S. dollar. 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.

## 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 Fourth Quarter 2010 Earnings Release and Bank of Montreal's 2010 Management's Discussion and Analysis, 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 and cash productivity; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes, earnings which exclude the impact of provision for credit losses and taxes, and core earnings which exclude non recurring items such as acquisition integration costs.

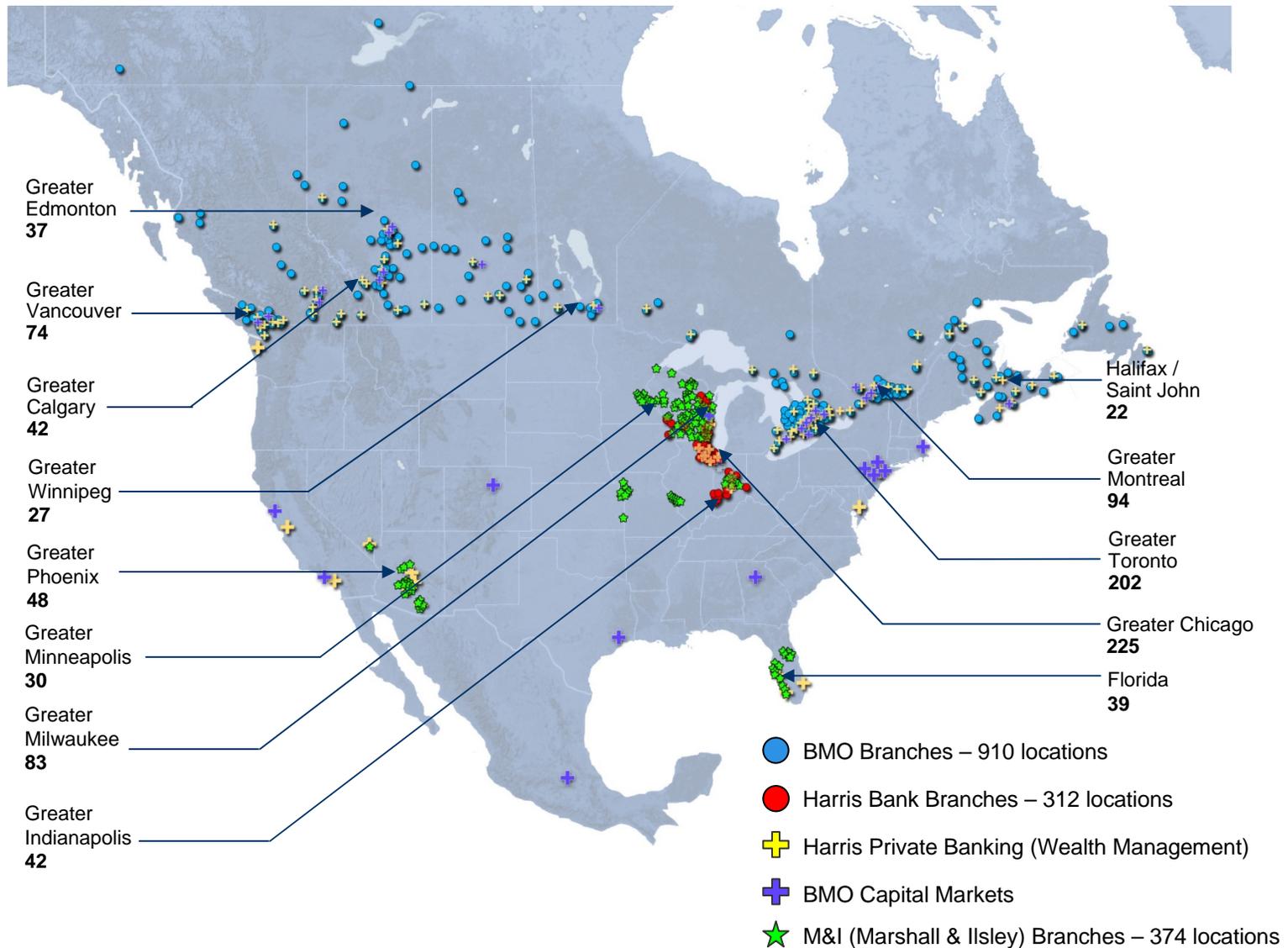
Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

# Additional Information for Stockholders

In connection with the proposed merger transaction, BMO will file with the Securities and Exchange Commission a Registration Statement on Form F-4 that will include a Proxy Statement of M&I, and a Prospectus of Bank of Montreal, as well as other relevant documents concerning the proposed transaction. Shareholders are urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about BMO and M&I, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from BMO at [www.BMO.com](http://www.BMO.com) under the tab "About BMO - Investor Relations" and then under the heading "Frequently Accessed Documents", from BMO Investor Relations at [investor\\_relations@bmo.com](mailto:investor_relations@bmo.com) or 416-867-6642, from M&I by accessing M&I's website at [www.MICorp.com](http://www.MICorp.com) under the tab "Investor Relations" and then under the heading "SEC Filings", or from M&I at (414) 765-7814.

BMO and M&I and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of M&I in connection with the proposed merger. Information about the directors and executive officers of BMO is set forth in the proxy statement for BMO's 2010 annual meeting of shareholders, as filed with the SEC on Form 6-K on February 26, 2010. Information about the directors and executive officers of M&I is set forth in the proxy statement for M&I's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 12, 2010. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

# Strengthened North American Platform



Source: SNL Financial and Company Disclosure

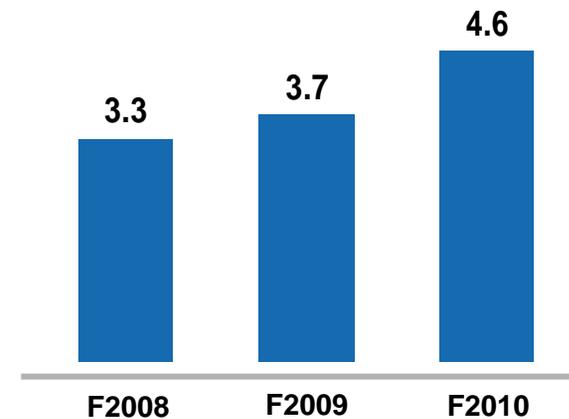
# Strong Financial Performance

A highly stable foundation with visible momentum across all our businesses

C\$ billions unless otherwise indicated

	<b>F2009</b>	<b>F2010</b>
Revenue	11.1	12.2
Provision for Credit Losses	1.6	1.0
Expense	7.4	7.6
Net Income	1.8	2.8
ROE (%)	9.9	14.9
<b>Cash Productivity Ratio (%)</b>	<b>66.3</b>	<b>61.9</b>

## Pre-Provision, Pre-Tax Earnings (C\$B)



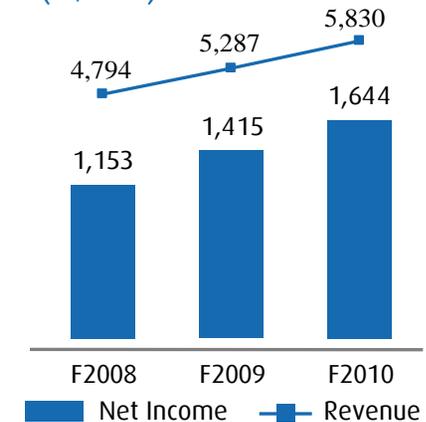
- Revenue growth of 10.4%
- Cash productivity improved 440 bps
- Significant improvement in credit with provision for credit losses declining 35% year-over-year
- Annual pre-tax pre-provision earnings up \$937 million

# Personal & Commercial Banking Canada

Flagship business has been performing very strongly...and we're not standing still

- Revenue and net income increased 10.3% and 16.2% respectively year-over-year
- Continue to enhance the customer experience; differentiated position with brand built around "Making Money Make Sense"
- Higher average number of products used by both personal and commercial customers
- Improved productivity of sales and distribution network
- Strategic investment program designed to improve competitive position, leveraging customer knowledge base to drive growth

Revenue and Net Income (C\$MM)



Track and manage your money online  
with BMO MoneyLogic™

Take control of your money.  
Visit [bmo.com/moneylogic](http://bmo.com/moneylogic) to see how it works.

BMO  Bank of Montreal  
Making money make sense®



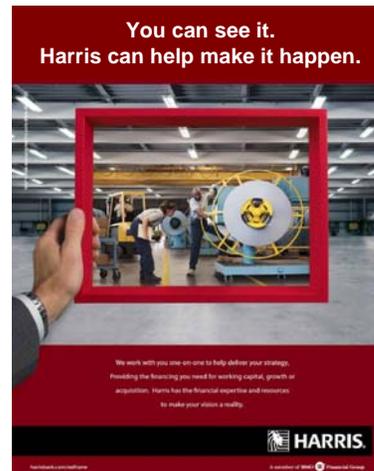
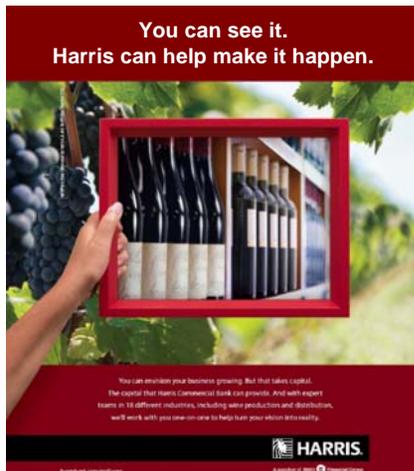
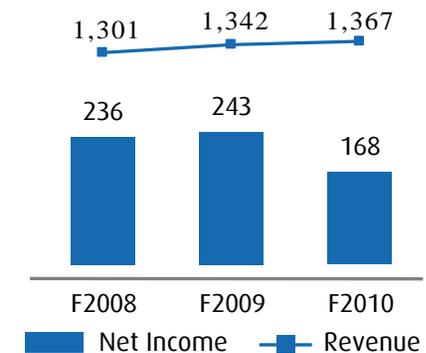
\* Operating segment results reported on an Expected Loss (EL) basis; see Note 26 on page 157 of BMO's 2010 Annual Report.

# Personal & Commercial Banking U.S.

Continued focus on increasing our presence and visibility in all markets where we compete

- Increased personal core deposits improving market share by 35 basis points in Metro Chicago
- Completed FDIC-assisted transaction with AMCORE<sup>1</sup> accelerating our growth strategy while adding quality locations, a good customer base and new key markets
- Net Promoter Score of 40 remains among the highest in the industry, well above those of network peers

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



TNS Choice Award  
Retail Banking  
Metro Chicago



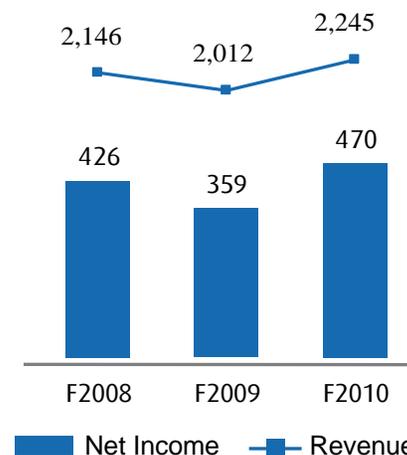
<sup>1</sup> On April 23, 2010, acquired certain assets and liabilities of AMCORE Bank N.A. from the Federal Deposit Insurance Corporation (FDIC)  
\* Operating segment results reported on an Expected Loss (EL) basis; see Note 26 on page 157 of BMO's 2010 Annual Report.

# Private Client Group

Continue to differentiate by delivering a client experience anchored in financial and retirement planning

- Revenue and net income increased 11.6% and 31% respectively year-over-year
- Assets under management and administration increased 13% over the prior year (in source currency)
- Cash productivity<sup>1</sup> of 71.5% improved 630 basis points from a year ago
- Innovation in the design and delivery of products and services – e.g. integrated wealth management approach in U.S. retail branches

Revenue and Net Income (C\$MM)



**Retirement Savings that last a lifetime.**

Introducing BMO Lifetime Cash Flow.

Now you can retire with confidence. Our exclusive BMO Lifetime Cash Flow offers you:

- A guaranteed and predictable monthly cash flow for life
- Tax deferral for 25 years
- Investment growth opportunities

Visit a BMO branch and talk to an investment professional today to learn more about Lifetime Cash Flow and whether it's suitable for you. It may not be the right time or the right product for you. BMO Lifetime Cash Flow is not a guaranteed investment or a source of income. It is not a substitute for other retirement savings products. Visit [bmo.com/retirement](http://bmo.com/retirement) or call 1-877-CALL BMO (222-5266).

**6%<sup>assumed</sup> yr**

**BMO Bank of Montreal**  
Making money make sense™

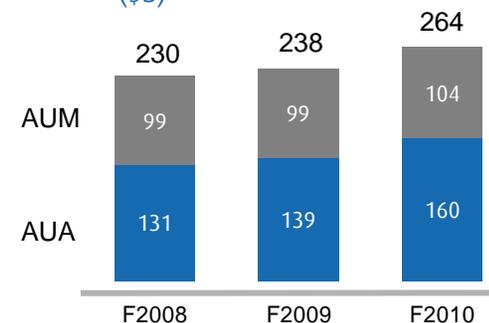
**Stop worrying about outliving your retirement savings.**

BMO Lifetime Cash Flow provides you with a steady source of retirement money that's guaranteed not to run out.

Ask us for details.

**BMO Bank of Montreal**  
Making money make sense™

AUM / AUA (\$B)



<sup>1</sup> Non-GAAP measure, see slide 2 of the Q4 10 Investor Presentation and page 19 of the Fourth Quarter 2010 Earnings Release

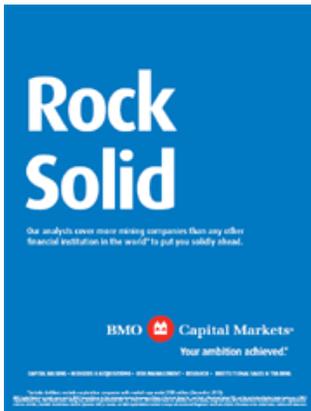
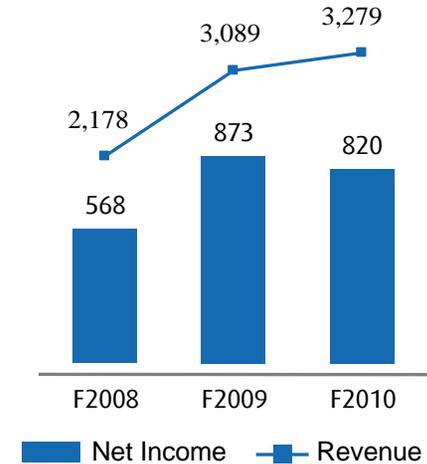
\* Operating segment results reported on an Expected Loss (EL) basis; see Note 26 on page 157 of BMO's 2010 Annual Report.

# BMO Capital Markets

Concentrated on delivering sustainable quality earnings and improving returns

- 2010 ROE of 18.8%
- Robust client prioritization process which brings together multiple disciplines under a customer relationship approach
- Materially improved Canadian league table standing in 2010, reflecting changes underway in this business
- Ranked 1st in Equity<sup>1</sup> and 1st in M&A<sup>2</sup> for announced and completed transactions involving a Canadian company

Revenue and Net Income (C\$MM)



<sup>1</sup> Source: Thomson Reuters; <sup>2</sup> Source: Bloomberg

\* Operating segment results reported on an Expected Loss (EL) basis; see Note 26 on page 157 of BMO's 2010 Annual Report.

# Marshall & Ilsley: A Transformational Acquisition

We have effectively doubled the size of our domestic market

C\$ billions

	BMO FG	M&I	Combined	BMO U.S. <sup>(1)</sup>	M&I	Pro Forma U.S.
<b>Balance Sheet</b>						
Assets	\$411.6	\$53.4	<b>\$465.0</b>	\$123.5	\$53.4	<b>\$176.9</b>
Gross Loans	171.5	40.9	<b>212.4</b>	33.2	40.9	<b>74.1</b>
Deposits	249.3	39.3	<b>288.6</b>	57.1	39.3	<b>96.4</b>
<b>Income Statement</b>						
LTM Revenue	\$12.2	\$2.6	<b>\$14.8</b>	\$2.6	\$2.6	<b>\$5.2</b>
LTM Pre-Tax Pre-Provision Earnings	4.6	0.9	<b>5.5</b>	0.7	0.9	<b>1.6</b>
<b>Other Highlights</b>						
AUM	\$109.5	\$34.0	<b>\$143.5</b>	\$47.2	\$34.0	<b>\$81.2</b>
AUA	260.9	133.1	<b>394.0</b>	97.8	133.1	<b>230.8</b>
Branches	1,234	374	<b>1,608</b>	321	374	<b>695</b>

- Transformational for U.S. operations, competitive position, customers and employees
- Bringing together highly complementary businesses in retail, commercial and wealth management
- Transaction creates improved scale and leading position in commercial banking in the Midwest

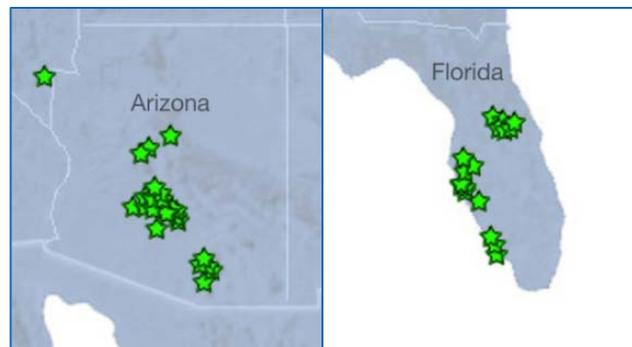
Source: SNL Financial and Company Disclosure.

Note: Metrics as at October 31, 2010 for BMO and September 30, 2010 for M&I. Figures do not reflect any transaction adjustments or expected synergies.

M&I metrics converted into Canadian dollar equivalent: balance sheet and AUM/AUA converted using 9/30/2010 as at CAD/USD rate of 1.0292; Income statement converted at LTM average CAD/USD rate of 1.0411

1. Balance sheet items based on Q4-2010 average balances.

# M&I: Broadening Our Footprint



★ M&I Branches

- Harris already a market leading bank in Illinois

## Post-Transaction

- Strengthens foundation with top 5 or better retail deposit market share in attractive, contiguous Midwest markets – Indiana, Wisconsin, Minnesota and Missouri and added beach-head in Kansas
- Enhanced U.S. distribution capability while building critical mass in U.S. wealth management and private client business

### Top M&I Markets by Deposits

Metropolitan Service Area	Rank	Number of Branches	Deposits (US\$ billions)	Population
Milwaukee-Waukesha-West Allis, WI	1	62	\$15.0	1,560,515
Saint Louis, MO-IL	5	18	4.3	2,851,619
Minneapolis-St. Paul-Bloomington, MN-WI	4	37	2.8	3,328,053
Madison, WI	1	18	2.3	576,264
Phoenix-Mesa-Glendale, AZ	5	45	2.1	4,441,244
Indianapolis, IN	5	31	1.8	1,755,797

Source: SNL Financial and Company Disclosure

# M&I: Synergies and Integration

Our processes are well tested

## Synergies

- Estimated expense savings of ~ C\$250 million at the time of announcement
- Continue to pursue further opportunities
- Also identifying revenue synergies which were not built into accretion model

## Focused on Integration Execution

- Integration work is well underway
- Functional and line of business teams and a dedicated project management office in place
- Russ Robertson, CFO since 2008, is leading the integration and Chairs Executive Steering Committee
- Both organizations have considerable integration experience

# Focused on Growth

Capacity to complete the M&I integration while continuing to enhance and strengthen our businesses

- Agreement to acquire Marshall & Ilsley announced on December 17, 2010
- Agreement to acquire Lloyd George Management announced on January 11, 2011
- Acquisition and successful integration of AMCORE<sup>1</sup>, in an FDIC-assisted transaction
- Continued emphasis on important initiatives:
  - ▶ Internal program to enhance our U.S. commercial business
  - ▶ Strategic incremental investment in our high-return Canadian retail operations
  - ▶ Adding more front-line staff and expanding both our branch network and on-line customer communication



<sup>1</sup> On April 23, 2010, acquired certain assets and liabilities of AMCORE Bank N.A. from the Federal Deposit Insurance Corporation (FDIC)

# Strong Capital Position

Well capitalized and capital ratios remain strong after the transaction

- Our pro forma Basel III Common Equity Ratio as of October 31, 2010 was 7.8% - exceeding today the announced Basel III 2019 minimum capital requirement of 7.0%

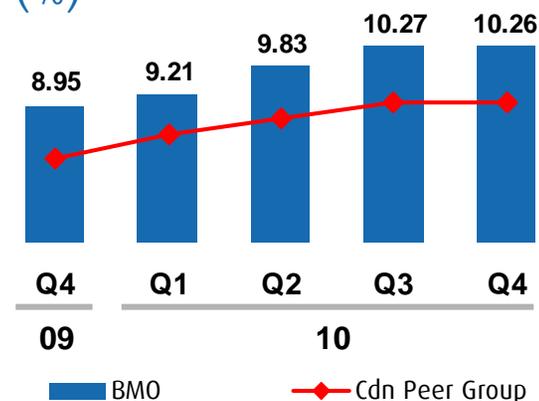
## Combined pro forma Capital Ratios as at Oct 31, 2010

	Tier 1 Ratio (%)	Common Equity Ratio (%)
<b>BASEL II<sup>1</sup></b>		
BMO Q4'10 Reported	13.4%	10.3%
M&I Transaction Impact	~170 bps	~110 bps
<b>Q4'10 Pro-forma</b>	<b>11.7%</b>	<b>9.2%</b>
<b>BASEL III<sup>1,2</sup></b>		
BMO Q4'10 Estimate	10.4%	7.8%
M&I Transaction impact	~150 bps	~110 bps
<b>Q4'10 Pro-forma</b>	<b>8.9%</b>	<b>6.7%</b>

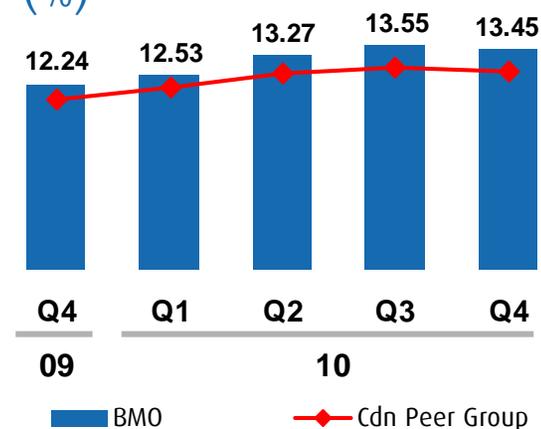
1. Includes M&I's estimated risk weighted assets at closing.

2. Basel III figures as at October 31, 2010 are estimated based on announced Basel III 2019 rules and the impact of adoption of IFRS; For further details regarding assumptions and factors used in our pro forma calculations refer to the enterprise wide Capital Management section in Bank of Montreal's Management's Discussion and Analysis for fiscal 2010 and Q4 2010 Investor Presentation.

## Common Equity Ratio (Basel II) (%)



## Tier 1 Capital Ratio (Basel II) (%)



# Investing in BMO Financial Group

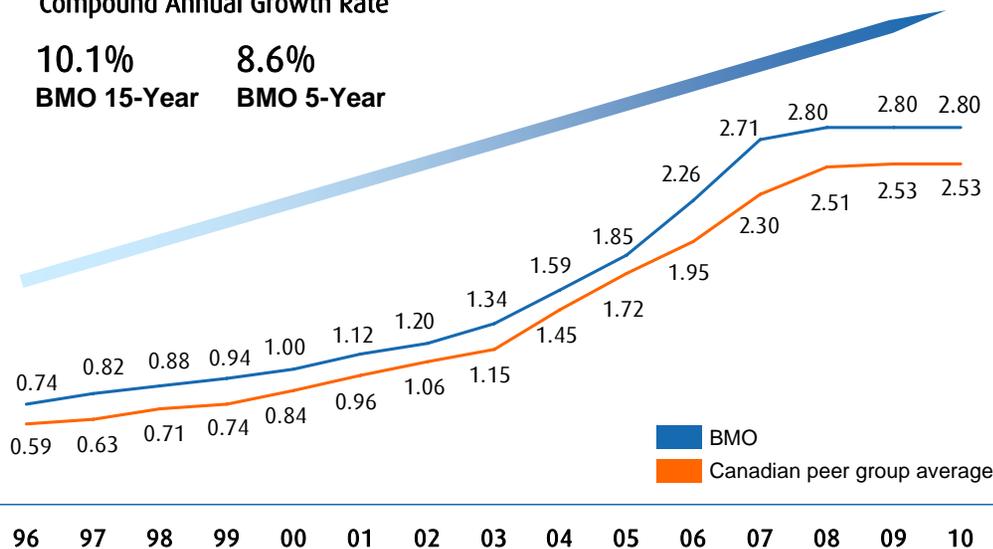
Uniquely clear investor proposition

- Focused on providing sustainability of earnings and dividends while also offering the opportunity for significant growth now and in the future

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

Compound Annual Growth Rate

**10.1%**      **8.6%**  
**BMO 15-Year**   **BMO 5-Year**



**Making money  
make sense.**

BMO  Bank of Montreal

# Investor Relations Contact Information

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The BMO logo is rendered in large, white, 3D block letters with black shadows, set against a blue grid background that recedes into the distance under a blue sky with light clouds.

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