

# 2010

Investor Presentation  
Morgan Stanley U.S. Financials Conference

The logo consists of the letters B, N, M, I, and O in a bold, black, sans-serif font. Each letter is a thick, 3D block with a white top surface and a black side and bottom. They are arranged in a horizontal line on a dark blue surface.

**Bill Downe**  
President and Chief Executive Officer

February 3 • 2010

# Forward Looking Statements & Other Reporting Matters

## 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; weak capital and/or credit markets; 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 or supervisory expectations or requirements; 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 the BMO 2009 Annual Report, which outlines in detail certain key factors that may affect our 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.

Assumptions about the level of asset sales, expected asset sale prices, net funding cost, credit quality and risk of default and losses on default of the underlying assets of the structured investment vehicles were material factors we considered when establishing our expectations regarding the structured investment vehicles discussed in this document, including the amount to be drawn under the BMO liquidity facilities whether consolidation will be required and the expectation that the first-loss protection provided by the subordinate capital notes will exceed future losses. Key assumptions included that assets would continue to be sold with a view to reducing the size of the structured investment vehicles, under various asset price scenarios, and that the level of defaults and losses will be consistent with the credit quality of the underlying assets and our current expectations regarding continuing difficult market conditions.

Assumptions about the level of defaults and losses on defaults were material factors we considered when establishing our expectation of the future performance of the transactions that Apex Trust has entered into. Key assumptions included that the level of defaults and losses on defaults would be consistent with historical experience. Material factors that were taken into account when establishing our expectations of the future risk of credit losses in Apex Trust and risk of loss to BMO included industry diversification in the portfolio, initial credit quality by portfolio, the first-loss protection incorporated into the structure and the hedges that BMO has entered into.

Assumptions about the performance of the Canadian and U.S. economies in 2010 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 2010, and that interest rates will remain low. We also assumed that housing markets will strengthen in Canada and the United States. We assumed that 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.

## Caution Regarding Non-GAAP Measures

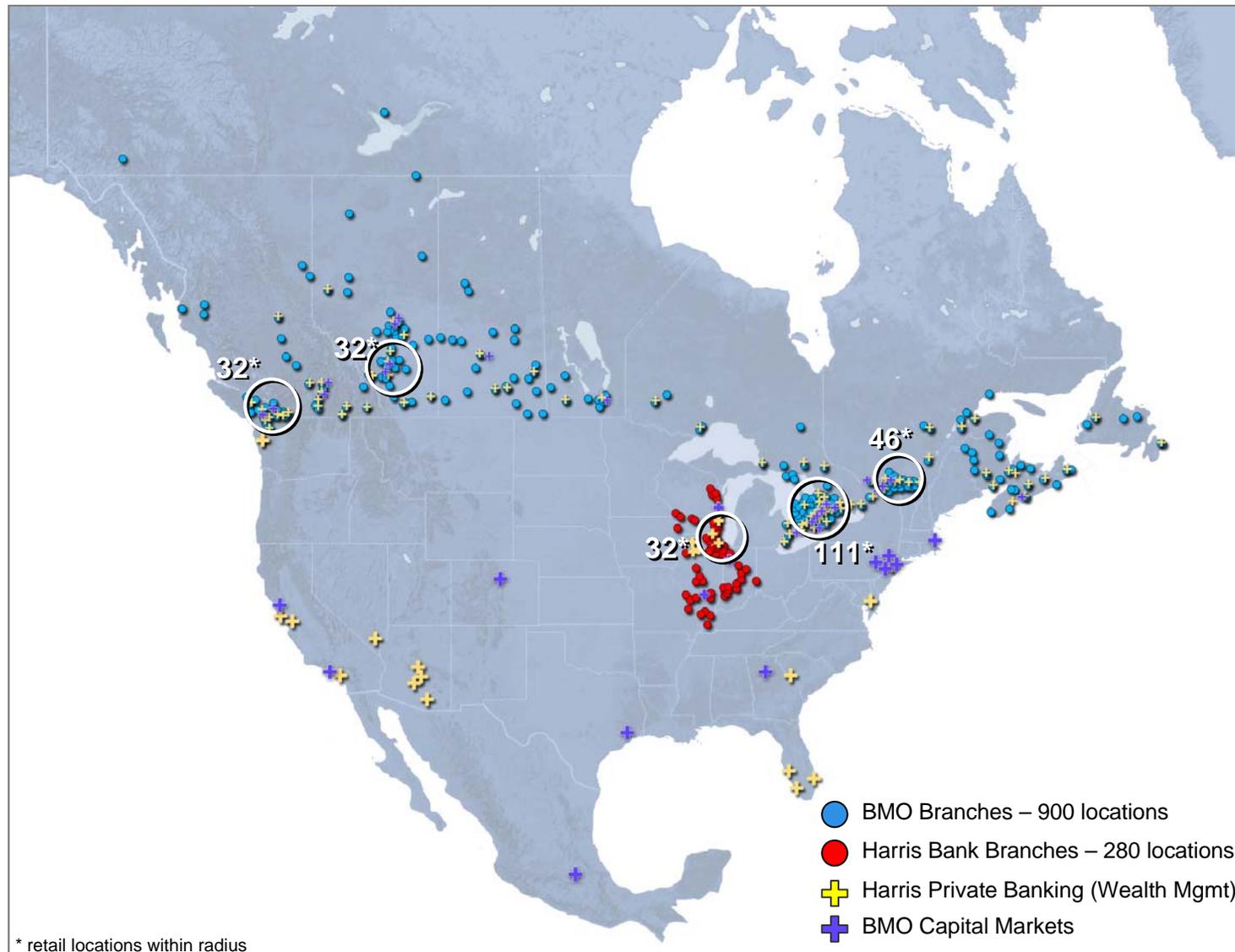
Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies.

Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in Bank of Montreal's 2009 Annual Report to Shareholders which is available on our website at

[www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

Non-GAAP results or measures include: revenue presented on a taxable equivalent basis; amounts presented net of applicable taxes; cash earnings per share; cash operating leverage results; measures that use taxable equivalent basis (teb) amounts; cash-based profitability and operating ratios; net economic profit and results and measures that exclude items that are not considered reflective of ongoing operations. For example, core measures and results which exclude the impact of Visa litigation accruals, impaired loans and acquisition integration costs as well as results and measures presented on a basis that exclude the impact of capital markets environment charges. Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

# BMO Financial Group – North American Footprint



# BMO Financial Group

## Well capitalized, strong global competitor

- Revenues increased 8.4% to \$11.1 billion from a year ago
- On an adjusted basis, cash EPS was \$4.02
- 9th largest bank in North America as measured by market capitalization <sup>2</sup>

|   |   |  |
|---|---|--|
| <b>Listings</b><br>NYSE, TSX (Ticker: BMO)  |  | <b>F2009 Results</b>   |
| <b>Share Price</b><br>Oct 31/09: NYSE – US\$46.37<br>(Fiscal Year-end) TSX – C\$50.06<br>Jan 31/10: NYSE – US\$48.71<br>TSX – C\$52.00  |   | <b>Revenue</b><br>C\$11.1 billion (US\$9.5 <sup>1</sup> billion)       |
| <b>Market Cap</b><br>Oct 31/09: C\$28 billion (US\$26 billion <sup>1</sup> )<br>Jan 31/10: C\$29 billion (US\$27 billion <sup>1</sup> ) |   | <b>Net Income</b><br>C\$1.8 billion (US\$1.5 <sup>1</sup> billion)     |
| <b># of Employees</b><br>36,000   |   | <b>Cash EPS (reported)</b><br>C\$3.14 (US\$2.70)                       |
| Over 10 million personal, commercial, corporate and institutional customers   |   | <b>PCL</b><br>C\$1.6 billion (US\$1.4 <sup>1</sup> billion)            |
|   |   | <b>Average Assets</b><br>C\$439 billion (US\$377 <sup>1</sup> billion) |
|   |   | <b>Capital Ratios</b><br>Tier 1 - 12.24%<br>TCE/RWA – 9.21%            |

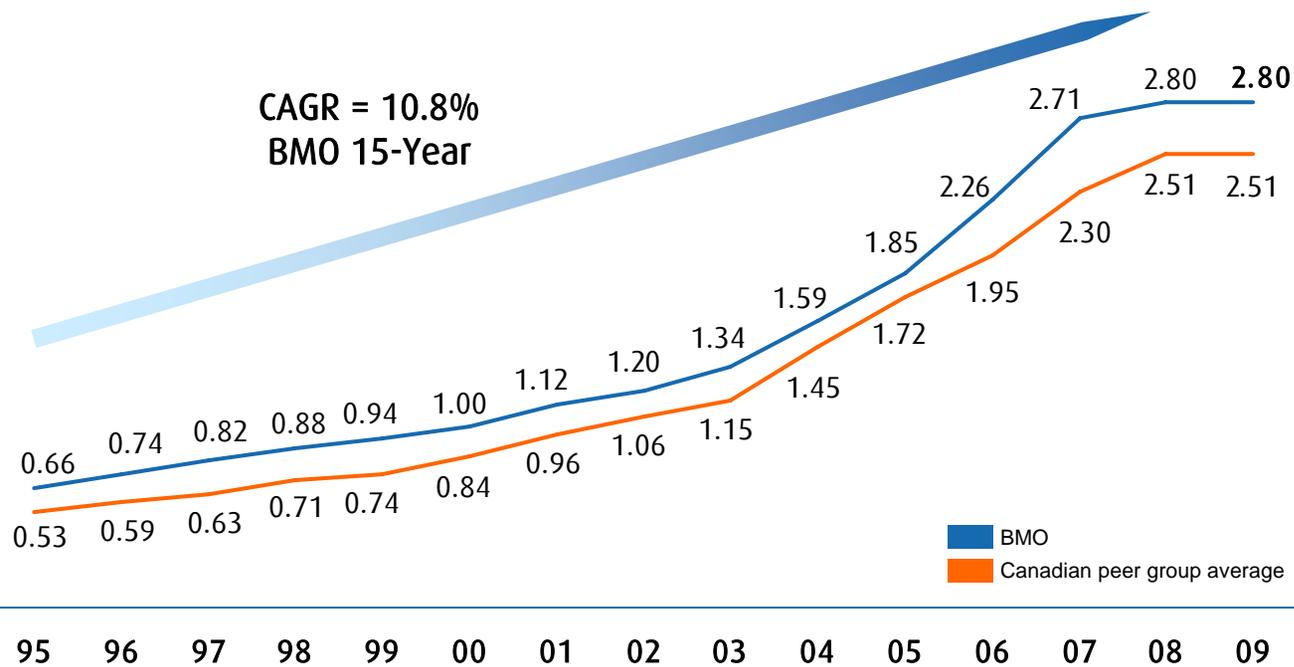
<sup>1</sup> Balances reported in Canadian dollars.

As at October 31, 2009 the exchange rate: Cdn/U.S. \$1.0819 • F2009 average exchange rate: Cdn/U.S. \$1.1648 • As at January 29, 2010 the exchange rate: Cdn/U.S. \$1.0705

<sup>2</sup> Source: Bloomberg as of January 29<sup>th</sup>, 2010

# Committed to Strong Dividends

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



**Target Payout Ratio**  
**45% - 55%**

# BMO's Strategic Priorities

1

Maximize earnings growth across all North American **personal and commercial banking businesses**, focusing on industry-leading customer experience and sales force productivity.

2

Accelerate the growth of our **wealth management business** by providing our clients with exceptional advice, emphasizing retirement and financial planning.

3

Deliver strong, stable returns in our **capital markets business** by providing highly targeted solutions to our core clients, everywhere we compete, from a single integrated platform.

4

Grow our business in **select global markets** to meet our customers' expanding needs.

5

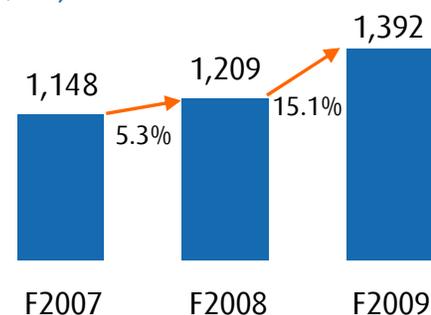
Sustain a **culture** that focuses on customers, high performance and our people.

# Personal & Commercial Banking – Canada

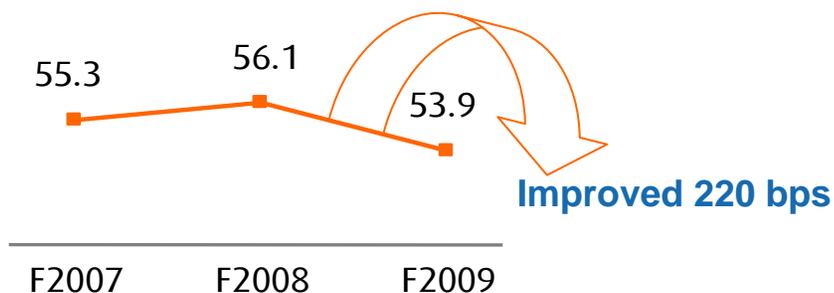
One vision and one brand promise that both start with the customer

- Largest contributor to total bank revenue and net income
- Over 16,000 employees
- Serving 7 million customers
- 900 branches and 2,030 bank machines

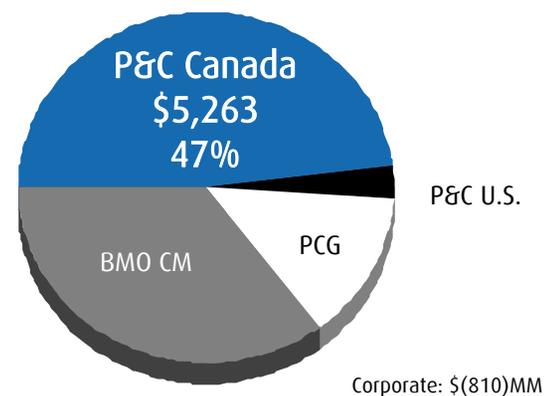
Net Income  
(C\$MM)



Cash Productivity  
(%)



Revenue  
(C\$MM – F2009)



\* 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.

# Personal & Commercial Banking – Canada

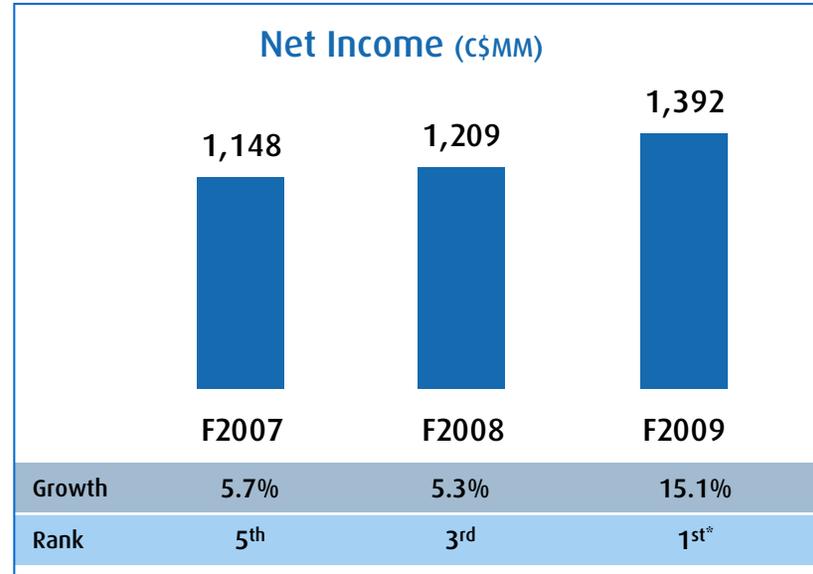
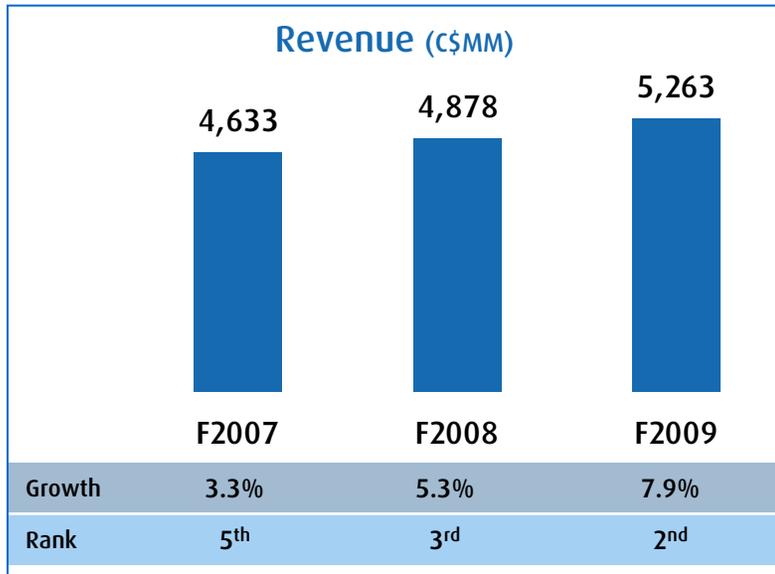
## Focus on the customer and productivity of sales and distribution network

- Simplified and enhanced entire suite of credit card products to make it easier for customers to choose a credit card that meets their needs
- Introduced a no fee card to deliver more rewards

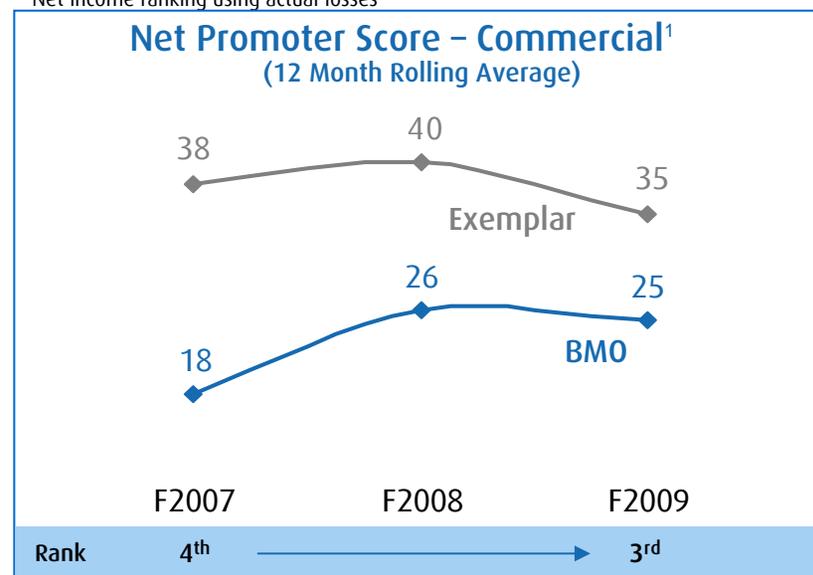
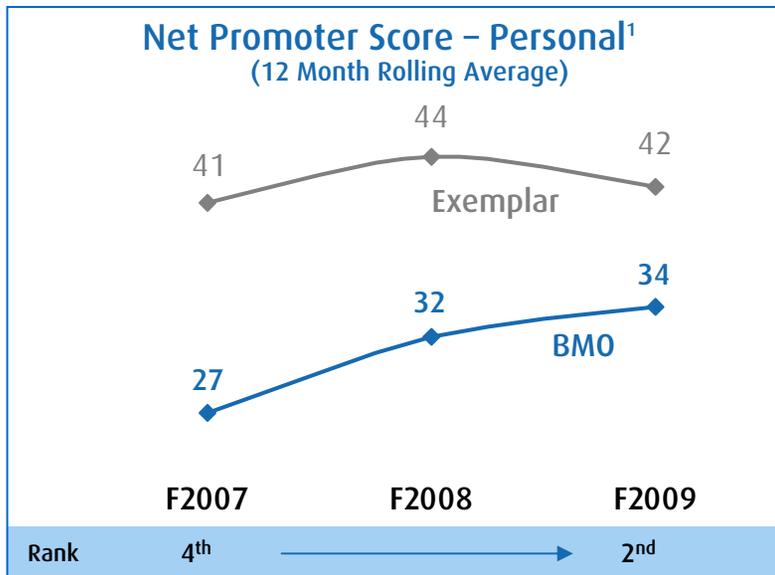


- Since 2006, we've built 51 new branches and redeveloped or renovated approximately 170 more

# P&C Canada - Continuing to Make Gains on the Competition



\* Net income ranking using actual losses

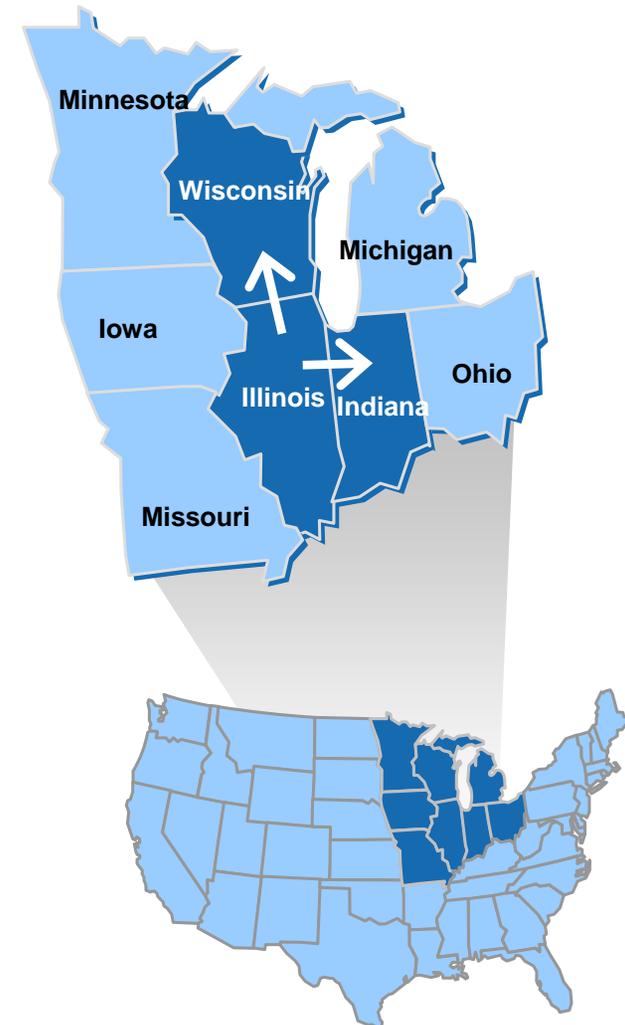


<sup>1</sup> Source: GfK Research Dynamics

# Personal & Commercial Banking – U.S.



- Serving more than 1.2 million customers in the U.S. Midwest
- Integrated distribution network with 280 branches, over 650 bank machines and a dynamic online banking platform
- Ranked top 3 for retail deposit market share<sup>1</sup> in most markets where we compete
- Strong customer orientation and culture



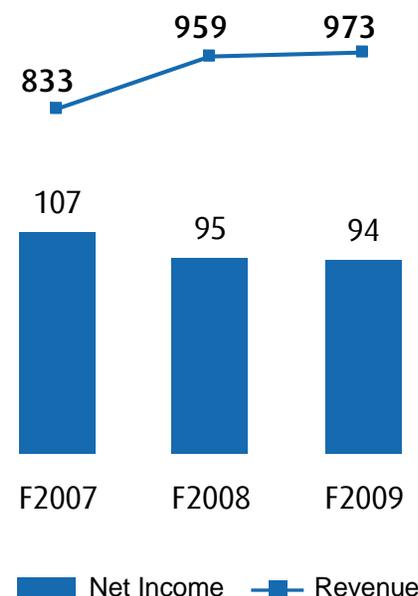
<sup>1</sup> Source: FDIC Data as of June 30, 2009

# Personal & Commercial Banking – U.S.

## Steady progress throughout challenging economy

- Revenue growth of 9%, adjusted for impact of impaired loans and VISA IPO in 2008
- Achieved positive cash operating leverage of 1.6% from expense controls and 11% workforce reduction
- Retail Net Promoter Score is high and continues to increase
- Ranked # 2 in retail deposit market share<sup>1</sup> in the Chicago metropolitan market; growing 7% in 2009 while other banks lost share

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



**RANKED HIGHEST IN CUSTOMER SATISFACTION  
BY J.D. POWER AND ASSOCIATES.**

Ranked "Highest in the Midwest for Customer Satisfaction in Retail Banking in a Tie."



**HARRIS**. WE'RE HERE TO HELP.

<sup>1</sup> Source: FDIC Data as of June 30, 2009

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# Personal & Commercial Banking – U.S.

## Focus on commercial business and substantially improving position

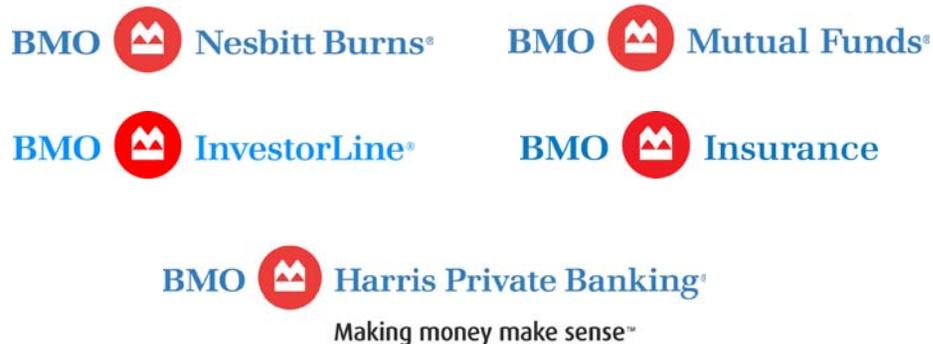
- Overhauled the operating platform, brought in new leadership and hired new talent
- Leadership teams at Harris and BMO Capital Markets reorganizing under a more integrated strategy – aligning people and capital with the client potential
- Opportunity to increase Harris' size and momentum in the market
- Increasing focus on advisory roles with large corporate clients
- Expected to help build the pipeline of investment banking opportunities for BMO CM



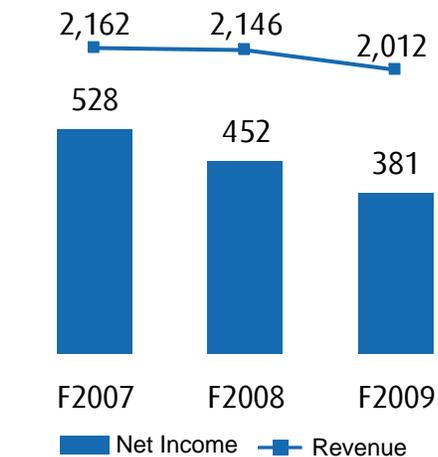
# Private Client Group

Providing clients with the best retirement and financial planning advice

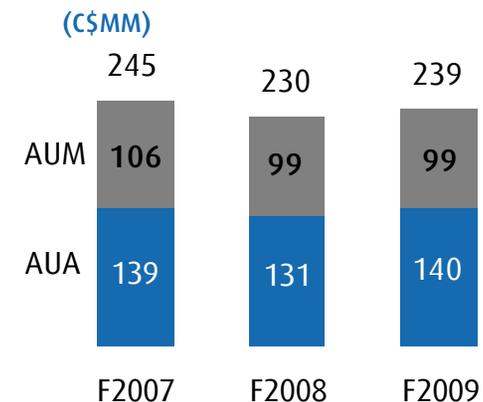
- Broad offering of wealth management and insurance products and solutions
- Full range of client segments – from mainstream to ultra-high net worth and select institutional markets
- Strong presence in Canada and a national presence in the U.S. concentrated in major urban markets



Revenue and Net Income (C\$MM)



AUA/AUM (C\$MM)



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# BMO Insurance Acquisition

## Accelerating our wealth strategy and growth

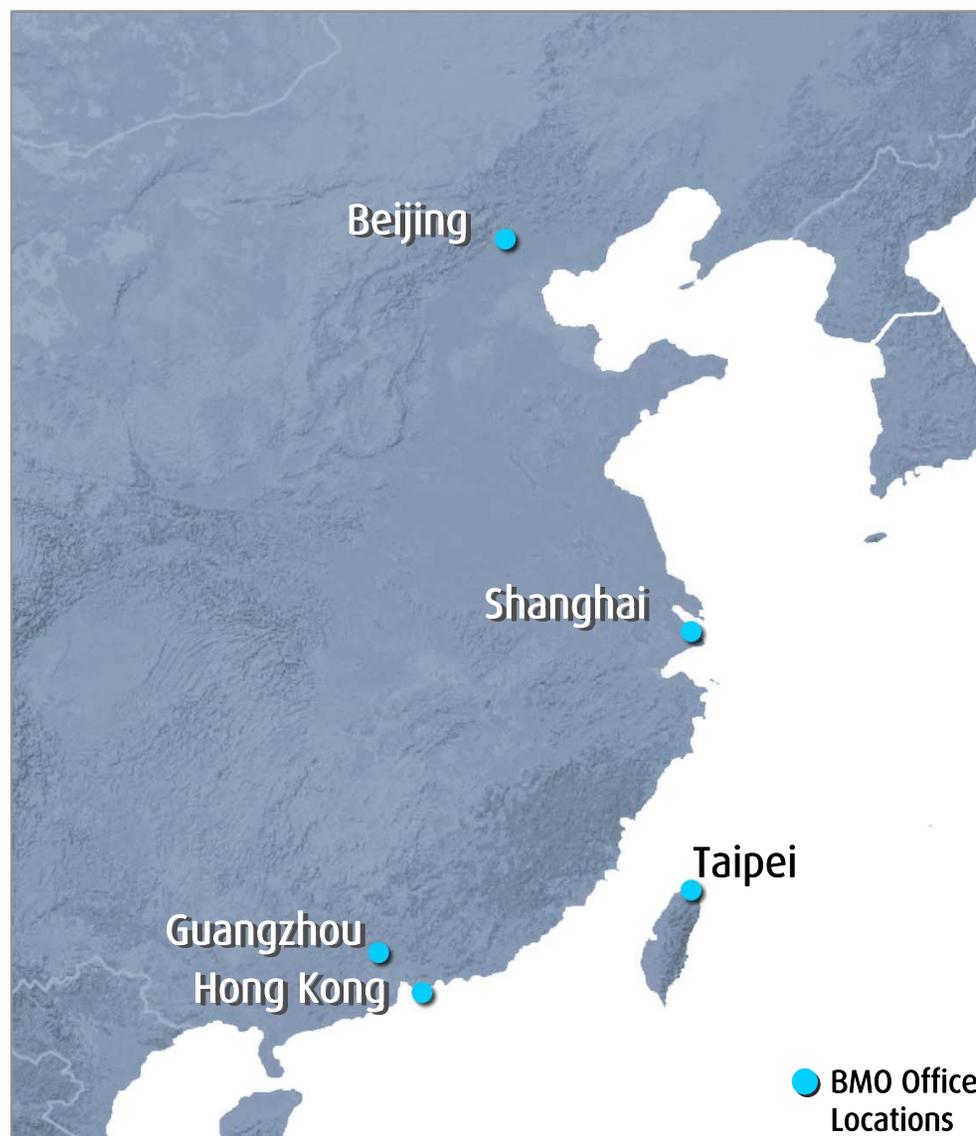


- Acquired former AIG Life Insurance Company of Canada
- Transaction added 400,000 clients and 300 new employees
- Stronger, more comprehensive product line-up for our clients
- Excellent direct marketing channel
- Access to a managing general agent distribution channel across Canada with a network of 5,000 advisors



# China: Key differentiator and strong option for future growth

- Committed to growing business in select global markets to meet our customers' expanding needs
- Official opening of BMO's expanded China headquarters in Beijing in 2009
- BMO has an enviable position in China with an excellent long-term platform for growth – for all our operating groups

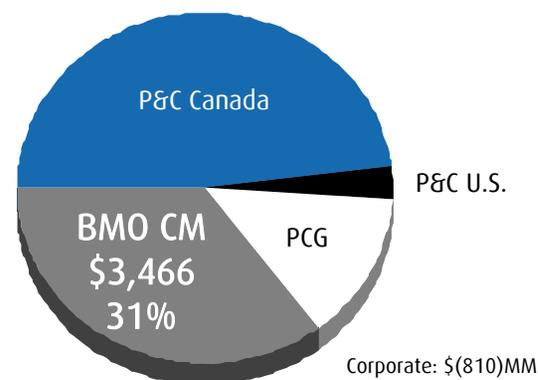


# BMO Capital Markets

## Capital markets a catalyst for growth in a number of different areas

- Operate from 27 offices on five continents including 14 in North America
- Full service offering: Investment & Corporate Banking services and Trading Products
- 2<sup>nd</sup> largest contributor to earnings, contributing approximately 31% of 2009 revenues

Revenue  
(C\$MM - F2009)



## Flying Start

As you start the new year, look to a partner who helped companies complete 800 transactions totaling \$300 billion in 2009. Whether it's advisory services, capital raising, research or investing, we can help you achieve your ambitions.

[bmocm.com/flyingstart](http://bmocm.com/flyingstart)

BMO  Capital Markets\*  
Your ambition achieved.\*

## High Energy

To be a leader in energy, you need a partner with extensive experience and expertise. Whether it's advisory services, capital raising, research or investing, we can help fuel your ambitions.

[bmocm.com/highenergy](http://bmocm.com/highenergy)

BMO  Capital Markets\*  
Your ambition achieved.\*

## Street Smart

Our team of equity research analysts covers more than 850 companies in 70 industries, making us a smart source for ambitious investors.

[bmocm.com/streetsmart](http://bmocm.com/streetsmart)

BMO  Capital Markets\*  
Your ambition achieved.\*

# BMO Capital Markets – Equity Research

Number one in Canada and planning to move up the U.S. rankings

- 31 Analysts covering 480 U.S. companies
- Cover 580 companies on U.S. exchanges, including inter-listed stocks
- Fully integrating entire research effort to give U.S. investor clients access to coverage
  - Total of 62 analysts with coverage on 915 companies

**BMO**  **Capital Markets®**

**Named Best Overall  
Canadian Equity  
Research Team for 29  
consecutive years**

**BRENDAN WOOD**

# BMO Capital Markets

Performance reflects strong, diversified revenue flows

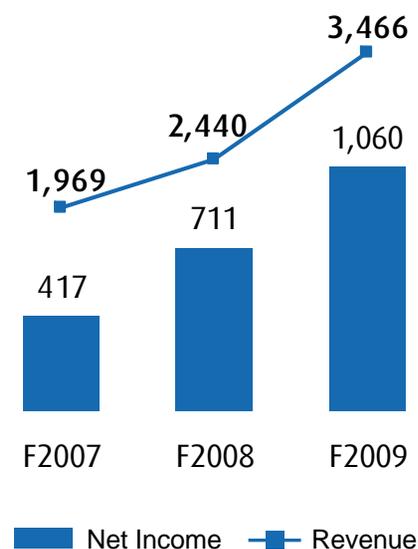
## 2009 was an excellent year

- Revenue reached C\$3.5 billion
- Net income of approximately C\$1.1 billion
- ROE of 16.4%
- Downsized or exited some businesses, while investing in others
- Reduced off-balance sheet exposures and run-rate expenses

## 2010 and onward

- Comprehensive 5 part strategy designed to produce an attractive, sustainable risk-return profile, with high quality earnings
- Focused on meeting our objective to build relationships that encompass multiple offerings
- Continue to build strong risk management capabilities

Revenue and Net Income  
(C\$MM)

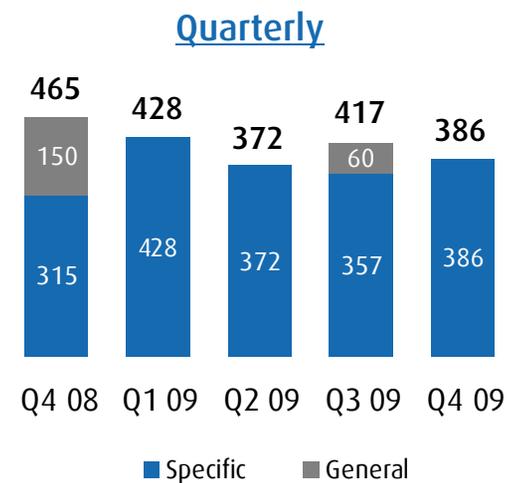
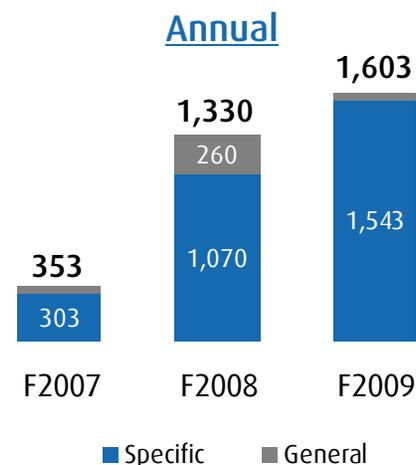


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# Credit - Loan Portfolio Well Diversified by Segment and Business

- Provision for credit losses were C\$1.6 billion in 2009
- Gross impaired loans remain high reflecting where we are in the cycle
- Expect provisions to remain elevated in 2010
- Strong core business earnings can absorb credit losses through the cycle
- Strong reputation for credit management – a core strength at BMO

## Provision for Credit Losses (C\$MM)



# Capitalizing on Opportunities to Strengthen our Businesses

## BMO Strengths

- Strong balance sheet
- Good core business performance
- Firm foothold in attractive regional U.S. markets
- Established wealth and capital markets presence across North America



## Recent Transactions

- Insurance acquisition significantly expanded our scale and life insurance capabilities
- Strengthened BMO's corporate card business with the acquisition of Diners Club NA franchise making BMO the 5<sup>th</sup> largest issuer of corporate cards in North America
- Acquisition in 2008 makes BMO CM the 6<sup>th</sup> largest bank-qualified municipal bond dealer in the U.S., and largest in Illinois
- Recruited a top management team to manage ETFs with a total of 22 new funds launched to date
- Recently expanded our existing securities lending business by acquiring a specialized team from one of our long-term clients

# BMO: Differentiating to Drive Performance & Growth

## Clear growth strategy

- Consistent and focused North American growth strategy
- Strong Canadian and U.S. customer base
- Growing global presence to support our customers and new ones

## Strong financial position

- Balanced approach to capital management
- Strong capital ratios and senior debt ratings

## Proactive risk management

- Independent risk oversight across the enterprise
- Disciplined credit risk management capabilities and processes
- Group and individual performance assessments that reflect risk-adjusted returns and align with shareholder interests

## Commitment to stakeholders

- Clear brand promise that delivers real benefit for customers
- Engaged employees committed to exceeding customers' expectations
- Financial performance and consistent dividend payment track record
- Strategic approach to corporate responsibility and sustainability

Customer • Pace • Growth



# 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 background with a white grid pattern that recedes into the distance.

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