CITIGROUP

Financial Services Conference

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Bank of Montreal

February 1 • 06

BMO Financial Group

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 presentation, 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 the United States Private Securities Litigation Reform Act of 1995 and of any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, comments with respect to our objectives and priorities for 2006 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 presentation 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; 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 affects 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 in our 2005 Annual Report concerning the effect certain key factors could have on actual 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 2006 and how that will affect our businesses are material factors we consider when setting our strategic priorities and objectives, and in determining our financial targets, including provision for credit losses. Key assumptions include our assumption that the Canadian and U.S. economies will expand at a healthy pace in 2006 and that inflation will remain low. We also have assumed that interest rates will increase gradually in both countries in 2006 and that the Canadian dollar will hold onto its recent gains in value. 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.

OTHER REPORTING MATTERS

CAUTION REGARDING NON-GAAP MEASURES

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Securities regulators require that companies caution readers 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 quarterly Press Release, MD&A and in its Annual Report to Shareholders.

Non-GAAP results or measures include revenue, taxes and productivity results and measures that use Taxable Equivalent Basis (teb) amounts, cash-based profitability and efficiency measures, net economic profit and results and measures that exclude significant items.

GAAP METHODOLOGY

Unless otherwise indicated, all GAAP measures are reported in accordance with Canadian GAAP. A reconciliation of Canadian GAAP to U.S. GAAP can be found in Bank of Montreal's quarterly Financial Statements and Supplementary Package and in its Annual Report to Shareholders.

QUIET PERIOD

Bank of Montreal is currently in its "Quiet Period" which will end when it reports Q1 2006 results on Thursday, March 2, 2006. At that time, we will discuss Bank of Montreal's earnings and performance against targets.

A LEADING NORTH AMERICAN FINANCIAL INSTITUTION

- Consistent and focused North American growth strategy to continue to grow our core Canadian business and accelerate our expansion in the United States
  - Proven capacity to achieve targeted growth from our existing solid U.S. platform and strong Harris brand
  - Presence in some of the most lucrative markets in the U.S.

BMO has a North American vision. We see ourselves as a bank that is equally comfortable on both sides of the U.S. Canada border – a bank ideally suited to take advantage of the synergies of robust economies in both countries.

Our vision is to become the top-performing financial services company in North America. And each year we are able to report that more of the pieces have been put into place.

We have a clear strategy to grow our core Canadian businesses and accelerate our expansion in the United States.

At BMO we <u>think</u> like North Americans. Our executive team is made up of individuals who are comfortable working on both sides of the border. We continuously look for opportunities on each side of the U.S.-Canada border – and opportunities that cross the border.

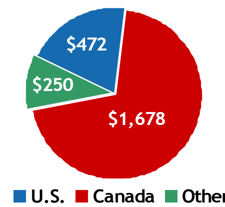
BMO Financial Group

BANK OF MONTREAL (BMO)

- 4th largest bank in Canada measured by market cap
- 100% ownership of Chicago-based Harris Bank

Listings:	**NYSE, TSX (Ticker: BMO)**
Share Price at Oct. 31/05:	**NYSE - US$49.02; TSX – C$57.81**
Market Cap at Oct. 31/05:	**C$29 billion (US$24* billion)**
F2005 Average Assets:	**C$303 billion (US$250* billion)**
F2005 Net Income:	**C$2.4 billion (US$2.0* billion)**
F2005 ROE:	**18.8%**
# of Employees:	**Almost 34,000**

F2005 Net Income by Geography (C$MM)



*Balances stated in Canadian dollars. F2005 average exchange rate: Cdn to U.S. 1.2138.

BMO is listed on both the New York and Toronto Stock Exchanges and as of October 31, 2005, we had a market cap of approximately US$24 billion, over US$250 billion in assets and almost 34,000 employees.

BMO Financial Group

2006 FINANCIAL TARGETS

Performance Measure	F2006 Target (source: 2005 Annual Report)	F2005 Actual
EPS Growth [1] (from a base of $4.59)	5 - 10%	9%
Specific Provision for Credit Losses	$400 MM or less	$219 MM
Cash Productivity Ratio	100 - 150 bps improvement	120 bps improvement
Return On Equity	17 - 19%	18.8%
Tier 1 Capital	Minimum 8%	10.25%

[1] Excluding changes in the general allowance

At the end of fiscal 2005 we announced aggressive targets for the upcoming year. We've set the bar high for ourselves and we're pushing ourselves to perform better and better. We believe we have the right strategy to grow our business and serve our shareholders.

BMO's differentiating strengths, our focus on growing revenues to improve our efficiency, as well as our strong capital base position us well for the future.

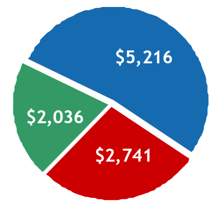
LINES OF BUSINESS

Personal & Commercial Client Group (P&C)
- Over 8.5 million customers across Canada & the U.S.
- Over 1,000 branches in Canada & the U.S.
- Access to approximately 2,500 automated banking machines in Canada and the U.S.

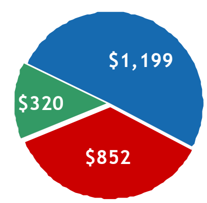
Investment Banking Group (IBG)
- Bulge bracket firm in Canada, mid-market niche player in the U.S.
- M&A and restructuring advisory services
- Industry leading research, sales and trading capability

Private Client Group (PCG)
- Full-service and direct investing, private banking, investment products
- C$87 billion in AUM and C$134 billion in AUA

F05 Revenue by LOB[1] (C$MM)



F05 Net Income by LOB[1] (C$MM)



P&C IBG PCG

[1] Residual due to corporate areas

In each country, we operate three lines of business: Personal and Commercial, Investment Banking, and Wealth Management.

But the business environment and areas for growth are very different in the U.S. and in Canada.

In Canada, our personal and commercial banking business serves more than seven and a half million Canadian clients. BMO Nesbitt Burns is one of Canada's leading full-service investment and wealth management firms.

In the U.S, Harris Bank is a major Midwest financial services organization with a network of community banks in the Chicago area and wealth management offices in select high-growth wealth markets. It serves over 1 million personal, commercial and wealth management clients.

Harris Nesbitt is a leading mid-market investment and corporate bank, focused on providing a full suite of services to high growth sectors.

INVESTING IN CANADIAN BANKS

- Provides low-risk access to Canadian resource based economy
- Compared to U.S. Banks, Canadian Banks have typically had, of late, higher Total Shareholder Returns and ROEs [1]
- No incremental expenses related to stock options
- A less stretched housing market

[1] Source: 2005 Annual Report

There has never been a better time to consider owning Canadian bank shares.

Banks provide an opportunity to leverage an investment in the Canadian market which has a higher exposure to resource-based industries that has supported a strong Canadian dollar. Buying shares in a Canadian bank is a low-risk way to play the Canadian economy.

But Canadian banks offer certain key advantages in their own right.

In recent years, the total shareholder return and return on equity of the Canadian banks have been typically higher than our U.S. counterparts.

We have different strategies to grow in each country. But what really sets BMO apart is an approach to banking that we apply on both sides of the border.

I want to look at two aspects of this approach in more detail. The first is our approach to credit risk. I'll talk about that and then provide some of the results that this approach has delivered for us.

The second aspect involves our approach to efficiency and opportunities for revenue growth.

BMO Financial Group

BMO's RISK MANAGEMENT FRAMEWORK

- Independence of credit
  - A second look
  - Dual signatures
- Independence of monitoring
- Decentralized and large discretionary limits
- Quality and experience – qualification / risk curriculum
- Active but prudent participation in CDS and hedge funds (originate to hold / sell)
- Balance of technical science and experience / process
- Early identification of deteriorating accounts
- Know your customer

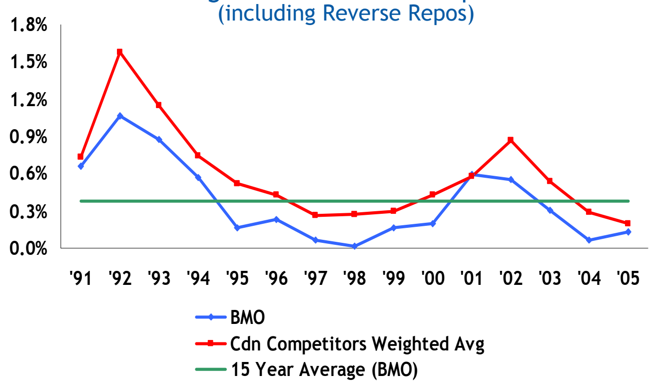
CONSISTENCY THROUGH THE CYCLE

Investors look to BMO for relatively high returns at relatively low risk. Stable, consistent and reliable returns. The hallmark of BMO is our superior Credit Risk Management.

We are proud of our solid reputation for risk management. In today's volatile market, this is top of mind for most investors.

INGRAINED CREDIT CULTURE & SUPERIOR ASSET QUALITY

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



Specific Provision For Credit Losses

%	BMO	Canadian Competitors
F2005	0.13	0.20
F2004	0.04	0.29
15-yr avg.	0.38	0.59

BMO's Canadian competitors include: RBC, BNS, CIBC, TD and NA

15-yr avg. - 1991 to 2005

This chart shows credit losses on net loans and acceptances. For 14 of the past 15 years, BMO has had the lowest specific provisions as a percentage of net loans and acceptances among its Canadian peer group.

Credit spreads have begun to move up from historically low levels and are expected to continue to widen out as interest rates increase.

We believe credit will once again differentiate BMO as we enter the next phase of the credit cycle and investors recognize the value of our consistently disciplined approach.

Many financial institutions diversify based on sector caps. We built on a superior credit adjudication process and became a market leader throughout North America in implementing a disciplined risk correlation methodology.

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This enabled us to be early recognizers of emerging problems, for example in the communication sector, as soon as we saw deterioration in that sector a few years ago. We took provisions in ’01 that showed up in our competitors results in ’02 at much higher levels.

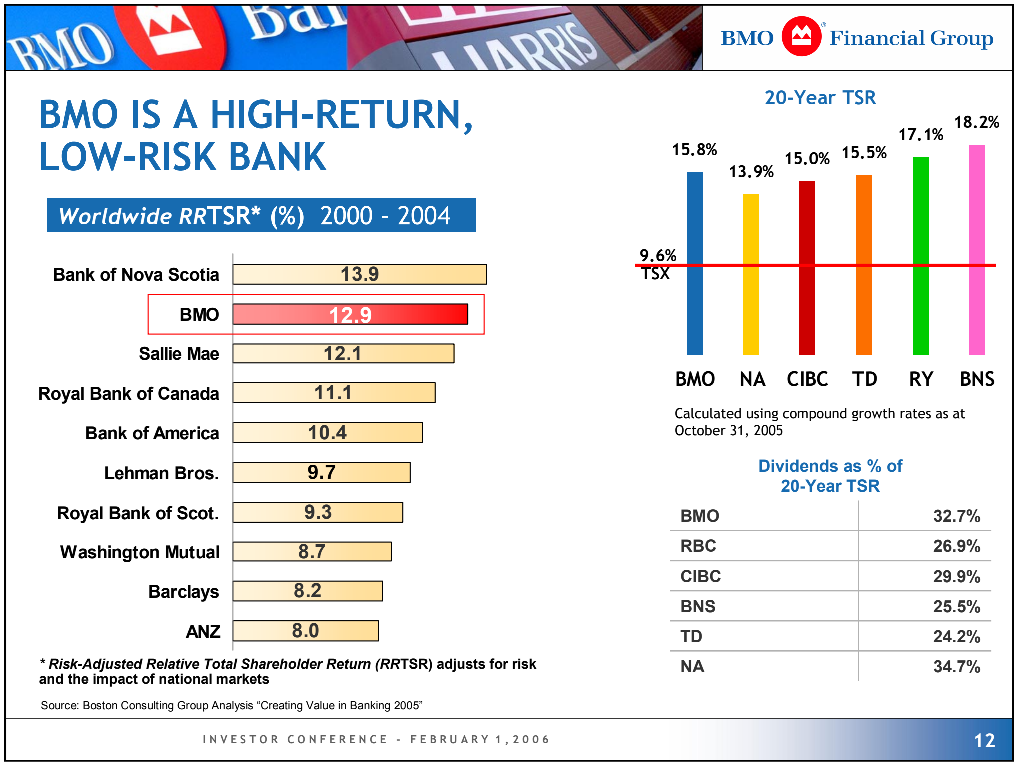
No one is immune to an upswing in credit defaults. But our approach to risk management has provided our shareholders with compensation for expected loss and allocated the capital necessary to anticipate unexpected loss.

By the way, investors aren’t the only ones who appreciate the consistency of our credit culture. Customers benefit too from the consistency of our relationship support in both good times and bad.

This approach has enabled us to gain and maintain a market leadership position in Canadian commercial banking.

Experience shows that our consistent underwriting standards result in lower relative loan losses; and that we pick up market share as competitors tighten lending policies or retreat from industry sectors.

We believe this will become more apparent as the business environment changes.



BMO's competitive advantage results not only from our first-rate tools and techniques, but from the right combination of tools, processes and judgments.

Boston Consulting Group does an annual assessment of financial services companies worldwide, based on total shareholder returns adjusted for two effects: the influence of national stock markets, and the risk to which shareholders have been exposed. They call this measure the Risk-Adjusted Relative Total Shareholder Return.

This slide supports our belief that we have identified the right business mix, the right growth strategy and the right priorities to attract shareholders with an appetite for high returns at relatively low risk.

As you can see from this global comparison, BMO fares exceptionally well on this measure, ranking #2 in the world in the 2000 to 2004 period.

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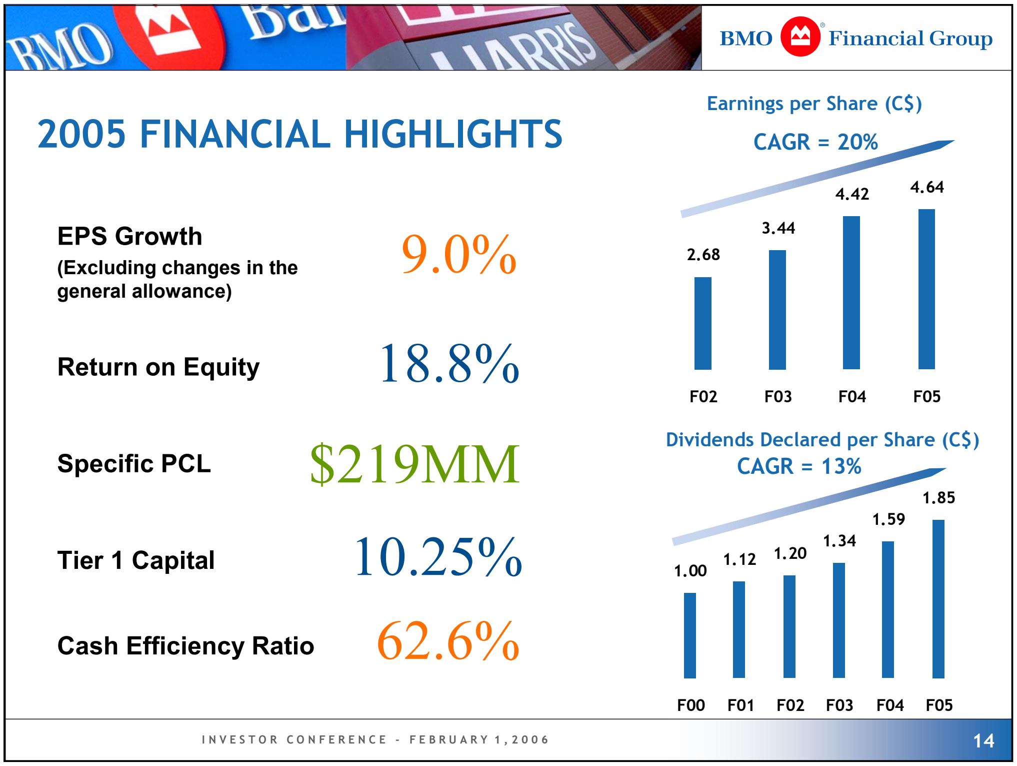
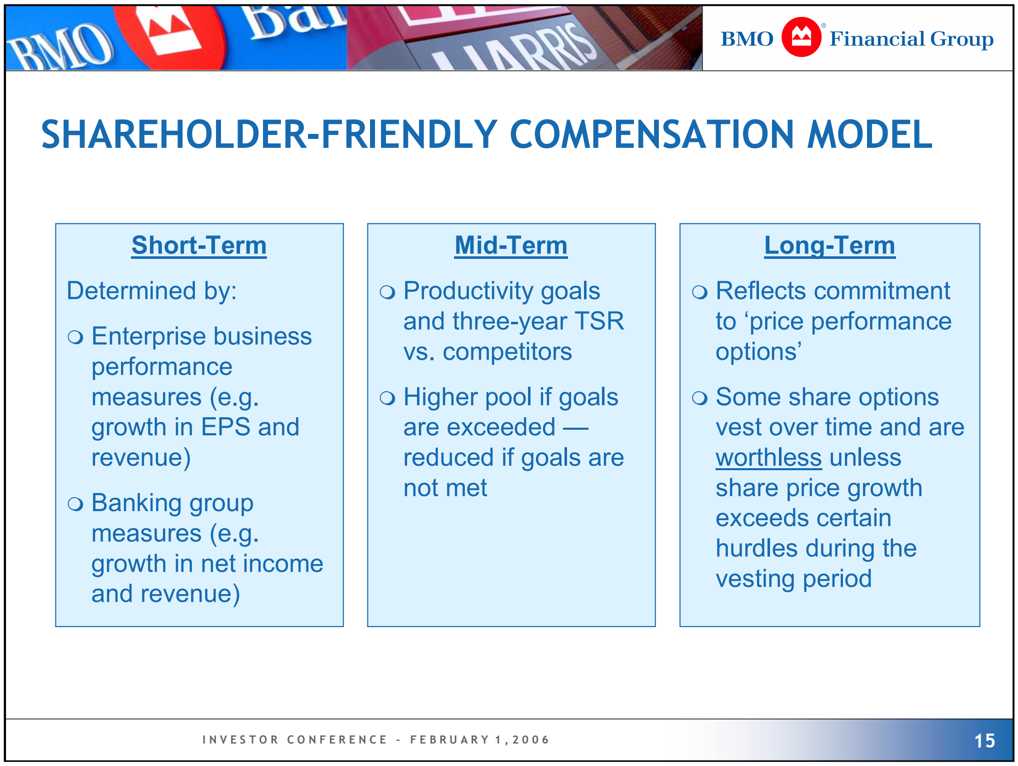
Over the past 20 years, BMO shareholders have earned an average annual return of 15.8%. That’s almost twice the Toronto Stock Exchange average. Furthermore, during that timeframe, dividend contributions to Total Shareholder Return amounted to almost 33%.



In 2005, we increased earnings per share by 9%, excluding changes in the general allowance. This brings our three-year annual EPS growth rate to an outstanding 20%. Return on equity was 18.8%. Our Tier 1 Capital ratio of 10.25% at year-end is very strong.

We also raised dividends twice in 2005. The value of dividends declared rose 16% from 2004, to $1.85 per share in 2005. Our dividend yield was 3.2% and our payout ratio goal is 35-45% of earnings with this past year at just over 40% on a lagged basis.

We also have in place a modest share repurchase program that is used primarily to offset the impact of dilution from the exercise of stock options. And we have been expensing stock options since November 1, 2002.



We have a shareholder-friendly compensation model. Our enterprise-wide compensation philosophy is built around the premise of "competitive pay for competitive performance." It supports the continued success of the Bank and I would like to describe it in more detail.

Compensation target levels are set at the median of comparator markets and may be increased when performance exceeds expectations in terms of year-over-year growth, and relative performance against the peer group. Conversely, the compensation may be decreased if performance falls below.

Our incentive plans over the short to long term are based on achievement of quantifiable metrics. Our mid-term and long-term incentives are intended to align executive compensation with the returns realized by Shareholders. To my knowledge, BMO is the only bank in Canada that so closely aligns executive long-term incentive awards with sustained shareholder returns.

BMO Financial Group

ECONOMIC OUTLOOK

Canada

- Growth will be sustained through 2006 by firm consumer spending and rising business investment. Exports will be less constrained by the strong C$.
- Short-term interest rates, though expected to rise through 2006, will continue to support the economy
- Long bond yields are expected to rise through 2006

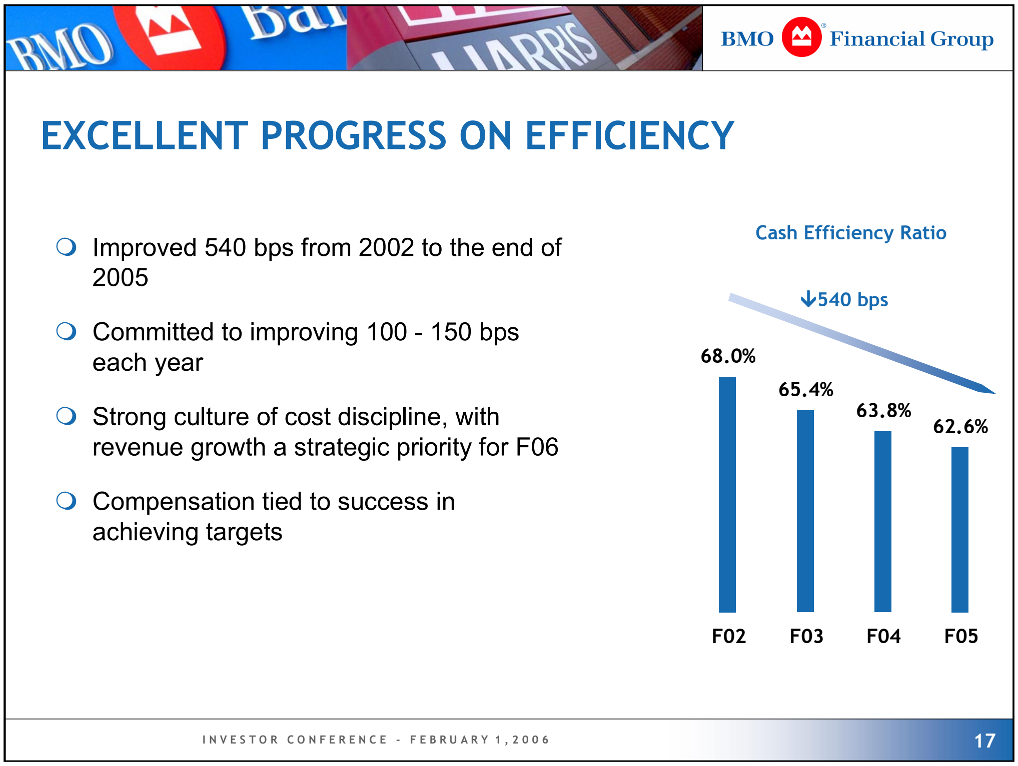
U.S.

- Interest rates will continue to rise near-term on indications that growth is weathering the impact of the various hurricanes and attendant rise in oil prices
- The tightening will also reflect concern that higher energy prices will pressure inflationary expectations upwards
- Housing market and residential mortgage growth will cool due to earlier rate increases, but strong capital spending will support business loans
- Consolidation will continue in response to deregulation

Source: BMO Economics

The Canadian economy is expected to grow more strongly in 2006. We expect the already strong Canadian dollar to appreciate slightly by the end of 2006. We have put greater weight on foreign exchange markets becoming increasingly concerned about the US trade deficit.

Our hedging policies result in us being able to manage fluctuation in currencies.



Now let me turn to the second aspect of our growth strategy that we apply to both our U.S. and our Canadian operations: our focus on efficiency improvement and revenue growth.

BMO has gained operating momentum over the last few years through our focus on efficiency.

In the past, we focused mostly on the expense side of the ratio. We improved the cash efficiency ratio by a total of 540 basis points over the past three years. This has created a strong culture of cost discipline that will serve us well for years to come.

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TECHNOLOGY AS AN ENABLER

Capabilities centralized to reduce risk of delivering on commitments and focus on higher value opportunities	❍ Unit costs for processing reduced ❍ Proceeds can be reinvested in revenue enhancing capabilities
Re-engineering of branch platform and investment of sales and management information capabilities	❍ Information search time has decreased by over 20% ❍ Referrals from customer service representatives increased by 30% in F05 ❍ Better tracking has led to faster and more proactive customer issue resolution ❍ Proactive notification to staff of significant customer activities facilitate timely customer dialogue

Underpinning all of this is a shift to a sales-culture environment

One way we have improved efficiency is through technology. We've re-engineered the branch platform and have invested in sales and management information capabilities. Front-line sales and service staff are spending less time on administration, allowing more time to interact with customers.

We've consolidated back office processes. A number of U.S. applications are run from Canada and we've put in place a lot of process improvement tools to consolidate, streamline and bring dollars out of the processes.

As a result, unit costs for processing have been reduced, and proceeds can be reinvested in revenue enhancing capabilities.

But at the same time, we're not afraid to spend money to deliver these efficiency improvements. What's more, we are investing heavily in the technology that will help us grow the revenue side of the equation.

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Because we are a diversified financial services company, and because we operate on both sides of the border, we have many opportunities to cross-sell. We are investing in the technology platform that will help our people make the most of those opportunities.

Over the last few years, our capital expenditures have averaged around $400 million. Next year, we will spend over $500 million.

In the retail business in Canada, we use a technology platform we call BMO Connect and Pathway Connect. It gives us the best customer data. It gives us an access point that is closest to the customer – whether that access point is a teller, a call centre or any of our distribution channels.

With our platform, we can assess the actual product level profitability in each of our businesses. For example, we can drill down to an individual mortgage and look at its profitability. We're starting to really be able to understand the cost structure of our business, and it's affecting our choices for where we put resources.

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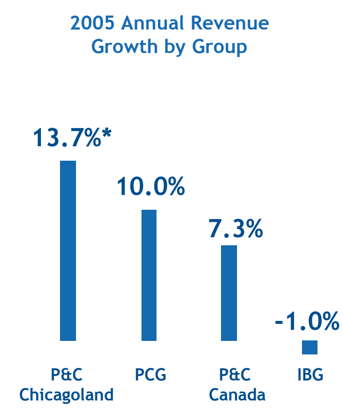
REVENUE GROWTH A PRIORITY

- Revenue growth primary driver of shareholder value creation for top performing companies
- 2006 focus on efficiency improvement with a stronger emphasis on revenue growth



* In Source Currency

We will continue to focus on improving efficiency, but in 2006 we are placing a stronger emphasis on increasing revenues both organically and through acquisitions. Last year, in source currency, revenue growth for the Bank was just over 7%.

Looking at it on a group by group basis; our Private Client Group and P&C Chicagoland generated double digit revenue growth. P&C Canada generated revenue growth of just over 7%, as volume growth more than offset the impact of the narrowing of the spread between lending and borrowing rates.

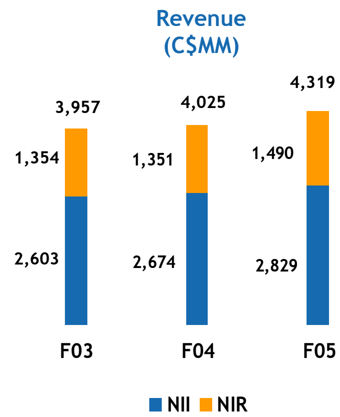
However the IBG business was adversely affected by the interest-sensitive environment, with the yield curve, and so revenue growth was flat.

Looking forward, each of the groups is committed to increasing revenue in a number of ways.

BMO Financial Group

PERSONAL & COMMERCIAL - CANADA GROWTH OPPORTUNITIES

- Investing in our distribution network including replacing the entire ATM network
- Adding dedicated relationship managers in branches to actively provide advice and support
- Continue expanding programs and offers to meet all of our customers financial needs
- Increase products sold through the branch system
- Sharing of best practices between branches



In the Personal and Commercial Client Group in Canada, we have upgraded our technology and continue to invest in our distribution network, which includes almost 1,000 traditional and in-store branches, telephone and on-line banking.

We are replacing our entire ATM network of almost 2,000 machines. We are also introducing a new approach to managing relationships with our primary personal banking customers. This involves adding more relationship managers in our branches to actively provide advice and support.

There's a lot of operating leverage in the Canadian branch system. To a meaningful degree, it's a fixed cost system, with variable costs related to the commission on the product. You can put a lot more units through the fixed cost system. For example, I think we have only scratched the surface of our ability to put mutual funds through our branch system.

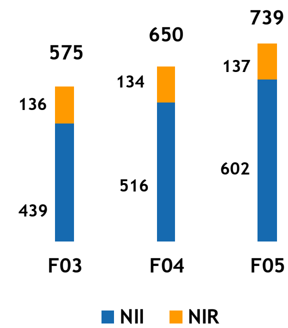
As well, we've gathered a considerable amount of knowledge about what is really working and what are our best practices, and how we can take those best practices in one branch and use them in another branch.

BMO Financial Group

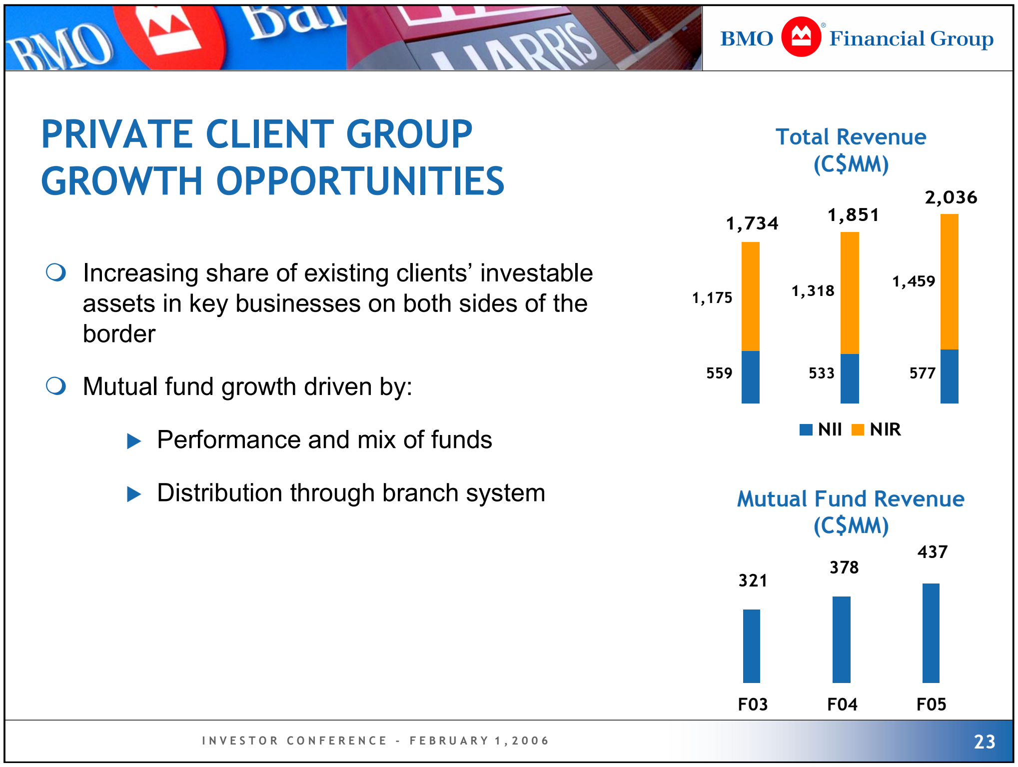
PERSONAL & COMMERCIAL - CHICAGOLAND BANKING GROWTH OPPORTUNITIES

- Acquisitions and de novo expansion
  - Target of 200 locations in Chicagoland and 20 in Northwest Indiana by 2007
  - Expand the network to 350 to 400 branches over the next five years
- Focus on sales programs within branches

Revenue (US$MM)



In P&C Chicagoland banking, growth will continue to come from de novo expansion and acquisitions, which I’ll talk more about shortly. In Harris branches, we focus on increased sales programs and growing ‘same store’ branch revenue.



In the Private Client Group we see the opportunity to increase our share of existing clients' investable assets in key businesses on both sides of the border.

The Canadian business is very profitable and it's growing at a very rapid rate. If you look at our Mutual Fund business, for example, you see double digit growth in both the financial performance and asset base, and we experienced the highest relative change in market share amongst the Big 5 banks and the industry.

But what's really interesting is the quality of the Mutual Fund assets that we have on our books. In fact, if you looked last year, the retention rate of Mutual Fund assets was much better than the industry average.

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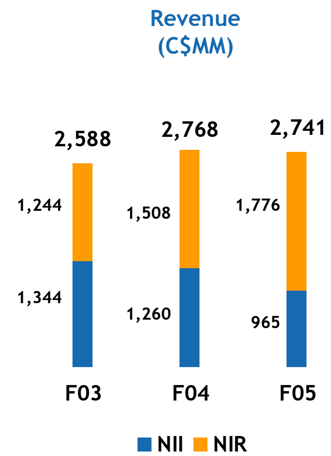
Why is that? I think it's three factors. First, good service, and we've seen surveys and third party measures which affirm this. Second, strong performance of our funds. And third, we have a smaller proportion of Money Market Mutual Funds than the industry average. So our Mutual Fund book is a longer term book, and what does that do? It drives higher Management expense ratios and therefore revenue and typically also leads to better retention.

INVESTMENT BANKING GROUP GROWTH OPPORTUNITIES

- Focusing on client alignment and refining sector focus to match product and service capabilities in the U.S. to high growth opportunities
- Continue focus on integrated coverage to bring the best solutions to our clients
- Diversification of IBG businesses to manage reliance on yield curve



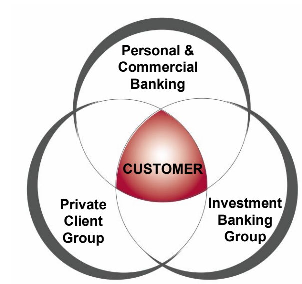
In the Investment Banking Group we are continuing to focus on integrated coverage to bring the best solutions to our clients.

We are also refining our sector focus in the United States. We will match our product and service capabilities with high-growth opportunities with a focus on Mid-market clients. Our diversified portfolio of businesses will help reduce the reliance on interest rate sensitive lines.

So in each of our groups there's some places where we're differentiating ourselves.

DELIVERING SEAMLESS SOLUTIONS

- In F05 established a Chicago-based unit to coordinate organization wide capabilities to customers needing banking services on both sides of the border
- Cross-selling initiatives in Canada and the U.S.
  - Referrals from P&C Canada to PCG up 40% year-over-year
  - F05 One Harris initiative results encouraging



Because we have a significant presence on both sides of the border, we have a growth opportunity that is becoming increasingly important. Customers with financial interests in both the United States and Canada turn to us for seamless solutions.

This is a small but growing market opportunity and we are well positioned to continue to meet our customers growing needs.

We have a number of initiatives that are focused on increasing cross sell referrals. Clearly each operating group has the ability to grow revenue on its own; however, the true potential comes from delivering integrated solutions to our customers. Referrals from P&C Canada to PCG were up 40 percent last year.

BMO Financial Group

CHICAGO-AREA OVERVIEW

An attractive, growing and competitive retail banking market

- Chicago Metropolitan Statistical Area (MSA) key demographic indicators
  - Population growth in the second quartile of all U.S. MSAs
  - Median household income in the first quartile of all U.S. MSAs

Top 5 MSA Profile

	Population (MM)	# of Banks	Deposit share of top 6 competitors*
New York	18.8	226	62%
Los Angeles	13.0	159	57%
Chicago	**9.5**	**274**	**48%**
Dallas	5.9	173	69%
Philadelphia	5.8	149	60%

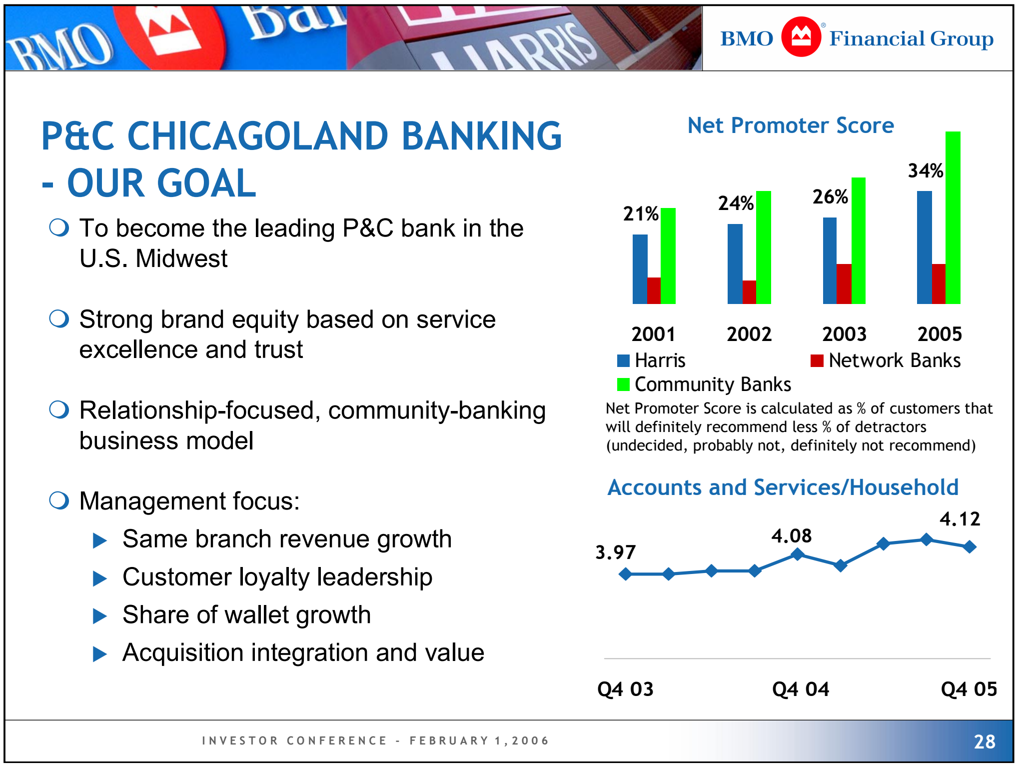
* Unadjusted deposit market share as of June 30, 2005
Source: SNL database, FDIC

Another area we see as a key opportunity for growth is through P&C Chicagoland banking through both de novo growth and acquisitions.

Our U.S. strategy is built around the brand we acquired in 1984, when BMO became the first Canadian bank to buy a major U.S. financial institution, the Harris Bank in Chicago.

The acquisition and subsequent expansion has given us a strong presence in the third largest Metropolitan Statistical Area in the U.S. Chicago's population growth is in the second quartile of all U.S. MSAs, and its median household income is in the first quartile. And to put it in context, the GDP of this MSA represents almost 35% of the GDP of Canada – so clearly we do not see this as a niche business.

The market is also very fragmented. One of the unique features of this market is the fact that the top six competitors still have less than half of the total market share. In most markets, including the other four largest, as you can see, the top six competitors have at least 60% of the total market share.



Our goal is to become the leading P&C bank in the U.S. Midwest. So what does that mean?

We need to grow faster from a core business perspective than our competitors.

We need to lead the market in customer service scores. We need to continue to improve productivity and profitability.

We need to acquire suitable properties as they become available.

We have a very competitive retail and business offer in this marketplace, and we have proven we can compete in every product category.

We also have an advantage over the smaller community banks both on the wealth management side and at the higher end of the business banking spectrum, including Mid-Market.

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One of our main differentiators is that we are blending BMO's Canadian experience in operating a large and diverse banking network with the community-focused banking model that is prevalent in many Chicago area banks.

We want to offer the superior customer experience of community banks with the convenience and product breadth of network banks – in essence, a community-focused front office and a very efficient back office.

It's paying off. We are competing very successfully against large and determined competitors in the Chicago market – including major network players.

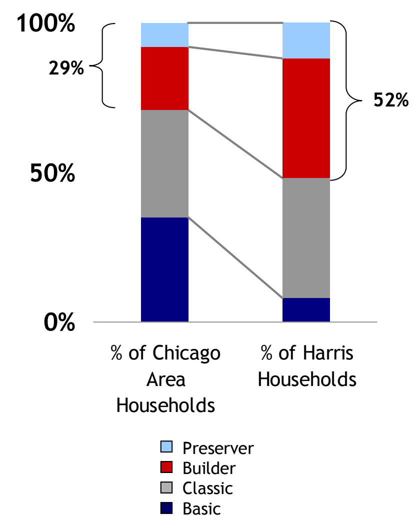
The strength of our community-focused front office shows up in customer surveys. When the question is asked, "Would you refer business to Harris?" the number of strong advocates for our company is about three times higher than the large network players we compete against.

BMO Financial Group

P&C CHICAGOLAND BANKING CUSTOMER BASE

- Strong, above-market penetration in **Builder** and **Preserver** customer segments
- The Builders and Preservers have:
  - Highest average balances
  - Highest profitability
  - Broadest range of financial needs
  - Largest forecast growth

Customer Segment Analysis



Our focus on relationships and excellent service is attractive to two very important consumer segments: Builders and Preservers.

These individuals have the highest average balances, the broadest range of financial needs, the highest profitability and the largest forecast growth.

As you can see, on a relative basis, our strength and focus is centered here - they account for over half of our customer base, and Builders now represent 40 percent of our new customers, and they are particularly open to a broad range of Harris services.

So this is one of the key aspects of our U.S. growth strategy: we are better than the competition at serving the most desirable market segments.

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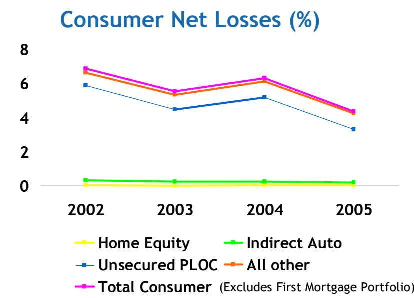
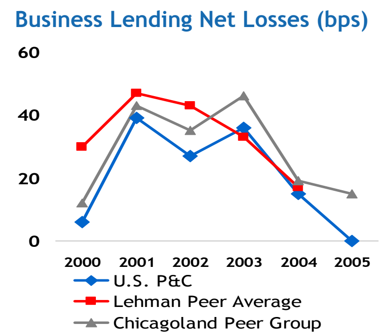
P&C CHICAGOLAND BANKING APPROACH TO CREDIT RISK MANAGEMENT

- Aligned with BMO overall risk management philosophy
- Success based on:
  - Structured and consistent application of criteria
  - Local market knowledge
- Consistent superior credit performance compared to peer groups



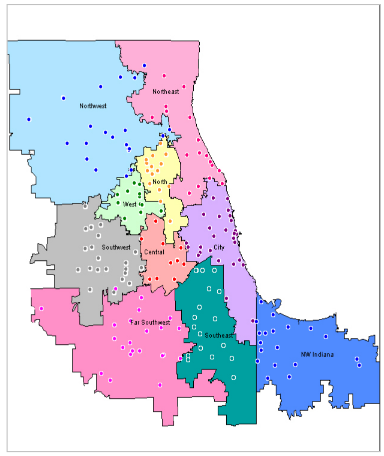


Our strength in credit risk management certainly applies to P&C Chicagoland Banking where our success has been based on structured, consistent, and centralized underwriting, combined with local market knowledge.

The result has been consistently superior credit performance compared to our peers as you can see on this chart.

P&C CHICAGOLAND ACQUISITION HISTORY

Acquisition	Year	Amount (US $MM)
Harris Bank	1984	547
Barrington	1985	32
St. Charles & Batavia	1988	26
Libertyville	1990	6
Frankfort	1990	17
Suburban Bancorp	1994	222
Household Int'l	1996	277
Joliet	2001	221
Lakeland	2004	37
NLSB	2004	235
Mercantile	2004	161
Edville	2005	66
Total		1,847



One of the most significant differences between our approach to banking in the U.S. and Canada involves acquisitions.

The Canadian banking industry is a very stable and mature environment where five big banks compete for market share in a game of inches. The U.S. environment, of course, is much more fragmented and open to growth through acquisitions.

We have taken a deliberate and methodical approach to expansion, and we are positioned to step up the pace of acquisitions. Including our purchase of Harris in 1984, we have invested over US$1.8 billion in U.S. retail acquisitions.

In the meantime, we have transformed a handful of private Chicago banks into a community banking network of nearly 200 branches in the Chicago area and Northwest Indiana.

We want to continue the expansion of our Harris personal and commercial operations beyond the Chicago area and Northwest Indiana into the other Midwest states. We aim to double our network to 350 to 400 branches over the next five years.

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ACQUISITION STRATEGY

- Target banks in Chicago area and the U.S. Midwest
- Advantages include deep market knowledge, the Harris brand with multiple lines of businesses, integration experience and completion of the charter consolidation
- Leading with P&C creates opportunities for both PCG and IBG
- Three key questions:
  - ✓ *Is it a good strategic fit?*
  - ✓ *Is it a good cultural fit?*
  - ✓ *Is it a good financial fit?*

Recent Acquisitions

2005	Edville Bankcorp, Inc.
2004	Mercantile National Bank
	New Lenox State Bank
	Lakeland Community Bank
2001	First National Bank of Joliet

We're focused on the Midwest. We have a number 2 market share in the retail business in the Chicago area.

We're very focused on organic growth because we don't use acquisitions as a replacement for growth. We measure same-store growth and are focused on growing that number.

We won't do an acquisition for acquisition's sake. We have three criteria for acquisitions.

There has to be a strategic, cultural and financial fit. For example, the target bank should have a similar philosophy as ours towards risk management. When we take a bank that has a similar risk management culture, and plug it into the productivity improvements of our network system, we have real opportunities for growth. Our financial target is to have EPS accretive in year 3, preferably year 2.

This spring, we successfully completed the consolidation of 26 Bank charters into one National charter, with no disruption in customer service.

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I cannot emphasize enough how important this step has been to our acquisition strategy – a real turning point. Not only does it improve the platform's reliability, give us a better cost structure, and free up management's time to focus on local market opportunities.

Perhaps most importantly, it lets us integrate future acquisitions quickly and successfully. That means we are in a better position to grow revenues faster.

We've got management experience in acquisitions and we've got scalability. We have the capability to deal with the numerous regulatory issues out there, such as the Patriot Act and anti-money laundering. If you put it all together, we're well positioned to do a transaction.

But are people going to sell? Are the right people going to sell and at what prices? I don't know when and if, but I think our patience, focus and discipline will pay off. We are well positioned as the Canadian dollar is very strong and we have a strong Tier 1 Capital ratio.

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APPENDICES

To wrap up, I've given you an overview of our strategy to become the top performing North American financial institution.

The strategy is built upon the strengths we have on each side of the border in each of our business lines. We are playing very successfully to the particular opportunities that the economies in each country offer.

But at the same time, BMO has a corporate culture and an overall approach to business that we apply to both sides of the U.S.-Canada border – and this creates a great synergy for wealth creation.

We have our renowned capability for credit management that makes us a low-risk, high-return bank. Some investors may believe this is a contradiction in terms. We've shown it can be done.

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We have made significant investments in productivity improvement that, among other things, gives us a technology platform that helps us reduce costs on both sides of the border.

Moreover, the technology also gives us significant opportunities to cross sell, and BMO employees are taking advantage of that.

And perhaps the most significant aspect of our approach to banking on both sides of the border is our emphasis on customer service.

After all, the surest route to strong returns for our shareholders is to deliver, first and foremost, truly exceptional service to our customers. Service that exceeds their expectations. Service that meets more of their needs.

We have put a big emphasis and supported it with the appropriate compensation structure on developing lasting customer relationships, and this has required disciplined execution.

BMO is one of the big five Canadian banks. We are determined to be top tier in every market in which we compete driving our vision to become the top performing North American financial institution.

Thank you for your attention. I'd be pleased to answer your questions.

SYSTEMIC DIFFERENCES

Between Canadian and U.S. Banks

Canada

- Mature oligopoly: 6 chartered banks
- Single regulator
- Governed by the Bank Act
- Foreign ownership limits in place
- Integrated business model: customers purchase multiple products from one institution
- Residential mortgages are lower risk due to shorter terms and prepayment penalties borne by the individual. Lack of interest deductibility from income taxes. Mortgages retained on balance sheet
- Current government not permitting bank mergers amongst big banks

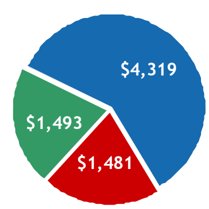
U.S.

- Fragmented market
- Multiple regulators
- Choice of State vs. National Charter allows flexibility in choosing regulatory environment and structuring operations
- Bank Holding Companies provide flexibility in structuring business activities
- Branch restrictions in U.S. and various limits on interstate expansion
- More likely to securitize residential mortgages as prepayment penalties borne by the bank

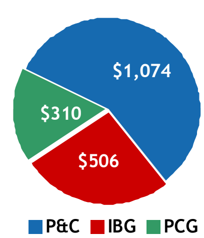
HIGHLIGHTS OF BMO IN CANADA

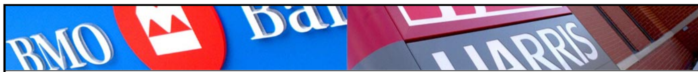
- F2005, P&C Canada represents:
  - 43% of Total Bank revenue
  - 45% of Total Bank net income
- BMO continues to rank 2nd in business banking market share for business loans $5MM and below
- Strong performance in combined Personal & Commercial (P&C) / Wealth Management (PCG) businesses
- BMO Nesbitt Burns #1 Ranked Top Overall Equity Research Team in Canada for the 25th consecutive year
- BMO Harris Private Bank ranked as best private bank in Canada by *Euromoney Magazine* for the third year in a row

F05 Non-U.S.Operating Group Revenue (C$MM)



F05 Non-U.S.Operating Group Net Income (C$MM)





BMO Financial Group

OUR PRESENCE IN THE U.S.

HARRIS

- Brand image and reputation
- Well-positioned branch distribution and access
- Strong customer orientation and culture

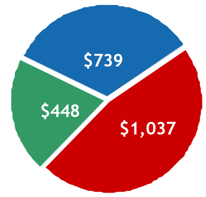
HARRIS

- Through Harris Private Bank full product offering - trust and investment, financial planning, banking, estate planning
- Distribution capabilities within Harris Bank branches
- High relative client retention resulting from superior customer service

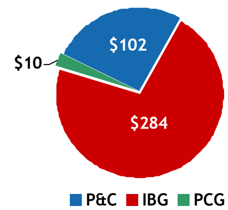
HARRIS NESBITT

- Mid-market focus
- Attractive client base, strong long-term relationships
- Customized coverage model
- Focused, disciplined strategy execution

F05 U.S.Operating Group Revenue (US$MM)



F05 U.S.Operating Group Net Income (US$MM)



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