



CITIGROUP
2008

Financial Services Conference

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BMO  Financial Group



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FORWARD LOOKING STATEMENTS

Caution Regarding Forward-Looking Statements

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in our Annual Report and 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 include, but are not limited to, comments with respect to our objectives and priorities for 2008 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of our 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; currency value fluctuations; changes in monetary policy; the degree of competition in the geographic and business and market are as 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 markets activity; 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 2007 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 statements, 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 2008 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 that the Canadian economy will expand at a moderate pace in 2008 while the U.S. economy expands modestly, and that inflation will remain low in North America. We also have assumed that interest rates in 2008 will decline slightly in Canada and the United States, and that the Canadian dollar will likely be at parity with the U.S. dollar at the end of fiscal 2008. 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. Assumptions about the terms of any agreement we enter to transfer our liability for future customer redemptions, or to change the cost structure, relating to our customer credit card loyalty rewards program are material factors we considered in assessing expected changes in the run-rate costs of the program. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining the 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 Report to Shareholders, MD&A and in its Annual Report to Shareholders all of which are available on our website at www.bmo.com/investorrelations.

Non-GAAP results or measures include revenue, taxes and productivity results and measures that use Taxable Equivalent Basis (teb) amounts, cash-based profitability and productivity measures, Net Economic Profit and results and measures that exclude items that are not considered reflective of ongoing operations. Results stated on a basis that excludes commodities losses, charges related to the capital markets environment, changes in the general allowance and restructuring charges are non-GAAP measures. Bank of Montreal also provides supplemental information on combined business segments to facilitate comparisons to peers.

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 "Quiet Period" which will end when it reports Q1 2008 results on Tuesday, March 4th, 2008. At that time, we will discuss Bank of Montreal's earnings and targets. Until then, we cannot discuss or respond to questions on our Q1 results.



BANK OF MONTREAL (BMO FINANCIAL GROUP)

- 4th largest bank in Canada measured by total assets as at October 31, 2007
- 100% ownership of Chicago-based Harris Bank

| | | |
|---|-----------------------------|-----------------------------------|
| Listings | | NYSE, TSX (Ticker: BMO) |
| Share Price: | Oct 31/07 (fiscal year end) | NYSE – US\$66.58 ; TSX – C\$63.00 |
| | Dec 31/07 | NYSE – US\$56.60; TSX – C\$56.33 |
| Market Cap: | Oct 31/07 (fiscal year end) | C\$31 billion (US\$33 billion) |
| | Dec 31/07 | C\$28 billion (US\$28 billion) |
| F2007 Average Assets | | C\$361 billion (US\$330* billion) |
| F2007 Net Income | | C\$2.1 billion (US\$2.0* billion) |
| 3 Year Average ROE (as reported) | | 17.5% |
| # of Employees: | | 36,000 |



Why invest in BMO:

- Consistent and focused North American growth strategy
- Industry leader in dividend payout ratio
- Prudence and expertise in credit risk management
- Strong tier 1 capital ratio (9.51% as at October 31, 2007)
- Canadian economic outlook relatively good

* Balances stated in Canadian dollars. F2007 average exchange rate: Cdn to U.S. \$1.0926. As of October 31, 2007 the exchange rate: Cdn to U.S. \$0.9447

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FISCAL 2007 FINANCIAL HIGHLIGHTS

- Net Income \$2.1 billion, ROE 14.4% (as reported)
- Excluding significant items (see below)
 - ▶ Net Income \$2.9 billion
 - ▶ ROE 19.8%
- Strength and diversity of core business in challenging market
- ROE above 13% for 18th consecutive year on a reported basis
- Target dividend payout ratio 45% – 55%

Significant items include: charges related to the deterioration in capital markets, commodities losses, increase to the general allowance, and restructuring charges.

Net Income (\$B)
CAGR = 16.3%

| Year | Net Income (\$B) |
|------|------------------|
| 2003 | 1.78 |
| 2004 | 2.30 |
| 2005 | 2.40 |
| 2006 | 2.66 |
| 2007 | 2.13 |

F2007 Net Income by Line of Business

| Line of Business | Net Income (\$MM) | Percentage |
|------------------|-------------------|------------|
| P&C Canada | \$1,250 | 57% |
| BMO CM | \$425 | 19% |
| PCG | \$408 | 19% |
| P&C U.S.* | \$114 | 5% |

*P&C U.S. net income \$105 MM USD
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PERSONAL & COMMERCIAL BANKING CANADA

- Full-Service Canadian retail banking business serving more than seven million customers
 - ▶ Almost 1,000 Canadian branches
 - ▶ Almost 2,000 ATMs
 - ▶ Internet & telephone banking
- Added 21 new branches and redeveloped 31 branches in F2007
- Added 900 fulltime employees in F2007; 90% client-facing

Revenue / Net Income (\$MM)

| Year | Net Income (\$MM) | Revenue (\$MM) |
|------|-------------------|----------------|
| 2005 | 1,076 | 4,319 |
| 2006 | 1,142 | 4,580 |
| 2007 | 1,250 | 4,743 |

F2007 Net Income by Line of Business

| Line of Business | Net Income (\$MM) | Percentage |
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| P&C Canada | \$1,250 | 57% |
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| P&C U.S. | \$114 | 5% |

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PRIVATE CLIENT GROUP

- Full service wealth management business across Canada and in select markets in the U.S.
- Industry leaders in private banking
- Award-winning client offerings and industry-recognized leadership
- Continue to invest in the business
- Announced purchase of Pymford in November 2007, a UK based institutional asset manager allowing for international investment opportunities

Revenue / Net Income (\$MM)

| Year | Net Income | Revenue |
|------|------------|---------|
| 2005 | 314 | 2,037 |
| 2006 | 355 | 1,893 |
| 2007 | 408 | 2,054 |

(Note: 2005 revenue includes \$252 MM related to Harrisdirect which was sold in F2005)

F2007 Net Income by Line of Business

| Line of Business | Net Income (\$MM) | Percentage |
|------------------|-------------------|------------|
| P&C Canada | ~1,600 | ~78% |
| BMO CM | ~400 | ~19% |
| P&C U.S. | ~48 | ~1% |

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BMO CAPITAL MARKETS

- Integrated corporate and investment bank
- Bulge-bracket firm in Canada
- In the U.S., focus continues to be on mid-market clients providing full product offering and cross-border opportunities
 - ▶ Focused on key segments
 - ▶ Increased sector focus and key hires in the U.S. market helped deepen our client relationships, increasing revenue per sector coverage officer by 18%

Revenue / Net Income (\$MM)

| Year | Net Income | Revenue |
|------|------------|---------|
| 2005 | 850 | 2,741 |
| 2006 | 860 | 2,780 |
| 2007 | 425 | 3,140 |

Excludes \$1,171 MM revenue impact of commodities losses and deterioration of capital markets environment

F2007 Net Income by Line of Business

| Line of Business | Net Income (\$MM) | Percentage |
|------------------|-------------------|------------|
| P&C Canada | ~1,600 | ~78% |
| BMO CM | ~425 | ~19% |
| P&C U.S. | ~115 | ~1% |

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EFFICIENCY & EFFECTIVENESS INITIATIVE

Reallocating resources to the front-line as we increase customer focus

- Restructuring charges of \$159 MM recorded in F2007 (\$103 MM after tax)
- Charges are the result of a comprehensive review of the efficiency and effectiveness of all support functions, groups and business processes that support the front line
- Initial charge in Q1 07 relates to the elimination of approximately 1,000 employee positions in primarily non-customer facing areas of the company across all support functions and business groups
- An additional charge was taken in Q4 07 reflecting further opportunities identified
- The charge reflects BMO's previously-stated intention to increase customer focus by:
 - ▶ Directing spending and resources on front-line sales and service
 - ▶ Creating more efficient processes and systems across the company
 - ▶ Continuing to accelerate the pace of the company's growth

ACQUISITION HISTORY

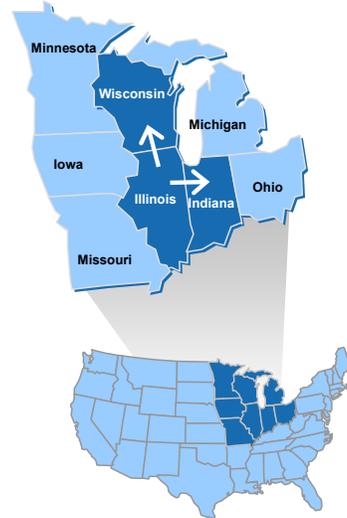
- Harris Bank
 - ▶ Recognized and respected bank, in business for 125 years
 - ▶ Established strengths in both personal and commercial businesses, serving over 1 million customers
- Distribution network:
 - ▶ 233 branches
 - ▶ 600 ATM's
 - ▶ Internet & telephone banking
- Chicago
 - ▶ Solid growth in population and median household incomes
 - ▶ Highly diversified economy
 - ▶ Banking industry still fragmented

| U.S. Retail Acquisitions | 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 |
| New Lenox State Bank (NLSB) | 2004 | 235 |
| Mercantile | 2004 | 161 |
| Edville (Villa Park) | 2005 | 66 |
| First National Bank and Trust | 2006 | 290 |
| <i>Merchants & Manufacturing (pending)</i> | * | 137 |
| <i>Ozaukee (pending)</i> | * | 190 |
| Total | | \$2,464 |

* Acquisitions announced in 2007

U.S. GROWTH POTENTIAL

- Chicago is the hub of Midwest region
 - ▶ Population base of 66 million people, double that of Canada's population
 - ▶ GDP of \$2.7 trillion U.S.
- Harris is a well known brand in the attractive U.S. Midwest market
- Uniquely positioned between smaller community banks and larger network banks
- One-third of branches will be outside of Illinois, upon closing of pending deals, vs. none just over three years ago
- Current market conditions may provide opportunities



ECONOMIC BACKDROP

- Operating environment in Chicago for F2007
 - ▶ Intense competition
 - ▶ Soft housing markets
 - ▶ Slowing economic growth
- Net interest margins significantly compressed over previous year



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PERSONAL & COMMERCIAL BANKING U.S.

To become the leading personal and commercial bank in the U.S. Midwest with a network of 350 to 400 branches

- Environment remains competitive
- Acquisition integration impacted net income
- Active resource and expense management
- Do not originate subprime mortgage programs
- Very little direct retail exposure with subprime characteristics
- Deep relationships with local communities and businesses, and their leaders
- Opportunity to leverage the capabilities and scale of BMO Financial Group while emphasizing local authority, accountability, knowledge and commitment

Revenue / Net Income (\$US MM)

| Year | Net Income | Revenue |
|------|------------|---------|
| 2005 | 104 | 739 |
| 2006 | 102 | 799 |
| 2007 | 105 | 833 |

F2007 Net Income by Line of Business

| Line of Business | Net Income (\$US MM) | Percentage |
|------------------|----------------------|------------|
| P&C U.S. | 105 | 5% |
| PCG | - | - |
| BMO CM | - | - |
| P&C Canada | - | - |

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P&C U.S. - STRATEGIC AGENDA #1

Continue to refine and enhance the customer experience

- Differentiate by focusing on our customers and making sure our people have the tools to provide exceptional service consistently
- Net promoter score a key metric to measure performance
 - ▶ Now being utilized in P&C Canada
- Reviewing all of our channels to determine how to best invest to improve service and anticipate customer needs



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P&C U.S. – STRATEGIC AGENDA #2

Improve sales force productivity

- Broaden & deepen relationships with customers across personal business and wealth
- Significant opportunities in wealth business partnering with the Private Client Group
- Specific initiatives:
 - ▶ Licensed personal bankers
 - ▶ Mass affluent offering
 - ▶ Integrated wealth branches

P&C U.S. Loans (\$US MM)

| Year | Loans (\$US MM) |
|------|-----------------|
| 2004 | 12.2 |
| 2005 | 14.9 |
| 2006 | 17.2 |
| 2007 | 19.1 |

P&C U.S. Deposits (\$US MM)

| Year | Deposits (\$US MM) |
|------|--------------------|
| 2004 | 14.1 |
| 2005 | 15.4 |
| 2006 | 15.9 |
| 2007 | 17.2 |

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P&C U.S. – STRATEGIC AGENDA #3

Expand commercial banking sales force

- Objectives:
 - ▶ Increase business banking revenue contribution to be more in line with peers
 - ▶ Improve the execution of business banking opportunities
 - ▶ Leverage strong retail presence
 - ▶ Strengthen offering, turn around time
- Take advantage of cross-selling with both PCG and BMO CM

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P&C U.S. – STRATEGIC AGENDA #4

Continue geographic expansion

- Scalable
- Continue to emphasize acquisition criteria:
 - ▶ Strategic fit
 - ▶ Cultural fit
 - ▶ Financial fit
- Continue to be an “acquirer of choice”

Number of Branches
(as at October 31, 2007)

| Year | Number of Branches |
|------|--------------------|
| 2004 | 168 |
| 2005 | 195 |
| 2006 | 202 |
| 2007 | 232 |

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P&C U.S. GROUP OBJECTIVES

- Continue to refine our customer experience, providing excellent service to retain existing customers, expand our relationships and attract new business
- Improve financial performance by growing revenue and effectively managing costs
- Improve sales force productivity across all our lines of business
- Expand our commercial sales force in Chicago and surrounding areas
- Continue our expansion in the U.S. Midwest

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| BMO's F2008 TARGETS | |
|--------------------------------------|---|
| Performance Measure | F2008 Target |
| EPS Growth | 10% - 15% ¹ (base of \$5.24) ² |
| Specific Provision for Credit Losses | \$475MM or less |
| Operating Leverage | Grow revenues by 2% more than expenses |
| Return On Equity | 18% - 20% |
| Tier 1 Capital Ratio | Minimum of 8.0% |

¹Excluding changes in the general allowance
²Excluding commodities losses, restructuring charges and changes in the general allowance

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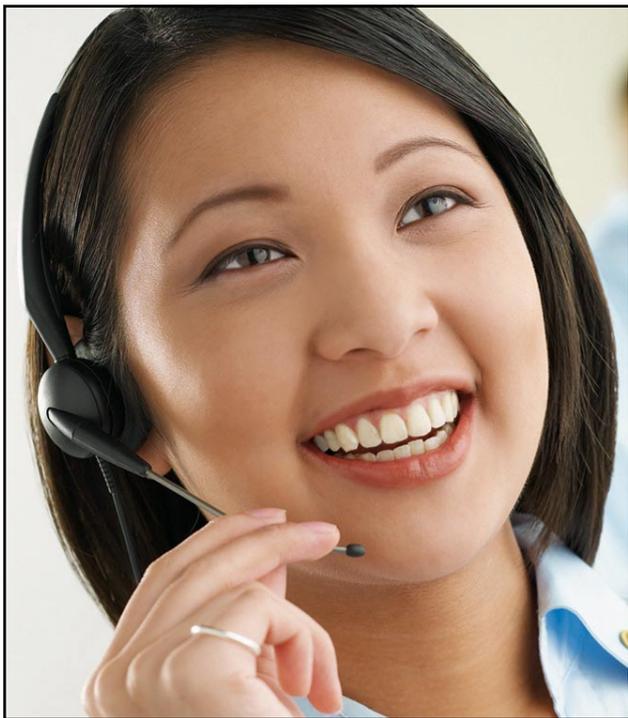
| BMO's NORTH AMERICAN GROWTH STRATEGY | |
|---|---|
|  | Build a superior Canadian personal banking business to ensure that we meet all of our customers' financial needs |
|  | Further strengthen our commercial banking businesses to become a leading player everywhere we compete |
|  | Grow our wealth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

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Q & A

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