

Investor Presentation

Acquisition of Lloyd George Management

BMTI



January 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 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 the expected closing of the proposed acquisition of Lloyd George Management, future plans for the acquired business, anticipated financial and operating results and impacts of the acquisition; the companies' plans, objectives and intentions, the results of or outlook for our operations or for the Canadian, U.S and certain emerging 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 Lloyd George Management 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 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 cash earnings per share, expansion of our asset management business, investment professionals and geographic presence 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 Lloyd George Management operates; the ability to promptly and effectively integrate the businesses of Lloyd George Management and BMO; reputational and operational risks associated with several international jurisdictions and the reaction of Lloyd George Management's customers to the transaction.

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 and 30 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.

Assumptions about Lloyd George Management's revenues and expenses and costs associated with the transaction were material factors in our estimates of the acquired business being accretive to BMO's cash earnings per share within the first year after closing.

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 Third Quarter 2010 Report to Shareholders and 2009 Annual Report to Shareholders all of which are available on our website at www.bmo.com/investorrelations.

Examples of non-GAAP amounts or measures include: cash earnings per share, cash operating leverage and cash productivity ratio; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes.

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

Expanding Wealth Management Capabilities in Asia

Highlights – Acquisition of Lloyd George Management

- **BMO has entered into a definitive agreement to acquire Lloyd George Management, a Hong Kong-based, independent investment manager founded in 1991 specializing in Asian and Global Emerging Markets:**

- ▶ One of the world's premiere medium-sized investment boutiques, specializing in global emerging markets
- ▶ In addition to Hong Kong, the company has an established local presence in London, Singapore, Mumbai and Palm Beach, Florida
- ▶ More than 80 employees in portfolio management and research, client service, administration and compliance including 29 investment professionals

- **Growing business in select global markets to meet our customers' expanding needs is a strategic priority for BMO:**

- ▶ Global asset management industry offers strong growth opportunities
- ▶ Provides added capabilities and allows us to meet our institutional, private banking, BMO Nesbitt Burns and retail clients' growing demand for global investment strategies

- **Strategic Rationale:**

- ▶ Further bolster BMO Asset Management's existing strengths and opportunities; the addition complements our existing asset management capabilities in North America and Europe (Pyrford), filling out our global presence and expertise.
- ▶ Acquisition adds an experienced group of investment professionals with a 20 year proven track record
- ▶ Provides opportunity to integrate and expand sales team with a focus on cross-selling solutions to clients globally leveraging strong brand value and financial strength of BMO
- ▶ China and India expected to become dominant global economies in the future

Transaction Details:

AUM	US\$6 BN¹
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Impact on Tier 1	Approximately 5 bps
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Accretive to Cash EPS	Expected In Year 1
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Expected Closing	Q3 2011
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¹ Approximate balances as at September 30, 2010



Overview of Presence in Asia

- China is a key growth market for BMO outside North America
- Completed incorporation of subsidiary, Bank of Montreal (China) Co. Ltd.
 - ▶ With local incorporation in China, BMO joins a small number of foreign banks in providing a broad offering of financial services to its customers
- Equity interest in Fullgoal Fund Management Co., one of China's leading fund management companies
- Clear advantage in growing our existing businesses and distribution network, and capitalizing on the tremendous growth potential in China and India

