

Q2
2007



FINANCIAL
RESULTS

Investor Community Conference Call

KAREN MAIDMENT

Chief Financial and Administrative Officer

May 23 • 2007



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 other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the 'safe harbor' provisions of, and are intended to be forward-looking statements under, the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2007 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 conditions in the countries in which we operate; 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; 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 28 and 29 of BMO's 2006 Annual Report, which outlines in detail certain key factors that may affect BMO'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 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 2007 and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a moderate pace in 2007 and that inflation would remain low. We also assumed that interest rates in 2007 would remain little changed in Canada but decline in the United States and that the Canadian dollar would hold onto its value relative to the U.S. dollar. The Canadian dollar has strengthened relative to the U.S. dollar, particularly late in the second quarter, but we continue to believe that our other assumptions remain valid. We have continued to rely upon those assumptions and the views outlined in the following Economic Outlook in considering our ability to achieve our 2007 targets. 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.

Assumptions about the performance of the natural gas and crude oil commodities markets and how that will affect the performance of our commodities business were material factors we considered when establishing our estimates of the future performance of the commodities trading portfolio set out in this document. Key assumptions included that commodities prices and implied volatility would be stable and our positions would continue to be managed with a view to lowering the size and risk level of the portfolio.



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 trading losses and/or the first quarter restructuring charge are non-GAAP measures. Bank of Montreal also provides supplemental information on combined business segments to facilitate comparisons to peers.



Q2 2007 FINANCIAL HIGHLIGHTS

	Net Income	EPS	Y/Y EPS Growth	Cash EPS	ROE	Specific PCL	Tier 1 Capital	Cash Productivity
As Reported	\$671MM	\$1.29	3.2%	\$1.31	18.3%	\$59MM	9.67%	62.3%
Excluding Commodities Trading Losses	\$761MM	\$1.47	17.6%	\$1.49	20.7%	\$59MM	9.86%	59.6%

Key Messages

- Good underlying operating performance in the second quarter
- Second quarter net income reduced by \$90MM after-tax (\$0.18 per share) as a result of commodities trading losses (See slide 4 for complete impact)
- Excluding the commodities trading losses:
 - ▶ EPS grew 17.6%
 - ▶ Revenue increased 9.6% Y/Y from strong operating group performance
 - ▶ Expenses increased 5.6% Y/Y as a result of additional front-line sales and service professionals
 - ▶ Cash productivity improved 228bps Y/Y to 59.6%
 - ▶ Total bank effective tax rate was 24.8%, in line with expected range of 25-28%
- Tier 1 Capital ratio remains very strong



COMMODITIES TRADING LOSSES

Income Statement (\$MM)	Q1 2007			Q2 2007			YTD 2007		
	As Restated*	Commodities Trading Losses	Excluding Commodities Trading Losses	As Reported	Commodities Trading Losses	Excluding Commodities Trading Losses	As Reported	Commodities Trading Losses	Excluding Commodities Trading Losses
Revenue	2,105	509	2,614	2,571	171	2,742	4,676	680	5,356
PCL	52	-	52	59	-	59	111	-	111
Expenses	1,673	87	1,760	1,614	33	1,647	3,287	120	3,407
Profit Contribution	380	422	802	898	138	1,036	1,278	560	1,838
Minority Interest	19	-	19	19	-	19	38	-	38
Income Taxes	13	185	198	208	48	256	221	233	454
Net Income	348	237	585	671	90	761	1,019	327	1,346
Diluted EPS (\$)	0.67	0.46	1.13	1.29	0.18	1.47	1.96	0.64	2.60
Cash EPS (\$)	0.68	0.46	1.14	1.31	0.18	1.49	1.99	0.64	2.63
Tax Rate (%)	3.3	43.8	24.7	23.2	34.8	24.8	17.3	41.6	24.7

* See impact of Q1 restatement on Slide 21



CASH EPS GROWTH

Q/Q ↑\$323MM or \$0.63/share

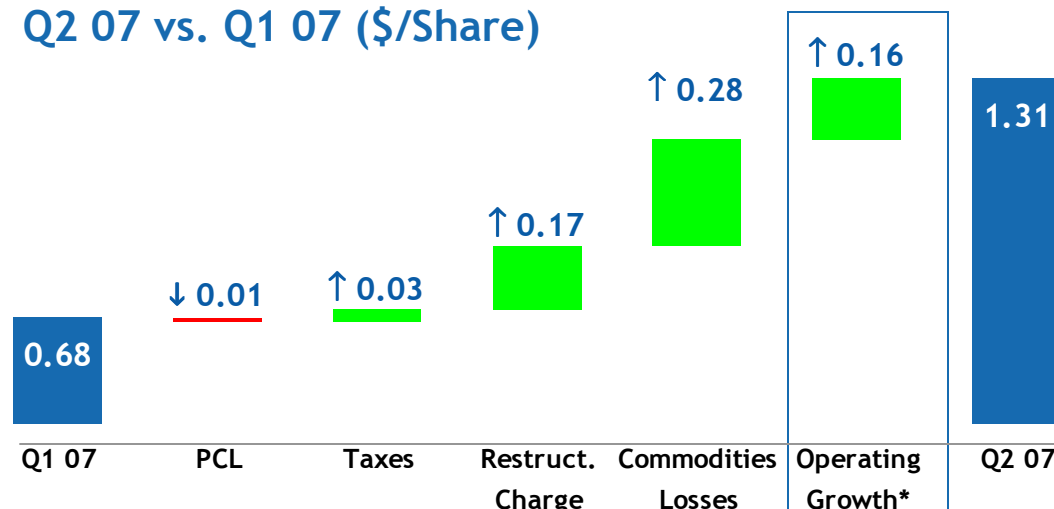
- + Strong revenue growth across operating groups
- + Q1 07 included a restructuring charge recorded in Corporate (\$0.17/share)
- + Stock-based compensation expense for employees eligible to retire recorded in Q1 07 of \$42MM (\$0.06/share)*
- + The impact of the commodities trading losses in Q1 07 was \$0.46/share vs. \$0.18/share in Q2 07

Y/Y ↑\$20MM or \$0.04/share

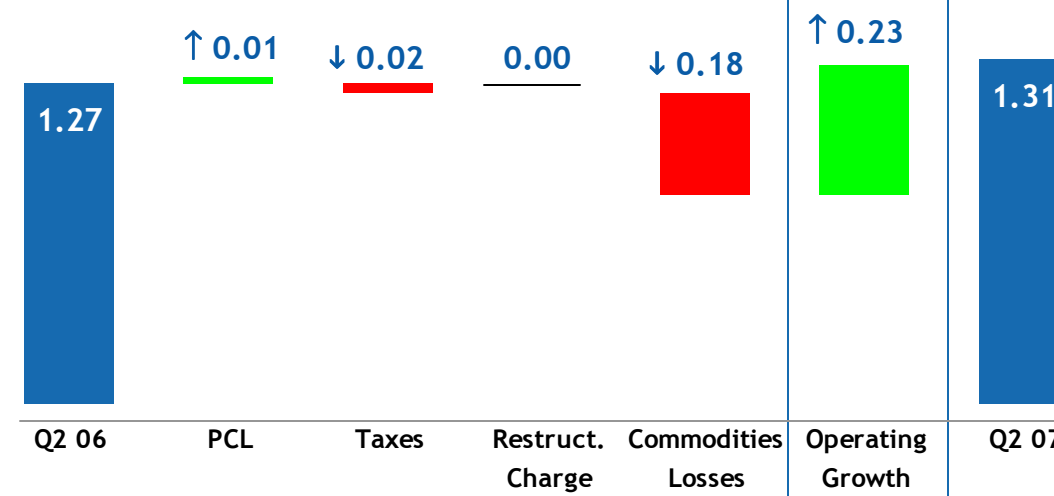
- + Broad-based volume growth in P&C Canada and PCG
- + Strong revenue growth in a number of product areas in BMO Capital Markets (excluding commodities trading losses)
- Q2 07 commodities trading losses recorded in BMO Capital Markets (\$0.38/share)

* Stock-based compensation for employees eligible to retire is shown graphically in operating growth

Q2 07 vs. Q1 07 (\$/Share)



Q2 07 vs. Q2 06 (\$/Share)



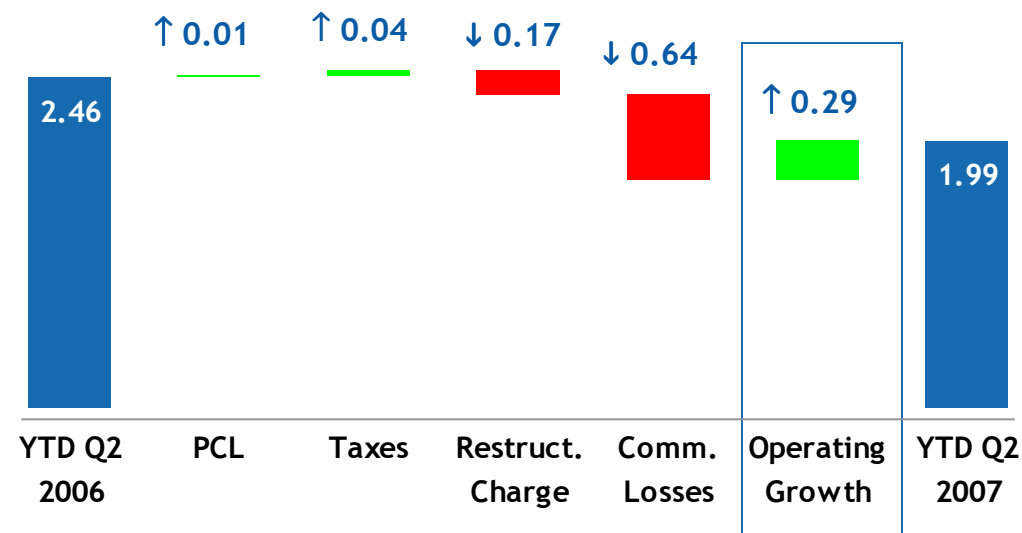


YEAR TO DATE CASH EPS CHANGE

YTD ↓\$238MM or \$0.47/share

2007 YTD vs. 2006 YTD (\$/Share)

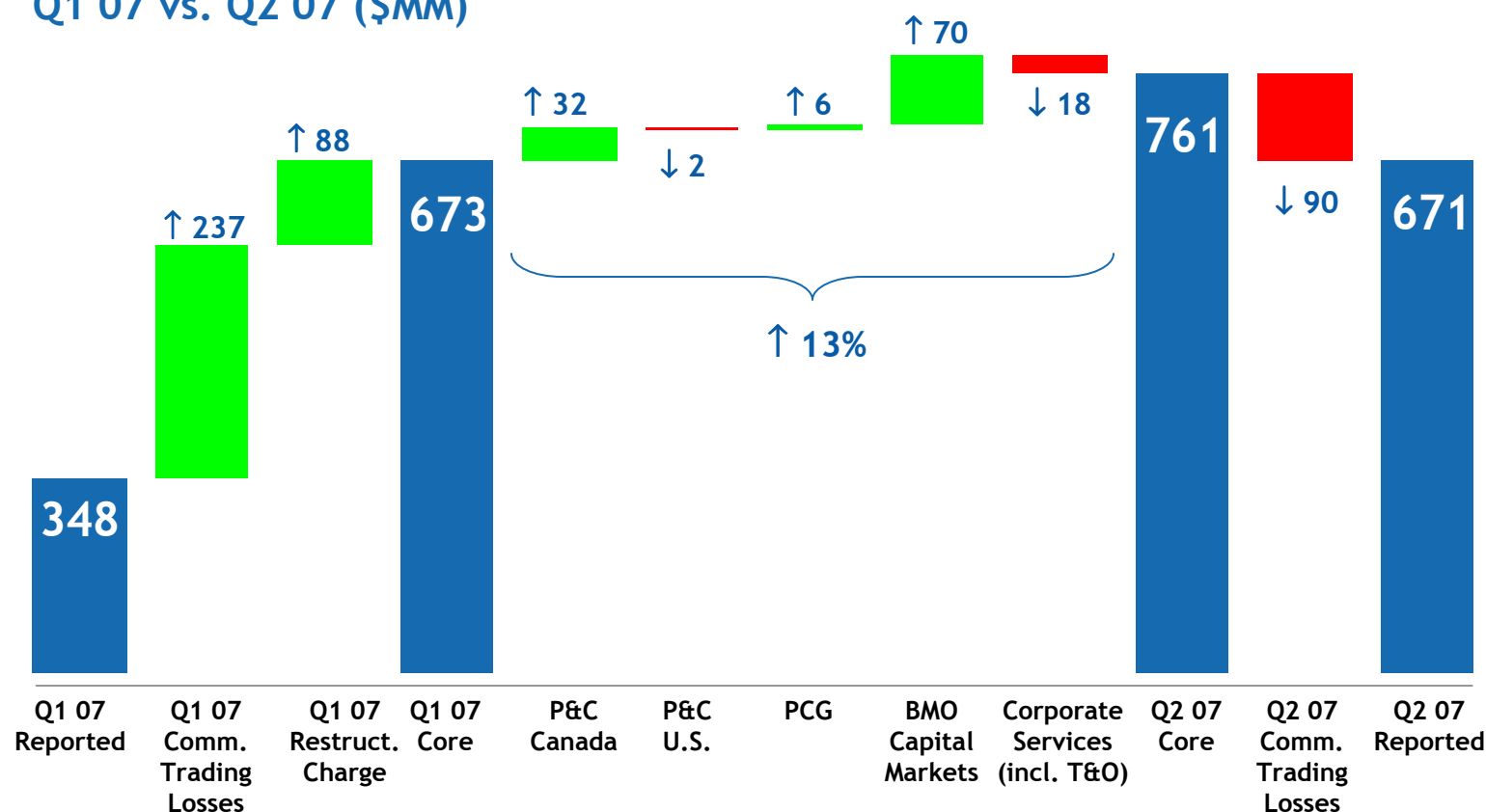
- + Improved performance in a number of product areas in BMO CM
- + Broad-based volume growth in P&C Canada and PCG
- + Lower effective tax rate in F07
- Commodities trading losses lowered earnings by \$0.64 per share
- Restructuring charge announced in Q1 07 (\$0.17 per share)





NET INCOME GROWTH

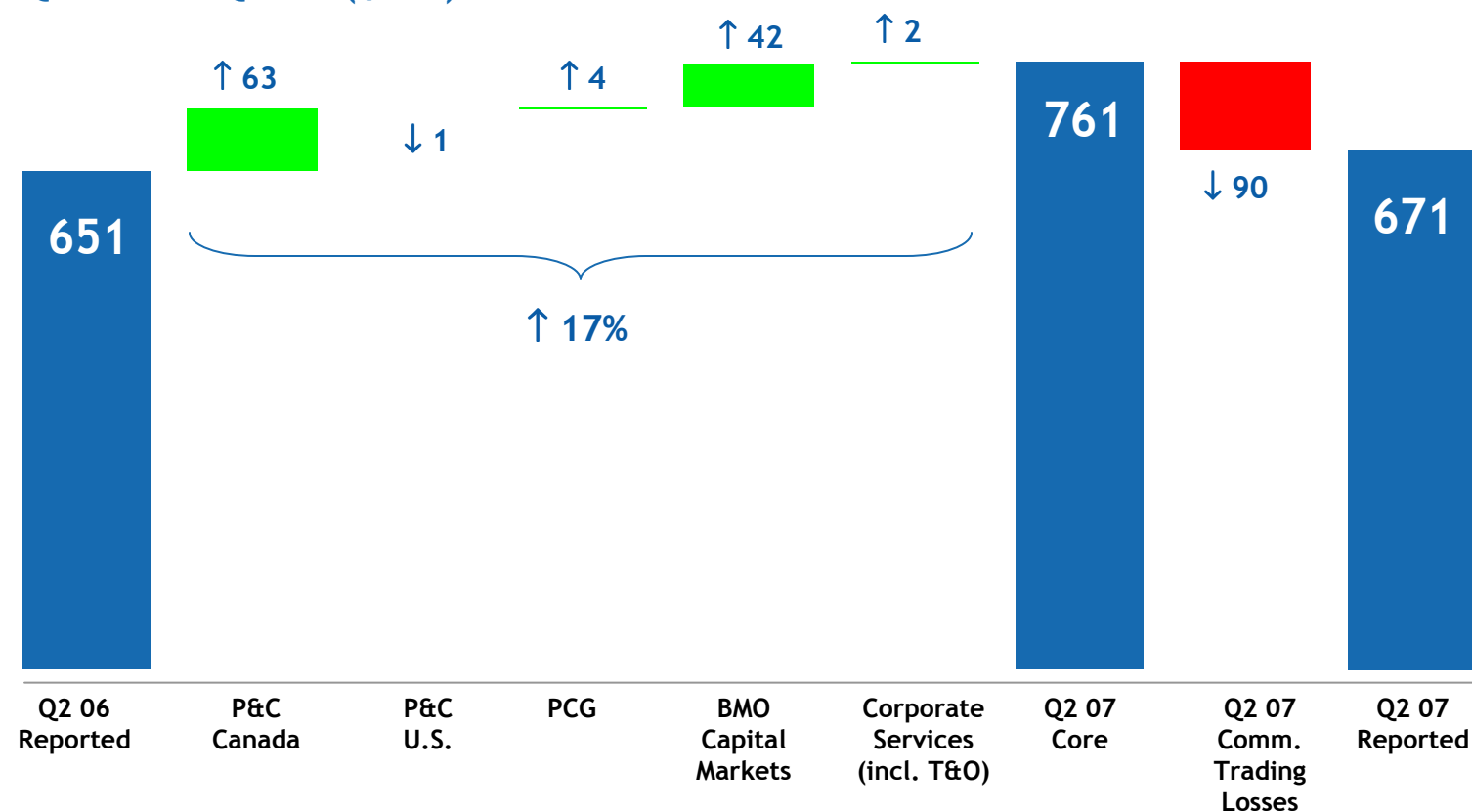
Q1 07 vs. Q2 07 (\$MM)



- Core net income increased Q/Q by \$88MM or 13%, despite fewer calendar days in the quarter
- BMO Capital Markets increase due to increased underwriting, M&A, lending revenue and commissions

NET INCOME GROWTH

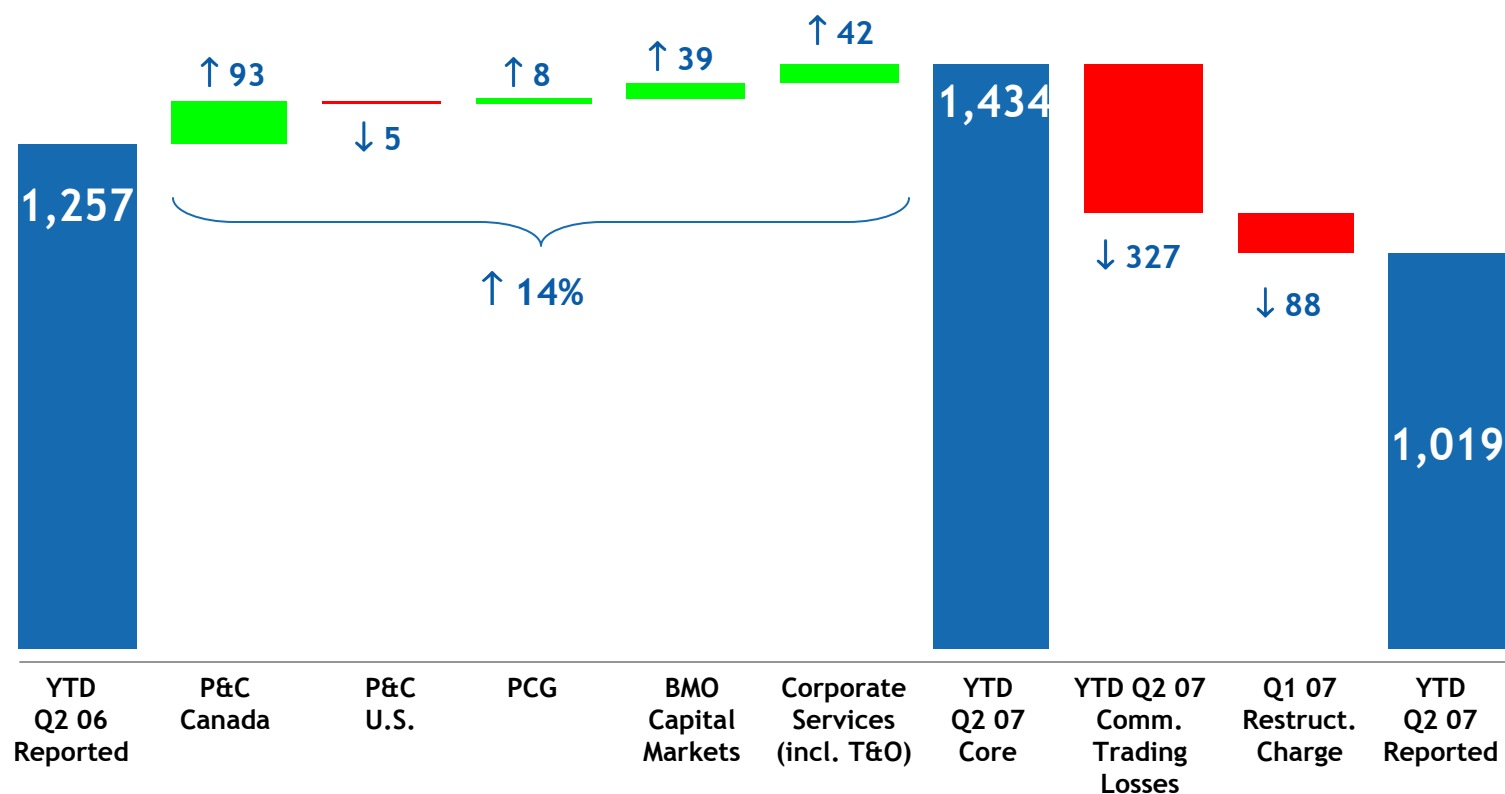
Q2 06 vs. Q2 07 (\$MM)



- Core net income increased Y/Y by \$110MM or 17%
- P&C Canada showed good volume growth and improved margins
- BMO Capital Markets driven by strong equity trading, M&A and higher lending revenue

NET INCOME GROWTH

YTD Q2 06 vs. YTD Q2 07 (\$MM)



- Core net income increased YTD by \$177MM or 14%
- P&C Canada showed good loan and deposit growth, combined with stable margins
- PCG had revenue growth across all business lines, offset somewhat by increased expenses
- BMO Capital Markets driven by higher equity trading and underwriting, commissions and lending revenue



Q2 2007 GROUP NET INCOME

Including Commodities Trading Losses (\$MM)	Q2 2006	Q1 2007	Q2 2007	Q/Q Change	Y/Y Change
P&C Canada	261	292	324	11%	24%
P&C U.S.	28	29	27	(4%)	(4%)
Total P&C	289	321	351	10%	22%
PCG	97	95	101	8%	5%
BMO Capital Markets	247	(18)	199	nm	(19%)
Corporate Services	18	(50)*	20	nm	nm
Total Bank	651	348	671	93%	3%
Excluding Commodities Trading Losses (\$MM)	Q2 2006	Q1 2007	Q2 2007	Q/Q Change	Y/Y Change
P&C Canada	261	292	324	11%	24%
P&C U.S.	28	29	27	(4%)	(4%)
Total P&C	289	321	351	10%	22%
PCG	97	95	101	8%	5%
BMO CM	247	219	289	32%	17%
Corporate Services	18	(50)*	20	nm	nm
Total Bank	651	585	761	30%	17%

* Restructuring charge of \$88MM after-tax booked in Corporate Services

nm - not meaningful

REVENUE (teb)

Q/Q ↑\$466MM or 22%

(↑4.9% excluding commodities trading losses)

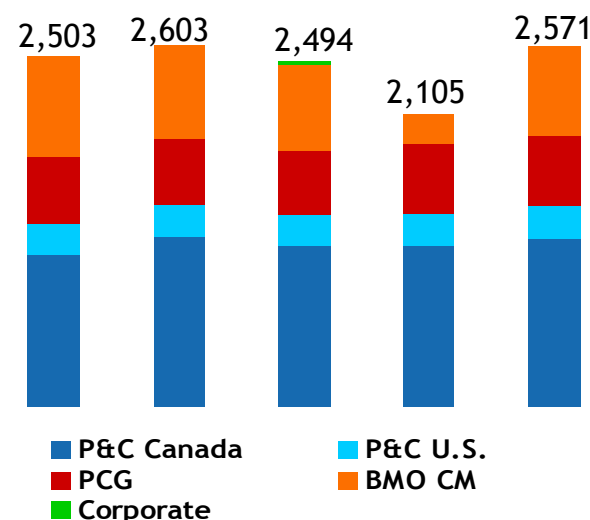
- + P&C Canada benefited from insurance and investment securities gain
- + FNBT results in P&C U.S.
- + BMO CM had increased underwriting activity, M&A fees and collections on previously-impaired loans
- + Increased trust and investment revenue in PCG
- + Larger commodities trading losses in Q1 07 than Q2 07
- Three fewer calendar days in Q2 07

Y/Y ↑\$68MM or 3%

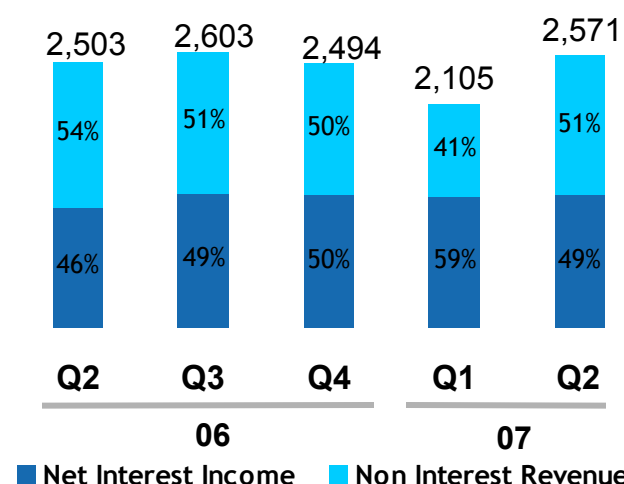
(↑9.6% excluding commodities trading losses)

- + Increased revenue in personal, commercial and cards, as well as insurance and investment securities gains in P&C Canada
- + FNBT results in P&C U.S. as well as increased loan and deposit growth
- + BMO CM had good growth in underwriting activity and M&A fees
- + Higher income from fee-based revenue and investment securities in PCG
- Commodities trading losses in BMO CM

Total Revenue (\$MM)



Revenue Mix (\$MM)



NET INTEREST MARGINS (bps)

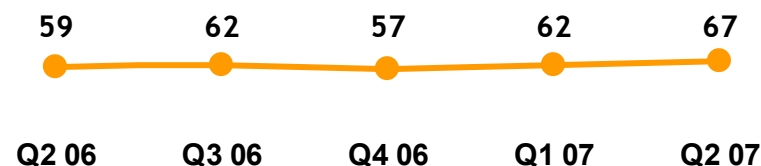
Total Bank



- Y/Y total bank margin declined primarily as a result of lower spread BMO CM business comprising a larger proportion of the Bank's total assets

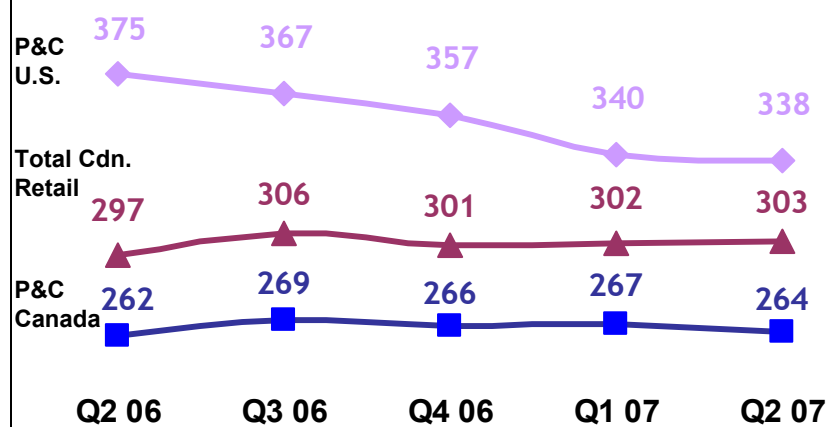
NIM is calculated by dividing NII by average earning assets

BMO CM



- Q/Q increased due to higher spreads in interest sensitive businesses, higher corporate banking assets, as well as cash collections on previously impaired loans
- Y/Y increased due to higher trading income and corporate banking assets, as well as cash collections on previously impaired loans

Retail Banking



P&C U.S.

- Q/Q decreased due to loan spread compression and product mix, but is stabilizing
- Y/Y decreased due to competitive pressures on pricing and customers' preferences shifting from higher-spread to lower-spread loan and deposit products

P&C Canada

- Q/Q decreased due to lower commercial loan fees, lower spreads in commercial deposits and cards and asset growth outpacing deposit growth
- Y/Y increased due to increases in higher spread products and pricing on certain deposit categories offset by competitive pressures on commercial products

Total Canadian Retail is comprised of P&C Canada and PCG Canada



NON-INTEREST REVENUE ANALYSIS

BALANCES (\$MM)	Q2 06	Q1 07	Q2 07	
Securities Commissions	292	278	303	
Trading Revenues	201	(352)	(10)	Commodities trading losses of \$509MM recorded in Q1 and \$163MM in Q2
Card Fees	94	63	70	Securitized \$1.5B of card loan balances in Q4 06 shifting revenue into Securitization Revenue in subsequent quarters
Mutual Fund Revenue	126	137	140	
Securitization Revenue	4	87	83	
Underwriting and Advisory Fees	113	106	159	Increased business activity
Securities Gains, other than trading	30	44	48	
Insurance	51	46	77	Insurance gain in P&C Canada
Other NIR	449	461	454	
TOTAL NON-INTEREST REVENUE	1,360	870	1,324	

NON-INTEREST EXPENSE

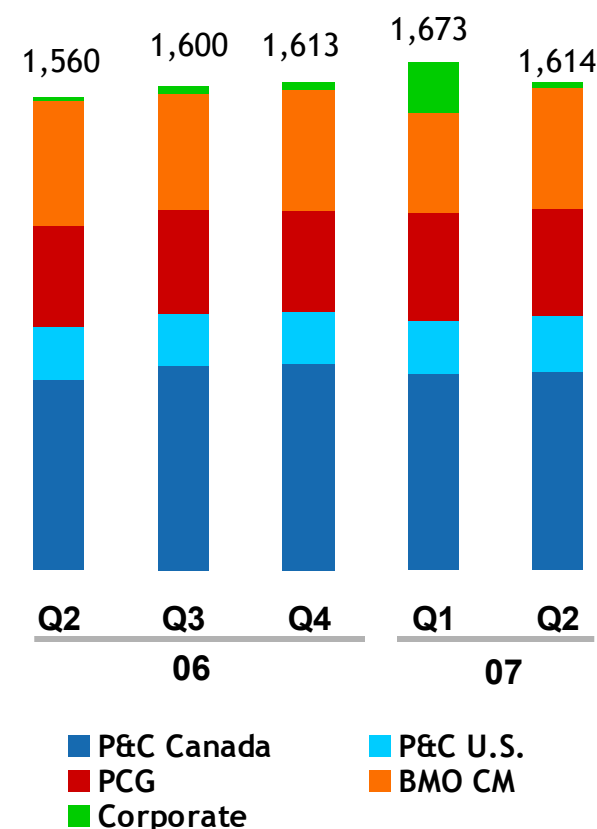
Q/Q ↓\$59MM or 3.5%

- + Q1 07 included a \$42MM charge for stock-based compensation for employees eligible to retire booked in operating groups
- + Q1 07 included a restructuring charge of \$135MM booked in Corporate Services
- Performance-based compensation reduced by \$87MM in Q1 versus a reduction of \$33MM in Q2 as a result of the commodities trading losses (net increase of \$54MM Q/Q)

Y/Y ↑\$54MM or 3.5%

- Higher salaries costs due in part to the addition of front-line sales staff added in the latter half of 2006
- Increases in computer and communication costs

Total Expenses (\$MM)





NON-INTEREST EXPENSE ANALYSIS

BALANCES (\$MM)	Q2 06	Q1 07	Q2 07	
Salaries and Benefits	606	645	648	Increased investment in front line staff started in the second half of 2006; Three fewer calendar days Q/Q
Performance-based Compensation	326	286	321	Lower compensation in relation to the commodities trading losses, and stock-based compensation for employees eligible to retire was \$42MM higher in Q1 07
Premises & Equipment/Rental	124	129	133	
Computer Costs	172	179	187	Higher depreciation and investment spending; Q2 07 includes FNBT costs
Travel & Business Development	63	59	64	
Other	269	240	261	
Restructuring Charge	-	135	-	
TOTAL NON-INTEREST EXPENSE	1,560	1,673	1,614	



EFFICIENCY AND EFFECTIVENESS INITIATIVE

- End-to-end process review
- \$2 billion of expenses in scope
- Benchmarked activities
- Developed initiatives

Objectives & Impact	Progress to Date
<ul style="list-style-type: none">○ Streamline non-client facing activities in order to have more clarity of roles, less duplication, a clearer line-of-sight to customers and faster decision making○ This will allow us to be faster to action and focused on the customer reducing time of doing business with each other○ Efficiency gains will lead to significant FTE reductions and an improved non-client facing cost structure○ Effectiveness improvements will deliver significant freed capacity, faster decision making and elimination of low value work	<ul style="list-style-type: none">○ 50+ initiatives specified to deliver the expected impact (see slide 17 for examples)○ Targeting \$300MM reduction to run-rate expenses; approximately half is expected to be achieved by the end of fiscal 2007○ When fully implemented, anticipate approximately 1,000 fewer full-time positions, primarily in non-customer-facing areas

ENTERPRISE-WIDE RESTRUCTURING INITIATIVES

OPERATING GROUPS

- P&C Canada
 - ▶ restructuring and reducing size of the national office
 - ▶ redesigning support level and field structure to better serve front line
- P&C U.S.
 - ▶ restructuring support functions; reducing corporate centre and field overlap
- Private Client Group
 - ▶ streamlining management and support across multiple lines of business
- BMO Capital Markets
 - ▶ restructuring and consolidating activities of related groups
 - ▶ recently outsourced U.S. lockbox activities to Symcor

CORPORATE FUNCTIONS (HR, Finance, Legal, etc.)

- Finance creating shared services to efficiently and effectively manage core operations and reporting activities – capturing synergies
- Human Resources continuing evolution from transactional interaction to strategic partnership – reducing duplication

TECHNOLOGY & OPERATIONS

- Improving effectiveness of mandatory and discretionary development spend
- Redesigning overall engagement model with businesses and functions
- Designing enterprise approach to investment decisions to realize higher benefits

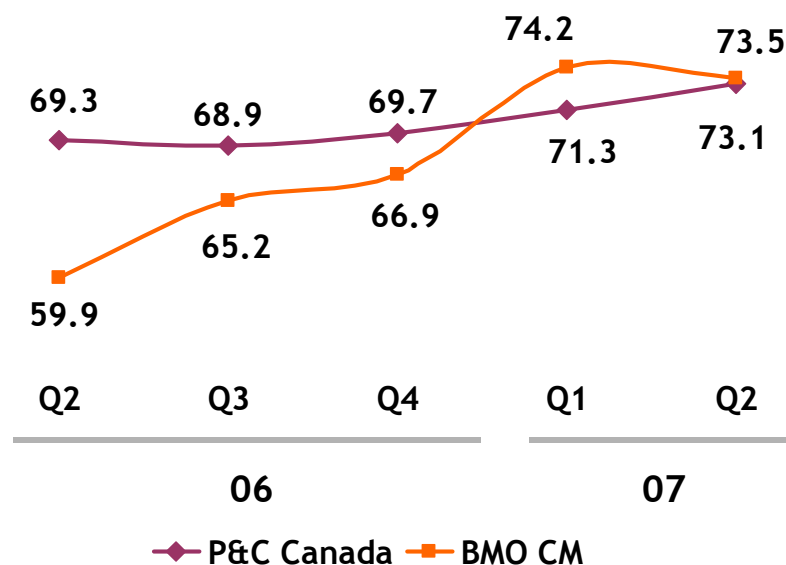
CAPITAL & RISK WEIGHTED ASSETS

	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07
Tier 1 Capital Ratio (%)	10.20	10.07	10.22	9.76	9.67
Total Capital Ratio (%)	11.76	11.59	11.76	11.20	11.03
Assets-to-Capital Multiple (x)	16.3	16.3	16.1	17.4	17.5
RWA (\$B)	156.4	161.7	162.8	173.0	175.1

Q/Q Tier 1 Capital Ratio
Change of -9bps:

+3 bps	Higher Tier 1 Capital
-12 bps	Higher RWA

Key RWA Trends (\$B)



Q/Q P&C Canada RWA increased due to continued growth in loans and mortgages

Q/Q BMO CM RWA decreased due to decrease in market risk partially offset by higher loans



FISCAL 2007 TARGETS

Performance Measure	Q2 2007 YTD Excluding Restructuring Charge	F2007 Target
EPS Growth ¹ (base of \$5.11)	EPS of \$2.13, down 12% from \$2.42 a year ago	5%-10%
Specific Provision for Credit Losses	\$111MM	\$400MM or less <i>revised to:</i> \$300MM or less
Cash Productivity Ratio Improvement	(473) bps	100-150 bps improvement
Return On Equity	14.9%	18%-20%

¹ Excluding changes in the general allowance



APPENDIX



Q1 2007 - RESTATEMENT

Income Statement (\$MM)	Q1 2007		
	As Reported March 1, 2007	Commodities Trading Losses Restatement	As Restated
Revenue	2,614	509	2,105
PCL	52	-	52
Expenses	1,760	87	1,673
Profit Contribution	802	422	380
Minority Interest	19	-	19
Income Taxes	198	185	13
Net Income	585	237	348
Diluted EPS (\$)	1.13	0.46	0.67
Cash EPS (\$)	1.14	0.46	0.68
Tax Rate (%)	24.7	43.8	3.3



QUARTERLY FINANCIAL TRENDS

Performance Measure	Q2 2006	Q3 2006	Q4 2006	Q1 2007**	Q2 2007 As Reported	Q2 2007 Excluding Commodities Trading Losses
Net Income (\$MM)	651	710	696	348	671	761
Cash EPS – Diluted (\$/share)	1.27	1.40	1.37	0.68	1.31	1.49
EPS – Diluted (\$/share)	1.25	1.38	1.35	0.67	1.29	1.47
Cash Return on Equity (%) *	19.6	20.6	19.6	9.5	18.5	21.0
Return on Equity (%) *	19.3	20.3	19.4	9.2	18.3	20.7
Revenue Growth – Y/Y (%)	3.0	6.7	(5.9)	(16.2)	2.8	9.6
Expense Growth – Y/Y (%)	(0.6)	2.0	(0.9)	5.9	3.5	5.6
Cash Productivity Ratio (%)	61.9	61.1	64.2	78.9	62.3	59.6
Productivity Ratio (%)	62.3	61.5	64.6	79.5	62.8	60.1
PCL/Avg. Loans Accept. (%) *	0.14	0.09	0.03	0.10	0.12	0.12
Capital: Tier 1 Capital (%)	10.20	10.07	10.22	9.76	9.67	9.86

*Annualized

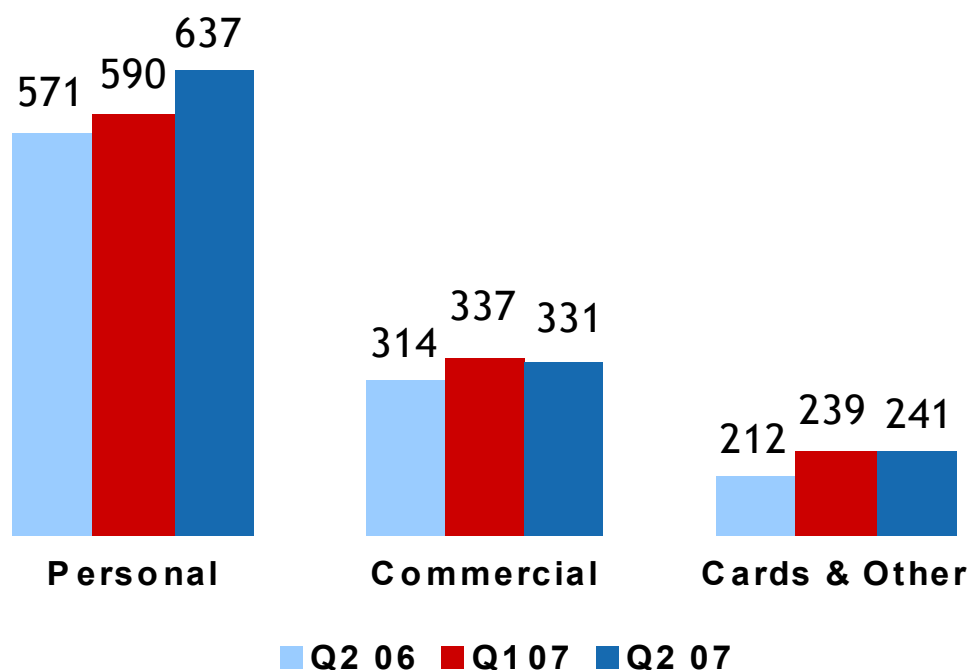
**Includes restructuring charge of \$88MM after-tax (\$0.17 per share) and commodities trading losses of \$237MM (\$0.46 per share)

PERSONAL & COMMERCIAL BANKING - CANADA

P&L (\$MM)	Q2 06	Q1 07	Q2 07	Key Variances
Net Interest Income (teb)	700	760	735	<ul style="list-style-type: none"> Strong reported net income of \$324MM. Revenue growth benefited from strong volume in personal and commercial businesses. The current quarter also benefited from a \$23MM after-tax (\$26MM revenue) insurance gain, and a \$9MM after-tax (\$14MM revenue) security gain Y/Y net income growth of 23.9% and Y/Y revenue growth of 10.2% based on NIM of 2.64% Increased NIM Y/Y due to increases in higher spread products and pricing on certain deposit categories offset by competitive pressures on commercial products Y/Y expense growth of 4.8% due to expanded workforce in mid-2006, higher depreciation associated with last year's initiatives, and increased expenses in cards and acquisition of bcpbank Q/Q revenue was impacted by 3 fewer calendar days in Q2 (\$30.8MM)
Non-interest Revenue	397	406	474	
Total Revenue	1,097	1,166	1,209	
PCL	79	80	81	
Expenses	624	649	655	
Provision for Taxes	133	145	149	
Net Income	261	292	324	
NIM (bps)	262	267	264	
Cash Productivity (%)	56.8	55.5	54.0	

P&C CANADA

Revenue by Product (\$MM)



Personal

Personal includes Residential Mortgages, Personal Loans, Personal Deposits, Term, Mutual Funds, Insurance and Other.

Overall

- Q/Q revenue was impacted by 3 fewer days

Personal

- Y/Y and Q/Q personal revenue growth driven by volume growth primarily in personal loans, higher securitization revenue, and increased sales of term investment products and mutual funds. The current quarter also benefited from a \$26MM (\$23MM after-tax) insurance gain
- Y/Y revenue growth was also impacted by positive pricing actions in PRS accounts

Commercial

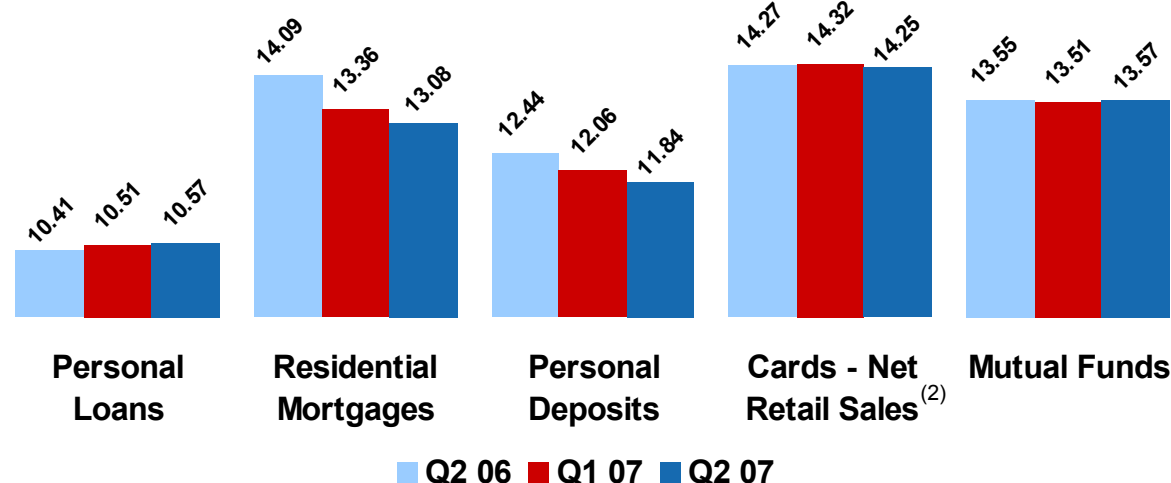
- Y/Y commercial revenue growth was impacted by higher volume growth partially offset by competitive pressures on commercial net interest margin
- The current quarter also benefited from \$14MM (\$9MM after-tax) security gain

Cards & Other

- Y/Y and Q/Q cards revenue growth was led by transaction fees
- Y/Y revenue growth was also impacted by strong volume growth

P&C CANADA - PERSONAL BANKING

Personal Market Share (%) ¹



- Increased personal loan balances and market share led by increases in secured loans products.
- Branch originated mortgage growth offset by declines in 3rd party and broker mortgages as we focus on relationship clients. We have a plan to grow higher spread branch originated mortgages by increasing our mortgage specialist network.
- Personal deposit volume and market share have declined. We are executing a program to grow with simplified product offers and a streamlined account open process as well as an improved customer experience.
- Cards - Net Retail Sales share remains stable as we focus on relationship customers and increasing branch originated cards. New accounts from the branch channel are up 131% Y/Y.

¹ Personal share statistics are issued on a one-month lag basis. (Q2.07: March 2007)

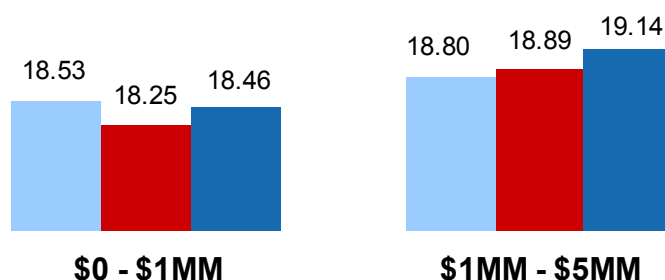
² Net Retail Sales (NRS) refer to card volume less transfers and cash advances. NRS includes both retail and corporate card business and are on a two-month lag basis. (Q2.07: February 2007)

Sources: Mutual Funds – IFIC, Credit Cards – CBA, Consumer Loans & Residential Mortgages – Bank of Canada, Personal Deposits – OSFI

Balances (\$B) (Owned & Managed)	Q2 06	Q1 07	Q2 07	Growth Y/Y	Growth Q/Q
Personal Loans	19.0	20.3	20.8	9.5%	2.7%
Residential Mortgages	62.1	63.8	63.5	2.2%	(0.5)%
Personal Deposits	25.0	24.3	24.2	(3.1)%	(0.5)%
Cards	5.4	6.0	6.0	12.0%	(0.7)%

P&C CANADA - COMMERCIAL BANKING

Business Loan Market Share (%) ¹



■ Q2 06 ■ Q1 07 ■ Q2 07

- Continued strength in the upper end of the business market as well as strong growth in balances over \$1MM
- In the \$0-\$1MM market, we will have a long-term program to grow with simplified product offerings and lending processes, and expansion of the front-line sales force

¹ Business loans (Banks) are issued by CBA on a one calendar quarter lag basis (Q2.07: December 2006)

Average Balances (\$B)	Q2 06	Q1 07	Q2 07	Growth Y/Y	Growth Q/Q
Commercial Loans and Acceptances	28.9	29.9	30.8	6.7%	3.1%
Commercial Deposits	18.2	20.4	20.1	10.5%	(1.3)%

PERSONAL & COMMERCIAL BANKING – U.S.

P&L (U.S.\$MM)	Q2 06	Q1 07	Q2 07	Key Variances
Net Interest Income (teb)	164	160	167	<ul style="list-style-type: none"> ○ FNBT contributed \$14MM in revenue, \$9MM in operating costs and intangible amortization and \$5MM in integration expenses ○ Volume growth, notwithstanding a slowing economy, was offset by reduced net interest margins ○ Non-interest expense increased \$11MM or 7% from Q1 07. Excluding FNBT, expenses were down 1% as we continue to closely manage costs ○ Net interest margin decreased Y/Y due to competitive pressures on pricing and customer preferences shifting from high-spread to lower-spread products in both loans and deposits ○ We anticipate our net interest margin to stabilize as evidenced by a 2 bps decline this quarter compared to last
Non-interest Revenue	36	36	39	
Total Revenue	200	196	206	
PCL	6	8	8	
Expenses	153	150	161	
Provision for Taxes	16	13	13	
Net Income	25	25	24	
NIM (bps)	375	340	338	
Cash Productivity (%)	73.2	73.5	74.1	



P&C U.S.

Personal – Average Balances (U.S.\$B)	Q2 06	Q1 07	Q2 07	
Mortgages	4.2	4.5	4.9	○ Moderation in mortgage and home equity growth due to a reduction in real estate activity and the impact of rate increases in the last 2.5 years
Other Personal Loans	3.9	4.0	4.1	
Indirect Auto	4.1	4.4	4.5	○ Indirect auto loans continued to show growth; spreads are stabilizing
Deposits	11.9	12.0	13.1	○ Deposit growth primarily in certificates of deposit and high-yield checking ○ Q2 balances impacted by FNBT loans of \$0.4B and deposits of \$0.8B
Commercial – Average Balances (U.S.\$B)	Q2 06	Q1 07	Q2 07	
Commercial Loans	4.9	5.2	5.7	○ Loan growth has moderated in recent quarters and reflects a softening real estate market and heightened competition
Commercial Deposits	3.9	4.4	4.2	○ Decrease in deposits primarily in higher cost Public Funds ○ Q2 balances impacted by FNBT loans of \$0.5B and deposits of \$0.1B



PRIVATE CLIENT GROUP

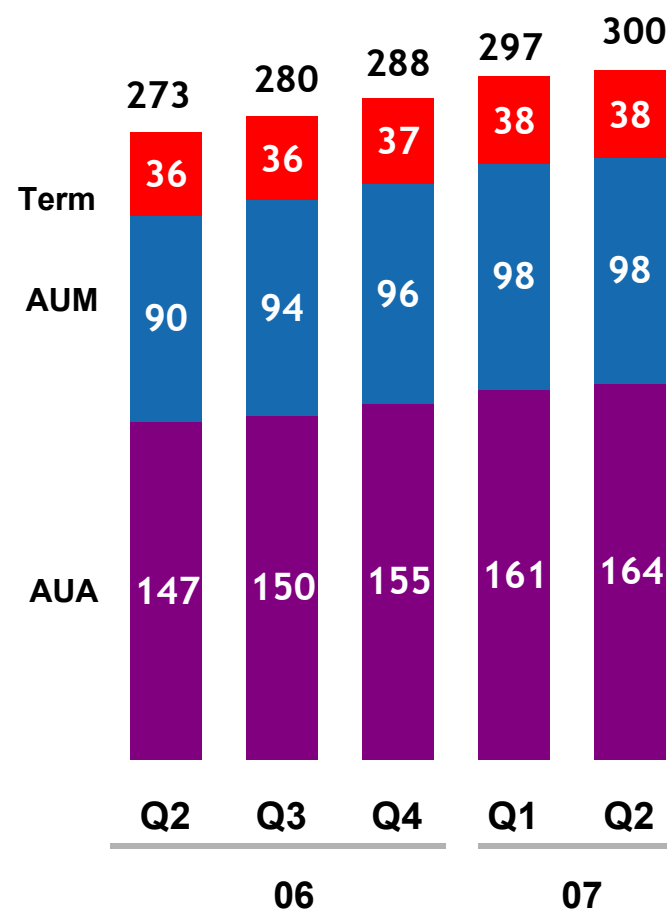
P&L (\$MM)	Q2 06	Q1 07	Q2 07	Key Variances
Net Interest Income (teb)	138	151	153	<ul style="list-style-type: none"> Revenue increased 7% Y/Y due to higher fee-based revenue in Full-Service Investing, higher trust and investment revenue in North American Private Banking and higher fee-based revenue in mutual funds. Net interest income increased due primarily to higher spread and deposit balances in term investment products and BMO InvestorLine. Expenses increased 7% Y/Y due to higher revenue-based costs and continued investment in our sales force, new products, technology and infrastructure to deepen client relationships and drive future revenue growth. Net income increased 5% Y/Y to \$101 million representing the second highest earnings ever.
Non-interest Revenue	349	355	365	
Total Revenue	487	506	518	
PCL	-	1	-	
Expenses	336	359	359	
Provision for Taxes	54	51	58	
Net Income	97	95	101	



PRIVATE CLIENT GROUP – AUA/AUM/Term

AUA / AUM/Term (\$B)

- Assets under management and administration, including term deposits, grew 10% Y/Y and 3% or \$9 billion Q/Q (adjusted for F/X)





BMO CAPITAL MARKETS

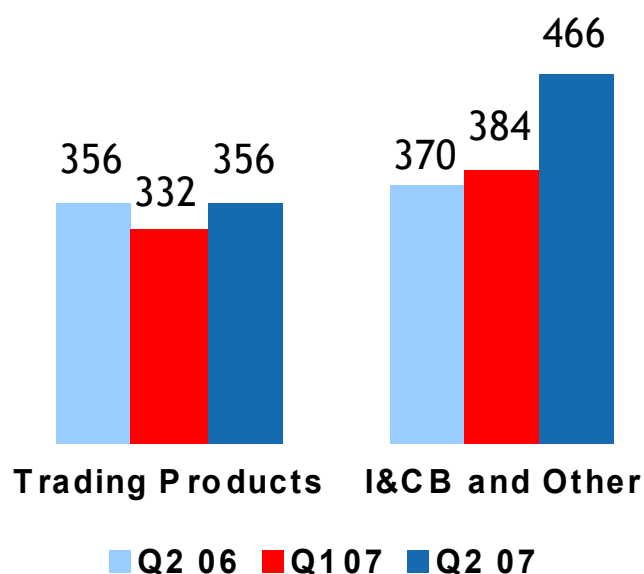
P&L (\$MM)	Q2 06	Q1 07	Q2 07	Key Variances
Net Interest Income (teb)	175	232	255	<ul style="list-style-type: none"> Q2'07 results were impacted by commodities trading losses of \$171MM (\$90MM net of variable compensation adjustment and taxes). Q1'07 results were restated to include commodities trading losses of \$509MM (\$237MM net of variable compensation adjustment and taxes). These losses arose from derivative positions in the natural gas market. Excluding commodities trading losses, revenues increased Y/Y due to higher M&A, equity underwriting, loan fees and commissions. Lending revenues were up significantly due to higher corporate banking assets and cash collections on previously impaired loans, partially offset by lower spreads. This was partially offset by lower trading revenues and debt underwriting. Excluding commodities trading losses, revenues increased Q/Q due to higher underwriting, commissions, trading revenues and M&A. Lending revenues were up due to higher corporate banking assets and cash collections on previously impaired loans. This was partially offset by lower investment securities gains.
Non-interest Revenue	552	(25)	395	
Total Revenue	727	207	650	
PCL	20	20	19	
Expenses	406	328	395	
Provision for Taxes	54	(123)	37	
Net Income	247	(18)	199	
Average Assets (\$B)	155.8	192.8	204.4	



BMO CAPITAL MARKETS

(excluding commodities trading losses)

Revenue by Group (\$MM)



Note

(1) Trading Products Q1 2007 and Q2 2007 revenues excludes \$509 MM and \$171MM in commodities trading losses.

(2) I&CB denotes Investment and Corporate Banking.

Trading products revenue

- Y/Y remained unchanged with higher equity new issue fees, commission revenues and equity trading revenues offset by lower commodities derivative trading revenues and debt new issue fees.
- Q/Q with higher commission revenues and equity new issue fees partially offset by lower equity trading revenues.

I&CB and Other revenue

- Y/Y increased due to higher M&A, equity underwriting, loan fees and investment securities gains. Lending revenues were up significantly due to higher corporate banking assets, cash collections on previously impaired loans partially offset by lower spreads.
- Q/Q increased with higher underwriting and M&A. Lending revenues were stronger due to higher corporate banking assets, cash collections on previously impaired loans partially offset by slightly lower spreads. This was partially offset by lower investment securities gains.



CORPORATE SERVICES

Including Technology and Operations

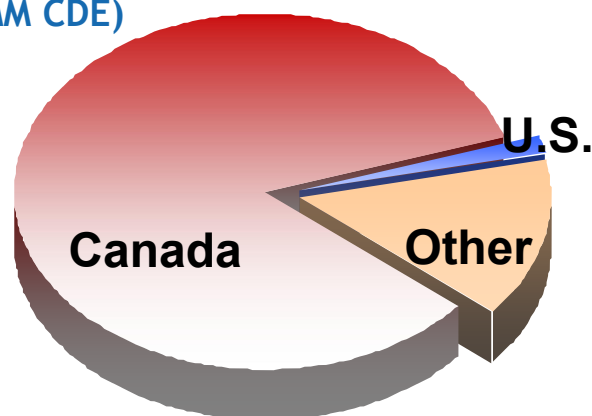
P&L (\$MM)	Q2 06	Q1 07	Q2 07	Key Variances
Total Revenue	(35)	(2)	(42)	<ul style="list-style-type: none"> Net income increased \$70MM Q/Q largely due to the restructuring charge in the prior quarter. Excluding the restructuring, net income decreased \$18MM due to the benefit in Q1 07 of \$27MM mark to market gains on certain hedging derivatives. Net income was relatively flat Y/Y. The decline in revenues, as a result of the new credit card loan securitization, was offset by lower PCL.
PCL	(40)	(58)	(50)	
Total Expenses	20	162	22	
Provision for Taxes	(52)	(75)	(53)	
Net Income	18	(50)*	20	
Corporate Services Net Income Details (\$MM)	Q2 06	Q1 07	Q2 07	
General PCL	-	-	-	
Specific PCL	26	38	33	
Other Corporate	(8)	(88)	(13)	
Total Corporate Services Net Income	18	(50)	20	

* Includes a restructuring charge of \$135MM (\$88MM after-tax) booked in Corporate Services

U.S. RESULTS

(as reported)

Net Income
(\$MM CDE)

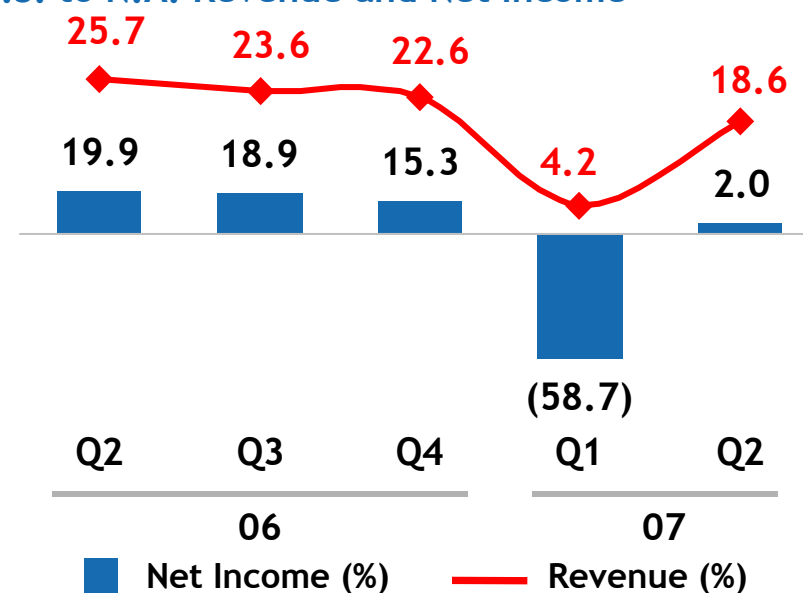


- Q/Q P&C U.S. net income included FNBT's activities that were breakeven for the quarter, but increased revenues. The increase in revenue was mitigated by competitive pressures on pricing and customer preferences for lower-spread products as expenses remained flat.
- Q/Q BMO CM net loss was due to commodities trading losses.

Net Income (US\$MM)	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07
P&C	25	28	21	25	24
PCG	1	(2)	-	-	2
BMO CM	86	68	70	(167)	1
Corporate*	(7)	15	(2)	(10)	(18)
TOTAL	105	109	89	(152)	9

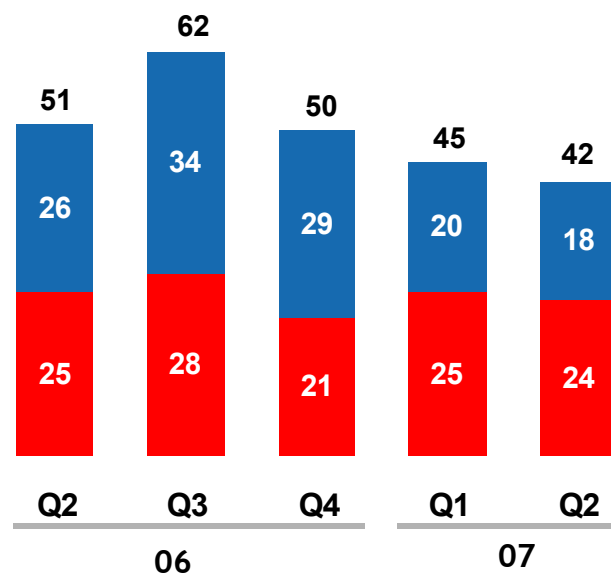
*Includes a restructuring charge of US\$11MM after tax in Q1 07



U.S. to N.A. Revenue and Net Income



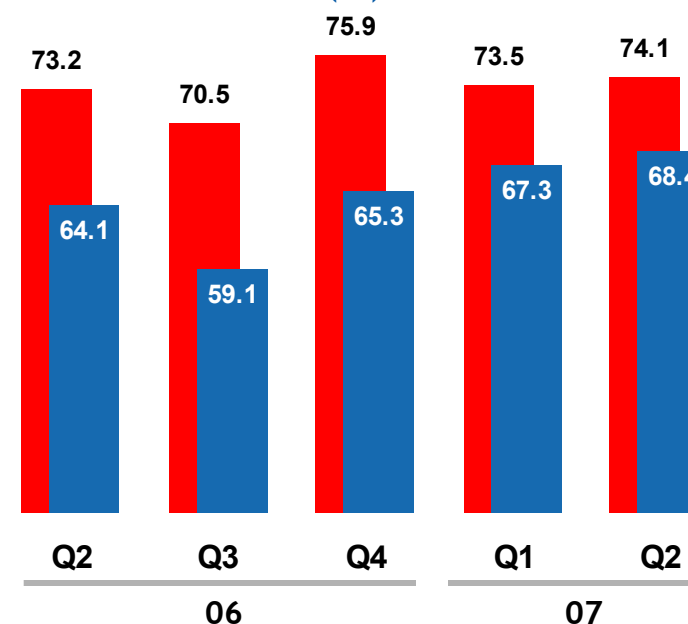
U.S. RETAIL AND MID-MARKET



Net Income
(US\$MM)



 P&C U.S. Reported
 U.S. Mid-Market

Cash Productivity Ratio
(%)



 Total P&C U.S. Reported
 Total P&C U.S. Including U.S. Mid-Market



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