Q206

FINANCIAL RESULTS

Investor Community Conference Call

BMO Financial Group

KAREN MAIDMENT
Chief Financial and Administrative Officer

May 24 • 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 involve, 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; 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 affects local, national or international economies, and 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 29 and 30 of BMO's 2005 Annual Report concerning the effect 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 on how the Canadian and U.S. economies will perform in 2006 and how that impacts our businesses were material factors we considered when setting our strategic priorities and objectives, and in determining our financial targets for the fiscal year, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a healthy pace in 2006 and that inflation would remain low. We also assumed that interest rates would increase gradually in both countries in 2006 and that the Canadian dollar would hold onto its recent gains. We believe that these assumptions are still valid and have continued to rely upon them in considering our ability to achieve our 2006 financial 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.

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Q2 2006 FINANCIAL HIGHLIGHTS

- Earnings of $644MM, up 7.1% and EPS of $1.24, up 6.9%.
- Excluding significant items in Q2 05:
  - P&C earnings up $13MM Y/Y or 4.7% driven by volume growth in Canada
  - PCG earnings up $19MM Y/Y or 25% on strong broad-based revenue growth, adjusted for the sale of Harris*direct*
  - IBG earnings up $76MM Y/Y or 45% driven by strong revenue growth and lower tax rate
- $66MM PCL was $60MM higher Y/Y including the $40MM reduction of the general allowance in Q2 05 and $14MM higher Q/Q
- Strong capital position with a Tier 1 Capital ratio of 10.17%

EPS Growth	**6.9%**
ROE	**19.1%**
Specific PCL	**$66MM**
Tier 1 Capital	**10.17%**
Cash Productivity	**62.3%**

Q2 2006 FINANCIAL SUMMARY

Performance Measure	Q2 2006	Q1 2006	Q2 2005
Net Income ($MM)	644	630	600
Cash EPS – Diluted ($/share)	1.25	1.24	1.21
EPS – Diluted ($/share)	1.24	1.22	1.16
Cash Return on Equity (%) *	19.3	18.7	20.2
Return on Equity (%) *	19.1	18.5	19.5
Revenue Growth – Y/Y (%)	3.0	3.0	(0.7)
Expense Growth – Y/Y (%)	(0.5)	0.8	0.9
Cash Productivity Ratio (%)	62.3	61.1	64.0
Productivity Ratio (%)	62.7	61.5	65.0
PCL/Avg. Loans Accept. (%) *	0.14	0.12	0.01
Capital: Tier 1 Capital (%)	10.17	10.38	9.38

* Annualized

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Q2 2006 GROUP NET INCOME

Group ($MM)	Q2 2006	Q1 2006	Q2 2005
P&C Canada	**259**	266	263
P&C Chicagoland Banking	**27**	34	30
Total P&C	**286**	300	293
IBG	**245**	228	206
PCG	**96**	94	77
Corporate Support	**17**	8	24
Total Bank	**644**	630	600
Corporate Support Details			
Specific PCL	**26**	36	36
General Allowance	**-**	-	26
Other Corporate	**(9)**	(28)	(38)
Total Corporate Support	**17**	8	24

CASH EPS GROWTH

Q/Q Earnings Growth Drivers:

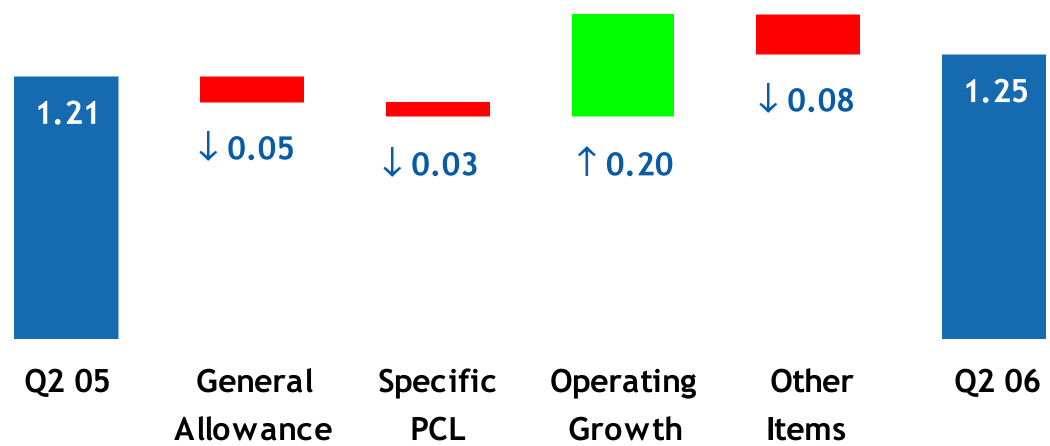
- Operating growth on low tax rate offset by lower trading revenues and costs of investing for future growth in retail banking and wealth management and the impact of three fewer calendar days
- Higher specific PCL

Y/Y Earnings Growth Drivers:

- Robust operating growth primarily in IBG and PCG
- Q2 05 included reversal of general allowance
- Other items represent the Q2 05 gain on restructuring of VIEs and recovery of prior years’ income taxes, offset by the litigation provision (slide 29)

Q2 06 vs. Q1 06 ($/Share)

Q2 06 vs. Q2 05 ($/Share)



REVENUE GROWTH

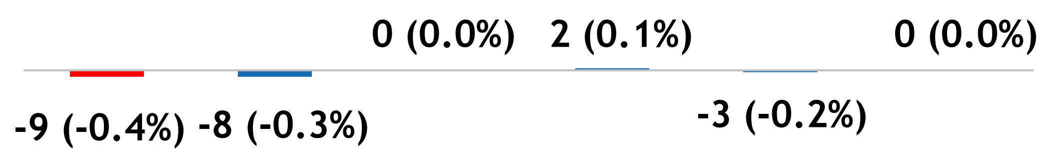
Q/Q

- Business growth due to higher commission and fee-based revenue in full-service investing and increased client trade volumes in direct investing in PCG, higher equity and debt underwriting fees as well as securities commissions offset by lower M&A fees and particularly high trading revenues in Q1 in IBG. Effects of volume growth in P&C partially offset by impact of fewer days and lower net interest margin
- Acquisitions include Villa Park

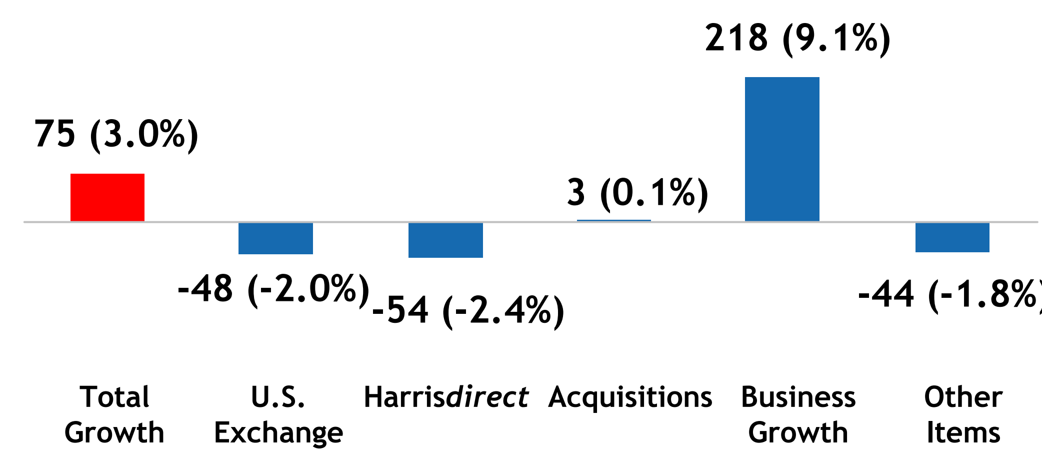
Y/Y

- Business growth driven principally by strong volume growth partially offset by lower net interest margin in P&C Canada, and broad-based growth in PCG and appreciably higher trading revenue and increased securities commissions and equity and debt underwriting activities in IBG
- Acquisitions include Villa Park
- Other items represent the Q2 05 gain on restructuring of VIEs

Q2 06 vs. Q1 06 ($MM)



Q2 06 vs. Q2 05 ($MM)



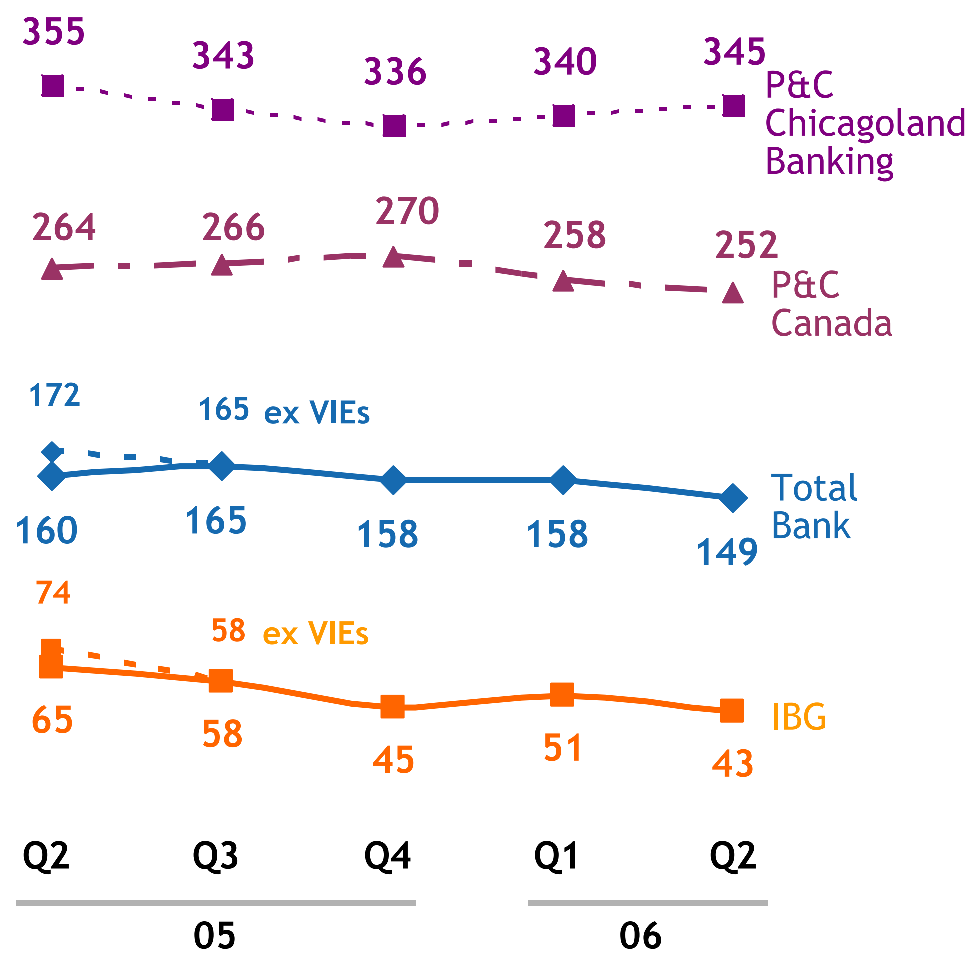
NET INTEREST MARGINS (bps)

Q/Q

- P&C Chicagoland Banking up on improved spread on deposits, partially offset by a decrease in loan spreads caused by competitive pressures
- P&C Canada down due to aggressive mortgage pricing and total personal loans growing faster than deposits
- IBG margin down on lower trading net interest income and lower cash collections on previously impaired loans

Y/Y

- P&C Chicagoland Banking down due to assets, primarily consumer loans, growing faster than deposits and competitive pressures on loan pricing
- P&C Canada lower due to personal loans growing faster than deposits, aggressive mortgage pricing and the interest rate environment, mitigated by pricing actions in certain deposit categories
- IBG margin down due to lower trading net interest income and lower spreads on corporate loans in competitive environment in the U.S. and in interest-rate sensitive businesses



EXPENSE GROWTH

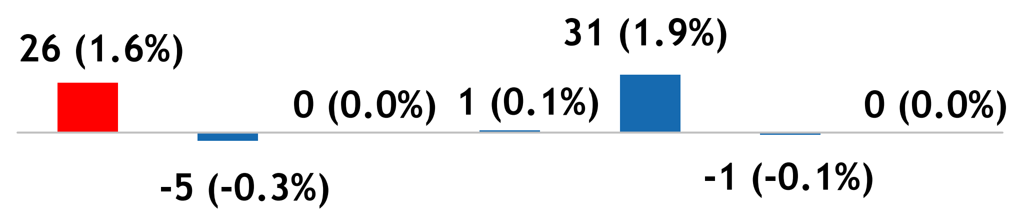
Q/Q

- Business growth due to increased marketing costs and investments in physical distribution network in P&C Canada, acquisitions, credit origination and marketing expenses and branch technology initiatives in P&C Chicagoland Banking and revenue-based costs in PCG
- Acquisitions include Villa Park

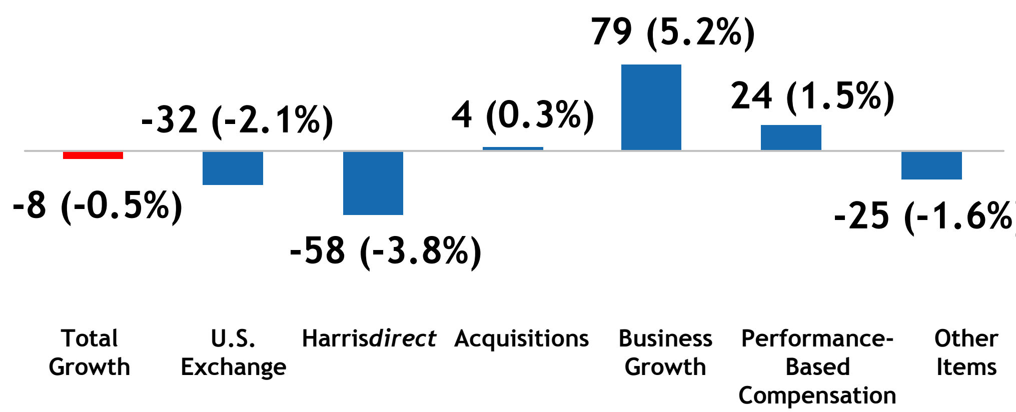
Y/Y

- Business growth primarily due to retail and commercial sales forces expansion and higher marketing costs in P&C Canada and new branches and integration costs in P&C Chicagoland Banking as well as initiative expenditures on both sides of the border
- Acquisitions include Villa Park
- Performance-based compensation increase in IBG and PCG consistent with revenue growth in businesses with higher variable costs
- Other items represents the Q2 05 litigation provision

Q2 06 vs. Q1 06 ($MM)



Q2 06 vs. Q2 05 ($MM)



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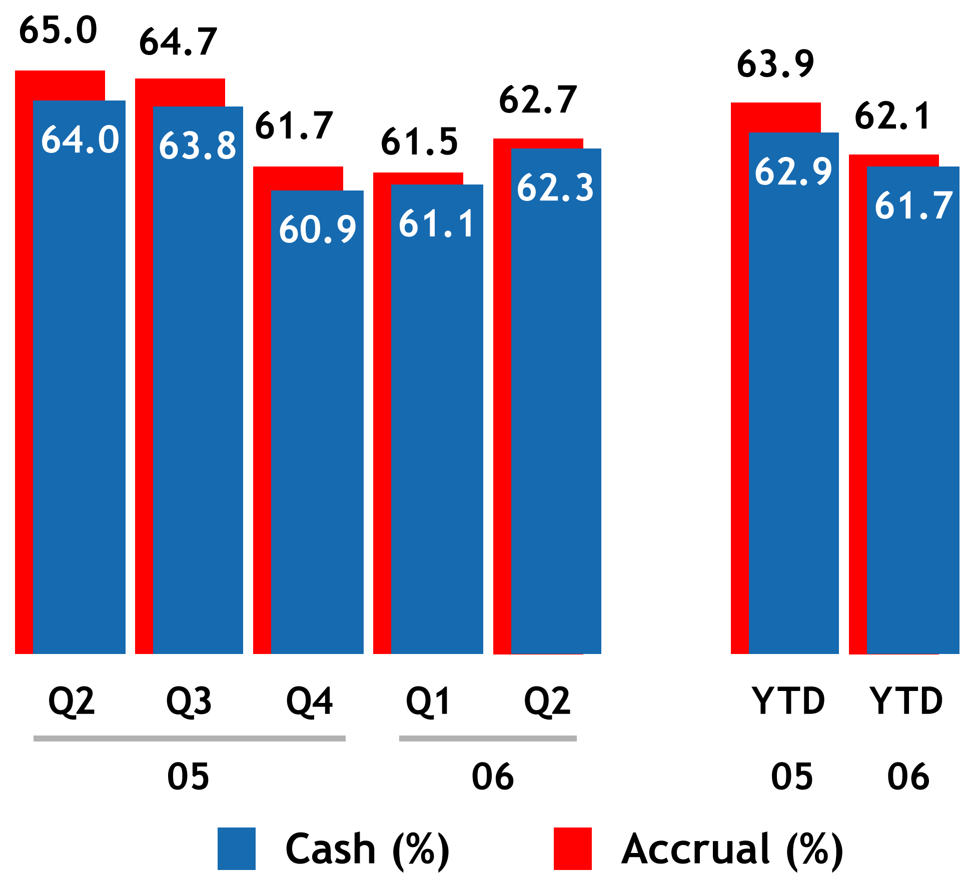
CASH PRODUCTIVITY RATIO

125 bps improvement YTD

- Revenue/expense growth differential of 3.5 percentage points in Q2 06, 2.1 percentage points excluding the impact of Harris*direct*
- Q/Q deterioration of 123 bps and Y/Y improvement of 170 bps
- Excluding the impact of significant items in Q2 05, Y/Y improvement of 184 bps

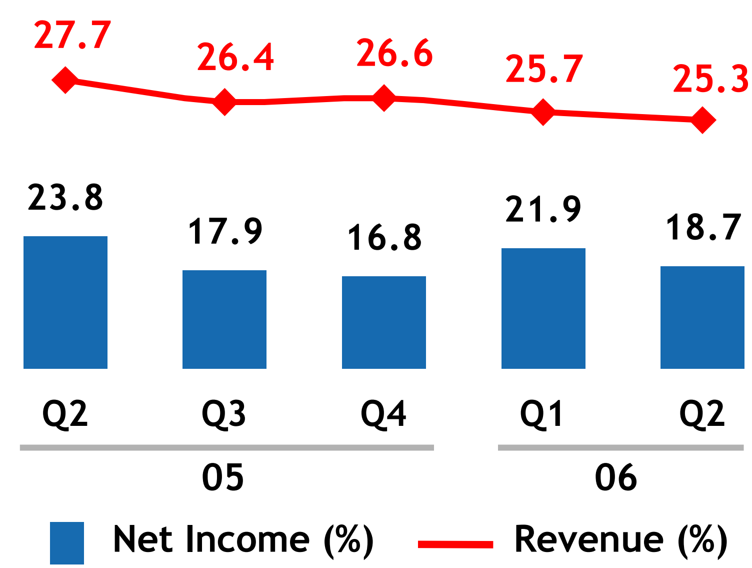


U.S. RESULTS

- Net income from U.S.-based business of US$100MM or 18.7% of North American net income
- Q/Q decrease in P&C Chicagoland Banking as investments in strategic initiatives such as branch expansion and enhancements to the branch technology platform were only partially offset by revenue growth and in PCG as a result of expenses relating to the Harris Insight Funds and increased initiative spending
- Q2 05 included IBG's US$23MM after-tax gain on restructuring of VIEs and the US$13MM after-tax litigation provision in Corporate. Excluding these significant items, Y/Y increase of US$6MM primarily in IBG on stronger commodity derivatives trading revenues only partially offset by higher expenses

Net Income ($MM US)	Q2 06	Q1 06	Q2 05
P&C	24	29	26
PCG	1	4	2
IBG	79	79	82
Corporate	(4)	(3)	(6)
TOTAL	100	109	104

U.S. to N.A. Revenue and Net Income ($MM CDE)



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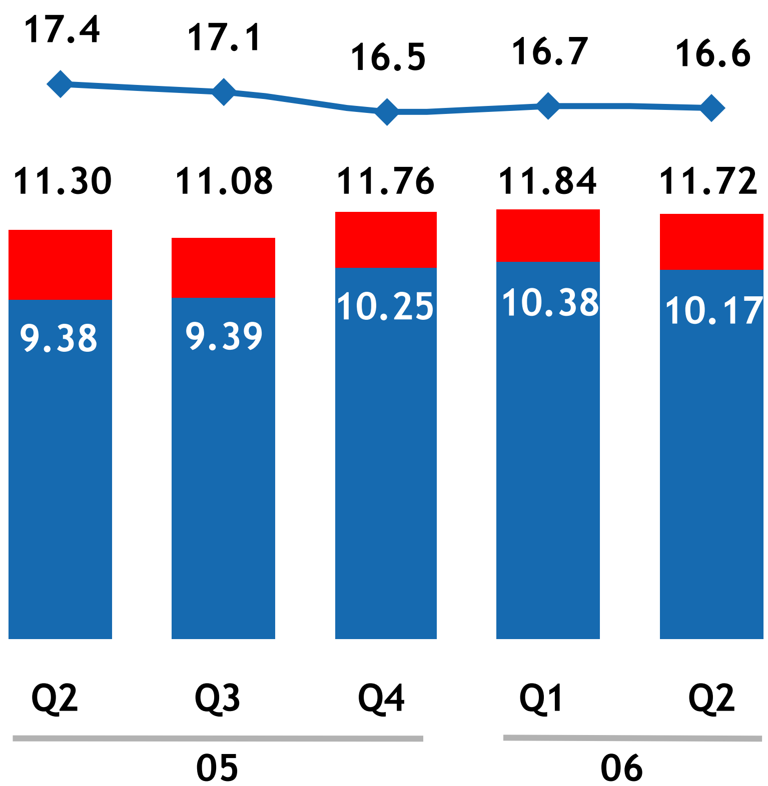
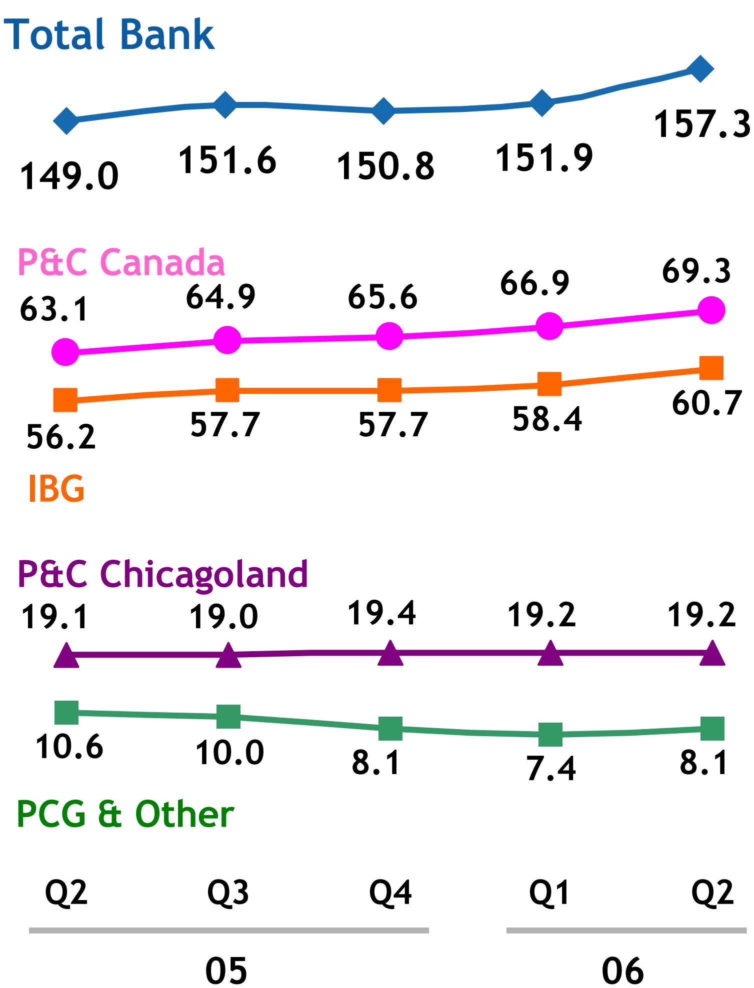
CAPITAL & RISK WEIGHTED ASSETS

Tier 1 capital ratio decreased slightly Q/Q as RWA growth outpaced capital generation



Risk Weighted Assets ($B)



FISCAL 2006 TARGETS

Performance Measure	YTD Q2 2006	F2006 Target
EPS Growth[1] (base of $4.59)	8.4%	5%-10%
Specific Provision for Credit Losses	$118MM	$400MM or less *Revised to:* $325MM or less
Cash Productivity Ratio	125 bps improvement	100-150 bps improvement
Return On Equity	18.8%	17%-19%
Tier 1 Capital Ratio	10.17%	Minimum 8%

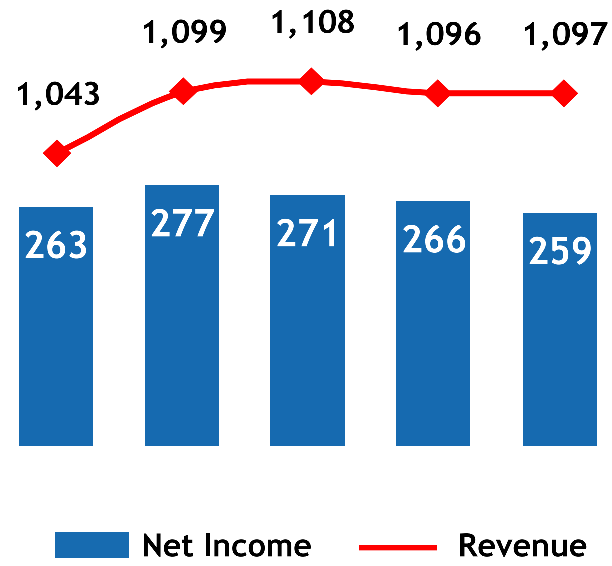
[1] Excluding changes in the general allowance

Appendix

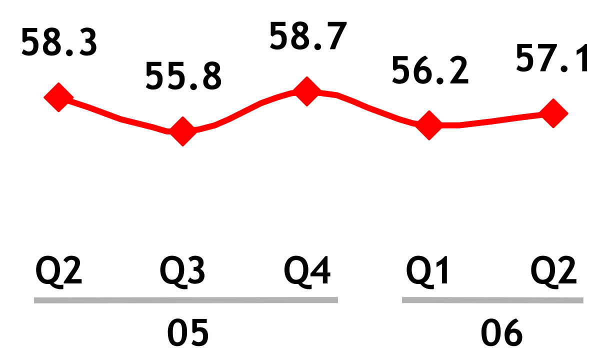
P&C CANADA

- Although there was both strong non-interest revenue and volume growth, net income was down $7MM or 2.5% from Q1, due largely to the impact of three fewer calendar days in Q2, lower net interest margin and higher expenses
- Net income in Q2 F'05 benefited from a $20MM recovery of prior years' income taxes. Excluding the recovery, net income increased by 6.9% driven by strong volume growth partially offset by lower margins, higher provisions for credit losses and increased expenses
- Revenue growth Y/Y due to volume growth in both personal and commercial products partially offset by lower net interest margin and securitization revenue
- Net interest margin declined Q/Q and Y/Y due to total personal loans growing faster than deposits and aggressive mortgage pricing in a competitive market. Y/Y was also impacted by the interest rate environment
- Cash productivity ratio improved 112 bps Y/Y, but slipped 95 bps Q/Q, due primarily to three fewer days in Q2 and higher marketing and initiative expenses

Revenue / Net Income ($MM)



Cash Productivity Ratio (%)



P&C CANADA
– Personal Banking

- Total personal market share increased Q/Q by 3 bps due to strong growth from mutual funds and residential mortgages and a positive contribution from retail operating deposits, thereby reversing a trend of declining market share
- Y/Y personal market share was higher by 15 bps due to strong growth in mutual funds and residential mortgages offset by declines in personal deposits

Balance Growth	Y/Y	Q/Q
Residential Mortgages	13.7%	2.6%
Personal Loans	7.9%	2.2%
Personal Deposits	2.0%	(1.1%)

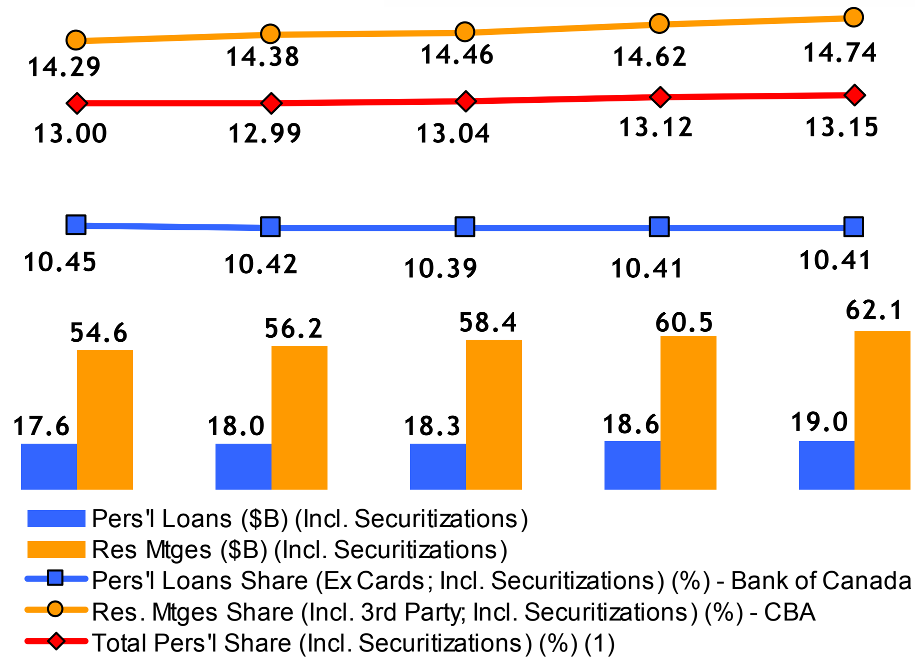
Notes

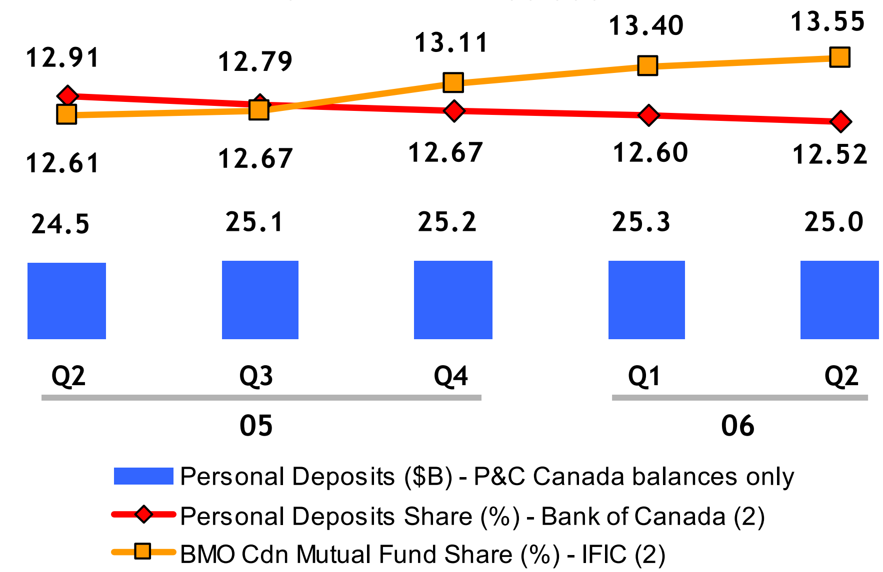
Personal share statistics are issued on a one-month lag basis. (Q2 06: March 2006)

Market share trends versus all FIs are consistent with the bank's

(1) Total Personal Share includes Personal Deposits, Mutual Funds, Personal Loans (excluding Credit Cards) and Residential Mortgages (including 3rd Party)

(2) Term and Mutual Fund AUA/AUM reported in PCG Canada

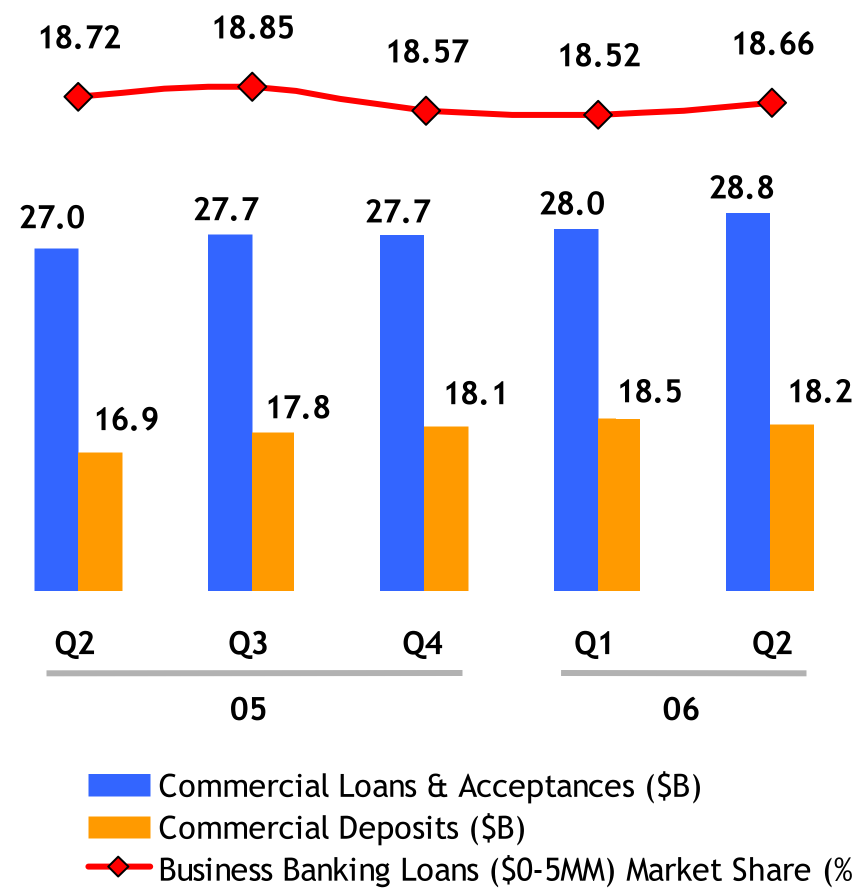




P&C CANADA – Commercial Banking

- BMO continued to rank second in business banking market share for business loans $5MM and below
- Y/Y market share declined 6 bps to 18.66%. Q/Q market share increased by 14 bps with the strongest performance in the upper half of the market share category
- Commercial loan balance growth remains strong with the highest Y/Y balance growth in the past 3 years

Balance Growth	Y/Y	Q/Q
Commercial Loans & Acceptances	6.8%	3.2%
Commercial Deposits	8.0%	(1.5%)



Notes

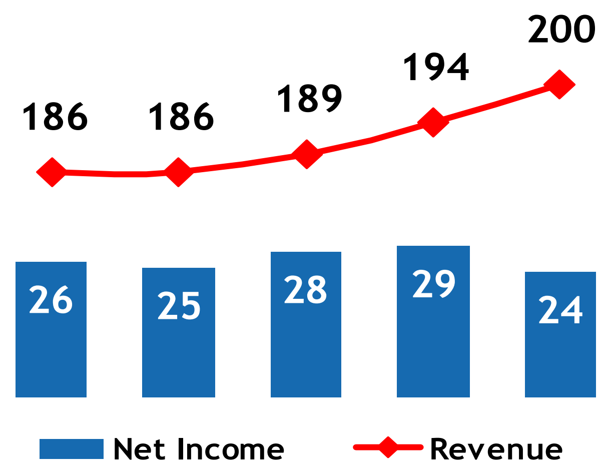
Business loans (Banks) are issued by CBA on a one calendar quarter lag basis. (Q2 06: December 2005)

Market share restated to reflect the latest CBA data

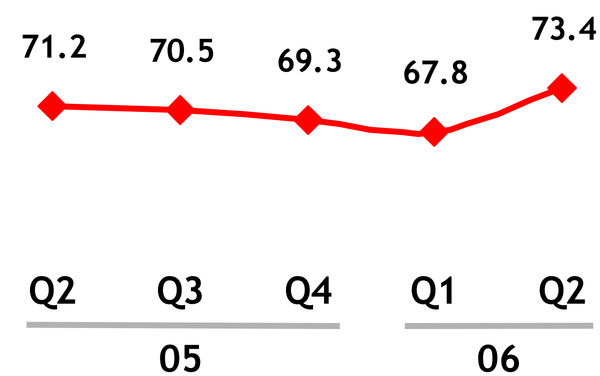
P&C CHICAGOLAND BANKING

- Revenue increased 3% Q/Q and 8% Y/Y, driven by continued strong loan growth, acquisitions, new branches and improved spreads on deposits
- Expenses were impacted by costs associated with a major enhancement to our branch technology platform and increased credit origination and marketing expenses
- Cash productivity deteriorated by 560 bps Q/Q and 220 bps Y/Y due to increased expenses
- During the quarter we increased our Community Bank network to 200 locations in Chicagoland and Northwest Indiana. Our goal is to expand our network beyond Chicago and Northwest Indiana into other Midwest states, and double our network to 350 to 400 branches over the next three to five years

Revenue / Net Income ($MM US)



Cash Productivity Ratio (%)



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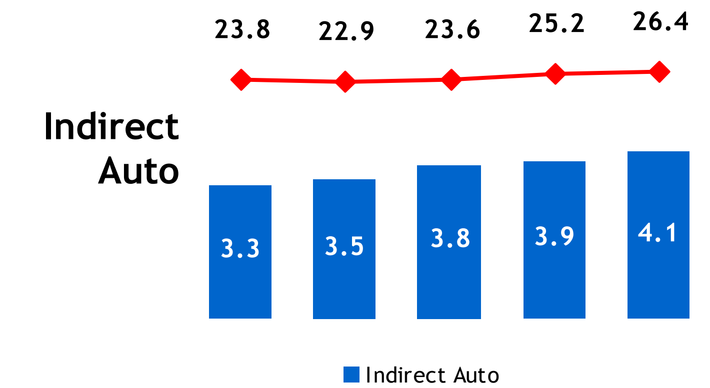
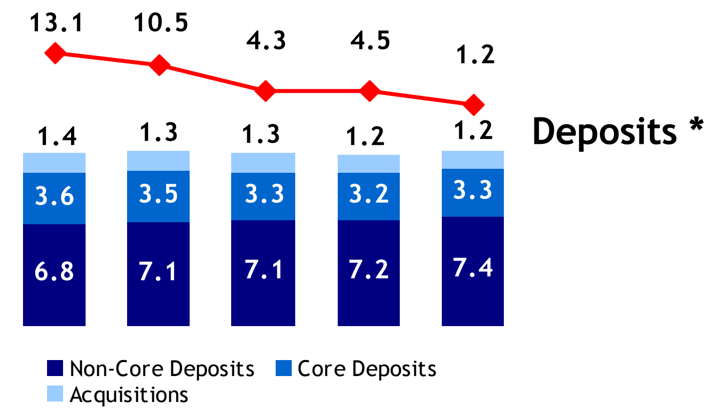
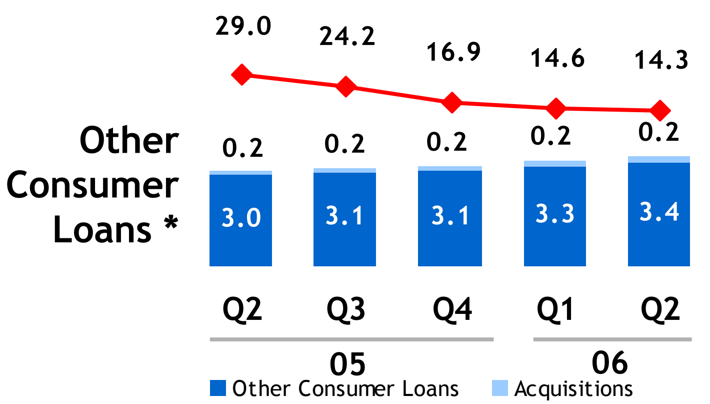
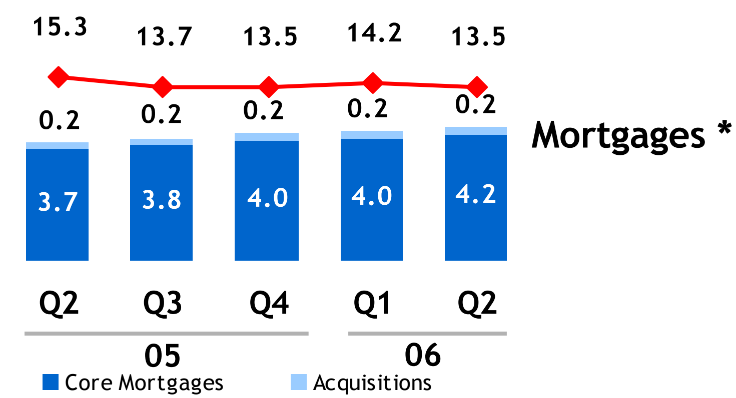
P&C CHICAGOLAND BANKING – Consumer

Consumer loans continue to show strong growth









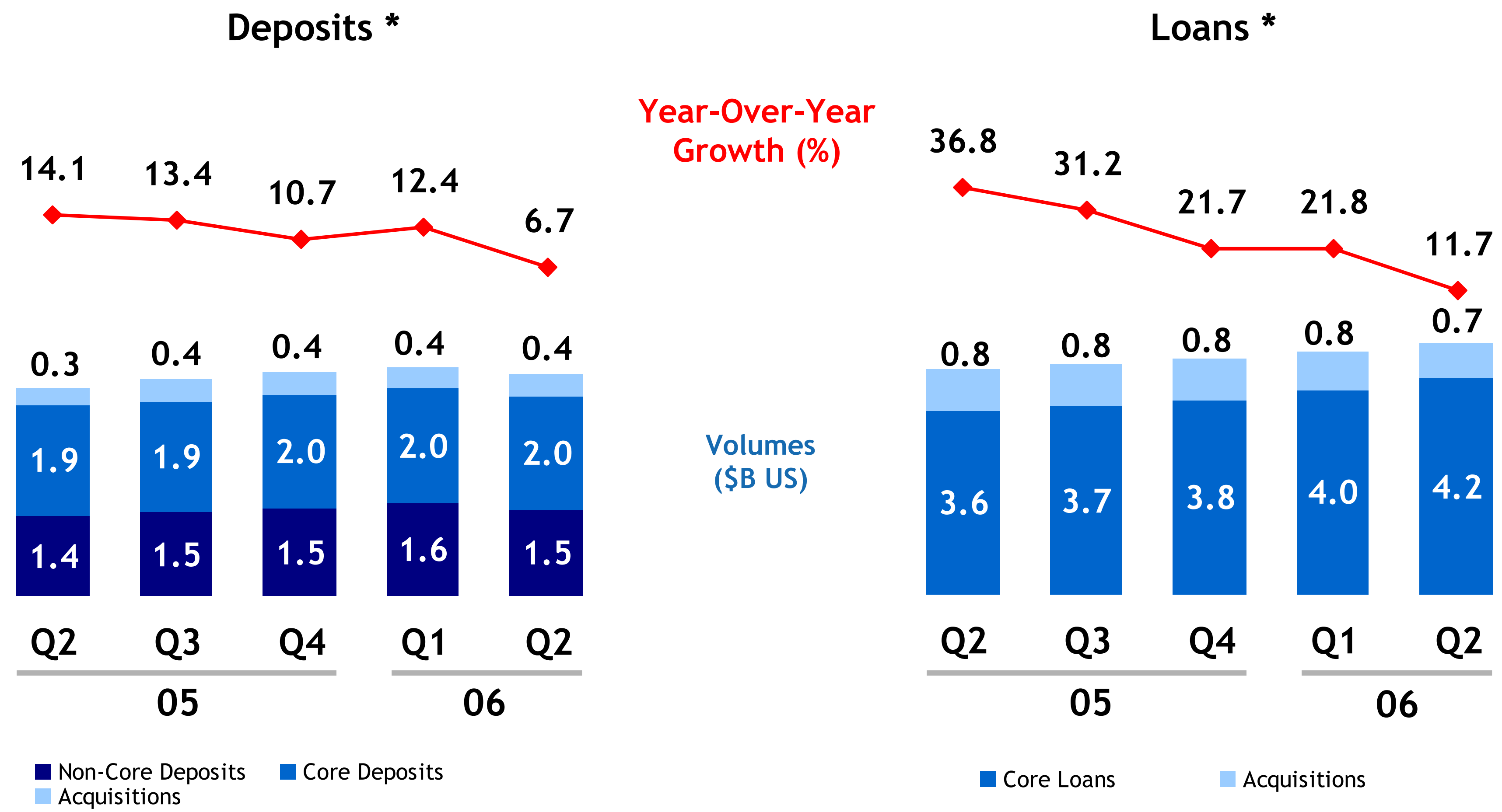
Y/Y Growth (%)

Volume ($B US)

* Acquisitions include Lakeland, New Lenox, Mercantile and Villa Park

P&C CHICAGOLAND BANKING – Commercial

Despite heavy competition, commercial loans continue to grow



* Acquisitions include Lakeland, New Lenox, and Mercantile

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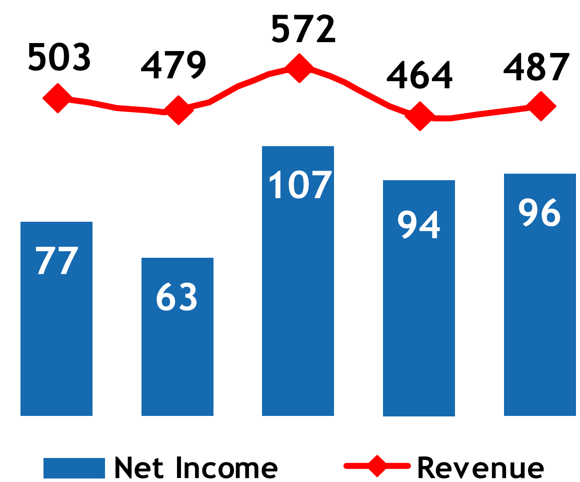
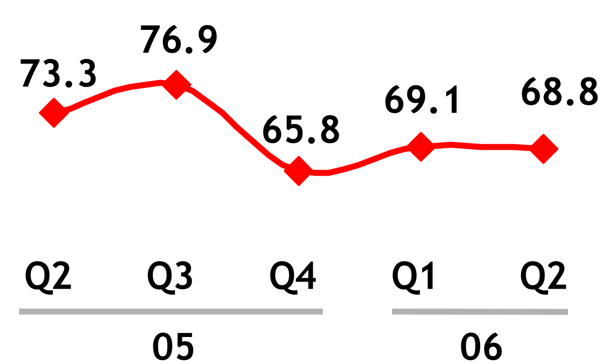
PRIVATE CLIENT GROUP

- Net income increased 3% Q/Q and 25% Y/Y achieved through focus on revenue growth
- Revenue increased 5% Q/Q due primarily to higher commissions in full-service and direct investing
- Revenue increased 9% Y/Y (excluding Harris*direct* and F/X) due to growth across all lines of business
- Cash productivity improved slightly Q/Q as moderate revenue growth partially offset by increased investment in our businesses. Y/Y cash productivity improved 272 bps, excluding Harris*direct*, on strong revenue growth

Revenue / Net Income ($MM)



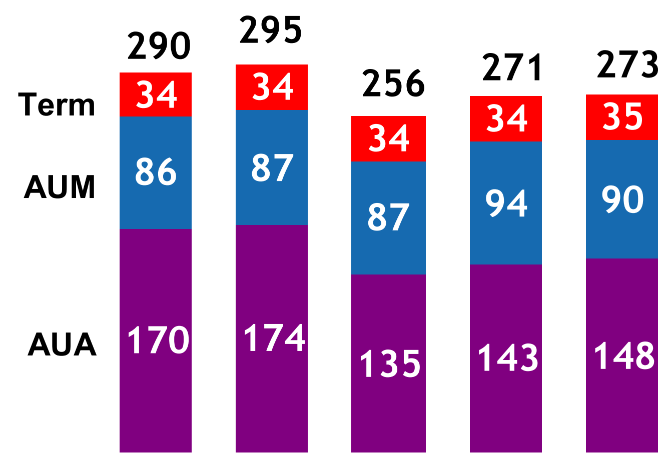
Cash Productivity Ratio (%)



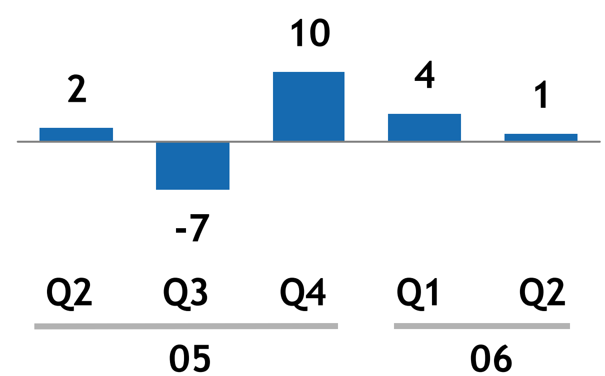
PRIVATE CLIENT GROUP

- Assets under management and administration, including term deposits, grew 14% Y/Y (adjusted for the sale of Harris*direct*, including final transfer of assets completed in Q2/06, and F/X impact):
  - Assets under management grew 16%
  - Assets under administration grew 16%
- Y/Y U.S. net income declined US$1MM primarily due to US$4MM after-tax of incremental expenses associated with Harris Insight Funds, partially offset by moderate revenue growth in private banking
- Q2 05 included a US$2MM after-tax loss from Harris*direct* operations
- Q4 05 included the US$15MM after-tax gain on sale of Harris*direct*

AUA / AUM ($B)

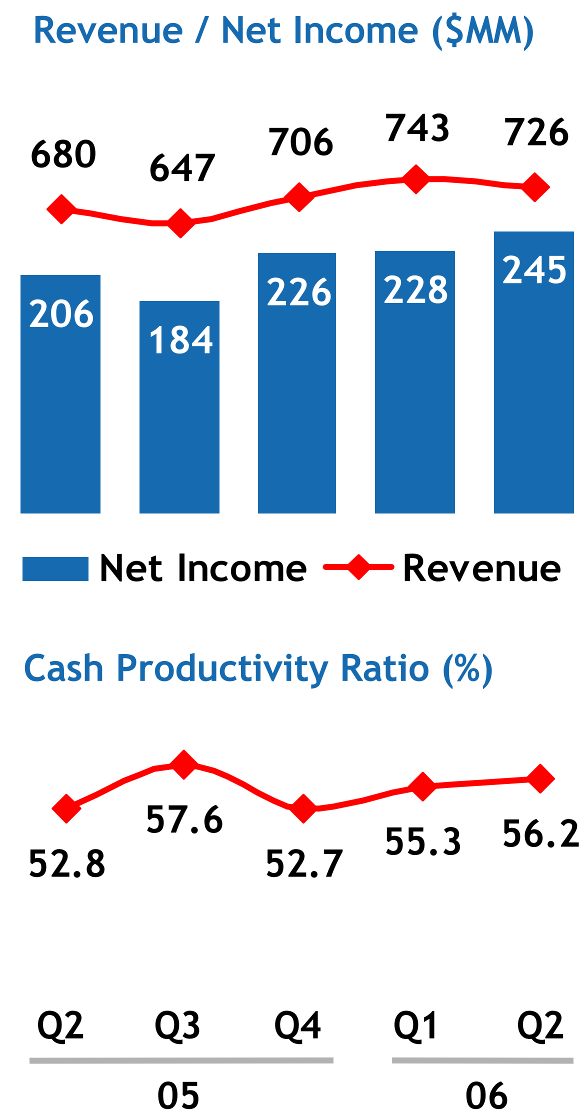


U.S. Net Income ($MM US)



INVESTMENT BANKING GROUP

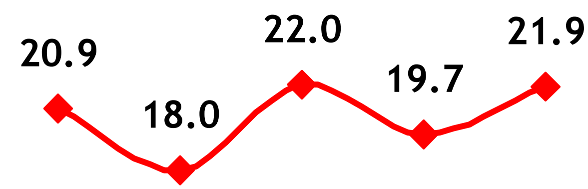
- Record net income driven by strength in the capital markets and a lower effective tax rate
- Revenues decreased Q/Q due to lower trading revenues and M&A offset partially by higher commission revenues, equity and debt underwriting
- Revenues increased Y/Y due to higher trading revenues, commissions and debt and equity underwriting
- Q2 05 benefited from $44MM ($37MM after tax) in revenues related to the restructuring of VIEs
- Productivity deteriorated Q/Q and Y/Y due to a shift in business mix to revenues with higher associated variable costs



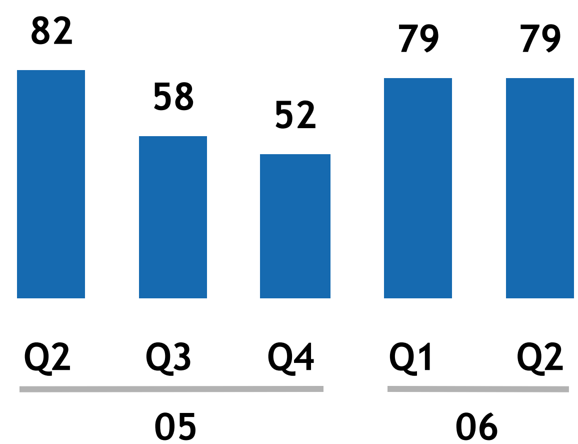
INVESTMENT BANKING GROUP

- Cash ROE increased Q/Q and Y/Y despite the impact of rising interest rates and stronger Canadian dollar. Q2 05 benefited from the restructuring of VIEs
- Q2 05 U.S. results reflected US$23MM (US$23MM after tax) in revenues related to the restructuring of VIEs
- Q/Q improvements in U.S. results, mainly as a result of improved commission revenues, were mostly offset by lower trading revenues and investment securities gains
- Y/Y excluding the impact of the VIEs, U.S. results benefited from strong trading revenues, higher lending revenues due to increased corporate banking asset levels and higher investment securities gains

Cash ROE (%)



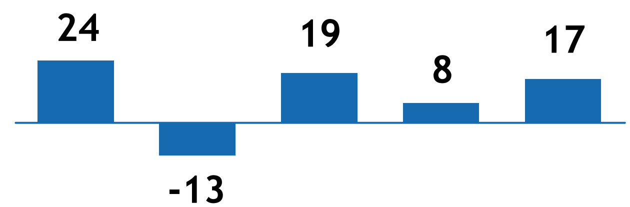
U.S. Net Income ($MM US)



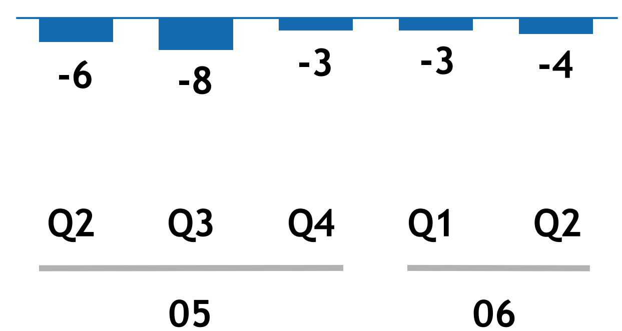
CORPORATE SUPPORT
Including Technology and Solutions

- Net income increased Q/Q due to BMO's low tax rate and reduced expenses
- Y/Y net income decreased due to reversal of general allowance offset by litigation provision in Q2 05 (net $10MM after tax), higher tax benefits and reduced expenses, partially offset by reduced recovery of credit losses
- U.S. net income flat Q/Q up slightly Y/Y as a result of Q2 05 litigation provision, partially offset by higher PCL and lower tax benefits

Net Income ($MM)

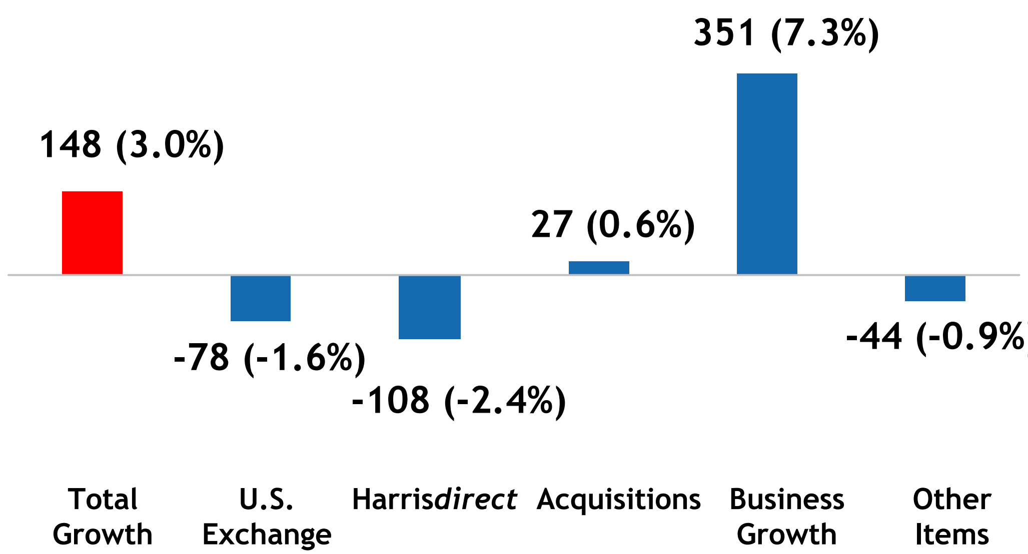


U.S. Net Income ($MM US)



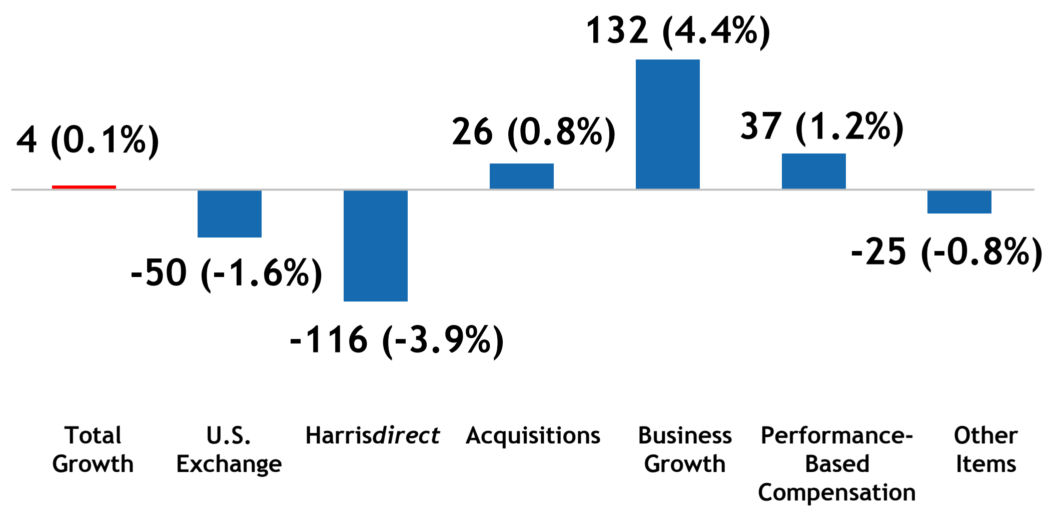
ANNUAL REVENUE GROWTH ($MM)

- Business growth driven principally by appreciably higher trading revenue and increased securities commissions and equity and debt underwriting activities in IBG, strong volume growth partially offset by lower net interest margin in P&C Canada, and broad-based growth in PCG
- Acquisitions include Villa Park and Mercantile
- Other items represent the Q2 05 gain on restructuring of VIEs



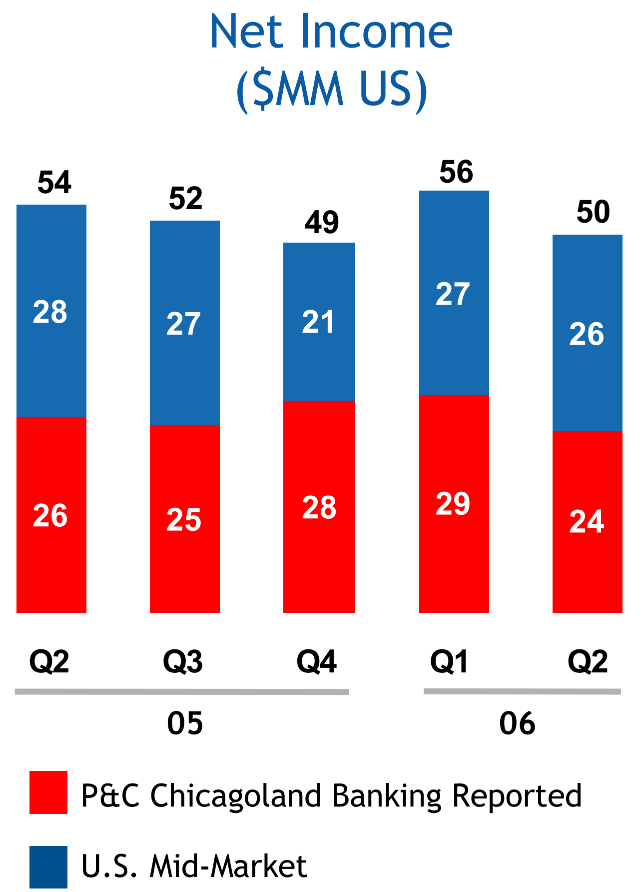
ANNUAL EXPENSE GROWTH ($MM)

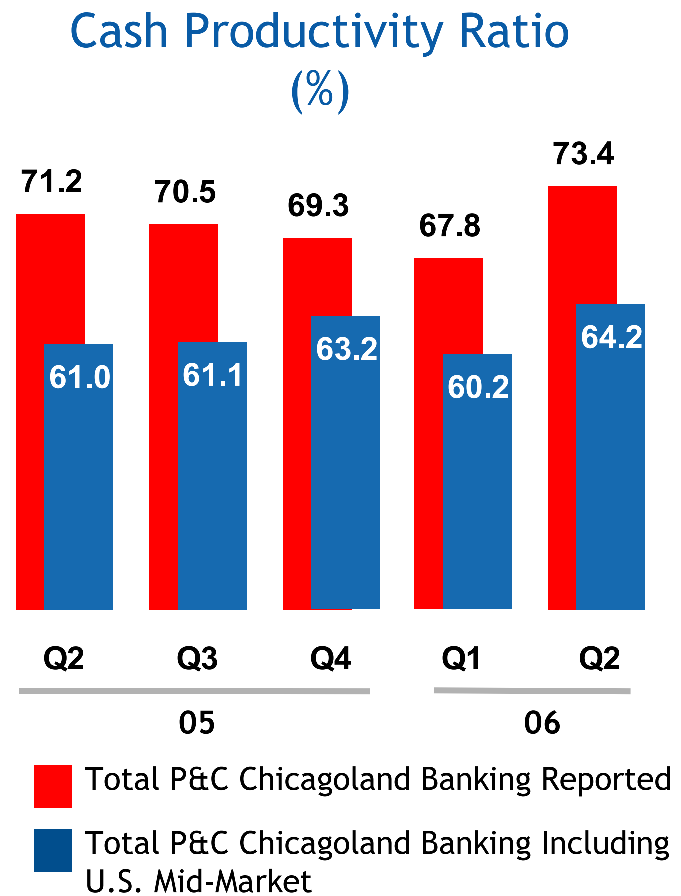
- Business growth primarily due to retail and commercial sales forces expansion and higher marketing costs in P&C Canada and new branches and integration costs in P&C Chicagoland Banking as well as initiative expenditures both sides of the border
- Acquisitions include Villa Park and Mercantile
- Performance-based compensation increase in IBG and PCG consistent with revenue growth in businesses with higher variable costs
- Other items represents the Q2 05 litigation provision



U.S. RETAIL AND MID-MARKET

Operations represent 31% of U.S. revenue and 20% of U.S. expenses in Q2 06





U.S./CANADIAN EXCHANGE

- $4MM pre-tax earnings improvement Q/Q and $9MM decline Y/Y
- Excluding hedging, a one cent change in the CDN/U.S. exchange rate changes quarterly earnings by approximately $1.5MM pre-tax

$MM	Q/Q	Y/Y
Increased (Reduced) Revenue	(8)	(48)
Reduced (Increased) Expense	5	32
Reduced (Increased) Provision for Credit Losses	-	-
Hedging Gains (Losses)	7	7
Total Pre - Tax Impact - Gain (Loss)	**4**	**(9)**

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SIGNIFICANT ITEMS

Item	Pre-Tax Impact ($MM)	After-Tax Impact ($MM)	EPS Impact ($/share)	Group, Geography & Statement of Income Category
Q2 & Q1 2006				
No significant items	-	-	-	
2006 YTD Total Impact	**-**	**-**	**-**	
Q2 2005				
Gain on restructuring of VIEs	44	37	0.07	IBG U.S. & Canada - Revenue
Reduction in general allowance	40	26	0.05	Corp. Support Canada - PCL
Recovery of prior years' income taxes	-	20	0.04	P&C Canada - Income Taxes
Litigation provision	(25)	(16)	(0.03)	Corp. Support U.S. - Expense
Q2 2005 Total Impact	79	67	0.13	
Q1 2005				
Recovery of prior years' income taxes	-	32	0.06	IBG Canada - Income Taxes
Q1 2005 Total Impact	-	32	0.06	
2005 YTD Total Impact	**79**	**99**	**0.19**	

INVESTOR RELATIONS • CONTACT INFORMATION

Viki Lazaris
Senior Vice President
(416) 867-6656
viki.lazaris@bmo.com

Steven Bonin
Director
(416) 867-5452
steven.bonin@bmo.com

Krista White
Senior Manager
(416) 867-7019
krista.white@bmo.com

FAX: (416) 867-3367

E-mail: investor.relations@bmo.com

www.bmo.com/investorrelations

BMO Financial Group