

BMO  Financial Group

Q3
2007



STRATEGIC
HIGHLIGHTS

Investor Community Conference Call

BILL DOWNE
President & Chief Executive Officer

August 28 • 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 future performance of the Canadian and U.S. economies 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 and interest rates have increased in the United States, but we 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 in making the forward-looking statements regarding the commodities 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.



Q3 FINANCIAL HIGHLIGHTS

Performance Measure	Q3 2007 As Reported	Q3 2007 Ex. CL	Q2 2007 As Reported	Q2 2007 Ex. CL	Q3 2006 As Reported
Net Income	\$660 MM	\$757 MM	\$671 MM	\$761 MM	\$710 MM
Cash Net Income	\$670 MM	\$767 MM	\$681 MM	\$771 MM	\$719 MM
EPS	\$1.28	\$1.47	\$1.29	\$1.47	\$1.38
Cash EPS	\$1.30	\$1.49	\$1.31	\$1.49	\$1.40
Cash Productivity	63.2%	59.7%	62.3%	59.6%	61.1%
Return on Equity	18.0%	20.6%	18.3%	20.7%	20.3%

CL = Commodities Losses



COMMODITIES LOSSES

- Considerable progress this quarter to reduce size and risk of portfolio
- Actions taken in Q3 include announcing new head of energy trading, hiring additional key personnel and investing in infrastructure of back office processes
- Further reductions will occur within ongoing trading activity of the business and expected to occur over next two quarters

ECONOMIC ENVIRONMENT

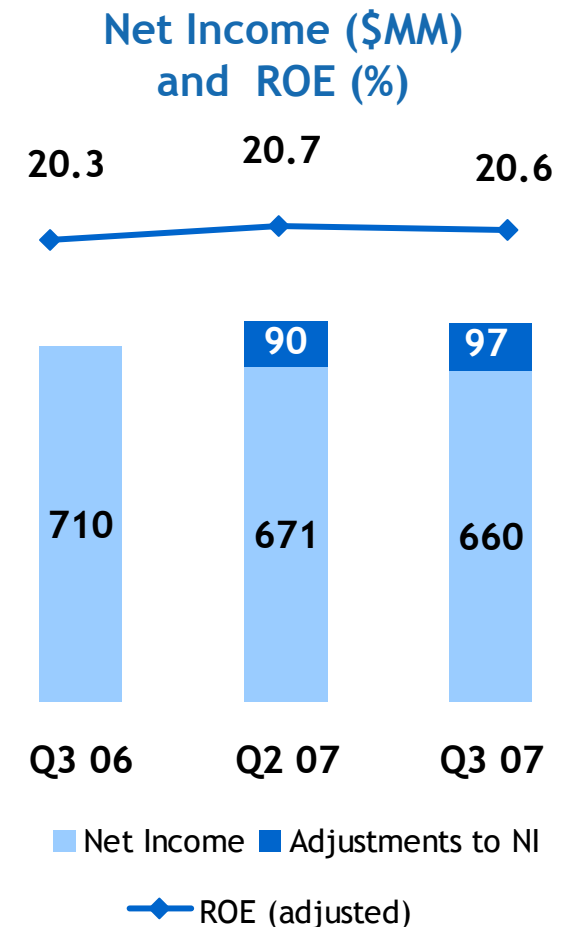
- BMO supports asset securitization business as an efficient way to offer borrowers access to a reliable and liquid market and provide investors an opportunity to diversify risk
- Conversion of bank-sponsored conduits to global-style liquidity back up will provide confirmation of BMO's support



OPERATING GROUP HIGHLIGHTS

(excluding commodities losses)

Net Income (\$MM)	Q3 2006	Q2 2007	Q3 2007	Q/Q Change	Y/Y Change
P&C Canada	347	324	350	8%	1%
P&C U.S.	30	27	26	(6)%	(17)%
Total P&C	377	351	376	7%	(1)%
PCG	83	101	105	3%	26%
BMO CM	203	289	293	2%	45%
Corporate Services	47	20	(17)	nm	nm
Total Bank	710	761	757	(0.5)%	6.6%



Q3 07 includes adjustment to BMO CM of \$97MM for the commodities losses
 Q2 07 includes adjustment to BMO CM of \$90MM for the commodities losses

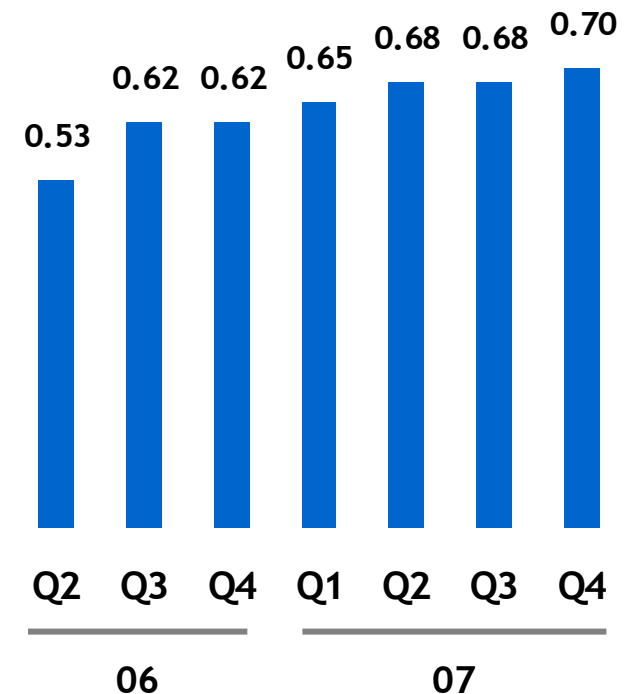
nm - not meaningful



QUARTERLY DIVIDEND

- Announced dividend increase of \$0.02 per share
 - ▶ Up 12.9% Y/Y
- Dividend increase represents a payout ratio of almost 48% on a lagged basis excluding commodities losses and restructuring charge
- Dividends *paid* have increased \$0.15 or 28% since announcing increase to dividend payout ratio to 45-55% of earnings available to shareholders

Quarterly Dividends Declared Per Share (\$)





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