Q3 05

FINANCIAL RESULTS
Investor Community Conference Call

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AUGUST 23 • 05

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 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. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2005 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 and other forward-looking statements will not prove to be accurate. 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: global capital market activities; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communications, power or water supply disruptions; industry and worldwide economic and political conditions; regulatory and statutory developments; the effects of competition in the geographic and business areas in which we operate; management actions; and technological changes. We caution that the foregoing list of factors is not exhaustive and that 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.

Q3 2005 FINANCIAL HIGHLIGHTS

- Record earnings in P&C driven by strong volume growth and effective cost management
- PCG earnings increased due to strength in full-service investing and mutual funds
- IBG earnings declined due to compressed spreads in current interest rate environment
- $73MM PCL was $183MM worse Y/Y due to the very favourable performance, including a reduction of the general allowance, in Q3 04
- Meeting cash productivity improvement target remains a key management focus. Significant improvements were made in the last two years, however achieving our productivity target for this year will be quite challenging

EPS Growth	(15.3%)
ROE	16.5%
Specific PCL	$73 MM
Tier 1 Capital	9.39%
Cash Productivity	63.8%

Q3 2005 FINANCIAL SUMMARY

Performance Measure	Q3 2005	Q2 2005	Q3 2004	YTD 2005	YTD 2004
Net Income ($ MM)	**541**	600	643	1,743	1,755
Cash EPS - Diluted ($/share)	**1.08**	1.21	1.27	3.48	3.47
EPS - Diluted ($/share)	**1.05**	1.16	1.24	3.37	3.36
Cash Return on Equity (%) *	**17.1**	20.2	21.7	19.1	20.6
Return on Equity (%) *	**16.5**	19.5	21.0	18.4	20.0
Revenue Growth - Y/Y (%)	**2.0**	(0.7)	4.0	1.4	6.5
Expense Growth - Y/Y (%)	**2.6**	0.9	3.6	0.6	2.7
Cash Productivity Ratio (%)	**63.8**	64.0	63.2	63.2	63.6
Productivity Ratio (%)	**64.7**	65.0	64.3	64.2	64.7
PCL/Avg. Loans Accept. (%) *	**0.17**	0.01	(0.28)	0.10	(0.08)
Capital: Tier 1 Ratio (%)	**9.39**	9.38	9.44	9.39	9.44

* Annualized

Q3 2005 GROUP NET INCOME

Group ($MM)	Q3 2005	Q2 2005	Q3 2004
P&C Canada	276	263	241
P&C Chicagoland	31	30	27
Total P&C	307	293	268
IBG	184	206*	230**
PCG	63	77	58
Corporate Support	(13)	24	87
Total Bank	541	600	643

Corporate Support Details

PCL (Specific and General)	18	63	125
Other Corporate	(31)	(39)	(38)
Total Corporate Support	(13)	24	87

* Includes $37MM after tax relating to VIE gain ($44MM pre-tax)

** Includes $38MM after tax relating to interest on a loan previously written off ($20MM pre-tax) and the recovery of a credit loss ($39MM pre-tax)

CASH EPS DECLINE

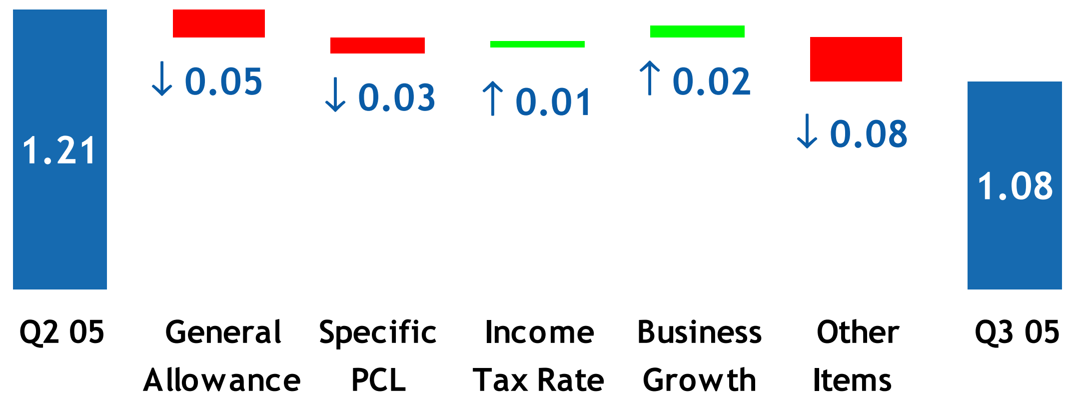
Q/Q Earnings Decline Drivers:

- No reduction of the general allowance and higher specific PCL
- Lower effective tax rate (excluding other items)
- Other items in Q2 05 for VIE gain and tax recovery with offsetting litigation provision

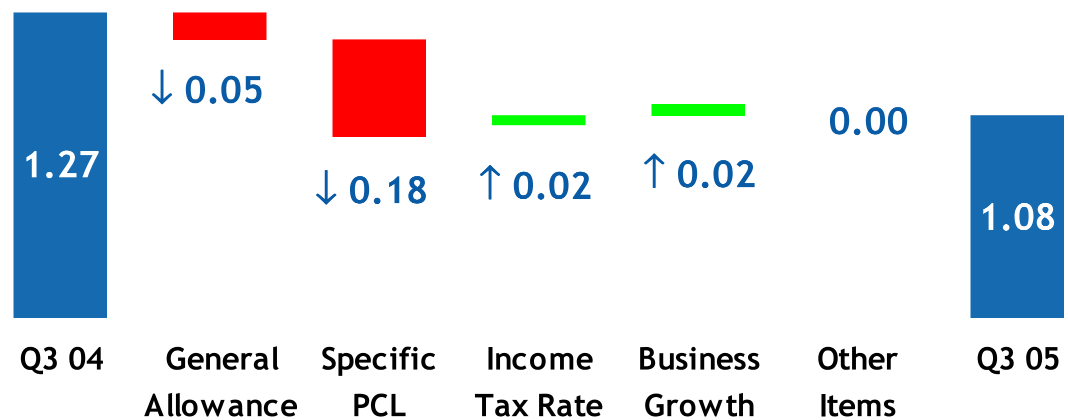
Y/Y Earnings Decline Drivers:

- No reduction of the general allowance and higher specific PCL
- Lower effective tax rate

Q3 05 vs. Q2 05 ($/Share)



Q3 05 vs. Q3 04 ($/Share)



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REVENUE GROWTH

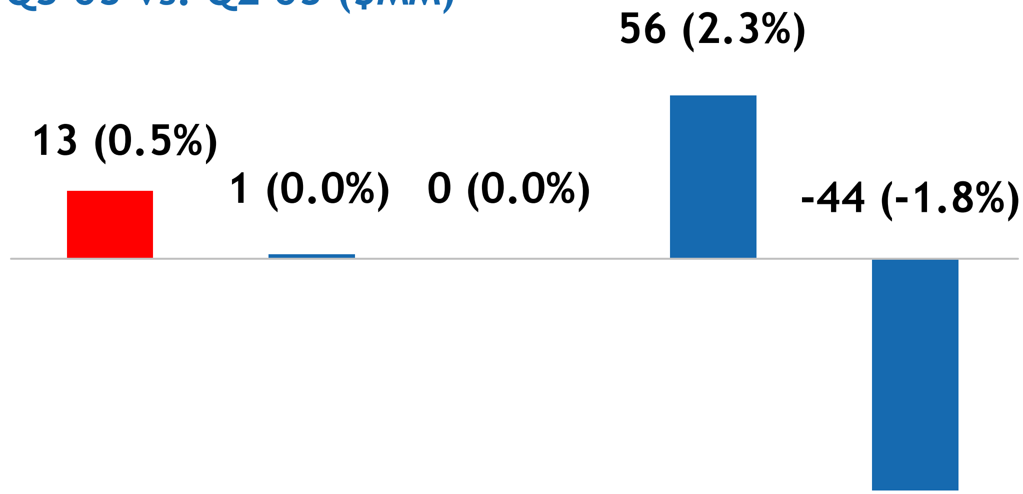
Q/Q

- Business growth primarily driven by P&C Canada where volume growth, improved spread, three more days and higher card fees was partially offset by the lower client-trading revenue in PCG direct and full-service investing
- Minimal impact of U.S. exchange and no new acquisitions
- Other items in Q2 05 represents VIE gain

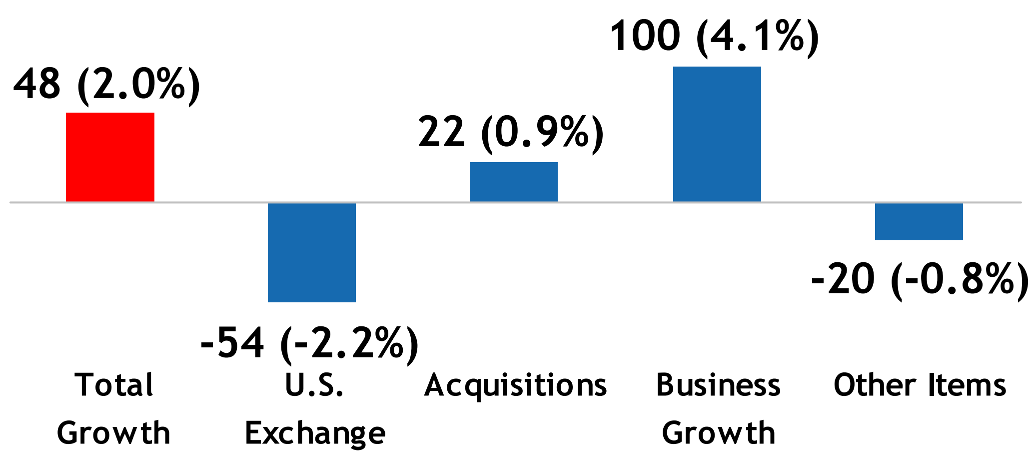
Y/Y

- Acquisitions include Mercantile and New Lenox in Chicagoland
- Business growth in P&C due to volume growth partially offset by spread compression and all PCG businesses benefiting from initiatives and favourable market conditions. Decline in IBG across certain businesses primarily due to spread compression
- Other items in Q3 04 represents interest collected on an IBG loan previously written off

Q3 05 vs. Q2 05 ($MM)



Q3 05 vs. Q3 04 ($MM)



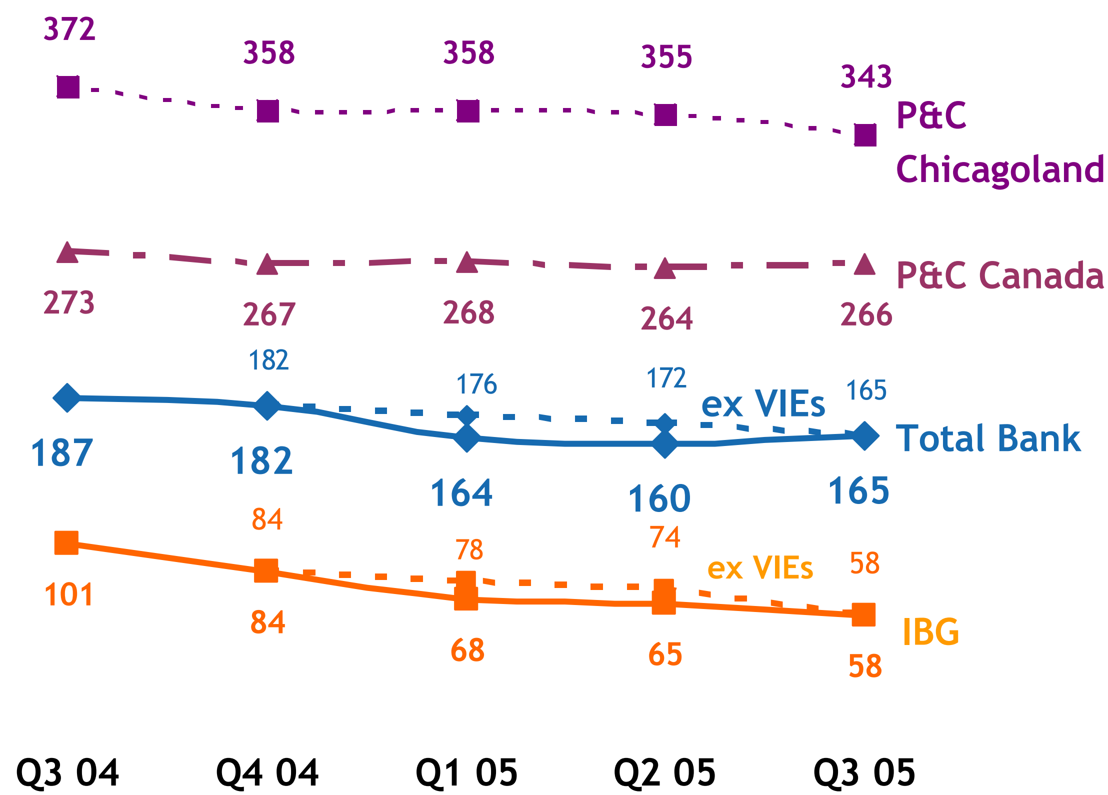
NET INTEREST MARGIN (bps)

Q/Q

- P&C Chicagoland down due to competitive pressures
- IBG down due to lower spreads on trading and corporate lending more than offsetting benefit from elimination of VIE assets

Y/Y

- IBG margin declined due to lower spreads on client deposits, trading and corporate loans
- P&C Chicagoland margin declined due to competitive pressures limiting ability to pass on higher short-term rates to loan customers and due to lower rates earned on longer term deposits



EXPENSE GROWTH

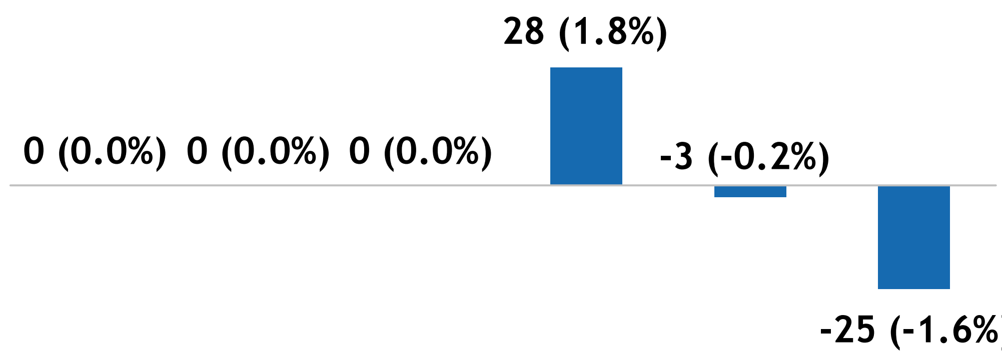
Q/Q

- Business growth primarily due to volume-driven costs in P&C Canada, higher business development in PCG and higher IBG project-related costs
- Performance-based compensation decreased in PCG due to reduced full-service revenue partially offset by an increase in IBG reflecting more fee-based revenue
- Other items in Q2 05 represents litigation provision

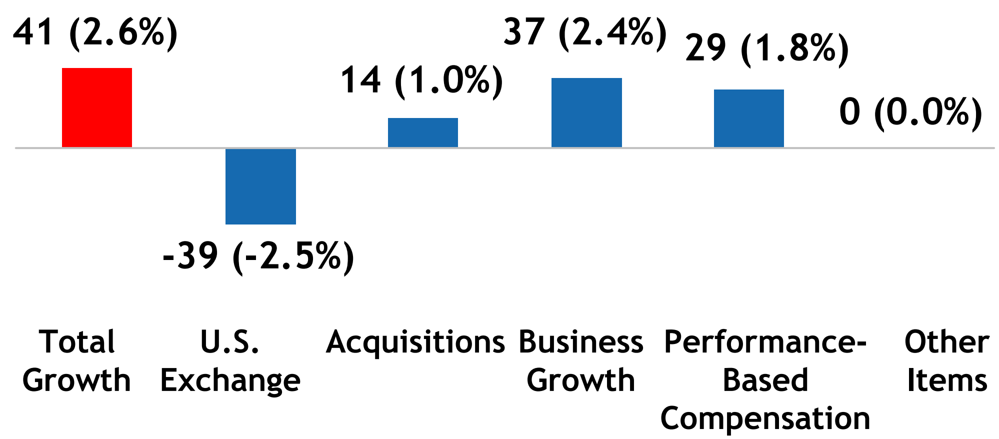
Y/Y

- Acquisitions include Mercantile and New Lenox in Chicagoland
- Business growth driven by higher capital taxes in Corporate, higher business development in PCG, and higher IBG project-related costs
- Performance-based compensation increase from higher PCG commissions in full-service investing and IBG fee-based revenue

Q3 05 vs. Q2 05 ($MM)



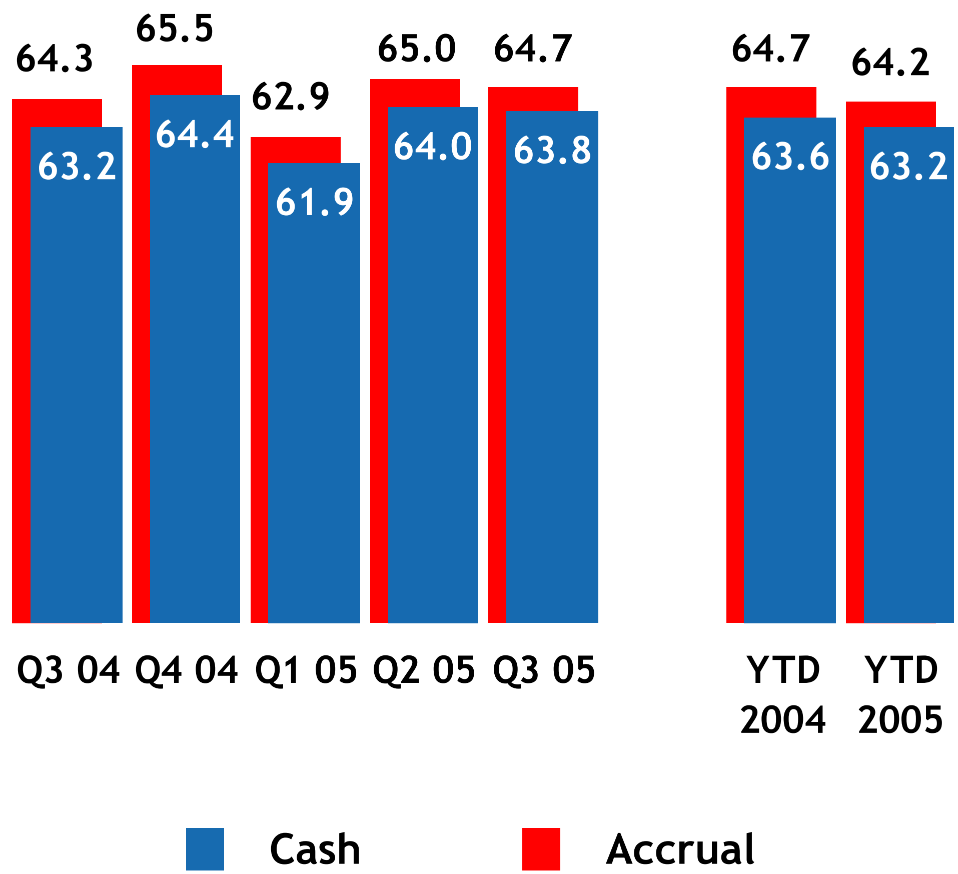
Q3 05 vs. Q3 04 ($MM)



CASH PRODUCTIVITY RATIO (%)

Slight improvement Q/Q despite deterioration Y/Y

- Revenue/expense growth differential of (0.6) percentage points in Q3 05
- YTD 40 bps improvement
- Management continues to focus on growing revenues while controlling expenses

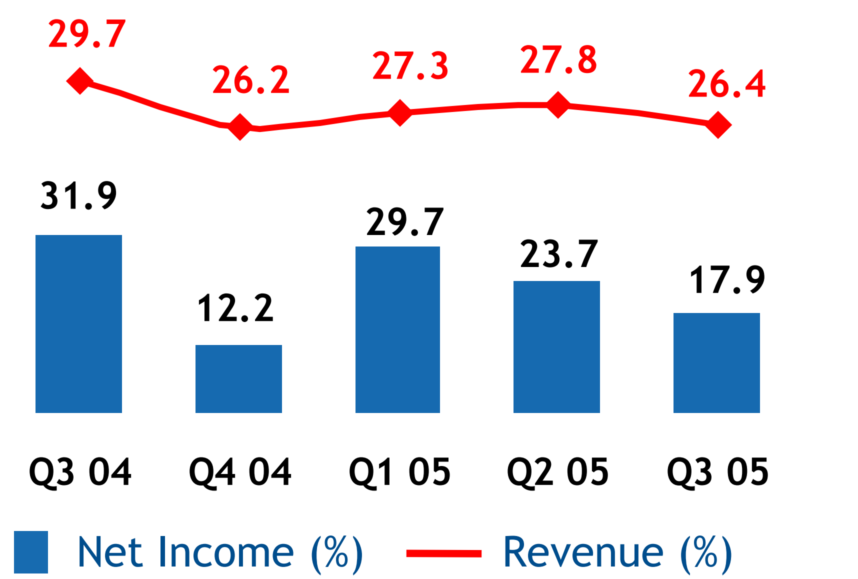


U.S. RESULTS

- Revenue contribution from U.S.-based business within 25% – 35% range of total revenue
- Net income from U.S.-based business $67MM USE or 17.9% of North American net income
- Y/Y decrease primarily driven by higher loan recoveries in Q3 04 and lower earnings in interest sensitive businesses
- Q/Q decline primarily due to higher PCL

Net Income ($MM USE)	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04
P&C	25	25	20	75	60
PCG	(6)	3	(2)	0	(2)
IBG	58	81	86	231	212
Corporate	(10)	(6)	38	(8)	3
TOTAL	67	103	142	298	273

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



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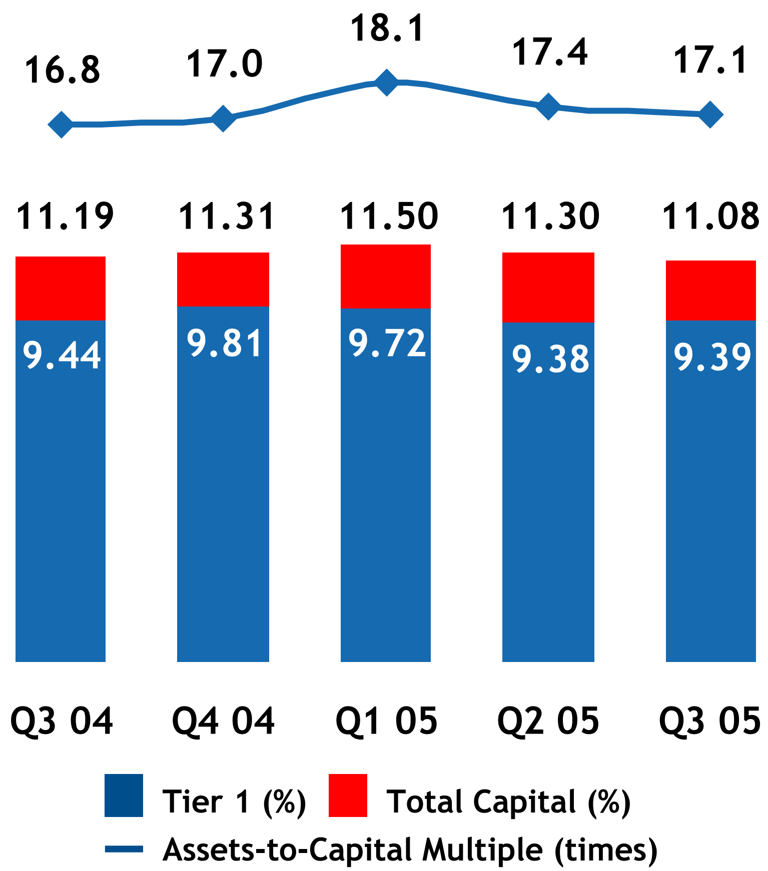
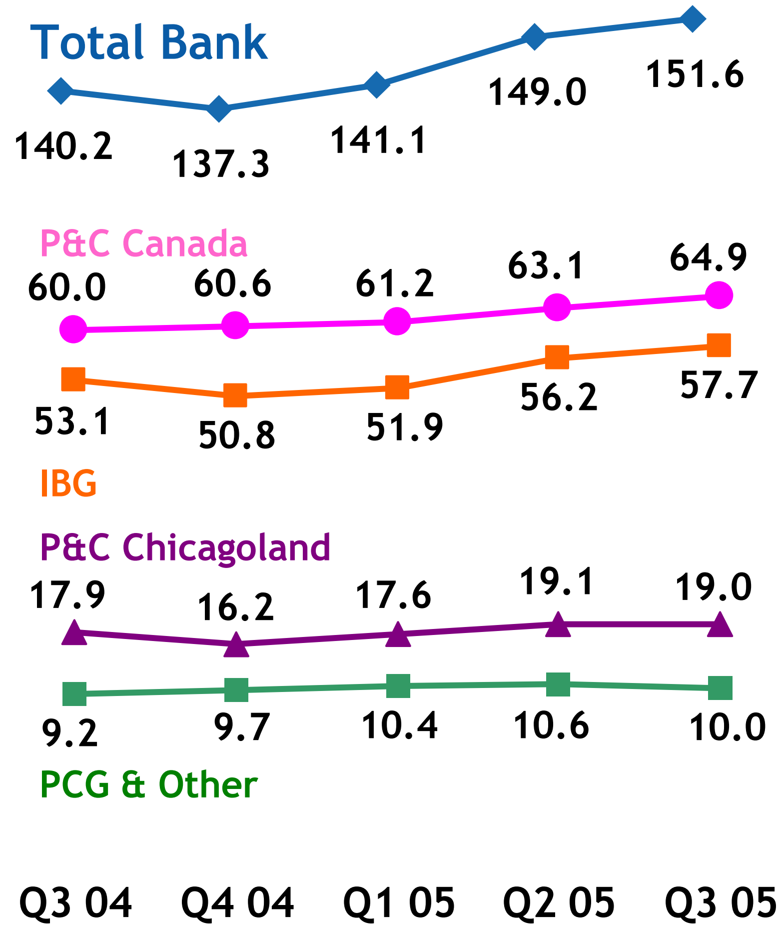
CAPITAL & RISK WEIGHTED ASSETS

Tier 1 capital ratio flat Y/Y as RWA growth offset capital generation



Risk Weighted Assets ($B)



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SALE OF HARRIS*direct*

- On August 8 2005, announced the sale of Harris*direct* to E*TRADE FINANCIAL Corp.
- Closing expected in Q4 05
- Cash proceeds of approximately $910MM ($750MM USE) including an approximate $60MM ($50MM USE) distribution to be paid by Harris*direct* immediately prior to closing
- Closing costs will be determined over the course of the fourth quarter
- Anticipate recording a modest gain on sale
- Expected to add approximately 35 bps to Tier 1 capital ratio and removes approximately $700MM ($570MM USE) of goodwill and intangible assets from the balance sheet

FISCAL 2005 TARGETS

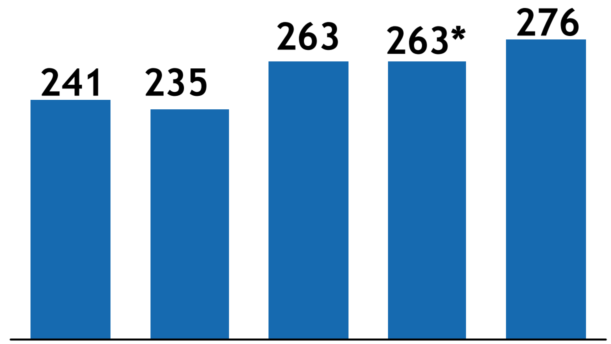
Performance Measure	YTD 2005	F2005 Target
EPS Growth[1] (base of $4.21)	3.4%	3%-8%
Specific Provision for Credit Losses	$162MM	$400MM or less *Now estimated to be:* $275MM or less
Cash Productivity Ratio	40 bps improvement	150-200 bps improvement
Return On Equity	18.4%	17%-18%
Tier 1 Capital Ratio	9.39%	Minimum 8%

[1] Excluding changes in the general allowance

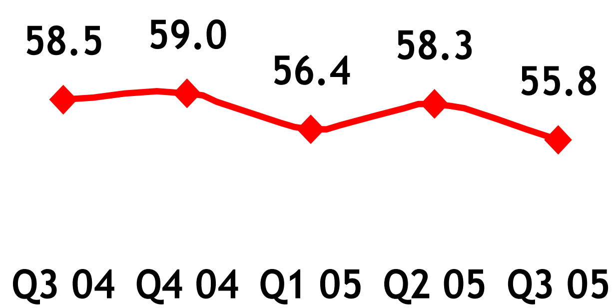
P&C CANADA

- Record net income increased 15% Y/Y driven by revenue growth from all businesses and effective cost management
- Net income improved 5% Q/Q due to three more days, higher volumes with stable margins partially offset by a recovery of prior year's income taxes recorded in Q2 05
- Cash productivity improved 270 bps Y/Y and 250 bps Q/Q. Y/Y improvement primarily due to strong volume growth and effective cost management. Q/Q improvement mainly due to three more days in the current quarter and volume growth

Net Income ($MM)



Cash Productivity Ratio (%)



*In Q2 05 net income benefitted from a $20MM recovery of prior year's income taxes

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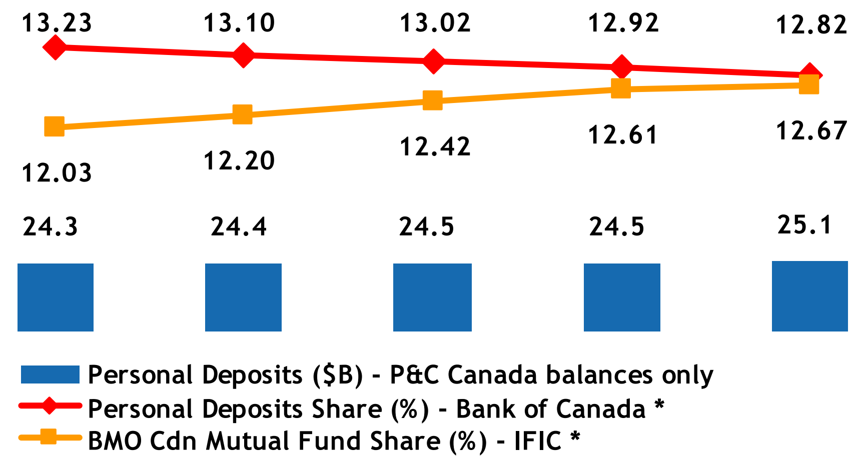
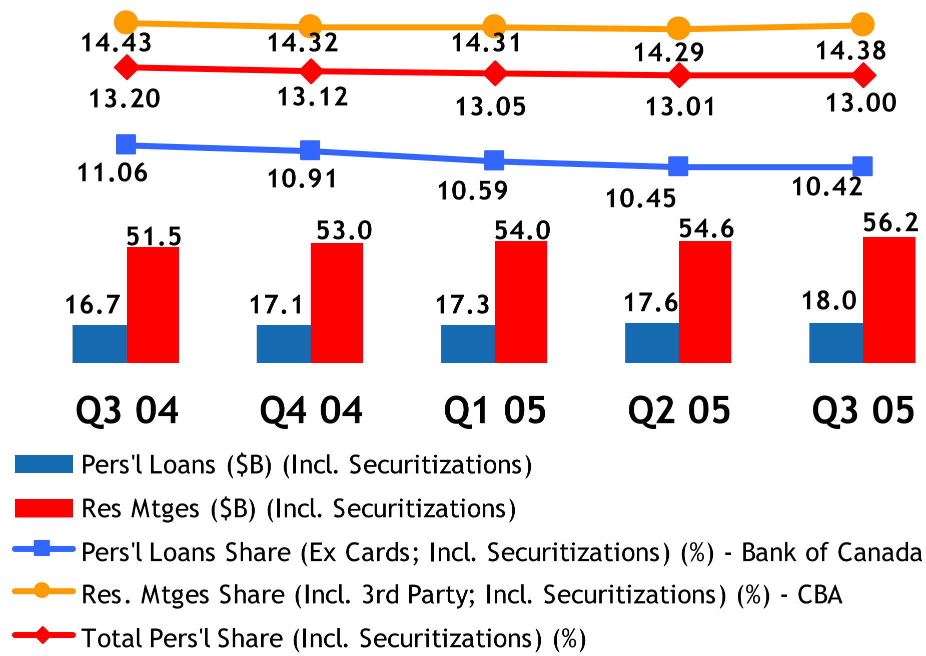
P&C CANADA

Personal Banking

- Total personal market share remains consistent Q/Q as a result of continued improvement in mutual funds and growth in residential mortgages offset by a decline in personal deposits
- Y/Y personal market share declined 20 bps due to declines in personal deposits and loans partially offset by strong growth in mutual funds

Balance Growth	Y/Y Growth	Q/Q Growth
Residential Mortgages	9.2%	2.9%
Personal Loans	8.1%	2.5%
Personal Deposits	3.2%	2.6%





Notes:

Personal share statistics are issued on a one-month lag basis. (Q3 05: June 2005)

Market share trends versus all FI's are consistent with the banks

* Term and Mutual Fund AUA/AUM reported in PCG Canada

P&C CANADA
Commercial Banking

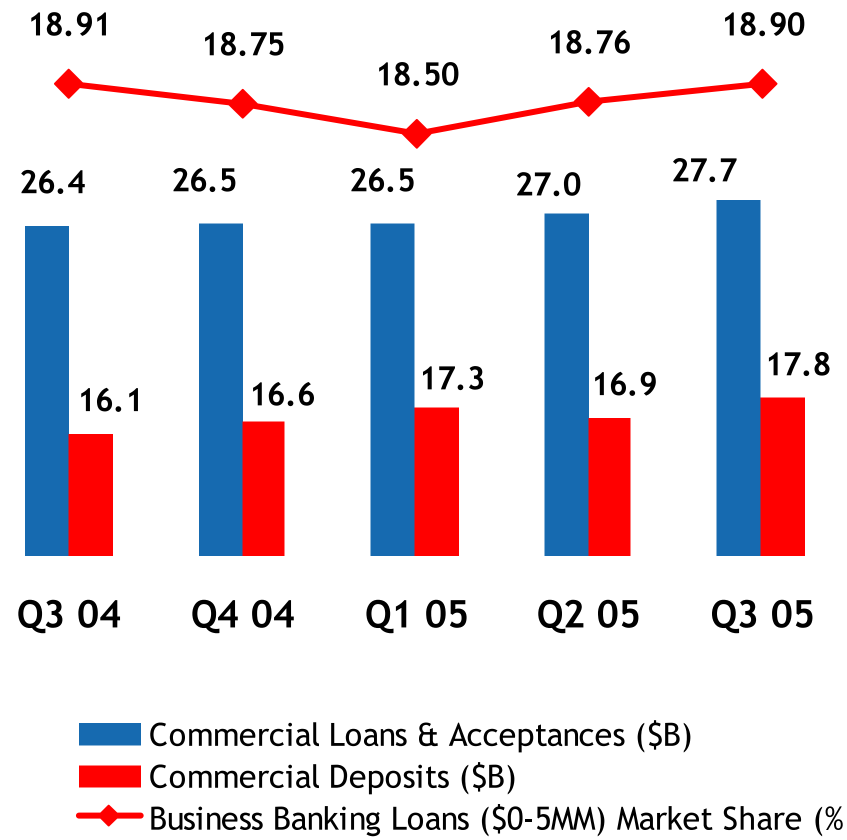
- Business banking market share improved 14 bps Q/Q to 18.90%
- BMO continued to rank 2nd in business banking market share for business loans $5MM and below
- Q3 05 strong volume and market share performance in all three market segments: independent business, small and medium sized enterprises and the mid-market segments

Balance Growth	Y/Y Growth	Q/Q Growth
Commercial Loans & Acceptance:	4.9%	2.6%
Commercial Deposits	10.5%	5.2%

Note

Business loans (Banks) are issued by CBA on a one calendar quarter lag basis. (Q3 05: March 2005)

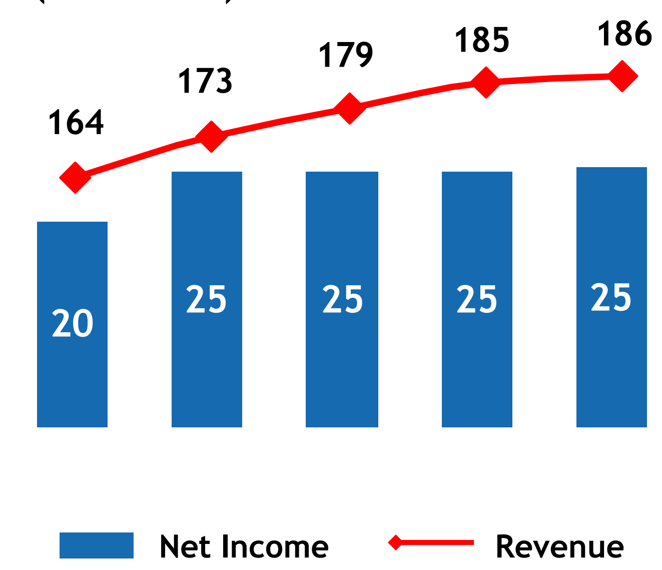
Market share restated to reflect the latest CBA data



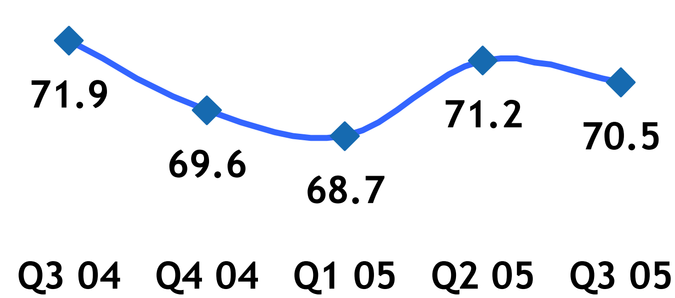
P&C CHICAGOLAND

- Solid performance driven by continued strong loan growth and acquisitions
- Revenue has increased 13% Y/Y as a result of acquisitions and strong organic loan growth while managing a declining margin
- Expenses are being managed to support productivity improvements while investing in key initiatives such as branch expansion and the charter consolidation
- Cash productivity improved 140 bps Y/Y and 70 bps Q/Q
- Currently there are 190 locations in Chicago and Northwest Indiana. The recent acquisition of Villa Park, once approved by the regulators, will add two locations and with the opening of three new branches, Harris will end the fiscal year at 195 locations

Revenue / Net Income ($MM USE)



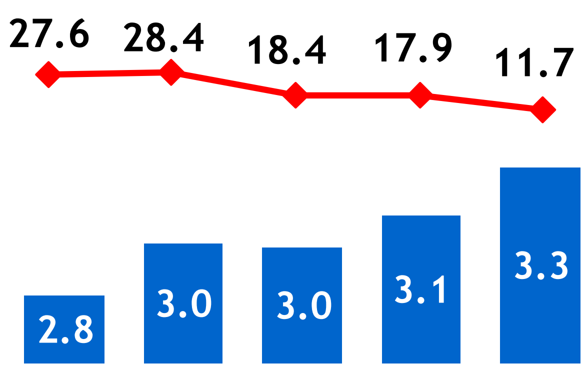
Cash Productivity Ratio (%)



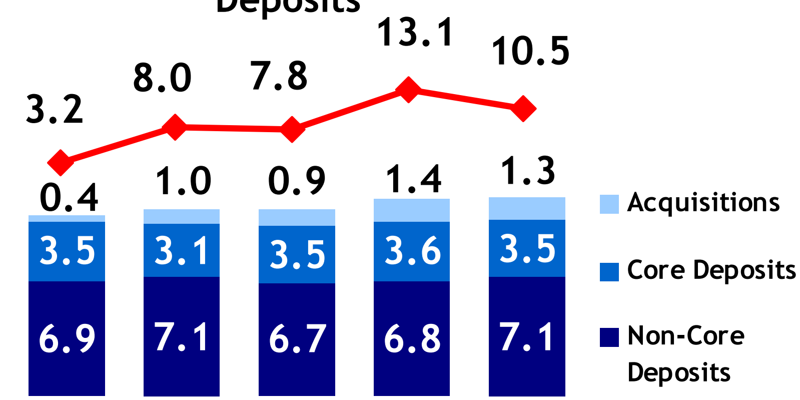
P&C CHICAGOLAND – Consumer

Core consumer business continues to show strong growth

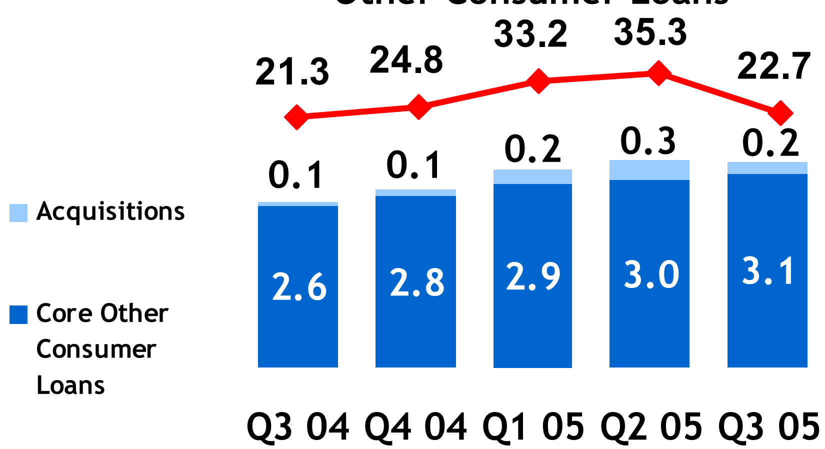
Indirect Auto



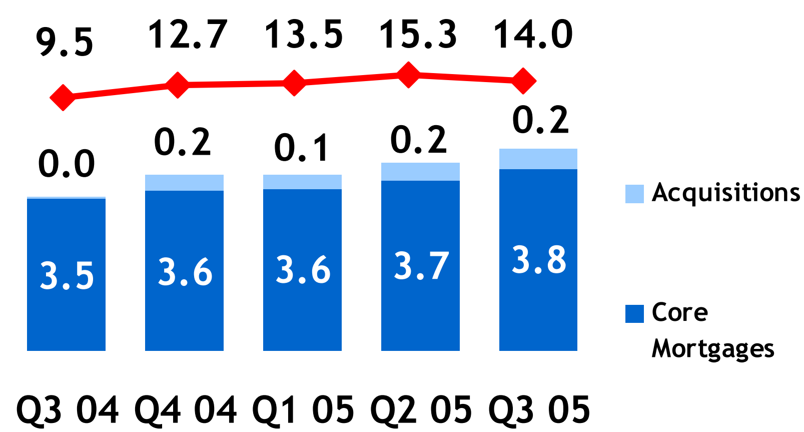
Deposits



Other Consumer Loans



Mortgages



Y/Y Growth (%)

Volume ($B USE)

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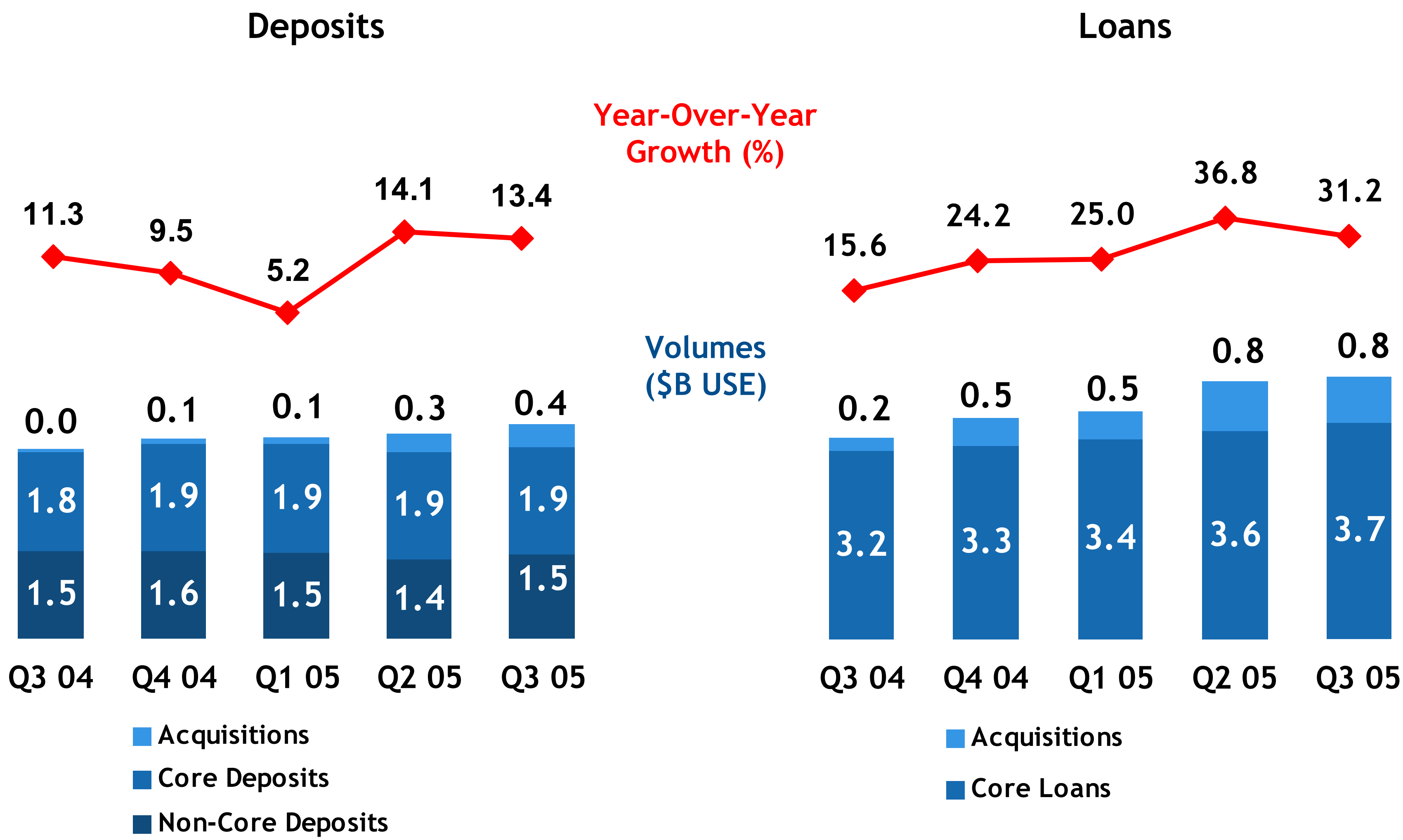
P&C CHICAGOLAND – Commercial

Commercial lending continues to show signs of improving growth



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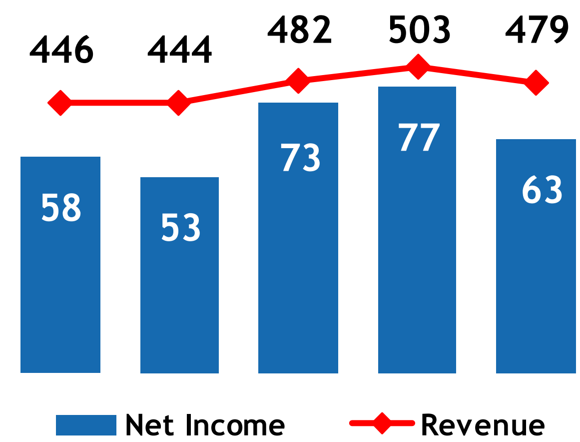
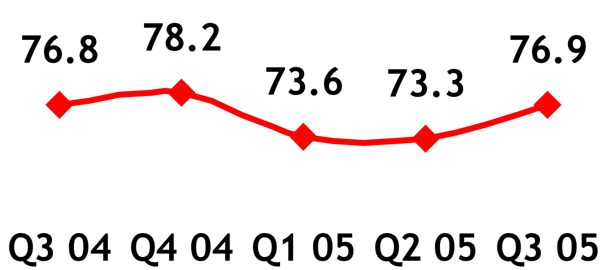
PRIVATE CLIENT GROUP

- Net income increased 8% Y/Y
- Revenue growth of 10% Y/Y (adjusted for F/X impact on U.S. revenues) reflects strong growth in full-service investing and mutual fund businesses, which offset moderately lower revenues in direct investing
- Cash productivity flat Y/Y and deteriorated 360 bps Q/Q as certain higher operating costs were incurred in the current quarter
- Year-to-date cash productivity improved 320 bps over the prior year reflecting the benefits of ongoing expense management

Revenue / Net Income ($MM)



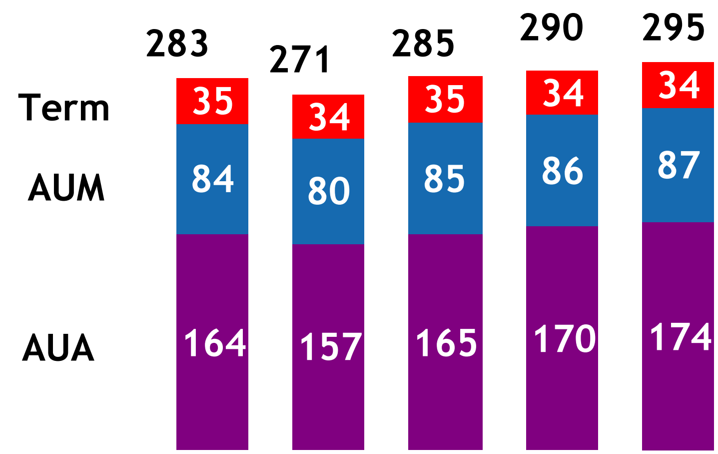
Cash Productivity Ratio (%)



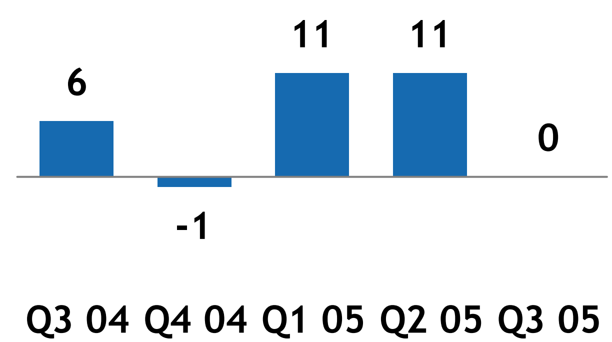
PRIVATE CLIENT GROUP

- Assets under management and administration, including term deposits of $295B grew 8% Y/Y (adjusted for F/X impact on U.S. assets)
  - Assets under management grew 9% Y/Y and Assets under administration grew 10% Y/Y, (adjusted for F/X impact on U.S. assets)
  - Term investment products declined 2% Y/Y on softer demand
- U.S. cash net income decreased Y/Y and Q/Q as revenue declined 6% Y/Y and 5% Q/Q (in source currency) due primarily to lower revenue in direct investing caused by pricing reductions Y/Y and Q/Q and lower trading activity Q/Q

AUA/AUM ($B)



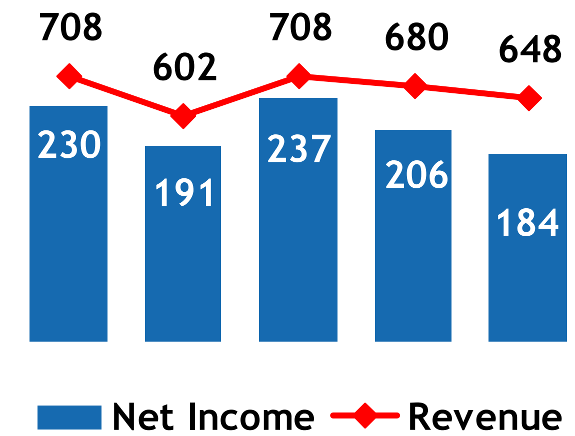
U.S. Cash Net Income ($MM USE)



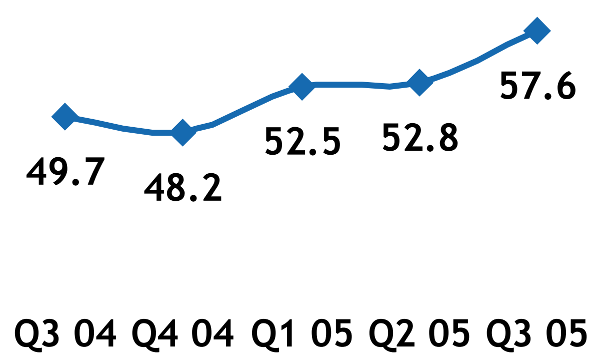
INVESTMENT BANKING GROUP

- Revenue reflects mixed market conditions
- Y/Y revenue decreased due to compressed spreads in interest rate sensitive businesses and the impact of the stronger Canadian dollar partially offset by improved M&A and debt underwriting revenues and investment securities gains
- Q/Q revenue decreased due to equity underwriting and commission revenues partially offset by improved M&A and debt underwriting revenues and investment securities gains
- Q2 05 benefited from $44MM ($37MM after tax) in revenues related to restructuring of VIEs. Q1 05 positively impacted from the adoption of fair value accounting for Merchant Banking investments and the recovery of prior years' taxes. Q3 04 included recoveries of previously impaired loans
- Productivity deteriorated Y/Y and Q/Q as the decline in revenues were primarily concentrated in businesses with relatively low variable costs

Revenue / Net Income ($MM)



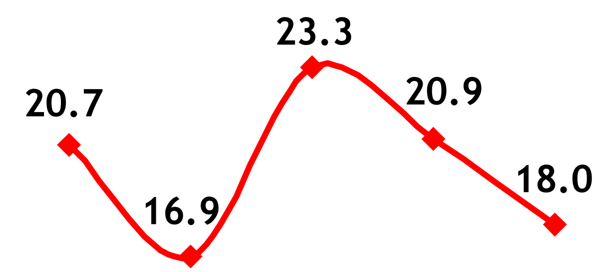
Cash Productivity Ratio (%)



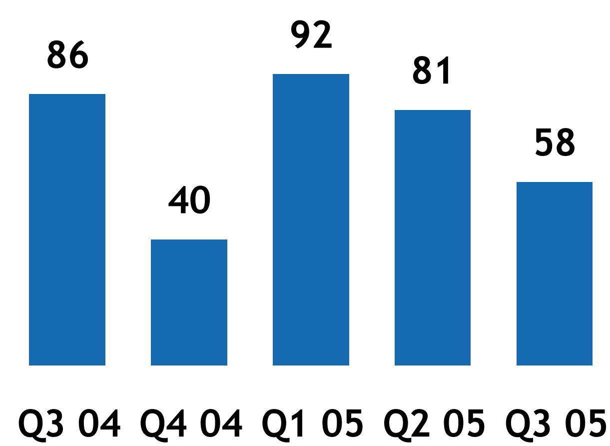
INVESTMENT BANKING GROUP

- Y/Y ROE decreased due to the impact of rising interest rates and stronger Canadian dollar
- U.S. net income declined Y/Y reflecting a very competitive U.S. lending environment and increased cost of client deposits. Trading results helped by increasing interest rates and commodity price volatility. Q/Q U.S. net income declined in part due to mark-to-market gains on credit default swaps in Q2 05
- Results include the following:
  - Q2 05 benefited from VIE gain
  - Q1 05 benefited from adoption of fair value accounting for Merchant Banking investments
  - Q3 04 benefited from recoveries of previously impaired loans

Cash ROE (%)



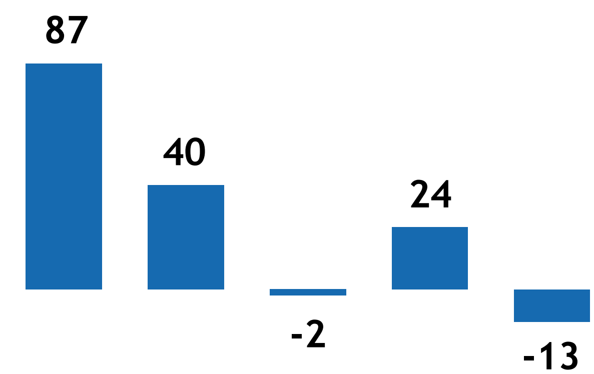
U.S. Net Income ($MM USE)



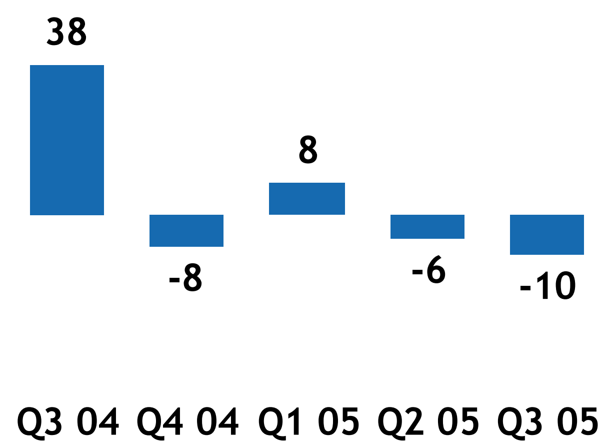
CORPORATE SUPPORT
Including Technology and Solutions

- Net income lower Q/Q due to higher specific PCL and the benefit of the reduction of the general allowance in Q2 05
- Y/Y decline due to lower recovery of credit losses compared to the very favourable credit performance in Q3 04
- U.S. net income declined Y/Y due to higher specific PCL. Q/Q reflects higher specific PCL partially offset by the impact of the litigation provision in Q2 05

Net Income ($MM)



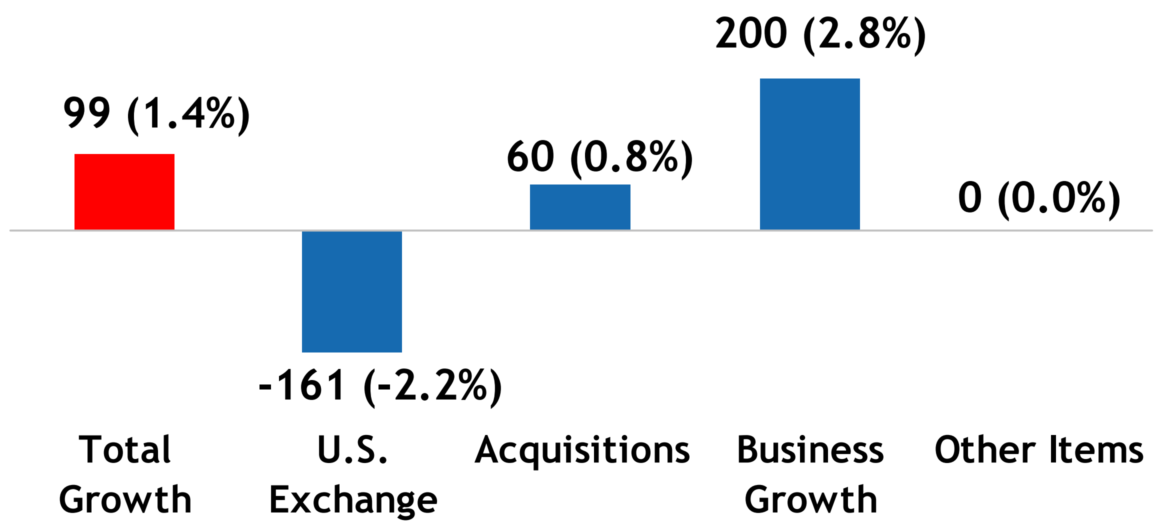
U.S. Net Income ($MM USE)



Appendix

YEAR TO DATE REVENUE GROWTH ($MM)

- Acquisitions include Lakeland, New Lenox and Mercantile in Chicagoland
- Volume growth in P&C businesses and higher card and insurance revenue, together with PCG full-service investing and mutual fund improvement more than offset decline across interest rate sensitive IBG businesses



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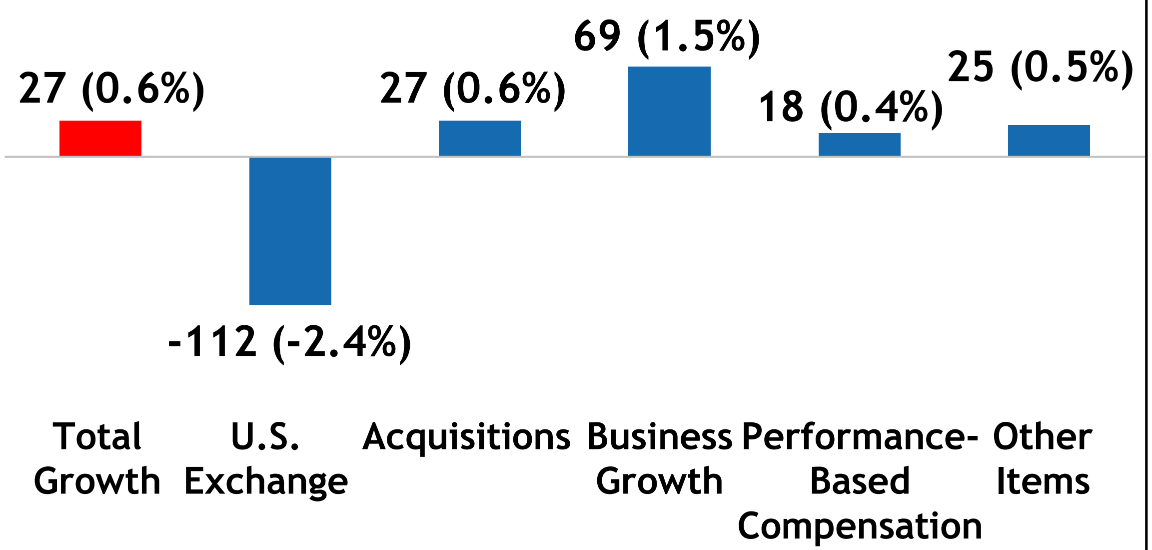
YEAR TO DATE EXPENSE GROWTH ($MM)

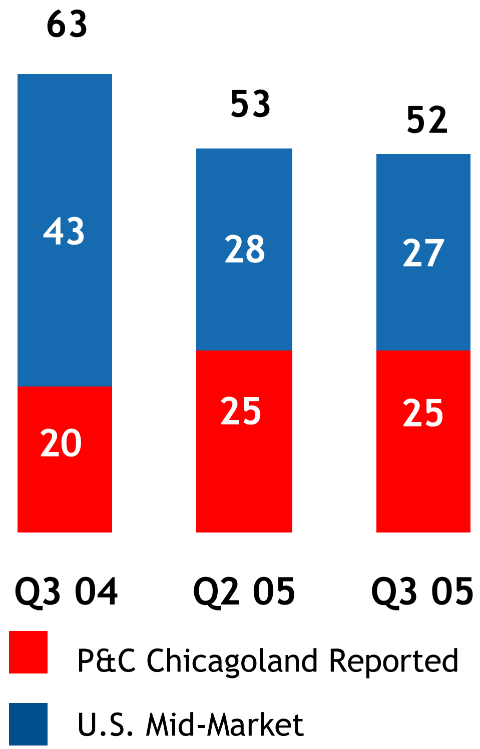
- Acquisitions include Lakeland, New Lenox and Mercantile in Chicagoland
- Expense growth in P&C Chicagoland for branch expansion strategy and charter consolidation, and higher capital taxes in Corporate
- Performance-based compensation increase in P&C Canada and PCG due to earnings growth
- Other items for litigation provision



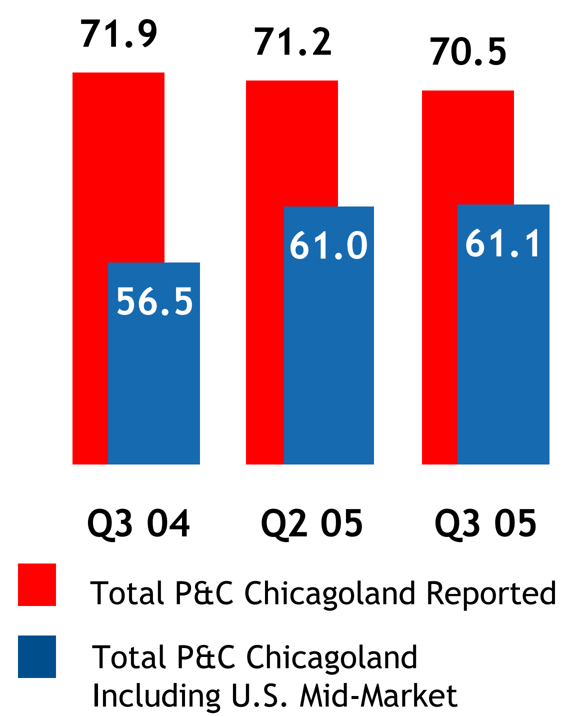
U.S. RETAIL AND MID-MARKET

Operations represent 32% of U.S. revenue and 21% of U.S. expenses in Q3 2005

Net Income ($MM USE)



Cash Productivity Ratio (%)



U.S./CANADIAN EXCHANGE

- No pre-tax earnings benefit Q/Q and $16MM decline Y/Y
- YTD minimal impact of stronger Canadian dollar ($47MM or 1.8% of pre-tax earnings)
- Excluding hedging, a one cent change in the CDN/U.S. exchange rate changes quarterly earnings by approximately $1MM pre-tax

$MM	Q/Q	Y/Y	YTD
Increased (Reduced) Revenue	1	(54)	(161)
Reduced (Increased) Expense	_	39	112
Increased Provision for Credit Losses	–	–	–
Hedging Gains (Losses)	(1)	(1)	2
Total Pre-Tax Impact	**_**	**(16)**	**(47)**

BMO Financial Group

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