Q306

FINANCIAL RESULTS

Investor Community Conference Call

BMO Financial Group

KAREN MAIDMENT
Chief Financial and Administrative Officer
August 22 • 06

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.

Q3 2006 FINANCIAL HIGHLIGHTS

- Record earnings of $710MM, up 30% and EPS of $1.38, up 29%.
- By operating group:
  - P&C record earnings up $69MM Y/Y or 22% driven by strong volume growth North and South of the border, the gain on the MasterCard International IPO and a low effective tax rate
  - PCG earnings up $22MM Y/Y or 35% on broad-based revenue growth, adjusted for the sale of Harris*direct*
  - IBG earnings up $17MM Y/Y or 9% due primarily to higher trading revenue
- $42MM PCL was $31MM lower Y/Y and $24MM lower Q/Q
- Strong capital position with a Tier 1 Capital ratio of 10.07%

EPS Growth	**29%**
ROE	**20.3%**
Specific PCL	**$42MM**
Tier 1 Capital	**10.07%**
Cash Productivity	**61.1%**

Q3 2006 FINANCIAL SUMMARY

Performance Measure	Q3 2006	Q2 2006	Q3 2005
Net Income ($MM)	**710**	651	547
Cash EPS – Diluted ($/share)	**1.40**	1.27	1.10
EPS – Diluted ($/share)	**1.38**	1.25	1.07
Cash Return on Equity (%) *	**20.6**	19.6	17.3
Return on Equity (%) *	**20.3**	19.3	16.8
Revenue Growth – Y/Y (%)	**6.7**	3.0	2.0
Expense Growth – Y/Y (%)	**2.0**	(0.6)	2.4
Cash Productivity Ratio (%)	**61.1**	61.9	63.4
Productivity Ratio (%)	**61.5**	62.3	64.3
PCL/Avg. Loans Accept. (%) *	**0.09**	0.14	0.17
Capital: Tier 1 Capital (%)	**10.07**	10.20	9.41

* Annualized

Q3 2006 GROUP NET INCOME

Group ($MM)	Q3 2006	Q2 2006	Q3 2005
P&C Canada	**345**	259	277
P&C Chicagoland Banking	**31**	27	30
Total P&C	**376**	286	307
IBG	**201**	245	184
PCG	**85**	96	63
Corporate Support	**48**	24	(7)
Total Bank	**710**	651	547

Corporate Support Details

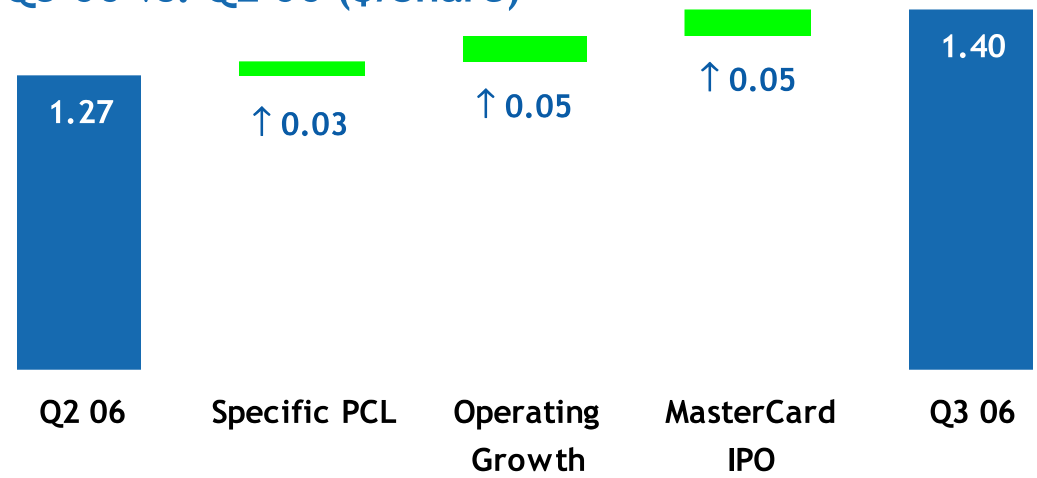
Specific PCL	**42**	26	18
Other Corporate	**6**	(2)	(25)
Total Corporate Support	**48**	24	(7)

CASH EPS GROWTH

Q/Q Earnings Growth Drivers:

- Operating growth driven by P&C Canada with less robust capital markets affecting our wealth management and IBG businesses
- Lower specific PCL

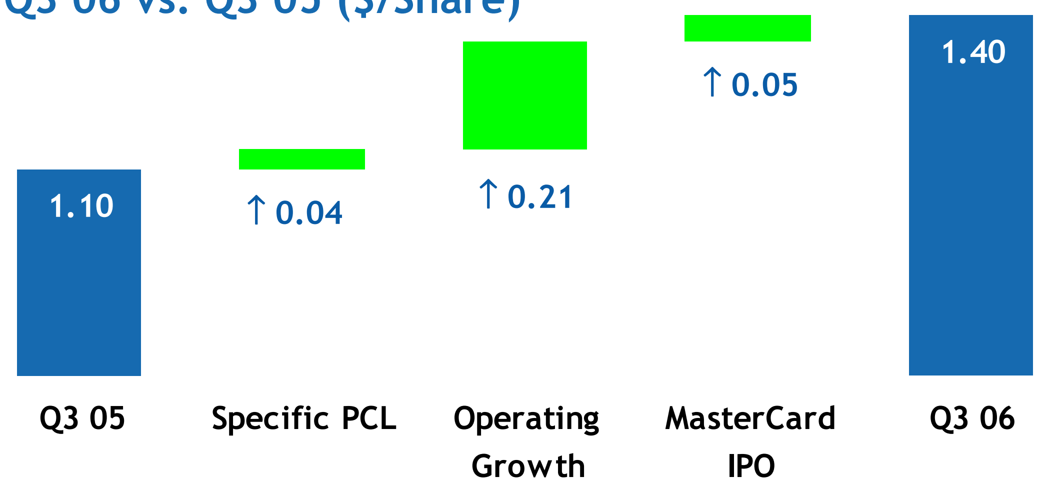
Q3 06 vs. Q2 06 ($/Share)



Y/Y Earnings Growth Drivers:

- Strong net income growth in all operating groups benefiting from robust revenue growth, tax initiatives and recoveries while continuing to invest in our businesses
- Lower specific PCL

Q3 06 vs. Q3 05 ($/Share)



REVENUE GROWTH

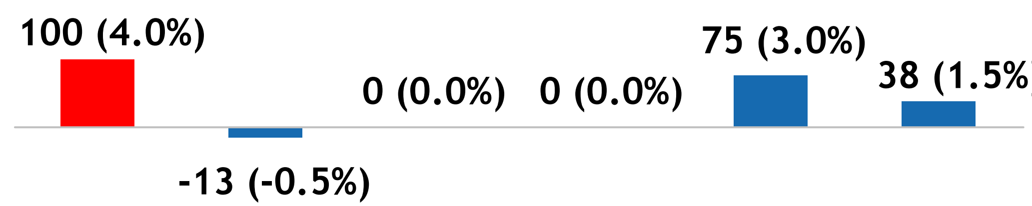
Q/Q

- Business growth due to volume growth, improved net interest margin, higher revenues from cards, securitizations and insurance and three more calendar days in P&C Canada; seasonally lower commission trading revenues partially offset by increased net interest income in PCG; and lower trading revenues, decreased investment securities gains and reduced underwriting revenues, partially offset by increased M&A fees in IBG
- Other Items represent gain on MasterCard IPO

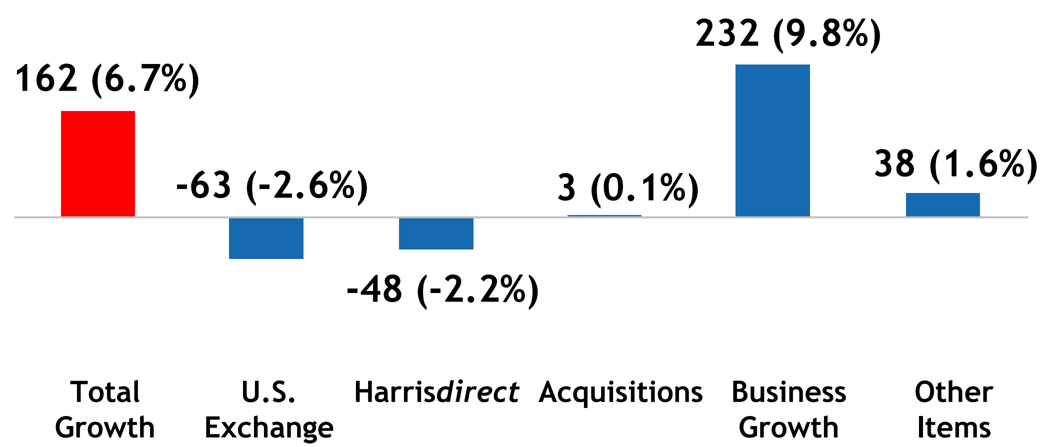
Y/Y

- Business growth driven principally by strong volume growth in personal and commercial products partially offset by lower net interest margin in P&C Canada; broad-based growth in PCG; and higher trading revenue and increased securities commissions and M&A activities in IBG
- Acquisitions include Villa Park
- Other Items represent gain on MasterCard IPO

Q3 06 vs. Q2 06 ($MM)



Q3 06 vs. Q3 05 ($MM)



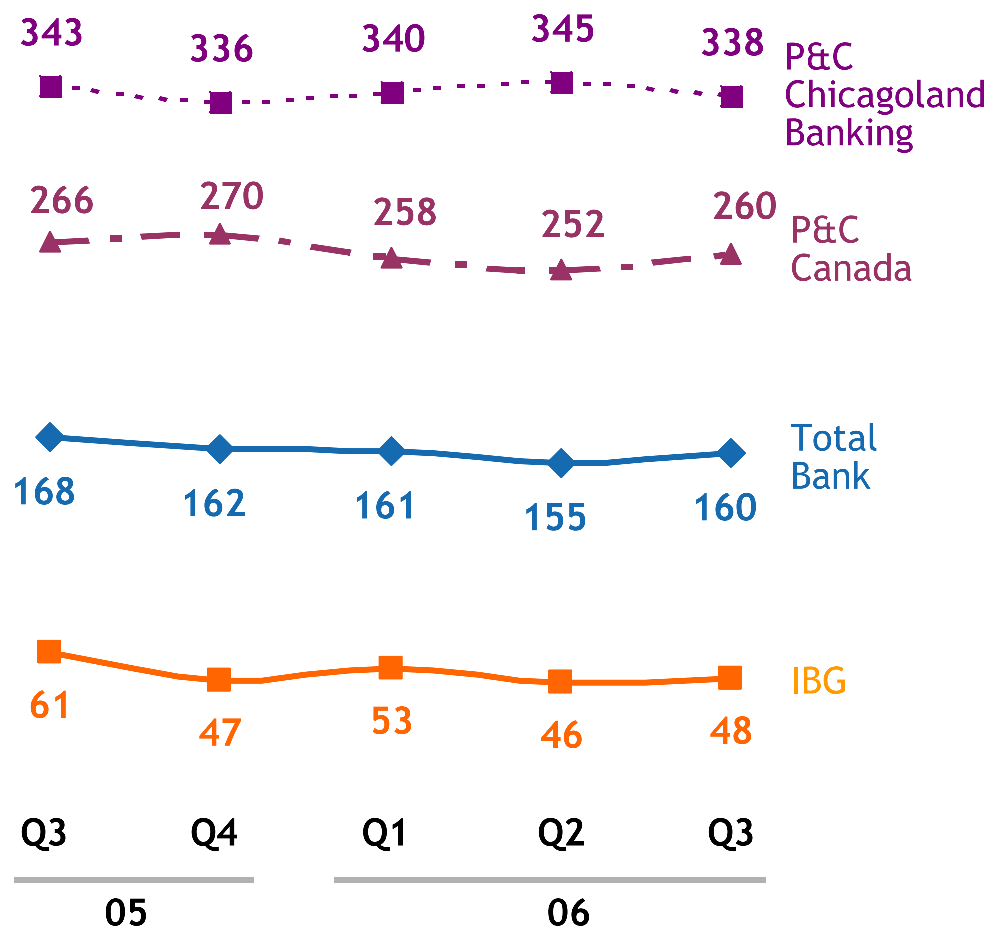
NET INTEREST MARGINS (bps)

Q/Q

- P&C Canada up due to disciplined pricing in certain deposit categories, shifts to higher spread products and increased mortgage refinancing fees as customers transferred from variable to fixed rate mortgages
- IBG margin up on improved trading net interest income and higher cash collections on previously impaired loans
- P&C Chicagoland Banking down as improved spread on deposits was offset by a decrease in loan spreads caused by competitive pressures

Y/Y

- P&C Canada down due to total loans growing faster than deposits, aggressive mortgage pricing and the interest rate environment, mitigated by improved deposit spreads
- IBG margin down due to lower trading net interest income and lower spreads on corporate loans in competitive rate environment in the U.S. and in interest-rate sensitive businesses
- P&C Chicagoland Banking down due to competitive pressures on loan pricing and the impact of lower investment rates earned on longer-term deposits, mitigated by pricing actions in certain deposit categories



EXPENSE GROWTH

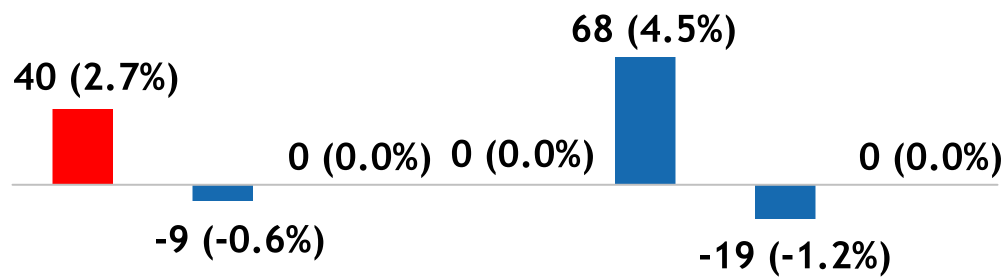
Q/Q

- Business growth due to increased employee-related costs resulting from an expansion of both retail and commercial sales forces and three more calendar days in P&C Canada; increased investment in PCG's sales force; and lower expenses in P&C Chicagoland Banking
- Lower performance-based costs in IBG and PCG

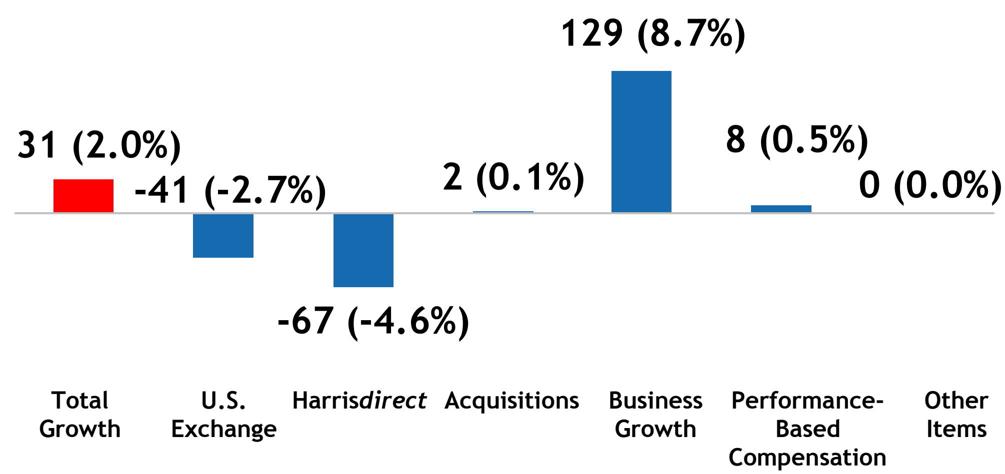
Y/Y

- Business growth primarily due to higher employee-related costs resulting from an expansion of both retail and commercial sales forces and higher marketing costs in P&C Canada; acquisition-related expenses and branch expansion in P&C Chicagoland Banking; and severance costs in IBG
- Acquisitions include Villa Park
- Performance-based compensation increase in PCG consistent with revenue growth in businesses with higher variable costs

Q3 06 vs. Q2 06 ($MM)



Q3 06 vs. Q3 05 ($MM)



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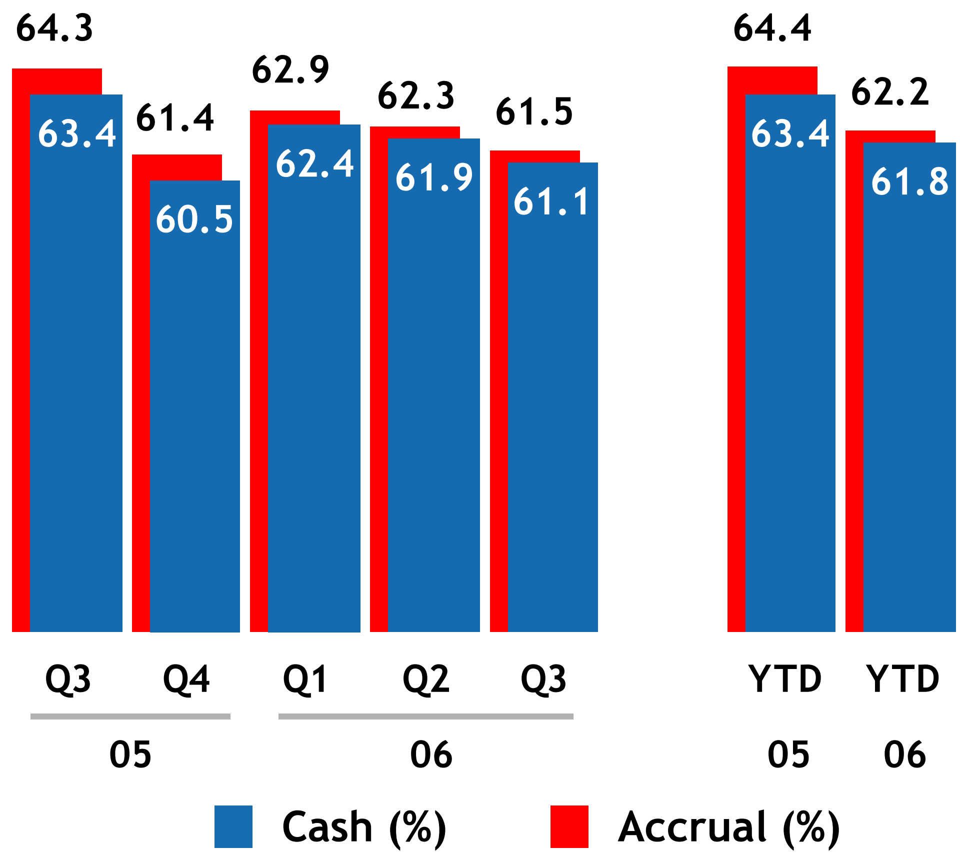
CASH PRODUCTIVITY RATIO

162 bps improvement YTD

- Revenue/expense growth differential of 4.7 percentage points in Q3 06 and 3.6 percentage points on a YTD basis
- Q/Q improvement in the cash productivity ratio of 78 bps and Y/Y improvement of 226 bps

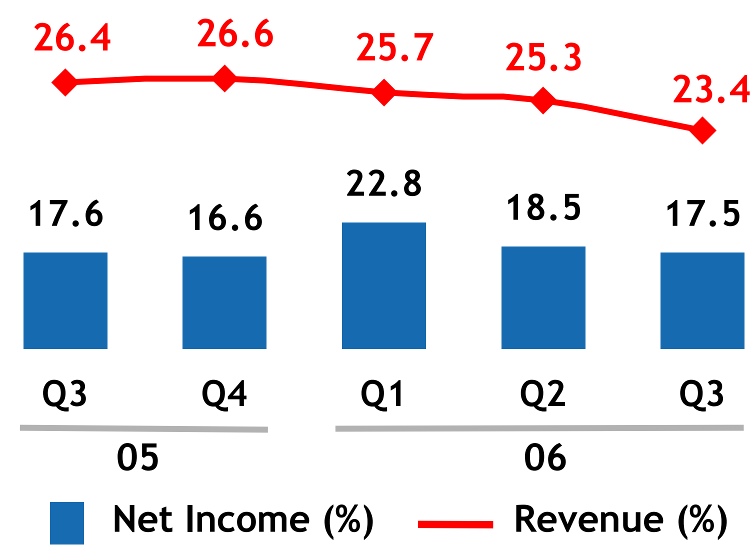


U.S. RESULTS

- Net income from U.S.-based business of US$101MM or 17.5% of North American net income
- Q/Q improvement in P&C Chicagoland Banking on loan and deposit growth and improved deposit spreads partially offset by decreased loan spreads and lower costs
- Q/Q deterioration in IBG mainly as a result of lower trading revenues, investment securities gains and higher expenses offset partially by improved loan fees, commissions, M&A, cash collections and corporate banking assets levels
- Q/Q and Y/Y improvement in Corporate as a result of lower PCL and income taxes partially offset, on a Y/Y basis, by higher expenses in the current quarter

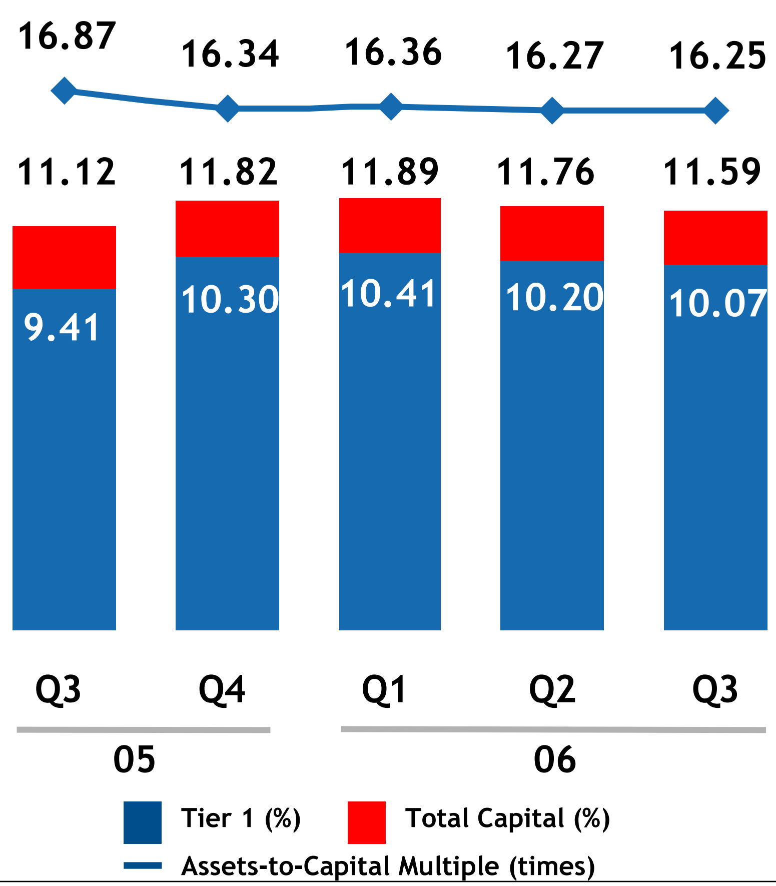
Net Income ($MM US)	Q3 06	Q2 06	Q3 05
P&C	28	24	25
PCG	(2)	1	(7)
IBG	61	79	58
Corporate	14	(5)	(8)
TOTAL	101	99	68

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

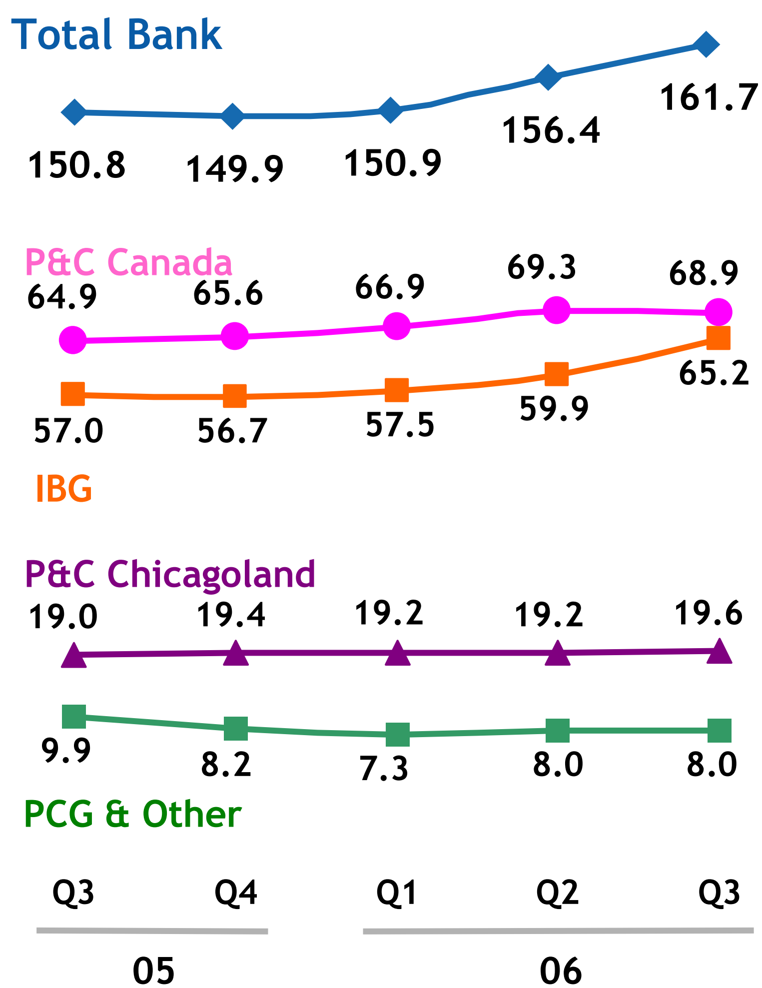


CAPITAL & RISK WEIGHTED ASSETS

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



Risk Weighted Assets ($B)



FISCAL 2006 TARGETS – ON TRACK

Performance Measure	YTD Q3 2006	F2006 Target
EPS Growth[1] (base of $4.58[2])	15%	5%-10%
Specific Provision for Credit Losses	$160MM	$400MM or less *Revised to:* $250MM or less
Cash Productivity Ratio	162 bps improvement	100-150 bps improvement
Return On Equity	19.2%	17%-19%
Tier 1 Capital Ratio	10.07%	Minimum 8%

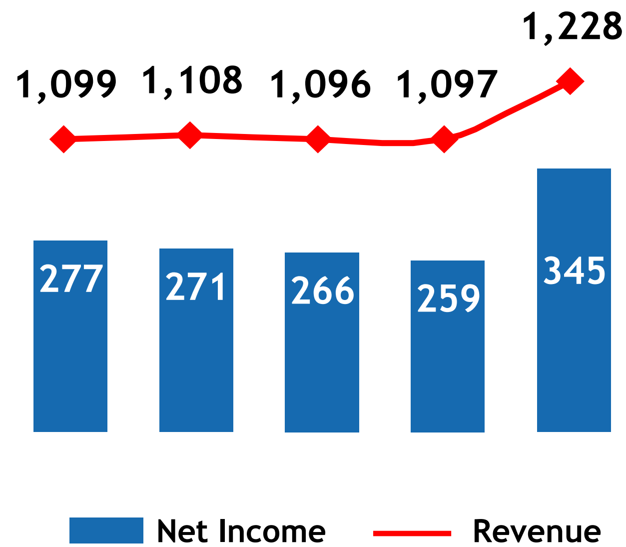
[1] Excluding changes in the general allowance
[2] Restated from $4.59 due to the retroactive application of a change in accounting policy for stock-based compensation

Appendix

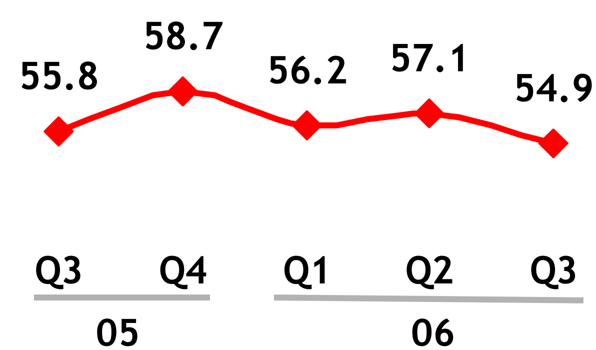
P&C CANADA

- Q/Q net income growth driven by strong revenue growth, a lower effective tax rate, partially offset by increased costs
- Y/Y net income growth was moderated by lower net interest margins and higher provision for credit losses
- Strong revenue growth was driven by MasterCard IPO and volume growth across most products. Q/Q, days and higher net margins also contributed to the increase. Y/Y revenue was partially offset by lower margins
- Q/Q and Y/Y expense growth due to an expanded workforce and project initiatives
- Net interest margin increased Q/Q due to disciplined pricing in certain deposit categories, shifts to higher spread products and increased mortgage refinancing fees as customers transferred from variable to fixed rate mortgages. Y/Y margins decreased due to total loans growing faster than deposits, aggressive mortgage pricing in a competitive market and the interest rate environment. The rising interest rates caused narrower spreads on variable rates mortgage and loan products, mitigated by improved deposit spread

Revenue / Net Income ($MM)

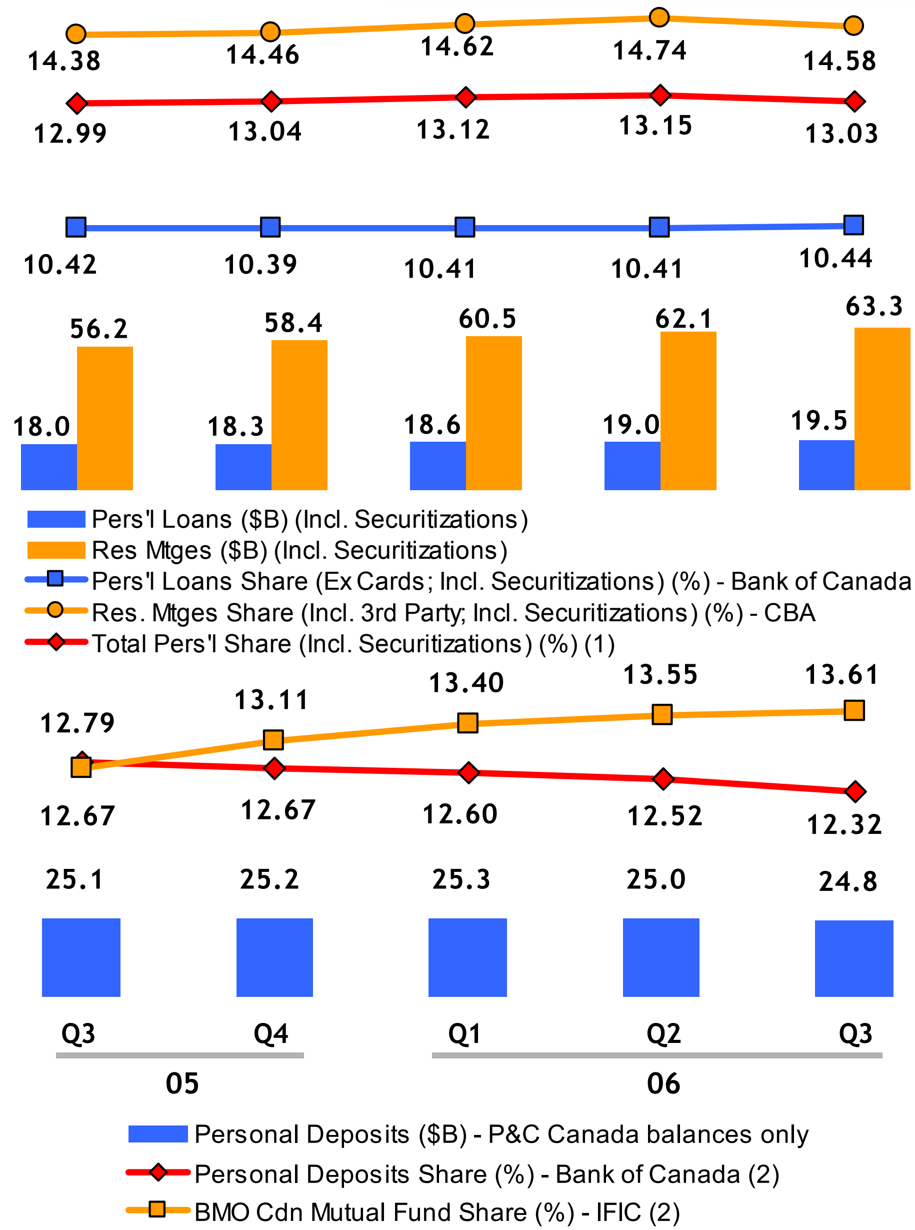


Cash Productivity Ratio (%)



P&C CANADA – Personal Banking

- Q/Q personal market share declined due to a decline in residential mortgages and PRS deposits partially offset by an increase in mutual funds. Residential mortgage growth and personal loan growth remain strong
- Y/Y personal market share was higher by 4 bps due to strong growth in mutual funds and residential mortgages offset by declines in personal deposits



Notes

Personal share statistics are issued on a one-month lag basis. (Q3 06: June 2006)

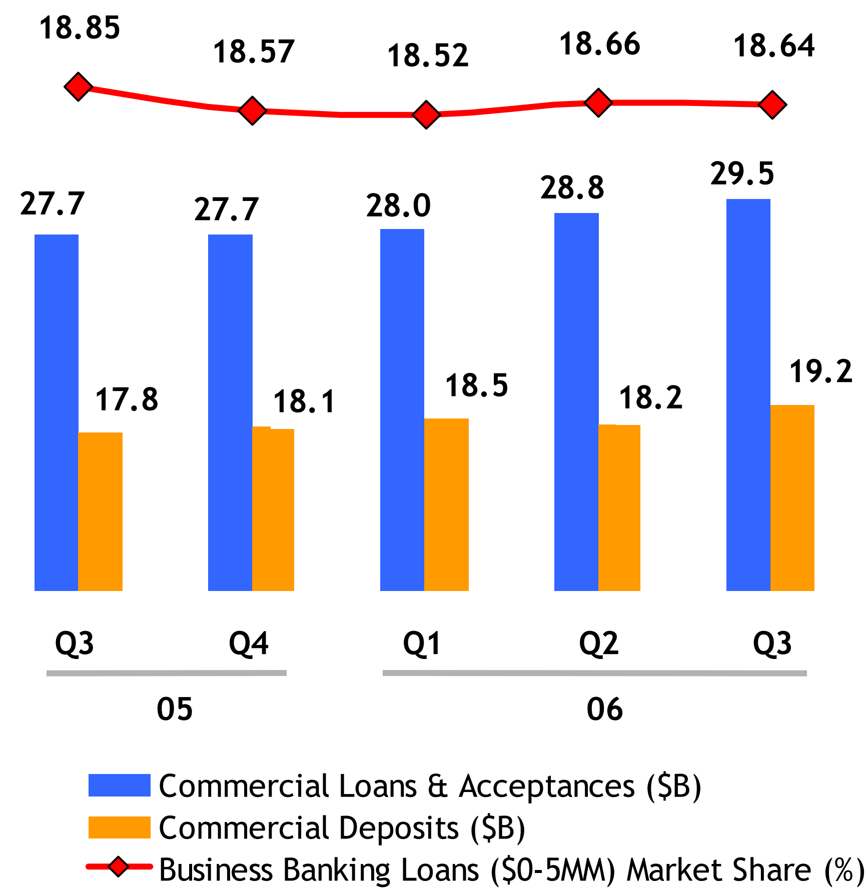
Market share trends versus all FIs are consistent with the bank's

(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 21 bps to 18.64%. Q/Q market share declined 2 bps with the strongest performance in the upper half of the market share category. Recent introduction of simplified product offerings and the expansion in the front-line sales force will provide more opportunities to serve this customer segment
- Commercial loan balance growth remains strong



Notes

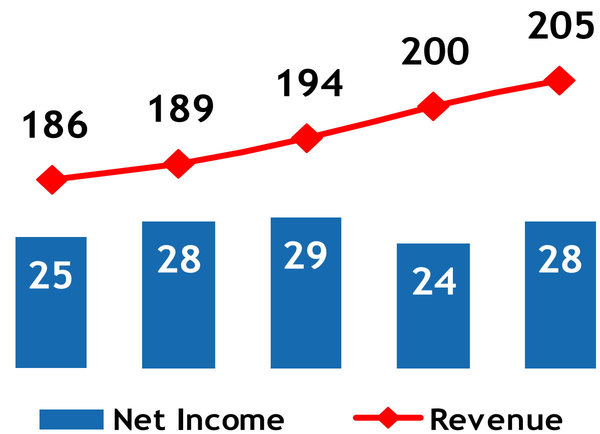
Business loans (Banks) are issued by CBA on a one calendar quarter lag basis. (Q3 06: March 2006)

Market share restated to reflect the latest CBA data

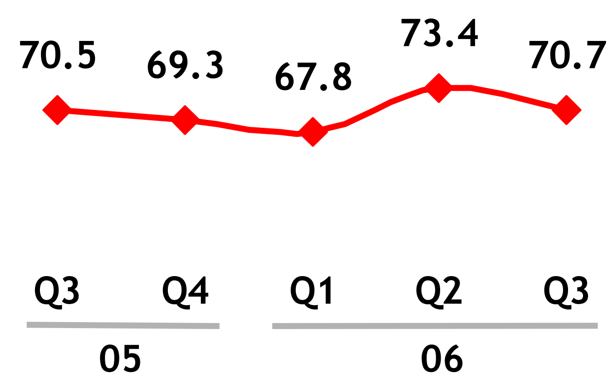
P&C CHICAGOLAND BANKING

- Revenue increased 3% Q/Q and 10% Y/Y, driven by continued strong loan growth, acquisitions, new branches and improved spread on deposits
- Loan volume continues to show strong growth despite a highly competitive market place; lower loan spreads reflect heightened competition
- Q/Q net income improvement was driven by increased revenue and lower expenses
- Cash productivity improved 270 bps Q/Q as a result of higher expenses in Q2; Y/Y cash productivity was essentially flat
- One time acquisition related costs increased US$4MM Y/Y and US$10MM YTD. Excluding these costs, cash productivity improved 186 bps Y/Y and 112 bps YTD

Revenue / Net Income ($MM US)



Cash Productivity Ratio (%)



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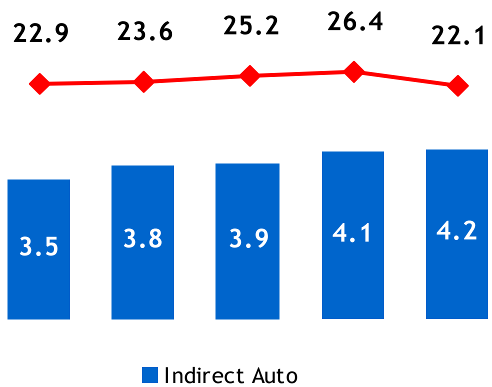
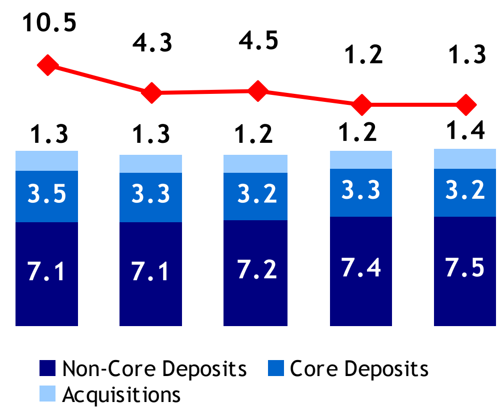
P&C CHICAGOLAND BANKING – Consumer

Consumer loans continue to show strong growth

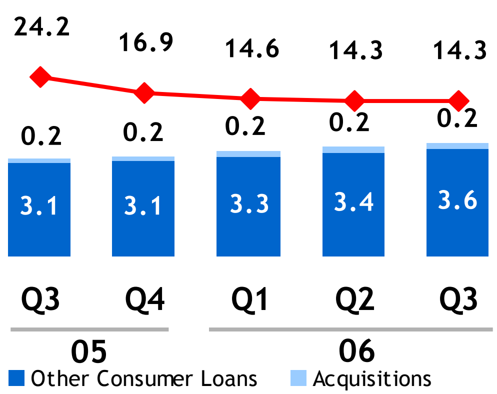
Indirect Auto



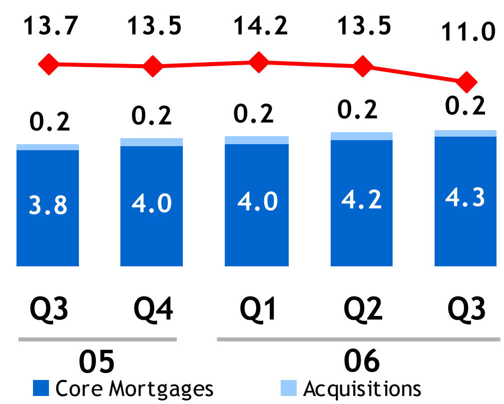
Deposits *



Other Consumer Loans *



Mortgages *



Y/Y Growth (%)

Volume ($B US)

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

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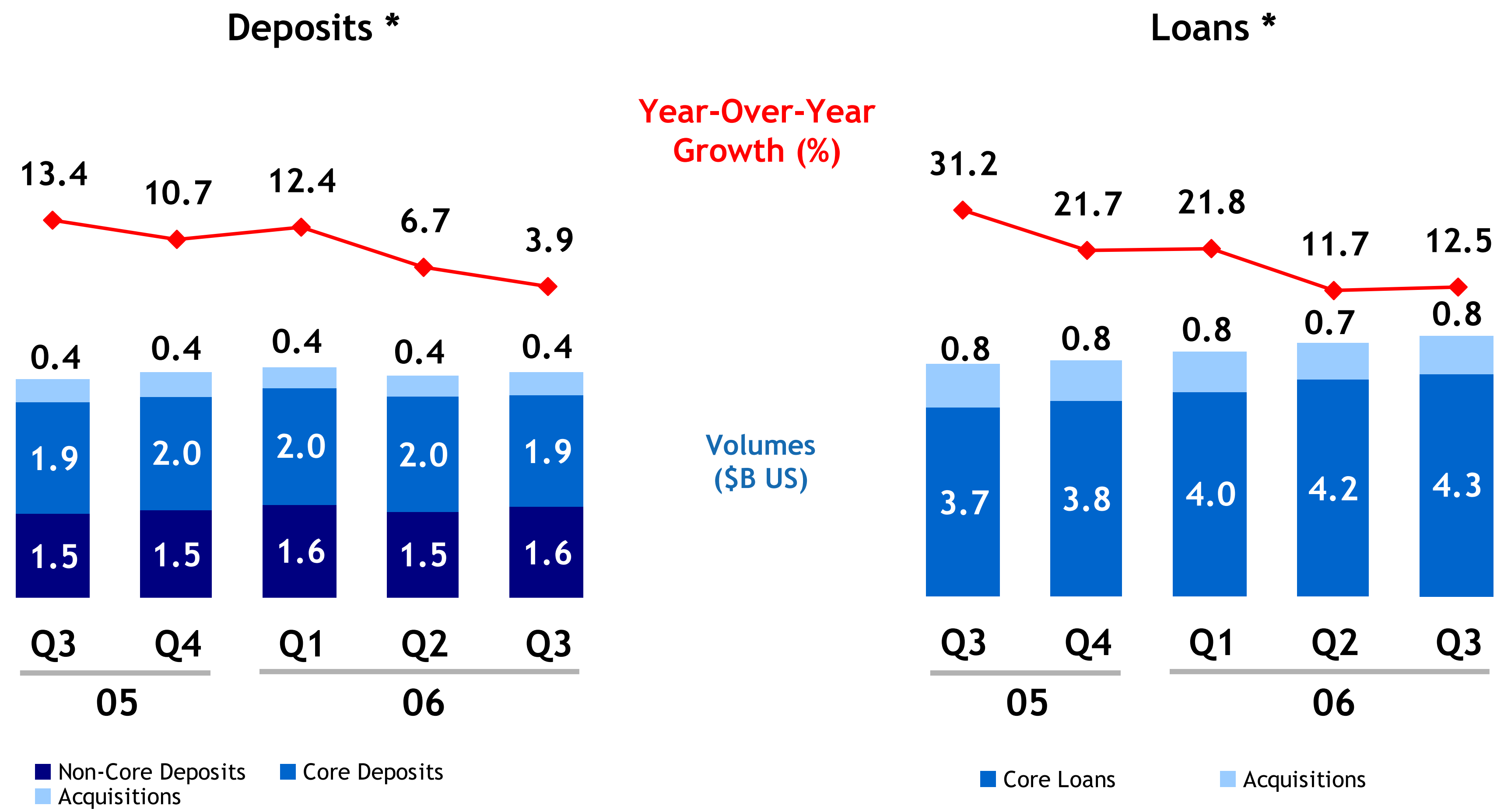
P&C CHICAGOLAND BANKING – Commercial

Commercial loans continue to grow despite heavy competition

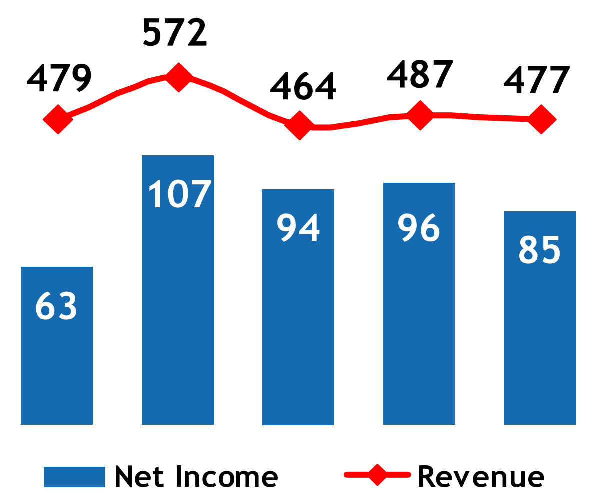


* Acquisitions include Lakeland, New Lenox, and Mercantile

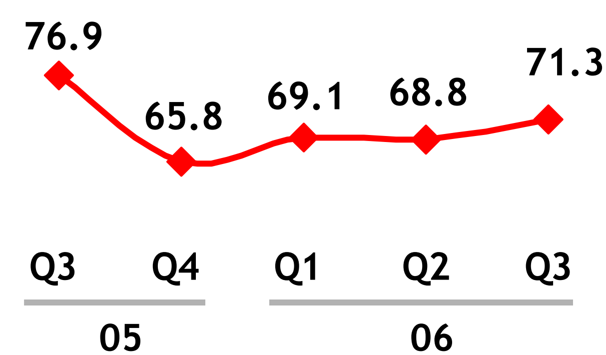
PRIVATE CLIENT GROUP

- Net income increased 35% Y/Y or 13% excluding Harris*direct*, achieved through focus on revenue growth
- Revenue decreased 2% Q/Q due primarily to seasonally lower commission revenue and softer market conditions
- Revenue increased 13% Y/Y (excluding Harris*direct* and F/X) from growth across all lines of business
- Cash productivity deteriorated 242 bps Q/Q due primarily to investment in our sales force. Y/Y cash productivity improved 562 bps or 125 bps excluding Harris*direct,* on strong revenue growth

Revenue / Net Income ($MM)



Cash Productivity Ratio (%)



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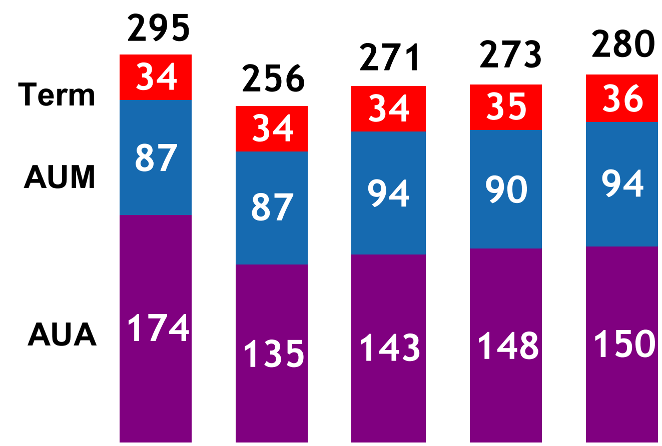
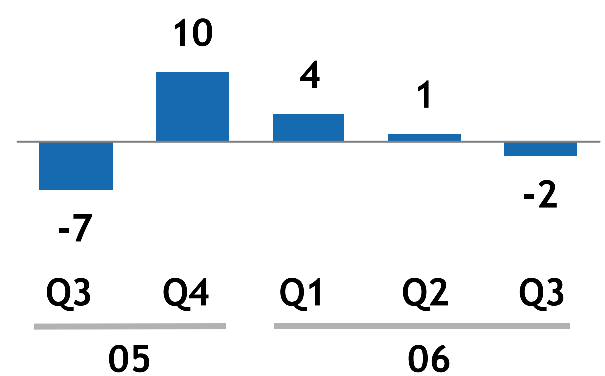
PRIVATE CLIENT GROUP

- Assets under management and administration, including term deposits, grew 13% Y/Y (adjusted for the sale of Harris*direct* and F/X impact):
  - Assets under management grew 17%
  - Assets under administration grew 13%
  - Term deposits grew 5%
- Y/Y U.S. net income improved due to growth in private banking and the impact of the Harris*direct* sale
- Q4 05 included the US$15MM after-tax gain on sale of Harris*direct*

AUA / AUM ($B)



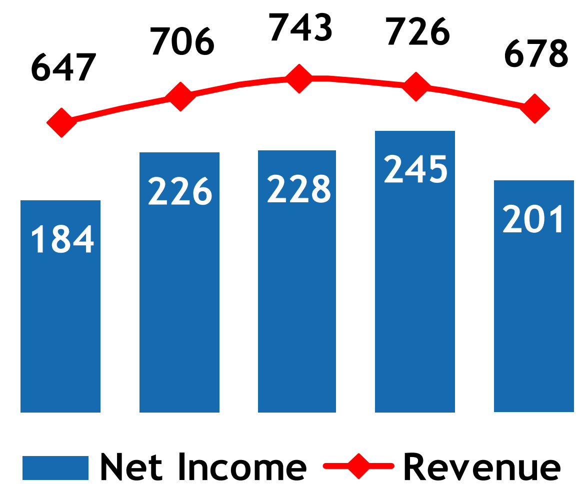
U.S. Net Income ($MM US)



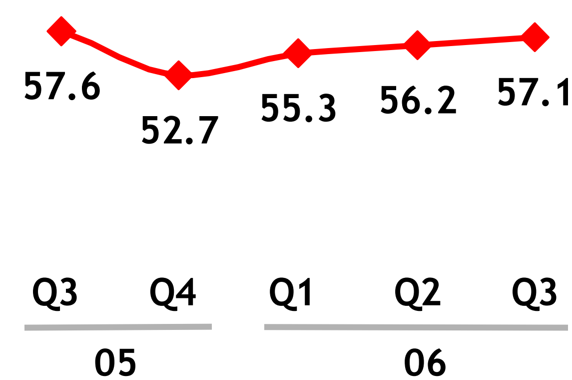
INVESTMENT BANKING GROUP

- Revenues decreased Q/Q due to lower equity and debt underwriting, trading revenues and investment securities gains offset partially by higher lending fees, M&A and cash collections on previously impaired loans
- Revenues increased Y/Y due to higher trading revenues, commissions, cash collections on previously impaired loans and improved corporate banking assets levels. This was offset partially by lower spreads, investment securities gains and equity and debt underwriting activity
- Productivity improved Y/Y driven by higher revenues offset partially by higher severance costs. A shift in business mix to revenues with higher associated variable costs reduced the Y/Y productivity improvement

Revenue / Net Income ($MM)



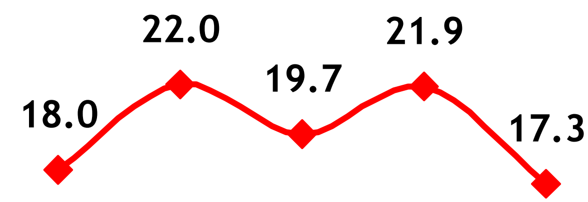
Cash Productivity Ratio (%)



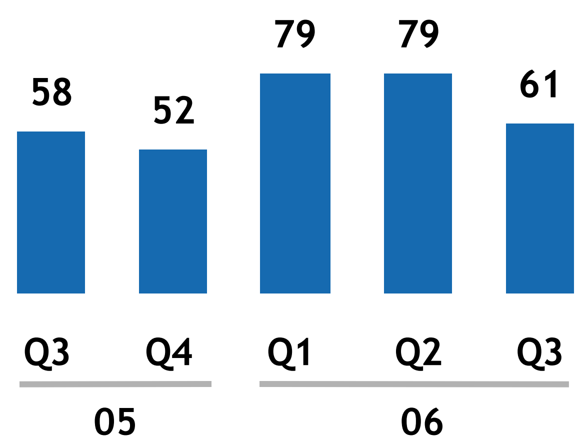
INVESTMENT BANKING GROUP

- Cash ROE declined Q/Q due primarily to weaker capital markets which resulted in lower revenues. Cash ROE consistent Y/Y despite the negative impact of a stronger Canadian dollar and rising interest rates
- Q/Q decline in U.S. results mainly as a result of lower trading revenues, investment securities gains and higher expenses offset partially by improved loan fees, commissions, M&A, cash collections and corporate banking assets levels
- Y/Y improvement in U.S. results due to higher trading revenues, commissions, cash collections on previously impaired loans, debt underwriting and improved corporate banking assets levels offset partially by lower spreads. There were also decreased investment securities gains and higher expenses

Cash ROE (%)

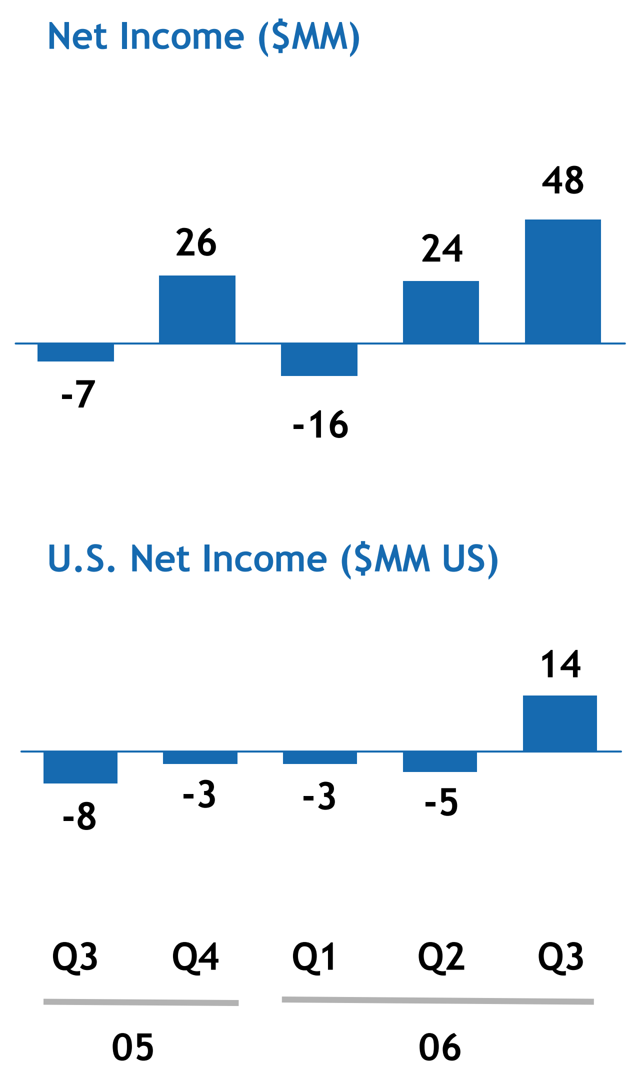


U.S. Net Income ($MM US)



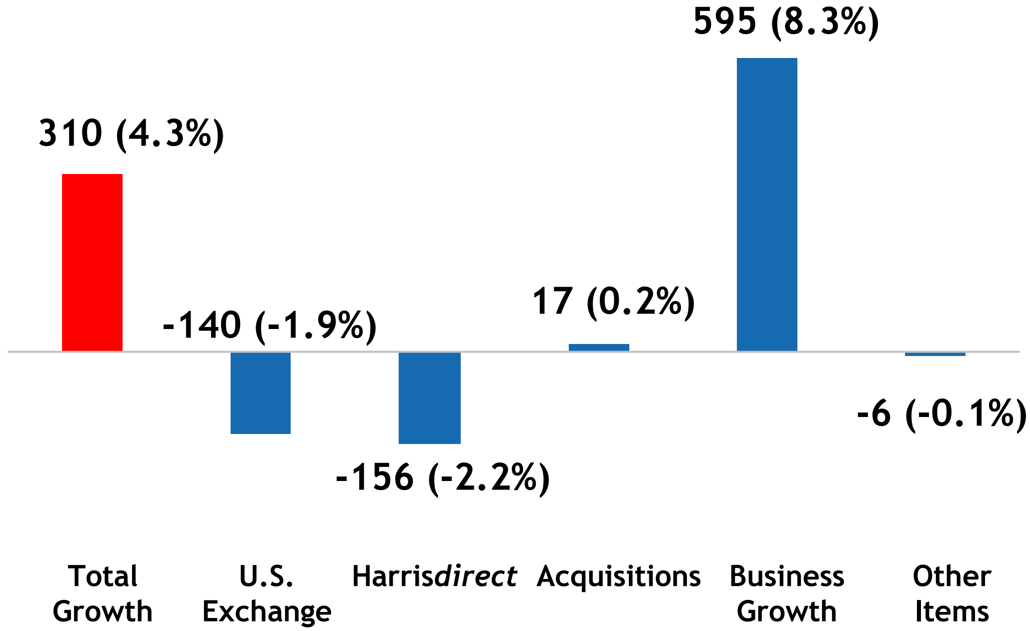
CORPORATE SUPPORT
Including Technology and Solutions

- Net income increased $24MM Q/Q due to improved revenues and a reduced PCL, partially offset by increased costs
- Y/Y net income increased $55MM due to reductions in PCL and income taxes
- U.S. net income up Q/Q and Y/Y on lower PCL and income taxes partially offset, on a Y/Y basis, partially offset by higher expenses in the current quarter



ANNUAL REVENUE GROWTH ($MM)

- Business growth driven principally by strong volume growth in personal and commercial products partially offset by lower net interest margin in P&C Canada; broad-based growth in PCG; and higher trading revenue and increased securities commissions and M&A activities in IBG
- Acquisitions include Villa Park and Mercantile
- Other items represent the Q2 05 IBG gain on restructuring of VIEs partially offset by the P&C Canada gain on MasterCard IPO



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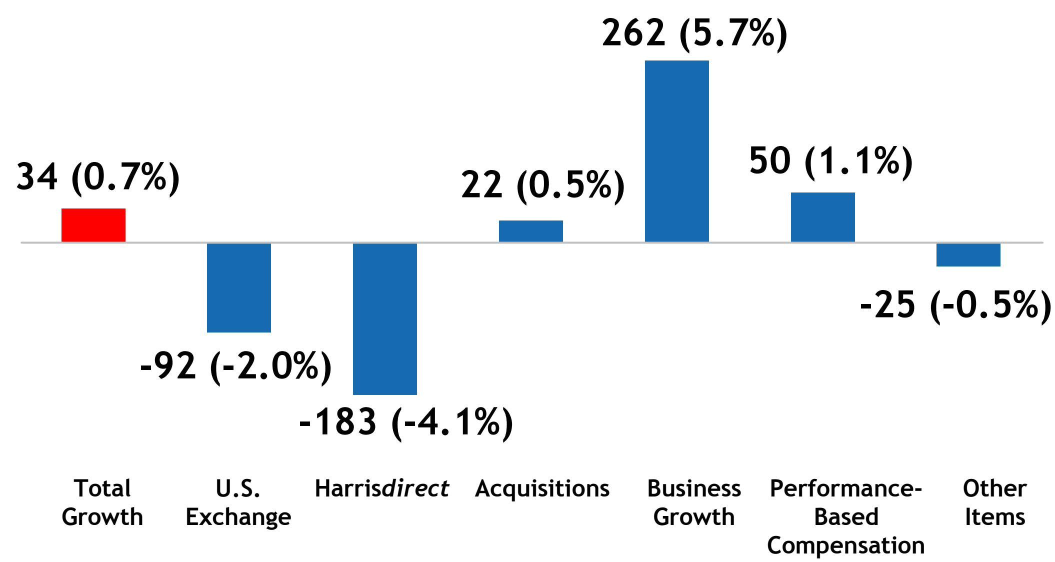
ANNUAL EXPENSE GROWTH ($MM)

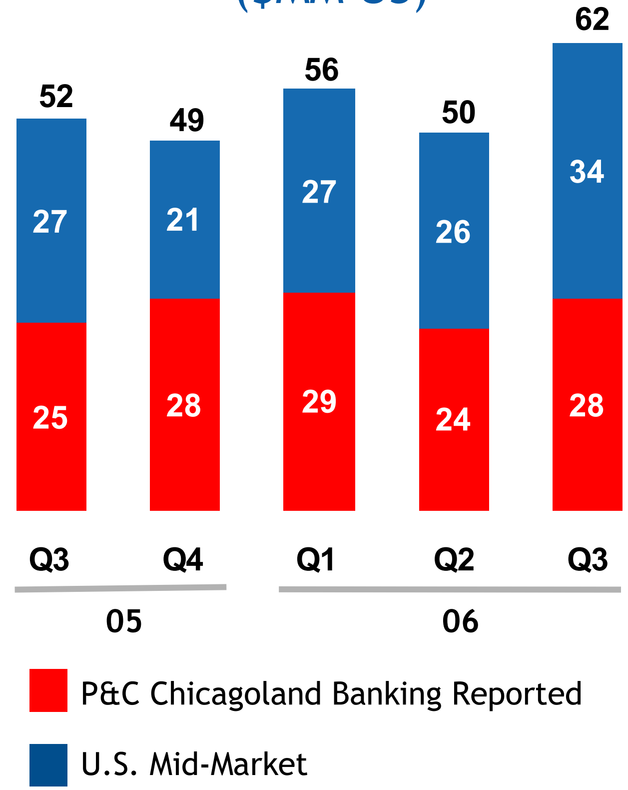
- Business growth primarily due to higher employee-related costs resulting from an expansion of both retail and commercial sales forces and higher marketing costs in P&C Canada; acquisition-related expenses and branch expansion in P&C Chicagoland Banking; and severance costs in IBG
- Acquisitions include 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 Corporate Support litigation provision



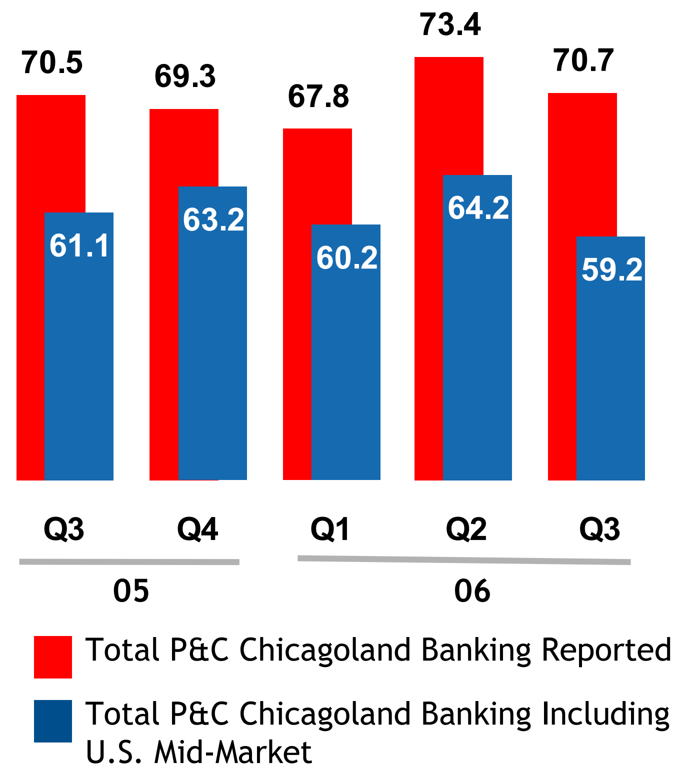
U.S. RETAIL AND MID-MARKET

Operations represent 32% of U.S. revenue and 18% of U.S. expenses in Q3 06

Net Income ($MM US)



Cash Productivity Ratio (%)



U.S./CANADIAN EXCHANGE

- $5MM pre-tax earnings decline Q/Q and $21MM 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	(13)	(63)
Reduced (Increased) Expense	9	41
Reduced (Increased) Provision for Credit Losses	1	3
Hedging Gains (Losses)	(2)	(2)
Total Pre - Tax Impact - Gain (Loss)	**(5)**	**(21)**

Accounting Policy Change – Stock-based compensation

- Adopted in Q3 06, on a retroactive basis, CICA's new accounting requirements on stock-based compensation
- Although immaterial to our results on an annual basis, this changes the related amount of compensation expense recorded each quarter by shifting a portion of the expense to the first quarter, when most of the stock compensation awards are granted, and reducing the expense in the other quarters of the year
- Impact of the change on F2006 quarterly results is as follows:

Increase/(Decrease) in $MM, except Diluted EPS, in $	Q1 2006	Q2 2006	Q3 2006	YTD 2006
Compensation Expense	35	(11)	(11)	13
Net Income	(24)	7	8	9
Diluted EPS	(0.05)	0.01	0.02	(0.02)

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

BMO Financial Group

www.bmo.com/investorrelations