



**Q3 06**

## **STRATEGIC OVERVIEW**

Investor Community Conference Call



TONY COMPER  
President & Chief Executive 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.



## NET INCOME GROWS 30% TO A RECORD \$710 MILLION

Performance Measure	Q3 2006	Q3 2005
Net Income	\$710 MM	\$547 MM
Cash Net Income	\$719 MM	\$564 MM
EPS	\$1.38	\$1.07
Cash EPS	\$1.40	\$1.10
Cash Productivity	61.1%	63.4%
Return on Equity	20.3%	16.8%



## SOLIDLY ON TRACK TO ACHIEVE ANNUAL TARGETS

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

<sup>1</sup> Excluding changes in the general allowance

<sup>2</sup> Restated from \$4.59 due to the retroactive application of a change in accounting policy for stock-based compensation



## STRATEGIC HIGHLIGHTS

- P&C Canada and Chicagoland Banking
  - ▶ Announced bcpbank acquisition in GTA
  - ▶ Future expansion in Canadian high growth markets such as Alberta and B.C.
  - ▶ Future expansion in U.S. with goal to become leading P&C Bank in the U.S. Midwest
- Leadership changes position BMO well for future growth
- BMO's presence in China increased





Q3 06

## OPERATIONS OVERVIEW

Investor Community Conference Call



BILL DOWNE  
Chief Operating 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.

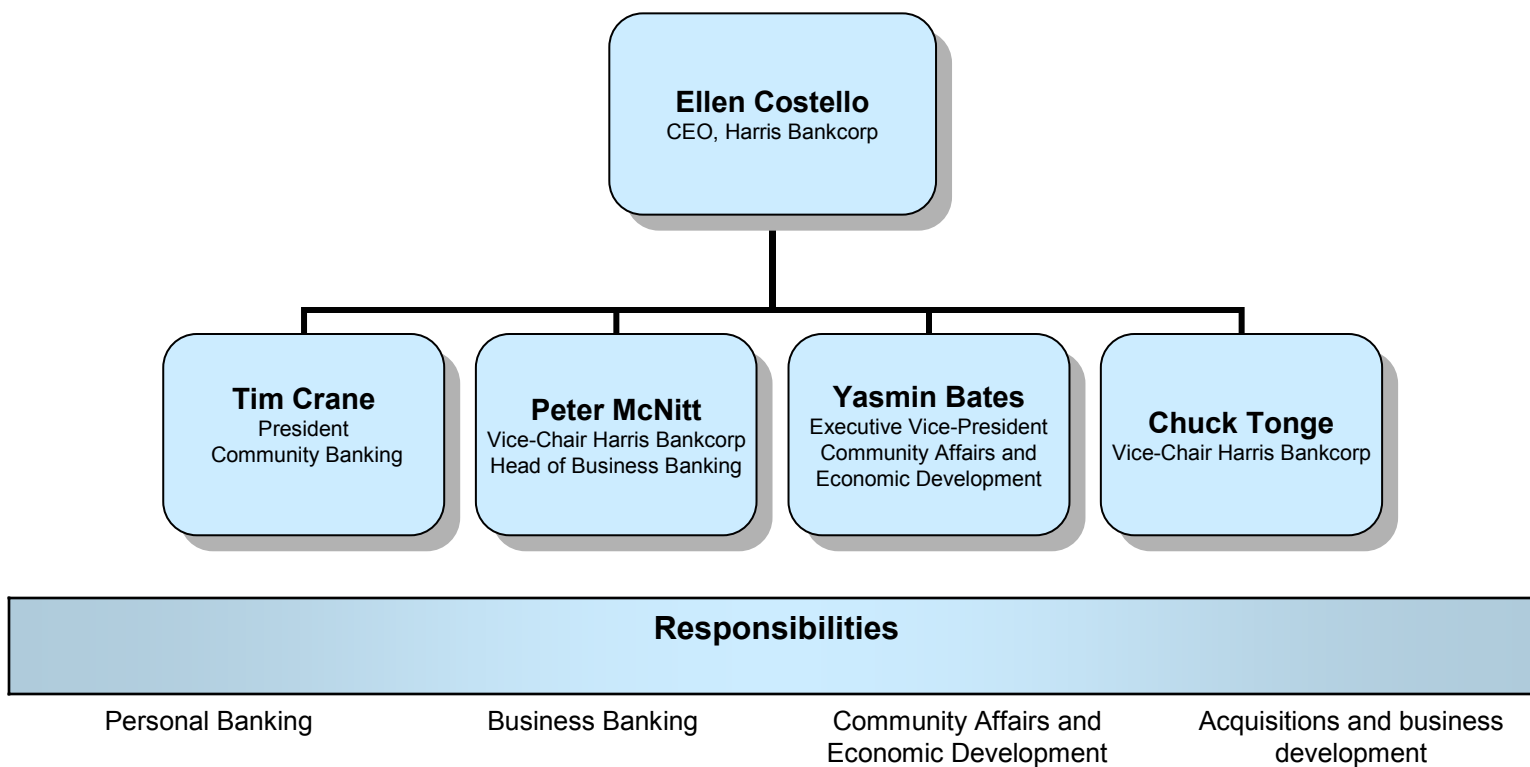
The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition in the 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.



# ORGANIZATION CHANGES IN P&C CHICAGOLAND BANKING







## INVESTING IN OUR BUSINESS

### ○ P&C Canada

- ▶ Over 1,000 FTE hired since Q4 05 largely comprised of front line staff
- ▶ More than 1,000 ABMs and 85% of the branches refreshed

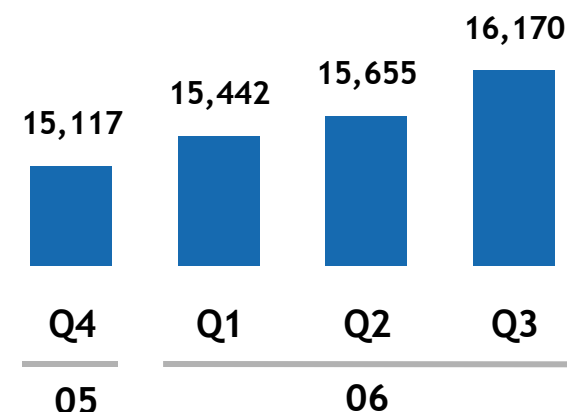
### ○ P&C Chicagoland Banking

- ▶ Acquisition Integration - by end of August all recent acquisitions will be on the same platform
- ▶ Branch technology platform initiative to replace current branch infrastructure and retail branch teller system to be complete by end of F06

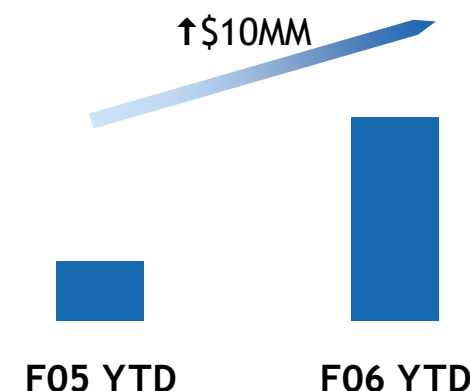
### ○ PCG

- ▶ Increased investment in sales force

FTE in P&C Canada



One-time Acquisition Related Costs in P&C Chicagoland Banking (US \$MM)





## INVESTOR RELATIONS • CONTACT INFORMATION

**Viki Lazaris**

*Senior Vice President*

(416) 867-6656

[viki.lazaris@bmo.com](mailto:viki.lazaris@bmo.com)

**Steven Bonin**

*Director*

(416) 867-5452

[steven.bonin@bmo.com](mailto:steven.bonin@bmo.com)

**Krista White**

*Senior Manager*

(416) 867-7019

[krista.white@bmo.com](mailto:krista.white@bmo.com)

**FAX:** (416) 867-3367

**E-mail:** [investor.relations@bmo.com](mailto:investor.relations@bmo.com)

[www.bmo.com/investorrelations](http://www.bmo.com/investorrelations)

