



Q4 06

STRATEGIC OVERVIEW

Investor Community Conference Call

BMO  **Financial Group**

TONY COMPER
President & Chief Executive Officer
November 28 • 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 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 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 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, 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, 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 performance of the Canadian and U.S. economies in 2007 and how that will affect our businesses are material factors we consider when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions include that the Canadian and U.S. economies will expand at a moderate pace in 2007 and that inflation will remain low. We have also assumed that interest rates in 2007 will remain little changed in Canada but decline in the United States and that the Canadian dollar will hold onto its recent gains in value relative to the U.S. dollar. 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.



FOUR CONSECUTIVE YEARS OF RECORD RESULTS

Performance Measure	F2006	F2005	Q4 2006	Q4 2005
Net Income	\$2,663 MM	\$2,396 MM	\$696 MM	\$664 MM
Cash Net Income	\$2,699 MM	\$2,470 MM	\$705 MM	\$681 MM
EPS	\$5.15	\$4.63	\$1.35	\$1.28
Cash EPS	\$5.23	\$4.78	\$1.37	\$1.32
Cash Productivity	62.4%	62.6%	64.2%	60.5%
Return on Equity	19.2%	18.8%	19.4%	20.0%



2006 ANNUAL TARGETS

Performance Measure	F2006 Target	Target Met	F2006 Performance
EPS Growth ¹ (base of \$4.58 ²)	5 - 10%	✓	11.6%
Specific Provision for Credit Losses	\$400 MM or less <i>Now revised to:</i> \$250 MM or less	✓	\$211 MM
Cash Productivity Ratio	100 - 150 bps improvement	✗	25 bps improvement
Return On Equity	17 - 19%	✓	19.2%
Tier 1 Capital	Minimum 8%	✓	10.22%

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



FISCAL 2006 HIGHLIGHTS

- P&C Canada
 - ▶ Increased front line service staff, technology refresh
 - ▶ Announced intention to acquire bcpbank Canada
- P&C U.S.
 - ▶ Completed deployment of HarrisConnect technology
 - ▶ Announced intention to acquire First National Bank & Trust
- PCG
 - ▶ Launched Regeneration campaign
- IBG
 - ▶ Unified our operations under BMO Capital Markets and expanded our presence in China



TRACK RECORD FOR SHAREHOLDER VALUE CREATION

- 1-year Total Shareholder Return just over 24%
- Announced dividend increase of \$0.03 per share
 - ▶ Up 33% Y/Y
 - ▶ Annualized dividend of \$0.65 represents approximately 50% of F2006 net income available to common shareholders
- Dividend payout range increased to industry-leading 45 – 55% during the year

Quarterly Dividends Declared Per Share (\$)





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