

# Investor Presentation

For the Quarter Ended – January 31, 2015

February 24, 2015



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# Q1|15

# Forward looking statements & non-GAAP measures

## 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 2015 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, U.S. and international 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 and market conditions in the countries in which we operate; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal or economic policy; the degree of competition in the geographic and business areas in which we operate; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance; 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, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks; changes to our credit ratings; general political conditions; global capital markets activities; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes; and our ability to anticipate and effectively manage risks associated with all of the foregoing factors.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect our results. For more information, please see the Enterprise-Wide Risk Management section on pages 77 to 105 of BMO's 2014 Annual MD&A, which outlines in detail certain key factors and risks that may affect Bank of Montreal'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 and risks, 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 statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the level of default and losses on default were material factors we considered when establishing our expectations regarding the future performance of the transactions into which our credit protection vehicle has entered. Among the key assumptions were that the level of default and losses on default would be consistent with historical experience. Material factors that were taken into account when establishing our expectations regarding the risk of future credit losses in our credit protection vehicle and risk of loss to Bank of Montreal included industry diversification in the portfolio, initial credit quality by portfolio, the first-loss protection incorporated into the structure and the hedges into which Bank of Montreal has entered.

Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on our business, are material factors we consider when determining our strategic priorities, objectives and expectations for our business. 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. See the Economic Review and Outlook section of our First Quarter 2015 Report to Shareholders.

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## Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies. Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in Bank of Montreal's First Quarter 2015 Report to Shareholders and BMO's 2014 Annual Report, all of which are available on our website at [www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

Examples of non-GAAP amounts or measures include: efficiency and leverage ratios; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes; adjusted net income, revenues, non-interest expenses, earnings per share, effective tax rate, ROE, efficiency ratio and other adjusted measures which exclude the impact of certain items such as, acquisition integration costs, amortization of acquisition-related intangibles assets and decrease (increase) in collective allowance for credit losses.

Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

# Strategic Highlights

For the Quarter Ended – January 31, 2015

February 24, 2015

Bill Downe  
Chief Executive Officer

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# Q1 2015 Financial Highlights

Solid underlying operating group performance

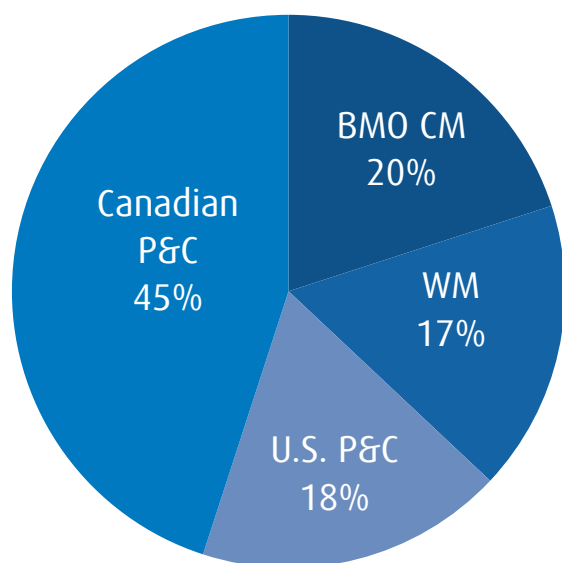
- Adjusted<sup>1</sup> net income \$1.0 billion or \$1.53 per share
  - Earnings down 4% Y/Y
  - Underlying business growth positive, up 5% excluding the impact of the decline in long-term rates and loan accounting
- Solid underlying performance from our operating groups
- Strong volume growth with loans and deposits up 9%
- Strong capital with CET1 ratio of 10.1%
- Book value per share up 10% and 3 million shares repurchased in the quarter

<sup>1</sup> Adjusted measures are non-GAAP measures. See slide 2 of this document, page 32 of BMO's 2014 Annual Report and page 5 of BMO's First Quarter 2015 Report to Shareholders. Reported results: net income of \$1.0B; EPS \$1.46. See slide 25 for adjustments to reported results

# Operating Group Performance

Results reflect benefit of diversification and our advantaged business mix

## Q1 F2015 Operating Group<sup>\*</sup> Adjusted<sup>1</sup> Net Income



\* Excludes Corporate Services

- Personal and Commercial Banking earnings up 6% Y/Y
  - Canadian P&C earnings up 4% Y/Y
  - U.S. P&C pre-provision, pre-tax earnings up 6% reflecting strong loan growth and disciplined expense management
- Traditional wealth net income up 28% Y/Y; Insurance business impacted by significant decline in long-term interest rates
- BMO CM results down from strong levels a year ago but up from the prior quarter

<sup>1</sup> Adjusted measures are non-GAAP measures. See slide 2 of this document, page 32 of BMO's 2014 Annual Report and page 5 of BMO's First Quarter 2015 Report to Shareholders  
For details on adjustments refer to slide 25

# Clear and Consistent Strategy

1

Achieve industry-leading customer loyalty by delivering on our brand promise.

2

Enhance productivity to drive performance and shareholder value.

3

Leverage our consolidated North American platform to deliver quality earnings growth.

4

Expand strategically in select global markets to create future growth.

5

Ensure our strength in risk management underpins everything we do for our customers.

# Financial Results

For the Quarter Ended – January 31, 2015

February 24, 2015

Tom Flynn  
Chief Financial Officer

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# Q1 2015 - Financial Highlights

Adjusted net income of \$1.0B reflects benefits of diversification

Adjusted (\$MM) <sup>1</sup>	Q1 14	Q4 14	Q1 15
<b>Revenue</b>	4,479	4,640	<b>5,055</b>
<b>Insurance claims and related expenses<sup>2</sup></b>	357	300	<b>747</b>
<b>Net Revenue</b>	4,122	4,340	<b>4,308</b>
<b>Expense</b>	2,653	2,834	<b>2,953</b>
<b>Net Income</b>	1,083	1,111	<b>1,041</b>
<b>Diluted EPS (\$)</b>	1.61	1.63	<b>1.53</b>
<b>ROE (%)</b>	14.5	13.7	<b>12.3</b>
<b>Common Equity Tier 1 (CET1) Ratio (%)</b>	9.3	10.1	<b>10.1</b>

- Adjusted EPS of \$1.53
  - Stock based compensation for employees eligible to retire recognized in the first quarter each year lowered EPS by \$0.09
  - Impact of long-term rates on Insurance lowered EPS by \$0.06
- Adjusted net income down 4% Y/Y
  - Up 5% Y/Y excluding the impact of long term rates and loan accounting
  - Good U.S. P&C and Traditional Wealth results
  - Lower growth in Canadian P&C, BMO CM (in part due to credit and funding valuation adjustment of \$31MM after tax) and Insurance
  - PCL<sup>3</sup> up \$64MM Y/Y due to lower recoveries
- Net revenue up 5% Y/Y driven by Wealth Management and Canadian P&C and the impact of a stronger U.S. dollar
- Expenses up 11% or 4% Y/Y excluding the impact of the stronger U.S. dollar and the addition of F&C, reflecting higher technology, regulatory and employee costs
- Adjusted effective tax rate<sup>4</sup> of 12.6% or 24.7% on teb basis
- ROE of 12.3%, with book value per share up 10% in the quarter

<sup>1</sup> See slide 25 for adjustments to reported results. Reported revenue same as adjusted amounts; Reported Expenses: Q1'15 \$3,006MM; Q4'14 \$2,887MM; Q1'14 \$2,684MM;

Reported net income: Q1'15 \$1,000MM; Q4'14 \$1,070MM; Q1'14 \$1,061MM; Reported EPS – diluted: Q1'15 \$1.46; Q4'14 \$1.56; Q1'14 \$1.58; Reported ROE: Q1'15 11.8%; Q4'14 13.1%; Q1'14 14.2%

<sup>2</sup> Commencing Q1'15, insurance claims, commissions and changes in policy benefit liabilities (CCPB) are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue.

Prior period amounts and ratios have been reclassified

<sup>3</sup> Reported PCL same as adjusted amounts

<sup>4</sup> Reported effective tax rate: Q1'15 12.2%

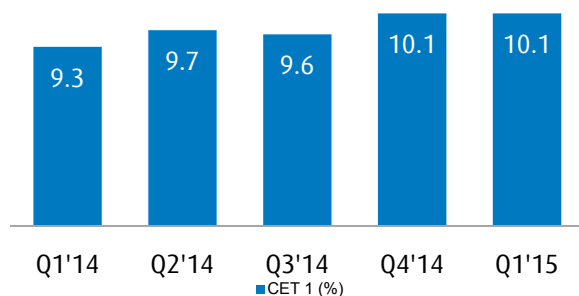
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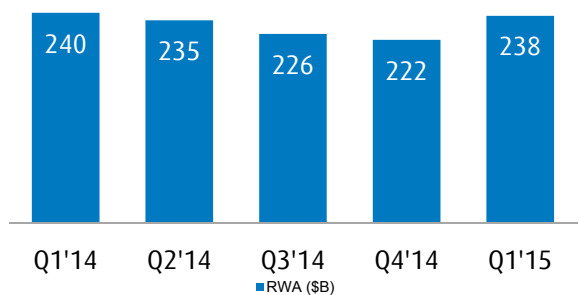
# Capital & Risk Weighted Assets

CET1 Ratio strong at 10.1%

## Common Equity Tier 1 Ratio (%)



## Risk Weighted Assets (\$B)

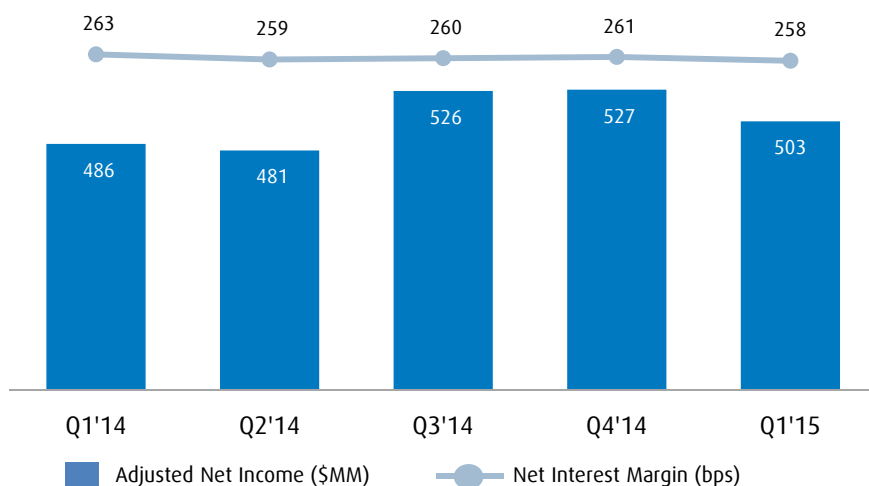


- Common Equity Tier 1 Ratio of 10.1% was unchanged from Q4'14 with increase in CET1 capital offset by higher RWA
  - Impact of retained earnings growth (+20 bps), partially offset by share repurchases (-10 bps)
  - Source currency RWA up ~\$2 billion due to:
    - o business growth (+\$5B)
    - o higher market risk (+\$2B)
    - o partially offset by changes in methodology (-\$4B) and
    - o changes in book quality (-\$1B)
  - FX movement increased RWA by ~\$14B, with this offset by higher accumulated other comprehensive income
- Book value per share up 10% and 3 million shares repurchased in the quarter

# Canadian Personal & Commercial Banking

Solid net income growth of 4% in a shifting economic environment

Adjusted (\$MM) <sup>1</sup>	Q1 14	Q4 14	Q1 15
<b>Revenue (teb)</b>	1,578	1,651	<b>1,628</b>
<b>PCL</b>	139	129	<b>132</b>
<b>Expenses</b>	789	818	<b>834</b>
<b>Net Income</b>	486	527	<b>503</b>
<b>Reported Net Income</b>	485	526	<b>502</b>
<b>Efficiency Ratio<sup>2</sup> (%)</b>	50.0	49.5	<b>51.2</b>



- Adjusted net income up 4% Y/Y largely due to higher revenues. Down 4% Q/Q from a strong Q4
- Revenue up 3% Y/Y reflecting higher balances and fees; down modestly Q/Q
  - Loans up 4% and deposits up 7% Y/Y
  - NIM down 3 bps Q/Q
- PCL down \$7MM Y/Y and up \$3MM Q/Q
- Expenses up 6% Y/Y and 2% Q/Q reflecting continued investment in the business
  - Q1 includes \$6MM impact of stock-based compensation for employees eligible to retire
- Efficiency ratio of 51.2%

<sup>1</sup> Reported Revenue and PCL same as adjusted amounts; Reported Expenses: Q1'15 \$835MM; Q4'14 \$819MM; Q1'14 \$790MM

<sup>2</sup> Reported efficiency ratio: Q1'15 51.3%; Q4'14 49.6%; Q1'14 50.1%

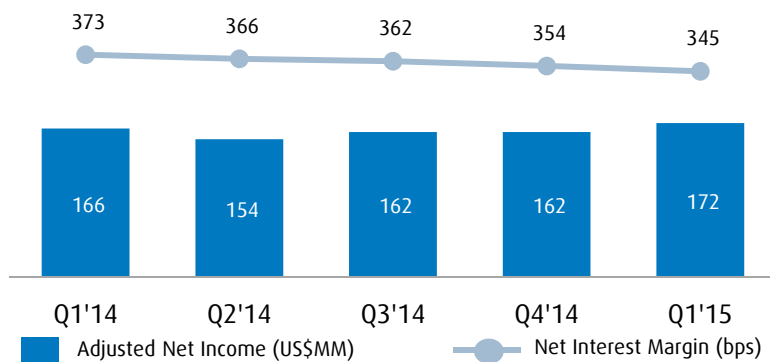
See slide 25 for adjustments to reported results. Adjusted measures are non-GAAP measures. See slide 2 of this document, page 32 of BMO's 2014 Annual Report and page 5 of BMO's First Quarter 2015 Report to Shareholders

# U.S. Personal & Commercial Banking

Good performance with adjusted pre-provision, pre-tax earnings up 6% Y/Y

Adjusted (US\$MM) <sup>1</sup>	Q1 14	Q4 14	Q1 15
<b>Revenue (teb)</b>	714	724	<b>720</b>
<b>PCL</b>	20	42	<b>33</b>
<b>Expenses</b>	465	460	<b>456</b>
<b>Net Income</b>	166	162	<b>172</b>
<b>Reported Net Income</b>	154	151	<b>161</b>
<b>Efficiency Ratio<sup>2</sup> (%)</b>	65.1	63.6	<b>63.2</b>

- Adjusted net income of \$205MM up 14% in Canadian dollar terms. Figures that follow are in U.S dollars
- Adjusted net income up 3% Y/Y and 5% Q/Q
- Revenue up 1% Y/Y reflecting higher volume growth, partially offset by lower NIM and fee revenue; down modestly Q/Q
  - Good volume growth with loans<sup>3</sup> up 10% Y/Y, including strong growth in C&I balances
  - NIM down 9 bps Q/Q reflecting competitive pressure on loan spreads and changes in mix including loans growing faster than deposits
- PCL up \$13MM Y/Y as Q1'14 was below trend and down \$9MM Q/Q
- Expenses continue to be well managed; down 2% Y/Y
- Operating leverage of 2.9%<sup>4</sup>
- Efficiency ratio of 63.2%, better by 190 bps Y/Y



<sup>1</sup> Reported Revenue and PCL same as adjusted amounts; Reported Expenses: Q1'15 \$470MM; Q4'14 \$476MM; Q1'14 \$483MM

<sup>2</sup> Reported efficiency ratio: Q1'15 65.2%; Q4'14 65.8%; Q1'14 67.6%

<sup>3</sup> Average current loans and acceptances excludes impaired loans

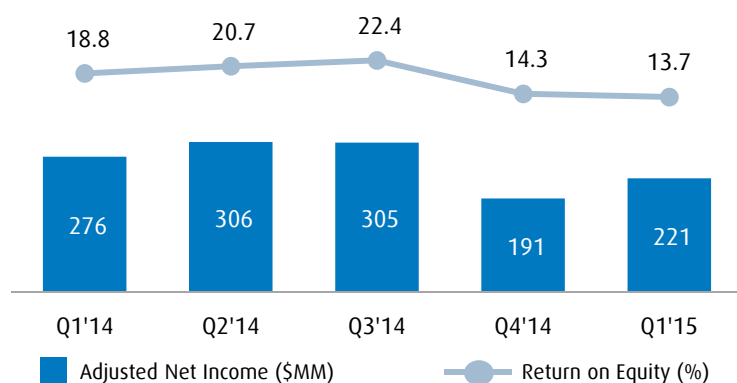
<sup>4</sup> Reported operating leverage 3.6%

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# BMO Capital Markets

Results up from Q4 and reflect market conditions, valuation adjustments and slower investment banking

Adjusted (\$MM) <sup>1</sup>	Q1 14	Q4 14	Q1 15
<b>Trading Products Revenue</b>	591	470	<b>569</b>
<b>I&amp;CB Revenue</b>	382	341	<b>352</b>
<b>Revenue (teb)</b>	973	811	<b>921</b>
<b>PCL</b>	(1)	(7)	<b>9</b>
<b>Expenses</b>	607	572	<b>623</b>
<b>Net Income</b>	276	191	<b>221</b>
<b>Reported Net Income</b>	276	191	<b>221</b>
<b>Efficiency Ratio (%)</b>	62.5	70.8	<b>67.6</b>



- Adjusted net income down 20% Y/Y; up 15% Q/Q
- Revenue down 5% Y/Y and up 14% Q/Q
  - Y/Y revenue down as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, in part due to lower securities gains
  - Q/Q revenue up due to higher trading revenue
- Expenses up 2% Y/Y and up 9% Q/Q
  - Excluding the impact of the stronger U.S. dollar, expenses were down 2% Y/Y due to lower employee-related expenses
  - Q/Q expenses up largely due to stock-based compensation for employees eligible to retire recognized in Q1 (\$23MM), increased support costs driven by changing business and regulatory environment and the stronger U.S. dollar
- Higher allocated capital given F2015 methodology change reduced return on equity in Q1

<sup>1</sup> Reported revenue and PCL same as adjusted amounts; reported expenses Q1'15 \$623MM; Q4'14 \$573MM; Q1'14 \$608MM

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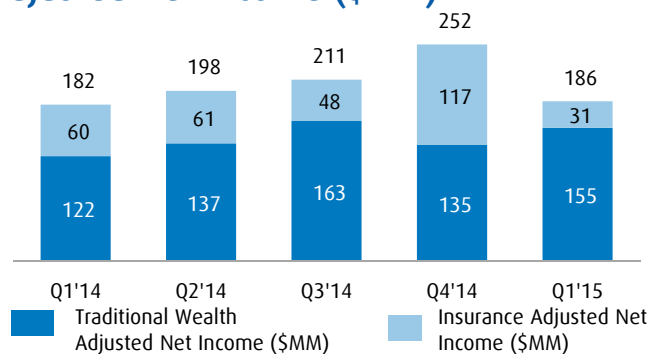
# Wealth Management

Traditional wealth earnings up 28% Y/Y; Insurance impacted by lower interest rates

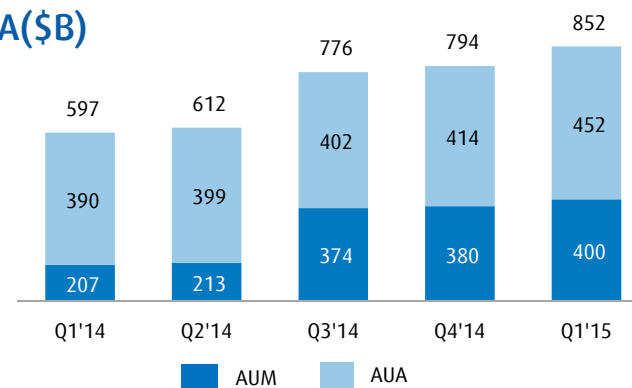
Adjusted <sup>1</sup> (\$MM)	Q1 14	Q4 14	Q1 15
<b>Revenue</b>	1,223	1,400	<b>1,782</b>
<b>Insurance claims and related expenses<sup>2</sup></b>	357	300	<b>747</b>
<b>Net Revenue<sup>2</sup></b>	866	1,100	<b>1,035</b>
<b>PCL</b>	(1)	(1)	<b>2</b>
<b>Expenses<sup>3</sup></b>	635	783	<b>793</b>
<b>Net Income</b>	182	252	<b>186</b>
<b>Reported Net Income</b>	174	225	<b>159</b>
<b>Efficiency Ratio<sup>4</sup> (%)</b>	51.9	55.9	<b>44.5</b>

- Traditional wealth earnings up 28% Y/Y driven by strong growth in client assets and the acquired F&C business. Q/Q up 16%
- Insurance earnings of \$31MM or \$72MM excluding a \$41MM after-tax charge from movement in interest rates
- Net revenue up 19% Y/Y; down 6% Q/Q
- Expenses up Y/Y primarily due to F&C, higher revenue-based costs and a stronger U.S. dollar. Q/Q relatively flat as prior quarter legal settlement offset by stock-based compensation for employees eligible to retire of \$27MM recognized in Q1
- AUM/AUA up 43% Y/Y or 18% excluding F&C driven by the stronger U.S. dollar, market appreciation and growth in new client assets

## Adjusted Net Income (\$MM)



## AUM/AUA(\$B)



1 Reported revenue and PCL same as adjusted amounts; Reported expenses: Q1'15 \$828MM; Q4'14 \$816MM; Q1'14 \$645MM

2 Commencing Q1'15, insurance claims, commissions and changes in policy benefit liabilities (CCPB) are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified

3 Adjusted expenses in Q1'15 exclude \$13MM pre-tax for acquisition integration costs and \$22MM of amortization of intangible assets

4 Reported efficiency ratio: Q1'15 46.5%; Q4'14 58.3%; Q1'14 52.7%

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# Corporate Services

Adjusted (\$MM) <sup>1,2</sup>	Q1 14	Q4 14	Q1 15
<b>Revenue</b>	17	72	<b>55</b>
<b>Group teb offset<sup>2</sup></b>	(85)	(99)	<b>(190)</b>
<b>Total Revenue (teb)<sup>2,3</sup></b>	(68)	(27)	<b>(135)</b>
<b>PCL (recovery)<sup>3,4</sup></b>	(59)	2	<b>(20)</b>
<b>Expenses</b>	118	150	<b>160</b>
<b>Net Income</b>	(41)	(41)	<b>(74)</b>

- Adjusted net loss of \$74MM compared to a net loss of \$41MM in the prior year and prior quarter
  - Y/Y higher non teb revenue more than offset by lower credit recoveries, higher expenses and higher taxes related to prior periods
  - Q/Q lower non teb revenue from an above trend fourth quarter, and higher taxes, partially offset by higher credit recoveries
- Higher expenses resulting from regulatory costs, the impact of the stronger U.S. dollar and employee related costs
- Group teb offset is eliminated in taxes with no impact on net income

1 Reported results same as adjusted amounts

2 Operating group revenues, income taxes and net interest margin are stated on a taxable equivalent basis (teb). This teb adjustment is offset in Corporate Services, and total BMO revenue, income taxes and net interest margin are stated on a GAAP basis

3 Credit-related items in respect of the purchased performing loan portfolio: Q1'15 \$35MM pre-tax (\$22MM after-tax), includes revenue \$36MM, PCL \$1MM; Q4'14 \$14MM pre-tax (\$9MM after-tax)

4 Purchased credit impaired loan portfolio recoveries: Q1'15 \$29MM pre-tax (\$18MM after-tax); Q4'14 \$33MM pre-tax (\$20MM after-tax); Q1'14 \$117MM pre-tax (\$72MM after-tax)

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# Risk Review

For the Quarter Ended – January 31, 2015

February 24, 2015

Surjit Rajpal  
Chief Risk Officer



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# Q1|15

# Provision for Credit Losses (PCL)

PCL By Operating Group (C\$MM)	Q1 14 <sup>1</sup>	Q4 14 <sup>1</sup>	Q1 15
Consumer – Canadian P&C	91	111	104
Commercial – Canadian P&C	48	18	28
<b>Total Canadian P&amp;C</b>	<b>139</b>	<b>129</b>	<b>132</b>
Consumer – U.S. P&C	20	35	30
Commercial – U.S. P&C	1	12	10
<b>Total U.S. P&amp;C</b>	<b>21</b>	<b>47</b>	<b>40</b>
<b>Wealth Management</b>	<b>(1)</b>	<b>(1)</b>	<b>2</b>
<b>Capital Markets</b>	<b>(1)</b>	<b>(7)</b>	<b>9</b>
<b>Corporate Services<sup>2</sup></b>	<b>(59)</b>	<b>2</b>	<b>(20)</b>
<b>Specific PCL</b>	<b>99</b>	<b>170</b>	<b>163</b>
Change in Collective Allowance	-	-	-
<b>Total PCL</b>	<b>99</b>	<b>170</b>	<b>163</b>

- PCL decreased Q/Q largely due to lower provisions in Corporate Services

Quarterly Specific PCL (C\$MM)



<sup>1</sup> Prior period balances were reclassified to conform with the current period's presentation

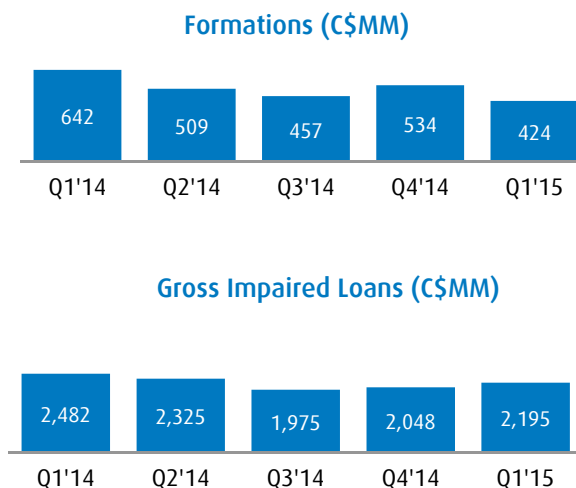
<sup>2</sup> Corporate Services results include purchased credit impaired loan recoveries of \$29MM in Q1'15, \$33MM in Q4'14 and \$117MM in Q1'14



# Gross Impaired Loans (GIL) and Formations

By Industry (C\$MM)	Formations			Gross Impaired Loans		
	Canada & Other	U.S.	Total	Canada & Other <sup>1</sup>	U.S.	Total
<b>Consumer</b>	<b>162</b>	<b>154</b>	<b>316</b>	<b>383</b>	<b>795</b>	<b>1,178</b>
Service Industries	5	15	20	26	201	227
Commercial Real Estate	10	7	17	70	91	161
Agriculture	6	26	32	66	77	143
Manufacturing	11	3	14	57	77	134
Construction (non-real estate)	0	8	8	25	86	111
Communications	1	0	1	1	54	55
Wholesale Trade	1	6	7	10	39	49
Retail Trade	2	1	3	16	32	48
Other Commercial & Corporate <sup>2</sup>	3	3	6	72	17	89
<b>Commercial &amp; Corporate</b>	<b>39</b>	<b>69</b>	<b>108</b>	<b>343</b>	<b>674</b>	<b>1,017</b>
<b>Total Bank</b>	<b>201</b>	<b>223</b>	<b>424</b>	<b>726</b>	<b>1,469</b>	<b>2,195</b>

- Formations decreased Q/Q both in Canada and U.S. due to lower formations in the Commercial Portfolio
- GIL up Q/Q entirely due to FX. Excluding this impact, there is a minimal decrease in GIL



1 Commercial & Corporate includes ~\$4MM GIL from Other Countries

2 Other Commercial & Corporate includes industry segments that are each <2% of total GIL

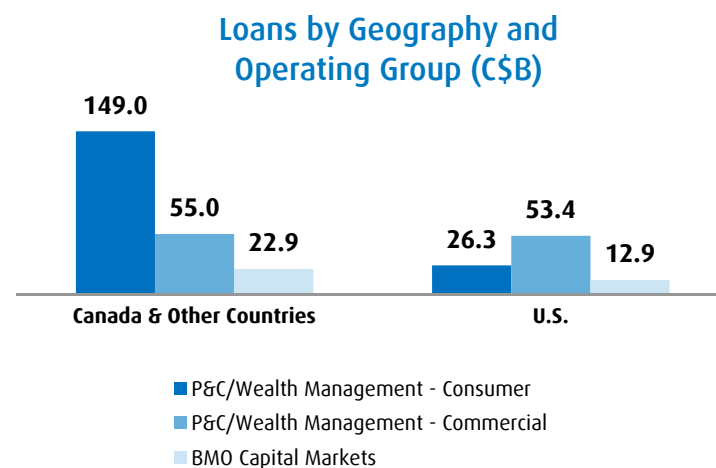
# Loan Portfolio Overview

Gross Loans & Acceptances By Industry (C\$B)	Canada & Other <sup>1</sup>	U.S.	Total	% of Total
Residential Mortgages	93.1	9.0	102.1	32%
Personal Lending	48.6	16.7	65.3	20%
Cards	7.3	0.6	7.9	3%
<b>Total Consumer</b>	<b>149.0</b>	<b>26.3</b>	<b>175.3</b>	<b>55%</b>
Financial Institutions	14.4	13.7	28.1	9%
Service Industries	11.7	13.0	24.7	8%
Commercial Real Estate	11.6	6.7	18.3	6%
Manufacturing	5.2	10.3	15.5	5%
Retail Trade	8.0	5.3	13.3	4%
Agriculture	7.6	2.2	9.8	3%
Wholesale Trade	3.9	5.2	9.1	3%
Oil & Gas	4.6	2.5	7.1	2%
Other Commercial & Corporate <sup>2</sup>	10.9	7.4	18.3	5%
<b>Total Commercial &amp; Corporate</b>	<b>77.9</b>	<b>66.3</b>	<b>144.2</b>	<b>45%</b>
<b>Total Loans</b>	<b>226.9</b>	<b>92.6</b>	<b>319.5</b>	<b>100%</b>

1 Commercial & Corporate includes ~\$12.5B from Other Countries

2 Other Commercial & Corporate includes industry segments that are each <2% of total loans

- Loans are well diversified by geography and industry
- Exposure to Oil & Gas represents 2% of the loan portfolio
- Alberta exposure:
  - 12% of Canadian commercial and corporate loans excluding oil and gas
  - 15% of Canadian consumer loans



# Canadian Residential Mortgages

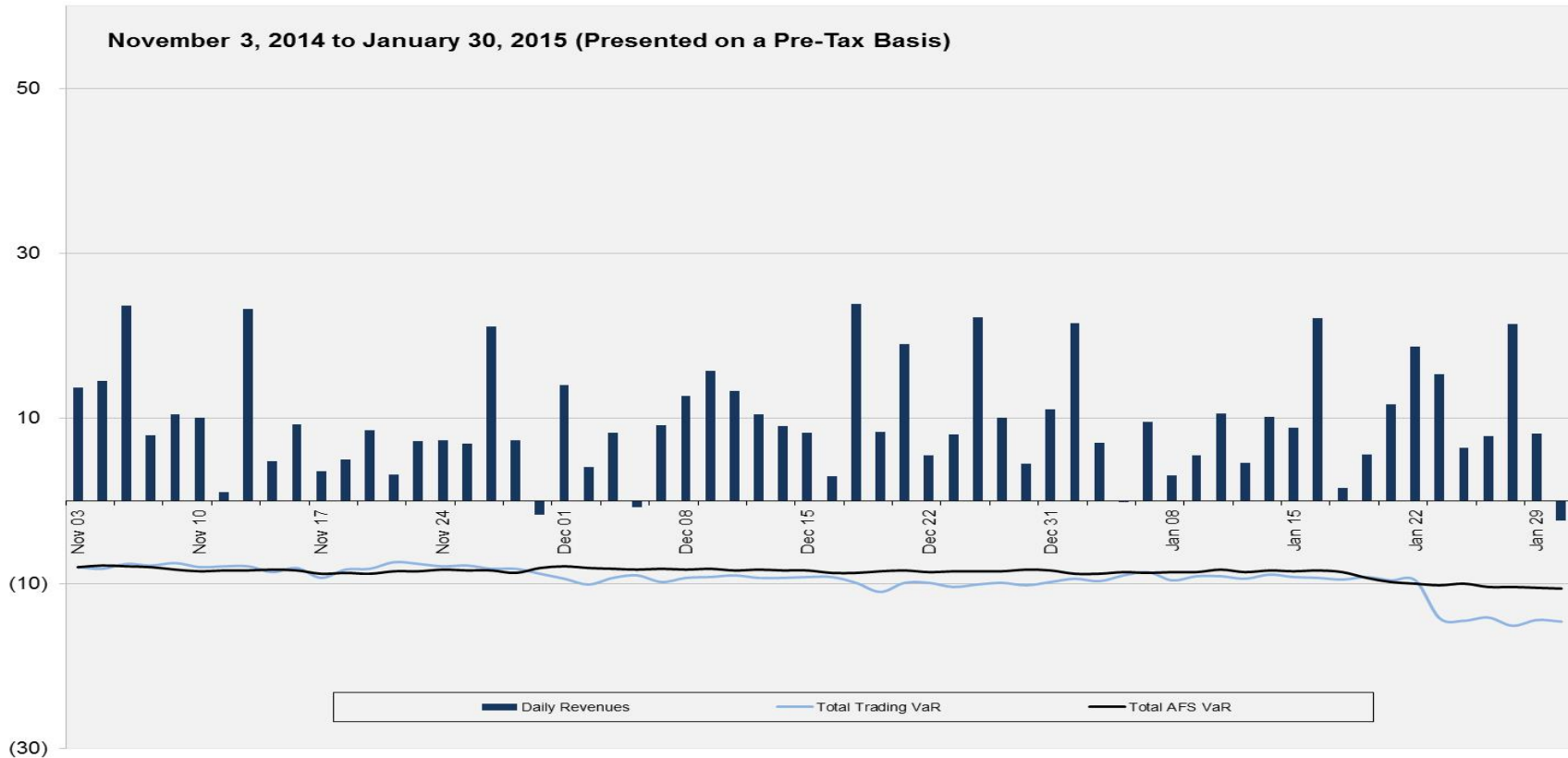
- Total Canadian residential mortgage portfolio at \$93.1B (Q4 \$93.0B) represents 43% of Canadian gross loans and acceptances
  - 62% of the portfolio is insured
  - Loan-to-value (LTV)<sup>1</sup> on the uninsured portfolio is 58%<sup>2</sup>
  - 69% of the portfolio has an effective remaining amortization of 25 years or less
  - Loss Rates for the trailing 4 quarter period were less than 1 bps
  - 90 day delinquency rate 30 bps
  - Condo Mortgage portfolio is \$13.3B with 53% insured

Residential Mortgages by Region (C\$B)	Insured	Uninsured	Total	% of Total
Atlantic	3.7	1.6	5.3	6%
Quebec	8.9	5.0	13.9	15%
Ontario	24.0	14.1	38.1	41%
Alberta	10.9	4.2	15.1	16%
British Columbia	7.8	9.3	17.1	18%
All Other Canada	2.3	1.3	3.6	4%
<b>Total Canada</b>	<b>57.6</b>	<b>35.5</b>	<b>93.1</b>	<b>100%</b>

<sup>1</sup> LTV is the ratio of outstanding mortgage balance to the original property value indexed using Teranet data. Portfolio LTV is the combination of each individual mortgage LTV weighted by the mortgage balance

<sup>2</sup> To facilitate comparisons, the equivalent simple average LTV on uninsured mortgages in Q1'15 was 52%

# Trading Revenue vs. VaR



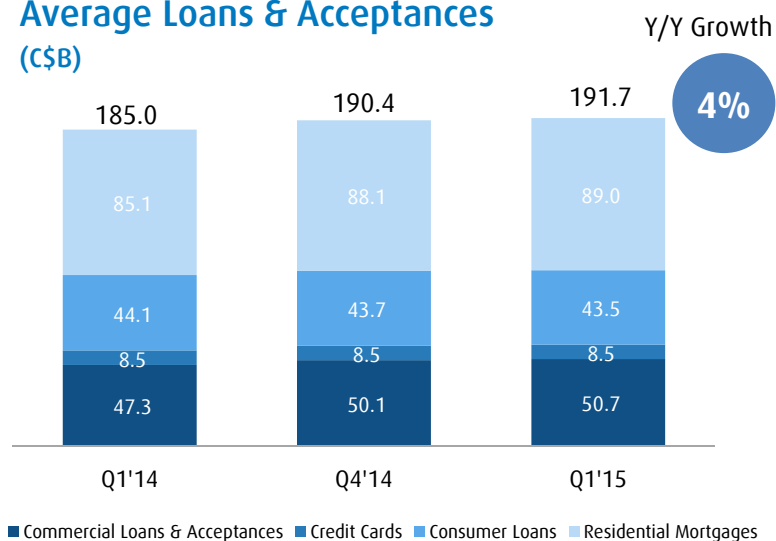
The largest daily P&L gains for the quarter are as follows:

- Nov 5 Primarily reflects normal trading activity and underwriting \$24 million
- Nov 12 Primarily reflects normal trading activity and underwriting \$23 million
- Dec 17 Primarily reflects normal trading activity and underwriting \$24 million
- Dec 24 Primarily reflects normal trading activity and underwriting \$22 million
- Jan 16 Primarily reflects normal trading activity and underwriting \$22 million

# APPENDIX

# Canadian Personal & Commercial Banking – Balances

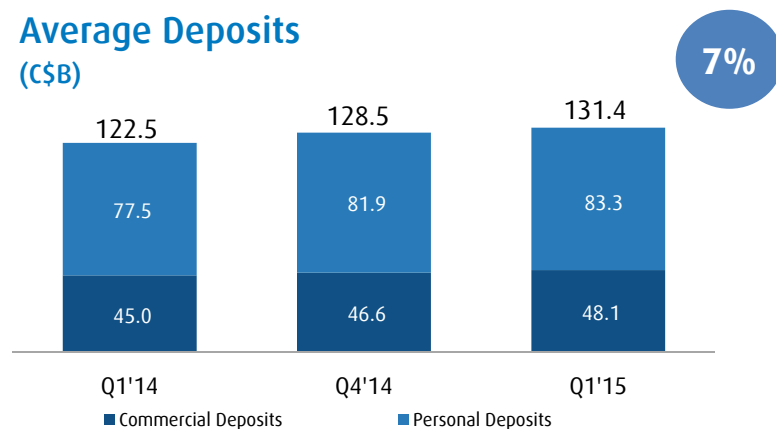
## Average Loans & Acceptances (C\$B)



## Loans

- Total loan growth of 4% Y/Y and 1% Q/Q
  - Mortgages up 5% Y/Y and 1% Q/Q
  - Consumer loans down 2% Y/Y and 1% Q/Q due in part to reducing exposure on longer term auto loans
    - Auto loans down 6% Y/Y and 1% Q/Q
  - Commercial loan balances<sup>1</sup> up 7% Y/Y and 1% Q/Q

## Average Deposits (C\$B)



## Deposits

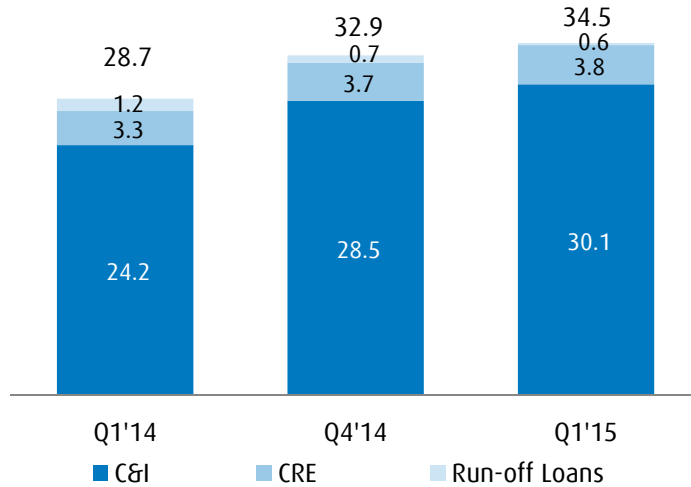
- Strong deposit growth in both personal and commercial, with total deposits up 7% Y/Y and 2% Q/Q
- Personal deposit balances up 8% Y/Y due to growth in term and chequing products, and up 2% Q/Q
- Commercial deposit balances up 7% Y/Y and 3% Q/Q

<sup>1</sup> Commercial lending growth excludes commercial cards. Commercial cards balances approximately 7% of total credit card portfolio in each of Q1'15, Q4'14 and Q1'14

# U.S. Personal & Commercial Banking – Commercial Balances

All amounts in US\$B

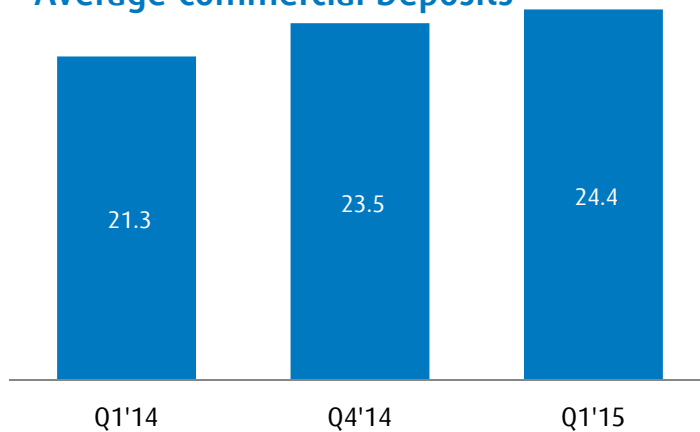
## Average Commercial Loans



## Loans

- Strong core C&I loan growth, up 24% Y/Y and 6% Q/Q with increases across most segments
- Core Commercial Real Estate portfolio up 16% Y/Y

## Average Commercial Deposits



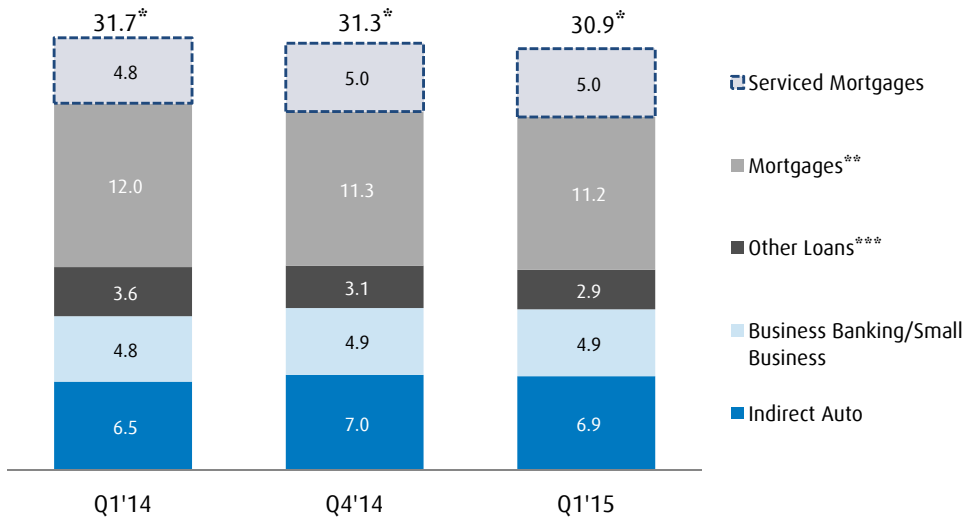
## Deposits

- Deposits up 14% Y/Y and 4% Q/Q, primarily in chequing account balances

# U.S. Personal & Commercial Banking – Personal Balances

All amounts in US\$B

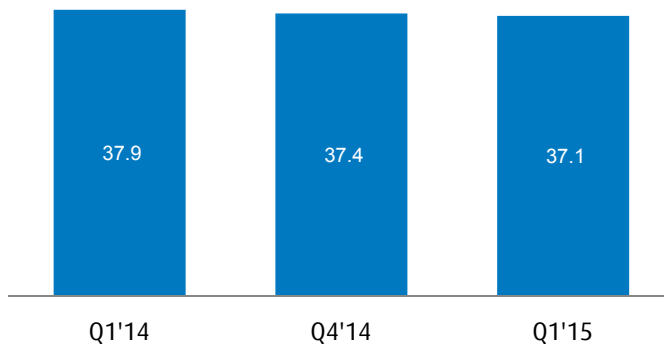
## Average Personal Loans



## Loans

- Core Business Banking up 4% Y/Y and flat Q/Q
- Indirect Auto up 6% Y/Y and essentially flat Q/Q
- Mortgages down 7% Y/Y and essentially flat Q/Q
- Serviced Mortgages up 4% Y/Y and flat Q/Q

## Average Personal Deposits



## Deposits

- Deposit balances relatively stable Q/Q; down Y/Y as the benefit of chequing balance growth was more than offset by declines in CD and money market balances
  - ~\$400MM of balances were transferred to Wealth Management in Q1'15
- Chequing balances up 7% Y/Y and 2% Q/Q

\* Total includes Serviced Mortgages which are off-Balance Sheet and Wealth Management Mortgages

\*\* Mortgages include Home Equity (Q1'15 \$4.5B; Q4'14 \$4.6B; Q1'14 \$5.1B) and Wealth Management Mortgages (Q1'15 \$1.5B; Q4'14 \$1.4B; Q1'14 \$1.3B)

\*\*\* Other loans include non-strategic portfolios such as wholesale mortgages, purchased home equity, and certain small business CRE, as well as credit card balances and other personal loans



# Adjusting Items

Adjusting <sup>1</sup> items – Pre-tax (\$MM)	Q1 14	Q4 14	Q1 15
Acquisition integration costs	-	(11)	(13)
Amortization of acquisition-related intangible assets	(31)	(42)	(40)
<b>Adjusting items included in reported pre-tax income</b>	<b>(31)</b>	<b>(53)</b>	<b>(53)</b>

Adjusting <sup>1</sup> items – After-tax (\$MM)	Q1 14	Q4 14	Q1 15
Acquisition integration costs	-	(9)	(10)
Amortization of acquisition-related intangible assets	(22)	(32)	(31)
<b>Adjusting items included in reported net income after tax</b>	<b>(22)</b>	<b>(41)</b>	<b>(41)</b>
<b>Impact on EPS (\$)</b>	<b>(0.03)</b>	<b>(0.07)</b>	<b>(0.07)</b>

<sup>1</sup> Amortization of acquisition-related intangible assets reflected across the Operating Groups, F&C acquisition integration costs reflected in Wealth Management  
Adjusted measures are non-GAAP measures. See slide 2 of this document, page 32 of BMO's 2014 Annual Report and page 5 of BMO's First Quarter 2015 Report to Shareholders

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