

Investor Presentation

October 4, 2016



BMO  Financial Group
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Q3 | 16

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 2016 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, tax or economic policy; the level 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; outbreaks of disease or illness that affect 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 86 to 117 of BMO's 2015 Annual Report, which outlines

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 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 Third Quarter 2016 Report to Shareholders.

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 on page 5 of Bank of Montreal's Third Quarter 2016 Report to Shareholders and on page 33 of BMO's 2015 Annual Report all of which are available on our website at 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; results and measures that exclude the impact of Canadian/U.S. dollar exchange rate movements, adjusted net income, revenues, non-interest expenses, earnings per share, effective tax rate, ROE, efficiency ratio, pre-provision pre-tax earnings, and other adjusted measures which exclude the impact of certain items such as, acquisition integration costs, amortization of acquisition-related intangible assets, decrease (increase) in collective allowance for credit losses and restructuring costs.

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

BMO Financial Group

8th largest bank in North America¹ with an attractive and diversified business mix

Who we are

- Established in 1817, Canada's first bank
- In Canada: a full service, universal bank across all of the major product lines - banking, wealth management and capital markets
- In the U.S.: banking and wealth management largely in the Midwest, with a mid-cap focused strategy in Capital Markets
- In International markets: select presence, including Europe and Asia
- Key numbers (as at July 31, 2016):
 - Assets: \$692 billion
 - Deposits: \$468 billion
 - Employees: ~46,000
 - Branches: 1,526
 - ABMs: 4,728

Q3 2016 Results *	Adjusted ²	Reported
Net Revenue (\$B) ³	4.9	4.9
Net Income (\$B)	1.3	1.2
EPS (\$)	1.94	1.86
ROE (%)	13.5	13.0
Basel III Common Equity Tier 1 Ratio (%) ⁴		10.0

Other Information (as at September 30, 2016)	
Annual Dividend Declared (per share) ⁵	\$3.44
Dividend Yield ⁵	4.0%
Market Capitalization	\$55.4 billion
Exchange Listings	TSX, NYSE (Ticker: BMO)
Share Price:	
TSX	C\$85.97
NYSE	US\$65.57

* All amounts in this presentation in Canadian dollars unless otherwise noted

¹ As measured by assets as at July 31, 2016; ranking published by Bloomberg

² Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to slide 36

³ For purposes of this slide net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Reported gross revenue: Q3'16: \$5,633MM; Q2'16: \$5,101MM; Q3'15 \$4,826MM

⁴ On October 4, 2016 BMO issued a news release announcing an amendment to its regulatory capital ratios. Please see the news release on our website at www.bmo.com for more information

⁵ Annualized based on Q4'16 declared dividend of \$0.86 per share

Reasons to Invest

Clear opportunities for growth across a **diversified North American footprint:**

- Large North American commercial banking business with advantaged market share
- Well-established, highly profitable core banking business in Canada
- Award-winning wealth franchise with an active presence in markets across Canada, the United States, Europe and Asia
- Leading Canadian and growing mid-cap focused U.S. capital markets business
- U.S. operations well-positioned to capture benefit of improving economic conditions

- **Strong capital** position with an attractive **dividend yield**
- Focus on **efficiency** through technology innovation, simplifying and automating processes, and extending the digital experience across our channels
- **Customer-centric** operating model guided by disciplined loyalty measurement program
- Adherence to the highest standards of **business ethics** and corporate governance

Our strategic priorities

1

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

2

Enhance **productivity** to drive performance and shareholder value

3

Accelerate deployment of **digital technology** to transform our business

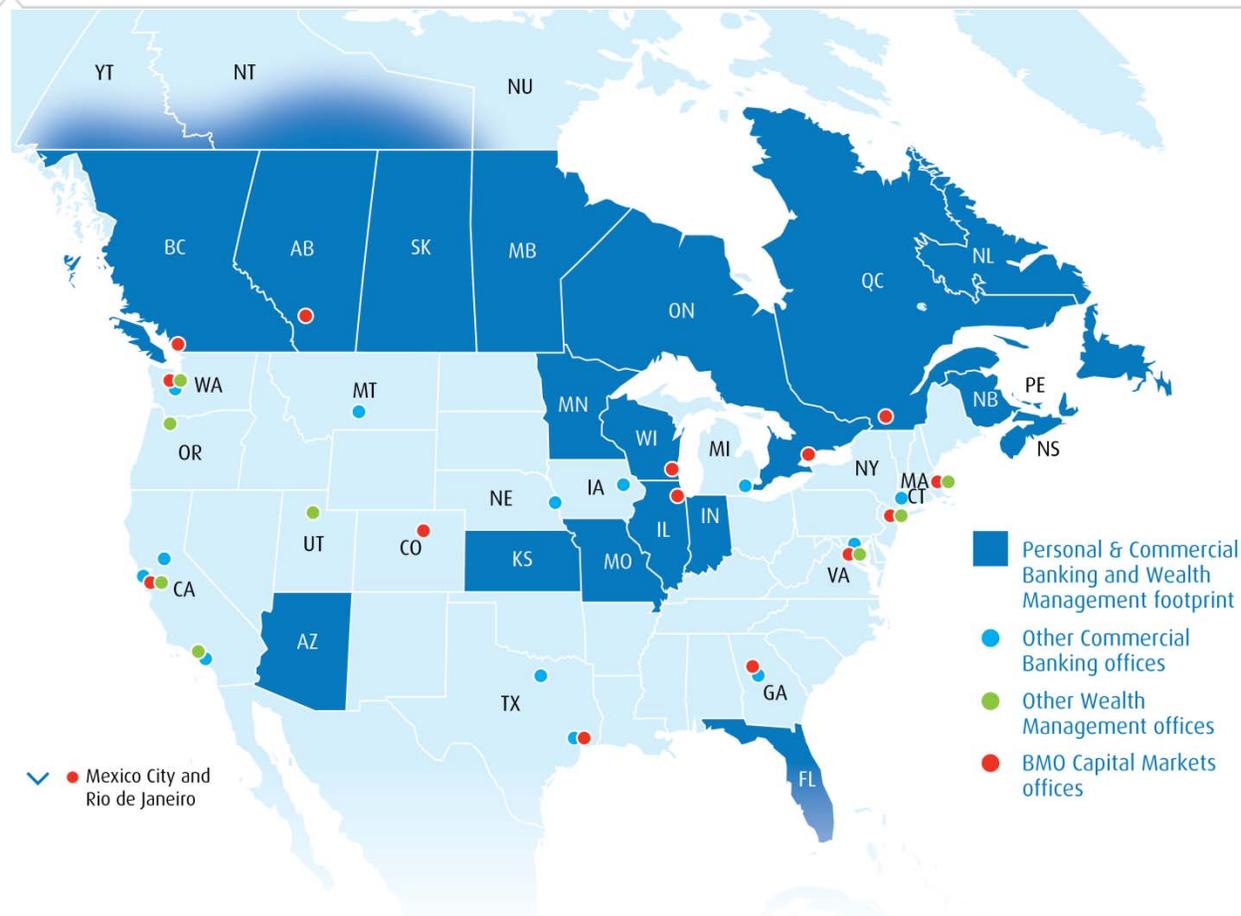
4

Leverage our consolidated **North American platform** and expand strategically in select global markets to deliver growth

5

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

BMO's Strategic Footprint



Our European and Middle Eastern presence



Our Asia-Pacific presence

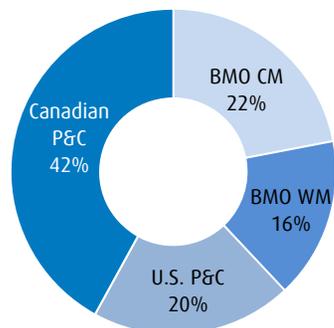


Our three operating groups serve individuals, businesses, governments and corporate customers across Canada and the United States with a focus in six U.S. Midwest states – Illinois, Indiana, Wisconsin, Minnesota, Missouri and Kansas. Our significant presence in North America is bolstered by operations in select global markets in Europe, Asia and the Middle East, allowing us to provide our customers with access to economies and markets around the world

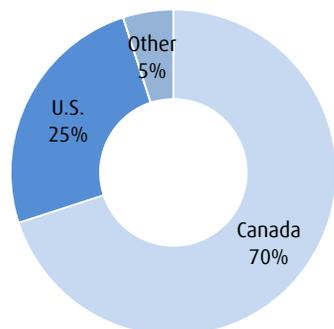
A diversified business mix with ~80% of earnings from retail businesses

Adjusted Net Income by Operating Group

– LTM^{1,2}



Adjusted Net Income by Geography – LTM^{1,2}



Canadian P&C

- Full range of financial products and services to 8 million customers
- Over 900 branches and 3,400 ABMs
- Strong commercial banking business, reflected in our number two ranking in Canadian market share for business loans of \$25 million or less

U.S. P&C

- Helping more than two million customers feel confident in their financial decisions by providing a banking experience with a human touch
- 580 branches and over 1,300 ABMs
- Attractive branch footprint and top-tier deposit market share in key U.S. Midwest markets (including Illinois, Wisconsin, Indiana, Minnesota, Missouri and Kansas)

BMO Wealth Management

- Global business with an active presence in Canada, the United States, Europe and Asia
- Full service and direct brokerage, mutual funds, institutional asset management, private banking and insurance
- Full range of client segments from mainstream to ultra-high net worth, and institutional

BMO Capital Markets

- North American-based provider offering a complete range of products and services to corporate, institutional and government clients
- ~2,200 professionals in 30 global locations, including 16 offices in North America
- U.S. Mid-cap strategy focused in select strategic sectors where we have expertise and experience

¹ Adjusted measures are non-GAAP measures, see slide 2 for more information

² Reported net income by operating group (excludes Corporate Services), last twelve months (LTM): Canadian P&C 43%, U.S. P&C 20%, BMO WM 15%, BMO CM 22%; by geography: Canada 71%, U.S. 25%, Other 4%. For details on adjustments refer to slide 36

A large North American commercial banking business with advantaged market share

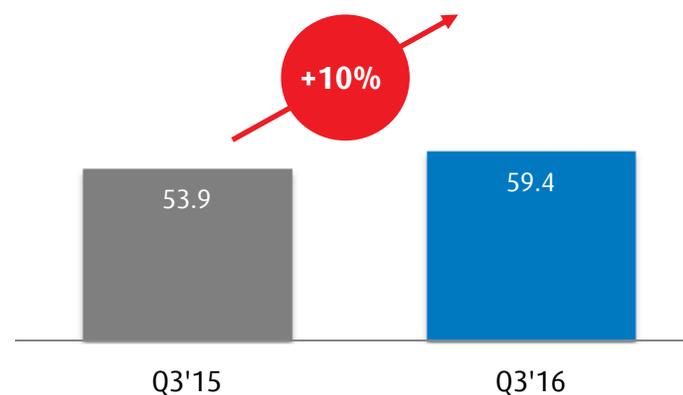
Canadian P&C

- Good commercial lending growth¹, up 10% Y/Y with growth across a number of industry sectors
- Strong competitive position, ranked 2nd in Canadian market share for business loans of \$25 million or less
- Commercial deposit growth was broad-based, with balances growing 5% Y/Y
- Commercial revenue represents ~35% of Canadian banking total revenue
- Canadian personal lending revenue represents less than 15% of total bank adjusted net revenue

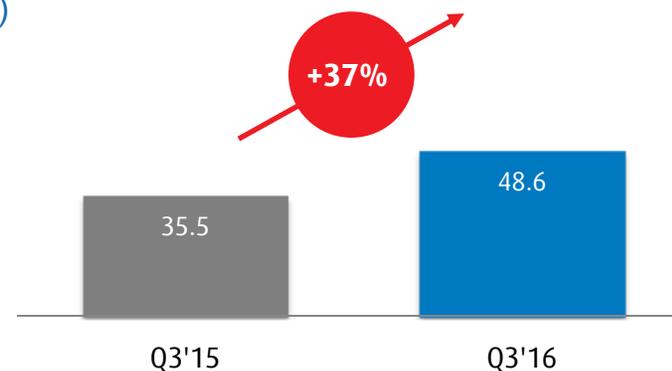
U.S. P&C

- Large-scale, relationship-based commercial banking business continues to deliver strong commercial loan growth, up 37% Y/Y due to the acquisition of BMO Transportation Finance and organic commercial loan growth of 15%
- Commercial deposit balances up 8% Y/Y

Commercial Loans and Acceptances – Canadian P&C (\$B)



Commercial Loans and Acceptances – U.S. P&C (US\$B)



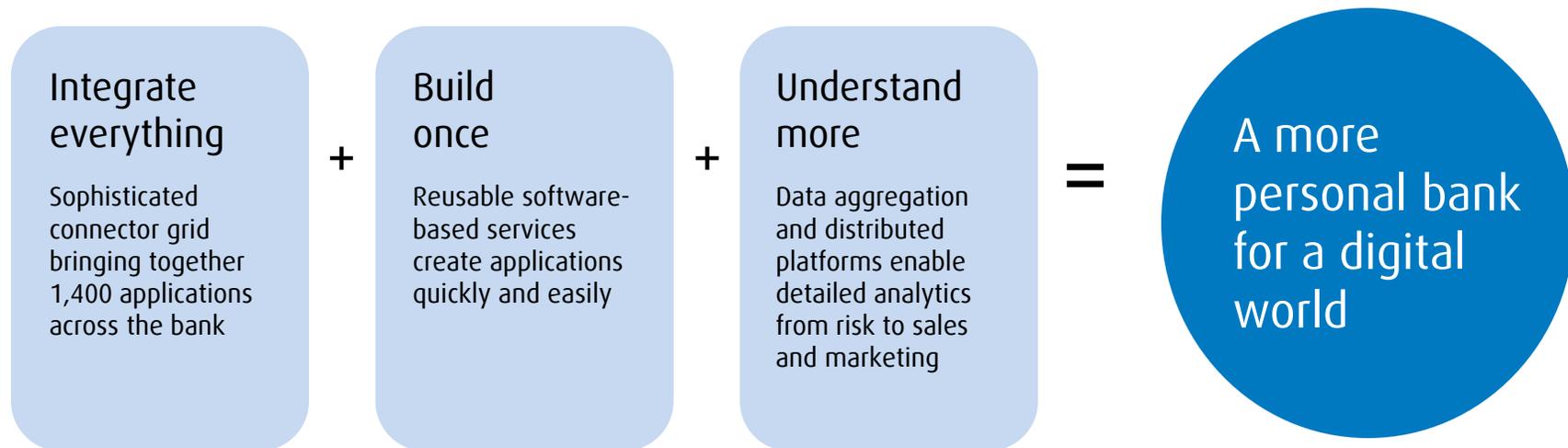
¹ Commercial lending growth excludes commercial cards. Commercial cards balances approximately 7% of total credit card portfolio in Q3'16, Q3'15 and 8% of total credit card portfolio in Q2'16

Digital technology is transforming our business

Extended technology capabilities delivering against a clear set of goals:

- Personalized, intuitive applications
- A unified customer experience across channels and geographies
- Faster delivery to market
- Enhanced risk management
- Digitization of business processes to boost productivity

In-the-moment IT architecture:



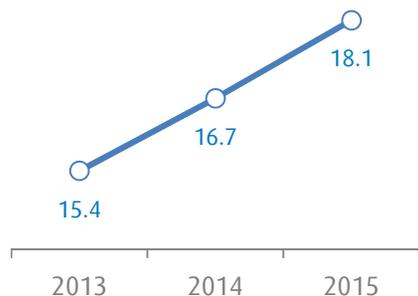
Strong financial performance and shareholder returns

Dividends Declared (\$ per share)

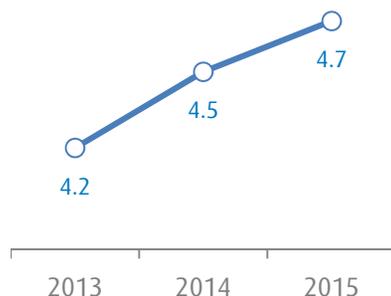


- Annual common dividend of \$3.44¹ per share, up 5% Y/Y
- Dividend yield: 4.0%²
- BMO has the longest running dividend payout record of any company in Canada, at 187 years
- Target dividend payout 40-50%
 - Adjusted payout of 46.2%³ in F2015

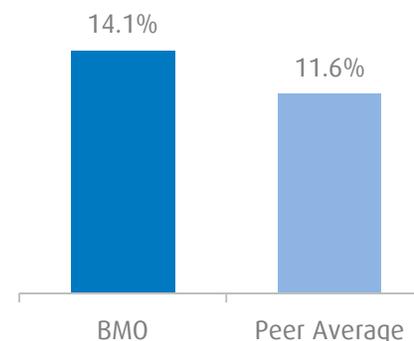
Adjusted Net Revenue (C\$B)³



Adjusted Net Income (C\$B)³



Three-Year Average Annual Total Shareholder Return²(%)



- BMO's average annual return of 14.1% over the past 3 years has outperformed our Canadian bank peer group average and was above the 8.1% return for the S&P/TSX

¹ Annualized based on Q4'16 declared dividend of \$0.86 per share

² As of August 31, 2016

³ On a reported basis: dividend payout ratio of 49.2% in F2015, net revenue F2015: \$18.1B; F2014: \$16.7B; F2013: \$16.1B, Net income: F2015: \$4.4B; F2014: \$4.3B; F2013: \$4.2B

Q3 2016 - Financial Highlights

Strong operating results with adjusted¹ net income up 5% Y/Y and EPS of \$1.94

- Adjusted¹ net income of \$1.3B up 5% and EPS up 4% Y/Y
- Net revenue² up 7% Y/Y, or 6% Y/Y in CCY³
- Adjusted¹ expenses up 4% Y/Y or 2% in CCY³
- Positive operating leverage⁴ of 3.8%
- PCL of \$257MM up \$97MM Y/Y including higher oil and gas provisions
- Pre-provision, pre-tax earnings¹ growth of 14% Y/Y
- ROE of 13.5%, ROTCE⁵ of 16.6%

Adjusted ¹ (\$MM)	Q3 15	Q2 16	Q3 16
Net Revenue²	4,608	4,694	4,942
PCL	160	201	257
Expense	2,922	3,060	3,025
Net Income	1,230	1,152	1,295
Reported Net Income	1,192	973	1,245
Diluted EPS (\$)	1.86	1.73	1.94
ROE (%)	14.0	12.1	13.5
ROTCE⁵ (%)	17.3	14.8	16.6
Common Equity Tier 1 (CET1) Ratio (%)⁶	10.4	9.7	10.0

1 See slide 36 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information. Reported results: Net revenue – Q3'16 \$4,942MM, Q2'16 \$4,694MM, Q3'15 \$4,608MM; Expenses – Q3'16 \$3,092MM, Q2'16 \$3,312MM, Q3'15 \$2,971MM; EPS – diluted: Q3'16 \$1.86, Q2'16 \$1.45, Q3'15 \$1.80; ROE – Q3'16 13.0%, Q2'16 10.1%, Q3'15 13.6%; PPPT growth 13%

2 Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Reported gross revenue: Q3'16 \$5,633MM; Q2'16 \$5,101MM; Q3'15 \$4,826MM

3 Constant currency (CCY) refers to impact of CAD/US exchange rate movements on the U.S. segment only and is a non-GAAP measure. For more information see the Foreign Exchange section on page 8 of Bank of Montreal's Third Quarter 2016 Report to Shareholders

4 Operating leverage on an adjusted net revenue basis; 3.2% on a reported net revenue basis

5 Return on tangible common equity (ROTCE) = (Annualized Net Income avail. to Common Shareholders) / (Average Common shareholders equity less Goodwill and acquisition-related intangibles net of associated deferred tax liabilities)

6 On October 4, 2016 BMO issued a news release announcing an amendment to its Q1'16, Q2'16 and Q3'16 regulatory capital ratios. Please see the news release on our website at www.bmo.com for more information

Operating Groups

Canadian Personal & Commercial Banking

Strengths and Value Drivers

- Strong commercial banking business, #2 ranking in Canadian market share for business loans of \$25 million or less
- Largest MasterCard® issuer in Canada, one of the top commercial card issuers in North America
- Leading issuer of AIR MILES®, Canada's premier coalition loyalty program
- Consistently applied credit risk management practices, providing reliable access to appropriate financing solutions in all economic conditions

Our Strategic Priorities

Focused on capturing key growth and loyalty opportunities while capitalizing on the shift to digital to improve efficiency

- Improve customer loyalty to deepen relationships. Increase personal share of wallet in personal and target opportunities across geography, segment and industry in commercial
- Continue to accelerate channel strategy and increase digital capabilities to enhance customer experience
- Focus on strength in productivity and risk management

Recent Accomplishments



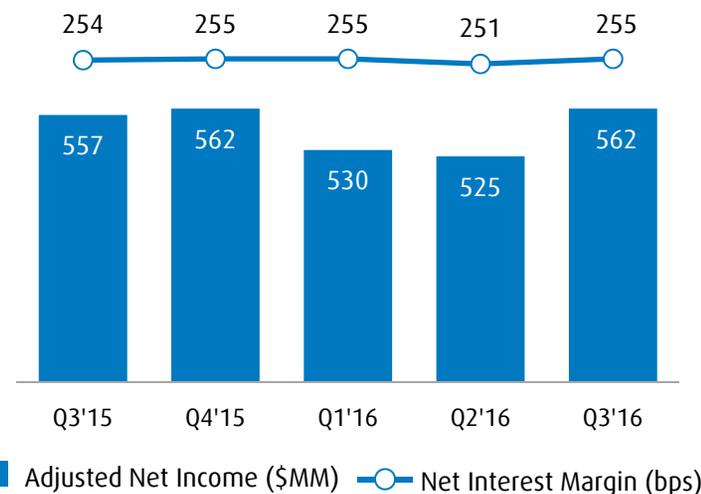
- Launched a new digital capability that allows customers to open an account in minutes using their smartphone
- Introducing 'biometric' security enhancements to some corporate card customers with Mastercard® Identity Check
- Named Best Commercial Bank in Canada by World Finance Magazine
- Recognized for the third consecutive year by the global financial services research firm Celent with a 2015 Model Bank Award for excellence in the digital banking category

Canadian Personal & Commercial Banking

Good PPPT¹ growth of 6% Y/Y with continued positive operating leverage

- Adjusted¹ net income of \$562MM, up 1% Y/Y with good PPPT¹ growth of 6%
- Revenue up 4% Y/Y reflecting strong balance growth
 - Average loans up 6% and deposits up 8% Y/Y
 - NIM up 1bp Y/Y and 4bps Q/Q
- PCL up \$43MM Y/Y due to higher commercial provisions and below trend consumer provisions in Q3'15
- Expense growth of 2% Y/Y reflecting investment in the business, net of disciplined expense management
- 4th consecutive quarter of positive operating leverage¹, Q3 at 2.1%
- Adjusted¹ efficiency ratio of 48.7%

Adjusted ¹ (\$MM)	Q3 15	Q2 16	Q3 16
Revenue (teb)	1,697	1,672	1,770
PCL	109	127	152
Expenses	844	841	863
Net Income	557	525	562
Reported Net Income	556	525	561



¹ See slide 36 for adjustments to reported results. Adjusted results are non-GAAP measures, see slide 2 for more information. Reported results: Revenue and PCL same as adjusted amounts; Expenses Q3'16 \$864MM, Q2'16 \$841MM, Q3'15 \$845MM; PPPT growth 6%; operating leverage positive for 3rd consecutive quarter; Efficiency ratio: Q3'16 48.8%

U.S. Personal & Commercial Banking

Strengths and Value Drivers

- Rich heritage of more than 160 years in the U.S. Midwest, deep commitment to our communities and helping customers succeed
- Unique, differentiated platform for profitable growth with an attractive branch footprint and top-tier deposit market share
- Large-scale, relationship-based national commercial banking business, complemented by in-depth industry knowledge in select sectors
- Comprehensive and integrated control structure to actively manage risks and regulatory compliance

Our Strategic Priorities

Aim to grow our business and be a leader in our markets by offering a differentiated, intuitive customer experience and advising customers on a wide range of financial topics

- Maintain strong customer loyalty and increase brand awareness; grow our customer base in high-opportunity segments while deepening existing client relationships
- Build on mobile and online channel capabilities to continue to enhance customer experience
- Continue to leverage North American commercial franchise and partnerships, and successfully integrate BMO Transportation Finance
- Continued focus on productivity and risk management



Recent Accomplishments

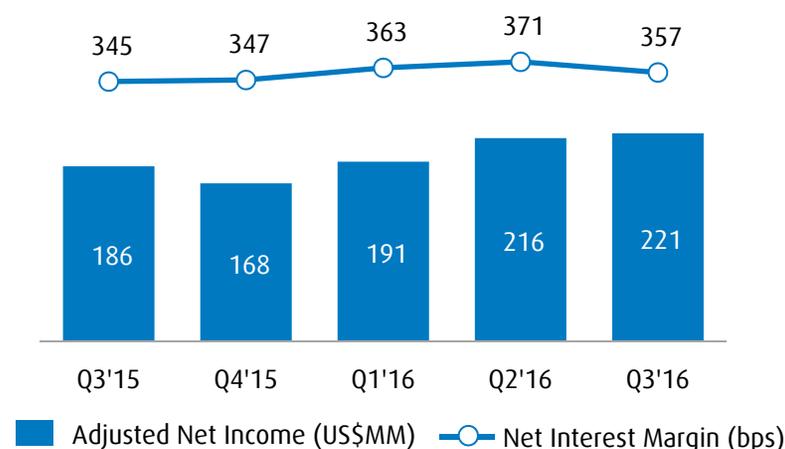
- Most Innovative Financial Institution at the ATM & Mobile Innovation Summit
- Launched a new suite of consumer and small business MasterCard® products
- Closed and rebranded the acquisition of BMO Transportation Finance on December 1st, 2015

U.S. Personal & Commercial Banking

Strong growth with adjusted¹ net income up 22% Y/Y or 19% in USD

- Adjusted¹ net income of \$289MM, up 22% Y/Y. Figures that follow are in U.S. dollars
- Adjusted¹ net income up 19% Y/Y including the benefit of BMO Transportation Finance
 - The acquisition represented ~15% of Q3'16 revenue and adjusted expenses
 - Strong organic PPPT² growth of 15%
- Revenue up 23% Y/Y
- Average loans up 17% and deposits up 9% Y/Y
 - Continued strong organic commercial loan growth of 15%
 - NIM down 14 bps Q/Q driven by a decline in loan spreads, lower interest recoveries, changes in mix and lower purchase accounting impacts in the current quarter
- PCL up Y/Y due to higher commercial provisions
- Expenses¹ up 14%, or down 2% ex the acquisition
- 3rd consecutive quarter of positive operating leverage¹, Q3 at 9.3%
- Adjusted¹ efficiency ratio of 59.2% improved 480 bps Y/Y

Adjusted ¹ (US\$MM)	Q3 15	Q2 16	Q3 16
Revenue (teb)	727	879	896
PCL	15	39	58
Expenses	464	545	530
Net Income	186	216	221
Reported Net Income	175	206	212



¹ See slide 36 for adjustments to reported results. Adjusted results are non-GAAP measures, see slide 2 for more information. Reported results: Revenue and PCL same as adjusted amounts; Expenses: Q3'16 \$543MM, Q2'16 \$558MM, Q3'15 \$478MM; Efficiency ratio of 60.6%, improved 520 bps Y/Y; 3rd consecutive quarter of positive operating leverage, Q3'16 at 9.8%. Beginning in the first quarter of 2016, the reduction in the credit mark that is reflected in net interest income and the provision for credit losses on the purchased performing portfolio are being recognized in U.S. P&C, consistent with the accounting for the acquisition of BMO TF. Results for prior periods have not been reclassified

² Reported organic PPPT growth of 17%

BMO Wealth Management

Strengths and Value Drivers

- Planning and advice-based approach that integrates investment, insurance, specialized wealth management and core banking solutions
- Team of highly skilled wealth professionals committed to providing an exceptional client experience
- Strong presence in North America, and in select markets globally in asset management and private banking, including Europe and Asia
- Diversified digital investment solution platforms, ranging from self-directed investing to professional money management
- Highly scalable manufacturing businesses with a broad range of investment and insurance products
- Access to BMO's broad client base and distribution networks
- Transparent and effective risk management framework

Recent Accomplishments

- Launched BMO SmartFolio™, our new online portfolio management service
- Best Wealth Management Bank Canada, 2015 by *International Finance Magazine*
- Best Overall Discount Brokerage by *MoneySense Magazine*
- Top 50 Asset Manager Worldwide in the "personal investments" category by *Pensions & Investments*
- In 2015, named Best Wealth Management in Canada, Best Private Bank in Canada, Best Full-Service Investment Advisory in Canada and Best Integrated Investment Advisor Digital Platform by *Global Banking & Finance Review*



Our Strategic Priorities

Deliver on our clients' wealth management needs now and in the future by enhancing the client experience and investing for future growth, while focusing on productivity

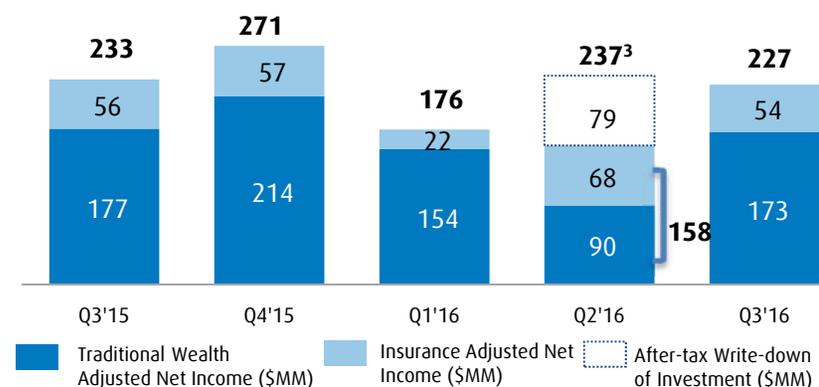
- Attract new clients and deliver a great client experience
- Continue to improve productivity, while managing risks with an emphasis on increasing revenue per employee
- Invest selectively in our sales force and continue to innovate and enhance technology to drive revenue growth

BMO Wealth Management

Solid underlying performance

- Adjusted¹ net income of \$227MM, down 2% Y/Y
 - Traditional Wealth results down 1% Y/Y as operating growth across most businesses was offset by impact of lower equity markets on average. Q/Q operating results up, benefiting from improved equity markets
 - Insurance earnings impacted by unfavourable market movements⁴ in the current quarter primarily offset by above trend results in the underlying business
- Net revenue² down Y/Y driven by divestiture of businesses and impact of factors noted above
- Expenses down Y/Y due to divestitures and disciplined expense management
- AUM/AUA down Y/Y including the impact of unfavourable foreign exchange movements

Adjusted ¹ (\$MM)	Q3 15	Q2 16	Q3 16
Net Revenue²	1,118	990	1,081
PCL	3	2	4
Expenses	808	787	778
Net Income	233	158	227
Reported Net Income	210	134	201
AUM/AUA (\$B)	879	817	863



¹ See slide 36 for adjustments to reported results. Adjusted results are non-GAAP measures, see slide 2 for more information. Reported results: Revenue and PCL same as adjusted amounts; Expenses: Q3'16 \$810MM, Q2'16 \$816MM, Q3'15 \$839MM. Traditional wealth reported net income Q3'16 \$147MM, Q2'16 \$66MM, Q1'16 \$126MM, Q4'15 \$186MM, Q3'15 \$154MM; Insurance reported net income same as adjusted.

² For purposes of this slide revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Gross revenue: Q3'16 \$1,772MM, Q2'16 \$1,397MM; Q3'15 \$1,336MM

³ Excludes \$79MM after-tax impact of write-down of an investment. Reported net income of \$213MM excluding the write-down

⁴ Unfavourable market movements includes the combined effects of interest rates and equity markets

BMO Capital Markets

Strengths and Value Drivers

- Unified coverage approach and integrated distribution create an exceptional client experience across North American platform, together with a complementary international presence in select industry sectors
- Innovative ideas and expertise delivered through top-tier coverage team, dedicated to understanding and meeting core client needs
- Top-ranked economic, equity and fixed income research, sales and trading capabilities with deep expertise in core sectors
- Focus on risk management capabilities, enabling effective decision-making

Our Strategic Priorities

Aim to be the lead investment bank that enables our clients to achieve their ambitions by offering an integrated platform differentiated by leading ideas and unified coverage

- Continue to earn leading market share in Canada
- Leverage strong North American capabilities and presence in select international markets
- Continue to drive performance in U.S. platform and selectively grow corporate bank in areas where we are competitively advantaged
- Continue to enhance risk management, regulatory and compliance practices

Recent Accomplishments



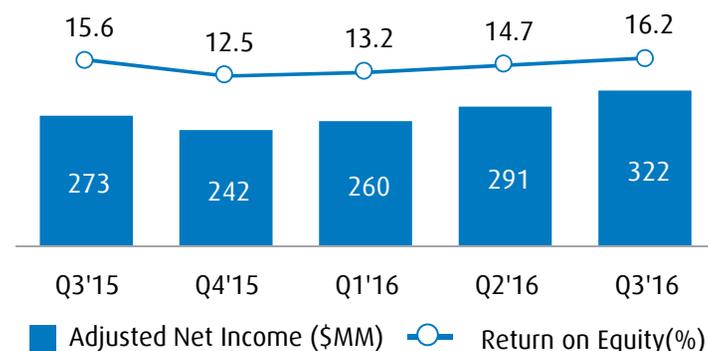
- In 2016, Greenwich Share Leader in Canadian Equity Trading Share and in Canadian Equity Research/Advisory Vote Share, as well as a Greenwich Quality Leader in Canadian Equity Research Product and Analyst Service Quality and in Canadian Equity Sales and Corporate Access Quality
- World's Best Metals & Mining Investment Bank for seven consecutive years by *Global Finance*
- Best Supply Chain Finance Bank in North America for two consecutive years by *Trade Finance*
- Best Bank in Canadian Dollar Foreign Exchange for five consecutive years by *FX Week*

BMO Capital Markets

Strong performance with net income up 18% Y/Y

- Adjusted¹ net income up 18% Y/Y, with strong PPPT² growth of 23% Y/Y
- Revenue up 9% Y/Y or 8% in CCY²:
 - Trading Products benefited from higher client activity
 - Investment and Corporate Banking improved due to higher corporate banking revenue, partially offset by lower advisory revenue and net securities gains
- Expenses flat Y/Y or down 1% in CCY²
- PCL up Y/Y largely due to higher oil and gas provisions
- Adjusted¹ efficiency ratio of 57.2% improved 500bps Y/Y
- Adjusted¹ efficiency ratio of 57.2% improved 500bps Y/Y
- 4th consecutive quarter of positive operating leverage¹; Q3 at 8.8%

Adjusted ¹ (\$MM)	Q3 15	Q2 16	Q3 16
Trading Products Revenue	618	730	694
I&CB Revenue	382	340	393
Revenue (teb)	1,000	1,070	1,087
PCL	14	44	37
Expenses	621	633	621
Net Income	273	291	322
Reported Net Income	272	291	321



¹ See slide 36 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information. Reported results: Revenue and PCL same as adjusted amounts; Expenses: Q3'16 \$622MM, Q2'16 \$633MM, Q3'15 \$622MM; PPPT up 23% Y/Y; Efficiency ratio: Q3'16 57.2%, improved 510bps; 4th consecutive quarter of positive operating leverage, Q3'16 at 8.9%

² Constant currency (CCY) refers to impact of CAD/US exchange rate movements on the U.S. segment only and is a non-GAAP measure. For more information see the Foreign Exchange section on page 8 of Bank of Montreal's Third Quarter 2016 Report to Shareholders

Risk Overview

Risk Management

We have a disciplined and integrated approach to risk

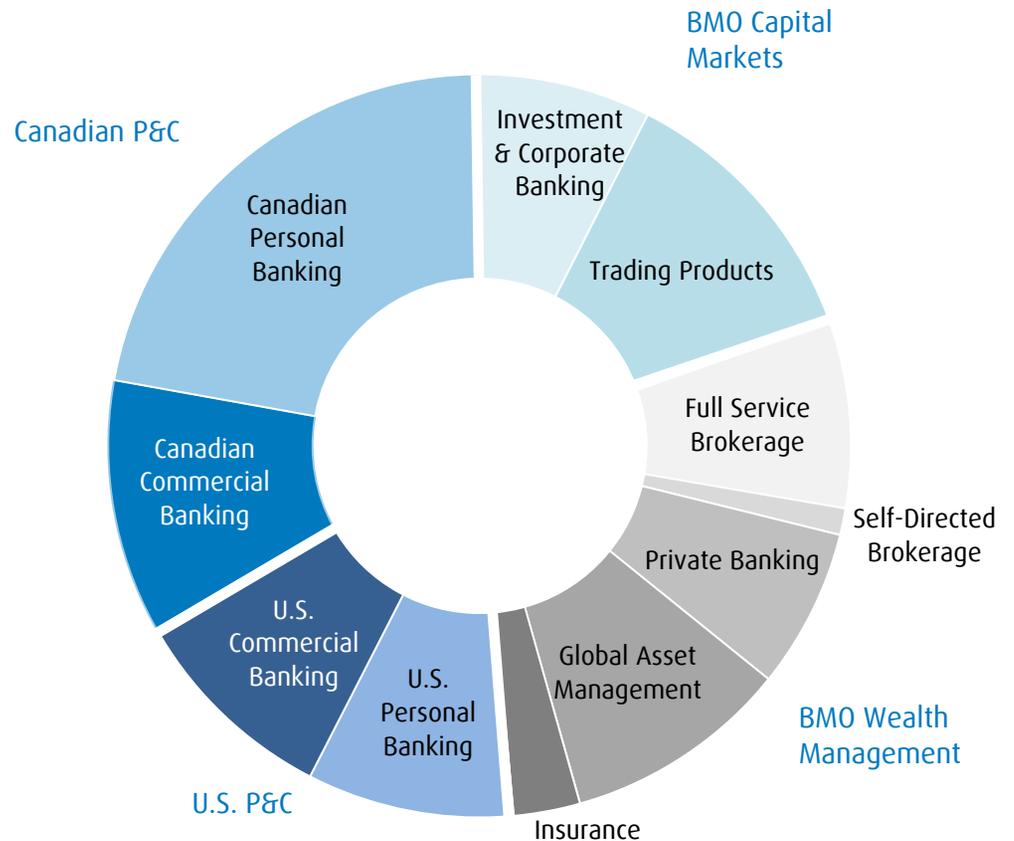
Our Approach to Risk Management

- Understand and manage
- Protect our reputation
- Diversify. Limit tail risk
- Maintain strong capital and liquidity
- Optimize risk return

Strengths and Value Drivers

- Disciplined approach to risk-taking
- Comprehensive and consistent risk frameworks that address all risk types
- Risk appetite and metrics that are clearly articulated and integrated into strategic planning and the ongoing management of businesses and risk
- Sustained mindset of continuous improvement that drives consistency and efficiency in the management of risk

Diversified Sources of Revenue¹



¹ Based on F2015 adjusted revenue

Our loans are well diversified by geography and industry

Gross Loans & Acceptances By Industry (\$B)	Canada & Other ¹	U.S.	Total	% of Total
Residential Mortgages	101.2	8.5	109.7	30%
Consumer Instalment and Other Personal	50.2	14.0	64.2	18%
Cards	7.5	0.5	8.0	2%
Total Consumer	158.9	23.0	181.9	50%
Service Industries	14.4	20.2	34.6	10%
Financial Institutions	13.2	19.3	32.5	9%
Commercial Real Estate	14.4	9.4	23.8	7%
Manufacturing	6.3	12.2	18.5	5%
Retail Trade	9.4	6.8	16.2	4%
Wholesale Trade	4.0	7.8	11.8	3%
Agriculture	8.4	2.5	10.9	3%
Transportation	1.9	8.5	10.4	3%
Oil & Gas	4.6	3.0	7.6	2%
Mining	1.1	0.4	1.5	0%
Other Business and Government ²	11.6	4.8	16.4	4%
Total Business and Government	89.3	94.9	184.2	50%
Total Gross Loans & Acceptances	248.2	117.9	366.1	100%

¹ Business and Government includes includes ~\$10.8B from Other Countries

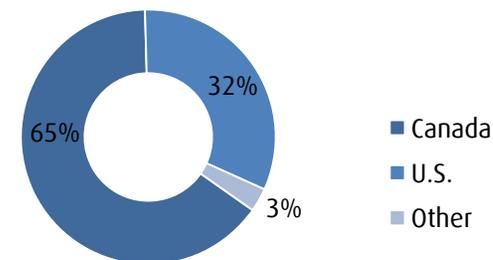
² Except for Mining, Other Commercial & Corporate includes industry segments that are each <2% of total loans

³ Gross loans and acceptances as of July 31, 2016

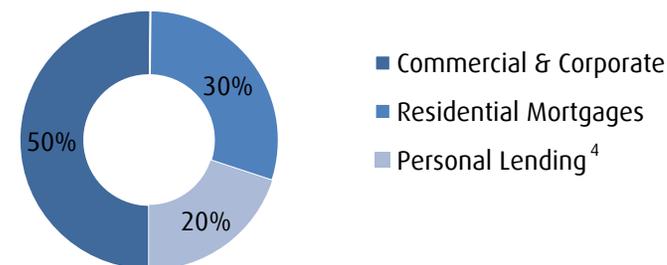
⁴ Including cards

⁵ Average net loans and acceptances as of July 31, 2016

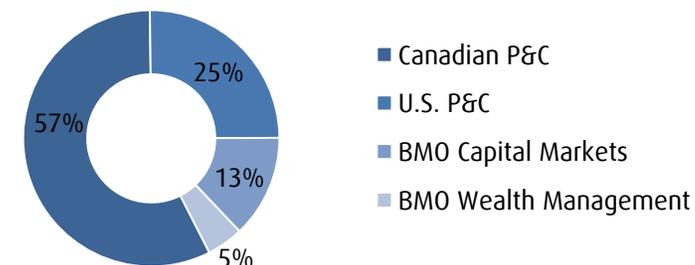
Loans by Geography³



Loans by Product³



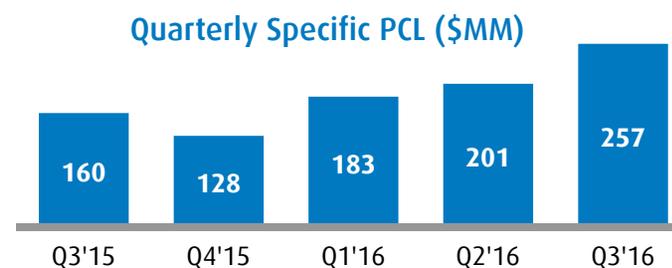
Loans by Operating Group⁵



Provision for Credit Losses (PCL)

PCL By Operating Group (\$MM)	Q3 15	Q2 16 ¹	Q3 16 ¹
Consumer – Canadian P&C	86	105	106
Commercial – Canadian P&C	23	22	46
Total Canadian P&C	109	127	152
Consumer – U.S. P&C ¹	25	35	14
Commercial – U.S. P&C ¹	(6)	16	61
Total U.S. P&C	19	51	75
Wealth Management	3	2	4
Capital Markets	14	44	37
Corporate Services¹	15	(23)	(11)
Specific PCL	160	201	257
Change in Collective Allowance	-	-	-
Total PCL	160	201	257
PCL in bps	20	23	29

- PCL ratio at 29 bps, up 6 bps from prior quarter largely due to higher Oil & Gas provisions
- Collective allowance more than 2 times the last twelve months' provisions



For illustrative² purposes:

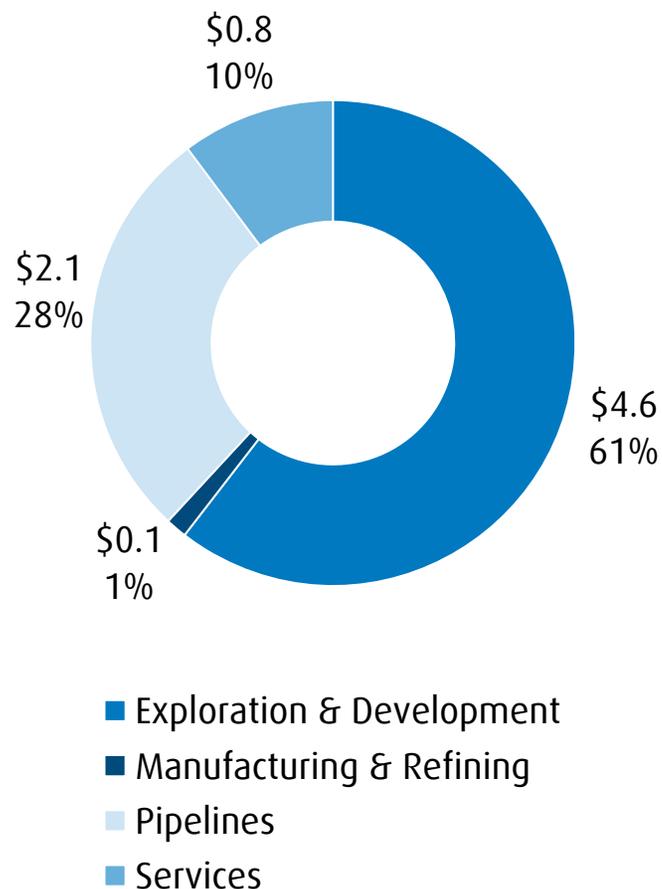
- If the PCL rate moved to 40 bps, our long term average, the impact to annual net income would be ~5% after-tax

¹ Beginning in the first quarter of 2016 the provision for credit losses on the purchased performing portfolio is being recognized in U.S. P&C, consistent with the accounting for the acquisition of BMO TF. Results for prior periods have not been reclassified. Recoveries or provisions on the 2011 purchased credit impaired portfolio continue to be recognized in Corporate Services. Purchased loan accounting impacts related to BMO TF are recognized in U.S. P&C

² Based on annualized Q3'16 adjusted net income and a combined tax rate of 30% (for illustrative purposes)

Oil and Gas and Alberta Loan Portfolios

Oil and Gas Balances – By Sector (\$B)



Oil and Gas – Corporate/Commercial

- Oil and Gas loans of \$7.6B; 2% of total bank loans with close to half investment grade
- \$8.2B in undrawn exposure¹, of which more than half is investment grade
- New Pipeline commitments in the quarter raised Pipeline share to 28% vs 18% prior quarter

Consumer Exposure in Alberta

- Alberta consumer loans represent 6% of total bank loans of which over 80% are Real Estate Secured (RESL)
 - ~60% of Alberta RESL is insured
 - 57% LTV on uninsured RESL
- Alberta consumer represents ~15% of total Canadian consumer loans
- Alberta commercial, excluding Oil and Gas, represents ~3% of total Canada loans and ~2% of total bank loans

¹ Credit exposures on committed undrawn amounts of loans. See Credit Risk Exposure by Industry table on page 43 of Supplementary Financial Information

Canadian Residential Mortgages

- Total Canadian residential mortgage portfolio at \$101.2B or 43% of Canadian gross loans and acceptances
 - 57% of the portfolio is insured
 - Loan-to-value (LTV)¹ on the uninsured portfolio is 56%²
 - 70% 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 bp
 - 90 day delinquency rate remains good at 22 bps
 - Condo Mortgage portfolio is \$14.5B with 50% insured

Residential Mortgages by Region (\$B)	Insured	Uninsured	Total	% of Total
Atlantic	3.7	1.7	5.4	5%
Quebec	9.2	5.6	14.8	14%
Ontario	23.6	18.5	42.1	42%
Alberta	11.3	4.7	16.0	16%
British Columbia	7.4	11.7	19.1	19%
All Other Canada	2.4	1.4	3.8	4%
Total Canada	57.6	43.6	101.2	100%

¹ 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

² To facilitate comparisons, the equivalent simple average LTV on uninsured mortgages in Q3'16 was 51%

Appendix

Economic Outlook and Indicators

Economic Indicators (%) ¹	Canada			United States			Eurozone		
	2015	2016E	2017E	2015	2016E	2017E	2015	2016E	2017E
GDP Growth	1.1	1.2	2.0	2.6	1.6	2.2	1.9	1.5	1.3
Inflation	1.1	1.4	1.7	0.1	1.2	2.2	0.0	0.1	0.4
Interest Rate (3mth Tbills)	0.53	0.49	0.51	0.05	0.30	0.69	(0.02)	(0.28)	(0.32)
Unemployment Rate	6.9	7.0	6.9	5.3	4.9	4.6	10.9	10.2	10.0
Current Account Balance / GDP ²	(3.2)	(3.3)	(2.4)	(2.6)	(2.6)	(2.5)	3.8	3.8	3.6
Budget Surplus / GDP ²	(0.3)	(1.5)	(1.4)	(2.5)	(3.2)	(3.1)	(2.1)	(1.8)	(1.4)

Canada

- Economic growth is expected to improve to 1.2% in 2016 and to 2.0% in 2017, as the downturn in the oil industry subsides and as exports increase in response to the low-valued Canadian dollar and firmer U.S. demand
- Alberta's wildfire will have a modest dampening effect on growth this year
- The Bank of Canada is expected to keep policy steady, before raising rates in 2018
- The Canadian dollar will likely weaken against the greenback in the near term amid higher U.S. interest rates, but should subsequently firm as oil prices recover

United States

- Economic growth expected to moderate to 1.6% in 2016 due to the strong dollar and weakness in business investment, though strong consumer spending and active housing markets should support a pickup to 2.2% in 2017
- Presidential election uncertainty could delay some business spending
- The unemployment rate is expected to fall to 4.7% by year-end 2016
- The Federal Reserve will likely raise interest rates in December 2016 and two more times in 2017

¹ Annual average

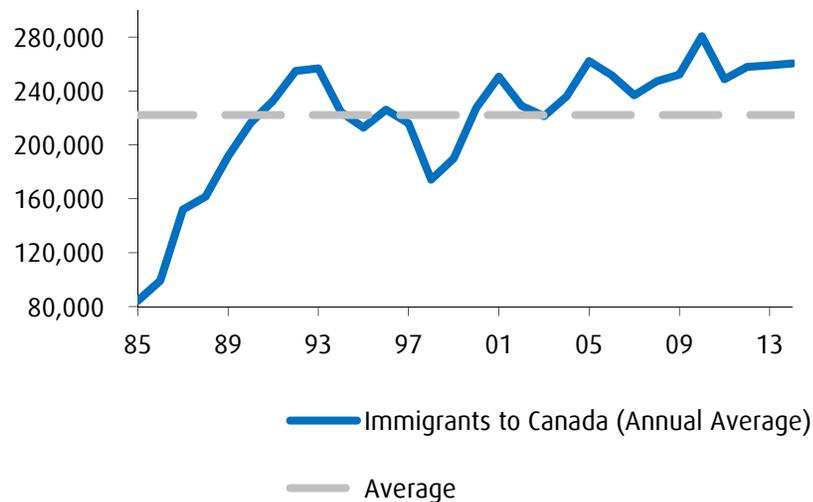
² Estimates as of September 30, 2016; Eurozone estimates provided by OECD

This slide contains forward looking statements. See caution on slide 2

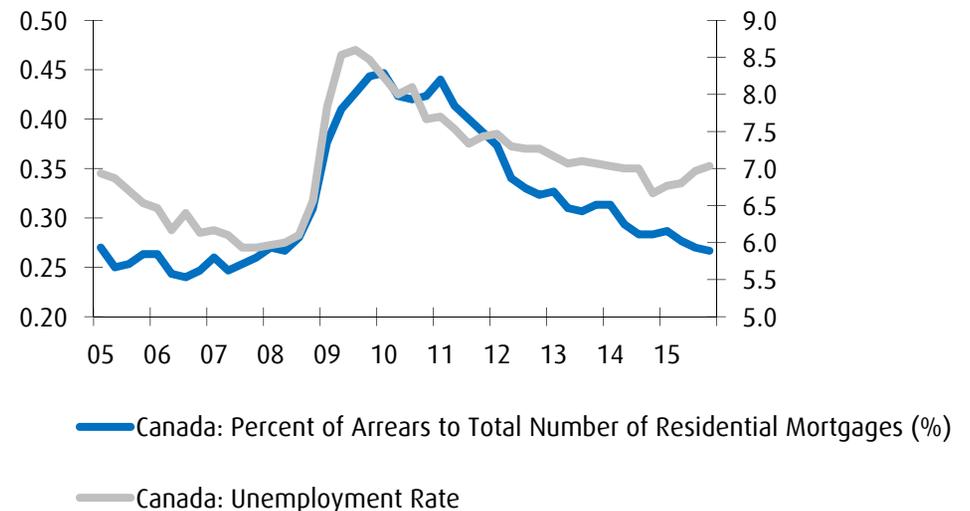
Canada's housing market remains resilient

- Steady immigration, young buyers, low mortgage rates and foreign wealth continue to drive home sales
- Toronto and Vancouver price gains expected to slow after accelerating in past year
- Most regions are expected to see modestly rising home prices, while oil-producing provinces face further moderate declines
- Mortgage arrears remain near record lows, but have turned up in Alberta and Saskatchewan due to layoffs in the oil industry
- The increase in the household debt-to-income ratio has slowed but remains elevated

Immigration to Canada



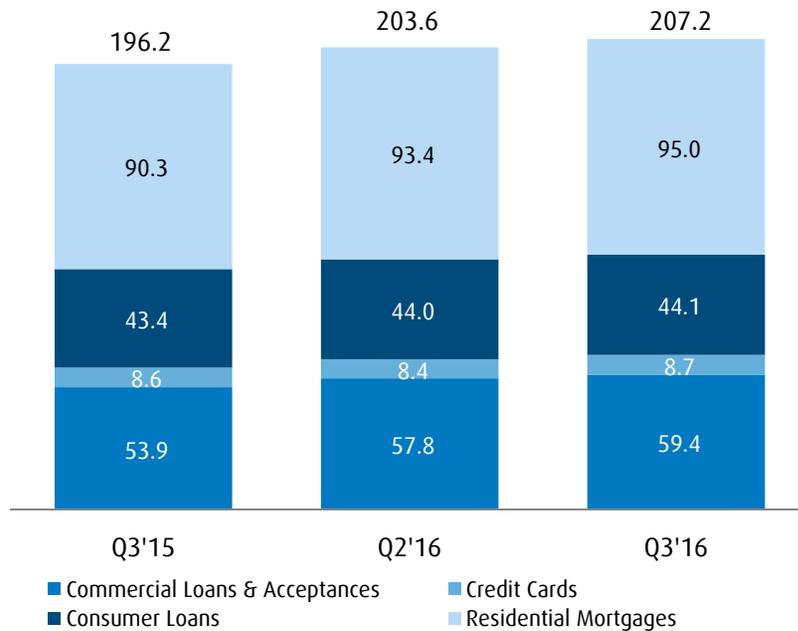
Mortgage Delinquencies/Unemployment



Source: BMO CM Economics and Canadian Bankers' Association as of September 30, 2016
 This slide contains forward looking statements. See caution on slide 2

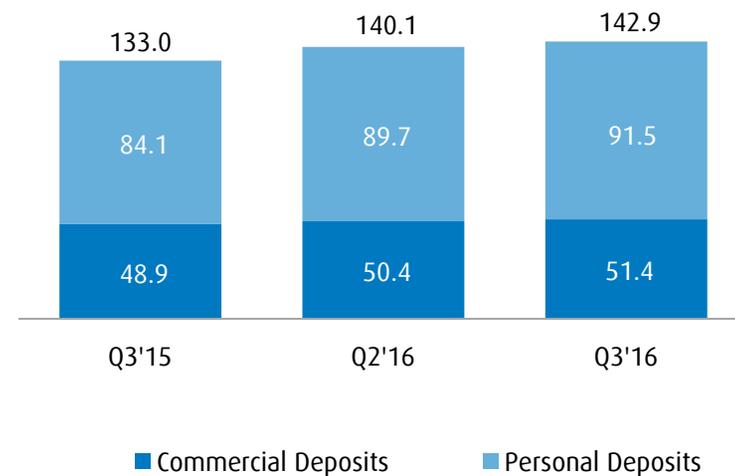
Canadian Personal and Commercial Banking - Balances

Average Loans & Acceptances (\$B)



- Loan growth of 6% Y/Y
 - Mortgages up 5%
 - Consumer loan balances up 2%
 - Commercial loan balances¹ up 10%

Average Deposits (\$B)

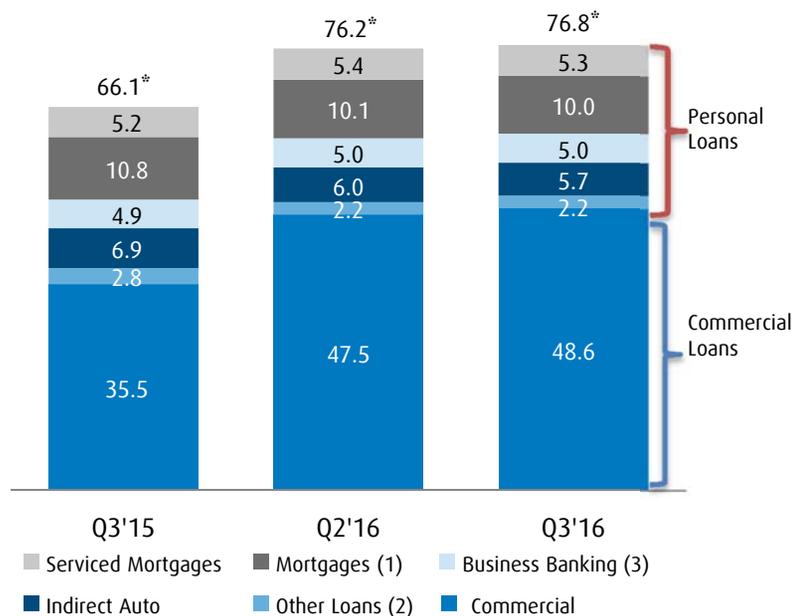


- Deposit growth of 8% Y/Y
 - Personal deposit balances up 9% reflecting strong chequing account growth
 - Commercial deposit balances up 5%

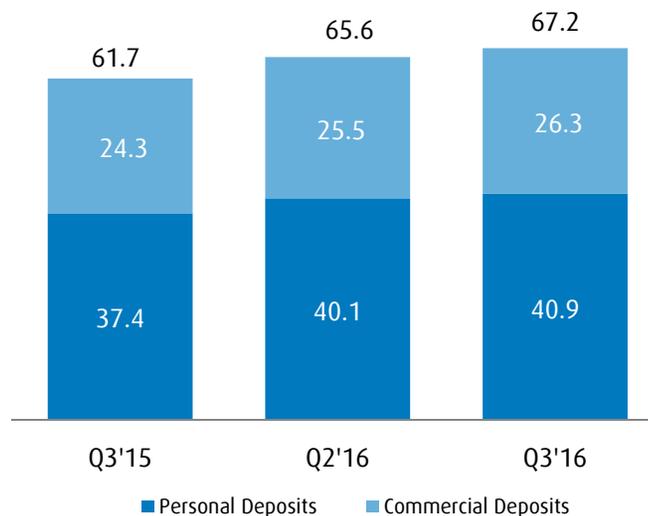
¹ Commercial lending growth excludes commercial cards. Commercial cards balances approximately 7% of total credit card portfolio in Q3'16 and Q3'15 and 8% of total credit card portfolio in Q2'16

U.S. Personal & Commercial Banking – Balances

Average Loans & Acceptances (US\$B)



Average Deposits (US\$B)



- Commercial loans up 15% Y/Y excluding BMO TF
- Serviced mortgage portfolio up 2% Y/Y; mortgage portfolio down 8% Y/Y
- Business Banking up 1% Y/Y
- Indirect Auto down 17% Y/Y due to strategic decision to reduce portfolio originations

- Commercial deposit balances up 8% Y/Y
- Personal deposit balances up 9% Y/Y
 - Chequing balance growth of 6% Y/Y

* Total includes Serviced Mortgages which are off-balance sheet

1 Mortgages include Wealth Management Mortgages (Q3'16 \$1.9B, Q2'16 \$1.8B, Q3'15 \$1.6B) and Home Equity (Q3'16 \$3.7B, Q2'16 \$3.8B, Q3'15 \$4.2B)

2 Other loans include non-strategic portfolios such as wholesale mortgages, purchased home equity, and certain small business CRE, as well as credit card balances, other personal loans and the credit mark on certain purchased performing loans

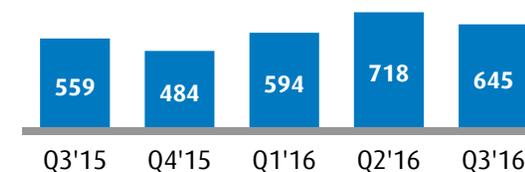
3 Business Banking includes Small Business

Gross Impaired Loans (GIL) and Formations

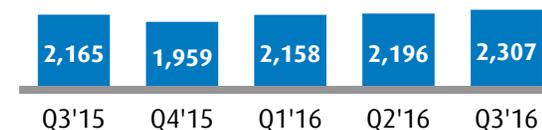
By Industry (\$MM)	Formations			Gross Impaired Loans		
	Canada & Other	U.S.	Total	Canada & Other ¹	U.S.	Total
Consumer	154	104	258	349	573	922
Oil & Gas	72	16	88	138	283	421
Agriculture	24	64	88	81	143	224
Manufacturing	5	43	48	19	125	144
Service Industries	5	38	43	39	98	137
Transportation	3	42	45	8	86	94
Commercial Real Estate	16	3	19	38	31	69
Construction (non-real estate)	1	2	3	16	46	62
Financial Institutions	0	0	0	3	49	52
Wholesale Trade	20	0	20	13	34	47
Mining	0	23	23	4	36	40
Retail Trade	2	4	6	15	15	30
Other Business and Government ²	4	0	4	22	43	65
Total Business and Government	152	235	387	396	989	1,385
Total Bank	306	339	645	745	1,562	2,307

- GIL increased this quarter, with majority of increase due to FX
- GIL ratio remains stable at 63 bps
- Impaired formations decreased this quarter due to lower Oil & Gas formations

Formations (\$MM)



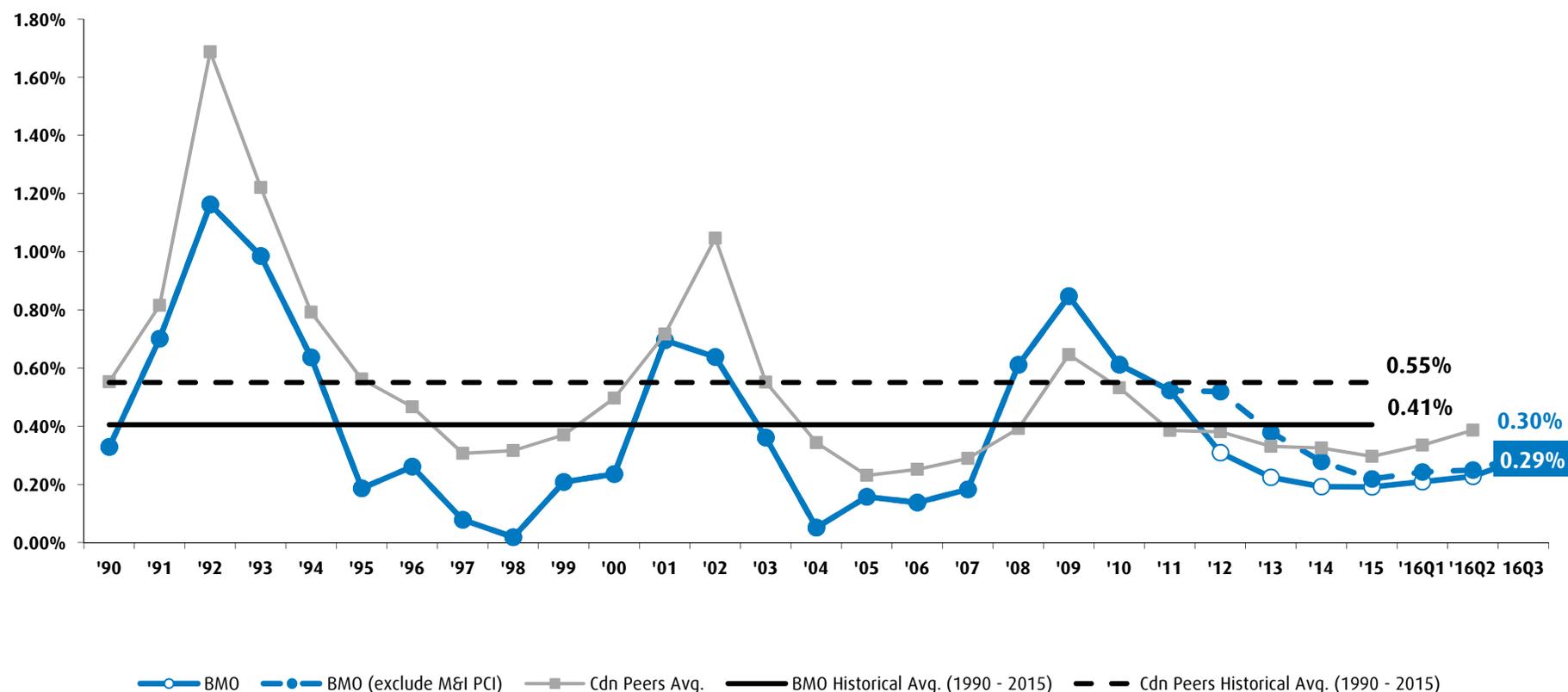
Gross Impaired Loans (\$MM)



¹ Business and Government includes ~\$2MM GIL from Other Countries

² Other Business and Government includes industry segments that are each <1% of total GIL

Historical specific PCL as a percentage of average net loans and acceptances



Specific provisions excludes changes to the collective allowance
 Effective Q1'12 PCL include the impact of IFRS accounting treatment and F2011 comparatives have been restated accordingly
 Peer ratios calculated using publicly disclosed provisions and average net loans & acceptances, and may differ slightly from their reported ratios. Canadian peers weighted average excludes BMO
 BMO and Scotia F2012 average net loans & acceptances have been restated to conform with the current period's presentation

Corporate Governance

- Code of Conduct based on BMO's values, provides ethical guidance and expectations of behaviour for all directors, officers and employees
- Governance practices reflect emerging best practices and BMO meets or exceeds legal, regulatory, TSX and NYSE requirements
- Director independence standards in place incorporating definitions from the Bank Act (Canada), the Canadian Securities Administrators and the New York Stock Exchange
- Share ownership requirements ensure directors' and executives' compensation is aligned with shareholder interests
- Board Diversity Policy in place; 36.4% of independent directors are women
- Ranked 2nd place overall in Globe and Mail's Board Games 2015 which looks at over 50 different corporate governance practices in four broad subcategories related to board composition, compensation, shareholder rights and disclosure

Sustainability at BMO

Operating our business responsibly and considering the social and environmental impacts of our activities

Sustainability Initiatives

- Attained and maintained Carbon Neutrality across the enterprise since 2010
- Achieved ISO 14001 certification for Environmental Management System at four locations
- Signatory to the United Nations Principles for Responsible Investing – a framework for incorporating environmental, social and corporate governance issues into investment portfolios
- Signatory to the Equator Principles – a credit risk management framework for project financing
- Member of the United Nations Global Compact Canada Network

Positive Social and Environmental Impact

- Contributed \$56.9MM to non-profit organizations across North America
- Nearly 6,200 employees donated 19,000 hours to their communities through bank programs
- Helped raise approximately \$2.9B of equity and debt in the capital markets for North American renewable energy mandates
- Provided more than US\$947.3MM in loans to support community development in the U.S.
- 36.4% of BMO's independent Board members are women

Note: Based on 2015 data

Recognized as a Leader

- Global 100: Most Sustainable Corporations in the World (2016)
- Dow Jones Sustainability North America Index for 2015/16
- Canada's Best 50 Corporate Citizens by Corporate Knights
- 2016 Bloomberg Financial Services Gender-Equality Index
- Listed on FTSE4Good Index Series, Jantzi Social Index and Ethibel Sustainability Index Excellence Global
- 2015 Canada 200 Climate Disclosure Leadership Index by the Carbon Disclosure Project
- Canadian Council for Aboriginal Business, Gold certification in Progressive Aboriginal Relations

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

 **BEST 50**
CORPORATE CITIZENS


FTSE4Good

Newsweek
GREEN
RANKINGS


DRIVING SUSTAINABLE ECONOMIES

Progressive Aboriginal RELATIONS
Canadian Council for
Aboriginal Business 

BMO  **Financial Group**
We're here to help.™

Adjusting Items

Adjusting ^{1,2,3} items – Pre-tax (\$MM)	Q3 15	Q2 16	Q3 16
Amortization of acquisition-related intangible assets	(40)	(40)	(40)
Acquisition integration costs	(9)	(24)	(27)
Restructuring cost	-	(188)	-
Adjusting items included in reported pre-tax income	(49)	(252)	(67)
Adjusting ^{1,2,3} items – After-tax (\$MM)	Q3 15	Q2 16	Q3 16
Amortization of acquisition-related intangible assets	(32)	(31)	(31)
Acquisition integration costs	(6)	(16)	(19)
Restructuring cost	-	(132)	-
Adjusting items included in reported net income after tax	(38)	(179)	(50)
Impact on EPS (\$)	(0.06)	(0.28)	(0.08)

1 Adjusted measures are non-GAAP measures, see slide 2 for more information

2 Amortization of acquisition-related intangible assets reflected across the Operating Groups. Acquisition integration costs related to F&C are charged to Wealth Management. Acquisition integration costs related to BMO TF are charged to Corporate Services since the acquisition impacts both Canadian and U.S. P&C businesses. Acquisition integration costs are primarily recorded in non-interest expense

3 Cumulative accounting adjustment recognized in other non-interest revenue, related to foreign currency translation, largely impacting prior periods

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