

Investor Presentation

July 2017



BMO  Financial Group
We're here to help.™

Q2 | 17

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 fiscal 2017 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 and the effect of such changes on funding costs; 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; political conditions, including changes relating to or affecting economic or trade matters; 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; information and cyber-security; and our ability to anticipate and effectively manage risks arising from 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 79 to 112 of BMO's 2016 Annual Report, which outlines certain key factors and risks that may affect Bank of Montreal's future results. 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 and financial services, we primarily consider historical economic data provided by the Canadian and U.S. governments, historical relationships between economic and financial variables, and the risks to the domestic and global economy. See the Economic Review and Outlook section of our Second Quarter 2017 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 4 of BMO's Second Quarter 2017 Report to Shareholders and on page 33 of BMO's 2016 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 April 30, 2017):
 - Assets: \$719 billion
 - Deposits: \$488 billion
 - Employees: over 45,000
 - Branches: 1,520
 - ABMs: 4,672

Q2 2017 Results *	Adjusted ²	Reported
Net Revenue (\$B) ³	5.0	5.0
Net Income (\$B)	1.3	1.25
EPS (\$)	1.92	1.84
ROE (%)	13.1	12.6
Common Equity Tier 1 Ratio (%)		11.3

Other Information (as at June 30, 2017)	
Annual Dividend Declared (per share) ⁴	\$3.60
Dividend Yield ⁴	3.8%
Market Capitalization	\$62.1 billion
Exchange Listings	TSX, NYSE (Ticker: BMO)
Share Price:	
TSX	C\$95.22
NYSE	US\$73.44

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

¹ As measured by assets as at April 30, 2017; ranking published by Bloomberg

² Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to slide 39

³ For purposes of this slide net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Reported gross revenue was \$5.7B

⁴ Annualized based on Q3'17 declared dividend of \$0.90 per share

Reasons to Invest

- Strong, diversified businesses that continue to deliver robust earnings growth and long-term value for shareholders:
 - Large North American commercial banking business with advantaged market share
 - Well-established, highly profitable core banking business in Canada
 - Diversified U.S. banking operations well positioned to benefit from growth opportunities
 - Award-winning wealth franchise with an active presence in markets across Canada, the United States, Europe and Asia
 - Competitively advantaged Canadian and growing mid-cap focused U.S. capital markets business
- Well-capitalized with an attractive dividend yield
- Committed to customer experience, measured through a disciplined loyalty program
- Focus on efficiency through technology innovation, process enhancement and increased digitalization across channels
- Adherence to strong business ethics and corporate governance standards, including sustainability principles that ensure we consider social, economic and environmental impacts as we pursue sustainable growth

Our priorities are clear

Our strategic framework outlines the basic principles that sustain our growth

Our Strategic Priorities

The clearly defined statements of purpose that guide the bank's long-term decision making as we deliver on our vision

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

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

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

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

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

Sustainability Principles

The guidelines we follow as a responsibly managed bank consider social, economic and environmental impacts as we pursue sustainable growth

Social change

Helping people adapt and thrive as society evolves – tailoring our products and services to reflect changing expectations, and embracing diversity and inclusion in our workplace and the communities where we do business

Financial resilience

Supporting customers' needs and goals, while gauging appropriate levels of risk, as they shape their financial futures. And helping members of underserved communities access the guidance and support that will enable them do better

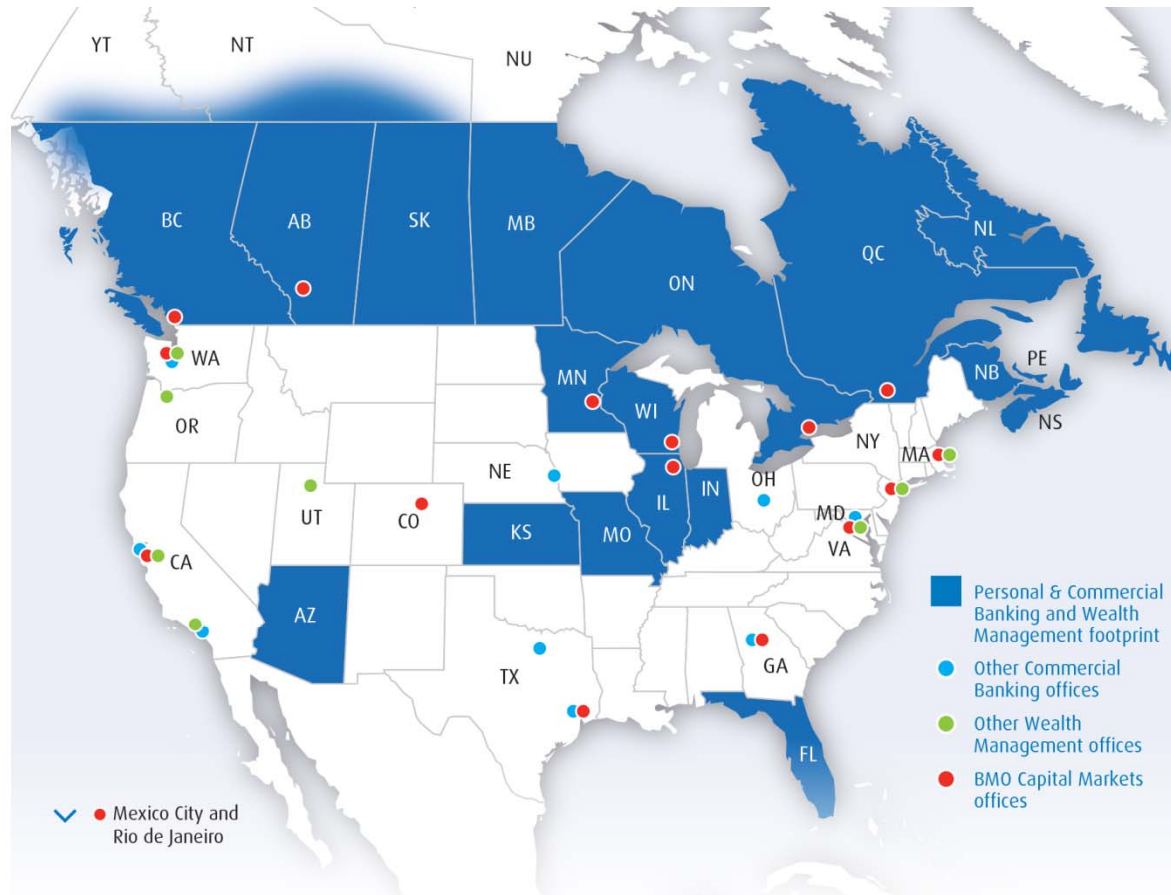
Community-building

Fostering social and economic well-being in the communities where we live and work by financing new enterprises, facilitating public investment, paying our fair share of taxes and, together with our employees, providing support through charitable donations, sponsorships and volunteer activities

Environmental impact

Reducing our environmental footprint while considering the impacts of our business activities as we work with customers who share our commitment to sustainability

BMO's Strategic Footprint



Europe and Middle East presence



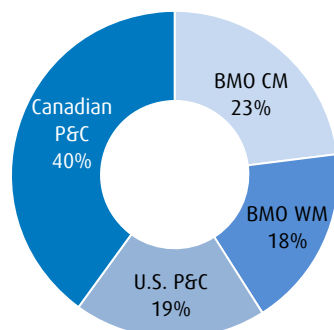
Asia-Pacific presence



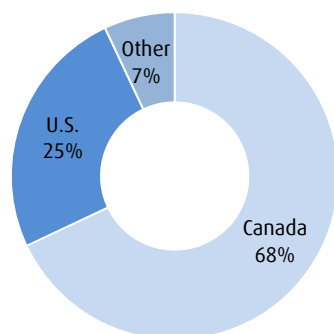
Our three operating groups serve individuals, businesses, governments and corporate customers across Canada and the United States with a focus in key U.S. Midwest states. Our significant presence in North America is bolstered by operations in select global markets in Europe, Asia and the Middle East,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

Diversified by businesses, customer segments and geographies

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 eight million customers
- Over 900 branches and nearly 3,300 ABMs
- Strong commercial banking business, as evidenced by BMO's number two ranking in Canadian market share for business loans up to \$25 million

U.S. P&C

- Helping more than two million customers feel confident in their financial decisions
- Customers are served through nearly 600 branches, contact centres, online and mobile banking platforms and almost 1,400 ABMs across eight states
- 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 markets across 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 financial services provider offering a complete range of products and services to corporate, institutional and government clients
- ~2,400 professionals in 30 locations around the world, including 16 offices in North America
- U.S. Mid-cap strategy focused in select strategic sectors where we have expertise and in-depth industry knowledge

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 41%, U.S. P&C 18%, BMO WM 17%, BMO CM 24%. By geography (LTM): Canada 71%, U.S. 23%, Other 6%. For details on adjustments refer to slide 39

A more personal bank for a digital world

In every area of our business, customers are benefiting from the enhanced capabilities of our technology platform

Renewed Underlying Architecture



Integration of 1,400 applications across the bank through a sophisticated connector grid. Allows us to introduce products faster, more economically and in more iterative ways

Strengthened Data Capabilities



BMO's advanced Information Delivery Platform is our bank-wide data centre – the key to creating personalized digital experiences for our customers. Its configuration allows us to progressively build data capabilities, including machine learning, enabling detailed analytics from risk to sales to marketing

Augmented Digital Experience



Enhancing our main customer points of contact, notably mobile ones. We're making it easier for customers to engage with us, for example through Touch ID, real-time alerts, e-transfers in Canada and People Pay in the U.S., and the launch of our mobile account opening app enabling customers to open an account in minutes

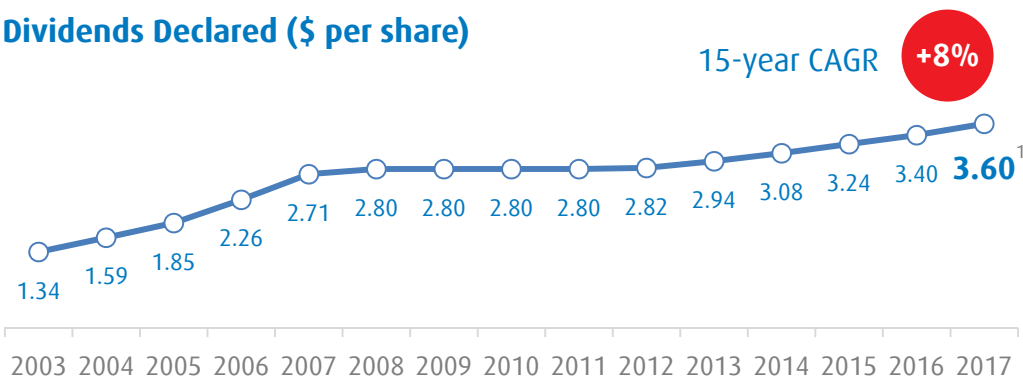
Digitized Processes



We're continuously modernizing the way we work in the branches, mid and back offices of the bank, with more efficient digitized processes that include up-to-date solutions like scanning and e-signatures

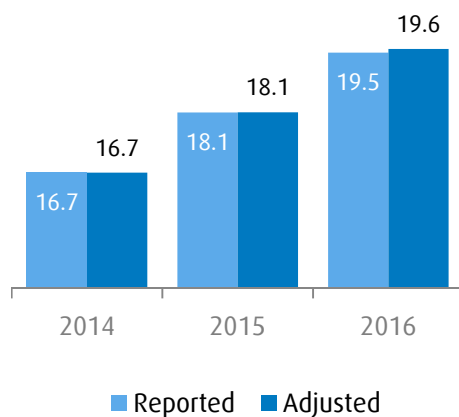
Strong financial performance and shareholder returns

Dividends Declared (\$ per share)

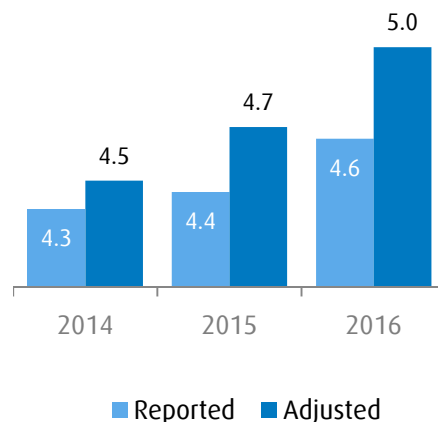


- Quarterly dividend of \$0.90 per share, up 5% Y/Y
- Dividend yield of 3.8%¹
- BMO has the longest running dividend payout record of any company in Canada, at 188 years
- Target dividend payout 40-50%
 - Q2'17 payout of 47.6%

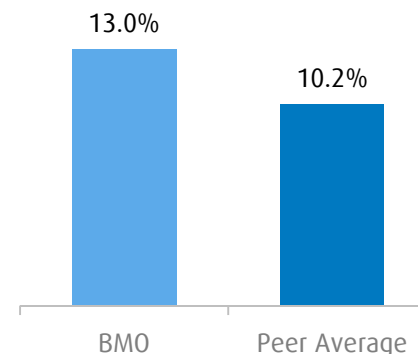
Net Revenue (C\$B)



Net Income (C\$B)



Three-Year Average Annual Total Shareholder Return²(%)



- BMO's average annual return of 13.0% over the past 3 years has outperformed our Canadian bank peer group average and was above the 5.1% return for the S&P/TSX

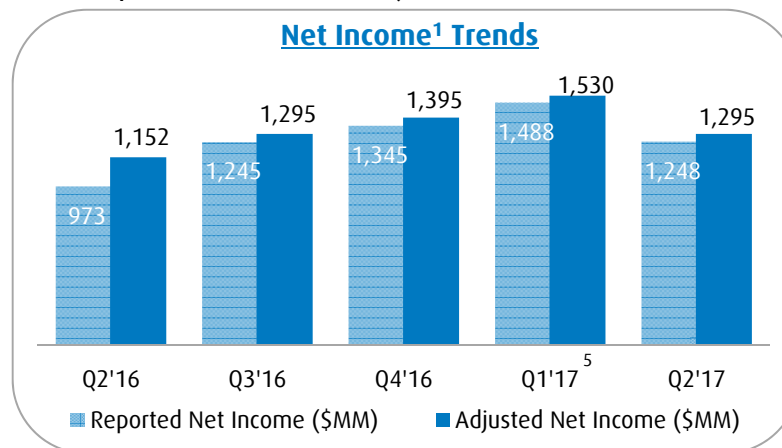
¹ Annualized based on Q3'17 declared dividend of \$0.90 per share, June 30, 2017 share price
² As of April 30, 2017

Q2 2017 - Financial Highlights

Net income growth reflects benefits from diversified business

- YTD adjusted¹ net income⁵ of \$2.8B up 21% Y/Y (reported \$2.7B, up 34%); YTD EPS of \$4.20, up 21% (Reported \$4.06 up 34%)
- Q2'17 reported net income of \$1.25B up 28% Y/Y; EPS of \$1.84 up 27% Y/Y
- Adjusted¹ net income of \$1.3B up 12% Y/Y; EPS of \$1.92 up 11% Y/Y
- Q2'16 reported results included a \$132MM after-tax restructuring charge; Q2'16 adjusted¹ results included \$79MM after-tax write-down of an equity investment
- Net revenue² up 7% Y/Y, up 6% CCY³ with good performance from Capital Markets and Wealth Management
- Adjusted¹ expenses up 5% Y/Y, or 4% CCY³; reported expenses down 1% Y/Y due to restructuring charge in the prior year
- Adjusted¹ net operating leverage² of 2.3% (reported² 8.3%)
- PCL of \$259MM up \$58MM Y/Y primarily due to higher commercial provisions in U.S. P&C and lower recoveries in Corporate Services
- Adjusted¹ ROE of 13.1%, adjusted¹ ROTCE⁴ of 15.9% (reported ROE 12.6%, reported ROTCE⁴ 15.7%)

(\$MM)	Reported			Adjusted ¹		
	Q2 17	Q1 17	Q2 16	Q2 17	Q1 17	Q2 16
Net Revenue ²	5,033	5,401	4,694	5,033	5,401	4,694
PCL	259	173	201	259	173	201
Expense	3,276	3,379	3,312	3,212	3,320	3,060
Net Income	1,248	1,488	973	1,295	1,530	1,152
Diluted EPS (\$)	1.84	2.22	1.45	1.92	2.28	1.73
ROE (%)	12.6	14.9	10.1	13.1	15.3	12.1
ROTCE ⁴ (%)	15.7	18.5	12.8	15.9	18.6	14.8
CET1 Ratio (%)	11.3	11.1	9.7			



1 See slide 39 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information

2 Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Reported gross revenue: Q2'17 \$5,741MM; Q1'17 \$5,405MM; Q2'16 \$5,101MM. Operating leverage based on net revenue

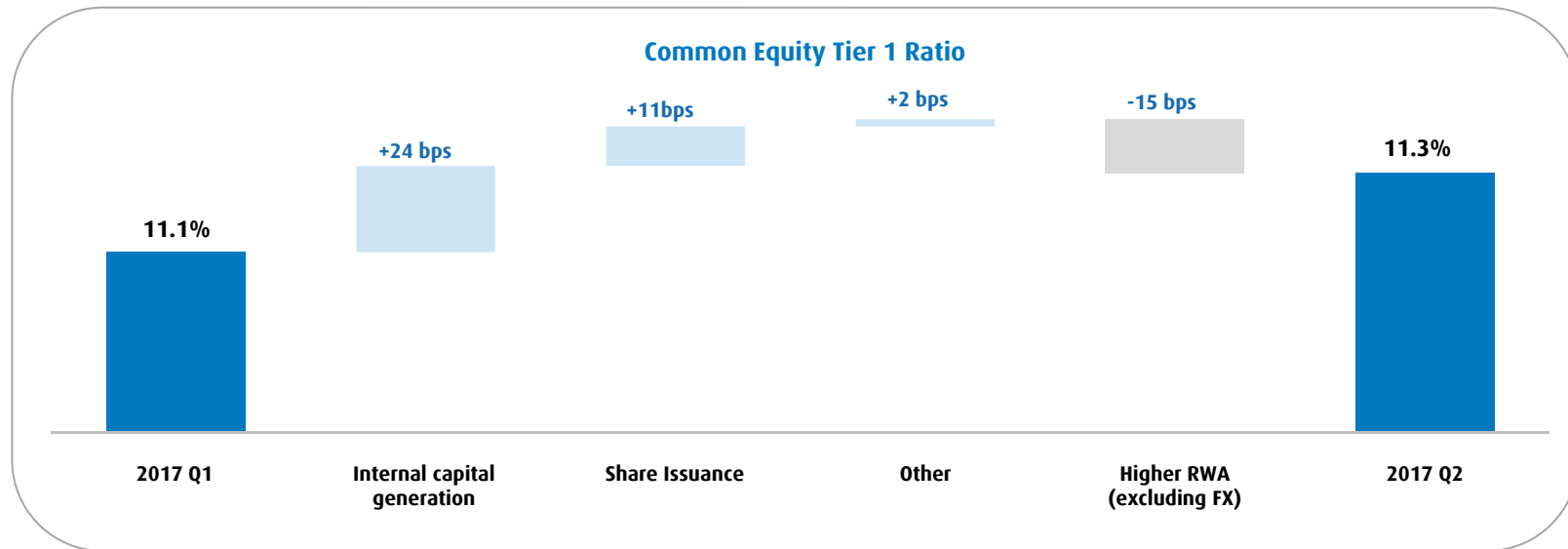
3 Constant currency (CCY) refers to impact of CAD/US exchange rate movements on the U.S. segment only and is a non-GAAP measure

4 Adjusted Return on tangible common equity (ROTCE) = (Annualized Adjusted Net Income avail. to Common Shareholders) / (Average Common shareholders equity less Goodwill and acquisition-related intangibles net of associated deferred tax liabilities). Numerator for Reported ROTCE is (Annualized Reported Net Income avail. to Common Shareholders less after-tax amortization of acquisition-related intangibles)

5 Q1'17 included a net income impact of \$133MM from a gain on sale in Canadian P&C (related to our share of the gain on the sale of Moneris US), and the loss on sale of Indirect Auto loans in U.S. P&C

Strong Capital Position

Strong capital with CET1 Ratio at 11.3%



Basis points may not add due to rounding

- Q2'17 CET1 Ratio of 11.3%, up from 11.1% at Q1'17 due to:
 - Internal capital generation from retained earnings growth, and share issuance
 - Higher source currency RWA due mainly to business growth
 - The impact of FX movements on the CET1 ratio largely offset
- Quarterly common dividend increased 2 cents to \$0.90 per share. Y/Y dividend increased 5%
- Attractive dividend yield of ~4%

Operating Groups

Canadian Personal & Commercial Banking

Strengths and Value Drivers

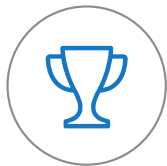
- Highly engaged team of dedicated employees focused on providing a personalized banking experience
- Strong Commercial Banking business with #2 market share for business loans up to \$25 million
- Largest MasterCard® card issuer in Canada for both retail and commercial cards
- Consistently applied credit risk management practices, providing reliable access to appropriate financing solutions

Our Strategic Priorities

Focused on capturing key growth and loyalty opportunities while capitalizing on the shift to digital channels to achieve greater efficiency

- Continue to focus on improving customer loyalty by deepening relationships
 - In personal banking, deliver a leading customer experience leveraging new digital channels and existing networks
 - In commercial banking, target opportunities through diversification and product expansion
- Accelerate our digital capabilities to deliver a seamless customer experience
- Continue strengthening risk management practices and enhancing automation capabilities while delivering a great customer experience

Recent Accomplishments



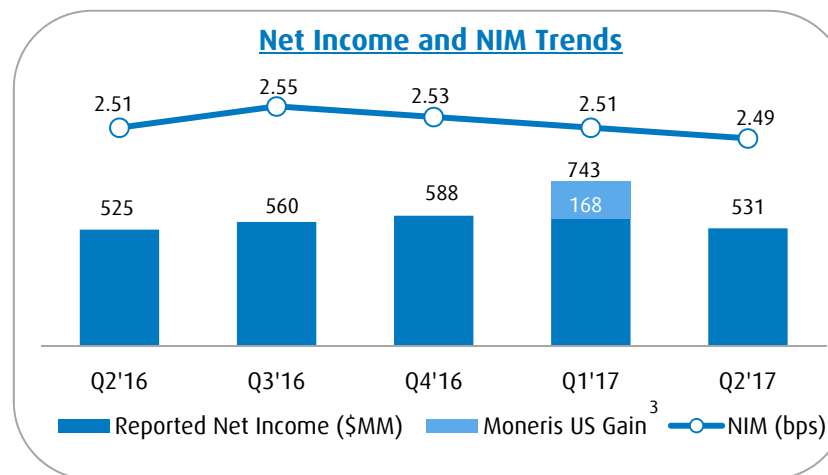
- Recognized by the global research and advisory firm *Celent* with the 2017 Model Bank Award for work in advancing process automation through the effective deployment of new technology
- Deepening customer relationships through multichannel engagement: 50% of Canadian customers are active digital users, 16% of product sales completed digitally, >30 million mobile transactions this year
- Named Best Commercial Bank in Canada by *World Finance Magazine* for the second consecutive year
- Launched biometric security enhancements to select corporate card customers with MasterCard Identity Check™

Canadian Personal & Commercial Banking

Good volume growth with loans up 5% and deposits up 8%

- YTD net income³ up 21%; revenue increased 9% with positive operating leverage of 5.0%
- Q2'17 net income up 1% Y/Y
- Revenue up 3% Y/Y reflecting higher balances and higher non-interest revenue, partially offset by lower NIM
- NIM down 2bps Y/Y and Q/Q
- Average loans up 5% (personal² 4%, commercial² 8%) and deposits up 8% Y/Y (personal 8%, commercial 8%)
- PCL flat Y/Y, up \$10MM Q/Q
- Expenses up 5% Y/Y reflecting continued investment in the business
- Adjusted¹ and reported operating leverage of (1.6)%
- Adjusted¹ and reported efficiency ratio of 51.1%

(\$MM)	Reported			Adjusted ¹		
	Q2 17	Q1 17	Q2 16	Q2 17	Q1 17	Q2 16
Revenue (teb)	1,724	1,979	1,672	1,724	1,979	1,672
PCL	128	118	127	128	118	127
Expenses	882	901	842	882	900	842
Net Income	531	743	525	531	744	525



1 See slide 39 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information

2 Personal loan growth excludes retail cards and commercial loan growth excludes corporate cards

3 During Q1'17 our joint venture investment, Moneris Solutions Corporation, sold its U.S. subsidiary (Moneris US). The \$168MM after-tax represents our share of the gain on sale of Moneris US

U.S. Personal & Commercial Banking

Strengths and Value Drivers

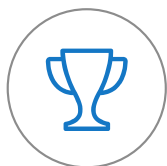
- Rich heritage of 170 years in the U.S. Midwest, with a deep commitment to our communities and helping our customers succeed
- Unique, differentiated platform for profitable growth with attractive branch footprint and top-tier deposit market share in key U.S. Midwest markets
- Large-scale, relationship-based national commercial banking business centred in the U.S. Midwest, complemented by in-depth industry knowledge in select sectors
- Comprehensive and integrated risk management and compliance framework to manage within our risk appetite and respond to regulatory expectations

Our Strategic Priorities

Aim to grow our business and be a leader in our markets by creating a differentiated, intuitive customer experience and advising our customers on a wide range of financial topics, leveraging our brand reputation, local presence and high-performance teams

- Continue to build market share and expand into high opportunity segments, drive customer acquisition through enhanced value proposition, while focusing on consistent service delivery and developing expert bankers
- Build digital capabilities to align to customer behaviour and market demand
- Continue to deepen market share in our flagship businesses
- Focus on effectively controlling potential risks related to new digital capabilities to safeguard customer identity and personal information

Recent Accomplishments



- Through a partnership with Allpoint®, expanded our no-fee ATM network by over 43,000 locations, providing convenient access across the United States
- Introduced a new U.S. Enterprise Wire Payment system to deliver a flexible, faster and more efficient platform for customers
- Expanding commercial offices nationally beyond our core Midwest states into key markets including Dallas, Atlanta, Southern California and Columbus, OH

U.S. Personal & Commercial Banking

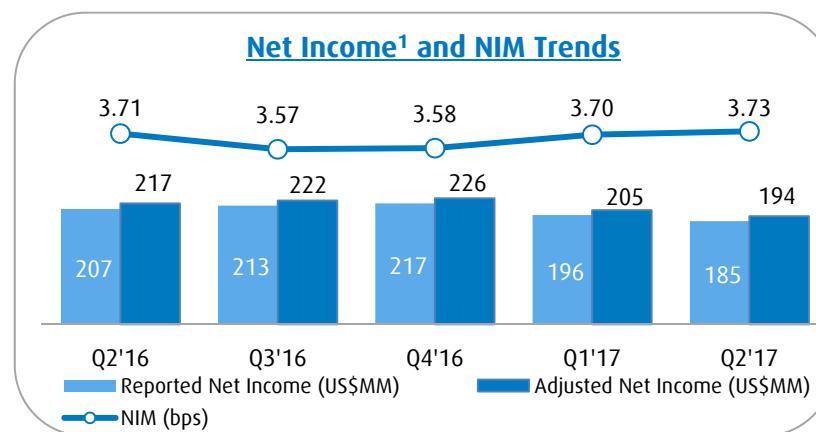
Continued good expense management with positive operating leverage

- Adjusted¹ net income of \$260MM, down 7% Y/Y (reported \$248MM, down 7%)

Figures that follow are in U.S. dollars

- YTD net income down 2%, includes negative impact of 6.5% from loss on sale of indirect auto loans
- Q2'17 adjusted¹ and reported net income down 10% Y/Y driven primarily by higher PCL
- Revenue down 2% Y/Y due to lower loan spreads and volumes partially offset by higher deposit revenue
- NIM up 3 bps Q/Q and 2 bps Y/Y due to higher rates net of loan spread compression
- Average loans and acceptances² down 2% Y/Y, with commercial loan growth of 5% and deposits relatively flat
- Adjusted¹ expenses continue to be well managed, down 2% Y/Y (reported down 3%)
- PCL up \$29MM Y/Y mainly driven by higher commercial provisions
- Adjusted¹ operating leverage of 0.8% (reported 0.9%)
- Adjusted¹ efficiency ratio of 61.4% (reported 62.8%)

(US\$MM)	Reported			Adjusted ¹		
	Q2 17	Q1 17	Q2 16	Q2 17	Q1 17	Q2 16
Revenue (teb)	867	856	882	867	856	882
PCL	68	45	39	68	45	39
Expenses	545	556	559	533	544	546
Net Income	185	196	207	194	205	217



¹ See slide 39 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information

² Average loans growth rate referenced above exclude Wealth Management mortgage and off-balance sheet balances for U.S. P&C serviced mortgage portfolio; average loans down 1% including these balances

BMO Wealth Management

Strengths and Value Drivers

- Planning and advice-based approach that integrates investment, insurance, specialized wealth management and core banking solutions
- Strong presence in North America, globally in asset management and in private banking in select markets, including Europe and Asia
- Diversified portfolio of digital investment solution platforms ranging from self-directed investing to professional money management, first Canadian bank to develop a digital portfolio management platform SmartFolio®
- Strong risk management framework to enable us to operate within our risk appetite and respond to heightened regulatory expectations

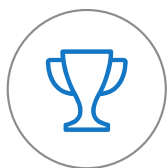
Our Strategic Priorities

Deliver on our clients' wealth management needs now and into the future by enhancing the client experience, while focusing on innovation and productivity, increasing collaboration across BMO and maintaining a strong risk management framework

- Invest in market-leading product innovations and wealth planning solutions tailored to meeting clients' evolving needs
- Continue to improve productivity through digitalization and process transformation
- Increase collaboration within BMO Wealth Management and across the bank to deliver exceptional client experience

Recent Accomplishments

- Best Private Bank for Entrepreneurs in North America by *Global Finance* magazine
- Best Online Brokerage for BMO InvestorLine by *Morningstar*
- Best Private Client Investment Platform for CTC | myCFO by *Private Asset Management Magazine*
- Best Domestic Private Bank for BMO Private Banking by *Global Financial Market Review*
- Added 19 ETFs in 2017 for a total of 90 Canadian listings. BMO Asset Management has captured the most inflows in the Canadian ETF industry for past six consecutive years with a #2 market share



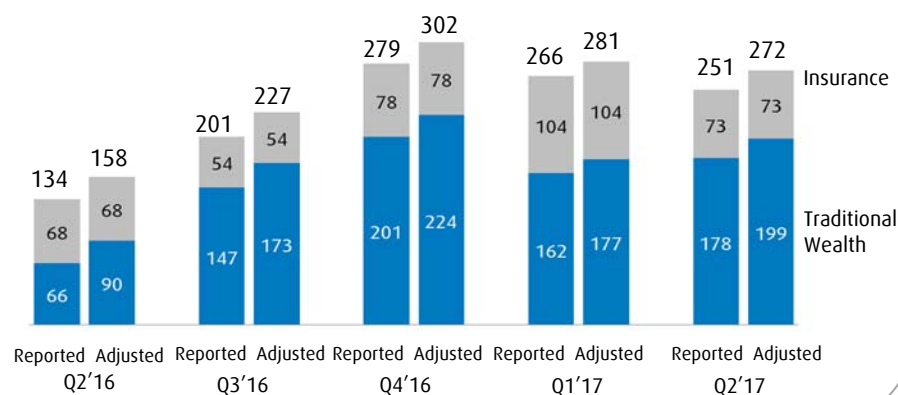
BMO Wealth Management

Strong results in both Traditional Wealth and Insurance with continued benefit from productivity initiatives

- YTD adjusted¹ net income up 66% (reported up 83%) reflecting an investment write-down, improved equity markets and business growth; net revenue² up 15%
- Q2 adjusted¹ net income of \$272MM, up 72% Y/Y (reported \$251MM, up 86% Y/Y)
 - Traditional Wealth adjusted¹ results up 121% Y/Y (reported up 166%) with good underlying business growth, and also reflecting a \$79MM investment write-down in the prior year
 - Insurance earnings up 8% Y/Y primarily from business growth
- Net revenue² up 17% Y/Y reflecting the prior year investment write-down, underlying business growth and the impact of improved markets
- Expenses up 1% Y/Y reflecting higher revenue-based costs and the benefits from productivity initiatives
- Adjusted¹ net operating leverage² of 15.7% (reported 16.1%), write-down in the prior year contributed ~11%
- Adjusted¹ net efficiency ratio² of 68.8% (reported 71.1%)
- AUM/AUA up 13% Y/Y due to improved equity markets and favourable foreign exchange movements

(\$MM)	Reported			Adjusted ¹		
	Q2 17	Q1 17	Q2 16	Q2 17	Q1 17	Q2 16
Net Revenue ²	1,156	1,208	990	1,156	1,208	990
PCL	1	2	2	1	2	2
Expenses	821	854	816	795	835	787
Net Income (NI)	251	266	134	272	281	158
Traditional Wealth NI	178	162	66	199	177	90
Insurance NI	73	104	68	73	104	68
AUM/AUA (\$B)	920	865	817	920	865	817

Net Income¹ Trends



1 See slide 39 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information

2 For purposes of this slide revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Gross revenue: Q2'17 \$1,864MM, Q1'17 \$1,212MM, Q2'16 \$1,397MM; YTD Gross revenue up 9%

BMO Capital Markets

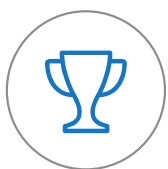
Strengths and Value Drivers

- Unified coverage and integrated distribution across our North American platform and complementary global footprint
- Top-ranked Canadian equity and fixed income economic research, sales and trading capabilities with deep expertise in core sectors
- Well-diversified platform and business mix, by sector, geography, product and currency, positioning BMO well in several key markets and over the long term
- Strong first-line-of-defence risk management and regulatory and compliance capabilities, enabling effective decision-making in support of our strategic priorities

Our Strategic Priorities

- Aim to be a lead North American investment bank enabling clients to achieve their goals. We offer an integrated platform, differentiated by innovative ideas and unified coverage
- Maintain market leadership in Canada by deepening our client relationships and driving incremental market share growth
 - Leverage our key strategic investments to increase growth from our U.S. platform
 - Continue to leverage our strong North American and global capabilities to deepen our presence and strategic relationships in select international markets

Recent Accomplishments



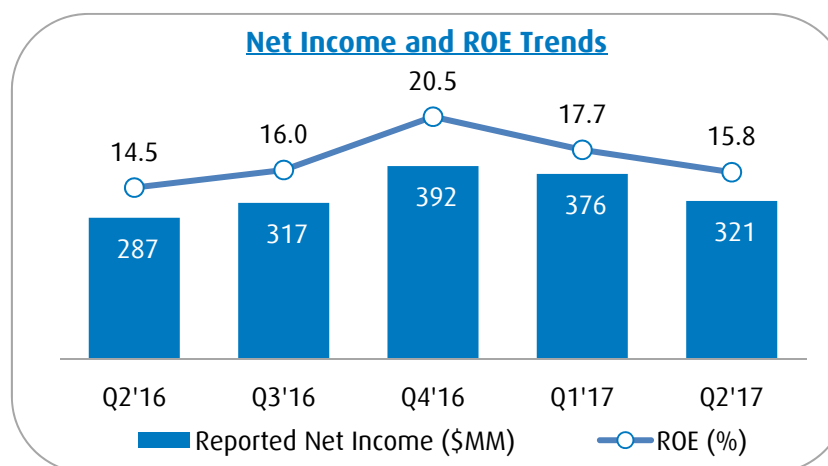
- Ranked #1 (tied) as a 2016 Greenwich Quality Leader in Overall Canadian Fixed Income, Canadian Fixed Income Sales, Canadian Fixed Income Research and Canadian Fixed Income Trading by *Greenwich Associates*
- World's Best Metals & Mining Investment Bank for the eighth consecutive year by *Global Finance* magazine
- Best Trade Bank in Canada at the 2016 *Trade Finance Magazine* Awards
- Best Bank for the Canadian Dollar for the sixth consecutive year by *FX Week*

BMO Capital Markets

Good Y/Y net income growth and continued positive operating leverage

- YTD net income up 28%; revenue up 17% with positive operating leverage of 8.1%
- Q2 adjusted¹ and reported net income up 12% Y/Y reflecting strong investment banking performance
- Revenue up 13% Y/Y
 - Investment and Corporate Banking benefited from debt underwriting and advisory activity and higher corporate banking-related revenue. Strong performance in U.S. I&CB resulting from underwriting and advisory revenue
 - Trading Products down from a strong Q2'16
- Expense growth of 8% Y/Y largely reflecting costs associated with business growth including employee-related costs
- PCL relatively stable Y/Y, and up Q/Q compared to net recoveries in Q1
- Continued positive operating leverage¹ of 4.7% (4.6% reported)
- Adjusted¹ efficiency ratio of 57.0% (57.1% reported)

(\$MM)	Reported			Adjusted ¹		
	Q2 17	Q1 17	Q2 16	Q2 17	Q1 17	Q2 16
Trading Products	685	779	728	685	779	728
I&CB	515	449	334	515	449	334
Revenue (teb)	1,200	1,228	1,062	1,200	1,228	1,062
PCL (recovery)	46	(4)	44	46	(4)	44
Expenses	686	722	632	685	721	632
Net Income	321	376	287	322	376	287



¹ See slide 39 for adjustments to reported results. Adjusted measures are non-GAAP measures, see slide 2 for more information

Risk Overview

Risk Management

We have a disciplined and integrated approach to risk

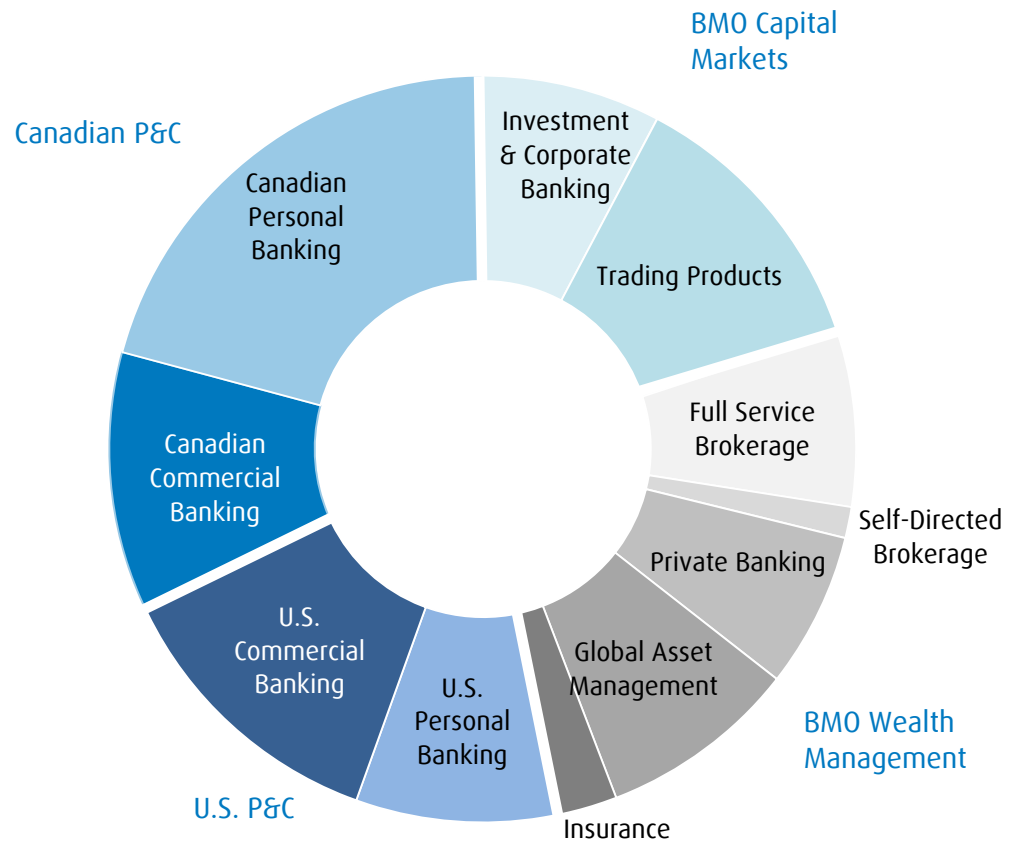
Our Approach to Risk Management

- 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 integrated into strategic planning and the ongoing management of businesses and risks
- Sustained mindset of continuous improvement to drive consistency and efficiency in the management of risk

Diversified Sources of Revenue¹

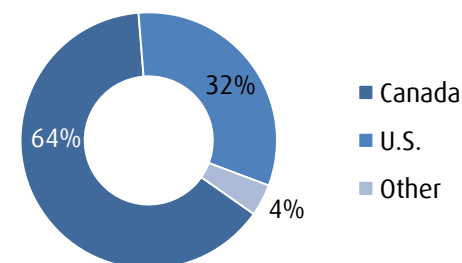


¹ Based on F2016 adjusted revenue

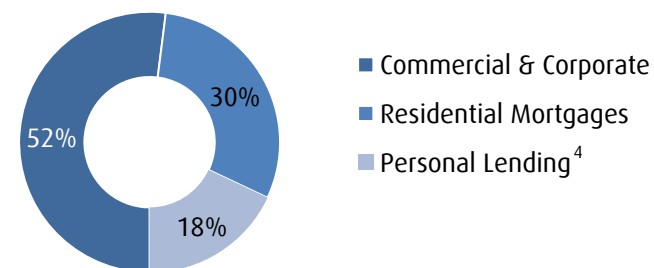
Our loans are well diversified by geography and industry

Gross Loans & Acceptances By Industry (\$B, as at Q2 17)	Canada & Other ¹	U.S.	Total	% of Total
Residential Mortgages	104.1	8.9	113.0	29%
Consumer Instalment and Other Personal	51.1	10.8	61.9	16%
Cards	7.4	0.6	8.0	2%
Total Consumer	162.6	20.3	182.9	47%
Financial Institutions	19.3	21.3	40.6	11%
Service Industries	15.3	21.6	36.9	10%
Commercial Real Estate	15.4	9.6	25.0	7%
Manufacturing	6.4	14.3	20.7	5%
Retail Trade	10.7	8.6	19.3	5%
Wholesale Trade	4.3	7.7	12.0	3%
Agriculture	8.7	2.5	11.2	3%
Transportation	2.1	8.7	10.8	3%
Oil & Gas	4.2	2.8	7.0	2%
Mining	1.2	0.3	1.5	0%
Other Businesses and Governments ²	10.0	5.4	15.4	4%
Total Businesses and Governments	97.6	102.8	200.4	53%
Total Gross Loans & Acceptances	260.2	123.1	383.3	100%

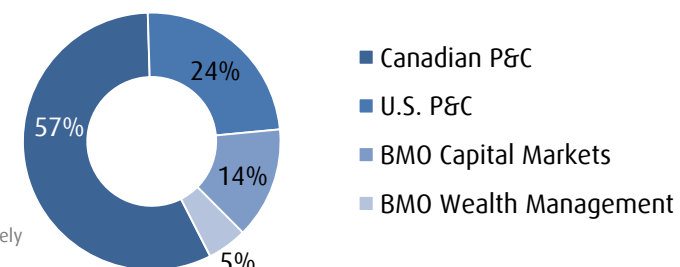
Loans by Geography³



Loans by Product³



Loans by Operating Group⁵



¹ Total Businesses and Governments includes ~\$13.5B from Other Countries

² Other Businesses and Governments includes all industry segments that are each <2% of total loans, except Mining, which is shown separately

³ Gross loans and acceptances as of April 30, 2017

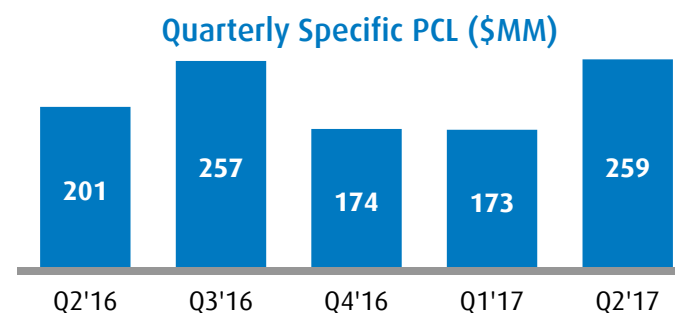
⁴ Including cards

⁵ Average net loans and acceptances as of April 30, 2017

Provision for Credit Losses (PCL)

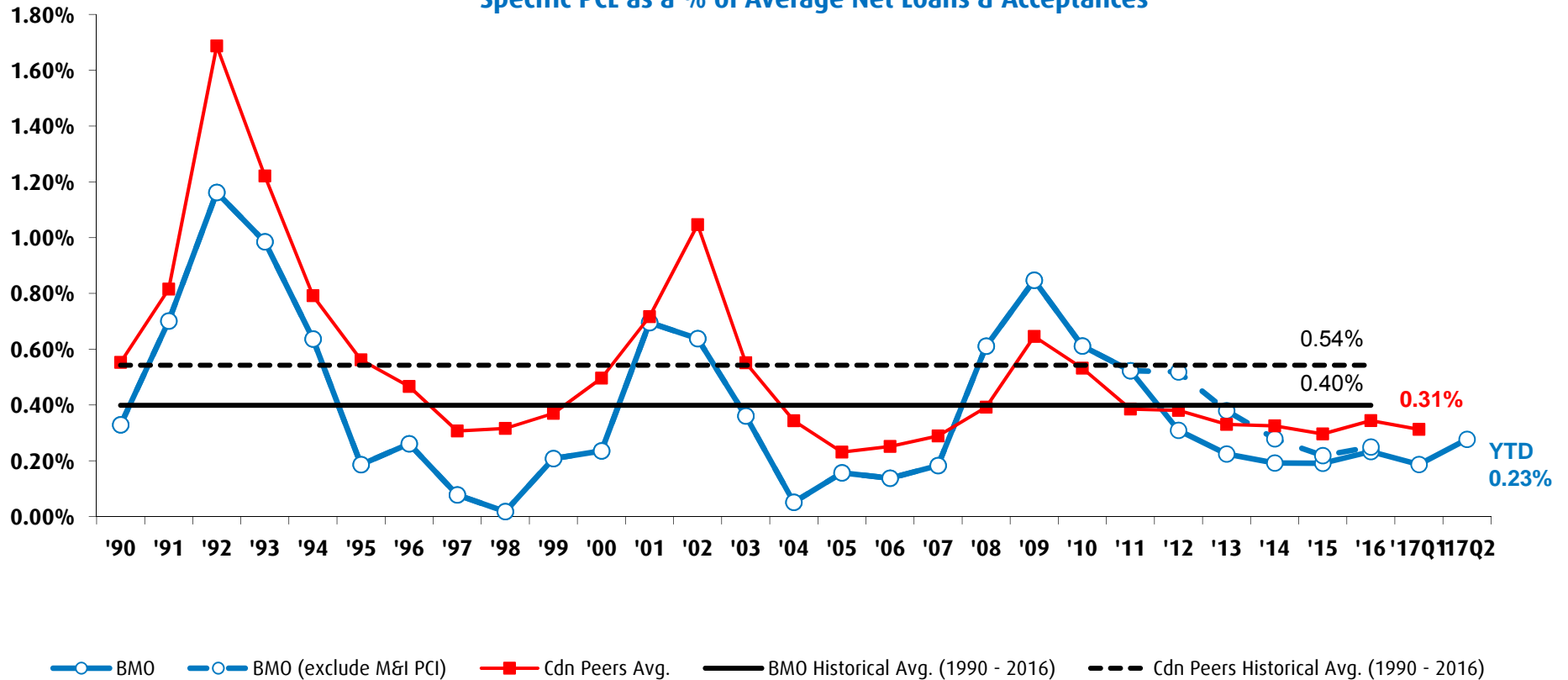
PCL By Operating Group (\$MM)	Q2 16	Q1 17	Q2 17
Consumer – Canadian P&C	105	98	104
Commercial – Canadian P&C	22	20	24
Total Canadian P&C	127	118	128
Consumer – U.S. P&C	35	26	30
Commercial – U.S. P&C	16	34	60
Total U.S. P&C	51	60	90
Wealth Management	2	2	1
Capital Markets	44	(4)	46
Corporate Services	(23)	(3)	(6)
Specific PCL	201	173	259
Change in Collective Allowance	-	-	-
Total PCL	201	173	259
PCL in bps	23	19	28

- Q2'17 PCL ratio at 28 bps, up 9 bps Q/Q primarily due to higher losses in U.S. P&C Commercial and Capital Markets
- Year-to-date PCL ratio at 23 bps



Specific Provision for Credit Losses

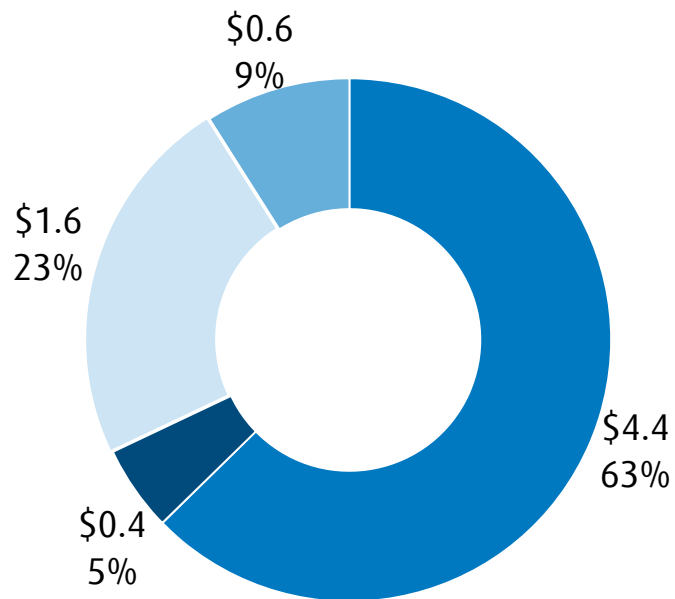
Specific PCL as a % of Average Net Loans & Acceptances



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

Oil and Gas and Alberta Consumer Portfolios

Oil and Gas Balances – By Sector (\$B, as at Q2 17)



- Exploration & Development
- Manufacturing & Refining
- Pipelines
- Services

Oil and Gas – Corporate/Commercial

- Oil and Gas loans of \$7.0B and \$9.4B in undrawn exposure¹, of which more than half is investment grade
- Portfolio represents 2% of total bank loans

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% Loan-to-value (LTV) on uninsured RESL

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

- Canadian residential mortgage portfolio at \$104.1B, represents 27% of total loans, well below the Canadian peer average of 41%
 - 55% of the portfolio is insured; Loan-to-value (LTV)¹ on the uninsured portfolio is 54%
 - 70% of the portfolio has an effective remaining amortization of 25 years or less
 - Less than 1% of our uninsured mortgage portfolio has a Beacon score of 650 or lower and a LTV > 75%
 - 90 day delinquency rate remains good at 23 bps; loss rates for the trailing 4 quarter period were less than 1 bp
 - HELOC portfolio at \$29.6B outstanding; LTV¹ of 47%, similar regional representation as mortgages
 - Condo Mortgage portfolio is \$14.8B with 49% insured
 - GTA and GVA residential lending portfolios demonstrate better LTV, delinquency rates and bureau scores compared to the national average

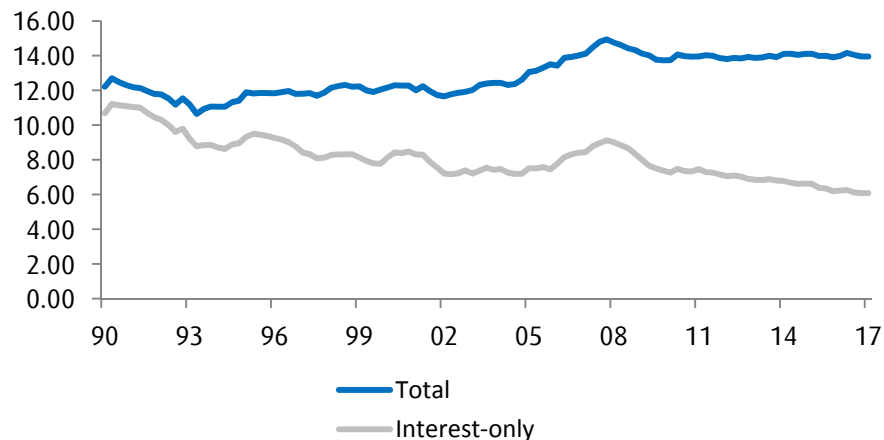
Residential Mortgages By Region (\$B, as at Q2 17)	Insured	Uninsured	Total	% of Total	Uninsured LTV (Portfolio) ¹
Atlantic	3.6	1.7	5.3	5%	59%
Quebec	9.1	5.8	14.9	14%	62%
Ontario	23.5	20.9	44.4	43%	53%
Alberta	11.3	4.8	16.1	15%	61%
British Columbia	7.5	12.0	19.5	19%	47%
All Other Canada	2.4	1.4	3.8	4%	55%
Total Canada	57.5	46.6	104.1	100%	54%

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. HELOC LTV is based on authorization amount.

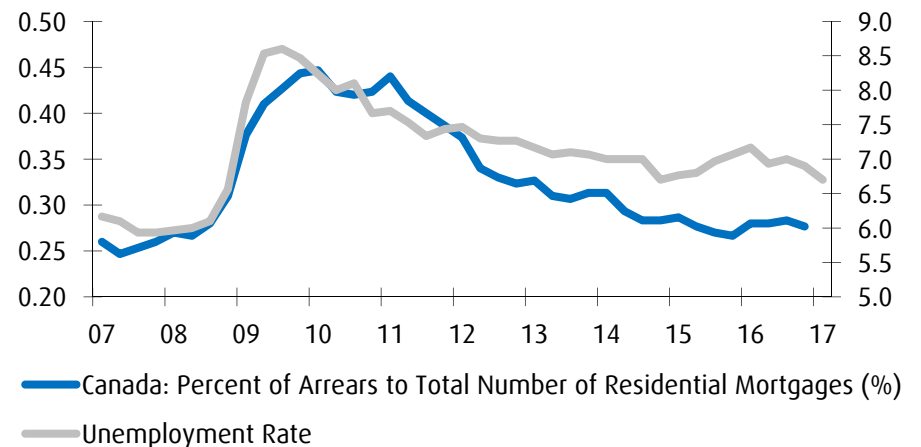
Canada's housing market remains resilient

- Steady immigration, young buyers, low mortgage rates and foreign wealth continue to drive home sales
- Recent actions by the Ontario Government have moderated a hot housing market in the Greater Toronto region
- Expect real estate markets across the rest of the country to remain healthy, including stabilization in Vancouver and Calgary
- Most regions are expected to see modestly rising home prices in 2017
- Mortgage arrears remain near record lows, despite an upturn in Alberta and Saskatchewan
- The household debt-to-income ratio remains elevated but growth has slowed
- Debt to service ratio has remained stable since 2010

Debt to Service Ratio



Mortgage Delinquencies/Unemployment



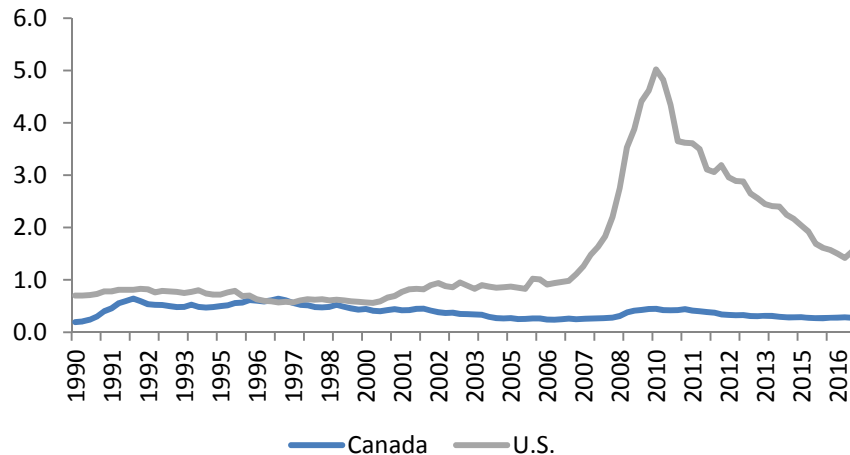
Source: BMO CM Economics and Canadian Bankers' Association as of June 30, 2017
 This slide contains forward looking statements. See caution on slide 2

Structure of the Canadian residential mortgage market with comparisons to the U.S.

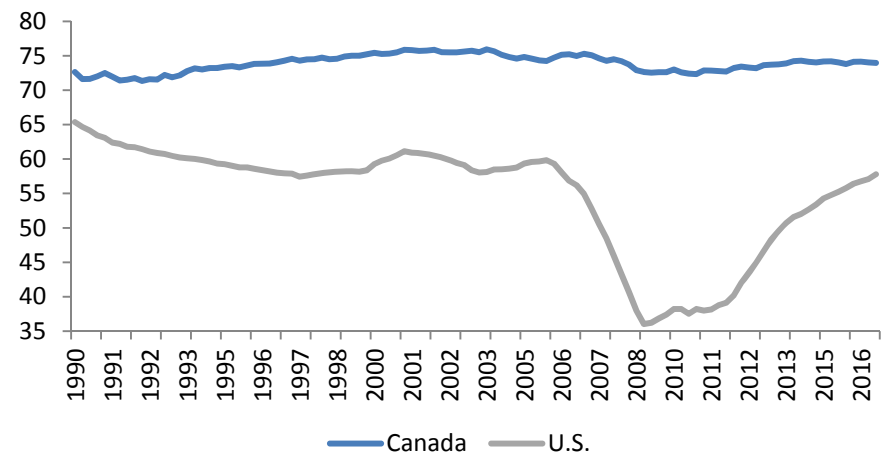
- Conservative lending practices, strong underwriting and documentation discipline have led to low delinquency rates
 - Over the last 30 years, Canada's 90-day residential mortgage delinquency rate has never exceeded 0.7% vs. the U.S. peak rate of 5.0% in early 2010
- Mandatory government-backed insurance for high loan to value (LTV >80%) mortgages covering the full balance
- Government regulation including progressive tightening of mortgage rules to promote a healthy housing market
- Shorter term mortgages (avg. 5 years), renewable and re-priced at maturity, compared to 30 years in the US market
- No mortgage interest deductibility for income tax purposes (reduces incentive to take on higher levels of debt)
- Most mortgages are held on balance sheet in Canada rather than sold or securitized in the U.S. market
- Recourse back to the borrower in most provinces
- Prepayment penalties borne by the borrower where U.S. mortgages may be prepaid without penalty

Mortgage Delinquencies

Arrears to Total Number of Residential Mortgages (%)



Equity Ownership (%)



Source: BMO CM Economics and Canadian Bankers' Association as of June 30, 2017
 This slide contains forward looking statements. See caution on slide 2

Recent mortgage policy developments in Canada

April 2017 - Ontario Fair Housing Plan

- The Province announced a suite of 16 measures to attempt to address home price growth and stretched housing affordability, including:
 - Non-resident speculation tax of 15% applied to property purchases in a defined geographical boundary of Ontario
 - Rent control expanded to all buildings – rent increases limited to Ontario’s inflation-based guidance, to a maximum of 2.5%
 - Vacancy tax allowed to be applied by individual municipalities
 - Increased availability of existing provincial lands for housing but no changes to Greenbelt

October 2016 - Federal Housing Policy Announcement

- Standardized eligibility criteria for high- and low-ratio insured mortgages, including using a qualifying rate greater of the contract mortgage rate or the Bank of Canada's conventional 5-year fixed posted rate
- Improve tax fairness by closing loopholes surrounding the capital gains tax exemption on the sale of a principal residence

August 2016 - Vancouver Foreign National Property Transfer Tax

- Property transfer tax of 15% applied in Metro Vancouver to foreign nationals or foreign-controlled corporations
- Provided the city the legislative authority to implement and administer a tax on vacant homes

December 2015 - Federal Housing Policy Announcement

- Coordinated announcements by the Department of Finance, OSFI and CMHC consistent with the goal of cooling the housing market
- Increase to minimum down payment for new insured mortgages from 5% to 10% for the portion of house price above \$500,000 but less than \$1,000,000
- Increase in guarantee fees for CMHC-sponsored securitization programs
- Introduced risk-sensitive capital floors tied to increases in local property prices - prospectively implemented November 1, 2016

Appendix

Economic Outlook and Indicators¹

Economic Indicators (%) ^{1, 2}	Canada			United States			Eurozone		
	2016	2017E ²	2018E ²	2016	2017E ²	2018E ²	2016	2017E ²	2018E ²
GDP Growth	1.5	2.8	1.9	1.6	2.2	2.2	1.8	1.7	1.5
Inflation	1.4	1.5	1.8	1.3	2.1	2.1	0.2	1.5	1.5
Interest Rate (3mth Tbills)	0.49	0.65	1.15	0.32	0.90	1.50	(0.28)	(0.36)	(0.37)
Unemployment Rate	7.0	6.5	6.2	4.9	4.4	4.1	10.0	9.4	9.7
Current Account Balance / GDP ³	(3.3)	(2.4)	(1.9)	(2.4)	(2.7)	(2.9)	4.1	4.0	4.0
Budget Surplus / GDP ³	(1.1)	(1.4)	(1.3)	(3.2)	(3.6)	(2.8)	(1.8)	(1.5)	(1.3)

Canada

- Economic growth is expected to improve to 2.8% in 2017 from 1.5% in 2016, as the downturn in the oil industry subsides and as exports increase in response to firmer U.S. demand
- The Bank of Canada is expected to raise policy rates again in October 2017 after tightening for the first time in seven years in July
- The Canadian dollar has rallied in recent weeks on expected Bank of Canada tightening, but will likely move sideways in the second half of the year if the Fed continues to raise U.S. interest rates

United States

- Economic growth is projected to strengthen to 2.2% in 2017 from 1.6% in 2016 due to fiscal stimulus, an upswing in business investment, and ongoing strength in consumer spending and housing markets
- The unemployment rate is expected to fall to 4.2% by year-end 2017
- The Federal Reserve will likely raise interest rates one more time this year, and, in the fall, begin reducing the size of its balance sheet by slowing the pace of reinvestments

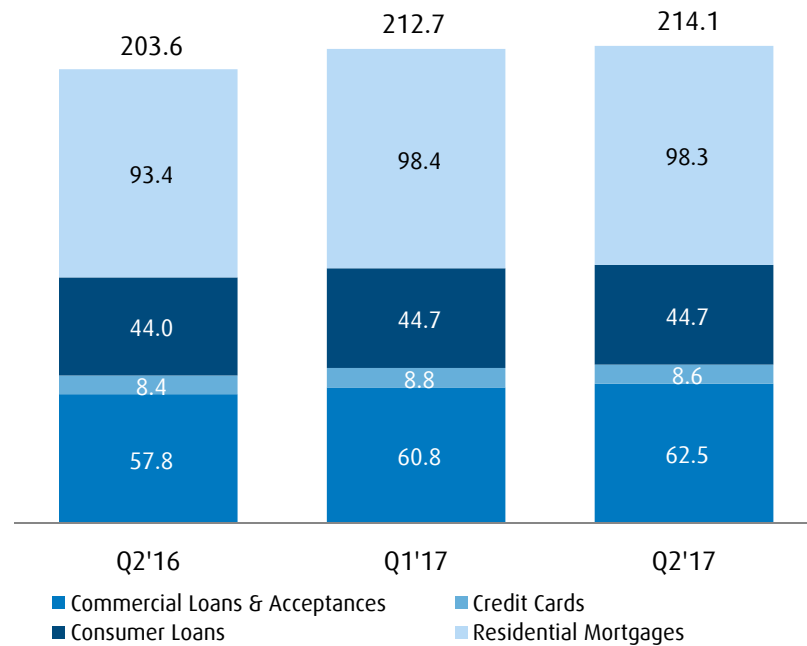
¹ This slide contains forward looking statements. See caution on slide 2

² Data is annual average. Estimates as of July 12, 2017

³ Eurozone estimates provided by OECD

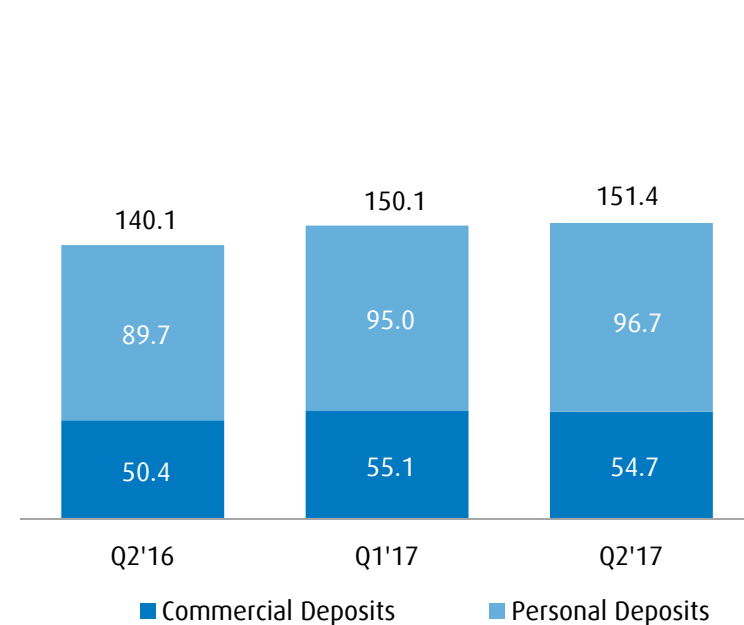
Canadian Personal and Commercial Banking – Balances

Average Loans & Acceptances (\$B)



- Loan growth of 5% Y/Y
 - Mortgages up 5%
 - Consumer loan balances up 2%
 - Commercial loan balances¹ up 8%

Average Deposits (\$B)

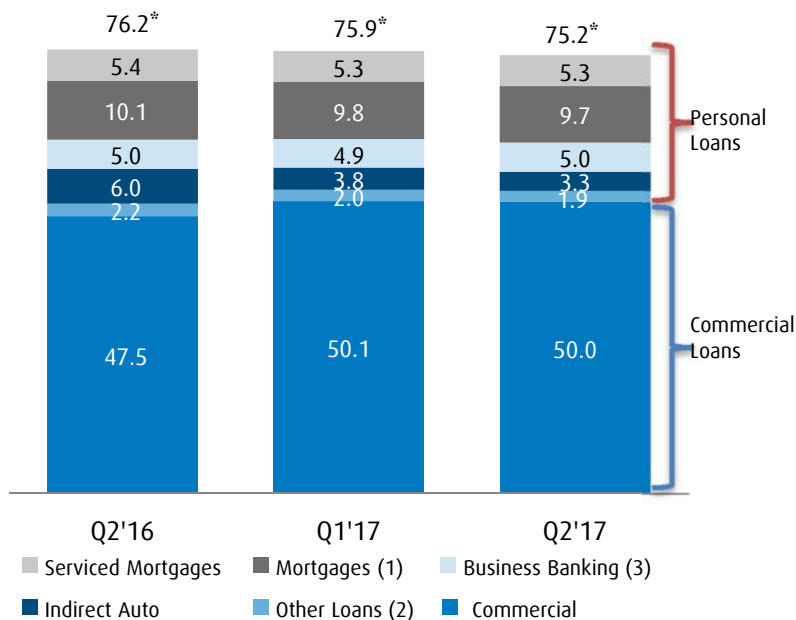


- Deposit growth of 8% Y/Y
 - Personal deposit balances up 8% including strong chequing account growth
 - Commercial deposit balances up 8%

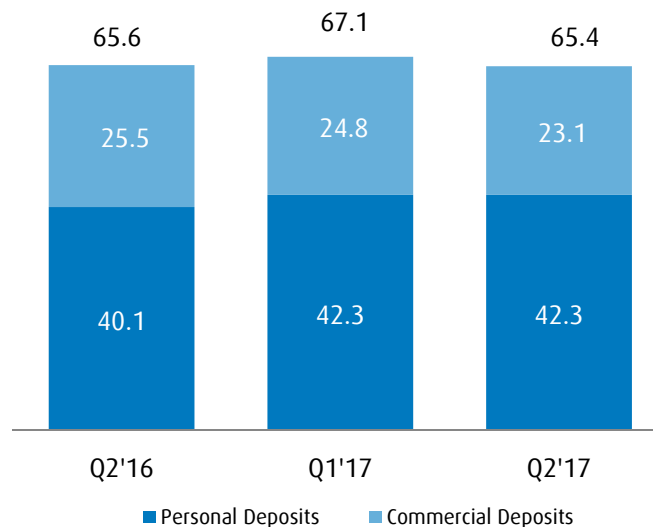
¹ Commercial lending growth excludes commercial cards. Commercial cards balances approximately 8% of total credit card portfolio in Q2'16, and 7% in Q2'17 and Q1'17

U.S. Personal & Commercial Banking – Balances

Average Loans & Acceptances (US\$B)



Average Deposits (US\$B)



- Commercial loans up 5% Y/Y
- Personal loans down 12% or 4% excluding the planned reduction in the Indirect Auto portfolio

- Personal deposit balances up 6% Y/Y
 - Chequing balances up 1% Y/Y
 - Money market balances up 7% Y/Y
- Commercial deposit balances down 10% Y/Y

* Total includes Serviced Mortgages which are off-balance sheet

1 Mortgages include Wealth Management Mortgages (Q2'17 \$2.0B, Q1'17 \$1.9B, Q2'16 \$1.8B) and Home Equity (Q2'17 \$3.4B, Q1'17 \$3.5B, Q2'17 \$3.8B)

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 credit mark on certain purchased performing loans

3 Business Banking includes Small Business

Gross Impaired Loans (GIL) and Formations

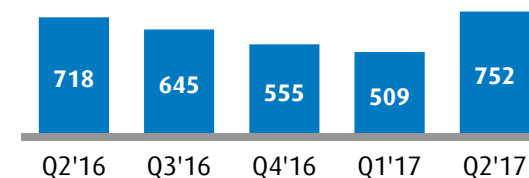
By Industry (\$MM, as at Q2 17)	Formations			Gross Impaired Loans		
	Canada & Other	U.S.	Total	Canada & Other ¹	U.S.	Total
Consumer	170	96	266	383	596	979
Agriculture	12	51	63	73	230	303
Oil & Gas	54	82	136	100	181	281
Service Industries	40	69	109	58	155	213
Transportation	0	100	100	5	177	182
Manufacturing	6	1	7	52	106	158
Wholesale Trade	2	50	52	21	98	119
Commercial Real Estate	5	1	6	33	19	52
Construction (non-real estate)	5	1	6	11	27	38
Retail Trade	2	3	5	13	12	25
Mining	0	0	0	1	1	2
Other Businesses and Governments ²	1	1	2	12	35	47
Total Businesses and Governments	127	359	486	379	1,041	1,420
Total Bank	297	455	752	762	1,637	2,399

1 Total Businesses and Governments includes ~\$55MM GIL from Other Countries

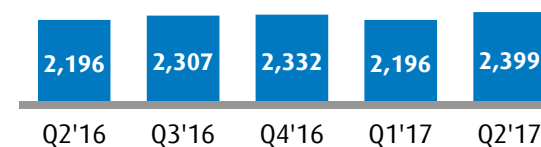
2 Other Businesses and Governments includes industry segments that are each <1% of total GIL

- GIL ratio 63 bps, up 3 bps Q/Q

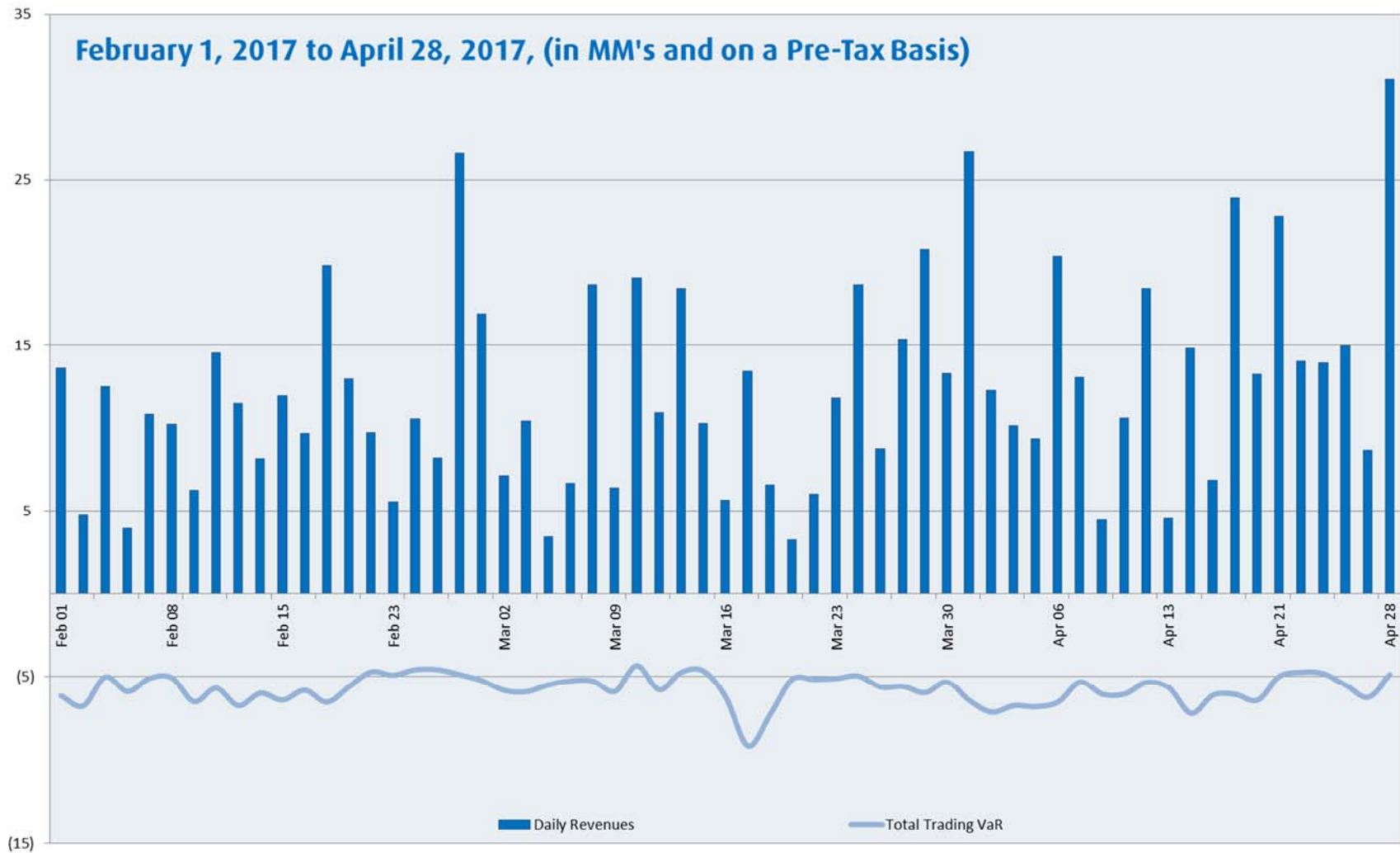
Formations (\$MM)



Gross Impaired Loans (\$MM)



Trading-related Net Revenues versus Value at Risk



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, NYSE and Nasdaq 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 2016 which looks at over 50 different corporate governance practices in four broad subcategories related to board composition, shareholding and compensation, shareholder rights and disclosure

Environmental, Social and Governance (ESG) at BMO

Operating our business responsibly and considering the ESG impacts of our activities

Responsible Investment products that contribute to broader societal/environmental goals

- BMO was the first Canadian bank to launch an impact investing mutual fund focused on gender diversity – the BMO Women in Leadership Fund, launched in April 2016
- The BMO Fossil Fuel Free Fund aims to provide long-term growth of capital by investing in a globally diversified portfolio of equity securities that excludes companies primarily involved in extracting and refining fossil fuels
- BMO was the first Canadian bank to launch a principal protected note linked to an environmental, social and governance-themed index – the BMO Environmental, Social & Governance Index

Positive Social and Environmental Impact

- 30-year track record in responsible investment, with US\$1.8B* in Responsible Funds range (*as at Dec 31 2016)
- Helped raise ~\$2.4B of equity and debt in the capital markets for North American renewable energy mandates and ~\$3.6B of lending capital committed to the sector globally
- Provided more than US\$652.9MM in loans to support community development in the U.S
- Attained and maintained Carbon Neutrality across the enterprise since 2010
- Representation of women in senior leader roles is 40% (meeting our 2016 goal of 40%)
- Contributed \$57.3MM to non-profit organizations across North America

Recognized as a Leader

- Global 100: Most Sustainable Corporations in the World (2017) for fourth year in a row
- Dow Jones Sustainability North America Index (2016/17) for 12th year in a row
- Canada's Best 50 Corporate Citizens by Corporate Knights (2016) for 14th year in a row
- 2017 Bloomberg Financial Services Gender-Equality Index for second year in a row
- 2017 Catalyst Award
- Canadian Council for Aboriginal Business, Gold certification in Progressive Aboriginal Relations
- Listed on FTSE4Good Index Series, Ethibel Sustainability Index (ESI) Excellence Global, and Euronext Vigeo World 120, and awarded the oekom Prime status as of May 2017
- BMO Global Asset Management awarded the maximum A+ rating for our overall approach to responsible investing by the UN Principles for Responsible Investment



Adjusting Items

Adjusting ¹ items – Pre-tax (\$MM)	Q2 17	Q1 17	Q2 16
Amortization of acquisition-related intangible assets ²	(43)	(37)	(40)
Acquisition integration costs ²	(21)	(22)	(24)
Restructuring costs ³	-	-	(188)
Adjusting items included in reported pre-tax income	(64)	(59)	(252)

Adjusting ¹ items – After-tax (\$MM)	Q2 17	Q1 17	Q2 16
Amortization of acquisition-related intangible assets ²	(34)	(28)	(31)
Acquisition integration costs ²	(13)	(14)	(16)
Restructuring costs ³	-	-	(132)
Adjusting items included in reported net income after tax	(47)	(42)	(179)
Impact on EPS (\$)	(0.08)	(0.06)	(0.28)

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 the acquired BMO Transportation Finance business are charged to Corporate Services, since the acquisition impacts both the Canadian and U.S. P&C businesses. Acquisition integration costs are primarily recorded in non-interest expense

3 Restructuring charge in Q2'16, as we accelerated the use of technology to enhance customer experience and focus on driving operational efficiencies

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