Fixed Income Investor Presentation

January 2019

BMO

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 in this document may include, but are not limited to, statements with respect to our objectives and priorities for fiscal 2019 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, the regulatory environment in which we operate and the results of or outlook for our operations or for the Canadian, U.S. and international economies, and include statements of our management. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "project", "intend", "estimate", "plan", "goal", "target", "may" and "could".

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. 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 – many of which are beyond our control and the effects of which can be difficult to predict – 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; the Canadian housing market, weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; 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; failure of third parties to comply with their obligations to us; 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, including with respect to reliance on third parties; 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, including the threat of hacking, identity theft and corporate espionage, as well as the possibility of denial of service resulting from efforts targeted at causing system failure and service disruption; 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 discussion in the Risks That May Affect Future Results section on page 79 of BMO's 2018 Annual MD&A, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational, model, legal and regulatory, business, strategic, environmental and social, and reputation risk, in the Enterprise-Wide Risk Management section on page 87 of BMO's 2018 Annual MD&A, all of which outline certain key factors and risks that may affect our 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. We do 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.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the Economic Developments and Outlook section on page 30 of BMO's Annual MD&A. 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 governments, historical relationships between economic and financial variables, and the risks to the domestic and global economy.

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 BMO's Fourth Quarter 2018 Earnings Release and on page 27 of BMO's 2018 Annual MD&A 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, restructuring costs, revaluation of U.S. net deferred tax asset as a result of U.S. tax reform and the remeasurement of an employee benefit liability as a result of an amendment to the plan.

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

BMO Financial Group

8th largest bank in North America[1] 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 strong, scalable capital markets business
- In International markets: select presence, including Europe and Asia
- Key numbers (as at October 31, 2018):
  - Assets: $774 billion
  - Deposits: $522 billion
  - Employees: ~45,000
  - Branches: 1,483
  - ABMs: 4,828

F2018 Results *	Adjusted[2]	Reported
Net Revenue ($B)[3]	21.7	21.7
Net Income ($B)	6.0	5.5
EPS ($)	8.99	8.17
ROE (%)	14.6	13.2
Common Equity Tier 1 Ratio (%)		11.3

Other Information (as at December 31, 2018)	
Annual Dividend Declared (per share)[4]	$4.00
Dividend Yield[4]	4.5%
Market Capitalization	$57.0 billion
Exchange Listings	TSX, NYSE (Ticker: BMO)
Share Price:	
TSX	C$89.19
NYSE	US$65.35

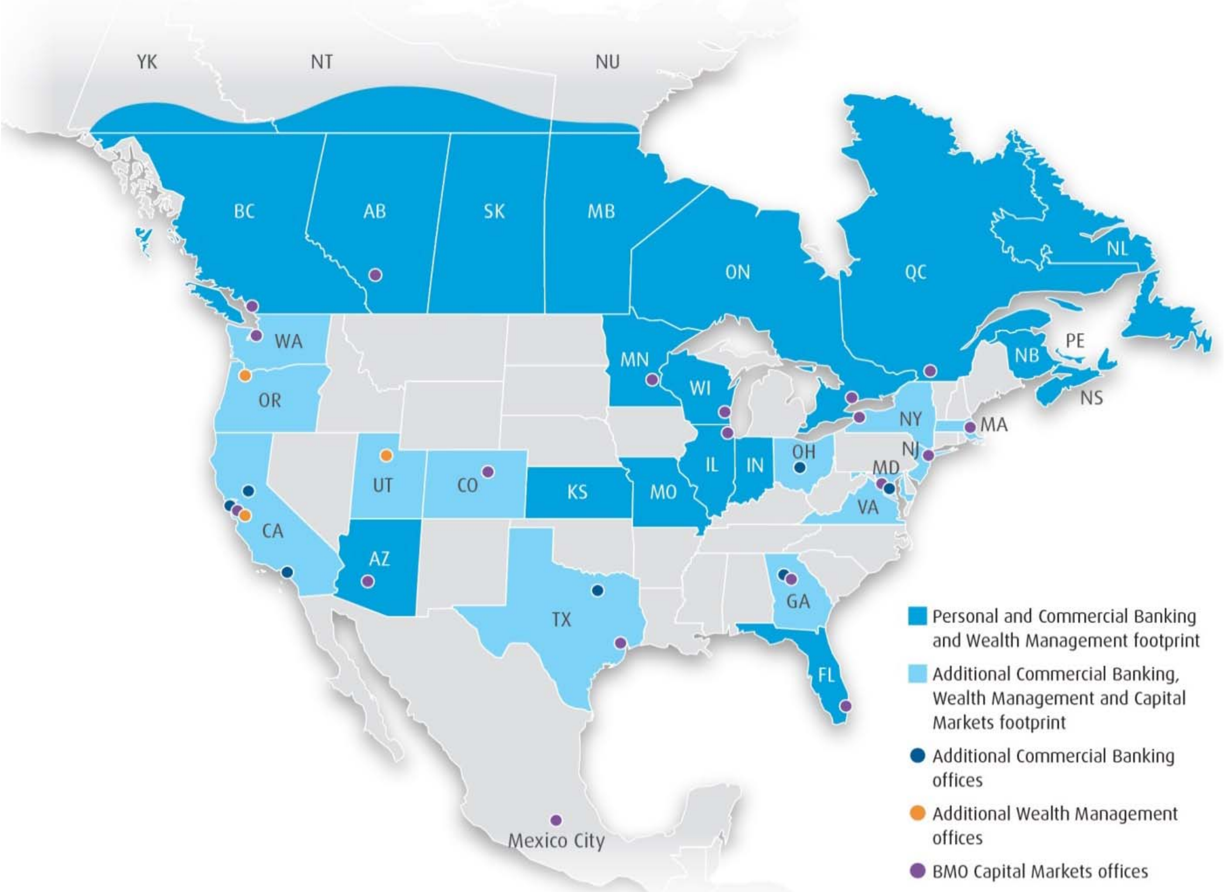
* All amounts in this presentation in Canadian dollars unless otherwise noted
1 As measured by assets as at October 31, 2018; ranking published by Bloomberg
2 Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 27 of BMO's 2018 Annual MD&A
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 $23.0B
4 Annualized based on Q1'19 declared dividend of $1.00 per share

Reasons to Invest

- Diversified businesses that continue to deliver robust earnings growth and long-term value for shareholders
- Strong foundation built for growth and differentiating strengths that drive competitive advantage:
  - Large and growing North American commercial banking business with advantaged market share
  - Well-established, highly profitable flagship banking business in Canada
  - Diversified U.S. operations well positioned to capture growth opportunities
  - Award-winning wealth franchise with an active presence in markets across Canada, the United States, Europe and Asia, well positioned to accelerate growth
  - Competitively advantaged Canadian capital markets franchise with a scalable U.S. platform
  - Transformative technology architecture, data and digital capabilities delivering customer and business value
- Well-capitalized with an attractive dividend yield
- Creating sustainable efficiency and reinvestment capacity through resource optimization, simplification and innovation
- Leading employee engagement and award-winning culture
- Adherence to industry-leading standards of corporate governance, including principles that ensure our strategic goals are aligned with managing our environmental and social impacts to deliver long-term sustainable growth for our stakeholders

BMO' Strategic Footprint

BMO's strategic footprint spans strong regional economies. Our three operating groups – Personal and Commercial Banking, BMO Capital Markets and BMO Wealth Management – serve individuals, businesses, governments and corporate customers across Canada and the United States with a focus on 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, the Middle East and South America, allowing us to provide all our customers with access to economies and markets around the world



70%

An estimated 70% of corporate customers have cross-border needs

31%

The metropolitan areas that comprise the majority of BMO's strategic U.S. footprint account for approximately 31% of overall U.S. GDP

International Offices

BMO Capital Markets

Abu Dhabi
Beijing
Dublin
Guangzhou
Hong Kong
London
Melbourne
Mumbai
Paris
Rio de Janeiro
Shanghai
Singapore
Taipei
Zurich

BMO Wealth Management

Europe and Middle East
Abu Dhabi
Amsterdam
Edinburgh
Frankfurt
Geneva
Lisbon
London
Madrid
Milan
Munich
Paris
Stockholm
Zurich

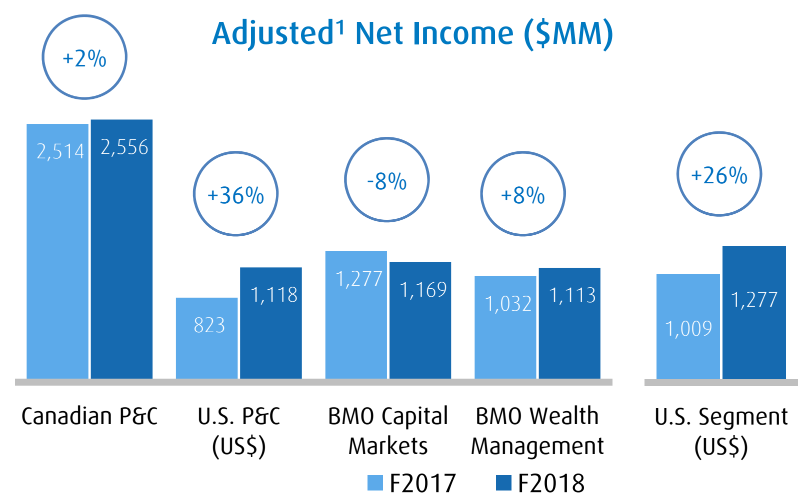
Asia-Pacific
Beijing
Guangzhou
Hong Kong
Shanghai
Singapore
Sydney

F2018 - Financial Highlights

Good full year performance with strong growth in the P&C businesses

- Adjusted[1] EPS $8.99, up 10% Y/Y (reported up 3%)
- Adjusted[1] net income up 9% (reported up 2%)
  - U.S. Segment adjusted[1] net income up 26% Y/Y (reported down 9% given U.S. deferred tax asset revaluation)
- Net revenue[2] up 5% Y/Y
- Adjusted[1] expenses up 3% Y/Y, up 4% ex weaker U.S. dollar (reported[3] up 2%)
- Adjusted[1] PPPT[4] up 7% Y/Y (reported[3] up 9%)
- Adjusted[1] operating leverage[2] 1.2% (reported[2] 2.5%)
- Adjusted[1] efficiency ratio[2] 62.2%, down 330 bps from 65.5% in 2015 (reported[2] 62.8%; F2015 67.5%)
- Adjusted[1] PCL down $160MM Y/Y (reported[5] down $84MM)
  - PCL on impaired loans $700MM, down $122MM Y/Y
  - Recovery of PCL on performing loans $38MM
- Adjusted[1] ROE 14.6% (reported 13.2%)

($MM)	Reported		Adjusted[1]	
	F2018	F2017	F2018	F2017
Net Revenue[2]	**21,685**	20,722	**21,685**	20,722
Total PCL	**662**	746	**662**	822
Expense[3]	**13,613**	13,330	**13,480**	13,035
Net Income	**5,450**	**5,350**	**5,979**	**5,508**
Diluted EPS ($)	**8.17**	7.92	**8.99**	8.16
ROE (%)	**13.2**	13.3	**14.6**	13.7
ROTCE (%)	**16.2**	16.3	**17.5**	16.5
CET1 Ratio (%)	**11.3**	11.4		



1 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). Operating leverage and efficiency ratio based on net revenue. Reported gross revenue: F2018 $23,037MM; F2017 $22,260MM
3 In the current year, reported expenses includes a benefit of $277MM from the remeasurement of an employee benefit liability and higher restructuring costs (F2018 $260MM, F2017 $59MM)
4 Pre-Provision Pre-Tax profit contribution; PPPT is the difference between net revenue and expenses
5 In F2017, Reported PCL includes $76MM decrease in collective allowance

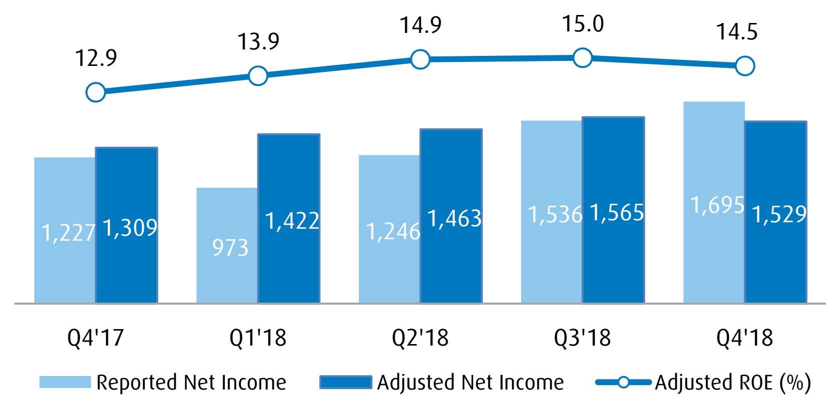
Q4 2018 - Financial Highlights

Adjusted[1] net income up 17% Y/Y, with strong growth in P&C businesses

- Adjusted[1] EPS $2.32, up 19% Y/Y (reported up 42%)
- Adjusted[1] net income up 17% (reported up 38%)
  - U.S. Segment adjusted[1] net income up 20% Y/Y (reported up 31%)
- Net revenue[2] up 9% Y/Y, 8% ex stronger U.S. dollar
- Adjusted[1] expenses up 6% Y/Y, 5% ex stronger U.S. dollar
  - Reported[4] down 4% reflecting a benefit from the remeasurement of an employee benefit liability
- Adjusted[1] PPPT[5] up 14% Y/Y (reported[4] up 35%)
- Adjusted[1] operating leverage[2] 2.9% (reported[2] 13.4%)
- PCL of $175MM, down $27MM Y/Y
  - PCL on impaired loans $177MM
  - Recovery of PCL on performing loans $2MM
- Adjusted[1] ROE 14.5% (reported 16.1%)

($MM)	Reported			Adjusted[1]		
	Q4 18	Q3 18	Q4 17	Q4 18	Q3 18	Q4 17
Net Revenue[2]	**5,532**	5,551	5,082	**5,532**	5,551	5,082
Total PCL	**175**	186	202	**175**	186	202
Expense[4]	**3,224**	3,386	3,375	**3,452**	3,350	3,258
Net Income	**1,695**	**1,536**	**1,227**	**1,529**	**1,565**	**1,309**
Diluted EPS ($)	**2.57**	2.31	1.81	**2.32**	2.36	1.94
ROE (%)	**16.1**	14.7	12.1	**14.5**	15.0	12.9
ROTCE[3] (%)	**19.5**	17.9	14.8	**17.3**	18.0	15.5
CET1 Ratio (%)	**11.3**	11.4	11.4			

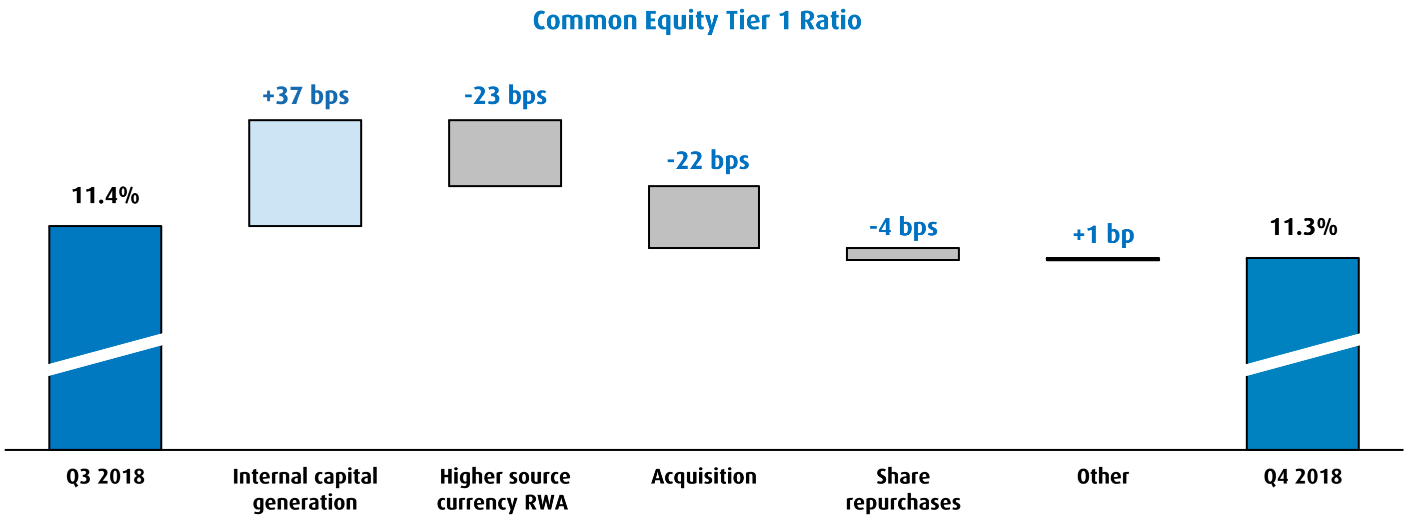
Net Income[1] and ROE Trends



1 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). Operating leverage based on net revenue. Reported gross revenue: Q4'18 $5,922MM; Q3'18 $5,820MM; Q4'17 $5,655MM; Reported ROE: Q4'17 12.1%, Q1'18 9.4%, Q2'18 12.6%, Q3'18 14.7%, Q4'18 16.1%
3 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
4 In the current quarter, reported expenses include a benefit of $277MM from the remeasurement of an employee benefit liability
5 Pre-Provision Pre-Tax profit contribution; PPPT is the difference between net revenue and expenses

Strong Capital Position

Capital position strong with CET1 Ratio at 11.3%



Basis points may not add due to rounding.

- CET1 Ratio of 11.3% at Q4 2018, down from 11.4% at Q3
  - Internal capital generation from retained earnings growth; more than offset by:
    - Higher RWA from business growth net of positive asset quality changes
    - Acquisition of KGS-Alpha, and
    - 1 million common shares repurchased (10 million shares, or ~1.5% of outstanding, repurchased in F2018)
- Common share dividend increased by 4 cents
  - Dividend increased ~8% from a year ago
  - Attractive dividend yield of ~4%
- Impact of FX movements on the CET1 Ratio largely offset

Economic & Housing Overview

Economic Outlook and Indicators[1]

Economic Indicators (%)[1, 2]	Canada 2017	Canada 2018E[2]	Canada 2019E[2]	Canada 2020E[2]	United States 2017	United States 2018E[2]	United States 2019E[2]	United States 2020E[2]	Eurozone 2017	Eurozone 2018E[2]	Eurozone 2019E[2]	Eurozone 2020E[2]
GDP Growth	3.0	2.1	1.8	1.7	2.2	2.9	2.4	1.7	2.4	1.9	1.5	1.5
Inflation	1.6	2.2	1.7	2.1	2.1	2.4	2.0	2.0	1.5	1.7	1.9	2.0
Interest Rate (3mth Tbills)	0.69	1.35	1.95	2.35	0.95	1.95	2.75	3.15	(0.37)	(0.36)	(0.34)	(0.14)
Unemployment Rate	6.3	5.8	5.6	5.6	4.4	3.9	3.5	3.6	9.1	8.3	8.1	8.1
Current Account Balance / GDP[3]	(2.8)	(2.6)	(2.5)	(2.4)	(2.3)	(2.3)	(2.6)	(2.7)	3.9	3.8	3.6	3.6
Budget Surplus / GDP[3]	(0.9)	(0.8)	(0.9)	(0.8)	(3.5)	(4.0)	(4.6)	(4.6)	(1.0)	(0.7)	(0.8)	(0.5)

Canada

- After downshifting last year, Canada's economy is expected to moderate somewhat further in 2019 due to higher interest rates and lower oil prices
- The unemployment rate is expected to remain near current four-decade lows
- The Bank of Canada is expected to raise policy rates modestly further to return rates to more neutral levels

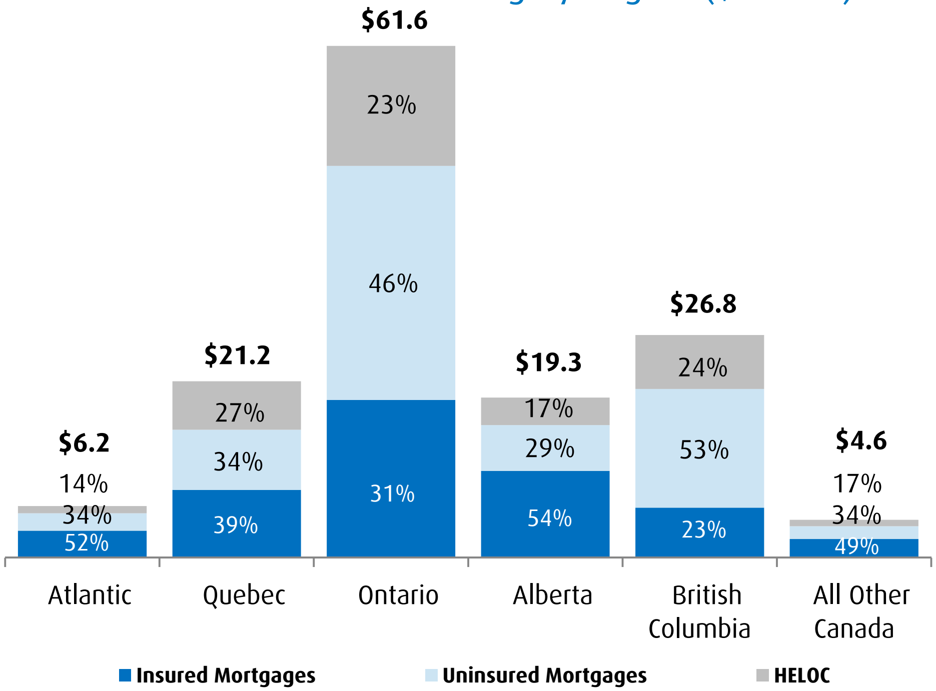
United States

- After strengthening on fiscal stimulus, U.S. economic growth is projected to moderate to 2.4% in 2019 due to higher interest rates and less fiscal support
- The unemployment rate is expected to fall slightly further from near half-century lows
- The Federal Reserve is expected to raise policy rates two more times in 2019, though not until May due to recent market turbulence

1 This slide contains forward looking statements. See caution on slide 2
2 Data is annual average. Estimates as of January 3, 2019
3 Eurozone estimates provided by OECD

Canadian Residential-Secured Lending

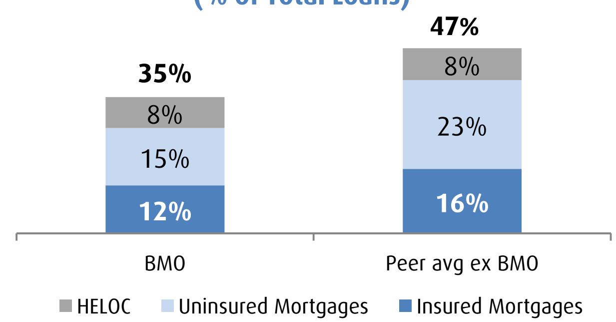
Residential-Secured Lending by Region ($139.7B)



Avg. LTV Uninsured	Atlantic	Quebec	Ontario	Alberta	British Columbia	All Other Canada	Total Canada
Mortgage							
- Portfolio	58%	60%	54%	61%	46%	55%	54%
- Origination	73%	70%	67%	72%	62%	71%	67%
HELOC							
- Origination	65%	70%	59%	62%	54%	63%	60%

- Underweight exposure to uninsured real-estate secured loans representing a modest 23% of total loans, below peer average of 31%, with strong credit quality
- Canadian P&C consumer lending contributes <15% of total bank net revenue
- Residential mortgage portfolio of $108.0B, 46% insured, LTV on the uninsured portfolio of 54%
  - 68% of the mortgage portfolio has an effective remaining amortization of 25 years or less
  - 90 day delinquency rate remains good at 19 bps; loss rates for the trailing 4 quarter period were less than 1 bp
- HELOC portfolio of $31.7B outstanding of which 55% is amortizing; LTV[1] of 45%
- Condo portfolio is $15.5B with 40% insured
- GTA and GVA portfolios demonstrate better LTV, delinquency rates and bureau scores compared to the national average

Canadian Residential Portfolio (% of Total Loans)

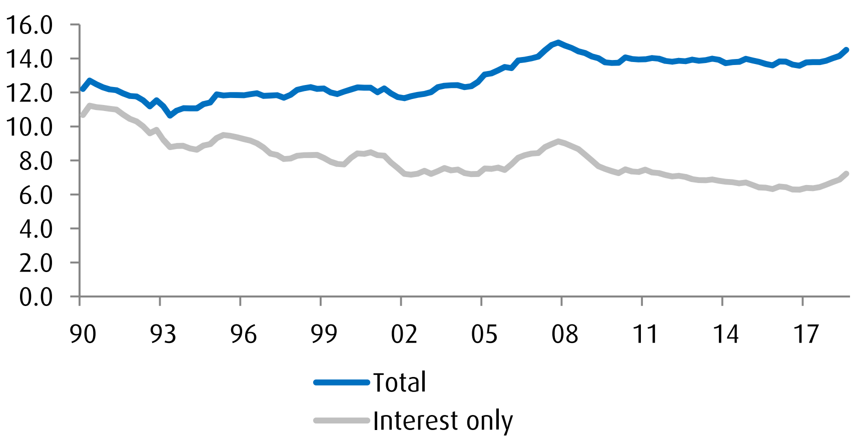


1 LTV is the ratio of outstanding mortgage balance to the original property value indexed using Teranet data. Portfolio LTV is the combination of each individual mortgage LTV weighted by the mortgage balance

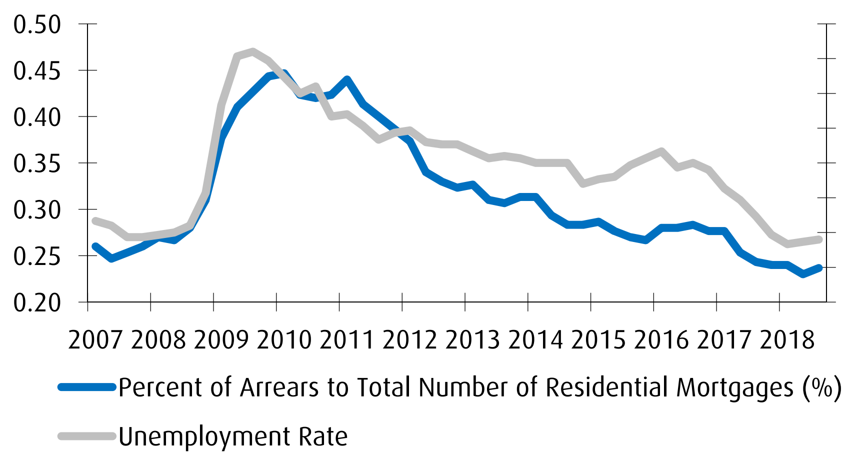
Canada's housing market is stable

- Rising interest rates, tougher mortgage rules and provincial policy measures have slowed the housing market
- The high-priced detached property markets in Toronto and Vancouver have taken the brunt of the impact, though the Toronto condo market remains healthy due to steady demand by international migrants and millennials
- House prices in the oil-producing regions remain weak due to still-elevated inventories and the recent downturn in prices
- We expect real estate markets across the country to remain generally steady this year, with little change in prices
- Mortgage arrears remain near record lows, despite some upturn in Alberta and Saskatchewan
- The household debt-to-income ratio, though elevated, has stabilized recently amid a slower pace of borrowing
- Debt servicing ratio moved higher recently but has remained fairly stable since 2010

Debt Service Ratio



Mortgage Delinquencies/Unemployment



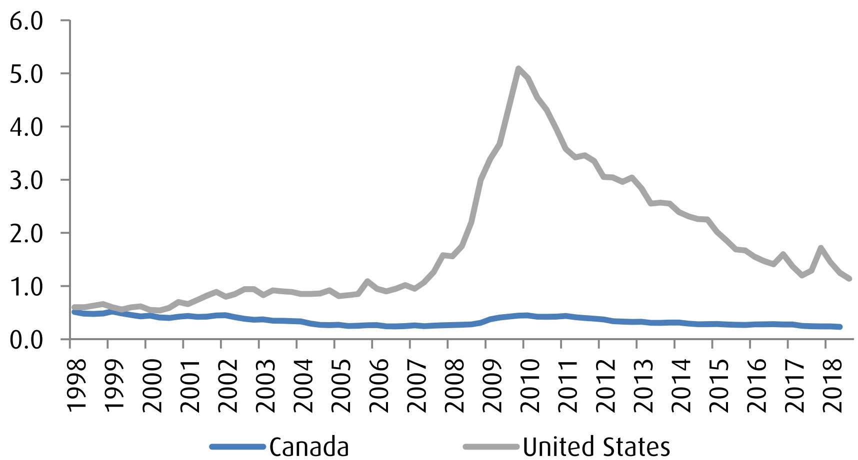
Source: BMO CM Economics and Canadian Bankers' Association as of January 3, 2019
This slide contains forward looking statements. See caution on slide 2

Structure of the Canadian residential mortgage market with comparisons to the United States

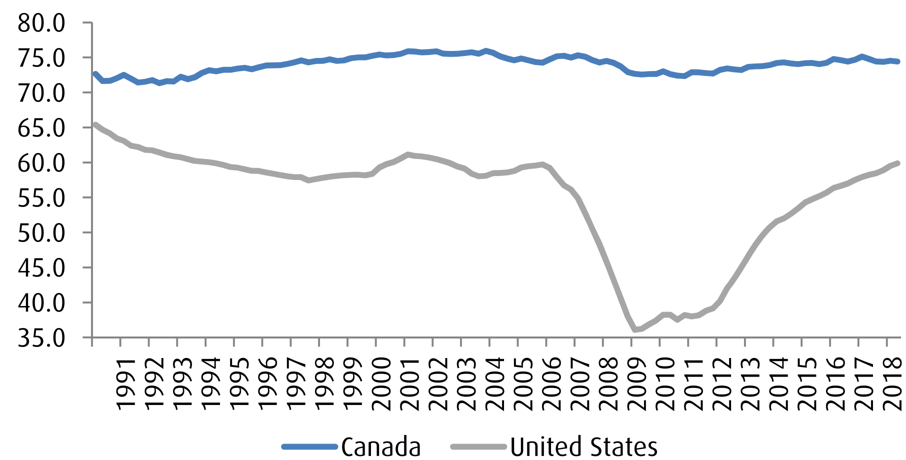
- Conservative lending practices, strong underwriting and documentation discipline have led to low delinquency rates
  - Over the last 30 years, Canada's 90-day residential mortgage delinquency rate has never exceeded 0.7% vs. the U.S. peak rate of 5.0% in early 2010
- Mandatory government-backed insurance 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)
- In Canada mortgages are held on balance sheet; in the U.S. they may be sold or securitized in the U.S. market
- Recourse back to the borrower in most provinces
- Prepayment penalties borne by the borrower whereas 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 November 30, 2018
This slide contains forward looking statements. See caution on slide 2

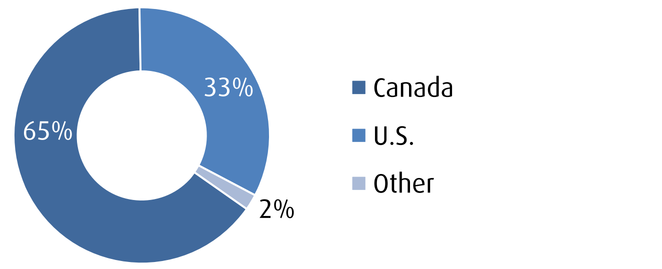
Loan Portfolio Overview

Our loans are well-diversified by geography and industry

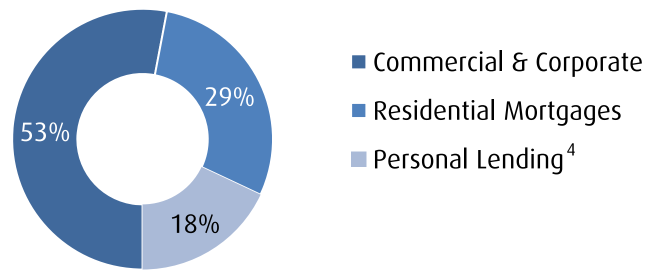
Gross Loans & Acceptances By Industry ($B, as at Q4 18)	Canada & Other[1]	U.S.	Total	% of Total
Residential Mortgages	108.0	11.6	119.6	29%
Consumer Instalment and Other Personal	53.2	10.0	63.2	16%
Cards	7.8	0.5	8.3	2%
Total Consumer	**169.0**	**22.2**	**191.2**	**47%**
Service Industries	17.9	20.5	38.4	10%
Financial	14.1	18.4	32.5	8%
Commercial Real Estate	18.8	12.2	31.0	8%
Manufacturing	6.8	16.1	22.9	6%
Retail Trade	11.6	8.8	20.4	5%
Wholesale Trade	4.8	10.0	14.8	4%
Agriculture	10.0	2.3	12.3	3%
Transportation	2.3	8.7	11.0	3%
Oil & Gas	5.2	4.0	9.2	2%
Other Business and Government[2]	12.1	8.4	20.5	4%
Total Business and Government	**103.6**	**109.4**	**213.0**	**53%**
Total Gross Loans & Acceptances	**272.6**	**131.6**	**404.2**	**100%**

1 Includes ~$9.5B from Other Countries
2 Other Business and Government includes all industry segments that are each <2% of total loans
3 Gross loans and acceptances as of October 31, 2018
4 Including cards
5 Average gross loans and acceptances as of F2018

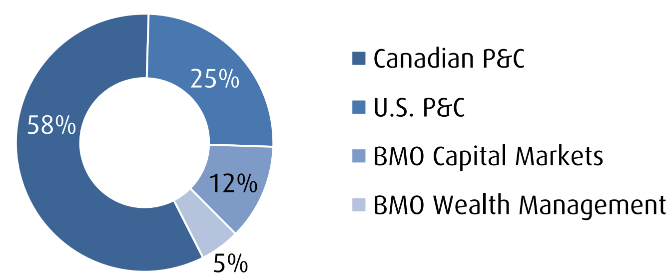
Loans by Geography[3]



Loans by Product[3]



Loans by Operating Group[5]

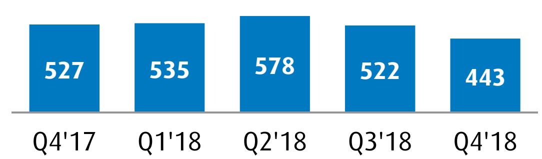


Gross Impaired Loans (GIL) and Formations

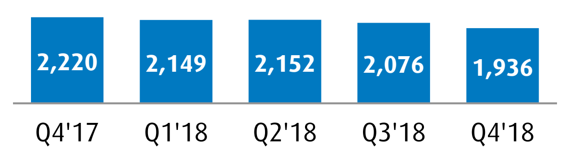
By Industry ($MM, as at Q4 18)	Formations			Gross Impaired Loans		
	Canada & Other	U.S.	Total	Canada & Other[1]	U.S.	Total
Consumer	**203**	**75**	**278**	**426**	**470**	**896**
Service Industries	5	18	23	57	180	237
Agriculture	7	22	29	55	154	209
Transportation	1	21	22	5	116	121
Manufacturing	24	2	26	38	59	97
Oil & Gas	0	9	9	17	57	74
Financial	0	0	0	33	34	67
Retail Trade	17	4	21	26	41	67
Wholesale Trade	2	12	14	15	50	65
Commercial Real Estate	15	4	19	40	13	53
Construction (non-real estate)	0	0	0	17	17	34
Other Business and Government[2]	1	1	2	6	10	16
Total Business and Government	**72**	**93**	**165**	**309**	**731**	**1,040**
Total Bank	**275**	**168**	**443**	**735**	**1,201**	**1,936**

- GIL ratio 48 bps, down 5 bps Q/Q

Formations ($MM)



Gross Impaired Loans ($MM)[3]



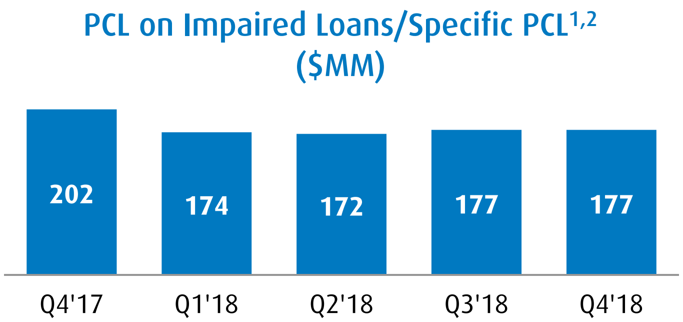
1 Total Business and Government includes nil GIL from Other Countries
2 Other Business and Government includes industry segments that are each <1% of total GIL
3 GIL in prior periods have been restated to conform with the current period's presentation

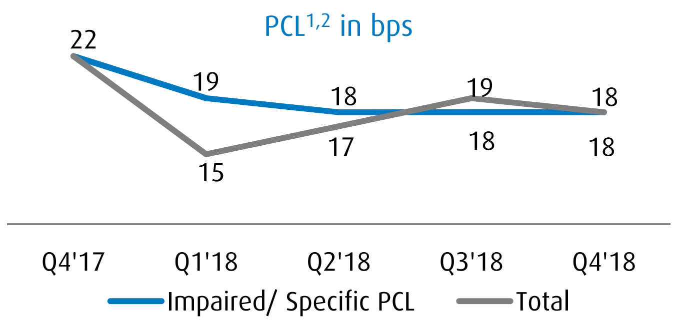
Provision for Credit Losses (PCL)

PCL By Operating Group ($MM)	Q4 18	Q3 18	Q4 17[1]
Consumer – Canadian P&C	99	96	98
Commercial – Canadian P&C	19	24	32
Total Canadian P&C	**118**	**120**	**130**
Consumer – U.S. P&C	13	10	10
Commercial – U.S. P&C	48	44	54
Total U.S. P&C	**61**	**54**	**64**
Wealth Management	**2**	**2**	**-**
Capital Markets	**(3)**	**3**	**4**
Corporate Services	**(1)**	**(2)**	**4**
PCL on Impaired Loans/ Specific PCL[1,2]	**177**	**177**	**202**
PCL on Performing Loans[2]	**(2)**	**9**	**na**
Collective Provision[2]	**na**	**na**	**-**
Total PCL	**175**	**186**	**202**

1 2017 periods have been restated for Canadian and U.S. P&C to conform with the current period's presentation
2 Effective the first quarter of 2018, the bank prospectively adopted IFRS 9. Under IFRS 9, we refer to the provision for credit losses on impaired loans and the provision for credit losses on performing loans. Prior periods have not been restated. Q4'17 presents the Specific PCL and Collective Provisions under IAS 39
na – not applicable

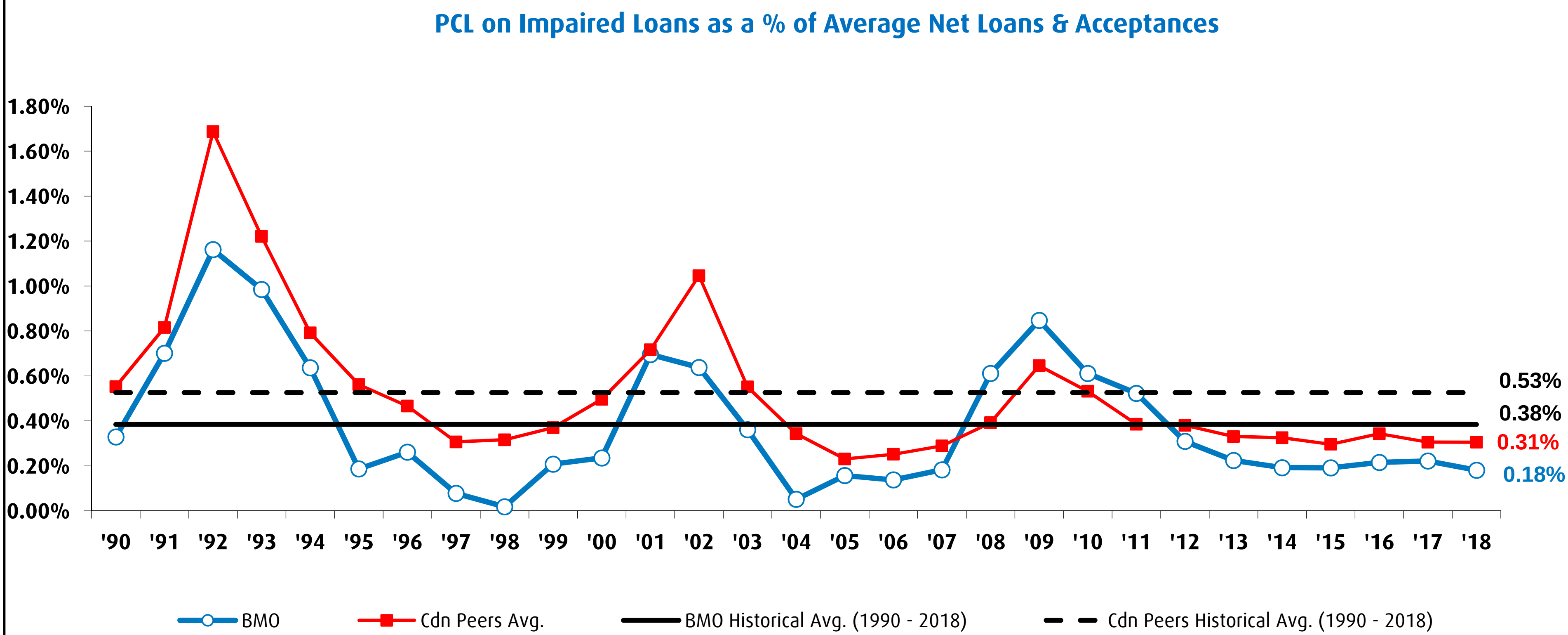
- Q4'18 PCL ratio on Impaired Loans at 18 bps, flat Q/Q
- Allowance for Credit Losses on Performing Loans decreased PCL by $2 million





Provision for Credit Losses (PCL) on Impaired Loans

Strong credit performance reflective of our consistent approach to effective risk management

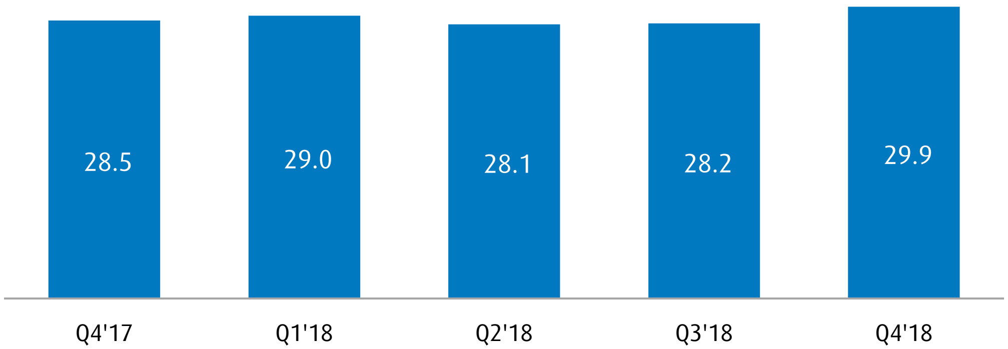


1. BMO F2016 and F2017 PCL on impaired loans and average net loans & acceptances have been restated to conform with the current period's presentation
2. Effective Q1'12 PCL include the impact of IFRS accounting treatment and F2011 comparatives have been restated accordingly
3. Peer ratios calculated 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 peer F2012 average net loans & acceptances have been restated to conform with the current period's presentation
5. Effective in the first quarter of 2018, the bank prospectively adopted IFRS 9. Under IFRS 9, we refer to the provision for credit losses on impaired loans and the provision for credit losses on performing loans. Prior periods have not been restated

Liquidity & Wholesale Funding Mix

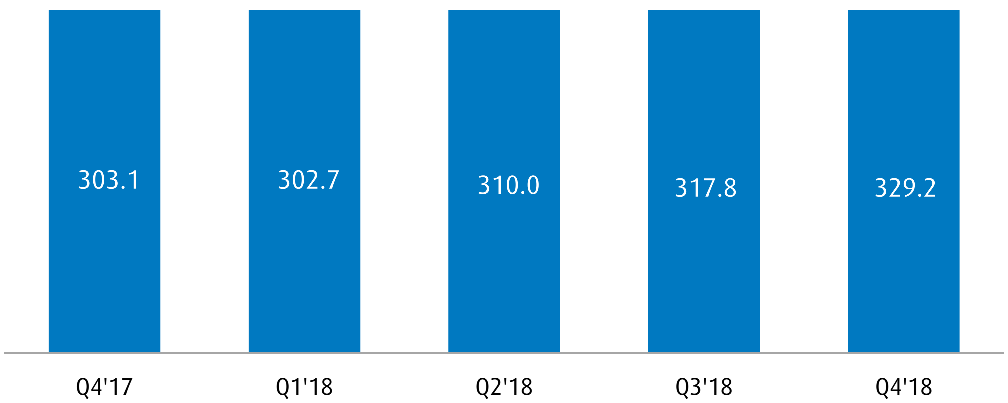
Liquidity and Funding Strategy

Cash and Securities to Total Assets Ratio (%)



- BMO's Cash and Securities to Total Assets Ratio reflects a strong and stable liquidity position

Customer Deposits[1] ($B)

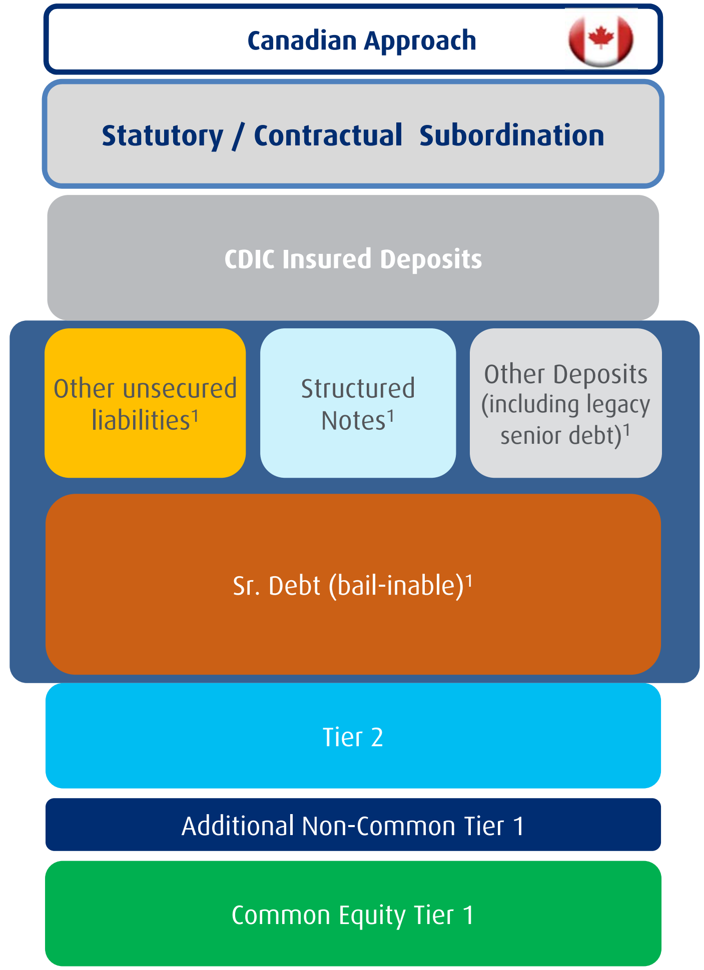


- BMO’s large base of customer deposits, along with our strong capital base, reduces reliance on wholesale funding

1. Customer deposits are operating and savings deposits, including term investment certificates and retail structured deposits, primarily sourced through our retail, commercial, wealth and corporate banking businesses. Prior period numbers have been restated to conform with the current period’s presentation.

Canadian Bail-in Regime

- Canadian bail-in regime is effective from September 23, 2018 (implementation date)
- Bail-in eligible senior unsecured debt that is issued after the implementation date will be subject to conversion in a resolution scenario
  - Bail-in eligible debt includes senior unsecured debt issued by the parent bank with an original term >400 days and marketable (with a CUSIP/ISIN)
- Key exclusions are Covered bonds, structured notes, derivatives and consumer deposits
- Bail-in eligible debt will be issued under existing programs (US MTN, EMTN, AMTN etc.) governed by local laws, with the exception of bail-in conversion requirements which will be governed by Canadian law
- Bail-in eligible debt has a statutory conversion feature that provides the Canada Deposit Insurance Corporation (CDIC) the power to trigger conversion of bail-in securities into common shares of the bank (no write-down provision)
- The statutory conversion supplements the existing Non-Viable Contingent Capital (NVCC) regime which contractually requires the conversion of subordinated debt and preferred equity into common equity upon the occurrence of certain trigger events
- The notional amount of bail-in securities to be converted and the corresponding number of common shares issued in a resolution scenario will be determined by CDIC at the time of conversion (unlike NVCC securities, where the calculation for the number of shares issued is already defined). Any outstanding NVCC capital must be converted, in full, prior to conversion of bail-in securities
- Conversion maintains the creditor hierarchy (no creditor worse off principle is respected)

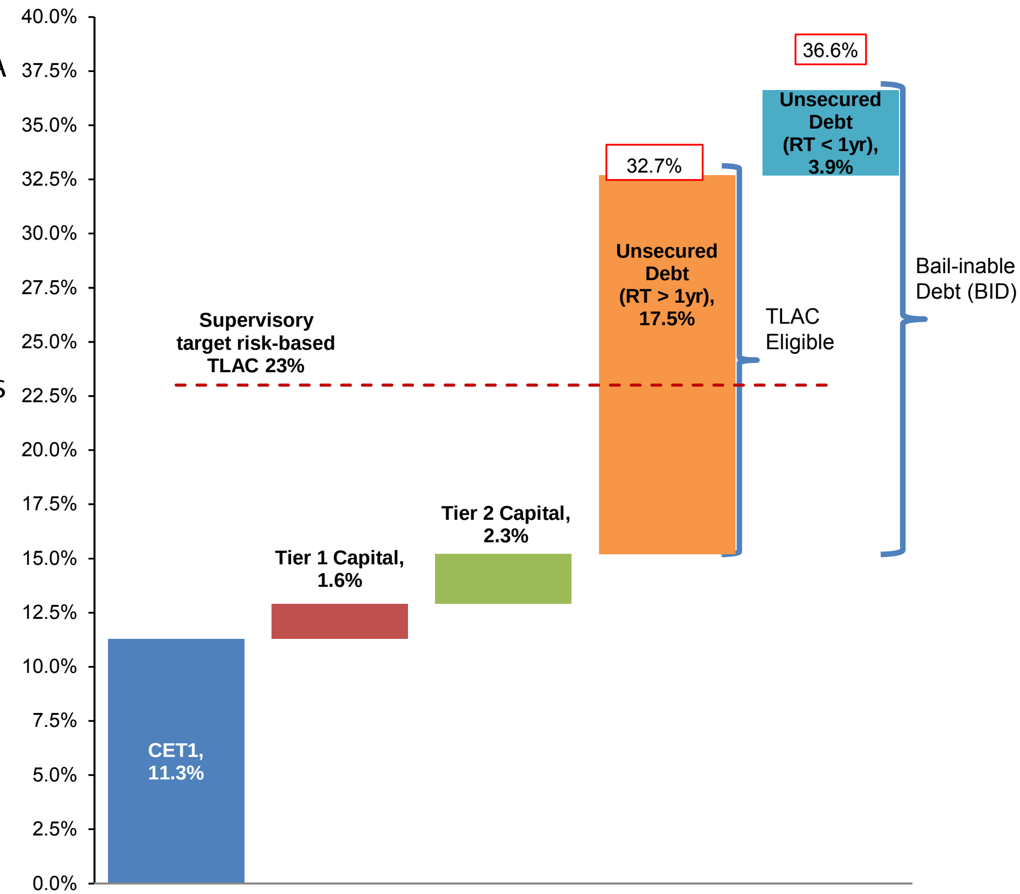


1. Pari passu ranking in liquidation.

Manageable TLAC Requirements and no incremental funding

- Canadian D-SIBs will be required to meet a Supervisory Target ratio by November 1, 2021
  - Risk-based TLAC ratio of 23% (Minimum 21.5% of RWA TLAC ratio plus a Domestic Stability Buffer of 1.5% of total RWA)
  - Minimum TLAC Leverage ratio of 6.75%
- TLAC eligible securities will have a minimum remaining term of 365 days
- No incremental funding required to meet the TLAC obligations
- BMO will only be issuing one class of medium and long term senior debt that will over time replace the legacy senior debt outstanding
- Similar to US TLAC securities, Canadian bail-in securities will retain the clause regarding acceleration of payments, subject to a minimum 30-business-day cure period, in case of events of default relating to non-payment of scheduled principal and/or interest
- TLAC eligible debt will be issued at the parent bank operating company level whereas US FIs issue TLAC debt at the holding company level

Funding Profile as at October 31, 2018



Strong Ratings Profile

Rating for BMO Legacy Senior Debt[1] and Senior Debt[1,2]

Rating for BMO Legacy Senior Debt

Rating for BMO Senior Debt

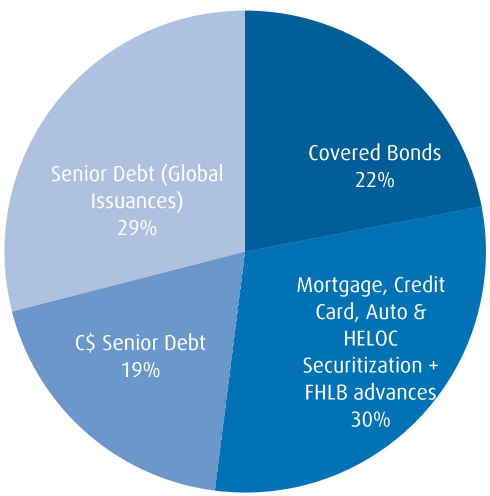
Moody's	Standard & Poor's	Fitch	DBRS
Aa1	AA+	AA+	AA (high)
Aa2	AA	AA	AA
Aa3	AA-	AA-	AA (low)
A1	A+	A+	A (high)
A2	A	A	A
A3	A-	A-	A (low)
Baa1	BBB+	BBB+	BBB (high)

1. All rating agencies have a stable outlook.
2. Subject to conversion under the bank recapitalization "bail-in" regime. Defined as "Junior Senior Unsecured" by Moody's, "Bail-in Eligible Senior Debt" by S&P, "Senior Unsecured" by Fitch, and "Bailinable Senior Debt" by DBRS".

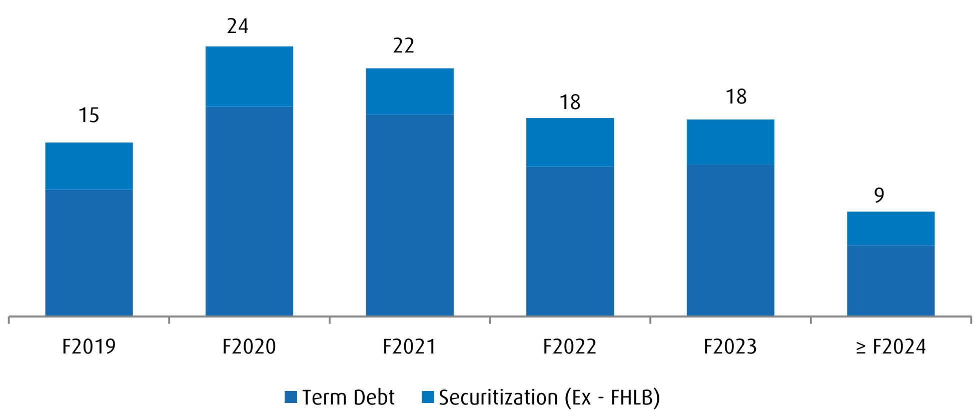
Diversified Wholesale Term Funding Program

- BMO's wholesale funding principles seek to match the term of assets with the term of funding. Loans for example are funded with customer deposits and capital, with any difference funded with longer-term wholesale funding
- BMO has a well diversified wholesale funding platform across markets, products, terms, currencies and maturities
- We do not expect a significant change to BMO's funding strategy following the implementation of the bail-in regime

Wholesale Capital Market Term Funding Composition[1] ($115B) as at October 31, 2018



Wholesale Capital Market Term Funding Maturity Profile[1,2] as at October 31, 2018



1. Wholesale capital market term funding primarily includes non-structured funding for terms greater than or equal to two years and term ABS. Excludes capital issuances.
2. BMO term debt maturities includes term unsecured and Covered Bonds.

Diversified Wholesale Funding Platform

- Programs provide BMO with diversification and cost effective funding

Canada[1]

- Canadian MTN Shelf (C$8B)
- Fortified Trust (C$5B)
- Other Securitization (RMBS, Canada Mortgage Bonds, Mortgage Backed Securities)

U.S.[1]

- SEC Registered U.S. Shelf (US$25B)
- Global Registered Covered Bond Program (US$22B)
- Securitization (Credit cards, Auto)

Europe, Australia & Asia[1]

- Note Issuance Programme (US$20B)
- Australian MTN Programme (A$5B)
- Global Registered Covered Bond Program (US$22B)[2]

Recent Notable Transactions

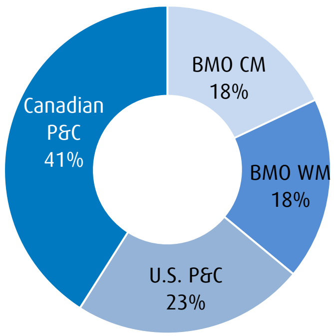
- C$2.5 billion 5-yr Fixed Rate Senior Unsecured Notes at 2.89%
- C$400 million 5-yr Rate-Reset Preferred Shares at 4.85%
- US$2.25 billion 2-yr Fixed and Floating Rate Senior Unsecured Notes
- US$502.6 million Master Credit Card Trust III Notes
- US$566.9 million CPART Auto Securitization
- US$850 million 10nc5 Subordinated Notes at 4.338%
- EUR€1 billion Fixed Rate Senior Unsecured Notes at 0.25%
- GBP£0.3 billion Fixed Rate Senior Unsecured Notes at 1.625%
- GBP£0.4 billion 5-yr Floating Rate Covered Bond
- CHF450 million long 4-yr Fixed Rate Senior Unsecured Notes at 0.05%
- AUD$1.55 billion 3-yr Floating and 5-yr Fixed and Floating Rate Senior Unsecured Notes

1. Indicated dollar amounts beside each wholesale funding program denotes program issuance capacity limits.

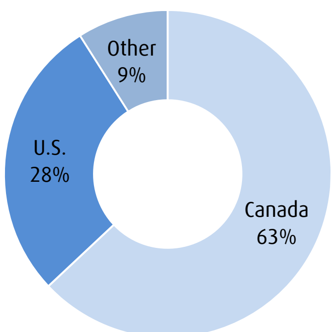
APPENDIX

Diversified by businesses, customer segments and geographies

Adjusted Net Income by Operating Group – F2018[1]



Adjusted Net Income by Geography – F2018[1]



Canadian P&C

- Full range of financial products and services to eight million customers
- Helping customers make the right financial decisions as they bank across a network of 900 branches, contact centres, digital banking platforms and over 3,300 automated teller machines
- Top-tier commercial franchise serves as an advisor and trusted partner to our clients across multiple industry sectors throughout Canada

U.S. P&C

- Delivers a broad base of financial services to more than two million customers
- Serving personal and business banking customers seamlessly across our extensive network of more than 560 branches, dedicated contact centres, digital banking platforms and nationwide access to more than 43,000 automated teller machines
- Commercial bank provides a combination of sector expertise, local knowledge, and a breadth of products and services as a trusted partner to our clients

BMO Wealth Management

- Serves a full range of client segments, from mainstream to ultra-high net worth and institutional, with a broad offering of wealth management products and services including insurance
- Global business with an active presence in markets across Canada, the United States, EMEA and Asia

BMO Capital Markets

- North American-based financial services provider offering a complete range of products and services to corporate, institutional and government clients
- Approximately 2,700 professionals in 33 locations around the world, including 19 offices in North America
- Well-diversified platform and business mix, including a strong, scalable U.S. business

1 Adjusted measures are non-GAAP measures, see slide 2 for more information. Reported net income by operating group (excludes Corporate Services), last twelve months (LTM): Canadian P&C 41%, U.S. P&C 23%, BMO WM 17%, BMO CM 19%. By geography (LTM): Canada 70%, U.S. 20%, Other 10%. For details on adjustments refer to page 27 of BMO's 2018 Annual MD&A

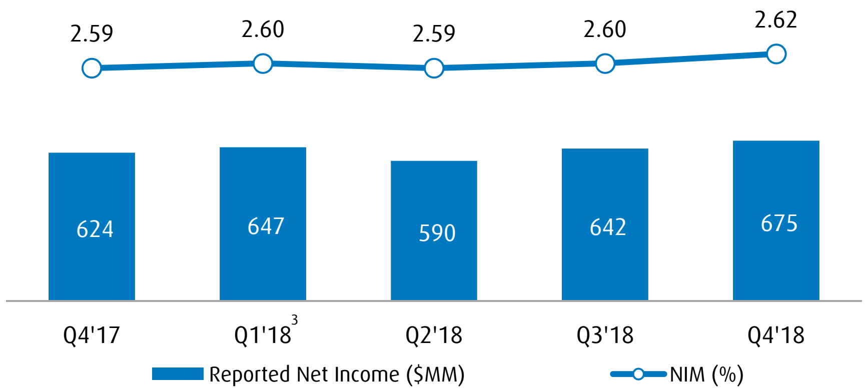
Canadian Personal & Commercial Banking

Net income up 8% Y/Y with continued momentum in commercial business

- Adjusted[1] and reported net income up 8% Y/Y
- Revenue up 4% Y/Y
  - Average loans up 4% Y/Y. Commercial[2] up 12%; proprietary mortgages (including amortizing HELOC loans) up 3%
  - Average deposits up 5% Y/Y. Commercial up 9%; Personal up 3%
  - NIM up 3 bps Y/Y, up 2 bps Q/Q
- Expenses up 4% Y/Y
- Adjusted[1] efficiency ratio 48.4% (reported 48.5%)
- Adjusted[1] and reported operating leverage 0.5%
- PCL down $27MM Y/Y; down $34MM Q/Q
  - PCL includes $15MM recovery on performing loans
- F2018 net income up 2%, the gain on sale of Moneris US in 2017 had a negative 7% impact on growth

	Reported			Adjusted[1]		
($MM)	Q4 18	Q3 18	Q4 17	Q4 18	Q3 18	Q4 17
Revenue (teb)	**1,968**	1,952	1,884	**1,968**	1,952	1,884
Total PCL	**103**	137	130	**103**	137	130
Expenses	**954**	949	917	**953**	949	917
Net Income	**675**	**642**	**624**	**676**	**642**	**625**

Net Income and NIM Trends



1 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 and small business cards
3 Q1'18 results include a gain related to the restructuring of Interac Corporation of $39MM pre-tax ($34MM after tax) and a legal provision

U.S. Personal & Commercial Banking

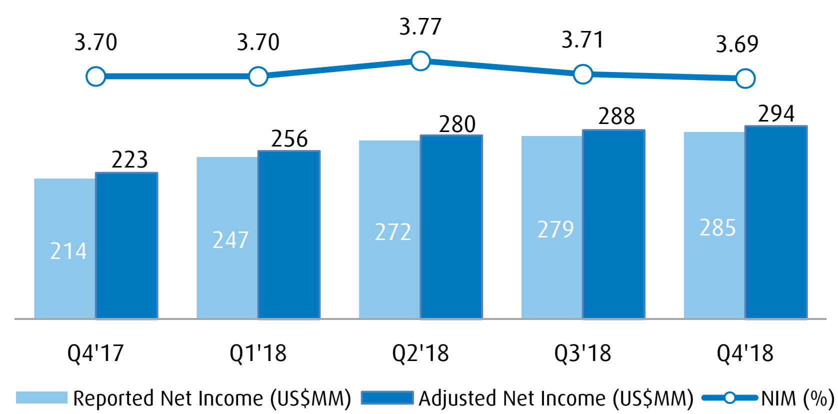
Continued strong performance

Figures that follow are in U.S. dollars

- Adjusted[1] net income up 31% Y/Y (reported up 33% Y/Y)
- Revenue up 8% Y/Y
  - Strong volume growth and the benefit of higher rates
  - Average loans[2,3] up 11% Y/Y and average deposits up 13%
  - NIM down 1 bp Y/Y and 2 bps Q/Q
- Adjusted[1] and reported expenses up 5% Y/Y
- Adjusted[1] efficiency ratio 59.4% (reported 60.5%) and operating leverage 2.7% (reported 3.0%)
- Adjusted[1] PPPT[4] up 12% Y/Y (reported 13%)
- PCL up $8MM Y/Y and up $29MM Q/Q
  - PCL includes $14MM provision on performing loans
- Lower tax rate Y/Y given tax reform and favourable tax item in quarter
- F2018 adjusted[1] net income up 36% Y/Y (reported up 37%), with 18% adjusted[1] PPPT[4] growth (reported 19%) and benefit of tax reform

	Reported			Adjusted[1]		
(US$MM)	**Q4 18**	**Q3 18**	**Q4 17**	**Q4 18**	**Q3 18**	**Q4 17**
Revenue (teb)	**996**	985	924	**996**	985	924
Total PCL	**60**	31	52	**60**	31	52
Expenses	**602**	601	574	**591**	590	561
Net Income	**285**	279	214	**294**	288	223
Net Income (CDE$)	**372**	364	270	**383**	376	281

Net Income[1] and NIM Trends



1 Adjusted measures are non-GAAP measures, see slide 2 for more information
2 Average loan growth rate referenced above excludes Wealth Management mortgage and off-balance sheet balances for U.S. P&C serviced mortgage portfolio; average loans up 10% including these balances
3 In Nov'17 we purchased a $2.1B mortgage portfolio (Q4'18 average balance impact of $1.9B)
4 Pre-Provision Pre-Tax profit contribution; PPPT is the difference between revenue and expenses

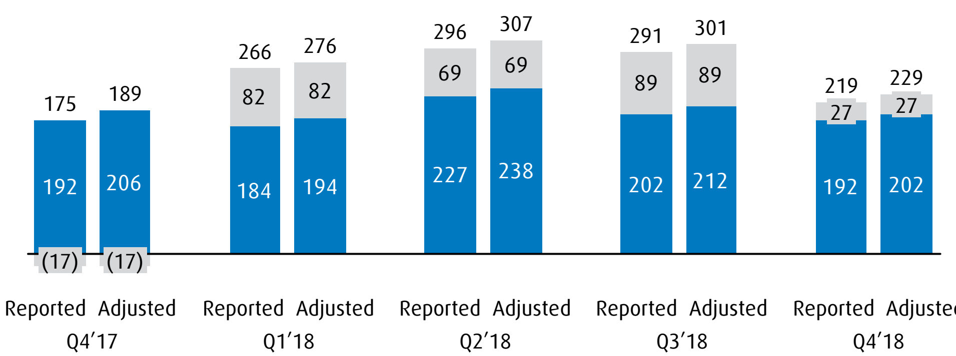
BMO Wealth Management

Good underlying net income growth Y/Y in Traditional Wealth

- Adjusted[1] net income up 21% Y/Y (reported up 25%)
  - Traditional Wealth down 2% Y/Y (reported flat); legal provision, net of favourable U.S. tax item, had 8% impact on growth
  - Insurance up Y/Y; less elevated reinsurance claims in the current year; down Q/Q due to elevated reinsurance claims and unfavourable market movements
- Net revenue[2] up 6% Y/Y
- Adjusted[1] expenses up 5% Y/Y (reported up 5%)
- Adjusted[1] operating leverage 0.6% (reported 1.3%)
- AUM/AUA up 4% Y/Y; AUM up 2%; AUA up 6%
- F2018 adjusted[1] net income up 8% (reported up 11%) due to growth from our diversified businesses and higher equity markets on average for the year

	Reported			Adjusted[1]		
($MM)	Q4 18	Q3 18	Q4 17	Q4 18	Q3 18	Q4 17
Net Revenue[2]	**1,179**	1,269	1,111	**1,179**	1,269	1,111
Total PCL	**3**	4	-	**3**	4	-
Expenses	**880**	875	841	**867**	862	823
Net Income	**219**	**291**	**175**	**229**	**301**	**189**
Traditional Wealth NI	**192**	202	192	**202**	212	206
Insurance NI	**27**	89	(17)	**27**	89	(17)
AUM/AUA ($B)	**821**	846	789	**821**	846	789

Net Income[1] Trends



1 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: Q4'18 $1,569MM, Q3'18 $1,538MM, Q4'17 $1,684MM

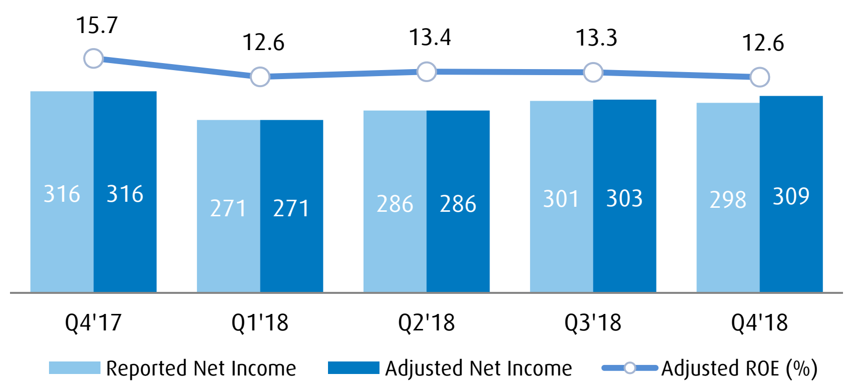
BMO Capital Markets

Solid performance, primarily driven by I&CB

- Adjusted[1] and reported net income lower than prior year reflecting current market conditions impacting Trading Products as well as higher expenses
- Revenue up 1% Y/Y
  - Trading Products down 2% Y/Y
  - Investment and Corporate Banking up 6% Y/Y
- Adjusted[1] expenses up 10% Y/Y (reported up 12%); reflects KGS-Alpha acquisition (closed September 1, 2018) and growth initiatives
- PCL recovery compared to charge in Q4'17
- F2018 adjusted[1] net income down 8% Y/Y (reported net income down 9%)

	Reported			Adjusted[1]		
($MM)	Q4 18	Q3 18	Q4 17	Q4 18	Q3 18	Q4 17
Trading Products	**629**	638	645	**629**	638	645
I&CB	**500**	465	470	**500**	465	470
Revenue (teb)	**1,129**	1,103	1,115	**1,129**	1,103	1,115
Total PCL (recovery)	**(7)**	7	4	**(7)**	7	4
Expenses	**763**	698	679	**749**	696	679
Net Income	**298**	**301**	**316**	**309**	**303**	**316**

Net Income[1] and ROE Trends



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

Strategic Priorities

Drive leading growth in priority areas by earning customer loyalty	• Well-diversified, double-digit commercial loan growth and good deposit growth • Improved loyalty scores across businesses
Simplify, speed up, and improve productivity	• Established EI3 Group to drive enterprise-wide, sustainable productivity improvements • Launched BMO Innovation Fund
Harness the power of digital and data to grow	• Increasing digital engagement • Launching enhanced U.S. digital banking platform
Be leaders in taking and managing risk	• Consistent and effective risk management with PCL rates below peer average
Activate a high-performance culture	• Leading employee engagement • Only Canadian bank in the top 25 in Thomson Reuters Global Diversity & Inclusion Index

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 applicable 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; 35.7% of independent directors are women
- Recipient of the Canadian Coalition for Good Governance's 2017 Governance Gavel Award for "Best Disclosure of Corporate Governance and Executive Compensation Practices"
- Recipient of the Governance Professionals of Canada 2017 Excellence in Governance Award for "Best Practices in Subsidiary Governance"

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