

# Investor Presentation

March 2020



# 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 2020 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 and consumer leverage; 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, privacy and cyber security, including the threat of data breaches, 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 refer to the discussion in the Risks That May Affect Future Results section, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational, legal and regulatory, business, strategic, environmental and social, and reputation risk, in the Enterprise-Wide Risk Management section that begins on page 68 of BMO's 2019 Annual Report, and the Risk Management section in BMO's First Quarter 2020 Report to Shareholders, 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 18 of BMO's 2019 Annual Report and updated in the Economic Review and Outlook section set forth in BMO's First Quarter 2020 Report to Shareholders. 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, we primarily consider historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy. Please refer to the Economic Review and Outlook section of BMO's First Quarter 2020 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, the rationale for their use, as well as the effects of changes in exchange rates on BMO's U.S. segment reported and adjusted results can be found on pages 6 and 7 of BMO's First Quarter 2020 Report to Shareholders and on pages 17 and 23 of BMO's 2019 Annual Report, all of which are available on our website at [www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

Examples of non-GAAP amounts or measures include: efficiency and leverage ratios; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes; results and measures that exclude the impact of Canadian/U.S. dollar exchange rate movements (i.e. constant currency basis or CCY), 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, reinsurance adjustment, 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 benefits plan.

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

# Who We Are

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America

8<sup>th</sup> largest  
bank in North America  
by assets<sup>1</sup>

\$880 billion  
in total assets<sup>1</sup>

Mobilizing  
\$400 billion  
for sustainable finance  
by 2025

## Three operating groups

Personal and  
Commercial Banking

BMO Wealth  
Management

BMO Capital  
Markets

We serve:

12+ million  
customers globally

8+ million  
personal and commercial  
customers in Canada

2+ million  
personal, small business  
and commercial customers  
in the United States

Committed to  
Sustainable  
Performance:



Named One of the **World's Most Ethical Companies** by the Ethisphere Institute for the third year in a row



Forbes Magazine: recognized BMO Harris Bank in its annual list of **America's best Employers for Diversity**



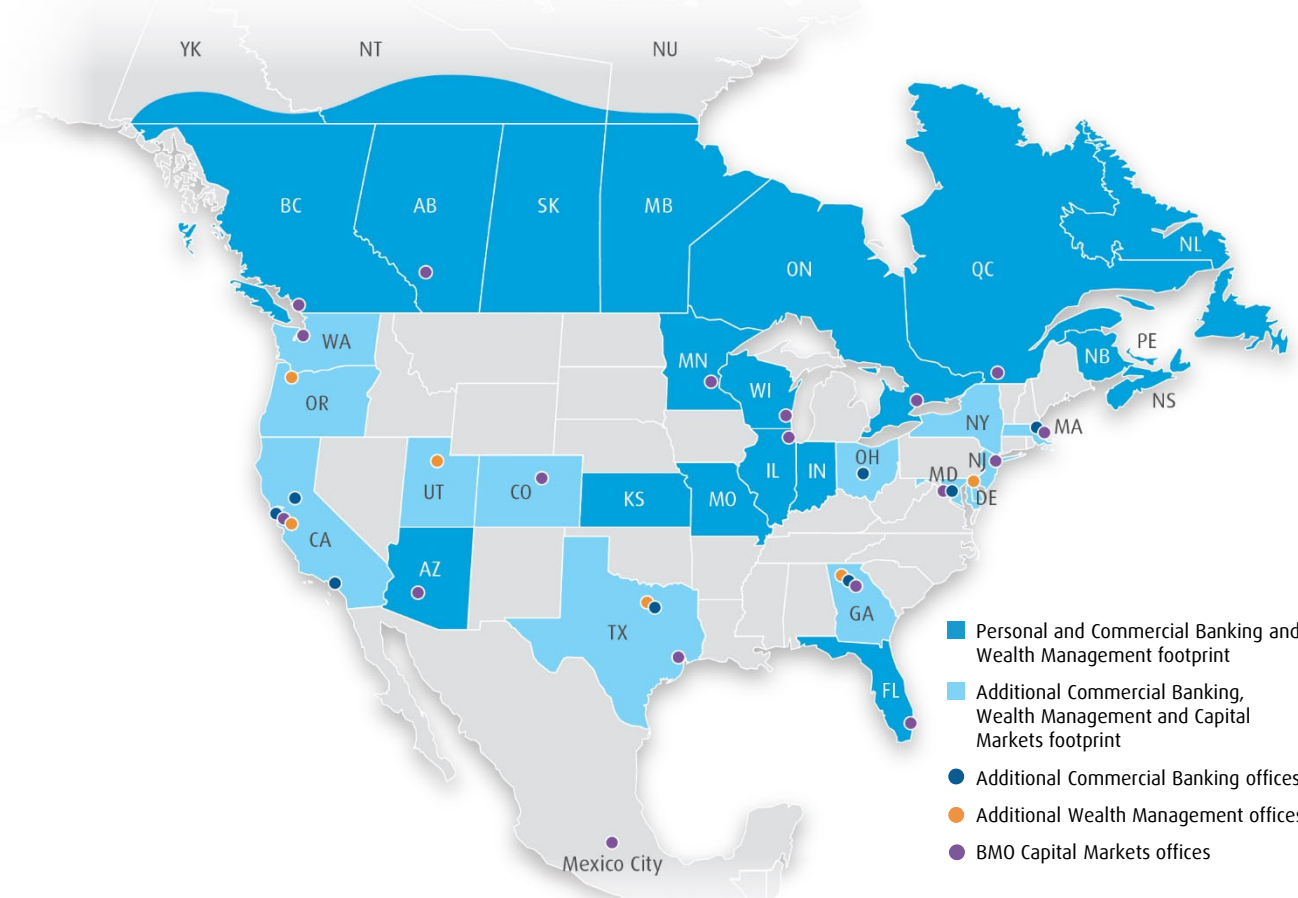
**2019 Bloomberg Gender-Equality index**

For the fourth consecutive year, BMO earned a place on this leading global index

\* All amounts in this presentation in Canadian dollars unless otherwise noted  
1 - source: Bloomberg, as at January 31, 2020

# BMO's 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.



## International Offices

### BMO Capital Markets

**Other Americas**  
Rio de Janeiro

**Europe and Middle East**  
Abu Dhabi  
Dublin  
London  
Paris  
Zurich

**Asia-Pacific**  
Beijing  
Guangzhou  
Hong Kong  
Melbourne  
Mumbai  
Shanghai  
Singapore  
Taipei City

### 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

# Strong financial performance and shareholder returns

## Medium Term Financial Objectives (Adjusted basis)

EPS Growth	7% to 10% per year
Return on Equity	15% or more
Operating Leverage	2% or more
Capital	Maintain strong capital ratios that exceed regulatory requirements

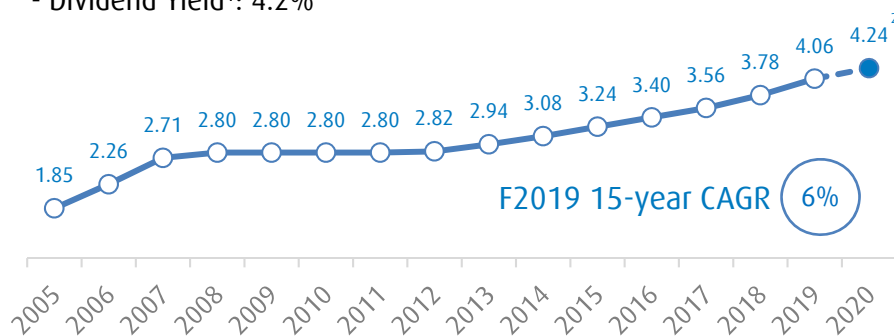
## Earnings per Share (\$)



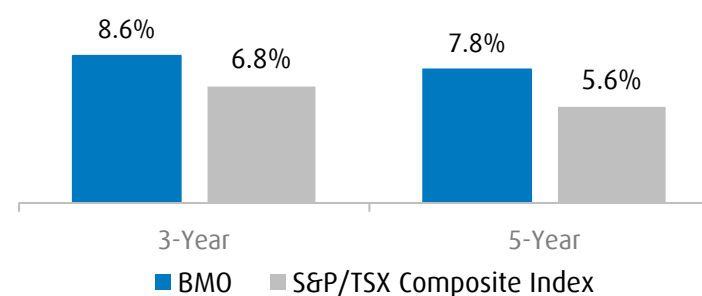
## Dividends Declared (\$ per share)

BMO has the longest-running dividend payout record of any company in Canada, at 191 years

- Dividend Yield<sup>1</sup>: 4.2%



## Average Annual Total Shareholder Return<sup>1</sup>(%)



<sup>1</sup> As of January 31, 2020

<sup>2</sup> Annualized based on Q1'20 dividend of \$1.06

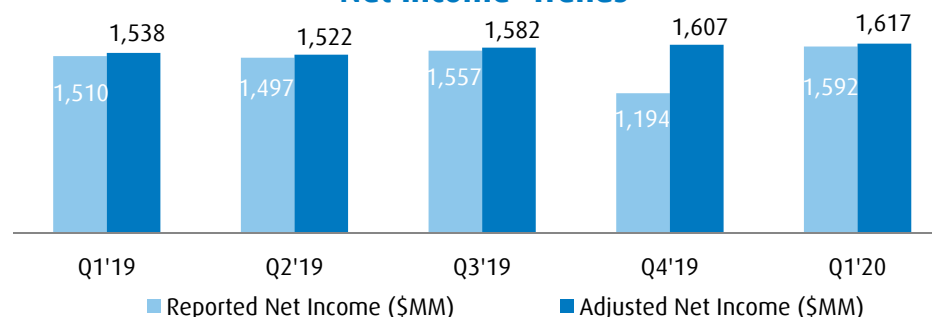
# Q1 F2020 - Financial Highlights

Net income up 5% Y/Y; PPPT<sup>5</sup> up 16% Y/Y; adjusted<sup>1</sup> operating leverage<sup>2</sup> 4.6% with all Groups above 2.0%

- Adjusted<sup>1</sup> EPS \$2.41, up 4% Y/Y, 5% CCY<sup>6</sup> (reported \$2.37, up 4%)
- Adjusted<sup>1</sup> and reported net income up 5% Y/Y
- Adjusted<sup>1</sup> and reported PPPT<sup>5</sup> up 16% Y/Y
- Net revenue<sup>2</sup> up 8% Y/Y
- Adjusted<sup>1</sup> and reported expenses up 3% Y/Y
- Adjusted<sup>1</sup> efficiency ratio<sup>2</sup> 60.3% (reported 60.8%)
- Adjusted<sup>1</sup> operating leverage<sup>2</sup> 4.6% (reported 4.7%)
- Total PCL \$349MM, up Y/Y from a low level (in part due to a recovery); up Q/Q
  - PCL on impaired loans \$324MM; PCL on performing loans \$25MM
  - Total PCL to average net loans and acceptances 31 bps
- Adjusted<sup>1</sup> ROE 13.5% (reported 13.3%)

(\$MM)	Reported			Adjusted <sup>1</sup>		
	Q1 20	Q4 19	Q1 19	Q1 20	Q4 19	Q1 19
Net Revenue <sup>2</sup>	6,031	5,752	5,591	6,031	5,777	5,591
Expenses <sup>3</sup>	3,669	3,987	3,557	3,637	3,463	3,520
PPPT <sup>5</sup>	2,362	1,765	2,034	2,394	2,314	2,071
Total PCL	349	253	137	349	253	137
<b>Net Income</b>	<b>1,592</b>	<b>1,194</b>	<b>1,510</b>	<b>1,617</b>	<b>1,607</b>	<b>1,538</b>
Diluted EPS (\$)	2.37	1.78	2.28	2.41	2.43	2.32
ROE (%)	13.3	9.9	13.6	13.5	13.5	13.9
ROTCE <sup>4</sup> (%)	15.7	11.9	16.5	15.8	15.7	16.6
CET1 Ratio (%)	11.4	11.4	11.4			

## Net Income<sup>1</sup> Trends



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. See page 6 of BMO's Q1'20 Report to Shareholders for adjustments to reported results

<sup>2</sup> 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: Q1'20 \$6,747MM; Q4'19 \$6,087MM; Q1'19 \$6,517MM. Reported net revenue in Q4'19 includes \$25MM reinsurance adjustment in CCPB for the net impact of major reinsurance claims from Japanese typhoons that were incurred after our announced decision to wind down our reinsurance business

<sup>3</sup> Q4'19 reported expenses include \$484MM restructuring charge

<sup>4</sup> Return on Tangible Common Equity (ROTCE)

<sup>5</sup> Pre-Provision Pre-Tax earnings (PPPT) is the difference between net revenue and expenses

<sup>6</sup> Constant currency (CCY) refers to the impact of CAD/US exchange rate movements on the U.S. segment only. Measures presented on a CCY basis are non-GAAP measures, see slide 2 for more information

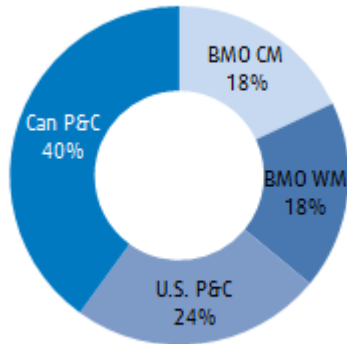
# Reasons to Invest in BMO

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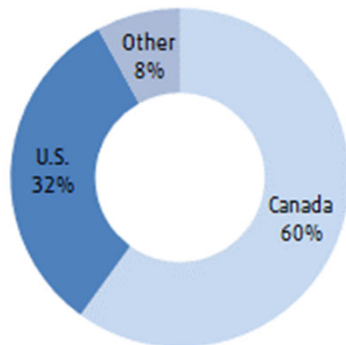
- Diversified businesses that continue to deliver robust earnings growth and long-term value for shareholders
- Strong foundation built for growth and differentiating strengths that drive competitive advantage:
  - Large and growing North American commercial banking business with advantaged market share
  - Well-established, highly profitable flagship banking business in Canada
  - U.S. personal business successfully growing deposit base, with commitment to diversification and long-term performance
  - 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
- 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
- Innovative operating model where business and technology are completely integrated, driving efficiency, while also encouraging collaboration
- 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

# Diversified businesses delivering resilient and robust earnings

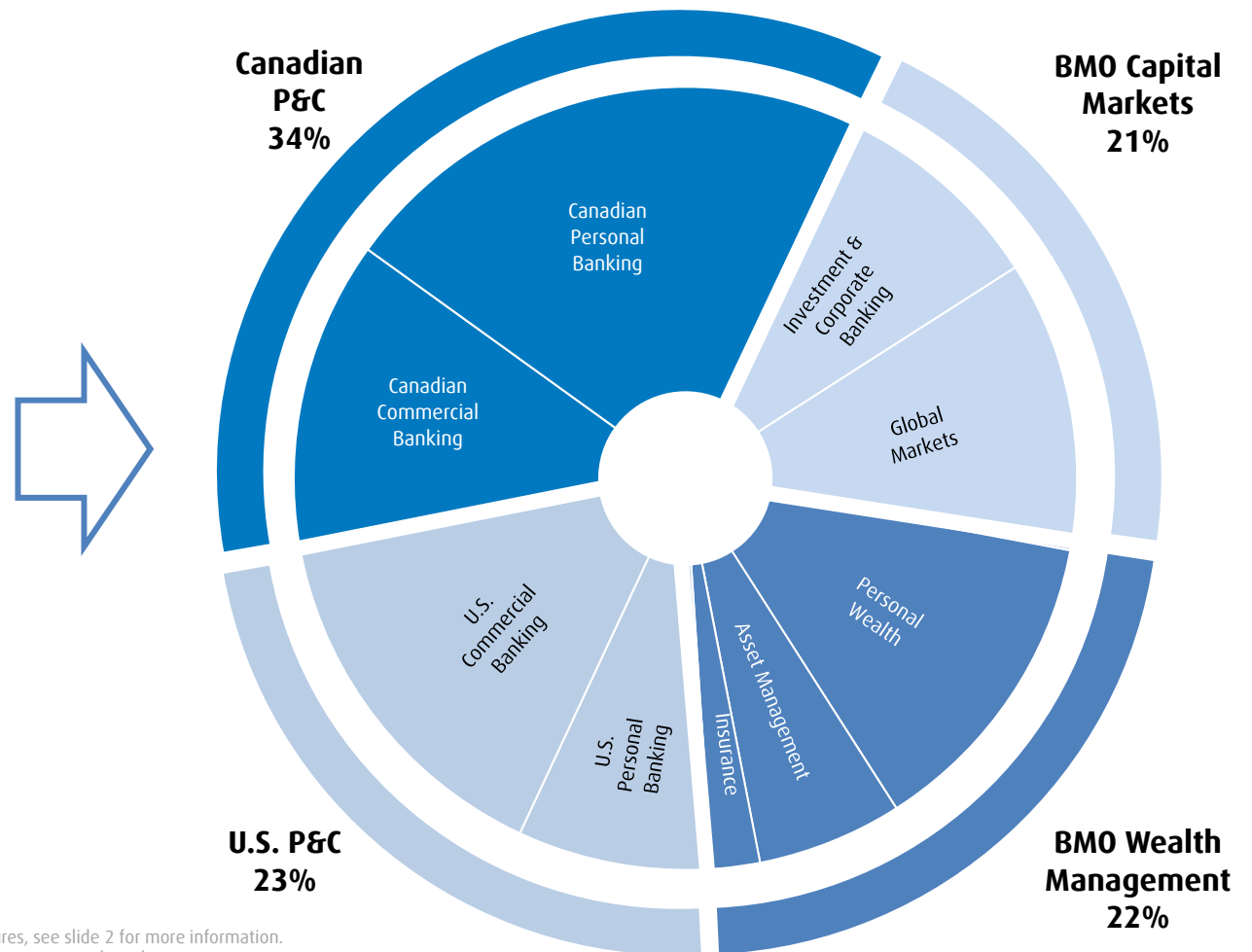
**Adjusted Net Income  
by Operating Group - LTM<sup>1</sup>**



**Adjusted Net Income  
by Geography - LTM<sup>1</sup>**



**Driven by diversified sources of revenue  
% of Operating Groups Net Revenue - LTM**



<sup>1</sup> On an adjusted basis. Adjusted measures are non-GAAP measures, see slide 2 for more information. See page 6 of BMO's Q1'20 Report to Shareholders for adjustments to reported results. Reported net income last twelve months (LTM) by operating group (excludes Corporate Services): Canadian P&C 41%, U.S. P&C 24%, BMO WM 17%, BMO CM 18%; by geography: Canada 61%, U.S. 31%, Other 8%



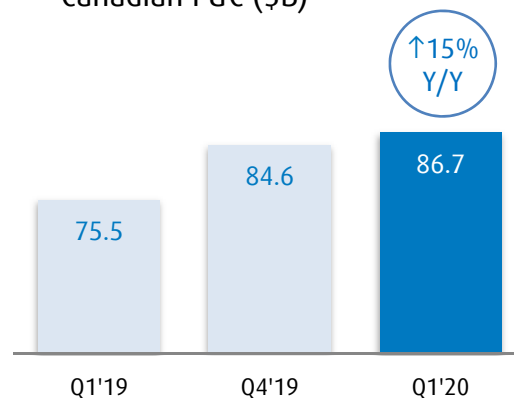
# Large North American commercial banking business with advantaged market share

## Canadian P&C

- #2 market share in business lending<sup>1</sup>
- Top-tier in upper mid-market<sup>2</sup>
- #1 in Agriculture<sup>1</sup>
- Leader in Indigenous Banking
- Strong cross-border capabilities
- Best Commercial Bank in Canada 2015-2019 by *World Finance*

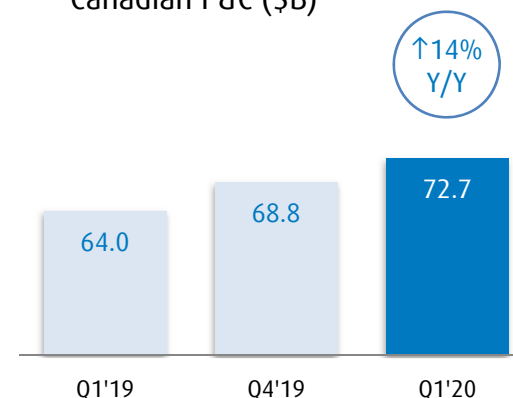
## Commercial Loans and Acceptances

- Canadian P&C (\$B)



## Commercial Deposits

- Canadian P&C (\$B)

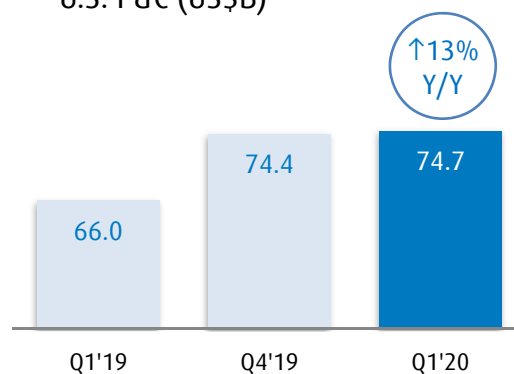


## U.S. P&C

- Top 10 U.S. commercial lender<sup>3</sup>; two-thirds of new originations in segments served nationally
- Diversified growth beyond core mid-west footprint including national specialty businesses
- One of the largest Transportation Finance providers
- Strong cross-border capabilities

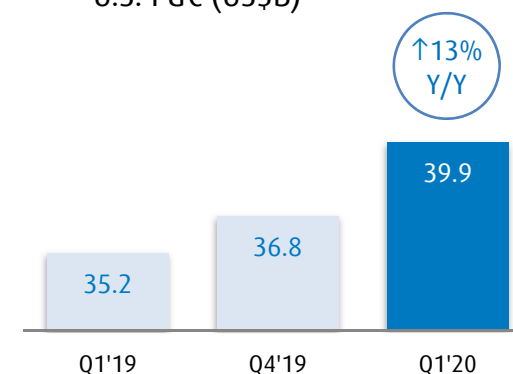
## Commercial Loans and Acceptances

- U.S. P&C (US\$B)



## Commercial Deposits

- U.S. P&C (US\$B)



\* Based on average balance

<sup>1</sup> Canadian Bankers Association; loan market share \$0-\$25MM, as at June 2019

<sup>2</sup> Canadian Bankers Association; loan market share \$25-\$100MM, as at June 2019

<sup>3</sup> Based upon publicly available U.S. regulatory filings (FR Y-9Cs and FFIEC 002s) and internal analysis.

# U.S. Operations

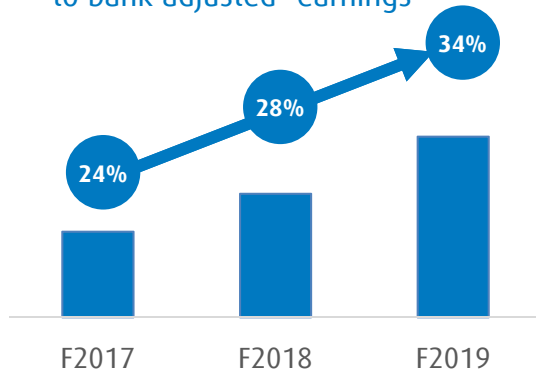
## U.S. segment continuing to deliver strong results

Figures that follow are on a U.S. dollar basis

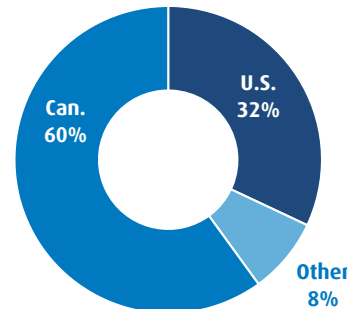
- U.S. segment targeting 1/3 total bank earnings
  - Top 10<sup>2</sup> commercial lender in the U.S.
  - #3 deposit market share in our core footprint<sup>3</sup>; #2 in Chicago and Milwaukee
  - Businesses working together to provide integrated client offering

- U.S. P&C Q1'20 adjusted<sup>1</sup> PPPT up 5%
  - Delivered positive operating leverage of 2.1% and a new low efficiency ratio of 55.2%
  - Good momentum in Personal Banking with strong deposit growth and enhanced profitability
  - Strong Commercial Banking business with double digit growth in loans and deposits
- Capital Markets delivering on strategy, providing growth and diversification
  - Delivered net income above US\$100MM

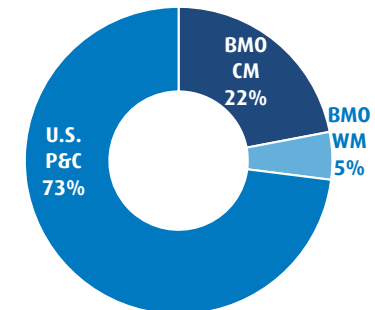
U.S. Segment contribution to bank adjusted<sup>1</sup> earnings



Total Bank Adjusted<sup>1</sup> Net Income by Geography – LTM



U.S. Segment Adjusted<sup>1</sup> Net Income by Operating Group – LTM



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders

On a reported basis: U.S. segment Q1'20 PPPT up 11%; US P&C PPPT up 6%; U.S. P&C positive operating leverage of 2.2%; U.S. P&C Efficiency ratio of 56.1%

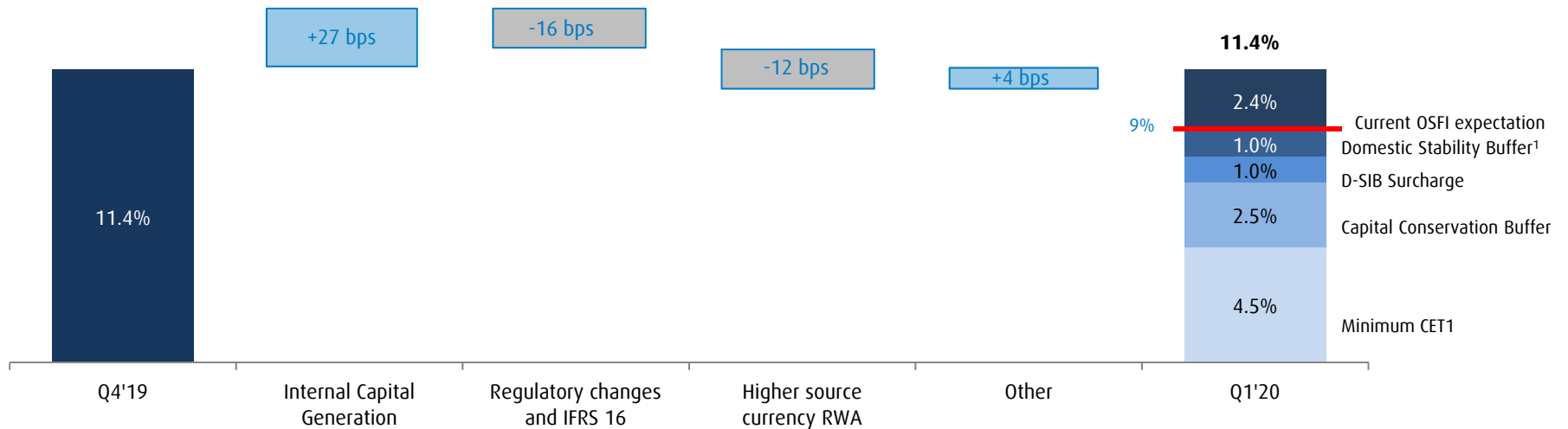
Total bank net income by geography Last Twelve months (LTM): Canada 61%, U.S. 31%, Other 8%; U.S. Segment net income by operating group (LTM): U.S. P&C 74%, BMO CM 21%, BMO WM 5%

<sup>2</sup> Based upon publicly available U.S. regulatory filings (FR Y-9Cs and FFIEC 002s) and internal analysis.

<sup>3</sup> Core footprint includes Illinois, Kansas, Wisconsin, Missouri, Indiana and Minnesota

# Strong Capital Position

## CET1 Capital Ratio



## Credit Ratings

	Moody's	S&P	DBRS	Fitch
Long term deposits / legacy senior debt <sup>2</sup>	Aa2	A+	AA	AA
Senior debt <sup>3</sup>	A2	A-	AA(low)	AA-
Outlook	Stable	Stable	Stable	Stable

- Quarterly common share dividend \$1.06
  - Up ~6% from the prior year
  - Attractive dividend yield of +7%<sup>4</sup>
- Sound Leverage and Liquidity Ratios
  - Leverage Ratio 4.3%
  - Liquidity Coverage Ratio 135%

<sup>1</sup> On March 13, 2020, OSFI announced a decrease of the Domestic Stability Buffer from 2.25% to 1% of total risk-weighted assets effective immediately, in order to support D-SIBs' ability to supply credit to the economy during an expected period of disruption related to COVID-19 and market conditions

<sup>2</sup> Long term deposits / legacy senior debt includes: (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the Bank Recapitalization (Bail-In) Regime

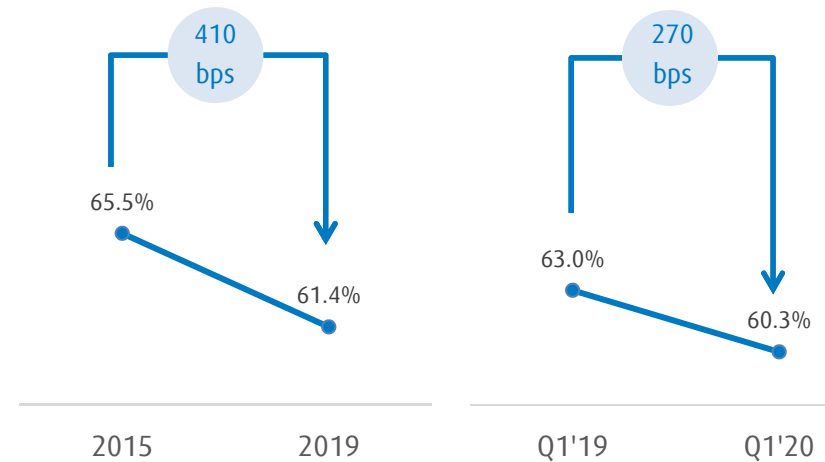
<sup>3</sup> Subject to conversion under the Bank Recapitalization (Bail-In) Regime

<sup>4</sup> as at March 23 2020

# Creating sustainable efficiency: continuing good progress

- Target to achieve efficiency of 58% or better by F2021
  - Organizational redesign and simplification of the way we do business
  - Consolidating similar businesses
  - Reducing resources against lower value tasks
  - Automating business processes and digitizing activities
  - Moderating tech spend growth from 10%+ to mid-single digit

Adjusted<sup>1</sup> Efficiency Ratio Trend



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. See page 6 of BMO's Q1'20 Report to Shareholders for adjustments to reported results  
Reported Efficiency: F2015 67.5%, F2019 64.2% , Q1'19 63.6%, Q1'20 60.8%

# Our Commitment to Sustainability

At BMO, our Purpose to **Boldly Grow the Good, in business and life** is inspired by the Sustainable Development Goals (SDGs), and they are shaping our business and sustainability activities. We believe we can have the greatest impact on the SDGs that align with our strategic priorities, and we focus our efforts on the seven SDGs shown here.



	<p>Decent Work and Economic Growth</p>	<p>Promoting sustained growth and productive employment by creating opportunities for our employees, customers and communities, and by upholding human rights across our value chain.</p>
	<p>Reduced Inequalities</p>	<p>Championing equal opportunity and working to reduce inequalities by removing barriers to social and economic inclusion faced by our customers, employees and communities.</p>
	<p>Gender Equality</p>	<p>Empowering women by championing diversity and inclusion in our workforce, and by supporting women entrepreneurs so they can participate fully in the economy.</p>
	<p>Sustainable Cities and Communities</p>	<p>Supporting the environmental and social sustainability of the communities in which we do business by managing our use of resources responsibly, and by partnering in community development initiatives.</p>
	<p>Climate Action</p>	<p>Raising awareness and building our capacity to address climate change across the enterprise by managing risks and opportunities, mobilizing capital in support of a lower-carbon economy, and partnering with others to advance analytical capabilities.</p>
	<p>Affordable and Clean Energy</p>	<p>Stimulating the growth of renewable energy by advising on and financing renewable energy projects, working with clients towards a green transition, and by purchasing renewable energy for our own operations.</p>
	<p>Peace, Justice and Strong Institutions</p>	<p>Building effective and accountable institutions by upholding high standards of ethical and responsible conduct for ourselves and our partners.</p>

# Driving Value with Sustainable Solutions

## Sustainable Finance

BMO announced a commitment to mobilize \$400B in sustainable finance by 2025 and in 2019 established a sustainable bond program in support of this commitment. BMO Capital Markets underwrote \$9.4B in sustainable bonds in fiscal 2019. For 30+ years, BMO GAM has invested responsibly. As at September 30, 2019 they held a total of US\$5.4B in ESG Specialist Strategies Funds and US\$161B in assets under advice through the Responsible Engagement Overlay (**reo**) service.

## Climate Action

BMO has been carbon neutral since 2010 and we are taking concrete action to implement the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We have published our 2019 Climate Report as a Special Supplement to our 2019 Sustainability Report.

## Access to Banking and Financial Inclusion

In 2019, BMO did \$2.7B worth of business with Indigenous communities and provided \$233MM in loans to Indigenous communities through our On-Reserve Housing Loan Program.

## Diversity and Inclusion

As at October 31, 2019, 35.7% of BMO's independent directors are women, 41.1% of senior leader roles are held by women and we have established goals for a more diverse workforce by 2020.

## Community Building

BMO committed to drive inclusive economic development through a partnership with United Way of Greater Toronto and a \$10 million donation. In 2019, BMO Harris also committed \$10 million to the United Way to spur neighborhood development.

## Awards and Recognition

Listed on *Dow Jones Sustainability Index* (North America) for 15 consecutive years

One of only 5 banks, and the only Canadian bank, to be named to the 2019 *World's Most Ethical Companies*® (*Ethisphere*® *Institute*)

2019 *Bloomberg Gender-Equality Index* for fourth year in a row

Best Places to work for LGBT Equality 2019 from Human Rights Campaign

2019 Disability Equality Index from American Association of People with Disabilities

2 Time *Catalyst Award* winner for accelerating diversity and inclusion

BMO GAM awarded an A+ rating by the UN Principles for Responsible Investment

2019 *Sustainalytics* ESG Rating in the 92<sup>nd</sup> percentile and MSCI ESG Rating AA. Awarded *ISS ESG Prime* status

Listed on *FTSE4Good Index Series*, *STOXX ESG Indices* and *Euronext Vigeo World 120*.

Awarded Best Employers for Diversity, and Best Employers for Women (United States) by Forbes

Best Workplaces in Canada by Great Place to Work® Institute

Awarded Lead Manager of the Year – Sustainability Bonds – SSA Category by Environmental Finance

# Operating Groups

# Strong and Consistent Delivery Across Businesses

## Canadian Personal & Commercial

- Strong quarter; net income up 8%
- Robust loan and deposit growth; revenue up 7%
- BMO Business Xpress on track to surpass \$1B in authorizations
- Top overall score in JD Power's 2020 Canadian Retail Banking Advice Study

## U.S. Personal & Commercial

- Revenue up 3%, absorbing full impact of recent rate decreases
- New low efficiency ratio<sup>1</sup> of 55.2%
- Double-digit loan and deposit growth in Commercial; opened office in L.A.
- Continued personal deposit growth momentum

## BMO Wealth Management

- Strong, balanced performance; net income<sup>1</sup> up 21%, operating leverage<sup>1</sup> of 5.9%
- Deposit growth of 12%; loan growth of 14%
- Industry leading ETF net inflows; launched suite of ESG ETFs
- Opened new Private Wealth offices in Dallas and Atlanta

## BMO Capital Markets

- Strong quarter with net income<sup>1</sup> of \$362MM; good contributions across businesses and geographies
- Performing in-line with earnings potential; U.S. business net income above US\$100MM
- Acquiring Clearpool, electronic trading platform with customizable algorithmic strategies

<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders  
On a reported basis: U.S. P&C efficiency ratio 56.1%; BMO Wealth Management net income growth 22%, operating leverage based on net revenue, reported operating leverage, net of CCPB 6.1%; BMO Capital Markets net income \$356MM



# Canadian Personal & Commercial Banking

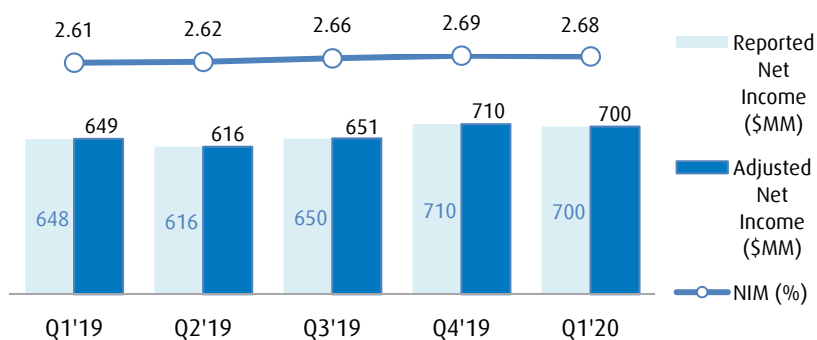
## Strengths and Value Drivers

- Highly engaged team focused on providing a personalized banking experience, anticipating customers' needs and finding new ways to help
- Top-tier commercial banking business, number two ranking in Canadian market share for business loans up to \$25 million
- Strong and growing retail banking business, accelerating digital engagement and digital sales
- Largest Mastercard® card issuer in Canada
- Consistently applied credit risk management practices, providing reliable access to appropriate financing solutions

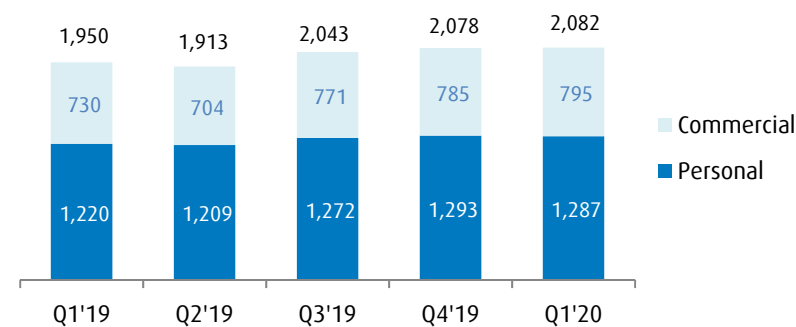
## Q1'20 Highlights (Adjusted<sup>1</sup>)

Net Income	\$700MM
Net Income Growth	8%
Revenue Growth	7%
PPPT <sup>2</sup> Growth	10%
ROE	26.0%
Efficiency Ratio	47.3%
Operating Leverage	3.6%
Average Net Loans and Acceptances	\$246B

## Net Income<sup>1</sup> and NIM



## Revenue (\$MM)



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders  
 On a reported basis: Net Income Q1'20 \$700MM; Net income growth Q1'20 8%; ROE: Q1'20 26.0%; Efficiency ratio Q1'20 47.3%; Operating leverage Q1'20 3.6%  
<sup>2</sup> Pre-Provision Pre-Tax profit contribution; PPPT is the difference between revenue and expenses

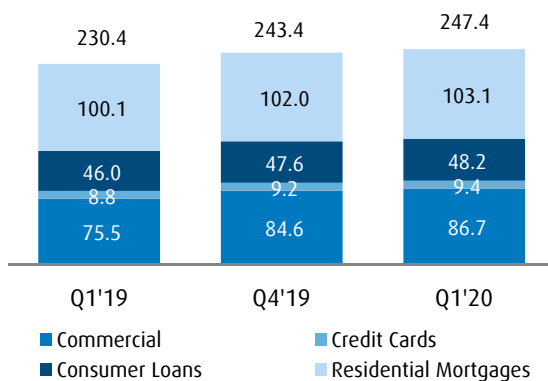
# Canadian Personal & Commercial Banking

## Strategic Priorities

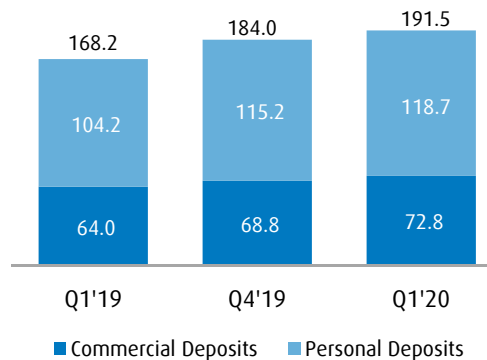
- Continue to improve customer loyalty by deepening primary relationships
  - In Personal Banking, deliver a leading customer experience by leveraging new digital channels and enhancing existing networks
  - In Commercial Banking, focus on maintaining our core strengths, while targeting opportunities for growth and diversification across high-value sectors and businesses
- Continue to enhance the digital experience through sales and service transactions
- Continue to build efficiencies in our business by streamlining operations, investing in digital capabilities and through cross-bank collaboration

## Performance

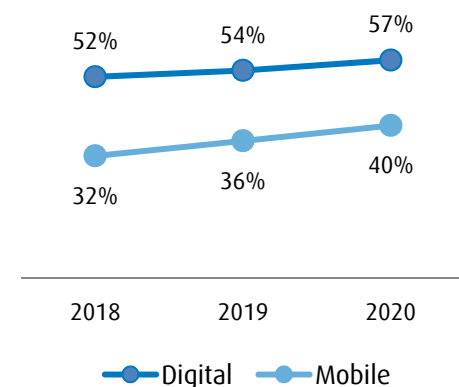
Average Gross Loans & Acceptances (\$B)



Average Deposits (\$B)



Digital Adoption<sup>1</sup>



<sup>1</sup> Adoption is the percent of retail deposit customers that have logged in within the last 90 days; as at October 31 2018, 2019 and 2020

# U.S. Personal & Commercial Banking

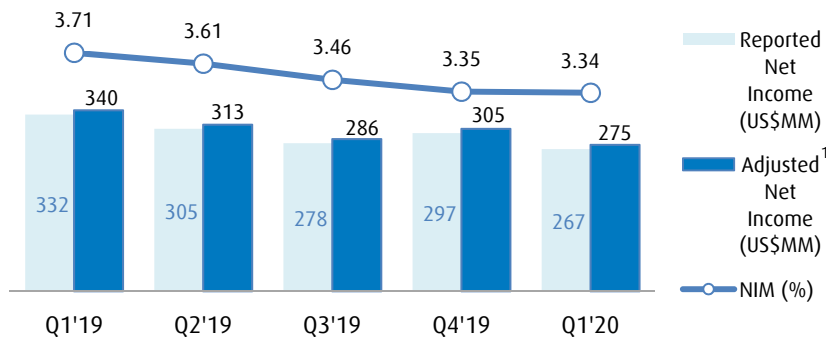
## Strengths and Value Drivers

- Rich Midwestern heritage dating back to 1847, with a long-standing commitment to the success of our customers and communities
- Large-scale, diversified national commercial business, supported by in-depth industry knowledge, best-in-class customer experience, and top-tier market share in our flagship businesses
- Increasing momentum in personal banking: large and growing customer base, extensive branch network, broad suite of products and services, accelerated investment in digital capabilities
- Comprehensive, integrated control structure to actively manage risk and regulatory compliance

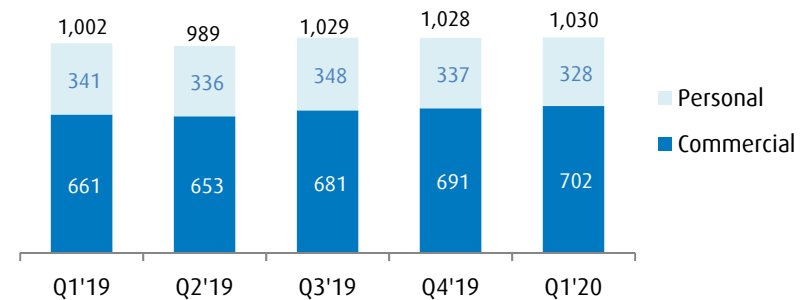
## Q1'20 Highlights (Adjusted<sup>1</sup>)

Net Income	US\$275MM
Net Income Growth (Y/Y)	(19)%
Revenue Growth	3%
PPPT <sup>2</sup> Growth	5%
ROE	9.5%
Efficiency Ratio	55.2%
Operating Leverage	2.1%
Average Loans and Acceptances	US\$90B

## Net Income and NIM



## Revenue (US\$MM)



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders

On a reported basis: Net Income \$267MM; Net income growth (20)% PPPT Growth: 6%; ROE: 9.2%; Efficiency ratio 56.1%; Operating leverage 2.2%

<sup>2</sup> Pre-Provision Pre-Tax profit contribution; PPPT is the difference between revenue and expenses

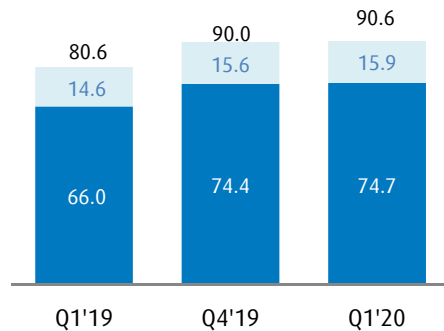
# U.S. Personal & Commercial Banking

## Strategic Priorities

- Continue to strengthen our competitive position by investing in key capabilities, such as digital and talent, while leveraging BMO's full suite of products, solutions and capabilities, and our unique cross-border advantage to deliver a great customer experience
  - In Personal Banking, continue to drive strong deposit growth, new customer acquisition, and a larger share of wallet through more holistic customer conversations and digital engagement
  - In Commercial Banking, continue to build our national presence through growth in high-potential geographies and specialty businesses, invest in digital and payment capabilities, and strengthen cross-bank collaboration
- Continue to focus on managing structural costs and expenses to improve productivity and strengthen our operating position

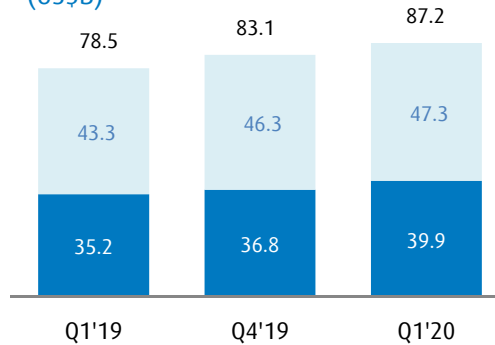
## Performance

Average Gross Loans and Acceptances<sup>1</sup>  
(US\$B)



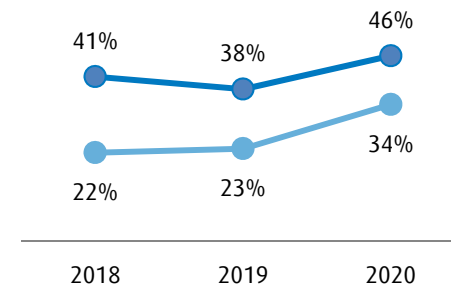
■ Commercial ■ Personal & Business Banking

Average Deposits  
(US\$B)



■ Commercial ■ Personal & Business Banking

Digital Adoption<sup>2</sup>



● Digital ● Mobile

<sup>1</sup> Certain loan and deposit balances have been re-classified from Personal to Commercial within U.S. P&C reflecting a re-alignment of our Business Banking segment

<sup>2</sup> Adoption is the percent of deposit customers that have logged in within the last 90 days; as at October 31 2017, 2018, and 2019

# BMO Wealth Management

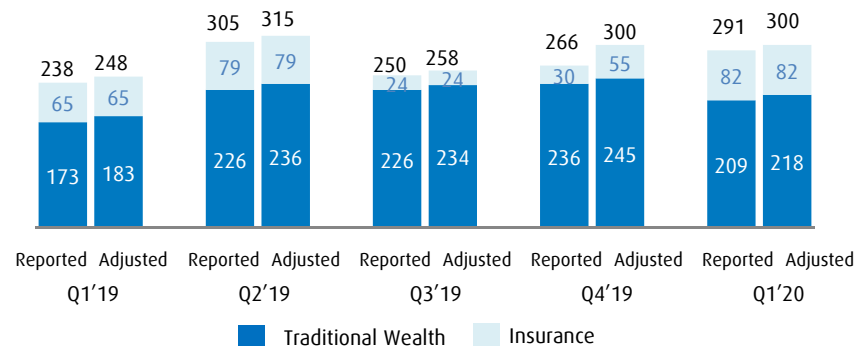
## Strengths and Value Drivers

- Planning and advice-based approach that integrates investment, insurance, specialized wealth management and core banking solutions, offered by a team of highly skilled professionals
- Diversified portfolio of solutions, from self-directed online investment to integrated professional money management, banking and trust services for retail and institutional clients
- Global asset manager delivering innovative investment solutions to institutional and individual clients including mutual funds, exchange traded funds, and a commitment to responsible investing
- Robust risk management framework supporting alignment with heightened regulatory expectations

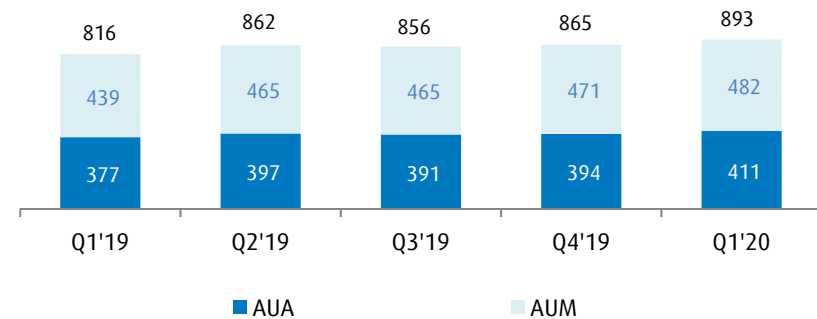
## Q1'20 Highlights (Adjusted<sup>1</sup>)

Net Income	\$300MM
Net Income Growth	21%
Revenue <sup>2</sup> Growth	8%
PPPT <sup>3</sup> Growth	24%
ROE	19.0%
Efficiency Ratio <sup>2</sup>	68.8%
Operating Leverage <sup>2</sup>	5.9%
AUA / AUM	\$893B
Average Loans / Deposits	\$25B / \$39B

## Net Income<sup>1</sup> (\$MM)



## AUA / AUM (\$B)



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders.

On a reported basis: Net Income \$291MM; Net income growth 22%; Net Revenue Growth 8%; ROE: 18.4%; Efficiency ratio 69.7%; Operating leverage 6.1%

<sup>2</sup> Revenue, Efficiency ratio and operating leverage based on net revenue. Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB)

<sup>3</sup> Pre-Provision Pre-Tax profit contribution; PPPT is the difference between net revenue and expenses

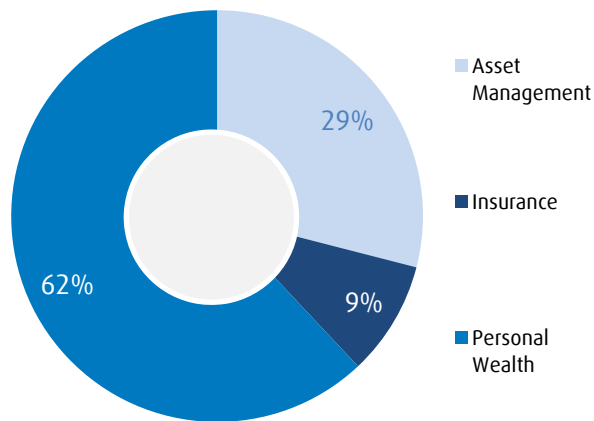
# BMO Wealth Management

## Strategic Priorities

- Deliver a differentiated client experience, providing outstanding support and working together to grow, protect and transition their wealth with confidence
- Extend our advantage as a solutions provider, delivering innovative asset management and insurance offerings that anticipate clients' evolving needs and exceed their expectations
- Build on our strong foundation and continue to evolve, simplify and streamline our businesses to drive value, efficiency and returns
- Continue to strengthen collaboration across BMO Wealth Management, the enterprise and borders to bring the best of BMO to all clients

## Diversification

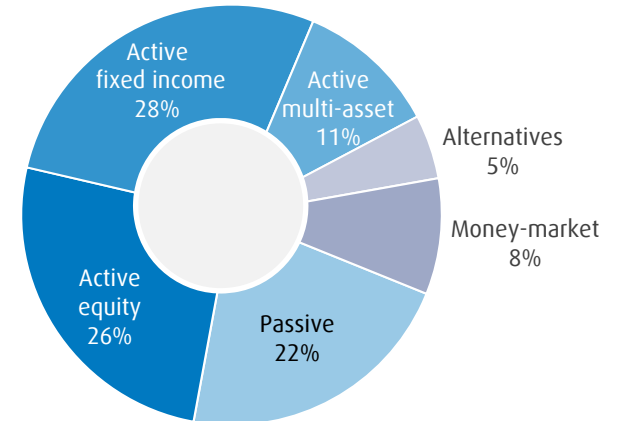
Net Revenue<sup>1,2</sup> by Business – LTM



>60%  
Fee-based  
Revenues<sup>3</sup>

ETF  
leading net  
new assets in  
Canadian  
market

BMO GAM Investment Type<sup>4</sup>



1 Adjusted measures are non-GAAP measures, see slide 2 for more information.  
 For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders;  
 On a reported basis: Personal Wealth 63% Asset Management 29% and Insurance 8%  
 2 Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB)  
 3 % of F2019 total Wealth Management net revenue  
 4 Investment type as of F2019

# BMO Capital Markets

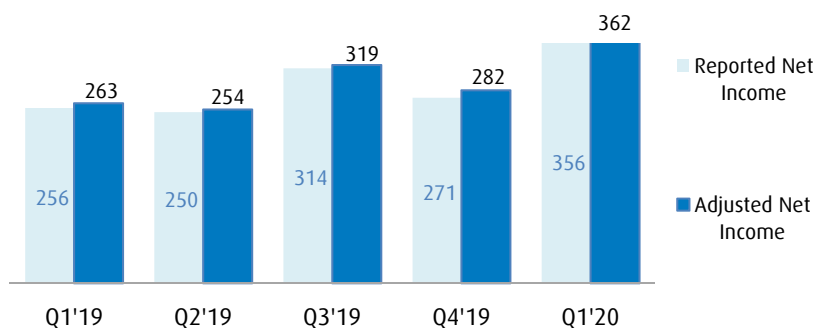
## Strengths and Value Drivers

- Unified coverage and integrated distribution across our North American platform and complementary global footprint, delivering a seamless and exceptional client experience
- Well-diversified platform and business mix – by sector, geography, product and currency, including a strong and scalable U.S. business
- Strong first-line-of-defence risk management and regulatory and compliance capabilities
- High performance culture with strong focus on diversity and inclusion

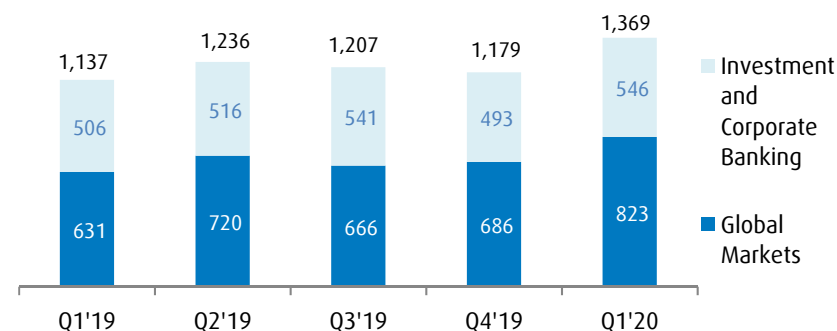
## Q1'20 Highlights (Adjusted<sup>1</sup>)

Net Income	\$362MM
Net Income Growth	38%
Revenue Growth	20%
PPPT <sup>2</sup> Growth	50%
Efficiency Ratio	61.7%
Operating Leverage	13.1%
Average Gross Loans and Acceptances	\$62B
Offices	33 globally, 19 in N.A.
U.S. Revenue Contribution	45%
U.S. IB market share <sup>3</sup>	#17

## Net Income<sup>1</sup> (\$MM)



## Revenue (\$MM)



<sup>1</sup> Adjusted measures are non-GAAP measures, see slide 2 for more information. For details on adjustments refer to page 6 of BMO's Q1'20 Report to Shareholders;

On a reported basis for Q1'20: Net Income \$356MM; Net income growth 39%; Efficiency ratio 62.3%; Operating Leverage 13.4%

<sup>2</sup> Pre-Provision Pre-Tax profit contribution; PPPT is the difference between revenue and expenses

<sup>3</sup> Source: Dealogic as at January 31, 2020

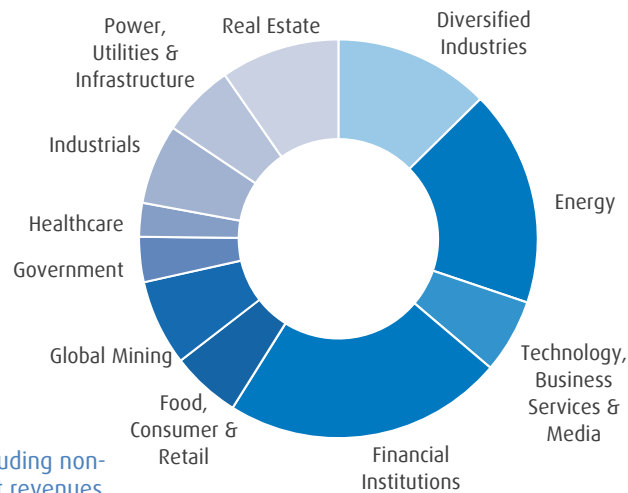
# BMO Capital Markets

## Strategic Priorities

- Continue to earn leading market share in Canada by strengthening our client relationships and driving incremental market share growth
- Continue to leverage our key strategic investment to accelerate growth from our U.S. platform, and selectively expand our U.S. corporate bank where we are competitively advantaged
- Continue to leverage our strong North American and global capabilities to grow our contribution from international markets
- Continue to focus on working smarter and simplifying how we do business to enhance overall efficiency

## Diversification

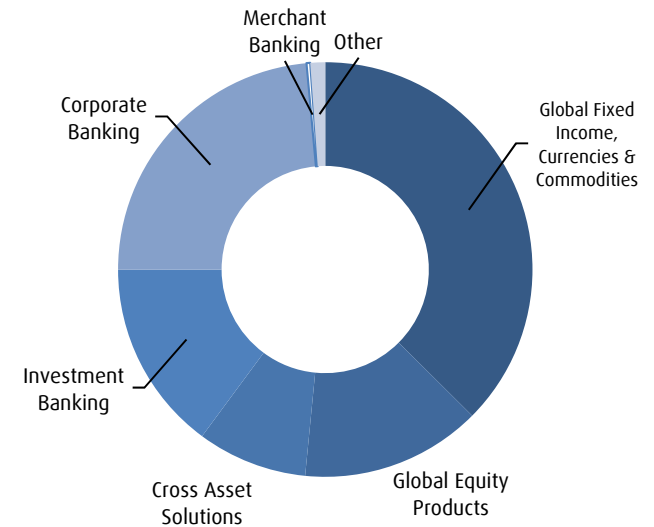
### Revenue by Sector<sup>1</sup>



### U.S. Contribution



### Revenue by Product<sup>5</sup>



\*Excluding non-client revenues

1 As a % of Q1'20 revenue, excluding non-client revenues & investor-only clients  
 2 % of revenue generating entities domiciled in the U.S. (as at January 31, 2020)  
 3 U.S. Capital as a % of Total (Q1'20)  
 4 U.S. FTE as a % of Total (Q1'20)  
 5 As a % of Q1'20 revenue



# Risk Overview

# Our loans are well-diversified by geography and industry

Gross Loans & Acceptances By Industry (\$B, as at Q1 20)	Canada & Other <sup>1</sup>	U.S.	Total	% of Total
Residential Mortgages	113.4	11.0	124.4	27%
Consumer Instalment and Other Personal	56.4	12.2	68.6	15%
Cards	8.2	0.6	8.8	2%
<b>Total Consumer</b>	<b>178.0</b>	<b>23.8</b>	<b>201.8</b>	<b>44%</b>
Service Industries	22.4	24.4	46.8	10%
Financial	14.2	27.9	42.1	9%
Commercial Real Estate	22.7	14.6	37.3	8%
Manufacturing	8.1	20.5	28.6	6%
Retail Trade	13.8	9.4	23.2	5%
Wholesale Trade	5.6	11.5	17.1	4%
Agriculture	11.4	2.1	13.5	3%
Oil & Gas	5.9	7.0	12.9	3%
Transportation	3.0	9.2	12.2	3%
Other Business and Government <sup>2</sup>	11.3	10.3	21.6	5%
<b>Total Business and Government</b>	<b>118.4</b>	<b>136.9</b>	<b>255.3</b>	<b>56%</b>
<b>Total Gross Loans &amp; Acceptances</b>	<b>296.4</b>	<b>160.7</b>	<b>457.1</b>	<b>100%</b>

1 Includes ~\$11.2B from Other Countries

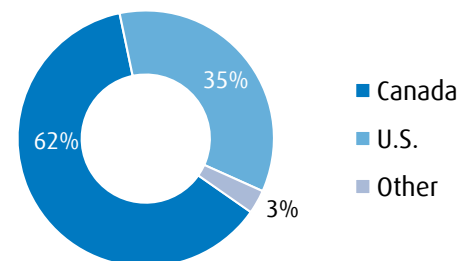
2 Other Business and Government includes all industry segments that are each <2% of total loans

3 Gross loans and acceptances as of January 31, 2020

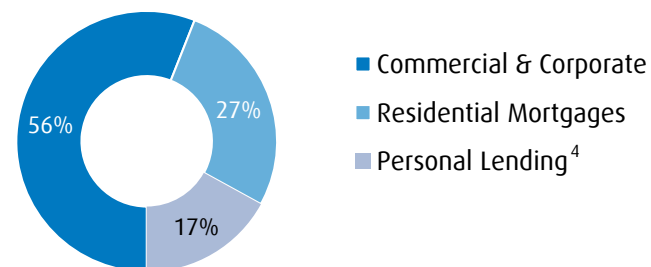
4 Including cards

5 Average gross loans and acceptances as of January 31, 2020

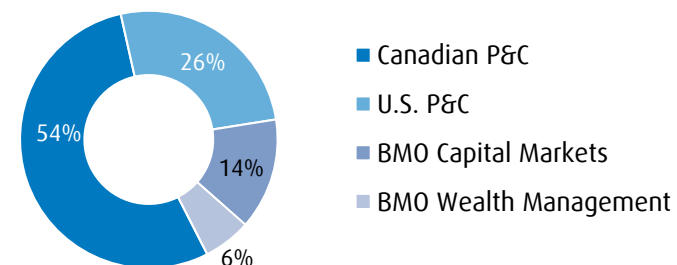
## Loans by Geography<sup>3</sup>



## Loans by Product<sup>3</sup>

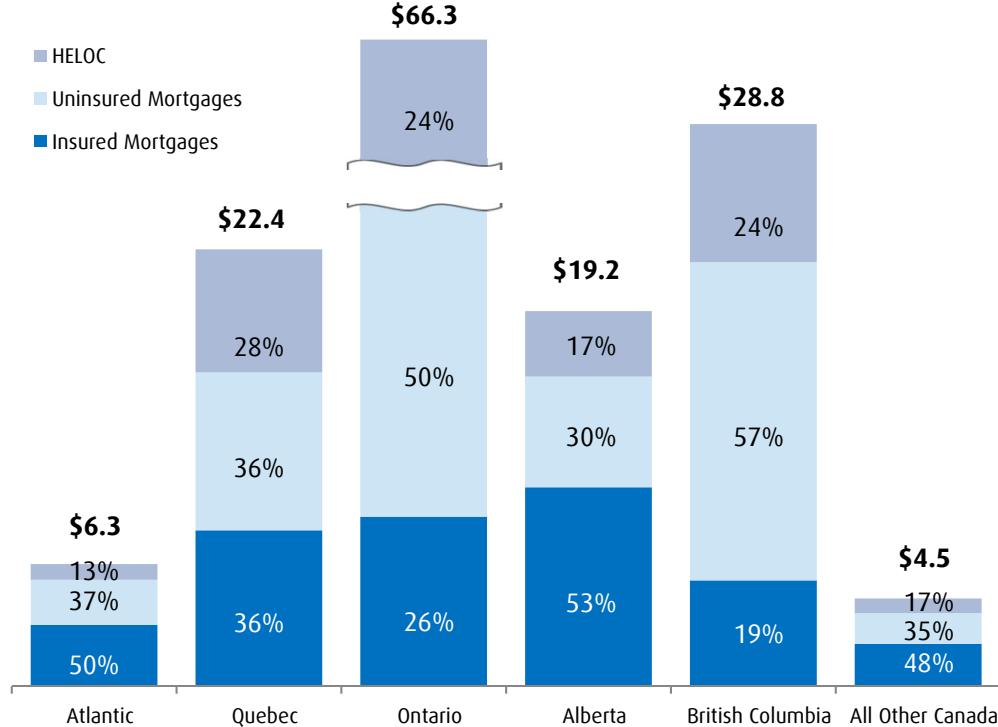


## Loans by Operating Group<sup>5</sup>



# Canadian Residential-Secured Lending

## Residential-Secured Lending by Region (\$147.5B)



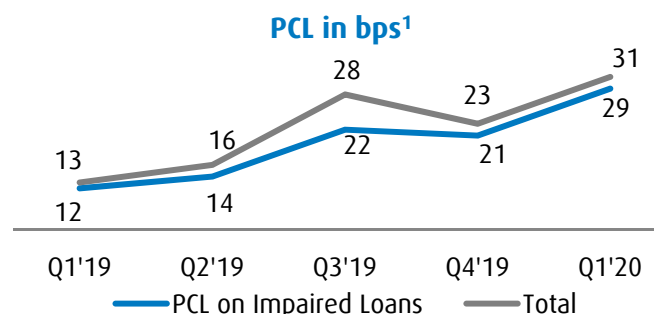
	Avg. LTV <sup>1</sup> Uninsured	Atlantic	Quebec	Ontario	Alberta	British Columbia	All Other Canada	Total Canada
<b>Mortgage</b>								
- Portfolio		59%	59%	55%	61%	50%	56%	55%
- Origination		74%	73%	68%	73%	66%	73%	68%
<b>HELOC</b>								
- Portfolio		49%	54%	44%	55%	42%	49%	47%
- Origination		68%	70%	60%	64%	58%	66%	61%

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

- Total Canadian residential-secured lending portfolio at \$147.5B, representing 32% of total loans below peer average of approximately 46%
  - LTV<sup>1</sup> on uninsured of 51%
  - 90 day delinquency rate for RESL remains good at 21 bps; loss rates for the trailing 4 quarter period were 1 bp
- Residential mortgage portfolio of \$113.4B
  - 41% of portfolio insured
  - LTV<sup>1</sup> on uninsured of 55%
  - 73% of the mortgage portfolio has an effective remaining amortization of 25 years or less
- HELOC portfolio of \$34.1B outstanding of which 60% is amortizing
- GTA and GVA portfolios demonstrate better LTV<sup>1</sup>, delinquency rates and bureau scores compared to the national average

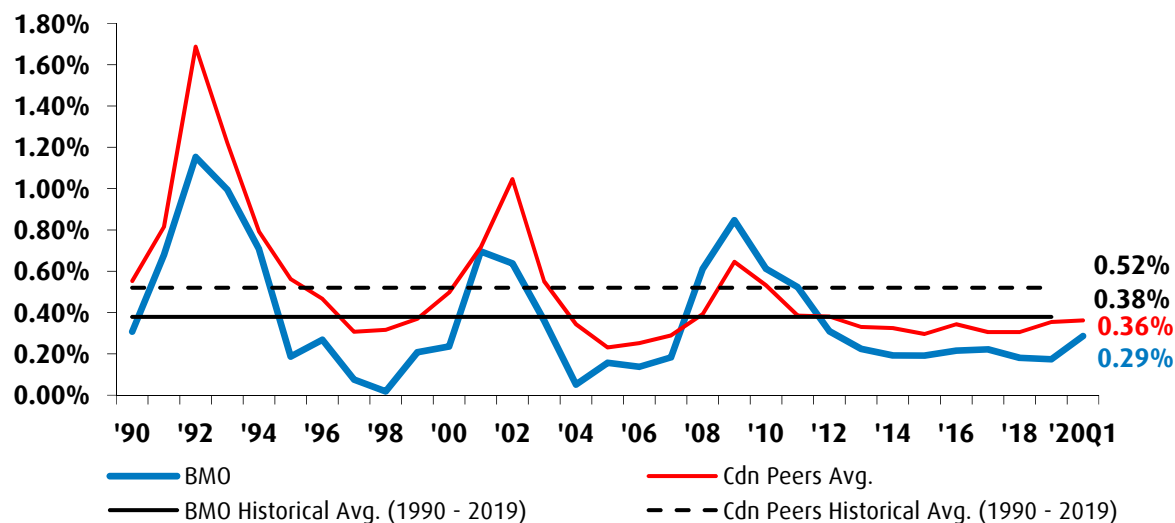
# Provision for Credit Losses (PCL)

PCL By Operating Group (\$MM)	Q1 20	Q4 19	Q1 19
Total Canadian P&C	138	134	114
Total U.S. P&C	132	66	15
BMO Wealth Management	0	1	2
BMO Capital Markets	53	32	1
Corporate Services	1	(2)	(5)
<b>PCL on Impaired Loans<sup>1</sup></b>	<b>324</b>	<b>231</b>	<b>127</b>
<b>PCL on Performing Loans</b>	<b>25</b>	<b>22</b>	<b>10</b>
<b>Total PCL</b>	<b>349</b>	<b>253</b>	<b>137</b>



## PCL on Impaired Loans as a % of Average Net Loans & Acceptances

- BMO's PCL loss rates have been lower than peer average over time
- F2019 PPPT would cover PCL rate in excess of 200bps, higher than any time in at least 30 years, over five times average



<sup>1</sup> Q1'19 and Q2'19 PCL on Impaired Loans included large recoveries

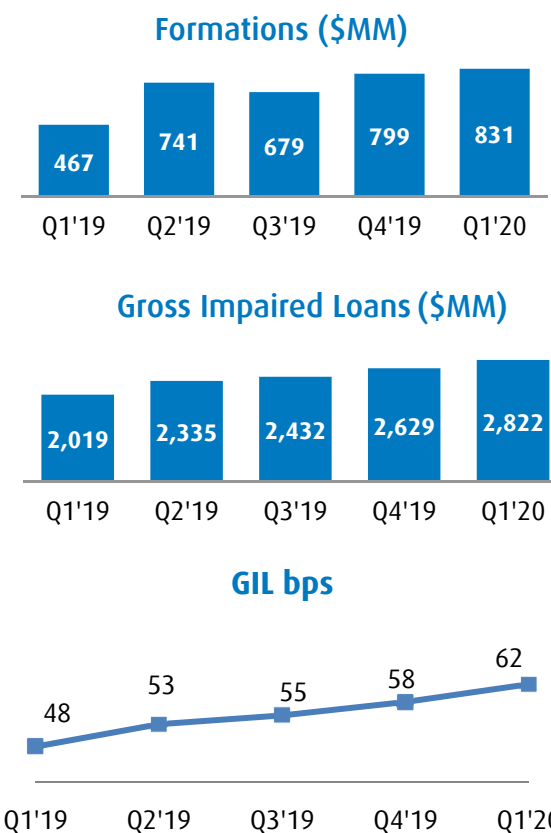
# Gross Impaired Loans (GIL) and Formations

By Industry (\$MM, as at Q1 20)	Formations			Gross Impaired Loans		
	Canada & Other	U.S.	Total	Canada & Other <sup>1</sup>	U.S.	Total
<b>Consumer</b>	<b>205</b>	<b>54</b>	<b>259</b>	<b>479</b>	<b>383</b>	<b>862</b>
Service Industries	10	77	87	113	264	377
Oil & Gas	49	93	142	59	314	373
Manufacturing	95	40	135	155	174	329
Agriculture	9	25	34	58	254	312
Transportation	3	49	52	8	156	164
Wholesale Trade	1	2	3	28	78	106
Retail Trade	29	3	32	46	41	87
Construction (non-real estate)	1	52	53	9	71	80
Commercial Real Estate	9	2	11	48	12	60
Financial	13	0	13	19	20	39
Other Business and Government <sup>2</sup>	10	0	10	17	16	33
<b>Total Business and Government</b>	<b>229</b>	<b>343</b>	<b>572</b>	<b>560</b>	<b>1,400</b>	<b>1,960</b>
<b>Total Bank</b>	<b>434</b>	<b>397</b>	<b>831</b>	<b>1,039</b>	<b>1,783</b>	<b>2,822</b>

<sup>1</sup> Total Business and Government includes \$60MM GIL from Other Countries

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

- GIL ratio 62 bps, up 4 bps Q/Q



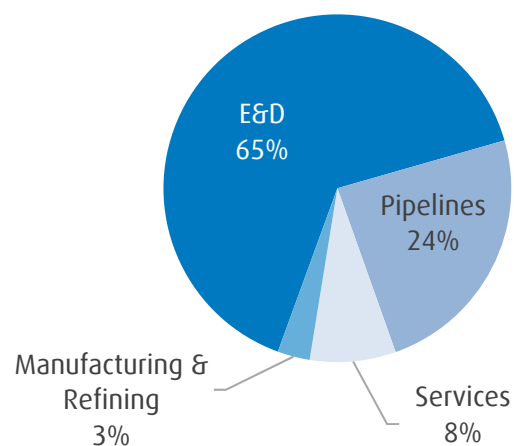
# Oil and Gas Portfolio

Loans are well diversified and in-line with peer averages

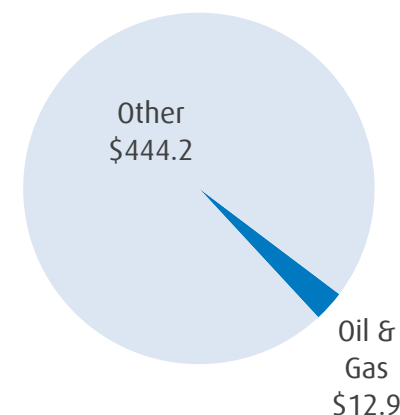
- O&G portfolio is not outsized:
  - 5.1% of Business and Government loans, in-line with peer average, below three banks
  - 2.8% of Total Loans, in-line with two other banks
- Loans diversified by geography and sub-segment. Pipelines 24% of total
- 50% of total O&G portfolio and 64% of U.S. is borrowing base
- E&D 65% of portfolio, approximately 3/4 is borrowing base lending
- O&G PCL ratio lower than peers over time
- Growth includes acquisition in 2018 which has performed well

Q1'20 Oil and Gas %	Of Business and Government Loans	Of Total Gross Loans & Acceptances
BNS	7.1%	2.7%
CIBC	6.6%	2.3%
NBF	6.5%	2.7%
<b>BMO</b>	<b>5.1%</b>	<b>2.8%</b>
TD	3.7%	1.3%
RBC	3.4%	1.2%
Sector Average	5.1%	2.0%

O&G Portfolio Breakdown



Total Loan Portfolio (\$B)

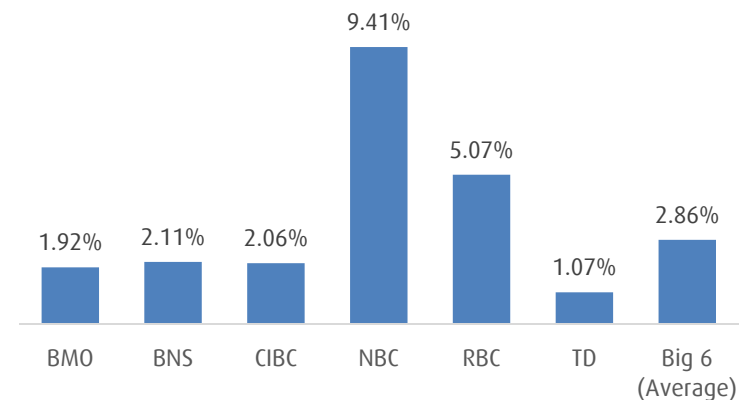


# Oil and Gas Portfolio

High quality portfolio with proven history of strong credit performance over time

- Reputation as a strong through-the-cycle lender with solid performance during last energy downturn
- BMO's O&G portfolio outperformed peers through 2015 downturn reflecting prudent underwriting and structures

**Cumulative O&G PCL Ratio  
(2015 to 2017)**



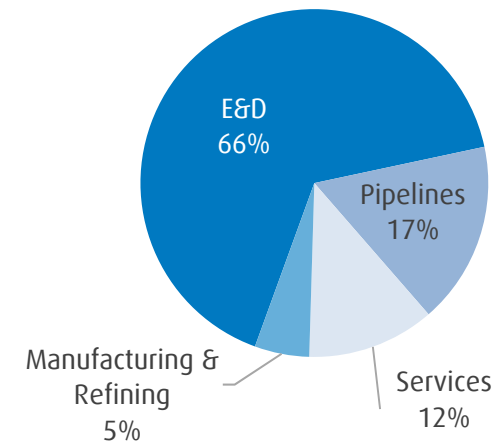
1 Cumulative provision taken against O&G portfolios Q1-15 through Q4-17

# Oil & Gas Portfolio

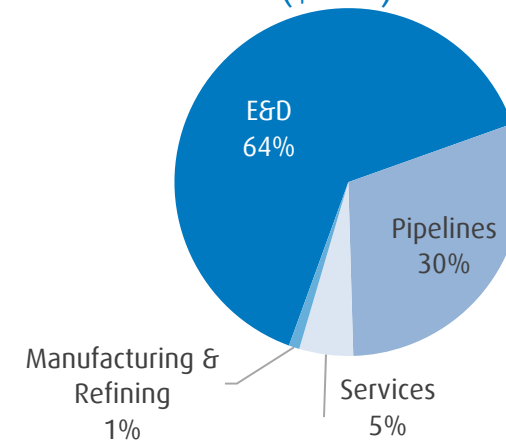
## Clients experienced in managing through downturns

- Clients are prudent managers, experienced in managing through downturns
- Many borrowers have hedged production
  - Across our North American sub-investment grade E&D book, over 50% oil exposure is hedged in '20 at an average mid-50's oil price, providing some protection against price drops in the short-term
- Experienced bankers, working with clients on a case by case basis as we go through this extraordinary environment
- U.S. E&D exposure of \$4.5B, nearly all is borrowing base (19% investment grade)
  - Almost all sub-investment grade E&D exposure consists of secured, reserve based loans (RBL) that have structural priority over other debt
  - RBL structural features contribute to low LGD
  - Security, position in capital structure and structural protections produced good portfolio performance relative to peers in the past
- Acquired portfolio performing well
  - Normal quality bank loan performing portfolio, acquired at approximately par; extensive due diligence. \$1.2B outstanding as of Q1'20
  - Provided diversification while complementary to existing portfolio with greater exposure to midstream and investment grade companies
  - Portfolio performing reasonably. With the exception of 3 of 48 borrowers, all have performed as expected and remain within the same classification (Investment Grade or Non-Investment) since acquisition

Canadian & Other O&G  
(\$5.9B)



U.S. O&G  
(\$7.0B)





# Economic and Housing Market Overview

# Economic Outlook and Indicators<sup>1</sup>

Economic Indicators (%) <sup>1, 2</sup>	Canada			United States			Eurozone		
	2019	2020E <sup>2</sup>	2021E <sup>2</sup>	2019	2020E <sup>2</sup>	2021E <sup>2</sup>	2019	2020E <sup>2</sup>	2021E <sup>2</sup>
GDP Growth	1.6	(3.0)	3.5	2.3	(2.5)	3.5	1.3	(3.5)	3.0
Inflation	1.9	1.0	1.9	1.8	0.9	1.6	1.2	1.3	1.4
Interest Rate (3mth Tbills)	1.65	0.50	0.20	2.10	0.40	0.20	(0.39)	(0.54)	(0.54)
Unemployment Rate	5.7	8.0	7.0	3.7	6.0	5.0	7.6	10.5	7.9
Current Account Balance / GDP <sup>3</sup>	(2.0)	(3.0)	(2.8)	(2.3)	(1.7)	(1.5)	3.2	3.1	2.9
Budget Surplus / GDP <sup>3</sup>	(1.2)	(1.2)	(1.0)	(4.6)	(4.9)	(4.3)	(0.8)	(0.9)	(1.0)

## Canada

- Canada's economy will contract sharply in the first half of the year due to the massive dislocations caused by the coronavirus and weak oil prices, before rebounding in the second half on pent-up demand and fiscal stimulus
- Mounting layoffs in coming weeks will push the unemployment rate sharply higher, before it eases later in the year
- After cutting rates 150 bps, the Bank of Canada is expected to keep policy rates steady until 2022

## United States

- U.S. economic growth is expected to turn sharply negative for a couple of quarters, though the recovery should begin in the second half of the year
- The unemployment rate is expected to rise quickly in the next couple of months from recent half-century lows
- After slashing policy rates by 150 bps, the Federal Reserve is expected to keep rates near zero until 2022, while providing massive liquidity support to funding markets

<sup>1</sup> This slide contains forward looking statements. See caution on slide 2

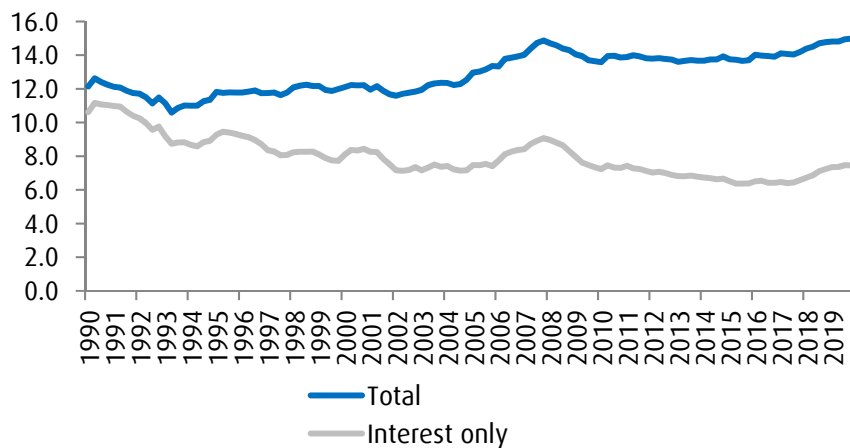
<sup>2</sup> Data is annual average. Estimates as of March 27, 2020

<sup>3</sup> Eurozone estimates provided by the OECD

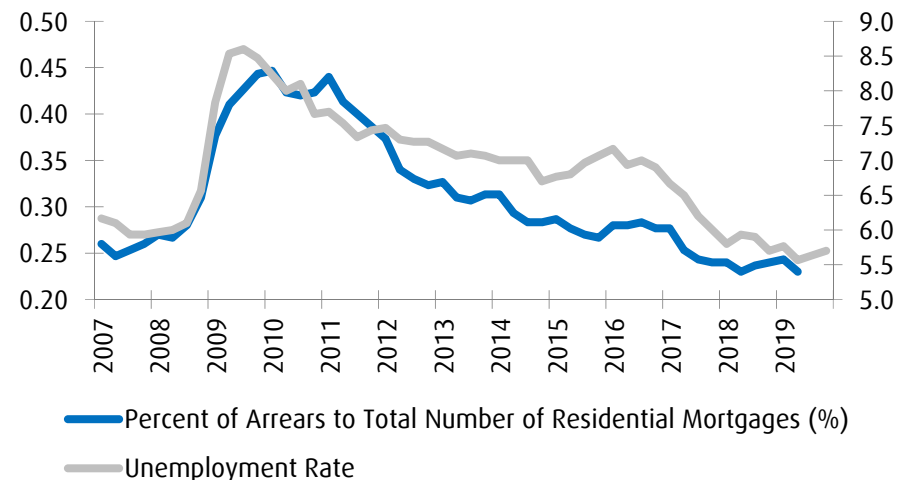
# Canada's housing market is stable

- Lower mortgage rates and rapid population growth led to a strong rebound in Canadian existing home sales earlier this year, but sales will weaken sharply in the near term due to widespread layoffs. The market should recover later this year when the economy bounces back
- The Toronto market was strong due to steady demand from international migrants and millennials. Vancouver's market was stabilizing with sales rebounding from earlier depressed levels and prices rising modestly. Both cities will face some weakness in the near term due to job losses, but should firm later this year as the economy recovers
- Mortgage arrears remain near record lows, despite some upturn in Alberta and Saskatchewan
- The household debt-to-income ratio, though elevated, has steadied in recent years amid a slower rate of borrowing. It will likely rise due to a loss of income in the near term
- Debt servicing costs are at all-time highs, weighing on consumer spending

## Debt Service Ratio



## Mortgage Delinquencies/Unemployment



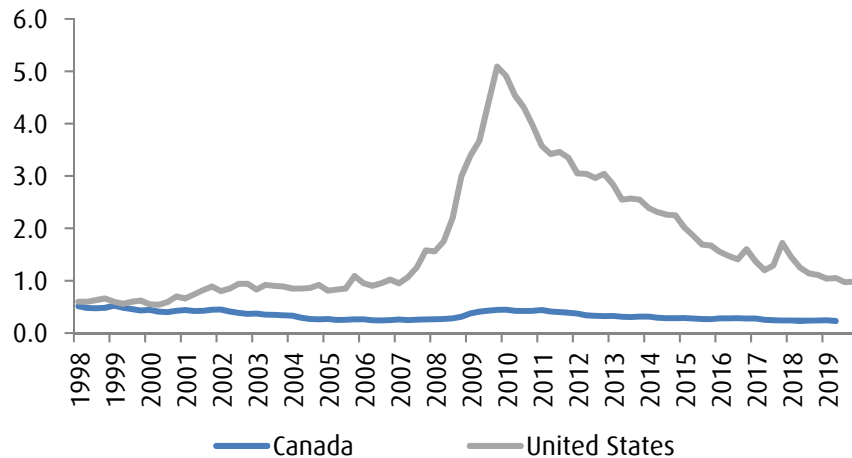
Source: BMO CM Economics and Canadian Bankers' Association as at March 27, 2020  
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# Structure of the Canadian residential mortgage market with comparisons to the United States

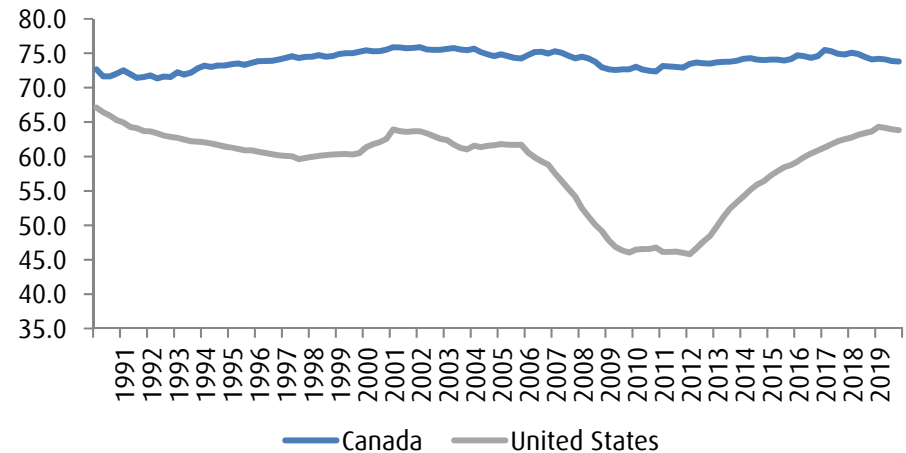
- Conservative lending practices, strong underwriting and documentation discipline have led to low delinquency rates
  - Over the last 30 years, Canada's 90-day residential mortgage delinquency rate has never exceeded 0.7% versus the U.S. peak rate of 5% in 2010
- Mandatory government-backed insurance 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 U.S. 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 (%)

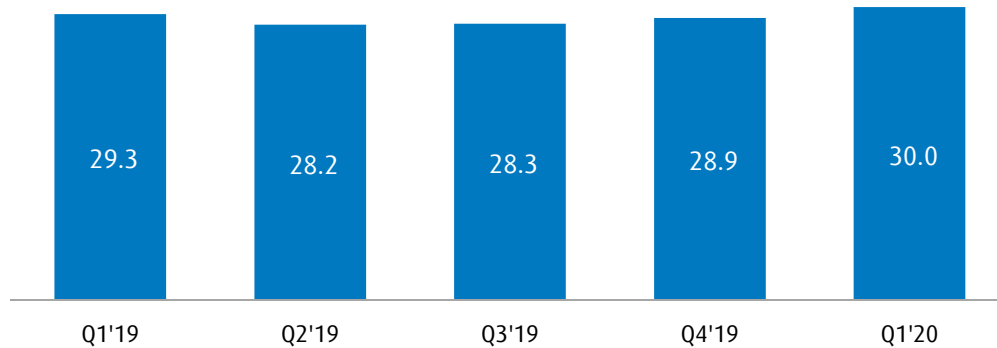


Source: BMO CM Economics and Canadian Bankers' Association as at March 27, 2020  
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# Liquidity & Wholesale Funding Mix

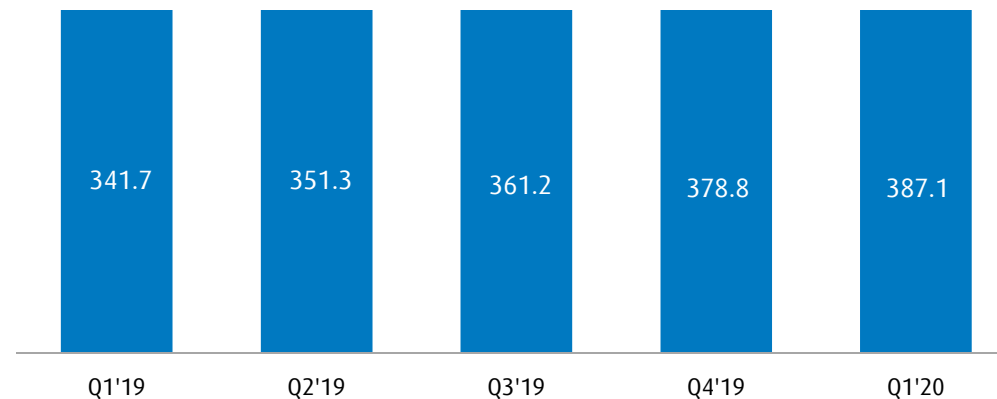
# Liquidity and Funding Strategy

## 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<sup>1</sup> (\$B)

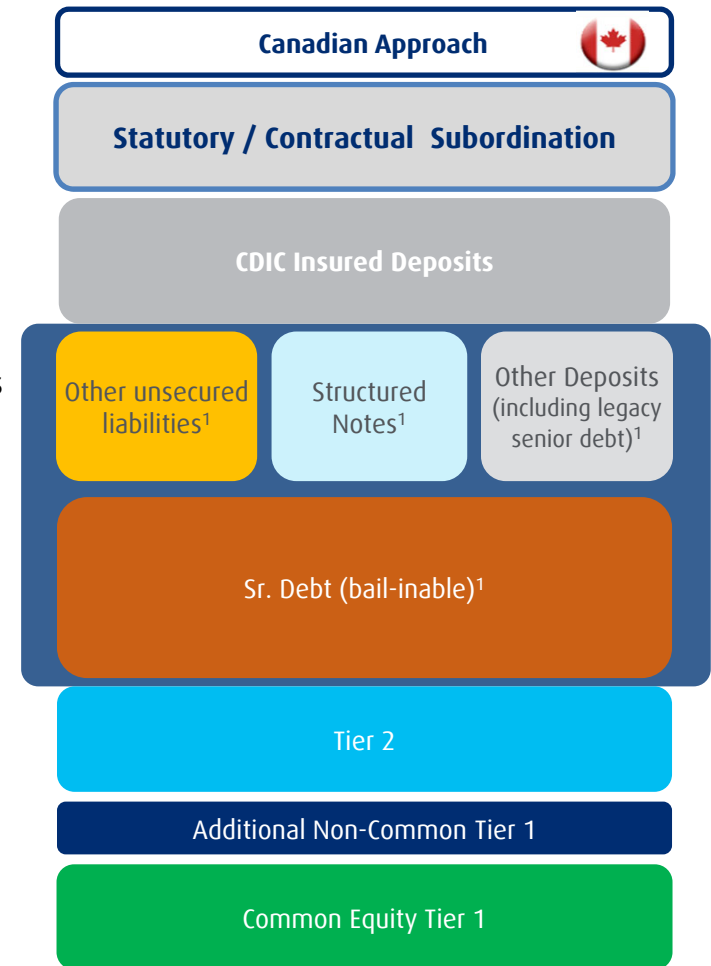


- BMO's large base of customer deposits, along with our strong capital base, reduces reliance on wholesale funding

<sup>1</sup> 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.

# Canadian Bail-in Regime

- Canadian bail-in regime effective since 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)

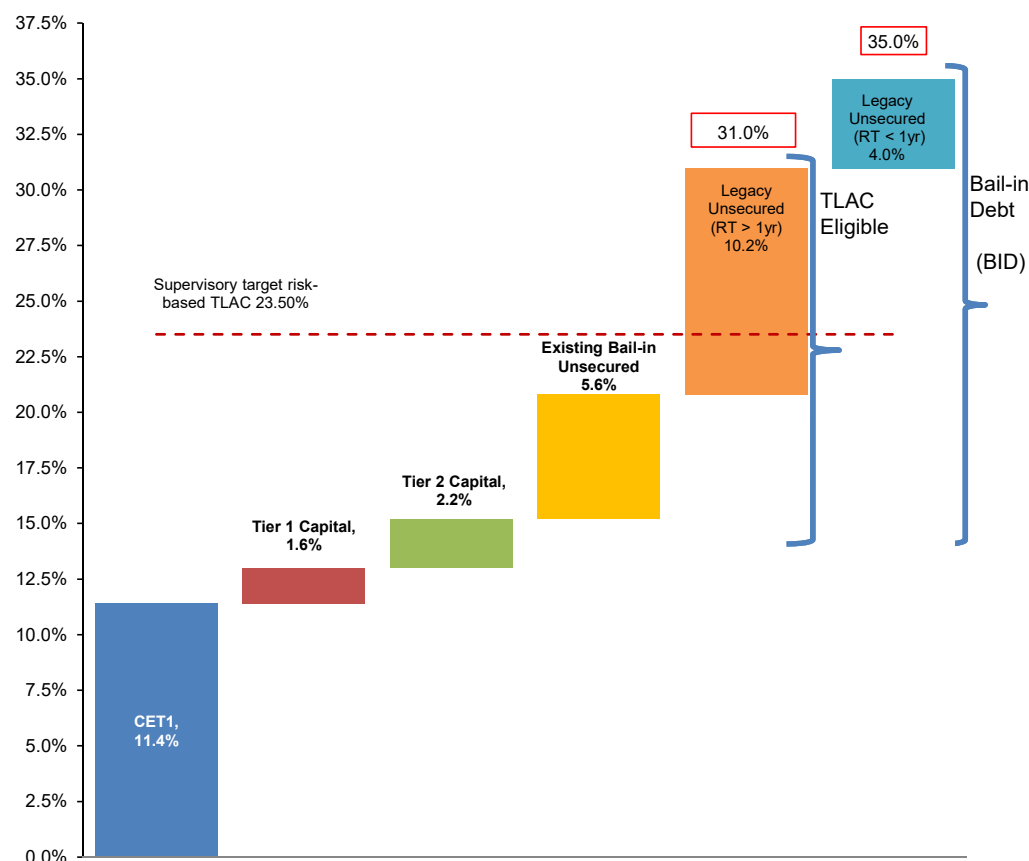


<sup>1</sup> Pari passu ranking in liquidation.

# 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 23.5% (Minimum 21.5% of RWA TLAC ratio plus a Domestic Stability Buffer of 2.00% of total RWA) <sup>1</sup>
  - 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 January 31, 2020



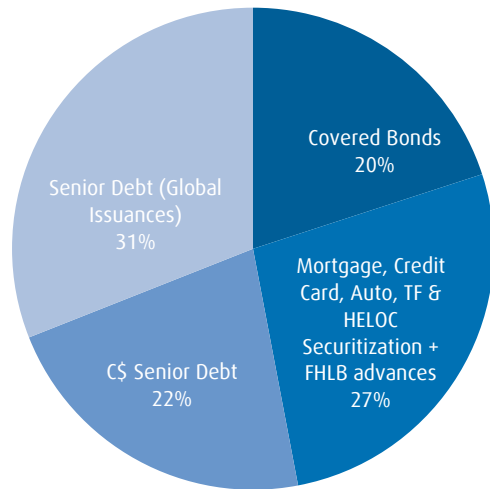
<sup>1</sup> On March 13, 2020, OSFI announced a decrease of the Domestic Stability Buffer from 2.25% to 1% of total risk-weighted assets effective immediately, in order to support D-SIBs' ability to supply credit to the economy during an expected period of disruption related to COVID-19 and market conditions



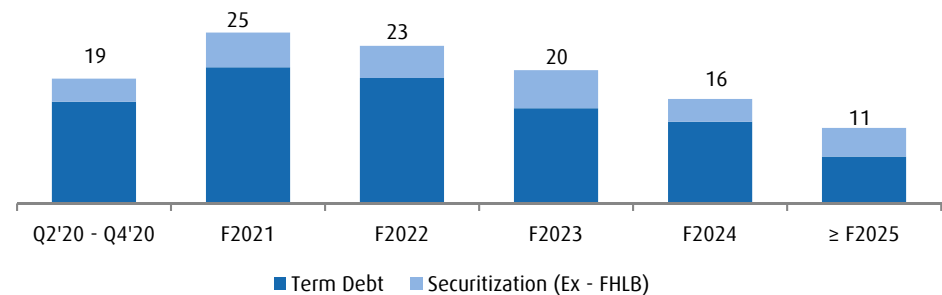
# Diversified Wholesale Term Funding Program

- 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<sup>1</sup> (\$119B) as at January 31, 2020



Wholesale Capital Market Term Funding Maturity Profile<sup>1,2</sup> as at January 31, 2020



<sup>1</sup> 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

<sup>2</sup> BMO term debt maturities includes term unsecured and Covered Bonds

# Diversified Wholesale Funding Platform

- Programs provide BMO with diversification and cost effective funding

## Canada<sup>1</sup>

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

## U.S.<sup>1</sup>

- SEC Registered U.S. Shelf (US\$25B)
- Global Registered Covered Bond Program (US\$30B)
- Securitization (Credit cards, Auto, Transportation Finance)

## Europe, Australia & Asia<sup>1</sup>

- Note Issuance Programme (US\$20B)
- Australian MTN Programme (A\$5B)
- Global Registered Covered Bond Program (US\$30B)<sup>2</sup>

## Recent Notable Transactions

- C\$1.50 billion 5-yr Fixed Rate Senior Unsecured Notes at 2.37%
- C\$350 million 5-yr Rate-Reset Preferred Shares at 5.10%
- C\$509.890 million Fortified HELOC Securitization
- US\$500 million 3-yr Fixed Rate Senior Unsecured Sustainable Notes at 2.05%
- US\$529.10 million Master Credit Card Trust II Notes
- US\$605.21 million CPART Auto Securitization
- US\$524.593 million Transportation Finance Securitization
- US\$1.75 billion 3-yr Fixed Rate Covered Bond at 2.10%
- US\$500 million Rate-Reset Additional Tier 1 notes at 4.80%
- EUR€1.25 billion 5-yr Fixed Rate Covered Bond at 0.25%
- GBP£500 million long 5-yr Fixed Rate Senior Unsecured Notes at 1.50%
- AUD\$0.75 billion 5-yr Floating and Fixed Rate Senior Unsecured Notes

<sup>1</sup> Indicated dollar amounts beside each wholesale funding program denotes program issuance capacity limits

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