Q209

Defining great customer experience.

Institutional Investor Presentation

BMO Financial Group

Forward Looking Statements

Caution Regarding Forward-Looking Statements

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the 'safe harbor' provisions of, and are intended to be forward-looking statements under, the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2009 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of or outlook for our operations or for the Canadian and U.S. economies.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which we operate; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition in the geographic and business areas in which we operate; changes in laws; judicial or regulatory proceedings; the accuracy and completeness of the information we obtain with respect to our customers and counterparties; our ability to execute our strategic plans and to complete and integrate acquisitions; critical accounting estimates; operational and infrastructure risks; general political conditions; global capital market activities; the possible effects on our business of war or terrorist activities; disease or illness that impacts on local, national or international economies; disruptions to public infrastructure, such as transportation, communications, power or water supply; and technological changes.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect our results. For more information, please see the discussion on pages 30 and 31 of BMO's 2008 Annual Report, which outlines in detail certain key factors that may affect BMO's future results. When relying on forward-looking statements to make decisions with respect to Bank of Montreal, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Bank of Montreal does not undertake to update any forward-looking statement, 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 and our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about our ability to operate successfully without re-staffing positions to be eliminated were material factors we considered when establishing our expectation that annual run-rate savings will exceed the severance costs incurred.

Assumptions about the level of asset sales, expected asset sale prices, net funding cost, credit quality and risk of default and losses on default of the underlying assets of the structured investment vehicles were material factors we considered when establishing our expectations regarding the structured investment vehicles discussed in this document, including the amount to be drawn under the BMO liquidity facilities and the expectation that the first-loss protection provided by the subordinate capital notes will exceed future losses. Key assumptions included that assets would continue to be sold with a view to reducing the size of the structured investment vehicles, under various asset price scenarios, and that the level of defaults and losses will be consistent with the credit quality of the underlying assets and our current expectations regarding challenging market conditions continuing.

Assumptions about the level of defaults and losses on defaults were material factors we considered when establishing our expectation of the future performance of the transactions that Apex Trust has entered into. Key assumptions included that the level of defaults and losses on defaults would be consistent with historical experience. Material factors that were taken into account when establishing our expectations of the future risk of credit losses in Apex Trust included industry diversification in the portfolio, initial credit quality by portfolio and the first-loss protection incorporated into the structure.

Assumptions about the performance of the Canadian and U.S. economies in 2009 and how it would affect our businesses were material factors we considered when setting our strategic priorities and objectives and our outlook for our businesses. Key assumptions included that the Canadian and the U.S. economies would contract in the first half of 2009, and that interest rates and inflation would remain low. Our current expectations are for weaker economic and credit market conditions and lower interest rates than we anticipated at the end of fiscal 2008. We also assumed that housing markets in Canada would weaken in 2009 and strengthen in the second half of the year in the United States. We assumed that capital markets would improve somewhat in the second half of 2009 and that the Canadian dollar would strengthen modestly relative to the U.S. dollar. In determining our expectations for economic growth, both broadly and in the financial services sector, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining our sustainable effective tax rate.

Other Reporting Matters

Caution Regarding Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies.

Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in Bank of Montreal's Second Quarter 2009 Report to Shareholders, MD&A and 2008 Annual Report to Shareholders all of which are available on our website at www.bmo.com/investorrelations.

Non-GAAP results or measures include revenue, taxes and cash operating leverage results and measures that use taxable equivalent basis (teb) amounts, cash-based profitability and cash operating leverage measures, net economic profit and results and measures that exclude items that are not considered reflective of ongoing operations. In addition, results stated on a basis that excludes charges for certain trading and valuation adjustments, changes in the general allowance and restructuring charges are non-GAAP measures. Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

Bank of Montreal (BMO Financial Group)

- 4th largest bank in Canada measured by total assets as at April 30, 2009
- 100% ownership of Chicago-based Harris Bank

Listings
NYSE, TSX (Ticker: BMO)

Share Price
Oct 31/08: (Fiscal Year-end) NYSE – US$35.77
TSX – C$43.02
Apr 30/09: NYSE – US$33.01
TSX – C$39.50

Market Cap
Oct 31/08: C$22 billion (US$18 billion)
Apr 30/09: C$22 billion (US$18 billion)

F2008 Average Assets
C$398 billion (US$386[1] billion)

F2008 Net Income
C$2.0 billion (US$1.9[1] billion)

F2009 YTD Tier 1 Capital Ratio
10.70%

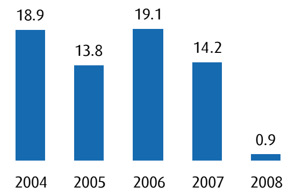
# of Employees
36,900

[1] Balances reported in Canadian dollars.
F2008 average exchange rate: Cdn/U.S. $1.0321
As at October 31, 2008 the exchange rate: Cdn/U.S. $1.2045
F2009 YTD average exchange rate: Cdn/U.S. $1.2343
As at April 30, 2009 the exchange rate: Cdn/U.S. $1.1930

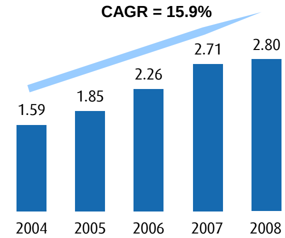
Benefits of Investment in BMO

- Consistent and focused North American growth strategy:
  - A strong Canadian retail platform
  - An established franchise in the U.S. Midwest
- Strong and disciplined credit risk management capabilities and processes
- Balanced and prudent approach to capital management
- Tier 1 Capital Ratio of 10.70% at April 30, 2009
- Commitment to our medium-term financial objectives, with a focus on expense management
- Strong senior debt ratings
- Industry-leading targeted dividend payout ratio

Five Year Average Annual Total Shareholder Return (%)



Annual Dividend Declared (C$/share)



Our Operating Philosophy

Our Vision

To be the bank that defines great customer experience

Our Governing Objective

To maximize the total return to BMO shareholders and generate, over time, top-quartile total shareholder return relative to our Canadian and North American peer groups

Our Medium-Term Financial Objectives

Over time:
- Increase EPS by an average of 10% per year
- Earn average annual ROE of between 17% and 20%
- Achieve average annual cash operating leverage of at least 2%
- Maintain a strong regulatory capital position

How We're Differentiating BMO to drive performance and growth

Our Customer Culture

- Streamlining processes to ensure we deliver extraordinary value to our customers and take away complexity
- Brand is compelling because it promises a differentiated experience

Excellence in Performance

- Managing our people, processes and assets across the enterprise for productivity
- Our culture emphasizes results, customer focus, accountability and leadership development

Building Leadership in Risk Management

- Making investments in our risk management capabilities, assessing performance based on risk-adjusted returns to ensure that the risks we assume are being appropriately rewarded and are generating shareholder returns.

Customer • Pace • Growth

BMO's North American Growth Strategy

Build a superior Canadian personal banking business

Further strengthen commercial banking businesses to continue being a leading player

Grow our wealth management businesses and capture increasing market share

Deliver strong, stable returns in BMO Capital Markets

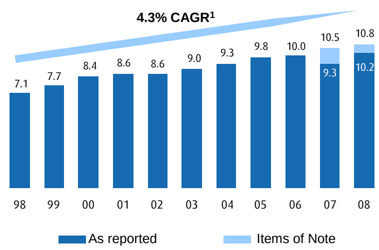
Improve our performance and expand our network in the U.S. to lead in the U.S. Midwest

Build a high-performing, customer-focused organization

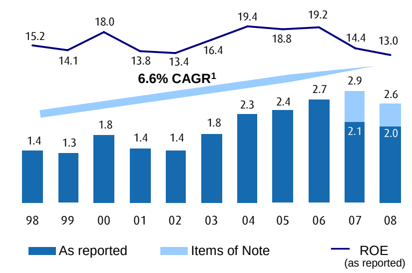
Long-Term Financial Trends

- BMO has delivered positive financial results over the last ten years, with compounded annual Net Income growth of 6.6%[1]

Revenue ($B)



Net Income ($B) & Return on Equity (%)

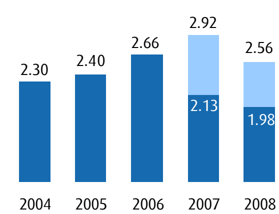


[1] Excluding items of note
As reported results:
Revenue CAGR of 3.6%
Net Income CAGR of 3.9%

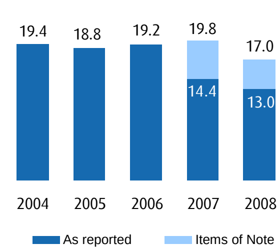
Fiscal 2008 Financial Highlights

- Net Income $2.0 billion, ROE 13.0% (as reported)
- Excluding items of note[1]
  - Net Income $2.6 billion
  - ROE 17.0%
- Results reflect strength and diversity of core business in challenging market
- ROE 13% or over for 19th consecutive year on a reported basis

Net Income ($B)



ROE (%)



[1] Items of note include:
F2007: Commodities losses, capital markets environment charges, increase to the general allowance, and restructuring charges
F2008: Capital markets environment charges and increase to the general allowance

Operating Groups

Personal & Commercial Banking (P&C)

- Over 8 million customers across Canada & the U.S.
- Over 1,200 branches in Canada & the U.S.
- Access to over 2,600 automated banking machines in Canada and the U.S.

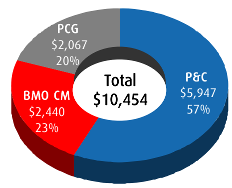
Private Client Group (PCG)

- Full-service and direct investing, private banking, investment products
- BMO Life Insurance

BMO Capital Markets (BMO CM)

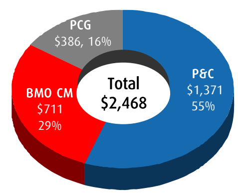
- Bulge bracket firm in Canada, mid-market niche player in the U.S.
- Capital raising, M&A and restructuring advisory services
- Industry leading research, sales and trading capability

F2008 Revenue by Operating Group (C$MM)



Revenues Excluding Items of Note ($MM)[1]
P&C : $ 5,947
PCG : $ 2,098
CM : $ 3,034
Corp : $ (249)

F2008 Net Income by Operating Group (C$MM)



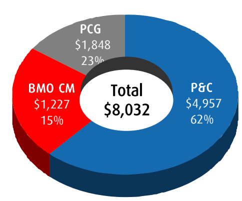
Net Income Excluding Items of Note ($MM)[1]
P&C : $1,371
PCG : $ 405
CM : $ 1,111
Corp : $ (324)

[1] Items of note include capital markets environment charges in BMO CM and PCG as well as an increase to the general allowance in the corporate segment

Highlights of BMO in Canada

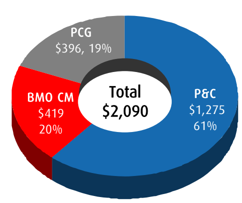
- Large, full service universal bank
- BMO continues to rank 2nd in business banking market share for business loans $5MM and below
- Strong performance in combined Personal & Commercial (P&C) / Private Client Group (PCG) businesses
- BMO Capital Markets (BMO CM) Ranked Top Overall Equity Research Team in Canada for the 28th consecutive year
- BMO InvestorLine was recognized as Canada's fastest online brokerage website by Gómez Canada and was named the number one bank-owned online brokerage in *The Globe and Mail*'s 10th annual online brokerage ranking

F2008 Non-U.S. Operating Group Revenue (C$MM)



Revenues Excluding Items of Note ($MM)[1]
P&C : $ 4,957
PCG : $ 1,848
CM : $ 1,807
Corp : $ (119)

F2008 Non-U.S. Operating Group Net Income (C$MM)



Net Income Excluding Items of Note ($MM)[1]
P&C : $ 1,275
PCG : $ 396
CM : $ 810
Corp : $ 78

[1] Items of note include capital markets environment charges in BMO CM and PCG as well as an increase to the general allowance in the corporate segment

Our Presence in the U.S.

HARRIS

Personal & Commercial (P&C)

- Brand image and reputation
- Well-positioned branch distribution and access
- Strong sales management & marketing capabilities
- Superior risk management capabilities
- Strong customer orientation and culture
- #1 raking for customer satisfaction in Midwest Region in J.D. Power and Associates 2009 Retail Banking Satisfaction Study

Private Client Group (PCG)

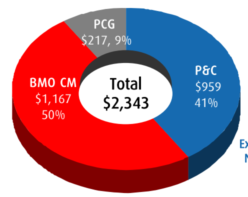
- Harris distribution and brand
- High retention, strong product offering

BMO Capital Markets

BMO Capital Markets (BMO CM)

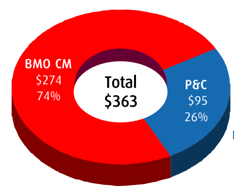
- Attractive client base, strong long-term relationships
- Mid-market client/ sector/ niche a primary focus
- Effectively integrated corporate & investment bank
- Customized coverage model
- Sector specialties
- Focused, disciplined strategy execution

F2008 U.S. Operating Group Revenue (US$MM)



Revenues Excluding Items of Note ($US MM)[1]
P&C : $ 959
PCG : $ 243
CM : $ 1,186
Corp : $ (139)

F2008 U.S. Operating Group Net Income[2] (US$MM)



Net Income Excluding Items of Note ($US MM)[1]
P&C : $ 95
PCG : $ 9
CM : $ 286
Corp : $ (393)

[1] Items of note include capital markets environment changes in BMO CM and PCG as well as an increase to the general allowance in the corporate segment

[2] PCG had a net loss of $6MM as reported for F2008

Q2 2009 Financial Highlights

	Net Income	EPS	Y/Y EPS Growth	Cash EPS	ROE	Cash Operating Leverage	Specific PCL	Tier 1 Capital Ratio (Basel II)
Q2 09	**$358MM**	**$0.61**	**(51.2)%**	**$0.63**	**8.1%**	**(11.0)%**	**$372MM**	**10.70%**
F2009 YTD	**$583MM**	**$1.00**	**(41.9)%**	**$1.03**	**6.5%**	**(3.5)%**	**$800MM**	**10.70%**

- Adjusted cash EPS of $0.93 for the quarter and $2.02 YTD, excluding capital markets environment charges and severance-related costs

Strengths

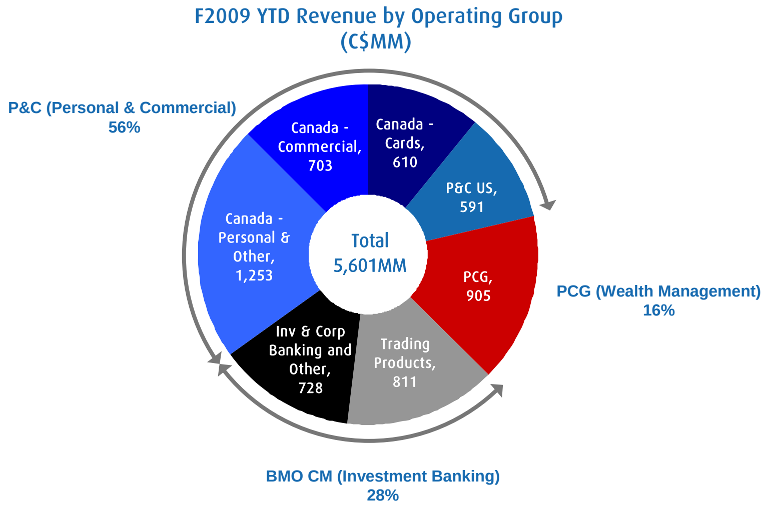
- Capital ratios and liquidity remain strong
- Continued strong revenue and net income in P&C Canada
- Solid underlying performance in BMO Capital Markets
- Strong deposit and loan growth year-over-year

Challenges

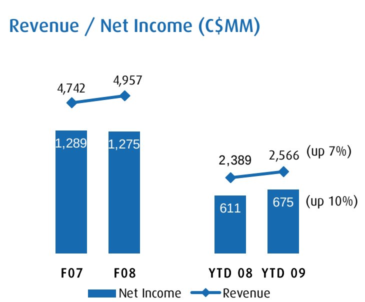
- Challenging credit environment with elevated losses expected to continue
- Current market environment pressures

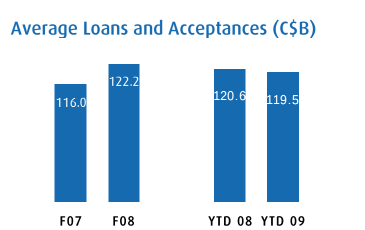
Well-Diversified Business

Over 70% of revenues from retail businesses in Canada and the US (P&C and PCG)



Personal & Commercial Banking – Canada



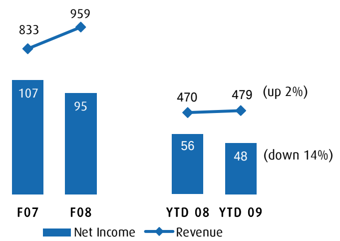


2009 OBJECTIVES

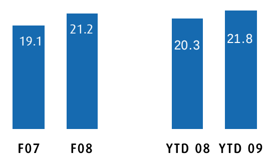
- **Continue to enhance the customer experience** and create a differentiated position in the Canadian market
- **Leverage improvements in our performance management system** to deliver stronger revenue growth and greater customer loyalty
- **Launch attractive and compelling new offerings that drive results**
- **Improve productivity of our sales and distribution network**
- **Redesign core processes and technologies** to achieve a high-quality customer experience, create capacity for customer-facing employees and reduce costs

Personal & Commercial Banking – U.S.

Revenue / Net Income (US$MM)



Average Loans and Acceptances (US$B)

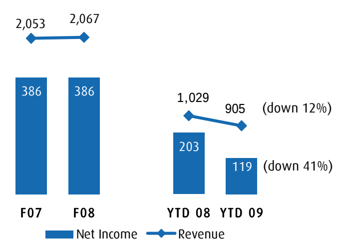


2009 OBJECTIVES

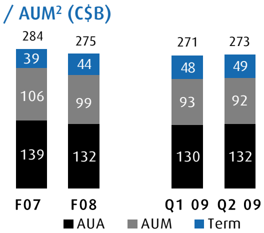
- **Improve financial performance** by growing revenue and effectively managing costs
- **Continue to leverage our leadership position in the Chicago area** and increase our presence and visibility in all other markets where we compete
- **Deliver a differentiated customer experience** that fosters customer advocacy, as measured by our retail Net Promoter Score

Private Client Group

Revenue[1] / Net Income[1] (C$MM)



AUA / AUM[2] (C$B)



2009 OBJECTIVES

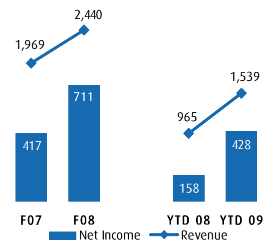
- **Satisfy our clients' needs** by continuing our high level of internal collaboration and referrals
- **Expand our sales force and improve its productivity** to drive revenue growth
- **Innovate within sales channels** and enhance products and solutions to satisfy clients' needs

[1] Q1 F09 included $17MM ($11MM after-tax) and Q4 F08 included $31MM ($19MM after-tax) of charges associated with actions taken to support U.S. clients in the weaker capital market environment

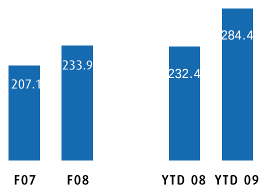
[2] Adjusted for F/X, assets decreased $25 billion or 8.8% in Q2 F09 versus Q2 F08 in a weaker market environment. Assets increased $4 billion or 1.6% in Q2 F09 versus Q1 F09

BMO Capital Markets

Revenue[1] / Net Income[1] (C$MM)



Average Assets (C$B)



2009 OBJECTIVES

- **Increase our focus on core profitable clients**
- **Optimize our capital**
- **Improve our risk-return profile**
- **Improve our return on equity** while securing our future growth

[1] Results were impacted by:
F2007: Commodities losses – \$(853)MM or \$(440)MM net of taxes and variable compensation
Capital market environment charges of \$(318)MM or \$(211) net of taxes
F2008: Capital market environment charges of \$(594)MM or \$(400)MM net of taxes
YTD 08: Capital market environment charges of \$(446)MM or \$(296)MM net of taxes
YTD 09: Capital market environment charges of \$(628)MM or \$(428)MM net of taxes

Group Net Income

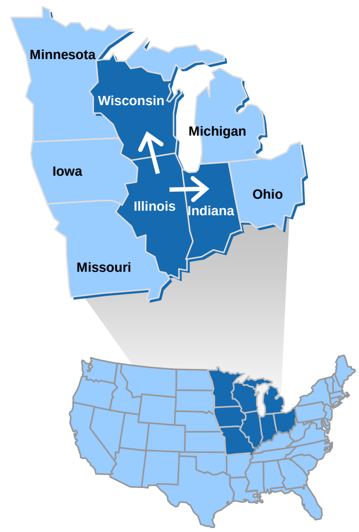
As Reported ($MM)	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q/Q B/(W)	Y/Y B/(W)
P&C Canada	320	331	333	325	**350**	8%	9%
P&C U.S.	30	28	12	34	**25**	(26)%	(15)%
Total P&C	350	359	345	359	**375**	5%	7%
PCG	107	108	75	57	**62**	9%	(42)%
BMO Capital Markets	187	263	290	179	**249**	40%	33%
Corporate Services	(2)	(209)	(150)	(370)	**(328)**	nm	nm
Total Bank	642	521	560	225	**358**	59%	(44)%

Excluding Items of Note ($MM)	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q/Q B/(W)	Y/Y B/(W)
P&C Canada	320	331	333	325	**350**	8%	9%
P&C U.S.	30	28	12	34	**25**	(26)%	(15)%
Total P&C	350	359	345	359	**375**	5%	7%
PCG	107	108	94	68	**62**	(9)%	(42)%
BMO Capital Markets	159	359	298	527	**329**	(38)%	+100%
Corporate Services	(2)	(179)	(52)	(370)	**(248)**	nm	nm
Total Bank	614	647	685	584	**518**	(11)%	(16)%

nm – not meaningful

U.S. Growth Potential

- Chicago is the hub of Midwest region
  - Population base of 60 million people, almost double that of Canada's population
  - GDP of $2.6 trillion U.S.
- Harris is a well known brand in the attractive U.S. Midwest market
- Uniquely positioned between smaller community banks and larger network banks
- New opportunities for organic growth due to the erosion of big network banks in the Midwest
- Current market conditions may provide opportunities



Acquisition History

Harris Bank

- Recognized and respected bank, in business for 125 years
- Established strengths in both personal and commercial businesses, serving over 1 million customers

Distribution network

- 280 branches
  - 188 in Illinois
  - 40 in Wisconsin
  - 52 in Indiana
- 630 ATM's
- Internet & telephone banking

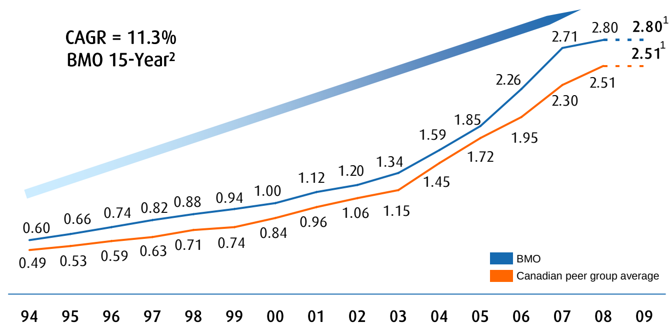
Chicago

- Solid growth in population and median household incomes
- Highly diversified economy
- Banking industry still fragmented

U.S. Retail Acquisitions	Year	Amount (US $MM)
Harris Bank	1984	547
Barrington	1985	32
St. Charles & Batavia	1988	26
Libertyville	1990	6
Frankfort	1990	17
Suburban Bancorp	1994	222
Household Int'l	1996	277
Joliet	2001	221
Lakeland	2004	37
New Lenox State Bank (NLSB)	2004	235
Mercantile	2004	161
Edville (Villa Park)	2005	66
First National Bank and Trust	2006	290
Merchants & Manufacturers	2008	135
Ozaukee	2008	180
Total		**2,452**

Annual Dividend

Annual Dividends Declared Per Share (C$)



Target Payout Ratio

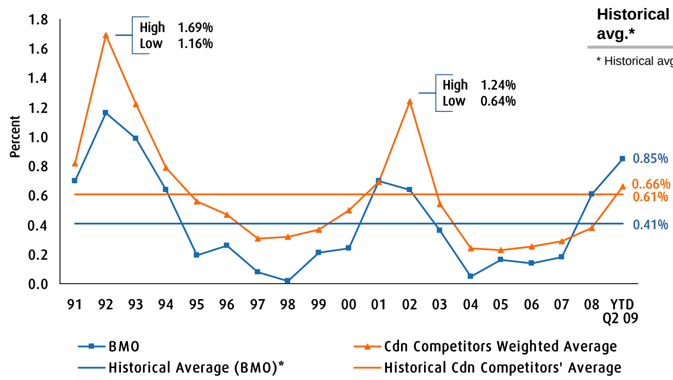
45% - 55%

¹Estimate based on the assumption that current dividend level continues for the rest of the year
²CAGR based on dividends paid 1994 - 2008

Credit Performance Measure

Historical Specific PCL average

Specific PCL as a % of Average Net Loans and Acceptances
(excluding Reverse Repos)



	BMO	Canadian Competitors
F2009 YTD	0.85	0.66
F2008	0.61	0.38
Historical avg.*	0.41	0.61

* Historical avg.: 1991 to 2008

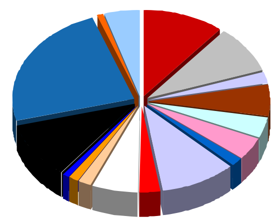
- BMO's Canadian competitors include: BNS, CM, NA, RY, TD
- Competitor average excludes the impact of TD's sectoral provisions

Loan Portfolio Distribution

Total Gross Loans and Acceptances
As at April 30, 2009

($B)	Canada	U.S.	Other	Total	
Consumer					
Residential Mortgage	38	8	-	46	26%
Consumer Loans	32	12	-	44	24%
Cards	2	-	-	2	1%
Total Consumer	**72**	**20**	**-**	**92**	**51%**
Commercial	**37**	**9**	**-**	**46**	**25%**
Corporate	**14**	**18**	**12**	**44**	**24%**
Total	**123**	**47**	**12**	**182**	**100%**

Commercial and Corporate Gross Loans and Acceptances by Industry ($B)
As at April 30, 2009



Credit Protection and Structured Investment Vehicles Update

PORTFOLIO	COMMENTARY[1]
Credit Protection Vehicle (Apex)	**Low risk of realized loss beyond MTM charges given the first loss protection and quality of underlying portfolio.** • Apex provides credit protection on twelve largely investment grade corporate credit portfolios with exposure to realized credit loss protected by generally sizeable first loss cushions. • BMO exposure is C$815MM (carrying value C$407MM) participation in C$2.2B of Medium Term Notes; C$1.03B participation in C$1.13B senior funding facility – funds collateral calls and ranks senior to Notes; and credit exposure for balance of notional. Collateral requirements are effectively capped. • The two weakest tranches have first loss protection of 2.9% and 10.4% and are rated CCC and BB (low). BMO gross exposure to these tranches effectively C$450MM (before considering mark to market charges of C$408MM taken). • Other ten tranches have strong first loss protection levels ranging from 13.5% to 29.4% with a weighted average of 23.7%. Seven of the 10 remaining tranches are rated AAA, two are AA (low) and one is A (low). • The underlying pool of corporate credit risk is well diversified and majority (71%) is investment grade rated (25% above BBB and 46% BBB or equivalent). A number of credits are under review for possible downgrade or have negative outlook. • Valuation charges on notes are a function of market credit spreads, credit migration in portfolios and in Q2 the total return swap transaction.
Structured Investment Vehicles	**Senior Funding Facility well protected by subordinate capital notes.** • Senior ranked liquidity facility to facilitate orderly wind-down of vehicle of US$7.0B (US$5.6B drawn Q2'09) and €633MM (€458MM drawn Q2'09) provided. • Book value of subordinated capital notes (US$1.1B / €157MM) subordinate to BMO's senior liquidity facility viewed as sufficient to protect BMO's position from loss. • Par value of Links/Parkland assets US$8.2B / €794MM (down 59% / 72% from Q4 '07). • Market value of Links/Parkland assets US$5.2B / €551MM – impacted by market illiquidity. • Asset quality remains strong. 92%/96% of assets rated investment grade by Moody's/S&P. 54% rated AA- or better by S&P; 58% rated Aa3 or better by Moody's. No US subprime in RMBS. • Strategy to reduce size of entities as appropriate given market conditions. Asset sales reduced given illiquid market. • Assuming no further asset sales, the outstanding funded amounts would peak at US$6.6B in August 2009 for Links and €620MM in July 2009 and for Parkland and decline thereafter.

[1] As at April 30, 2009 unless noted otherwise

Systemic Differences Between Canadian and U.S. Banks

Canada

- Mature oligopoly: 6 chartered banks
- Single regulator
- Governed by the Bank Act
- Foreign ownership limits in place
- Integrated business model: customers purchase multiple products from one institution
- Residential mortgages are lower risk due to shorter terms and prepayment penalties borne by the individual. Lack of interest deductibility from income taxes. Mortgages generally retained on balance sheet
- Current government not permitting bank mergers amongst big banks

U.S.

- Fragmented market
- Multiple regulators
- Choice of State vs. National Charter allows flexibility in choosing regulatory environment and structuring operations
- Bank Holding Companies provide flexibility in structuring business activities
- Branch restrictions in U.S. and various limits on interstate expansion
- More likely to securitize residential mortgages as prepayment penalties borne by the bank
- Consolidation continues

Economic Outlook

Canada

- The economy is expected to remain in recession for most of 2009 as a result of declining global demand for Canada's exports. Record-low interest rates and unprecedented fiscal stimulus should spur a modest recovery late in the year.
- The housing market slump is stabilizing due to much improved affordability, though further job losses will weigh on activity this year.
- Business investment is anticipated to decline sharply further this year, while consumer spending will retrench modestly.
- The Bank of Canada is expected to keep interest rates near zero well into next year due to low inflation.
- The Canadian dollar is expected to strengthen towards 90 cents U.S. in 2010 alongside firmer commodity prices.

U.S.

- Though the rate of contraction is slowing, the economy is expected to remain in recession through most of 2009 as consumers rebuild savings.
- A modest recovery should begin late in the year as a result of aggressive monetary and fiscal stimulus.
- The Fed is expected to keep rates near zero for the next year.

* Outlook as at May 26, 2009

Economy ... Slowing growth

	Canada			United States			Eurozone		
Economic Indicators (%)	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**
GDP Growth	0.5	(2.5)	1.8	1.1	(3.0)	1.7	0.7	(4.1)	1.1
Inflation	2.4	0.5	1.8	3.8	(0.7)	1.6	3.3	0.7	1.7
Private Consumption Growth	3.0	(1.0)	1.7	0.2	(1.4)	0.2	0.4		
Interest Rate (3mth Tbills)[1]	2.3	0.3	0.6	1.4	0.2	0.7	4.6	1.5	2.0
Unemployment Rate	6.1	8.5	9.0	5.8	9.0	9.8	7.6	9.1	9.9
Current Account Balance / GDP	0.6	(2.4)	(2.5)	(4.7)	(2.2)	(1.9)			
Budget Surplus / GDP	(0.1)	(2.5)	(1.8)	(3.2)	(13.1)	(9.6)			

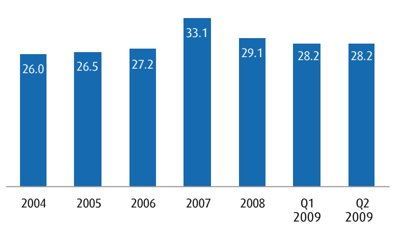
Sources: BMO Economics, Haver Analytics

[1]Annual average
*Forecasts as of May 26, 2009

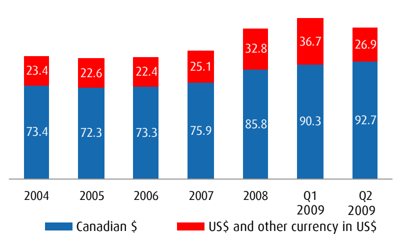
Liquidity and Funding Strategy

- BMO's large base of core and customer deposits, along with our strong capital base, reduces reliance on wholesale funding
- Our wholesale funding principles seek to match the term of assets with the term of funding (e.g. to fund loans with longer term funds). In addition, we diversify our sources of funding by market, instrument and term

Liquidity Ratio (%)



Core Deposits (in billions)



- BMO's has access to diversified funding sources, including:

Programs: / **Current program size:**

- EMTN Program: US$20bn
- Canadian MTN Program: $6bn
- Covered Bond Program: €7bn
- US Program: US$6bn

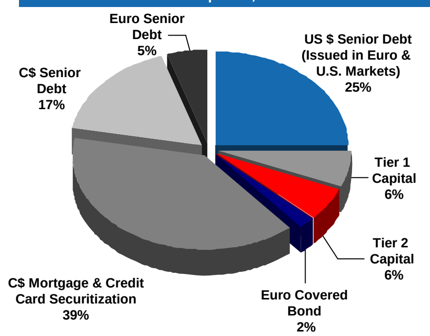
Additional Sources:

- Securitization: Mortgages (Canada Mortgage Bond participation and MBS) and Credit Card ABS ($3bn shelf)
- Canadian & US Senior (unsecured) deposits

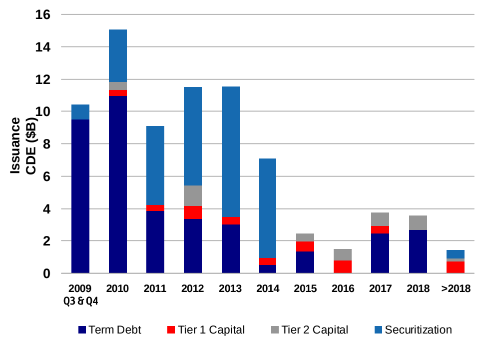
Diversified Wholesale Term Funding Mix

- Our wholesale funding principles seek to match the term of assets with the term of funding. Loans for example are largely funded with customer deposits and capital, with the difference provided by longer-term wholesale funding
- BMO has a well diversified wholesale funding platform across markets, products, terms, currencies and maturities
- Substantially all of our estimated fiscal 2009 term-funding requirements have now been met
- Our liquidity position remains sound as reflected by our cash and securities to total asset ratio and level of core deposits

Wholesale Capital Market Term Funding Composition (Total $77.5B)
As at April 30, 2009



Wholesale Capital Market Term Funding Maturity Profile (Total $77.5B)
As at April 30, 2009



Corporate Governance

- Comprehensive code of business conduct and ethics provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work
- Governance practices are consistent with, and in many cases exceed, requirements of the TSX and NYSE. The Bank is also in compliance with applicable rules adopted by the Canadian Securities Administrators (CSA) and the U.S. Securities and Exchange Commission (SEC) to give effect to the provisions of the *Sarbanes-Oxley Act*.
- To ensure non-employee directors' compensation is aligned with shareholder interests, at least 50% of the annual retainer must be paid in Common Shares of the Bank or Deferred Share Units
- *The Globe and Mail's Board Games 2008* annual review of corporate governance practices ranked BMO 7th overall among 180 Canadian reporting issuers

Corporate Responsibility : Focused on the Environment

BMO's approach to Corporate Responsibility involves:

- Delivering value to our customers
- Creating opportunities for our employees
- Generating greater rewards for our shareholders
- Contributing to the well-being of the communities where we do business
- Integrating respect for the environment into our business growth strategies and practices.

In 2008 our BMO ECO^5 Strategy was designed to manage the environmental impact of our operations.

The strategy covers five key areas:

- Energy Consumption
- Transportation
- Material Consumption
- Waste Generation
- Procurement

☑ PROGRESS REPORT

2007 PRIORITIES	2008 PROGRESS
Reduce our operational impact.	As part of our Clear Blue Skies Initiative introduced BMO ECO^5 Strategy.
Maintain responsible lending practices.	Updated our lending guidelines in 2008, introducing specific due diligence questions related to climate change.
Work with stakeholder to deepen our understanding of current environmental issues.	Engage in dialogue with a number of stakeholders representing non-governmental organizations, industry associations and not-for-profits. Various stakeholder groups reviewed and commented on the drafting of our updated Environmental Policy.

Engaged with Stakeholders

- BMO supports various international environmental initiatives:
  - Signatory to the United Nations' *UNEP Statement by Financial Institutions on the Environment & Sustainable Development,* the *Carbon Disclosure Project* and *The Equator Principles*
- External recognition for our sustainability efforts:
  - Included in indices that recognize the sustainability performance of companies across economic, social and environmental dimensions (e.g. *FTSE4Good Index, Dow Jones Sustainability North America Index and Jantzi Social Index)*
  - Named as one of two Canadian banks in the Carbon Disclosure Leadership Index for 2008, signifying distinction in the level of awareness of the risks and opportunities associated with climate change

FTSE4Good

JSI JANTZI SOCIAL INDEX

Dow Jones Sustainability Indexes
Member 2008/09

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