

Defining great customer experience.

Q2 2009

Strategic Highlights



Bill Downe

President and Chief
Executive Officer

May 26, 2009

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.

Financial Results – Q2 2009

Good Core Results in the context of the Current Market Environment

C\$ millions unless otherwise indicated

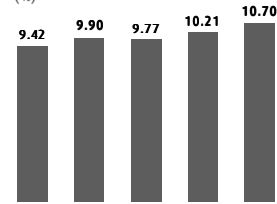
Revenue	2,655
Expense	1,888
PCL	372
Net Income	358
ROE	8.1%

- Adjusted cash earnings per share of \$0.93
- Pre-provision, pre-tax net income of \$885MM (excluding severance), compared to \$940MM a year ago
- Provision for credit losses are expected to remain elevated for 2009 and into 2010

Top Tier Capital Position

- Strong capital ratios: Tier 1 ratio at 10.7% and Tangible common equity to RWA ratio at 8.2%
- Capital strength positions the Bank for longer-term growth opportunities
- Raised approximately \$0.3B in Tier 1 capital in Q2 09

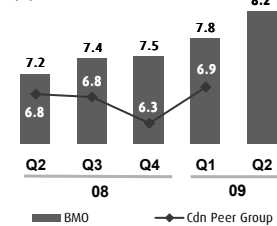
Tier 1 Capital Ratio (%)



Excess Capital Over 8%

Q2 08	Q3 08	Q4 08	Q1 09	Q2 09
\$2.7B	\$3.5B	\$3.4B	\$4.3B	\$5.0B

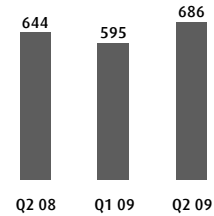
Tangible Common Equity-to-RWA (%)



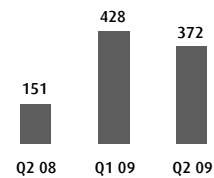
Solid Business Performance - Positioned for Success

Net Income (CSMM unless otherwise indicated)	Q2 08	Q1 09	Q2 09
P&C Canada	320	325	350
P&C U.S. (Cash NI - USD)	35	33	27
PCG	107	57	62
BMO CM	187	179	249
Corporate Services	(2)	(370)	(328)
Total Bank	642	225	358

Operating Group Net Income
(CSMM)



Provision for Credit Losses
(CSMM)



Building a New Future Together ... Making Money Make Sense



- We have a long history in serving clients' insurance needs
- Our life insurance acquisition, now re-branded as **BMO Life Assurance**, substantially enhances our ability to better serve our clients
- Acceleration of our life insurance and customer focus strategies, moving BMO from a small player to one of the top 10 in the Canadian Life Insurance market





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