

Q3  
2007



## FINANCIAL RESULTS

### Investor Community Conference Call

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*Chief Financial and Administrative Officer*

August 28 • 2007

## 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 2007 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 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 28 and 29 of BMO's 2006 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.

Assumptions about the future performance of the Canadian and U.S. economies and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives and in determining our financial targets, including provisions for credit losses. Key assumptions included that the Canadian and U.S. economies would expand at a moderate pace in 2007 and that inflation would remain low. We also assumed that interest rates in 2007 would remain little changed in Canada but decline in the United States and that the Canadian dollar would hold onto its value relative to the U.S. dollar. The Canadian dollar has strengthened relative to the U.S. dollar and interest rates have increased in the United States, but we believe that our other assumptions remain valid. We have continued to rely upon those assumptions and the views outlined in the following Economic Outlook in considering our ability to achieve our 2007 targets. 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.

Assumptions about the performance of the natural gas and crude oil commodities markets and how that will affect the performance of our commodities business were material factors we considered in making the forward-looking statements regarding the commodities portfolio set out in this document. Key assumptions included that commodities prices and implied volatility would be stable and our positions would continue to be managed with a view to lowering the size and risk level of the portfolio.

## 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 Quarterly Report to Shareholders, MD&A and in its Annual Report to Shareholders all of which are available on our website at [www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

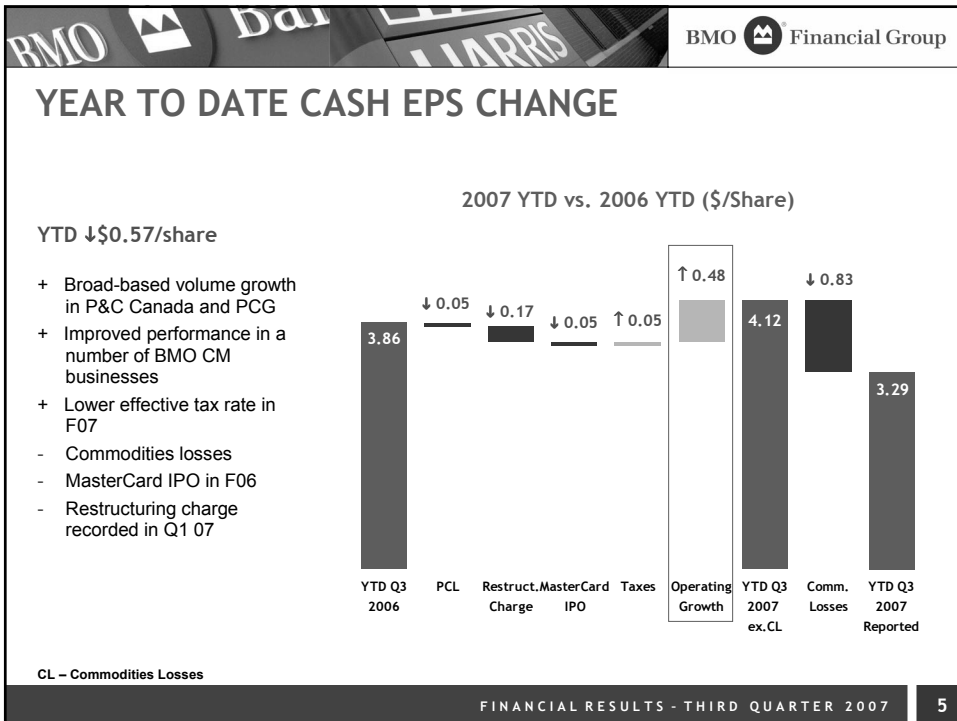
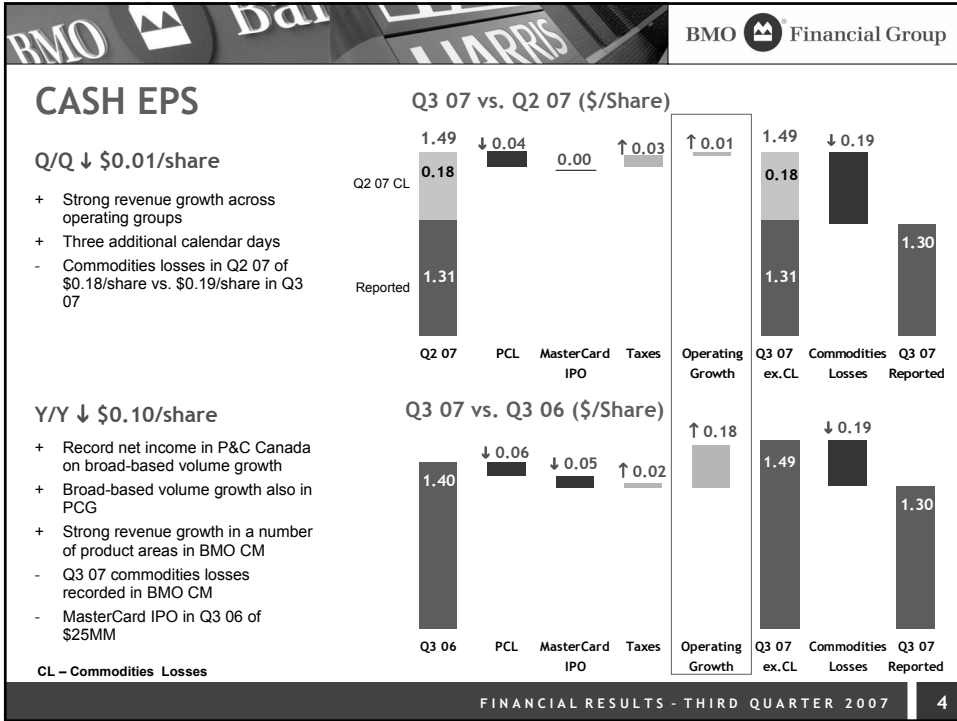
Non-GAAP results or measures include revenue, taxes and productivity results and measures that use Taxable Equivalent Basis (teb) amounts, cash-based profitability and productivity measures, Net Economic Profit and results and measures that exclude items that are not considered reflective of ongoing operations. Results stated on a basis that excludes commodities losses and/or the first quarter restructuring charge are non-GAAP measures. Bank of Montreal also provides supplemental information on combined business segments to facilitate comparisons to peers.

## Q3 2007 FINANCIAL HIGHLIGHTS

	Net Income	EPS	Y/Y EPS Growth	Cash EPS	ROE	Specific PCL	Tier 1 Capital	Cash Productivity
As Reported	\$660MM	\$1.28	(7.2)%	\$1.30	18.0%	\$91MM	9.29%	63.2%
Excluding Commodities Losses	\$757MM	\$1.47	6.5%	\$1.49	20.6%	\$91MM	9.29% (as reported)	59.7%

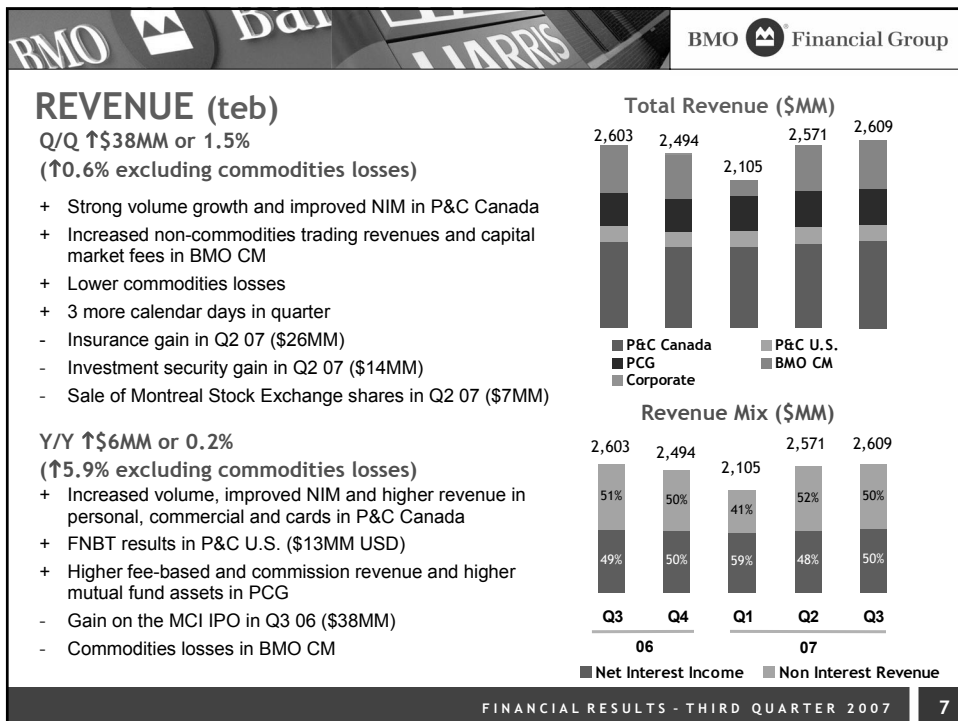
### Key Messages

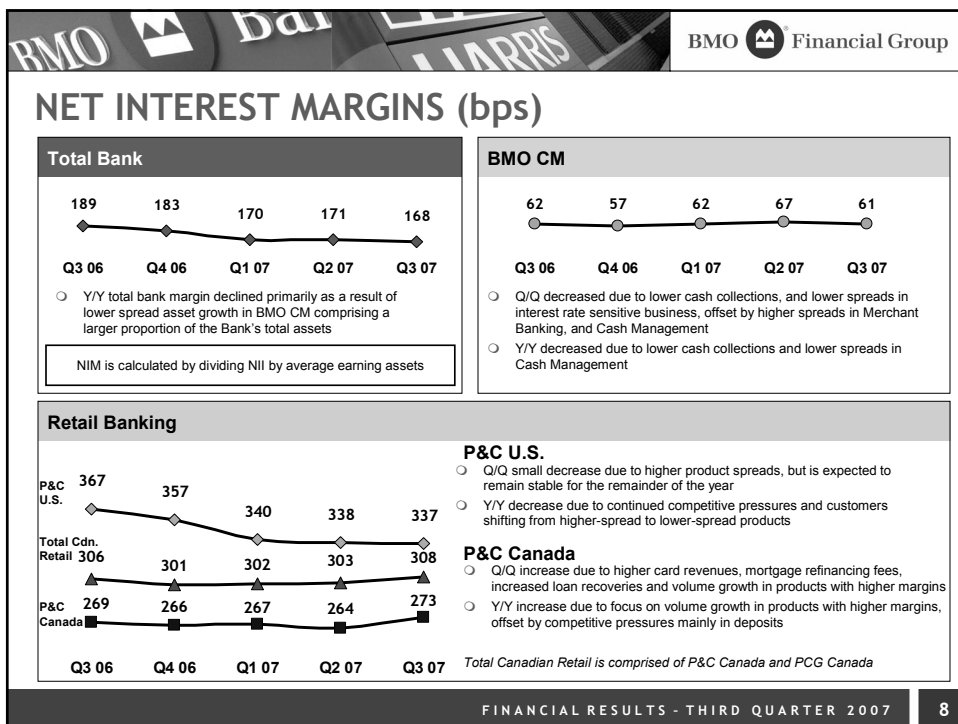
- Continued good underlying operating performance this quarter
- Third quarter net income reduced by \$97MM after-tax (\$0.19 per share) as a result of commodities losses
- Excluding the commodities losses Y/Y:
  - ▶ EPS of \$1.47 grew 6.5%
  - ▶ Cash EPS of \$1.49
  - ▶ Revenue increased 5.9% due to strong operating group performance and expenses increased 3.6% resulting in operating leverage of 2.3%
  - ▶ Cash productivity improved 135bps Y/Y to 59.7%
- Tier 1 Capital ratio remains strong



BMO Financial Group					
Q3 2007 GROUP NET INCOME					
Including Commodities Losses (\$MM)	Q3 2006	Q2 2007	Q3 2007	Q/Q Change	Y/Y Change
<b>P&amp;C Canada</b>	347	324	<b>350</b>	8%	1%
<b>P&amp;C U.S.</b>	30	27	<b>26</b>	(6)%	(17)%
<b>Total P&amp;C</b>	377	351	<b>376</b>	7%	(1)%
<b>PCG</b>	83	101	<b>105</b>	3%	26%
<b>BMO Capital Markets</b>	203	199	<b>196</b>	(1)%	(3)%
<b>Corporate Services</b>	47	20	<b>(17)</b>	nm	nm
<b>Total Bank</b>	710	671	<b>660</b>	(1.6)%	(7.1)%
Excluding Commodities Losses (\$MM)	Q3 2006	Q2 2007	Q3 2007	Q/Q Change	Y/Y Change
<b>P&amp;C Canada</b>	347	324	<b>350</b>	8%	1%
<b>P&amp;C U.S.</b>	30	27	<b>26</b>	(6)%	(17)%
<b>Total P&amp;C</b>	377	351	<b>376</b>	7%	(1)%
<b>PCG</b>	83	101	<b>105</b>	3%	26%
<b>BMO CM</b>	203	289	<b>293</b>	2%	45%
<b>Corporate Services</b>	47	20	<b>(17)</b>	nm	nm
<b>Total Bank</b>	710	761	<b>757</b>	(0.5)%	6.6%

nm - not meaningful





BMO Financial Group

## NON-INTEREST REVENUE ANALYSIS

BALANCES (\$MM)	Q3 06	Q2 07	Q3 07	
Securities Commissions	260	303	299	
Trading Revenues	186	(10)	40	Commodities losses of \$163MM recorded in Q2 and \$147MM in Q3. Interest rate trading revenue up benefiting from steeper yield curve, widening spreads and increased volatility in Q3.
Card Fees	106	70	79	Ongoing Growth
Mutual Fund Revenue	128	140	151	
Securitization Revenue	21	83	65	
Underwriting and Advisory Fees	92	159	160	Increased equity underwriting activity Y/Y
Securities Gains (other than trading)	51	48	6	MasterCard IPO in Q3 06 of \$38MM
Insurance	58	77	55	Insurance gain in P&C Canada in Q2 07
Other NIR	434	454	453	
<b>TOTAL NON-INTEREST REVENUE</b>	<b>1,336</b>	<b>1,324</b>	<b>1,308</b>	
Commodities Losses	-	(163)	(147)	
<b>NON-COMMODITIES LOSSES NIR</b>	<b>1,336</b>	<b>1,487</b>	<b>1,455</b>	

## NON-INTEREST EXPENSE

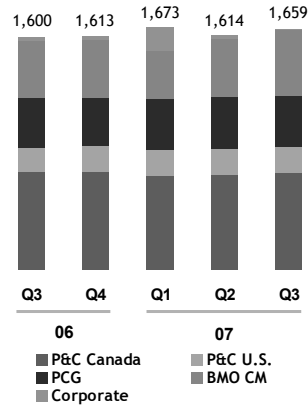
Q/Q ↑\$45MM or 2.8%

- + Lower capital tax expense
- + Combined salaries and benefits lower
- Performance-based compensation adjustment in Q2 related to the commodities losses
- 3 more calendar days

Y/Y ↑\$59MM or 3.6%

- + Lower capital tax expense
- + Combined salaries and benefits lower
- Increased performance-based compensation, particularly in BMO CM
- Increases in computer and communication costs

Total Expenses (\$MM)



## NON-INTEREST EXPENSE ANALYSIS

BALANCES (\$MM)	Q3 06	Q2 07	Q3 07	
Salaries and Benefits	652	648	641	
Performance-based Compensation	306	321	383	Lower compensation related to the commodities losses in Q2 07
Premises & Equipment/Rental	126	133	131	
Computer Costs	173	187	194	
Business and Capital Tax	23	17	-	YTD adjustment
Other	320	308	310	
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>1,600</b>	<b>1,614</b>	<b>1,659</b>	

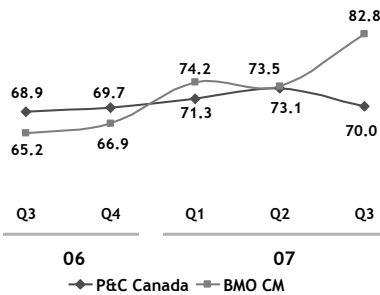
## CAPITAL & RISK WEIGHTED ASSETS

	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07
Tier 1 Capital Ratio (%)	10.07	10.22	9.76	9.67	9.29
Total Capital Ratio (%)	11.59	11.76	11.20	11.03	11.18
Assets-to-Capital Multiple (x)	16.3	16.1	17.4	17.5	17.3
RWA (\$B)	161.7	162.8	173.0	175.1	181.0

Q/Q Tier 1 Capital Ratio  
Change of -38 bps:

-6 bps	Lower Tier 1 Capital in part due to pref share redemption
-32 bps	Higher RWA

Key RWA Trends (\$B)



Q/Q P&C Canada RWA decreased due to mortgage portfolio initiatives

Q/Q BMO CM RWA increased due to higher market risk and loan and cash resources growth

## FISCAL 2007 TARGETS

Performance Measure	Q3 2007 YTD Excluding Restructuring Charge	F2007 Target
EPS Growth <sup>1</sup> (base of \$5.11)	EPS of \$3.41, down 10.3% from \$3.80 a year ago	5%-10%
Specific Provision for Credit Losses	\$202MM	\$400MM or less <i>revised to:</i> \$300MM or less
Cash Productivity Ratio Improvement	(376) bps	100-150 bps improvement
Return On Equity	15.9%	18%-20%

In the absence of commodities losses, all financial targets would be on track. EPS growth would be 11.6%, ROE would be 19.8% and the cash productivity ratio would have improved by 146 bps.

<sup>1</sup> Excluding changes in the general allowance

# APPENDIX

## COMMODITIES LOSSES

Income Statement (\$MM)	Q1 2007			Q2 2007			Q3 2007			YTD 2007		
	As Reported	CL	Excl. CL	As Reported	CL	Excl. CL	As Reported	CL	Excl. CL	As Reported	CL	Excl. CL
Revenue	2,105	509	2,614	2,571	171	2,742	2,609	149	2,758	7,285	829	8,114
PCL	52	-	52	59	-	59	91	-	91	202	-	202
Expenses	1,673	87	1,760	1,614	33	1,647	1,659	-	1,659	4,946	120	5,066
Profit Cont.	380	422	802	898	138	1,036	859	149	1,008	2,137	709	2,846
Minority Interest	19	-	19	19	-	19	18	-	18	56	-	56
Income Taxes	13	185	198	208	48	256	181	52	233	402	285	687
Net Income	348	237	585	671	90	761	660	97	757	1,679	424	2,103
Diluted EPS (\$)	0.67	0.46	1.13	1.29	0.18	1.47	1.28	0.19	1.47	3.24	0.83	4.07
Cash EPS (\$)	0.68	0.46	1.14	1.31	0.18	1.49	1.30	0.19	1.49	3.29	0.83	4.12
Tax Rate (%)	3.3	43.8	24.6	23.2	34.8	24.8	21.0	34.9	23.1	18.8	40.2	24.1

CL - Commodities Losses

## QUARTERLY FINANCIAL TRENDS

Performance Measure	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Net Income (\$MM)	710	696	348	671	<b>660</b>
Cash EPS – Diluted (\$/share)	1.40	1.37	0.68	1.31	<b>1.30</b>
EPS – Diluted (\$/share)	1.38	1.35	0.67	1.29	<b>1.28</b>
Cash Return on Equity (%) *	20.6	19.6	9.5	18.5	<b>18.2</b>
Return on Equity (%) *	20.3	19.4	9.2	18.3	<b>18.0</b>
Revenue Growth – Y/Y (%)	6.7	(5.9)	(16.2)	2.8	<b>0.2</b>
Expense Growth – Y/Y (%)	2.0	(0.9)	5.9	3.5	<b>3.6</b>
Cash Productivity Ratio (%)	61.1	64.2	78.9	62.3	<b>63.2</b>
Productivity Ratio (%)	61.5	64.6	79.5	62.8	<b>63.6</b>
PCL/Avg. Loans Accept. (%) *	0.09	0.03	0.10	0.12	<b>0.18</b>
Capital: Tier 1 Capital (%)	10.07	10.22	9.76	9.67	<b>9.29</b>

\*Annualized

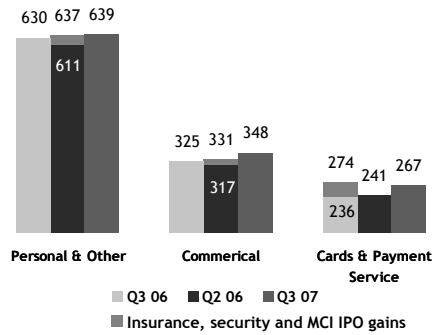
## PERSONAL & COMMERCIAL BANKING - CANADA

P&L (\$MM)	Q3 06	Q2 07	Q3 07	Key Variances
Net Interest Income (teb)	760	735	<b>800</b>	<ul style="list-style-type: none"> <li>○ Reported Y/Y NI of 1.0% and revenue growth of 2.0% based on NIM of 2.73%.</li> <li>○ Q3 07 NI benefited from a \$14MM tax recovery while prior year benefited from \$25MM (\$38MM revenue) MasterCard IPO gain and a \$26MM tax recovery.</li> <li>○ Excluding these unusual items, Y/Y NI growth was 14%, with revenue growth of 5.2% and a revenue/expense differential of 5.8%.</li> <li>○ Revenue growth Y/Y and Q/Q benefited from strong volume in personal, commercial and cards businesses. Q/Q revenue benefited from 3 additional calendar days in Q3 (\$32MM)</li> <li>○ Increased NIM Y/Y due to increases in mortgage spread, growth in higher spread products including deposits, and commercial loan recoveries partially offset by higher funding costs and competitive pressures.</li> <li>○ Y/Y expense decline of 0.6% due to lower capital tax and efficiency savings partially offset by an expanded front-line workforce, higher cards and bcpbank<sup>1</sup> costs.</li> <li>○ Q/Q expense growth of 2.4% driven by 3 additional calendar days in Q3 (\$8MM), higher employee-related expenses and higher depreciation related to completed initiatives, partially offset by lower capital taxes.</li> </ul>
Non-interest Revenue	469	474	<b>454</b>	
Total Revenue	1,229	1,209	<b>1,254</b>	
PCL	78	81	<b>81</b>	
Expenses	674	655	<b>670</b>	
Provision for Taxes	130	149	<b>153</b>	
Net Income	347	324	<b>350</b>	
NIM (bps)	269	264	<b>273</b>	
Cash Productivity (%)	54.7	54.0	<b>53.3</b>	

<sup>1</sup> bcpbank Canada acquisition completed December 4, 2006

## P&C CANADA

### Revenue by Product (\$MM)



**Personal**  
Personal includes Residential Mortgages, Personal Loans, Personal Deposits, Term, Mutual Funds, Insurance and Other.

#### Overall

- Q/Q revenue benefited from 3 additional days (personal \$15MM, commercial \$9MM and cards \$8MM)

#### Personal

(Ex Insurance gain †\$28MM or 4.6% Q/Q, †\$9MM or 1.3% Y/Y)

- Y/Y and Q/Q personal revenue growth driven by volume growth in personal loans and branch originated mortgages, higher securitization revenue, higher mortgage refinancing fees and increased sales of term investment products and mutual funds.

- Q2 07 included a \$26MM insurance gain

#### Commercial

(Ex Security gain †\$31MM or 9.5% Q/Q, †\$23MM or 6.9% Y/Y)

- Y/Y and Q/Q commercial revenue growth was impacted by higher volume growth and higher loan recoveries, partially offset by competitive pressures

- Q2 07 benefited from a \$14MM security gain

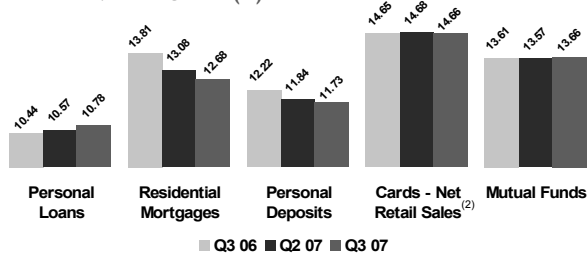
#### Cards & Payment Service

(†\$26MM or 10.8% Q/Q, Ex MCI gain †\$31MM or 13.2% Y/Y)

- Y/Y and Q/Q cards revenue growth was driven by volume growth
- Y/Y cards revenue growth was also impacted by increased transaction fees. Q3 06 benefited from a \$38MM MCI IPO gain.

## P&C CANADA - PERSONAL BANKING

### Personal Market Share (%) <sup>1</sup>



<sup>1</sup> Personal share statistics are issued on a one-month lag basis. (Q3.07: June 2007)

<sup>2</sup> Net Retail Sales (NRS) refer to card volume less transfers and cash advances. NRS includes both retail and corporate card business and are on a two-month lag basis. (Q3.07: June 2007)

Sources: Mutual Funds – IFIC, Credit Cards – CBA, Consumer Loans & Residential Mortgages – Bank of Canada, Personal Deposits – OSFI

Balances (\$B) (Owned & Managed)	Q3 06	Q2 07	Q3 07	Growth Y/Y	Growth Q/Q
Personal Loans	19.5	20.8	21.7	11.6%	4.7%
Residential Mortgages	63.3	63.5	63.5	0.3%	0.1%
Personal Deposits	24.8	24.2	24.5	(1.1)%	1.4%
Cards	5.7	6.0	6.4	12.4%	6.0%

- Increased personal loan balances and market share led by increases in secured loan products.

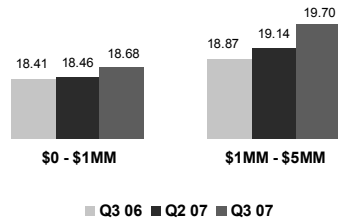
- Branch originated mortgage volume growth offset by declines in 3rd party and broker mortgages based on deliberate decision to focus on relationship clients. We plan to grow higher spread branch originated mortgages by increasing our specialized sales force.

- Personal deposit volume and market share have declined Y/Y. There are improvements Q/Q with volume growth in high spread chequing & savings products.

- Cards - Net Retail Sales share remains stable. We are focusing on relationship customers and increasing branch originated cards. Volume growth has been strong Y/Y and Q/Q.

## P&C CANADA - COMMERCIAL BANKING

Business Loan Market Share (%) <sup>1</sup>



- Business banking market share increased 56bps Y/Y and 40bps Q/Q, as we continue to be ranked second in Canada
- Q/Q we had broad-based volume growth and share gains in all regions
- Continued strength in the upper end of the business loan market as well as strong growth in balances in all bands

<sup>1</sup> Business loans (Banks) are issued by CBA on a one calendar quarter lag basis (Q3.07: March 2007)

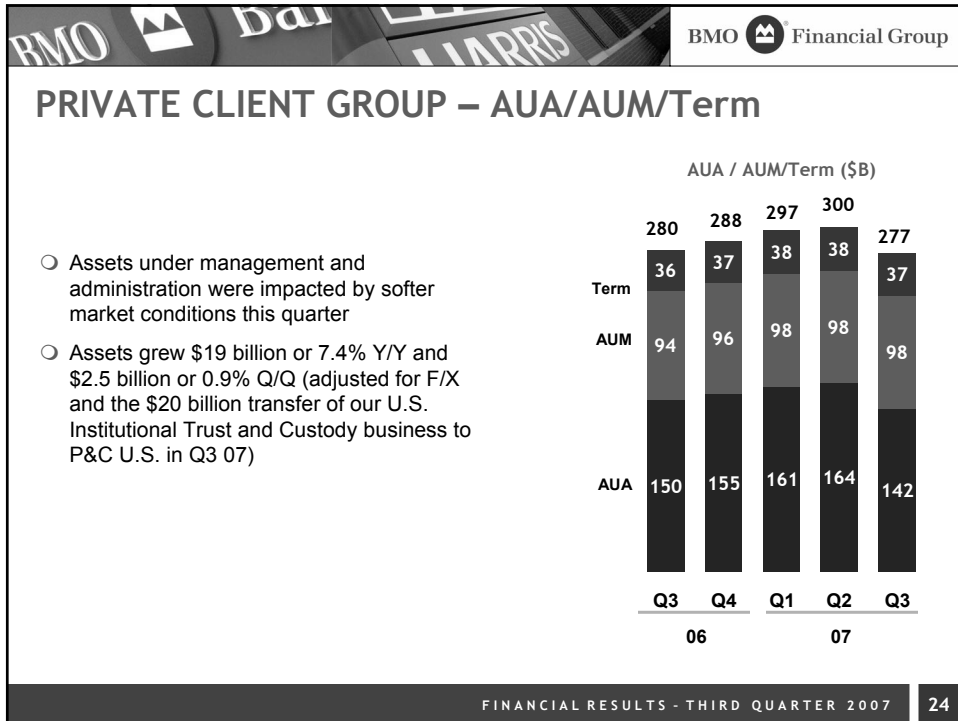
Average Balances (\$B)	Q3 06	Q2 07	Q3 07	Growth Y/Y	Growth Q/Q
Commercial Loans and Acceptances	29.5	30.8	31.8	7.7%	3.3%
Commercial Deposits	19.2	20.1	21.0	9.6%	4.4%

## PERSONAL & COMMERCIAL BANKING – U.S.

P&L (U.S.\$MM)	Q3 06	Q2 07	Q3 07	Key Variances
Net Interest Income (teb)	165	167	169	<ul style="list-style-type: none"> <li>○ Volume growth combined with stable NIM drove net interest income growth, despite a slowing economy</li> <li>○ Expenses increased \$4MM or 3.2% Q/Q primarily due to acquisition integration, technology development and employee costs</li> <li>○ Acquisition Integration costs US\$6MM in Q3 07, US\$4MM in Q2 07</li> <li>○ NIM stabilizing</li> <li>○ NIM decreased 30 bps Y/Y due to competitive pressures on pricing and customer preferences shifting from high-spread to lower-spread products in both loans and deposits</li> </ul>
Non-interest Revenue	40	39	42	
Total Revenue	205	206	211	
PCL	7	8	8	
Expenses	150	161	165	
Provision for Taxes	20	13	14	
Net Income	28	24	24	
NIM (bps)	367	338	337	
Cash Productivity (%)	70.5	74.1	74.7	

P&C U.S.				
Personal – Average Balances (U.S.\$B)	Q3 06	Q2 07	Q3 07	
Mortgages	4.3	4.9	5.0	○ Moderation in mortgage and home equity growth due to a reduction in real estate activity and the impact of rate increases in the last 2.5 years
Other Personal Loans	3.9	4.1	4.2	○ Growth in indirect auto loans is being offset by pay downs; spreads are stabilizing
Indirect Auto	4.2	4.5	4.5	○ Deposit growth primarily in certificates of deposit and high-yield chequing
Deposits	12.1	13.2	13.3	○ 2007 balances include acquisition of FNBT
Commercial – Average Balances (U.S.\$B)	Q3 06	Q2 07	Q3 07	
Commercial Loans	5.1	5.8	5.9	○ Loan growth has moderated in recent quarters and reflects a softening real estate market and heightened competition
Commercial Deposits	3.9	4.2	4.3	○ Increase in deposits primarily in core accounts
				○ 2007 balances include acquisition of FNBT

PRIVATE CLIENT GROUP				
P&L (\$MM)	Q3 06	Q2 07	Q3 07	Key Variances
Net Interest Income (teb)	148	153	154	<ul style="list-style-type: none"> <li>○ Y/Y revenue increased 9.5% excluding the impact of the weaker U.S. dollar.               <ul style="list-style-type: none"> <li>○ NIR increase primarily due to higher fee-based and commission revenue in Full-Service Investing. Higher mutual fund revenue on increased client assets and higher trust and investment revenue in North American Private Banking also contributed to the growth.</li> <li>○ NII increase due primarily to higher deposit balances from our brokerage businesses.</li> </ul> </li> <li>○ Y/Y expense increased 4.6% excluding the impact of the weaker U.S. dollar, due to higher revenue-based costs and continued investment in our client-facing sales force and supporting technology to drive future revenue growth</li> </ul>
Non-interest Revenue	329	365	366	
Total Revenue	477	518	520	
PCL	1	-	1	
Expenses	344	359	357	
Provision for Taxes	49	58	57	
Net Income	83	101	105	



**BMO Financial Group**

## BMO CAPITAL MARKETS

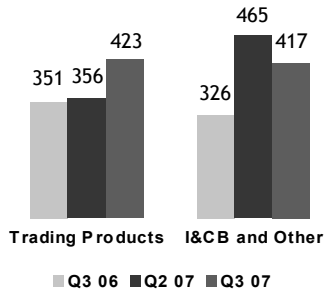
P&L (\$MM)	Q3 06	Q2 07	Q3 07	Key Variances
Net Interest Income (teb)	200	255	<b>254</b>	<ul style="list-style-type: none"> <li>○ Q3 07 results were impacted by losses in our commodities businesses of \$149MM (\$97MM after-tax). Q2 07 results were impacted by losses in our commodities businesses of \$171MM (\$90MM net of performance-based compensation adjustment and taxes).</li> <li>○ The effective tax rate was low in Q3 07 and Q2 07 due to commodities losses attributable to our U.S. business, taxed at a higher rate. Other BMO CM areas have lower tax rates, resulting in a lower provision for taxes.</li> <li>○ Average Assets increased due to:               <ul style="list-style-type: none"> <li>○ Higher trading and investment securities to capture trading opportunities and increase revenue.</li> <li>○ Higher loans and acceptances, consistent with BMO strategy to expand corporate banking portfolio.</li> <li>○ Commodities and currency derivatives also increased Y/Y</li> </ul> </li> </ul>
Non-interest Revenue	477	395	<b>437</b>	
Total Revenue	677	650	<b>691</b>	
PCL	20	19	<b>19</b>	
Expenses	385	395	<b>445</b>	
Provision for Taxes	69	37	<b>31</b>	
Net Income	203	199	<b>196</b>	
Average Assets (\$B)	165.5	204.4	<b>210.8</b>	

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## BMO CAPITAL MARKETS

(excluding Commodities Losses)

Revenue by Group (\$MM)



Note

- (1) Trading Products Q2 07 and Q3 07 revenues excludes commodities losses of \$171 MM and \$149 MM respectively  
 (2) I&CB denotes Investment and Corporate Banking.

Trading Products revenue (Ex commodities losses  $\uparrow$ \$67MM or 19% Q/Q,  $\uparrow$ \$72MM or 21% Y/Y)

- Y/Y increase due to higher interest rate and equity trading revenues, commission revenues, equity and debt new issue fees and securitization revenues partially offset by lower commodities derivative trading revenues and investment securities gains.
- Q/Q increase due to higher interest rate, equity and foreign exchange trading revenues, along with higher debt new issue fees partially offset by lower equity new issue fees and investment securities gains.

I&CB and Other revenue ( $\downarrow$  \$48MM or 10% Q/Q,  $\uparrow$ \$91MM or 28% Y/Y)

- Y/Y increase due to higher M&A, underwriting and loan fees partially offset by lower investment securities gains. Lending revenues were up significantly due to higher corporate banking assets and higher spreads partially offset by lower cash collections on previously impaired loans.
- Q/Q decrease due to lower trading revenues, investment securities gains and equity underwriting partially offset by higher M&A and debt underwriting. Lending revenues were down due to lower cash collections on previously impaired loans partially offset by higher spreads and slightly higher corporate banking assets.

## CORPORATE SERVICES

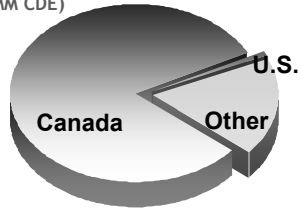
Including Technology and Operations

P&L (\$MM)	Q3 06	Q2 07	Q3 07	Key Variances
Total Revenue	(9)	(42)	(82)	<ul style="list-style-type: none"> <li>○ Net income decreased \$37MM Q/Q largely due to lower securitization revenues and higher PCL, partially offset by lower expenses.</li> <li>○ Net income decreased \$64MM Y/Y also due to lower securitization revenues, interest received on income tax refunds last year and higher PCL, partially offset by lower expenses.</li> </ul>
PCL	(65)	(50)	(19)	
Expenses	29	22	10	
Provision for Taxes	(39)	(53)	(74)	
Net Income	47	20	(17)	
Corporate Services Net Income Details (\$MM)				
General PCL	-	-	-	
Specific PCL	42	33	12	
Other Corporate	5	(13)	(29)	
Total Corporate Services Net Income	47	20	(17)	

## U.S. RESULTS

(as reported)

Net Income  
(\$MM CDE)

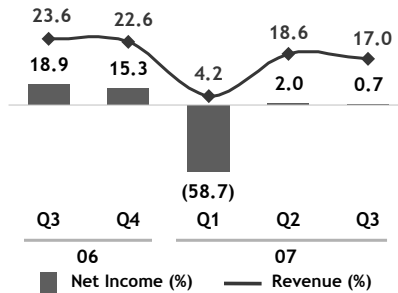


- Q/Q P&C U.S. net income was flat as results have been affected by ongoing acquisition integration costs.
- Q/Q BMO CM net income was flat due to commodities losses in both quarters
  - ▶ BMO CM's non-commodities businesses net income \$91MM in Q3 07, flat vs Q2 07

Net Income (US\$MM)	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07
P&C	28	21	25	24	24
PCG	(2)	-	-	2	2
BMO CM	68	70	(167)	1	(1)
Corporate*	15	(2)	(10)	(18)	(22)
<b>TOTAL</b>	<b>109</b>	<b>89</b>	<b>(152)</b>	<b>9</b>	<b>3</b>

\*Includes a restructuring charge of US\$11MM after tax in Q1 07

### U.S. to N.A. Revenue and Net Income



## BMO Financial Group

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