

Investor Event

A photograph of a modern glass skyscraper facade. The BMO logo, consisting of the letters 'BMO' in blue 3D block letters and a red circular emblem with a white stylized 'M' shape, is mounted on the building. The sky is a clear, bright blue.

BMO

September 30, 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 may be included in this presentation, 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 presentation 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, our response to the COVID-19 pandemic and its expected impact on our business, operations, earnings, results and financial performance and condition, including our regulatory capital and liquidity ratios and credit ratings, as well as its impact on our customers, competitors, reputation and trading exposures, and the potential for loss from higher credit, counterparty and mark-to-market losses, 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. The uncertainty created by the COVID-19 pandemic has heightened this risk given the increased challenge in making assumptions, predictions, forecasts, conclusions or projections. We caution you 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 severity, duration and spread of the COVID-19 pandemic, its impact on local, national or international economies and its heightening of certain risks that may affect our future results; the possible impact on our business and operations of outbreaks of disease or illness that affect local, national or international economies; 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; 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 Third 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 presentation is presented for the purpose of assisting you 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 presentation 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 and the Allowance for Credit Losses sections set forth in BMO's Third 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 and the Allowance for Credit Losses sections in BMO's Third Quarter 2020 Report to Shareholders.

Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. You 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 7 and 8 of BMO's Third 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.

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 of U.S. 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.



Opening Comments

Darryl White | Chief Executive Officer



Strong, diversified, fully integrated North American Commercial Bank

Leader in commercial banking in Canada and the U.S.

- Top 10¹ commercial lender in North America

Diversified growth driven by

- Quality and reputation of the business
- Experienced bankers with deep industry expertise

Strong risk culture with clear and consistent risk appetite

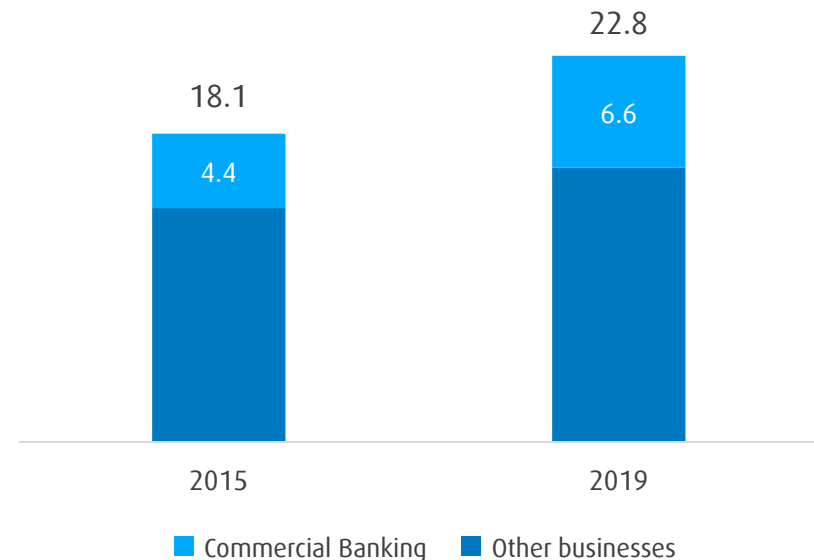
Strategically important business representing ~30% of total bank revenues

- Delivering consistently strong returns over time
- Other businesses benefit from robust cross-border commercial business

1. Based on publicly available U.S. regulatory filings and internal analysis



Revenue (\$B)



North American Commercial Banking

Dave Casper | Chief Executive Officer, BMO Financial Corp. and Group Head, North American Commercial Banking

Christine Cooper | Head, Canadian Commercial Banking

Nadim Hirji | Head, Canadian Commercial Banking

Dan Clark | Head, North American Transportation Finance

Dan Marszalek | Head, U.S. Corporate Finance

Ray Whitacre | Head, U.S. Diversified Industries

Todd Senger | Head, Diversified Industries, Expansion Markets

Sharon Haward-Laird | Head, North American Treasury and Payment Solutions

Dawn Feenstra | Chief Operating Officer, North American Commercial Banking



Strong North American Commercial franchise

Top 10 Commercial lender in North America¹ with an integrated platform and broad-based capabilities

Top tier market position in our flagship markets, #2 in Canada², #1 in Wisconsin, #2 in Chicago

National specialty businesses, providing deep sector expertise to our middle market and mid-cap clients

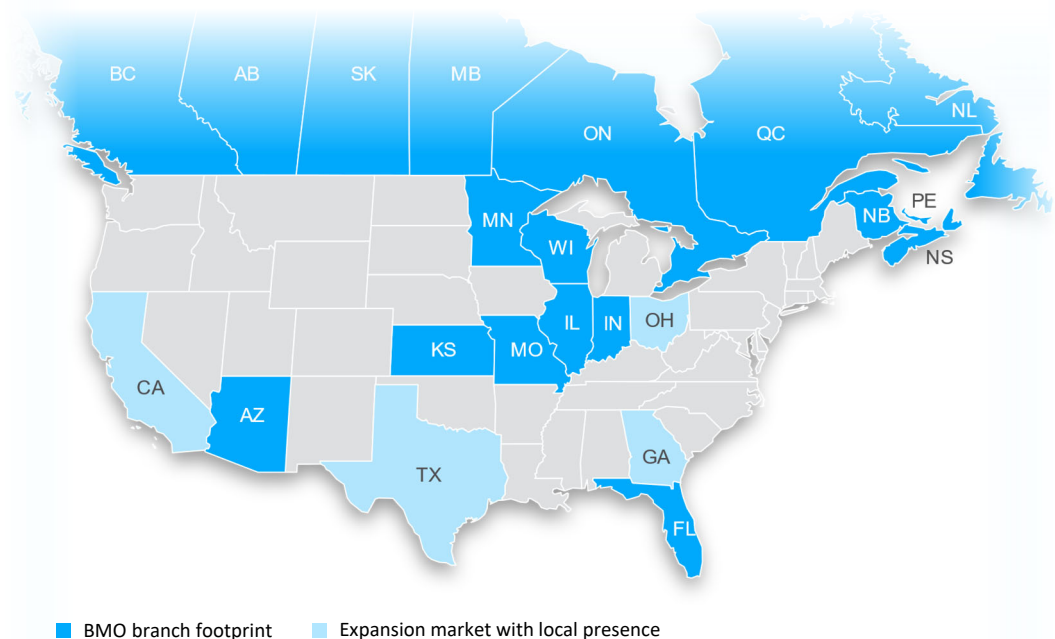
Integrated North American Treasury & Payments platform, delivering cross border solutions to manage cash flows, optimize liquidity and streamline payments

Best in class customer loyalty and leading employee engagement

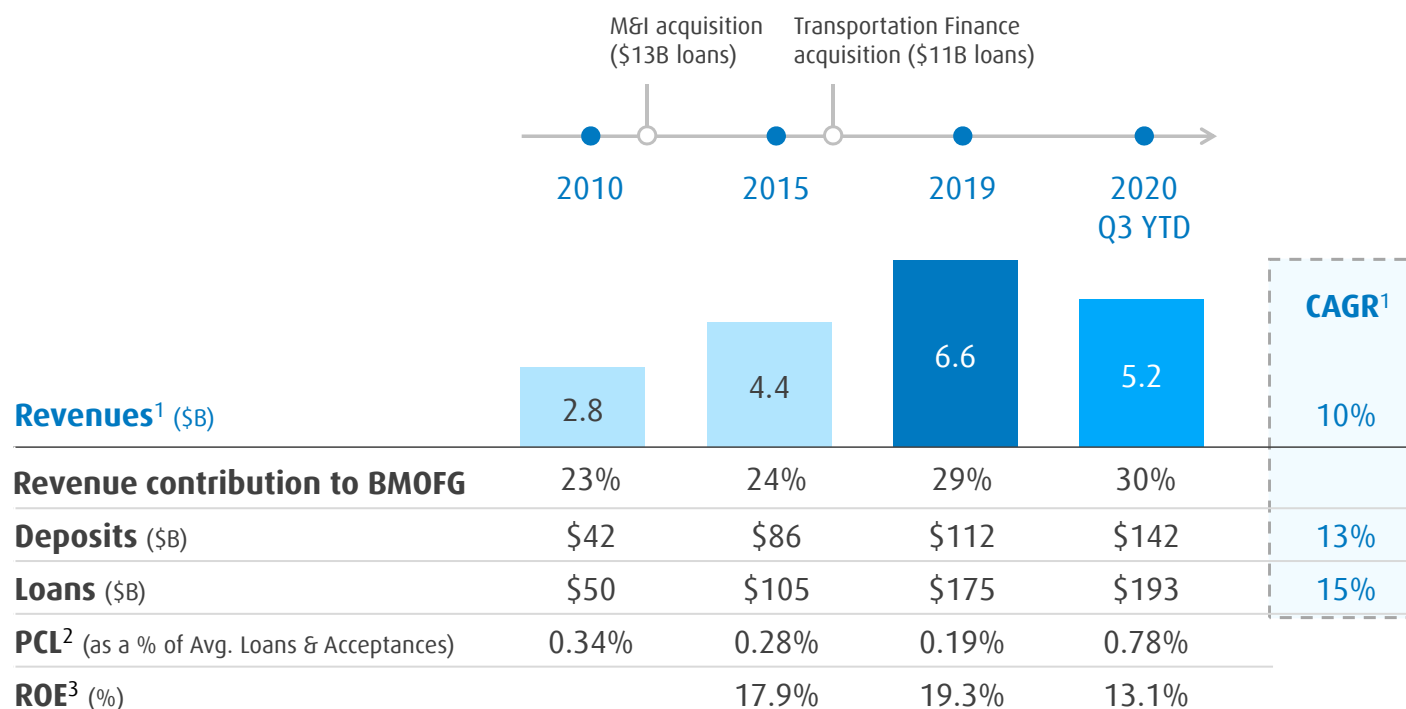
1. Based on publicly available U.S. regulatory filings and internal analysis
2. Canadian Bankers Association, loan market share \$1-\$100MM as of March 2020



Diverse North American footprint



Leading franchise executing on a consistent strategy



1. CAGR reflects growth from fiscal year 2010 through fiscal year Q3 YTD 2020; revenue CAGR based on Q3 YTD 2020 annualized. Financial results have been reported in accordance with IFRS since November 1, 2011. Results for 2010 have not been restated and are presented in accordance with Canadian GAAP, as defined at that time
2. Total PCL, including Impaired and Performing. BMO prospectively adopted IFRS 9 effective 2018. Under IFRS 9, we refer to the provision for credit losses on impaired and performing loans. Prior periods have not been restated
3. 2010 ROE not shown. Historical figures not comparable due to changes in the regulatory capital framework from Basel II to Basel III and capital allocation methodologies



Canadian Commercial: Proven results, continued momentum

Local presence with leading market position¹,
 #2 in national lending share; #1 in BC & Atlantic; #2 in
 Quebec & Prairies

Diversified business with 13 specialty businesses,
 providing deep expertise that our clients value

~18K clients with average relationship tenure >15 yrs

**Sole or lead position on over 90% of client
 relationships**

Strong risk discipline supporting our growth

National market and diverse sector coverage



Specialty businesses

Agriculture	Commercial Real Estate	Sponsor Finance
Asset Based Lending	Equipment Finance	Sponsor Fund Lending
Auto Finance	Media	Technology & Innovation
BMO Capital Partners	Mid-Market M&A	Transportation Finance
	Public Sector	

1. Canadian Bankers Association, loan market share \$1-\$100MM as of March 2020
 2. World Finance Magazine



Technology & Innovation: Integrated North American vertical

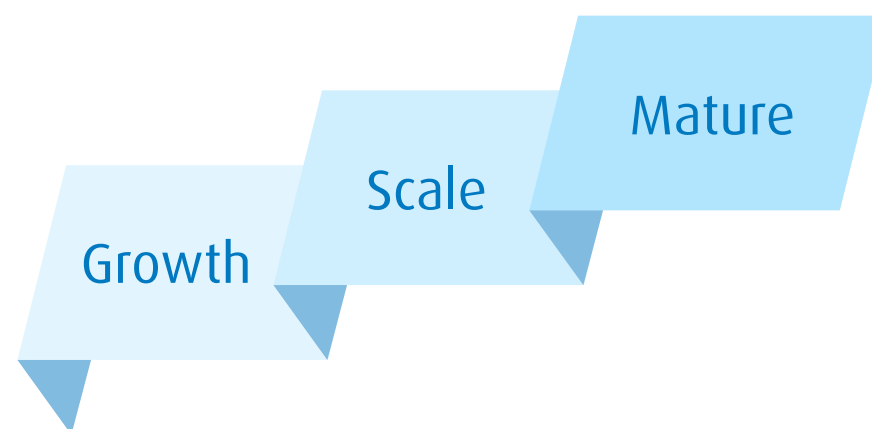
Launched April 2019, integrated North American Technology & Innovation vertical

Unified and dedicated coverage team across Commercial Banking, Capital Markets and Wealth Management

Strong sector growth prospects in Canada and U.S. markets. Technology sector reflects ~5% of GDP in Canada and U.S. (\$94B and \$1.1T respectively)¹

Deep industry expertise to provide full life-cycle solutions and advisory services to public, privately held, venture-backed and private equity sponsored companies

Delivering solutions across full life-cycle



Select completed transactions



1. Fitch, U.S. Information Technology Report, Q3 2020; 2019 Canadian ICT Sector Profile

Transportation Finance: Sustain our market leadership

Top tier market position with a sizable coverage across North American footprint

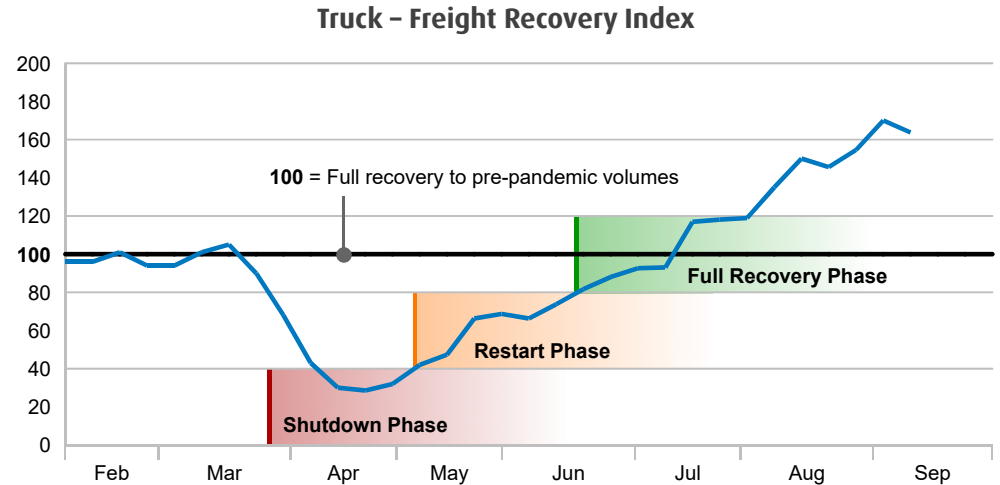
Deep sector expertise, leading financier to commercial truck and trailer segment

45+ years in the industry, supporting generations of North America's truck dealers and users

Experienced in managing through industry cycles

Continue to strengthen competitive position by optimizing core capabilities and product mix

Steady improvement in freight demand



Source: Truckstop.com



U.S. Commercial: Positioned to selectively grow market share

Local presence in 11 of the top 50 U.S. MSAs;
#1¹ in WI and #2¹ in Chicago

13 national specialty businesses, providing deep sector expertise that our clients value

~12K clients, reflecting diverse client base across U.S. geographies and sectors

Sole or lead position on ~90% of client relationships

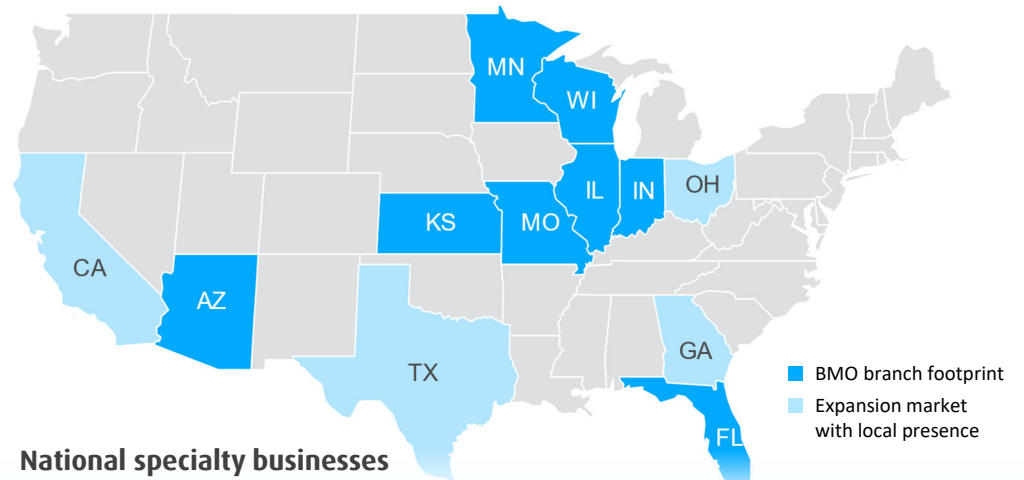
Diversified business with no specialty business representing more than 13% of the U.S. portfolio

Strong risk discipline supporting our growth

1. Based on lead bank market share, internal analysis



Geographic coverage



National specialty businesses

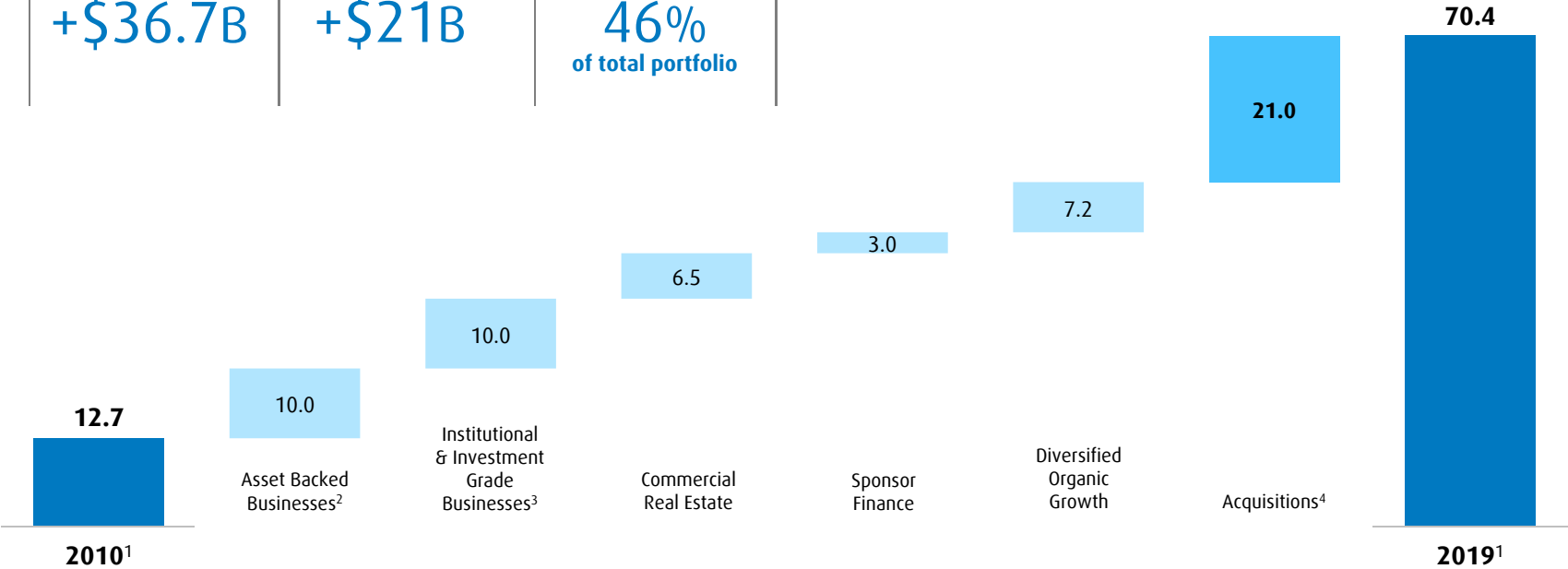
Asset Based Lending	Equipment Finance	Sponsor Finance
Auto Finance	Financial Institutions	Sponsor Fund Lending
Commercial Real Estate	Food, Consumer & Ag.	Technology & Innovation
Engineering & Construction	Franchise Finance	Transportation Finance
	Institutional Markets	

U.S. Commercial: Growth is driven by strategic choices

Organic Growth
+\$36.7B

Acquisition Growth
+\$21B

Investment Grade
46%
of total portfolio



1. Fiscal year average loan balance, \$US Billions
 2. Includes Asset-Based Lending, Auto Finance and Equipment Finance, net of M&I acquired portfolio
 3. Includes investment grade business within Financial Institution Lending, Subscription Lines, Mid-Corporate and Institutional Lending
 4. Acquisitions include: M&I, \$13B in loans net of run-off; Transportation Finance, \$8B in loans



U.S. Commercial growth market: Dallas-Ft. Worth (DFW)

Established Commercial presence in 2016, in parallel with BMO Transportation Finance acquisition

Strong presence in North Texas with over 250 Commercial employees, and 8 specialty businesses

Organic client acquisition with sole or lead position for 85% of client opportunities

Added 140+ new clients since 2016

Significant opportunity



BMO presence in Texas over 50 years

- ✓ Texas GDP: US\$1.8T
- ✓ Diverse economy aligned to our specialty businesses
- ✓ DFW: 6th largest U.S. MSA¹
- ✓ 3,000 mid-market prospects & clients
- ✓ ~700 Canadian companies with operations in Texas²

1. Bureau of Economic Analysis
2. Source: Connect2Canada.com

North American Commercial Banking



Risk

Pat Cronin | Chief Risk Officer

Mike Wood | Head, U.S. Corporate and Commercial Credit

Dean Anastas | Head, Corporate and Commercial Credit, Canada and International

Jim Gallagher | Head, Special Accounts Management Unit (SAMU)

Long track record of excellence in credit risk management



Strong risk culture with clear and consistent risk appetite

- Harmonized North/South risk approach
- Robust credit monitoring and controls at all levels
- Integrated Special Accounts Management Unit (SAMU) with the business and Risk



Long history in commercial lending

- Cornerstone of growth for the past decade
- Well diversified portfolio with attractive risk return profile



Stable credit quality

- Maintained credit quality over 3 consecutive years of growth
- Structurally sound and highly secured portfolio resulting in relatively low loss rates

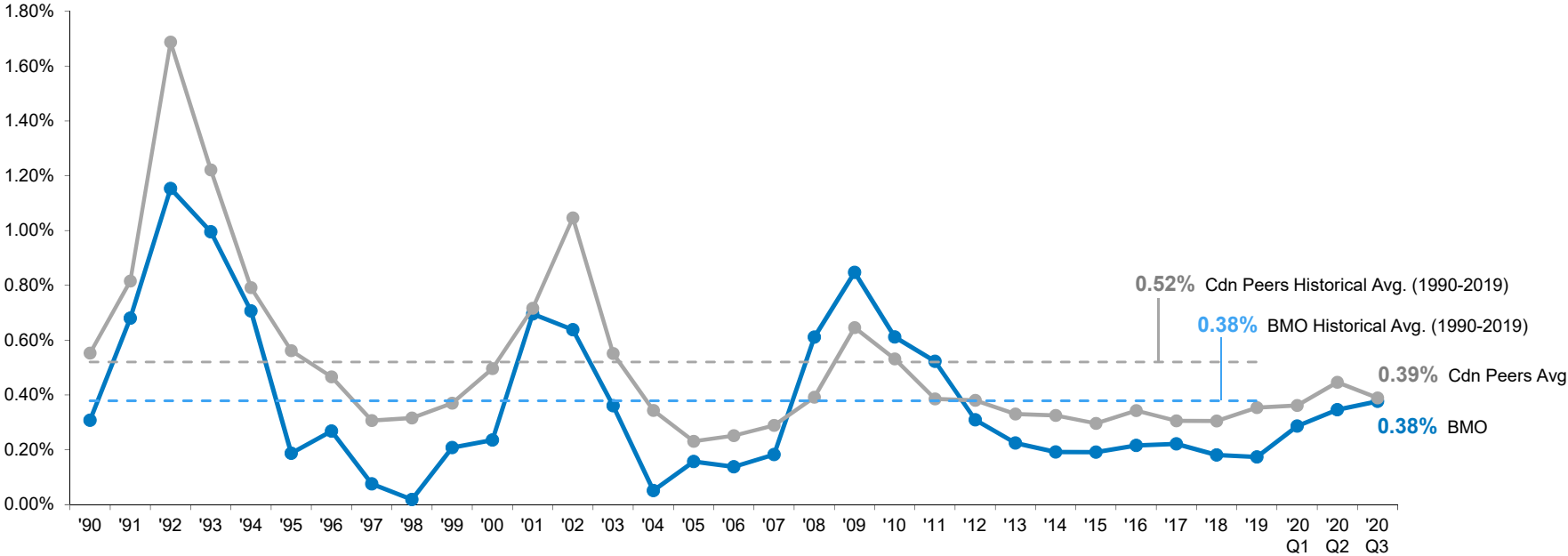


Proactive risk management during COVID times

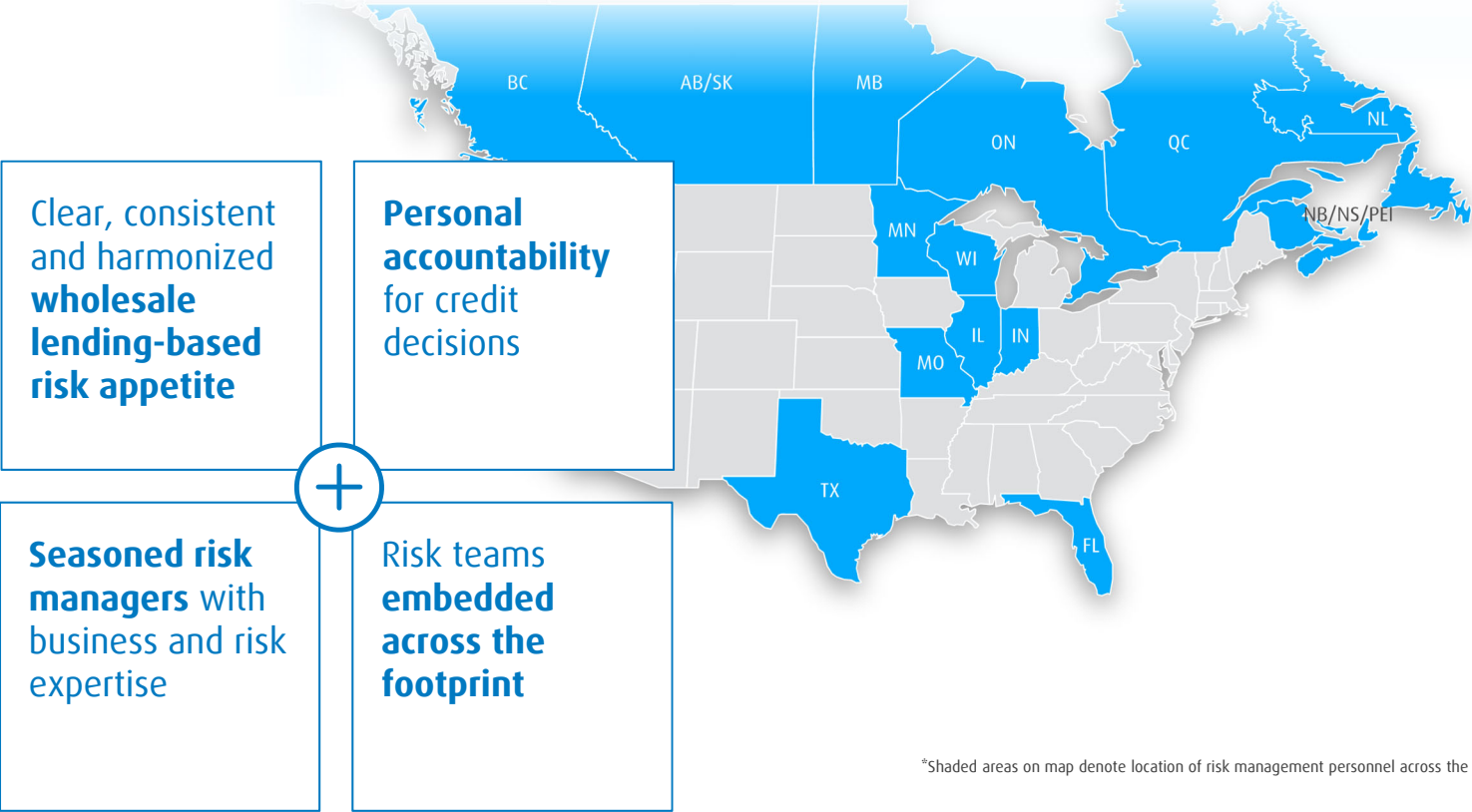
- Enhanced monitoring of industries of heightened focus
- Offered short-term payment deferrals on a select basis

Disciplined and integrated approach to risk management

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



Risk culture: A defining characteristic of BMO

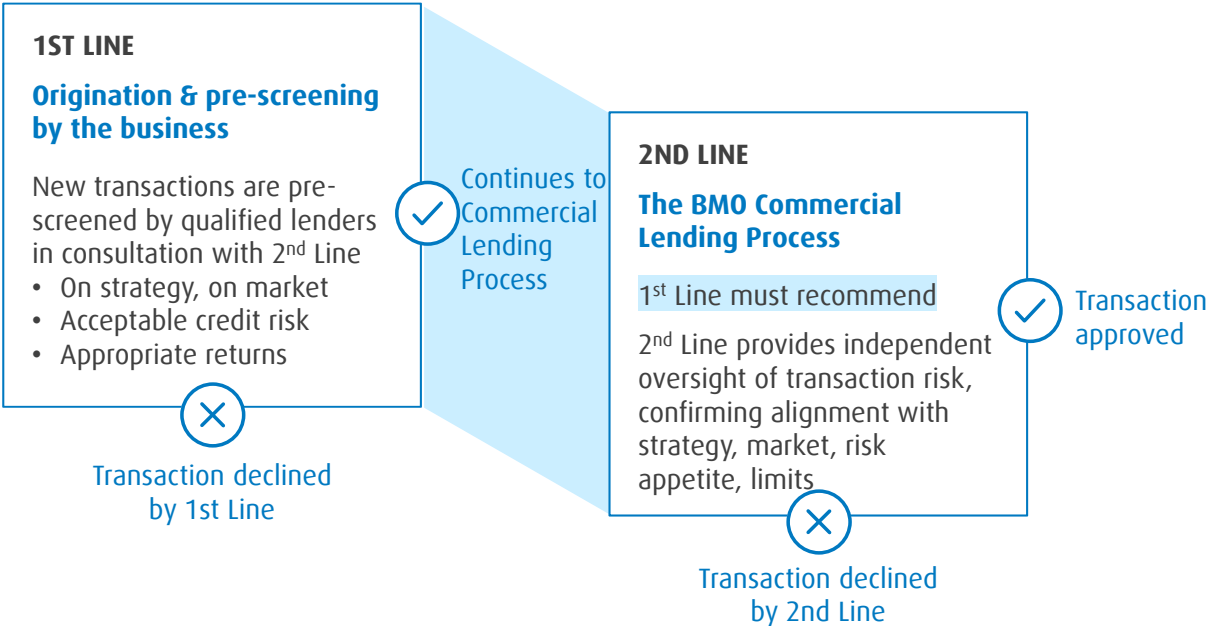


Credit origination

1st and 2nd Line establish clear policies, standards and financing guidelines

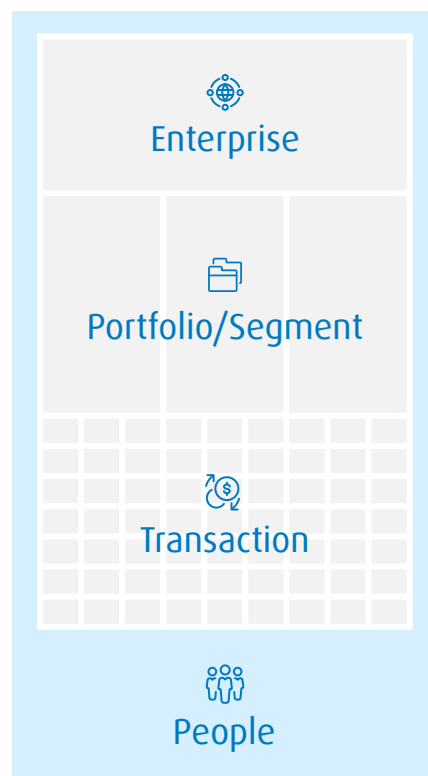
- Documents risk appetite for products, industries and sectors
- Sets underwriting parameters, including acceptable counterparties, structural elements, and credit metrics

Transaction approval subject to dual signature process based on appropriate discretionary limits



Ongoing credit monitoring

Robust controls and monitoring in place at the enterprise, portfolio/segment, and transaction levels



-
- Enterprise framework for managing diversification, by single name, industry, product, portfolio and geography
 - **Enterprise wide stress testing**

-
- Underwriting parameters set by portfolio, product, segment, and/or industry
 - Monitoring against portfolio and segment limits and **adherence to underwriting parameters**
 - Ongoing portfolio analysis and ad hoc portfolio reviews
 - **Portfolio-level stress testing**

-
- Transaction level adherence to diversification limits and **adherence to underwriting parameters**
 - Quarterly trigger monitoring and annual reviews
 - **Transaction level stress testing**

-
- Transaction approval qualification requirements reviewed annually for 1st and 2nd line
 - Individual approval limits incorporate experience level, proactive credit management, and review of decision outcomes
-

Special Accounts Management Unit (SAMU)

SAMU is a specialized group within risk management that manages underperforming commercial & corporate loans >\$1MM

Proactive and early management leads to higher repatriations and lower loss rates



Mandate

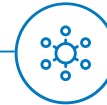
Help underperforming commercial clients return to profitability, or where that is not viable, minimize loan losses



How it's done

Dedicated, experienced commercial lenders with industry and restructuring expertise

Work with Front Line to early identify problem accounts and any material portfolio trends



COVID response

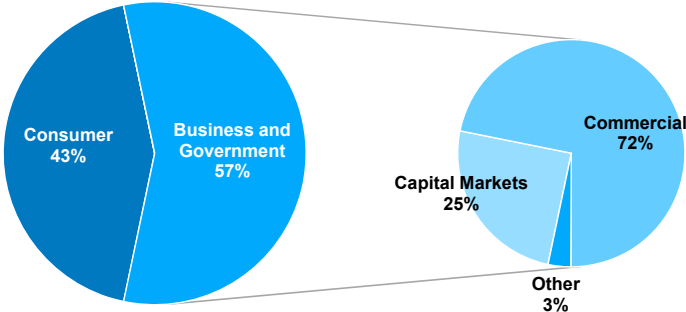
Clearly articulated SAMU Game Plan to deal with any sudden and unexpected deterioration in the loan portfolio

Long history of commitment in commercial lending

Commercial lending is an important growth engine for BMO

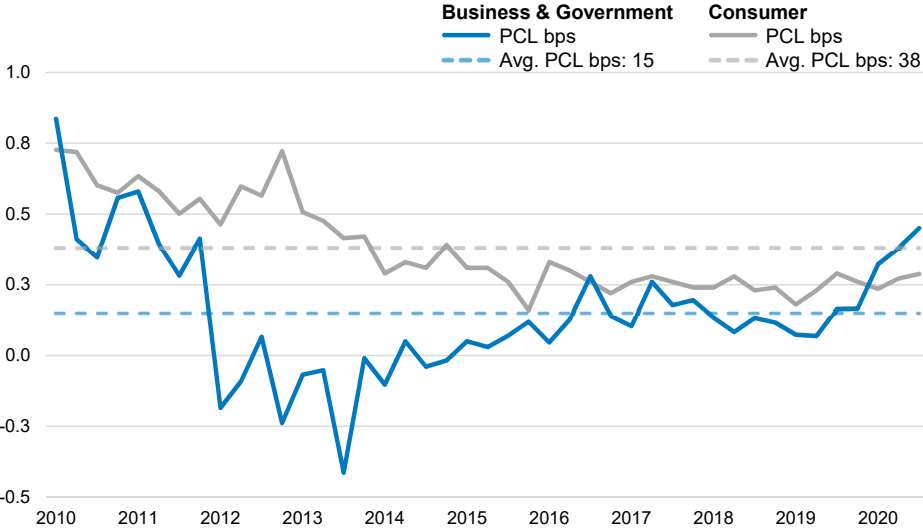
- U.S. Commercial (53% of loans)
- Canadian Commercial (47% of loans)

Gross Loans and Acceptances as of Q3 F2020



While Business & Government PCL tends to increase more quickly in times of stress, long-term loss rates are lower than consumer

Business lending consistently produces lower loss rates

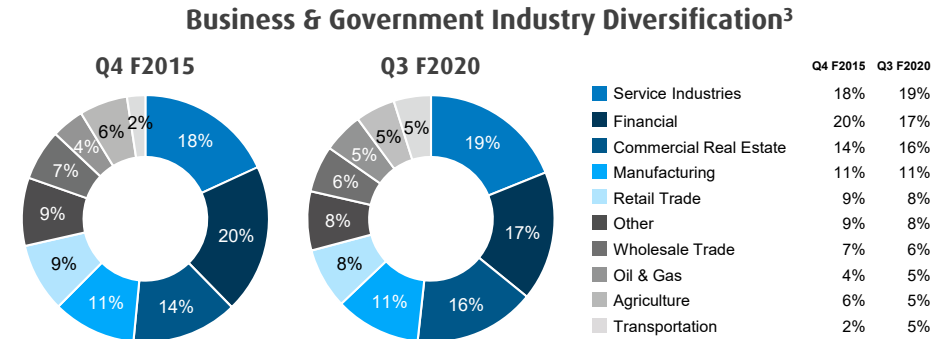
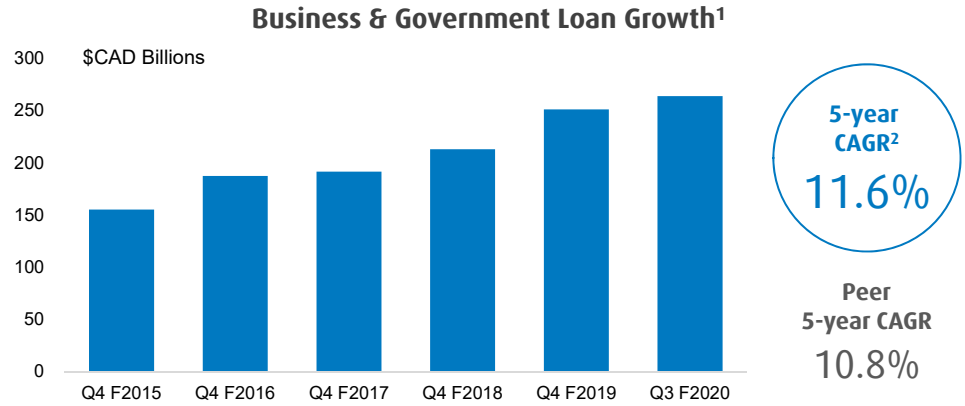


Business and Government overview

Focused growth over last 5 years relatively consistent with peer average

Diversification is a key ingredient to portfolio growth

Year-to-date growth in F2020 has moderated in line with economic environment



1. Business and Government loans include Capital Markets, Commercial and other. Balances as at period end
 2. CAGR calculated for BMO and peers based on a 5 year period from Q3 F2015 to Q3 F2020
 3. Industry Diversification represents percentage of Business and Government portfolio. Transportation industry growth between F2015 and F2020 primarily a result of acquisition of Transportation Finance portfolio



Commercial portfolio overview

Well diversified between Canada and U.S. and within the two countries

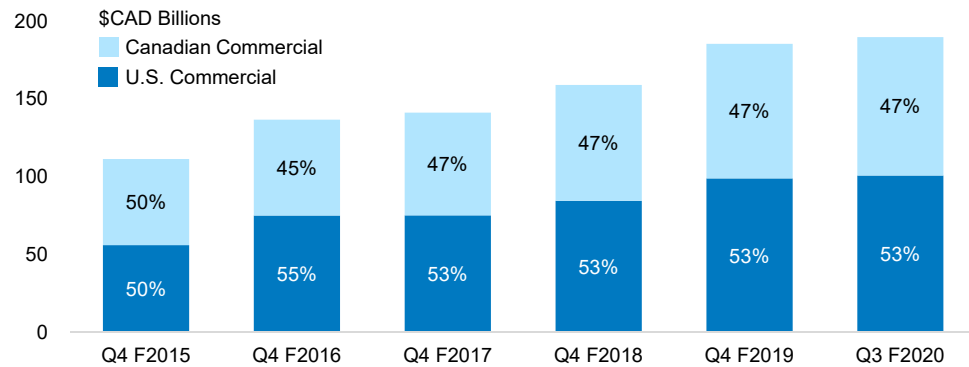
Diversified by industry sector, product type and without any significant single name concentrations

Long-term, focused growth strategy comprised of

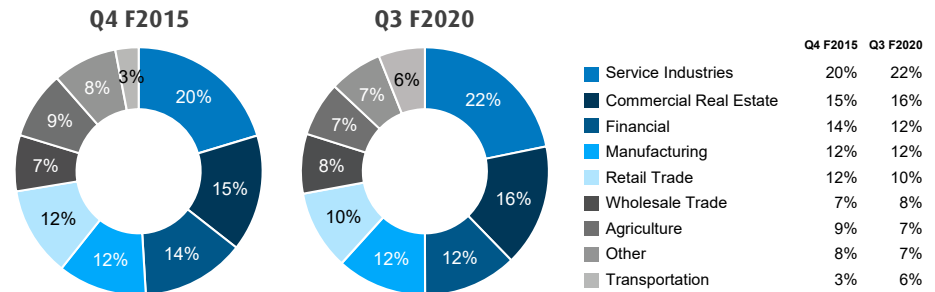
- Leveraging localized sector and product expertise across geographies
- Diversifying outside of the bank's core U.S. footprint

1. Represents portion of Business & Government loans managed within the Commercial business only. Balances as at period end
 2. Industry Diversification represents percentage of Commercial portfolio. Transportation industry growth between F2015 and F2020 primarily a result of acquisition of Transportation Finance portfolio

Commercial Loan Growth¹



Commercial Industry Diversification²



Commercial risk metrics

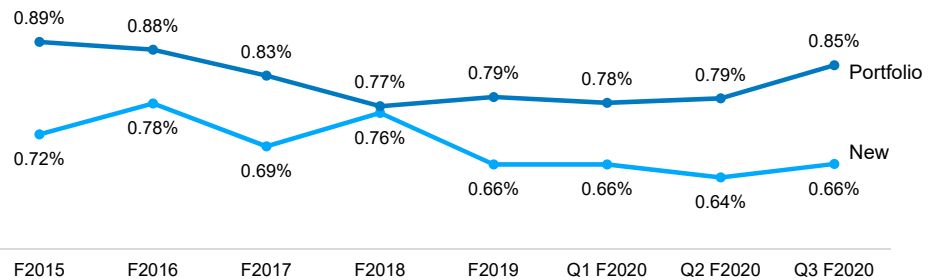
New borrowers risk profile is stronger than the existing total portfolio

Consistent credit quality over time, including consistent watch and impaired balances throughout the period

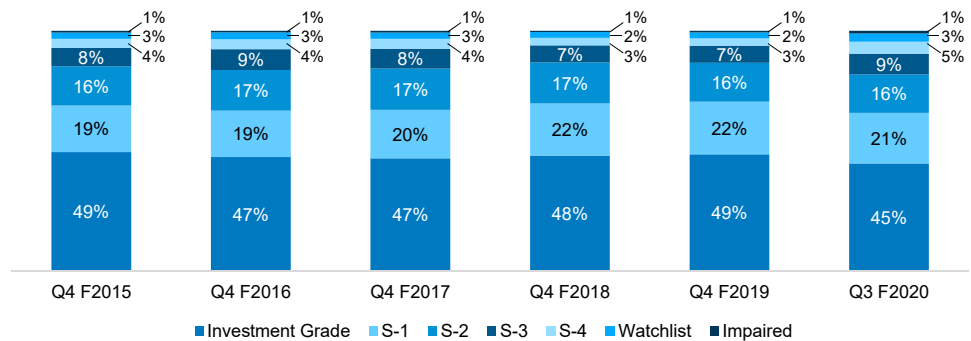
Recent portfolio migration started in Q1 F2020 due to COVID pandemic

Migration is most pronounced, as expected, in the high COVID impacted industries, which represent a relatively small portion of the overall portfolio

No Change in Risk Appetite: WAPD¹ (Portfolio vs. New)



Commercial Risk Rating Distribution



1. WAPD = Weighted Average Probability of Default based on exposures, excluding defaulted loans and securitizations. New is defined as new borrower for trailing twelve months

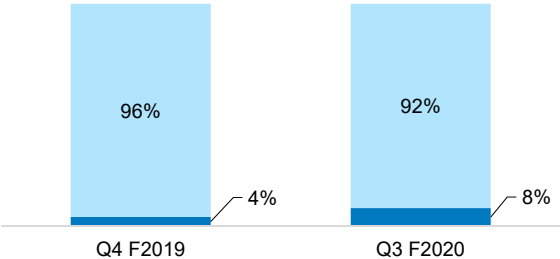


Commercial loan growth has not impacted credit quality

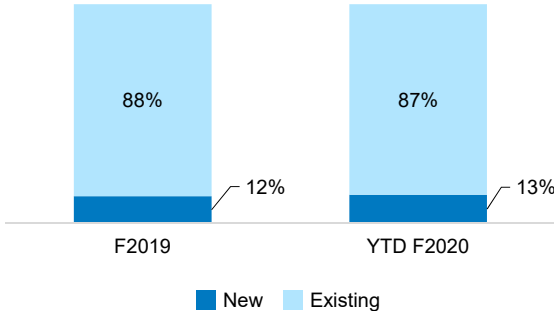
New borrowers from F2018 and F2019 have not materially contributed to the increase in impaired balances or PCL

PCL has grown in recent quarters, with stress in particular segments (e.g. Transportation) and COVID impacted businesses

Commercial Impaired Balances – New vs. Existing



Commercial PCL on Impaired Loans – New vs. Existing



New borrowers represent any new borrower originated in 2018 and 2019 and performance of that borrower through Q3 2020



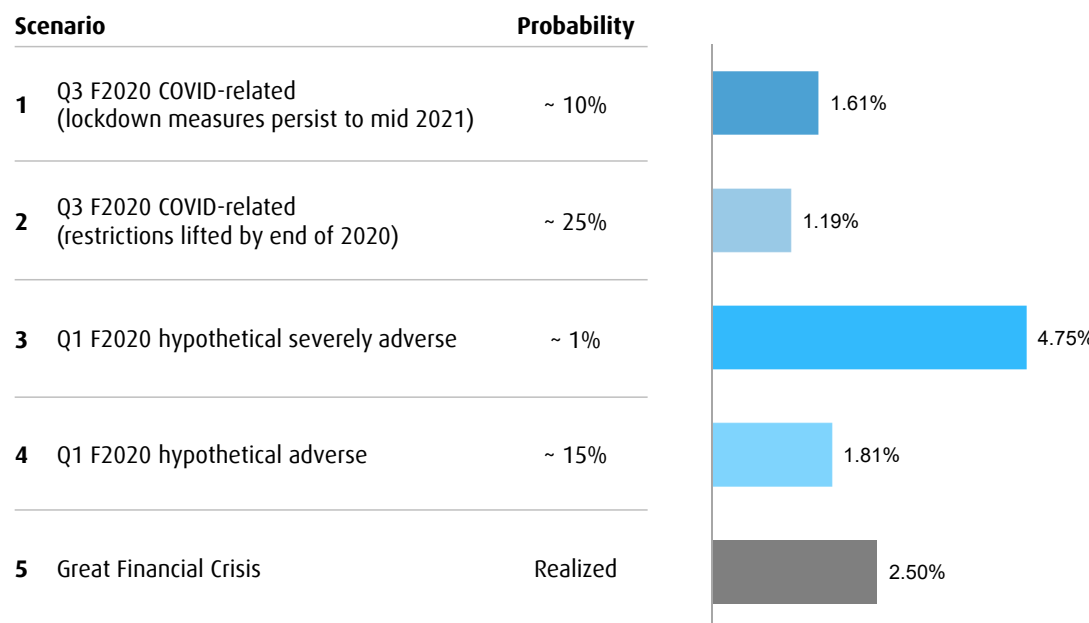
Stress testing is fundamental to our risk management approach

Portfolio Stress Testing

Run individual portfolios through broad range of tail and more likely scenarios to:

- Ensure Risk-Return is appropriate
- Assess appropriateness of current risk appetite based on magnitude of losses and capital demand capacity

Commercial Real Estate 3 Year Loss Rates



Commercial lending has low loss rate on formations

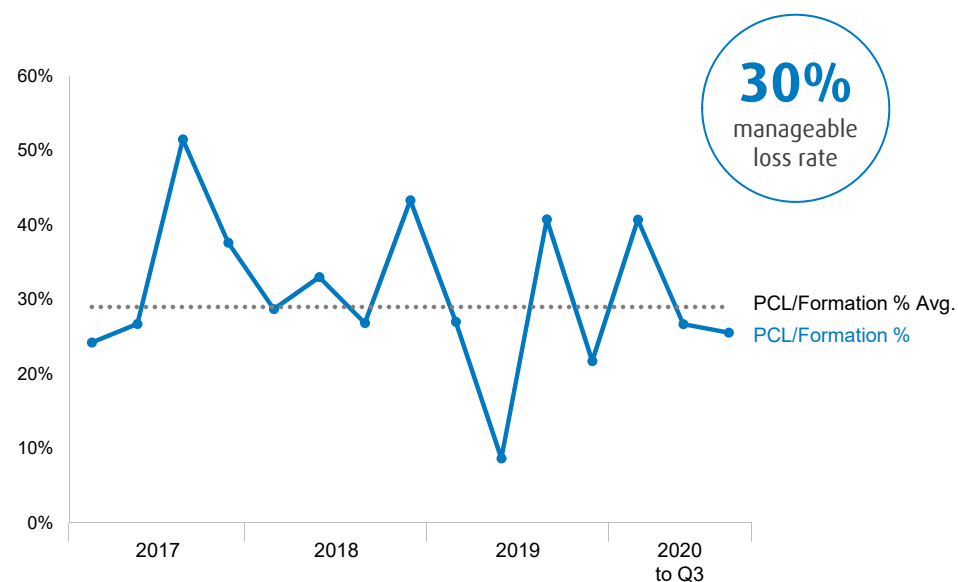
Well structured and highly secured portfolio contributing to a **manageable loss rate of ~30% over the last three years**

- >80% of the total portfolio secured or government guaranteed¹
- ~95% of the total non-investment grade portfolio secured or guaranteed

Impaired balances have been increasing given the current market stress; however PCL has not grown at the same rate

- ~20% of impaired balances are comprised of low loss rate businesses such as Asset Based Lending

Commercial Impaired PCL / Impaired Formations



1. Government guaranteed includes COVID government support programs

Payment deferrals

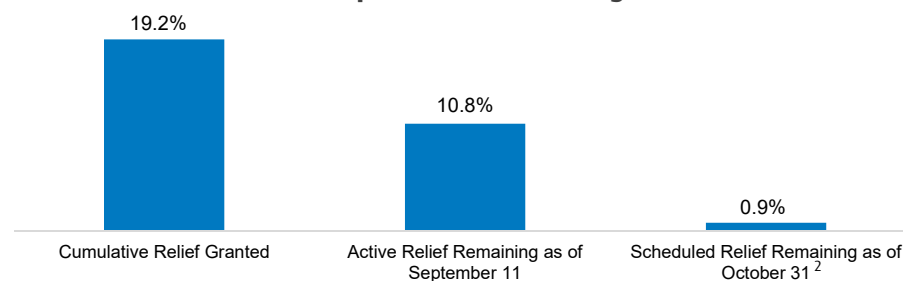
13% of commercial portfolio has received payment relief since the start of the pandemic with only 5% still on deferral

~90% of active relief is set to expire by October 2020

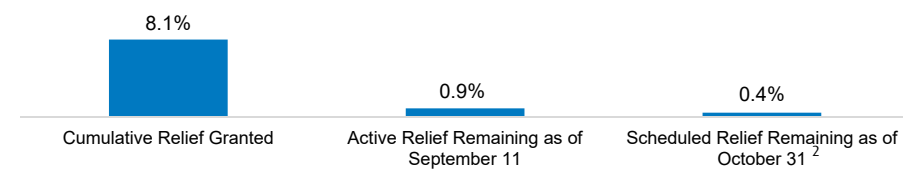
Less than 10% of expired relief have been granted extensions

~2% of expired relief is showing defaults and/or delinquency since expiration

Canadian Commercial Payment Deferrals¹ % of portfolio outstandings



U.S. Commercial Payment Deferrals¹ % of portfolio outstandings



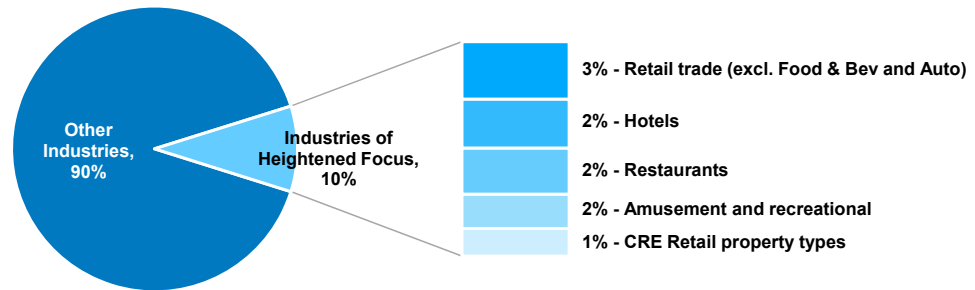
1. Payment relief in Canadian Business Banking was generally granted for a six month period. Payment relief in the U.S. was granted for a three month period

2. Scheduled relief remaining column represents the expected active relief remaining assuming that all relief set to expire through October 31 does not get extended

Industries of heightened focus

Industries of heightened focus represent 10% of the commercial portfolio

Commercial Lending Portfolio: Industries of heightened focus
\$19B of \$190B Commercial lending portfolio



	Net Migration	Watchlist	Impaired	Formations (\$MM CAD)	PCL (\$MM CAD)	Reviewed
Industries of heightened focus ¹	-31%	6%	2%	309	74	81%

Retail
(excl. Food & Bev and Auto)
Higher impaired loan formations but modest PCL largely based on Asset Based Lending structures

CRE
Retail property types
Credit profile remains strong, with no impaired loan formations or PCL since the start of the pandemic

Hotels
~90% secured with real estate; further supported with specific recourse arrangements to ownership groups. Formations since Q1 very low with no PCL

Restaurants
~60% with franchises backed by strong regional and national brands

1. Industries of heightened focus also include Airlines, Retail REITs and Lodging REITs. These sub-segments are not displayed as loans are less than 1% of total commercial portfolio. Watchlist and Impaired percentage as of Q3 F2020; all other metrics are Q2 and Q3 F2020 combined

Key takeaways

1

Commercial credit risk profile within risk appetite and consistent with expectations

2

Recent loan growth has not disproportionately impacted credit quality, impairments, or PCL

This is a result of:

- ✓ Strong risk culture
- ✓ Robust credit process
- ✓ SAMU team excellence
- ✓ Portfolio diversification
- ✓ Appropriate lending structures

Closing Remarks

Tom Flynn | Chief Financial Officer



Key takeaways



North American Commercial Banking strength

- Unparalleled expertise and industry knowledge
- Good profitability, representing ~30% of bank revenues
- Diversified earnings source with attractive risk-return profile
- Strategic value, driving benefits to other businesses through One Bank approach



Strong risk culture and consistent risk appetite

- Disciplined and integrated risk management
- Robust credit monitoring and controls at all levels
- Harmonized North/South approach
- Better than peer loss rates over time



Proven strategy over time

- Resilient earnings power
- Strong balance sheet and capital position; flexibility to invest and grow in areas of strategic importance
- Well-positioned for current uncertain environment and eventual economic recovery

BMO Financial Group

Investor Relations

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