



ACQUISITION OF MERCANTILE BANCORP, INC. INVESTOR PRESENTATION

TONY COMPER

President & Chief Executive Officer, BMO Financial Group

FRANK TECHAR

President & Chief Executive Officer, Harris Bankcorp, Inc.

October 13, 2004



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 presentation, and may be included in 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 the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2004 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 and other forward-looking statements will not prove to be accurate. 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.

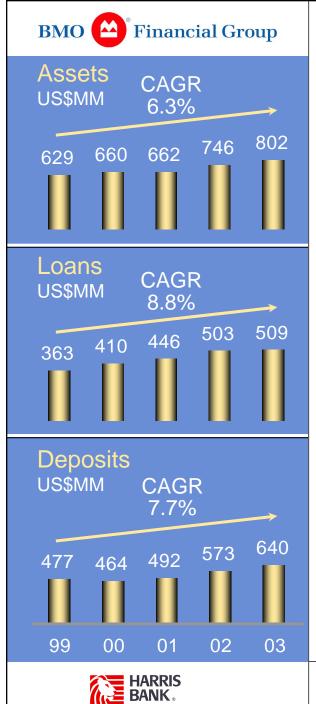
The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: global capital market activities; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communications, power or water supply disruptions; industry and worldwide economic and political conditions; regulatory and statutory developments; the effects of competition in the geographic and business areas in which we operate; management actions; and technological changes. We caution that the foregoing list of factors is not exhaustive and that 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.

Investor Relations	Susan Payne	416-867-6656	susan.payne@bmo.com
	Steven Bonin	416-867-5452	steven.bonin@bmo.com
	Amanda Mason	416-867-3562	amanda.mason@bmo.com

Fax: 416-867-3367

Email: investor.relations@bmo.com





Key Terms of Acquisition

- A privately held, 19 branch community bank in Lake and Porter counties in Northwest Indiana with over 300 employees
- Sixth largest bank in Northwest Indiana
- Gross Cash Purchase Price: US\$156.5MM
 - 100% of the capital stock of Mercantile Bancorp, Inc. US\$148.9MM
 - Lake Commercial US\$7.6MM (an entity established to develop potential branch properties for Mercantile Bancorp, Inc.)
- Cash EPS neutral in first year and accretive thereafter, excluding one time costs
- Reduces BMO's Tier 1 ratio by 10 to 15 bps
- Total one-time costs of US\$14MM, of which US\$4MM relates to transaction costs to be capitalized
- IRR of 15%
- P/E of 34.6x (24.1x excluding one-time pre-tax) provision of US\$3MM taken in June 2004) and P/B 1.8x





Expanding into Northwest Indiana

- Northwest Indiana is a natural extension for Harris, complementing our existing Chicagoland branch network
- Opportunity for Harris to expand its full service distribution network and transport its community banking model, strong credit and risk management capabilities and high quality customer service
- Demographics for Lake and Porter counties predict growth rates of 1.3% and 5.2% respectively for 2004 to 2009
- Heavy commuter traffic between Chicago and Northwest Indiana – with potential to increase with a proposed commuter rail system

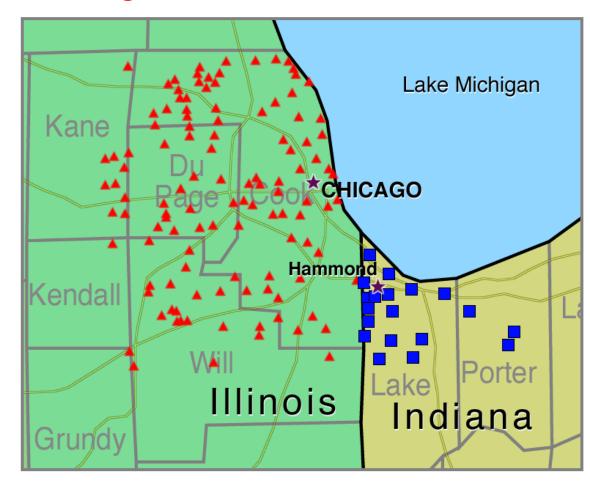




Valparaiso Branch

Crown Point Branch

Strategic Locations



- ▲ Chicagoland Branches
- Mercantile Bank Branches





Market Share

- ✓ Lake County 8.7%
- ✓ Porter County 2.3%

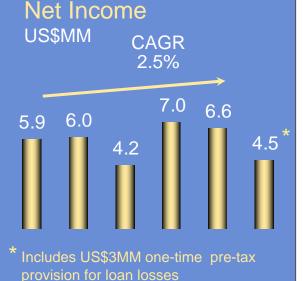
Munster Branch



Strategic Highlights

- One of three large remaining independent franchises in the market
- Positioned as both a commercial bank and a retail bank, with trust capabilities
- Provides Harris with opportunity to leverage expertise in consumer lending
- Focus will be to reposition business mix over time toward retail (mirroring Harris) by growing consumer portfolio
- 10 of 19 branches located in faster growing markets and future expansion will be targeted in these areas







Financial Review

- Commercial and retail bank
 - 19 branch distribution network
 - 20% of deposits are in non-interest accounts
 - Loans and deposits have grown at an annual rate of 8.8% and 7.7% respectively over last 5 years
 - Loan to deposit ratio approximately 84%
 - Loan portfolio approximately 65% commercial
 - Seasoned lending staff
- Productivity ratio has not changed materially since 1999 due to opening 7 new full-service locations over the last 5 years
- Expense synergies of approximately 20% expected to be realized in 18 to 24 months through operating efficiencies and technology synergies



Q & A





Appendix: Excellent Strategic Fit Supports Valuation

Comparables	Price / Earnings	Price / Tangible Book	Price / Book	Deposit Premium
Mercantile Bank	34.6x	2.0x	1.8x	12.5%
Mercantile Bank Excluding one-time pre-tax provision of US\$3MM taken in June 2004	24.1x	-	-	-
All Chicagoland Transactions (over 2 years)	21.2x	2.4x	2.4x	10.6%
Metro-Indiana Transactions	33.0x	2.6x	2.6x	16.3%
New Lenox State Bank	21.2x	3.0x	3.0x	16.8%

