

What's Next?

SMITH BARNEY CITIGROUP
2005 FINANCIAL SERVICES
CONFERENCE

KAREN MAIDMENT
*Senior Executive Vice-President
and Chief Financial Officer*

JANUARY 27 • 05

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 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 2005 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.

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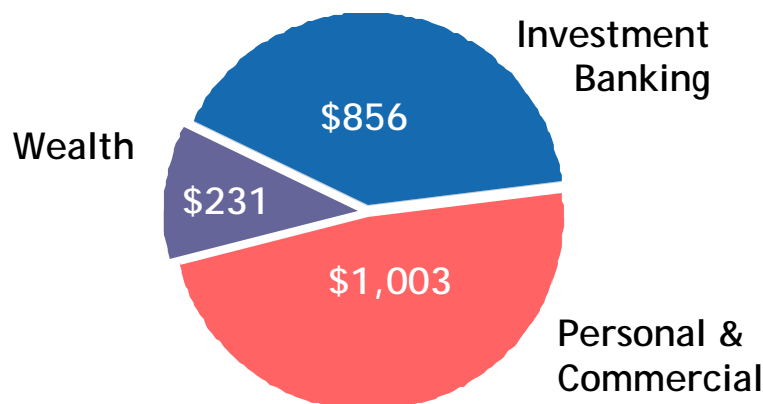
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WHO IS BMO?

- 4th largest bank in Canada
- Market Cap: C\$29 billion (US\$24¹ billion)
- Assets: C\$265 billion (US\$216 billion)
- F2004 Net Income: C\$2.35 billion

F2004 Net Income by LOB²
C\$MM



Personal & Commercial Client Group

- Over 8.5 million customers across Canada & the U.S.
- Over 1,000 branches in Canada & the U.S.
- Close to 2,000 automated banking machines in Canada

Investment Banking Group

- Financial solutions across the entire balance sheet
- M&A and restructuring advisory services
- Industry leading research, sales, and trading capability

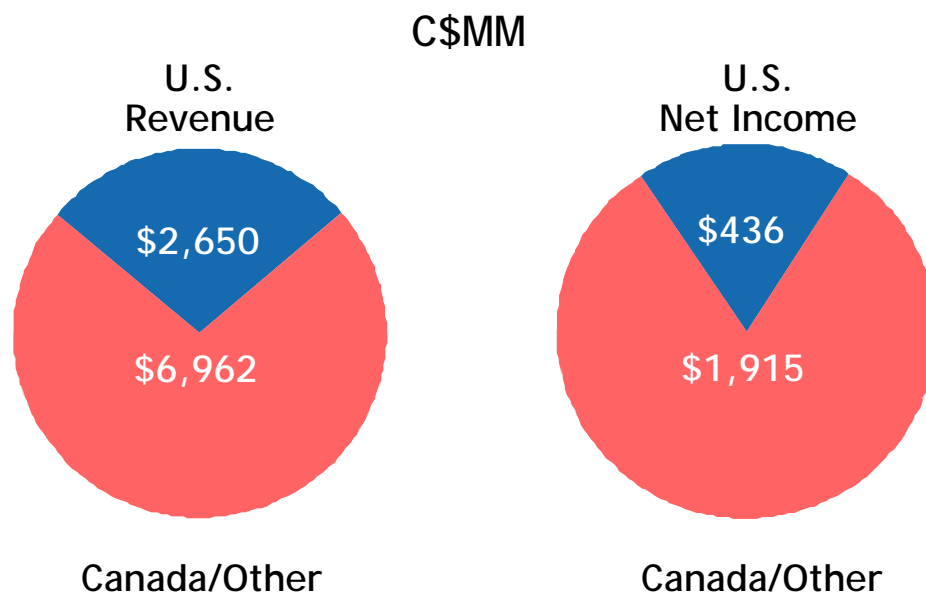
Private Client Group (Wealth)

- Full service and direct investing, Private Banking, Investment products
- C\$80 billion in AUM and C\$157 billion in AUA

¹ Exchange rate: 1.2252

² Residual due to corporate areas

U.S. BUSINESSES ACCOUNT FOR 28% of Revenue and 19% of Net Income



Personal & Commercial Client Group (U.S.)

- 32% of U.S. revenue in F2004
- 9% of Total Bank revenue in F2004

Investment Banking Group (U.S.)

- 49% of U.S. revenue in F2004
- 14% of Total Bank revenue in F2004

Private Client Group (U.S.)

- 21% of U.S. revenue in F2004
- 6% of Total Bank revenue in F2004

BMO'S GROWTH STRATEGY

Grow profits in our
Canadian franchise

AND

Improve and selectively
expand our U.S. franchise



FISCAL 2004 TARGETS

All Targets Met or Exceeded

Performance Measure	F2004 Target	F2004 Actual
EPS Growth	10-15%	29%
Provision for Credit Losses	C\$500MM or less (revised to C\$100MM or less)	C\$67MM (before C\$170MM reduction to General Allowance)
Cash Productivity Ratio	150-200 bps improvement	155 bps improvement
Return On Equity	16-18%	19.4%
Tier 1 Capital	Minimum 8%	9.81%

PERFORMANCE SCORECARD

Reported basis
(i.e. including non-recurring items)

Canadian Peer Group

North American Peer Group

Primary Performance Measure B/W Average	Canadian Peer Group				North American Peer Group			
	Fiscal 2004		Fiscal 2003		Fiscal 2004		Fiscal 2003	
Diluted EPS Growth	T	2	W	5	T	2	B	8
Return on Equity	T	2	B	5	B	5	B	9
Net Economic Profit Growth	T	2	W	3	T	2	B	7
Revenue Growth	B	3	B	3	B	10	B	9
Cash Productivity	T	2	T	2	W	8	W	12
Provisions / (Loans+Acceptances)	T	2	T	2	T	2	T	2
Total Shareholder Return (5 year)	W	4	W	6	T	3	B	6
Number of Banks Included	6				15			
					17			

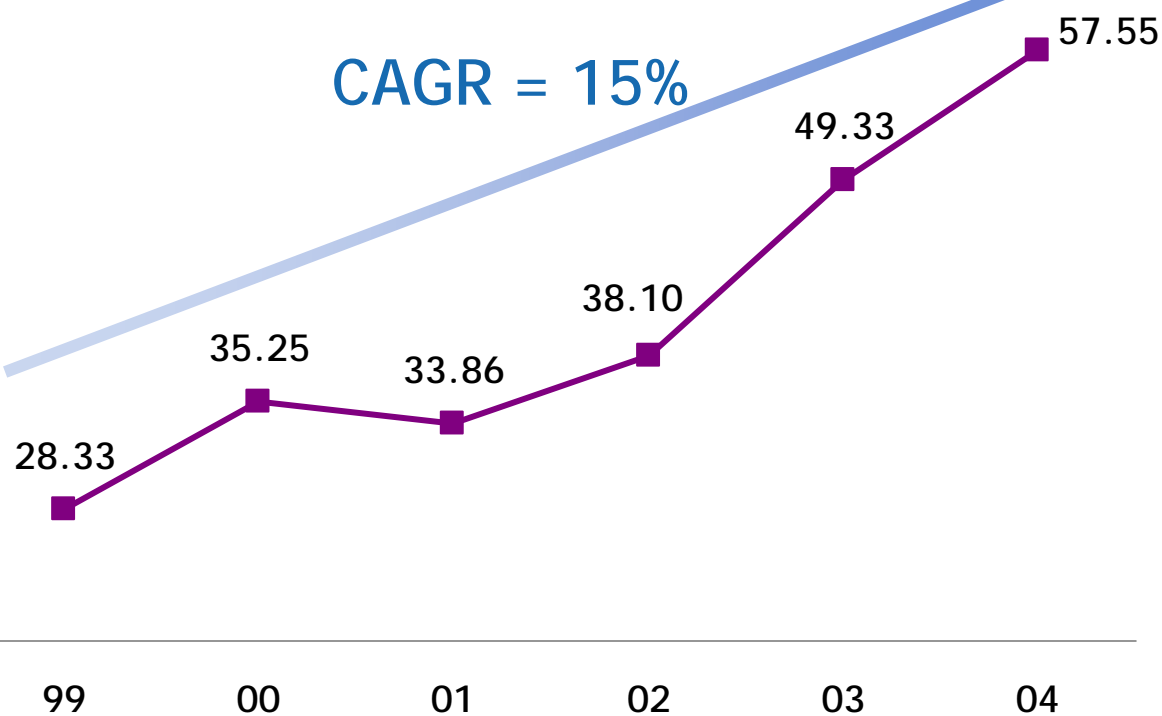
T = Top Tier; B = Better than Average; W = Worse than Average



STRONG RETURNS TO SHAREHOLDERS

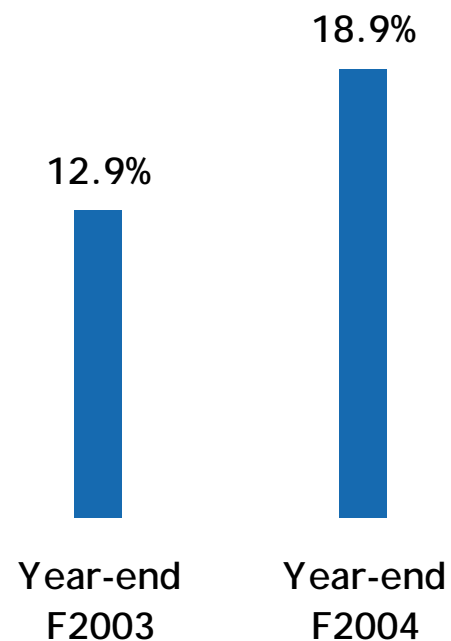
Share Price (C\$)

CAGR = 15%

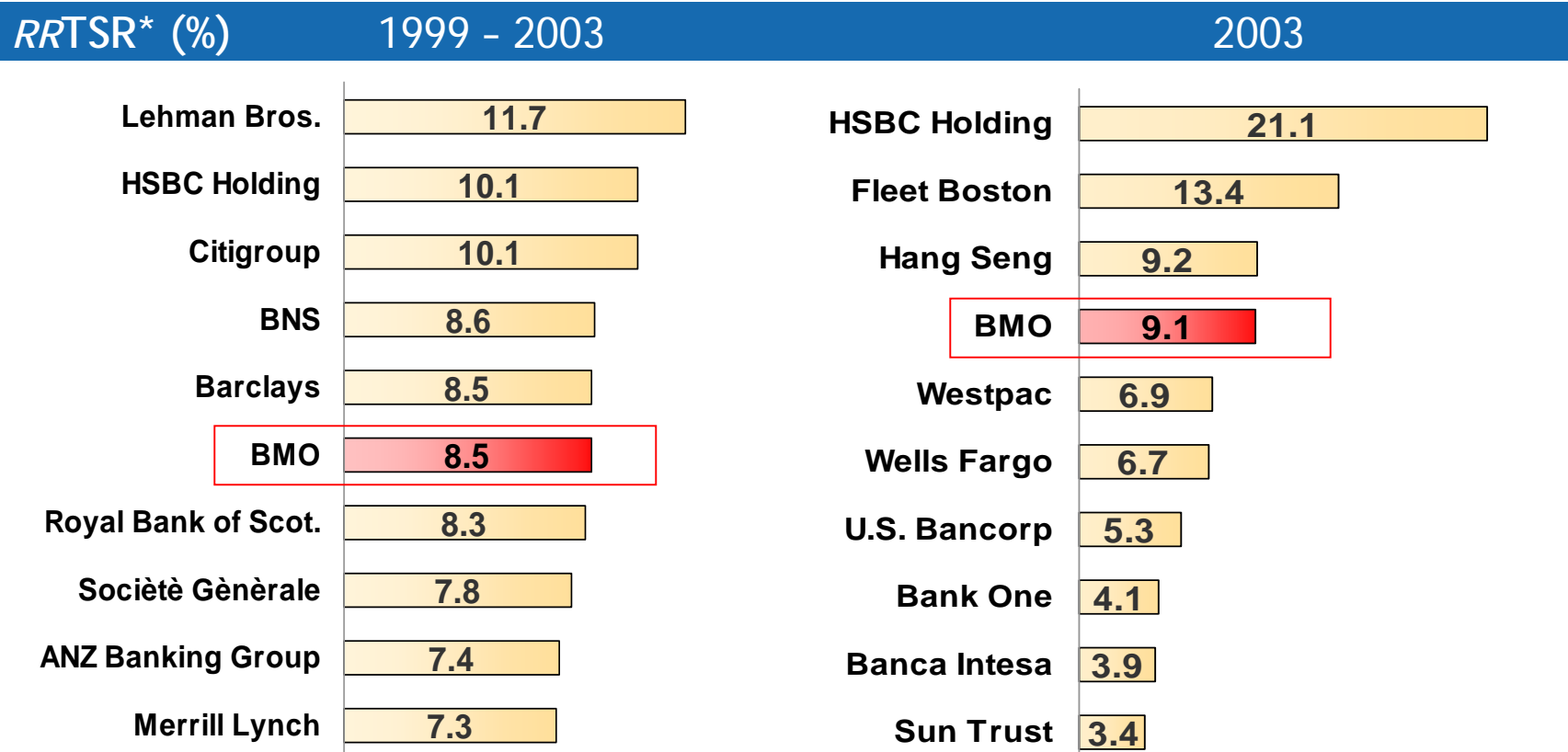


BMO:TSX

5 year TSR



BMO IS A HIGH-RETURN, LOW-RISK BANK



* *Risk-adjusted Relative Total Shareholder Return (RRTSR)* adjusts for risk and the impact of national markets

Sources: TF Datastream; Boston Consulting Group Analysis

ECONOMIC AND FINANCIAL SERVICES TRENDS

Canada

- Firm consumer spending and business investment, but weak exports due to strong C\$
- Short-term interest rates, though up modestly in 2005, will continue to stimulate the economy
- Stable-to-higher rates will flatten the yield curve

U.S.

- Interest rates will continue to increase at a modest pace, flattening the yield curve
- Housing market will cool as rates rise, but strong capital spending will support business loans
- Consolidation will continue in response to deregulation

FISCAL 2005 TARGETS

Performance Measure	F2005 Target	F2004 Actual
EPS Growth	3-8%*	29%
Provision for Credit Losses	C\$400 MM or less	C\$67 MM (before C\$170 MM reduction to General Allowance)
Cash Productivity Ratio	150-200 bps improvement	155 bps improvement
Return On Equity	17-18%	19.4%
Tier 1 Capital	Minimum 8%	9.81%

* 2004 EPS Base of \$4.21

2005 STRATEGIC PRIORITIES

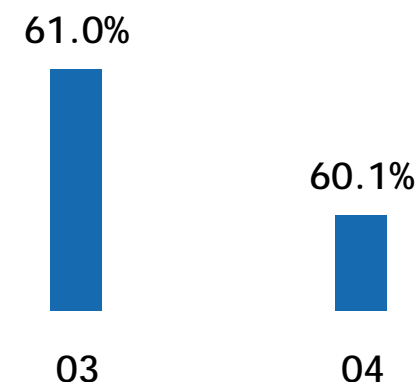
1. Achieve Financial Targets with a particular focus on productivity
2. Drive revenue growth by providing a superior client experience, earning a larger share of customers' business
3. Continue to improve U.S. performance
4. Accelerate growth in the U.S. both organically and through acquisitions
5. Grow Net Income in Canada through operational efficiency and improved market share, accelerating our growth in commercial banking and wealth management
6. Build a high-performance organization by developing our people, living our values and being an employer of choice
7. Maintain our world-class foundation of leading governance, sound risk management, productive systems and excellent after sales service

PERSONAL & COMMERCIAL: CANADA

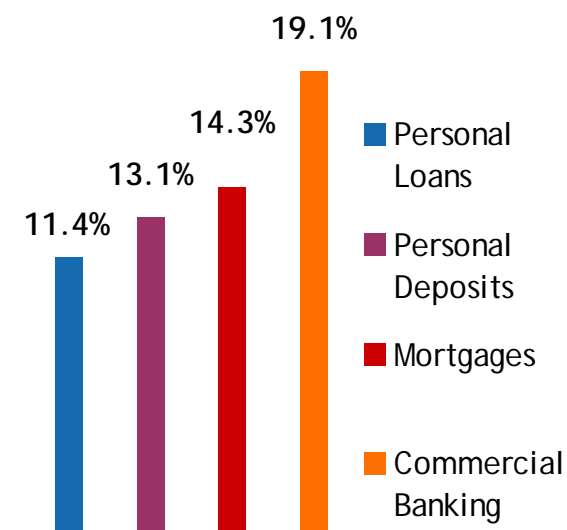
Priorities for 2005

- Continue to focus on revenue growth while building our distribution capabilities
- Improve the group cash productivity ratio by at least 150 basis points
- Continue to improve customer loyalty in both the personal and commercial banking segments
- Maintain our personal banking market share and increase our business banking market share relative to our major competitors
- Introduce further enhancements to our sales and service delivery model to better meet the needs of our customers

Cash Productivity



Q4/04 Market Share



SUCCESSFULLY COMPETING In the U.S.



- Brand image and reputation
- Well-positioned branch distribution and access
- Strong customer orientation and culture

P&C



PCG



IBG



- Attractive client base, strong long-term relationships
- Customized coverage model
- Focused, disciplined strategy execution
- Advantaged retail distribution through Harrisdirect

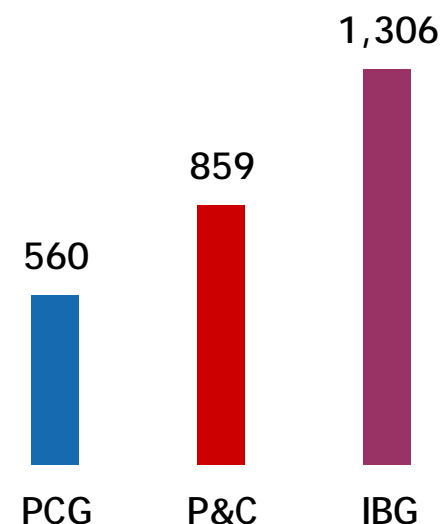


- Online trading and research capabilities
- National focus
- High quality call centre service
- Full-service offering



- Distribution capabilities within Harris Bank Branches
- High relative client retention resulting from superior customer service
- Full product offering - trust and investment, financial planning, banking, estate planning

**F2004 Revenue
C\$MM**





BMO U.S. Timeline for Acquisitions

C\$ Million

Total Invested

1984-2004: C\$3.8 Billion*

1999-2004: C\$2.2 Billion

*includes Harris purchase

Gerard Klauer Mattison \$40

Sullivan, Bruyette, Speros & Blayney \$20

my CFO \$61

Morgan Stanley self-directed accounts \$153

Northwestern Trust \$19

CFSBdirect \$854

Mercantile Bancorp \$197

New Lenox State Bank \$314

Lakeland Community Bank \$49

First National Bank of Joliet \$337

Century Bank \$24

Freeman Welwood \$140

Village Banc of Naples \$19

1984 1985 1987 1988 1990 1994 1996 1999 2000 2001 2002 2003 2004

Burke, Christensen & Lewis \$59

Household International \$378

Suburban \$300

Frankfort Bancshares \$20

Libertyville Federal Savings & Loan \$7

State Bank of St.Charles & First National Bank of Batavia \$31

Commercial State Bank (Phoenix) \$3

First National Bank of Barrington \$43

Harris Bank \$718

P&C Chicagoland Priorities for 2005

- Expand our branch network by opening five new branches and continuing to pursue acquisitions in Illinois, surrounding states and other high-growth markets
- Improve the group productivity ratio by at least 150 basis points
- Provide more seamless customer service and achieve cost efficiencies through the consolidation of the Harris bank charter structure

Cash Productivity

73.5%



03

70.8%



04



Orland Park, IL

STRONG CHICAGOLAND

Retail & Small Business Deposit Base

Total Chicagoland Deposits
Eight County Market Share

US\$MM at June 30, 2004

By Bank (Adjusted*)

Rank	Branches	1999	2000	2001	2002	2003	2004	1999-2004 Growth (including acquisitions)	
(1) Bank One	241	10.3% \$12.0	10.6% \$12.8	9.7% \$12.4	10.2% \$13.9	10.4% \$15.0	11.1% \$17.3	44.2%	Above Market
(2) Harris	163	8.2% \$9.6	8.1% \$9.8	8.9% \$11.4	9.0% \$12.3	9.1% \$13.2	9.1% \$14.2	47.9%	Almost 1.5x
(3) LaSalle	130	10.2% \$11.9	10.1% \$12.2	9.4% \$12.0	8.5% \$11.6	7.1% \$10.3	7.9% \$12.4	4.2%	Positive
(4) Fifth Third	95	5.0% \$ 5.8	4.8% \$5.7	4.3% \$5.5	4.5% \$6.2	4.2% \$6.0	4.1% \$6.4	10.3%	Positive
(5) Charter One	119	3.2% \$ 3.7	3.8% \$4.6	3.9% \$5.0	4.5% \$6.2	4.5% \$6.6	4.1% \$6.4	73.0%	2.5x market
(6) Citibank	50	3.5% \$ 4.1	3.6% \$4.3	3.6% \$4.6	3.4% \$4.7	3.3% \$4.7	3.4% \$5.3	29.3%	At market
Top Six Share %		40.3	41.1	39.8	40.2	38.4	39.7		
Total Market \$		116.8	120.3	127.9	136.6	144.5	156.6		
Total Market Growth			3.0%	6.3%	6.8%	5.8%	8.4%	34.1%	

Source: FDIC data with adjustments. Data reflects Eight Counties. Data as of June 30, 2004.

* Data adjusted to remove large corporate /wholesale deposits by subtracting the deposits of the main location to derive a proxy for retail and small business.

THE BEST OF TWO BANKING MODELS

Network Banks

- Focused on convenience, consistency
- Use process, control to drive efficiency
- Highly centralized model focused on volume to realize scale benefits

Community Banks

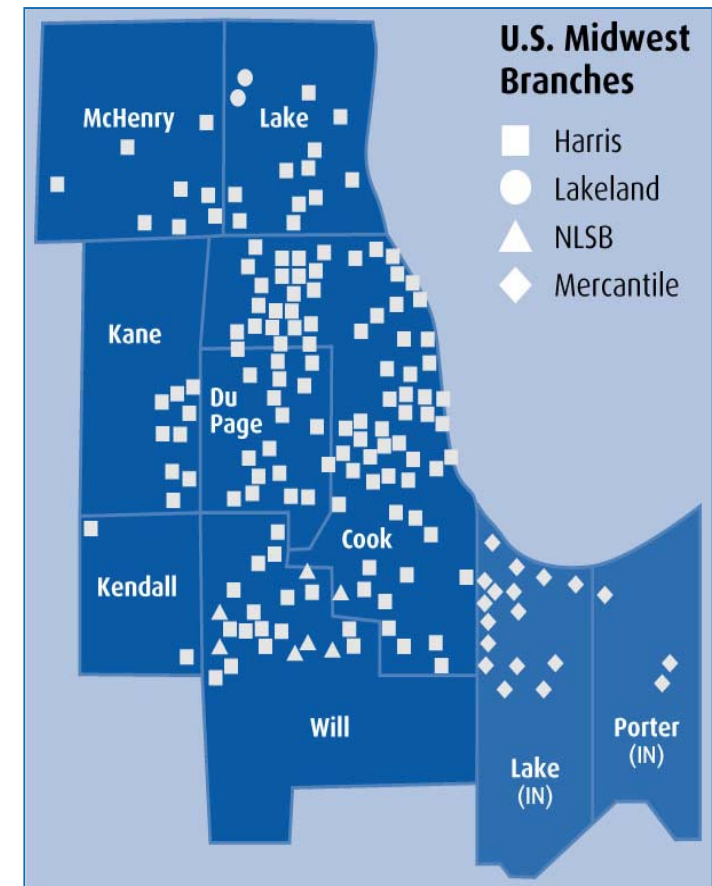
- Differentiate based on local presence, relationships
- Focus on relationship, flexibility over process
- Tend to have simple product offerings

Harris is a customer-focused regional bank with the productivity, resources, and back office processing scale of a big national bank:

- Superior customer experience of the community banks
- Convenience and product breadth of the network banks
- Leverage scale to achieve superior financial returns

SEASONED AND DISCIPLINED Approach to U.S. Acquisitions

- Target small and mid-sized banks in Chicago, Illinois, and contiguous states
- Advantages include: deep market knowledge, Harris Brand and reputation as community-focused acquirer of choice
- Three key questions:
 - Is it a good strategic fit?
 - Is it a good cultural fit?
 - Is it a good financial fit?

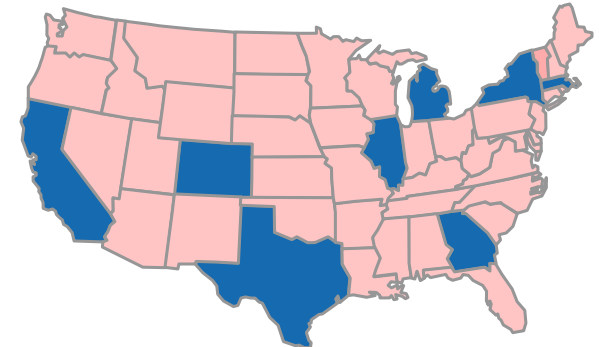
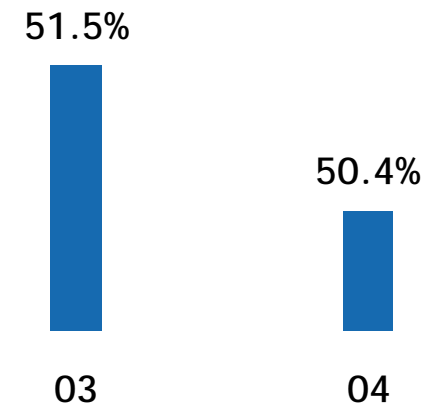


INVESTMENT BANKING GROUP

Priorities for 2005

- Improve the integrated delivery of our capabilities to our clients to optimize revenue opportunities
- Improve cash productivity ratio by at least 150 bps
- Optimize risk-taking to maximize returns
- Drive new product development

Cash Productivity



PRIVATE CLIENT GROUP

Priorities for 2005

- Continue to enhance client offerings and deepen client relationships
- Improve cash productivity ratio by at least 150 bps
- Optimize our business model through specific revenue-generating initiatives and ongoing expense management
- Continue to focus on the effectiveness of our sales force

Cash Productivity

82.3%

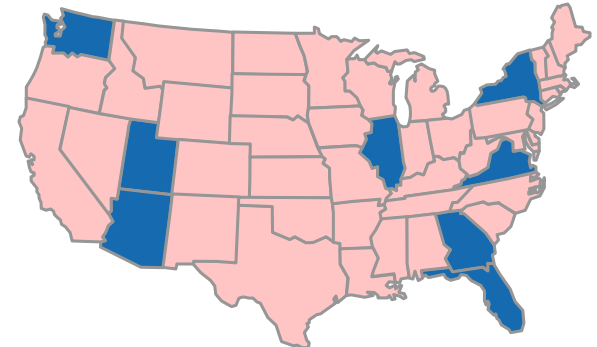


03

77.7%



04



U.S. STRATEGY

Goals

- Grow the business to become a leading Midwest Personal & Commercial Bank
- Build reputation as a high quality client service bank
- Shift the cost structure to a source of competitive advantage

Priorities

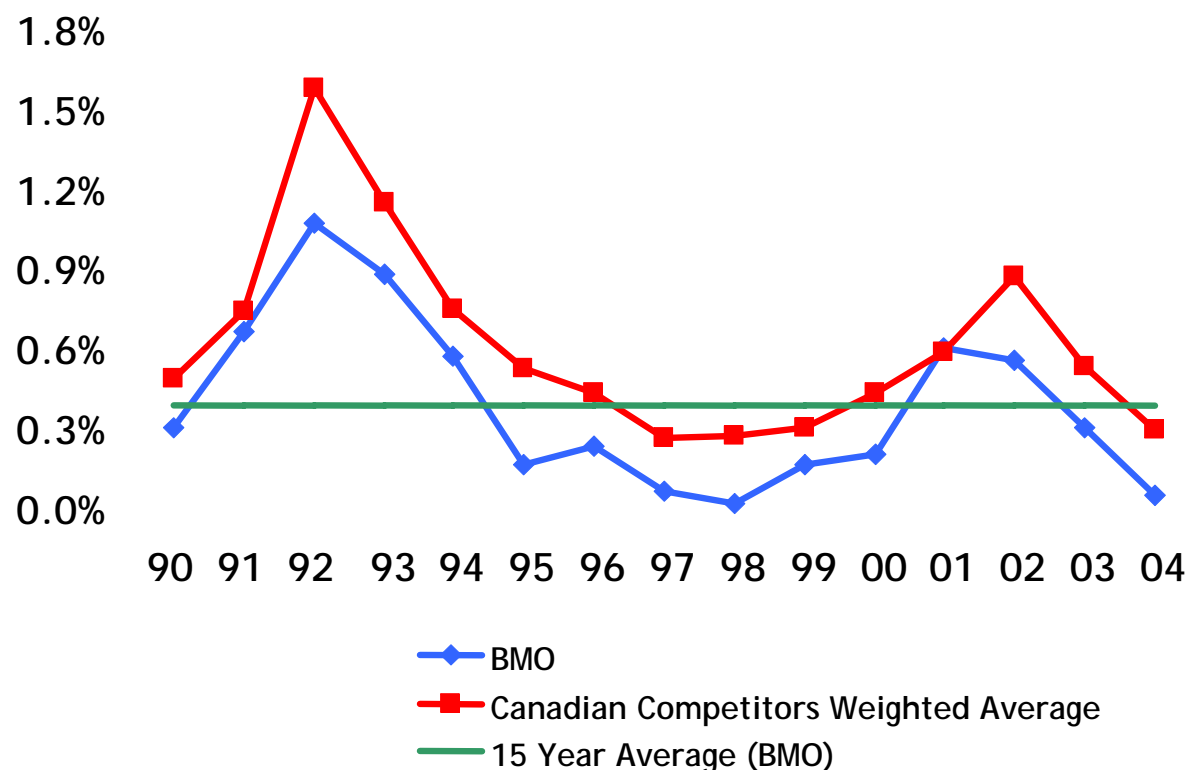
- Improve productivity
- Improve the performance of our U.S. operations and accelerate growth

Integration Makes a Difference

- All three lines of business work closely together
- Maximize the use of existing infrastructure
- Revenue growth combined with cost reduction initiatives continue to improve productivity



INGRAINED CREDIT CULTURE & Superior Asset Quality



Specific PCL's as a % of Average
Net Loans and Acceptances
(including Reverse Repos)

%	BMO	Canadian Peers
F2003	.30	.53
Q4/04	.09	.27
F2004	.04	.29
15 year average	.39	.61

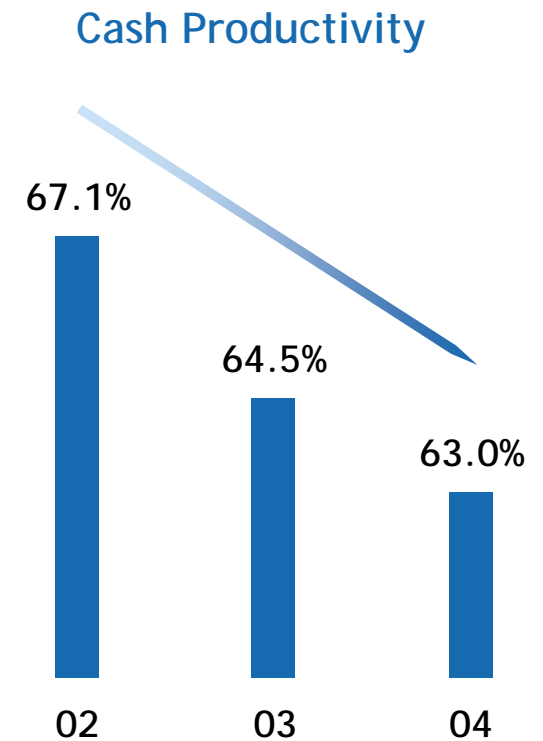
BMO's Canadian peers are: RBC, BNS, CIBC, TD and National.

Peer average excludes the impact of TD's sectoral provisions in F2002 and subsequent transfers/ drawdowns.

15 year average - 1990 to 2004

INGRAINED PRODUCTIVITY CULTURE

- Improved 410 bps since 2002
- Committed to improving 150-200 bps each year
- Compensation tied to success in achieving targets



SHAREHOLDER-FRIENDLY COMPENSATION MODEL

Short-Term

Determined by:

- Enterprise Business Performance Measures (e.g. growth in cash EPS and revenue)
- Banking Group Measures (e.g. growth in cash net income and revenue)

Mid-Term

- Productivity goals and three-year TSR vs. competitors
- Higher pool if goals are exceeded — reduced if goals are not met

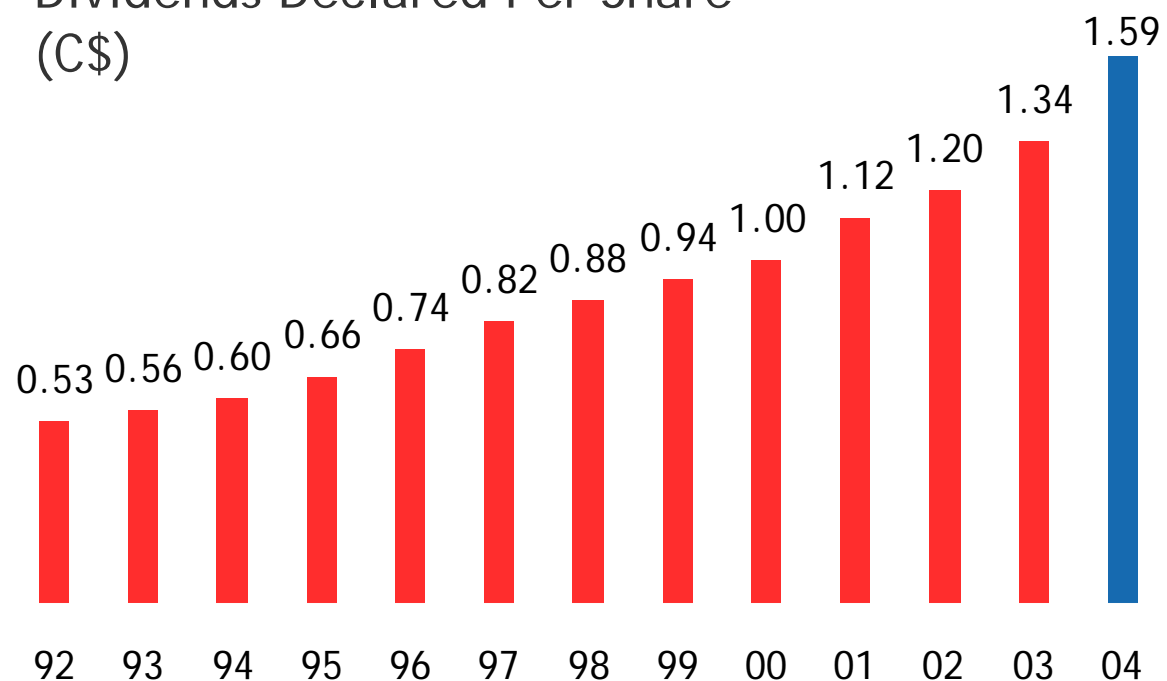
Long-Term

- Reflects commitment to 'price performance options'
- Some share options vest over time and are worthless unless share price growth exceeds certain hurdles during the vesting period

EFFECTIVE CAPITAL MANAGEMENT

Pays Dividends

Dividends Declared Per Share
(C\$)



Priorities for use of capital:

- Organic Growth
- Acquisitions
- Dividends:
Target payout ratio
of 35-45%
- Share repurchases

WHY BMO?

- Viewed as a high-return, low-risk stock — 19% ROE
- Good track record for stability, earnings consistency and strong dividend growth
- Consistent and focused Canada-U.S. growth strategy that is clearly working
 - Proven capacity to achieve targeted growth from our existing solid U.S. platform and strong Harris brand
 - Strong franchise in some of the most lucrative markets in the U.S.
- Commitment to ongoing productivity improvement
- Prudence and expertise in credit risk management
- Balanced approach to capital management
- Shareholder friendly compensation model
- Longtime leadership in Corporate Governance

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