



BMO  **Financial Group**

CIBC WORLD MARKETS

FRONTENAC INSTITUTIONAL INVESTOR CONFERENCE

WILLIAM DOWNE

Deputy Chair

September 30, 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:

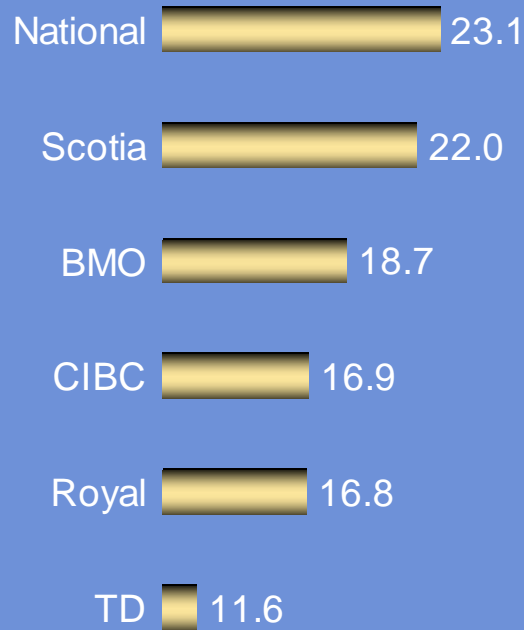
416-867-3367

Email:

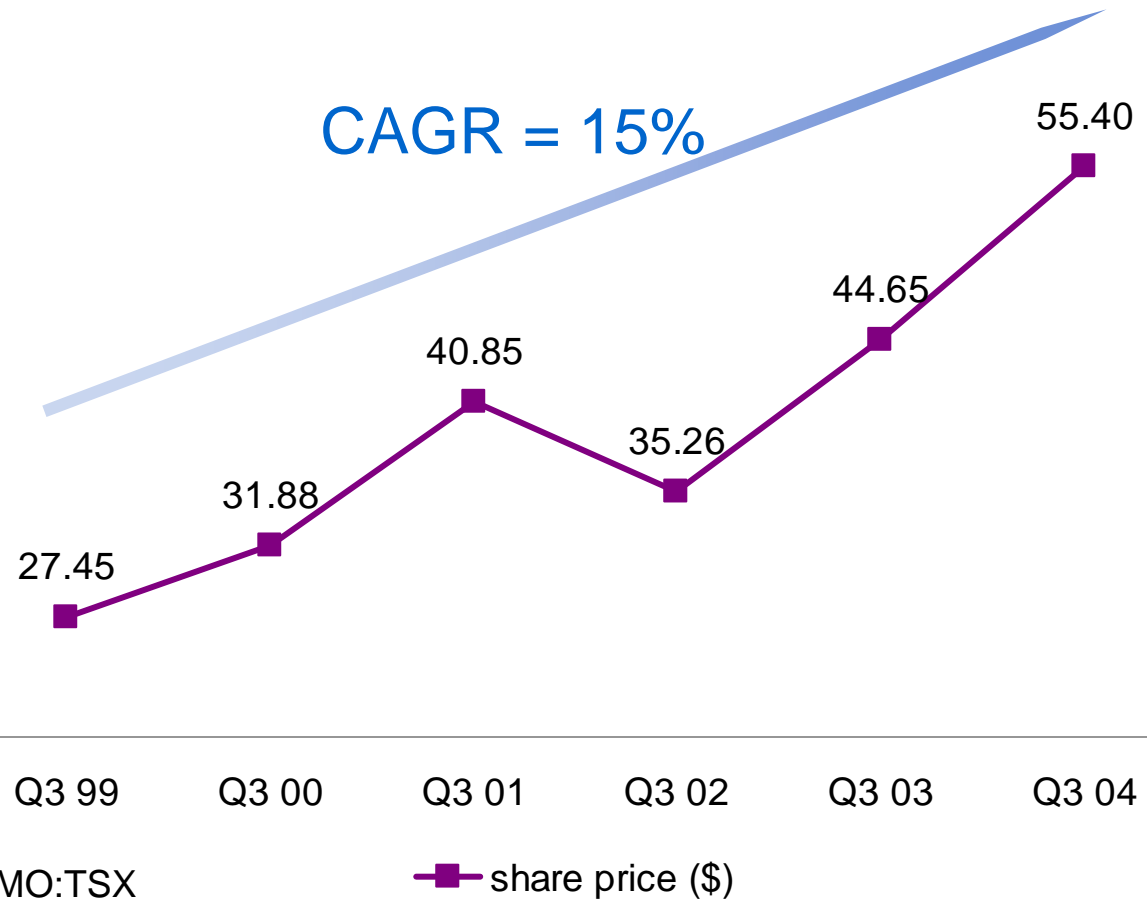
investor.relations@bmo.com

Rising Returns to BMO Shareholders

Canadian Peer Group 5 Year Total Shareholder Return* (%)



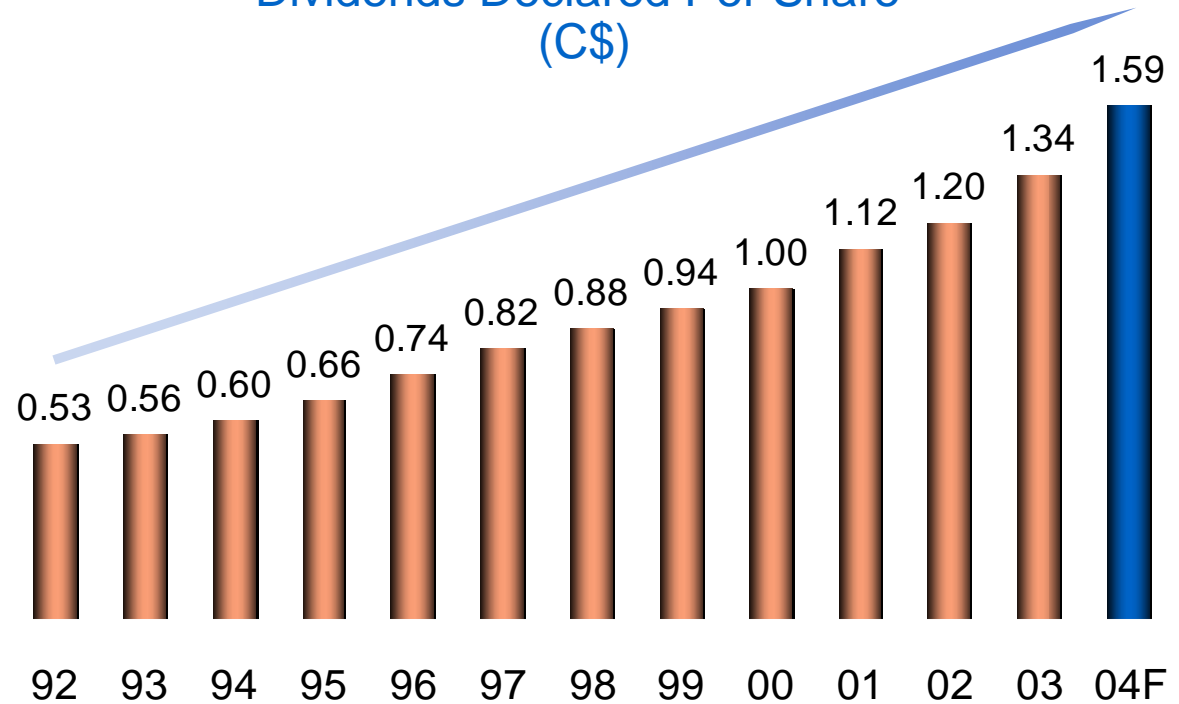
* The 5 Year TSR is the compound annual growth for the 20 quarter period ending with Q3 2004.



Dividends up 26% From a Year Ago

- ✓ Delivering strong short-term returns while investing in growth and acquisitions that will support higher future returns
- ✓ Second quarterly dividend increase this year; rising 26% from a year ago
- ✓ Announced program to repurchase up to 15 million common shares
- ✓ Completed New Lenox State Bank acquisition on June 1st, 2004
- ✓ Target Dividend payout ratio is 35-45%

Dividends Declared Per Share
(C\$)

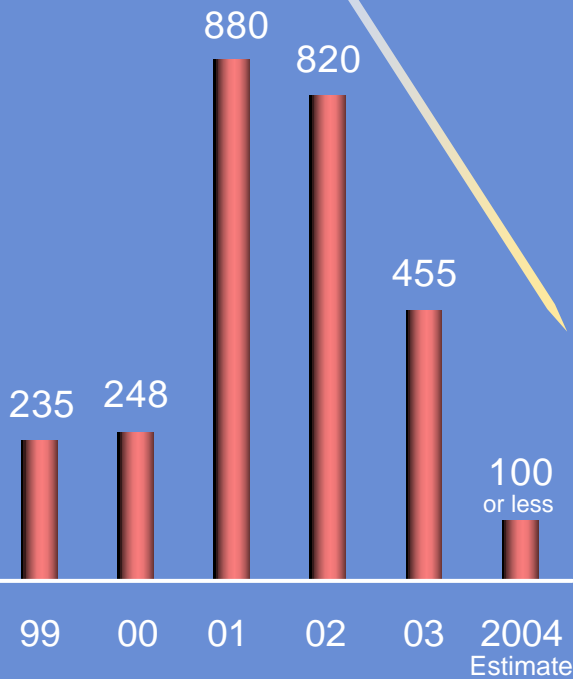


Well Positioned To Achieve Or Exceed Fiscal 2004 Targets

Performance Measure	YTD 2004	F2004 Target
EPS Growth (vs. YTD 2003)	36.0%	10 – 15%
Specific Provision for Credit Losses	\$30MM (before \$120MM reduction to the General Allowance)	\$500MM or less <i>Now estimated to be:</i> \$100MM or less
Cash Productivity Ratio (vs. YTD 2003)	220 bps improvement	150 – 200 bps improvement
Return On Equity (annualized)	20.0%	16 – 18%
Tier 1 Capital	9.44%	Minimum 8%

Specific Provision for Credit Losses (PCL) Annual

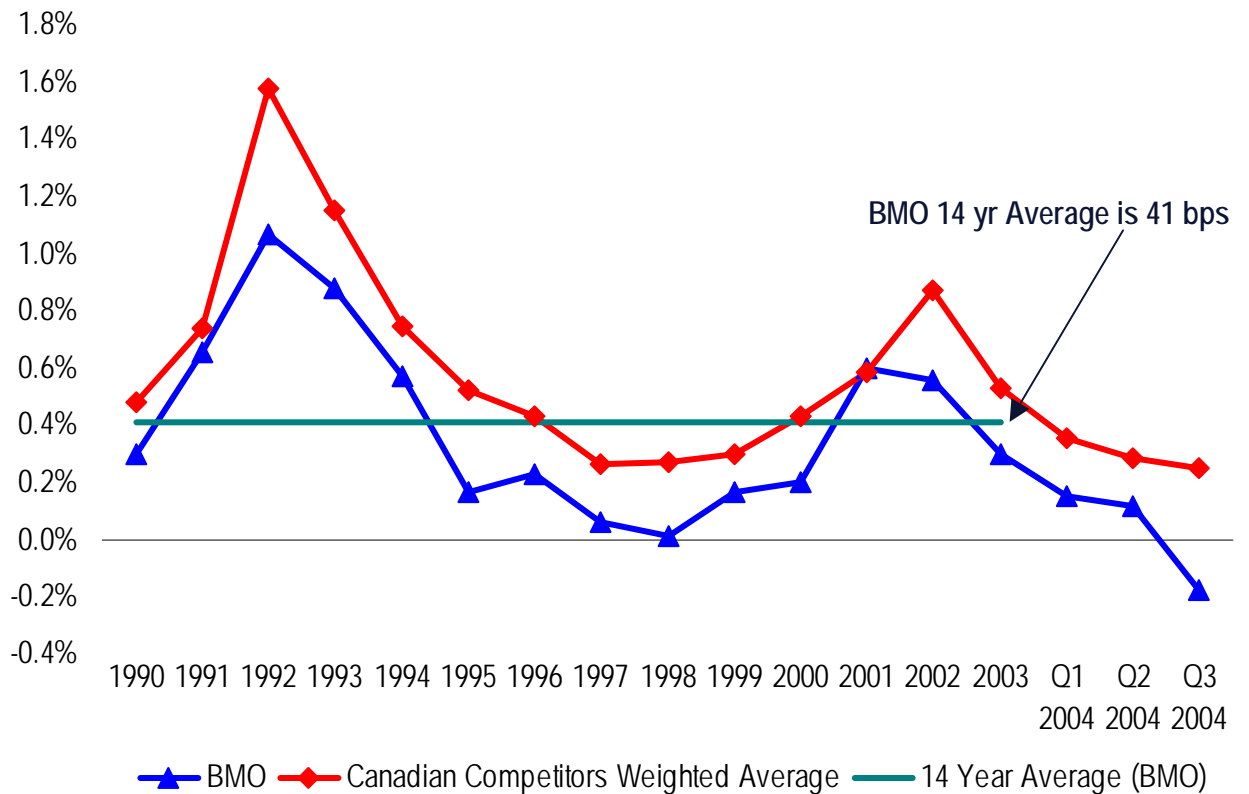
C\$ Million



YTD/04 : \$30 Million

Strong Asset Quality

Specific Provision for Credit Losses as a % of Average Net Loans and Acceptances (including Reverse Repos)



BMO Top Performer in Q3 Canadian Peer Group Scorecard

Reported Basis i.e. Including One-time/Special Items (%)	BMO	RBC	CIBC	BNS	TD	NA
Total Shareholder Return (5 Yr)	18.7	16.8	16.9	22.0	11.6	23.1
Diluted EPS Growth	30.5	(3.4)	(20.8)	18.3	17.8	6.8
ROE	21.0	16.1	21.3	19.4	18.4	17.2
NEP Growth	53.7	(14.9)	(24.1)	30.4	14.1	2.9
Revenue Growth (Yr/Yr)	3.9	(0.7)	2.3	(2.7)	3.2	2.0
Cash Expense-to-Revenue	62.4	68.2	66.2	57.1	64.1	66.2
PCL/(Avg. Loans + Accept.)	(0.28)	0.22	0.23	0.11	(0.04)	0.25

 BMO equal to or better than other bank

31 / 35

 BMO worse than other bank

4 / 35

BMO Well Positioned In Canadian & North American Peer Groups

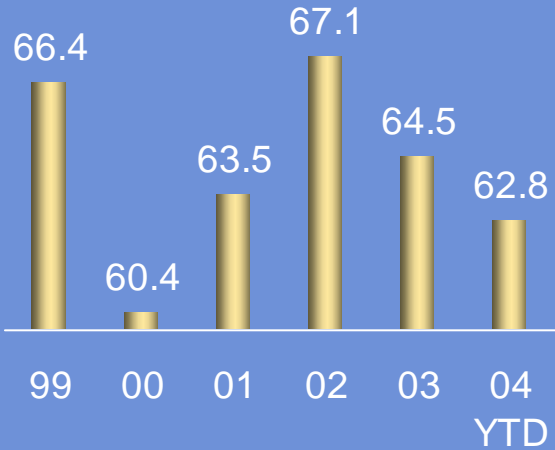
- Canadian peer group ranking improved on 4 of 7 key measures
- Five-year TSR improved this quarter to 18.7% moving BMO up in overall ranking
- Overall performance above average relative to the North American peer group, with improved ranking in 5 of 7 measures

As reported basis	Canadian		North American	
	Q3 YTD 2004	Fiscal 2003	Q3 YTD 2004	Fiscal 2003
Primary Performance Measures Ranking				
Total Shareholder Return (5 year)	↑ 3	6	↑ 2	6
Diluted EPS Growth	↑ 2	5	↑ 2	8
Return on Equity	↑ 3	5	↑ 5	9
Net Economic Profit Growth	↑ 2	3	↔ 7	7
Revenue Growth (Yr/Yr)	↔ 3	3	↑ 8	9
Cash Expense-to-Revenue Ratio	↔ 2	2	↑ 9	12
Provisions / (Loans+Acceptances)	↔ 2	2	↔ 2	2
<i>Number of Banks Included*</i>	6		16	17**

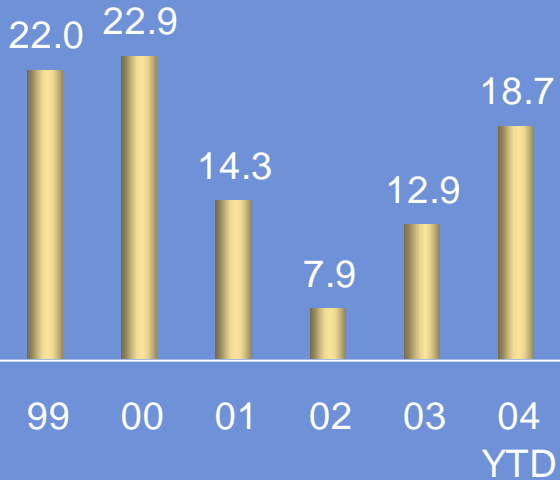
* Peer Group detail can be found on page 12 of BMO's 2003 Annual Report

** Difference in number of North American Banks due to the Fleet/Bank of America merger

Cash Productivity (%)

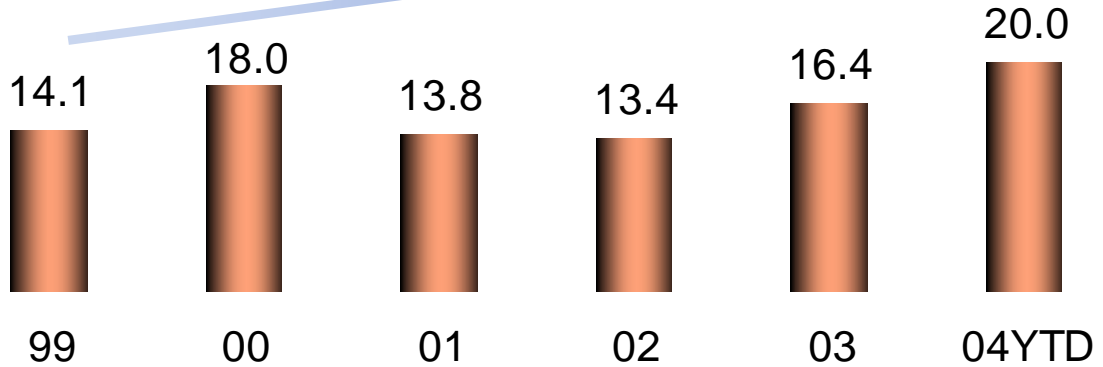


5 year TSR (%)

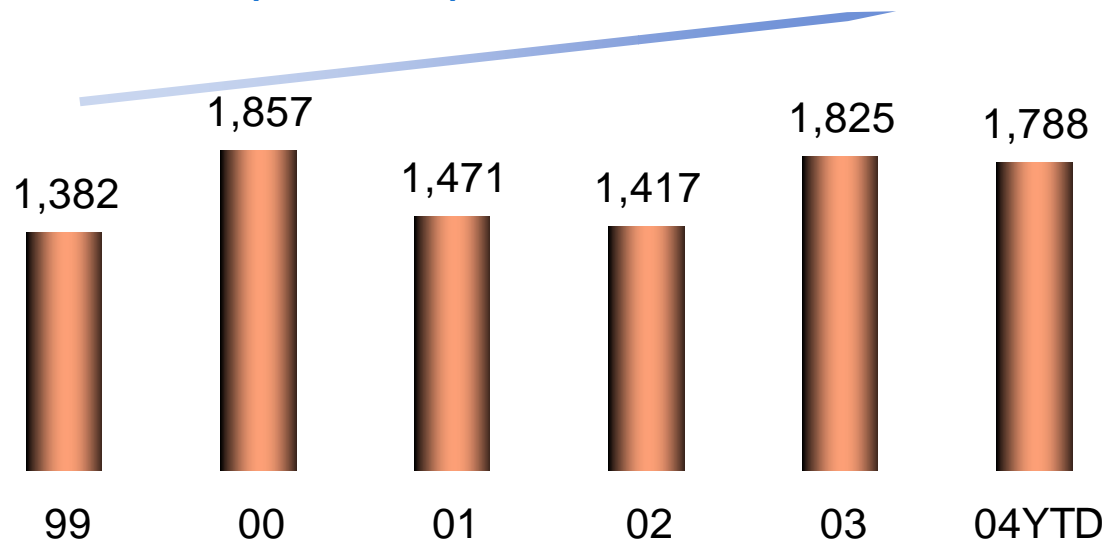


***Delivering On Our Commitments:
Positive Trend Over Five Years***

Total Bank ROE (%)



Net Income (C\$Million)

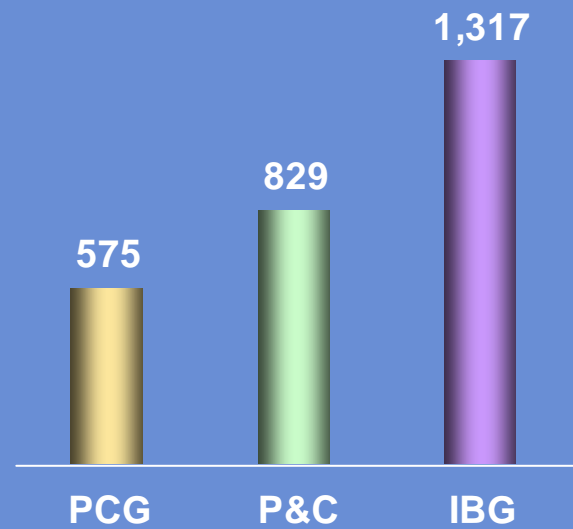




Continuing Commitment to Growth Strategy

- Focused on building lasting client relationships and improving productivity
- Disciplined execution of our Canada-U.S. growth strategy
- Long term goal is to transform BMO Financial Group into a top performing financial services company in North America

F2003 Revenue (\$MM)



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



- 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



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

We will increase earnings by growing U.S. operations:

- ✓ Organic growth
- ✓ Selective retail acquisitions

F2003

PCG

% of total U.S. revenue: 20%
% of total bank revenue: 6.2%

P&C

% of total U.S. revenue: 29%
% of total bank revenue: 8.9%

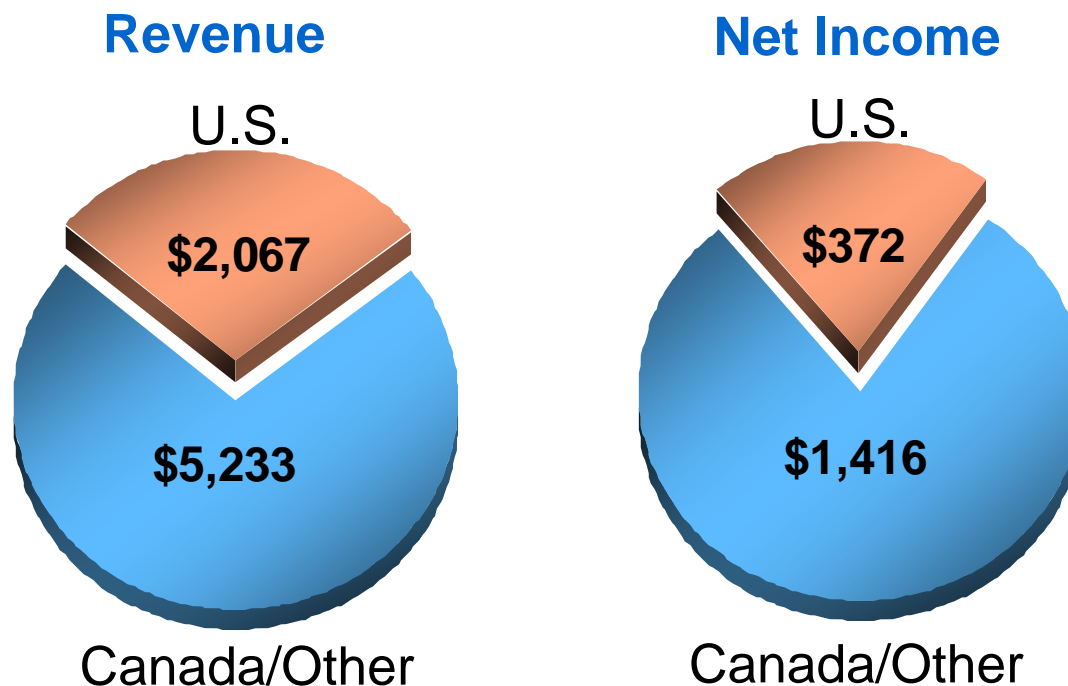
IBG

% of total U.S. revenue: 47%*
% of total bank revenue: 14.2%

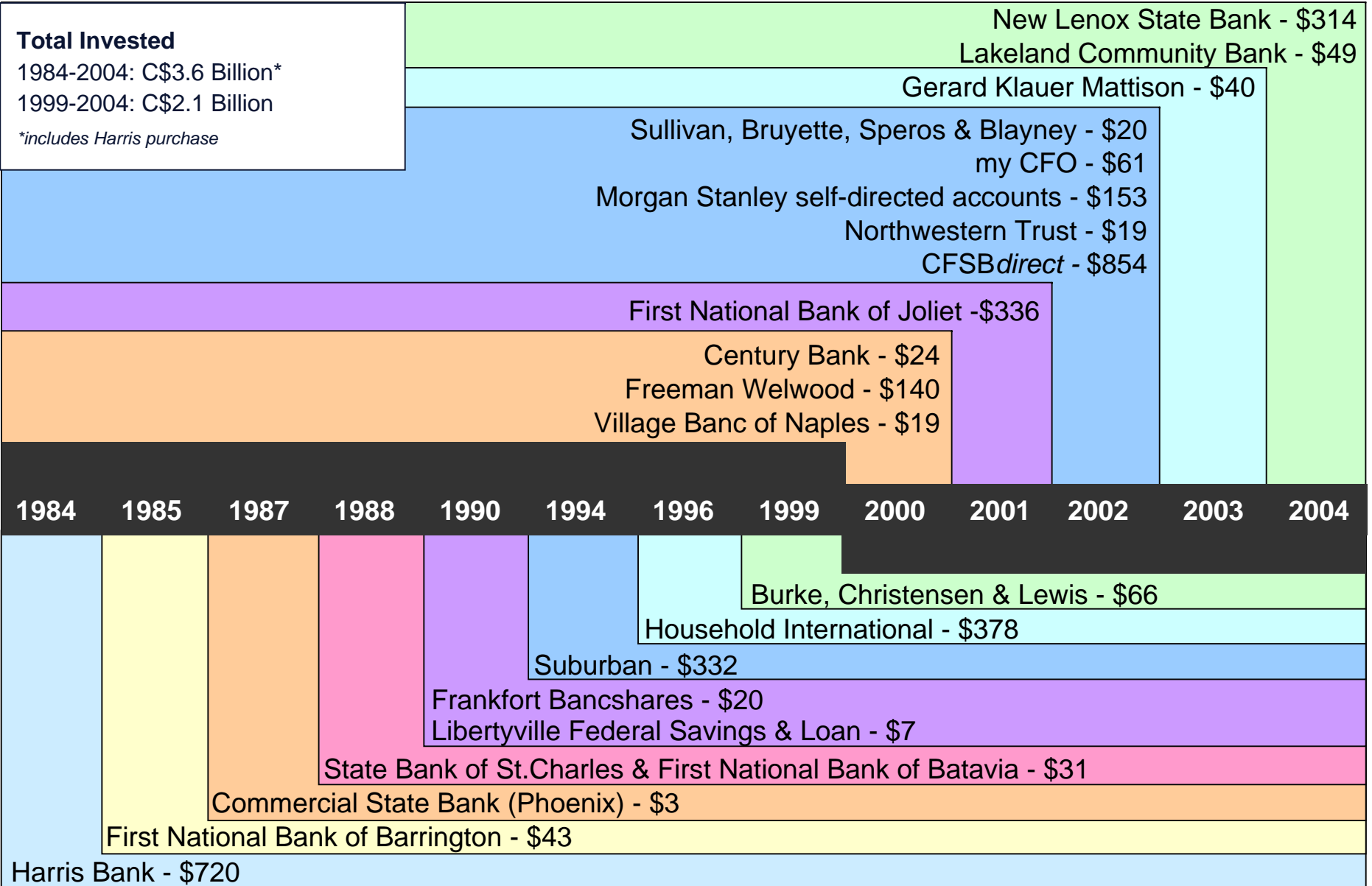
*Includes mid-market
Residual due to Corporate Areas

U.S. Businesses Account for 21% of BMO's Net Income and 28% of Revenue

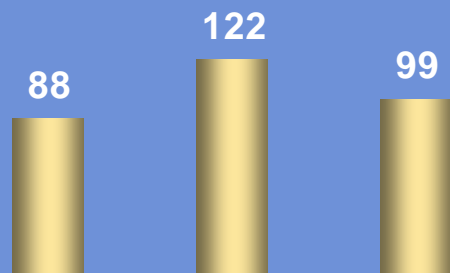
Year-to-date 2004
C\$MM



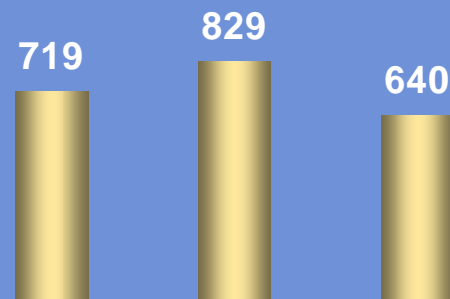
BMO U.S. Timeline for Acquisitions (C\$ Million)



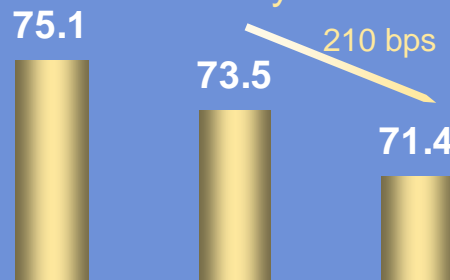
Cash Net Income \$MM



Revenue \$MM



Cash Productivity %



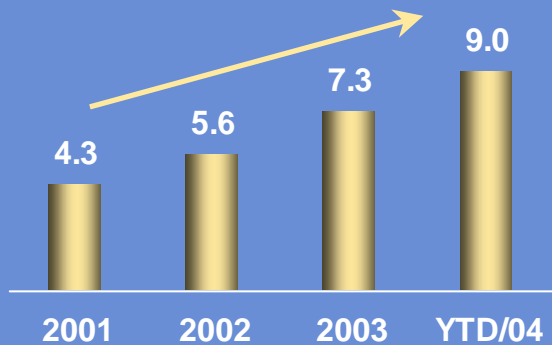
01 03 YTD/04

Chicagoland: Strong Volume Growth Continues

Customers Very Satisfied*	2001	2002	2003
Retail			
<i>Harris</i>	59%	62%	66%
<i>Large Competitors</i>	46%	51%	52%
<i>Small Banks</i>	65%	70%	70%
Small Business			
<i>Harris</i>	62%	66%	61%
<i>Large Competitors</i>	46%	55%	41%
<i>Small Banks</i>	63%	63%	67%

*Source: Burke Annual Survey

Average Consumer Loans (U.S.\$B)



Net losses / Outstanding Loans (bps)

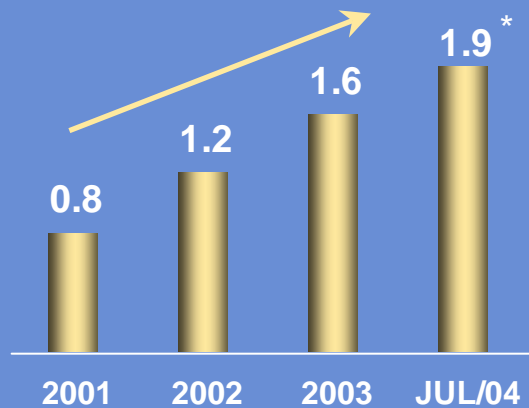


Consumer Lending: Strong Growth and Continued Demand for Consumer Loans

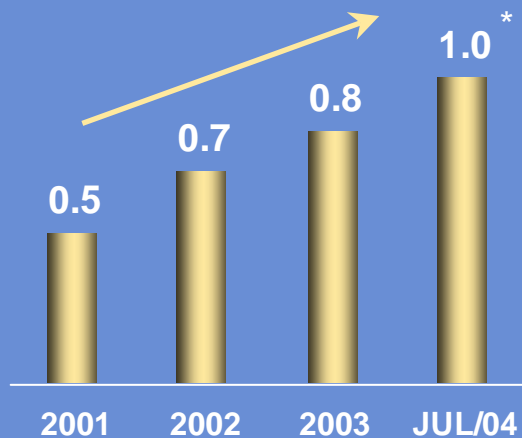
Consumer Loans include:

- ✓ Home Equity
 - ✓ Indirect Auto
 - ✓ Mortgages
- 2000-2003 - added \$3.6 Billion in Consumer Loans
 - Year-to-date growth of 18%
 - Credit Performance Remains Very Solid
 - Losses and delinquencies at one-third of the peer average

Auto Loan Balances New Autos (U.S.\$B)



Used Autos (U.S.\$B)



* represents average as of July 2004

Indirect Auto Lending

Proven relationship driven business model supported by strong calling efforts

- Very seasoned underwriting staff dedicated only to indirect credit requests
- Only "A" paper (no leasing or floor plans)
- Expanded business model through mid-western states
- Over 25% increase in loan balances in each of the last 2 years to US\$2.4 billion
- Competitively priced with a focus on credit quality
- Losses have been 30% of industry average

Business Model That Differentiates Us From The Competition

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

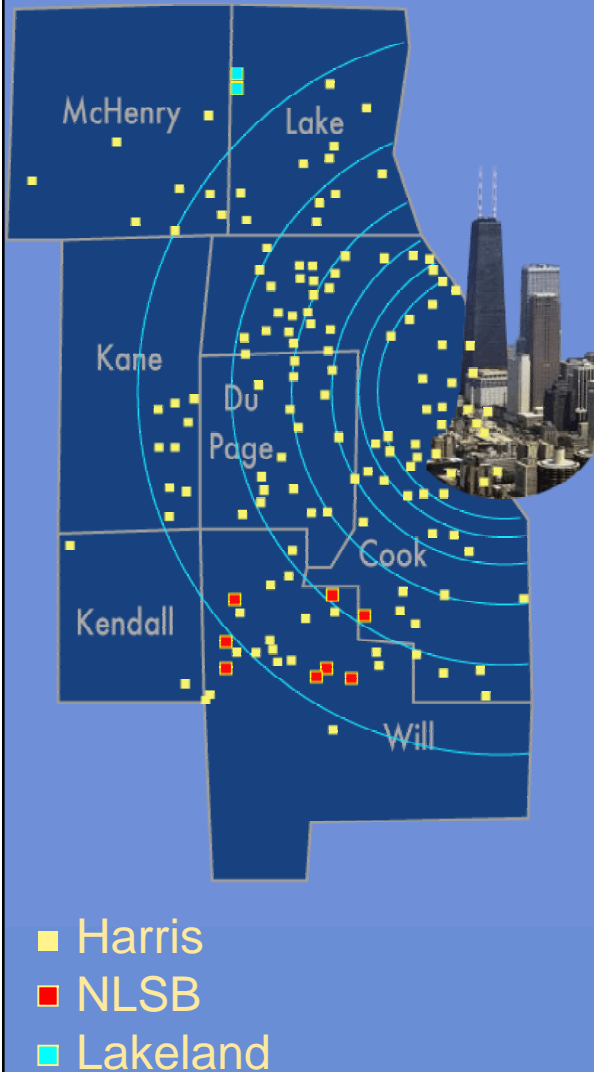
- ✓ Customer experience of the community banks
- ✓ Convenience and product breadth of the network banks
- ✓ Leverage scale to achieve superior financial returns

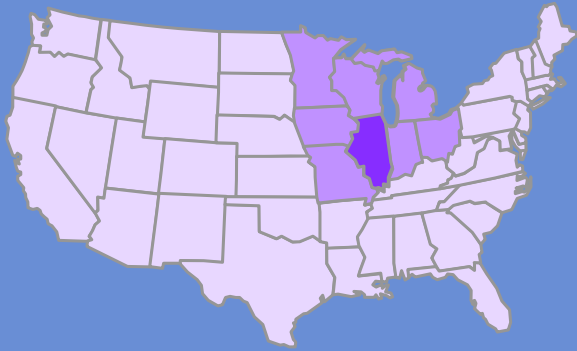
NETWORK BANKS

- 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





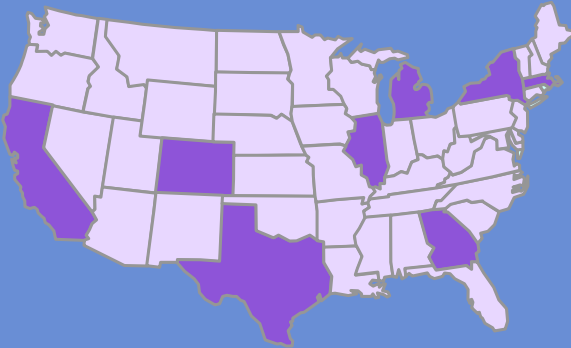
Recent Chicagoland Acquisitions

- 2004 New Lenox State Bank
Lakeland Community Bank
- 2001 First National Bank of Joliet



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?
 - Internal hurdle rate > 15%,
 - Must be cash accretive by year three



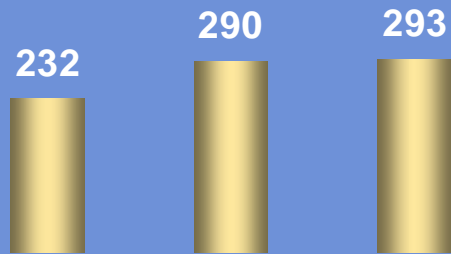
Focused Sectors

- ✓ *Energy & Power*
- ✓ *Media, Communications & Technology*
- ✓ *Food & Agribusiness*
- ✓ *Real Estate & Construction*
- ✓ *Financial Institutions*
- ✓ *Commercial & Industrial Products*
- ✓ *Consumer & Leisure Products*
- ✓ *Financial Sponsors*
- ✓ *Business Services*
- ✓ *Healthcare*

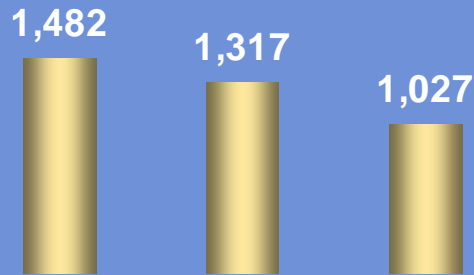
An Integrated North American Investment & Corporate Bank

- Focused on building highly profitable, multi-product, lead relationships in key sectors
- Targeting private and smaller cap public companies with sales in the \$75MM to \$1B range
- Maximizing Harris Bank expertise in Midwest mid-market
- Client mix currently 75% private, 25% public – focus on expanding the public client base with the additional equity platform

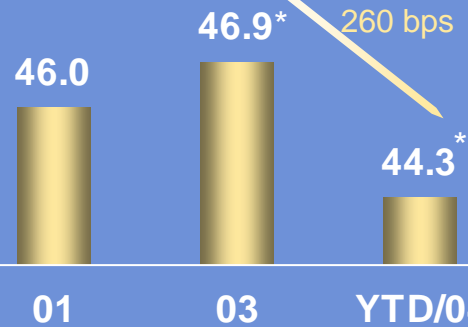
Cash Net Income \$MM



Revenue \$MM



Cash Productivity %

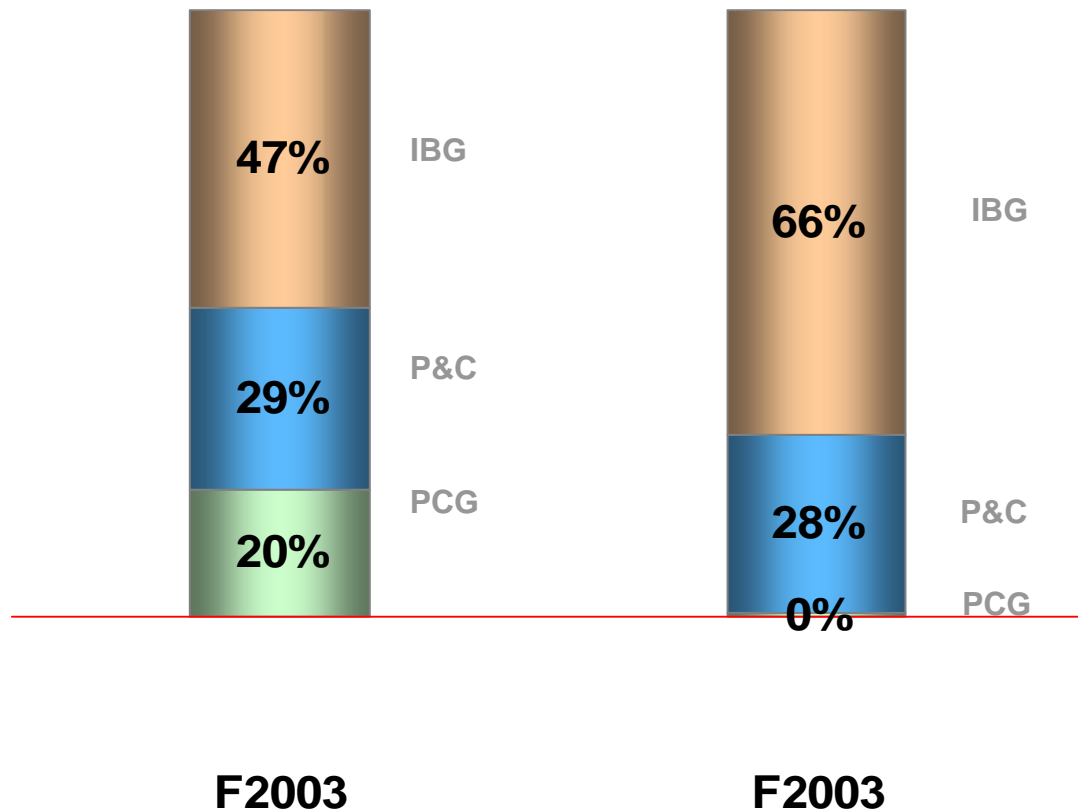


* Excludes impact of Harris Nesbitt Gerard Acquisition

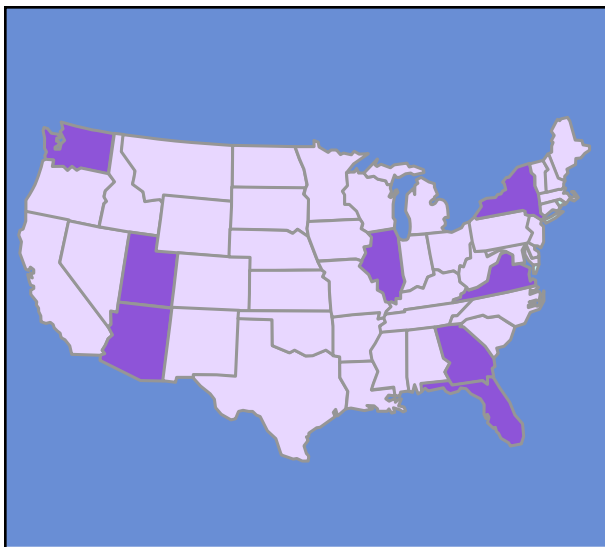
Investment Banking Group:
Positioned for Economic Recovery

Total Revenue*
\$2,816MM

Total Cash Net Income*
\$438MM



* Residual due to Corporate Areas

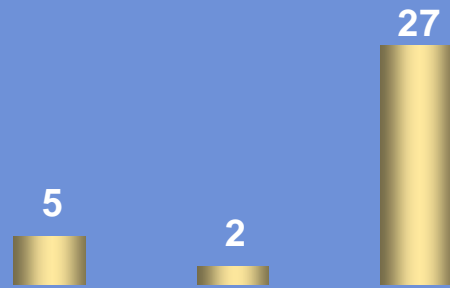


Growth Opportunities in Wealth Management

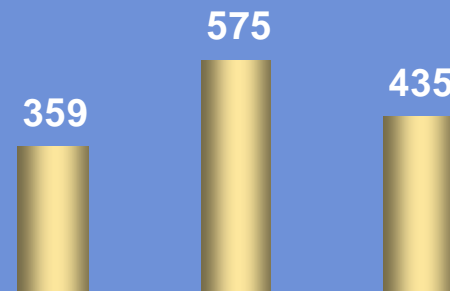
- Highly competitive, fragmented industry in the U.S.
- Expanding our U.S. franchise in existing, high growth, affluent markets through a combination of acquisitions and organic growth
- Excellent reputation:
 - *Harrisdirect* ranked #1 in customer service in *SmartMoney's* survey of online brokers
 - *Harrisdirect* ranked highly because of its consistency: "...ranked above average in almost every category" in most recent Kiplinger's survey



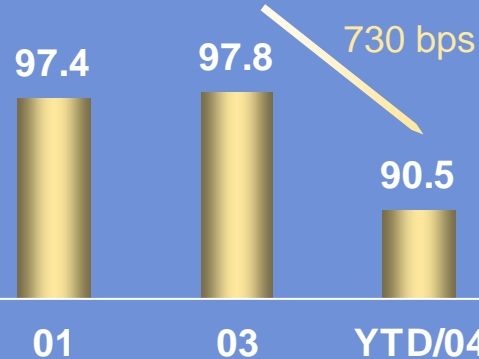
Cash Net Income \$MM



Revenue \$MM



Cash Productivity %



PCG U.S.: An Integrated Wealth Management Offering

- Franchise includes
 - ✓ Private Banking
 - ✓ Direct Investing
- U.S. Segment added \$27MM to cash earnings so far this year
- Managed asset growth 17% year over year (adjusted for foreign exchange impact on assets)
- Revenue growth combined with cost reduction initiatives continue to improve productivity

Serving a Full Spectrum of Wealth Management Clients

Operations have grown both organically and through acquisitions.

Acquired:

- ✓ \$31.84 billion in AUM
- ✓ Geographic footprint in nine states

We have :

- ✓ Reduced fixed costs and improved productivity
- ✓ Successfully increased client assets per account

Targeted Client Segments

	\$MM	Mass Retail	Mass Affluent	High Net Worth	Ultra High Net Worth	Institutional
		<\$0.25	\$0.25 - 1	\$1 - 10	>\$10	
Business Units						
Harris Private Banking		Source: Barron's, June 2003		14th		
Harrisdirect		< 2% 7th		Source: Merrill Lynch, June 2004		
Harris Insight Funds		0.2% 17 / 75	Source: FRC Research, June 2004			
Harris Investment Management		Source: Pension Investments, May 2004				0.1% 118 / 787

Legend: National Asset Market Share % / Rank

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



U.S. Strategy

Goals

- Grow the business to become a leading Mid-West 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
- Drive the contribution from each of the business groups



BMO  [®] Financial Group