



HARRISTM

Chicagoland Banking

Our Business and Aspirations

FRANK TECHAR

*President and
Chief Executive Officer
Harris N.A.*

JUNE 9 • 05

BMO  **Financial Group**

Investor Day





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.



OTHER REPORTING MATTERS

CAUTION REGARDING 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 Press Release, MD&A and in its Annual Report to Shareholders.

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 significant items.

GAAP METHODOLOGY

Unless otherwise indicated, all GAAP measures are reported in accordance with Canadian GAAP. A reconciliation of Canadian GAAP to U.S. GAAP can be found in Bank of Montreal's quarterly Financial Statements and Supplementary Package and in its Annual Report to Shareholders.





AGENDA

Chicagoland Banking Overview

Frank Techar
President and CEO
Harris N.A.

Relationship Building

Timothy Crane
Executive Vice President
Chicagoland Banking - North Division

Retail Sales Force Management

Yasmin Bates
Executive Vice President
Chicagoland Banking - South Division

Business Banking

Peter McNitt
Executive Vice President
Business Banking

Customer Offer

Sandra Hanington
Executive Vice President
Marketing & Customer Strategies

Network Expansion

Charles Tonge
Vice Chairman
Harris N.A.

Wrap Up

Frank Techar
President and CEO
Harris N.A.

Q & A

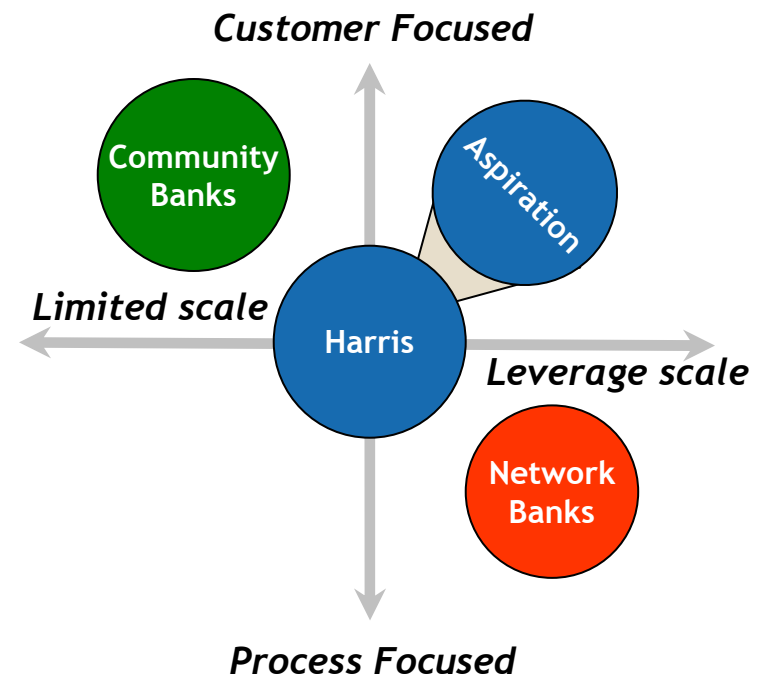
Panel





CHICAGOLAND BANKING OVERVIEW

- Leading player in growing Chicago area retail banking market
- Customer-focused, community-based business model
- Strong heritage and brand equity
- Growth trajectory to be the #1 Midwest retail and commercial bank
- Our competitive aspiration: offer superior customer experience of community banks with convenience and product breadth of the network banks





HARRISTM

Chicagoland Banking
Relationship Building

TIMOTHY CRANE

*Executive Vice President
Chicagoland Banking
North Division*

JUNE 9 • 05

BMO  **Financial Group**

Investor Day





CHICAGO AREA OVERVIEW

An attractive, growing and competitive retail banking market

- Chicago Metropolitan Statistical Area (MSA) key demographic indicators
 - Population growth in the second quartile of all U.S. MSAs
 - Median household income in the first quartile of all U.S. MSAs

Top 5 MSA Profile

	Population (MM)	# of Banks	Deposit share of top 6 competitors*
New York	18.7	226	62%
Los Angeles	13.0	159	59%
Chicago	9.4	274	49%
Philadelphia	5.8	146	59%
Dallas	5.7	160	62%

* Unadjusted deposit market share as of 6/30/04
Source: SNL database, FDIC, National Bank Financial report

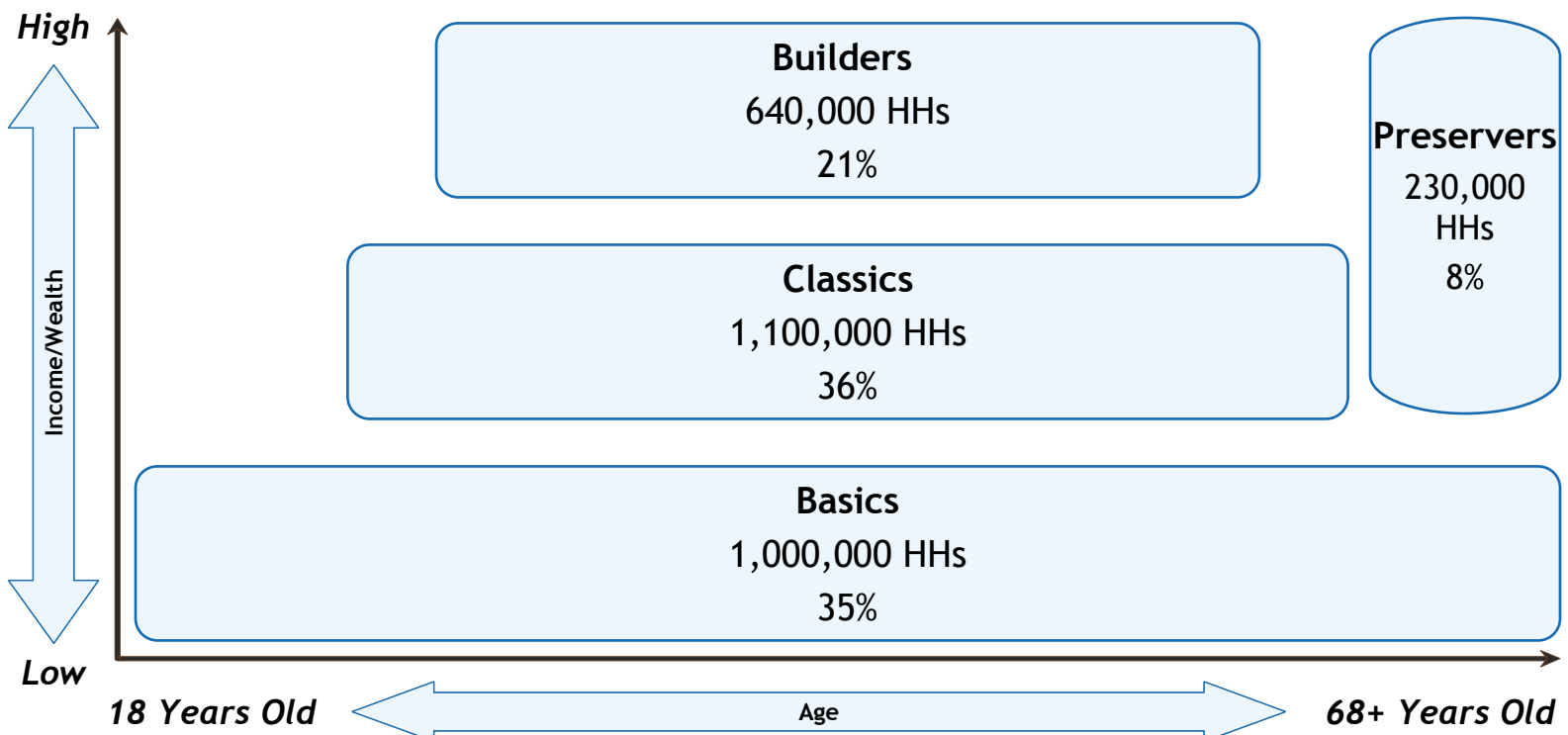




CHICAGO AREA CONSUMER SEGMENTS

We are using segmentation to drive a better understanding of our current and future customers

Chicago Area Household Segments

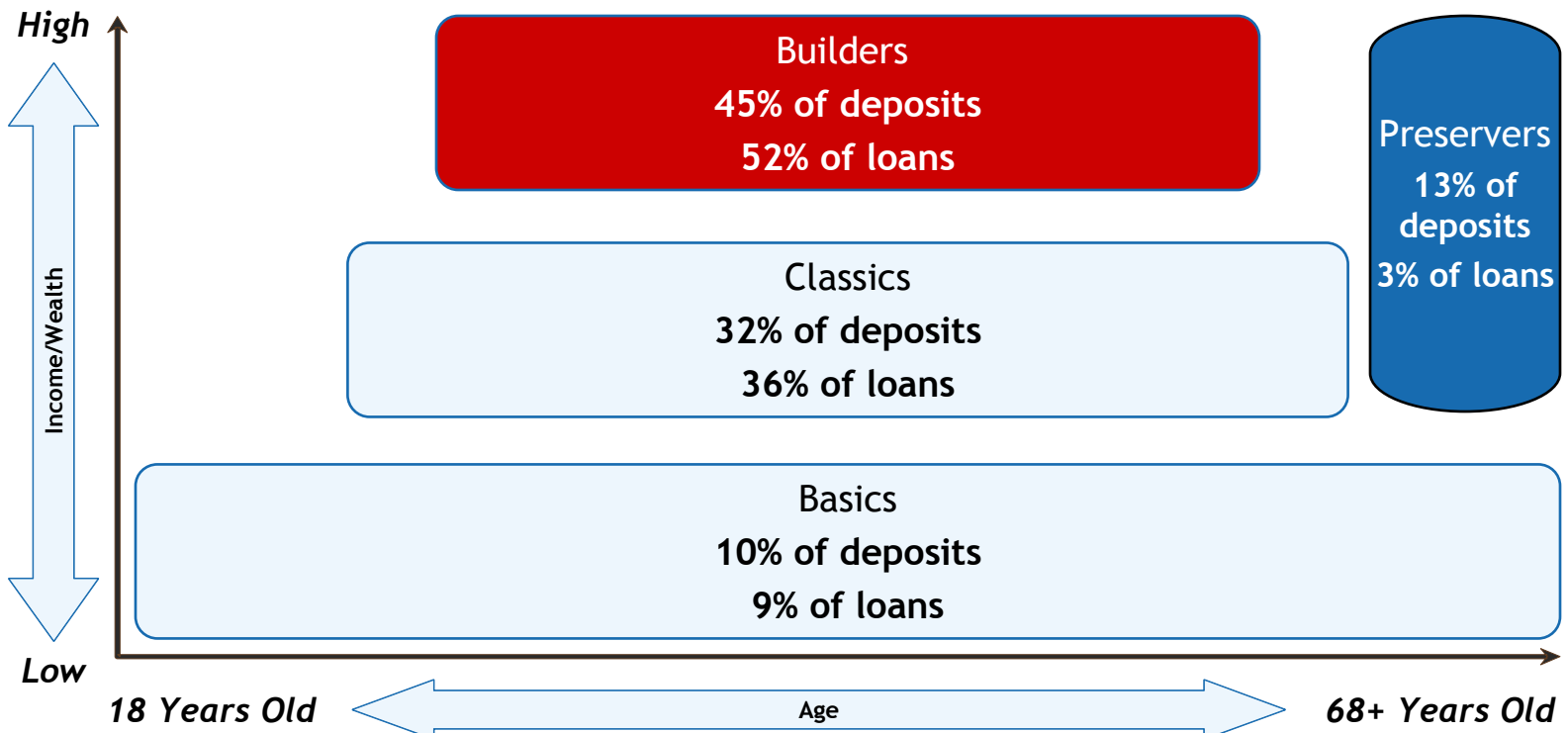




CHICAGO AREA CONSUMER OPPORTUNITY

Customer opportunity is highest in certain segments

Chicago Area Segment Opportunity Assessment



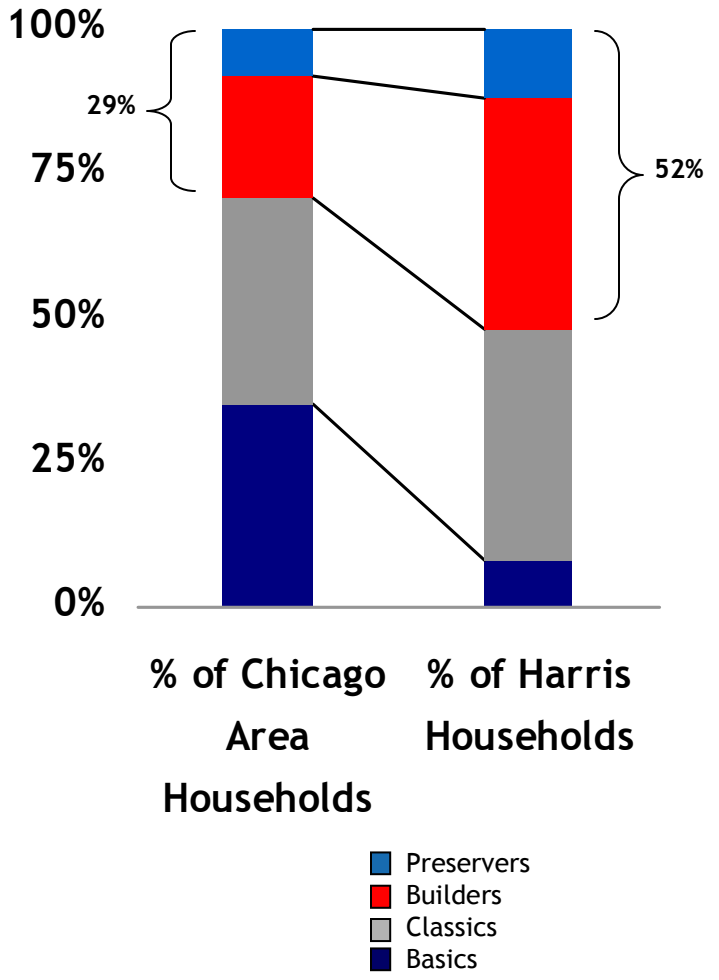


HARRIS CUSTOMER BASE

Our community banking model is focused on building deep, lasting relationships with our customers

- Strong, above-market penetration in **Builders** and **Preservers** customer segments
- The Builders and Preservers have:
 - Highest average balances
 - Highest profitability
 - Broadest range of financial needs
 - Largest forecast growth

Customer Segment Analysis





EXECUTION ON CUSTOMER OPPORTUNITY

We have differentiated ourselves by selecting (and serving well) the most attractive customers in Chicago

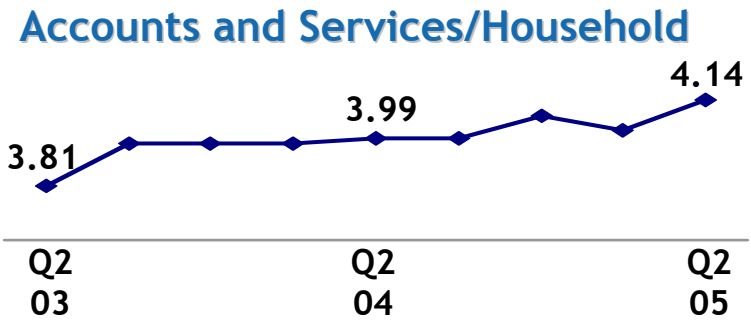
- Customer acquisition – Builders segment represents ~40% of our new customers
- Cross-sell to Builders is 20% higher than our average cross-sell ratio
- Builders have high borrowing needs:
 - We have the largest non-wholesale mortgage origination team in the Chicago area
 - Our average mortgage loan is 1.2X the Chicago area average
- Branch strategy supports focus on markets with highest concentration of attractive customer segments



Opportunities honk.
Get rolling with Lion Power.
Get a Harris Home Equity Line at one of the lowest rates in years.



Home Equity Lines as low as 3.4% below prime. We move fast. We make it easy. No closing costs. No application fees. No turnaround. Apply in person, online or over the phone. Preliminary approval in 24 hours.

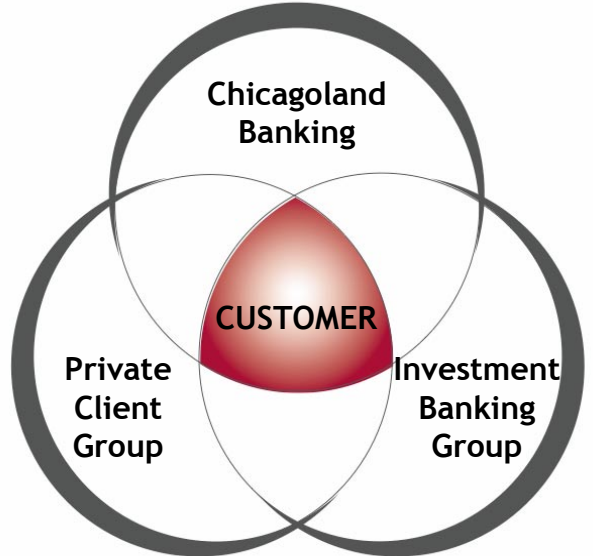





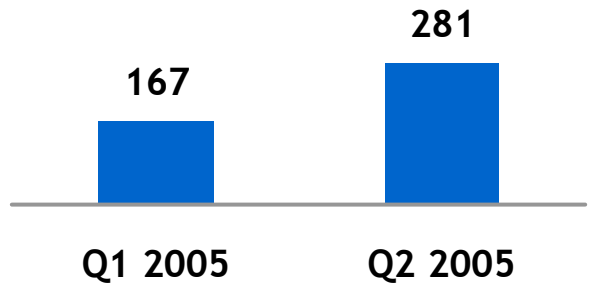
ONE HARRIS

Formalized program that encourages collaboration across lines of business

- Provide exceptional customer service by leveraging the full capabilities of the organization to meet a broad range of customer needs
- Earn a larger share-of-wallet and drive revenue growth through increased referrals and cross-sell
- Established targets, incentives and performance tracking mechanisms
- Encouraging early results ahead of plan



**One Harris
Total Intergroup
Cross-Sell
(Balances, US \$MM)**





HARRISTM

Chicagoland Banking
Retail Sales Management

YASMIN BATES

*Executive Vice President
Chicagoland Banking
South Division*

JUNE 9 • 05

BMO  **Financial Group**

Investor Day



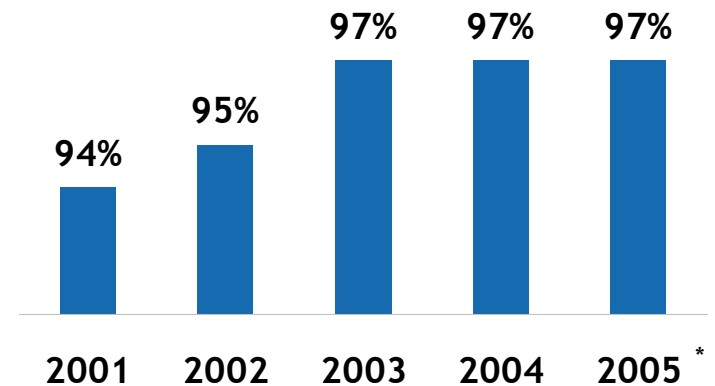


RETAIL SALES MANAGEMENT OVERVIEW

A strong, integrated sales management system

- Training: Giving employees the right skills and coaching support
- Processes: Mechanisms and tools to reach the right customers at the right time
- Rewards: Incentive based compensation system to reward results
- Performance management: Branch level monitoring and reporting

Top 2 Decile Retail Customer Retention



Branch Manager Profile

- Average 8.5 years with Harris
- Average 5 years as Branch Manager at Harris
- 34% have been a Branch Manager for 10+ years



* Annualized based on YTD Performance

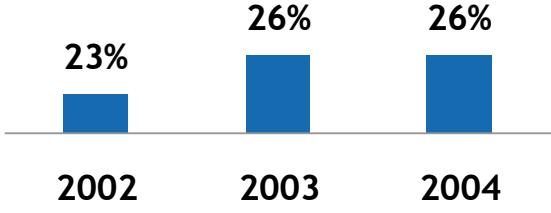


RETAIL SALES TRAINING

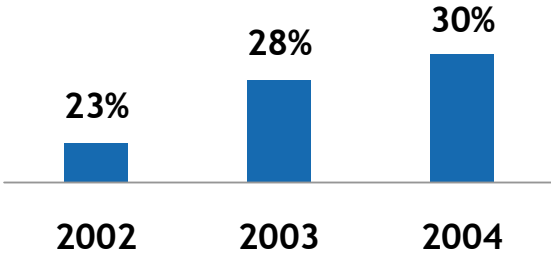
Focused sales and service training with continuous coaching to accelerate performance

- Investment in sales and service training represents a significant portion of overall learning dollars
- Number of employees trained in sales and service has increased annually
- Training and development coaching increased individual performance by 35% on average*

Percentage of Learning Dollars spent on Sales and Service Training



Percentage of Training Program Participants in Sales and Service Roles



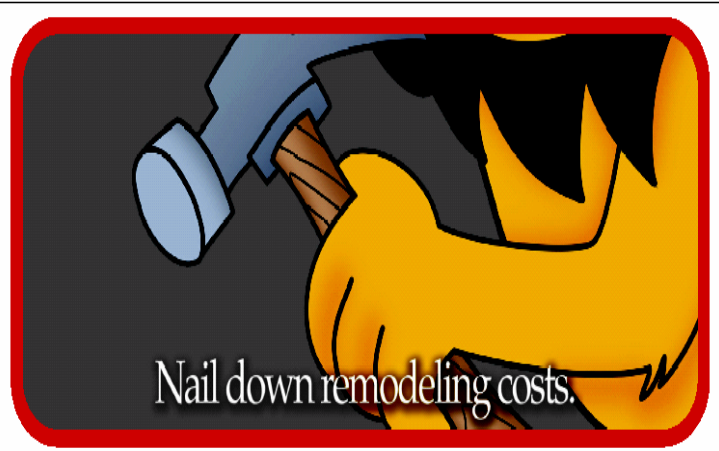
* Based on individual sales performance before and after "Productive Selling 1" training



RETAIL SALES PROCESSES

Proactively seeking opportunities to meet customer needs

- Attracting customers
 - Tailored and targeted marketing messages to our communities and target customer segments
- Customer welcome calls
 - In the first 90 days, all new checking account customers receive a welcome call from the call center to ensure all identified needs are met
- Ongoing customer management
 - Daily monitoring of “money in motion” capitalizes on opportunities to intervene and prevent attrition




Home Equity Lines as low as **3/4%** Below Prime

Get a Harris Home Equity Line of Credit.

Harris helps make short work of home remodeling or repair. Preliminary approval in 24 hours.**
 No closing costs. No application fees.
 Apply at any of our convenient Chicagoland locations, call, or visit us online.



<u>Cary</u>	<u>Crystal Lake</u>	<u>Fox River Grove</u>
122 W. Main St. 847-639-5000	5545 W. Northwest Hwy. 815-301-6250	Route 14 & Route 22 847-639-5008

*For Harris' Home Equity Line of Credit products, the APR is a variable rate based on the highest Prime Rate published in the "Money Rates" section of The Wall Street Journal on the first business day of the calendar month. On March 1, 2005, Prime was 5.50% and the APR on Harris' equity line products varied between 4.75% and 11.00%, depending on your approved commitment amount, product and credit qualifications. This rate includes a .25% discount. To qualify for the 0.25% discount, a Harris checking account is required and must be maintained. A minimum draw is also required. If you do not have a Harris checking account, or do not make the minimum draw, the APR varies between 5.00% and 11.25%. The maximum APR is 18%. Closing costs paid by Harris are limited to appraisal, flood determination, title insurance and recording fees. Costs to satisfy certain prior liens may be assessed. There is a \$50 annual fee after the first year. A \$35/early cancellation fee is applied to any account closed within 12 months of its opening date. You must carry insurance on the property that secures this loan. Flood insurance may also be required. Consult your tax advisor about the deductibility of interest. Harris' Home Equity Lines of Credit are limited to owner occupied, 1-4 family residences in IL, IN and WI and are subject to no less than a second lien position on your property and are subject to our underwriting standards. This offer does not apply to any transaction used to purchase a 1-4 family residence and cannot be combined with any other offer for a Harris Home Equity Line. This offer may be withdrawn at any time without notice. **Subject to final credit approval, which includes verification of application information and receipt of collateral documents. Harris® is a trade name used by Harris Trust and Savings Bank and its affiliated community banks. Members FDIC.

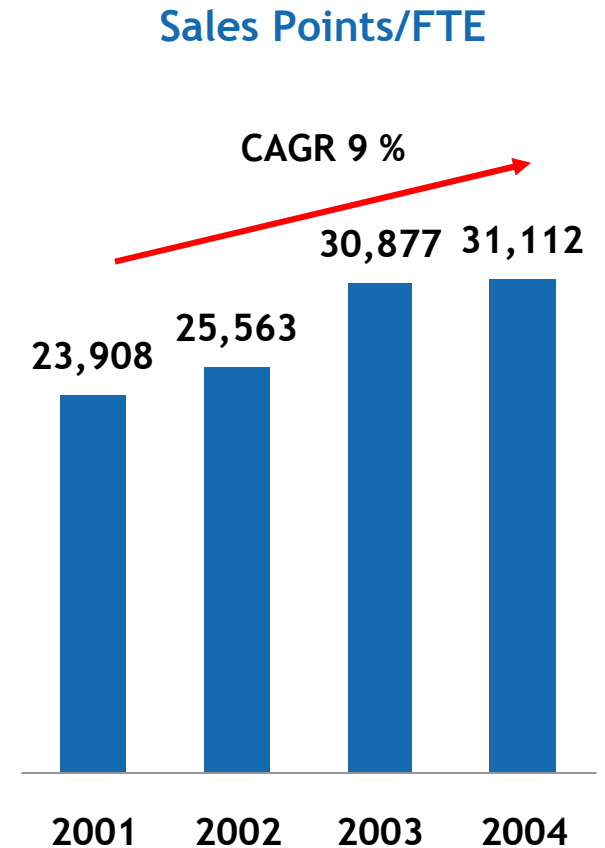




REWARD PROGRAMS

Strong incentives for superior performance

- Monthly payouts to bankers based on performance
- Variable pay (based on sales) is 19% of overall personal banker compensation vs. an industry average of 6%
- Total compensation comparable to industry averages



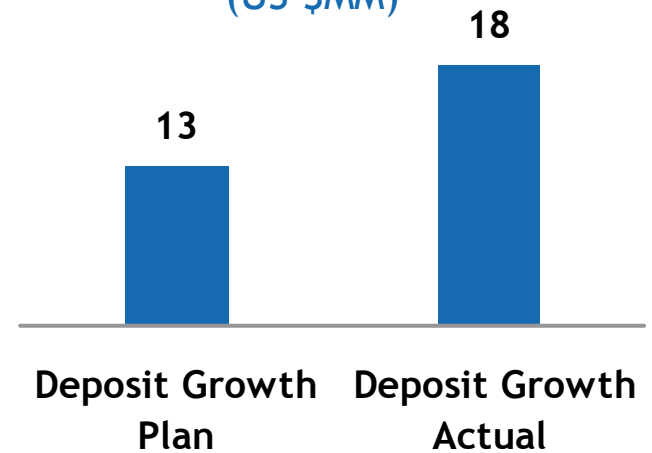


PERFORMANCE MANAGEMENT

Management reporting tools drive high performance

- Established market-driven revenue goals for each branch
- Recently introduced monthly branch performance measurement scorecards
 - Same-branch revenue growth
 - Sales activity
 - Cross sell
 - Retention
 - Account acquisition
- Standard processes for terminating bottom 5-10% of performers annually

Market Driven Goals-2005 YTD
Naperville Branch
(US \$MM)



Naperville Market Characteristics

- Upper Income
- High market growth
- High employment levels
- Quite a few competitors
- High existing Harris market share, high penetration of Builders and Preservers households





Investor Day

Chicagoland Banking
Business Banking

PETER MCNITT
*Executive Vice President
Business Banking*

JUNE 9 • 05

BMO  Financial Group

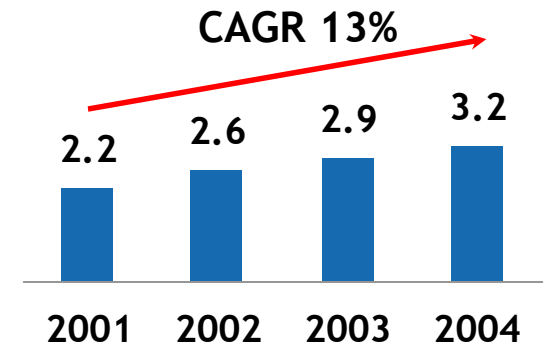


BUSINESS BANKING OVERVIEW

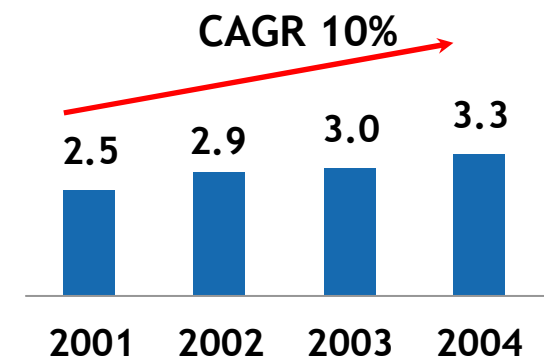
A key part of Chicagoland Banking performance and a leading player in the Chicago area

- Strong performance from 2001-2004
 - Added \$1.0 billion in business banking loans
 - Added \$800 million in business banking deposits
- Leverage brand equity, sales discipline and distribution capabilities; differentiated by our people and service quality
- Solid underwriting standards and lending processes enable stable earnings growth
- Strong #2 or #3 position in market segments

Business Loans (US \$B)



Business Deposits (US \$B)

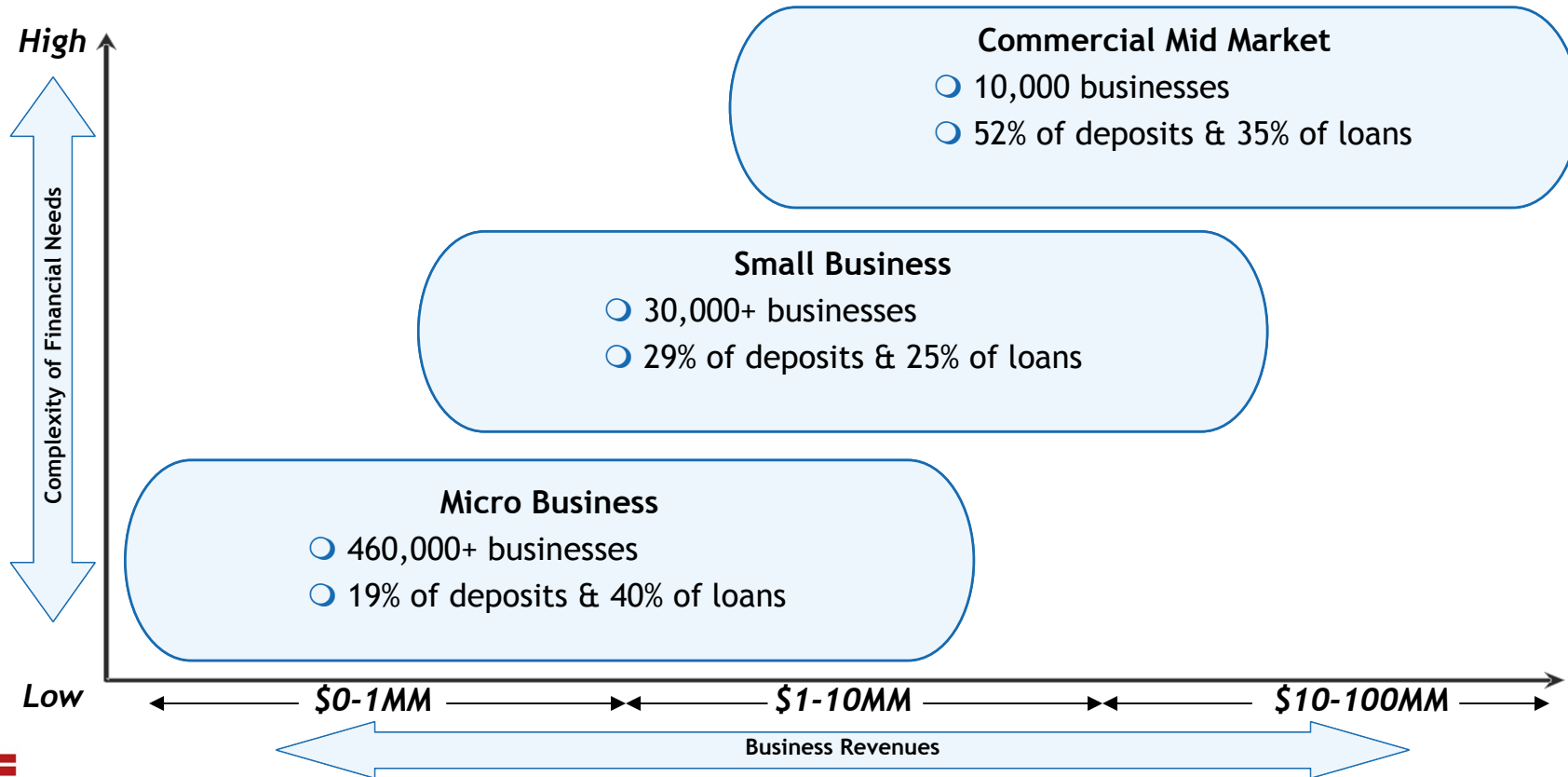




BUSINESS BANKING SEGMENTATION

The Chicago area has significant Business Banking opportunity

Chicago Area Business Banking Segments

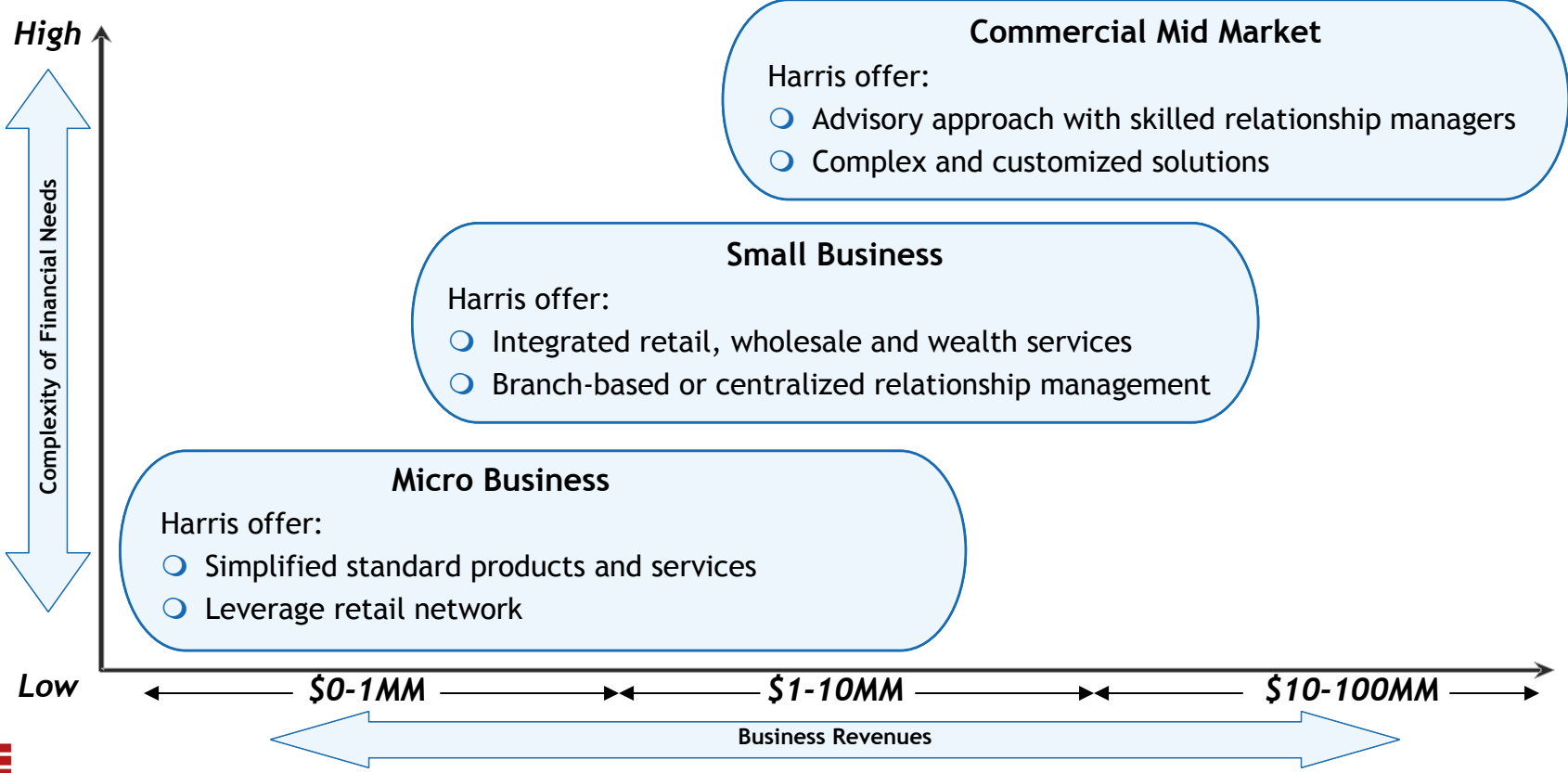




BUSINESS BANKING MODEL

A segment focused model lined up against distinctive customer needs

Business Banking Segment Opportunity Assessment





EXECUTING ON THE OPPORTUNITY

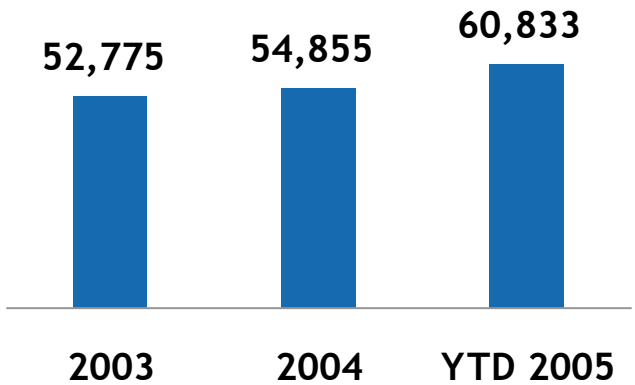
We are well positioned to capture the Business Banking opportunity in the Chicago area

- Expanding distribution
 - Leveraging branch network expansion
 - Actively increasing small business and commercial mid-market relationship managers

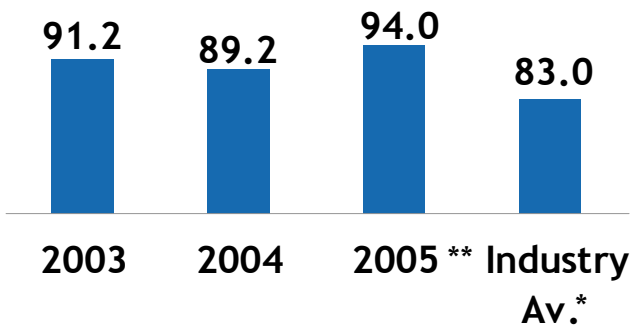
- Making it easier for customers to do business with us
 - Sales force training
 - Streamlined credit delivery processes
 - Standardized and simplified product offering

- Leverage segment-based model to drive performance
 - Focus on relationship driven, differentiated customer service
 - Demonstrate that we know and care about our clients

of Business Banking Households



Business Banking Retention (%)



* Based on small business numbers
Source: Business Banking Board

** Annualized based on YTD performance



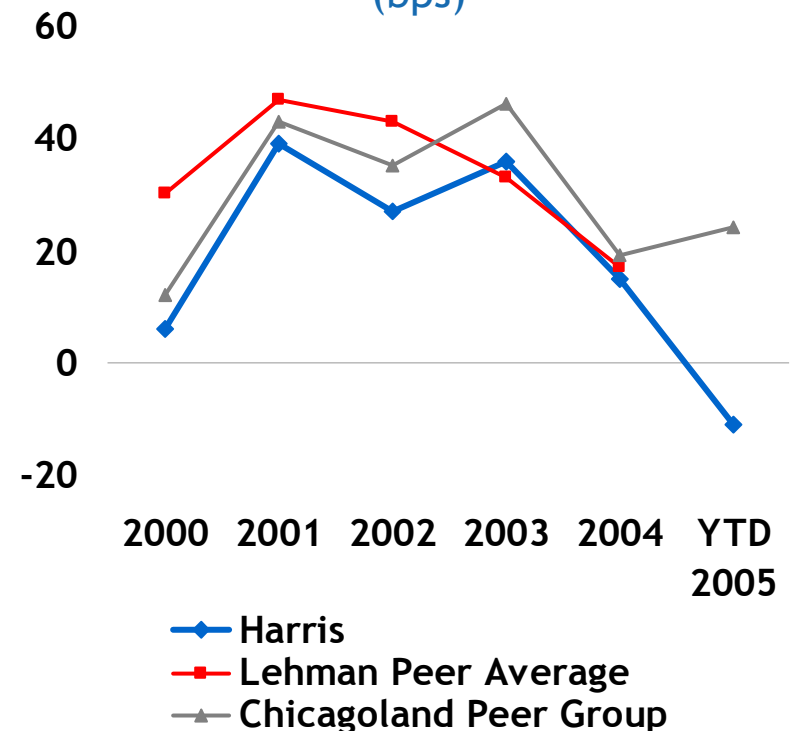


RISK MANAGEMENT

Our strong risk management capabilities are an integrated part of our acquisition and growth strategy

- Aligned with BMO risk management philosophy
- Harris success based on:
 - Structured, consistent, centralized underwriting
 - Local market knowledge
 - Consistent superior credit performance compared to peer groups

Business Lending Net Losses (bps)





HARRISTM

Chicagoland Banking
Customer Offer

SANDRA HANINGTON

*Executive Vice President
Marketing & Customer Strategies*

JUNE 9 • 05

BMO  **Financial Group**

Investor Day





OUR OFFER

A customer focus underpins our offerings to the market

- “Spotlighting” strong products to support customer retention and acquisition
- Expanding our prospective customer base by leveraging our risk management capabilities
- A company ethic based on quality customer conversations - in the branch, on the phone or over the internet

Core Offering

Consumer Deposits
Consumer Loans
Commercial Deposits
Commercial Loans
Cash Management Services
Merchant Processing Services

Harris Partner Offering

Wealth Management
Trust & Investment
Direct Brokerage
Large Corporate Banking
Capital Markets





RETAIL DEPOSITS

Two “Best in Class” retail deposit offers

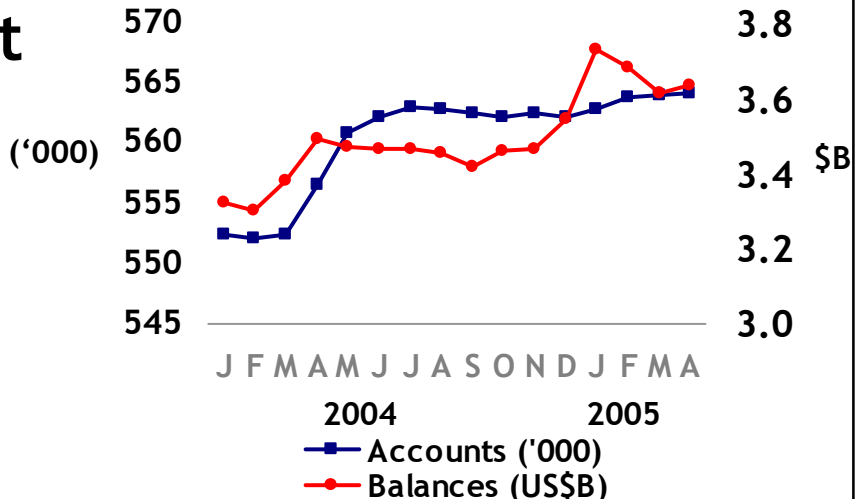
Lion Power Free Checking

- Building core consumer base
- Eliminating fees
- 2004 campaign boosted general awareness and drove new account growth; 2005 campaign underway

Platinum Plus Checking

- High-yield checking account with benefits - top tier rate is 2.75%
- Balances are over \$870MM in Chicagoland with an additional \$100MM from acquisitions
- New money is over \$300MM
- Strong share-of-wallet play, with over 80% of households expanding upon an existing relationship with Harris

Consumer Core Deposits



Interest Soars.
Introducing Harris Platinum Plus Checking*

- 2.75% APY with minimum balance of \$50,000
- 2.50% APY with minimum balance of \$25,000
- 2.40% APY with minimum balance of \$10,000

PLUS:
 Free Harris MasterCard® Banking Card/Debit Card
 Unlimited ATM use**
 Free Online Bill Pay
 No annual fee Harris WorldPoints® Platinum Plus® MasterCard® credit card***

To learn more, stop by any of our convenient Chicagoland locations, visit our website or call 800-546-6101



MONERIS NEXT DAY FUNDING

A unique and innovative offer to our Small Business customers

- Credit card processing for merchants
- Next day funding functionality provides competitive edge
- Launched early 2004 through joint Harris/Moneris calling teams
- Strong early results: Q1 2005 over Q1 2004
 - Signed merchant accounts increased 28%
 - Referrals increased 40%
 - Moneris close ratio of leads up 7%

LION POWER WORKS FOR SMALL BUSINESS.

She gets next-day credit card funding.
(So can you.)



WE PACK TO SHIP OR FLY FOR 48 HRS IN THE LA

As a Harris small business customer, you can enjoy next-day funding for processed credit card transactions*—instead of having to wait up to five days with someone else. This is just one part of our big program for small business. To learn more, please contact one of our locations below.

harrisbank.com  **LION POWER** Member FDIC

Glencoe
333 Park Ave.
847-835-5400

*Certain terms and conditions apply. Harris™ is a trade name used by Harris Inland Savings Bank and its affiliated community banks.





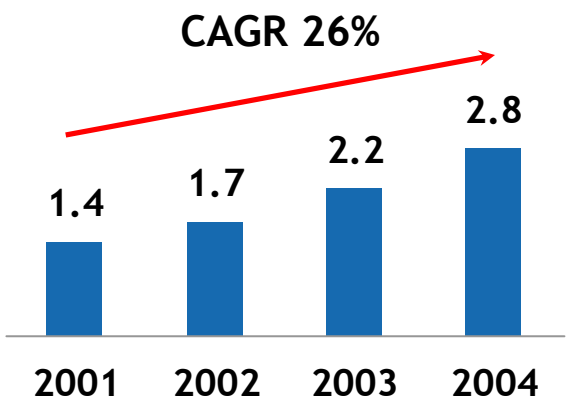
CONSUMER LENDING

Low risk consumer portfolio provides an opportunity for further expansion

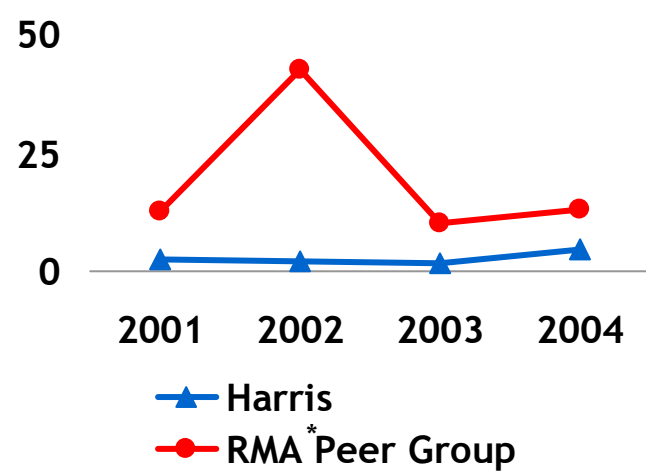
- Continued strong profitable growth in Home Equity lending with minimal losses
- Focused on opportunities to accelerate performance - opening the door to more loans at a higher yield

Home Equity Program	Launch	Incremental Results
Reduced documentation requirements	Jun 2004	\$140MM in balances to date
Expanded offer to next-tier credit quality customers	Dec 2004	\$30+MM in balances to date

Home Equity Portfolio Outstandings (US \$B)



Net Loss Rates (bps)



* Risk Management Association

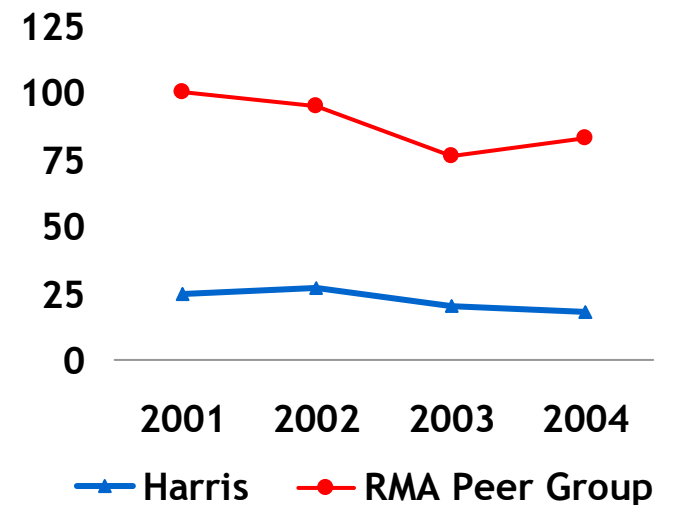
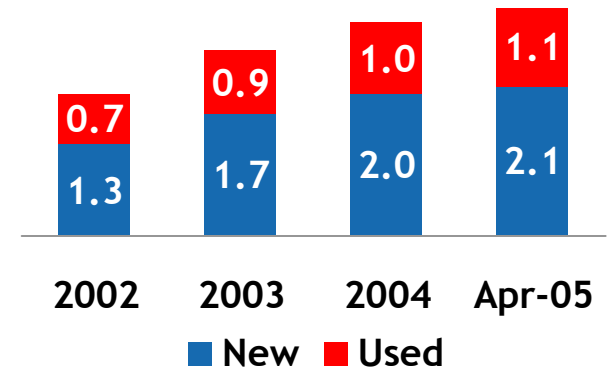


INDIRECT AUTO LENDING

Continued profitable growth and expansion

- #2 market share in new cars; #3 for used cars*
- Successful expansion in Midwest; now in 10 states
- High quality A paper; no dealer floor plans, no leasing
- Loan losses have been 75% below the industry average

Indirect Auto Outstandings (US \$B)



* Based on Illinois unit volume; excludes captives



HIGH QUALITY SERVICE OFFERING

Building relationships, one conversation at a time

In person:

- Implemented training, profiling tool for small business customers/prospects
- Tracking a more frequent, sensitive measure of customer satisfaction - Net Promoter Score

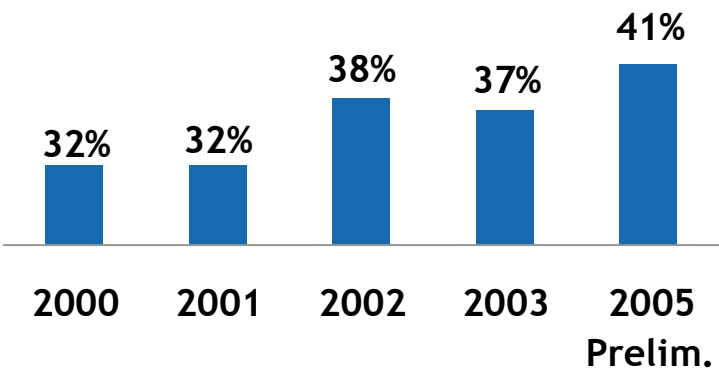
Over the phone:

- Focus on “one and done” calls (96% resolved on first call)
- Dedicated relationship management for small business customers

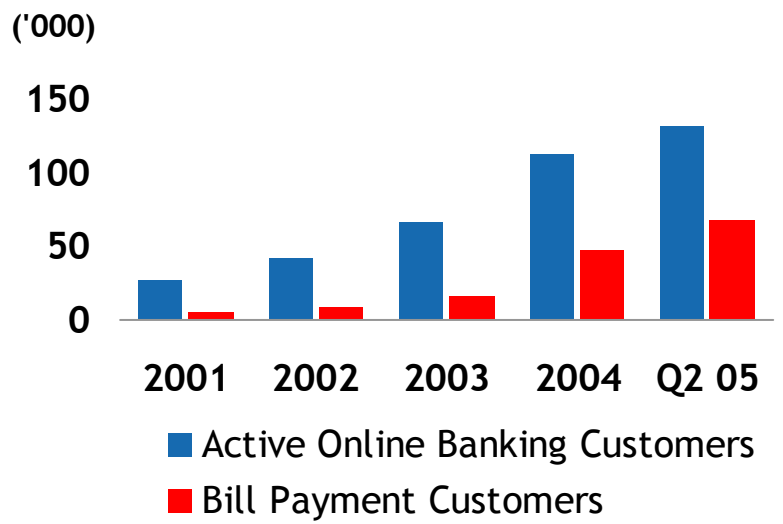
Online:

- Above average customer penetration of 45%
- Examples of functionality offered:
 - “Push to Talk”, eChat
 - Online check images
 - Harris TotalLook - account aggregation

Secure Customer Index



Channel Penetration





HARRISTM

Chicagoland Banking
Network Expansion

CHARLES TONGE
Vice Chairman
Harris N.A.

JUNE 9 • 05

BMO  **Financial Group**

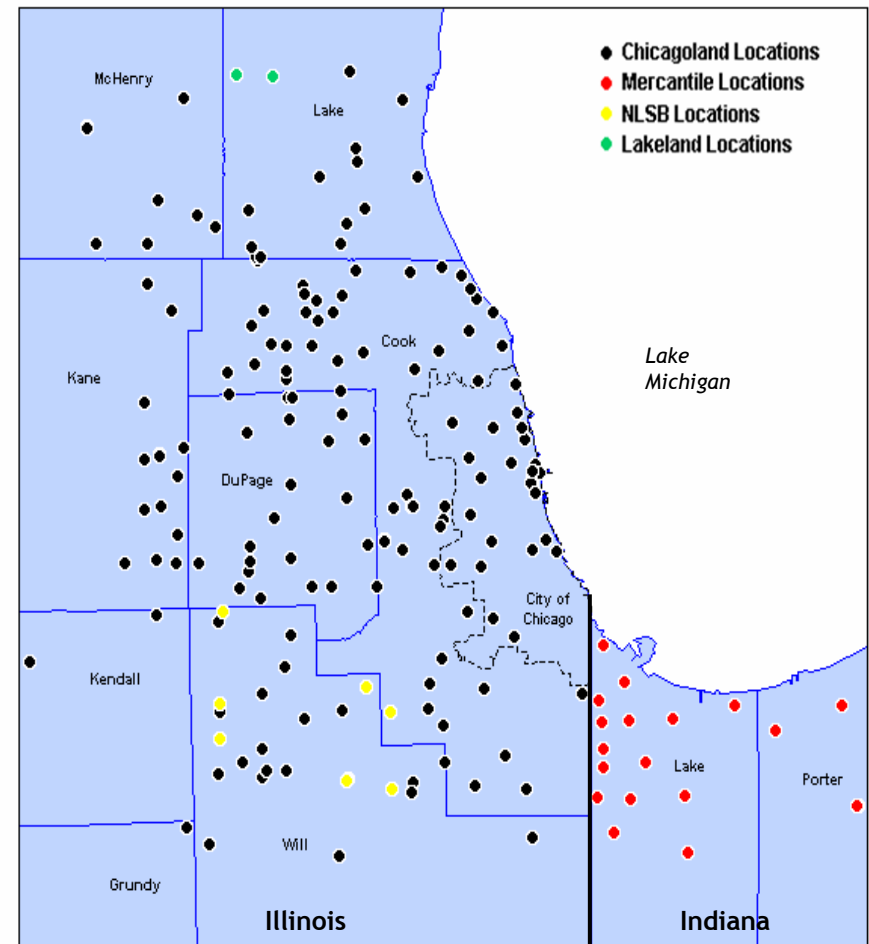
Investor Day



CHICAGOLAND BANKING DISTRIBUTION NETWORK

Network expansion continues to be a key driver of growth

- Harris is well positioned:
 - Strong physical presence; 190 branches in Illinois and NW Indiana
 - Community bank model
- Future expansion from:
 - Targeted de novo branch expansion
 - Opportunistic acquisitions in the Midwest



DE NOVO BRANCH EXPANSION

Focused on targeted high priority communities

- Strong market coverage
 - Opened 21 de novo branches in Chicago area in last 3 years
 - 2nd largest branch distribution network in Chicago area
- Maintain focused strategy
 - De novo branch performance in line with expectations; ongoing focus on managing new branch performance
 - F2005 goal of 3 additional de novo branches in Chicago
 - 8 sites secured for expansion in F2006 and F2007



New Branch Performance Indicators

- Deposit balances exceed business case by \$100MM
- Aggregate net income for branches achieves business case expectations





ACQUISITION STRATEGY

We maintain a disciplined approach to acquisitions

- Target banks in Chicago area and the Midwest
- Advantages include deep market knowledge and Harris brand
- Three key questions:
 - ✓ *Is it a good strategic fit?*
 - ✓ *Is it a good cultural fit?*
 - ✓ *Is it a good financial fit?*

Recent Acquisitions

2004

Mercantile National Bank

New Lenox State Bank

Lakeland Community Bank

2001

First National Bank of Joliet





2004 ACQUISITIONS - SYNERGY CAPTURE

Strong progress-to-date in capturing expense synergy opportunities

Acquisition Performance

- Key expense synergies captured
 - Transition bank leadership into the Harris management model
 - Consolidate duplicative home office functional areas (e.g., credit, compliance, audit)
 - Divest and/or exit non-core businesses
 - Rationalize vendor contracts
- On pace to fully realize business case targets for NLSB and MNB
 - Centralize operations, item processing and other back office activities

	<u>Lakeland</u>	<u>NLSB</u>	<u>Mercantile</u>
Pre-Acquisition Productivity Ratio	53%	57%	70%
Business Case Synergy as % of Operating NIX by Year 3	16%	15%	19%
Synergies Captured to Date vs. Business Case	100%	44%	60%
Projected Synergy Capture by Year 3	Plan	Plan	41% Over Plan










EXECUTION ON ACQUISITION OPPORTUNITIES

Case example - Changing the mortgage origination model at Mercantile National Bank

- | | |
|---|--|
| Local Origination | <ul style="list-style-type: none"> ○ MNB Indiana-based origination team remains in place ○ Enhanced suite of Harris mortgage products available ○ Implemented Harris sales management practices ○ Integrated sales force into branch network |
| Centralized Servicing and Underwriting | <ul style="list-style-type: none"> ○ Underwriting and servicing of new loans moved to Harris centralized facility |
| Portfolio Management | <ul style="list-style-type: none"> ○ Enhanced balance sheet management with integration into \$5 billion Harris mortgage portfolio |

Strategic and Financial Implications

-  **Back Office Costs**
Elimination of entire underwriting staff (8 FTEs) for annual expense savings exceeding \$330,000
-  **Origination Volume**
Increasing volume per originator. Current pipeline at \$18 million
-  **Customer Options**
Customer options increased with Harris mortgage product suite, allowing us to say “Yes” to more customers
-  **Cross Selling Opportunities**
Integration of mortgage sales force into branch network increased referral and cross sell opportunities
-  **Centralized Costs**
All centralized utilities leveraged - no increase in underwriting, servicing or portfolio management costs



HARRISTM

Chicagoland Banking
Wrap Up

FRANK TECHAR

*President and
Chief Executive Officer
Harris N.A.*

JUNE 9 • 05

BMO  **Financial Group**

Investor Day

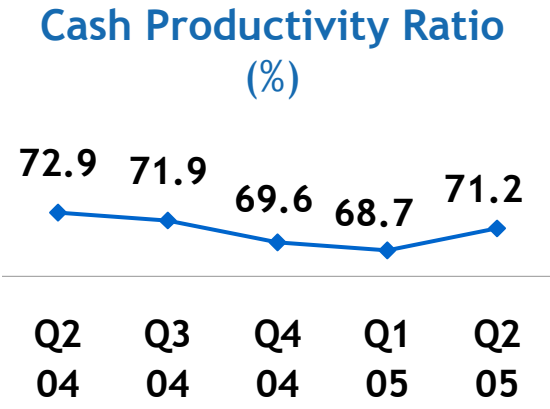
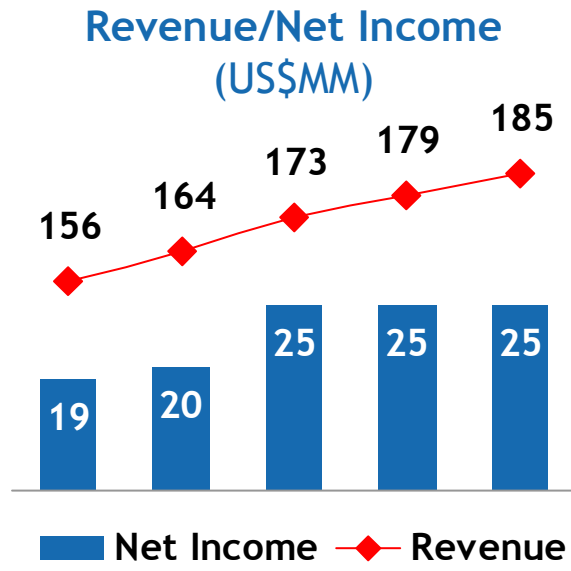




CHICAGOLAND BANKING TARGETS

We are confident about our ability to execute on our strategy

- Expand our Chicagoland branch network of 190 branches to 220+ branches by 2007
- Target 10% annual revenue growth
- Target 15% annual net income growth
- Target 150-200 bps productivity improvement each year
- Expand distribution footprint to be the #1 Midwest retail and commercial bank





CONTACT INFORMATION

Susan Payne

Senior Vice President

(416) 867-6656

susan.payne@bmo.com

Steven Bonin

Director

(416) 867-5452

steven.bonin@bmo.com

Krista White

Senior Manager

(416) 867-7019

krista.white@bmo.com

FAX

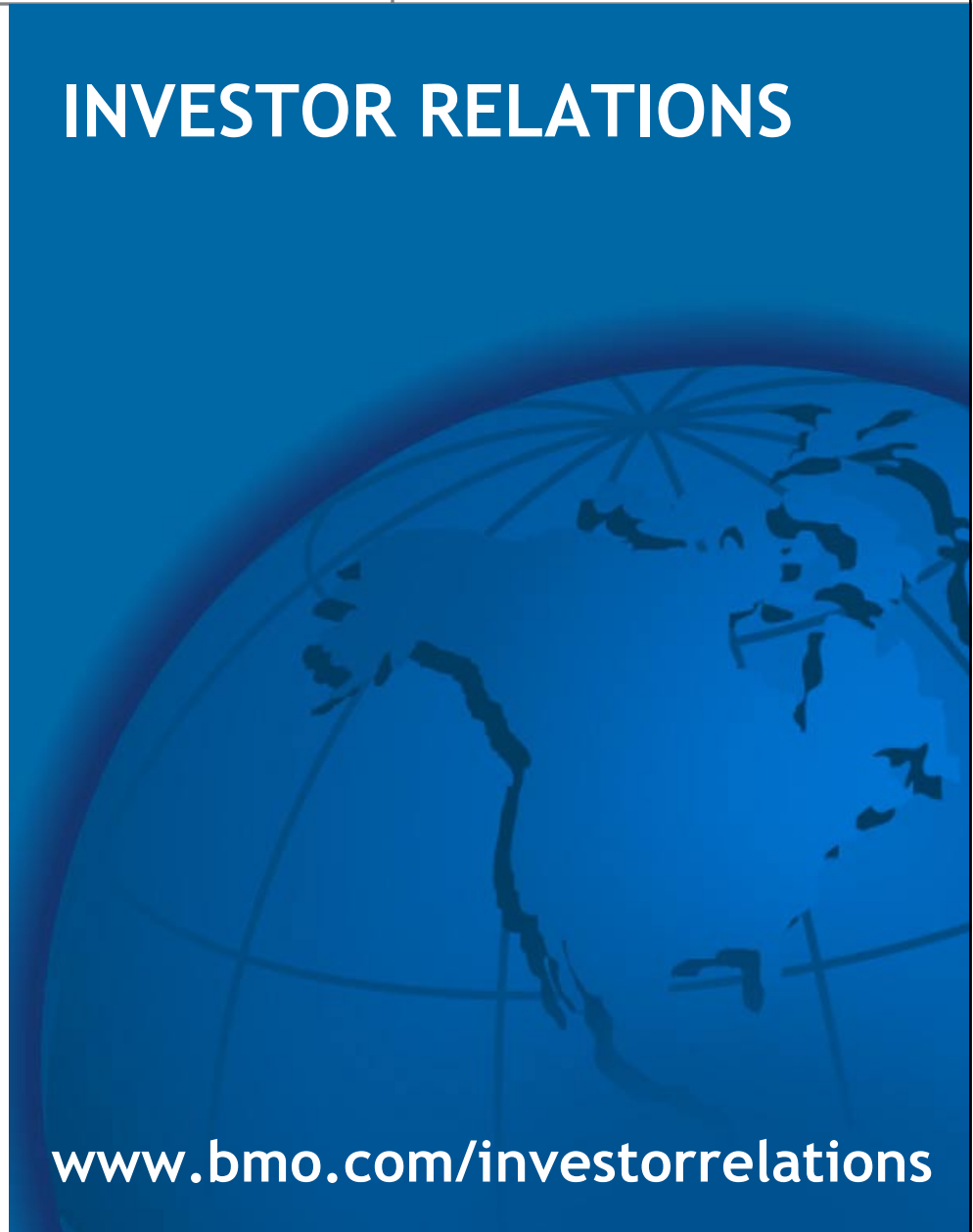
(416) 867-3367

E-mail

investor.relations@bmo.com

INVESTOR RELATIONS

www.bmo.com/investorrelations





HARRISTM

Chicagoland Banking

Q&A

JUNE 9 • 05

BMO  Financial Group

Investor Day

