BMO Financial Group

Financial Results
Fourth Quarter 2003

Karen Maidment
EVP & CFO

Quarterly Investor Presentation
November 25, 2003

EPS GROWTH

29.3%

RETURN ON EQUITY

17.9%

PROVISION FOR CREDIT LOSSES

$95 MM

TIER 1 CAPITAL

9.55%

Q4 2003 Financial Highlights

- **Net income $513MM**
  - up 29% from $398MM in Q4 2002
- **Cash productivity ratio 63.1%**
  - significant improvement over Q4 2002
- **PCL at $95MM**
  - continued favourable credit environment
- **Operating Groups**
  - improved performance in all groups

EPS GROWTH

28.4%

RETURN ON EQUITY

16.4%

PROVISION FOR CREDIT LOSSES

$455 MM

TIER 1 CAPITAL

9.55%

Fiscal 2003 Financial Highlights

- **Cash productivity ratio of 64.5% down from 67.1% YTD 2002**
  - 260 bps improvement Y/Y
- **Revenue growth of 4.7% due to acquisitions and core business growth, while expenses up 0.9%**
- **PCL declined to $455MM from $820MM YTD 2002**
- **All annual targets achieved** despite economic challenges

Financial Summary

	Q4 2003	Q4 2002	Q3 2003	Fiscal 2003	Fiscal 2002
Net Income ($MM)	**513**	398	504	**1,825**	1,417
Cash EPS – Diluted ($/share)	**1.00**	0.79	0.99	**3.59**	2.83
EPS – Diluted ($/share)	**0.97**	0.75	0.95	**3.44**	2.68
Cash Return on Equity (%)*	**18.5**	15.4	18.8	**17.1**	14.2
Return on Equity (%)*	**17.9**	14.6	18.0	**16.4**	13.4
Revenue Growth – Y/Y (%)	**5.4**	17.3	8.9	**4.7**	0.0
Expense Growth – Y/Y (%)	**(3.6)**	10.7	(0.2)	**0.9**	6.3
Cash Productivity Ratio (%)	**63.1**	68.8	62.6	**64.5**	67.1
Productivity Ratio (%)	**64.0**	70.1	63.7	**65.7**	68.1
PCL/Avg. Loans Accept. (%)*	**0.30**	0.40	0.24	**0.30**	0.56
Capital: Tier 1 Ratio (%)	**9.55**	8.80	9.21	**9.55**	8.80

* Annualized

Y/Y Earnings Growth Drivers:

- Improved overall operating group performance
- Productivity improvements reflected in business growth
- Improved credit environment
- Higher effective tax rate Y/Y

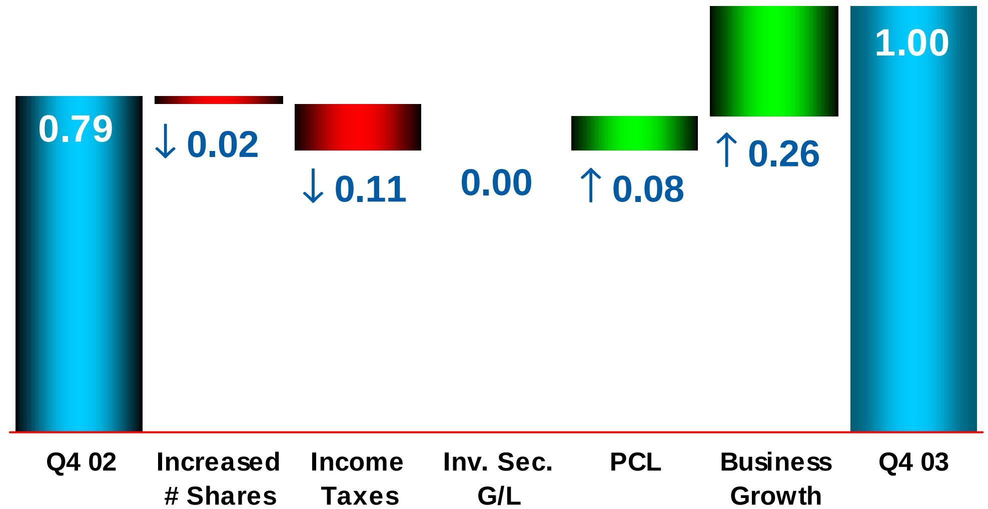
F2003 Earnings Growth Drivers:

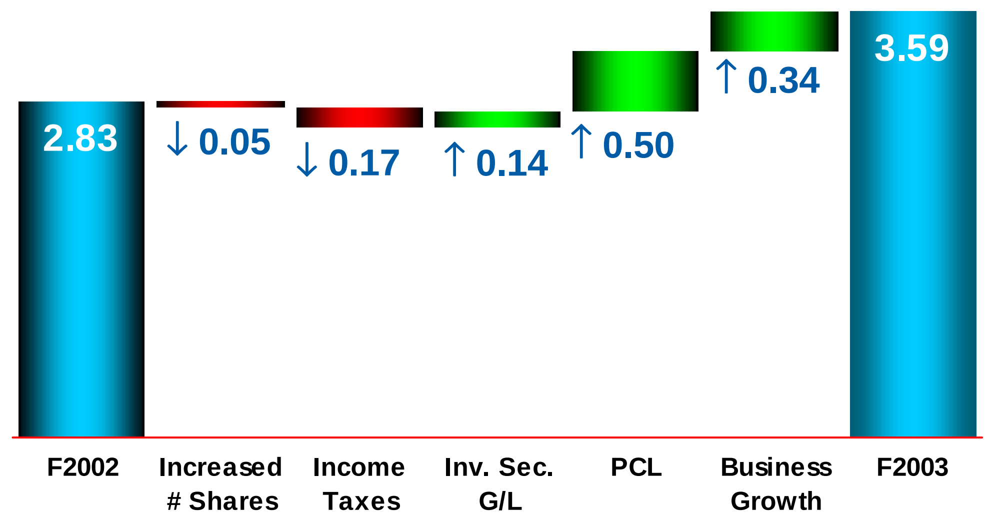
- Improved overall operating group performance
- Better performance from investment securities
- Improved credit environment
- Higher effective tax rate versus F2002

Approximate per share impact

Cash EPS Growth

($/share)*





Q/Q Business Growth

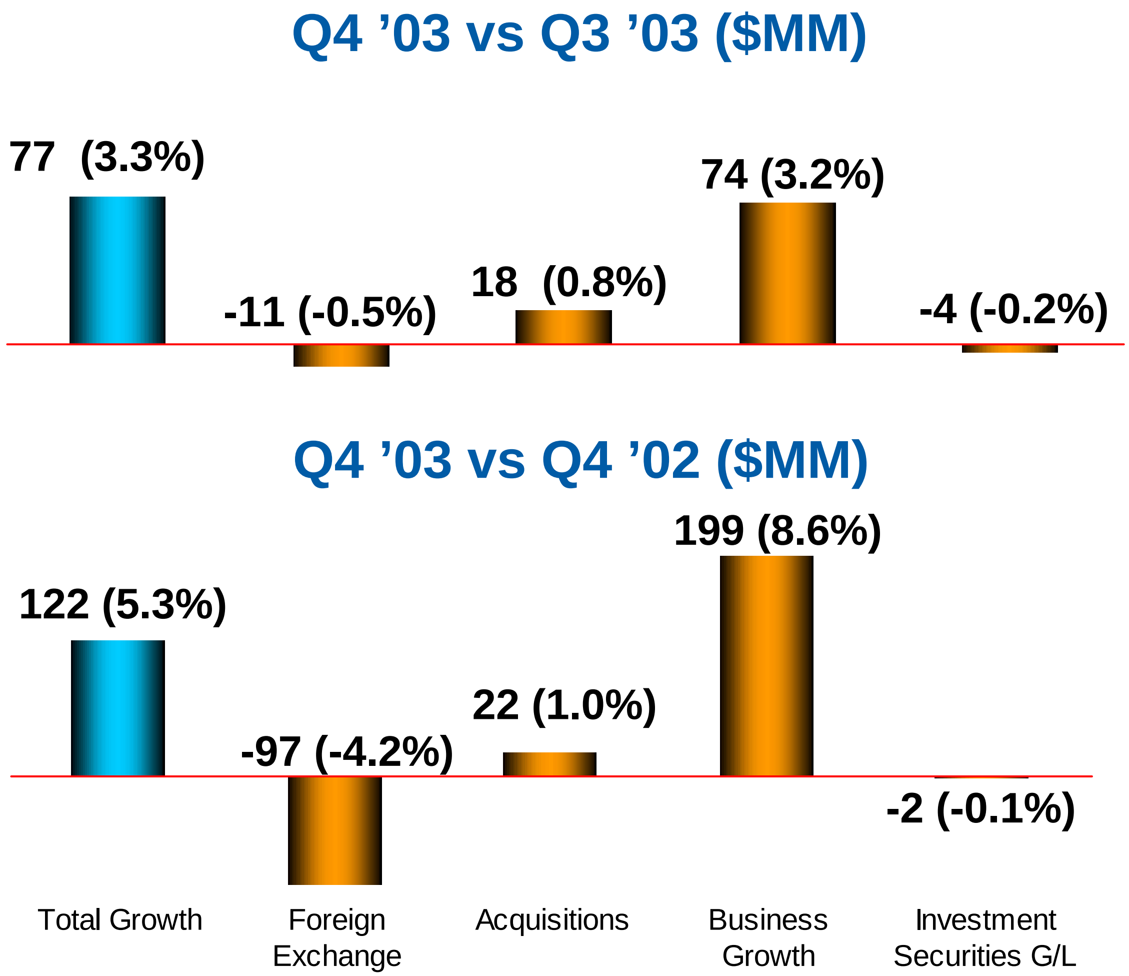
- Improved retail volumes and higher margins in IBG
- Higher capital markets fees in PCG and IBG, partially offset by lower trading revenue

Y/Y Business Growth

- Improved retail volumes and higher margins in U.S retail and business banking
- Improved margins in IBG
- Higher capital markets fees

Revenue Growth

Current quarter and fiscal 2003 show good core business growth



Q/Q NIM Changes

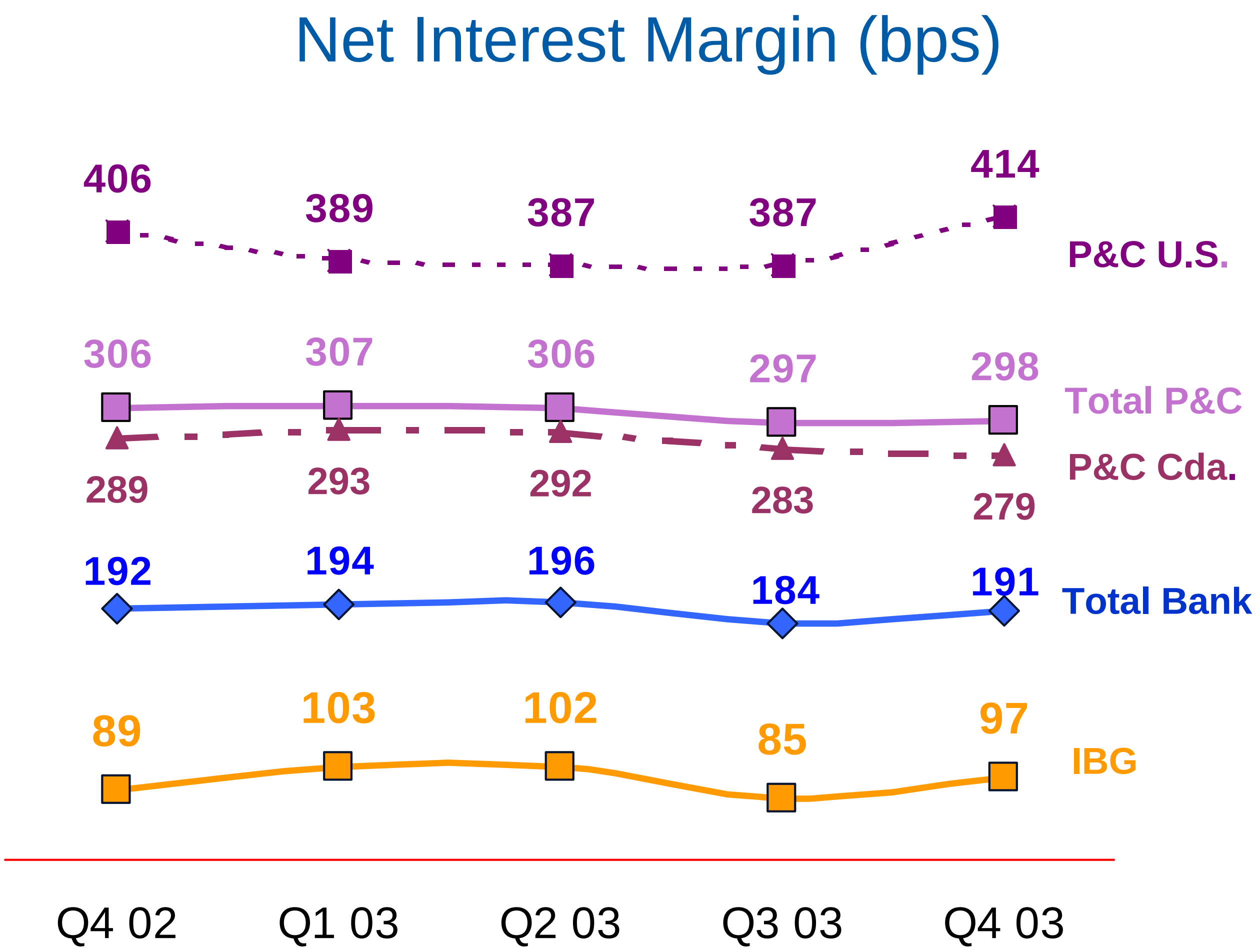
- Margins increased due to:
  - Continued growth in BMO's high-spread P&C assets in Canada and U.S and reduction in low-spread IBG assets
  - Increased margins in IBG due to higher cash collections and increased income from equity derivatives

Y/Y NIM Changes

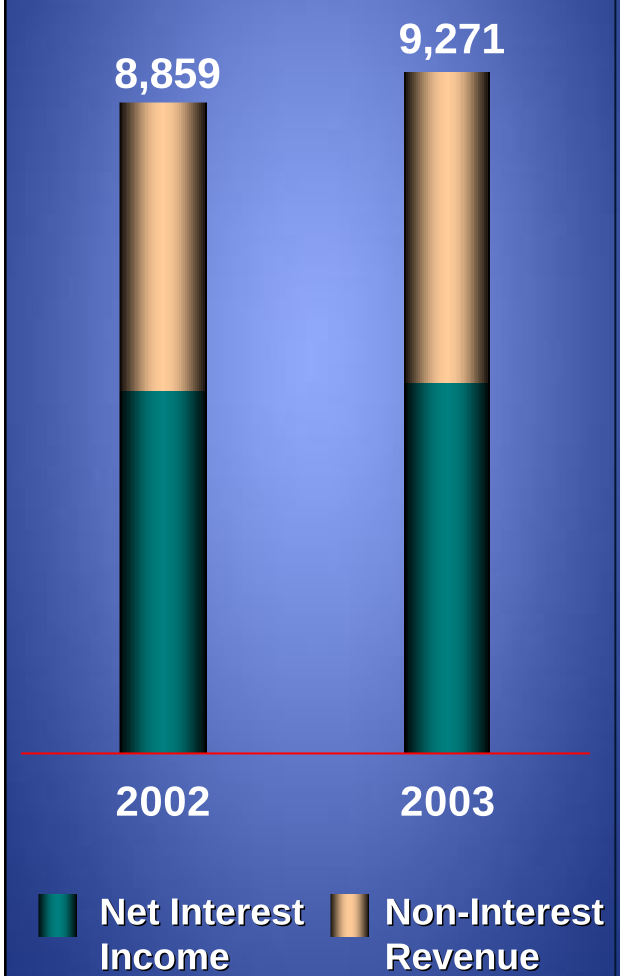
- Margins flat:
  - Improved IBG spreads due to strong cash collections
  - Lower P&C Canada margins due to competitive pressures
  - Improved P&C U.S margins

Net Interest Margins

Margins improved Q/Q and stable Y/Y

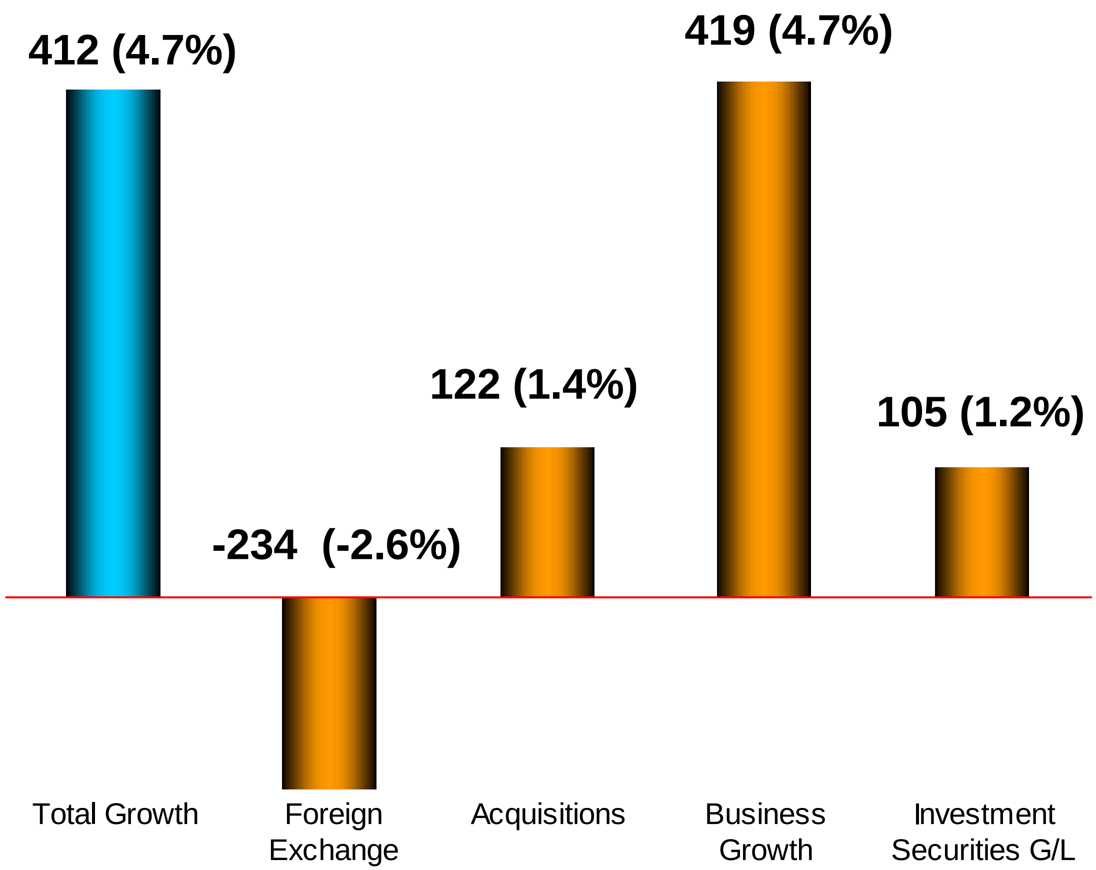


Total Revenue
$MM



Revenue Growth

Fiscal 2003 vs Fiscal 2002 ($MM)



Q/Q Business Growth

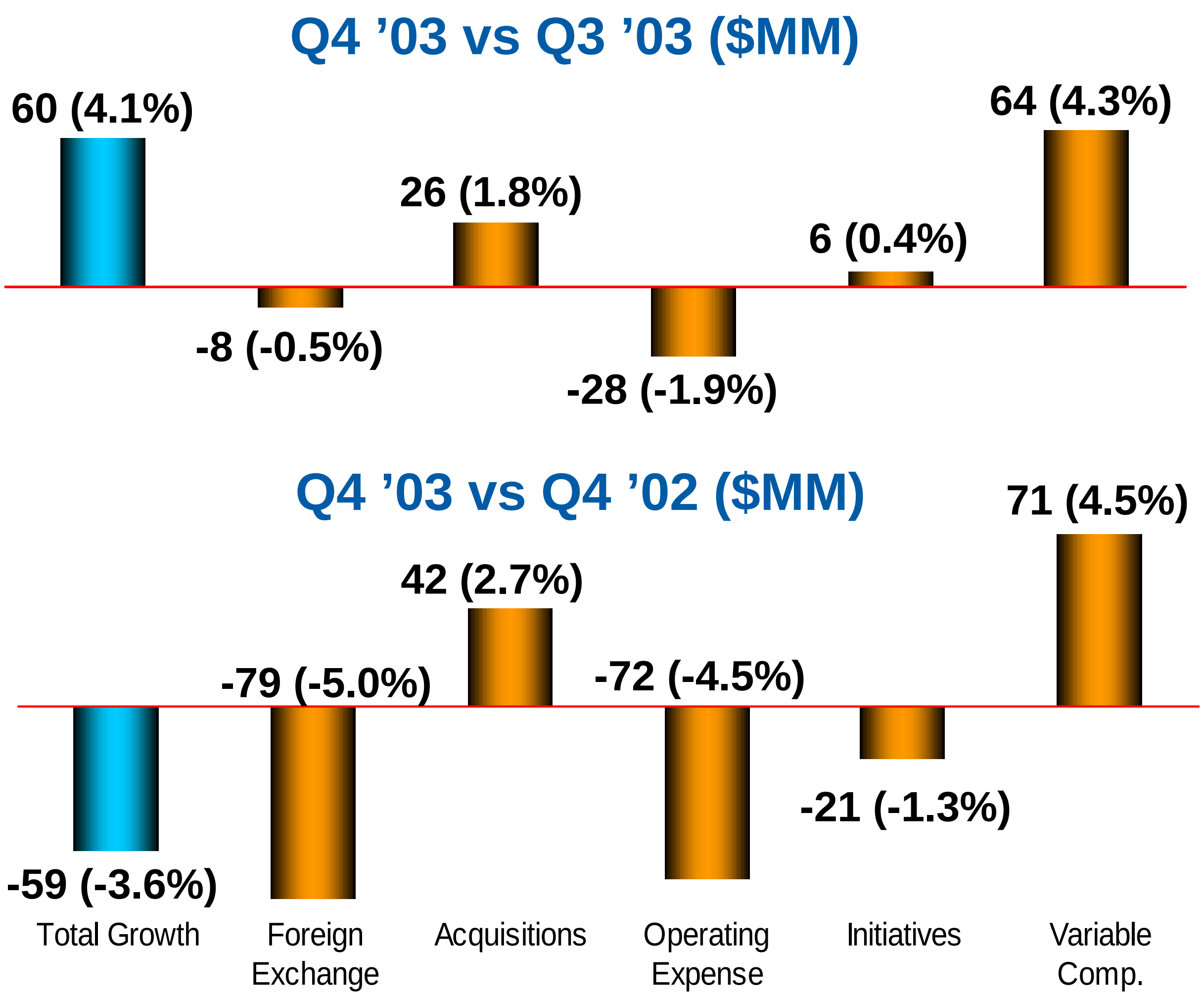
- Higher variable compensation ($64MM) in line with higher revenues
- Core operating expenses declined

Y/Y Business Growth

- Higher variable compensation ($71MM) in line with improved operating group performance Y/Y
- Core operating expenses declined

Expense Growth

Operating expenses declined in all periods



Expense Analysis ($MM)

Employee Compensation:
- Higher performance-based compensation ↑ 64
- Higher benefit costs ↑ 2
- Higher severance costs ↑ 14

Premises & Equipment:
- Computer costs higher ↑ 17

Other Expenses:
- Reduced miscellaneous expenses ↓ 35

Employee Compensation:
- Higher performance-based compensation ↑ 71
- Higher benefit costs ↑ 24
- Lower severance costs ↓ 20

Premises & Equipment:
- Computer costs lower ↓ 39
- Real estate rental ↓ 8

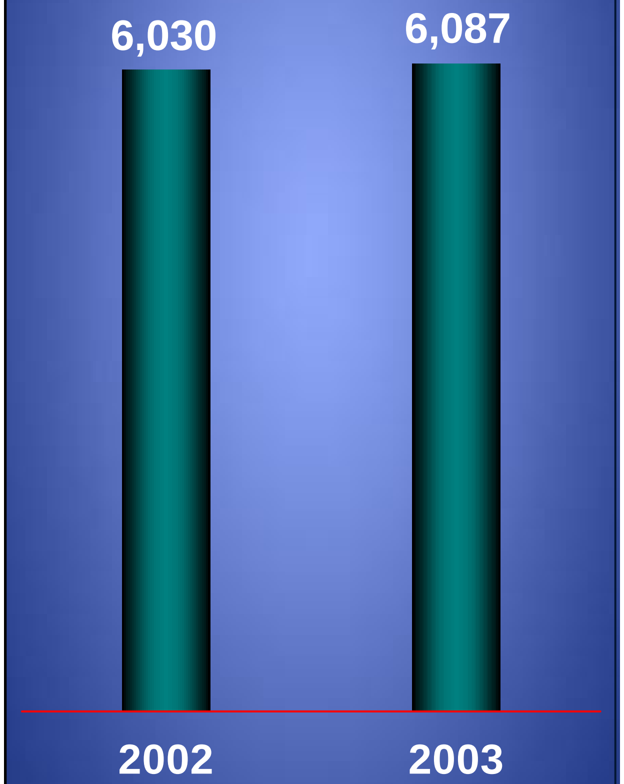
Other Expenses:
- Professional fees ↓ 13
- Travel/Business dev. ↓ 15
- Reduced miscellaneous expenses ↓ 35

Non-Interest Expense Analysis

Quarter-over-Quarter Q/Q	Q4 2003	Q3 2003	B/(W)
Employee Compensation	943	869	(74)
Premises & Equipment	321	301	(20)
Communications	41	39	(2)
Other Expenses	217	250	33
Amortization of Intangible Assets	23	26	3
Total Non-Interest Expense	1,545	1,485	(60)

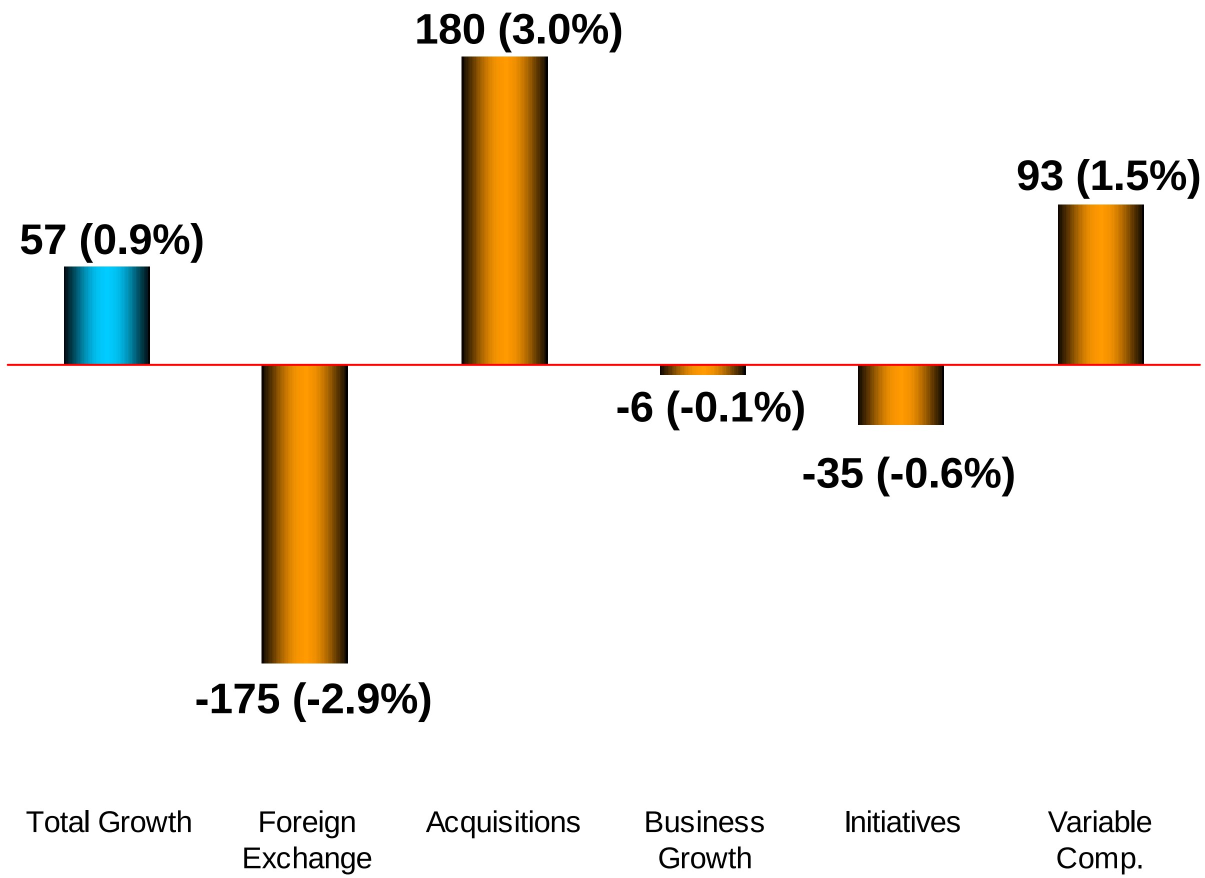
Year-over-Year Y/Y	Q4 2003	Q4 2002	B/(W)
Employee Compensation	943	878	(65)
Premises & Equipment	321	377	56
Communications	41	36	(5)
Other Expenses	217	284	67
Amortization of Intangible Assets	23	29	6
Total Non-Interest Expense	1,545	1,604	59

Non-Interest Expense
$MM



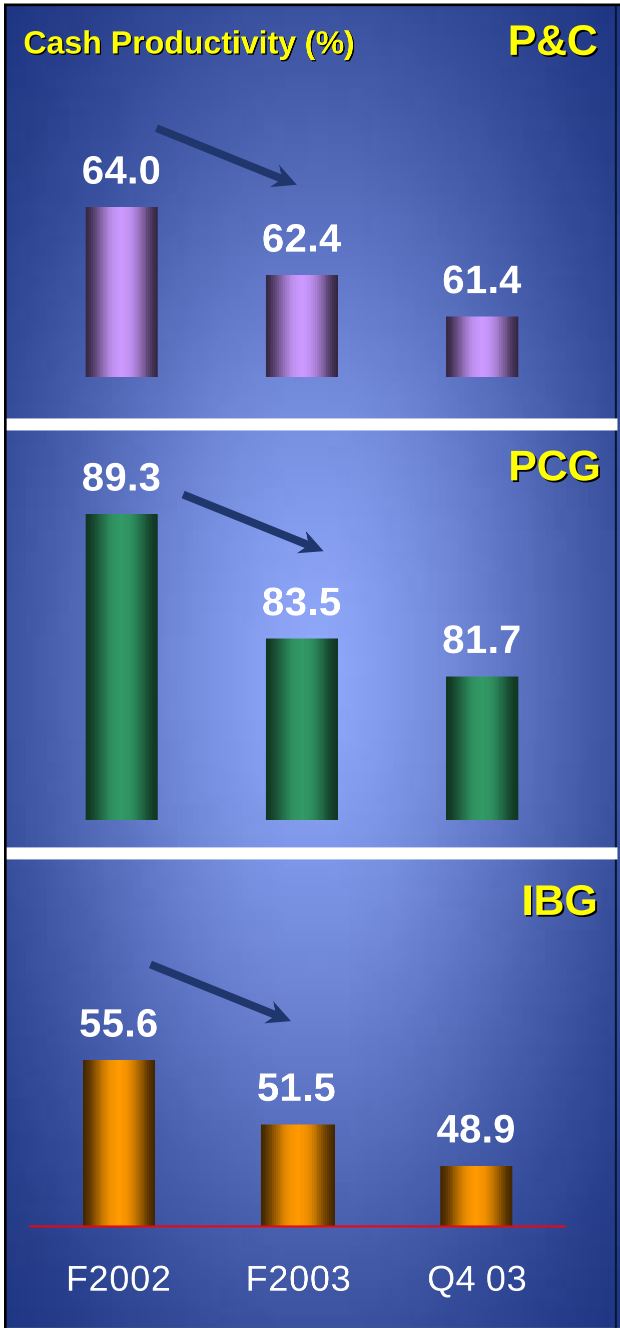
Expense Growth

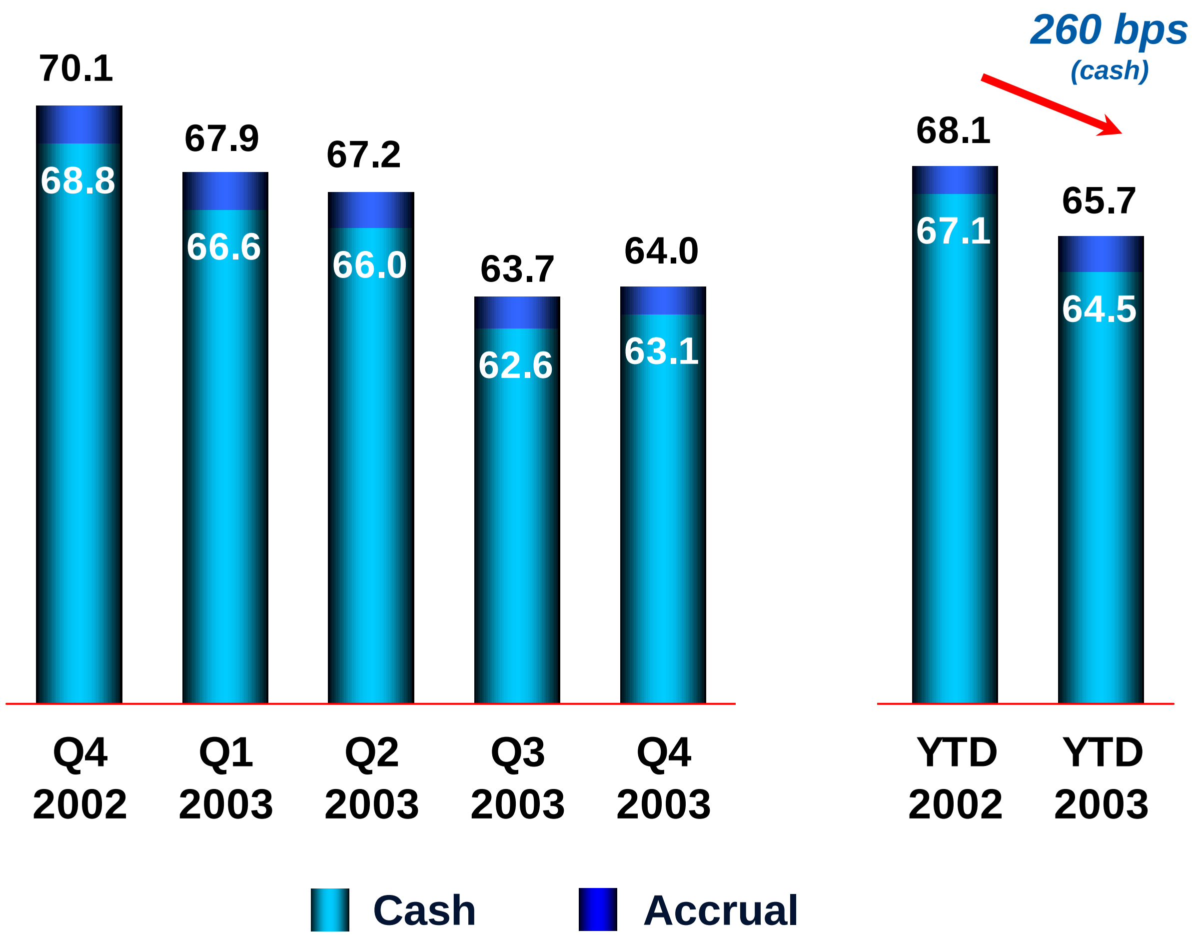
Fiscal 2003 vs Fiscal 2002 ($MM)



Cash Productivity Ratio

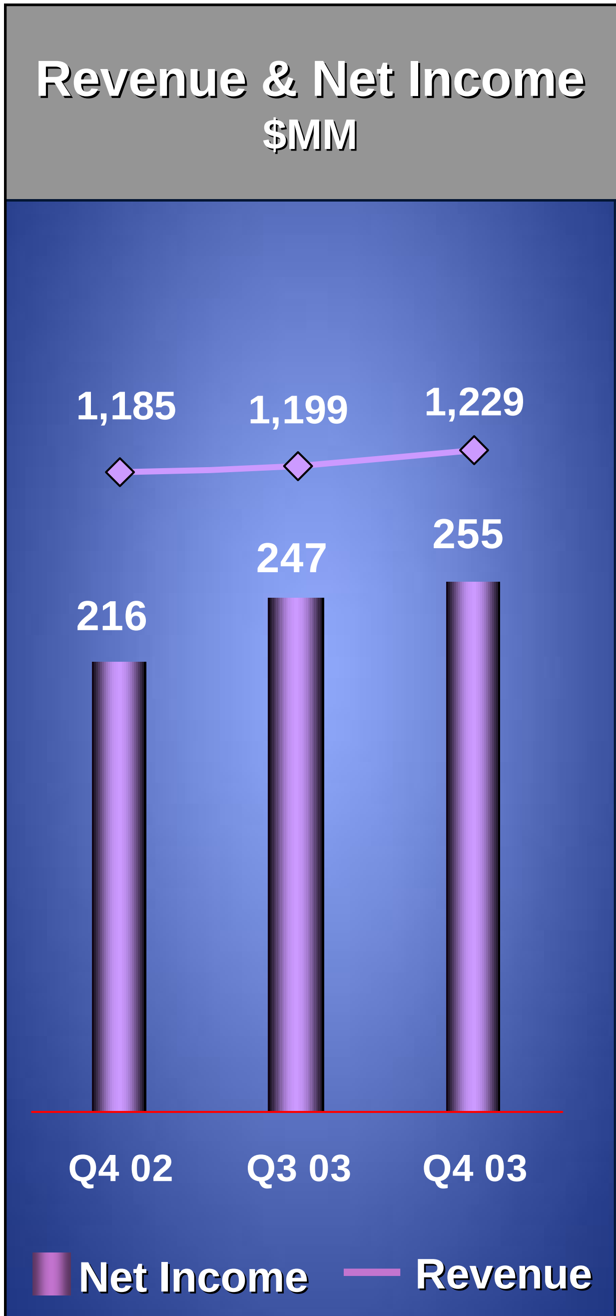
260 bps reduction for total BMO – all operating groups significantly improved over F2002





Fiscal 2004 Targets

Performance Measure	F2004 Target
EPS Growth	10 – 15%
Return On Equity	16 – 18%
Provision For Credit Losses	$500MM or below
Tier 1 Capital	Minimum 8%
Cash Productivity	150 – 200 bps improvement

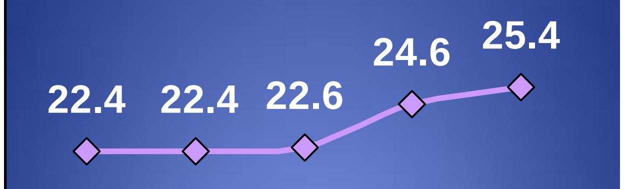


Personal & Commercial

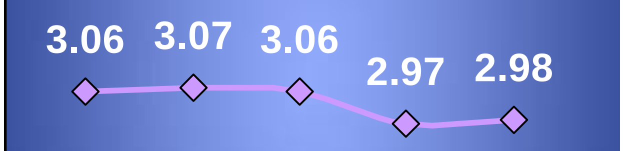
Strong performance driven by sustained volume growth in all products

- Net income for the quarter increased by 18% Y/Y and increased 3% Q/Q, driven by volume growth, lower expenses and a lower effective tax rate.
- Strong volume growth in Canada across all products. Volumes also rose strongly in the U.S., but the effects were largely offset by the weaker U.S. dollar
- Net interest margins remained stable on a Q/Q basis but declined Y/Y
- Lower net interest margins Y/Y in Canada reflected declining interest rates, a competitive environment driving shifts in customer product preferences
- U.S. margins increased as result of a shift of business towards high spread products

Cash ROE (%)



Net Interest Margin (%)

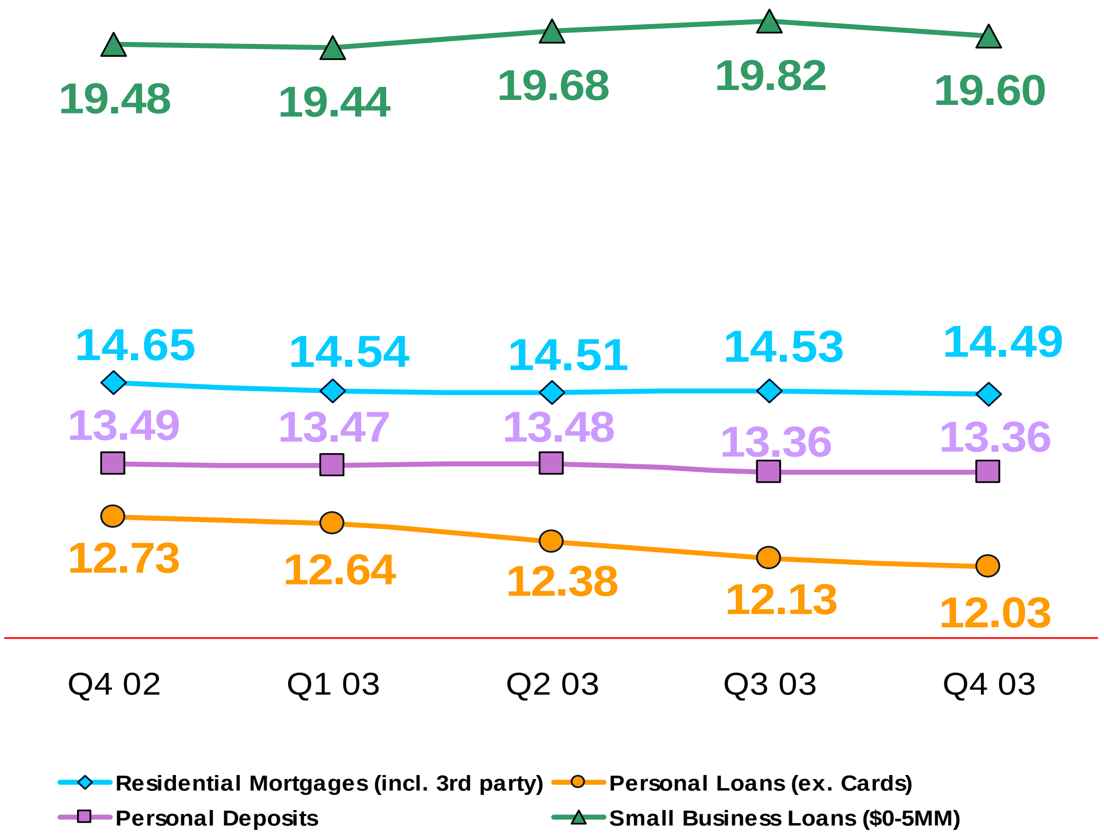


Cash Productivity Ratio (%)

Personal & Commercial

Competitive pressures on Personal market share and Small Business market share

Canadian Market Share (%)

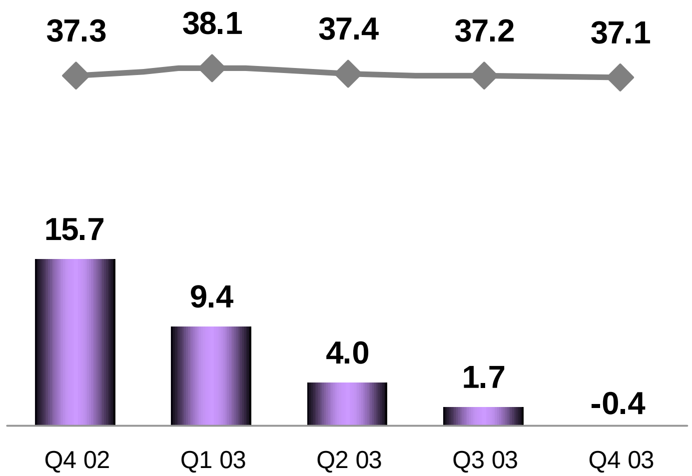


Small Business Loans are on a calendar quarter and 3 month lag basis.
Residential Mortgages (incl. 3rd Party) represents August share statistics

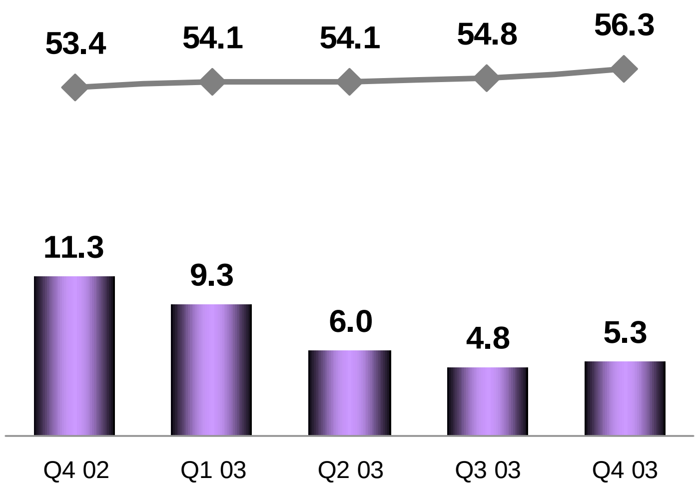
Personal & Commercial

Volume growth diluted by strengthening Canadian dollar

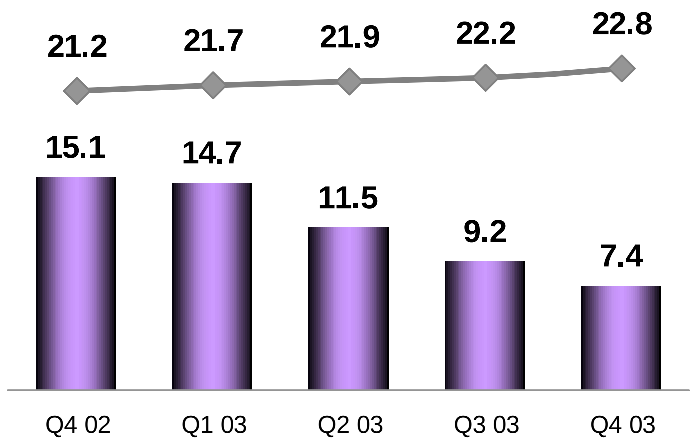
Personal Deposits



Residential Mortgages[1]



Personal Loans[1]



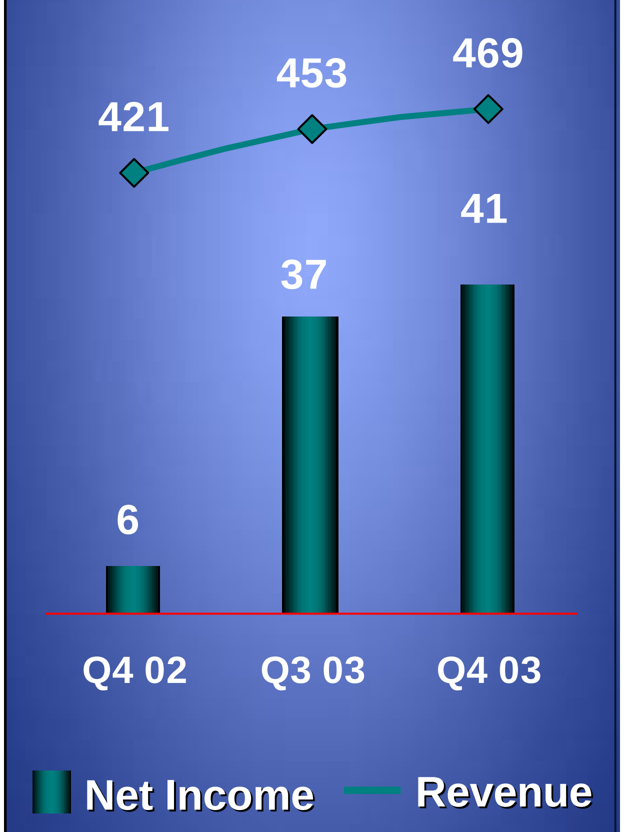
Yr./Yr. Growth (%)

Average Balances ($B)

[1] Includes securitized balances

Revenue & Net Income

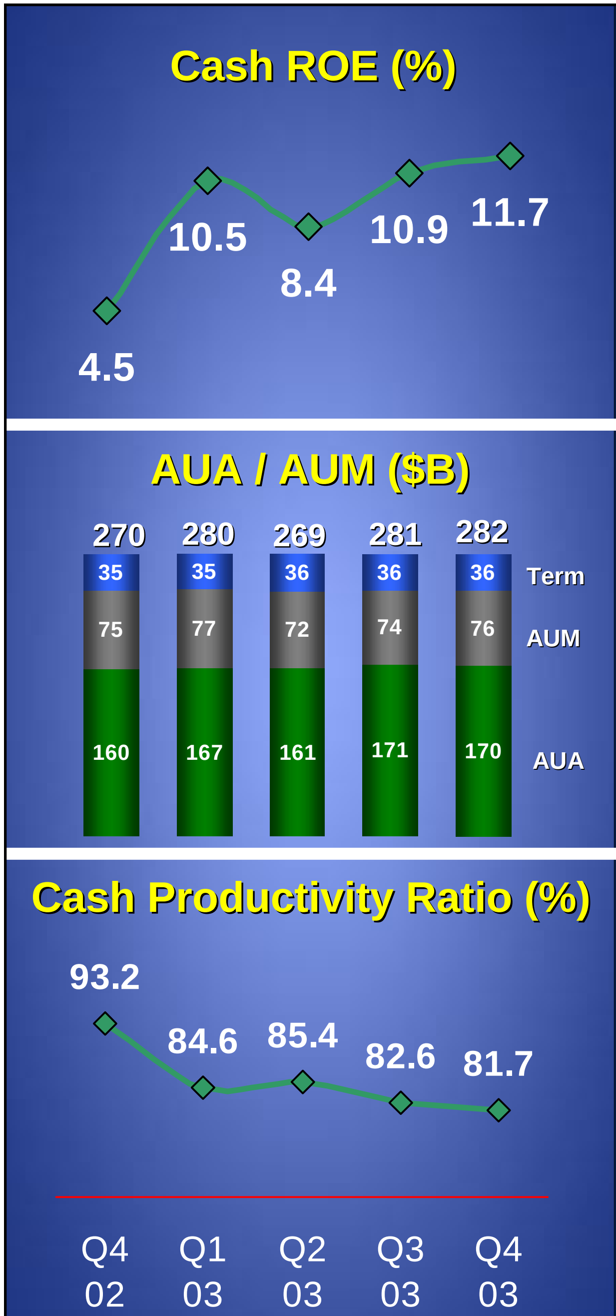
$MM



Private Client Group

Revenue initiatives and cost containment drive positive earnings trend

- Strong results reflect successful cost containment and revenue generating initiatives combined with improved equity markets. Core business expenses reduced Y/Y by $60MM or 4%.
- Improved revenues across all major lines of business
- Revenue growth continues to outpace expense growth Q/Q
- Direct Investing averaged higher client daily trade volumes (39% Y/Y, 13% Q/Q)
- Q4'02 included $25MM (after-tax) of acquisition-related cost



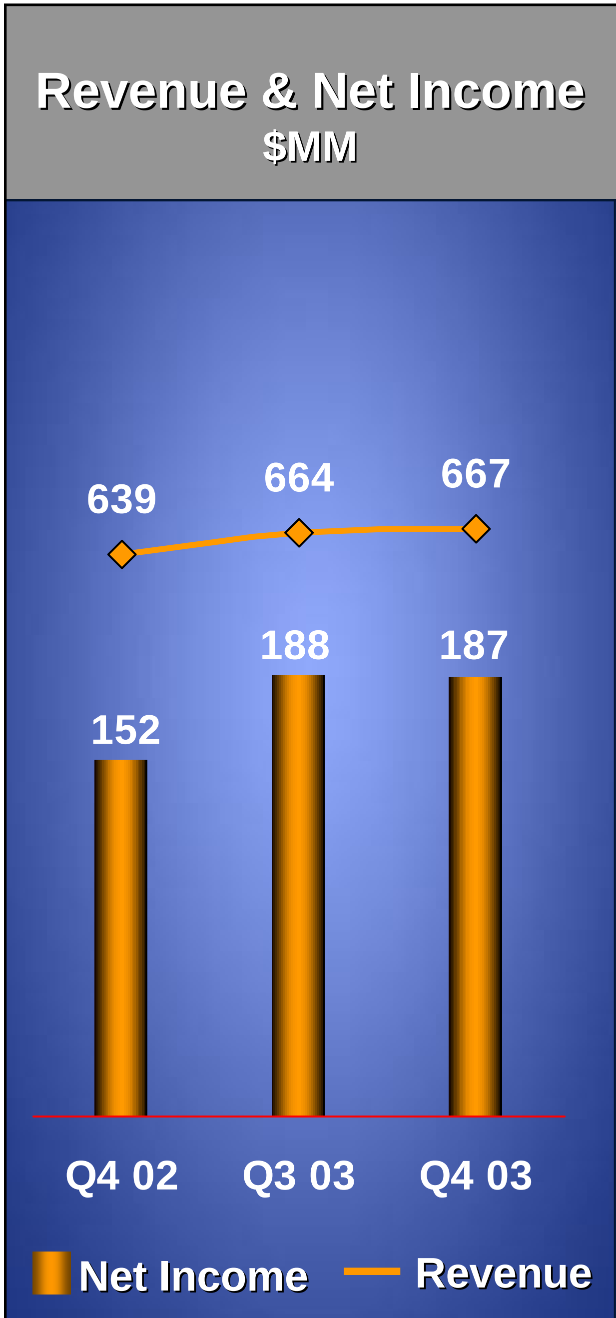
Private Client Group

Significant gains achieved in cash productivity and cash ROE

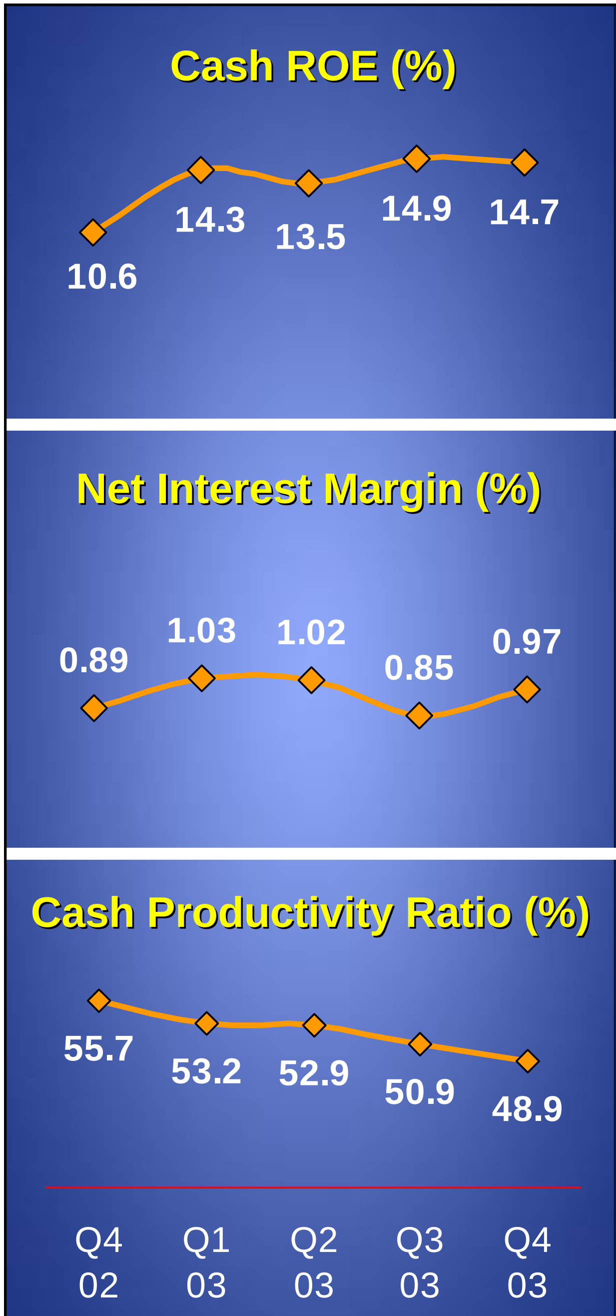
- Focused cost containment and revenue growth drives improved cash productivity ratio Y/Y
- Asset growth momentum building; weakening U.S. dollar impacted U.S. based assets (unfavourable F/X impact C$22B)
- Cost effective platform allows PCG to leverage market improvements

Investment Banking Group

Consistent quarterly performance



- Group's diverse business mix proved its value by maintaining solid earnings growth
- Improved fee-based revenue Y/Y, including origination, securitization and equity-related revenues
- Acquisition of Gerard Klauer Mattison (GKM), now operating as Harris Nesbitt Gerard (HNG), increased revenues by $17MM
- Growth in derivatives capabilities Y/Y
- Increased cash collections on loans previously classified as impaired

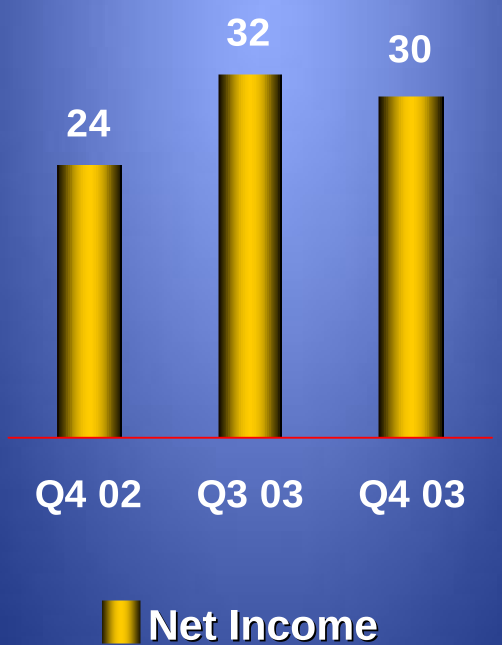


Investment Banking Group

ROE continues to improve and productivity ratio trends lower

- ROE continues to improve as we begin to realize the benefits from our re-positioning in the North American Market
- Aggressively managed capital by reducing risk weighted assets, including lower non-core lending assets
- Overall margins, including lending margins, improved Y/Y and Q/Q
- Improved productivity remains a key focus
- The Group remains well positioned to benefit from market improvements

Net Income
$MM



Corporate Support,
including Technology & Solutions

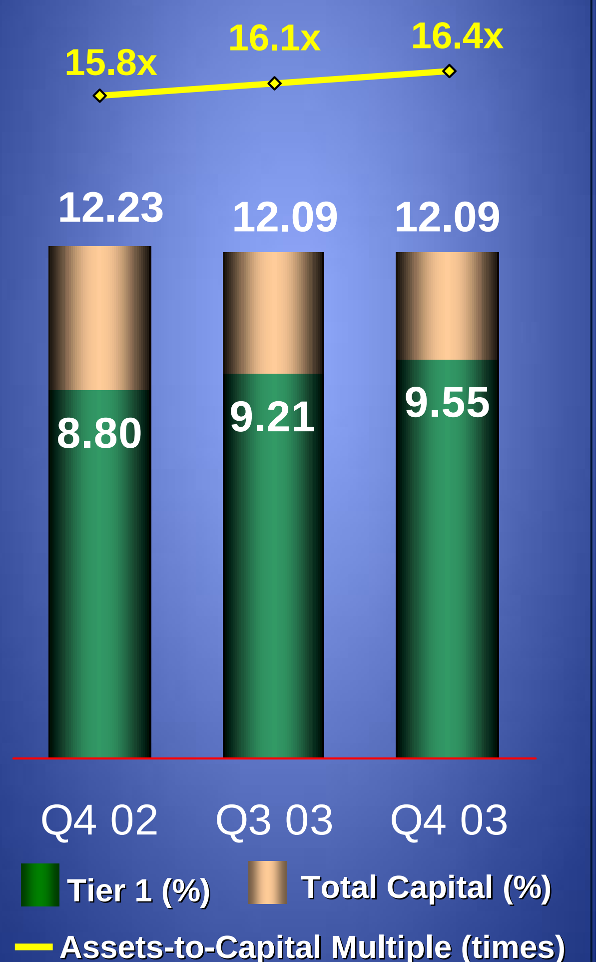
Consistent contribution Q/Q and Y/Y

- Q4 2003 flat compared Q3 2003 as a result of:
  - Improved corporate revenue offset by
  - Higher expenses

- Q4 2003 improvement over Q4 2002 as a result of:
  - Lower PCL due to improved credit quality
  - Partially offset by higher income taxes

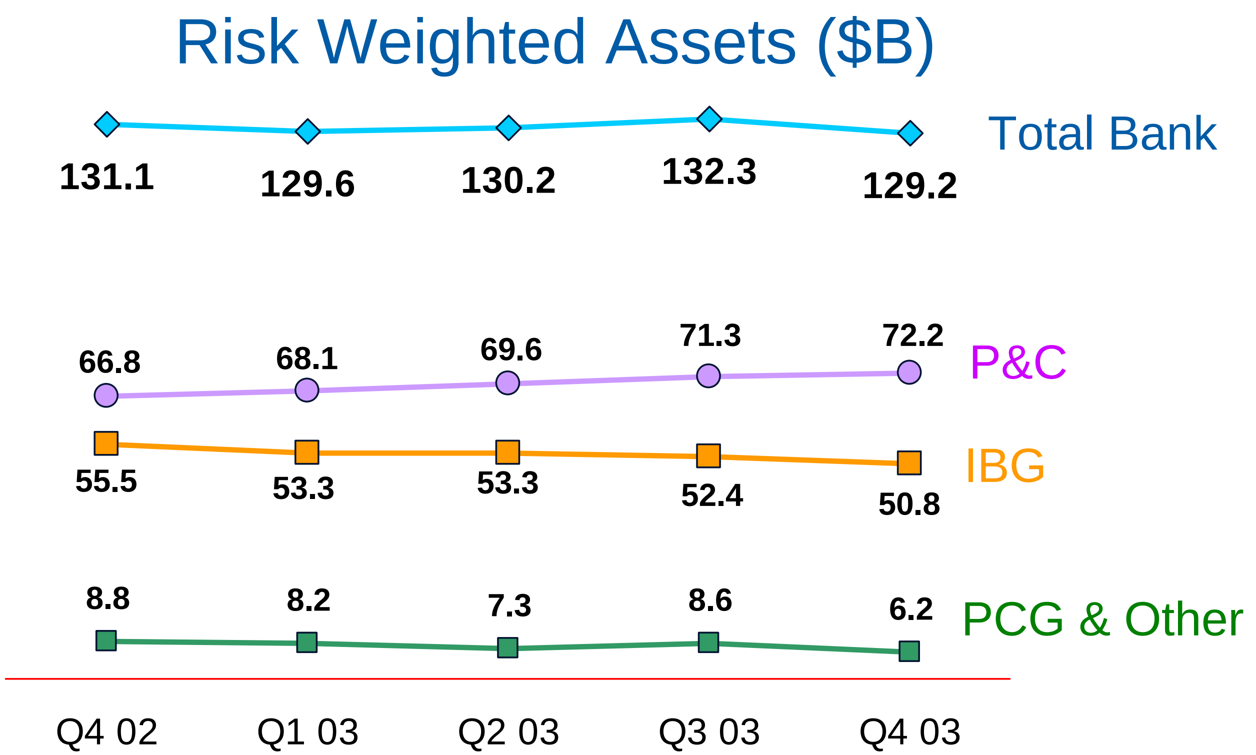
Appendix

Enterprise-Wide Capital Management



Capital & Risk Weighted Assets

Tier 1 capital ratio increased due to internal capital generation and lower RWA balances



Direct Investing [1]

Higher client volumes and asset growth driven by an enhanced client offering and equity market improvement in latter half of 2003

Globe and Mail ranked BMO InvestorLine #1

	Q4 2003	Q4 2002	Q3 2003	Yr / Yr Change
Trades / Day (000)	**22**	16	19	39%
Customer Assets ($B Cdn)	**47**	43	46	8%
Active Accounts (000) [2]	**772**	840	785	-8%
New Accounts (000) [3]	**14**	21	16	-31% [4]

1 Direct Investing includes Harris Investor Services (HarrisDirect and Harris AdvantEdge) and BMO InvestorLine

2 Active accounts declined Y/Y, in line with industry peer group

3 Gross active new accounts estimated

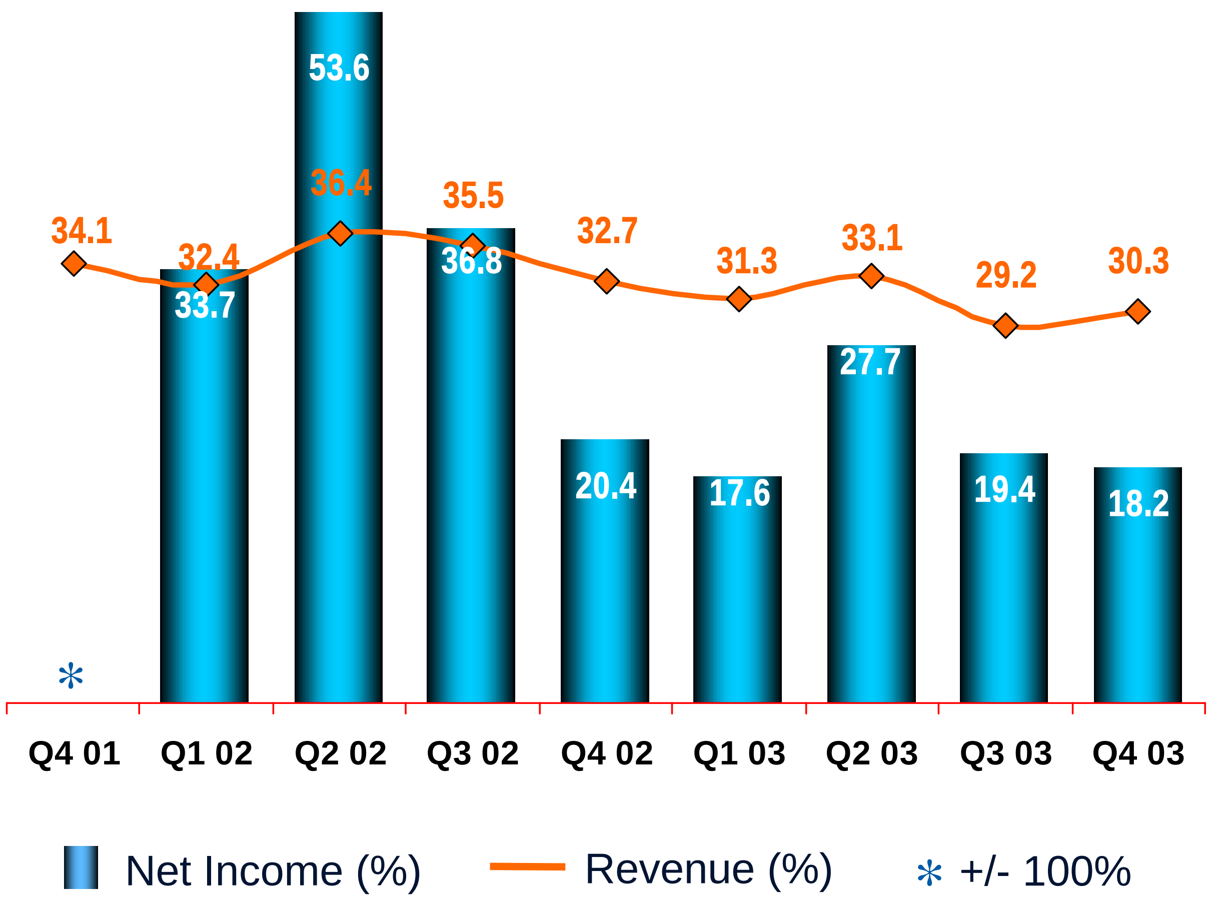
4 New accounts declined Y/Y, directionally in line with industry peer group, reflecting a more conservative investor climate

U.S. to North American Revenue & Net Income

- Revenue contribution from U.S.-based business stable around 30%
- Net income from U.S.-based business $84MM or 18%
- Weaker U.S. dollar and improved performance of Canadian operations contributed to Y/Y decline

U.S. Results

Reduced U.S. contribution – reflects strengthening Canadian dollar and improved performance from Canadian operations

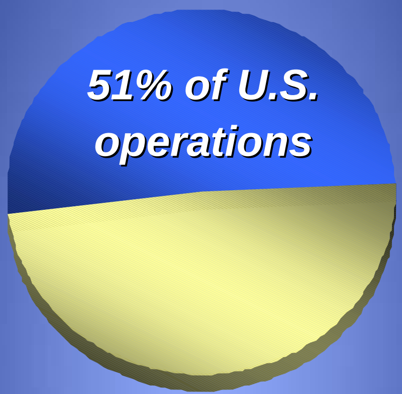


U.S. P&C and Harris Mid-Market

U.S. Retail And Mid-Market

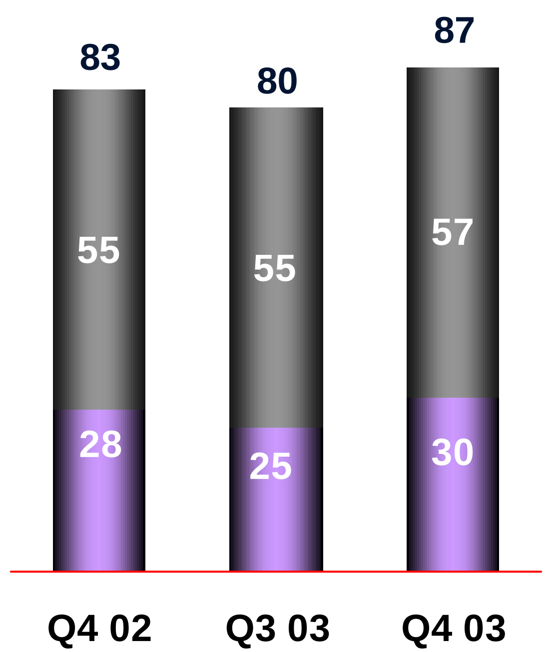
Operations represent 51% of U.S. revenue and 38% of U.S. expenses in Q4 2003

Revenue



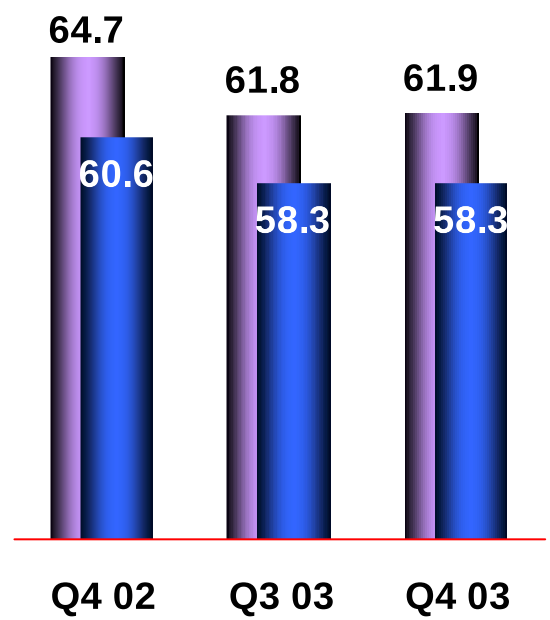
Expense

Net Income (C$MM)



Reported P&C U.S.   U.S. Mid-Market

Productivity Ratio (%)



Total P&C Reported   Total P&C Including U.S. Mid-Market

U.S./Canadian Exchange Rate

- $56MM pre-tax earnings reduction F2002/F2003 and $23MM Y/Y
- No material impact Q/Q
- Foreign exchange revenue related to hedging was $18MM for F2003 and $5MM for Q4 2003
- Excluding hedging, a one cent change in the CDN/U.S. exchange rate changes quarterly earnings by approximately $1MM pre-tax

U.S./Canadian Exchange

$MM	F2002/F2003
Decreased Revenue	(264)
Lower PCL	27
Decreased Expense	181
Total Pre-tax Impact	**(56)**

$MM	Y/Y
Decreased Revenue	(110)
Lower PCL	9
Decreased Expense	78
Total Pre-tax Impact	**(23)**

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 2003 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, communication, 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 Contacts	***Susan Payne***	***416-867-6656***
	Lynn Inglis	***416-867-5452***
	Amanda Mason	***416-867-3562***
	Fax	***416-867-3367***