



BMO Financial Group

P & C (Canada) Overview

ROB PEARCE

President & Chief Executive Officer PCCG Canada

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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.

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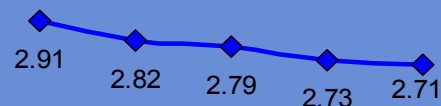
P&C Canada: Strategic Direction

Our goal is to become the only financial services provider our customers ever need

Our Long-term Measures of Success are:

- 1.** Strong Organic Revenue Growth
- 2.** Improving Customer Loyalty
- 3.** Improving Productivity
- 4.** Growth in Personal Market Share
- 5.** Growth in Business Banking Market Share

P&C Canada Net Interest Margin



Q2/03 Q3/03 Q4/03 Q1/04 Q2/04

Change in NIM (bps)

	Q3/03	Q4/03	Q1/04	Q2/04
BMO Total P&C	-0.08	0.01	-0.07	-0.01
BMO P&C Canada	-0.09	-0.04	-0.06	-0.01
RBC	0.03	-0.18	-0.07	0.02
TD	-0.08	-0.08	-0.04	-0.06
CIBC	-0.08	0.09	-0.19	-0.12

-Change is over the prior quarter

-Total P&C includes Harris

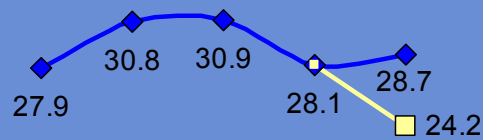
-TD NIM is based on Earning assets including securitizations, all others based on total assets

-CIBC does not report NIM, it has been calculated

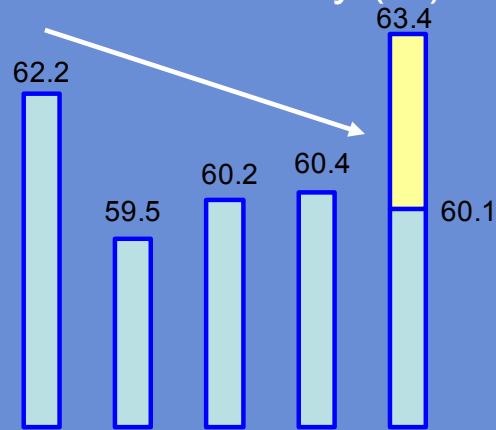
Competitive Environment

- Increased competition from traditional and non-traditional participants
- Declining margins
 - Price-based competition
 - Change in consumer product preferences
 - Low interest rates resulting in pressures on operating deposits spreads
- BMO's margins will stabilize as rates increase

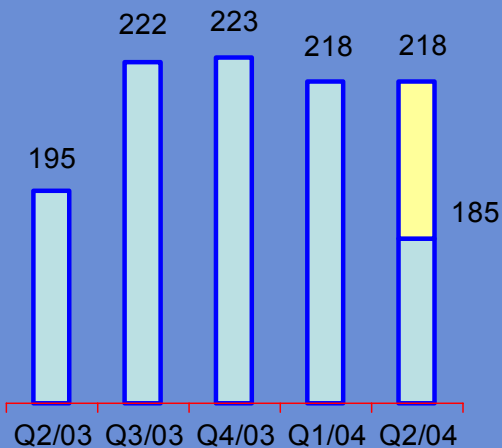
Cash ROE (%)



Cash Productivity (%)



Net Income (\$MM)



Consistent Financial Performance

- Revenue growth driven by strong volume growth in lending and deposits offset by lower net interest margin and card fees adjustment
- Modest decline in expenses in Q2 reflecting lower performance based incentive costs and some accounting changes

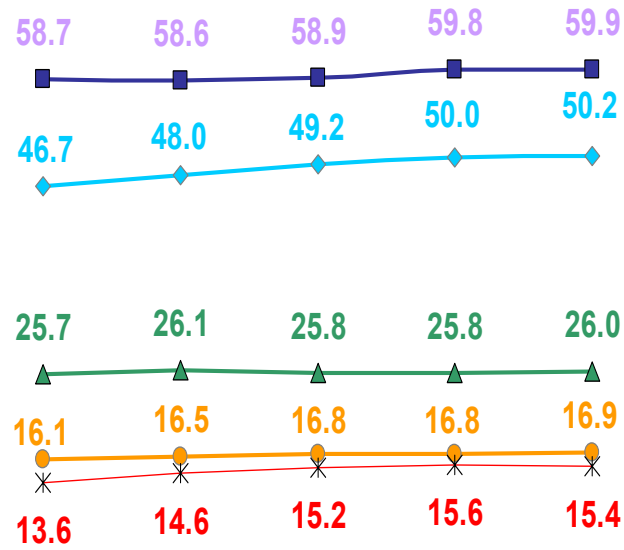
Note: Q2/04 had an adjustment to card fees increasing the recorded liability associated with our customer loyalty rewards program due to rising reward redemption rates. The graphs on the left show the impact of the adjustment on key measures.

Volume Trends and Market Share

Strong Loan and deposit volume growth driven by the mortgage business and our premium rate savings account

Continued competitive pressures on both personal and business banking market share

Volume Growth (\$B)



Market Share vs All Banks (%)



Q2 03 Q3 03 Q4 03 Q1 04 Q2 04

Q2 03 Q3 03 Q4 03 Q1 04 Q2 04

◆ Residential Mortgages (incl. 3rd party) ● Personal Loans (ex. Cards)
 ■ Personal Deposits (incl. Term) ▲ Commercial Loans
 * Commercial Deposits

◆ Residential Mortgages (incl. 3rd party) ● Personal Loans (ex. Cards)
 ■ Personal Deposits (incl. Term) ▲ Business Banking Loans (\$0-5MM)

Volumes include securitizations
 Commercial volumes include acceptances

Source: Bank of Canada and CBA

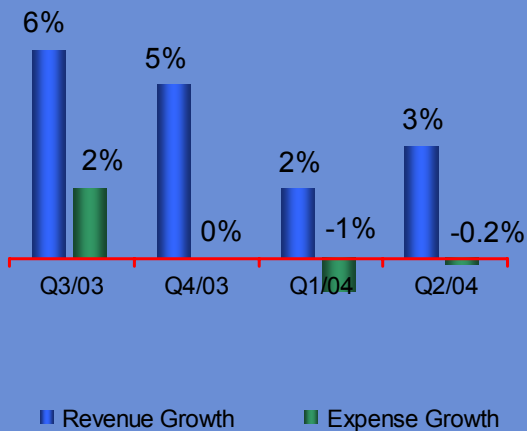
All Market share is on a one month basis lag except for business loans which is on a 3 month lag

Consumer loans and deposit volumes are expected to moderate, while margin stabilizes

Near Term Market Outlook

- Continued competitive environment
- Personal credit demand is expected to ease but remain healthy, as housing market and “big-ticket” consumer goods spending moderate from extremely high levels
- Business credit demand is expected to rebound in response to stronger business investment
- Growth in personal and commercial operating deposits is anticipated to slow as investors return to mutual funds and businesses apply cash to capital spending

Continue to manage our expenses in line with our revenue growth



Q2/04 excludes adjustment to card fees

Q2/04 had an adjustment to card fees increasing the recorded liability associated with our customer loyalty rewards program due to rising reward redemption rates.

Facing the Current Challenges

Revenue



- Sales force management
 - Sales* are up over 20%
- Strong balance growth
- Inter-group cross selling and referrals
 - Referrals growth over 50%
- Increased focus on product management
 - Alliance with West Jet and AIRMILES
- Customer loyalty
 - Recent positive trend

Cost



- Organizational effectiveness and efficiency
- Prioritizing our major investment projects
- On-going expense management culture

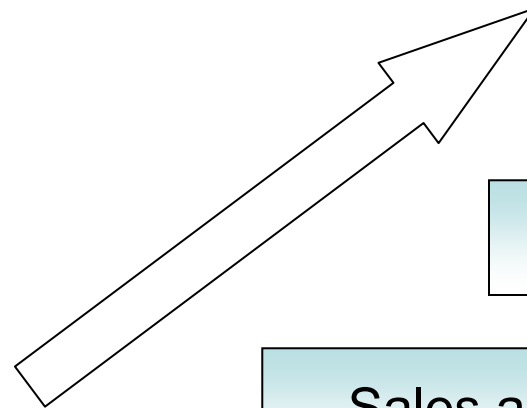
Driving improvement in productivity in a challenging environment

* Includes Term, Mutual funds, Mortgages, Personal and Commercial Loans

Building for the Future

“Building for sustainable advantage and strong financial performance”

Driving for one operationally, excellent, integrated business



Performance Culture

Sales and Customer Relationships

Infrastructure & Process