



BMO  **Financial Group**

SCOTIA CAPITAL
FINANCIALS SUMMIT 2004

TONY COMPER
President & Chief Executive Officer

September 14, 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.

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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**

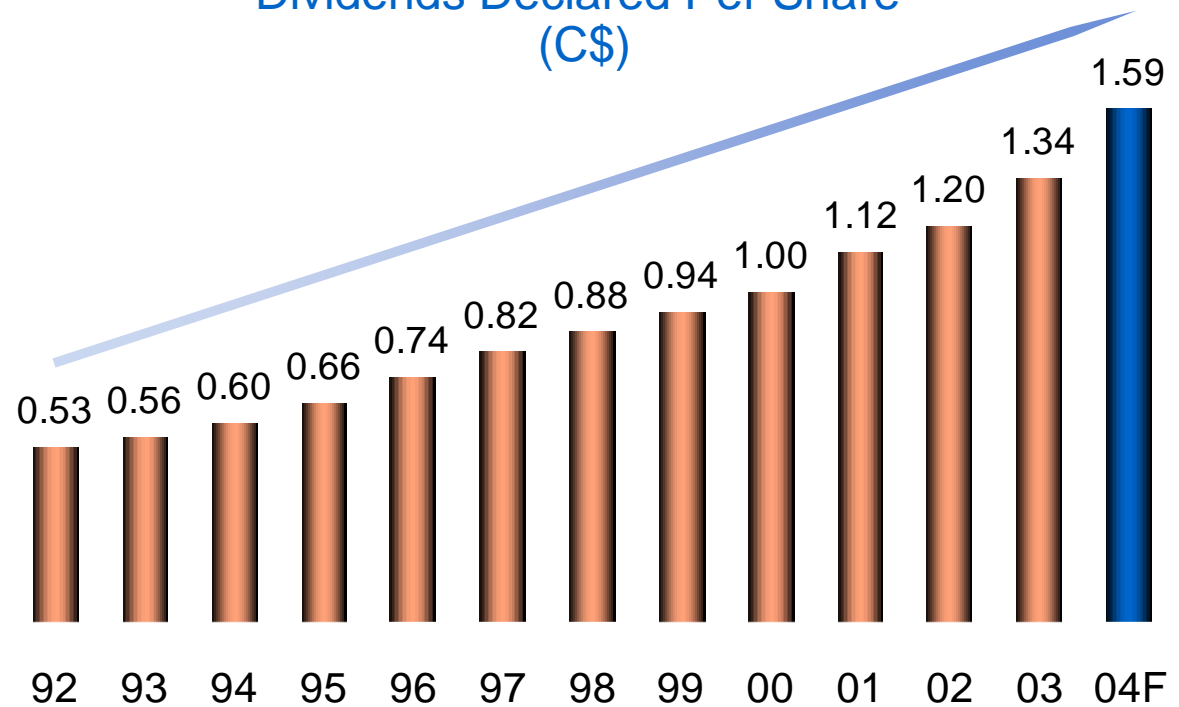
* Peer Group detail can be found on page 12 of BMO's 2003 Annual Report

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

Effective Capital Management Pays Dividends

- ✓ 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\$)

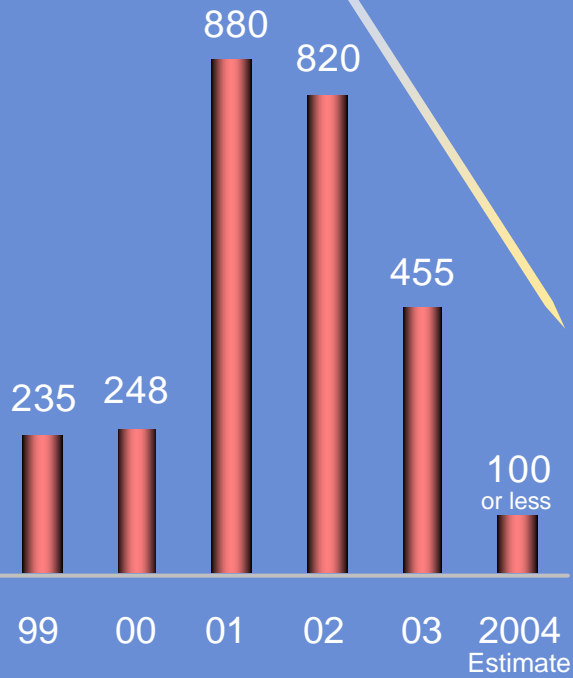


Well Positioned To Achieve Or Exceed Fiscal 2004 Targets

Performance Measure	YTD 2004	F2004 Target
EPS Growth (vs. YTD 2003)	36.0%	10 – 15%
Specific Provision for Credit Losses	\$30MM <small>(before \$120MM reduction to the General Allowance)</small>	\$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%

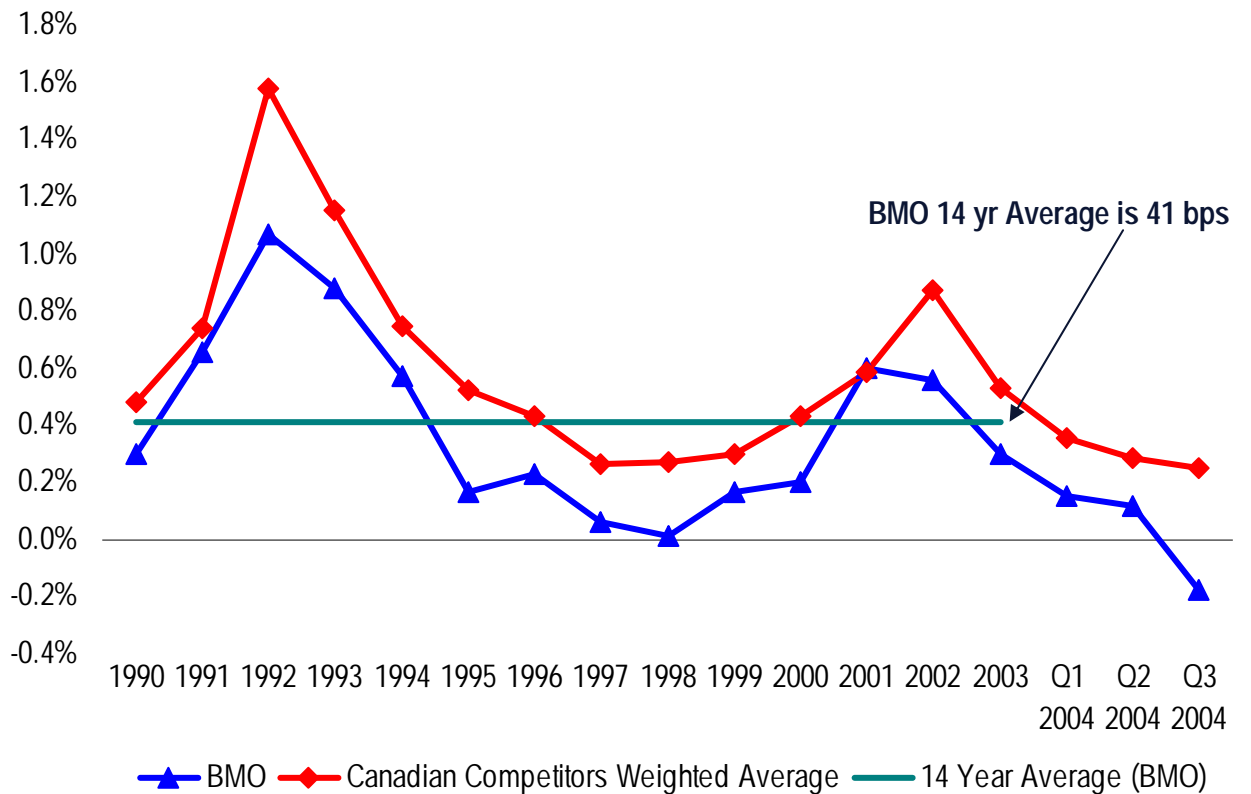
Specific Provision for Credit Losses (PCL) Annual

C\$ Million

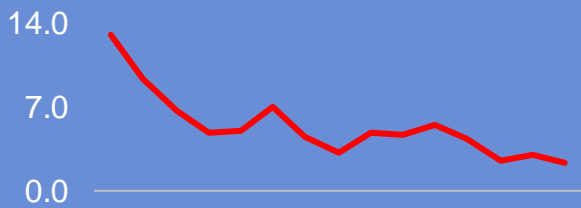


Strong Asset Quality

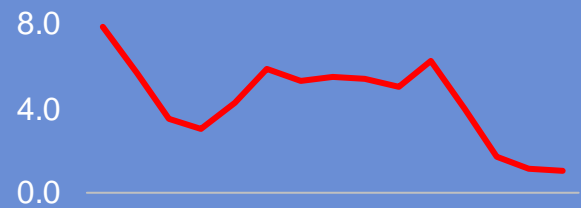
Specific Provision for Credit Losses as a % of Average Net Loans and Acceptances (including Reverse Repos)



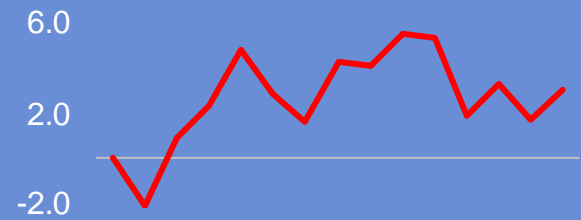
Cdn Overnight Rate (%)



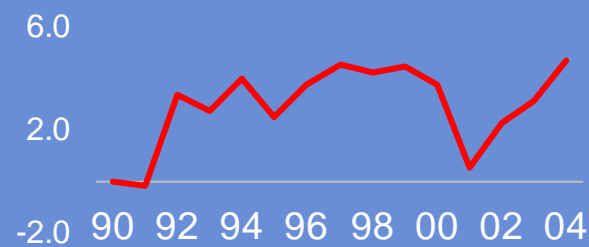
Federal Funds Rate (%)



Canada Real GDP Growth (%)



U.S. Real GDP Growth (%)



Economic and Financial Services Trends in 2004

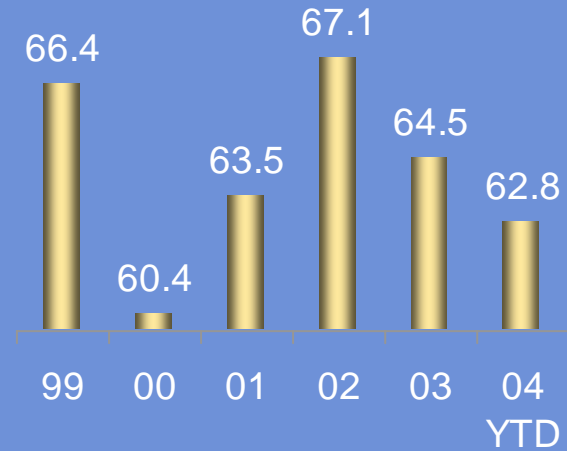
Canada

- Economy supported by firm U.S. demand and low rates, but struggling with higher C\$
- Merger speculation may heighten as year progresses
- Canadian short-term interest rates low in 2004 but will rise by another 50bps by year's end

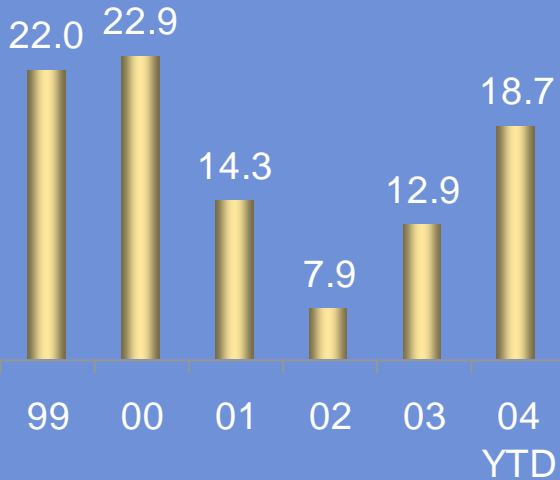
U.S.

- Economy will likely outperform Canada due to greater fiscal stimulus and weaker US\$
- Increasing competition is fuelling drive for scale/operating efficiencies
- Consolidation will continue in response to deregulation
- U.S. interest rates will continue to increase gradually in late 2004

Cash Productivity (%)

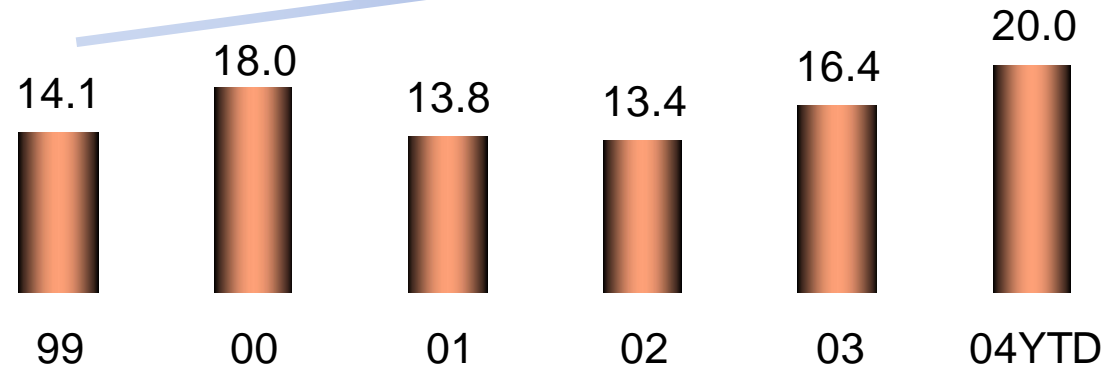


5 year TSR (%)

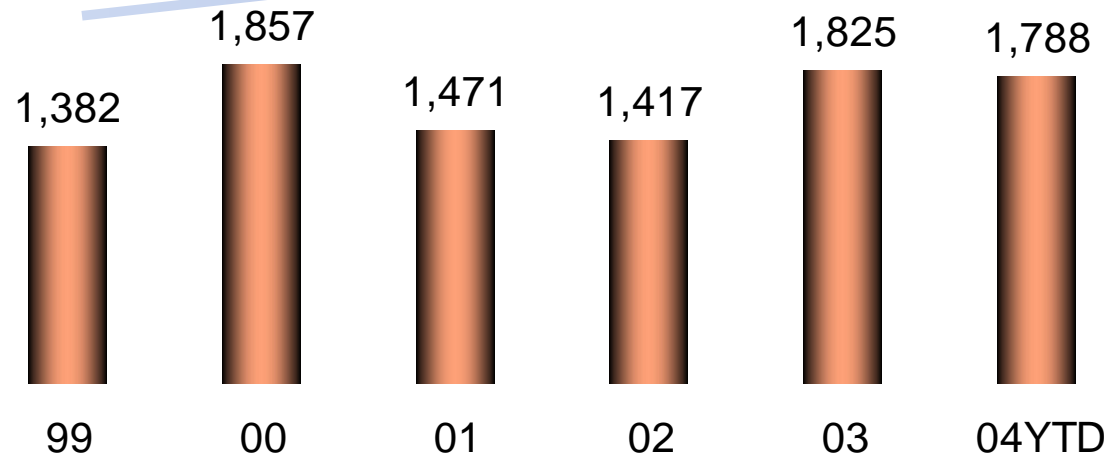


***Delivering On Our Commitments:
Positive Trend Over Five Years***

Total Bank ROE (%)



Net Income (C\$Million)





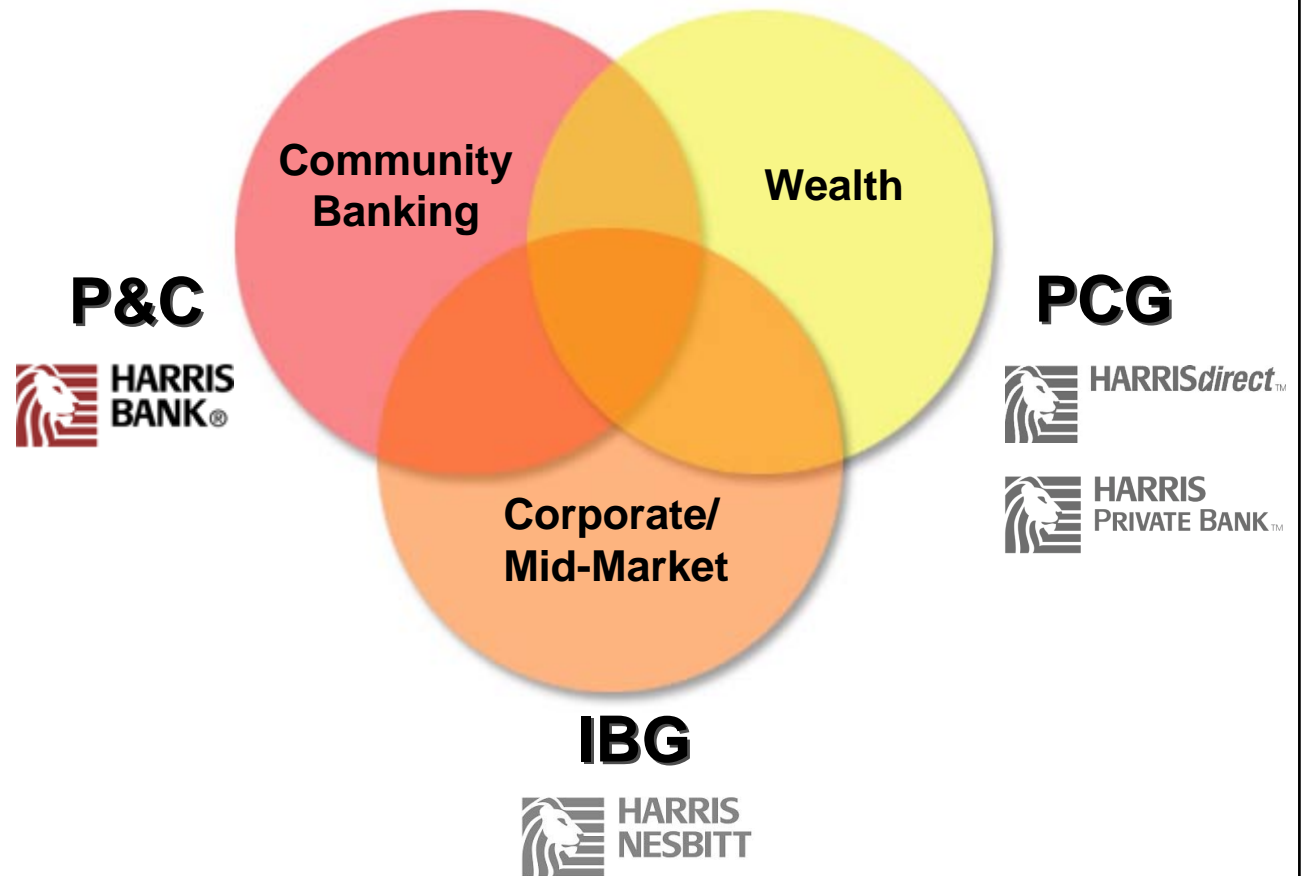
Continuing Commitment to Enterprise Growth Strategy

- 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

- A set of integrated businesses
- Operating under the well-known and respected Harris brand



Established Foothold and Expertise for U.S. Expansion



U.S. Acquisitions since 1999

2004 New Lenox State Bank

Lakeland Community Bank

2003 Gerard Klauer Mattison

2002 Sullivan, Bruyette, Speros & Blayney

my CFO

Morgan Stanley self-directed accounts

Northwestern Trust

CFSBdirect

2001 First National Bank of Joliet

2000 Century Bank

Freeman Welwood

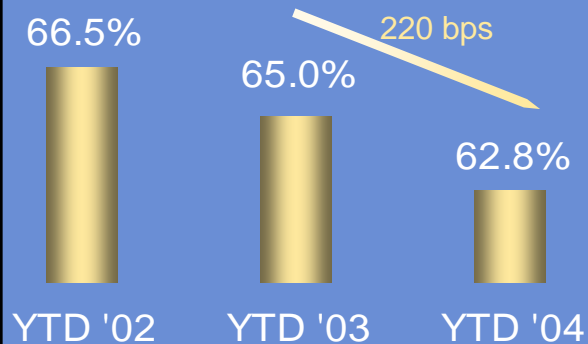
Village Banc of Naples

1999 Burke, Christensen & Lewis

Disciplined Approach to U.S. Acquisitions

- Invested C\$2 billion since 1999
- 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

BMO Cash Productivity



NLSB Branch New Lenox, IL



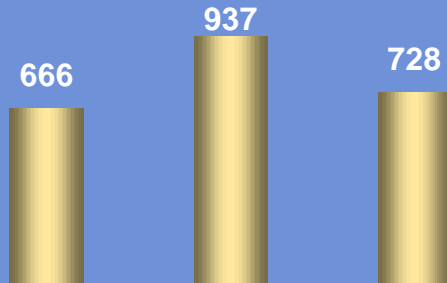
Strategic Priorities for F2004

- Improve Productivity
- Improve U.S. Performance
- Aggressively Pursue U.S. Acquisitions

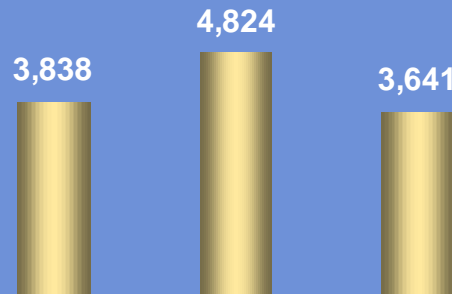
Strong P&C Performance In A Challenging Environment

- Delivers 41% of total bank Net Income
- Net income increased by 11% year over year
- Cash productivity improved by 120 bps year over year, and significant improvement since 1999

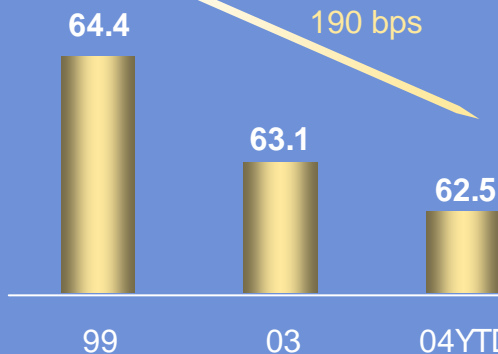
Net Income \$MM



Revenue \$MM

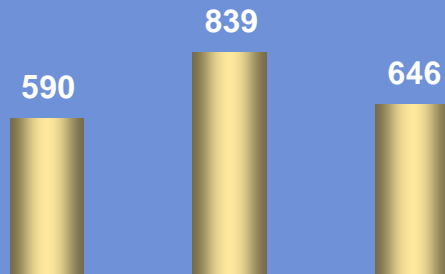


Cash Productivity %

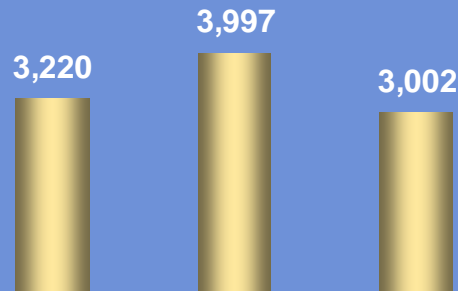


P&C Canada: Building Lasting Relationships and Focusing on Productivity

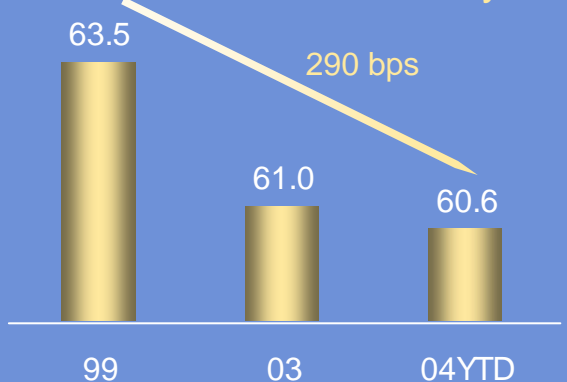
Net Income \$MM



Revenue \$MM

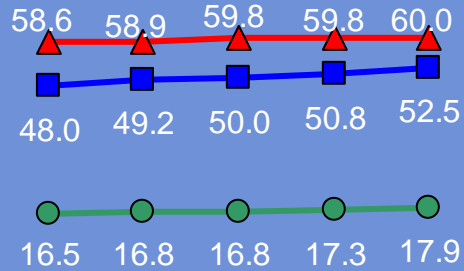


Cash Productivity %



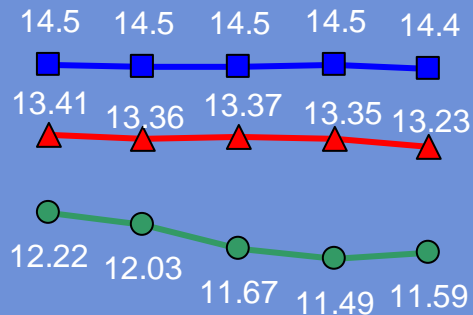
- Our goal: To become the only financial services provider our customers will ever need
- New frontline customer-facing technology platform delivers an integrated banking portrait of each customer, reducing wait times and improving customer dialogue
- Improved relationship management decision-support software, enables us to better initiate, manage, and track sales opportunities, referrals, and customer requests

Volume Growth (\$B)



Volumes include securitizations

Market Share vs All Banks (%)*



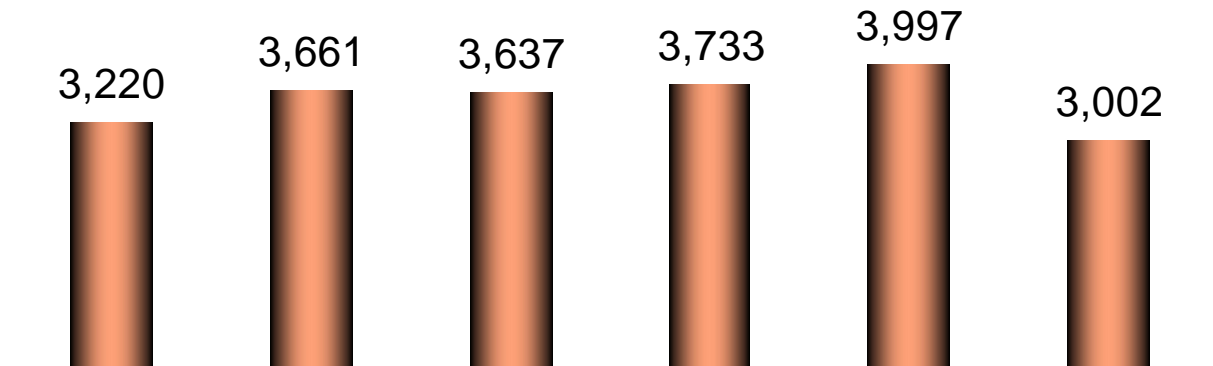
Q3 03 Q4 03 Q1 04 Q2 04 Q3 04

- Residential Mortgages
- Personal Loans (ex Cards)
- ▲ Personal Deposits

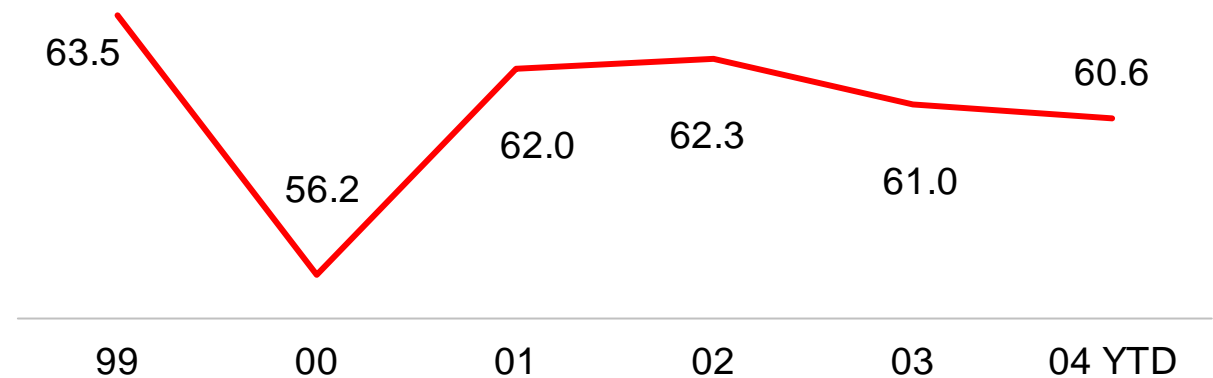
*Source: Bank of Canada

P&C Canada: Continued Revenue Growth

P&C Canada revenue (\$ Million)



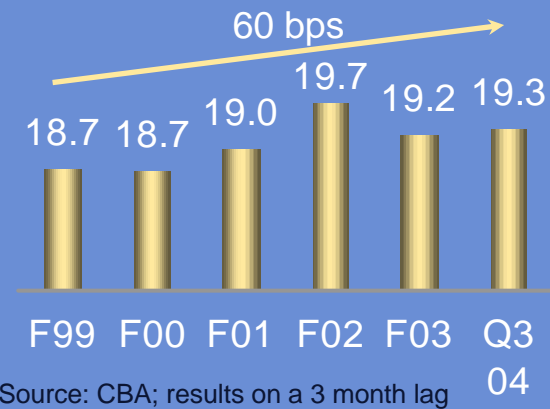
P&C Canada Cash productivity (%)





Market Share:

Business Loans under \$5MM (%)



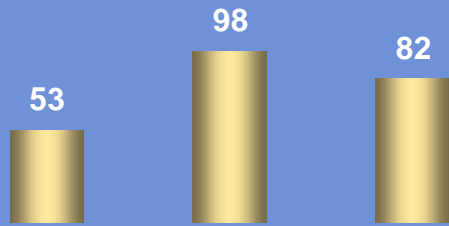
P&C Canada: Major Player in Business Banking

- Key to success is consistency in serving this market segment accomplished by building deep and enduring relationships
- Closed the gap to the market leader by 455 bps over the past 6 years
- Goal: To be #1 in the market

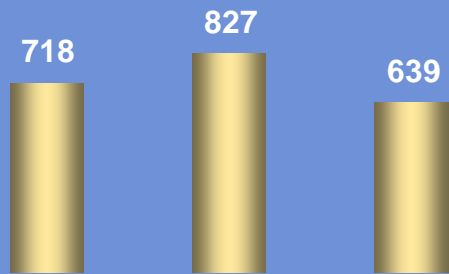


Chicagoland: Strong Volume Growth Continues

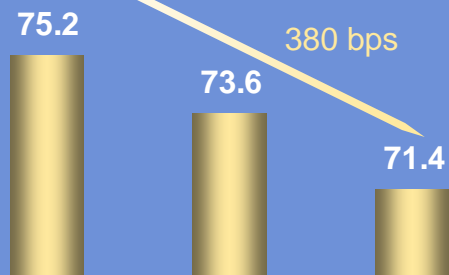
Net Income \$MM



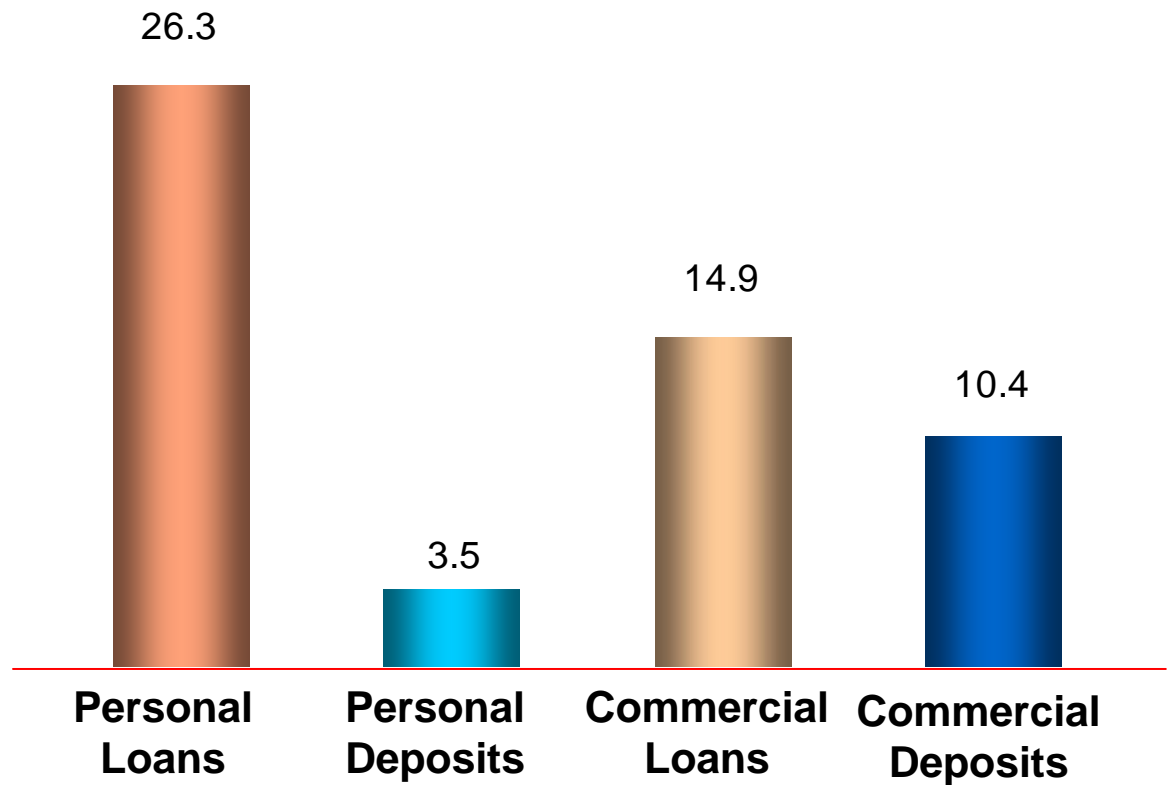
Revenue \$MM



Cash Productivity %



Q3 Y/Y Growth (%)



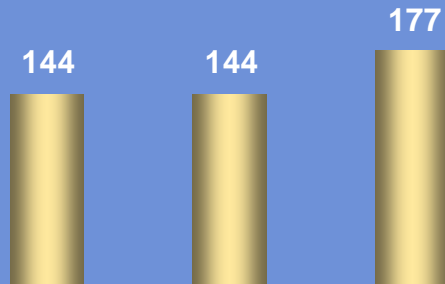
*F01-F2004 time period due to change in accounting systems in US operations



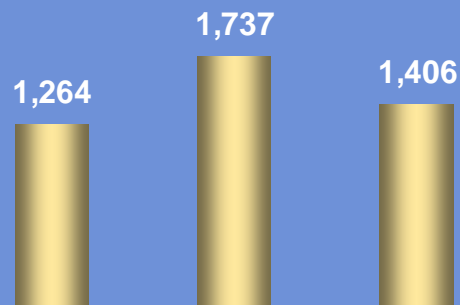
Growth Opportunities in Wealth Management

- Continuing to enhance the productivity of our Canadian distribution network and deepening existing customer relationships
- Expanding our U.S. franchise in existing, high growth, affluent markets through a combination of acquisitions and organic growth
- Excellent reputation:
 - BMO Investorline routinely named the top online brokerage in leading industry surveys
 - BMO Harris Private Bank named Best Private Bank in Canada by *Euromoney Magazine*
 - Harrisdirect ranked #1 in customer service in *SmartMoney's* survey of online brokers

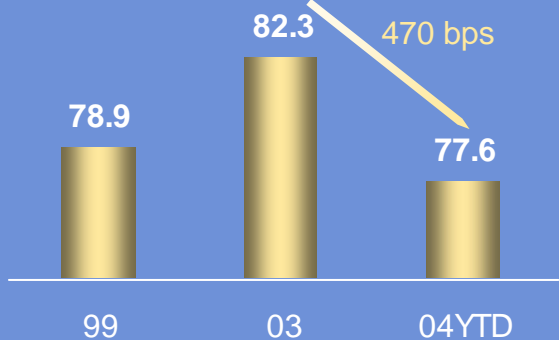
Net Income \$MM



Revenue \$MM



Cash Productivity %



Private Client Group: Strongest Results in Recent Years

- Earnings up \$20 MM or 54% year over year
 - U.S. Segment added \$27 MM to cash earnings this year
- Managed asset growth 17% year over year (adjusted for f/x impact on assets)
- Revenue growth combined with cost reduction initiatives continue to improve productivity



Investment Banking: Distinctive Strategies in Canada and the U.S.

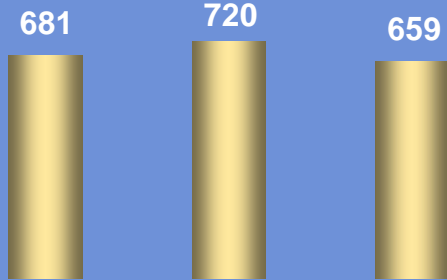
Canada

- Reinforce leading position through long-standing strengths
- Ranked #1 in research for 24 years

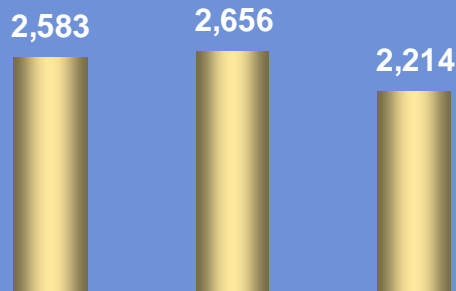
U.S.

- A mid-market firm targeting private and smaller cap public companies with full product offering
 - Acquisition of Gerard Klauer Mattison rounds out U.S. offering with addition of equity research, sales, and trading capabilities
- Maximizing Harris Bank expertise in Midwest mid-market

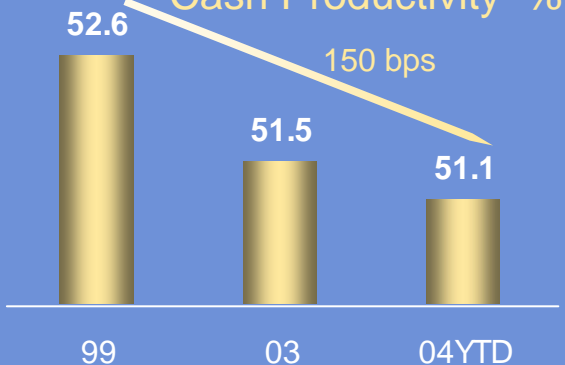
Net Income \$MM



Revenue \$MM

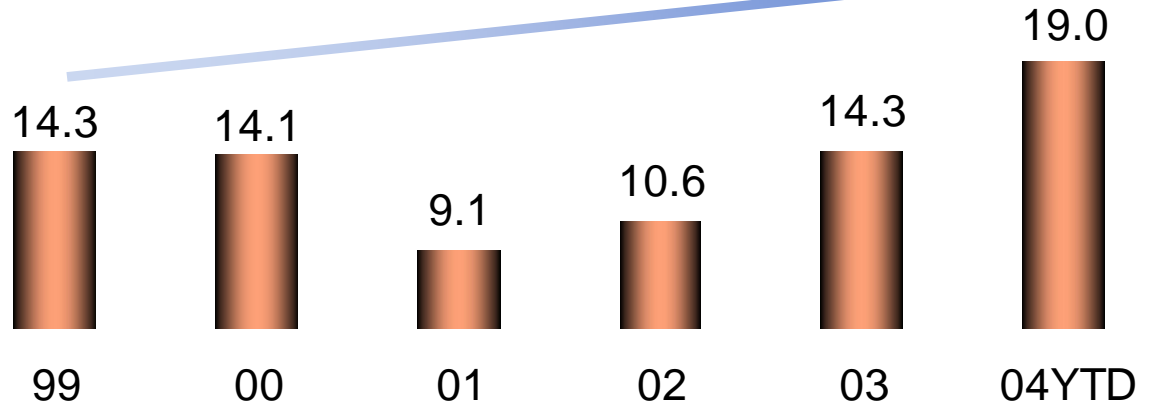


Cash Productivity %



Investment Banking Group: Strong Financial Performance

Cash ROE (%)



- Cash ROE 19% Q3 YTD due to our focus and shift to higher return businesses over past 5 years
- Increased M&A, higher commission revenues, and improved equity origination is driving improved revenues year over year
- Cash productivity improved 130 bps compared to last year as a result of cost control and loan recoveries

Operating Leverage

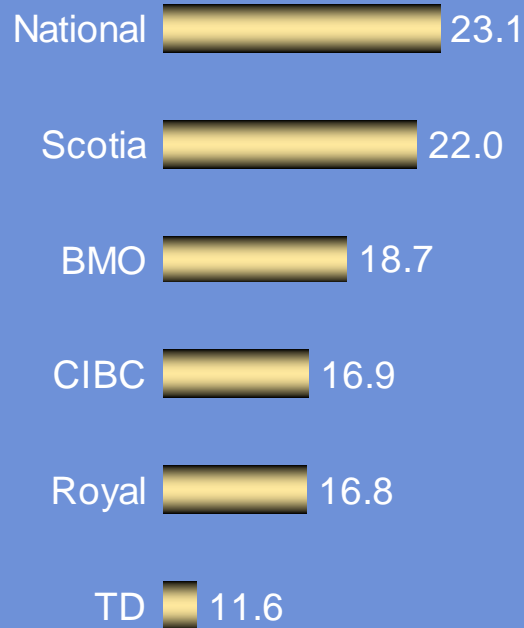
- Continued Productivity Improvements
- Organic Growth
- Credit Risk Expertise
- Strong Capital Base for Future Acquisitions
- Investments in Technology in P&C Canada
- Commercial and Mid-Market Credit Utilization in the U.S.
- Improvement in the economy

Why Buy/Hold BMO?

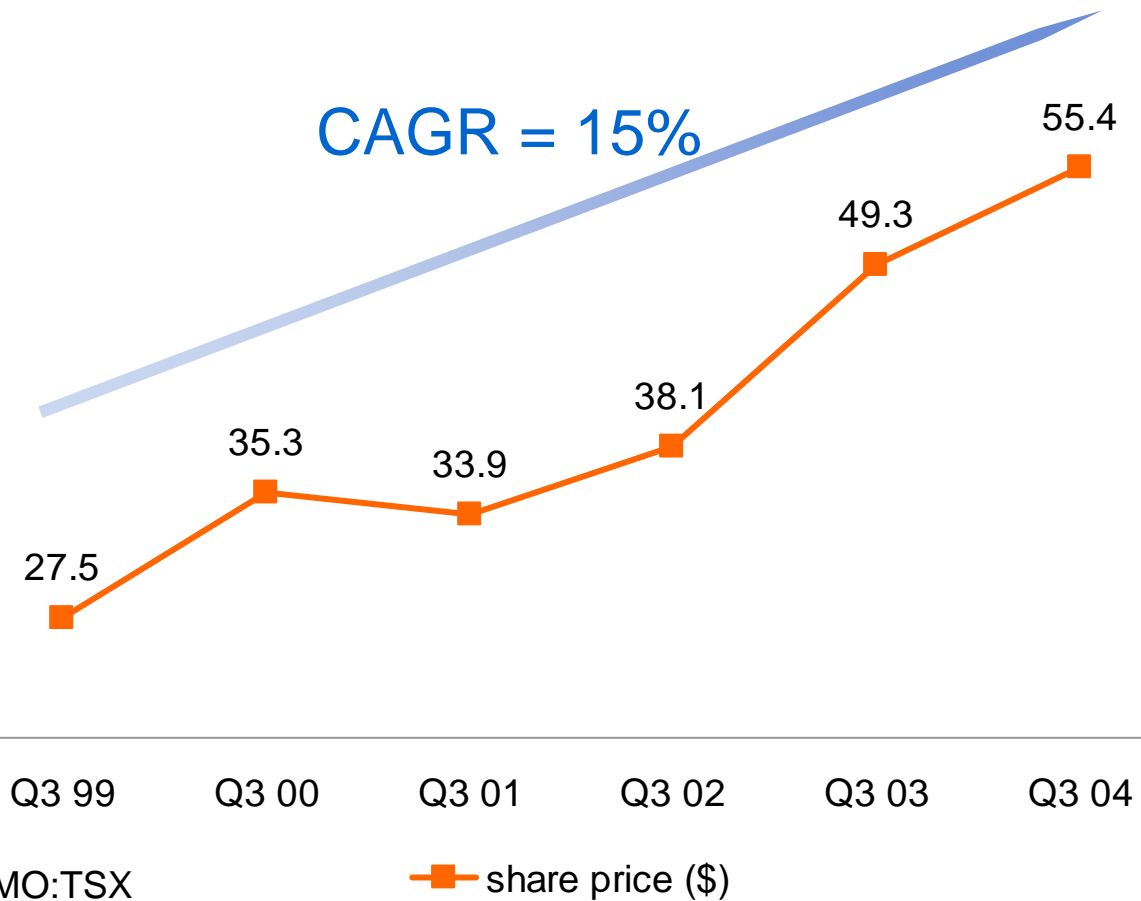
- Viewed as a high-return, low-risk stock with a 20 per cent return on equity
- Good Track record for stability, consistency, and dividend growth
- Consistent and focused North American growth strategy that is clearly working
 - Proven capacity to achieve targeted growth from our existing U.S. platform
 - Strong franchise in some of the most lucrative markets in the U.S.
- Proven capacity to improve productivity
- Leadership in credit risk management
- High-performance business culture
- Longtime leadership in Corporate Governance

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.





BMO  [®] Financial Group