



Harris Chicagoland Banking

TD Newcrest Luncheon

Frank Techar

President & CEO

Harris Bank

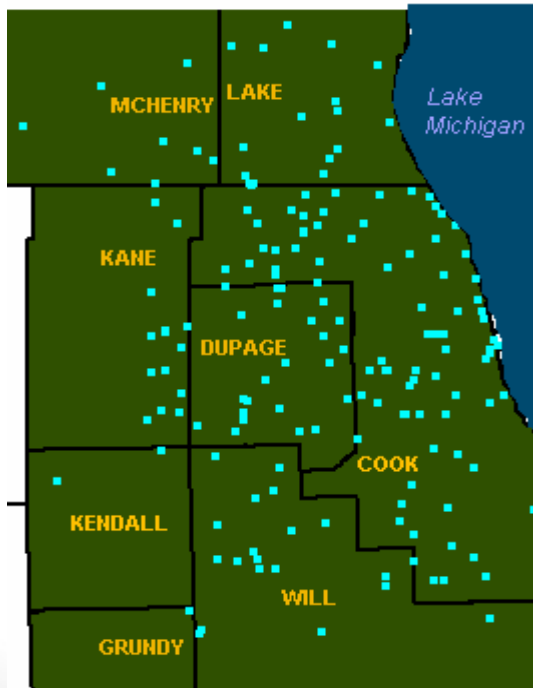
Charles Tonge

Executive Vice President, Distribution Management

Harris Bank

April 22, 2004

Harris Chicagoland Banking



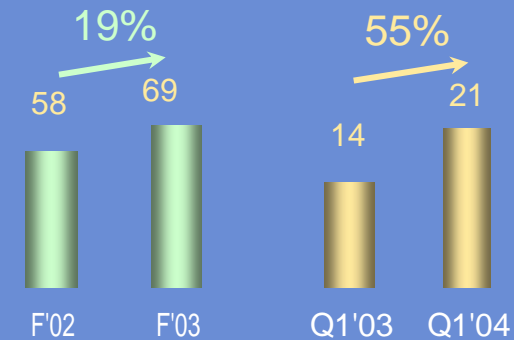
Branch Distribution Network

Strategic Objective: *Deliver Profit Leadership and Fast Growth In Our Chosen Markets*

- Exploit differentiated community bank business model to create a competitive advantage with customers:
 - Emphasize local authority, accountability, knowledge and commitment
 - Focus on superior customer care
- Develop increased operational efficiency in processes to enhance productivity
- Expand branch distribution in Chicagoland and contiguous states

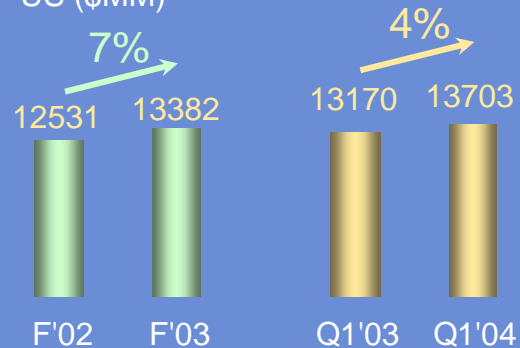
Net Income Growth

US (\$MM)



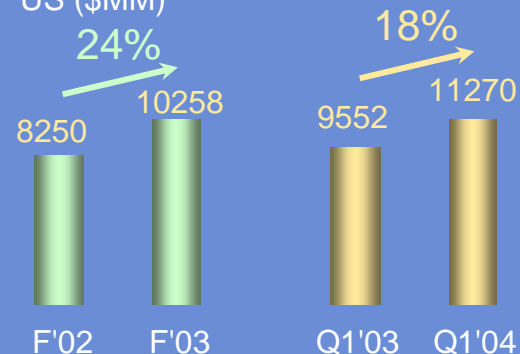
Deposit Growth

US (\$MM)



Loan Growth

US (\$MM)



Strong Chicagoland Volume Growth in 2003

- Many major competitors have either announced large branch expansion plans, are entering the market with traditional (e.g. Bank One) or unique (e.g. WaMu) distribution offers, or are significantly increasing brand spend, all in hopes of capturing market share
- Along with improving productivity, the key performance issue for Chicagoland is expansion in an increasing competitive environment

Chicagoland Priorities for Fiscal 2004

Improve Productivity

- Execute key initiatives generated by the Chicagoland Banking Business Unit Review
- Review charter structure for efficiency improvements

Expansion Activities

- Increase branch network by opening 10 new locations
- In addition to in-market acquisitions, pursue out of market acquisitions in contiguous states &/or other high growth US markets

Infrastructure & Customer Service Improvements

- Information Warehouse replacement
- Complete migration to Single Deposit Platform

Branding & Marketing

- Build on brand attributes



Chicagoland Acquisitions

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



Disciplined Approach to U.S. Acquisitions

- Target retail banks in Chicagoland, the rest of Illinois, and contiguous states
- Advantages include deep market knowledge, Harris Brand and reputation as acquirer of choice
- Three Key Questions:

Is it a good strategic fit?

Is it a good cultural fit?

Is it a good financial fit?

15901 Wolf Road
Orland Park



360 West Maple
New Lenox



New Lenox Acquisition Presents An Attractive Opportunity to Expand Our Product Offering

- 8 branches in Will County, with 289 employees and US \$998 million in assets
- Solidifies strong #1 market share position in Will County (32% of deposit market share)
- Broadens the visibility of our brand in a rapidly growing area
- Allows us to provide our customers greater access to our full range of services
- 2 additional parcels of undeveloped real estate available for further expansion



Joliet Acquisition: A Case Study in Successful Integration

- Offered broader Harris product mix
 - Boosted revenue growth by 3%
- Realized infrastructure synergies
 - Decreased annual expense growth by 2%
 - Improved cash productivity ratio by 900 bps to 50%

Well Positioned Against Competition

Established Brand and People

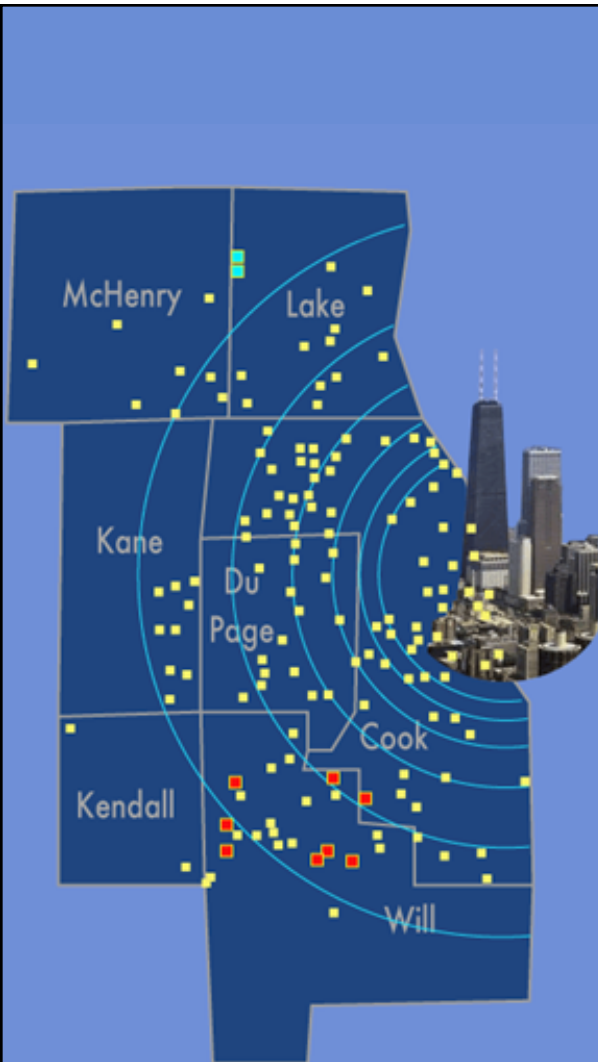
- Strong customer orientation and culture
- Solid momentum driven by dedicated and knowledgeable employees
- Advantaged brand and reputation, leveraging our rich heritage in Chicago
- Strong relationships with one million existing customers

Strong Physical Presence

- Premier existing physical locations in top communities that cannot be replicated at any price
- Deep bonds with local communities/businesses and their leaders forged over many years

Community Bank Business Model

- Superior customer care
- Competitive product offerings
- Strong sales management and advantaged marketing capabilities
- Superior risk management capabilities
- BMO's strong capital base for future acquisitions



Retail and Small Business Deposits *Market Share*

Harris continues to improve its market position within a very competitive landscape

		Total Chicagoland Deposits** (US\$B as at June 30, 2003)						Eight County Market Share	
	Branches	1998	1999	2000	2001	2002	2003	2002-2003 Growth	1998-2003 Growth
Bank One	212	10.9%	10.3%	10.6%	9.7%	10.2%	10.4%	7.9%	20.0%
		\$12.5	\$12.0	\$12.8	\$12.4	\$13.9	\$15.0		
Harris	146	8.3%	8.2%	8.1%	8.9%	9.0%	9.1%	7.3%	38.9%
		\$9.5	\$9.6	\$9.8	\$11.4	\$12.3	\$13.2		
LaSalle	123	12.3%	10.2%	10.1%	9.4%	8.5%	7.1%	(11.2%)	(27.0%)
		\$14.1	\$11.9	\$12.2	\$12.0	\$11.6	\$10.3		
Charter One	104	2.9%	3.2%	3.8%	3.9%	4.5%	4.5%	6.5%	100.0%
		\$3.3	\$3.7	\$4.6	\$5.0	\$6.2	\$6.6		
Fifth Third	78	5.1%	5.0%	4.8%	4.3%	4.5%	4.2%	(3.2%)	3.4%
		\$5.8	\$5.8	\$5.7	\$5.5	\$6.2	\$6.0		
Citibank*	54	3.4%	3.5%	3.6%	3.6%	3.4%	3.3%	0.0%	20.5%*
		\$3.9	\$4.1	\$4.3	\$4.6	\$4.7	\$4.7		
Top Six Share		42.7%	40.3%	41.1%	39.8%	40.2%	38.4%		
Total Market \$		\$114.9	\$116.8	\$120.3	\$127.9	\$136.6	144.5		
Total Market Growth			1.7%	3.0%	6.3%	6.8%	5.8%	5.8%	25.8%

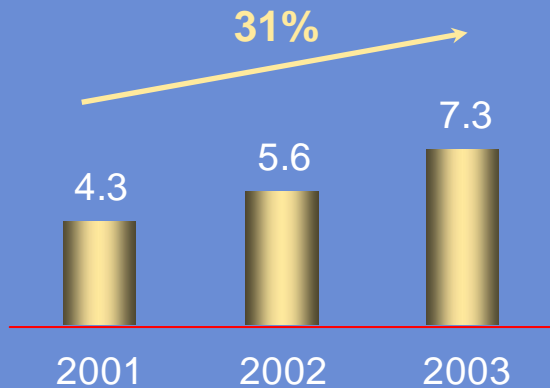
Source: FDIC data with adjustments. Data reflects Eight Counties. Data as of June 30, 2003.

* Citibank's 2001-2003 deposits exceed historical trends. Internal assumption is that Citibank has moved their mutual fund sweep balances on balance sheet and are therefore adjusted.

** Adjustments: FDIC data was adjusted to remove large corporate /wholesale deposits by subtracting the deposits of the main location to derive a proxy for retail and small business.

Share and growth including acquisitions.

Consumer Loans (US \$B)



Net losses / Outstanding Loans (bps)

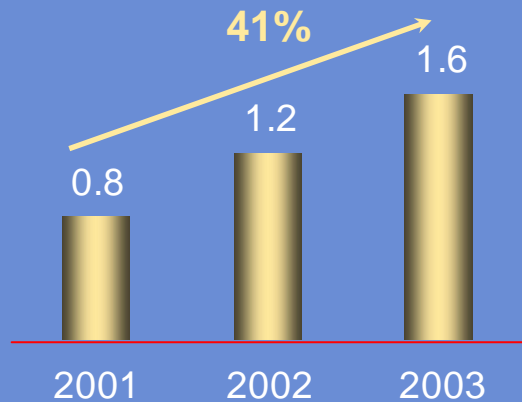


Consumer Lending

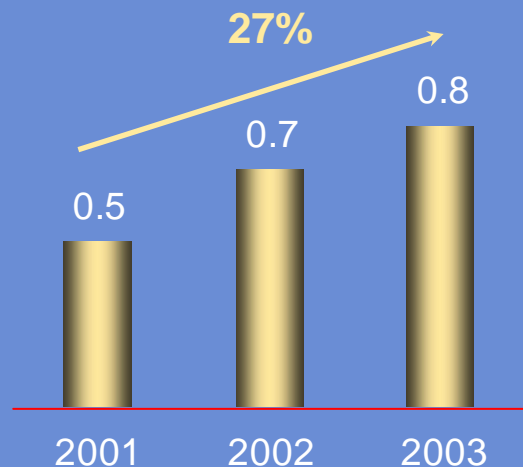
Strong growth and continued demand for Consumer Loans (e.g. Home Equity, Indirect Auto, Mortgage) will continue to drive financial improvements through higher overall loan yields.

- 2000-2003 - added \$3.8 Billion in Consumer Loans, CAGR 28%
- Fiscal 2003 Growth of 31%
- Indirect Auto Activity Now in 6 States, Good Yield/Low Loss
- Credit Performance (Excludes First Mortgage) Remains Very Solid – losses and delinquencies at one-third of the peer average

New Autos (US \$B)



Used Autos (US \$B)



Strong U.S. Operating Leverage *Indirect Auto Lending*

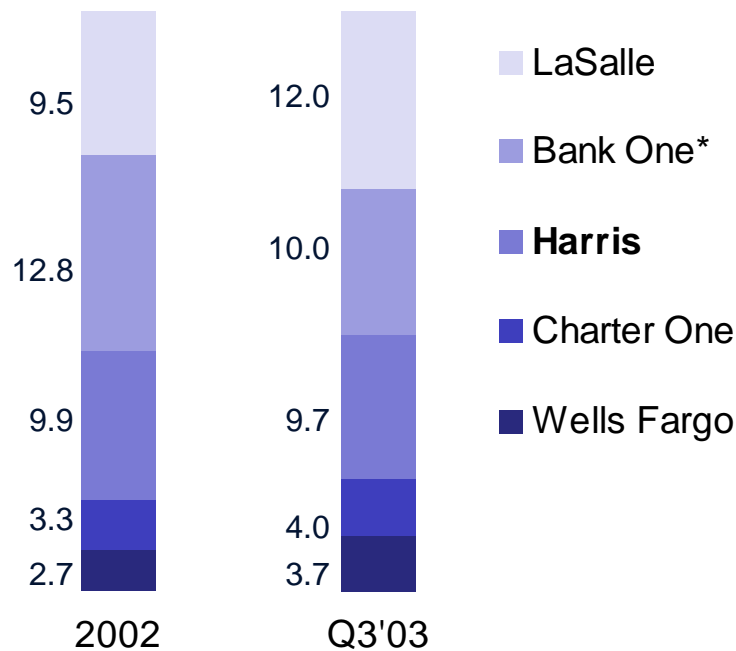
Proven relationship driven business model with a strong calling effort by employees

- Very seasoned underwriting staff dedicated only to indirect credit requests
- Only "A" paper (no leasing or floor plans)
- Expanding business model through mid-western states with recent expansion of sales representation in MN, MI and IN during 2003
- 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

Consumer Lending *Market Share*

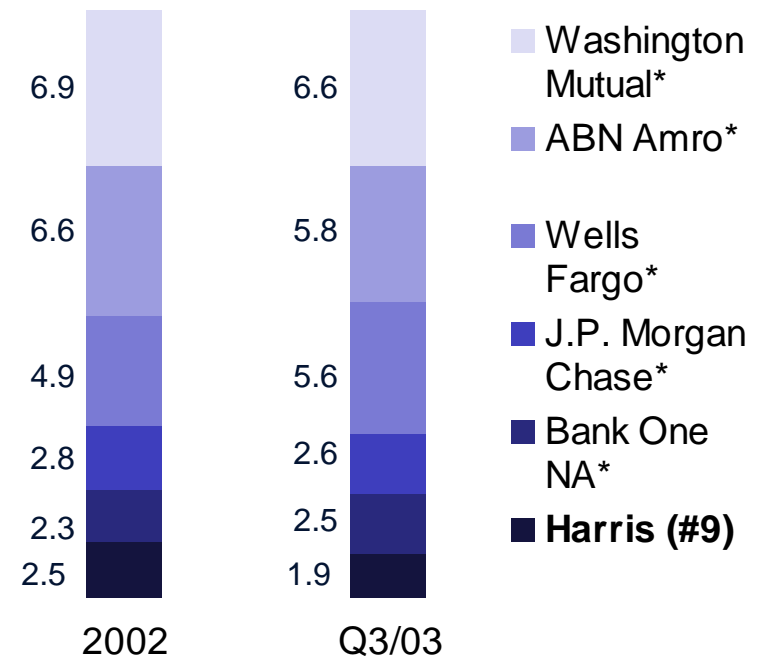
Harris has strong share positions in key consumer credit products in Chicagoland with a #3 position in Home Equity. Mortgage market share is dramatically influenced by low margin “broker”/wholesale business which Harris does not pursue

Home Equity
(loans originated %)



Note: Market share is based on originations from 8 county Chicago metropolitan area.
*BankOne figures include purchased loans until mid-year 2002.
Source: DataQuick Share Data

First Mortgage
(loans originated %)

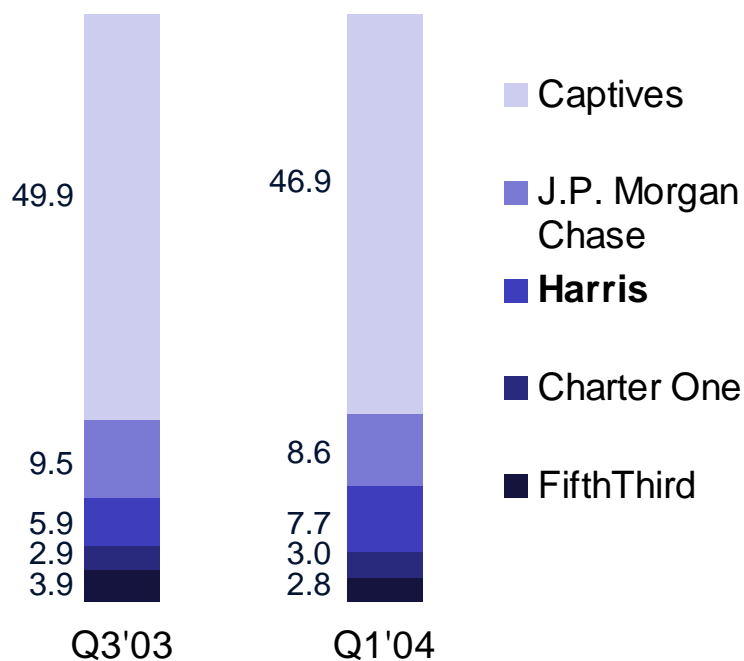


Note: Based on recordings from 8 county Chicago metropolitan area.
*Includes business originated through brokers (wholesale)
Source: DataQuick Share Data

Consumer Lending Market Share: Indirect Auto

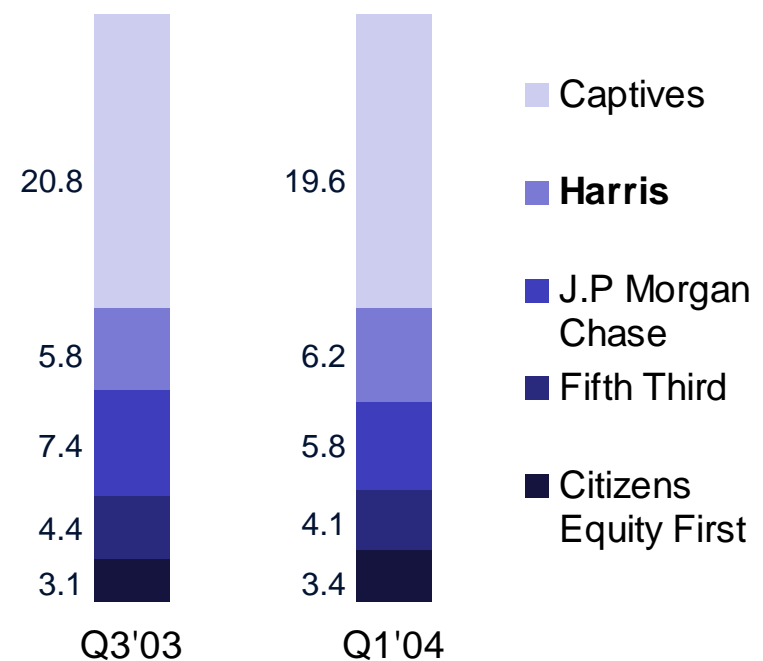
Harris has a #3 position in Indirect Auto new cars and has moved up to # 2 in used cars.

Indirect Auto – New Cars
(loans originated %)



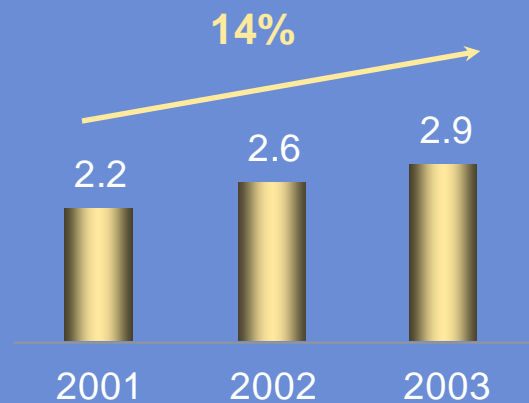
Source: Market Analysis Reports

Indirect Auto – Used Cars
(loans originated %)

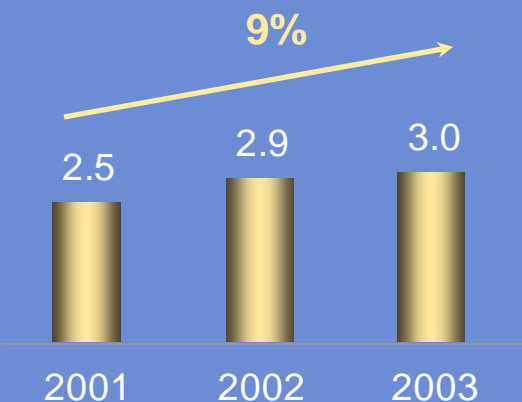


Source: Market Analysis Reports

Business Loans (US \$B)



Business Deposits (US \$B)



Business Banking

Strong momentum in a difficult economic environment combined with realized efficiencies position Harris well for more robust market conditions

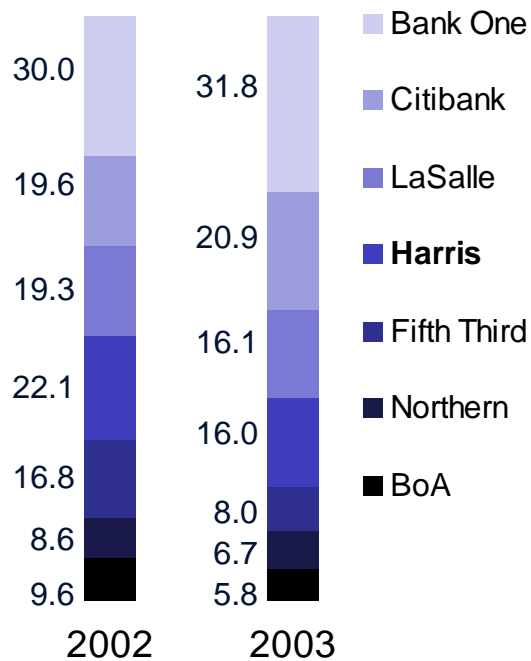
- 2000-2003:
 - added \$900 million in business banking loans, CAGR 13%
 - added \$650 million in business banking deposits, CAGR 9%
- Strong brand awareness, sales discipline and distributed expertise resulted in market share and customer satisfaction gains
- Simplification and automation of internal processes enhanced customer service quality and responsiveness while improving productivity
- Solid underwriting standards and lending processes enable stable earnings growth

Business Banking Market Share

Harris has a #3 position in small business and commercial mid market and has launched a micro business initiative to improve its competitive position

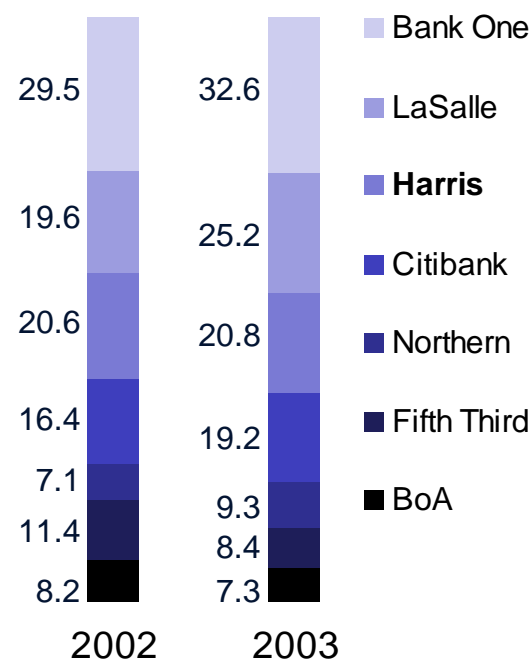
% of Market Share

Micro Business*



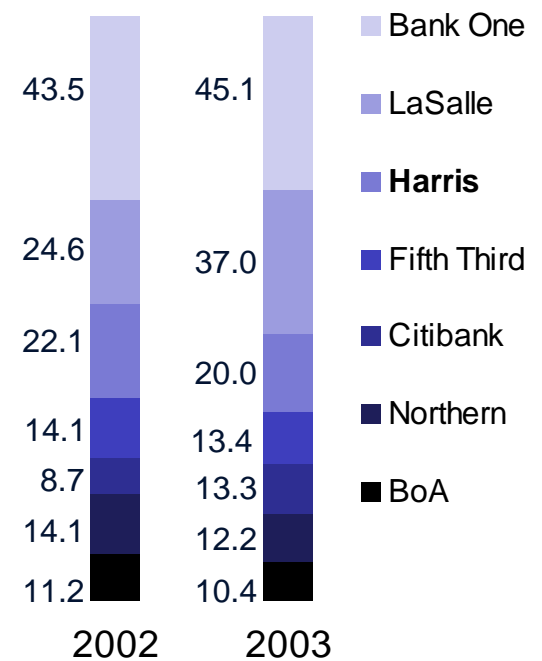
* Up to \$500 thousand in revenue

Small Business*



* From \$500 thousand to \$10 million in revenue

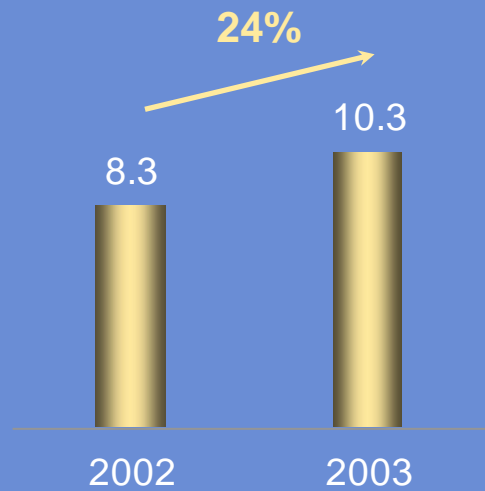
Commercial Mid-Market*



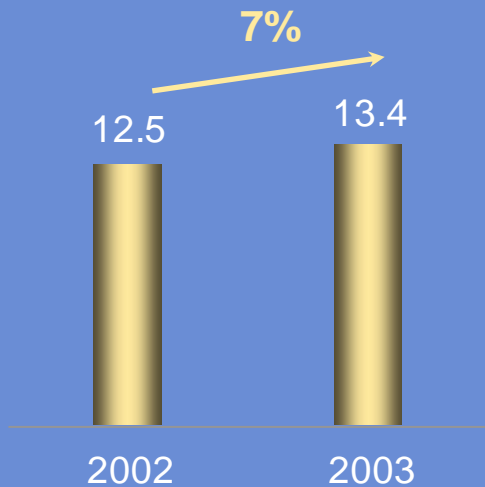
* From \$10 to \$75 million in revenue

Source (All Charts): Market Focus, Evanston, IL, Harris primary research
Market Share defined as share of companies "doing business with" identified banks

Loans (US \$B)



Deposits (US \$B)



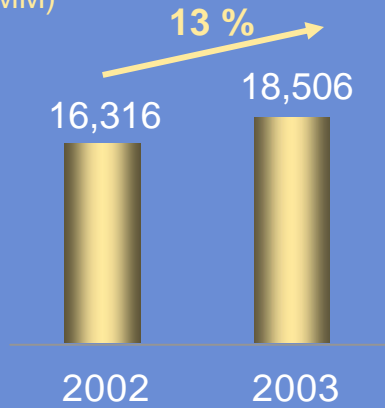
Strong Momentum in U.S. Retail and Business Banking

- Strong Harris brand equity to leverage in Chicagoland
- Opening 10 new locations to branch network in 2004 to well-entrenched, well-located distribution network and expect to be at 200 in the next few years

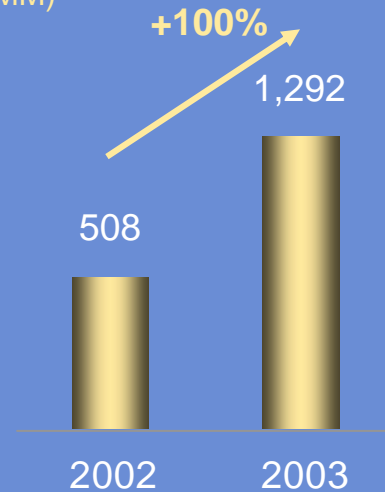
Customers Very Satisfied*	2001	2002	2003
Retail			
<i>Harris</i>	59%	62%	66%
<i>Large Competitors</i>	46%	51%	52%
<i>Small Banks</i>	65%	70%	70%
Small Business			
<i>Harris</i>	62%	66%	61%
<i>Large Competitors</i>	46%	55%	41%
<i>Small Banks</i>	63%	63%	67%

* Source: Burke Annual Survey

Home Equity Loans* (US\$MM)



Small Business Loans* (US\$MM)



* Number of loans originated by branch personnel

Strong U.S. Operating Leverage Sales Management

- Specific sales targets, measured monthly or quarterly, exist for all retail and business bankers
- Variable pay (based on sales) is 26% of overall personal banker compensation vs. an industry average of 15%
- Sales activities at new branches are exceeding goals, with over 60% of households served new to Harris

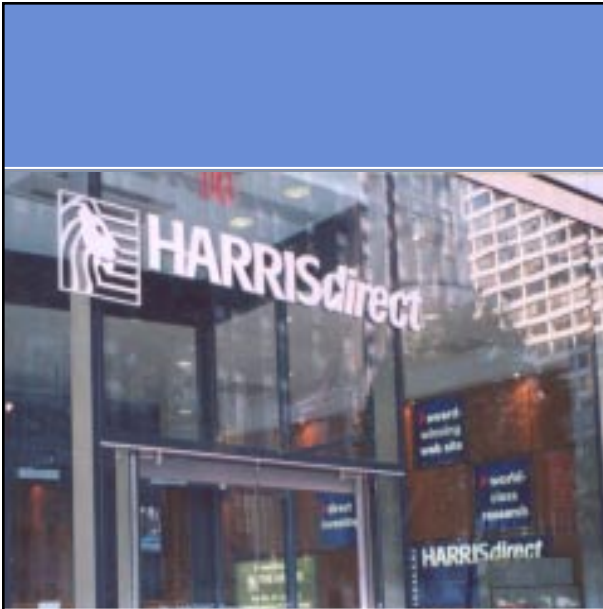
	2001	2002	2003
<i>Sales/FTE</i>	23,908	25,563	30,877
<i>Retail Consumer Retention</i>	94%	95%	97%



Opportunities in Large, Fragmented, Underserved Market

- 3rd largest metropolitan market in U.S. - 8 million people
- Greater Chicago has GDP of approximately 35% of Canadian GDP
- Most fragmented market in U.S. - more than 250 banks
- Market “still up for grabs” -- top three banks combine for less than 30% market share of retail deposits*

* Based on a formula which seeks to isolate retail and small business deposits by backing out corporate deposits from published total FDIC deposit data as of June 2003



Established U.S. Foothold for Expansion

- Enviable Harris Brand
- Harris Nesbitt growing mid-market business in Midwest
- Harris*direct* direct brokerage platform



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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