



Investor Day

U.S. Business Strategy and Acquisitions

BILL DOWNE

*Deputy Chair, BMO Financial Group
CEO, BMO Nesbitt Burns and
Head of Investment Banking Group*

JUNE 9 • 05





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

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GAAP METHODOLOGY

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INVESTOR DAY - JUNE 9 • 05





BMO's 2005 STRATEGIC PRIORITIES

1. Achieve Financial Targets with a particular focus on productivity
2. Drive revenue growth by providing a superior client experience, earning a larger share of customers' business
3. Continue to improve U.S. performance
4. Accelerate growth in the U.S. both organically and through acquisitions
5. Grow Net Income in Canada through operational efficiency and improved market share, accelerating our growth in commercial banking and wealth management
6. Build a high-performance organization by developing our people, living our values and being an employer of choice
7. Maintain our world-class foundation of leading governance, sound risk management, productive systems and excellent after sales service





A GROWING U.S. PRESENCE

U.S. Dollar Equivalent (\$Millions)

Total Invested
 1984-2004: US\$2.7 Billion*
 2000-2004: US\$1.5 Billion
**includes Harris purchase*

Mercantile Bancorp \$161
 New Lenox State Bank \$235
 Lakeland Community Bank \$37

Sullivan, Bruyette, Speros & Blaney \$14
 Gerard Klauer Mattison \$28
 my CFO \$39
 Morgan Stanley self-directed accounts \$97
 Northwestern Trust \$12
 CSFBdirect \$535

First National Bank of Joliet \$221

Century Bank \$16
 Freeman Welwood \$94
 Village Banc of Naples \$13

1984 1985 1987 1988 1990 1994 1996 1999 2000 2001 2002 2003 2004

Burke, Christensen & Lewis \$40

Household International \$277

Suburban \$222

Frankfort Bancshares \$17

Libertyville Federal Savings & Loan \$6

State Bank of St.Charles & First National Bank of Batavia \$26

Commercial State Bank (Phoenix) \$2

First National Bank of Barrington \$32

Harris Bank \$547



SUCCESSFULLY COMPETING IN THE U.S.



- Brand image and reputation
- Well-positioned branch distribution and access
- Strong customer orientation and culture

P&C



PCG



- Distribution capabilities within Harris Bank Branches
- High relative client retention resulting from superior customer service
- Full product offering - trust and investment, financial planning, banking, estate planning



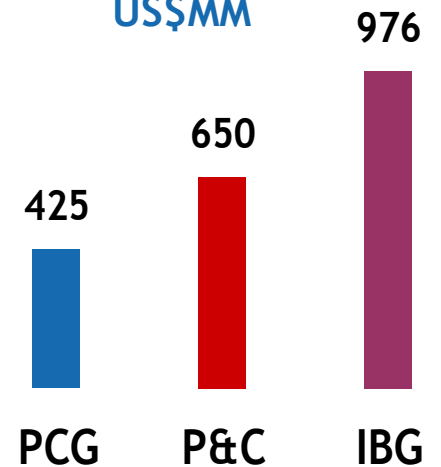
- Online trading and research capabilities
- National focus
- High quality call centre service
- Full-service offering

IBG



- Attractive client base, strong long-term relationships
- Customized coverage model
- Focused, disciplined strategy execution

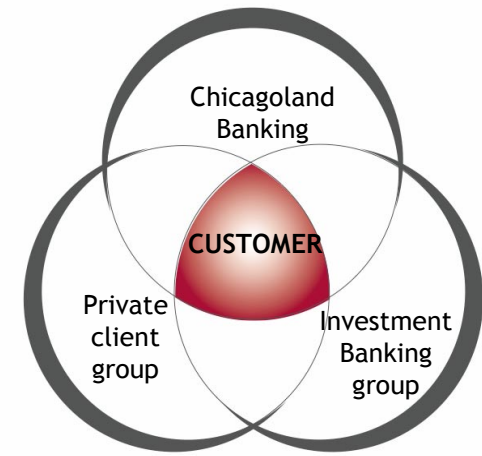
F2004 U.S. Operating Group Revenue US\$MM





INTEGRATION MAKES A DIFFERENCE

- All three lines of business work closely together
- Maximize the use of existing infrastructure
- Revenue growth combined with cost reduction initiatives continue to improve productivity





NEXT STEPS: EXECUTING OUR STRATEGY IS THE MOST IMPORTANT JOB AHEAD OF US

- ✓ **We have** set a course for significant expansion in the U.S. and our business model is scalable
- ✓ **We have** a local, seasoned and disciplined management team
- ✓ **We have** both the experience with acquisitions and the deep knowledge of how to run a Community Bank
- ✓ **We have** established ourselves in the Mid-West - one of the strongest and most attractive markets in the U.S.
- ✓ **We have** the strength of the Harris Brand - one of the most respected names in the U.S. Midwest.





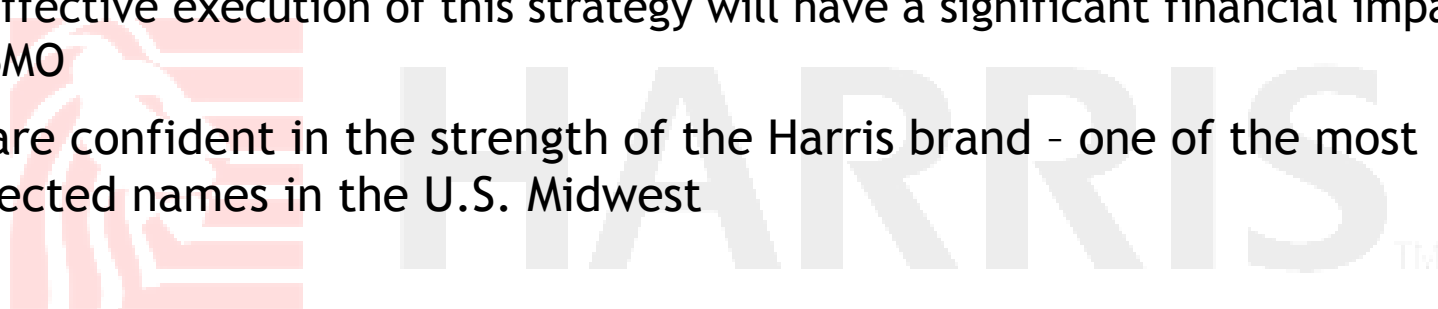
SUMMARY

Our U.S. businesses represent a growth engine for BMO and support our objective of being the top performing Canada-U.S. financial services company

- We are committed to:
 - Continue to improve the financial performance of our U.S. business
 - Capitalize on unique cross-business opportunities
 - Accelerate the size and pace of our U.S. acquisitions

- BMO is positioned for success in the evolving U.S. financial services landscape
 - The U.S. growth strategy is not just about retail banking
 - We are in a position to make significant strides in executing our U.S. strategy
 - Effective execution of this strategy will have a significant financial impact for BMO

- We are confident in the strength of the Harris brand - one of the most respected names in the U.S. Midwest





HARRIS





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INVESTOR RELATIONS

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Investor Day

U.S. Segment Financial Review

KAREN MAIDMENT

*Senior Executive Vice President
and Chief Financial Officer*

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ATTRACTIVE U.S. PLATFORM



- Brand image and reputation
- Well-positioned branch distribution and access
- Strong customer orientation and culture

P&C



PCG



- Distribution capabilities within Harris Bank Branches
- High relative client retention resulting from superior customer service
- Full product offering - trust and investment, financial planning, banking, estate planning



- Online trading and research capabilities
- National focus
- High quality call centre service
- Full-service offering

IBG



- Attractive client base, strong long-term relationships
- Customized coverage model
- Focused, disciplined strategy execution

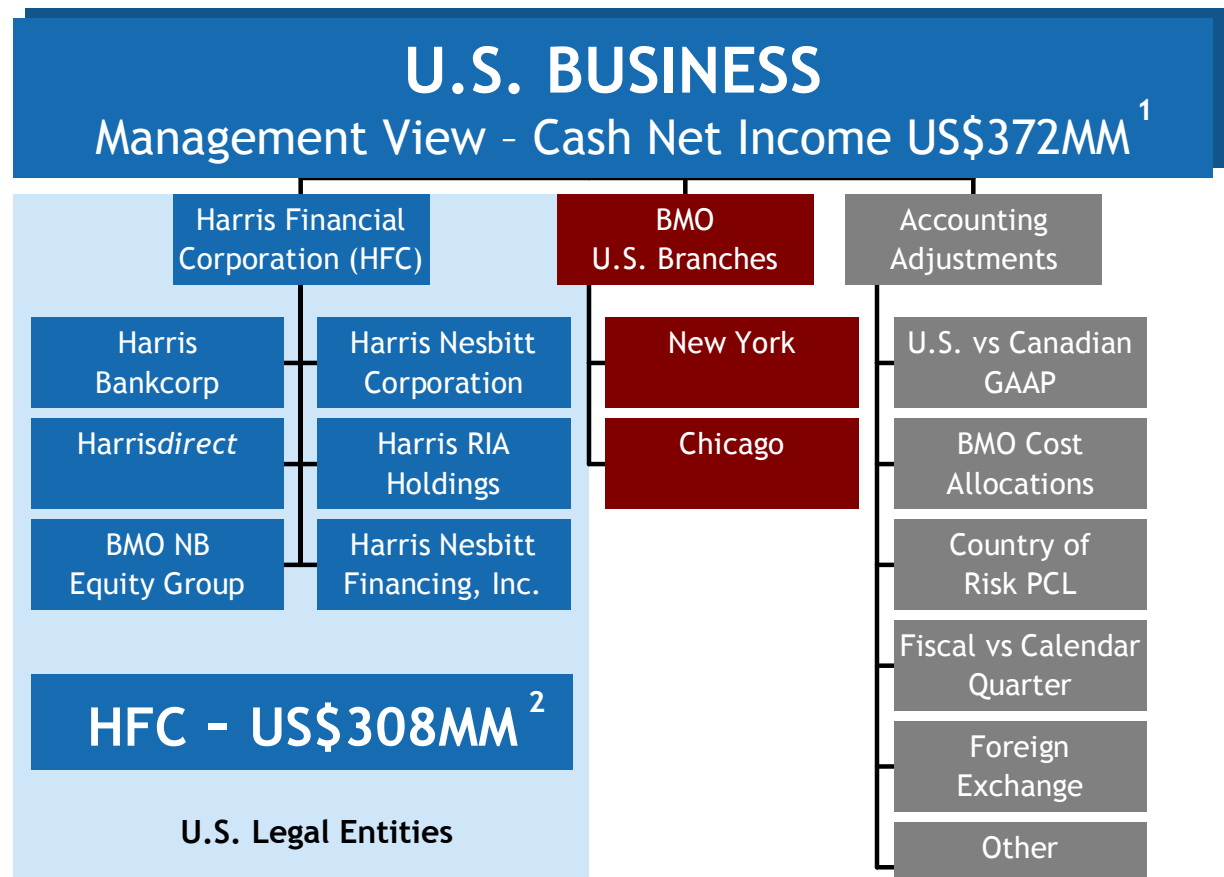




BMO U.S. FINANCIAL RESULTS RECONCILIATION

Manage by operating group - not legal entity

- Manage U.S. business by operating group (P&C, IBG, PCG), not legal entity basis
- There is excess capital in legal entities



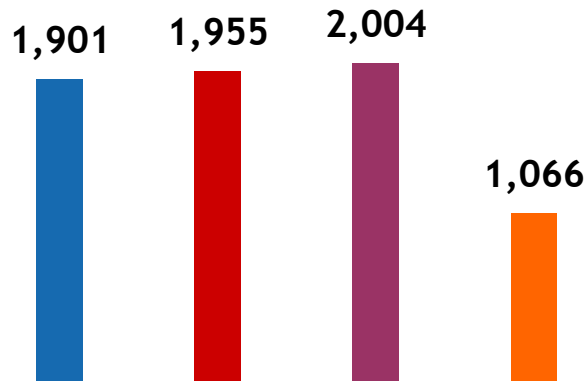
¹ Fiscal 2004 Cash Net Income - Per Supplementary Package

² Calendar 2004 Cash Net Income US\$265MM (Publicly available FRY9C report) plus US\$43MM after-tax add-back for goodwill and intangible amortization

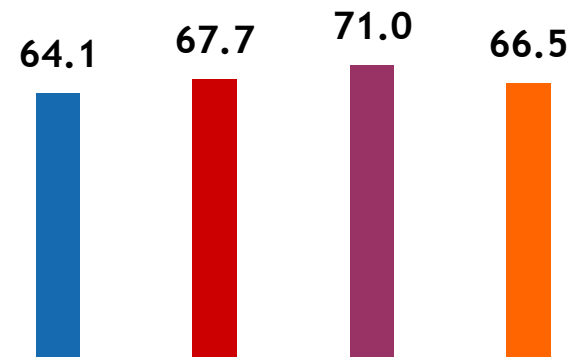


U.S. FINANCIAL PERFORMANCE

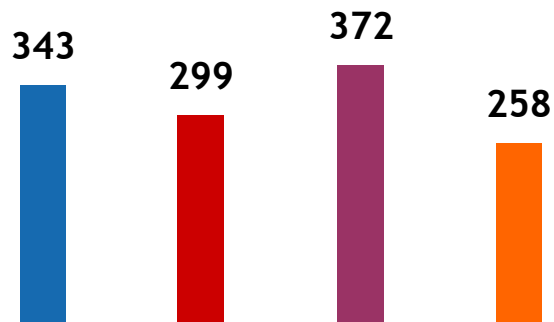
U.S. Revenue (US\$MM)



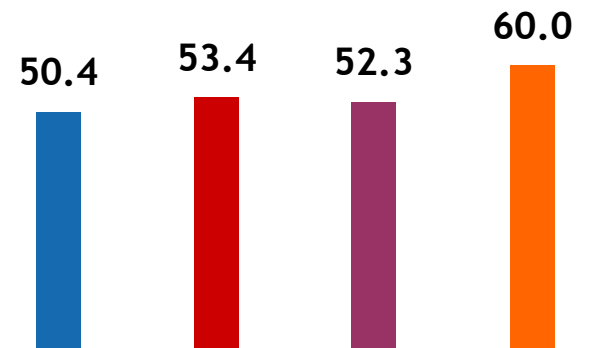
U.S. Cash Productivity (%)



Cash Net Income (US\$MM)



U.S. Average Assets (US\$B)



F2002* F2003 F2004 YTD 05

F2002* F2003 F2004 YTD 05

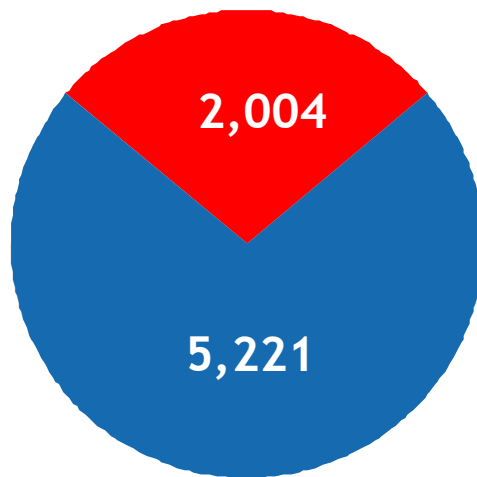


* F2002 not restated - See Q2 2005 Supplementary Package page 1 for explanation of restatements



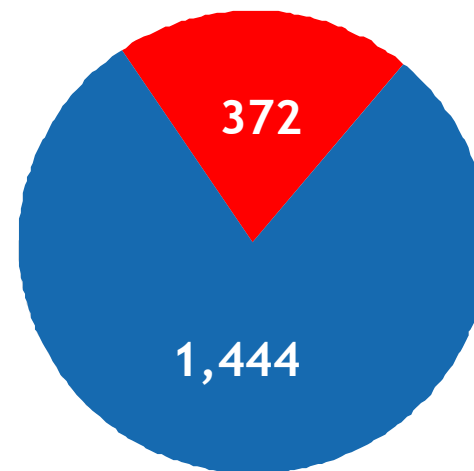
IN F2004 U.S. BUSINESSES ACCOUNTED FOR: 28% of Revenue and 20% of Cash Net Income

U.S. Revenue
(US\$MM)



Canada/Other

U.S. Cash Net Income
(US\$MM)



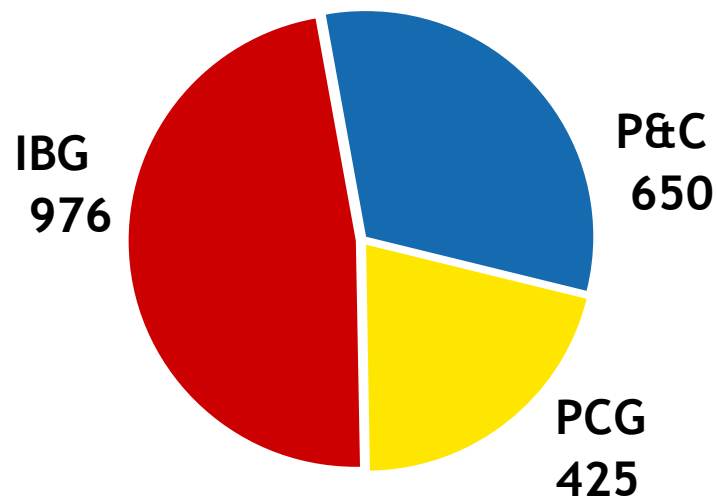
Canada/Other



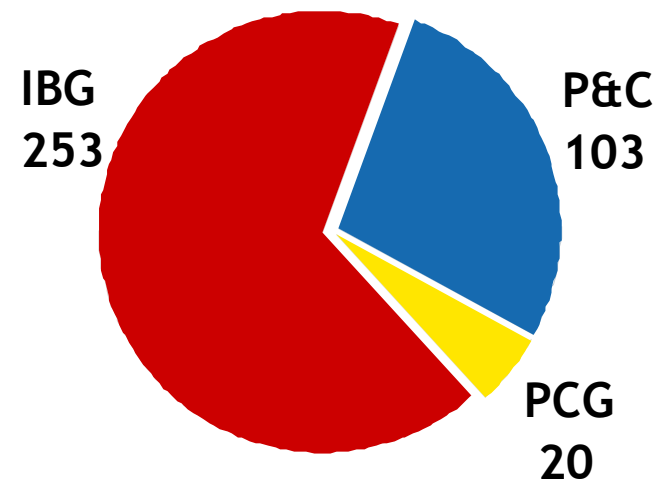


F2004 U.S. OPERATING GROUP PERFORMANCE¹

Revenue
(US\$MM)



Cash Net Income
(US\$MM)

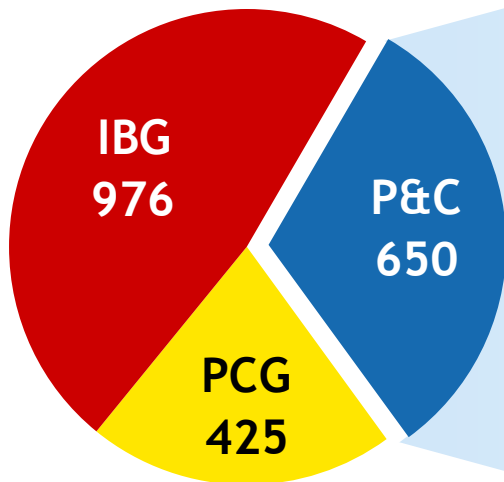


¹ Operating groups exclude Corporate Support F2004 Revenue of US\$(8)MM and Cash Net Income of US\$(4)MM.



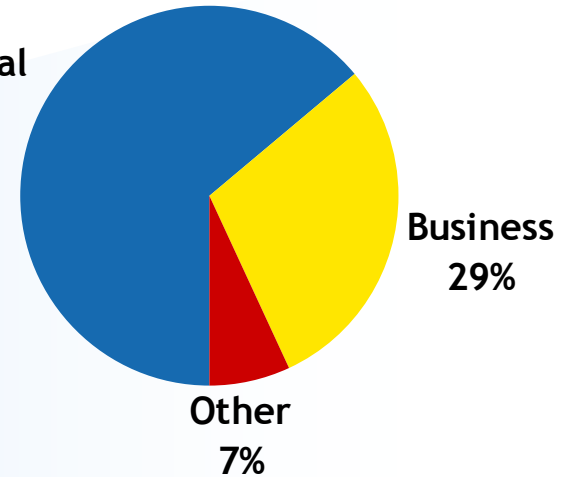
F2004 - P&C CHICAGOLAND

U.S. Operating Group Revenue (US\$MM)



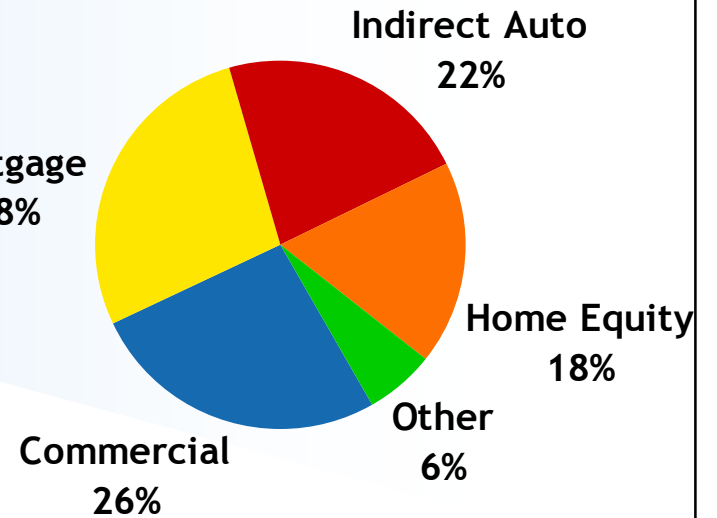
REVENUE

Personal 64%



LOANS (US\$12B)

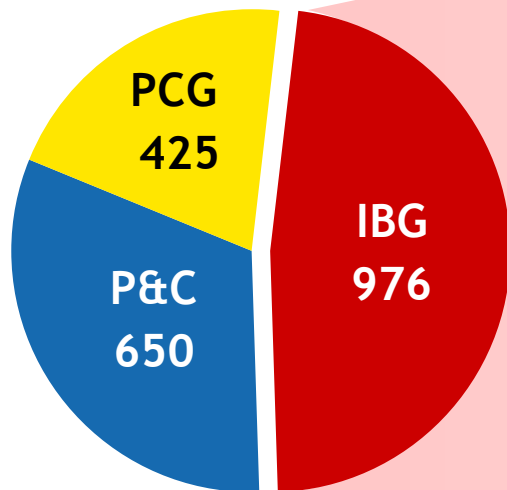
Mortgage 28%



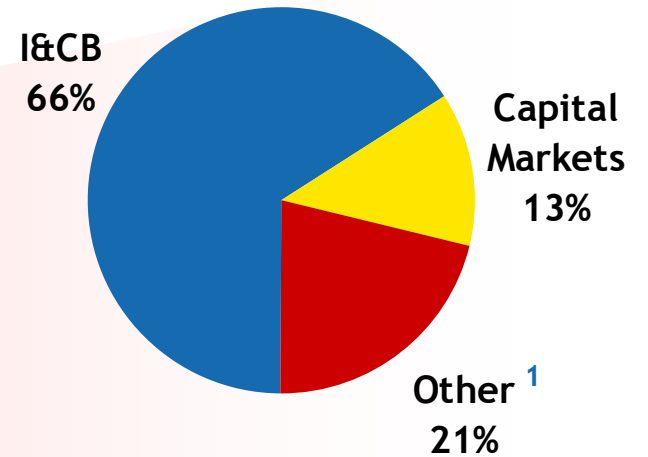


F2004 - INVESTMENT BANKING GROUP

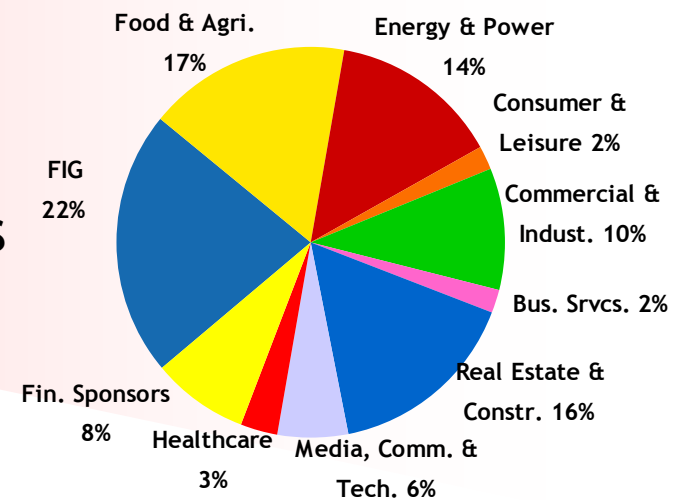
U.S. Operating Group Revenue (US\$MM)



REVENUE



LOAN AUTHORIZATIONS BY INDUSTRY²



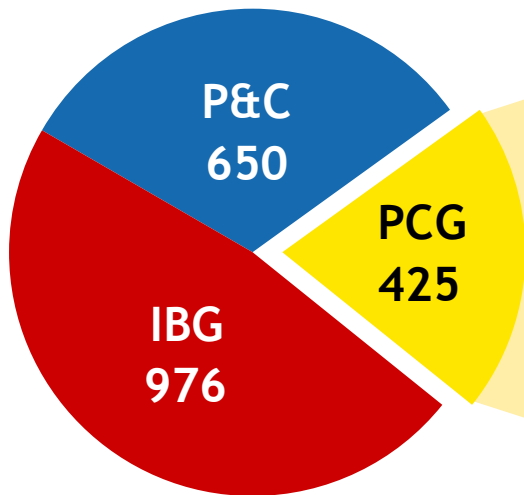
¹ Includes Securitization and Credit Investment Management, Equity Division, Merchant Banking and Other

² As at January 31, 2005



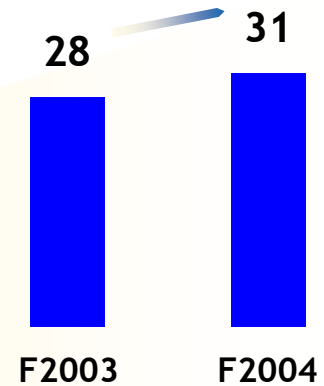
F2004 - PRIVATE CLIENT GROUP

U.S. Operating Group Revenue (US\$MM)

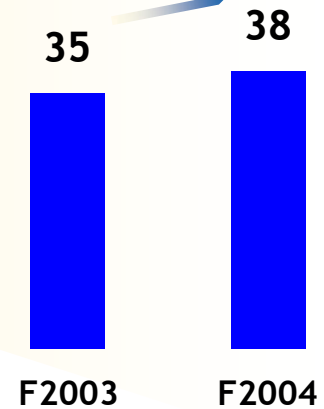


U.S. GROSS AUA/AUM (US\$B)

Harrisdirect



Harris Private Bank



¹ Gross assets managed and administered excluding institutional assets



PRO-FORMA: CHICAGOLAND + IBG MID-MARKET

YTD Q2 2005 (US\$MM)	Chicagoland	IBG Mid-Market	Combined
Revenue	364	186	550
Net Income	50	61	111
Cash Productivity (%)	70.0	37.6	59.0

- Comparisons to U.S. regional banks best made by adding IBG mid-market to Chicagoland
- The results of certain U.S. peers contain treasury activities and securities gains which improve profitability, the combined results above do not





U.S. - SPECIFIC STRATEGIC PRIORITIES

1. Achieve Financial Targets with a particular focus on productivity
2. Drive revenue growth by providing a superior client experience, earning a larger share of customers' business
3. Continue to improve U.S. performance
4. Accelerate growth in the U.S. both organically and through acquisitions
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7. Maintain our world-class foundation of leading governance, sound risk management, productive systems and excellent after sales service





ACCELERATE SIZE AND PACE OF U.S. ACQUISITIONS

Approach to U.S. Bank Acquisitions

- Potential acquisitions fall into 3 categories:
 - Small (under US\$500 million)
 - Medium (US\$500 million to US\$2 billion)
 - Large (over US\$2 billion)
- Target acquisitions in the greater Chicago area, and other urban markets in the Midwest
- Our advantages include: deep market knowledge, Harris Brand and reputation as community-focused acquirer of choice, integration experience, and scalable platform

Acquisition checklist:

Three key questions:

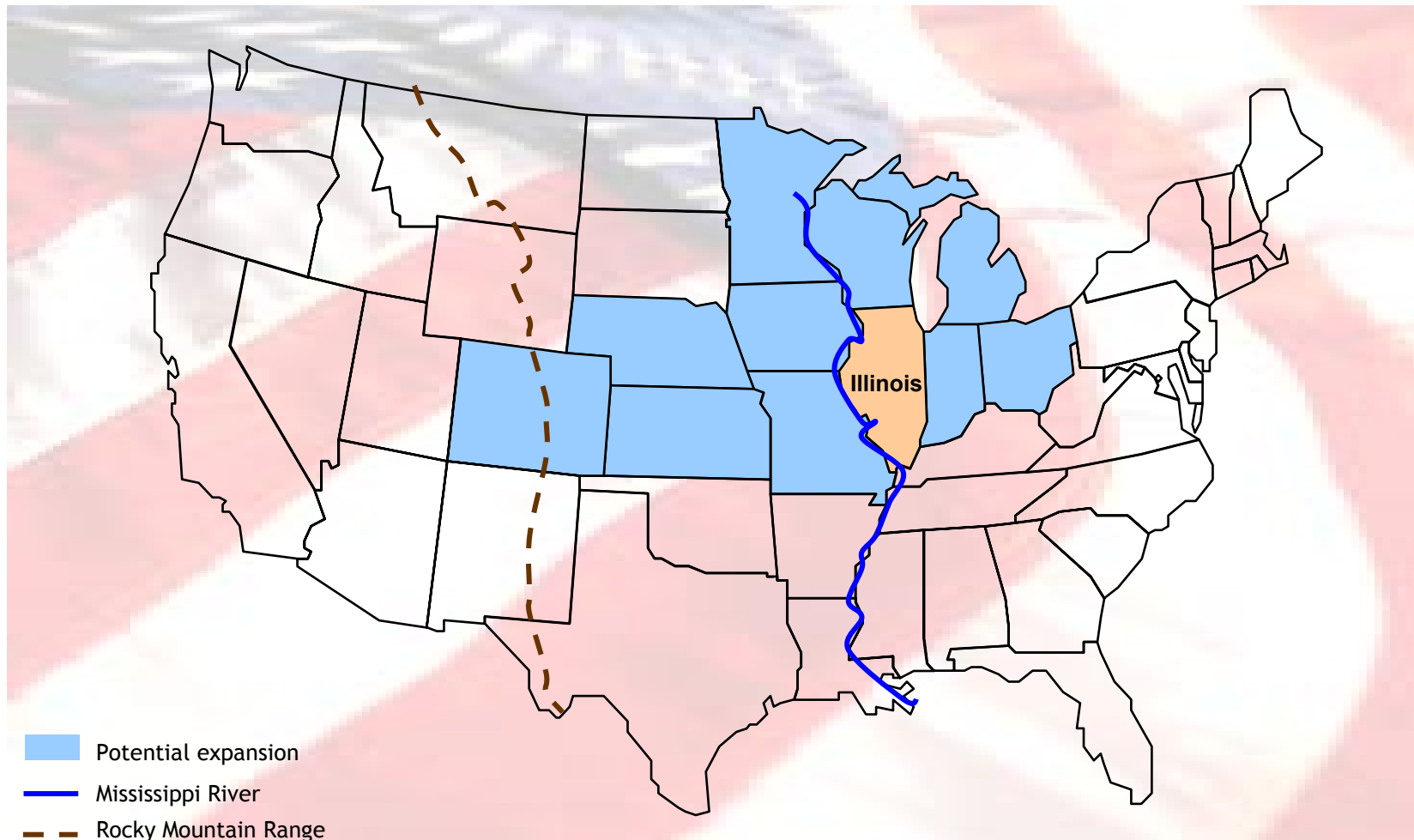
- ✓ Is it a good strategic fit?
- ✓ Is it a good cultural fit?
- ✓ Is it a good financial fit?
 - Significant level of ownership required, preferably 100%
 - Accretive to cash EPS within at least 3 years








EXPANDING OUR GEOGRAPHIC FOOTPRINT

Outside of Illinois

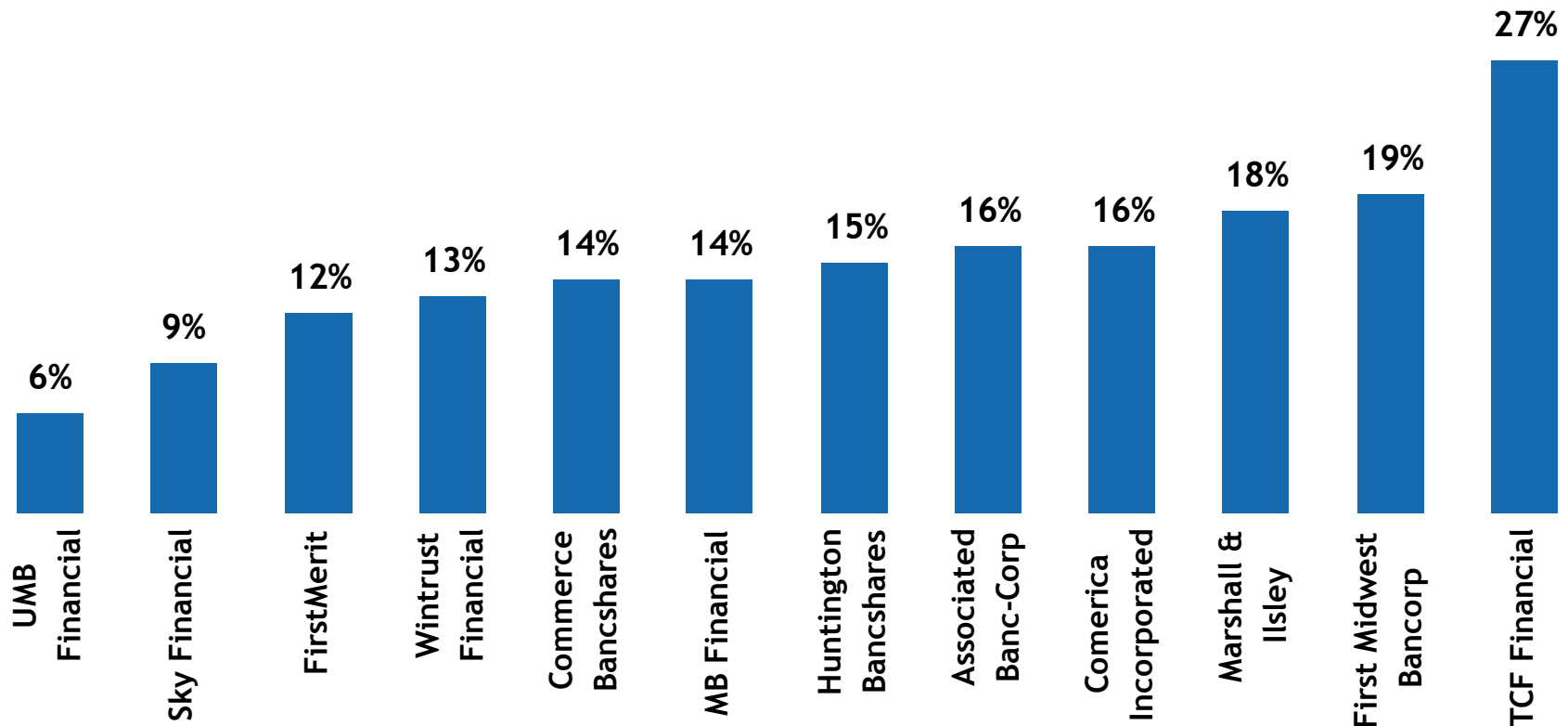


-  Potential expansion
-  Mississippi River
-  Rocky Mountain Range





YTD 2005 CASH RETURN ON EQUITY:¹ U.S. PEER COMPARISON

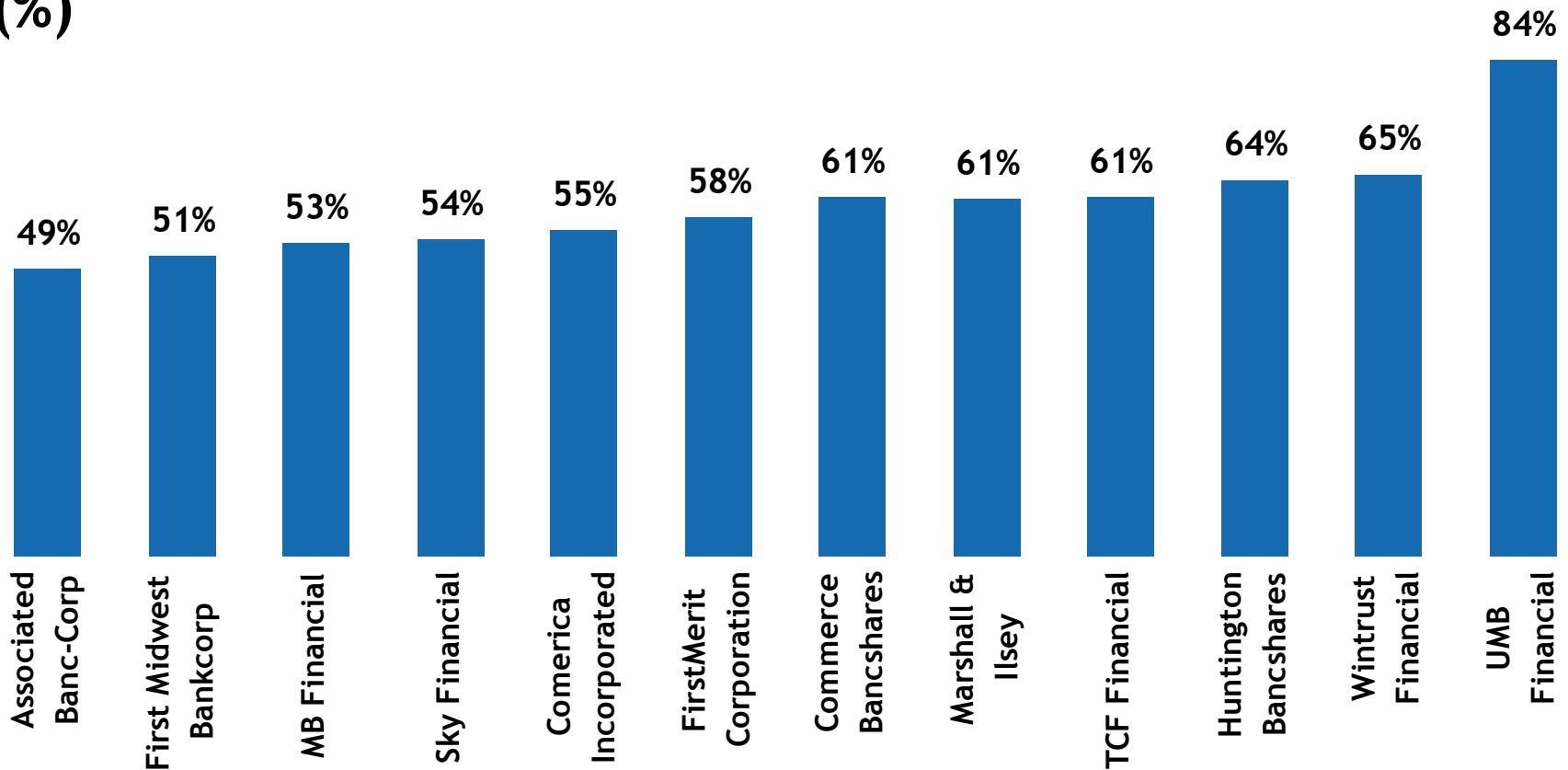


¹ NOTE: U.S. Peer data is for three months ended March 31, 2005. Peer data is calculated as annualized cash net income available to common shareholders, divided by average common equity and assumes a 35% tax rate for add-back of intangible amortization. (Data Source: SNL)



YTD 2005 CASH PRODUCTIVITY RATIO:¹ U.S. PEER COMPARISON

(%)

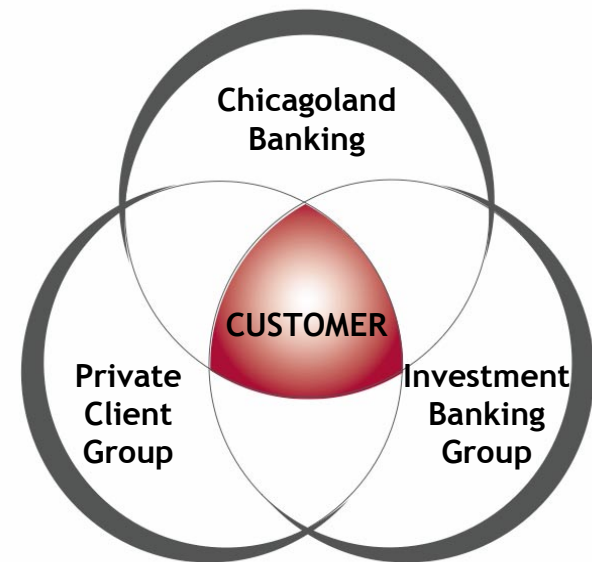


¹ NOTE: U.S. Peer data is for three months ended March 31, 2005 and is calculated as total non-interest expense less intangible amortization / total revenue. (Data Source: SNL)



ATTRACTIVE AND LEVERAGABLE PLATFORM

- Attractive platform in place across three operating groups
- Sources of leverage include:
 - Productivity improvements
 - One Harris - working in partnership across operating groups
 - Scalable infrastructure with Project Enterprise completed
 - IBG build-out from strong Harris business client relationships
 - Strong and respected Harris brand
 - Ability to leverage integration experience, infrastructure and overall platform through acquisitions



HARRIS





SUMMARY

- Attractive and leveragable platform
- Continue to focus on growing U.S. revenue and net income and improving cash productivity
- Fully integrated North/South management teams for IBG and PCG
- Manage U.S. business by operating group not on legal entity basis
- Comparisons to U.S. regional banks best made by adding IBG mid-market to Chicagoland
- Continue to look at potential acquisitions





APPENDIX





SYSTEMIC DIFFERENCES Between Canadian and U.S. Banks

Canada

- Mature oligopoly: 6 chartered banks
- Single regulator
- Governed by the Bank Act
- Ownership rules in place
- Integrated business model: customers purchase multiple products from one institution
- Residential mortgages are lower risk due to shorter terms, prepayment penalties
- Lack of mortgage interest deductibility from income taxes

U.S.

- Fragmented market
- Multiple regulators
- Choice of State vs. National Charter allows flexibility in choosing regulatory environment and structuring operations
- Bank Holding Companies provide flexibility in structuring business activities
- Branch restrictions in U.S. and various limits on interstate expansion



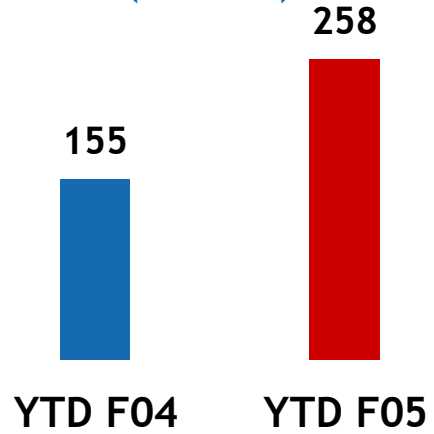


F2005 FINANCIAL PERFORMANCE

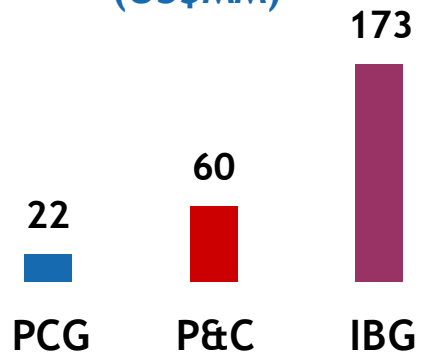
○ Improvement in year-over-year cash net income driven by:

Net Income Impact (US\$MM)	Y/Y
Lower PCL	43
Business Growth and Other	41
VIE Restructuring	24
Deferred Income Tax	14
Merchant Banking Accounting Change	12
Litigation Provision	(13)
Securities Gains	(18)
Total	103

U.S. Cash Net Income
YTD 2005
(US\$MM)



U.S. Operating Group
YTD 2005 Cash Net Income
(US\$MM)





CASH NET INCOME RECONCILIATION

F2004 U.S. Segment (US\$MM)	P&C	PCG	IBG	Corporate	Total
Net Income	85	(11)	252	(5)	321
Amortization of Intangibles	18	31	1	1	51
Cash Net Income	103	20	253	(4)	372

YTD 2005 U.S. Segment US\$MM	P&C	PCG	IBG	Corporate	Total
Net Income	50	6	173	2	231
Amortization of Intangibles	10	16	-	1	27
Cash Net Income	60	22	173	3	258





LEGAL ENTITY DESCRIPTIONS

Harris Financial Corp. (HFC)

- Wholly owned subsidiary of Bank of Montreal
- Provides banking, trust and other services domestically and internationally through bank and non-bank subsidiaries
- Provides variety of financial services to commercial and industrial companies, financial institutions, governmental units, not-for-profit organizations and individuals throughout the U.S., primarily the Midwest, and abroad

Harris Bankcorp

- Wholly owned subsidiary of Harris Financial Corp.
- Provides banking, trust and other financial services through 5 bank and other nonbank subsidiaries
- Bankcorp lead subsidiary is Harris N.A.

Harris N.A. (formerly HTSB and affiliate banks)

- Wholly owned subsidiary of Harris Bankcorp
- Provides a broad range of banking and financial services to individuals and corporations domestically and abroad, including corporate banking, personal financial services, personal trust services and investment services





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U.S. Business Strategy,
Acquisitions and
Financial Review

Q&A

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