



BMO  **Financial Group**

STRATEGIC OVERVIEW

THIRD QUARTER 2004

TONY COMPER

President & Chief Executive Officer

Investor Community Conference Call
August 24, 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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Sharp Rise In Q3 Results

Performance Measure	Q3 2004	Q3 2003
Net Income	\$654MM	\$504MM
Cash Net Income	\$675MM	\$523MM
EPS	\$1.24	\$0.95
Cash EPS	\$1.27	\$0.99
Return On Equity	21.0%	18.0%

Well Positioned To Achieve Or Exceed Fiscal 2004 Targets

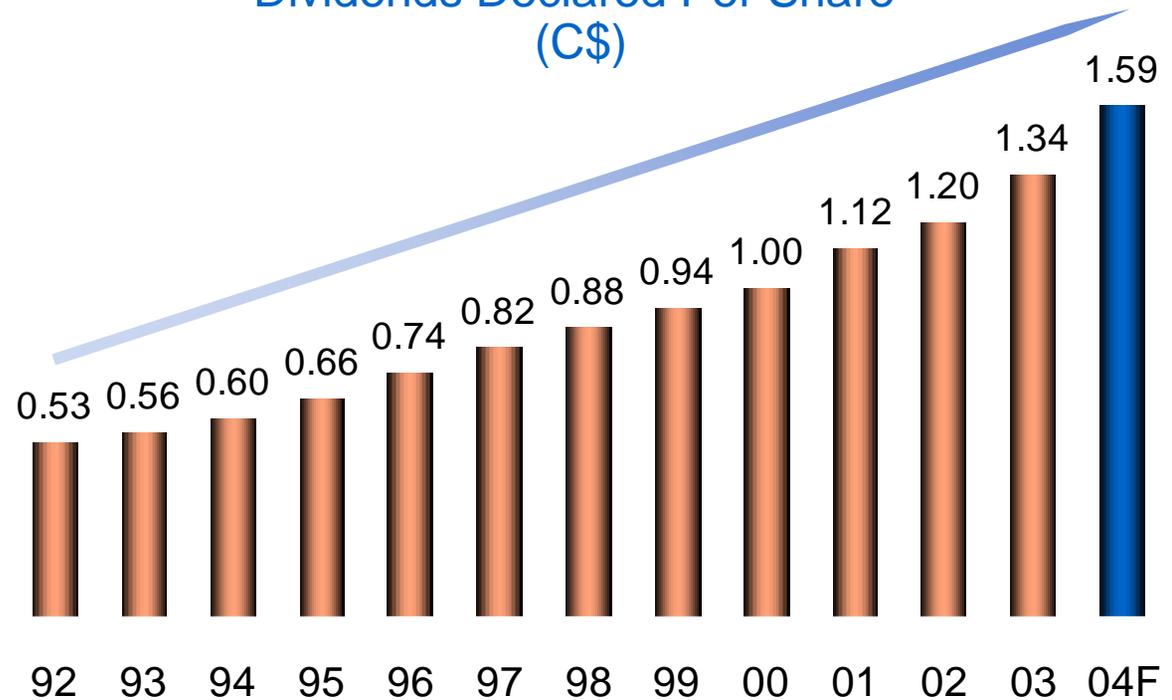
Performance Measure	YTD 2004	F2004 Target
EPS Growth (vs. YTD 2003)	36.0%	10 – 15%
Specific Provision for Credit Losses	\$30MM (before \$120MM reduction to the General Allowance)	\$500MM or less <i>Now estimated to be:</i> \$100MM or less
Cash Productivity Ratio (vs. YTD 2003)	220 bps improvement	150 – 200 bps improvement
Return On Equity (annualized)	20.0%	16 – 18%
Tier 1 Capital	9.44%	Minimum 8%

Effective Capital Management Pays Dividends:

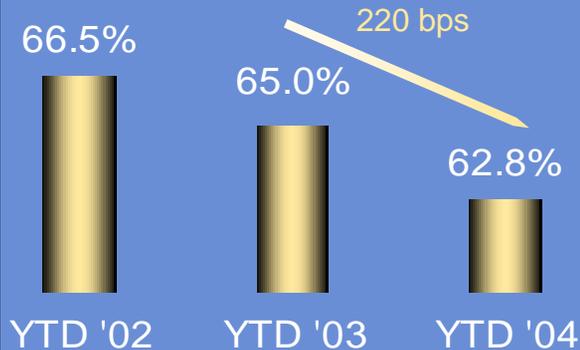
- ✓ Delivering strong short-term returns while investing in growth and acquisitions that will support higher future returns
- ✓ Second quarterly dividend increase this year; rising 10% to \$0.44 per share
- ✓ Announced program to repurchase up to 15 million common shares
- ✓ Completed New Lenox State Bank acquisition

Quarterly Dividend Increases 10% Up 26% From A Year Ago

Dividends Declared Per Share
(C\$)



BMO Cash Productivity



NLSB Branch
New Lenox, IL



Progress on Strategic Priorities

Improve Productivity

Year-to-date cash productivity improvements in all three operating groups:

- P&C – 100 bps improvement to 62.5%
- PCG – 530 bps improvement to 77.6%
- IBG – 130 bps improvement to 51.1%

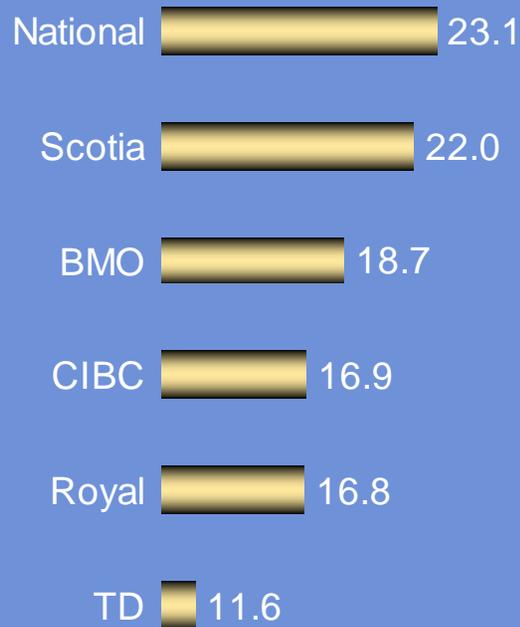
Improve U.S. Performance

- P&C U.S. increased loan growth of \$1.9 billion, or 18% from a year ago
- PCG U.S. cash productivity ratio improved 170 bps year-over-year as a result of revenue growth and cost reduction initiatives and 800 bps YTD
- IBG U.S. net income represents 50% of group net income vs. 36% a year ago

Aggressively Pursue U.S. Acquisitions

- Lakeland Community Bank - completed March 1, 2004
- New Lenox State Bank - completed June 1, 2004

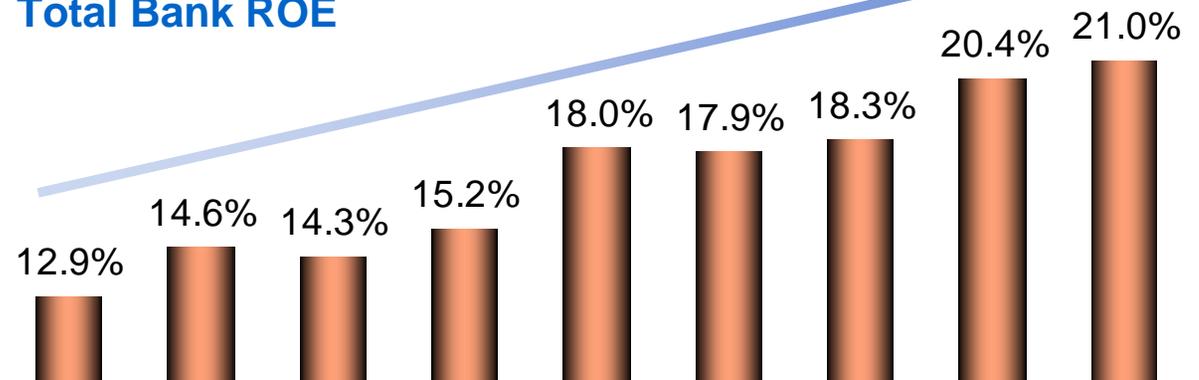
Canadian Peer Group 5 Year Total Shareholder Return* (%)



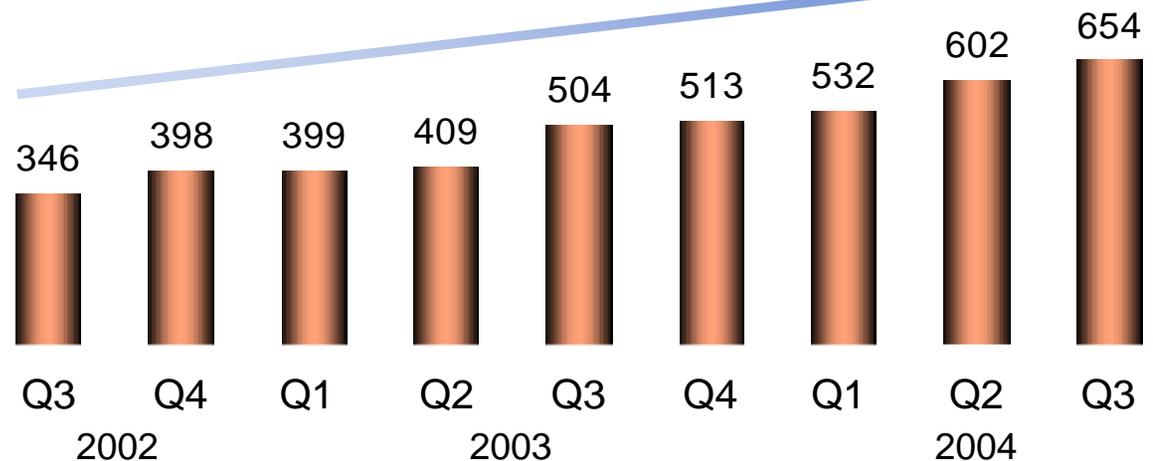
* The 5 Year TSR is the compound annual growth for the 20 quarter period ending with Q3 2004.

Steadily Rising Returns To Shareholders

Total Bank ROE



Quarterly Net Income (C\$Million)





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