

Financial Performance and Condition at a Glance

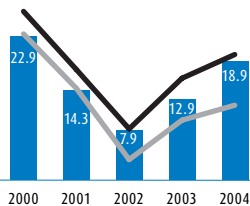
MD&A

Our Performance*

Total Shareholder Return (TSR)

- BMO's average annual five-year TSR of 18.9% was up substantially from 12.9% a year ago and was better than returns from the financial services industry and the broader market.
- BMO's 20.0% one-year TSR was just below the financial services industry return but above the broader market returns.

Further details are provided on page 23.



Peer Group Comparison*

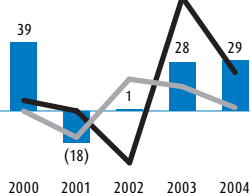
Five-Year TSR (%)

- BMO's average annual five-year TSR of 18.9% was below the Canadian peer group average of 20.1% but substantially above the North American peer group average of 12.0%.
- BMO's relative performance on this important measure improved significantly from a year ago and BMO's three-year TSR of 23% was above the average of both peer groups.

Earnings per Share (EPS) Growth

- EPS rose 29% to \$4.42, establishing another record high after having grown 28% a year ago, driven by a lower provision for credit losses and business growth in all operating groups.
- EPS growth of 29% (22% excluding a \$170 million reduction of the general allowance for credit losses) exceeded our 2004 target of 10% to 15% growth.

Further details are provided on page 24.



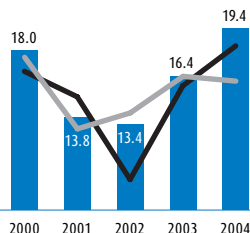
EPS Growth (%)

- BMO's EPS growth of 29% in 2004 was above the Canadian peer group average of 22% and appreciably higher than the North American peer group average of 2%.
- The North American peer group average was affected by multi-billion-dollar litigation provisions recorded by two of the largest companies in the peer group.

Return on Equity (ROE)

- ROE of 19.4% was the highest since 1978 and was above our 2004 target of 16% to 18%.

Further details are provided on page 25.



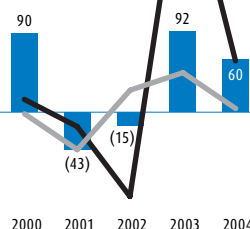
ROE (%)

- ROE of 19.4% in 2004 was above the Canadian peer group average of 18.3% and the North American peer group average of 16.1%.
- BMO is the only major North American bank to earn an ROE of more than 13% in each of the past 15 years.

Net Economic Profit (NEP) Growth

- NEP, a measure of added economic value, rose 60% to a record \$1,123 million, after having increased 92% in 2003.
- Each of the operating groups generated higher NEP in 2004.

Further details are provided on page 25.



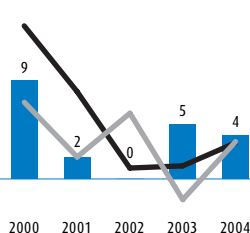
NEP Growth (%)

- NEP growth of 60% in 2004 was just above the Canadian peer group average of 58% and considerably above the North American peer group average of 4%.
- The North American peer group average was affected by the litigation provisions referenced above.

Revenue Growth

- Revenue increased \$341 million or 4% in 2004 and was higher in each of our client operating groups.
- The lower Canadian/U.S. dollar exchange rate, net of the incremental effect of acquired businesses, lowered revenue growth by 1.6 percentage points.
- Higher net investment securities gains increased revenue growth while lower net interest margins reduced growth.

Further details are provided on page 28.



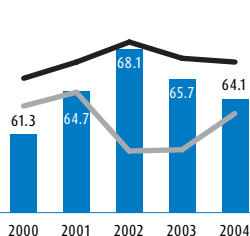
Revenue Growth (%)

- Revenue growth of 3.7% in 2004 was above the Canadian peer group average of 3.3% and the North American peer group average of 3.4%.
- BMO's revenue growth outpaced the industry average in both Canada and North America in 2003 and 2004.

Expense-to-Revenue Ratio (Productivity Ratio)^(a)

- The productivity ratio improved 160 basis points to 64.1% in 2004. The cash productivity ratio improved 155 basis points to 63.0%, achieving our financial target and top priority for 2004 of a 150 to 200 basis point improvement.
- The productivity ratio improved in each client operating group for the second straight year.

Further details are provided on page 32.



Expense-to-Revenue Ratio (%)

- BMO's productivity ratio of 64.1% was better than the Canadian peer group average of 67.0% but above the North American peer group average of 62.9%.
- BMO improved its advantage over the Canadian peer group average productivity ratio in 2004. The North American peer group average was affected by the litigation provisions.

*Adjustments to GAAP results to derive cash and other non-GAAP results and measures, including adjusting revenue to a taxable equivalent basis (teb), are outlined on page 26.

(a) For consistency with our peer groups, the non-interest expense-to-revenue ratios for BMO and the peer groups reflected in the graphs for 2000 and 2001 include goodwill amortization.

■ BMO Financial Group
 ● Canadian peer group average
 ○ North American peer group average

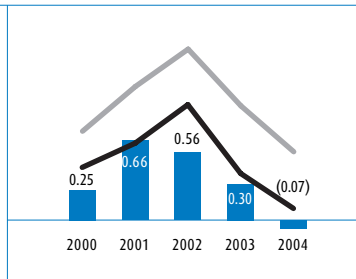
See page 20 for further comments on peer group comparisons.

Our Performance

Credit Losses

- The provision for credit losses improved by \$558 million. Specific provisions fell \$388 million and there was a \$170 million reduction of the general allowance.
- The provision represented negative 7 basis points of average net loans and acceptances and the specific provision represented 4 basis points, an improvement from 30 basis points in 2003 and significantly better than our target.

Further details are provided on pages 31 and 60.



Peer Group Comparison

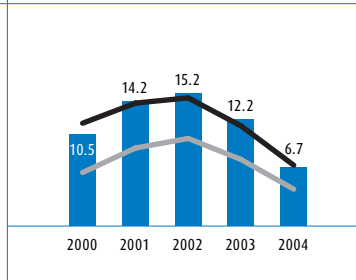
Provision for Credit Losses as a % of Average Loans and Acceptances

- BMO's provision for credit losses of (0.07)% of average net loans and acceptances was better than the Canadian peer group average of 0.10% and the North American peer group average of 0.57%.
- BMO's credit loss experience has been consistently better than both the Canadian and North American peer groups.

Impaired Loans

- Gross impaired loans and acceptances were \$1,119 million, compared with \$1,918 million in 2003, and represented 6.7% of equity and allowances for credit losses, versus 12.2% a year ago.
- Formations of new impaired loans and acceptances, a key driver of credit provisions, were \$607 million, down from \$1,303 million in 2003.

Further details are provided on pages 31 and 61.



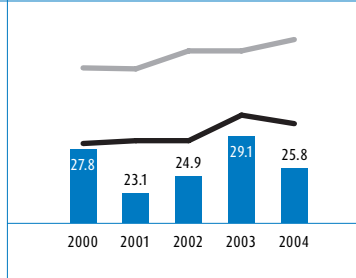
Gross Impaired Loans and Allowances as a % of Equity and Allowances for Credit Losses

- BMO's ratio of 6.7% was marginally better than the Canadian peer group average of 6.9% but higher than the North American peer group average of 4.2%.
- BMO's ratio has approximated the Canadian average but been higher than the North American average in recent years.

Cash and Securities-to-Total Assets

- The cash and securities-to-total assets ratio decreased to 25.8% from 29.1% in 2003.
- Liquidity remains sound and continues to be supported by broad diversification of deposits.

Further details are provided on pages 64 and 65.



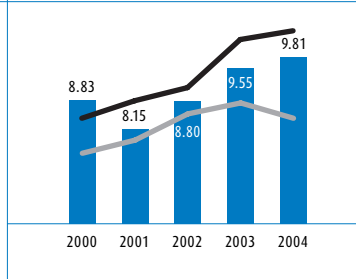
Cash and Securities-to-Total Assets (%)

- BMO's ratio of 25.8% was below the Canadian peer group average of 30.5% and the North American peer group average of 39.4%.
- The ratio remains higher than our minimum target ratio.

Capital Adequacy

- The Tier 1 Capital Ratio was 9.81%, up from 9.55% last year and above our minimum target of 8.0%.
- The Total Capital Ratio was 11.31%, down from 12.09% in 2003.

Further details are provided on pages 51 and 52.



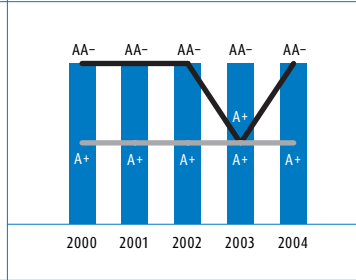
Tier 1 Capital Ratio (%)

- Our Tier 1 Capital Ratio at 9.81% was the highest in recent years but was below the Canadian peer group average of 10.40%.
- On a U.S.-basis, our Tier 1 Capital Ratio was 9.44% and was above the North American peer group average of 8.40%.

Credit Rating (Standard & Poor's)

- Our credit rating, as measured by Standard & Poor's^{®7} (S&P) senior debt ratings, remained at AA-, matching two competitors and exceeding the rating of the other three major Canadian banks.
- S&P's ratings outlook on BMO remains stable.

Further details are provided on page 52.



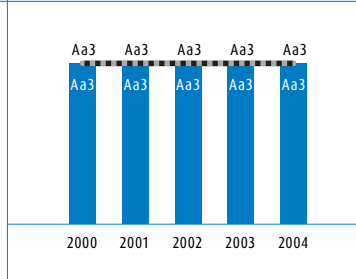
Credit Rating

- BMO's credit rating of AA-, as measured by S&P's senior debt ratings, was consistent with the Canadian peer group median as two of the peer group are rated as highly as BMO and three are rated lower. BMO's rating remains higher than the North American peer group median rating of A+.

Credit Rating (Moody's)

- Our credit rating, as measured by Moody's^{®8} senior debt ratings, remained at Aa3, slightly below the highest-rated Canadian bank and consistent with the highest of the remaining major Canadian banks.
- Moody's ratings outlook on BMO remains stable.

Further details are provided on page 52.



Credit Rating

- BMO's credit rating of Aa3, as measured by Moody's senior debt ratings, was comparable to the Canadian and North American peer group medians.

■ BMO Financial Group
 ● Canadian peer group average
 — North American peer group average

See page 20 for further comments on peer group comparisons.

Canadian and North American Peer Group Comparisons

	2004					2003					Five-Year Average				
	BMO perf.	Rank of six	Cdn. bank avg.	N.A. bank avg.	N.A. bank q'tile	BMO perf.	Rank of six	Cdn. bank avg.	N.A. bank avg.	N.A. bank q'tile	BMO perf.	Rank of six	Cdn. bank avg.	N.A. bank avg.	N.A. bank q'tile
Financial Performance Measures (%)															
Five-year total shareholder return (TSR)	18.9	4	20.1	12.0	1	12.9	6	16.3	9.6	2	18.9	4	20.1	12.0	1
Diluted earnings per share (EPS) growth	28.5	2	22.2	1.8	1	28.4	5	64.9	14.0	2	15.7	4	12.5	3.3	2
Return on common shareholders' equity (ROE)	19.4	2	18.3	16.1	2	16.4	5	15.8	16.4	3	16.2	3	15.1	15.9	2
Net economic profit (NEP) growth	59.6	2	58.2	4.1	2	91.8	3	2,997.0	45.0	2	36.6	5	612.3	6.8	2
Revenue growth	3.7	3	3.3	3.4	3	4.7	3	1.2	(1.9)	3	4.0	5	5.5	4.2	3
Expense-to-revenue ratio	64.1	2	67.0	62.9	3	65.7	3	67.3	60.0	3	64.8	2	67.1	62.2	3
Provision for credit losses as a % of average net loans and acceptances	(0.07)	2	0.10	0.57	1	0.30	2	0.39	0.95	1	0.34	1	0.51	0.92	1
Financial Condition Measures (%)															
Gross impaired loans and acceptances as a % of equity and allowance for credit losses	6.7	3	6.9	4.2	4	12.2	5	11.4	7.6	4	11.7	4	11.6	7.0	4
Cash and securities-to-total assets	25.8	6	30.5	39.4	3	29.1	6	31.4	38.2	3	26.2	6	29.5	38.1	3
Tier 1 Capital Ratio	9.81	4	10.40	8.40	1	9.55	6	10.20	8.75	1	9.03	6	9.37	8.36	1
Credit rating															
Standard & Poor's	AA-	1	AA-	A+	1	AA-	1	A+	A+	1	AA-	1	AA-	A+	1
Moody's	Aa3	2	Aa3	Aa3	2	Aa3	2	Aa3	Aa3	2	Aa3	2	Aa3	Aa3	2

The Canadian bank peer group average is based on the performance of Canada's six largest banks: BMO Financial Group, Canadian Imperial Bank of Commerce, National Bank of Canada, RBC Financial Group, Scotiabank and TD Bank Financial Group. The North American bank peer group average is based on the performance of North America's 15 largest banks, consisting of all banks in Canada and the United States having shareholders' equity that is at least 75% as large as BMO's. It includes the Canadian peer group except National Bank of Canada, as well as Bank of America Corporation,

Citigroup, J.P. Morgan Chase & Co., KeyCorp, National City Corporation, The PNC Financial Services Group Inc., SunTrust Banks Inc., U.S. Bancorp, Wachovia Corporation, and Wells Fargo & Company.

Results are as at or for the years ended October 31 for Canadian banks and as at or for the years ended September 30 for U.S. banks.

For consistency with our peer groups, the non-interest expense-to-revenue ratios include amortization of goodwill for all banks for years prior to 2002 in the calculation of the five-year average.

Canadian Peer Group Comparison

BMO's performance in 2004 improved from 2003 on 7 of our 11 key financial performance and condition measures and was unchanged on another, our credit rating. These measures are considered key because we monitor our performance on these measures relative to our Canadian peer group. The improvements follow our success in 2003 when we improved on all 11 measures.

In 2004, our performance was better than the Canadian peer group average on 6 of 7 financial performance measures, compared with above-average performance on 4 measures in 2003. These strong results in 2004 saw our ranking improve on 5 of the 7 performance measures and remain unchanged on the 2 others.

Improving productivity was again BMO's top priority for 2004. Our expense-to-revenue ratio improved by 160 bps in 2004, after having improved 240 bps in 2003. Our ranking climbed from third to second among our Canadian peer group, after having improved from fourth to third in 2003. BMO's cash productivity ratio (see page 26) improved 155 bps to 63.0% in 2004 and remained the second best of Canada's major banks. In 2005, we are targeting a further 150 to 200 bps improvement in cash productivity.

BMO's provision for credit losses represented (7) bps of average net loans and acceptances, the second best of our Canadian peer group. The top-ranked bank in 2004 had a five-year average of 53 bps on this measure, compared with BMO's industry-leading average of 34 bps. BMO's performance on this measure in 2004 benefited from a reduction of \$170 million in the general allowance for credit losses. Our specific provision for credit losses represented 4 bps of average net loans and acceptances in 2004.

Our ranking improved on 2 of the 4 financial condition measures and was unchanged on the other 2. We were above average on 1 measure, average on a second and below average

on 2 measures, the Tier 1 Capital Ratio and the cash and securities-to-total assets ratio. Both these ratios remain above our minimum targets.

As explained on pages 16 and 24, our EPS growth target in 2005 is lower than our target for 2004 and performance in 2004 because we expect provisions for credit losses to increase from the unusually low levels of 2004. As such, certain of our growth performance measures and condition measures may be less robust than the strong performance achieved in 2004.

Our 2004 performance was better than our five-year average performance on 7 of 10 measures (this comparison excludes the five-year TSR) and BMO's five-year average performance improved on 8 of 11 measures relative to our five-year average of a year ago, while our credit rating remained unchanged. Our five-year average performance was better than the comparable Canadian peer group average on 4 of 7 financial performance measures.

North American Peer Group Comparison

Our rankings in the North American peer group were better in 2004 than a year ago. Our quartile ranking improved on 3 of the financial performance measures and was unchanged on the remaining 4. Our performance was better than average on 6 of 7 financial performance measures in 2004, compared with above-average performance on 5 measures in 2003. BMO's quartile ranking was unchanged on the financial condition measures, as performance was better than average on 2 of 4 measures in 2004, consistent with 2003.

Our five-year average performance was better than the North American peer group average on 5 of 7 performance measures.

North American peer group performance in 2004 was affected by two of the largest companies recording multi-billion-dollar provisions for litigation and other settlement costs associated with certain high-profile insolvencies.