





FINANCIAL RESULTS
FIRST QUARTER 2004


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<p>EPS GROWTH 33.3% Annual Target 10 - 15%</p>	<p><i>Q1 2004 Financial Highlights</i></p> <ul style="list-style-type: none"> • Net Income \$532 MM - up 34% Y/Y and up 4% Q/Q • Cash Productivity Ratio 63.9% - 270 bps improvement Y/Y; 80 bps higher Q/Q • PCL at \$55 MM - \$55 MM specific provision net of \$40 MM reduction of general allowance (\$15 MM net) - reflects favourable credit environment • Annual Provision for Credit Losses now anticipated to be \$300 MM or less, excluding reduction of general allowance • Operating Groups - Y/Y growth in all Operating Groups
<p>ROE 18.3% Annual Target 16 – 18%</p>	
<p>PCL \$ 55 MM Annual Target < \$500MM</p>	
<p>TIER 1 CAPITAL 9.65% Annual Target > 8.0%</p>	
<p>CASH PRODUCTIVITY 63.9% Annual Target 150 – 200 bps improvement</p>	
<p>BMO  Financial Group</p>	
<p>FIRST QUARTER 2004 FINANCIAL RESULTS</p>	
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<i>Financial Summary Q1 2004</i>			
Performance Measure	Q1 2004	Q1 2003	Q4 2003
Net Income (\$MM)	532	399	513
Cash EPS – Diluted (\$/share)	1.03	0.79	1.00
EPS – Diluted (\$/share)	1.00	0.75	0.97
Cash Return on Equity (%) *	19.0	15.1	18.5
Return on Equity (%)*	18.3	14.3	17.9
Revenue Growth – Y/Y (%)	3.6	5.1	5.4
Expense Growth – Y/Y (%)	(0.7)	7.5	(3.6)
Cash Productivity Ratio (%)	63.9	66.6	63.1
Productivity Ratio (%)	65.0	67.9	64.0
PCL/Avg. Loans Accept. (%)*	0.04	0.39	0.25
Capital: Tier 1 Ratio (%)	9.65	9.05	9.55
* Annualized			
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<i>Q1 2004 Items</i>			
Item	Pre-Tax Impact (\$MM)	After-Tax Impact (\$MM)	EPS Impact (\$/share)
Mortgage Prepayment Fees	42	27	0.05
BMO Shares held by BMO subsidiaries	(26)	(16)	(0.03)
Reduction of General Allowance	40	26	0.05
Future Income Tax Charge	-	(19)	(0.04)
Net Impact	56	18	0.03
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Q/Q Earnings Growth Drivers:

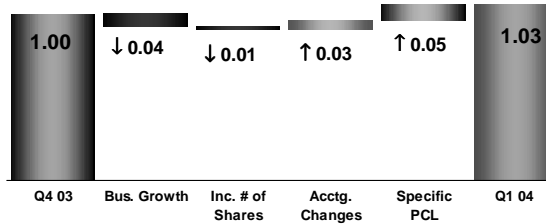
- Lower specific provision for credit losses
- Higher net gains on investment securities
- Improved volumes offset by lower net interest margin and reduced other income reflected in business growth

Y/Y Earnings Growth Drivers:

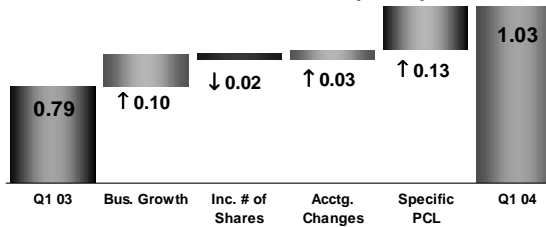
- Lower specific provision for credit losses
- Improved overall operating group performance

Cash EPS Growth (\$/share) Reflects improved credit environment

Q1 '04 vs Q4 '03 (\$MM)



Q1 '04 vs Q1 '03 (\$MM)



Q/Q Business Growth

- Higher underwriting fees and trading revenue in IBG
- Higher market-driven revenue in PCG
- Improvements above offset by lower revenue in Corporate Support and lower net interest margins

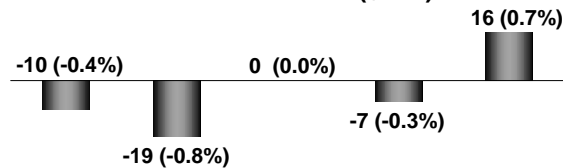
Y/Y Business Growth

- Growth in mortgages, deposits and card services partially offset by lower margins
- Improved client transaction volumes in IBG and higher debt and equity origination fees
- Increased client trading volumes and higher managed asset values

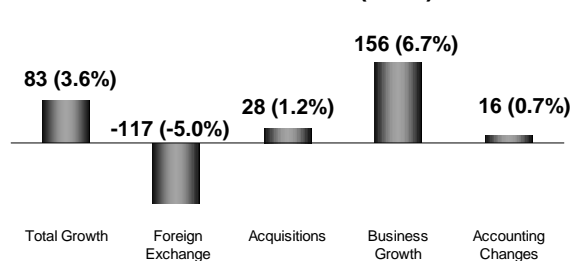
Revenue Growth

Revenue stable Q/Q despite pressure on margins

Q1 '04 vs Q4 '03 (\$MM)



Q1 '04 vs Q1 '03 (\$MM)



Q/Q NIM Changes

- Margins decreased due to:
 - Lower cash collections in IBG
 - Competitive pressures in P&C plus shifts in customer product preferences and declining market rates

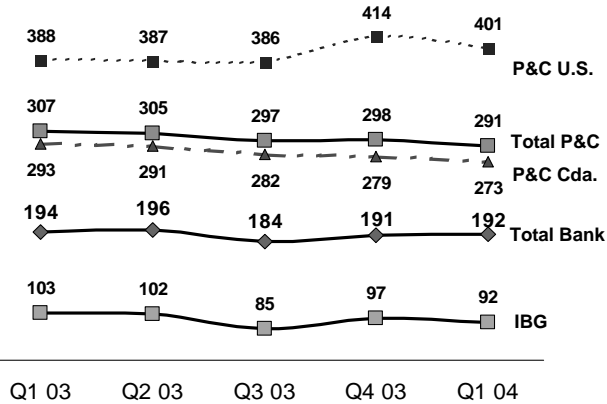
Y/Y NIM Changes

- Margins decreased 8 bps (excluding accounting changes) due to:
 - Strong growth in low spread residential mortgages in P&C Canada plus competitive pressures and shifts in customer product preferences
 - Decrease in IBG mainly due to changes in asset mix

Net Interest Margins

Margins declining both Q/Q and Y/Y

Net Interest Margin (bps)



Q/Q Business Growth

- Higher variable compensation (\$30MM) due to higher revenues in IBG and PCG
- Operating expense higher Q/Q primarily due to timing of accruals in 2003, offset by lower spending on initiatives

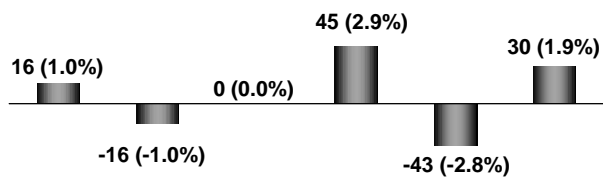
Y/Y Business Growth

- Higher variable compensation (\$55MM) in line with improved operating group performance Y/Y
- Operating expenses up 1% Y/Y, offset by lower spending on initiatives
- Operating expense increase driven by higher pension cost and other benefit costs

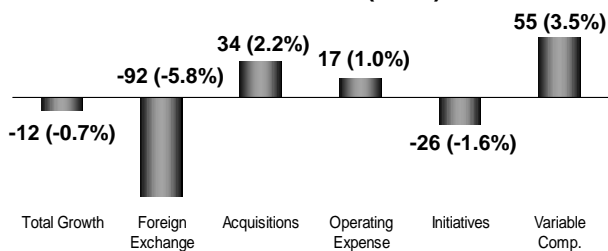
Expense Growth

Continued control over expenses

Q1 '04 vs Q4 '03 (\$MM)



Q1 '04 vs Q1 '03 (\$MM)



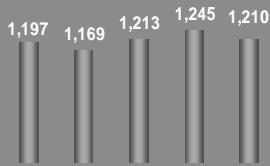
Fiscal 2004 Targets

Performance Measure	F2004 Target	Q1 F2004 Actual
EPS Growth	10 – 15%	33.3%
ROE	16 – 18%	18.3%
Provision for Credit Losses	\$500MM or less ¹	\$55 MM ²
Tier 1 Capital	Minimum 8%	9.65%
Cash Productivity Ratio	150 – 200 bps improvement	270 bps improvement

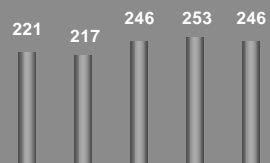
¹ F2004 annual provision for credit losses now anticipated to be \$300 MM or less, excluding the reduction of the general allowance.

² PCL as disclosed in the Q1 2004 financial statements comprised of \$55 MM specific provision net of \$40 MM reduction of the general allowance.

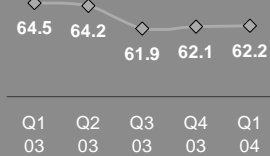
Revenue (\$MM)



Net Income (\$MM)



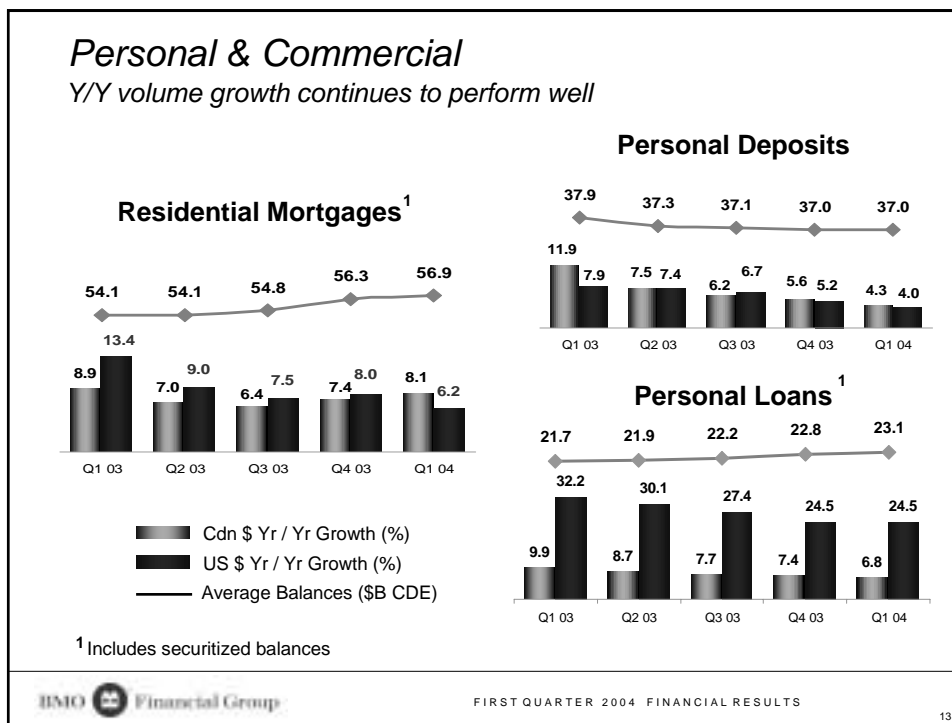
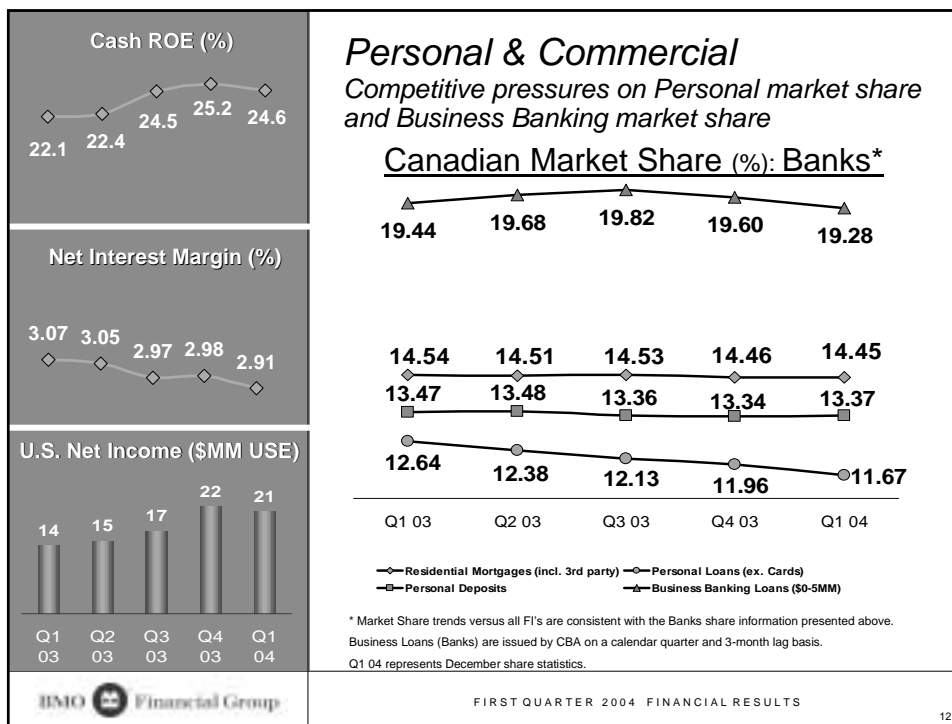
Cash Productivity Ratio (%)

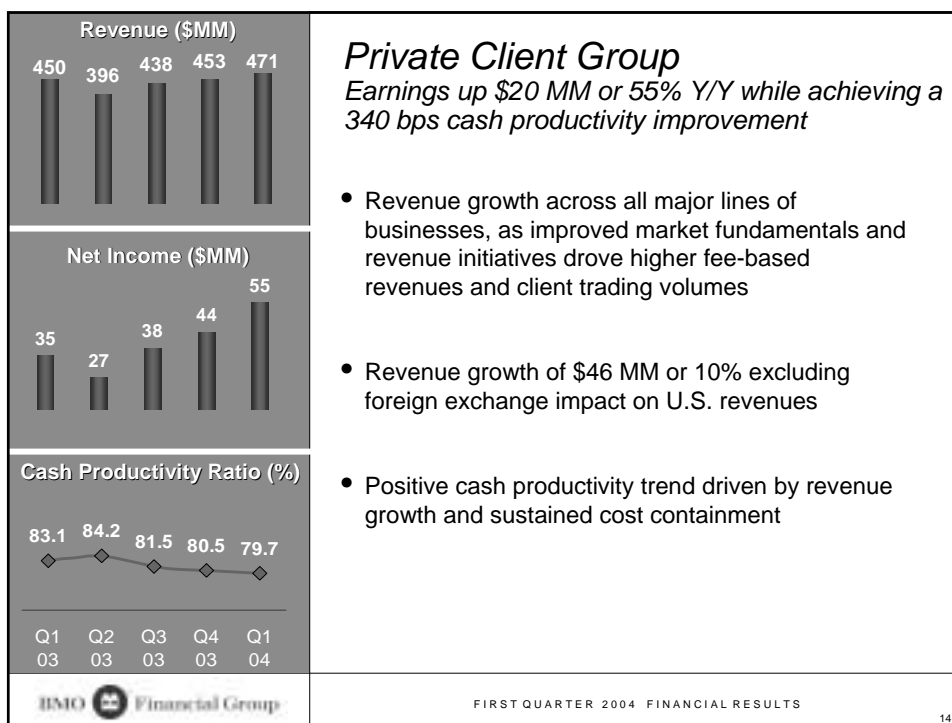


Personal & Commercial

Historically low interest rate environment impacting revenue growth while volume growth continues

- Strong volume growth was offset by lower net interest margins in Canada resulting from competitive pressures, the historical low rate environment and shifting customer product preferences
- U.S. retail and business banking revenue declined slightly as a result of lower non-interest revenue and the impact of the weaker U.S. dollar
- Net income growth of 11% Y/Y driven by lower expenses
- Improvement of 230 bps in cash productivity Y/Y is driven by unusually high performance-based incentive costs in Q1'03

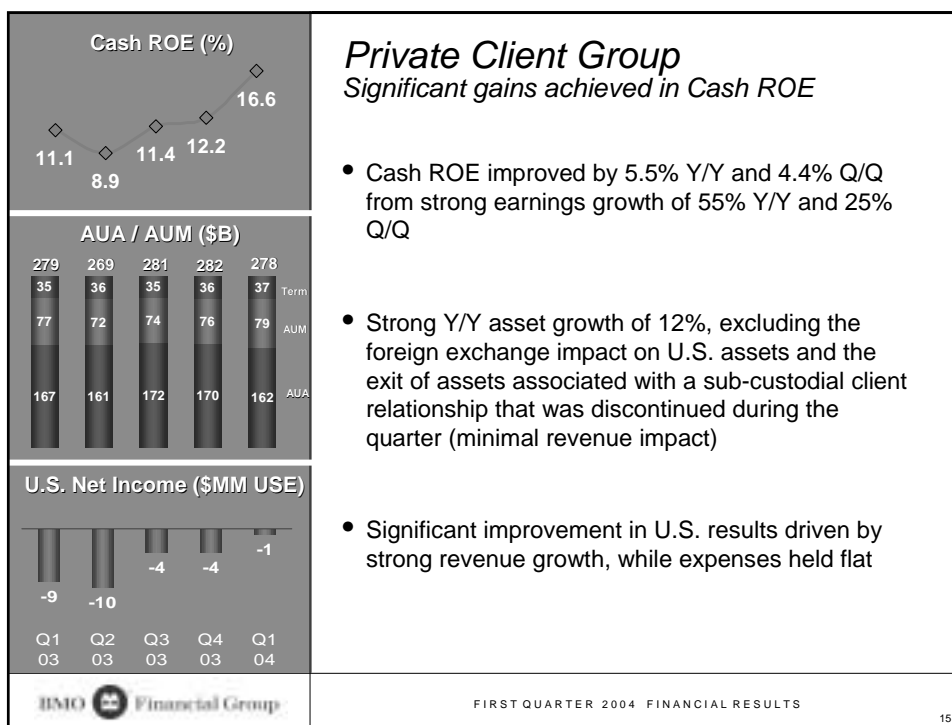




Private Client Group

Earnings up \$20 MM or 55% Y/Y while achieving a 340 bps cash productivity improvement

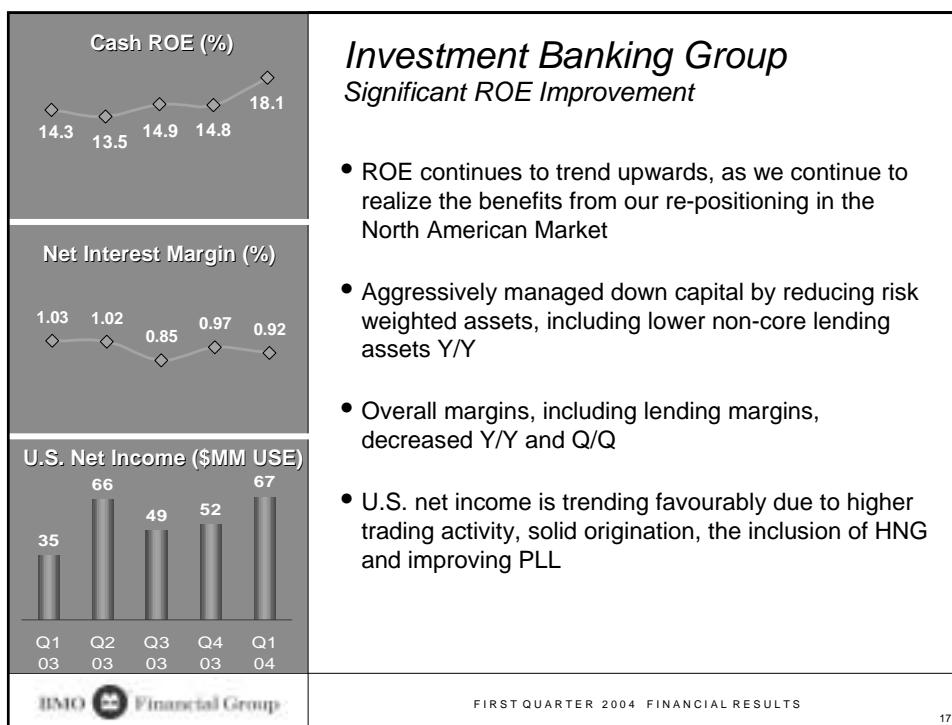
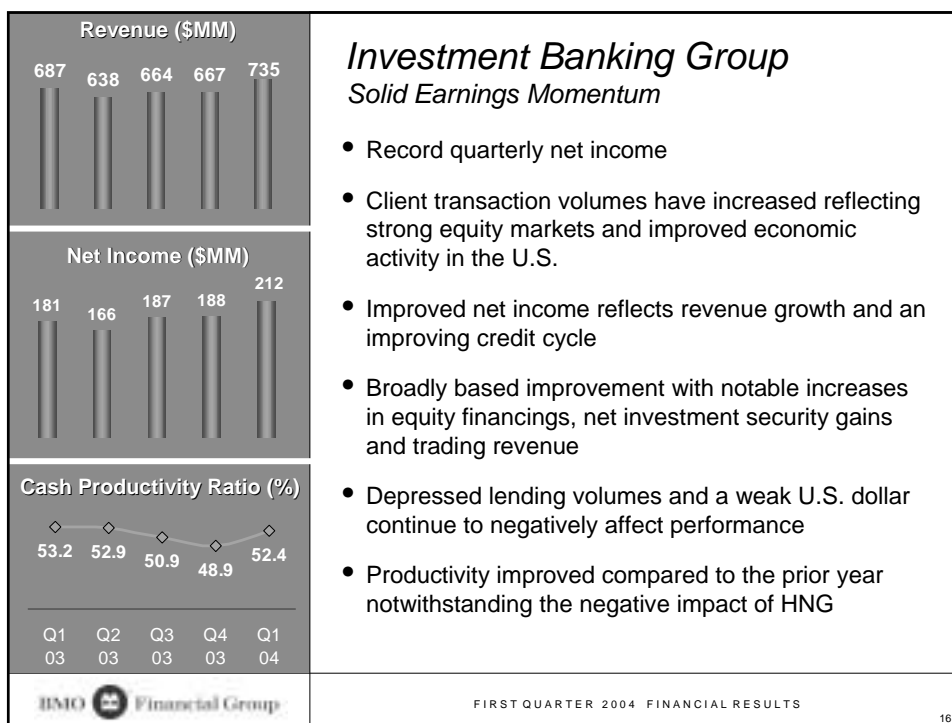
- Revenue growth across all major lines of businesses, as improved market fundamentals and revenue initiatives drove higher fee-based revenues and client trading volumes
- Revenue growth of \$46 MM or 10% excluding foreign exchange impact on U.S. revenues
- Positive cash productivity trend driven by revenue growth and sustained cost containment



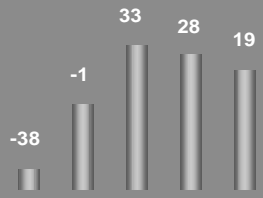
Private Client Group

Significant gains achieved in Cash ROE

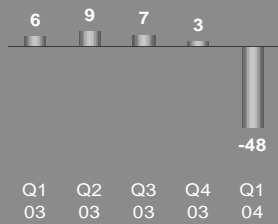
- Cash ROE improved by 5.5% Y/Y and 4.4% Q/Q from strong earnings growth of 55% Y/Y and 25% Q/Q
- Strong Y/Y asset growth of 12%, excluding the foreign exchange impact on U.S. assets and the exit of assets associated with a sub-custodial client relationship that was discontinued during the quarter (minimal revenue impact)
- Significant improvement in U.S. results driven by strong revenue growth, while expenses held flat



Net Income Consolidated (\$MM)



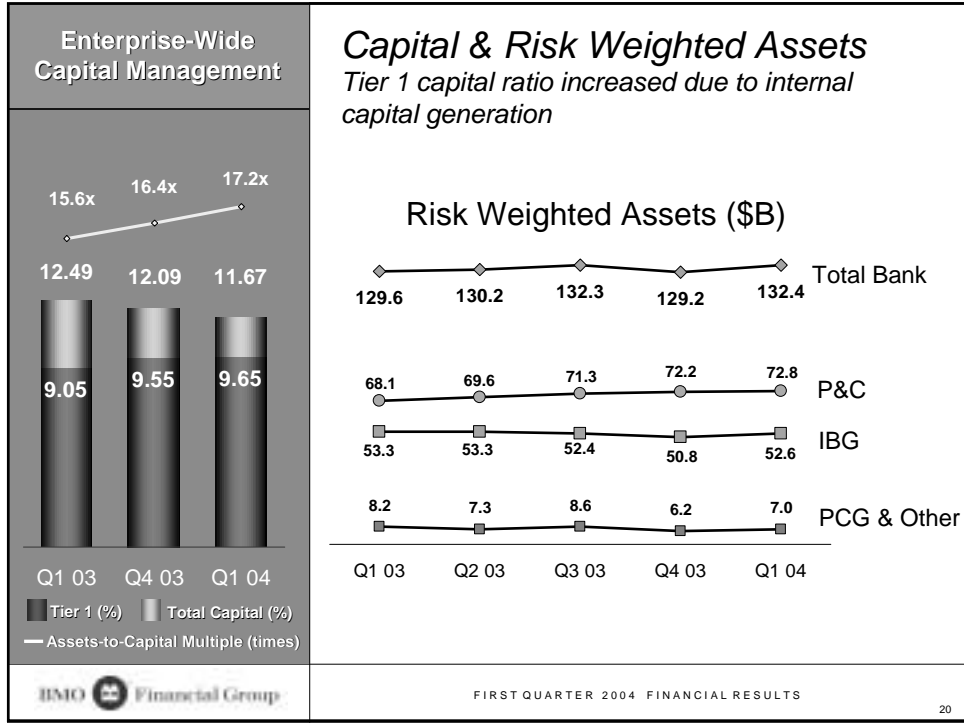
U.S. Net Income (\$MM USE)



**Corporate Support,
including Technology and Solutions**
Decreased contribution Q/Q and increase Y/Y

- Q1 2004 down compared to Q4 2003 driven by higher securities gains in Q4 and timing of earnings from certain U.S. subsidiaries
- Q1 2004 improvement over Q1 2003 driven by lower specific provision for credit losses and accounting changes recorded in Q1 2004
- U.S. results impacted by \$19 MM (CDE) future tax adjustment related to U.S. real estate, lower net investment income in the sustained low interest rate environment and timing of earnings from certain U.S. subsidiaries

Appendix



North American Direct Investing ¹

Higher client trade volumes and asset growth driven by an enhanced client offering and rising investor confidence

Measure	Q1 2003	Q4 2003	Q1 2004	Y/Y Change
Trades / Day (000)	18	22	25	42%
Customer Assets (\$B)	44	47	52	18%
Active Accounts (000) ²	825	772	765	(7%)
New Accounts (000)	15	14	19	20%

¹ North American Direct Investing includes Harrisdirect and BMO InvestorLine
² Active accounts declined Y/Y, in line with industry peer group

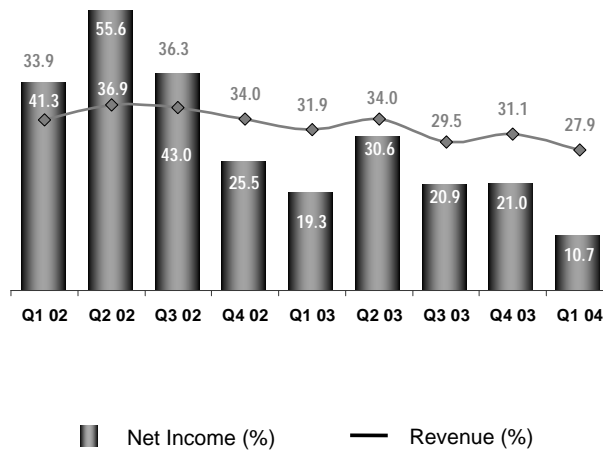
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U.S. to North American Revenue & Net Income

- Revenue contribution from U.S.-based business remains within 25 – 35% range
- Net income from U.S.-based business \$51MM or 11%
- Weaker U.S. dollar and improved performance of Canadian operations contributed to Y/Y decline

U.S. Results

Reduced U.S. contribution – driven primarily by weaker U.S. dollar and improved performance from Canadian operations



U.S. P&C and Harris Mid-Market

Revenue

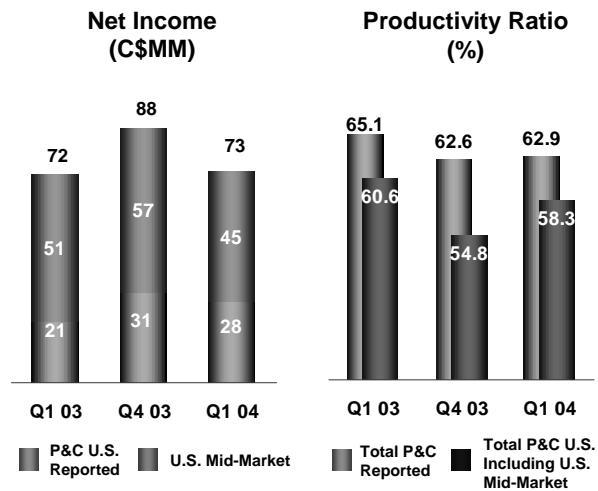



Expense



U.S. Retail And Mid-Market

Operations represent 39% of U.S. revenue and 23% of U.S. expenses in Q1 2004



U.S./Canadian Exchange Rate	<i>U.S./Canadian Exchange</i>	
<ul style="list-style-type: none"> • \$1MM pre-tax earnings reduction Q/Q and \$14 MM reduction Y/Y • Excluding hedging, a one cent change in the CDN/U.S. exchange rate changes quarterly earnings by approximately \$1MM pre-tax 	\$MM	Q/Q
	Reduced Revenue	(22)
	Reduced Expense	16
	Reduced Provision for Credit Losses	3
	Hedging gains	2
	Total Pre-tax Impact	(1)
	<hr/>	
	\$MM	Y/Y
	Reduced Revenue	(120)
	Reduced Expense	90
	Reduced Provision for Credit Losses	14
	Hedging gains	2
	Total Pre-tax Impact	(14)
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Forward-looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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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, communication, 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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