

✓ Serving Our Customers Exceptionally Well

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"Since 1993, when my partners and I approached BMO with the idea of buying the company we worked for from its previous owner, the bank has been phenomenal. The folks at BMO not only gave us the advice we needed to close the deal, they continued to work with us as we grew strategically over the years."

Harvey Sheydwasser
President
LogiCan Technologies Inc.
Edmonton

Priorities

1. **Provide** our customers with excellent service.
2. **Develop** new products and services to help our customers attain their financial goals.
3. **Introduce** innovative products and services to meet the needs of our small and medium-sized business partners.
4. **Respond** to the needs of our business customers in times of crisis.

On the Side of Our Customers

Our research tells us that the majority of our customers – and consumers in general – want their financial institutions to help make their financial lives less complex. They want honest, understandable information, meaningful choices and clear, relevant guidance. And they want to feel that the financial experts who advise them about their money are on their side. Put simply, they want exceptional customer service. At BMO, we are committed to providing exactly that.

Investing in Technology

We're investing in technology to make it easier and faster for customers to do business with us. Recently, we completed a major upgrade of our ABM network, installing almost 2,000 new state-of-the-art ABMs throughout our network of 977 branches and off-site locations across Canada. Our new generation of ABMs has many improved customer service features that make banking at an ABM faster, simpler, more accessible and more secure. The new ABMs will also accommodate future banking functions such as cheque imaging and the use of Chip Card technology.

Simplifying and Improving Processes

We are also focused on shortening the time it takes to make decisions, answer our customers' questions and get things done. That means less red tape, simpler, improved processes and shorter wait times. It means more of our customer-facing employees with the skill sets and decision-making abilities to help our customers and communities with their financial needs.

MyLink™

We introduced MyLink™ in 2007, making BMO InvestorLine the first online brokerage in Canada to offer a service that sends personalized messages directly to individual shareholders.

In Canada, we added 55 new mortgage specialists last year. And we are planning to hire another 80 in 2008. We understand the importance of buying a home. For Canadian customers who apply for a loan or mortgage online or by telephone, we shortened the wait time for a decision by 88%. In the U.S., approval wait times were cut in half for qualified Harris[®] mortgage customers.

Our top-ranked BMO InvestorLine[®] continues to respond to clients' direct investing needs. In 2007, we streamlined our online application process to allow clients to open trading accounts more quickly and help reduce approval wait times. Currently, 80% of online applicants receive swift approval and immediate access to their accounts. We also introduced MyLink[™] in 2007, making us the first online brokerage in Canada to offer a service that sends personalized messages directly to individual shareholders. This industry-leading secure online service gives our clients access to relevant and timely information specific to their investment holdings, enabling them to make better investing decisions.

Understanding Business Customers' Needs

Focus on Our Commercial Customers

This year, we created three new commercial districts led by senior, experienced bankers in Toronto, Vancouver and Montreal to focus exclusively on business customers. We offer our customers, from small businesses to medium-sized enterprises and mid-market banking clients, a single source for business solutions, including banking expertise and advice,

and a meaningful line-up of products and services to assist with banking, managing cash flow, investment and financing. By partnering with our colleagues within the bank, BMO Harris Private Banking expertise is also available, as are banking services for business customers' employees.

Last year, we eliminated FirstBank[®] Commercial Transfer Service fees for commercial customers. Our business customers have always been able to enjoy the flexibility and convenience of doing their banking at any BMO location – now they can do it for free.

In cooperation with both the federal government and the provincial government of Ontario, we began offering loans under the federal Advanced Payments Program to customers currently utilizing the Ontario Feeder Cattle Loan Guarantee Program. The new offering allows producers access to interest-free capital. For customers, that means improved cash flow throughout the year. BMO is one of only three financial institutions participating in the Ontario Feeder Cattle Loan Guarantee Program and has made approximately 75% of all loans under the program.

In partnership with Export Development Canada, we also introduced the Export Guarantee Program, which is designed to help smaller exporters compete for larger contracts by providing more financing to small and medium-sized exporters across Canada (for more information on business financing, see *Business Debt Financing*, page 39).

\$126 billion

In 2007, BMO's authorized business loans totalled \$126 billion.

BMO customers

can now use Harris ABMs without paying the \$3 Cirrus transaction fee. The same applies for Harris customers who use BMO ABMs.

Help for Small Business Owners

In partnership with *PROFIT* magazine, we continue to offer our bi-weekly Business Coach podcasts for small business owners. Rated as one of the top podcasts available for download during the run of its first episode on Apple iTunes^{®3}, the latest Business Coach episodes offer new insight and information in an updated format to help small business owners run their business better.

BMO also continues to offer business support through our Business Coach Series booklets, which address essential areas of financial management, enabling our business customers to operate their businesses more effectively. The Business Coach Series includes interactive worksheets to assist in the preparation of business plans and cash flow management. Meanwhile, the Small Business Centre section on our web site, www.bmo.com, continues to provide both established and aspiring entrepreneurs with access to an extensive business knowledge database.

New Products and Services

Our commitment to excellent customer service means continuing to introduce products that meet the needs of our customers. Recently, we introduced an exciting new way for our personal banking customers to collect AIR MILES^{®4} reward miles on purchases made with their debit cards. BMO is now leading the industry in Canada by rewarding customers with reward miles for purchases made on debit cards, in addition to existing rewards on credit cards. Customers also receive additional reward miles when they do more of their business with us.

**OUR CUSTOMERS WANT THEIR
FINANCIAL INSTITUTIONS
TO HELP MAKE THEIR FINANCIAL
LIVES LESS COMPLEX. AT BMO,
WE ARE COMMITTED TO
DOING EXACTLY THAT.**

Protecting Customer Rights

Protecting the rights of our customers is essential to providing exceptional customer service. We require that all employees act in accordance with *FirstPrinciples: Our Code of Business Conduct and Ethics*. Our commitment to protecting our customers' privacy and serving our customers fairly and ethically is detailed in the *Earning the Trust of Our Stakeholders* section of this report (see page 10).

In 2007, we updated and refined our dispute resolution process. As well, we developed a single reference document called *We Can Help – Resolving Customer Complaints*. Further details regarding complaint resolution can also be found in the *Earning the Trust of Our Stakeholders* section of this report (see page 10).

Providing Information Our Customers Need

We are committed to giving our customers the information and advice they need to make the right decisions about their money – and their financial futures. Our *Retirement Your Way*[®] podcasts, hosted by Pamela Wallin, a respected journalist and member of BMO Financial Group's Retirement Advisory Council (see *Engaging Our Stakeholders*, page 17), offer valuable information and insights on a variety of issues that impact Canadians approaching retirement. Our first video podcast features Dr. Sherry Cooper, Chief Economist, BMO Capital Markets and the author of *The New Retirement: How It Will Change our Future*, and addresses the impact retiring baby boomers will have on the labour market and the economy.

“Purchasing a first home can be confusing. By developing and presenting our *First-time Home Buyers* podcast series, we are helping new home buyers overcome their anxiety and enter the market with confidence.”

Cid Palacio
Vice-President
BMO Bank of Montreal

We have also launched a new series of audio podcasts aimed at providing valuable information and advice to those entering the real estate market for the first time. The free podcast series, available for download on our web site at www.bmo.com, as well as on iTunes and other podcast distributors, takes listeners through the decisions faced by those new to the home-buying process, educating them on big-picture issues while providing critical information and investigating some common myths.

At Times of Loss

Each year, many of our clients experience the loss of someone close to them. For those facing bereavement, this difficult time can be more challenging if they have been named executor for the estate of the deceased. To assist those customers, we recently developed a brochure, *With you, when you may need us most – In a time of loss*, which provides clients with the important information they need as an executor.



For more information:
www.bmo.com/corporateresponsibility

AWARDS AND RECOGNITION FOR CUSTOMER SERVICE

- BMO Harris Private Banking was recognized in *Euromoney Magazine's* global survey of private banking services as the Best Local Private Bank in Canada, and Harris Private Bank was rated one of the top five local private banks in the United States.
- BMO Capital Markets ranked as the top Equity Research Group in Canada for the 27th consecutive year in the Brendan Wood International Survey of Institutional Investors.
- BMO's Customer Connect received the Gold Award in the For Profit Customer Centricity category at the Canadian Information Productivity Awards.
- BMO Mutual Funds was awarded the Dalbar Mutual Fund Service Award for best overall service.
- Guardian Group Asian Growth and Income Fund received a Lipper Award for excellence in delivering consistently strong risk-adjusted performance.