

Our Company

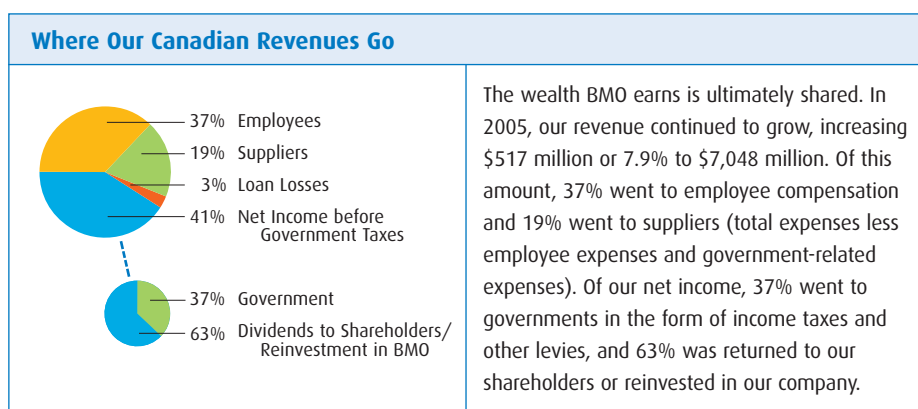


BMO Financial Group is one of Canada's most successful *and* respected group of companies, with a strong commitment to corporate responsibility – to doing what is right, every day.

Last summer, we completed the final phase of a sign conversion project atop the 72 storeys of First Canadian Place, our headquarters in Toronto. Across the land, the now-familiar blue BMO and red roundel stand as a symbol of pride in our company – and our long and treasured partnership with Canada.

Our Economic Contribution

We do what's right, every day, first and foremost by succeeding as a business. Our profits are shared by many, including our shareholders, employees and fellow citizens.



What We've Done

Contributed a total of \$1,067 million in federal and provincial taxes in Canada.

Over the past five years, shareholders have earned an average annual total return of nearly 14%.

Purchased \$1.4 billion of goods and services from Canadian suppliers.

Employed more than 30,000 full-time and part-time employees in Canada. Our total employee compensation in Canada was \$2.6 billion.

Contributed \$29.5 million in corporate donations, sponsorships and events to support communities, charities and not-for-profit organizations across Canada.

Where We're Going

Our vision is to be the top-performing financial services company in North America. That means being the best for our customers, our shareholders, our employees and our communities.

Continue to grow our business, thereby generating wealth for our company, shareholders, employees, communities and fellow North Americans.

Taxes Paid or Payable in Canada (\$ millions)

	Income taxes	Capital taxes	Other taxes*
FEDERAL	465.0	-	166.6
PROVINCIAL AND TERRITORIAL			
Newfoundland and Labrador	1.2	1.6	1.4
Prince Edward Island	0.3	0.5	0.1
Nova Scotia	2.7	2.8	1.2
New Brunswick	1.4	1.5	0.3
Quebec	31.2	19.8	23.4
Ontario	156.0	54.0	63.5
Manitoba	2.7	3.3	1.3
Saskatchewan	2.4	2.4	0.3
Alberta	25.5	-	4.5
British Columbia	12.4	13.7	4.2
Nunavut	0.0	-	-
Northwest Territories	0.1	-	0.0
Yukon	0.1	-	0.0
Total Provincial and Territorial	236.0	99.6	100.2
Total	701.0	99.6	266.8
Income and Capital Taxes	800.6		
TOTAL TAXES	1,067.4		

As a major Canadian taxpayer, we help all levels of government provide the programs and services that Canadians need and deserve. In fiscal 2005, BMO Financial Group's overall tax contribution was more than \$1,067 million. It included \$701 million in income taxes and \$100 million in provincial capital taxes. As well, we paid \$267 million in other taxes, including \$122 million in GST and sales taxes, \$110 million in payroll taxes (employer portion), \$28 million in property taxes and \$7 million in business taxes.

*"Other taxes" includes payroll taxes, GST and sales taxes, and municipal property and business taxes.

Sustainability Reporting

Being a responsible corporation means not only making a commitment to doing what's right but also acting on, assessing and developing that commitment, each and every day.

BMO Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group (TSX, NYSE: BMO) is a highly diversified financial services organization. With total assets of \$298 billion at October 31, 2005 and more than 34,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions.

We serve Canadian clients through BMO Bank of Montreal®, our personal and commercial banking business, and BMO Nesbitt Burns, one of Canada's leading full-service investment and wealth management firms.

In the United States, clients are served through Harris, a major U.S. Midwest financial services organization with a network of community banks in the Chicago area and wealth management offices across the United States, as well as Harris Nesbitt, a leading mid-market investment and corporate bank.

Corporate Responsibility Strategy

As one of Canada's largest businesses and as a responsible corporate citizen, BMO Financial Group plays a key role in ensuring that Canada's regions, cities, towns and communities remain strong and vibrant.

We fulfill our responsibility by helping Canadians realize their financial dreams, contributing to our nation's economic well-being and striving always to be an excellent employer. We also strive to build trusted relationships with the communities where we do business and to serve as stewards of our common environment.

Report Scope

Our 2005 Corporate Responsibility Report, including our Public Accountability Statement (PAS), is a companion to BMO Financial Group's 2005 Annual Report. Together, these two publications detail our economic, social and environmental performance – what is often referred to as the triple bottom line.

In developing our 2005 Corporate Responsibility Report, we have paid attention to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Our report is structured according to categories suggested by GRI and includes a Reporting Guide, which is cross-referenced to GRI guidelines as well as the Dow Jones Sustainability Index. This qualifies BMO as an incremental GRI reporter.

As well, our report contains a full reporting of factual information as

Our Vision

To be the top-performing financial services company in North America.

Our Values

We **care** about our customers, shareholders, communities and each other.

We draw our strength from the **diversity** of our people and our businesses.

We insist upon **respect for everyone** and encourage **all to have a voice**.

We **keep our promises** and **stand accountable** for our every action.

We **share information, learn** and **innovate** to create consistently superior customer experiences.

required by the Canadian federal government's PAS regulations (Section 459.3(1) of the *Bank Act*), including taxes paid, number of employees and small business financing.

Published by Bank of Montreal for the fiscal year November 1, 2004 to October 31, 2005, our PAS includes information respecting Bank of Montreal's wholly owned subsidiaries and prescribed affiliates, as described on page 12 of this document.

Bank of Montreal uses a unified branding approach that links all of the organization's member companies. Bank of Montreal, together with its subsidiaries, is known as BMO Financial Group. As such, in this document, the names "BMO Bank of Montreal" and the "Bank" mean the Canadian retail banking division of Bank of Montreal, and "BMO Financial Group" and "BMO®" mean Bank of Montreal together with its subsidiaries.

Stakeholder Engagement

At BMO, we have many partners. Our business is best served when we do what's right by acknowledging and fulfilling our responsibility to our diverse stakeholders. Every day.

No business is a force unto itself. Certainly at BMO, we welcome the opportunity to engage in dialogue with a broad range of stakeholders, including our customers, investors, employees, suppliers, community groups, media, non-governmental organizations (NGOs), industry associations and regulators.

Communicating

Given our commitment to transparency and accountability, it should be no surprise that communication is a top priority at BMO. Through our annual publications and our website, customers, the media, and members of the public have access to information about our business, and our intranet provides a wealth of information to our employees. We also communicate with and educate analysts and investors about our business on an ongoing basis through regular meetings and presentations, as well as our quarterly and annual reports.

Listening

Being a good communicator means being a great listener. As part of our daily business, we measure customer satisfaction and loyalty using our own data as well as that supplied by commissioned outside sources. This informa-

tion, gathered through our branch, telephone and Internet banking channels, is used to ensure that our customers receive the highest-quality service. Similarly, we rely on our *Annual Employee Survey* (AES) to tell us how we are doing in the eyes of our employees. We regularly solicit feedback from the investment community to better understand how our strategy and performance are being perceived and what areas offer opportunities for improvement.

Last year our Board of Directors recommended the acceptance of a shareholder proposal calling for the development of a report detailing how BMO evaluates and manages risk associated with environmental liability. Shareholders at our 2004 Annual General Meeting subsequently accepted the proposal, and this information is currently published on our website.

Reaching Out to the Greater Community

There are many other organizations and sectors with which BMO interacts. For instance, we are a member of a number of industry associations, including the **Canadian Bankers Association**, the **American Bankers Association**, and the U.S.-based **Financial Services**

Roundtable. Each of these groups, in turn, regularly surveys local communities and organizations such as consumer groups and NGOs.

Partners in Responsibility Reporting

In recognition of the fact that doing what's right is a journey with no end, BMO is affiliated with a number of groups committed to furthering the cause of corporate responsibility. We are, for example, a member of Canadian Business for Social Responsibility. We also work closely with the **International Labour Organization**, where our Director of Employee Relations has played a lead role in developing health and safety standards used to develop national laws and practices by member states.

Last year, we also commissioned Toronto-based **GlobeScan** and Zurich-based **SAM Group** to conduct stakeholder research projects that examined our current approach to corporate responsibility as well as our past progress and future direction. The findings of these reports – based on input from our senior managers, leaders in corporate responsibility and the general public – are reflected in this report.

Governance and Ethical Behaviour

Doing what's right means that every day we seek to earn the trust of all our stakeholders by conducting our business ethically and according to the principles of honesty, transparency and accountability.

Corporate Governance

At BMO, we have long been a recognized leader in the field of corporate governance – and we are proud to report that our achievements continue to be noted. In 2005, *The Globe and Mail's* Report on Business annual review of corporate governance practices ranked BMO second overall among 209 Canadian reporting issuers.

Board of Directors

Sound corporate governance begins with our Board of Directors, which sets the standard for ethical behaviour. Our Board serves as an example to our entire organization by affirming that corporate governance means not just abiding by the rules but also embracing the spirit of those rules.

Disclosure

We are pleased to report that *Canadian Business* magazine recently named BMO's Board of Directors "the Best Board in Canada." Our top ranking was due, in part, to our disclosure record. Disclosure, we believe, is an essential component of effective corporate governance. Our Board encourages, and management actively seeks, ways to provide more information, clarity and

insight to our stakeholders. A hallmark of our disclosure activities is the inclusion of a financial performance scorecard in our Annual Report, in which we disclose our performance relative to Canada's major banks and our North American peer group. BMO has disclosed these comparatives every year since 1992, reporting in good years and in bad.

FirstPrinciples

To ensure that ethical behaviour is the way we do business throughout our enterprise, all directors and employees must abide by the BMO Financial Group Board-approved code of business conduct and ethics, *FirstPrinciples*, designed to protect the rights of our customers – and the integrity of our business. On an annual basis, every BMO employee is required to affirm that they have read and understood *FirstPrinciples*. All employees are required to act in accordance with the code of conduct, which states that each individual must:

- Do what is fair, honest and ethical.
- Respect the rights of others.

- Work to the letter and spirit of the law.
- Protect privacy and confidentiality.
- Deal with conflicts of interest.
- Conduct ourselves appropriately at all times.
- Be accountable.

FirstPrinciples guides employees to ask themselves: Is it fair? Is it right? Is it legal? By keeping these questions front of mind in decision-making, we seek to ensure that honesty, integrity and well-defined ethical standards are the foundation of everything we do.

Whistleblower Protection

Any BMO employee who knows of a breach of any law or our code of conduct or policies is directed to immediately report the infraction to any one of the appropriate persons and departments listed on our *FirstPrinciples* website. No one at BMO is permitted to retaliate against any BMO employee who provides information to, or assists investigations by, government, regulatory or law enforcement agencies relating to

what that employee believes is a violation of a law or rule.

Privacy

BMO is committed to respecting and protecting the privacy and confidentiality of the personal information of our clients and employees. Strong privacy practices are essential to maintaining the trust of our stakeholders, and critical to the long-term success of our business.

BMO has a Chief Privacy Officer who is a member of our executive management team. The Chief Privacy Officer reports to the Board of Directors on enterprise-wide privacy matters and is responsible for privacy policy, dispute resolution, education and communications activities. This organizational structure reflects the enterprise-wide commitment to protecting and respecting personal information.

On an ongoing basis, we conduct reviews of our practices for protecting personal information. This is critical given the ever-changing technological environment. In addition, events may occur outside our organization that could affect a customer's or an employee's personal information. To address these situations, we provide education about security and privacy through various sources including our website.

Complaint Resolution

Our complaint resolution process is part of our commitment to serving our customers responsibly and protecting the rights of our employees. If a dispute cannot be resolved satisfactorily either by branch staff or through the executive levels within our group of companies, a customer or employee may appeal to BMO Financial Group's Office of the Ombudsman. As an advocate for fairness, the Ombudsman does not take sides and addresses problems or concerns in an unbiased and impartial man-

ner. It is the duty of the Ombudsman to listen carefully, record and review the facts and then suggest possible alternatives and solutions. Every member of the Ombudsman's office is dedicated solely to resolving customer and employee concerns and is not involved in BMO's day-to-day operations.

Social and Ethical Policies

As part of our framework for ethical decision-making, we insist that all our employees understand and respect our well-developed corporate policies on social and ethical issues.

Guided by our policies, we:

- Conform with all domestic laws and regulations in each jurisdiction in which we operate.
- Follow truthful and ethical practices in advertising and adhere to the Canadian Code of Advertising.
- Adhere to the principles of non-discrimination and equal opportunity.
- Adhere to the principles of confidentiality and privacy in our interactions with our customers.
- Consider ethical, political, social and economic factors in addition to normal lending considerations in the development of foreign business.
- Prohibit lending to foreign customers to finance military equipment purchases that are inconsistent with Canada's national defence policy or international treaty obligations.
- Maintain strict conflict of interest rules for employees, officers and directors.

- Take reasonable precautions to ensure that, as best we can, we provide credit only to environmentally responsible borrowers.
- Measure success in all we do by applying the principles of excellence, accountability, transparency and integrity.

Anti-Money Laundering and Terrorist Financing Policy

Approximately 23,000 BMO employees have completed training related to our Anti-Money Laundering and Terrorist Financing Policy. Guided by the policy, we will not knowingly provide financial or other related services to individuals attempting to turn *dirty money* into *clean money*. Nor will we knowingly transact any type of business relating to property owned or controlled by or on behalf of a terrorist group.

Affiliates

The following are the prescribed affiliates whose relevant activities are included in this Public Accountability Statement, as required by the *Bank Act*:

BMO Life Insurance Company, Toronto
BMO Nesbitt Burns Corporation
Limited and subsidiaries, Montreal
BMO Trust Company, Toronto

Bank of Montreal has also included in this statement information respecting all of its wholly owned Canadian subsidiaries*, except where otherwise indicated, including the following major operating companies:

BMO Capital Corporation, Toronto
Bank of Montreal Global Capital Solutions Ltd., Calgary
BMO Investments Inc., Toronto
BMO InvestorLine Inc., Toronto
BMO Nesbitt Burns Equity Partners Inc., Toronto
Guardian Group of Funds Ltd., Toronto

*As stipulated by the Trust and Loan Companies Act, Bank of Montreal Mortgage Corporation, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement (see box at right).

Bank of Montreal Mortgage Corporation 2005 Public Accountability Statement

Because of the specific nature of its activities, Bank of Montreal Mortgage Corporation (BMMC) provides the information below in response to the requirements set out in Section 444.2(1) of the *Trust and Loan Companies Act* and in the applicable regulations.

BMMC, a wholly owned, fully integrated subsidiary of Bank of Montreal, raises funds for mortgage financing by issuing deposit instruments (such as GICs and RRIFs) through the Bank's retail branch network and other proprietary channels, where the Bank acts for BMMC, as well as through third party channels. BMMC does not operate branches or other facilities at which deposit accounts are opened through natural persons and with customers in person, or at which deposits are accepted or cash is distributed to customers.

BMMC employs 18 full-time and five part-time employees. These employees are based in Montreal.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMMC is a member, are listed on page 7 of Bank of

Montreal's 2005 Corporate Responsibility Report and Public Accountability Statement.

Because of the integration of BMMC within BMO Financial Group, BMMC shares its community goals as described in Bank of Montreal's Public Accountability Statement. The community development activities of BMMC's employees are integrated with those of BMO Financial Group and its employees, as described in Bank of Montreal's Public Accountability Statement, and include, for example, participation in the *BMO Fountain of Hope Foundation*. BMO Financial Group's donations and sponsorships in Canada for the fiscal year ending October 31, 2005 totalled \$29.5 million, including \$14.3 million in charitable donations, which includes \$2.3 million in community sponsorships.

As detailed in Bank of Montreal's Public Accountability Statement, debt financing for small business and programs for improving access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMMC has no other affiliates in respect of which this Public Accountability Statement is published.