

BMO Financial Group 2006 Corporate Responsibility Report
and Public Accountability Statement



BMO® Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group is a highly diversified North American financial services organization. With total assets of \$320 billion as at October 31, 2006 and almost 35,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions. We serve clients across Canada through our Canadian retail arm, BMO Bank of Montreal®, and through our wealth management businesses, BMO Nesbitt Burns®, BMO InvestorLine® and BMO Harris Private Banking. BMO Capital Markets™, our North American investment and corporate banking division, provides a full suite of financial products and services to our North American and international clients. In the United States, BMO serves clients through Chicago-based Harris, an integrated financial services organization that provides more than one million personal and business clients with banking and investment services. BMO Financial Group comprises three operating groups: Personal and Commercial Banking, Private Client Group and Investment Banking Group.

Corporate Responsibility Framework

At BMO, we believe that behaving ethically and responsibly in a manner that is socially and environmentally sustainable, while in the pursuit of corporate goals, is necessary to ensure the long-term success and viability of the organization. In 2006, our Board of Directors approved the newly developed Corporate Responsibility Policy. Along with *FirstPrinciples*, our Code of Business Conduct and Ethics, this updated policy provides us with a sound framework for ensuring that we conduct our business in a manner that demonstrates our commitment to honesty, integrity, fair dealing and high ethical standards in all aspects of our behaviour.

In 2006, we conducted an assessment of our corporate policies, standards and guidelines to assess the adequacy of BMO's corporate responsibility strategies and policies. The final report contained recommendations on how to effectively strengthen the company's approach to related matters.

Our vision is to be the top-performing financial services company in North America.

We pursue our vision through our steadfast commitment to our core 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.

2006 HIGHLIGHTS

Leading in Corporate Governance

The Globe and Mail's Report on Business 2006 annual review of corporate governance practices ranked BMO fifth overall among 204 Canadian reporting issuers.

Canada's Top 100 Employers

For the fifth consecutive year, BMO was named one of Canada's Top 100 Employers by *Macleans*' magazine and *Mediacorp* Inc.

50 Best Employers for Diversity

Harris was recognized by *DiversityInc* magazine for demonstrating consistent strength in

four areas: CEO commitment, human capital, corporate communications and supplier diversity.



Corporate Reporting Awards

BMO Financial Group received an Award of Excellence for Corporate Reporting in the Financial Services industry sector from the Canadian Institute of Chartered Accountants. This is the third year in a row that BMO has won the award. BMO also won the Award of Excellence in Financial Reporting, which is presented to the best annual report among all submissions judged, regardless of industry sector.

Leading in Corporate Responsibility

For the fourth consecutive year, BMO was ranked in the top ten companies in Canada by *Corporate Knights* magazine, demonstrating leadership in corporate responsibility.

Recognized for Our Contribution to the Arts

BMO received a 2006 *Globe and Mail Business for the Arts Award*, which recognizes "outstanding partnerships between business and the arts."

\$32.1 million

In 2006, BMO Financial Group contributed \$32.1 million in corporate donations, sponsorships and events to support communities, charities and not-for-profit organizations across Canada.

1.25 million
customers

Provided free banking services to 390,000 students, youths and young adults and approximately 866,000 customers aged 60 and above.

Delivering consistent, strong and sustainable returns for our shareholders. Ambitiously pursuing our vision to become the top-performing financial services company in North America. Constantly seeking to enhance the experience of our customers. Operating our business with integrity and continuing to be a recognized leader in corporate governance. Creating an equitable and supportive workplace for our employees so they can excel. Being responsible to our communities and society. This is who we are. This is **YOUR BMO.**

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Our Corporate Responsibility Report and Public Accountability Statement includes information respecting Bank of Montreal's wholly owned affiliates and prescribed affiliates, as described on page 36.

Bank of Montreal has taken a unified branding approach under the name BMO Financial Group. The terms "BMO Financial Group" and "BMO®" as used in this document refer to Bank of Montreal and our affiliates. The terms "BMO Bank of Montreal" and "the Bank" as used in this document refer to the Canadian retail banking division of Bank of Montreal.

RESPONSIBLE TO THE CORE

Leaders' Message on Corporate
Responsibility at BMO



Tony Comper
President and Chief Executive Officer



William Downe
Chief Operating Officer

We at BMO Financial Group believe the world *should* be a better place, a healthier, safer, saner place where all men and women are free and able to pursue their dreams.

We cannot tell you exactly when the tipping point came, when corporate responsibility in the wider world went from being “a nice thing to do” to a core business value. Yet steadily and quietly, corporate responsibility has gone from being a dubious proposition to a defining feature of the best businesses on the planet. Certainly corporate responsibility now permeates everything we do at BMO Financial Group.

Even those who helped shepherd this sea change (and BMO has been prominent among them) did not entirely see it coming. With hindsight, however, it is not so hard to see the straight line between setting out to foster a diverse and equitable workplace – as BMO did in the early 1990s – and full-blown corporate citizenship.

Once it became obvious that the equitable advancement of qualified women and men *was* good for business, the easier it became for us to keep redefining ourselves and our priorities until corporate responsibility emerged as a core business value, and a yardstick by which we measure ourselves. It means something to us, for example, that BMO finished among Canada’s ten Best Corporate Citizens in 2006 for the fourth year in a row (including #1 in 2005).

For proof positive of how deeply good citizenship has been embedded

in the corporate culture on a worldwide basis, consider the global conference of more than 400 business leaders and educators in Cleveland, Ohio in October 2006, sponsored by *Global Compact*, a UN organization whose principles BMO supports. The title of that conference was *Business as an Agent of World Benefit: Management Knowledge Leading Positive Change*.

We are proud to be able to report that having helped to set the corporate responsibility evolution in motion, BMO Financial Group has stayed out there on its leading edge – as evidenced by the information in this *Public Accountability Statement* for 2006. In describing the BMO approach to corporate citizenship today, colleagues have taken to using the word “holistic.” Corporate responsibility may have arrived in bits and pieces over a decade and a half or so, but now it really is all of the same, whole cloth. Notice how it isn’t called “corporate *social* responsibility” any more. The responsibilities we’ve embraced are so much broader today, and the connections between them so much more compelling.

As a case in point, this report reflects one of the latest steps in our CR evolution, bringing BMO’s *Environmental Corporate Policy* and *Social Responsibility Corporate Standard* into one overarching

Corporate Responsibility Policy, recognizing how inextricably the one is linked to the other. Another inextricable link is *FirstPrinciples*, the far-reaching Code of Business Conduct and Ethics that governs how we treat our customers and communities and one another.

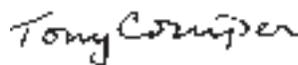
Taken as a whole, these responsibilities – in addition to *fiscal* responsibility, of course – are what now define us as a good corporate citizen in the broadest sense. One of the ways BMO was recognized in 2006 was with a *Globe and Mail Business for the Arts Award*, for example; another was the fifth-place ranking in corporate governance practices BMO received in the annual *Report on Business* survey; yet another was making the *Maclean's* and *Mediacorp* list (for the fifth consecutive year) as one of Canada's Top 100 Employers.

If one aspect of good corporate citizenship stood out in 2006, it was the way we ramped up our commitment to environmental protection and sustainability. You will find BMO as a signatory and active player in the *Carbon Disclosure Project*, which represents a global coalition of institutional investors who want to know more about greenhouse gas emissions. We are also participants in the *United Nations Environment Programme Finance Initiative*, charged with

developing and promoting links between environmental sustainability and financial performance.

These commitments to environmental sustainability are paralleled by commitments to support and enhance the rights and dignity of our fellow human beings. As signatory to *The Equator Principles*, which speaks of “ecosystems” and “communities” in the same breath, we commit ourselves to invest only in projects “developed in a socially responsible manner.” And in 2006, BMO joined the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria.

We at BMO Financial Group believe the world *should* be a better place, a healthier, safer, saner place where all men and women are free and able to pursue their dreams. And if, as history confirms, we are doing the *smart* thing in helping to create economic prosperity, we are also, very consciously, doing the *right* thing as well.



TONY COMPER
President and Chief Executive Officer



WILLIAM DOWNE
Chief Operating Officer*

Your BMO: A Proud History

For nearly two centuries, BMO has been proud to contribute to the economic and social well-being of Canada and Canadians.

- **1817** Bank of Montreal – Canada's first bank – was founded and began issuing the first Canadian banknotes.
- **1821** Provided loans to businesses and governments throughout the 19th century to help develop our emerging nation's transportation and communications infrastructure, including the country's first transcontinental railway.
- **1835** Made our first charitable donation – £100 to the Montreal General Hospital.
- **1860** Established the Widows and Orphans Fund, the precursor of our company pension plan.
- **1863** Served as Canada's banker from 1863 until the opening of the Bank of Canada in 1935.
- **1871** Donated \$5,000 to help the victims of The Great Chicago Fire, an early example of our commitment to helping our customers and communities in times of need.
- **1915** Served Canada by selling Victory Bonds through our extensive branch network during both world wars.
- **1960** Granted Bank of Montreal Canada Centennial Scholarships to 50 top high school graduates across Canada between 1960 and 1967, one example of our sustained commitment to supporting education.
- **1967** Appointed Pauline Vanier to our Board of Directors, the first female director of a Canadian chartered bank.
- **1990** Established the *Task Force on the Advancement of Women*, followed by task forces promoting the advancement of visible minorities, people with disabilities and Aboriginal employees.
- **1992** Established the BMO Environmental Corporate Policy.
- **1993** Committed \$50 million to develop BMO Financial Group Institute for Learning.
- **1996** Launched *BMO Fountain of Hope*, our employee-based charitable foundation.
- **1999** Created the BMO On-Reserve Housing Loan Program to provide increased access to housing loans for qualified members of Canada's Aboriginal communities.
- **2005** Became one of the first Canadian companies to be listed on the new *Dow Jones Sustainability North America Index*.
- **2006** Introduced the BMO Corporate Responsibility Policy, which combines our Environmental Corporate Policy and Social Responsibility Corporate Standard.

*Appointed President and Chief Executive Officer effective March 1, 2007.

2006 PERFORMANCE REPORT

At BMO, we believe that by reporting on our corporate responsibility and sustainability performance, we best serve all our stakeholders. Our customers, shareholders, employees, and communities have the right to know how we are doing in fulfilling our economic, social and environmental responsibilities. Charting our achievements also serves as a source of inspiration to our company as we move ever forward on our corporate responsibility journey.

The following highlights our corporate responsibility and sustainability performance in 2006.*

	2006	2005
OUR COMPANY		
Net Income	\$2,663 million	\$2,396 million
Total Shareholder Return	24.1%	3.7%
Taxes Paid or Payable in Canada	\$948 million	\$1,067 million
Employees in Canada	31,000	30,000
Employee Compensation in Canada	\$2.7 billion	\$2.6 billion
Expenditures in Canada	\$1.5 billion	\$1.4 billion
SOCIETY		
Total Donations and Sponsorships in Canada	\$32.1 million	\$29.5 million
New Commitments to Higher Learning in Canada**	\$2.9 million	\$8.2 million
New Commitments to Hospitals in Canada**	\$7.3 million	\$6.7 million
Donations to Arts and Culture in Canada	\$2.9 million	\$1.2 million
Contribution to Federated Charities in Canada	\$2.4 million	\$2.3 million
Sponsorships to Sports and Recreation in Canada	\$5.3 million	\$7.6 million
Contribution to BMO Volunteer Grants in Canada	\$460,000	\$448,000
Contribution to BMO Matching Gift Program for Higher Education in Canada	\$102,000	\$180,000

	2006	2005
Free Banking Services (customers)	1.25 million	1.2 million
Number of BMO Bank of Montreal Branches in Canada	963	968
Number of Automated Banking Machines in Canada	1,936	1,952
Ensuring Access (percentage of branches accessible to individuals with disabilities) in Canada	88%	86%
Locations Serving Aboriginal Communities in Canada (number of communities)	16	16
Business with Aboriginal Customers	\$1 billion	\$1 billion
On-Reserve Housing Loans (number of communities)	21	20
Debt Financing to Business in Canada	\$108 billion	\$107 billion
Annual Employee Survey (participation rate)	84%	88%
Supporting Employee Giving	\$562,000	\$628,000
Women Executives	35.5%	35.2%
Visible Minority Employees	22.9%	21.5%
Aboriginal Employees	1.3%	1.2%
Employees with Disabilities	2.6%	2.7%

ENVIRONMENT

Technology Disposal Program	194 tonnes	44 tonnes
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*All figures are for our fiscal year ending on October 31, 2006.

**New funding committed over a 10-year period.

OUR COMPANY

At BMO, we endeavour to fulfill our responsibilities to our many partners. This means creating wealth that is ultimately shared by our shareholders, employees, customers and fellow citizens. It also means engaging all our many stakeholders. And it means operating our business ethically and according to the principles of honesty, transparency and accountability.

KEY FACTS



31,000
employees

With more than 31,000 Canadian employees, BMO is one of our country's largest employers.

\$948 million

In 2006, BMO's overall tax contribution was \$948 million in Canada.



Corporate Responsibility

BMO ranked ninth in the *Corporate Knights* Best 50 Corporate Citizens Ranking 2006 – the only financial institution to be among the top ten “best” companies in each of the past four years.

OUR ECONOMIC CONTRIBUTION

Results

- Contributed \$948 million in federal and provincial taxes in Canada.
- Achieved a 1-year total shareholder return of 24.1% in 2006.
- Purchased \$1.5 billion of goods and services from Canadian suppliers.
- Employed more than 31,000 full- and part-time employees in Canada. Our total employee compensation in Canada was \$2.7 billion.
- Contributed \$32.1 million in corporate donations, sponsorships and events to support communities, charities and not-for-profit organizations across Canada.

Targets

- Our vision is to be the top-performing financial services company in North America.
- Continue to grow our business, thereby generating wealth for our company, shareholders, employees, communities and fellow North Americans.

For almost two centuries, BMO has been creating wealth, which benefits not only our company but also our nation and its people. In 2006, many stakeholders, including our shareholders, employees and fellow citizens, continued to share our success.

Paying Taxes

As a major Canadian taxpayer, we help all levels of government provide the programs and services that Canadians need and deserve. In fiscal 2006, our overall tax contribution was \$948 million. This amount included \$599 million in income taxes, \$86 million in provincial capital taxes, \$123 million in GST and sales taxes, \$122 million in payroll taxes (employer portion), \$13 million in property taxes and \$5 million in business taxes (see *Taxes Paid or Payable in Canada* on page 37).

Benefiting Shareholders

Our 1-year total shareholder return (TSR) in 2006 was 24.1%. BMO shareholders

saw dividends paid grow by 18% to reach \$2.13 per share over the year – a reflection of our decision to increase our target range for dividend payouts to an industry-leading 45% to 55% of net income available to common shareholders.

Creating Employment

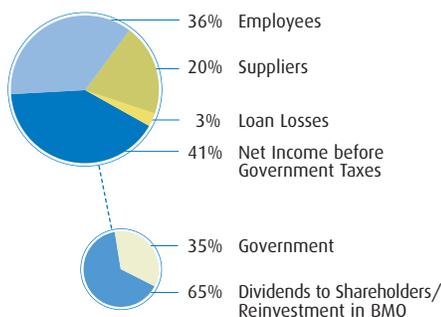
As one of Canada's largest employers, we understand the vital role job creation plays in a robust society. In Canada, we employed more than 31,000 people in 2006 and our employee compensation totalled \$2.7 billion (see *Employment* on page 37).

Purchasing Goods and Services

BMO also generates wealth by purchasing goods and services from suppliers, large and small, across the country. In fiscal 2006, our purchases from Canadian suppliers totalled \$1.5 billion.

Contributing to Our Communities

We continue to partner with the communities where we do business and where our employees live and work. Through our corporate donations and sponsorship programs, we contributed a total of \$40.8 million last year in Canada and the United States.



WHERE OUR CANADIAN REVENUES GO

The wealth BMO earns is ultimately shared. In 2006, our revenue continued to grow, increasing \$370 million or 5.3% to \$7,419 million. Of this amount, 36% went to employee compensation and 20% went to suppliers (total expenses less employee expenses and government-related expenses). Of the remainder, 35% went to governments in the form of income taxes and other levies, and 65% was returned to our shareholders or reinvested in our company.

STAKEHOLDER ENGAGEMENT

At BMO, we believe our business is best served when we work collaboratively with and fulfill our responsibilities to our diverse stakeholders. We welcome the opportunity to engage in dialogue with a broad range of partners including our customers, investors, employees and communities, and partner with a number of national and international groups committed to supporting corporate responsibility.

Customers

We are committed to providing the products and services that our customers want and need to meet their financial goals. We are also committed to providing exceptional customer service. To meet those objectives, we:



- Survey customer satisfaction and loyalty on an ongoing basis using our own data as well as reports supplied by commissioned outside sources from our branch, telephone, wealth management and Internet banking channels.
- Provide a formal complaint resolution process. If a complaint cannot be resolved by branch staff or through the executive levels within our group of companies, a customer may appeal to BMO Financial Group's Office of the Ombudsman.

Investors

We best meet the expectations of our shareholders by succeeding as a business. We serve our investors by communicating openly and transparently about our operations. To that end, we:



- Provide shareholders and other interested parties with access to a broad range of information about our business through our annual publications, including our Annual Report, Proxy Circular and Public Accountability Statement, and through our web site.
- Educate analysts and investors about our business through regular meetings and financial presentations.
- Solicit regular feedback from the investment community to better understand how our strategy and performance are being perceived, and what areas offer opportunities for improvement.

Employees

As an employer of choice, we are committed to ensuring that our employees have the environment, skills and training they need to do their best at work and in their personal lives. To realize our objectives, we endeavour to promote a culture where everyone's voice is welcomed and heard. Specifically, we:



- Use our intranet and various newsletters to keep our employees apprised of what is taking place throughout the organization.
- Encourage our employees to communicate their ideas, thoughts and concerns. One of the most important ways we capture employee feedback is through our *Annual Employee Survey*, which enables us to measure employee attitudes and opinions about workplace issues ranging from diversity to business strategy.

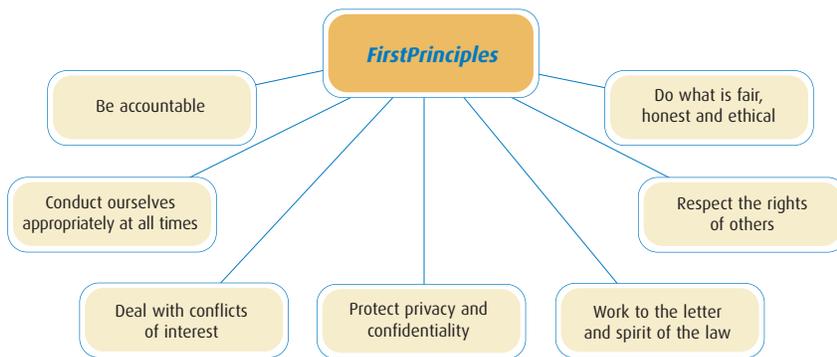
Communities

At BMO, we believe we have a responsibility to contribute to the well-being of the communities where we do business and to society, which grants us the licence to operate. To ensure ongoing support of our community stakeholders, we:



- Make significant contributions through corporate donations, sponsorships and events. In 2006, we contributed \$32.1 million to communities and charitable and not-for-profit organizations in Canada. Our employees contributed an additional \$8 million through our national employee charitable foundation, *BMO Fountain of Hope*.
- Publish and make available on our web site our annual Corporate Responsibility Report and Public Accountability Statement, which provides an overall account of our contribution to society.

GOVERNANCE AND ETHICAL BEHAVIOUR



Corporate Governance

At BMO our Board of Directors sets the standard of good governance for the entire enterprise. We have long recognized that the trust placed in the Board of Directors and management by our shareholders must be safeguarded by a strong program of corporate governance. The Board's *Approval/Oversight Guidelines* serve as the backbone of our corporate governance program, providing management and directors with a clear road map of their respective responsibilities.

The Board's Governance and Nominating Committee is responsible for shaping our corporate governance polices and practices. The Committee monitors developments in corporate governance, oversees our compliance and, when appropriate, recommends changes or enhancements so that we are able to maintain the highest standards of corporate governance.

Conflicts of Interest

At BMO we believe that good governance is about good practice and not merely about good programs. As such, in 2006, in an effort to prevent directors from being exposed to potential conflicts of interest during Board or committee meetings, we augmented our procedures to identify these matters in advance, so that a director facing a potential conflict of interest neither receives materials on the matter in question nor participates in any related discussion or decision-making.

FirstPrinciples

FirstPrinciples is our Board-approved code of business conduct and ethics. It reflects our commitment to doing what is fair, right and legal. On an annual basis, every director, officer, and employee is required to sign an acknowledgement that they have read, understood and complied with *FirstPrinciples*. In 2006, an online learning program was introduced to familiarize new employees with our high standards of ethical conduct.

Whistleblower Protection

BMO employees who have concerns relating to a breach or potential breach of *FirstPrinciples*, any law or regulation or BMO policy are directed to immediately report the concern to any of the appropriate persons and departments listed on our *FirstPrinciples* website.

BMO's Ombudsman provides a confidential and anonymous, if requested, avenue for BMO employees worldwide, to report concerns which remain unresolved or relate to accounting, internal control over financial reporting, or auditing matters. No one at BMO is permitted to retaliate against any BMO employee who reports concerns in good faith or assists or participates in any review, investigation or proceeding relating to such concerns.

In 2006, we upgraded and amended the Ombudsman's intranet web site to increase employee awareness of the Ombudsman's role in this regard.

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, as a member of the executive management team, reports to the Board

BMO is committed to respecting and protecting the privacy and confidentiality of the personal information of our clients and employees.

One of Canada's Top Boards

The Globe and Mail's Report on Business 2006 annual review of corporate governance practices ranked BMO fifth overall among 204 Canadian reporting issuers.

of Directors on enterprise-wide privacy matters and has accountability for privacy policy, complaint resolution, education, and communications activities. This organizational structure reflects the enterprise-wide commitment to protecting and respecting personal information.

During 2006, BMO completed several key initiatives related to privacy. The BMO Privacy Code, which is the public statement of BMO's privacy practices, was revised to make it easier to read and understand. BMO also partnered with the Information and Privacy Commissioner of Ontario on a brochure that provides individuals who travel for work or work off-site with guidelines for protecting personal and confidential information. Another key initiative was participation in the industry response to the required five year review of the Personal Information Protection and Electronic Documents Act, Canada's federal privacy law.

We conduct regular reviews of our practices for protecting personal information. This is critical given the everchanging technological and operational environment. All our best efforts to deliver on our commitment to the protection of privacy and confidentiality of personal information do not guarantee that there will not be any complaints or incidents. However, when these situations occur, we take them very seriously and act quickly to respond. The Privacy Office, under the direction

of the Chief Privacy Officer, works with the organization to resolve matters for individual clients and takes the appropriate action to improve upon our privacy practices and processes to prevent future occurrences.

Customer Complaint Resolution

Our customer complaint resolution process is part of our commitment to serving our customers responsibly. If a dispute cannot be resolved satisfactorily either by branch staff or through our internal executive levels, a customer may appeal to BMO Financial Group's Ombudsman. As an advocate for fairness, the Ombudsman does not take sides and addresses problems or concerns in an unbiased and impartial manner. Every member of the Ombudsman's office is dedicated to resolving customer 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 applicable 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

More than 25,000 BMO employees have completed training related to our Anti-Money Laundering and Terrorist Financing Policy. Guided by the policy, BMO 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.

SOCIETY

At BMO, we serve our business – and the thousands of individuals whose lives are touched by our business – by helping to make our communities healthy and strong, providing excellent service to our customers, and ensuring a fair and supportive workplace.

KEY FACTS

\$32.1 million

Contributed \$32.1 million in charitable donations, sponsorships and events across Canada.



1.25 million
customers bank free

Provided free banking services to 1.25 million young people, post-secondary students and seniors in Canada.

Canada's Top
100
Employers

For the fifth consecutive year, BMO was named one of Canada's Top 100 Employers by *Maclean's* magazine and Mediacorp Inc.

DONATIONS AND SPONSORSHIPS

Results

- Contributed \$40.8 million in corporate donations, sponsorships and events in Canada and the United States.
- Committed \$2.9 million in new funding over the next 10 years to 10 colleges and universities across Canada.
- Contributed \$2.4 million to **United Way** and **Centraide** across Canada.
- Pledged \$7.3 million in new funding to support 17 hospitals over the next 10 years.

Targets

- Help our regions, cities, towns and communities thrive by continuing to support charities and not-for-profit organizations across Canada.
- Continue to be one of Canada's leading corporate benefactors.

Much has changed since we made our first recorded charitable contribution of £100 to the **Montreal General Hospital** in 1835. What has not altered is our desire – and the commitment of our employees – to help ensure the well-being of the neighbourhoods, towns and regions where we live and do business. Vital, healthy and civil communities are good for our families, customers and business, and they are also the foundation of a strong society.

Our Contribution

BMO Financial Group remains one of Canada's largest corporate benefactors. In 2006, we contributed \$40.8 million in corporate donations, sponsorships and events, supporting communities and thousands of charities and not-for-profit organizations in Canada and the United States. Of this amount, \$32.1 million was contributed in Canada, including \$16.3 million in charitable donations and \$15.8 million in sponsorships and events.

The range of our commitment continued to be broad, covering areas that include education, health, arts and culture, community development and sports and athletics. A significant portion of our contribution supported programs that promote learning, an ongoing focus for our company.

Education

We continued to welcome the opportunity to support learning. Education, we believe, is the foundation of personal fulfillment and therefore is essential in maintaining a prosperous and enlightened society. In 2006, we pledged \$2.9 million in new funding to 10 universities and colleges across Canada. Our commitment to supporting young scholars at universities and colleges remained a priority.

Atlantic Canada

We announced a \$750,000 pledge to the *K.C. Irving Environmental Trust*, a priority of the *Tides are Turning* capital campaign at **Acadia University** in Wolfville, Nova Scotia. The Trust will support the operations of the *K.C. Irving Environmental Science Centre* and the *Harriet Irving Botanical Gardens*, its various programs and community outreach. This unique complex serves as an important teaching and resource facility focusing on the ecology and native flora of the Acadia Forest region of northeastern North America, and as a central campus meeting place and conference centre.



Tony Comper, CEO, BMO Financial Group (left) with Acadia University President and Vice-Chancellor, Dr. Gail Dinter-Gottlieb (centre) and Chancellor, Arthur Irving (right).

Also in Nova Scotia, we donated \$400,000 to the *Hearts & Minds* capital campaign at **Saint Mary's University** in Halifax. The campaign's list of priorities includes new and refurbished facilities for health and wellness promotion, science education, a learning commons area and renovated childcare facilities. It also emphasizes investment in students



I Believe

In early 2006, BMO Bank of Montreal employees in Barrie, Ontario reached their goal of raising \$100,000 for the proposed *Simcoe-Muskoka Regional Cancer Centre at Royal Victoria Hospital (RVH)* through the sale of inspirational wristbands. The distinctive blue wristbands, inscribed with the phrase *I Believe*, represent the community's hope and belief in building the much needed local cancer centre. The support from our employees follows our announced \$500,000 pledge to RVH's *I Believe* campaign. The funds will be used for the hospital's proposed \$250 million expansion, which includes the building of the cancer centre.

and faculty through new student financial aid, academic chairs, professorships and other academic and student experiential learning initiatives.

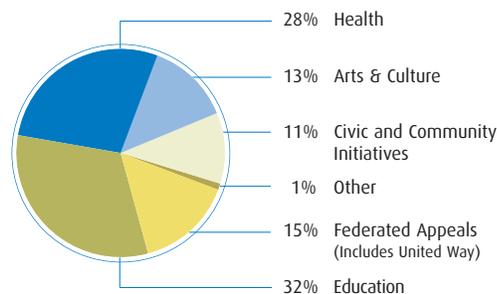
In Fredericton, we announced a \$750,000 donation to the **University of New Brunswick's (UNB) International Business and Entrepreneurship Centre**. As part of the university's *Forging Our Futures Campaign*, the gift will provide UNB business students with real-world experience while at the same time giving small businesses access to planning and export expertise.

Quebec

In Quebec, we extended our long-time support of the **Université de Sherbrooke** by contributing \$500,000 to the university's *Ensemble Campaign*, which brings together five regional health care and

DONATIONS: WHERE THE MONEY GOES

In 2006, BMO Financial Group donated \$32.1 million to thousands of charities and not-for-profit organizations across Canada. As well as contributions to national federated appeals, including the United Way and Centraide, our contributions were focused in five main areas: education, health, arts and culture, community development, and sports and athletics.



educational institutions. Our contribution will be used to create a BMO Financial Group scholarship fund for master's and doctoral students at the **Université de Sherbrooke** and help develop the *Centre Femme Jeunesse Famille* at the **Centre hospitalier universitaire de Sherbrooke**, an innovative project for studying and taking action in women's health care.

Our contribution to higher education also included a donation of \$500,000 to the **Université du Québec à Montréal** to enhance scholarship programs aimed at rewarding student excellence. In addition, our donation helped establish the university's *Entrepreneurship Centre* and the *BMO Innovation Conference* series.

Western Canada

We committed \$225,000 to the **University of Regina's Building Dreams and Futures** campaign, which will establish the *BMO Financial Group Fellowship Program for Rural and Northern Studies*. The program will help to ensure that access to graduate studies is possible for the gifted and talented individuals pursuing this important work. The fellowship program will provide funding over a five-year period to attract and retain exceptional graduate student researchers in the field of rural and northern studies.

Undergraduates were our focus at

the **University of Saskatchewan**, where we pledged \$500,000 to establish the *BMO Financial Group Scholarship Program* providing a \$16,000 scholarship over four years to one undergraduate student annually in perpetuity.

We also announced a donation of \$250,000 to the **University of Lethbridge** for its planned *Management and Health Sciences Building*, which will enable the university to meet its growing needs for research and classroom space.

Equity Through Education™

As well as schools of higher learning, BMO makes significant contributions to organizations that promote learning. For instance, BMO Capital Markets in Canada and the United States donates all of the institutional equity trading commissions earned during one day each year to *Equity Through Education*. Funds raised through *Equity Through Education* are donated to charitable organizations whose missions include improving access to education and training for bright, deserving people who otherwise might not have the opportunity. In 2006, BMO Capital Markets raised a total of \$1.6 million, which supports diversity initiatives by giving scholarships that support the education of Women, Minorities, Aboriginal and Disabled persons in Canada and the United States.

“Canada’s future competitiveness and strength depend in large part on the quality of its public sector.” —*Kenneth McRoberts*



Educating Tomorrow’s Leaders

At the beginning of the school year in September 2006, BMO announced our donation of \$1.25 million to **York University’s Glendon College**, a unique bilingual arts college. The majority of the donation will establish the *BMO Financial Group Conference Centre* and fund development of public affairs programming at the newly-created *Glendon School of Public Affairs*. A first in Canada, the school will offer graduate students a high-level bilingual education that will prepare them for leadership roles in public life. The new facility will also offer executive development programs and serve as a centre for research on public and international affairs.

“Canada’s future competitiveness and strength depend in large part on the quality of its public sector,” says Glendon Principal Kenneth McRoberts. “The Glendon School of Public Affairs at York will be unique in Canada. It will respond to demand from federal and provincial governments for fully bilingual leaders and public service employees.”

The remaining \$250,000 of BMO’s gift will establish the *BMO Financial Group Scholarships*, which will provide annual scholarships worth \$5,000 over the next five years to 10 of the best and brightest first-year students at Glendon.

\$2.9 million

In total, we provided \$2.9 million in new funding over the next 10 years to 10 universities and colleges across Canada.

The range of our commitment continues to be broad, covering areas that include education, health, arts and culture, community development and sports and athletics.

\$1.6 million

BMO Capital Markets donated \$1.6 million in 2006 to improve access to education and training through *Equity Through Education*.



Supporting HIV/AIDS Research, Prevention and Treatment

Beyond hospitals, BMO supports a variety of organizations that promote wellness. In 2006, for instance, we contributed \$1 million toward the establishment of a Research and Operations Support Unit for Toronto-based Dignitas International, which is pioneering a “made-in-Canada” model for the treatment and prevention of HIV/AIDS internationally. Dignitas International is a leading medical humanitarian organization working with communities to dramatically increase access to life-saving treatment, support and prevention in areas overwhelmed by HIV/AIDS. Founded by a group of international health and research experts, Dignitas has been treating patients and refining its model for health care delivery in Zomba District, Malawi, since October 2004. It is now beginning to expand its community-based care model and is decentralizing medical services to local health centres so that more people living with HIV/AIDS across the entire district can receive the treatment and care they so desperately need.

We are proud of our efforts to help combat life-threatening diseases and of our employees, who tirelessly devote their time and expertise to help fund research and assist those affected by HIV/AIDS.

Health

BMO Financial Group funds medical research, treatment and organizations promoting wellness at both the national and local level, a reflection of our belief that healthy communities are the foundation of a strong society. In 2006, we contributed \$2.4 million to health-related charities across Canada.

In Support of Our Community Hospitals

Whether dealing with a woman going into labour, a child with a high fever or an elderly individual with a life-threatening illness, local hospitals offer their help and expertise to thousands of Canadians every day. At BMO, we recognize and support the vital role that local hospitals play in our communities.

Facilitating Medical Education

In Montreal, we donated \$1.35 million to the **Jewish General Hospital (JGH)**, funding that is earmarked for medical and health sciences education. Specifically, the bequest to the JGH Foundation’s *Power to Heal* campaign will facilitate the amalgamation of teaching programs offered by the hospital’s departments of medicine, nursing and surgery. We also unveiled the *BMO Financial Group Initiative in Medical and Health Sciences Education*, which will fund the initial phase of the creation of the *Jewish General Hospital Teaching Centre*.

\$1.35 million

In Montreal, we donated \$1.35 million to the **Jewish General Hospital** to support medical and health sciences education.

ONLINE

For a complete list of donations please visit us online:
www.bmo.com/community



Black History Month 2006

The 2006 Official Black History Month Poster created by Toronto artist Robert Small, sponsored in part by the employee-driven Diversity Councils of BMO Financial Group.

Improving Cancer Care

BMO also pledged \$250,000 in support of **The Credit Valley Hospital Foundation's** campaign to raise funds for the new cancer centre in Mississauga, Ontario. Credit Valley's cancer care program includes radiation therapy, a first for the region, as well as oncology clinics, surgery and greatly expanded chemotherapy facilities.

Ensuring Access to Treatment

In recent times, Saskatoon's **Royal University Hospital (RUH)** has experienced a steady increase in the number of patients accessing specialized services, a circumstance that has led to crowded conditions, not only in the institution's emergency department, which handles approximately 50,000 patients a year, but in all critical care areas. To help solve the problem, BMO committed \$150,000 to RUH in support of the campaign to renovate and modernize the hospital's emergency and pediatric emergency departments,

coronary care unit, intensive care unit, operating rooms and recovery area.

Arts and Culture

At BMO Financial Group, we believe a strong and vital cultural life enriches our communities. From fostering young and emerging artistic voices to supporting our most cherished cultural institutions, we are committed to supporting arts and culture. In 2006, BMO contributed \$2.9 million to cultural charities and organizations.

A Night at the Opera

For 40 years, BMO has proudly partnered with the **Canadian Opera Company (COC)**. The *BMO Financial Group Student Dress Rehearsals* program brings opera to young people and to new audiences, while the *BMO Financial Group Pre-Performance Opera Chats* provide a musical, historical and social perspective on each opera performed. Our support continued in

2006, a landmark year during which the COC took up residence in its superb new home, the **Four Seasons Centre for the Performing Arts**.

Following a \$625,000 donation to the capital campaign for the centre, we contributed \$1 million to sponsor the opening celebrations at the facility, which included free concerts and tours of the new facility. We also hosted 30 music-loving students from Hamilton's **Buchanan Park Public School** at a special performance of *Isis and the Seven Scorpions*, an exciting new opera commissioned by the COC and written specifically for young people.

"What a thrill for our students to attend the first performance geared for children in Toronto's new opera house," said Dawn Martens, Artistic Director, Buchanan Park Children's Music Program. "For them to experience this dazzling performance – and to meet the performers in the rehearsal hall – will be a memory for a lifetime."



WalkAmerica

On a very wet Sunday in April 2006, 388 Harris bank employees weathered the Chicago, Illinois wind and rain to participate in the March of Dimes *WalkAmerica* event. For more than 10 years, Harris has supported March of Dimes to aid the organization's research, community service, education and advocacy toward preventing birth defects, premature birth and infant mortality. In 2006, thanks to the generosity and commitment of employees, Harris generated US\$102,000 in donations, making the bank one of the largest corporate contributors to the walk.

\$1 million

BMO committed \$1 million to **Dignitas International** to develop a “made-in-Canada” model for the treatment and prevention of HIV/AIDS.



Promoting Human Rights

In May 2006, BMO presented a cheque for \$750,000 to the Canadian Museum for Human Rights in Winnipeg. The museum will be one of the largest human rights centres in the world when it opens in the city’s historic Forks district in 2010. At the presentation ceremony, BMO President and CEO Tony Comper said, “As citizens of the world, Canadians must take an active role in promoting human rights and creating a world of tolerance and inclusion through initiatives such as the Canadian Museum for Human Rights.”

By chronicling Canada’s human rights journey, including the enshrinement of the Canadian Charter of Rights and Freedoms, and celebrating human rights heroes, the museum will serve as an inspiration to visitors – particularly young people – to stand up and stand firm for global rights and freedoms.



Elinore & Lou Siminovitch Prize in Theatre

Toronto set and costume designer Dany Lyne (second from left) was named the 2006 recipient of the *Elinore & Lou Siminovitch Prize in Theatre*, Canada’s largest annual theatre award. Tony Comper, President and CEO of BMO Financial Group (left), pictured with his wife Elizabeth (second from right) and Dr. Lou Siminovitch (right) were on hand to congratulate Lyne on this outstanding achievement.

Celebrating Young Artists

At a reception at the First Canadian Place Gallery in Toronto last October, scores of art lovers gathered to pay tribute to the 14 winning artists of the fourth annual *BMO 1st Art! Invitational Student Art Competition*. Founded in 2003, 1st Art! celebrates the creativity of art students from post-secondary institutions across Canada. The works of the successful candidates for 2006, including national winner Emily Gove, who graduated from the joint Art and History program at **Sheridan College** and the **University of Toronto**, will be installed in BMO Financial Group offices from coast to coast. They will join one of the country’s most prestigious corporate art collections, which includes historical and contemporary Canadian masters such as Kenzojuak Ashevak, Emily Carr, Tom Forestall, Marc-Aurèle Fortin and Lawren Harris.



Tony Comper, CEO, BMO Financial Group (far right) is joined by 1st Art! finalists and winner, Emily Gove (second from right) and Gilles Ouellette, President and CEO, Private Client Group, BMO Financial Group (far left).

A Leader in Supporting the Arts

BMO was honoured to be the recipient of a 2006 *Globe and Mail Business for the Arts Award*, which recognizes “outstanding partnerships between business and the arts.” In accepting the award at a ceremony at the **Art Gallery of Ontario**, BMO President and CEO Tony Comper affirmed our commitment to Canada’s cultural community, noting that at BMO, “We truly believe in providing the kind of sustained support that liberates Canada’s artists to concentrate on the advancement of the art form.”

Community Development

At BMO, we work with Canadians to build healthy and safe neighbourhoods, towns and cities, which helps both individuals and society at large.

For the Good of All

We continue to be one of the largest corporate supporters of **United Way** and **Centraide**. Across the country, BMO contributed a total of \$2.4 million for the federated charities. The **United Way of Metropolitan Chicago** is also a charity of choice for our U.S. subsidiary, Harris. During the fall 2006 campaign, Harris employees raised a total of more than \$900,000 for the organization.



Breakfast for Charity

Over the course of a three-week period last fall, BMO Capital Markets and BMO Nesbitt Burns employees raised \$2.84 million for the **United Way**. The highlight of the campaign was a kick-off pancake breakfast at which BMO executives Eric Tripp, Co-President, BMO Capital Markets (centre) and Yvan Bourdeau, CEO, BMO Capital Markets (second from right) shared flipping duties with local celebrities, including *Global TV's* Susan Hay and *ROB TV* broadcaster Amanda Lang.

A Parliamentary Programme

Last spring, BMO renewed our commitment as lead sponsor of the House of Commons *Parliamentary Internship Programme*, one of the most important public policy and legislative training programs in the country.

BMO has been a long-time supporter of the Programme and became its lead corporate sponsor in 1999. We have now extended our partnership until 2008, and expanded our three-year financial contribution from \$120,000 to \$150,000.

Established in 1969 by the **Canadian Political Science Association**, the Programme funds a minimum of ten interns who have the opportunity to supplement their theoretical knowledge of the workings of Parliament with practical experience of the day-to-day activities of members of Parliament. More than 300 interns have gone through the program since its inception.

Sports and Athletics

Whether it involves learning to skate at the neighbourhood ice rink or training to be an elite athlete with a dream of competing for one's country, sports and athletics provide the opportunity for friendship, help build confidence, improve health and well-being, and simply make life more fun. BMO continued to support sports and recreation in 2006, contributing \$5.3 million in sponsorships.

Canada Skates

Figure skating enjoys a special cultural significance for Canadians and BMO Financial Group is proud to support this enduring national pastime. Our commitment to skating began in 1997 when we partnered with **Skate Canada**^{®1}, the governing body of Canadian figure skating, and became a major sponsor of the **Canadian National Figure Skating Team** and the title sponsor of the **Canadian Championship**.

In addition to our support of elite skaters, BMO is the prime sponsor of **CanSkate**^{®1}, Skate Canada's learn-to-skate program. To encourage the development of future skaters, we established the *BMO Financial Group CanSkate Champions Medal* program, which honours the accomplishments of three young skating stars from each of the more than 1,400 skating clubs across Canada.

A Special Year for Canada's Equestrians

As the founding sponsor of the *BMO Financial Group Nations' Cup* held at the **Spruce Meadows**^{®2} **Masters Tournament** in Calgary each September, BMO has a long and proud history of supporting equestrian sport in Canada. Last year, before a record crowd of 60,870 spectators, "Captain Canada" Ian Millar steered the home team to their first-ever victory in the event.



BMO's Run

In 2006, BMO Bank of Montreal became the title sponsor of the **Vancouver Marathon**, a partnership that reflects our commitment to promoting health and wellness. Since it was founded in 1972, the race has evolved from a small community event into one of Canada's largest marathons and one of Vancouver's most anticipated outdoor sporting events.

Spectators cheered on 14,395 triumphant runners, walkers and wheelchair athletes from across Canada and around the world who participated in the 42.2-kilometre BMO Bank of Montreal Vancouver Marathon last May. Athletes included Meredith Jenkins (below), a BMO employee in Vancouver, who was the only woman to complete the 2006 Vancouver Marathon's wheelchair division.



“Soccer represents a great opportunity for us to deepen our relationships with customers and communities in Toronto and indeed right across Canada.” – Tony Comper



BMO CEO Tony Comper (right), Toronto FC coach Mo Johnston (centre), and Larry Tannenbaum, Chairman, Maple Leaf Sports and Entertainment (left), at BMO Field, home of the new Major League Soccer franchise, Toronto FC.

BMO Field™

BMO Financial Group has acquired the naming rights to the new national soccer stadium on the grounds of Exhibition Place in Toronto.

Known as BMO Field, the 20,000-seat stadium, which will open in the spring of 2007, will be home to Major League Soccer's **Toronto FC** and Canada's national soccer teams. "BMO Field is a great community asset and an excellent example of a private-public partnership that not only supports sports and the associated ancillary benefits such as health, wellness and fitness, but also serves the community with local programming for children, youth and adult soccer leagues," says Richard Peddie, President and CEO of **Maple Leaf Sports and Entertainment**.

By supporting soccer – the beautiful game enjoyed by millions of people around the globe – BMO has the opportunity not only to share in the excitement of the world's most popular sport but also to affirm our deep commitment to cultural diversity. Says BMO President and CEO Tony Comper, "Soccer represents a great opportunity for us to deepen our relationships with customers and communities in Toronto and indeed right across Canada."

CUSTOMERS

— Results

- Provided free banking services to approximately 390,000 students, youths and young adults and to approximately 866,000 customers aged 60 and above.
- Added more than 700 new employees in branches to provide a higher level of service to our Canadian customers.
- Upgraded our ABM network, improving customer accessibility, security and convenience.
- Introduced a number of new products and services to help our customers attain their financial goals.
- Established the Advisory Council on Retirement to better understand retirement issues facing our clients.

— Targets

- Continue to provide affordable banking as well as free banking to qualifying young and senior customers.
- Continue to develop new products and services to help our customers attain their financial goals.
- Continue to develop programs and services that address the needs of our New Canadian banking customers.
- Continue discussions with First Nations peoples to increase access to financial services in Aboriginal communities and grow our *On-Reserve Housing Loan* and *On-Reserve Home Renovation Loan* Programs.

Our customers are at the heart of our business. They are also a diverse group, including young couples starting a family, students setting their course in life and individuals making plans for a secure retirement. Yet whatever their financial needs, BMO is committed to providing all of our customers with the products, services and tools they need to meet their financial objectives today and secure their dreams for the future.

A Banking Plan for Everyone

At BMO, we believe that all Canadians, regardless of income level, should have access to a banking plan that suits their needs – and their budgets. For those customers who conduct 10 or fewer banking transactions each month, we provide our Practical Plan, a low-cost plan with a monthly fee of \$4.00. The monthly fee is waived for customers who maintain a balance of \$1,500.

In 2006, BMO Bank of Montreal introduced our Performance Plan, a new everyday banking plan that can deliver significant savings to customers who conduct many transactions using more than one account. BMO is the only bank to offer a banking package that captures the transactions of all personal accounts under one plan fee.

Free Banking

BMO also recognizes the unique needs of older and younger Canadians. Currently, we provide free banking services to approximately 866,000 customers aged 60 and above. We also provide free banking services to approximately 390,000 students, youths and young adults. Indeed, we continue to be the only bank offering students free banking – a reflection of our understanding of the unique needs and challenges they face. With the BMO Everyday Banking Youth/Young Adult/Student Discount Program, students have access to our Plus Plan for free – a savings of \$8.50 each month. The plan includes up to 30 transactions each month, cheque return and one Interac^{®3} Email Money Transfer (EMT). In addition, BMO Bank of Montreal provides recent graduates with an extra year of free banking as our way of saying “Thank You and congratulations on your academic achievements.”

As part of BMO Bank of Montreal’s BMO Student Six Pack[®], we also offer additional tools such as a customizable Student Mosaik[®] MasterCard^{®4} as well as a Student Line of Credit. In 2006, we increased the borrowing limits of our Professional Student Line of Credit for students pursuing studies in Dentistry.

700
people

In 2006, we hired more than 700 additional people to provide a higher level of service for our BMO Bank of Montreal customers.



Swipe and Win

Former Toronto Maple Leafs captain Wendel Clark participated in one of a number of *Swipe and Win* events held across the country to support BMO's new Performance Plan, which offers customers unlimited banking transactions for one low monthly fee.



New Advisory Council on Retirement

BMO has formed a panel of distinguished Canadians to counsel our organization on emerging issues related to the changing realities of retirement. Our Advisory Council on Retirement reaffirms our continuing commitment to helping customers understand and prepare for the new challenges they face heading into retirement. "The Council members see this as a real opportunity to play a constructive role in helping to define this new retirement," says John MacNaughton, former CEO and founding president of the Canada Pension Plan Investment Board and Advisory Council on Retirement Chair. Representing a variety of fields from health care to public policy to academia, the other members of the Council are Dr. Michael Baker, Mel Cappe, Donald Coxe, Allan Gregg, Elena Hoffstein, Moshe Milevsky and Pamela Wallin.

Focus on Customer Service

We are constantly seeking ways to enhance the experience of our customers. Since the end of 2005, for example, we have added more than 700 new employees to provide a higher level of service for our Canadian customers. During the same period, we replaced virtually all of our automated banking machines in Canada with machines that are more user-friendly and secure. We currently operate a network of 1,936 Instabank® machines, providing our customers convenient access to cash withdrawals, up-to-the-minute account balances, deposits, transfers and bill payments. Clients are also able to update their passbooks and print out their most recent transactions.

We understand that our customers value the face-to-face banking experience. We also understand the important role our bank plays in the lives of our customers and in our neighbourhoods and communities. In 2006, we opened nine new branches (including In-stores) and relocated 18 branches into brand new state-of-the-art facilities. At the same time, we upgraded the facilities in almost all of our BMO Bank of Montreal branches. BMO operates a network of 847 branches across Canada that offer a full range of financial services. We also operate 116

In-store Banking branches in selected grocery stores across Canada.

Ensuring Accessibility

As part of our commitment to ensuring that all our customers have access to our products and services, BMO is committed to providing barrier-free access at our branches across the country. Today, more than 88% of our Canadian branches provide level or ramped entries to accommodate customers with disabilities. Many of our branches also offer wheelchair-height seating arrangements at service counters, as well as lower automated banking machines. Our new ABM platform also ensures improved accessibility.

To assist visually-impaired customers, almost all our ABMs have contrasting bright colours on the screen that make instructions easier to read, pulsing light bars that direct users to the card slot and envelope depository and large character keypads. These same machines also have a raised "pip" on the number 5 key to facilitate use. BMO Bank of Montreal offers fully personalized, large-print cheques with perforated guidelines as well as statements in braille.

To provide effective service to our customers with hearing disabilities, our *BMO Bank of Montreal Direct Banking Client Services Centre* is equipped with a teletypewriter (TTY) device. We

21

Aboriginal communities

The BMO On-Reserve Housing Loan Program is providing housing opportunities in 21 Aboriginal communities across Canada.



also provide a broad range of banking services for customers who are unable to leave their homes.

Innovative New Products and Services

Introducing new and innovative products and services that meet the needs of our clients remains a priority. For instance, in September, BMO InvestorLine, our online brokerage firm, introduced industry-leading analyst recommendations and reports and more robust performance measurement tools to help our clients be more successful and confident investors.

We also focused on helping our baby boomer clients understand and prepare for the next phase of their lives – retirement (see page 20). In 2006, we introduced the *BMO Nesbitt Burns Access Service Retirement Income Management Account*SM (RIMA), which is designed to help clients better manage their finances by seamlessly integrating their investments and banking in one account. We also launched two new mutual funds, BMO Income Trust Fund and BMO Diversified Income Fund, focused on providing investors with a tax-efficient monthly cash distribution. And we introduced *BMO Income Generator*SM, a guaranteed investment solution that enables investors to protect their capital while receiving a steady stream of monthly income.

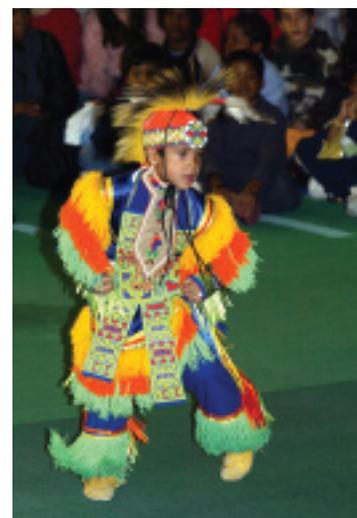
Protecting Customer Rights

BMO always endeavours to protect the rights of our customers. We are transparent in all our business dealings and we require that all employees act in accordance with *FirstPrinciples*, our Code of Business Conduct and Ethics. Our commitment to protecting our customers' privacy, serving our customers fairly and ethically and resolving complaints is detailed in the *Governance and Ethical Behaviour* section of this report (see page 8).

New Canadian Banking

In December 2006, BMO acquired **bcpbank Canada**. With a network of eight branches in the Greater Toronto area and Hamilton and a customer base of 28,000, this community bank has established a reputation for being the first choice for financial services among Toronto's sizable Portuguese-Canadian community. The acquisition was yet another indication of our commitment to meeting the financial needs of new Canadians (see page 23).

BMO was one of the first Canadian banks to provide a Chinese-language option on our ABMs and telephone banking, and to offer a Chinese-language web site. More recently, we added a simplified Chinese-character option on our web site to assist recent arrivals



Learning about Aboriginal Culture

BMO is a long-time supporter of the Canadian Aboriginal Festival, Canada's largest Aboriginal festival. Held each November at the Rogers Centre in Toronto, the event is a unique opportunity for the thousands of visitors to share and learn about the first peoples of Canada. BMO specifically supports the festival's Education Day, which attracted 7,000 students last year. As part of the program, youngsters toured some 30 learning stations where Aboriginal instructors engaged them in activities including hands-on crafts, games, storytelling and dancing.

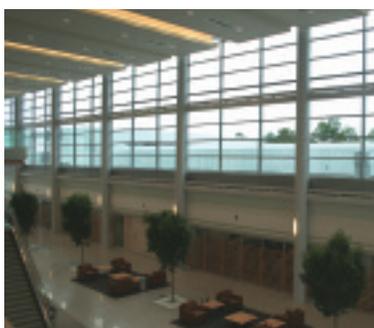
1,936 Instabank® machines

We replaced virtually all of our 1,936 Instabank® machines, making our ABM network more user-friendly and secure.

ONLINE
Visit us online:
www.bmo.com/community

More than 1.25 million customers

In 2006, we provided free banking services to approximately 390,000 students, youths and young adults, and to approximately 866,000 customers aged 60 and above.



Barrie Computer Centre

October saw the official opening of the BMO Barrie Computer Centre (BCC). The Uptime Institute awarded a “Tier IV” designation to the facility recognizing its capacity to support high levels of customer service availability, the only Canadian facility to attain this standard. The BCC ensures that we have the critical infrastructure, staff and support functions essential to providing full processing for our customers and our business at all times. With the establishment of the BCC – and its connectivity to our Scarborough Computer Centre, opened in 1979 and still ranked in the top 1% of all data centres in North America – BMO is in a leadership position among all other Canadian financial institutions with regard to resiliency.

from mainland China. Last year, we added a Punjabi glossary to the existing Chinese and Korean glossaries on the BMO online banking web site. As well, we introduced a “Newcomers to Canada” web page at bmo.com that lists banking services of interest to new residents in our country. For the convenience of communities that require language assistance, we display “Multi-language spoken in the branch” signage. We continue to enhance our New Canadian credit policies to enable more newcomers to qualify for loans and mortgages.

BMO holds seminars in Hong Kong and mainland China to brief prospective immigrants about Canadian banking, taxation, education, real estate and culture.

Aboriginal Banking

BMO Bank of Montreal’s Aboriginal Banking Unit was created in 1992 to contribute to the economic self-sufficiency of Aboriginal peoples across Canada. It continues to work to build mutually beneficial sustainable relationships by designing for and delivering to Aboriginal communities, businesses and individuals a comprehensive range of financial products and services.

Over the past 13 years, we have opened 11 full-service branches across Canada that serve Aboriginal communities. Ten of the branches are located

on First Nations territories and most are staffed by members of the community. At the same time, we have introduced four community banking outlets and one In-store location in remote Aboriginal communities.

BMO continues to work with First Nations to help provide quality affordable housing for their members. In 2006, the Lac La Ronge Indian Band in Saskatchewan became the first Prairie Aboriginal community to participate in our BMO On-Reserve Housing Loan Program. The program, which enables qualified members to obtain loans without the need of government assistance, is helping homeowners in 21 Aboriginal communities, with \$45.5 million in authorized loans. We also offer the BMO On-Reserve Home Renovation Loan Program, which provides personal loans of up to \$25,000 for minor upgrades to existing houses. Currently, the program operates in five communities, with more than \$1 million authorized for personal loans.

The spirit of partnership and cooperation between BMO and Aboriginal people is evident. Since the year our Aboriginal Banking Unit was formed, the total amount of business we are doing with Aboriginal people, businesses and communities has grown from \$100,000 to \$1 billion.

“Many newcomers have complex financial needs, requiring services ranging from commercial lending to wealth management.” *– Doris Chang*



Providing Financial Expertise in 25 Languages

According to Statistics Canada, over 55% of new immigrants who come to Canada under the Investor category settle in British Columbia, and the vast majority take up residence in the Greater Vancouver area. To address the unique financial needs of these individuals, BMO Bank of Montreal recently established the New Canadian Commercial and Wealth Management Centre in downtown Vancouver. “Many newcomers have complex financial needs, requiring services ranging from commercial lending to wealth management,” says Doris Chang, Vice-President, National Business Development Group & New Canadian Markets. “They prefer to do business with a banking specialist who can not only provide the sophisticated banking services they need but also understand their language and cultural background.”

To that end, the New Canadian Centre is staffed with 25 multi-lingual relationship managers, who serve clients in languages that include Chinese, Korean, Punjabi and Hindi. As well as offering their own expertise, Centre staff also work collaboratively with partners at BMO Bank of Montreal and Harris^{TM1} branches, BMO Capital Markets, BMO Harris Private Banking and BMO offshore offices to ensure that their customers have access to the broad array of financial products, services and advice they need to succeed in their new homeland.

SMALL BUSINESS CUSTOMERS

Results

- Introduced new Small Business Banking Plan to meet the unique needs of our customers.
- Introduced new Small Business Financing products to provide additional credit options.
- Introduced enhanced BMO Corporate MasterCard to help business customers better manage their expenses.
- Introduced a disaster assistance program to assist Saskatchewan farmers affected by flooding.

Targets

- Continue to develop innovative products and services to meet the needs of our small and medium-sized business customers.
- Continue to respond to the needs of our business customers in times of crisis.

BMO is committed to supporting the ambitions and aspirations of small businesses across Canada, a vital part of our economy and a source of jobs and innovation.

Flexible, Simple, Cost-Effective

We continue to work hard to develop the financial products and services and advisory support that BMO's small and medium-sized business clients need to achieve their goals. In June 2006, BMO Bank of Montreal introduced a new Small Business Banking Plan, a suite of financing products and other enhancements designed to meet the unique needs of customers who run a small business. Specifically, the new offer provides the flexibility of both electronic and in-branch access in a simple and cost-effective plan, while the new Small Business Financing products feature a streamlined application process.

Creating a more customer-friendly experience was our motivation for simplifying the application process for small business financing products. BMO now offers one no-fee application for credit products, including Small Business Line of Credit, Small Business Homeowners Line of Credit, Small Business Homeowners Readiline and Small Business Instalment Loan.

Profitability, Productivity, Efficiency

In response to a growing demand for business solutions that increase profitability, productivity and efficiency, we introduced an enhanced Corporate MasterCard in 2006. The new card helps businesses take care of all their corporate purchasing needs – from day-to-day purchases to travel and entertainment expenses. The enhanced Corporate MasterCard also makes it



Learning on the Go

In the fall of 2006, BMO Bank of Montreal teamed up with *PROFIT* magazine to launch the Business Coach Podcast, a new series of audio information segments for small business owners. The free bi-weekly podcast, hosted by *PROFIT* editor Ian Portsmouth and featuring extended interviews with a wide range of small business consultants, human resources specialists, business-planning experts and senior economic forecasters, is available for download on both the bmo.com and the PROFITguide.com web sites, as well as on iTunes® and other podcast distributors. In addition, a French podcast was also produced in partnership with renowned economic journalist André Hains. Podcasting is rapidly becoming a medium of choice for many time-pressed business owners who can take the opportunity to learn while commuting to work or going for a lunchtime jog.

BMO is committed to supporting the ambitions and aspirations of small businesses across Canada, a vital part of our economy and a source of jobs and innovation.

easy to consolidate tracking, managing and analysing purchasing activities using BMO *details* Online®, a service that allows customers to access, manipulate, export and integrate purchasing data into their company's own existing data management systems.

Business Debt Financing

As we endeavour to provide our small and medium-sized business customers with the products, services and advisory support they need, so too are we committed to providing access to debt financing. We understand that having access to cash is the foundation needed to turn great ideas into working realities – and small businesses into big businesses. In 2006, BMO's authorized business loans totalled more than \$108 billion.

Here to Help

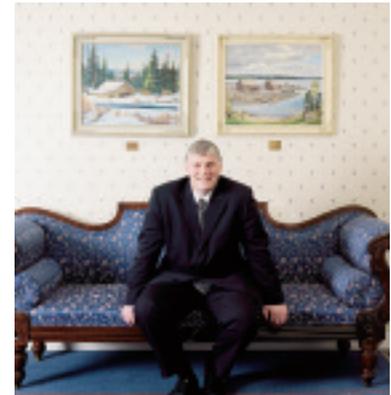
At all times, BMO offers our small and medium-sized business clients a variety of advisory support services. Across Canada, BMO Bank of Montreal has professionals who understand business customers and can tailor financial solutions to their business banking needs.

We also launched the Small Business Centre section on our web site, bmo.com, where new, established and aspiring entrepreneurs can access an extensive business knowledge database, including guides on basic business finance, helpful articles on a wide range of start-up business issues and a valuable collection of links to additional information. In addition, we introduced two new brochures, "Guide to Business Continuity Planning" and "Managing Your Surplus Cash – Savings & Investments."

ONLINE

Visit us online:

www.bmo.com/community



The Value of Goodwill

BMO recently established the Funeral Services Financial Services Program in recognition of the unique needs of funeral service professionals. Scott Davidson knows first-hand the value of the initiative. In 2004, Davidson put together a business plan and subsequently approached a number of local lenders to secure financing for the purchase of Hendren Funeral Home in Lakefield, Ontario. "The other banks were wary of the dollars involved," recalls Davidson. "But BMO understood the value of goodwill in our profession and jumped at the opportunity." Last October, Davidson became the new owner of Hendren, which has served the Lakefield community for 140 years.



Recognizing Need, Offering Support

"We've never had this kind of devastation," says Garry Meier, who along with his brother Glen owns a 12,000-acre mixed farm near Tisdale, Saskatchewan. Meier is referring to the heavy rainfall that caused widespread flooding in the northeastern and central areas of the province last summer. A full third of the Meier family farm – which produces crops including wheat, oats, barley, alfalfa and flax – was affected. To assist Saskatchewan farm customers like Meier, BMO Bank of Montreal introduced a financial *Flood Relief Program* last July. Under the program, BMO customers could apply to defer principal payments and obtain interest rate relief on operating loans. Meier, a BMO customer for 30 years, took advantage of both those offerings. "BMO recognized our need and offered significant support," he says. "The financial reprieve enabled us to avoid laying off workers and prepare for a hopefully better year ahead."

“Over the years, the people at BMO have willingly listened and provided us with valuable advice.” — *Jim Hill*



Let's Do It

In 1941, Malcolm Charlton and Pat Hill, co-founders of the newly established Charlton & Hill Ltd., a metal fabricator in Lethbridge, Alberta, deposited the first \$100 into their Bank of Montreal business account. It proved to be the beginning of a long and mutually beneficial partnership. “Over the years, the people at BMO have willingly listened and provided us with valuable advice,” says Jim Hill (right), son of Pat and current owner of Charlton & Hill. Most recently, BMO assisted Charlton & Hill to double the size of its business. “Two years ago, the company recognized that there was an opportunity to diversify and build specialized equipment for suppliers to the oil industry,” recalls Dean Leuzinger (left), Commercial Account Manager at BMO Bank of Montreal in Lethbridge. “Jim and his team brought the idea to us and we said, ‘No problem. Let’s do it.’” After building up its management capacity, Charlton & Hill began to focus on physical expansion. With BMO providing financial assistance, the company converted a storage facility it owned into a much larger manufacturing plant that today accommodates over 200 workers. Acting on BMO’s advice, the company also made a significant investment to upgrade its computer system. “BMO has always been there for us,” adds Hill. “They were there for us when we were a young company just starting out and continue to serve us well as we grow.”

EMPLOYEES

Results

- Invested more than \$500 million over the past decade in learning and development.
- Enterprise-wide survey showed an 11% increase in the number of BMO employees who feel they have had increased accessibility to opportunities for improving their skills in the past year.
- BMO's unique in-house Financial Services MBA, a partnership with Dalhousie University and the Institute of Canadian Bankers, has yielded 225 graduates over seven years with a retention rate of 90% and 23 promotions to executive positions across the enterprise.
- BMO's Enterprise Engagement Index is at its highest level since first implemented five years ago.
- Implemented a set of Management *Non-Negotiables* which are the essential building blocks of BMO's drive to achieve our vision of being the top-performing financial services company in North America.

Targets

- Continue to build higher performance through the development of leadership capability and capacity.
- Through community and educational partnerships, continue to develop recruitment strategies focused on sales and service roles.
- Continue to focus our efforts on creating a diverse workforce and an equitable, supportive and inclusive workplace.

At BMO, we understand that the quality of our people determines the success of our business. We strive to create a high-performance culture by recognizing top performance, embracing collaboration, achieving results and ultimately creating lasting relationships through exceptional service. We look to our people to provide excellent customer service and generate the new ideas necessary to our growth strategy, and so we are passionate about our standing commitment to be an employer of choice by creating a workplace that is inclusive, equitable and supportive.

Engaging Employees

At BMO, we believe that communication is essential to our success, and we endeavour to create an ongoing dialogue that provides context and clarity for strategic imperatives. Tools such as newsletters and our intranet help us keep our employees informed about our business goals and strategies. We have created open online forums, such as The Watercooler, where employees at all levels across the organization can post questions or comments about current issues at BMO and have open dialogue with senior level executives, including our Chief Operating Officer.

Our Annual Employee Survey (AES) is another effective tool we use to ensure our people's voices are heard.

Through the AES, employees can share their ideas and concerns anonymously and ensure that their feedback is heard so improvements can be made and, if necessary, action plans can be implemented. We are pleased to report that our Enterprise Engagement Index, which provides a good indication of the strength of our overall relationship with employees, reached its highest level in 2006.

Managing Talent Effectively

At BMO, we strive to create a high-performance culture that values and develops leadership through a commitment to continuously improving our employees' capabilities. We create that culture by training, coaching and providing opportunities for personal growth within the organization, such as high-profile project assignments and secondments to other areas of the business.

BMO's Institute for Learning (IFL) serves as a tangible symbol of our commitment to lifelong learning. The IFL plays a crucial role in the creation of our learning culture and in the development of our workforce and future leaders. For the fifth consecutive year, U.S.-based *Training* magazine gave BMO high marks in its annual survey – 14th place in its Training Top 100 list of North American corporations – for linking training to business strategy, the



Ensuring Fairness

In 2001, Ruth Hatch, Senior Manager, Employee Communications at BMO Financial Group in Toronto, and her husband, Paul McCurlie, flew to Armenia to bring home their first child, Thomas. Once back in Canada, the new mother had occasion to reflect on her status as an adoptive parent. “In some important ways, I felt adoptive parents were viewed as second-class citizens,” recalls Hatch. “For instance, I discovered that adoptive moms were not eligible for maternity benefits from Employment Insurance.” Nor, to Hatch’s dismay, were non-biological parents eligible to participate in BMO’s Top-up payment program, designed to protect eligible employees from loss of income during pregnancy or parental leave. Believing the disparity unfair, Hatch called upon BMO to change our maternity benefits policy. We did. BMO is now among a small but growing number of companies that support their employees as they build their families through adoption. It was a change that caused Hatch particular joy in the spring of 2005 when she returned to Armenia to welcome her second adopted child, Eva, to the family. “It feels great to know that my employer supports me and my kids,” she says.



Making a Difference Together

April Jang-Lee, buyer for Western Auto Finance in Vancouver and “den mother and mentor” for the Sting Volleyball Club in the city’s east end, secured a BMO Volunteer Grant to help purchase uniforms for the girls’ sports team.

uniqueness of our learning programs and our overall commitment to employee development.

Developing and retaining our best people to become our future leaders is a priority for BMO. In response to changing demographics, including an aging workforce and the ongoing “war for talent,” BMO has adopted a strategic approach to the management of our most valued employees. Specifically, we have introduced a consistent and disciplined enterprise-wide program to assess promising individuals, and integrated world-class leadership development into our succession planning process.

Our unique in-house Financial Services MBA, a partnership with Dalhousie University and the Institute of Canadian Bankers, is an integral component of this strategy.

Championing Diversity

At BMO, we are proud of our record as a leader in championing diversity. Today, 35.5% of our Canadian executives are women – up from only 9% 16 years ago. The number of employees who are members of visible minorities has increased to 22.9% of our Canadian-based workforce from 12.5% in 1995. Since 1992, the number of Aboriginal employees has grown from 0.5% of our workforce to 1.3%, while the number

of employees with disabilities has grown to 2.6% from 2.1%.

Our achievements are the result of conscious and concerted effort. In the early 1990s, we launched groundbreaking task forces on the advancement of women, visible minorities, people with disabilities and Aboriginal employees. The reports led us to establish diversity goals and develop tools and programs designed to recognize, monitor and eliminate barriers to advancement.

Today, our CEO’s Council on the Equitable Workplace oversees enterprise-wide implementation of all workplace equity initiatives and ensures that diversity remains at the core of our business. The Council is supported by our Diversity Councils and Affinity Groups, which draw members from all levels of our organization. The mandate of these groups is to increase employee awareness, champion workplace equity and provide advice and information to our leaders about diversity issues. To build a workforce that mirrors the makeup of our society, we also actively recruit new employees from diverse communities.

Promoting Employee Well-Being

Feeling fairly treated at work and faring well at home have a profound



Able to Communicate

At BMO, we have long had a policy to support individuals with disabilities during their recruitment, selection and ongoing employment. To this end, we operate an Adaptive Technology Service Group (ATS) to ensure that our people with special needs operate in an inclusive, barrier-free environment. George Halas is intimately familiar with our program. Halas, who has a hearing loss, joined the client billing department of BMO Capital Markets 14 years ago and is today a Team Leader who supervises three employees. "Initially, I made extensive use of telecommunication devices for the deaf as well as interpreters for meetings," says Halas. "Today, my most useful tool is my Blackberry, which BMO supplied. Thanks to such technology, I am always in touch and able to communicate clearly with my employees, particularly one who is deaf."

effect on how well our people serve our business. BMO therefore actively promotes policies and programs that ensure fairness and promote work-life balance. We offer competitive compensation and flexible work arrangements. Our comprehensive benefits program includes a company pension plan, extended medical benefits and paid maternity, parental and adoption leave (see page 28). We also offer an Employee Assistance Program in North America, which is available to employees, pensioners and their families. The program includes personal counselling, childcare and eldercare services, crisis intervention and group support.

Encouraging Employee Giving

BMO employees have a well-earned reputation for being active and generous supporters of their communities. We encourage and are proud to augment our employees' and pensioners' contributions. BMO covers the administration costs of *BMO Fountain of Hope*, our employee-based charitable foundation (see sidebar (right)). As well, we provide funds to hundreds of organizations and post-secondary educational institutions that our employees support through our *Volunteer Grants Program* and our *Matching Gift Program for Higher Education*. Last year, we

contributed \$460,000 and \$102,000, respectively, to these initiatives.

2006 Awards and Recognition

Canada's Top 100 Employers

For the fifth consecutive year, BMO was named one of Canada's Top 100 Employers by *Maclean's* magazine and Mediagroup Inc.

Training Top 100

Training magazine recognized BMO Financial Group as 14th overall, the highest ranked Canadian company in its annual Training Top 100 list of North American corporations.

50 Best Employers for Diversity

Harris was recognized by *DiversityInc* magazine in the following areas: CEO commitment, human capital (retention across all racial, ethnic and gender categories), corporate communications and supplier diversity. Harris' CEO commitment was particularly noted.

Corporate Diversity Award

The Chicago Council on Urban Affairs recognized Harris' commitment to developing a diverse and inclusive workplace.

\$8 million

In 2006, our employees contributed more than \$8 million through BMO Fountain of Hope.



Giving, Caring and Sharing

BMO Fountain of Hope (FOH), our national employee-based charitable organization, is dedicated to improving the lives of those in need by supporting thousands of registered charities across Canada. Led and operated by employees, FOH is supported by BMO Financial Group, which covers all administrative costs. This ensures that every dollar donated or raised is allocated to the community.

In 2006, FOH raised more than \$8 million, of which \$5 million was raised through employee donations and the balance through hundreds of BMO fundraising teams. For example, the war canoe team in Halifax (above) raised \$12,784 for IWK Children's Health Centre and Ronald McDonald House. As well, for the third consecutive year, employees of the Brossard, Quebec branch (below) sold homemade pastries, raising over \$900.

Since its inception as a national foundation, FOH has raised approximately \$44 million for more than 3,000 charities.



“By reaching out, we broaden our relationships in the community – and change lives for the better.” — *Karl Smith*



Ensuring an Inclusive Workforce

For a number of years, BMO has supported Interval House, a Toronto shelter that provides a range of services for abused women and their children. As well as offering financial support, BMO participates in an internship program that is part of Interval House’s Building Economic Self-Sufficiency (B.E.S.S.) initiative. “The program provides women going through a difficult time with the opportunity to acquire marketable skills,” says Karl Smith, Branch Manager (above) at BMO Bank of Montreal in Toronto’s Beaches neighbourhood, where two B.E.S.S. participants were placed last year. “In turn, B.E.S.S. interns bring new ideas and a unique perspective to our business.”

At BMO, recruiting employees from diverse communities is an important component of our commitment to building a workforce that reflects the makeup of our society. Our involvement with Interval House’s B.E.S.S. program was just one of our diversity outreach efforts in 2006. Through BMO Capital Markets’ *Equity Through Education* program, we helped fund a series of Job Search Strategy Forums across Canada hosted by the National Educational Association of Disabled Students (NEADS). We also operated a booth emphasizing BMO’s commitment to providing equitable employment opportunities for people with disabilities at Mayfest, an annual celebration of deaf culture, in Toronto. As well, we continued to partner with other financial institutions and Indian and Northern Affairs Canada to encourage Aboriginal participation in our industry. Says Smith, “By reaching out, we broaden our relationships in the community – and change lives for the better.”

ENVIRONMENT

As a responsible company, BMO is committed to the principles of sustainable development. In practice, this means that we are focused on delivering economic growth while at the same time serving as stewards of the world around us.

KEY FACTS

194 tonnes

In 2006, 20,967 units of technology equipment were donated or disposed of in an environmentally friendly fashion.



\$375,000

BMO pledged \$375,000 over the next three years to Evergreen to promote environmental stewardship and education.

11.4%

fuel efficiency improvement

BMO replaced our fleet of cars and other vehicles with more fuel-efficient models. As a result we saw our overall fleet fuel efficiency improve by 11.4%.

ENVIRONMENT

— Results

- Approved a new Corporate Responsibility Policy to facilitate the management of the environmental and social components of sustainability in a comprehensive manner.
- Continued to develop and implement a sustainable Environmental Management System.
- Continued to encourage the efficient and economically beneficial use of resources.
- Began to assess and report on our efforts to reduce our greenhouse gas (GHG) emissions.

— Targets

- Review and benchmark BMO's policies against best practices for protecting biodiversity, supporting ecologically sustainable forest management and respecting indigenous peoples' rights.
- Perform an assessment of climate change opportunities and risks as they relate to BMO.
- Continue to develop baseline data on energy consumption for our Canadian operations.
- Continue to engage and partner with relevant stakeholders, global constituents, advisory groups and other knowledge experts as appropriate on environmental issues.

At BMO, our commitment to sustainable development means that we integrate respect for the environment into our business growth strategy and practices, and work toward the reduction of our environmental footprint. It means too that we encourage our employees to join us in being stewards of the world we share.

Environmental Policy

This year, based on a review of industry best practices, it was concluded that BMO's environmental and social responsibility policies should be combined into one policy that reflects the concept of sustainability. Given the interrelated nature of the various social and environmental components, the new Board-approved Corporate Responsibility Policy facilitates their management in a comprehensive manner.

This policy includes key requirements with respect to:

- applying the principles of honesty, integrity, fair dealing and high ethical standards to all aspects of corporate behaviour;
- balancing the interests of stakeholders with those of the enterprise; and
- identifying, adopting and integrating corporate social and environmental best practices, where appropriate, into management's decision-making processes.

Environmental Governance

Environmental Management System

In 2004, we launched an initiative to develop and implement a sustainable Environmental Management System (EMS) – a tool for managing the impacts of an organization's activities on the environment. An EMS provides a structured approach to planning and implementing environment protection measures, making the implementation of environmental policy an integral part of everyday operations. Components include assessing environmental impacts, setting targets to reduce these impacts and planning how to achieve the targets.

This year we continued to develop the different components of our Environmental Management System and focused on areas where improvements could be made.

Examples of this work are:

Reduce, Reuse, Recycle

Understanding that environmental stewardship begins at home, we have programs in place to reduce solid waste and conserve energy. Our office tower locations participate in recycling programs for paper, aluminum cans and bottles. At the same time, we operate a *Technology Disposal Program* (see page 35).

213,000 trees

By reducing travel in favour of video-conferencing and teleconferencing, we have reduced greenhouse gas emissions by 8,229 tCO₂e*, the equivalent of planting 213,000 tree seedlings and growing them for 10 years.

Reducing Greenhouse Gases

In keeping with our commitment to assess and be accountable for our environmental footprint, BMO has begun to report on our efforts to reduce our greenhouse gas (GHG) emissions. As a result of a *Travel Directive* asking employees to utilize tools such as video-conferencing and teleconferencing whenever possible, we have reduced our greenhouse gas emissions by 8,229 tCO₂e* in 2005. This is the equivalent of taking 1,800 passenger cars off the road for one year or planting 213,000 tree seedlings and growing them for 10 years.

In November 2004, we updated our *Technology Replacement Directive for Personal Computing Devices* calling for the replacement of CRT monitors with significantly more energy-efficient LCD monitors, which consume 50% less energy. To date, we have replaced 7,877 monitors, thus reducing greenhouse gas emissions by 309 tCO₂e.

Paper

In 2005, BMO entered into a partnership with **Iron Mountain**[®], a leading records and information management service, to introduce secure shredding/recycling containers at all BMO branches in Canada and our office towers across North America. In 2006, the first complete year of the program's operation, employee efforts resulted in 7.9 million lbs of paper being recycled, the equivalent of

saving 67,500 trees. Going forward, we will continue to work with Iron Mountain, as well as our other suppliers, to round out our information on paper usage and recycling.

We also began to print all of our BMO Mutual Funds regulatory reports on paper made from 100% post-consumer waste and using biogas energy in its production. Biogas energy is an alternative "green energy" source produced from decomposing waste collected from landfill sites. In addition to reducing greenhouse gas emissions, we have reduced solid waste, air and water pollution and saved over 2,600 mature trees from being harvested in 2006.

Fuel Efficiency Criteria in Fleet Replacement Program

In the past several years BMO replaced our fleet of cars with more fuel-efficient vehicles. As a result we saw our overall fleet fuel efficiency improve by 11.4%. Although the total mileage travelled increased in 2005, the improved fuel efficiency reduced fuel consumption by 35,200 L (relative to the fuel consumption rate of the older, less efficient fleet). The emission reductions associated with this are 87 tCO₂e, the equivalent of planting 2,300 tree seedlings and growing them for 10 years.

**In conducting our business,
we use sound risk management
practices to identify, evaluate and
monitor environmental impacts.**



Learning to be Green

BMO has pledged \$375,000 over the next three years to Evergreen, an organization that is at the forefront of Canada's urban greening movement. Founded in 1990, Evergreen provides individuals and community-based organizations with the tools and knowledge to become stewards in their own communities, focusing on a "how-to," solution-based approach that addresses environmental, economic and social challenges affecting neighbourhoods, towns and cities.

BMO's support will go toward the establishment of six outdoor training institutes for teachers in Toronto, Halifax and Winnipeg as part of Evergreen's *Learning Grounds* program. These facilities allow children to create a natural environment on their school grounds with projects such as planting trees and planning ponds. The program helps educate children about protecting the environment in their own communities. Since *Learning Grounds* was introduced in 1993, it has made an impact on more than a million Canadian schoolchildren.

* tCO₂e = tonnes of carbon dioxide equivalent



Protecting Canada's Boreal Forest

In partnership with five other Canadian banks, Environment Canada and the Network on Linking Environmental Performance to Financial Value, BMO is participating in an initiative to identify and evaluate global best practices regarding the impact of lending and procurement practices, policies and strategies on the sustainability of Canada's boreal forest region.

ONLINE

Visit us online:

www.bmo.com/community

Environmental Risk Management

In conducting our business, we use sound risk management practices to identify, evaluate and monitor environmental impacts. BMO's lending policies are applied in accordance with the laws and regulations of the jurisdictions in which the Bank operates. In providing credit, the Bank takes reasonable precautions to ensure that, as best we can, we deal with environmentally responsible counterparties.

Our lending processes assess a borrower's existing or potential exposure to environmental liability, the environmental impact of its requirements and the magnitude of the effect of any risks or potential adverse environmental impact on the borrower's securities and financial capacity.

Our lending processes for real estate and for environmentally sensitive industries include a detailed evaluation or audit of all relevant operations and property, current environmental liability exposures and the soundness of a borrower's environmental management practices.

Equator Principles

BMO continues to adhere to the *Equator Principles*, applying environmental and social criteria in the consideration of financing for projects with

capital costs in excess of US\$10 million.

Subsequent to our participation in the *Equator Principles* review this past year, we updated our policies to reflect the new guidelines. In Canada, this fiscal year, we financed four new projects – two category B projects and two category C projects. In the United States, we booked two new projects. Both were category B projects.

Category A projects are expected to have significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented.

Category B projects are expected to have limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C projects are expected to have minimal or no adverse impacts.

Climate Change

BMO acknowledges the risks associated with this emerging issue. Changes to the regulatory environment flowing from the Kyoto Protocol and other legal changes (in the short term) and the ability of firms to cope with climate change (in the long term) will impact a number of our business clients. We will review our business clients' adherence to new environmental rules and regulations for regional, national and international markets as they emerge. This in turn

will affect the Bank's risk assessment for lending. Potential environmental impacts will continue to be reviewed as part of the overall risk assessment for any credit transaction.

Carbon Disclosure Project

BMO is a signatory to the *Carbon Disclosure Project (CDP)*, a coalition of the world's largest institutional investors seeking disclosure on the business implications of climate change. In 2006, BMO was a member of the Conference Board of Canada CDP Canada Report Advisory Group. In the Report, BMO President and CEO Tony Comper noted, "This initiative clearly focuses and informs corporate Canada's thinking on global climate change, one of the most unsettling prospects faced by modern humankind."

Through the process of collecting data regarding our own CO₂ emissions we are gaining a much better understanding of the quantitative impacts business operations have on climate change, and how evaluating these impacts can lead to economic opportunities.

Environmental Procurement Practices

We support business relationships with suppliers and subcontractors who share our commitment to respect and protect the environment. BMO's

Procurement and Strategic Sourcing Group requests information on the environmental practices of suppliers as part of our bidding process and procurement policy. We anticipate continual improvement of our programs to encourage the efficient and economically beneficial use of resources.

Environmental Reporting

This year we are using the 2006 Global Reporting Initiative (GRI) indicators to report on our environmental performance (see *Reporting Guide* page 40).

United Nations Environment Programme Finance Initiative – GRI Working Group

BMO is participating in this multi-stakeholder group recruited to test the indicators in practice, develop technical protocols to help understand each

indicator and review and merge the environmental and social components of the Financial Sector Supplement.

Sustainable Development: A Global Issue

Recognizing that sustainable development is an issue that impacts every citizen of our world – and demands the commitment of many – BMO continues to collaborate with industry and global constituents.

United Nations Environment Programme Finance Initiative (UNEP FI)

BMO is a signatory to the *UNEP Statement by Financial Institutions on the Environment and Sustainable Development*. As a signatory, we acknowledge globally recognized principles of environmental protection and sustainable development.

BMO is an active member of the UNEP FI North American Task Force (NATF). Our participation this year included attendance at the UNEP FI Annual General Meeting and all NATF meetings.

NATF key achievements in 2006:

- Published “Climate Change: Risk to Bank Loans” – a study analyzing the major risks posed by climate change to debtors, the macro impact of climate change on financial risk and the specific debt sectors most likely to be affected.
- Initiated a study on green financial products, specifically assessing opportunities in the U.S. and Canadian markets.

TECHNOLOGY DISPOSAL PROGRAM (CANADA) 2001 – 2006

Our Technology Disposal Program is designed to safeguard the privacy and confidentiality of our customers and employees, and minimize the impact of unwanted hardware on the environment. When possible we donate equipment, including computers, fax machines and cell phones, to charitable organizations. Non-usable equipment is disposed of using environmentally friendly methods. In 2006 alone, 194 tonnes of technology equipment were donated or disposed of in an environmentally friendly fashion.

Totals (last six years)

	Donated	Environmentally Disposed	Total
Desktops	10,683	25,050	35,733
Monitors	8,122	12,899	21,021
Notebooks	312	10,318	10,630
Other	700	15,268	15,968
TOTAL	19,817	63,535	83,352

Data for Canada only (2001 – 2006)

	2001			2002			2003			2004			2005			2006		
	Donated	Environmentally Disposed	Total	Donated	Environmentally Disposed	Total	Donated	Environmentally Disposed	Total	Donated	Environmentally Disposed	Total	Donated	Environmentally Disposed	Total	Donated	Environmentally Disposed	Total
Desktops	2	1	3	4,928	3,500	8,428	603	710	1,313	3,846	1,477	5,323	1,174	11,595	12,769	130	7,767	7,897
Monitors	517	303	820	3,258	1,404	4,662	452	927	1,379	2,428	1,187	3,615	898	2,525	3,423	569	6,553	7,122
Notebooks	0	1	1	117	296	413	19	89	108	92	194	286	75	5,208	5,283	9	4,530	4,539
Other	58	798	856	208	5,137	5,345	47	2,261	2,308	293	3,161	3,454	48	2,548	2,596	46	1,363	1,409
TOTAL	577	1,103	1,680	8,511	10,337	18,848	1,121	3,987	5,108	6,659	6,019	12,678	2,195	21,876	24,071	754	20,213	20,967

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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

** 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 below)*

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 Private Equity (Canada) Inc.
Guardian Group of Funds Ltd., Toronto

BANK OF MONTREAL MORTGAGE CORPORATION 2006 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 17 full-time and 4 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 37 of Bank of Montreal's 2006 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 Corporate Responsibility Report and 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 Corporate Responsibility Report and 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, 2006 totalled \$32.1 million, including \$16.3 million in charitable donations and \$15.8 million in sponsorships and events.

As detailed in Bank of Montreal's Corporate Responsibility Report and 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.

EMPLOYMENT AS AT OCTOBER 31, 2006

BMO is one of Canada's largest employers, with more than 31,000 full-time and part-time employees across the country.

Province or Territory	BMO (excluding BMO Nesbitt Burns)			BMO NESBITT BURNS			BMO FINANCIAL GROUP*		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Newfoundland and Labrador	193	79	272	18	1	19	211	80	291
Prince Edward Island	41	15	56	11	1	12	52	16	68
Nova Scotia	394	116	510	84	8	92	478	124	602
New Brunswick	210	88	298	41	0	41	251	88	339
Quebec	3,504	1,061	4,565	369	34	403	3,873	1,095	4,968
Ontario	14,239	1,891	16,130	1,952	161	2,113	16,191	2,052	18,243
Manitoba	379	93	472	59	5	64	438	98	536
Saskatchewan	336	118	454	53	8	61	389	126	515
Alberta	1,753	462	2,215	296	18	314	2,049	480	2,529
British Columbia	2,079	792	2,871	257	30	287	2,336	822	3,158
Nunavut	0	0	0	0	0	0	0	0	0
Northwest Territories	21	2	23	0	0	0	21	2	23
Yukon	12	8	20	0	0	0	12	8	20
TOTAL	23,161	4,725	27,886	3,140	266	3,406	26,301	4,991	31,292

*Figures include all employees of BMO Financial Group with a Canadian tax location as at October 31, 2006, including active employees, employees on paid or unpaid leave, and permanent, casual and contract employees.

TAXES PAID OR PAYABLE IN CANADA (\$ MILLIONS)

	Income taxes	Capital taxes	Other taxes*
FEDERAL	384.0	-	170.1
PROVINCIAL AND TERRITORIAL			
Newfoundland and Labrador	0.9	1.2	1.2
Prince Edward Island	0.2	0.3	-
Nova Scotia	2.1	2.0	0.9
New Brunswick	1.1	1.0	0.1
Quebec	29.8	23.1	22.7
Ontario	155.8	44.8	61.0
Manitoba	2.0	2.5	1.1
Saskatchewan	1.7	1.8	0.2
Alberta	12.3	-	2.9
British Columbia	8.9	9.1	2.9
Nunavut	0.0	-	-
Northwest Territories	0.1	-	-
Yukon	0.1	-	-
Total Provincial and Territorial	215.0	85.8	93.0
Total	599.0	85.8	263.1
Income and Capital Taxes	684.8		
TOTAL TAXES	947.9		

As a major Canadian taxpayer, we help all levels of government provide the programs and services that Canadians need and deserve. In fiscal 2006, BMO Financial Group's overall tax contribution was \$948 million. It included \$599 million in income taxes and \$86 million in provincial capital taxes. As well, we paid \$263 million in other taxes, including \$123 million in GST and sales taxes, \$122 million in payroll taxes (employer portion), \$13 million in property taxes and \$5 million in business taxes.

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

AUTOMATED BANKING MACHINES OPENED AND CLOSED IN 2006

BMO adjusts our ABM network on an ongoing basis to accommodate shifts in population, customer demand and market opportunities. BMO customers currently have access to a cross-Canada network of 1,936 ABMs located in BMO Bank of Montreal branches and In-store locations in select grocery stores across Canada.

ABMs opened during fiscal 2006

Location	Address	City/Province
Long Pond Sobeys	350 Conception Bay Hwy	Conception Bay South, NL
Gander Branch (2 ABMs)	265 Airport Boulevard	Gander, NL
Sobeys Store	45 Kelsey Drive	St. John's, NL
County Fair Mall (2 ABMs)	455 Granville Street North	Summerside, PE
Cole Harbour Sobeys	2 Forest Hills Drive	Dartmouth, NS
Dieppe (2 ABMs)	14 Champlain Street	Dieppe, NB
Gatineau (4 ABMs)	99 Boulevard De l'Hôpital	Gatineau, QC
Uniprix Clinique Medical	3801 Rue De Montcalm #101	Jonquière, QC
Vimont IGA Extra	5805 Boulevard Val-Des-Brises	Laval, QC
Laval-Des-Rapides IGA	307 Boulevard Cartier Ouest	Laval-Des-Rapides, QC
Mascouche (3 ABMs)	825 Montée Masson	Mascouche, QC
Centre Rockland Branch (3 ABMs)	2305 Chemin Rockland #5022	Mont Royal, QC
IGA Extra Repentigny	180 Boulevard Brien	Repentigny, QC
St-Hyacinthe (2 ABMs)	2480 Boulevard Casavant Ouest	St-Hyacinthe, QC
St-Hyacinthe	1695 Rue Des Cascades	St-Hyacinthe, QC
St. Jérôme IGA Extra	1005 Boulevard Du Grand Heron	St. Jérôme, QC
Barrie Computer Centre		Barrie, ON
Shoppers Drug Mart	405 Dundas Street East	Belleville, ON
Six Points Plaza Branch (2 ABMs)	3835 Bloor Street West	Etobicoke, ON
Leamington Main	297 Erie Street South	Leamington, ON
Southdale & Wonderland (3 ABMs)	377 Southdale Road	London, ON
Barrhaven Town Centre (3 ABMs)	3775a Strandherd Drive	Ottawa, ON
McCowan Square Branch (3 ABMs)	1225 McCowan Road	Scarborough, ON
Kenwick Plaza Branch	630 Victoria Street	Strathroy, ON
Victoria Park Square Br (2 ABMs)	2450 Sheppard Avenue East	Toronto, ON
Tecumseh & Walker (2 ABMs)	2230 Tecumseh Road East	Windsor, ON
Weston Rd & Major Mac (2 ABMs)	3737 Major Mackenzie Drive	Woodbridge, ON
Ladner (2 ABMs)	4857 Elliott Street Unit #120	Delta, BC
Walnut Grove (2 ABMs)	20330 88th Avenue Unit #220	Langley, BC
No. 5 & Steveston Branch (2 ABMs)	11000 No. 5 Road	Richmond, BC

TOTAL ABMS INSTALLED 54

ABMs closed during fiscal 2006

Location	Address	City/Province
Sobeys Store	350 - 351 Conception Bay Hwy	Conception Bay South, NL
Polaris Bldg Gander Br	61 Elizabeth Avenue	Gander, NL
Summerside (2 ABMs)	475 Granville Street North	Summerside, PE
Sobeys Elmsdale Store	N A Highway 102 & 214	Elmsdale, NS
Champlain Place (3 ABMs)	477 Paul Street	Dieppe, NB
Gatineau	283 Rue Notre Dame	Gatineau, QC
Les Prom De L'Outaouais (4 ABMs)	1100 Boulevard Maloney Ouest	Gatineau, QC
Jonquière	3798 Rue Du Roi Georges	Jonquière, QC
Mascouche (2 ABMs)	3113 Boulevard Mascouche	Mascouche, QC
Centre Commercial Rockland (3 ABMs)	2305 Ch Rockland #192	Mont Royal, QC
St-Hyacinthe (3 ABMs)	1695 Rue Des Cascades	St-Hyacinthe, QC
University Plaza Ultramar	119 Osler Drive	Dundas, ON
Honeydale Mall (2 ABMs)	5555c Dundas Street West	Etobicoke, ON
Erie Shopping Centre	275 Erie Street South	Leamington, ON
Leamington Main	10 Erie Street South	Leamington, ON
Westmount Shopping Ctr (3 ABMs)	785 Wonderland Road South	London, ON
D'Express Gas Bar	16634 Yonge Street	Newmarket, ON
Southlake Regional Health	596 Davis Drive	Newmarket, ON
Dundas Neyagawa Dominion	478 Dundas Street West	Oakville, ON
Barrhaven Crossing S C (2 ABMs)	3500 Fallowfield Road	Ottawa, ON
Ellesmere & Brimley	1350 Ellesmere Road	Scarborough, ON
Markham & Ellesmere	2100 Ellesmere Road	Scarborough, ON
Strathroy Kenwick Plaza	51 Front St. E	Strathroy, ON
Dundas & Roncesvalles	2201 Dundas Street West	Toronto, ON
Heron's Hill	2045 Sheppard Avenue East	Willowdale, ON
Victoria Park & Van Horne	2752 Victoria Park Avenue	Willowdale, ON
Casino Windsor (19 ABMs)	377 Riverside Drive East	Windsor, ON
Tecumseh & Moy	1435 Tecumseh Boulevard	Windsor, ON
Tecumseh & Tourangeau	4100 Tecumseh Road East	Windsor, ON
University Ave Windsor	1101 University Avenue West	Windsor, ON
Walker & Ottawa	1295 Walker Road	Windsor, ON
Islington Village Ultra	9600 Islington Avenue	Woodbridge, ON
Camrose Safeway	200 Cornerstone 6800 48th Ave.	Camrose, AB
Maplewood S C Branch	52 Brentwood Boulevard	Sherwood Park, AB
Ladner (2 ABMs)	4822 Delta Street	Delta, BC
Parkgate Village Safeway	1175 Mount Seymour Rd. Str#162	North Vancouver, BC

TOTAL ABMS REMOVED 70

BRANCH LOCATIONS OPENED AND CLOSED IN 2006

On an ongoing basis, BMO adjusts our branch network to accommodate shifts in population, customer demand and market opportunities. At the end of 2006, our national branch network consisted of 963 BMO Bank of Montreal branches including In-store locations in select grocery stores across Canada.

BMO Bank of Montreal Branches opened during Fiscal 2006

Branch Name	Address	City/Province
Long Pond Sobeys	350 Conception Bay Hwy	Conception Bay South, NL
Sobeys Dieppe Champlain Place	477 Paul St.	Dieppe, NB
Fairvale Plaza Sobeys	140 - 142 Hampton Rd.	Rothsay, NB
Vimont IGA Extra	5805 Boul. De Val-des-Brises	Laval, QC
Laval-Des-Rapides IGA Extra	307 Boul. Cartier Ouest	Laval-Des-Rapides, QC
St. Jérôme IGA Extra	1005 Boul. Du Grand-Heron	St. Jérôme, QC
Weston & Major Mackenzie	3737 Major Mackenzie Dr.	Woodbridge, ON
Walnut Grove	220 - 20330 88 Ave.	Langley, BC
No. 5 Rd & Steveston	11000 No. 5 Rd.	Richmond, BC

BMO Bank of Montreal Branches closed or consolidated during Fiscal 2006

Branch Name	Address	City/Province
Gatineau	283 rue Notre-Dame	Gatineau, QC
Kenogami	3798 rue du Roi-Georges	Jonquière, QC
University Plaza - The Barn	119 Osler Drive	Dundas, ON
Erie Street S/C	275 Erie St. S.	Leamington, ON
Dundas & Neyagawa Dominion	478 Dundas St. W.	Oakville, ON
Ellesmere & Brimley	1350 Ellesmere Rd.	Scarborough, ON
Victoria Park & Van Horne	2752 Victoria Park Ave.	Willowdale, ON
Tecumseh & Moy	1435 Tecumseh Rd. E.	Windsor, ON
Tecumseh & Tourangeau	4100 Tecumseh Rd. E.	Windsor, ON
Islington Village Dominion	9600 Islington Ave.	Woodbridge, ON
Camrose Safeway	200 Cornerstone, 6800 - 48th Ave.	Camrose, AB
Heritage Safeway	2304 - 109 St.	Edmonton, AB
St. Albert Safeway	395 St. Albert Rd.	St. Albert, AB
Sidney Safeway	2345 Beacon Ave.	Sidney, BC

BMO BANK OF MONTREAL BRANCHES RELOCATED DURING FISCAL 2006

Branch Name	From	To
Gander	61 Elizabeth Drive, Gander NL	265 Airport Blvd., Gander, NL
Summerside	475 Granville St N, Summerside PEI	County Fair Mall, 455 Granville St. N., Summerside, PEI
Champlain Mall	477 Paul St, Dieppe NB	14 Champlain St., Dieppe, NB
Les Promenades de l'Outaouais	1100 boul Maloney O, Gatineau QC	99 boul. de l'Hopital, Gatineau, QC
Mascouche	3113 boul Mascouche, Mascouche QC	825 Montée Masson, Mascouche, QC
St-Hyacinthe	1695 rue des Cascades, St-Hyacinthe, QC	2480 boul. Casavant Ouest, St-Hyacinthe, QC
Centre Rockland	2305 Chemin Rockland, Suite 192, Ville Mont-Royal, QC	Centre Rockland, 2305 Chemin Rockland, Suite 5022, Ville Mont-Royal, QC
Eringate & Renforth	120 Eringate Dr. Etobicoke, ON	120 Eringate Dr., Etobicoke ON
Honeydale Mall	5555C Dundas St W, Etobicoke ON	Six Points Plaza, 3835 Bloor St. W, Etobicoke, ON
Leamington	10 Erie St S, Leamington ON	297 Erie St S., Leamington, ON
Westmount Shopping Centre	785 Wonderland Rd, London ON	Southdale & Wonderland, 377 Southdale Rd. W, London, ON
Barrhaven Crossing Shopping Centre	3500 Fallowfield Rd, Ottawa ON	Barrhaven Town Centre, 3775A Strandherd Dr., Ottawa, ON
Markham & Ellesmere	2100 Ellesmere Rd, Scarborough ON	McCowan Square, 1225 McCowan Rd., Scarborough, ON
Strathroy (Kenwick Plaza)	51 Front St E. Strathroy ON	630 Victoria St., Strathroy, ON
Heron's Hill	2045 Sheppard Ave E, Willowdale ON	2450 Sheppard Ave E., Willowdale, ON
Walker & Ottawa	1295 Walker Rd, Windsor ON	2230 Tecumseh Rd. E., Windsor, ON
Mayfield Common	236 Mayfield Common NW, Edmonton AB	West Point Centre North 17504 - 100 Ave NW, Edmonton AB
Ladner	4822 Delta St, Delta BC	4857 Elliott St., Unit 120, Delta, BC

BUSINESS DEBT FINANCING AS AT OCTOBER 31, 2006 (AUTHORIZED AMOUNTS IN \$ MILLIONS)

BMO is committed to making debt financing available to our clients across Canada. In 2006, authorized business loans totalled more than \$108 billion.

Provinces and Territories		Authorized Loan Size							TOTAL
		\$0 - \$24,999	\$25,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - \$4,999,999	\$5,000,000 & Greater	
Newfoundland and Labrador	Authorized Amount	2.4	18.7	42.2	58.7	68.9	140.3	228.1	559.3
	Number of Firms	377	344	267	168	101	71	16	1,344
Prince Edward Island	Authorized Amount	2.7	8.1	21.0	22.5	38.2	77.9	n/a *	170.4
	Number of Firms	331	155	131	63	55	46	n/a *	781
Nova Scotia	Authorized Amount	16.6	45.1	83.0	117.2	147.7	321.1	1,309.9	2,040.6
	Number of Firms	2,276	922	525	342	215	171	40	4,491
New Brunswick	Authorized Amount	11.3	37.2	68.2	101.1	130.3	239.7	n/a *	587.8
	Number of Firms	1,466	739	419	285	192	128	n/a *	3,229
Quebec	Authorized Amount	126.9	226.5	415.8	727.0	625.0	2,097.3	14,838.0	19,056.5
	Number of Firms	17,577	4,902	2,688	2,022	919	1,013	402	29,523
Ontario	Authorized Amount	264.0	612.5	1,164.2	1,376.5	1,604.7	4,892.6	48,569.0	58,483.5
	Number of Firms	39,044	12,609	7,530	3,988	2,351	2,379	739	68,640
Manitoba	Authorized Amount	19.1	42.6	66.1	67.6	118.9	464.1	1,969.4	2,747.8
	Number of Firms	2,322	909	424	196	173	198	69	4,291
Saskatchewan	Authorized Amount	34.6	109.8	156.0	132.3	110.7	321.2	n/a *	864.6
	Number of Firms	4,169	2,284	996	386	169	156	n/a *	8,160
Alberta	Authorized Amount	106.1	213.1	357.2	383.2	495.3	1,452.7	11,589.5	14,597.1
	Number of Firms	14,840	4,521	2,273	1,114	731	708	277	24,464
British Columbia	Authorized Amount	103.3	208.8	397.4	498.0	752.2	2,235.6	4,796.7	8,992.0
	Number of Firms	14,250	4,412	2,565	1,430	1,087	1,110	272	25,126
Yukon	Authorized Amount	1.1	3.0	6.5	10.0	n/a *	n/a *	n/a *	20.6
	Number of Firms	155	64	41	29	n/a *	n/a *	n/a *	289
N.W.T/Nunavut	Authorized Amount	0.7	1.6	3.3	n/a *	n/a *	n/a *	0.0	5.6
	Number of Firms	115	32	23	n/a *	n/a *	n/a *	0	170
TOTAL	Authorized Amount	688.8	1,527.0	2,780.9	3,494.1	4,091.9	12,242.5	83,300.6	108,125.8
	Number of Firms	96,922	31,893	17,882	10,023	5,993	5,980	1,815	170,508

Not available* - For confidentiality reasons, this table excludes information that could identify borrowers.

REPORTING GUIDE

BMO reports the economic, social and environmental components of our corporate responsibility performance and activities through a number of publications, including our Annual Report, Proxy Statement and this report and on our various web sites. The following Reporting Guide, which has been prepared with reference to the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines (G3), provides readers with an index of the indicators we are reporting on and where such information can be found. Learn more about the Global Reporting Initiative at www.globalreporting.org.

The G3 Guidelines introduced Application Levels of *C*, *B* and *A*, a system that allows reporters to declare the level to which they have applied the GRI Reporting Framework. BMO is reporting at the *C* level this year – indicating that we are reporting on the prescribed G3 Profile Disclosures along with 10 GRI Performance Indicators, including at least one from each of the social, economic, and environment areas. It is our intent to report at the next Application Level in 2007. As this work is already underway, we have included several of the prescribed level *B* indicators and highlighted these in purple.

Learn more about the G3 Application Levels at www.globalreporting.org/NR/rdonlyres/FB8CB16A-789B-454A-BA52-993C9B755704/0/ApplicationLevels.pdf.

GRI INDICATOR	INDICATOR DESCRIPTION	LOCATION
OUR COMPANY		
1.1	Statement from the CEO	2, 3
1.2	Description of key impacts, risks and opportunities	A/R 22-77
2.1	Name of the organization	Cover
2.2	Primary brands, products and/or services	A/R (inside front cover)
2.3	Operational structure of the organization	A/R (inside front cover) & 134
2.4	Location of organization's headquarters	A/R 134
2.5	Number of countries where the organization operates	A/R 134
2.6	Nature of ownership and legal form	A/R 23 & 134
2.7	Markets served	A/R 126
2.8	Scale of the reporting organization	36 & 37 A/R various
2.9	Significant changes during the reporting period	38 & 39 A/R various
2.10	Awards received in the reporting period	Inside front cover, 29 & A/R back cover
3.1	Reporting period for information provided	36 & A/R 22
3.2	Date of most recent previous report	www.bmo.com
3.3	Reporting cycle	A/R 22
3.4	Contact point for questions	Inside back cover
3.5	Process for defining content	40
3.6	Boundary	36
3.7	Limitations on scope or boundary	Not Applicable
3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations	A/R 134
3.10	Effect of any restatements of information provided in earlier reports	A/R various
3.11	Significant changes from previous reporting periods	A/R various
3.12	Table identifying the location of GRI standard disclosures	40
3.13	External assurance for the report	A/R 91
4.1	Governance structure	A/R 16, 17 & www.bmo.com

GRI INDICATOR	INDICATOR DESCRIPTION	LOCATION
4.2	Is Chair of highest governance body also an executive officer?	A/R 16
4.3	Number of independent and/or non-executive members	A/R 18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction	A/R (inside back cover)
4.5	Linkage between compensation and BMO's performance	P/C 23
4.6	Ensuring conflicts of interest are avoided	8
4.7	Determining required qualifications and expertise of Board members	P/C 21
4.8	Statements of mission or values, codes of conduct and principles	Inside front cover, 1, 8
4.9	Overseeing BMO's identification and management of ESG performance	Inside front cover
4.10	Processes for evaluating the CEO's performance	P/C 23

SOCIETY

4.12	Externally developed principles	34, 35
4.13	Membership in associations	35
4.14	Stakeholder groups engaged by BMO	Various
4.15	Identification/selection of stakeholders	7
4.16	Approaches to stakeholder engagement	Various
4.17	Concerns raised through stakeholder engagement	Various
EC1	Economic value generated and distributed	6
EC4	Financial assistance received from government	Not Applicable
HR5	Freedom of association and collective bargaining	www.bmo.com
HR6	Child labour	9
HR7	Forced or compulsory labour	9
LA1	Total workforce	37
LA2	Employee turnover	37
LA4	Percentage of employees covered by collective bargaining agreements	www.bmo.com
LA10	Average hours of training	27, A/R 20
LA13	Composition of governance bodies and breakdown of employees	28, A/R 7-16
SO2	Business units analyzed for risks related to corruption	A/R 66
SO3	% of employees trained in organization's anti-corruption policies and procedures	9
SO4	Response to incidents of corruption	P/C 20

ENVIRONMENT

EN3	Direct energy consumption	32
EN5	Energy saved	33
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	32, 33
EN18	Initiatives to reduce greenhouse gas emissions	32, 33
EN19	Emissions of ozone-depleting substances	Not Applicable
EN20	NO _x , SO _x , and other significant air emissions	Not Applicable
EN21	Total water discharge by quality and destination	www.bmo.com
EN26	Initiatives to mitigate environmental impacts of products and services	33, 34

All page references are found in this Corporate Responsibility Report unless otherwise indicated.
 A/R – 2006 Annual Report
 P/C – 2006 Notice of Annual Meeting of Shareholders and Proxy Circular

CONTACTS

Corporate Information

The BMO Financial Group 2006 Corporate Responsibility Report and Public Accountability Statement is available for viewing or printing on our web site at www.bmo.com.

For a printed copy, please contact:

BMO Financial Group
Corporate Communications
302 Bay Street, 10th Floor
Toronto, Ontario M5X 1A1
(On peut obtenir sur demande un exemplaire en français.)

For more information regarding Corporate Responsibility please contact: corporate.responsibility@bmo.com

Requests for charitable donations should be submitted in writing. Guidelines are available at www.bmo.com/community. Applications on behalf of a national organization should be directed to:

Senior Manager, Corporate Donations
BMO Financial Group
Corporate Communications
302 Bay Street, 10th Floor
Toronto, Ontario M5X 1A1
Telephone: (416) 867-7102
or (416) 867-7101
Fax: (416) 867-6850

Local and regional requests should be sent to the following addresses:

Atlantic Division

Donations Coordinator
BMO Bank of Montreal
P.O. Box 2207
5151 George Street,
15th Floor
Halifax, Nova Scotia B3J 3C4
Telephone: (902) 421-3405
Fax: (902) 421-3404

Ontario Division

Community Relations and
Communications Manager
BMO Bank of Montreal
302 Bay Street,
Mezzanine Level
Toronto, Ontario M5X 1A1
Telephone: (519) 633-2204
Fax: (519) 633-7088

Quebec Division

Donations Coordinator
BMO Bank of Montreal
105 rue St-Jacques, 1st Floor
Montreal, Quebec H2Y 1L6
Telephone: (514) 877-1101
Fax: (514) 877-1805

Prairies Division

Communications Manager
BMO Bank of Montreal
350 – 7th Avenue S.W., 6th Floor
Calgary, Alberta T2P 3N9
Telephone: (403) 503-7002
Fax: (403) 503-7021

British Columbia and Yukon Division

Senior Manager, Corporate
Communications
BMO Bank of Montreal
595 Burrard Street, 22nd Floor
Vancouver, British Columbia V7X 1L7
Telephone: (604) 665-7596
Fax: (604) 665-2610

BMO Nesbitt Burns

Manager, Corporate Donations
and Sponsorships
BMO Capital Markets
24th Floor, First Canadian Place
Toronto, Ontario M5X 1H3
Telephone: (416) 359-5851
Fax: (416) 359-6494

Institutional Investors and Research Analysts

Institutional investors or research analysts who would like to obtain financial information should write to the Senior Vice-President, Investor Relations, 18th Floor, 1 First Canadian Place, Toronto, Ontario M5X 1A1, e-mail to investor.relations@bmo.com, call (416) 867-6656, or fax (416) 867-3367. Alternatively, please visit our web site at www.bmo.com/investorrelations.

TM/® Trademark/registered trademark of Bank of Montreal

®* "Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited

TM:* Trademark of BMO Nesbitt Burns Corporation Limited

TM1 Trademark/registered trademark of Harris N.A.

®1 Registered trademark of Skate Canada/Patinage Canada

®2 Registered trademark of Spruce Meadows

®3 Registered trademark of Interac Inc.

®4 Registered trademark of MasterCard International Incorporated

®5 Registered trademark of Apple Computer Inc.

®6 Registered trademark of Iron Mountain Incorporated



“It feels great to know that my employer supports me and my kids.”

– Ruth Hatch, BMO Employee Communications, Toronto, Ontario

“Unless a sustainable, cost-effective and replicable healthcare delivery model is developed, the international response will fail to save the millions of people in need of HIV/AIDS treatment and effective prevention. The magnitude of BMO’s donation is important... It is our hope that this kind of leadership will encourage other corporations to step up and join the fight against this pandemic.”

– Dr. James Orbinski, President of Dignitas International

“BMO was there for us when we were a young company just starting out and continue to serve us well as we grow.”

– Jim Hill, owner of Charlton & Hill Ltd., Lethbridge, Alberta

“BMO recognized our need and offered significant support.”

– Garry Meier, Saskatchewan farmer

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BMO Financial Group’s 2006 Corporate Responsibility Report and Public Accountability Statement is printed on Rolland Enviro100, which contains 100% recycled post-consumer fibre, is EcoLogo, Processed Chlorine Free and FSC Recycled certified and manufactured using biogas energy.

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Dow Jones Sustainability Index - North America



FTSE4Good Index Series

FTSE4Good



The Equator Principles



www.bmo.com/community