

**ANNUAL  
INFORMATION  
FORM**

**January 11, 2002**

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Copies of the Annual Information Form, as well as copies of the Bank of Montreal Annual Report for 2001 and Proxy Circular as of January 2, 2002 (all or part of which are incorporated therein by reference) may be obtained from:

Bank of Montreal  
Corporate Secretary's Department  
100 King Street West  
1 First Canadian Place, 21st Floor  
Toronto, Ontario  
Canada M5X 1A1

**BANK OF MONTREAL**  
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<sup>(1)</sup> **Reference:**

All or parts of the following documents are incorporated by reference into this Annual Information Form:

- (i) Bank of Montreal 2001 Annual Report.
- (ii) Bank of Montreal Proxy Circular dated as of January 2, 2002.

## **BANK OF MONTREAL**

### **CORPORATE STRUCTURE**

#### **Name and Place of Incorporation**

Bank of Montreal ("the Bank") commenced business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. Since 1871, the Bank has been a chartered bank under the Bank Act (Canada) (the "Bank Act"), and is named in Schedule I of the Bank Act. The Bank Act is the charter of the Bank and the operations of the Bank are governed by it.

The Bank's head office is located at 129 rue Saint Jacques, Montreal, Quebec, H2Y 1L6, and its executive offices are located at 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

### **DESCRIPTION OF BUSINESS**

#### **Business and Property**

The Bank was the fifth largest chartered bank in Canada in terms of total assets, and the fifth largest in terms of market capitalization, as of October 31, 2001, and ranks among the twenty-five largest banks based in North America. The Bank offers a broad range of credit and non-credit products and services directly and through special-purpose Canadian and non-Canadian subsidiaries, offices and branches. As at October 31, 2001, the Bank maintained 960 bank branches in Canada and operated internationally in major financial markets and trading areas in 14 other countries, including the United States. The Harris Bank group (Harris Bankcorp, Inc.), wholly-owned by the Bank, operates its own banking business in the United States based in Chicago, providing private client and personal trust services as well as corporate and investment banking. The Bank also provides a full range of investment dealer services through the BMO Nesbitt Burns group of companies which includes BMO Nesbitt Burns Inc., a major fully-integrated Canadian investment dealer in which the Bank owns 100 percent of the voting shares, and BMO Nesbitt Burns Corp., the Bank's wholly-owned registered securities dealer in the United States.

The Bank comprises three operating groups: Personal and Commercial Client Group is responsible for providing financial services to personal and commercial customers in Canada and the United States through its branches as well as directly through bmo.com, harrisbank.com, BMO mbanx Direct and a network of automatic banking machines; Private Client Group is responsible for providing wealth management services to individuals, including the services of BMO Nesbitt Burns, BMO Investorline, Harris Investorline and Harris Private Bank; Investment Banking Group is responsible for relationship management for large corporate, institutional and government customers, the delivery of treasury products and corporate and investment banking in Canada and the United States. Risk management, technology and other corporate services are provided to the operating groups by Corporate Support.

The Bank's activities in Canada are governed by the Bank Act which is one of four federal statutes governing the financial services industry in Canada. The other three statutes cover trust and loan companies, insurance companies and cooperative credit associations.

Trust and insurance companies are permitted, under certain conditions, to make commercial loans. Chartered banks may offer insurance products only through their subsidiaries and not through their branch systems. Banks may offer insurance products through their credit card systems but are prohibited from target-marketing these products to selected cardholders. Chartered banks may act as an agent in selling trust company products through their branch systems. Automobile leasing continues to be prohibited to all federally incorporated financial institutions.

Without Minister of Finance approval no person or group of associated persons may own more than 10% of any class of shares of the Bank. With Minister of Finance approval a person or group of associated persons may own up to 20% of any class of voting shares and up to 30% of any class of non voting shares of the Bank. Ownership of the Bank's shares by Canadian or foreign governments is prohibited under the Bank Act.

The Superintendent of Financial Institutions Canada (the "Superintendent") is responsible to the Minister of Finance for the administration of the Bank Act. The Superintendent provides guidelines for disclosure of the Bank's financial information. The Superintendent is also required to make an annual examination of each bank to ensure compliance with the Bank Act and to ensure that each bank is in sound financial condition. The report of the Superintendent's examination is submitted to the Minister of Finance. In addition to the Bank Act, outside Canada each of the Bank's branches, agencies and subsidiaries is also subject to the regulatory requirements of the country in which it conducts its business.

#### **Competition**

The Canadian banking system is dominated by six major Canadian banks each of which maintains extensive national branch networks. Competing against these major banks are smaller Canadian banks, Canadian subsidiaries and branches of foreign banks and other companies, such as trust and loan companies, insurance companies and credit unions that provide basic banking and other financial services. The Bank operates in highly competitive markets, especially with respect to the pricing, nature and extent of services offered.

#### **Environmental Matters**

The Bank maintains a policy setting out its commitment to both protection of the environment and the principle of sustainable development. This policy is applied to the Bank's internal operations and its relationships with employees, customers, governments, external partners and the communities in which it operates. Reasonable efforts are made to ensure that the Bank lends only to borrowers that employ responsible environmental management programs and who comply with the applicable environmental laws and regulations. Management is responsible for ensuring that dealings with external suppliers, development of products and services and their employees' work environment all comply with this corporate policy.

## BANK OF MONTREAL

### DIRECTORS AND OFFICERS

#### Executive Officers of the Bank

At October 31, 2001, the following are the names, principal occupations, and municipality of residences of the Bank's executive officers:

<u>Name</u>	<u>Principal Occupation</u>	<u>Municipality of Residence</u>
F. Anthony Comper	Chairman and Chief Executive Officer	Toronto, Ontario
Yvan J.P. Bourdeau	President and Chief Operating Officer, BMO Nesbitt Burns, Investment Banking Group	Toronto, Ontario
Lloyd F. Darlington	President and Chief Executive Officer, Emfisys and Head, E-Business	Toronto, Ontario
William A. Downe	Deputy Chair, Bank of Montreal and Chief Executive Officer, BMO Nesbitt Burns and Head of Investment Banking Group	Winnetka, Illinois
Karen E. Maidment	Executive Vice-President and Chief Financial Officer	Cambridge, Ontario
Michel G. Maila	Executive Vice-President and Head of Risk Management Group	Toronto, Ontario
Alan G. McNally	Vice-Chair, Bank of Montreal and Chairman and Chief Executive Officer, Harris Bank	Winnetka, Illinois
Gilles G. Ouellette	President and Chief Executive Officer, Private Client Group and Deputy Chair, BMO Nesbitt Burns	Toronto, Ontario
Rose M. Patten	Executive Vice-President, Human Resources (and Head of Office of Strategic Management)	Toronto, Ontario
Ronald G. Rogers	Vice-Chair, Personal & Commercial Client Group	Toronto, Ontario

All of the above named executive officers have held their present positions or other senior positions with the Bank or its subsidiaries during the past five years, except for Karen E. Maidment who, prior to 2000, was Executive Vice-President and Chief Financial Officer, Clarica Life Insurance Company.

#### Shareholdings of Directors and Executive Officers

The directors and executive officers of the Bank as a group beneficially own, directly or indirectly, or exercise control or direction over less than 1% of the Bank's voting shares.

#### Additional Disclosure for Directors and Executive Officers

To the best of our knowledge, having made inquiry, the Bank confirms that:

- no director or executive officer of the Bank is or has been in the last ten years, a director or executive officer of another issuer that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order under Canadian securities legislation for a period of more than 30 consecutive days or (ii) became bankrupt or made a bankruptcy related proposal or was subject to or instituted proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following: Mr. J. L. Rotman, who was a director of Livent Inc. when, in November 1998, it filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code and filed for protection under the Companies Creditors Act in Canada. The cease trade order was revoked effective November 20, 1998 and Mr. Rotman resigned as a director of Livent Inc. on September 29, 1999. Mr. J. L. Rotman was a director of Paragon Entertainment Corporation when it made a filing under the Companies Creditors Arrangement Act in April 1998. In June 1998, Mr. Rotman resigned as a director of Paragon Entertainment Corporation. Mr. D. A. Galloway, who was a director of ITI Education Corporation, when, on August 14, 2001, it voluntarily agreed to the appointment of a receiver. Mr. F. McKenna, who was a director of AlphaNet Telecom Inc., when, on February 7, 1999, it voluntarily agreed to the appointment of a receiver;
- no director or executive officer of the Bank has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority. No director or executive officer has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision;
- no director or executive officer of the Bank nor any personal holding company controlled by such person has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold assets of the director or executive officer; and
- no director or executive officer has any direct or indirect material conflict of interest in respect of any matter that has materially affected or will materially affect the Bank or any of its subsidiaries.

## BANK OF MONTREAL

### ADDITIONAL INFORMATION

The Bank will provide to any person, upon request to the Corporate Secretary's Department, Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, M5X 1A1, the following additional information:

- a) when securities of the Bank are in the course of a distribution under to a preliminary short form prospectus or a short form prospectus:
  - (i) one copy of the Bank's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
  - (ii) one copy of the comparative consolidated financial statements of the Bank for its most recently completed financial year for which consolidated financial statements have been filed together with the accompanying report of the Bank's auditors and one copy of the most recent interim consolidated financial statements (quarterly shareholders' reports) of the Bank that have been filed, if any, for any period after the end of its most recently completed financial year;
  - (iii) one copy of the Bank's Proxy Circular in respect of its most recent annual meeting of shareholders that involved the election of directors; and
  - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses (i), (ii) or (iii) above; or
- b) at any other time, one copy of any documents referred to in clauses a) (i), (ii) and (iii) above, provided that the Bank may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Bank's securities.

Additional information, including directors' and officers' remuneration and indebtedness and principal holders of the Bank's securities, is contained in the Bank's Proxy Circular dated as of January 2, 2002 in connection with its Annual Meeting of Shareholders scheduled for February 26, 2002.

Additional financial information is provided in the Bank's consolidated financial statements for its fiscal year ended October 31, 2001.