

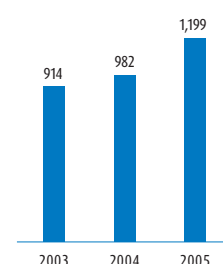
# BMO Financial Group at a Glance

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

## Personal and Commercial Client Group

Personal and Commercial Client Group (P&C) provides more than eight and a half million customers across Canada and the United States with fully integrated personal and commercial banking solutions. These include deposit accounts, loans and credit cards, insurance products and personal investment products. Our products and services are delivered by a highly skilled team of professionals through 1,180 BMO Bank of Montreal and Harris branches, through telephone and online banking at bmo.com and harrisbank.com, and through a network of almost 2,500 automated banking machines.

**Net Income: P&C**  
(Canadian \$ in millions)



## Canadian Operations

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



### 2005 Key Initiatives

- Achieved strong net income growth of 23.1%.
- Achieved strong balance sheet growth, with deposit growth of 7% and average loans and acceptances growth of 7.9% including the effects of securitizations.
- Improved cash productivity by 310 basis points to 57.3%.
- Applied more discipline to our sales management through initiatives such as integrating financial planners into our delivery model and aligning desired customer experience with employee performance measurement and incentives.
- Upgraded technology to streamline workflow and improve the quality of our customer information, allowing us to better recognize and meet the needs of our customers.
- Continued to distinguish ourselves in commercial banking as reflected by the second-largest market share in business lending.

### Focus for 2006

- Enhance the quality of sales and service delivery to build lasting relationships through exceptional service, leading to revenue growth, increased market share and improved customer loyalty.
- Simplify processes and enhance technology for front-line sales and service representatives, increasing capacity and effectiveness to improve customer service.
- Continue our track record of improving our cash productivity ratio.
- Invest further in our distribution network, including the replacement of our ABM network.
- Continue expanding programs and offers to meet our customers' financial needs.

## U.S. Operations

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

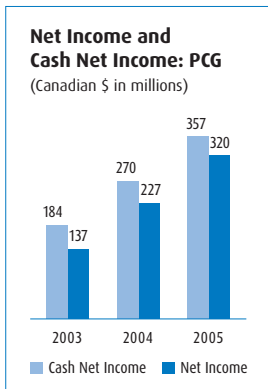


- Achieved U.S.-dollar net income growth of 22.5%.
- Improved cash productivity by 150 basis points, driven by higher revenues and continued expense management.
- Increased average total loans and acceptances by 19% to US\$15.9 billion.
- Opened eight new branches in Chicagoland and acquired Mercantile Bancorp with 19 branches in Northwest Indiana, increasing Harris' Community Banking network to 195 locations.
- Consolidated 26 bank charters into one national bank charter at the end of May 2005 with no disruption to customer service.
- Our Net Promoter Score, a measure of the intensity of our customers' loyalty, rose from 26% in 2003 to 34% in 2005 – triple the network average.

- Improve our financial performance, focusing on revenue growth.
- Continue to build our branch network in Chicagoland by opening five new branches and exploring acquisition opportunities in the Midwest.
- Continue to refine our customer experience to provide the high customer service levels of a community bank.
- Invest in our strategic infrastructure by refreshing the branch technology platform.

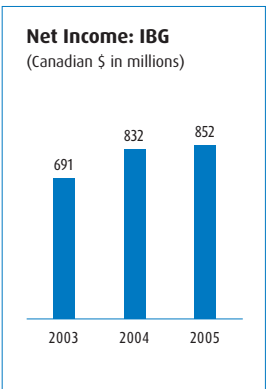
## Private Client Group

Private Client Group (PCG) offers clients a full range of wealth management products and services, including full-service and direct investing, private banking and investment products. Our highly trained professionals are dedicated to serving the needs and goals of our clients to accumulate, protect and grow their financial assets. Private Client Group serves clients through BMO Bank of Montreal and Harris branches, as well as through stand-alone BMO InvestorLine, BMO Nesbitt Burns and BMO Harris Private Banking offices in Canada, and through Harris Private Bank offices in key U.S. centres, including family office services and customized investment services to the ultra affluent.



## Investment Banking Group

Investment Banking Group (IBG) combines all of our businesses serving corporate, institutional and government clients. In Canada, operating under the BMO Nesbitt Burns brand, our client base comprises large corporations and institutions across a broad range of industry sectors. In the United States, operating under the Harris Nesbitt brand, we serve corporate and institutional clients in selected sectors. Investment Banking Group offers clients complete financial solutions across the entire balance sheet, including public and private debt and equity underwriting, corporate lending, securitization, cash management, risk management and trade finance. We also offer leading financial advisory services in mergers and acquisitions and restructurings, and we provide investing clients with industry-leading research, sales and trading services.



2005 Key Initiatives	Focus for 2006	2005 Key Initiatives	Focus for 2006
<ul style="list-style-type: none"> <li>BMO Nesbitt Burns introduced the Architect Program – the first of its kind in Canada – to provide clients with customized portfolios that combine separately managed accounts, mutual funds, exchange-traded funds, and alternative investment products in a single account.</li> <li>BMO Harris Private Banking was named the best private bank in Canada by <i>Euromoney</i> magazine for the second consecutive year.</li> <li>BMO Harris Private Banking introduced the enCircle® program, an innovative solution for mature clients, offering a range of services from bill payments and investment management to estate planning and home health-care education.</li> <li>BMO InvestorLine was chosen by <i>The Globe and Mail</i> as best online broker for the fourth consecutive year, its 14th top ranking in the past five years.</li> <li>BMO Mutual Funds and Guardian Group of Funds outperformed the mutual fund industry, with annual net sales exceeding the industry average.</li> <li>BMO Term Investments introduced the BMO Dividend Fund Linked GIC, the first of its kind offered by any of Canada's major banks.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to leverage our leadership position in client service and award-winning offerings, and increase our share of our existing clients' investable assets.</li> <li>Continue to improve performance through sales force productivity and operational efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>Participated in 513 Canadian corporate debt and equity transactions that raised a total of \$69 billion.</li> <li>Advised on \$21 billion of completed Canadian mergers and acquisitions.</li> <li>Ranked the top Equity Research Group for the 25th consecutive year in the Brendan Wood International Survey of institutional investors, and ranked first for Overall Quality of Trader Service.</li> <li>Ranked first overall in the 2004 StarMine Canadian Analysts' survey.</li> <li>Canadian Securitization unit ranked first in market share of asset-backed commercial paper conduit outstandings.</li> <li>Expanded Real Estate investment and corporate banking practice.</li> <li>Introduced Canadian mutual fund and equity linked notes, establishing a strong presence and setting the pace as the largest and fastest-growing issuer in Canada in 2005.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to reinforce our leading position.</li> <li>Continue to broaden and deepen relationships with prospects and clients.</li> </ul>
<p><b>Group Initiatives</b></p> <ul style="list-style-type: none"> <li>Focused management of non-revenue based costs helped achieve relatively low expense growth of 1% compared to strong revenue growth of 10%, while product refinement and streamlined operations contributed to net income growth of 41%.</li> <li>Cash productivity ratio improved by 580 basis points in 2005 – for a total of 1570 basis points in the past three years – driven by revenue growth and sustainable cost containment initiatives.</li> </ul>	<p><b>Group Focus</b></p> <ul style="list-style-type: none"> <li>Deepen client relationships and enhance our product offerings.</li> <li>Drive revenue growth by expanding our sales force in key businesses.</li> <li>Continue to improve our cash productivity ratio through revenue growth and expense management initiatives.</li> </ul>	<p><b>Group Initiatives</b></p> <ul style="list-style-type: none"> <li>Acquired a local currency Chinese Renminbi banking licence in Guangzhou – the only Canadian bank to do so.</li> <li>Became the first Canadian bank to be granted a licence to sell derivatives in China.</li> <li>The only Canadian bank in a group of ten banks selected to act as market-makers for foreign exchange trading in China.</li> <li>Ranked #2 in the world for Canadian dollar foreign exchange by <i>FX Week</i>.</li> <li>Launched eFXpedite®, an online foreign exchange trading system enabling users to access real-time foreign exchange prices and execute trades on the spot.</li> </ul>	<p><b>Group Focus</b></p> <ul style="list-style-type: none"> <li>Continue focus on integrated coverage to bring the best solutions to our clients.</li> <li>Implement high-value initiatives that build on both existing expertise and businesses, and new business ideas.</li> <li>Continuously improve the profitability of client relationships.</li> <li>Improve our cash productivity ratio.</li> </ul>
<ul style="list-style-type: none"> <li>Harris Private Bank enhanced its investment capabilities by expanding the range of alternative investments and third party managers, providing solutions for a broader client base.</li> <li>Harris Private Bank was ranked among the top ten private banks in the U.S. market by <i>Euromoney</i> magazine.</li> <li>Sold <i>Harrisdirect</i>, allowing the redeployment of capital to higher-return businesses.</li> <li>Introduced a successful new referral program that exceeded expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate growth in the United States by increasing our share of our existing clients' investable assets and leveraging the Bank's U.S. expansion strategy.</li> <li>Improve performance through sales force productivity and operational efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>Undertook a major initiative to improve our overall client coverage, capitalize on top-line growth opportunities and win more business from IBG clients.</li> <li>Expanded and upgraded Harris Nesbitt's pool of expertise with a number of key senior-level hires, including heads of Healthcare, Financial Institutions and Consumer and Leisure Groups.</li> <li>Expanded Mergers and Acquisitions, Equity Capital Markets, Commodity Derivatives and Equity Research and Sales Groups.</li> </ul>	<ul style="list-style-type: none"> <li>Refine sector focus to match our product and service capabilities to high-growth opportunities in the United States.</li> <li>Develop U.S. investor strategy to accelerate growth.</li> </ul>