

**FPID:** 3776

**Legal Name:** Bank of Montreal

**Head Office:**

**Street:** 129 St. Jacques St

**City:** Montréal

**Province:** QC

**Country:** Canada

**Postal Code:** H2Y 1L6

**Phone:** (514) 877-7605

**Fax:** (514) 877-2150

**Mailing Office:**

**Street:** PO Box 6002, Place d'Armes

**City:** Montréal

**Province:** QC

**Country:** Canada

**Postal Code:** H2Y 3S8

**Phone:**

**Fax:**

**Email:** investor.relations@bmo.com

**WWW:** www.bmo.com

**Investor Relations Contact:**

**Name:** Susan Payne

**Phone:** (416) 867-6656

**Transfer Agent:** Computershare Trust Company of Canada, Toronto, Montreal, Halifax, Calgary and Vancouver; Computershare Trust Company of New York, New York, N.Y.; and Computershare Limited, London, England.

**GICS:**

40 - Financials

4010 - Banks

401010 - Banks

40101010 - Banks

**SIC Codes:**

6025 - Schedule I banks

6211 - Securities brokers and dealers

6722 - Management investment, open-end

**Employees (Number and Date):** 33,000 as at Sep 2002

**Incorporation (Jurisdiction and Date):** Canada 1821

**Operations:**

A major Canadian chartered bank operating in Canada and throughout the world offering commercial, corporate, government, international and personal banking services.

Through wholly owned Harris Bankcorp, Inc., a U.S. registered bank holding company, the bank offers financial services across the U.S.

Through wholly owned BMO Nesbitt Burns Corporation Limited, the bank offers full brokerage, underwriting, investment and advisory services.

At Oct. 31, 2001, the bank operated 1,129 branches and 1,982 automated banking machines.

**Recent Developments**

In September 2002, the bank sold its 25% interest in land at King and Bay Streets in Toronto, Ont., to Manulife Financial Corporation for \$120,000,000. It will continue to lease a significant portion

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of First Canadian Place and be the principal tenant.

In July 2002, the bank acquired the self-directed online client accounts of Morgan Stanley Individual Investor Group, to be integrated with Harrisdirect, the bank's direct investing business in the U.S. The transaction was valued at US\$106,000,000 (Cdn\$167,000,000) and increases the bank's North American direct investing base to about 1,000,000 active accounts.

In June 2002, the bank announced that its exposure to related entities of Adelphia Communications Corp. totaled US\$214,000,000, divided among six separate cable operating subsidiaries, and that it had classified the exposure as impaired. Its exposure to WorldCom Inc. consisted primarily of bonds and total less than US\$25,000,000. The bank maintained its previously announced loan loss provisions guidance of Cdn\$775,000,000 to \$825,000,000 for the year.

Also in June, the bank announced that it would be branded as BMO Financial Group and that all of its companies would be branded with the BMO initials.

On Feb. 1, 2002, the bank launched wholly owned subsidiary BMO Life Insurance Company. BMO Life would design, distribute and underwrite its life products, but would outsource the required back office processes to existing participants in the life insurance industry. National Life Assurance Company of Canada would provide all administrative and information processing services, Sodema Insurance Inc., a member of G.T.C. Transcontinental Group Ltd. would provide telemarketing and call centre support and RGA Reinsurance would assist with underwriting development.

On Feb. 5, 2002, the bank proposed the acquisition of Northwestern Trust of Seattle, Wash., a provider of fiduciary and investment management services with over US\$3 billion (Cdn\$4.75 billion) in assets under administration and clients in 15 states. Northwestern Trust would be integrated with the bank's Harris wealth management business. The bank also announced the opening of new integrated wealth management offices in Bellevue, Wash. and Minneapolis, Minn.

On Feb. 4, 2002, the bank completed the acquisition of New Jersey-based CSFBdirect Inc., a subsidiary of Credit Suisse First Boston, for US\$520,000,000 (Cdn\$830,000,000). CSFBdirect was integrated with Harris InvestorLine of Chicago to form Harrisdirect.

In July 2001, wholly owned Harris Bank completed the acquisition of Illinois-based First National Bank of Joliet for Cdn\$337,000,000 in cash and shares. First National had US\$1.1 billion in assets and US\$844,000,000 in deposits. Its 18 branch locations, primarily in southwest suburban Will County, would operate as Harris Bank Joliet NA.

On July 19, 2001, the bank completed the acquisition of Guardian Group of Funds Ltd. (GGOF) from Guardian Capital Group Limited for \$187,000,000, which was satisfied by the issuance of 4,960,140 common shares. GGOF had \$2 billion in assets under management, with sales made primarily through a distribution network of financial planners and advisors.

In April 2001, the bank sold its remaining voting shares of Grupo Financiero Bancomer SA (GFB) of Mexico to Spain's Grupo Banco Bilbao Vizcaya Argentaria (BBVA). The bank had acquired a 20% voting interest in GFB in 1996. GFB remained committed to redeeming US\$99,000,000 of subordinated debentures held by Bank of Montreal by April 2002.

**Directors:**

- F. Anthony Comper; chr. and CEO; Toronto Ont. Canada
- Stephen E. Bachand; Ponte Vedra Beach Fla. United States
- David R. Beatty; Toronto Ont. Canada
- Robert Chevrier; Montréal Qué. Canada
- David A. Galloway; Toronto Ont. Canada
- Eva L. Kwok; Vancouver B.C. Canada
- Frank McKenna; Cape Pele N.B. Canada
- Bruce H. Mitchell; Toronto Ont. Canada
- Philip S. Orsino; Caledon Ont. Canada

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- J. Robert S. Prichard; Toronto Ont. Canada
- Jeremy H. Reitman; Montréal Qué. Canada
- Joseph L. Rotman; Toronto Ont. Canada
- Guylaine Saucier; Montréal Qué. Canada
- Nancy C. Southern; Calgary Alta. Canada

**Other Executive Officers:**

- William A. Downe; deputy chr. and CEO, BMO Nesbitt Burns
- Alan G. McNally; v-chr., chr., Harris Bank and chr., Bankmont Financial Corp.
- Ronald G. Rogers; deputy chr., enterprise risk & portfolio management
- Louis F. Lanwermyer; exec. v-p, marketing & product development, Harris Bank
- Kathryn M. Lisson; exec. v-p, consumer lending
- Karen Maidment; exec. v-p and CFO
- Michel G. Maila; exec. v-p, risk management group
- Robert McGlashan; exec. v-p, commercial banking
- Timothy J. O'Neill; exec. v-p and chief economist
- Rose M. Patten; exec. v-p, human resources
- Pamela J. Robertson; exec. v-p, Ontario division, pers. & comm. banking distribtn
- Ron Sirkis; exec. v-p, gen. counsel & taxation
- Colin D. Smith; exec. v-p and sr. risk officer, personal & commercial client group
- Penelope F. Sommerville; exec. v-p and treas.
- Frank Techar; pres. & CEO, Harris Bankcorp Inc.

**Capital Stock:**

	Authorized	Outstanding[1]
Cl. A Pref.	unlimited	nil
Cl. B Pref.	unlimited	
Series 3		16,000,000 shs.
Series 4		8,000,000 shs.
Series 5		8,000,000 shs.
Series 6		10,000,000 shs.
Series 10		12,000,000 shs.
Common	unlimited	489,909,026 shs.

[1] At Jan. 31, 2002.

**Reserved** - At Oct. 31, 2001, 9,332,144 common shares were reserved for issuance under the shareholder dividend reinvestment and share purchase plan, 6,131,921 common shares were reserved for possible issuance in respect of the conversion of class B, C, E and F shares of Bank of Montreal Securities Canada Limited and 43,395,083 common shares in respect of the stock option plan.

Class A Preferred - Total authorized amount is unlimited, without par value, issuable in series, for unlimited consideration.

General Provisions - The class A preferred shares as a class rank on a parity with the class B preferred shares as a class. The class A preferred shares of each series will rank on a parity with the class A preferred shares of every other series and are entitled to preference over the common shares with respect to payment of dividends and distribution of assets.

Pursuant to the Bank Act, the bank may not, without the approval of the holders of class A preferred shares, create or issue any class of shares ranking prior to the class A preferred shares as to payment of dividends or distribution of assets in the event of liquidation, dissolution, etc.

Also pursuant to the Bank Act, the approval of all amendments to the provisions attaching to the class A preferred shares as a class and any other approval to be given by the holders of class A

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ferred shares may be given in writing by holders of at least two-thirds of the outstanding preferred shares or by a resolution carried by the affirmative vote of not less than two-thirds of the votes cast at a meeting of class A preferred shareholders at which a quorum of the outstanding class A preferred shares is represented.

Class B Preferred - Total authorized amount is unlimited, without par value, issuable in series, for unlimited consideration. The class B preferred shares rank on a parity with the class A preferred shares. The class B preferred shares may be issued for a consideration expressed and payable in Canadian dollars or in a currency other than Canadian dollars and all amounts to be paid to the holders thereof may be paid in Canadian dollars or any other currency.

5.55% Class B Preferred Series 3 - Entitled to non-cumulative preferential cash dividends at a rate of \$1.3875 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Not redeemable prior to Aug. 25, 2004. On and after Aug. 25, 2004, but subject to the prior approval of the Superintendent of Financial Institutions and to compliance with certain restrictions on dividends and retirement of shares of the bank, redeemable for \$25.50 per share during the 12 months commencing Aug. 25, 2004, at \$25.25 per share during the 12 months commencing Aug. 25, 2005, and at \$25.00 per share thereafter plus declared and unpaid dividends in each case.

Conversion - On and after May 25, 2007, each share will be convertible at the option of the holder, on the 25th day of each of February, May, August and November in each year on at least 30 days notice before the date fixed for conversion into common shares of the bank determined by dividing \$25 plus declared and unpaid dividends by the greater of \$2.00 and 95% of the weighted average trading price of such common shares on the Toronto Stock Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion. The bank has the right to pay cash in lieu of issuing common shares.

4.8% Class B Preferred Series 4 - Entitled to non-cumulative preferential cash dividends at a rate of \$1.20 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Not redeemable prior to Aug. 25, 2005. On and after Aug. 25, 2005, but subject to the prior approval of the Superintendent of Financial Institutions and to compliance with certain restrictions on dividends and retirement of shares of the bank, redeemable for \$25.50 per share during the 12 months commencing Aug. 25, 2005, at \$25.25 per share during the 12 months commencing Aug. 25, 2006, and at \$25.00 per share thereafter plus declared and unpaid dividends in each case.

Conversion - On and after May 25, 2008, each share will be convertible at the option of the holder, on the 25th day of each of February, May, August and November in each year on at least 30 days notice before the date fixed for conversion into common shares of the bank determined by dividing \$25 plus declared and unpaid dividends by the greater of \$2.00 and 95% of the weighted average trading price of such common shares on the Toronto Stock Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion. The bank has the right to pay cash in lieu of issuing common shares.

5.3% Class B Preferred Series 5 - Entitled to non-cumulative preferential cash dividends at a rate of \$1.325 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Not redeemable prior to Feb. 25, 2013. On and after Feb. 25, 2013, but subject to the prior approval of the Superintendent of Financial Institutions and to compliance with certain restrictions on dividends and retirement of shares of the bank, redeemable for \$25.00 per share plus declared and unpaid dividends.

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4.75% Class B Preferred Series 6 - Entitled to non-cumulative preferential cash dividends at a rate of \$1.1875 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Not redeemable prior to Nov. 25, 2005. On and after Nov. 25, 2005, but subject to the prior approval of the Superintendent of Financial Institutions and to compliance with certain restrictions on dividends and retirement of shares of the bank, redeemable for \$25.50 per share during the 12 months commencing Nov. 25, 2005, at \$25.25 per share during the 12 months commencing Nov. 25, 2006, and at \$25.00 per share thereafter plus declared and unpaid dividends in each case.

Conversion - On and after Nov. 25, 2008, each share will be convertible at the option of the holder, on the 25th day of each of February, May, August and November in each year on at least 30 days notice before the date fixed for conversion into common shares of the bank determined by dividing \$25 plus declared and unpaid dividends by the greater of \$2.00 and 95% of the weighted average trading price of such common shares on the Toronto Stock Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion. The bank has the right to pay cash in lieu of issuing common shares.

5.95% Class B Preferred Series 10 - Entitled to non-cumulative preferential cash dividends at a rate of US\$1.4875 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Not redeemable prior to Feb. 25, 2012. On and after Feb. 25, 2012, but subject to the prior approval of the Superintendent of Financial Institutions and to compliance with certain restrictions on dividends and retirement of shares of the bank, redeemable for US\$25 per share plus declared and unpaid dividends.

Conversion - On and after Feb. 25, 2012, each share will be convertible at the option of the bank into common shares of the bank determined by dividing US\$25 plus declared and unpaid dividends by the greater of US\$2.50 and 95% of the weighted average trading price of such common shares on the Toronto Stock Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion. The preferred shares series 10 will not be convertible at the option of the holder.

Common - One vote per share. The total authorized amount is unlimited, without par value, for unlimited consideration.

9% Class B Preferred Series 1 (old) - Were entitled to non-cumulative preferential cash dividends at a rate of \$2.25 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Redeemed on Feb. 26, 2001 for \$25 per share plus accrued dividends.

6.75% Class B Preferred Series 2 (old) - Were entitled to non-cumulative preferential cash dividends at a rate of US\$1.6876 per share per annum, payable quarterly on the 25th day of February, May, August and November in each year.

Redemption - Redeemed on Aug. 27, 2001 for US\$25 per share plus accrued dividends.

**Major Shareholder:** Widely held at Oct 31, 2001

**Price Range - BMO**

Year	Volume	High	Low	Close
2001	386,743,428	\$44.40	\$32.75	\$35.90
2000	423,410,782	\$40.00	\$21.00	\$39.30
1999	311,239,070	\$34.70	\$24.43	\$24.65
1998	466,980,090	\$43.50	\$25.88	\$30.85
1997	502,473,046	\$33.70	\$21.25	\$31.68

**Capital Stock Changes:**

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In December 2001, the bank issued 12,000,000 5.95% non-cumulative class B preferred shares, series 10 at US\$25 per share.

On Feb. 26, 2001, the bank redeemed all of its class B preferred shares series 1 at \$25 per share plus accrued dividends.

In March 2001, the bank's outstanding common shares were split on a two-for-one basis. Also in March, BMO Capital Trust issued \$400,000,000 of trust capital securities, series B, redeemable commencing June 30, 2006, and exchangeable from June 30, 2011, for common shares of the bank.

On Aug. 27, 2001, the bank redeemed all of its class B preferred shares series 2 at US\$25.00 per share plus accrued dividends.

In September 2001, BMO Capital Trust issued \$400,000,000 of trust capital securities, series C, redeemable commencing Dec. 31, 2006, and exchangeable from June 30, 2012, for common shares of the bank.

Also during fiscal 2001, common shares were issued as follows: 903,186 under the shareholder dividend reinvestment and share purchase plan, 6,177,235 upon exercise of options, 1,134,765 for exchange of shares of subsidiary companies and 10,285,447 for acquisitions. In addition, 52,000,000 common shares were repurchased and cancelled.

During fiscal 2000, 957,641 common shares were issued upon exercise of options, 686,636 common shares were issued under the shareholder dividend reinvestment and share purchase plan and 479,570 common shares were issued for exchange of shares of subsidiary companies. In addition, 7,864,000 common shares were repurchased and cancelled.

#### **Dividends:**

BMO com Ra \$1.20 pa Q est Feb 27, 2002\*\*

2-for-1 split eff. Mar 1, 2001

Prev. Rate: \$2.24 est. Feb 27, 2001

Prev. Rate: \$2.00 est. Feb 28, 2000

BMO.PR.F pfd B ser 3 r cv Ra \$1.3875 pa Q \*\*

BMO.PR.G pfd B ser 4 r cv Ra \$1.20 pa Q \*\*

BMO.PR.H pfd B ser 5 r Ra \$1.325 pa Q \*\*

BMO.PR.I pfd B ser 6 r cv Ra \$1.1875 pa Q \*\*

BMO.PR.V pfd B ser 10 r Ra US\$1.4875 pa Q \*\*

pfd B ser 1 r cv Ra \$2.25 pa Q \*\*

pfd B ser 2 r cv Ra US\$1.6875 pa Q \*\*

\*\* Reinvestment Option

#### **Long Term Debt:**

At Oct. 31, 2001, outstanding subordinated debt totaled \$4,674,000,000 and consisted of notes and debentures bearing interest at rates ranging from 2.50% to 10.85% with maturities from May 2002 to December 2040. Included in the total was debt denominated in U.S. dollars totaling US\$950,000,000 (Cdn\$1,510,000,000).

The aggregate retirement provisions and maturities as at Oct. 31, 2001, were as follows:

2002\$150,000,000 2003250,000,000 2004nil 2005477,000,000 2006nil Thereafter3,797,000,000 4,674,000,000

Note - On Apr. 2, 2002, the bank redeemed its \$250,000,000 of 6.05% series 24 debentures, due 2007.

On Aug. 27, 2002, the bank redeemed all \$450,000,000 of its 5.55% medium term notes, series A, due 2007.

#### **Subsidiaries**

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**Wholly Owned:**

- BMO Investments Inc. Toronto, Ont.
- BMO InvestorLine Inc.
- BMO Ireland Finance Company Dublin Ireland
- BMO Life Insurance Toronto, Ont.
- BMO Life Insurance Company
- BMO Nesbitt Burns Equity Partners Inc. Toronto, Ont.
- BMO (N.S.) Holdings Co. Halifax, N.S. **holds:**
  - 100% int. in BMO (U.S.) Finance, LLC Wilmington, Del. United States
- Bank of Montreal Assessoria e Serviços Ltda. Rio de Janeiro Brazil
- Bank of Montreal Capital Corporation Toronto, Ont.
- Bank of Montreal Capital Markets (Holdings) Limited London England **holds:**
  - 100% int. in BMO Nesbitt Burns Limited (U.K.) London England
- Bank of Montreal Global Capital Solutions Ltd. Calgary, Alta.
- Bank of Montreal Holding Inc. Calgary, Alta. **holds:**
  - 100% int. in BMO Investments Ltd. Hamilton Bermuda
  - 100% int. in Bank of Montreal Insurance (Barbados) Limited Bridgetown Barbados
  - 100% int. in Bank of Montreal Securities Canada Limited Toronto, Ont. **holds:**
    - 100% int. in BMO Nesbitt Burns Corporation Limited Montréal, Qué.
- Bank of Montreal Ireland plc Dublin Ireland
- Bank of Montreal Mortgage Corporation Calgary, Alta.
- Bankmont Financial Corp. Wilmington, Del. United States **holds:**
  - 100% int. in BMO Financial, Inc. Wilmington, Del. United States
  - 100% int. in BMO Global Capital Solutions, Inc. Wilmington, Del. United States
  - 100% int. in BMO Managed Investments Corporation Chicago, Ill. United States
  - 100% int. in BMO Nesbitt Burns Corp. Chicago, Ill. United States
  - 100% int. in BMO Nesbitt Burns Equity Group (U.S.), Inc. Chicago, Ill. United States
  - 100% int. in BMO Nesbitt Burns Financing Inc. Chicago, Ill. United States
  - 100% int. in EFS (U.S.), Inc. Chicago, Ill. United States
  - 100% int. in Harris AdvantEdge Investing, Inc. Wilmington, Del. United States
  - 100% int. in Harris Bankcorp, Inc. Chicago, Ill. United States **holds:**
    - 100% int. in Harris Bank Joliet NA Chicago, Ill. United States
    - 100% int. in Harris InvestorLine, Inc. Dover, Del. United States
    - 100% int. in Harris Trust/Bank of Montreal West Palm Beach, Fla. United States
- Cebra Inc. Toronto, Ont.
- CSFBdirect Inc., N.J. United States
- Guardian Group of Funds Ltd. Toronto, Ont.
- Lakeshore Funding Company LLC Wilmington, Del. United States
- The Trust Company of Bank of Montreal Toronto, Ont.
- Xceed Mortgage Corporation Toronto, Ont.

**Subsidiaries:**

- 50.01% int. in Bank of Montreal Finance Ltd. Toronto, Ont.
- 80% int. in MyChoice Inc. Toronto, Ont.

**Investments:****Financial Statistics:**

Periods ended:	12 months Oct 31/01		12 months Oct 31/00
	\$000	%Chg	\$000
<b>Interest income</b>	<b>13,000,000</b>	<b>-9</b>	<b>14,303,000</b>

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Interest expense	8,501,000		10,099,000
Net interest income	4,499,000	+7	4,204,000
Provision for loan losses	980,000		358,000
Other income	4,222,000		4,326,000
<b>Pre-tax income</b>	<b>2,070,000</b>	<b>-29</b>	<b>2,914,000</b>
<b>Net income</b>	<b>1,471,000</b>	<b>-21</b>	<b>1,857,000</b>
Securities	37,676,000		46,463,000
Net non-performing loans	65,000		(96,000)
Total loans	136,829,000		133,817,000
Fixed assets, net	2,170,000		2,171,000
<b>Total assets</b>	<b>239,409,000</b>	<b>+3</b>	<b>233,396,000</b>
Deposits	154,290,000		156,697,000
Other liabilities	69,763,000		59,847,000
Subordinated debt	4,674,000		4,911,000
Shareholders, equity	10,682,000		11,941,000
<b>Cash from oper. activ.</b>	<b>10,650,000</b>	<b>n.a.</b>	<b>(2,994,000)</b>
Pension liability	87,000		n.a.
Pension surplus	n.a.		892,000
	—\$—		—\$—
Earnings per sh. (Common)	2.720		3.305
Total dividends per sh. (Common)	1.090		1.000
	-shs-		-shs-
No. of shs. o/s (Common)	489,084,527		522,583,894
	%		%
BIS tier I capital ratio	8.15		8.83
BIS total capital ratio	12.12		11.97
Net profit margin %	17.07		21.65
Return on equity %	13.99		17.94
Return on assets %	0.64		0.81

**Note:****Latest Results:**

For the nine months ended July 31, 2002, net income decreased 30% to \$1,019,000,000 or \$1.96 per share from \$1,467,000,000 or \$2.72 per share for the corresponding year-earlier period. Net interest income rose 9% to \$3,623,000,000 from \$3,330,000,000.

The bank attributed the poorer results to the effect of weak capital market conditions and investment write-downs.

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