

Bank of Montreal

**ANNUAL
INFORMATION
FORM**

January 10, 2000

The Annual Information Form is dated January 10, 2000 and has been prepared pursuant to National Policy Statement No. 47 of the Canadian Securities Administrators and Schedule IX of the Quebec Securities Act Regulation for filing with various regulatory authorities in Canada.

Copies of the Annual Information Form, as well as copies of the Bank of Montreal Annual Report for 1999 and Proxy Circular as of December 13, 1999 (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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⁽¹⁾ **Reference:**

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

- (i) Bank of Montreal 1999 Annual Report.
- (ii) Bank of Montreal Proxy Circular dated as of December 13, 1999.

BANK OF MONTREAL

NAME AND INCORPORATION

Charter and Head Office

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.

BUSINESS AND PROPERTY OF THE BANK

The Bank was the third largest chartered bank in Canada in terms of total assets, and the fourth largest in terms of market capitalization, as of October 31, 1999, 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, 1999, the Bank maintained 1,042 bank branches in Canada and operated internationally in major financial markets and trading areas in 16 other countries, including the United States and Mexico. The Harris Bank group (Harris Bankcorp, Inc. and Harris Bankmont, Inc.), wholly-owned by the Bank, operates its own banking business in the United States based in Chicago, engaging in commercial banking, investment and trust businesses. The Bank has a 16% equity interest (20% voting interest) in Grupo Financiero Bancomer, a bank holding company resident in Mexico. The Bank also provides a full range of investment dealer services through the Nesbitt Burns group of companies which includes The Nesbitt Burns Corporation Limited, a major fully-integrated Canadian investment dealer in which the Bank owns 100 percent of the voting shares, and Nesbitt Burns Securities Inc., the Bank's wholly-owned registered securities dealer in the United States. Through these and other operations, the Bank is building a North American financial services organization with a broad range of capabilities in Canada, the United States and Mexico.

The Bank is comprised of three operating groups: Personal and Commercial Client Group is responsible for providing financial services to retail and commercial businesses in Canada and the United States through its branch and automated banking machine networks, electronic banking products including mbanx[®] services, credit card, corporate electronic banking, telebanking, and alliances with the Bank's affiliated corporation Grupo Financiero Bancomer; Private Client Group is responsible for providing wealth management services to individuals, including the services of Nesbitt Burns and Asset Management Services, which include Investorline[®] discount brokerage, First Canadian[®] Funds, and Jones Heward investment management services and Harris Private Bank; Investment Banking Group is responsible for relationship management for large corporate and institutional customers, risk management, 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.

GENERAL BANK MATTERS

Competition

The Canadian banking system is dominated by six major Canadian banks each of which maintain extensive national branch networks. Competing against these major banks are smaller Canadian banks, Canadian subsidiaries 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.

Bank Supervision

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.

Legislation

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.

No person or group of associated persons may own more than 10% of any class of shares and ownership of the Bank's shares by Canadian or foreign governments is prohibited under the Bank Act.

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

BANK OF MONTREAL EXECUTIVE OFFICERS

At October 31, 1999, 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>
<u>Members of Management Board</u>		
F. Anthony Comper	Chairman of the Board and Chief Executive Officer	Toronto, Ontario
Margaret J. Barrett	Executive Vice-President and President, Bank of Montreal Mortgage Corporation, Personal and Commercial Client Group	Toronto, Ontario
George D. Bothwell	Executive Vice-President, Corporate Marketing and Communications	Toronto, Ontario
Yvan J.P. Bourdeau	President and Chief Operating Officer, Nesbitt Burns, Investment Banking Group	Toronto, Ontario
Ronald H. Call	Senior Vice-President, Corporate Planning	Oakville, Ontario
Jeffrey S. Chisholm	Vice-Chairman, Personal and Commercial Client Group	King City, Ontario
Ellen M. Costello	Executive Vice-President, Investment Banking Group	New York, New York
Lloyd F. Darlington	Chief Technology Officer and General Manager, Emfisys	Mississauga, Ontario
Gary S. Dibb	Vice-Chairman, Corporate Services and Organizational Development	Toronto, Ontario
Keith O. Dorricott	Vice-Chairman, Office of Strategic Management	Islington, Ontario
William A. Downe	Vice-Chairman, Private Client Group and Deputy Chairman, Nesbitt Burns	Winnetka, Illinois
Barry K. Gilmour	Executive Vice-President, Systems, Emfisys	Thornhill, Ontario
Maurice A.D. Hudon	Executive Vice-President, Ontario Division, Personal and Commercial Client Group	Etobicoke, Ontario
Terry A. Jackson	Executive Vice-President, Sales and Marketing, Personal and Commercial Client Group	Oakville, Ontario
Marnie J. Kinsley	Executive Vice-President and Chief Operating Officer, <u>m</u> banx Direct, Personal and Commercial Client Group	Toronto, Ontario
Louis F. Lanwermyer	Executive Vice-President, Marketing and Product Development, Harris Bank	Lake Forest, Illinois
Kathryn M. Lisson	Executive Vice-President, Information Technology, Planning and Strategy, Emfisys	Toronto, Ontario
Edward W. Lyman	Vice-Chairman, Harris Bank	Winnetka, Illinois
Neil R. Macmillan	Executive Vice-President, Asset Portfolio Management, Investment Banking Group	Oakville, Ontario
Michel G. Maila	Executive Vice-President, Risk Management Group	Toronto, Ontario
Alan G. McNally	Chairman and Chief Executive Officer, Harris Bank	Winnetka, Illinois
L. Jacques Ménard	President, Bank of Montreal Group of Companies, Quebec, Managing Director, Nesbitt Burns, Quebec and Deputy Chairman, Investment Banking Group	Outremont, Quebec
Thomas V. Milroy	Head of Investment and Corporate Banking, Nesbitt Burns, Investment Banking Group	Toronto, Ontario
Timothy J. O'Neill	Executive Vice-President and Chief Economist	Toronto, Ontario
R. Jeffrey Orr	Vice-Chairman, Investment Banking Group and Chairman and Chief Executive Officer, Nesbitt Burns	Toronto, Ontario
Gilles G. Ouellette	President and Chief Operating Officer, Private Client Group and Deputy Chairman, Nesbitt Burns	Toronto, Ontario
Rose M. Patten	Executive Vice-President, Office of Strategic Management	Toronto, Ontario
Robert W. Pearce	Executive Vice-President, North American Electronic Banking Services, Personal and Commercial Client Group	Oakville, Ontario
Ronald G. Rogers	Vice-Chairman, Personal and Commercial Client Group	Mississauga, Ontario
Deanna Rosenswig	Executive Vice-President, Corporate and Commercial Electronic Financial Services, Personal and Commercial Client Group	Toronto, Ontario
Colin D. Smith	Executive Vice-President and Senior Credit Officer, Personal and Commercial Client Group	Burlington, Ontario
Harriet H. Stairs	Executive Vice-President, Human Resources	Toronto, Ontario
Brian J. Steck	Vice-Chairman	Stouffville, Ontario
Eric C. Tripp	Head of Institutional Equity, Nesbitt Burns, Investment Banking Group	Toronto, Ontario
Robert B. Wells	Executive Vice-President, Chief Financial Officer and Treasurer	Toronto, Ontario

BANK OF MONTREAL

<u>Name</u>	<u>Principal Occupation</u>	<u>Municipality of Residence</u>
<u>Other Officers</u>		
Dereck M. Jones	Senior Vice-President and General Counsel	Thornhill, Ontario
Penelope F. Somerville	Senior Vice-President and Corporate Controller	Etobicoke, Ontario
Johanne M. Totta	Senior Vice-President and Chief Auditor	Dollard-des-Ormeaux, Quebec
Christopher B. Begy	Vice-President and Chief Accountant	Whitby, Ontario
Velma J. Jones	Vice-President and Corporate Secretary	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 Kathryn M. Lisson who, prior to 1997, was a partner with Price Waterhouse, and Gary S. Dibb who, prior to 1997, was President of Meridien Consulting Ltd.; Margaret J. Barrett who, prior to 1999 was President, Retailer Financial Services Venture Group, GE Capital Services.

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 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 pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:
 - (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, together with the accompanying report of the Bank's auditors, and one copy of any of the Bank's interim consolidated financial statements (quarterly shareholders' reports) subsequent to the financial statements for the 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 document that is incorporated by reference into the short form prospectus or the preliminary short form prospectus and is not required to be provided under (i) to (iii) above; or
- b) at any other time, one copy of any other documents referred to in 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 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 December 13, 1999 in connection with its Annual Meeting of Shareholders scheduled for February 29, 2000.

Additional financial information is provided in the Bank's consolidated financial statements for its fiscal year ended October 31, 1999.