

Strong, Strategic Growth



J. Robert S. Prichard
Chairman of the Board

Being able to produce good results under favourable conditions is always welcome – but it is also expected. However, producing strong results in times of uncertainty is evidence both of a successful business strategy and a highly effective management team.

As your representatives on the Board of Directors, we are pleased to report that your bank had another year of good results, despite challenges in the global economy and here at home. We congratulate the bank's employees and the management team for raising the bar yet again. All of us as shareholders have benefitted from the team's efforts under the excellent leadership of our Chief Executive.

The core businesses of the bank continued to show strong growth in 2015. The investments we have made in recent years are producing solid results, and we expect these will continue to grow. Of particular note are the investments we are making in the bank's technology platform to better respond to customers' needs as they choose to manage their finances in new and different ways.

Such changes bring new and different risks as well. Your board has worked closely with the management team, as well as our regulators and supervisors, to ensure we remain on the leading edge of these developments. We have made significant investments in risk management and compliance that make us stronger and more resilient. I am also pleased that the bank's capital base remains strong, giving us the flexibility to make acquisitions such as the purchase of GE Capital Corporation's transportation finance business in the U.S. and Canada, a transaction that closed on December 1.

All of these building blocks rest on a deeper foundation: the trust that your bank has earned from its customers and other stakeholders. Our confidence – as we introduce high-quality

digital strategies in pursuit of a differentiated customer experience, efficiency and quality earnings growth – is supported by the consistent track record of a bank that has always acted with responsibility, transparency and integrity.

Since last year's Annual Report, we have had two excellent additions to the BMO board. Lorraine Mitchelmore and Dr. Martin Eichenbaum, both elected at the last annual meeting, have brought valuable experience and fresh insights to our deliberations. In the meantime, however, Dr. Martha Piper, former president of the University of British Columbia, stepped down from the board as she returned to UBC to serve as interim president. Martha was a superb director for a decade and we will miss her enduring contributions to the effectiveness of this board. Martha was an outstanding chair of the Governance and Nominating Committee but she was much more than that. She was an inspiration to management and directors alike as she brought her passion for Canada and the bank to our work and set high expectations for all of us to meet. On behalf of all shareholders, we thank her for being such a splendid colleague and contributor.

The coming year will be an important one for all of us. We continue to have great confidence in the long-term success of the bank: the strategy is sound and management is focused. We look forward to working closely with Bill Downe and the bank's senior leaders, supporting their efforts as they capitalize on new opportunities and ensure the bank is positioned for the future.

As your representatives, we thank all of our shareholders for your continuing confidence in BMO and the management team. It is a privilege to serve you.

J. Robert S. Prichard