

Continuity, renewal and results



J. Robert S. Prichard
Chairman of the Board

For a board of directors, the first year of new management leadership is critical. Ensuring a successful transition between chief executives is one of the board's highest priorities.

At the end of fiscal 2018, Darryl White completed his first full year as our new chief executive officer, and the board is delighted with his leadership and the results he and his team have delivered. Darryl has already proved to be a terrific successor to our former CEO, Bill Downe, and the right person to guide the bank into its next era. He is a strong and natural leader with a clear vision of how to execute against the bank's strategic plan and deliver superior returns. Since being designated as CEO, Darryl has met with thousands of employees, and they have responded enthusiastically to his openness and candour. He has begun to assemble a new generation of bankers around him who are well positioned to lead the bank and seize the opportunities before us. The board is confident that we have the right leadership team to deliver on our strategic plan.

The 2018 results support this view. The bank again delivered record net income – \$6 billion in adjusted net income for the fiscal year. We were particularly pleased with progress in the U.S. segment, which grew at an accelerated pace. We also made excellent progress with the bank's digital strategy, which continues to grow in importance, reflecting our customers' growing adoption of digital channels for their banking services. Your bank is in very good shape and performing well.

While overseeing management succession is a critical function for the board of directors, the board is also responsible for its own renewal. Ensuring that board

members have the right skills for the times is always crucial. We pay close attention to the mix of talents of our directors, constantly seeking diversity and change over time to ensure that we remain relevant and can fulfill our governance role in the most effective way.

In the past year, we have welcomed two new directors to the board, each of whom brings vital skills to the role. David Harquail was elected a director at last year's Annual General Meeting, and brings to the role 11 years of experience as Chief Executive Officer of Franco-Nevada Corporation, which is active in both the mining and the oil and gas industries – both of which are very important to Bank of Montreal. In August, we appointed Craig Broderick to the board for his remarkable expertise in risk. Until recently, Craig was Chief Risk Officer for Goldman Sachs & Co., and was the longest-serving Chief Risk Officer among the major institutions on Wall Street. Both David and Craig add significantly to the mix of talents and skills that make BMO's board of directors a strong and steady force for the bank.

We have also renewed the leadership of the Audit and Conduct Review Committee, as Jan Babiak has succeeded Phil Orsino in the chair. Jan is an internationally recognized expert in accounting and technology and will be a superb successor to Phil, who served brilliantly as chair for more than a decade. Renewal like this takes us from strength to strength.

All of us on the board of directors feel privileged to have been given the opportunity to serve and, on my fellow directors' behalf, I thank all our shareholders for the confidence you have shown in us.

J. Robert S. Prichard