Bank of Montreal Annual General Meeting of Shareholders

Address delivered by

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BMO Bank of Montreal®

We're here to help.™

Thank you, Chairman, and good morning, everyone.

I'm going to focus the time I have on today's agenda to examine the current position of the bank, reviewing our results from the most recent fiscal year and the change in our competitive position over the past decade.

And as well, I'll talk about where we're going next: meeting the opportunities and challenges that lie ahead, confident in the bank's ability to continue growing faster than the market, and knowing that the only way to grow at that pace is to define our objective in terms that will make our customers say: **Yes, that's it**.

Our financial performance is grounded in the day-to-day realities of the people who bank with us:

- The working family in Brampton, Ontario with three children, hoping to get a bigger home.
- The company in Madison, Wisconsin investing in advanced manufacturing to help it compete in a global marketplace.
- The couple in Abbotsford, B.C. who've paid off their mortgage and are building an investment portfolio.

How do these customers, and millions of others with their own unique stories, expect our bank to guide and support them – especially when the 24-hour news cycle generates mixed and often confusing signals about what will happen next?

And how do we as shareholders assess the bank's progress against a backdrop of lingering economic uncertainty?

On the one hand, there's apprehension that we're stuck in a zero-growth world. On the other, it's clear that technological change has the potential to bring unprecedented opportunity. Either way, it's going to be disruptive.

This is the world we're all challenged with, and energized by, every day. It's complex, fast-moving and often hard to pin down.

But for BMO's shareholders, how our bank embraces change – and gains advantage from it – basically comes down to **two key questions.**

First, are we adapting our business models and harnessing new technologies – not just to add more digital bells and whistles, but to become more relevant to our customers?

And second, are we reinforcing the vital foundations of trust? Are we maintaining appropriate levels of capital and liquidity, a prudent approach to risk, disciplined corporate governance, transparency in all of our communications, and above all, a deep respect for the security and privacy of our customer relationships?

The answer to both questions is unequivocal: **we are.**

Over the past decade, we've deliberately re-positioned our business to better reflect these complementary themes of relevance and trust – and we've changed our competitive position as a consequence.

We've increased the revenue of the bank from just over $9 billion in 2004 to nearly $17 billion last year.

In the same period, our deposit base has more than doubled, to almost $400 billion.

And because the growth rate of both personal and commercial banking, along with wealth management, has accelerated, together they've gone from representing about 60% of our total business to more than 75%. And Capital Markets is now recognized as a truly North American corporate and investment bank.

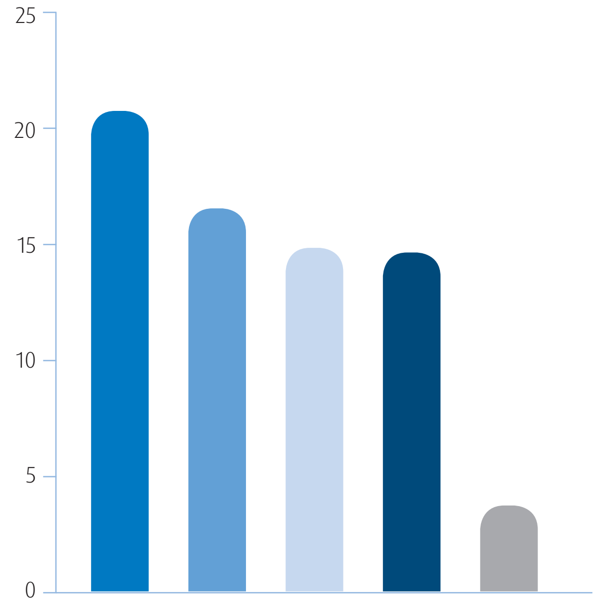
In 2014, BMO Financial Group generated $4.5 billion in adjusted net income, increased the dividend twice and finished the year with a Common Equity Tier 1 capital ratio of 10.1%. And that was after completing the $1.3 billion acquisition of F&C Asset Management. As the Chairman indicated in his remarks, it was a year of real progress in advancing the agenda of the bank.

Fiscal 2014: Key Financial Measures (adjusted)*

		Growth % vs. 2013
Net Income	$4,453 MM	5.4%
Revenue	$16,718 MM	8.7%
Return on Equity	14.4%	(0.6)%
Earnings per Share	$6.59	6.1%
CET 1 Ratio	10.1%	+20 bps

*Reported results (growth % vs. 2013): Net Income $4,333MM (+3.3%); Revenue $16,718 (+4.1%); ROE 14.0% (-0.9%); EPS $6.41 (+3.9%); Adjusted measures are non-GAAP measures. See page 32 of BMO's 2014 Annual Report.

1 Year Total Shareholder Return*



BMO	RBC	TD	CIBC	BNS
20.7%	16.5%	14.8%	14.6%	3.7%

*1 year Total Shareholder Return based on 2014 calendar year.

We continue to gauge our success using independent measures of customer loyalty, at the transaction and relationship level – because this is the best predictor of future growth in the number of primary customers and total revenue.

And at the same time, we are managing the profitability of individual business units to ensure we are earning a fair margin and growing the net income of the bank. We have a number of initiatives underway to improve the relationship between revenue and expense and to increase the return on equity.

In all of our operating groups – personal banking, commercial banking, capital markets and wealth management – we're focused on what makes BMO distinctive and bringing that to the market in a very disciplined way. In the most recent calendar year, our total shareholder return of 20.7% was the best of the five big banks.

This performance is the result of a decade of steady progress in which we've realigned our footprint as a truly North American bank.

We've strengthened existing customer relationships while developing new ones. And we've built a diverse and well-balanced mix of business by pursuing a clearly defined growth strategy focused on enhancing productivity, leveraging our North American platform, supporting our customers in select global markets, responsibly managing risk and – most importantly – building customer loyalty.

Our strategic priorities

1

Achieve
industry-leading customer loyalty by delivering on our brand promise

2

Enhance
productivity to drive performance and shareholder value.

3

Leverage
our consolidated North American platform to deliver quality earnings growth.

4

Expand
strategically in select global markets to create future growth.

5

Ensure
our strength in risk management underpins everything we do for our customers

The bank's performance is also embodied in, and driven by, our brand promise, which extends beyond customers to include all of our stakeholders:

- Providing high-quality products and services;
- Opening up new opportunities for employees;
- Creating positive impact in the communities we serve; and
- Generating a healthy return for our shareholders.

These are commitments that must be carefully balanced in the pursuit of sustainable growth.

As we map out where BMO intends to be tomorrow, it is instructive to look more closely at the themes of relevance and trust.

In both the U.S. and Canada, we've seen an overall improvement in key economic indicators compared to where we were a few years ago. But there are mixed signals – from the marketplace, and from commentators who analyze new developments from every possible angle.

Those with negative points of view tend to shout the loudest, denying a voice to the many who believe that tomorrow will be better than today. It's no wonder there is uncertainty around financial decision-making, for individuals and companies alike.

Continued low interest rates imply lower returns for savers, but they also mean lower costs for borrowers.

Unemployment has fallen since the heights of the recession. But at the same time, the very nature of work is changing; many people with jobs aren't sure whether they have the right skills – or if their kids will have the right skills – to prosper in the emerging knowledge economy.

Whether we focus on higher house prices, lower oil prices or the steady rise of the U.S. dollar, with so many conflicting factors to weigh, consumers and investors understandably are not sure what to think.

Because the recovery from the recession has been gradual, we underestimate the degree to which the fundamentals have improved.

And while the Canadian economy is most certainly affected by the drop in commodity prices, underlying growth continues with lower costs for consumers of energy.

There are consistent signs of vitality everywhere in the U.S. – evidenced by the three years of double-digit growth we have seen in Commercial Banking. This will continue to be a positive for the Canadian economy.

At the same time, while regulatory reform in the banking sector – even seven years on – remains high on the public policy agenda, there is a growing consensus among bankers and regulators that the heavy work to date has in fact accomplished a great deal.

Certainly, in our bank we've found there have been real benefits – for instance, a further strengthening of our information systems. We also see an improvement in the relationship between risk and return that comes when higher expectations are applied consistently to all financial institutions.

The assignment is now to fine-tune the effectiveness of all our controls to manage the impact of compliance and lower its cost per transaction.

Still being debated is the question of Too Big to Fail, or perhaps too big to govern. This is not a debate I propose to wade into today, because neither of these labels applies to our bank. But to single out any one bank in this regard misses the point that we're living in a complex, multifaceted society. And if we expect information networks, or public healthcare, or education systems, or other forms of infrastructure to operate effectively on a large scale, why would our expectation of banking be any different?

In any event, the debate around this topic is focused, by default, on a very small number of financial institutions.

Where our bank is focusing its energy is on a more serious risk that our industry, faced with growing demand for nimbler responses and more personalized interactions, could miscalculate the level of agility and innovation necessary to deliver on customers' high expectations.

It is the risk of being Too Big to Be Relevant.

Because what has become clear in this technology-driven world is that easy transactions are now table stakes and flexible access is just a means to an end. People expect companies to understand who they are, what they want and where they're going next. It's a question of relevance.

The customer, empowered by digital platforms, mobile technologies and social networks, will dictate how banking is going to work.

We know, for instance, that as customers get increasingly comfortable with digital technologies, they want to do more for themselves. That's why so many have embraced our mobile banking application, which continues to be ranked one of the best in the industry.

And in January, we launched the first iPad app from a major Canadian bank to integrate personal banking with self-directed investing and a financial management tool.

It's this kind of innovation that led to our being recognized last week with our third consecutive Celent award as a Model Bank for Excellence in Digital Banking.[1]

As people do more of their banking on the move, they also want to continue feeling secure. We're introducing Apple Pay for BMO Harris Bank customers, so they can make purchases on their iPhones without sharing card numbers with merchants.

And we've just launched BMO Mobile Cash, which allows quick, easy ATM withdrawals using only a smartphone, avoiding the need for a card or a PIN – or to even take out your wallet. With this feature now available on 750 bank machines – and more to come – we've created the biggest card-less cash network in the U.S., a market-leading move that has gained national media coverage in the *Wall Street Journal*.

This is the kind of news our customers will be seeing more and more, as we continue to differentiate BMO in a crowded marketplace. We're getting their attention by understanding how they want banking to be.

People who use our digital banking are not just executing transactions, they are also buying financial products – in sales volumes that currently equate to more than 100 retail branches.

At the same time, even on a transaction that may have originated digitally, customers recognize when it makes sense to speak with a banker. But that human connection has to happen seamlessly, whether by phone, web chat, videoconferencing or in a face-to-face meeting.

In this context, the physical bank branch remains important. Research confirms what frontline staff see every day: customers frequently want to drop by in person to arrange a mortgage, or to discuss an investment or other plans. This applies as much in an urban setting as it does anywhere else.

On the other hand, the nature of those branches – and the roles our people play in them – are changing dramatically.

[1]BMO Recognized by Celent as a Model Bank for Excellence in Digital Banking, Marketwired (March 25, 2015)

Loyola Smart Branch
Chicago, Illinois

Two weeks ago, we opened the first BMO Smart Branch in the Chicago suburb of Rogers Park. As you can see, it's a quite different environment from the traditional bank branch.

It's a place where people can easily complete transactions on their own while experienced bankers are always on hand ready to help.

And when a decision calls for a specialist, the banker can instantly bring the right person into the conversation by video.

There's a lot more going on in the Smart Branch, from video ATMs with live tellers to a machine that produces debit cards on the spot. And what we're doing in our Smart Branches will ultimately find its way to all of our locations.

This is what **We're here to help** means in the digital age. It's how we create relevance in a time of constantly rising expectations. And it's how we show that we're different from other banks.

As we respond to customers' evolving preferences, we're modernizing the banking experience – while also recognizing that digital channels and platforms are just tools. Our business is still fundamentally about people helping people.

And when we get the digital and the personal in balance, the result is perfectly aligned with our brand promise and difficult to duplicate. You'll see another great example with the introduction of our new Savings Builder Account. It helps customers get in the habit of saving for the future.

But what makes a product or service smart is not the technology that powers it. The point is how customers are empowered by using it.

There's a technology dimension to all of our products and services. But far more important are factors such as fair pricing, structured and relevant follow-up, and the crucial human touch, delivered in a way that's uniquely BMO: accessible, relevant and personal.

Two years ago, at the annual meeting, we asked what it would take to be able to add one million new customers a year. That may have seemed like an ambitious goal. But I can tell you that over the past two years, we've gained about 300,000 additional customers in Canada and the U.S. And we're very focused on building from here.

In Canada we have just over 900 Bank of Montreal locations and an implied branch share of 15%. However, our share of the overall personal banking business, measured by loans and deposits, is around 12%.

We have a real opportunity to capitalize on our strong brand position and attract new customers with the quality of our human approach to banking. So in Canada, our growth strategy aims to gain market share and maximize the value of what we've already built. We estimate that every point of share would be worth more than $350 million in annual revenue.

In the U.S., the arithmetic is slightly different.

Within our footprint centred in the Midwest, we currently have 600 branches serving about three million customers. Here too we are focused on the upside potential.

Both personal and commercial banking are growing in step with, or ahead of, local markets. And we have the capacity within our existing network to serve many more customers and further extend market share.

At the same time, we believe the dynamic regions in which we operate will support additional BMO Harris Bank branches – either new locations in promising but underserved areas, or updated smart branches to replace older formats in places where we're already well established.

With strong organic growth, we continue to believe we have the opportunity to double our US customer base.

Four years ago, recognizing a unique opportunity as the world emerged from recession, we made a decision to strengthen BMO's continental advantage as a North American bank with a footprint spanning strong regional economies. We're now seeing the long-term value of that investment reflected in consistent earnings growth.

Going forward, there will be continuing adjustments in markets worldwide. But we remain confident in the capacity of the financial system to adapt and innovate, and in our bank's ability to grow relevance – and therefore profitability – in all market conditions, good or bad.

The progress we're making is sustainable because, as I've said, BMO's brand promise makes a commitment to all of our stakeholders.

In every aspect of our decision-making, we weigh what is necessary against what is possible, determining where the need to be agile is in balance with expectations around stability and trust – and where the drive for financial performance intersects with our larger sense of responsibility.

We have a responsibility to our customers – the growing family in Brampton, the expanding business in Madison, the investing couple in Abbotsford – whose loyalty drives our success.

We're enabling our employees, whose energy and intelligence are at the centre of our brand, to grow in their careers.

We're equally responsible to the communities where we live, work and combine our efforts to give something back.

And we're responsible to you, our shareholders, who expect a fair return for your investment. Over the past 20 years, BMO shareholders have earned an average annual return of 14.3%.

We want to be a company whose shares you'll confidently hold for a long time, for the same reason that customers reward us with their long-term loyalty: because we understand the value of relevance, and we know that every relationship is personal.

Thank you.