

Bank of Montreal

2020 Annual Meeting of Shareholders

Address delivered by

Darryl White

Chief Executive Officer, BMO Financial Group

March 31, 2020



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Chief Executive Officer, BMO Financial Group

“In challenging times, our people step up in extraordinary ways.”

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Thank you, Chairman, and good morning, everyone.
Bonjour à tous.

While our annual meeting has been webcast for many years, this is the first time it's been entirely virtual, and it's the first meeting of shareholders with all participants observing public health guidance on physical distancing.

As the Chairman noted, we're meeting today at a time of extraordinary disruption and uncertainty. The COVID-19 pandemic is not only a serious public health challenge, it has already had dramatic social and economic consequences – the full extent of which won't be clear for some time.

But here is where BMO has total clarity: We are committed to protecting the health and safety of our employees; to ensuring the stability and continuity of our operations; and to doing our part to sustain the health of the economy. And we're staying focused on the needs of our customers, as we uphold our simple promise: *We're here to help.*

Through 203 years in business, we've stood alongside our customers and other stakeholders as we've faced and overcome many challenges together, from economic downturns to military conflicts to natural disasters. And while the current situation is without precedent, those who know BMO well, and the values we live by, also know they can count on us – always.

There are three main points I'd like to touch on this morning:

- First, how we're working with our customers, and supporting our employees and communities, as we face the COVID-19 challenge together.
- Second, how the strength and stability of our bank will see us through this difficult time.
- And lastly, the confidence we have in the future, with an eye to the horizon – because BMO is driven by purpose.

Let's start by looking more closely at our response to recent events.

Responding to the challenge

Our foremost concern is the health of our employees, our customers and our communities. We took immediate steps to protect them, guided by public health authorities and our own medical advisors. And while I know we've said a lot about this already, it's too important not to emphasize the key points again today:

Everyone who can work remotely is doing so. We've temporarily closed all non-essential facilities, along with select branches. Because banks provide core services that are the foundation of the economy, some employees must be on-site to serve our customers in branches and our contact centres, and to maintain critical facilities like data and operations centres.

At our branches that remain open, we've implemented shorter business hours and social distancing measures, and we're installing protective barriers. Managers have been trained on how to advise customers and employees with health concerns. At all locations, we have rigorous cleaning, health and safety protocols in place.

We've also expanded virtual healthcare support to BMO employees across North America.

While some transactions still need to happen in a branch, we're encouraging customers, wherever possible, to bank with us online, via our mobile app or over the phone. And of course our ATM network is always open.

"I couldn't be more grateful – and proud – of how our employees are supporting our customers... all while taking care of their loved ones."

In challenging times, our people step up in extraordinary ways. Right now, our teams are working hard to serve customers while adapting to constant change and keeping one another safe. I couldn't be more grateful – and proud – of how our employees are supporting our customers... all while taking care of their loved ones.

I'd also like to recognize the extraordinary efforts and resilience of our customers. As bankers, we have the privilege of working alongside clients when the going gets tough, and celebrating with them when the sun is shining again. The way our customers are responding to the impacts of this pandemic is truly inspiring.

Whether it's a company quickly retooling production lines to provide medical supplies, or a doctor risking her life every day to save others – we're witnessing displays of courage, selflessness and sacrifice that will stay with us for generations.

We thank them.

As for BMO, we're working to fulfill the critical role that banks play in sustaining the overall economy. Our customers – and all of our stakeholders – can count on us to do exactly that.

We've put in place hardship programs to address specific needs across the spectrum of services and products we offer our customers. And we're providing supports – including vital business continuity planning – for individuals and families, as well as for our Business Banking, Commercial, Wealth Management and Capital Markets clients. Through this period, we've been working with an unprecedented number of customers, finding solutions for them that will help.

Across the business community, we are seeing the same spirit of partnership. Faced with the most serious public health threat of our time, business leaders have moved proactively to take protective measures, maintain core services and share trusted information and advice.

And here I especially want to acknowledge my peers at the other major Canadian banks. While we are fierce competitors, when the business community is called on to respond to enormous challenges like this one, we put aside rivalries and work together to quickly solve problems for customers and for society.

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The good work being done between banks, the Minister of Finance, Bill Morneau, and the Government of Canada – and indeed the Parliament of Canada – to deliver relief to small and medium-sized business owners is a critical part of the economic response to COVID-19.

It will take all of us – the public, private and not-for-profit sectors – pulling together like never before to bring us through this period, and those efforts are well underway.

Both in Canada and the U.S., we've seen robust fiscal, monetary and regulatory measures designed to ease economic hardship today, while providing individuals and businesses with a bridge to tomorrow.

All of these efforts are anchored by the fundamental strength of the North American banking system – one of the best regulated in the world. And the system draws on the underlying strength of individual banks, like BMO, that have been there since the beginning and helped to build it.

Which brings me to my second theme: the strength and stability of our bank.

Strength and stability

I'll forgo most of the detailed financial results typically covered at a shareholders' meeting. The numbers are readily accessible from our annual and quarterly disclosures.

Fiscal 2019

Key Financial Measures (Adjusted)¹

Delivered 5% EPS growth and 13.7% ROE

	F'19	Growth vs. F'18
Revenue, net of CCPB ²	\$22.8 B	6%
Net Income	\$6.2 B	4%
Earnings per Share (diluted)	\$9.43	5%
Return on Equity	13.7%	(90) bps
CET1 Ratio	11.4%	+10 bps

¹ Reported results (growth % vs. 2018): Net Income \$5.88 (-6%); Net Revenue \$22.8B (+6%); ROE 12.6% (-70 bps); EPS \$8.66 (+6%). Adjusted measures are non-GAAP measures. See page 17 of BMO's 2019 Annual Report.

² Net of insurance claims, commissions and changes in policy benefit liabilities (CCPB).

To quickly summarize our 2019 performance: BMO finished the year with very strong results, delivering adjusted earnings per share of \$9.43, up 5% year over year, reflecting good revenue and income growth; net revenue of \$22.8 billion, up 6% year over year³; adjusted pre-provision pre-tax earnings of \$8.8 billion, up 7% year over year; and adjusted net income of \$6.25 billion, up 4% year over year.

³Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB).

⁴Operating leverage based on net revenue.

These results reflect the strength and quality of our diversified businesses. We maintained that operating momentum coming into 2020.

All of our businesses performed well in the first quarter by focusing sharply on key areas of competitive strength. Each group achieved positive operating leverage in the two most recent quarters⁴.

This will serve us well going forward. While our business mix is designed to deliver market-leading growth in more predictable environments, it also provides valuable resilience during this period of heightened stress – just as it did when we emerged from the global financial crisis of 2008, ready to continue building and growing.

Resilience is in BMO's character. Our 191-year legacy of paying out dividends to our shareholders is one of the longest unbroken records among companies anywhere in the world.

Over the past decade, we've strengthened our balance sheet and capital position. Through prudent management action, and by working with regulators on effective responses to a changing environment, we've fortified our capital and liquidity resources. As a result, BMO today is one of the world's most highly rated banks.

We've planned methodically against the types of stress we're now seeing. In fact, throughout the bank's history, I don't believe we've ever been better positioned to tackle a challenge like the one we're facing together.

BMO is North America's 8th largest bank by assets. Our flagship Canadian Personal and Commercial Banking business is a top performer. Our U.S. businesses have matured and made significant gains over the past two years. BMO Capital Markets has been demonstrating its earnings growth potential. And BMO Wealth Management has delivered strong performance by balancing revenue growth with disciplined expense management.

BMO is a driving force in commercial banking; we have a top ten market share in North America. With credibility and market power, anchored by our disciplined approach to risk, we're well positioned to support our customers in key sectors – because we've always been there, through every part of the business cycle.

Another key strategic advantage is the investment we've made in digitizing BMO. The architecture we've built over many years has given us the agility to keep pace with a dramatic amount of change – and the resilience to sustain critical services.

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This is all part of our strategy – to invest in areas of highest growth potential where we can deliver leading customer experiences. Because our first priority is to earn and retain our customers' loyalty; it is great to see that they feel we're delivering.

We're proud of the value our bank delivers. What makes that value sustainable is the fact that it benefits not just customers and shareholders, but *all* stakeholders – because we know that success *can* and *must* be mutual.

Confidence driven by purpose

It is gratifying to see how many organizations are now expanding the scope of corporate responsibility, recognizing areas where they need to take action. This is something BMO has understood for a long time. Our commitment to advance positive change has always extended to society as a whole.

Achieving broad-based economic growth requires far more than efficiently deploying capital to the benefit of our shareholders. Rather than just reacting to events, BMO leans in to influence the forces that shape economic conditions – and this ultimately grows the good for all.

That's what we mean when we say Boldly Grow the Good *in business and life*.

Our Purpose is core to all that we do. Our expansive sense of purpose not only ensures all of our efforts have conviction and focus at a time like this – it drives our bank's long-term

Our Strategic Priorities

Our priorities are guided by our Purpose, which grounds us in a set of shared values – and inspires us to act decisively in the face of change.

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|--|--|---|---|-------------------------------------|
| 1. | 2. | 3. | 4. | 5. |
| Drive leading growth in priority areas by earning customer loyalty | Simplify, speed up, and improve productivity | Harness the power of digital and data to grow | Be leaders in taking and managing risk, consistent with our overall risk appetite | Activate a high-performance culture |
-

BOLDLY GROW THE GOOD

IN BUSINESS AND LIFE

growth by tying business performance to broader shared value. And at the heart of it all are BMO's *people*, who turn collective aspiration into mutual success.

Our award-winning culture is shaped by a workforce deeply committed to our customers *and* our communities. This has never been clearer than in the past few weeks, as Team BMO has rallied to address a fast-moving public health crisis with great empathy and a spirit of collective action in the face of enormous challenge.

Our culture drives us to aim higher, but it's also thoughtful and principled. In the countless decisions we make every day, we adhere to the exceptionally high standards of business conduct that we've set for ourselves. Being a leader means choosing to do what's right, always. That's what wins the trust of our stakeholders – trust that matters now more than ever.

This essential link between corporate leadership and deep personal values is exemplified by **Rob Prichard**, who steps down today after serving since 2012 as Chair of the Board. In nearly 20 years as an independent director, Rob has helped steer BMO through a period of remarkable change – including the Great Financial Crisis, the digital revolution and the series of economic shifts and acquisitions that accelerated our growth into a leading North American bank. Throughout, he has also been a committed and tireless community builder.

“Our Purpose is core to all that we do... And at the heart of it are BMO's *people*, who turn collective aspiration into mutual success.”

On behalf of everyone at BMO, thank you, Rob, for your wise counsel and principled governance. We will miss your guiding hand – including at our annual meetings, which you oversee so skillfully.

I'm also pleased to welcome Rob's designated successor as Chair, **George Cope**, who has served on our board since 2006. George is one of Canada's most respected business leaders, notably as Chief Executive Officer of BCE, the media and telecommunications icon that he led through more than

a decade of transformative change. George knows BMO very well; his astute judgement will be invaluable as we implement an innovative, next-generation business model across the bank.

As I've said, we're meeting this morning at a time of great uncertainty. But although many challenges still lie ahead, we have many reasons to be hopeful. I am inspired by the empathy and tireless energy of BMO's employees; by the fundamental optimism and entrepreneurial spirit of our customers; and by our productive collaborations with governments, policymakers and business partners.

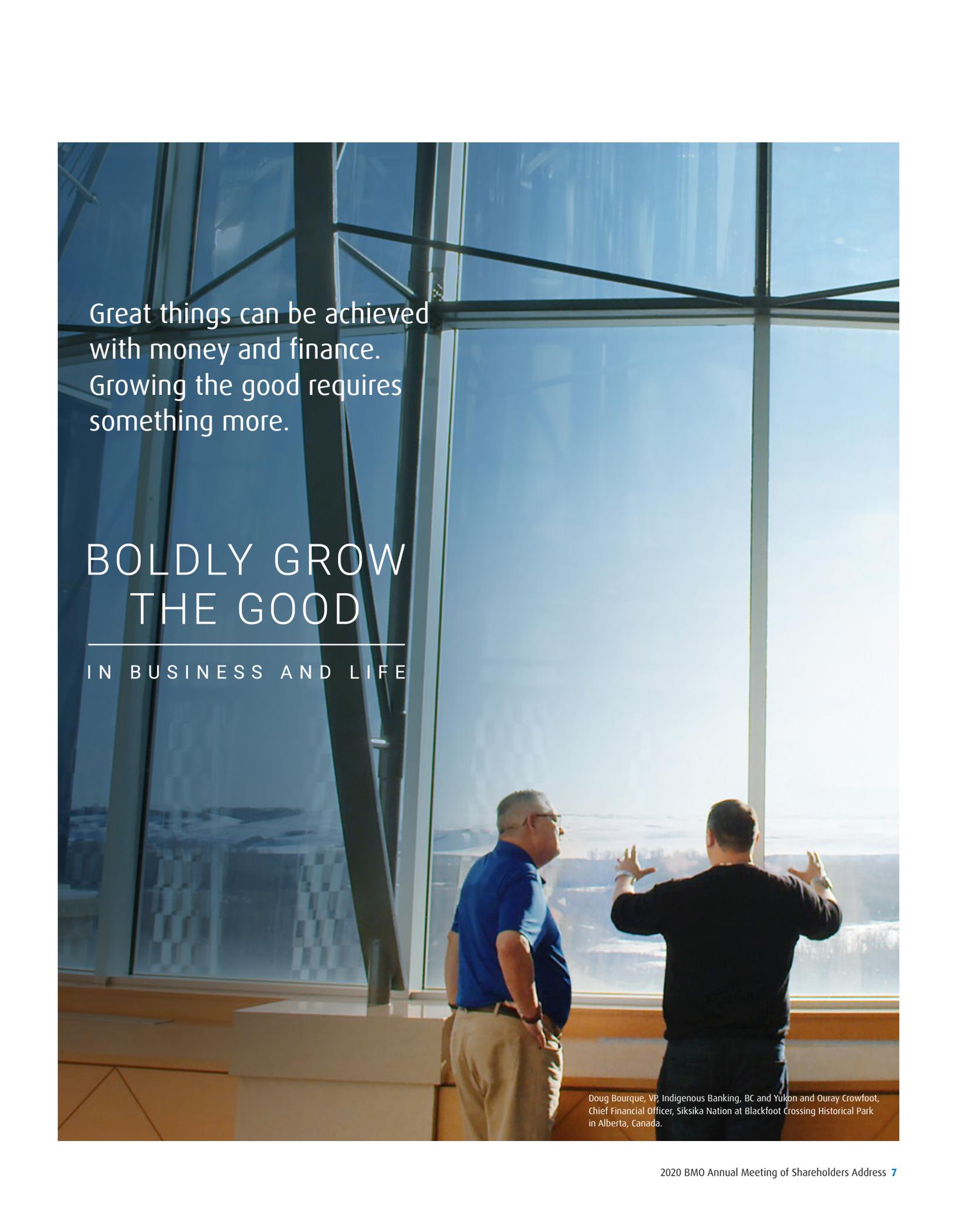
I'm sure everyone will join me in paying tribute to our health care workers, the heroes whose tireless efforts and selfless dedication epitomize the best in us – and demonstrate what it will take to get through this.

Let me conclude by reinforcing the three main points I hope you'll take away from our time together this morning:

- First, our bank is responding quickly and nimbly to an extraordinary challenge.
- Second, we know that BMO's strength and stability will see us through this difficult time.
- And lastly, our belief in the future – because our bank is driven by purpose. Every day, thousands of BMO employees come together to serve our customers, united by the conviction that we're in business to fuel the progress of *all* stakeholders.

Building on our strong performance from 2019, our bank has never been better positioned to face this challenge. As we have done for over 200 years, working alongside and supporting our customers and communities, we will get through this – together – and emerge even stronger.

Thank you. *Merci*.

A photograph of two men standing in a high-rise office, looking out a large window at a cityscape. The man on the left is wearing a blue polo shirt and khaki pants, and the man on the right is wearing a dark long-sleeved shirt and dark pants. They are both looking towards the right side of the frame. The window is large and multi-paned, with a view of a city and a body of water in the distance. The lighting is bright, suggesting daytime.

Great things can be achieved
with money and finance.
Growing the good requires
something more.

BOLDLY GROW THE GOOD

IN BUSINESS AND LIFE

Doug Bourque, VP, Indigenous Banking, BC and Yukon and Ouray Crowfoot,
Chief Financial Officer, Siksika Nation at Blackfoot Crossing Historical Park
in Alberta, Canada.