

Building shareholder value continued to be BMO's primary objective in 2005

In what proved to be a challenging year for the North American financial services sector, BMO focused on actions that will create value for our shareholders by executing our business strategy and maintaining focus on our foundational strengths which include sound corporate governance and strong credit risk management.



David A. Galloway
Chairman

"All of us associated with BMO are proud of our leadership position in corporate governance and recognize that this key foundational strength adds tremendous value to our company."

Consistent performance has long been a hallmark of BMO and something I believe all shareholders can be proud of. In 2005, the company faced tough financial targets as a result of strong performance the previous year. The previous year's results were enhanced by loan losses being at an all time low. It is especially pleasing, therefore, to congratulate Tony Comper and the management team, as well as each BMO employee, for the successes that they achieved during the year.

The Board remained highly engaged and vigilant as BMO continued to operate in an ever more complex and tightly regulated financial services sector. The company's proven strengths have never been more important, and I am very proud of the Board's work on behalf of all stakeholders in ensuring the integrity of internal controls and processes and the effectiveness of compliance with external requirements. As the company moves closer to Basel II and proceeds with our efforts to give effect to the provisions of the *Sarbanes-Oxley Act*, the Board will continue to make this a priority.

All of us associated with BMO are proud of our leadership position in corporate governance and recognize that this key foundational strength adds tremendous value to our company. Most recently, we were ranked number one among the top 25 Boards in Canada, according to a survey by *Canadian Business* magazine. While this is gratifying and a tribute to the calibre of my fellow Board members, we can only be satisfied to win awards when they accompany

good operational performance and enhanced shareholder value.

Each of our Board Committees had a full agenda over the course of the year, and we were successful in achieving our key priorities. I am particularly proud of the work that was done on strategy as we continue to focus on evolving trends and the opportunities we see ahead. During the year, top talent development, including succession planning across executive ranks, remained very much a focus. I am confident that BMO's attention to nurturing and developing talent will serve shareholders well now and into the future.

I would like to take this opportunity to express my thanks to the Board members for their contribution and dedication. I also extend a special thank you to departing Board member Frank McKenna. Former premier of New Brunswick and now Canada's ambassador to the United States, Frank served on our Board for eight years. He was an absolutely outstanding director and his contributions have been superb. All of us wish him well.

On behalf of our Board of Directors, we look forward to continuing to serve our fellow shareholders as we focus on our role in helping to make BMO the top-performing North American financial services provider.

A handwritten signature in blue ink that reads "David A. Galloway". The signature is written in a cursive, flowing style.

David A. Galloway
Chairman