

Director Compensation

We pay director compensation to our non-employee directors. Darryl White is compensated in his role as BMO's chief executive officer (see page 64).

The Governance and Nominating Committee benchmarks director compensation against a peer group of companies to make sure the program is competitive and consistent with the responsibilities of directors, and reviews director compensation annually.

Directors receive an annual retainer that includes equity in the form of DSUs, and cash. They can choose to take all or some of the cash portion of their retainer, plus their chair retainers, committee memberships, special meeting fees and the travel allowance, as additional DSUs or shares.

Fee structure

We pay directors a flat fee, and expect them to be available to represent the bank 365 days a year. While meetings are important, the role of a director includes being attentive to the bank's interests at all times, providing advice outside of meetings and identifying opportunities for BMO as appropriate.

We reimburse directors for any expenses they incur while carrying out their duties. From time to time, our non-employee directors also serve as directors of our subsidiaries and affiliates. They are paid for this service, and reimbursed for travel and other expenses they incur for these board and committee meetings.

2020 director fee table

Type of fee	Fiscal 2020 (as of April 1, 2020)
Board retainer	
Chair of the Board (includes membership on all four committees)	\$435,000 per year: • \$185,000 in DSUs • \$250,000 in cash
Directors (includes one committee membership)	\$225,000 per year: • \$150,000 in DSUs • \$75,000 in cash
Committee chair retainers	
Audit and Conduct Review Committee Human Resources Committee Governance and Nominating Committee Risk Review Committee	\$50,000 per year
Committee and meeting fees	
Committee memberships (in excess of one)	\$15,000 per committee
Special board meetings (in excess of five)	\$2,000 per meeting
Special committee meetings (in excess of five)	\$1,500 per meeting
Travel allowance	
If the director's principal residence is two or more time zones away from Toronto or outside Canada	\$20,000 per year

The following fees increased as of April 1, 2020. The increase is paid in DSUs:

- annual director retainer increased by \$10,000
- Chair of the Board retainer increased by \$10,000
- Governance and Nominating Committee chair retainer increased by \$15,000.

Share ownership

To make sure they have a vested interest in our success, every non-employee director is required to hold at least eight times the cash retainer portion of their annual retainer in BMO shares or DSUs (introduced as of October 2011). Mr. White is required to meet executive share ownership requirements (see page 65).

We calculate share ownership using the closing price of BMO shares at the end of the fiscal year, or, if higher, the share acquisition cost or value of DSUs at the time they were credited.

About DSUs

Deferred share units (or DSUs) are ownership interests that have the same economic value as shares. DSUs vest immediately and accrue dividend equivalents when dividends are paid on BMO shares.

Newly appointed directors can build up their share ownership over time but must receive all of their compensation in DSUs or shares until they meet their minimum ownership requirement.

All non-employee directors seeking re-election met the minimum share ownership requirements as of October 31, 2020 and as of the date of this circular. Mr. White met his executive share ownership requirements as of both dates (see pages 14 and 65).

All non-employee directors in calendar 2020 chose to receive all of their compensation in DSUs.

The table below shows the total share ownership of our non-employee directors. Value is based on \$96.84, the closing price of BMO shares on the TSX on February 11, 2021.

	Total shares	Total DSUs	Total equity
Number	138,164	312,942	451,106
Value	\$13,379,802	\$30,305,303	\$43,685,105

These amounts include Ronald Farmer's holdings of 12,500 shares and 77,125 DSUs. He is retiring from the board at the end of our annual meeting on April 7, 2021.

Anti-hedging

The board's Anti-Hedging Policy prohibits directors, senior executive officers and employees from hedging their economic interest in bank shares, securities or related financial instruments (see page 59).

2020 Director compensation table

The table below breaks out the compensation paid to non-employee directors in fiscal 2020. Directors who served in any capacity for a portion of the fiscal year were compensated on a pro-rated basis.

	Board retainer		Committee chair retainer (\$)	Committee and meeting fees (\$)	Travel Allowance (\$)	Other fees (\$)	Total fees (\$)	Portion of cash fees taken in DSUs (%)	Total DSUs – Value vested or earned (\$) ⁽¹⁾
	Cash (\$)	DSUs (\$)							
Janice M. Babiak ⁽²⁾	75,000	145,833	50,000	15,000	20,000	4,000 ⁽⁴⁾	309,833	100	309,833
Sophie Brochu	75,000	145,833	–	8,750	–	4,000 ⁽⁴⁾	233,583	100	233,583
Craig W. Broderick ⁽²⁾	75,000	145,833	29,167	8,750	20,000	4,000 ⁽⁴⁾	282,750	100	282,750
George A. Cope ⁽²⁾	177,081	166,250	–	6,250	–	114,402 ⁽³⁾⁽⁴⁾	463,985	87 ⁽³⁾	403,766
Christine A. Edwards ⁽²⁾	75,000	145,833	43,750	30,000	20,000	243,065 ⁽³⁾⁽⁴⁾	557,648	98 ⁽³⁾	540,921
Martin S. Eichenbaum	75,000	145,833	–	15,000	20,000	4,000 ⁽⁴⁾	259,833	100	259,833
Ronald H. Farmer ⁽²⁾	75,000	145,833	20,833	21,259	–	4,000 ⁽⁴⁾	266,925	100	266,925
David E. Harquail	75,000	145,833	–	–	–	4,000 ⁽⁴⁾	224,833	100	224,833
Linda S. Huber	75,000	145,833	–	15,000	20,000	4,000 ⁽⁴⁾	259,833	100	259,833
Eric R. La Flèche	75,000	145,833	–	–	–	4,000 ⁽⁴⁾	224,833	100	224,833
Lorraine Mitchelmore	75,000	145,833	29,167	23,750	20,000	4,000 ⁽⁴⁾	297,750	100	297,750
Philip S. Orsino ⁽⁵⁾	31,250	58,333	–	6,250	–	–	95,833	100	95,833
J. Robert S. Prichard ⁽⁵⁾	104,167	72,916	–	–	–	111,936 ⁽³⁾	289,019	100 ⁽³⁾	289,019
Don M. Wilson III ⁽⁵⁾	31,250	58,333	20,833	12,500	10,000	–	132,916	100	132,916

Total in DSUs: \$3,822,628

Total in shares: \$0

Total in cash: \$76,946

(1) Includes the grant value of DSUs paid in fiscal 2020 but does not include dividend equivalents on these or any other DSUs earned during their service as a director. These amounts also reflect the increases and the amounts disclosed above for the annual director retainer, Chair of the Board retainer, and Governance and Nominating Committee chair retainer effective as of April 1, 2020 payable in DSUs.

(2) Mr. Cope is Chair of the Board. Ms. Babiak, Ms. Edwards, Ms. Mitchelmore and Mr. Broderick serve as committee chairs (see page 30). Effective March 31, 2020, Mr. Cope was appointed as the Chair of the Board, Mr. Farmer stepped aside as chair of the Human Resources Committee, Ms. Mitchelmore was appointed as the chair of the Human Resources Committee and Mr. Broderick was appointed as the chair of the Risk Review Committee. Each new chair appointee received a pro-rated portion of their committee chair retainer.

(3) Mr. Cope earned US\$82,850 for serving as a director of BMO Financial Corp. (our U.S. bank holding company) following his appointment effective March 31, 2020. This was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the grant date rates of exchange: US\$1.00 = Cdn\$1.3534 at July 15, 2020, and US\$1.00 = Cdn\$1.3230 at October 15, 2020. Mr. Cope took \$50,182.50 in DSUs and \$60,219 in cash.

Ms. Edwards earned US\$177,500 for serving as a director of BMO Financial Corp. and BMO Harris Bank National Association, a wholly-owned subsidiary that provides banking, trust and other services in the United States and internationally (either directly or indirectly through its subsidiaries). This was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the grant date rates of exchange: US\$1.00 = Cdn\$1.3294 at January 15, 2020, US\$1.00 = Cdn\$1.4086 at April 15, 2020, US\$1.00 = Cdn\$1.3534 at July 15, 2020, and US\$1.00 = Cdn\$1.3230 at October 15, 2020. Ms. Edwards took \$222,337.50 in DSUs and \$16,727.50 in cash.

Mr. Prichard earned US\$82,500 for serving as a director of BMO Financial Corp. This was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the grant date rates of exchange: US\$1.00 = Cdn\$1.3294 at January 15, 2020 and US\$1.00 = Cdn\$1.4086 at April 15, 2020. Mr. Prichard took the full amount in DSUs.

(4) Includes two special board meetings in excess of five.

(5) Effective March 31, 2020, Mr. Orsino, Mr. Prichard and Mr. Wilson III retired as members of the board, Mr. Prichard retired as Chair of the Board and Mr. Wilson III retired as chair of the Risk Review Committee.