BMO Financial Group

Corporate Governance

Disclosure Required by CBOE Listed Company Manual

Summary of significant ways corporate governance practices followed by BMO differ from corporate governance practices required to be followed by U.S. domestic companies under Cboe BZX Exchange, Inc Listing Standards.

Bank of Montreal ("**BMO**") is a "foreign private issuer" within the meaning of Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "Exchange Act") with certain securities listed on the Cboe BZX Exchange, Inc. ("**Cboe**").

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("**TSX**"), the New York Stock Exchange ("**NYSE**") and Cboe, BMO has in place corporate governance practices that are not only consistent with the requirements of those stock exchanges, but in many cases go beyond those requirements. BMO is also in compliance with applicable rules adopted by the Canadian Securities Administrators which apply to public companies in Canada, and the provisions of the Exchange Act applicable to it, including the rules adopted by the U.S. Securities and Exchange Commission to give effect to provisions of the Sarbanes-Oxley Act of 2002, as amended. BMO's corporate governance practices are also responsive to other applicable Canadian requirements, including those of the *Bank Act* (Canada) and the corporate governance guidelines of the Office of the Superintendent of Financial Institutions.

Rule 14.10(e)(1)(C) of the Rules of Cboe BZX Exchange, Inc. (the "**Exchange Rules**") permits a foreign private issuer to follow its home country practice in lieu of many of the requirements of Rule 14.10, as well as certain other Cboe requirements. In relying on the foreign private issuer exemption, BMO is required to disclose each requirement that it does not follow and describe the Canadian home country practice that it follows instead. A description of BMO's home country practices is available on its website at www.bmo.com/en-ca/main/about-bmo or www.bmo.com/corporategovernance, or is otherwise provided below.

Director Independence Standards – BMO's board applies a set of standards developed by BMO (the "**Director Independence Standards**") to determine whether a director is independent (available on its website). These Director Independence Standards comply with Canadian home country practice, taking into consideration the *Bank Act* (Canada) definition of affiliated persons, and the Canadian Securities Administrators and NYSE definitions of independence.

BMO applies its Director Independence Standards with respect to Rule 14.10(c)(2)(A) (Majority Independent Board), Rule 14.10(c)(2)(B) (Executive Sessions) and Rule 14.10(c)(5) (Independent Director Oversight of Director Nominations). BMO also follows its Director Independence Standards with respect to Rule 14.10(c)(3)(B) (Audit Committee Composition) and Rule 14.10(c)(4)(B) (Compensation Committee Composition). In addition, each member of BMO's audit committee satisfies the independence requirements of Rule 14.10(c)(3)(B)(i)(b) by virtue of meeting the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act, subject to the exemptions provided in Rule 10A-3(c).

Independent Compensation Committee – BMO follows its home country practices in lieu of the requirement in Rule 14.10(c)(4)(B) relating to compensation committee composition because

BMO applies its Director Independence Standards in determining eligibility for compensation committee membership.

Shareholder Approval of Securities Issuances – BMO follows its home country practices with respect to shareholder approval of securities issuances in lieu of the requirements of Rule 14.10(i) (Shareholder Approval), including those relating to shareholder approval requirements for equity compensation plans. The rules of the TSX determine the circumstances under which shareholder approval is required prior to an issuance of securities.

Shareholder Meeting Quorum Requirements – BMO follows its home country practices with respect to quorum requirements, in lieu of the quorum requirements of Rule 14.10(f)(3). BMO's quorum requirement is that at least 25% of the issued shares entitled to be voted at a meeting of shareholders be present in person or represented by proxy.

Code of Conduct – BMO has adopted a code of conduct applicable to directors, officers and employees that complies with Canadian home country practice, in lieu of the Rule 14.10(d) requirement for a code of conduct that meets the definition of a "code of ethics" set out in Section 406(c) of the Sarbanes-Oxley Act of 2002, as amended.

Review of Related Party Transactions – BMO follows its home country practices with respect to the review and oversight of related party transactions (as such term is defined under applicable Canadian law) in lieu of the requirements of Rule 14.10(h). The charter of BMO Audit and Conduct Review Committee sets out its responsibilities for such matters.

Disclosure of Third Party Director and Nominee Compensation – As a foreign private issuer, BMO is not subject to the proxy and information statement requirements of Regulation 14A or 14C under the Exchange Act, and makes disclosure of third party director and nominee compensation in accordance with home country practices under applicable Canadian securities laws (including National Instrument 51-102F6 (Statement of Executive Compensation)) in lieu of the requirements of Rule 14.6(b)(3).

Distribution of Annual and Interim Reports – BMO follows home country practices under applicable Canadian securities laws (including National Instrument 51-102 *Continuous Disclosure Obligations*) in the distribution of its annual and interim reports to shareholders in lieu of the requirements of Rule 14.6(d).