

BMO Financial Group UK Tax Strategy

Introduction

Established in 1817, BMO Financial Group (“BMOFG”) is a highly diversified financial services provider based in North America with operations globally. We provide a broad range of retail banking, wealth management and investment banking products and services and conduct business through three operating groups: Personal and Commercial Banking, Wealth Management and BMO Capital Markets.

We conduct business in the United Kingdom (“UK”) through our Wealth Management and BMO Capital Markets operating groups. Our UK tax principles set out herein cover our tax affairs for all of the UK companies and the UK branch within our corporate group.

Our intention is to comply fully with UK tax laws in force today. We monitor applicable UK tax-related developments, including legislative proposals, case law and guidance of the tax authorities. We are committed to maintaining high standards of business conduct and ethics as reflected in BMOFG’s published Code of Conduct. We have adopted the *UK Code of Practice on Taxation for Banks* and we manage our tax affairs in a manner consistent with the Code.

Tax Governance & Risk Management

Our Head of Tax oversees tax risk management through our tax risk management framework, which is implemented through internal controls and processes, the effectiveness and adequacy of which are regularly monitored and assessed. We report on tax risks to the Chief Financial Officer of Bank of Montreal (“BMO”), and, as appropriate, the Audit & Conduct Review Committee of the BMO Board of Directors. In addition, the Boards of Directors of our UK subsidiaries have oversight of UK tax compliance and risk management.

We operate in a socially and ethically responsible manner and with due regard to risks including tax and reputational risk. We provide disclosure of our operations, financial results, goals and values through our Annual Report. We are recognized for our excellence in corporate reporting; our financial statements provide information on government levies and taxes, including our provision for current and deferred income taxes. We actively seek to identify, evaluate, monitor and manage any tax risks that may arise to ensure our financial exposure is well understood and is within a level consistent with our objectives for the management of tax risk as set out in our tax risk management framework.

UK Tax Planning

We consider all applicable UK tax laws (among other laws) in connection with our UK commercial activities and engage in tax planning as appropriate. Where the interpretation or application of UK tax laws may not be clear, we take well-reasoned positions based on available case law and administrative positions of Her Majesty’s Revenue and Customs (“HMRC”), engaging external advisors where considered necessary. We do not engage in tax planning that does not have commercial or economic substance. We will not work with clients we believe use tax strategies to evade taxes.

Relationship with HMRC

We are committed to filing required tax and information returns in a timely manner and we endeavour to maintain productive relationships and cooperate with HMRC in all tax matters. We seek to resolve disputes with HMRC in a collaborative manner; however, where our interpretation of tax law differs from HMRC's we are prepared to defend our position.

Finance Act 2016

This document is considered to comply with the requirements of Schedule 19 of the Finance Act 2016 for the year ended October 31, 2018.