

Corporate Governance

- Our core values guide the board's oversight, its relationship with management and its accountability to shareholders
- Our governance responsibilities are integral to our performance and long-term sustainability
- Our corporate governance standards reflect emerging best practices and meet or exceed legal and regulatory requirements
- Proper governance is important to our owners, our customers, our employees, our communities – to us



We strive to earn and retain the trust of our shareholders through our high standards of corporate governance. We have rigorous oversight and regulations in place, and we work to embed those practices in our culture.

Our board is accountable to shareholders

Our Board of Directors supervises the management of our business and affairs to enhance shareholder value. Regular assessment of the board ensures it has the appropriate number of members and diverse expertise to make effective decisions. The board provides well-informed strategic direction and oversight, emphasizing long-term sustainability and strong corporate governance over short-term financial performance. Our core values guide that strategic direction and oversight, as well as the board's relationship with management and accountability to shareholders.

Our governance practices promote ethical business conduct

FirstPrinciples, our comprehensive code of business conduct and ethics, guides our ethical decision making and conduct by our directors, officers and employees. The board, through its Audit Committee, reviews the operation of *FirstPrinciples*. Each year, every director, officer and employee must sign an acknowledgement that they have read, understood and complied with *FirstPrinciples*. We also have an online learning program for new employees and online testing for all employees on *FirstPrinciples*.

We encourage employees and officers to raise concerns about ethical conduct and violations of *FirstPrinciples*. We investigate complaints and take appropriate action, escalating to the board and Audit Committee if necessary. Our whistleblower procedures allow officers and employees to report concerns anonymously, through the Office of the Ombudsman, without fear of retaliation.

Our board and our Chairman are independent of management

We believe that good governance depends on the exercise of sound, objective and independent judgment by the board. With help from the Governance and Nominating Committee, the board assesses the independence of directors against legal and regulatory criteria. All directors are independent except for William Downe, our President and CEO.

The Chairman of the Board is an independent director who ensures that the board operates separately from management and that directors have an independent leadership contact. Each board meeting includes time for independent directors to meet with the Chairman, without management or non-independent directors present. Each board committee meeting also has a session without management present. Similar sessions also happen outside formal board and committee meetings.

Our compensation programs reflect best practices

Our director and executive compensation programs are strongly aligned with governance best practices. They are benchmarked to ensure they are competitive and fair. Our pay-for-performance executive compensation model includes clawbacks and discourages excessive risk-taking. We have share ownership requirements because we believe that when directors and executives own shares they are motivated to act in shareholders' best interests. Our policies prohibit directors and senior officers from hedging their economic interest in bank shares, securities or related financial instruments.

Our board supports open dialogue and exchange of ideas with shareholders

The board supports open dialogue and exchange of ideas with shareholders and other stakeholders, as set out in our Shareholder Engagement Policy, through many channels, including our annual shareholder meeting, the annual report, management proxy circular, quarterly reports, annual information form, news releases, website and industry conferences.

Our website provides extensive information about the board, including approval and oversight guidelines, committee chairs and directors and the board's mandate.

Our Governance Structure

The board and its committees act independently. Every board and committee meeting includes in-camera sessions without management present.





Board of Directors*

To promote alignment of our strategic goals across all our businesses, each director sits on at least one board committee and the President and CEO is invited to all committee meetings. We review membership of all committees annually.

- 1 **Robert M. Astley**, Former President and Chief Executive Officer, Clarica Life Insurance Company and former President, Sun Life Financial Canada
Board/Committees: Governance and Nominating, Human Resources (Chair), Risk Review
Director since: 2004
- 2 **David R. Beatty, O.B.E.** Chairman and Chief Executive Officer, Beatinvest Limited
Board/Committees: Human Resources, Risk Review
Other public boards: FirstService Corporation, Inmet Mining Corporation, Walter Energy Inc.
Director since: 1992
- 3 **Sophie Brochu**, President and Chief Executive Officer, Gaz Métro
Board/Committees: Audit
Other public boards: BCE Inc.
Director since: 2011
- 4 **Robert Chevrier, F.C.A.** President, Société de gestion Roche Inc.
Board/Committees: Audit, The Pension Fund Society of the Bank of Montreal (Chair)
Other public boards: Cascades Inc., CGI Group Inc., Richelieu Hardware Ltd.
Director since: 2000
- 5 **George A. Cope**, President and Chief Executive Officer, BCE Inc. and Bell Canada
Board/Committees: Human Resources
Other public boards: BCE Inc., Bell Aliant
Director since: 2006
- 6 **William A. Downe**, President and Chief Executive Officer, BMO Financial Group
Board/Committees: Attends all committee meetings as an invitee
Other public boards: ManpowerGroup
Director since: 2007
- 7 **Christine A. Edwards**, Capital Partner, Winston & Strawn
Board/Committees: Human Resources, Risk Review
Director since: 2010
- 8 **Ronald H. Farmer**, Managing Director, Mosaic Capital Partners
Board/Committees: Audit, Human Resources, The Pension Fund Society of the Bank of Montreal
Director since: 2003
- 9 **David A. Galloway**, Chairman of the Board
Board/Committees: Audit, Governance and Nominating, Human Resources, Risk Review, The Pension Fund Society of the Bank of Montreal
Other public boards: Scripps Networks Interactive, Inc., Toromont Industries Ltd.
Director since: 1998
- 10 **Harold N. Kvisle**, Former President and Chief Executive Officer, TransCanada Corporation
Board/Committees: Human Resources, Risk Review
Other public boards: ARC Resources Ltd., Talisman Energy Inc.
Director since: 2005
- 11 **Bruce H. Mitchell**, President and Chief Executive Officer, Permian Industries Limited
Board/Committees: Governance and Nominating, Risk Review (Chair)
Director since: 1999
- 12 **Philip S. Orsino, O.C., F.C.A.** President of Jeld-Wen Inc.
Board/Committees: Audit (Chair), Governance and Nominating
Other public boards: Clairvest Group Inc.
Director since: 1999
- 13 **Dr. Martha C. Piper, O.C., O.B.C.** Corporate Director, former President and Vice-Chancellor, The University of British Columbia
Board/Committees: Audit, Governance and Nominating
Other public boards: Shoppers Drug Mart Corporation, TransAlta Corporation
Director since: 2006
- 14 **J. Robert S. Prichard, O.C., O.Ont.** Chair of Torys LLP
Board/Committees: Governance and Nominating (Chair), Risk Review
Other public boards: George Weston Limited, Onex Corporation
Director since: 2000
- 15 **Guylaine Saucier, F.C.A., C.M.** Corporate Director
Board/Committees: Audit, Risk Review
Other public boards: Areva, Danone, Wendel
Director since: 1992
- 16 **Don M. Wilson III**, Corporate Director
Board/Committees: Human Resources, Risk Review, The Pension Fund Society of the Bank of Montreal
Other public boards: Ethan Allen Interiors Inc.
Director since: 2008

*As of October 31, 2011.

Honorary Directors

Stephen E. Bachand, Ponte Vedra Beach, FL, United States

Ralph M. Barford, Toronto, ON

Matthew W. Barrett, O.C., LL.D. Oakville, ON

Peter J.G. Bentley, O.C., LL.D. Vancouver, BC

Claire P. Bertrand, Montreal, QC

Frederick S. Burbidge, O.C. Frelighsburg, QC

Tony Comper, Toronto, ON

Pierre Côté, C.M. Quebec City, QC

C. William Daniel, O.C., LL.D. Toronto, ON

Louis A. Desrochers, C.M., c.r., A.O.E. Edmonton, AB

A. John Ellis, O.C., LL.D., O.R.S. Vancouver, BC

John F. Fraser, O.C., LL.D., O.R.S. Winnipeg, MB

Thomas M. Galt, Toronto, ON

Richard M. Ivey, C.C., Q.C. Toronto, ON

Betty Kennedy, O.C., LL.D. Campbellville, ON

Eva Lee Kwok, Vancouver, BC

J. Blair MacAulay, Oakville, ON

Ronald N. Mannix, O.C. Calgary, AB

Robert H. Mc Kercher, Q.C. Saskatoon, SK

Eric H. Molson, Montreal, QC

Jerry E.A. Nickerson, North Sydney, NS

Jeremy H. Reitman, Montreal, QC

Lucien G. Rolland, O.C. Montreal, QC

Joseph L. Rotman, O.C., LL.D. Toronto, ON

Nancy C. Southern, Calgary, AB



Board Committees

Committees/Members*

Audit Committee

Philip S. Orsino (Chair)
 Sophie Brochu
 Robert Chevrier
 Ronald H. Farmer
 David A. Galloway
 Martha C. Piper
 Guylaine Saucier

Governance and Nominating Committee

J. Robert S. Prichard (Chair)
 Robert M. Astley
 David A. Galloway
 Bruce H. Mitchell
 Philip S. Orsino
 Martha C. Piper

Human Resources Committee

Robert M. Astley (Chair)
 David R. Beatty
 George A. Cope
 Christine A. Edwards
 Ronald H. Farmer
 David A. Galloway
 Harold N. Kvisle
 Don M. Wilson III

Risk Review Committee

Bruce H. Mitchell (Chair)
 Robert M. Astley
 David R. Beatty
 Christine A. Edwards
 David A. Galloway
 Harold N. Kvisle
 J. Robert S. Prichard
 Guylaine Saucier
 Don M. Wilson III

Responsibilities

- Oversees the accurate and clear reporting of financial information
 - Oversees the integrity of our internal controls, disclosure controls and internal audit function, as well as compliance with legal, regulatory and auditor independence requirements
 - Monitors transactions involving related parties, conflicts of interest, the use and disclosure of confidential and personal information, and standards of business conduct
 - Reviews reports on environmental, social and governance issues
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- Develops governance principles and guidelines
 - Assesses governance practices against best practices worldwide
 - Plans director succession and identifies director candidates
 - Reviews director orientation and compensation programs
 - Reviews shareholder proposals and recommends responses
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- Assists the board in overseeing the appointment, compensation and performance evaluation of senior executives
 - Helps design pay-for-performance compensation programs that safeguard against excessive risk-taking
 - Ensures effective talent development and retention strategies
 - Reviews succession planning for the President and CEO and all senior executives including a thorough review of potential successors' capabilities and development plans
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- Helps identify and manage significant risks
 - Reviews the organizational structure, resources and effectiveness of the risk management function, our risk appetite statement and management's evaluation of the performance of our risk rating systems
 - Monitors compliance with risk-related regulatory requirements

*As of October 31, 2011.

Management Committee

The Management Committee is responsible for reviewing enterprise and group strategies; monitoring strategic initiatives; approving mergers and acquisitions, financial targets and plans and culture and diversity goals; governing investment in initiatives across the enterprise; and tracking performance and results. They meet monthly.

William Downe, President and Chief Executive Officer, BMO Financial Group, is responsible for the overall leadership and vision of BMO Financial Group, and is accountable to shareholders through the Board of Directors for defining, communicating and implementing strategic and operational goals that will maximize shareholder value. The President and CEO has responsibility for our enterprise-wide performance and financial results, including Profit & Loss, Balance Sheet and Shareholder Value metrics. *Joined BMO in 1983; in role since March 2007*

BMO Financial Group

Ellen Costello, President and Chief Executive Officer, BMO Financial Corp. and U.S. Country Head, is responsible for providing governance and regulatory oversight for all of BMO's U.S. businesses. This includes ensuring all U.S. activities of the bank are consistent with the values, principles and the strategic initiatives set by BMO and approved by the BMO board. *Joined BMO in 1983; in role since July 2011*

The Honourable Kevin G. Lynch, P.C., Vice-Chair, BMO Financial Group, is a key strategic advisor to senior management on domestic and international markets. *Joined BMO in 2010; in role since March 2010*

Rose Patten, Special Advisor to the President and Chief Executive Officer, partners with the business group heads to advise on select enterprise strategies – with particular emphasis on organization effectiveness and leadership development. This includes key advisory roles in BMO's growing operations in the U.S. and China. *Joined BMO in 1995; in role since February 2011*

Russel Robertson, Executive Vice-President, Business Integration, BMO Financial Group and Vice-Chair, BMO Financial Corp., is responsible for the integration of the former Harris Bank and the former Marshall & Ilsley Bank into BMO Harris Bank. *Joined BMO in 2008; in role since March 2011*

Personal and Commercial Banking Canada

Frank Techar, President and Chief Executive Officer, Personal and Commercial Banking Canada, oversees the strategic direction for delivery of our banking services through BMO Bank of Montreal, which serves more than 7 million retail and commercial customers across Canada. In addition, he leads the enterprise customer experience initiative across all business units. *Joined BMO in 1984; in role since July 2006*

Cameron Fowler, Executive Vice-President, Personal and Commercial Banking Canada, is accountable for the development and implementation of customer strategies and our integrated distribution strategy, as well as the

management of all personal and commercial banking products. *Joined BMO in 2009; in role since July 2010*

Alex Dousmanis-Curtis, Senior Vice-President, Greater Toronto Division and Customer Contact Centre, is responsible for delivering net income growth, improvements in sales & service, distribution productivity and continuous improvement in sales leadership and performance management throughout Greater Toronto Division. She is also accountable for leading P&C Customer Contact Centres nationally. *Joined BMO in 2007; in role since April 2007*

François Hudon, Senior Vice-President, Quebec Division and Co-Head, North American Specialized Sales, is responsible for delivering net income growth, improvements in sales & service, distribution productivity and continuous improvement in sales leadership and performance management throughout Quebec Division. He also has additional responsibility working with Christopher McComish for North American Specialized Sales. *Joined BMO in 2000; in role since May 2007*

Personal and Commercial Banking U.S.

Mark Furlong, President and Chief Executive Officer, BMO Harris Bank N.A., is responsible for the strategic direction and performance of our U.S. personal and commercial banking business throughout the Midwest, Arizona and Florida, driving profitable business growth both organically and through acquisition. *Joined BMO in 2011; in role since July 2011*

Ann Benschofer, Executive Vice-President, Personal and Commercial U.S. Headquarters, is accountable for the development and implementation of customer strategies and our integrated distribution strategy, as well as the management of all personal and commercial banking products. *Joined BMO in 2011; in role since July 2011*

David Casper, Executive Vice-President, Commercial Banking Division, Personal and Commercial U.S., is responsible for executing strategy and driving performance of BMO Harris Bank commercial banking, and has direct responsibility for commercial product management and lending. *Joined BMO in 1978; in role since March 2010*

Christopher McComish, Executive Vice-President, Personal Banking (Illinois, Indiana, Missouri, Kansas) and Co-Head, North American Specialized Sales, is responsible for executing strategy and driving performance of the BMO Harris Bank personal banking network in Illinois, Indiana, Missouri and Kansas, and has direct responsibility for business banking and indirect auto, mortgage and consumer lending. *Joined BMO in 2008; in role since December 2008*

Private Client Group

Gilles Ouellette, President and Chief Executive Officer, Private Client Group, is responsible for BMO Financial Group's wealth management businesses. He is also Deputy Chair, BMO Nesbitt Burns and Chairman of BMO ChinaCo. *Joined BMO in 1979; in role since May 1999*

Connie Stefankiewicz, President and Chief Executive Officer, BMO InvestorLine, is responsible for developing and implementing the business strategy for the online brokerage business in Canada in alignment with the overall Private Client Group strategy. *Joined BMO in 1990; in role since November 2005*

Charyl Galpin, Co-Head, Private Client Division, BMO Nesbitt Burns, shares responsibility for developing and implementing the business strategy for the full-service brokerage business in Canada in alignment with the overall Private Client Group strategy. *Joined BMO in 1979; in role since February 2011*

Richard Mills, Co-Head, Private Client Division, BMO Nesbitt Burns, shares responsibility for developing and implementing the business strategy for the full-service brokerage business in Canada in alignment with the overall Private Client Group strategy. *Joined BMO in 1986; in role since February 2011*

BMO Capital Markets

Tom Milroy, Chief Executive Officer, BMO Capital Markets, is responsible for all of BMO Financial Group's businesses serving corporate, institutional and government clients in North America and around the world. *Joined BMO in 1993; in role since March 2008*

Eric Tripp, President, BMO Capital Markets, is responsible for balance sheet and risk management, including oversight of our capital, liquidity and risk exposures, across all Capital Markets' lines of business. He also has responsibility for BMO Capital Markets' operations in Europe and Asia, as well as the bank's New York and Chicago branches. *Joined BMO in 1983; in role since April 2011*

William Butt, Head, Investment and Corporate Banking, has responsibility for all BMO's business with corporate and government clients worldwide, encompassing equity and debt underwriting, corporate lending and project financing and merger and acquisitions advisory services. *Joined BMO in 1993; in role since May 2008*

Patrick Cronin, Head, Trading Products, is responsible for our Trading Products business, including: Debt Products, Equity Products and Research, Financial Products, Foreign Exchange Products, Investor Products and Credit Investment Management, Securitization and Asset Portfolio Management. *Joined BMO in 1993; in role since April 2011*

Enterprise Risk and Portfolio Management

Surjit Rajpal, Executive Vice-President and Chief Risk Officer, BMO Financial Group, is responsible for enterprise-wide risk and portfolio management at BMO Financial Group. *Joined BMO in 1982; in role since March 2011*

Finance

Thomas Flynn, Executive Vice-President and Chief Financial Officer, BMO Financial Group, is responsible for BMO Financial Group's financial strategy, financial reporting and planning, treasury management, investor relations, corporate development and enterprise-wide strategy development. *Joined BMO in 1992; in role since March 2011*

Human Resources

Richard Rudderham, Executive Vice-President and Head, Human Resources, is responsible for BMO Financial Group's human resources strategies and processes globally to grow and sustain a culture that focuses on customers, high performance and people. *Joined BMO in 1989; in role since February 2011*

Legal, Corporate and Compliance Group

Simon Fish, Executive Vice-President and General Counsel, BMO Financial Group, is BMO Financial Group's general counsel, responsible for managing the group's legal, compliance and corporate security functions. His responsibilities include advising on mergers and acquisitions, securities and banking regulation, corporate governance and commercial litigation. *Joined BMO in 2008; in role since May 2008*

Marketing and Corporate Communications

Douglas Stotz, Executive Vice-President and Chief Marketing Officer, BMO Financial Group, is responsible for corporate marketing and corporate communications for BMO Financial Group. *Joined BMO in 2011; in role since February 2011*

Office of Strategic Management

Joanna Rotenberg, Senior Vice-President, Office of Strategic Management, is accountable for building our strategic capability across all businesses and strengthening the linkages between our strategic plans, financial targets and business plans. *Joined BMO in 2010; in role since July 2010*

Technology and Operations

Jean-Michel Arès, Group Head, Technology and Operations, is responsible for managing, maintaining and providing governance related to information technology, operations services, real estate and sourcing for BMO Financial Group. *Joined BMO in 2010; in role since April 2010*

*Indicates a rotating membership with each member attending every second meeting. As of October 31, 2011.

Performance Committee*

The Performance Committee comprises the heads of all lines of business and functional groups and is responsible for driving enterprise results and taking action on initiatives relating to BMO's strategic priorities. They meet quarterly to discuss performance against established targets and courses of action to continuously improve performance.

William Downe

President and Chief Executive Officer,
BMO Financial Group

BMO Financial Group

Ellen Costello

President and Chief Executive
Officer, BMO Financial Corp. and
U.S. Country Head

The Honourable Kevin G. Lynch, P.C.

Vice-Chair, BMO Financial Group

L. Jacques Ménard, O.C., O.Q.

Chairman, BMO Nesbitt Burns and
President, BMO Financial Group, Quebec

Rose Patten

Special Advisor to the President and
Chief Executive Officer

Russel Robertson

Executive Vice-President, Business
Integration, BMO Financial Group and
Vice-Chair, BMO Financial Corp.

Personal and Commercial Banking Canada

Frank Techar

President and Chief Executive Officer,
Personal and Commercial Banking
Canada

Susan Brown

Senior Vice-President, Ontario Regional
Division

Gail Cocker

Senior Vice-President, Commercial and
Treasury Management

Alex Dousmanis-Curtis

Senior Vice-President, Greater Toronto
Division and Customer Contact Centre

Cameron Fowler

Executive Vice-President, Personal and
Commercial Banking Canada

Joanne Gassman

Senior Vice-President, B.C. and Yukon
Division

Robert Hayes

Senior Vice-President, Prairies Division

François Hudon

Senior Vice-President, Quebec Division
and Co-Head, North American
Specialized Sales

Jim Kelsey

Senior Vice-President, Corporate Finance
Division

Steve Murphy

Senior Vice-President, Atlantic Provinces
Division

Personal and Commercial Banking U.S.

Mark Furlong

President and Chief Executive Officer,
BMO Harris Bank N.A.

Ann Benschoter

Executive Vice-President, Personal and
Commercial U.S. Headquarters

David Casper

Executive Vice-President, Commercial
Banking Division

Brad Chapin

Executive Vice-President, Personal
Banking (Wisconsin, Minnesota,
Arizona, Florida)

Christopher McComish

Executive Vice-President, Personal
Banking (Illinois, Indiana, Missouri,
Kansas) and Co-Head, North American
Specialized Sales

Private Client Group

Gilles Ouellette

President and Chief Executive Officer,
Private Client Group

Andrew Auerbach

Senior Vice-President and Head, Private
Banking, Canada

Jim Duca

Executive Vice-President, Private
Banking, U.S.

Charyl Galpin

Co-Head, Private Client Division

Gordon Henderson

President and Chief Executive Officer,
BMO Life Insurance

Terry Jenkins

Executive Vice-President, Private
Banking, U.S.

Kenneth Krei

Executive Vice-President, Global Private
Banking

Ed Legzdins

Senior Vice-President and Managing
Director, International

Peter McCarthy

President and Chief Executive Officer,
BMO Life Assurance

Barry McInerney

Co-CEO, BMO Global Asset Management

Richard Mills

Co-Head, Private Client Division

Rajiv Silgado

Co-CEO, BMO Global Asset Management

Connie Stefankiewicz

President and Chief Executive Officer,
BMO InvestorLine

BMO Capital Markets

Tom Milroy

Chief Executive Officer, BMO Capital
Markets

Luc Bachand

Vice-Chair and Head, BMO Capital
Markets, Quebec

William Butt

Head, Investment and Corporate Banking

Patrick Cronin

Head, Trading Products

Andre Hidi

Executive Managing Director and Head,
Global Mergers and Acquisitions

Perry Hoffmeister

Head, Investment and Corporate
Banking, U.S.

Mike Miller

Executive Managing Director and Head,
Equity Products, Research and Economics

Peter Myers

Executive Managing Director and Head,
Investment and Corporate Banking,
Canada

Charlie Piermarini

Executive Managing Director and Head,
Debt Products

Barry Pollock

Global Head, Loan Products Group

Luke Seabrook

Executive Managing Director and Head,
Financial Products

Paul Stevenson

Executive Managing Director and Head,
Credit Investment Management,
Securitization and Asset Portfolio
Management

Jamie Thorsen

Executive Managing Director and Head,
Foreign Exchange and China Capital
Markets

Eric Tripp

President, BMO Capital Markets

Darryl White

Deputy Head, Investment and Corporate
Banking, Canada, and Head, Equity
Capital Markets

Enterprise Risk and Portfolio Management

Surjit Rajpal

Executive Vice-President and Chief Risk
Officer, BMO Financial Group

Finance

Thomas Flynn

Executive Vice-President and Chief
Financial Officer, BMO Financial Group

Cally Hunt

Senior Vice-President, Finance

Human Resources

Richard Rudderham

Executive Vice-President and Head,
Human Resources

Legal, Corporate and Compliance Group

Simon Fish

Executive Vice-President and General
Counsel, BMO Financial Group

Marketing and Corporate Communications

Douglas Stotz

Executive Vice-President and Chief
Marketing Officer, BMO Financial Group

Office of Strategic Management

Joanna Rotenberg

Senior Vice-President, Office of Strategic
Management

Technology and Operations

Jean-Michel Arès

Group Head, Technology and Operations

*As of October 31, 2011.