

Your guide to the BMO Employee Share Purchase Plan (ESPP)

Program effective December 9, 2024

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Your Total Rewards

SAVINGS + RETIREMENT


Compensation
Benefits + Wellness
Recognition



Becoming a BMO shareholder

As a BMO employee, you have access to a full suite of Total Rewards that support your financial progress, your unique priorities, your well-being, and your growth.

One way BMO contributes to your financial progress is through our share ownership programs which give you the opportunity to purchase BMO common shares.

As a BMO **shareholder** , you can benefit from the value that you help to create, while saving for your retirement and long-term goals.

The Employee Share Purchase Plan (ESPP) is an easy and cost-effective way to purchase shares of BMO common stock at a discount. The better BMO stock performs, the more valuable your investment becomes.

This guide provides an overview of the BMO ESPP and its advantages.



Click on **this marker** throughout this guide for more information.




We've created this guide for you, along with other educational tools and resources, so you can continue to make the best decisions for a financially secure future.

How the ESPP works



Making contributions

- You will contribute through payroll deductions on an after-tax basis.
- You can contribute between 1% to 15% of your **pay** .
- Your purchases are subject to an annual fair market value limit of \$15,000. If you exceed this limit, you will receive a refund of any excess contributions, and your contributions will stop for the remainder of the year.



Buying shares

- At the end of each quarter, Bank of Montreal (BMO) common shares will be purchased at a 10% discount.
- Shares are credited to your account within 5 business days following their purchase.



Managing your shares

- You have the flexibility to sell your shares at any time.
- You can transfer your shares to another broker two years after you purchased the shares.



Eligibility
to join the ESPP





Enrolling

Once eligible, you can enroll in the ESPP during the enrollment period before the start of each calendar quarter. You'll receive an email outlining the enrollment dates prior to each enrollment period.

How to enroll in the ESPP

You will receive your User ID and instructions to set up your profile through your BMO email. You will be able to enroll during the **enrollment window** 🎯 for that calendar quarter.

You can enroll through [Computershare](#).



Contributions



Your individual contributions

Participating in the BMO ESPP is voluntary. Taking advantage of this opportunity is one way to help build your savings for the future.

- You can contribute between 1% to 15% of your eligible pay.
- Your contributions are deducted on an after-tax basis from your pay each pay period.
- Your contributions are limited annually to \$13,500. However, your purchases are also subject to an annual fair market value (FMV) limit of \$15,000. If you exceed this FMV limit, you will receive a refund of any excess contributions and your contributions will stop for the remainder of the year.



BMO contributions

- BMO contributes the 10% difference between your cost for the shares and their actual market price.
- The maximum annual contribution from BMO is \$1,500 annually for both Qualified and Non-Qualified plans.

Important considerations

Contributions to the ESPP are an investment. All investments in the stock market carry some risk, so it's important for you to understand how the plan works:

- Once you're enrolled, your contributions remain in effect for the full quarter.
- You can change your contribution percentage during any future enrollment period.
- You can stop contributions or request a refund during the quarter prior to the next enrollment period.
- Prior to each quarterly share purchase, payroll deductions are not put into a separate account and are not segregated from the Company's other funds.

As you think about participating, ask yourself:

- What contribution level will suit your current budget and cash flow?
- What are you saving for – a vacation, a child's education, retirement?
- Are you considering all your saving opportunities offered to you by BMO?

Keep in mind, the more shares you purchase, the more potential for returns and risk. We advise that you speak to a trusted financial advisor.

Buying and reinvesting shares

The contributions you make will be used to buy shares at 90% of the **fair market value** of the price on the **purchase date**. BMO contributes the difference between your cost for the shares and the actual market price.

Shares will be purchased on the open market on the last business day of the quarter.

Dividends are reinvested to buy more shares

- All cash dividends are automatically used to purchase additional shares, less 15% withholding taxes for U.S. residents, so your holdings continue to grow even if you stop contributing.
- Dividends are generally paid near the end of the second month of the quarter.

Did you know?

BMO pays for all the administrative fees for your accounts. You are responsible for transaction fees when you sell or transfer your shares.





Transferring shares

You cannot transfer your shares or assign them to anyone while they are held in your Computershare account. To transfer your shares or assign your rights to anyone else, you will first need to transfer your shares to your own brokerage account outside of the plan.

- You can request to transfer your shares to another broker (two years after you purchased the shares) with a \$20 transaction fee.

Selling shares

Once your shares have been posted to your account, you can sell your shares at any time and receive the distribution in cash. Before you sell your shares, be sure to speak to a financial advisor to understand the tax implications.

- You can choose to sell your shares either through a **Market Order**  or **Limit Order** .
- To sell your shares, call the Human Resources Centre **1-888-927-7700**, say *Employee Share Purchase Plan*. A \$20 transaction fee plus a fee of \$.07 per share sold will be deducted from your proceeds.
- Computershare will provide you with a Form 1099-B at the end of the year, which you will need when you file your taxes.



Note: If you have been identified as a trading window restricted employee, before executing any dispositions, you must check to ensure the trading window is open by contacting [BMO Corporate Compliance](#).



Insider Trading is a serious and criminal offense. It is important that you do not purchase or sell shares if you are in possession of any material information about BMO that has not been made publicly available.



Accessing your ESPP account



Workday (on BMO network)

Current U.S. employees on the BMO network
– no user id or password required

1. In [Workday](#), select the *Pay* application.
2. Under *External Links*, select *Employee Share Purchase Plan* (On BMO Network).



Workday (off BMO network)

Current U.S. employees off the BMO network, employees using the Workday app on their phone, or for those employees who have relocated to another country after working in the U.S.

1. In [Workday](#), select the *More Tools* application (located in *Dashboards* on the App), then select *HR Intranet*.
2. In the [HR Intranet](#), under the *Benefits* tab, select *Share Ownership*.
3. Select *ESPP (U.S.)* from the Related Links menu on the right side.



Any internet-enabled device

Accessing your account from a personal device or after your employment with BMO ends

1. Visit equateplus.com
2. Log in with your EquatePlus user ID and password.



Human Resources Centre

Anyone needing personal assistance

1. Call **1-888-927-7700**, say *Employee Share Purchase Plan*.
2. Follow the prompts to speak with a service center representative.



Understanding taxes

As tax laws are complex and subject to change, you should seek the advice of a qualified tax advisor for more information related to your individual tax consequences. The basic rules for determining the taxable income to report are described below.

Qualified Plan

When you purchase shares, the 10% share price discount you receive from BMO is not considered taxable income. Selling your shares will trigger **capital gains or losses**, 🍷 which must be reported on your tax return.

The following will also apply if you sell your shares:

- **Within two years** of the share purchase date, the 10% discount will be recognized as ordinary income at the time of sale. Ordinary income, if any, from the disposition of shares within two years after the shares were purchased will be calculated by Computershare and will be reported on your W-2 for the year in which the disposition occurs. You should retain all your statements received under the plan for income tax purposes.
- **More than two years** after the shares were purchased, your ordinary income will be the lesser of 10% multiplied by the price of the shares when they were purchased or the amount by which your sales price exceeds the price you paid for the shares.

Non-Qualified Plan

You must pay taxes on the 10% share price discount in the year when you purchase shares. The 10% discount will be recognized as ordinary income in the year of purchase. You will be subject to both federal and state tax income withholdings as well as Social Security and Medicare taxes.

If you sell your shares:

- **Within one year** after you purchased your shares, the federal rate of tax on short-term capital gain or loss will apply.
- **More than one year** after you purchased your shares, the federal rate of tax on long-term capital gain or loss will apply.



What happens if...

...I leave BMO?

If you terminate your employment or retire from BMO, your participation in the ESPP will automatically end and contributions will stop with your last pay. Contributions not used to purchase shares for the quarter will be refunded to you via payroll.

You may choose to withdraw your shares from your account as cash or transfer your shares to a broker (2 years after you purchased the shares).

If you do not make an election, once all of your shares are qualified, your entire account will be moved to a separate Vested Share Account (VSA) through a semi-annual process. Annual account fees will apply to the VSA.

To initiate a request, contact the Human Resources Centre at **1-888-927-7700**, then say *Employee Share Purchase Plan*, or go online at <https://bmousbenefits.com>. A \$20 transaction fee plus a fee of \$.07 per share sold will be deducted from your proceeds.

...I transfer to a new job at BMO?

Your contributions will stop if you transfer to a job that makes you change plans, for instance, from the Qualified Plan to one covered by the Non-Qualified Plan. You may enroll in the new plan during the next enrollment period. Your shares will be held in one account and will be reported separately on one statement.

...I go on leave?

If you take an approved paid leave of absence, your contributions will continue to be deducted from your pay. If you go on an unpaid leave or on long-term disability, your contributions to the plan will stop. You may leave your shares in your account, or you may transfer or sell your shares.

When you return from your unpaid leave or long-term disability, your contributions will restart automatically.

...I die?

If you die while participating in the plan, your shares (and any cash) will become the property of your estate. The executor of your estate should contact the Human Resources Centre at **1-888-927-7700**, then say *Employee Share Purchase Plan*, to report the death and request to have a deceased package sent in the mail. The information Computershare provides will specify the required forms and documents needed to have the assets transferred to your estate or the appropriate individual.



Plan administration information

Plan administrator

The ESPP is administered by the Benefits Administration Committee of the Board of Directors of BMO Bank, N.A. pursuant to the provisions of the Plans. The committee makes decisions regarding the interpretation or application of plan provisions.

The members of the Committee are selected by the Board and may be changed from time to time at the Board's discretion.

The Benefits Administration Committee can be contacted at:

BMO Bank N.A.
Benefits Administration Committee
320 South Canal Street, 7W
Chicago, IL 60606

Computershare is the recordkeeper which administers the Plans' operations.

Effect on employment contract

Participating in the Employee Share Purchase Plan does not affect the terms and conditions of your employment.

Future of ESPP

BMO has the right to further amend or terminate any of the company's programs, including the Employee Share Purchase Plan, at any time and for any reason.

About this eGuide

This guide is provided for information purposes only and contains summary information about the Employee Share Purchase Plan. In no way does it confer any contractual rights or obligations. This guide does not provide financial, investment or tax advice. We encourage you to review the information in this guide and in the plan documents, carefully consider the consequences of any decisions, and obtain independent financial or tax advice to determine the best choice for your personal financial situation.

BMO reserves the right to further amend or terminate the Employee Share Purchase Plan at any time and for any reason.

Glossary

Capital gains and losses

The difference between the purchase price and the sale price is known as a capital gain or loss. Capital gains and losses must be reported for tax purposes.

You will receive a tax statement to include in your next tax filing.

Dividend

A payment of shares or cash paid out of profits by the company to its shareholders. Under the ESPP, dividends are automatically reinvested in BMO shares.

Eligibility

You will be eligible to join the plan during the next enrollment period after you have been employed by BMO for six consecutive months.

Most full-time and part-time U.S. employees are eligible for the Qualified Plan. Employees working for Bank of Montreal (U.S.) are eligible for the Non-Qualified Plan. When you enroll, the system will know whether you are in the Qualified or Non-Qualified Plan and will route you to the appropriate plan. Temporary employees, interns, contractors, retirees and outside directors are not eligible to join the ESPP.

Enrollment window

Your opportunity to enroll in ESPP occurs prior to the start of each calendar quarter.

Fair market value

Fair market value is the price of BMO common shares on the New York Stock Exchange.

Insider trading

Insider trading involves trading company shares when you are in possession of material, non-public information about BMO. If you have any questions whether you have such information, contact BMO Corporate Compliance at 1-416-359-6841.

Glossary (cont'd)

Limit order

The order indicates the lowest price per share you are willing to accept for the sale. This order can only be executed at the specified per-share price or better. If the order has not been executed after 1 day or 30 days, depending on your election, any unsold portion of the sale requested will be canceled.

Market order

Shares are sold at the current market price. Share prices can fluctuate between when you make your sale request and the sale transaction date. Because this risk is borne solely by you, be sure to evaluate it carefully.

Pay

Your current base pay rate or, for certain commissioned employees, your Benefits Base Rate.

Purchase date

The purchase date is the last day of the quarter, however if the New York Stock Exchange is not open on the last day of the quarter, the purchase date will be the first day immediately preceding the last day of the quarter in which the New York Stock Exchange is open.

Share ownership (Shareholder)

As a BMO shareholder, you'll have the opportunity to vote your shares by proxy. You will also receive annual reports, proxy materials, and materials entitled to you as a BMO shareholder.