

PROSPECTUS SUPPLEMENT
To Short Form Base Shelf Prospectus dated January 4, 2008

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated January 4, 2008 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying short form base shelf prospectus dated January 4, 2008, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated January 4, 2008 from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's Department, 100 King Street West, 1 First Canadian Place, 19th Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-5803 and are also available electronically at www.sedar.com.

New Issue

March 13, 2009



\$200,000,000

Non-Cumulative 5-Year Rate Reset Class B Preferred Shares, Series 21
(8,000,000 Shares)

The holders of Non-Cumulative 5-Year Rate Reset Class B Preferred Shares, Series 21 (the "Preferred Shares Series 21") of Bank of Montreal (the "Bank") will be entitled to receive fixed non-cumulative preferential cash dividends, for the initial period from and including the closing date to, but excluding, May 25, 2014 (the "Initial Fixed Rate Period"), payable quarterly on the 25th day of February, May, August and November in each year, or if such day is not a business day, on the next business day, as and when declared by the board of directors of the Bank (the "Board of Directors"). The initial dividend, if declared, shall be payable on August 25, 2009 and shall be \$0.70342 per share, based on the anticipated closing date of March 20, 2009. Thereafter, quarterly dividends shall be at a rate of \$0.40625 per share. See "Details of the Offering".

For each five-year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period"), the holders of Preferred Shares Series 21 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 25th day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Bank on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 4.58%. See "Details of the Offering".

Option to Convert Into Preferred Shares Series 22

The holders of Preferred Shares Series 21 will have the right, at their option, to convert their shares into an equal number of Non-Cumulative Floating Rate Class B Preferred Shares, Series 22 of the Bank (the "Preferred Shares Series 22"), subject to certain conditions, on May 25, 2014 and on May 25 every five years thereafter. The holders of Preferred Shares Series 22 will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on 25th day of February, May, August and November in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "Quarterly Floating Rate Period"), in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate (as defined herein) by \$25.00. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 4.58% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering".

Subject to the provisions of the *Bank Act* (Canada) (the "Bank Act"), including any requirement for prior consent of the Superintendent of Financial Institutions (the "Superintendent"), and to the provisions described below under "Details of the Offering — Certain Provisions of the Preferred Shares Series 21 as a Series — Restrictions on Dividends and Retirement of Shares", on May 25, 2014 and on May 25 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 21, at the Bank's option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption. See "Details of the Offering".

The Preferred Shares Series 21 and the Preferred Shares Series 22 do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 21 or Preferred Shares Series 22. See "Risk Factors".

The principal executive offices of the Bank are located at 100 King Street West, 1 First Canadian Place, 24th Floor, Toronto, Ontario M5X 1A1. The Bank's head office is located at 129 Rue St. Jacques, Montreal, Quebec H2Y 1L6.

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Preferred Shares Series 21 and Preferred Shares Series 22 subject to the Bank fulfilling all of the requirements of the TSX on or before June 1, 2009.

PRICE: \$25.00 per Preferred Share Series 21 to yield initially 6.50% per annum

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Blackmont Capital Inc., Brookfield Financial Corp., Canaccord Capital Corporation, Dundee Securities Corporation, Laurentian Bank Securities Inc. and Raymond James Ltd. (collectively, the "Underwriters"), as principals, conditionally offer the Preferred Shares Series 21, subject to prior sale if, as and when issued by the Bank and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Bank by Osler, Hoskin & Harcourt LLP and on the Underwriters' behalf by McCarthy Tétrault LLP.

	<u>Price to the Public</u>	<u>Underwriters' Fees⁽¹⁾</u>	<u>Net Proceeds to the Bank⁽²⁾</u>
Per Preferred Shares Series 21	\$25.00	\$0.75	\$24.25
Total ⁽³⁾	\$200,000,000	\$6,000,000	\$194,000,000

- (1) The Underwriters' fee is \$0.25 for each share sold to institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the Underwriters' fees and net proceeds assuming no shares are sold to institutions.
- (2) Before deduction of expenses of the offering, estimated at \$350,000 which, together with the Underwriters' fee, are payable by the Bank.
- (3) The Underwriters have been granted an Underwriters' option (the "Option") to purchase up to an additional 3,000,000 Preferred Shares Series 21 (the "Option Shares") at the offering price hereunder, exercisable at any time up to 48 hours prior to the time of closing of this offering. This prospectus supplement qualifies the grant of the Option and the distribution of the Option Shares. If the Underwriters purchase all of the Option Shares, the total offering price, Underwriters' fees and net proceeds to the Bank will be \$275,000,000, \$8,250,000 and \$266,750,000, respectively (assuming no shares are sold to those institutions referred in Note 1 above). See "Plan of Distribution".

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Acquisition Price</u>
Underwriters' option	3,000,000	Up to 48 hours prior to the time of closing of this offering	\$25.00

BMO Nesbitt Burns Inc., one of the Underwriters, is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. See "Plan of Distribution".

In connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 21. Such transactions, if commenced, may be discontinued at any time. The Underwriters may decrease the price at which the Preferred Shares Series 21 are distributed for cash from the initial offering price of \$25.00 per share. **See "Plan of Distribution" for additional disclosure concerning a possible price decrease.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Preferred Shares Series 21 distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on closing of this offering which is expected to be on or about March 20, 2009. A purchaser of Preferred Shares Series 21 will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares Series 21 are purchased.

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Unless otherwise indicated, all dollar amounts appearing in this prospectus supplement are stated in Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of the Bank dated January 4, 2008 (the “Prospectus”) solely for the purpose of the Preferred Shares Series 21 offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars. In addition, the following documents of the Bank filed with the Superintendent and the various securities regulatory authorities in Canada are incorporated by reference into this prospectus supplement:

- (a) the Annual Information Form dated December 10, 2008;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2008 with comparative consolidated financial statements as at and for the year ended October 31, 2007, together with the auditors’ report thereon and the auditors’ report on internal control over financial reporting under Standards of the Public Company Accounting Oversight Board (United States) and Management’s Discussion and Analysis as contained in the Bank’s Annual Report for the year ended October 31, 2008;
- (c) unaudited consolidated interim financial statements as at and for the three months ended January 31, 2009 and Management’s Discussion and Analysis, as contained in the Bank’s First Quarter 2009 Report to Shareholders for the three months ended January 31, 2009; and
- (d) the Bank’s Management Proxy Circular dated January 13, 2009 in connection with the annual meeting of shareholders of the Bank held on March 3, 2009.

Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel for the Bank, and in the opinion of McCarthy Tétrault LLP, counsel to the Underwriters, the Preferred Shares Series 21 offered hereby, if issued on the date of this prospectus supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the “Act”) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and, provided that the Preferred Shares Series 21 are listed on a designated stock exchange under the Act (such as the TSX) or, alternatively, if proposed amendments to regulations under the Act are passed, tax-free savings accounts.

SUMMARY OF THE OFFERING

This summary is qualified by the detailed information appearing elsewhere in this short form prospectus. For a definition of certain terms used in this summary, refer to “Details of the Offering”.

Issue: Non-Cumulative 5-Year Rate Reset Class B Preferred Shares, Series 21.
Amount: \$200,000,000 (8,000,000 shares).
Price and Yield: \$25.00 per share to yield initially 6.50% per annum.

Principal Characteristics of the Preferred Shares Series 21

Dividends: The holders of the Preferred Shares Series 21 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, for the initial period from and including the closing date to, but excluding, May 25, 2014 (the “Initial Fixed Rate Period”), payable quarterly on the 25th day of February, May, August and November in each year, at a rate equal to \$0.40625 per share. The initial dividend, if declared, will be payable August 25, 2009 and will be \$0.70342 per share, based on the anticipated closing date of March 20, 2009.

For each five-year period after the Initial Fixed Rate Period (each, a “Subsequent Fixed Rate Period”), the holders of the Preferred Shares Series 21 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 25th day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Bank on the 30th day (a “Fixed Rate Calculation Date”) prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.58%.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 21 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 21 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemption: Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under “Details of the Offering — Certain Provisions of the Preferred Shares Series 21 as a Series — Restrictions on Dividends and Retirement of Shares”, on May 25, 2014 and on May 25 every five years thereafter, on not more than 60 nor less than 30 days’ notice, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 21, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption.

Conversion into Preferred Shares Series 22: Holders of Preferred Shares Series 21 will, subject to the automatic conversion provisions and the right of the Bank to redeem those shares, have the right, at their option, to convert, on May 25, 2014 and on May 25 every

five years thereafter (a “Series 21 Conversion Date”), any or all of their Preferred Shares Series 21 into an equal number of Preferred Shares Series 22 upon giving to the Bank notice thereof not earlier than 30 days prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 21 Conversion Date.

Automatic Conversion Provisions:

If the Bank determines, after having taken into account all shares tendered for conversion by holders of Preferred Shares Series 21 and Preferred Shares Series 22, as the case may be, that there would be outstanding on such Series 21 Conversion Date less than 1,000,000 Preferred Shares Series 21, such remaining number of Preferred Shares Series 21 will automatically be converted on such Series 21 Conversion Date into an equal number of Preferred Shares Series 22. Additionally, if the Bank determines that, after conversion, there would be outstanding on such Series 21 Conversion Date less than 1,000,000 Preferred Shares Series 22 then no Preferred Shares Series 21 will be converted into Preferred Shares Series 22.

Voting Rights:

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 21 will not be entitled as such to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 21 in any quarter. In that event, subject as hereinafter provided, the holders of Preferred Shares Series 21 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 21 held. The voting rights of the holders of the Preferred Shares Series 21 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 21 to which the holders are entitled thereunder subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 21 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

Principal Characteristics of the Preferred Shares Series 22

Dividends:

The holders of the Preferred Shares Series 22 will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 25th day of February, May, August and November in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

On the 30th day prior to the commencement of the initial quarterly dividend period beginning on May 25, 2014, and on the 30th day prior to the first day of each subsequent quarterly dividend period (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “Quarterly Floating Rate Period”), the Bank will determine the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate plus 4.58% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 22 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 22 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemption:

Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Details of the Offering — Certain Provisions of the Preferred Shares Series 22 as a Series — Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days’ notice, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 22, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on May 25, 2019 and on May 25 every five years thereafter, or (ii) \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date on or after May 25, 2014.

Conversion into Preferred Shares Series 21:

Holders of Preferred Shares Series 22 will, subject to the automatic conversion provisions and the right of the Bank to redeem those shares, have the right, at their option, to convert, on May 25, 2019 and on May 25 every five years thereafter (a “Series 22 Conversion Date”), any or all of their Preferred Shares Series 22 into an equal number of Preferred Shares Series 21 upon giving to the Bank written notice thereof not earlier than 30 days prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 22 Conversion Date.

Automatic Conversion Provisions:

If the Bank determines, after having taken into account all shares tendered for conversion by holders of Preferred Shares Series 22 and Preferred Shares Series 21, as the case may be, that there would be outstanding on such Series 22 Conversion Date less than 1,000,000 Preferred Shares Series 22, such remaining number of Preferred Shares Series 22 will automatically be converted on such Series 22 Conversion Date into an equal number of Preferred Shares Series 21. Additionally, if the Bank determines that, after conversion, there would be outstanding on such Series 22 Conversion Date less than 1,000,000 Preferred Shares Series 21 then no Preferred Shares Series 22 will be converted into Preferred Shares Series 21.

Voting Rights:

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 22 will not be entitled as such to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 22 in any quarter. In that event, subject as hereinafter provided, the holders of Preferred Shares Series 22 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 22 held. The voting rights of the holders of the Preferred Shares Series 22 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 22 to which the holders are entitled thereunder subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 22 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

Priority:

The preferred shares of each series of the Bank will rank on a parity with every other series and are entitled to preference over the common shares of the Bank and over any other shares of the Bank ranking junior to the preferred shares with respect to the payment of dividends and upon any distribution of assets in the event of the liquidation, dissolution or winding-up of the Bank.

**Tax on Preferred Share
Dividends:**

The Bank will elect, in the manner and within the time provided under Part VI.1 of the Act to pay tax at a rate such that holders of Preferred Shares Series 21 and Preferred Shares Series 22 will not be required to pay tax on dividends received on such shares under Part IV.1 of such Act.

CHANGES IN CONSOLIDATED CAPITALIZATION OF THE BANK

The following material change in the consolidated capitalization of the Bank occurred after the period ending January 31, 2009: upon the completion of the offering of the Preferred Shares Series 21, the Bank will issue 11,000,000 Preferred Shares Series 21 if all the Option Shares are issued or 8,000,000 Preferred Shares Series 21 if the Option Shares are not issued.

DETAILS OF THE OFFERING

The Preferred Shares Series 21 and the Preferred Shares Series 22 (if issued) will each be issued as a series of preferred shares of the Bank. See the description of the preferred shares of the Bank as a class under the heading "Description of Preferred Shares" in the accompanying Prospectus. The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 21 as a series, and the Preferred Shares Series 22 as a series.

Certain Provisions of the Preferred Shares Series 21 as a Series

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 21.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.58%.

"Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, other than BMO Nesbitt Burns Inc., selected by the Bank, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the closing date to, but excluding, May 25, 2014.

"Subsequent Fixed Rate Period" means for the initial Subsequent Fixed Rate Period, the period from and including May 25, 2014 to, but excluding, May 25, 2019, and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, May 25 in the fifth year thereafter.

Dividends

During the Initial Fixed Rate Period, the holders of the Preferred Shares Series 21 will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, on the 25th day of February, May, August and November in each year, at a rate equal to \$0.40625 per share. The initial dividend, if declared, will be payable August 25, 2009 and will be \$0.70342 per share, based on the anticipated closing date of March 20, 2009.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Preferred Shares Series 21 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 25th day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Bank on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 21. The Bank will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Preferred Shares Series 21.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 21 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 21 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemptions

The Preferred Shares Series 21 will not be redeemable prior to May 25, 2014. Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on May 25, 2014 and on May 25 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 21, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 21 are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions. Reference is also made to the provisions described in the Prospectus under the heading “Bank Act Restrictions and Approvals”.

Conversion of Preferred Shares Series 21 into Preferred Shares Series 22

Holders of Preferred Shares Series 21 will have the right, at their option, on May 25, 2014 and on May 25 every five years thereafter (a “Series 21 Conversion Date”) to convert, subject to the restrictions on conversion described below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 21 registered in their name into Preferred Shares Series 22 on the basis of one Preferred Share Series 22 for each Preferred Share Series 21. The conversion of Preferred Shares Series 21 may be effected upon notice delivered by the holders of Preferred Shares Series 21 not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 21 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 21 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 21 of the above mentioned conversion right. On the 30th day prior to each Series 21 Conversion Date, the Bank will give notice in writing to the then registered holders of the Preferred Shares Series 21 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Preferred Shares Series 21 will not be entitled to convert their shares into Preferred Shares Series 22 if the Bank determines that there would remain outstanding on a Series 21 Conversion Date less than 1,000,000 Preferred Shares Series 22, after having taken into account all Preferred Shares Series 21 tendered for conversion into Preferred Shares Series 22 and all Preferred Shares Series 22 tendered for conversion into Preferred Shares Series 21. The Bank will give notice in writing thereof to all registered holders of Preferred Shares Series 21 at least seven days prior to the applicable Series 21 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 21 Conversion Date less than 1,000,000 Preferred Shares Series 21, after having taken into account all Preferred Shares Series 21 tendered for conversion into Preferred Shares Series 22 and all Preferred Shares Series 22 tendered for conversion into Preferred Shares Series 21, then, all, but not part, of the remaining outstanding Preferred Shares Series 21 will automatically be

converted into Preferred Shares Series 22 on the basis of one Preferred Share Series 22 for each Preferred Share Series 21 on the applicable Series 21 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 21 at least seven days prior to the Series 21 Conversion Date.

Upon exercise by the holder of this right to convert Preferred Shares Series 21 into Preferred Shares Series 22, the Bank reserves the right not to issue Preferred Shares Series 22 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions and Approvals” and “Additional Restrictions on Declaration of Dividends” in the Prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 21 of the redemption of all the Preferred Shares Series 21, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 21 of an Annual Fixed Dividend Rate or of the conversion right of holders of Preferred Shares Series 21 and the right of any holder of Preferred Shares Series 21 to convert such Preferred Shares Series 21 will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions of the Bank Act, the prior consent of the Superintendent, and the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Preferred Share Series 21 in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 21 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 21 given as specified below:

- (a) declare, pay or set apart for payment any dividends on the common shares of the Bank (the “Bank Common Shares”) or any other shares ranking junior to the Preferred Shares Series 21 (other than stock dividends payable in shares ranking junior to the Preferred Shares Series 21);
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Preferred Shares Series 21 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 21);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 21; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank (the “Preferred Shares”), redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 21,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then issued and outstanding and on all other cumulative shares ranking on a parity with the Preferred Shares and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative Preferred Shares (including the Preferred Shares Series 21) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Preferred Shares.

Issue of Additional Series of Preferred Shares

Subject to the restrictions described in the Prospectus under “Description of Preferred Shares — Certain Provisions of the Class B Preferred Shares as a Class — Creation and Issue of Shares”, the Bank may issue other series of Preferred Shares ranking on a parity with the Preferred Shares Series 21 without the authorization of the holders of the Preferred Shares Series 21.

Amendments to Preferred Shares Series 21

The Bank will not, without the approval of the holders of the Preferred Shares Series 21 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 21. In addition to the aforementioned approval, the Bank will not without, but may from time to time, with the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 21 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 21 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Preferred Shares Series 21 at which a majority of the outstanding Preferred Shares Series 21 is represented or, if no such quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

In addition to the aforementioned approval, any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 21 that affect the classification afforded to the Preferred Shares Series 21 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder can only be made with the consent of the Superintendent.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 21 will be entitled to receive \$25.00 per share together with all dividends declared and unpaid to the date of payment before any amount will be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 21. The holders of the Preferred Shares Series 21 will not be entitled to share in any further distribution of the property or assets of the Bank.

Voting Rights

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 21 as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 21 in respect of any quarter. In that event, the holders of Preferred Shares Series 21 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 21 held. The voting rights of the holders of the Preferred Shares Series 21 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 21 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 21 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Preferred Shares Series 21 voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Preferred Shares Series 21 will be “taxable preferred shares” as defined in the Act for purposes of the tax under Part IV.1 of the Act applicable to certain corporate holders of the Preferred Shares Series 21. The terms of the Preferred Shares Series 21 will require the Bank to make the necessary election under Part VI.1 of the Act so that corporate holders will not be subject to the tax under Part IV.1 of the Act on dividends received (or deemed to be received) on the Preferred Shares Series 21.

Business Days

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

Certain Provisions of the Preferred Shares Series 22 as a Series

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 22.

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Quarterly Commencement Date**” means the 25th day of each of February, May, August and November in each year.

“**Quarterly Floating Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.58% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including May 25, 2014 to, but excluding, August 25, 2014, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Issue Price

The Preferred Shares Series 22 will have an issue price of \$25.00 per share.

Dividends

The holders of the Preferred Shares Series 22 will be entitled to receive floating rate non-cumulative preferential cash dividends as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 25th day of February, May, August and November in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

The Quarterly Floating Dividend Rate for each Quarterly Floating Rate Period will be determined by the Bank on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 22. The Bank will, on the Floating Rate Calculation Date, give written notice of the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Preferred Shares Series 22.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 22 on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Preferred Shares Series 22 to receive such dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

Redemption

Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days’ notice, the Bank may redeem all or any part of the then outstanding

Preferred Shares Series 22, at the Bank's option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on May 25, 2019 and on May 25 every five years thereafter, or (ii) \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date on or after May 25, 2014.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 22 are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions. Reference is also made to the provisions described in the Prospectus under the heading "Bank Act Restrictions and Approvals".

Conversion of Preferred Shares Series 22 into Preferred Shares Series 21

Holders of Preferred Shares Series 22 will have the right, at their option, on May 25, 2019 and on May 25 every five years thereafter (a "Series 22 Conversion Date"), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 22 registered in their name into Preferred Shares Series 21 on the basis of one Preferred Share Series 21 for each Preferred Share Series 22. The conversion of Preferred Shares Series 22 may be effected upon notice delivered by the holders of Preferred Shares Series 22 not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 22 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 22 Conversion Date, give notice in writing to the then holders of the Preferred Shares Series 22 of the above mentioned conversion right. On the 30th day prior to each Series 22 Conversion Date, the Bank will give notice in writing to the then registered holders of Preferred Shares Series 22 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period in respect of Preferred Shares Series 21.

Holders of Preferred Shares Series 22 will not be entitled to convert their shares into Preferred Shares Series 21 if the Bank determines that there would remain outstanding on a Series 22 Conversion Date less than 1,000,000 Preferred Shares Series 21, after having taken into account all Preferred Shares Series 22 tendered for conversion into Preferred Shares Series 21 and all Preferred Shares Series 21 tendered for conversion into Preferred Shares Series 22. The Bank will give notice in writing thereof to all registered holders of the Preferred Shares Series 22 at least seven days prior to the applicable Series 22 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 22 Conversion Date less than 1,000,000 Preferred Shares Series 22, after having taken into account all Preferred Shares Series 22 tendered for conversion into Preferred Shares Series 21 and all Preferred Shares Series 21 tendered for conversion into Preferred Shares Series 22, then, all, but not part, of the remaining outstanding Preferred Shares Series 22 will automatically be converted into Preferred Shares Series 21 on the basis of one Preferred Share Series 21 for each Preferred Share Series 22 on the applicable Series 22 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 22 at least seven days prior to the Series 22 Conversion Date.

Upon exercise by the holder of this right to convert Preferred Shares Series 22 into Preferred Shares Series 21, the Bank reserves the right not to issue Preferred Shares Series 21 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also "Bank Act Restrictions and Approvals" and "Additional Restrictions on Declaration of Dividends" in the Prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 22 of the redemption of all the Preferred Shares Series 22, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 22 of an Annual Fixed Dividend Rate or of the conversion right of holders of Preferred Shares Series 22 and the right of any holder of Preferred Shares Series 22 to convert such Preferred Shares Series 22 will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions of the Bank Act, the prior consent of the Superintendent and the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any of the Preferred Shares Series 22 in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 22 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 22 given as specified below:

- (a) declare, pay or set apart for payment any dividends on the Bank Common Shares or any other shares ranking junior to the Preferred Shares Series 22 (other than stock dividends payable in shares of the Bank ranking junior to the Preferred Shares Series 22);
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Preferred Shares Series 22 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 22);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 22 then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Preferred Shares, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 22,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then issued and outstanding and on all other cumulative shares ranking on a parity with the Preferred Shares and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative Preferred Shares (including the Preferred Shares Series 22) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Preferred Shares.

Issue of Additional Series of Preferred Shares

Subject to the restrictions described in the Prospectus under “Description of Preferred Shares — Certain Provisions of the Class B Preferred Shares as a Class — Creation and Issue of Shares”, the Bank may issue other series of Preferred Shares ranking on a parity with the Preferred Shares Series 22 without the authorization of the holders of the Preferred Shares Series 22.

Amendments to Preferred Shares Series 22

The Bank will not, without the approval of the holders of the Preferred Shares Series 22 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 22. In addition to the aforementioned approval, the Bank will not without, but may from time to time, with the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 22 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 22 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Preferred Shares Series 22 at which a majority of the outstanding Preferred Shares Series 22 is represented or, if no such quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

In addition to the aforementioned approval, any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 22 that affect the classification afforded to the Preferred Shares Series 22 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder can only be made with the consent of the Superintendent.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 22 will be entitled to receive \$25.00 per share together with all dividends declared and unpaid to the date of payment before any amount will be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 22. The holders of the Preferred Shares Series 22 will not be entitled to share in any further distribution of the property or assets of the Bank.

Voting Rights

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 22 as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 22 in respect of any quarter. In that event, the holders of Preferred Shares Series 22 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 22 held. The voting rights of the holders of the Preferred Shares Series 22 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 22 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 22 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Preferred Shares Series 22 voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Preferred Shares Series 22 will be “taxable preferred shares” as defined in the Act for purposes of the tax under Part IV.1 of the Act applicable to certain corporate holders of the Preferred Shares Series 22. The terms of the Preferred Shares Series 22 will require the Bank to make the necessary election under Part VI.1 of the Act so that corporate holders will not be subject to the tax under Part IV.1 of the Act on dividends received (or deemed to be received) on the Preferred Shares Series 22.

Business Days

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2008 and the 12 months ended January 31, 2009, reflect the redemption of \$250 million Non-Cumulative Class B Preferred Shares Series 6 on November 25, 2008, the issuance of \$150 million Non-Cumulative 5-Year Rate Reset Class B Preferred Shares Series 18 on December 11, 2008, the issuance of \$450 million 10.221% BMO Tier 1 Notes — Series A due December 31, 2107 (“BMO T1Ns — Series A”) by BMO Capital Trust II on December 18, 2008, the maturity of \$140 million 10.85% Debentures, Series 12 on December 20, 2008 and give effect to the issuance of the Preferred Shares Series 21 (assuming all the Option Shares are issued):

	October 31, 2008 ⁽¹⁾	January 31, 2009 ⁽¹⁾
Grossed up dividend coverage on Class B Preferred Shares, Series 5, 10, 13, 14, 15, 16, 18 and 21 ⁽¹⁾	20.00 times	19.75 times
Interest coverage on subordinated indebtedness, ⁽²⁾ Capital Trust Securities, Series A, B and C ⁽³⁾ , and BMO T1Ns — Series A ⁽⁴⁾	5.57 times	5.55 times
Interest and grossed up dividend coverage on subordinated indebtedness, ⁽²⁾ Class B Preferred Shares, Capital Trust Securities, Series A, B and C, and BMO T1Ns — Series A ⁽⁴⁾	4.35 times	4.34 times

Notes:

- (1) As at October 31, 2008 and January 31, 2009, there were no Class A Preferred Shares outstanding.
- (2) Includes \$800 million of 5.75% Subordinated Notes due 2022 issued by BMO Subordinated Notes Trust.
- (3) For more information on the classification of Capital Trust Securities, please refer to Note 19 of the audited consolidated financial statements of the Bank for the year ended October 31, 2008 incorporated by reference in this prospectus supplement.
- (4) Includes \$450 million of BMO T1Ns — Series A issued by BMO Capital Trust II. For more information on the classification of BMO T1Ns — Series A, please refer to Note 11 of the unaudited consolidated interim financial statements of the Bank for the three months ended January 31, 2009 incorporated by reference in this prospectus supplement.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using rates of exchange as at the end of each month. For the 12 month periods ending October 31, 2008 and January 31, 2009, the average exchange rates were \$1.0317 per US\$1.00 and \$1.0889 per US\$1.00, respectively.

The Bank’s dividend requirements on all of its preferred shares, after giving effect to the issue of the Preferred Shares Series 21 (assuming all the Option Shares are issued), and adjusted to a before-tax equivalent using an effective tax rate of –3.56%, amounted to \$111.022 million for the 12 months ended October 31, 2008 and using an effective tax rate of –2.54%, amounted to \$112.418 million for the 12 months ended January 31, 2009. The Bank’s interest requirements for its long term debt for the 12 months ended October 31, 2008 amounted to \$399.014 million and amounted to \$399.825 million for the 12 months ended January 31, 2009. The Bank’s earnings before interest and income tax for the 12 months ended October 31, 2008 amounted to \$2,220.870 million, which is 4.35 times the Bank’s aggregate dividend and interest requirements for this period. The Bank’s earnings before interest and income tax for the 12 months ended January 31, 2009 amounted to \$2,220.600 million, which is 4.34 times the Bank’s aggregate dividend and interest requirements for this period.

TRADING PRICE AND VOLUME

The outstanding Bank Common Shares are listed on the TSX under the trading symbol “BMO” and on the New York Stock Exchange (“NYSE”) under the symbol “BMO”. The outstanding preferred shares of the Bank are listed on the TSX with the following trading symbols: “BMO.PR.H” for the Class B Preferred Shares Series 5; “BMO.PR.V” for the Class B Preferred Shares Series 10; “BMO.PR.J” for the Class B Preferred Shares Series 13; “BMO.PR.K” for the Class B Preferred Shares Series 14; “BMO.PR.L” for the Class B Preferred Shares Series 15; “BMO.PR.M” for the Class B Preferred Shares Series 16; and “BMO.PR.N” for the Class B Preferred Shares Series 18. The following tables set forth the reported high and low trading prices in

Canadian dollars and trading volumes of the common and preferred shares of the Bank on the TSX for the periods indicated.

Common Shares (BMO)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2008	\$50.10	\$38.00	92,972,388
April 2008	\$50.77	\$45.63	44,758,344
May 2008	\$52.31	\$47.26	42,419,605
June 2008	\$48.93	\$41.88	48,703,831
July 2008	\$50.00	\$37.60	69,463,409
August 2008	\$49.94	\$42.30	43,431,656
September 2008	\$51.74	\$42.00	77,514,387
October 2008	\$48.26	\$35.65	65,782,538
November 2008	\$45.00	\$29.10	57,651,715
December 2008	\$36.94	\$28.89	70,445,491
January 2009	\$34.79	\$29.42	68,677,230
February 2009	\$32.95	\$24.05	84,590,309
March 1 – 12, 2009	\$32.00	\$26.14	37,551,265

Class B Preferred Shares Series 5 (BMO.PR.H)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2008	\$24.67	\$23.05	150,992
April 2008	\$23.83	\$23.15	122,731
May 2008	\$24.65	\$23.27	169,347
June 2008	\$24.10	\$21.65	61,592
July 2008	\$22.50	\$19.08	170,355
August 2008	\$22.39	\$21.01	158,958
September 2008	\$22.50	\$21.05	371,973
October 2008	\$22.00	\$18.67	372,599
November 2008	\$20.00	\$15.30	287,452
December 2008	\$18.84	\$15.87	313,356
January 2009	\$21.20	\$18.65	118,170
February 2009	\$21.70	\$19.28	118,061
March 1 – 12, 2009	\$20.25	\$17.51	27,150

Class B Preferred Shares Series 10 (BMO.PR.V)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2008	\$26.90	\$25.25	233,186
April 2008	\$26.68	\$25.81	134,721
May 2008	\$26.45	\$26.00	152,376
June 2008	\$26.45	\$26.00	159,264
July 2008	\$26.24	\$24.00	98,743
August 2008	\$25.74	\$25.05	115,531
September 2008	\$25.69	\$24.94	141,150
October 2008	\$25.00	\$19.90	283,974
November 2008	\$21.50	\$17.00	253,432
December 2008	\$18.99	\$17.50	395,396
January 2009	\$23.48	\$19.40	409,214
February 2009	\$23.05	\$21.12	168,979
March 1 – 12, 2009	\$21.25	\$17.81	121,489

Class B Preferred Shares Series 13 (BMO.PR.J)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2008	\$21.35	\$19.60	273,558
April 2008	\$20.25	\$19.80	809,415
May 2008	\$20.40	\$20.00	482,880
June 2008	\$20.40	\$19.15	919,519
July 2008	\$19.25	\$17.50	321,254
August 2008	\$18.96	\$18.12	275,220
September 2008	\$19.00	\$18.10	679,748
October 2008	\$18.40	\$15.15	607,162
November 2008	\$17.20	\$13.25	452,235
December 2008	\$16.25	\$13.35	1,552,110
January 2009	\$17.45	\$16.25	639,251
February 2009	\$17.24	\$15.75	192,618
March 1 – 12, 2009	\$16.00	\$15.05	70,261

Class B Preferred Shares Series 14 (BMO.PR.K)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2008	\$24.70	\$22.20	227,865
April 2008	\$23.50	\$22.25	389,810
May 2008	\$23.44	\$22.75	190,508
June 2008	\$23.09	\$21.00	190,409
July 2008	\$22.25	\$20.05	220,439
August 2008	\$22.23	\$20.91	191,515
September 2008	\$22.50	\$21.10	119,722
October 2008	\$21.15	\$18.15	197,922
November 2008	\$19.75	\$15.00	396,225
December 2008	\$18.89	\$15.01	777,156
January 2009	\$20.35	\$18.75	375,641
February 2009	\$19.75	\$17.63	163,081
March 1 – 12, 2009	\$18.30	\$16.76	99,879

Class B Preferred Shares Series 15 (BMO.PR.L)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
April 2008	\$24.89	\$24.60	954,409
May 2008	\$25.25	\$24.80	611,843
June 2008	\$25.24	\$24.70	508,100
July 2008	\$24.90	\$22.01	461,207
August 2008	\$24.35	\$23.21	187,407
September 2008	\$24.25	\$23.50	188,955
October 2008	\$23.75	\$20.58	292,650
November 2008	\$21.70	\$16.75	322,348
December 2008	\$20.25	\$17.25	716,142
January 2009	\$22.00	\$20.65	245,958
February 2009	\$21.50	\$19.50	206,321
March 1 – 12, 2009	\$20.48	\$19.33	59,230

Class B Preferred Shares Series 16 (BMO.PR.M)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
June 2008	\$25.00	\$24.62	1,000,198
July 2008	\$24.95	\$24.00	593,979
August 2008	\$25.50	\$24.80	789,101
September 2008	\$25.10	\$24.82	426,071
October 2008	\$24.90	\$23.50	316,319
November 2008	\$23.95	\$21.00	346,425
December 2008	\$23.55	\$20.26	323,547
January 2009	\$23.00	\$22.00	133,273
February 2009	\$22.25	\$21.20	95,738
March 1 – 12, 2009	\$21.75	\$20.45	36,446

Class B Preferred Shares Series 18 (BMO.PR.N)

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
December 2008	\$25.85	\$24.86	653,544
January 2009	\$25.80	\$25.00	306,998
February 2009	\$25.90	\$25.15	195,584
March 1 – 12, 2009	\$25.40	\$25.05	62,571

PRIOR SALES

The following table sets out all issuances of preferred shares of the Bank during the 12 months preceding the date of this prospectus supplement:

<u>Date Issued</u>	<u>Series No.</u>	<u>Issue Price per Preferred Share</u>	<u>Number of Preferred Shares Issued</u>
April 2, 2008	<u>Series 15</u>	<u>\$25.00</u>	<u>10,000,000</u>
June 23, 2008	<u>Series 16</u>	<u>\$25.00</u>	<u>12,000,000</u>
December 11, 2008	<u>Series 18</u>	<u>\$25.00</u>	<u>6,000,000</u>

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Preferred Shares Series 21 and Preferred Shares Series 22 pursuant to this prospectus and who, for purposes of the Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Bank and holds the Preferred Shares Series 21 and any Preferred Shares Series 22 as capital property. Generally, the Preferred Shares Series 21 and Preferred Shares Series 22 will be capital property to a holder provided the holder does not acquire or hold those Preferred Shares Series 21 or Preferred Shares Series 22 in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders, whose Preferred Shares Series 21 or Preferred Shares Series 22 might not otherwise be capital property, may, in certain circumstances, be entitled to have them and all other "Canadian securities", as defined in the Act, owned by such holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Act. This summary is not applicable to a purchaser an interest in which is a "tax shelter investment", that is a "financial institution" for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules), or to which the "functional currency" reporting rules apply, each as defined in the Act. Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser that is a "specified financial institution" (as defined in the Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate

dividends in respect of more than 10% of the Preferred Shares Series 21 or Preferred Shares Series 22, as the case may be, outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Preferred Shares Series 21 or Preferred Shares Series 22 are listed on a designated stock exchange in Canada (as defined in the Act, such as the TSX) at such times as dividends (including deemed dividends) are paid or received on the Preferred Shares Series 21 or Preferred Shares Series 22 respectively.

This summary is based upon the current provisions of the Act, the regulations thereunder (the “Regulations”), and counsel’s understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and, except as otherwise noted, assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

Dividends

Dividends (including deemed dividends) received on the Preferred Shares Series 21 or Preferred Shares Series 22 by an individual (other than certain trusts) will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Bank as eligible dividends in accordance with the provisions of the Act. Dividends (including deemed dividends) on the Preferred Shares Series 21 or Preferred Shares Series 22 received by a corporation will be included in computing income and will generally be deductible in computing the taxable income of the corporation.

The Preferred Shares Series 21 and Preferred Shares Series 22 will be “taxable preferred shares” as defined in the Act. The terms of the Preferred Shares Series 21 and Preferred Shares Series 22 require the Bank to make the necessary election under Part VI.1 of the Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by the Bank on the Preferred Shares Series 21 and Preferred Shares Series 22.

A “private corporation”, as defined in the Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Preferred Shares Series 21 or the Preferred Shares Series 22 to the extent such dividends are deductible in computing its taxable income for the year.

Dispositions

Generally, on a disposition of a Preferred Share Series 21 or Preferred Share Series 22 (which includes the redemption of the shares for cash but not a conversion), the holder will realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to the holder thereof immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Bank of a Preferred Share Series 21 or Preferred Share Series 22, as the case may be, will generally not be included in a holder’s proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such share (see “Redemption” below).

If the shareholder is a corporation, the amount of any capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the

extent and in the manner provided for in the Act. Similar rules may apply where a Preferred Share Series 21 or Preferred Shares Series 22 is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such holders should consult their own advisors.

Generally, one-half of any capital gain will be included in computing the holder's income as a taxable capital gain and one-half of any capital loss will be deducted from the holder's net taxable capital gains. Any excess of allowable capital losses over taxable capital gains of the holder may be carried back up to three years and forward indefinitely and deducted against net taxable capital gains of the holder in those other years in accordance with the detailed rules in the Act.

Canadian-controlled private corporations may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on their "aggregate investment income" (which is defined in the Act to include an amount in respect of taxable capital gains, but not dividends or deemed dividends that are deductible in computing taxable income).

Redemption

If the Bank redeems for cash or otherwise acquires a Preferred Share Series 21 or Preferred Share Series 22 (other than on a conversion or by a purchase in the manner in which shares are normally purchased by a member of the public in the open market), the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such share at such time. Generally, the difference between the amount paid by the Bank and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share (see "Dispositions" above). In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Preferred Share Series 21 into a Preferred Share Series 22 and a Preferred Share Series 22 into a Preferred Share Series 21 will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of a Preferred Share Series 22 or Preferred Share Series 21, as the case may be, received on the conversion will be deemed to be equal to the holder's adjusted cost base of the Preferred Share Series 21 or Preferred Share Series 22, as the case may be, immediately before the conversion.

Alternative Minimum Tax

A capital gain realized, or a dividend received or deemed to be received, by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

RATINGS

The Preferred Shares Series 21 are provisionally rated "Pfd-1" by DBRS Limited ("DBRS"). "Pfd-1" is in the highest category available from DBRS for preferred shares.

The Preferred Shares Series 21 have a preliminary rating "P-1 (low)" and "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("S&P"), using S&P's Canadian scale for preferred shares and S&P's global scale for preferred shares, respectively. The "P-1" rating is in the highest of the eight categories used by S&P on its Canadian preferred share scale. A reference to "high" or "low" reflects the relative strength within the rating category. The "A" rating is in the second highest of the nine categories used by S&P on its global preferred share scale. The modified "-" indicates that the obligation ranks in the lower end of the "A" category.

The Preferred Shares Series 21 are provisionally rated "Aa3" by Moody's Canada Inc. Securities rated "Aa" are judged to be of high quality and are subject to very low credit risk. The modifier "3" indicates that the obligation ranks in the lower end of the "Aa" rating category.

Prospective purchasers of Preferred Shares Series 21 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings. The foregoing ratings should

not be construed as recommendations to buy, sell or hold Preferred Shares Series 21. Ratings may be revised or withdrawn at any time by the respective rating organizations.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated March 13, 2009 among the Bank and the Underwriters (the "Underwriting Agreement"), the Bank has agreed to sell and the Underwriters have severally agreed to purchase on March 20, 2009 or such date as may be agreed upon, but not later than March 27, 2009, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the Preferred Shares Series 21 at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Preferred Shares Series 21. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 for each share sold to institutions and \$0.75 for all other shares sold.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Preferred Shares Series 21 if any are purchased under the Underwriting Agreement.

The Bank has granted to the Underwriters an option to purchase the Option Shares at the offering price hereunder, exercisable at any time up to 48 hours prior to the time of closing of this offering. This prospectus supplement qualifies the grant of the Option and the distribution of the Option Shares. The Underwriters will be paid an underwriting fee per share equal to \$0.25 with respect to Option Shares sold to certain institutions, and \$0.75 with respect to all other Option Shares.

After the Underwriters have made a reasonable effort to sell all of the Preferred Shares Series 21 at \$25.00 per share, the price of the Preferred Shares Series 21 may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than \$25.00 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Preferred Shares Series 21 is less than the gross proceeds paid by the Underwriters to the Bank.

Neither the Preferred Shares Series 21 nor Preferred Shares Series 22 have been, or will be, registered under the *United States Securities Act of 1933*, as amended, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase any Preferred Shares Series 21. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares Series 21. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 21 at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to an Ontario securities rule, the Underwriters may not, beginning two days prior to the date that the offering price was determined and throughout the period of distribution of the Preferred Shares Series 21, bid for or purchase Preferred Shares Series 21. The foregoing restriction is subject to certain exceptions. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities, provided that the bid or purchase does not exceed the lesser of the offering price and the last independent sale price at the time of the entry of the bid or order to purchase, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares Series 21. Pursuant to the first mentioned exception, in connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Preferred Shares Series 21 at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Preferred Shares Series 21 and the Preferred Shares Series 22 subject to the Bank fulfilling all of the requirements of the TSX on or before June 1, 2009.

BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. The terms of this offering were negotiated at arm's length between the Bank and the Underwriters (including CIBC World Markets Inc., which is an "independent underwriter" pursuant to applicable securities legislation). CIBC World Markets Inc. participated in the drafting of this prospectus supplement, the pricing of the Preferred Shares Series 21 and the due diligence process in respect of this offering. BMO Nesbitt Burns Inc. will not receive any benefit in connection with this offering other than a portion of the Underwriters' fee.

USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Preferred Shares Series 21, after deducting estimated expenses of the issue and the Underwriters' fee, will be approximately \$266,400,000 (assuming all the Option Shares are issued and the Underwriters' fee is \$8,250,000 for all Preferred Shares Series 21 sold). The net proceeds from the offering will be used by the Bank for general corporate purposes.

RISK FACTORS

An investment in Preferred Shares Series 21 of the Bank is subject to certain risks.

The value of Preferred Shares Series 21 and the Preferred Shares Series 22 will be affected by the general creditworthiness of the Bank. The sections entitled "Management's Discussion and Analysis" contained in the Bank's Annual Report for the year ended October 31, 2008 and in the Bank's First Quarter 2009 Report to Shareholders for the three months ended January 31, 2009 are incorporated by reference. Each of these analyses discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank's business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Preferred Shares Series 21 or the Preferred Shares Series 22, if any, may affect the market value of the Preferred Shares Series 21 and the Preferred Shares Series 22, respectively. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

The value of the Preferred Share Series 21 and the Preferred Shares Series 22 may be affected by market value fluctuations resulting from factors which influence the Bank's operations, including regulatory developments, competition and global market activity.

The Preferred Shares Series 21 and the Preferred Shares Series 22 are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Earnings Coverage Ratios" in this prospectus supplement and "Bank Act Restrictions and Approvals" in the Prospectus, each of which are relevant to an assessment of the risk that the Bank will be unable to pay dividends on the Preferred Shares Series 21 or the Preferred Shares Series 22.

The Bank has covenanted that if a distribution is not paid on any outstanding Trust Capital Securities of BMO Capital Trust (also known as "BMO BOaTS"), the Bank will not pay dividends on its outstanding common shares or preferred shares, which would include the Preferred Shares Series 21 and Preferred Shares Series 22, for a specified period of time unless the required distribution is paid to the holders of BMO BOaTS. In addition, the Bank has also covenanted that if the interest is not paid in cash on any outstanding BMO T1Ns — Series A issued by BMO Capital Trust II, the Bank will not pay dividends on its outstanding common shares or preferred shares, which would include the Preferred Shares Series 21 and Preferred Shares Series 22, for a specified period of time. See "Additional Restrictions on Declaration of Dividends" in the Prospectus.

The Preferred Shares Series 21 and the Preferred Shares Series 22 are equity capital of the Bank. The Preferred Shares Series 21 rank, and the Preferred Shares Series 22 will, if issued, rank equally with other preferred shares of the Bank in the event of an insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up, the Bank's assets must be used to pay deposit liabilities and other debt, including

subordinated debt, before payments may be made on Preferred Shares Series 21 or the Preferred Shares Series 22, if any, and other preferred shares.

Neither Preferred Shares Series 21 nor the Preferred Shares Series 22 have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 21 or Preferred Shares Series 22, as applicable. The ability of a holder to liquidate its holdings of Preferred Shares Series 21 or Preferred Shares Series 22, as applicable, may be limited.

The dividend rate in respect of the Preferred Shares Series 21 and Preferred Shares Series 22 will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

An investment in the Preferred Shares Series 21 may become an investment in Preferred Shares Series 22 without the consent of the holder in the event of an automatic conversion in the circumstances described under “Details of the Offering — Certain Provisions of the Preferred Shares Series 21 as a Series — Conversion of Preferred Shares Series 21 into Preferred Shares Series 22” above. Upon the automatic conversion of the Preferred Shares Series 21 into Preferred Shares Series 22, the dividend rate on the Preferred Shares Series 22 will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time.

Prevailing yields on similar securities will affect the market value of Preferred Shares Series 21 and the Preferred Shares Series 22. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 21 and the Preferred Shares Series 22 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Preferred Shares Series 21 and the Preferred Shares Series 22.

Stock market volatility may affect the market price of the Preferred Shares Series 21 and Preferred Shares Series 22 for reasons unrelated to the Bank’s performance.

There can be no assurance that an active trading market will develop for the Preferred Shares Series 21 after the offering or for the Preferred Shares Series 22 following the issuance of any of those shares, or if developed, that such a market will be sustained at the offering price of the Preferred Shares Series 21 or the issue price of the Preferred Shares Series 22.

On March 12, 2009, Bill C-10, the Budget Implementation Act (the “Bill”), received Royal Assent. The Bill includes certain amendments to the Bank Act that would permit the Canadian federal government to acquire shares of a bank, including the Bank, if the Minister of Finance (the “Minister”) and Governor in Council were to conclude that to do so was necessary to promote stability in the financial system. While the government holds any shares of a bank, including the Bank, the Minister may impose terms and conditions on the payment by the bank of dividends on any shares of the bank (including the Preferred Shares Series 21).

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Preferred Shares Series 21 and the Preferred Shares Series 22 is Computershare Trust Company of Canada at its principal office in Toronto.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Preferred Shares Series 21 will be passed upon, on behalf of the Bank, by Osler, Hoskin & Harcourt LLP and, on behalf of the Underwriters, by McCarthy Tétrault LLP. As at March 12, 2009, partners and associates of each of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP, collectively, beneficially owned, directly or indirectly, less than 1% of any class of outstanding securities of the Bank.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE UNDERWRITERS

Dated: March 13, 2009

To the best of our knowledge, information and belief, the short form prospectus dated January 4, 2008, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the *Bank Act* (Canada) and the regulations thereunder and the securities laws of all provinces and territories of Canada.

BMO NESBITT BURNS INC.

By: (Signed) BRADLEY J. HARDIE

CIBC WORLD MARKETS INC.

By: (Signed) SHANNAN M. LEVERE

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) RAJIV BAHL

By: (Signed) MARY ROBERTSON

By: (Signed) JONATHAN BROER

NATIONAL BANK FINANCIAL INC.

By: (Signed) DARIN E. DESCHAMPS

DESJARDINS SECURITIES INC.

By: (Signed) THOMAS L. JARMAI

HSBC SECURITIES (CANADA) INC.

By: (Signed) ROD A. MCISAAC

BLACKMONT CAPITAL INC

BROOKFIELD FINANCIAL CORP.

By: (Signed) CHARLES A.V. PENNOCK

By: (Signed) SANDRO MORASSUTTI

CANACCORD CAPITAL CORPORATION

DUNDEE SECURITIES CORPORATION

By: (Signed) CRAIG WARREN

By: (Signed) AARON UNGER

LAURENTIAN BANK SECURITIES INC.

RAYMOND JAMES LTD.

By: (Signed) THOMAS BERKY

By: (Signed) J. GRAHAM FELL

