



*(a chartered bank under the Bank Act (Canada))*

**€10 billion**

**Global Public Sector Covered Bond Programme**  
**unconditionally and irrevocably guaranteed as to payments of interest and**  
**principal by**  
**BMO COVERED BOND TRUST**

*(a trust established under the laws of the Province of Ontario)*

This 1<sup>st</sup> supplementary prospectus (the **1<sup>st</sup> Supplementary Prospectus**) to the Prospectus dated 24 October 2011 (the **Prospectus**), which comprises a base prospectus under Article 5.4 of the Prospectus Directive for Bank of Montreal (the **Issuer** or **BMO**), constitutes a supplementary prospectus in respect of the base prospectus for the Issuer for the purposes of Section 87G of the *Financial Services and Markets Act 2000* (the **FSMA**) and is prepared in connection with the €10 billion Global Public Sector Covered Bond Programme of the Issuer, unconditionally and irrevocably guaranteed as to payments of interest and principal by BMO Covered Bond Trust (the **Trust**).

Terms defined in the Prospectus have the same meaning when used in this 1<sup>st</sup> Supplementary Prospectus. This 1<sup>st</sup> Supplementary Prospectus is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer.

Each of the Issuer and the Trust accepts responsibility for the information in this 1<sup>st</sup> Supplementary Prospectus. To the best of the knowledge of each of the Issuer and the Trust, having taken all reasonable care to ensure that such is the case, the information contained in this 1<sup>st</sup> Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Investors should be aware of their rights under Section 87Q(4) of the FSMA.

The purpose of this 1<sup>st</sup> Supplementary Prospectus is to (i) incorporate by reference in the Prospectus the Issuer's latest annual audited consolidated financial statements (including management's discussion and analysis thereof), its Annual Information Form and its most recent BMO Covered Bond Program Monthly Investor Report; and (ii) amend the first paragraph of the "Significant or Material Change" section in the Prospectus.

In accordance with Article 4.1 of Regulation (EC) 1060/2009 on Credit Rating Agencies, as amended (the **CRA Regulation**), please note that the following documents (as defined in the section entitled "Documents Incorporated by Reference") incorporated by reference in the Prospectus contain references to credit ratings:

- (a) AIF (pages 11, 24 and 25); and
- (b) 2011 MD&A (page 90).

Moody's Investors Service Inc. (referenced on pages 11, 24 and 25 of the AIF and page 90 of the 2011 MD&A) is neither established nor registered in the European Union. However, the application for registration under the CRA Regulation of Moody's Investors Service Ltd., London, its European Union credit rating agency affiliate (which is established in the European Union and registered under the CRA

Regulation), indicated an intention to endorse its ratings, although notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority.

Standard & Poor's Financial Services LLC, (referenced on pages 11 and 24 of the AIF and page 90 of the 2011 MD&A) is neither established nor registered in the European Union. However, the application for registration under the CRA Regulation of Standard & Poor's Credit Market Services Europe Limited, its European Union credit rating agency affiliate (which is established in the European Union and registered under the CRA Regulation), indicated an intention to endorse its ratings, although notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority.

Fitch Inc. (referenced on pages 11 and 25 of the AIF and page 90 of the 2011 MD&A) is neither established in the European Union nor registered under the CRA Regulation. However, the application for registration of Fitch Ratings Limited, its European Union credit rating agency affiliate (which is established in the European Union and registered under the CRA Regulation), indicated an intention to endorse its ratings, although notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority.

DBRS Limited (referenced on pages 11 and 24 of the AIF and page 90 of the 2011 MD&A) is neither established in the European Union nor registered under the CRA Regulation. However, the application for registration under the CRA Regulation of DBRS Ratings Limited, its European Union credit rating agency affiliate (which is established in the European Union and registered under the CRA Regulation), indicated an intention to endorse its ratings, although notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority.

The European Securities and Market Association (ESMA) is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. ESMA's website address is <http://www.esma.europa.eu>. Please note that this website does not form part of this Supplement or the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this 1<sup>st</sup> Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this 1<sup>st</sup> Supplementary Prospectus and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this 1<sup>st</sup> Supplementary Prospectus, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the Prospectus dated 24 October 2011.

## **DOCUMENTS INCORPORATED BY REFERENCE**

On 6 December 2011, the Issuer published (i) its Annual Information Form, dated 6 December 2011, for the fiscal year ended 31 October 2011 (the **AIF**); and (ii) its 2011 audited consolidated financial statements for the fiscal year ended 31 October 2011 with comparative consolidated financial statements for the fiscal year ended 31 October 2010, prepared in accordance with Canadian GAAP, together with the auditor's report thereon (the **2011 Audited Consolidated Financial Statements**) and management's discussion and analysis for the fiscal year ended 31 October 2011 (the **2011 MD&A**).

A copy of each of the (i) AIF; (ii) the 2011 Audited Consolidated Financial Statements; (iii) the 2011 MD&A; and (iv) the BMO Covered Bond Program Monthly Report dated 17 November 2011, containing information on the BMO Covered Bond Program's Cover Pool as at the Calculation Date falling on 31 October 2011<sup>1</sup> has been filed with Morningstar plc (appointed by the Financial Services Authority to act as the National Storage Mechanism), is available for viewing at <http://www.hemscott.com/nsm.do> and, by virtue of this 1<sup>st</sup> Supplementary Prospectus, each is incorporated in, and forms part of, the Prospectus. Copies of all documents incorporated by reference in the Prospectus can be obtained from the Issuer and the Agent in Toronto and London respectively, as described on page 17 of the Prospectus.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this 1<sup>st</sup> Supplementary Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference or attached to this 1<sup>st</sup> Supplementary Prospectus.

## **SIGNIFICANT OR MATERIAL CHANGE**

The first paragraph of the section entitled "Significant or Material Change" on page 226 of the Prospectus shall be deemed deleted and replaced with the following:

"There has been no significant change in the financial or trading position of the Issuer or any of its subsidiaries taken as a whole since 31 October 2011, being the last day of the financial period in respect of which the most recent audited published consolidated financial statements of the Issuer and its subsidiaries have been prepared. There has been no material adverse change in the prospects of the Issuer or any of its subsidiaries taken as a whole since 31 October 2011, being the last day of the financial period in respect of which the most recent audited published consolidated financial statements of the Issuer and its subsidiaries have been prepared."

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<sup>1</sup> As of the date of this Prospectus, each of Fitch Ratings Ltd., Moody's Investor Service Limited and Standard and Poor's Rating Services, as referred to within the Report, is a credit rating agency established in the European Union and registered under the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

*The following is a consent statement from KPMG LLP. In relation to this consent statement and the incorporation by reference of the auditors' reports dated 6 December 2011, KPMG LLP has given and not withdrawn their consent to their inclusion in this 1<sup>st</sup> Supplementary Prospectus in the form and context in which they are included, and have authorised their contents for the purposes of Prospectus Rule 5.5.4R(2)(f) of the Prospectus Rules of the Financial Services Authority.*

#### **CONSENT OF KPMG LLP TO THE ISSUER**

We have read the 1<sup>st</sup> Supplementary Prospectus dated 19 December 2011 to the Prospectus dated 24 October 2011 (the **Prospectus**) of Bank of Montreal (the **Issuer**) relating to the offering on a continuous basis of Covered Bonds of the Issuer. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus, of (i) our report to the shareholders of the Issuer on the consolidated balance sheets of the Issuer as at 31 October 2011 and 31 October 2010 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended and (ii) our report on the effectiveness of internal control over financial reporting of the Issuer as of 31 October 2011.

Our reports are dated 6 December 2011.

For the purposes of Prospectus Rule 5.5.4R(2)(f), we are responsible for this statement "Consent of KPMG LLP to the Issuer" and for our reports to the shareholders on the consolidated balance sheets of the issuer as at 31 October 2011 and 2010 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended and on internal control over financial reporting under Standards of the Public Company Accounting Oversight Board (United States) (the **Reports**) as part of this 1<sup>st</sup> Supplementary Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this statement and the Reports is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this 1<sup>st</sup> Supplementary Prospectus in compliance with item 1.2 of Annex XI of the Prospectus Rules of the Financial Services Authority.

KPMG LLP  
Chartered Accountants, Licensed Public Accountants

Toronto, Canada  
19 December 2011