



*(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 2nd supplementary prospectus (the **2nd Supplementary Prospectus**) to the Prospectus dated 24 October 2011 as supplemented on 19 December 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 2nd Supplementary Prospectus. This 2nd 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 2nd 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 2nd 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 2nd Supplementary Prospectus is to (i) amend the Amendments to Covered Bonds following any covered bond legislation coming into force in Canada risk factor on page 61 of the Prospectus to reflect current uncertainty surrounding possible legislative restrictions on Canadian covered bond programmes, including, among other things, the composition of the covered pool and (ii) incorporate by reference in the Prospectus the following documents:

1. BMO Covered Bond Program Monthly Investor Reports published on 16 December 2011 and 18 January 2012;
2. Annual Report on Form 40-F for the fiscal year ended 31 October 2011 containing the following exhibits:
  - (a) the Issuer's Annual Information Form for the year ended 31 October 2011;
  - (b) the Issuer's Fiscal Year 2011 Management's Discussion and Analysis of Results of Operations and Financial Condition for the period ended 31 October 2011;
  - (c) the Issuer's Statement of Management's Responsibility for Financial Information;
  - (d) Consent of the Issuer's Independent Registered Public Accounting Firm, KPMG LLP;

- (e) Certification of the Issuer's President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002;
  - (f) Certification of the Issuer's Executive Vice-President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; and
  - (g) Certifications of the Issuer's President and Chief Executive Officer and Executive Vice-President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
3. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 25 November 2011 containing the following exhibit:
- (a) Press Release announcing that BMO Capital Trust, a subsidiary of Bank of Montreal, would redeem at par all of its Trust Capital Securities - Series C on 31 December 2011.
4. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 6 December 2011 (Acc. no – 0001193125-11-331887) containing the following exhibit:
- (a) Press Release announcing that the Issuer declared a quarterly dividend on its common shares for the first quarter of fiscal year 2012 and introduced a 2 per cent discount on the reinvestment of dividends in newly issued common shares under its Shareholder Dividend Reinvestment and Share Purchase Plan.
5. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 6 December 2011 (Acc. no – 0001193125-11-332035) containing the following exhibit:
- (a) Press Release announcing the Issuer's earnings for the fourth quarter of fiscal year 2011.
6. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 4 January 2012 containing the following exhibits:
- (a) the Issuer's Consolidated Ratios of Earnings to Fixed Charges;
  - (b) the Issuer's Statement Regarding the Computation of Consolidated Ratios of Earnings to Fixed Charges; and
  - (c) the Issuer's Consolidated Capitalization as at 31 October 2011;
7. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 10 January 2012 containing the following exhibit:
- (a) Notice of Annual Meeting of the Issuer;
8. Form 6-K filed by the Issuer with the Securities and Exchange Commission on 19 January 2012 containing the following exhibit:
- (a) Press Release announcing that the Issuer will redeem all of its US\$300,000,000 Non-cumulative Perpetual Class B Preferred Shares Series 10 on 25 February 2012.

A copy of each of the documents referenced above 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 2nd 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 the 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 2nd Supplementary Prospectus.

### **AMENDMENT TO THE PROSPECTUS**

#### **Amendment to Risk Factor**

By virtue of this 2nd Supplemental Prospectus, the following shall be inserted as new paragraphs after the second paragraph of the risk factor entitled “Amendments to Covered Bonds following any covered bond legislation coming into force in Canada” on page 61 of the Prospectus:

"A consultation paper issued by Canada’s Department of Finance on 11 May 2011 related to covered bond programmes set out a number of initial proposals of the Canadian federal government and requested comments on various questions, including whether or not the proposed legislative framework should encourage the use of uninsured collateral. A copy of the consultation paper can be found at the following address: <http://www.fin.gc.ca/activty/consult/cb-os-eng.asp>. Please note that this website and its contents do not form part of the Prospectus.

No assurance can be given as to the following matters relating to the legislative framework:

- (a) the final form of the legislative framework, if implemented;
- (b) the timing of implementation of the legislative framework;
- (c) whether the legislative framework will be available to the Issuer in respect of the Programme as currently constituted;
- (d) whether the legislative framework will permit the existence of covered bond programmes outside the legislative framework;
- (e) whether the legislative framework will permit the use of insured mortgages as collateral; or
- (f) whether the Issuer, assuming it is permissible to do so under the Conditions of the Covered Bonds and the legislative framework, will look to exchange any existing Covered Bonds then outstanding for new Covered Bonds following the coming into force in Canada of such legislative framework.”

Consequently, the effect of the proposed legislative framework on the price, liquidity and security of any outstanding Covered Bonds cannot be predicted".