

**FIRST SUPPLEMENT DATED 7 DECEMBER 2018 TO THE PROSPECTUS DATED
23 OCTOBER 2018**



BANK OF MONTREAL

(a Canadian chartered Bank)

U.S.\$22,000,000,000

Global Registered Covered Bond Program

unconditionally and irrevocably guaranteed as to payments of interest and principal by

BMO COVERED BOND GUARANTOR LIMITED PARTNERSHIP

(a limited partnership established under the laws of the Province of Ontario)

The Bank of Montreal (the “**Bank**”) issued a Prospectus dated 23 October 2018 (the “**Prospectus**”) which is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (2003/71/EC) as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). This first supplement (the “**First Supplement**”) constitutes a supplement in respect of the Prospectus for the purposes of the Prospectus Directive and Section 87G of the Financial Services and Markets Act 2000 (U.K.) (“**FSMA**”), and is prepared in connection with the U.S.\$22,000,000,000 Global Registered Covered Bond Program established by the Bank (the “**Program**”) unconditionally and irrevocably guaranteed as to payments of interest and principal by BMO Covered Bond Guarantor Limited Partnership (the “**Guarantor**”).

Terms defined in the Prospectus have the same meaning when used in this First Supplement. This First Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Bank from time to time.

Each of the Bank and the Guarantor accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of each of the Bank and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this First Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“CMHC”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS OR THIS FIRST SUPPLEMENT. THE COVERED BONDS ARE NEITHER INSURED NOR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

1. Purpose of the First Supplement

The purpose of this First Supplement is to (a) incorporate by reference the investor report of the Guarantor with the calculation date of 31 October 2018 (the “**October 2018 Investor Report**”), (b) incorporate by reference the Bank’s 2018 annual information form (the “**2018 Information Form**”) and the annual audited consolidated financial statements and management’s discussion and analysis as at and for the years ended October 31, 2017, and October 31, 2018, prepared in accordance with International Financial Reporting Standards

(“IFRS”) (the “**2018 Consolidated Financials**”) and (c) update the “General Information” section of the Prospectus in relation to any significant change in the financial or trading position or material adverse change in the prospects of the Bank and its subsidiaries, each as described in further detail below.

2. October 2018 Investor Report

The investor report of the Guarantor with the calculation date of 31 August 2018 (the “**August 2018 Investor Report**”) was incorporated by reference into the Prospectus. Since the August 2018 Investor Report was incorporated by reference, the Bank has sold additional assets to the Guarantor equalling approximately CAD\$5,000,000,000 in accordance with the terms of the Transaction Documents. CAD\$2,913,118,871.90 of the assets sold to the Guarantor are reflected in the October 2018 Investor Report. The current makeup of the Covered Bond Portfolio will be reflected in the investor report of the Guarantor with the calculation date of 30 November 2018. The makeup of the Covered Bond Portfolio reflected in the October 2018 Investor Report is material and is therefore a significant new factor which is capable of affecting the assessment of the Covered Bonds under the Program.

3. Annual Audited Consolidated Financial Statements and Management’s Discussion and Analysis as at and for the years ended October 31, 2017, and October 31, 2018

By virtue of this First Supplement, the following documents are incorporated in and form part of the Prospectus:

- 2.1 the Bank’s annual information form dated December 4, 2018, excluding all information therein incorporated by reference; and
- 2.2 the Bank’s audited consolidated financial statements as at and for the years ended October 31, 2017, and October 31, 2018, prepared in accordance with IFRS, together with the auditors’ report thereon and management’s discussion and analysis of financial condition and financial performance for the years ended October 31, 2017, and October 31, 2018, all as set out on pages 24 to 139 and 140 to 211 of the Bank’s Annual Report for the year ended October 31, 2018. The remainder of the Bank’s Annual Report is not incorporated and is either covered elsewhere in the Prospectus or deemed not relevant to investors.

In accordance with Article 4.1 of Regulation (EC) 1060/2009 on Credit Rating Agencies (the “**CRA Regulation**”), please note that the annual information form contains references to credit ratings and information on pages 8 to 9 and on pages 1 and 2 of Appendix II thereto, and the management’s discussion and analysis and the audited consolidated financial statements contain references to credit ratings and information on pages 69, 85, 89-90, 93, 106, 168 and 191.

None of Standard & Poor’s Financial Services LLC (“**S&P**”), Moody’s Investors Service, Inc. (“**Moody’s**”), Fitch Ratings, Inc. (“**Fitch**”) and DBRS Limited (“**DBRS**”) (collectively, the “**non-EU CRAs**”) is established in the European Union or has applied for registration under the CRA Regulation. The ratings have been endorsed by each of Standard and Poor’s Credit Market Services Europe Limited, Moody’s Investors Service Ltd., Fitch Ratings

Limited and DBRS Ratings Limited (the “EU CRAs”), as applicable, which are affiliates of S&P, Moody’s, Fitch and DBRS, respectively, in accordance with the CRA Regulation. Each EU CRA is established in the European Union and registered under the CRA Regulation. As such each EU CRA is included in the list of credit rating agencies published by the European Securities and Markets Authority (the “ESMA”) on its website in accordance with the CRA Regulation. The ESMA has indicated that ratings issued in Canada which have been endorsed by an EU CRA may be used in the EU by the relevant market participants.

4. Documents Incorporated by Reference

Copies of (a) October 2018 Investor Report and (b) the Bank’s 2018 Information Form and the Bank’s 2018 Consolidated Financials have been filed with the Financial Conduct Authority and, by virtue of this First Supplement, these documents are incorporated in, and form part of, the Prospectus for the purposes of Article 5.4 of the Prospectus Directive.

To the extent that any document or information incorporated by reference or attached to this First Supplement itself incorporates any other documents or information by reference therein, either expressly or implicitly, such other documents or information will not form part of this First Supplement for the purposes of the Prospectus Directive except where such other documents or information are specifically incorporated by reference or attached to this First Supplement.

5. General Information

There has been no significant change in the financial or trading position of the Bank and its subsidiaries taken as a whole and no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole since 31 October 2018, being the date of the latest audited published consolidated financial statements of the Bank.

To the extent that there is any inconsistency between (a) any statement in this First Supplement or any statement incorporated by reference into the Prospectus by way of this First Supplement 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 First Supplement and any supplement to the Prospectus previously issued, 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 Program has arisen or been noted, as the case may be, since the publication of the Prospectus.

Copies of this First Supplement, the Prospectus and the documents incorporated by reference in either this First Supplement or the Prospectus can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Bank and the headline “Publication of Prospectus”, (ii) viewed on the website of the National Storage Mechanism at www.morningstar.co.uk/uk/NSM and (iii) obtained on written request and without charge from (a) the principal executive offices of the Bank from the Corporate Secretary’s Office, 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario, Canada M5X 1A1, and (b) the offices of the Issuing and Paying Agent, The Bank of New York Mellon, London Branch, One Canada Square, 48th Floor, London E14

4AL so long as any of the Covered Bonds issued under the Prospectus and listed on the London Stock Exchange's Regulated Market are outstanding.