

**THIRD AMENDING AGREEMENT TO
GUARANTOR AGREEMENT**

THIS THIRD AMENDING AGREEMENT TO GUARANTOR AGREEMENT (this “**Agreement**”) is made as of the 23rd day of October, 2018.

BETWEEN:

- (1) **BMO Covered Bond GP, Inc.**, a corporation incorporated under the laws of Canada;
- (2) **8429065 Canada Inc.**, a corporation incorporated under the laws of Canada;
- (3) **Bank of Montreal**, a bank named in Schedule I to the Bank Act (Canada); and
- (4) **Computershare Trust Company of Canada**, a trust company formed under the laws of Canada.

WHEREAS the parties hereto entered into a limited partnership agreement made as of September 30, 2013, as amended by an amending agreement dated August 16, 2016 and a second amending agreement dated October 17, 2017 (as so amended, the “**Guarantor Agreement**”);

AND WHEREAS the parties hereto have agreed to further amend the Guarantor Agreement pursuant to Section 13.1 and the terms of this Agreement;

NOW THEREFORE IT IS HEREBY AGREED that in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

ARTICLE 1 – AMENDMENT

1.01 Amendments

(1) The Guarantor Agreement shall be amended by deleting Schedule 11 in its entirety and replacing it with the new Schedule 11 attached hereto as Schedule A.

ARTICLE 2– MISCELLANEOUS

2.01 Further Assurances

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as any of the other parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

2.02 Other Amendments

Except as expressly amended, modified and supplemented hereby, the provisions of the Guarantor Agreement are and shall remain in full force and effect and shall be read with this Agreement, *mutatis mutandis*. Where the terms of this Agreement are inconsistent with the terms of

the Guarantor Agreement (prior to its amendment hereby), the terms of this Agreement shall govern to the extent of such inconsistency.

2.03 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

2.04 Interpretation

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Guarantor Agreement (prior to its amendment hereby).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first before written.

BANK OF MONTREAL

By: “Chris Hughes”

Name: Chris Hughes
Title: Deputy Treasurer

BMO COVERED BOND GP, INC.

By: “Chris Hughes”

Name: Chris Hughes
Title: President and Secretary

COMPUTERSHARE TRUST COMPANY OF CANADA

By: “John C. Poolman”

Name: John C. Poolman
Title: Corporate Trust Officer

By: “Ann Samuel”

Name: Ann Samuel
Title: Associate Trust Officer

8429065 CANADA INC.

By: “Charles Eric Gauthier”

Name: Charles Eric Gauthier
Title: Vice-President and Assistant Secretary

SCHEDULE A

Schedule 11

OC Valuation

- (a) The “**OC Valuation**” consists of calculating the Level of Overcollateralization (defined below) on the relevant Calculation Date and comparing it with the Guide OC Minimum.
- (b) For purposes of the OC Valuation, the “**Level of Overcollateralization**” means the amount, expressed as a percentage, calculated as at each Calculation Date as follows:

$$A \div B$$

where:

- (A) the lesser of: (i) the total amount of the Cover Pool Collateral; and (ii) the amount of Cover Pool Collateral required to collateralize the Covered Bonds outstanding and ensure that the Asset Coverage Test is met, and
- (B) the Canadian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

The term “**Cover Pool Collateral**” shall, for the purposes of the foregoing calculation, include, as calculated on the relevant Calculation Date,

- (a) the Performing Eligible Loans (as defined in Annex D to the CMHC Guide) owned by the Guarantor and such Loans will be valued using their outstanding principal balance;
- (b) Substitute Assets owned by the Guarantor and such assets shall be valued using their outstanding principal balance;

provided that, the “Cover Pool Collateral” shall not include Contingent Collateral Amounts, Swap Collateral Excluded Amounts or Voluntary Overcollateralization (as defined in Section 6.3.4 of the CMHC Guide).