

# NEW ISSUE

October 29, 2019

Final



## Bank of Montreal Capped Floating Rate Note November 06, 2024

### WHO ARE THESE NOTES SUITED FOR:

Investors who prefer to own an investment reflective of short term interest rates

**Coupon: 3M BA Rate + 62 bps**

Subject to a Maximum Coupon

**5 Year Term**

Currency: CAD

**100% Principal Protected**

if held to maturity

**Issue:** Bank of Montreal Capped Floating Rate Note due November 06, 2024 (the "Notes").

**Issue size:** \$3,250,000.00, subject to change at the discretion of Bank of Montreal (the "Issuer")

**Principal:** \$100 per Note

**Issue Price:** \$100 per Note

**Minimum subscription:** \$2,000 and \$1,000 integral multiples thereafter.

**Issue Date:** November 06, 2019

**Maturity Date:** November 06, 2024

**Coupon Rate:** **Note holders will receive a Coupon Rate of 3M BA Rate + 62 bps**

The Coupon Rate is an annualized rate which will be reset at the start of each coupon period on a Reset Date (as defined below) beginning on November 06, 2019, and is based on the 3-Month BA Rate on the applicable Reset Date, subject to the Maximum Coupon Rate set out below.

**Maximum Coupon Rate:** Noteholders will receive a Maximum Coupon Rate of 3.50% per annum for periods in which the 3-Month BA Rate is set at or above 2.88%

**Coupon Payments:** Coupon Payments are made quarterly on the 6th day of February, May, August and November of each year, commencing on February 6, 2020 up to and including the Maturity Date. The Coupon Payment for each coupon period will be calculated by multiplying the Coupon Rate on the Reset Date for the applicable coupon period by the actual days in such period divided by a 365 day-year (Coupon Rate \* (actual days in the coupon period/365)).

**Reset Date:** The 6th day of February, May, August and November of each year, commencing on November 06, 2019, up to and including August 6, 2024 (the final Reset Date).

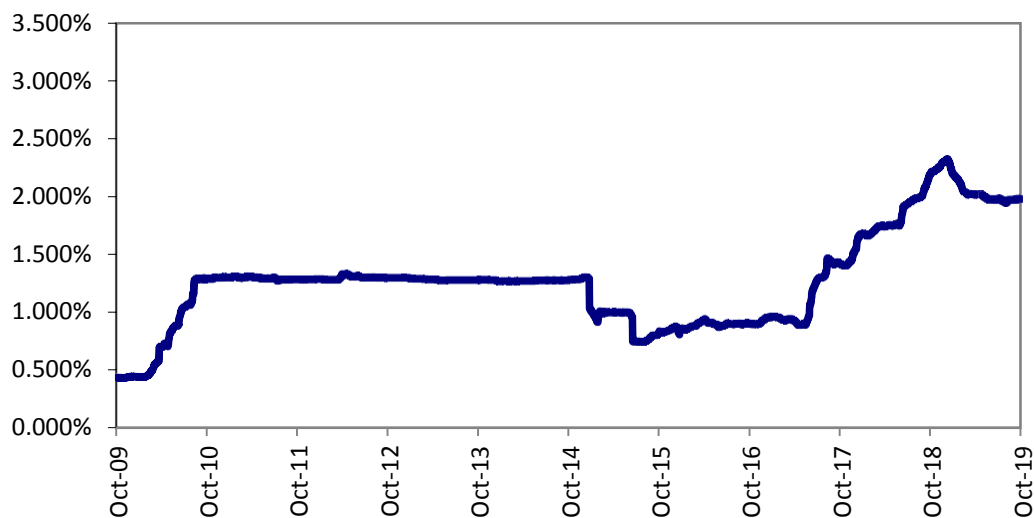
**3-Month BA Rate:** The 3-Month BA Rate was 1.98% (as of October 28, 2019).  
As determined by BMO Capital Markets, in its capacity as Calculation Agent, the "3-Month BA Rate" means the average rate of interest (expressed as an annual percentage rate and rounded to the nearest one hundred thousandth of one percent) for Canadian dollar bankers' acceptances with maturities of three months as published on the Reuters Screen CDOR Page as of 10:00a.m., Toronto time, on the Reset Date (as defined above). If such rate does not appear on the Reuters Screen CDOR Page on a Reset Date, the 3-Month BA Rate will be the arithmetic mean (expressed as an annual percentage rate and rounded to the nearest one-hundred thousandth of one percent) of the bid rates of interest requested and obtained by the Calculation Agent from



offices of three banks named in Schedule I of the Bank Act (Canada) that are selected by the Calculation Agent in its sole discretion (the "Reference Banks"), for Canadian dollar bankers' acceptances with maturities of three months for settlement on that date and in an amount of CAD\$10,000,000 accepted by the Reference Banks as of 10:00 a.m., Toronto time, on the Reset Date. If not all Reference Banks from which quotations are requested provide quotations, then the Calculation Agent shall, in its discretion, use the bids of those Reference Banks that provide bid quotations for purposes of determining the 3-Month BA Rate.

If the Calculation Agent determines that the 3-Month BA Rate has been discontinued, then the Calculation Agent will use a substitute or successor rate that it has determined in its sole discretion is an appropriate alternative reference rate, provided that if the Calculation Agent determines there is an industry-accepted successor rate that shall have replaced the 3-Month BA Rate in the relevant market at the relevant time, then the Calculation Agent shall use such successor rate. If the Calculation Agent has determined a substitute or successor rate in accordance with the foregoing, the Calculation Agent in its sole discretion may determine the business day convention, the interest payment dates and related provisions and definitions to be used, and any other relevant methodology for calculating such substitute or successor rate, including any adjustment factor needed to make such substitute or successor rate comparable to the 3-Month BA Rate, in a manner that is consistent with industry-accepted practices for such substitute or successor rate or as it determines appropriate for such substitute or successor rate. Such decisions of the Calculation Agent shall be binding on holders of the Notes.

The following graph shows the historical performance of the 3-Month BA Rate over the past 10 years, past rates are not necessarily indicative of future rates:



**Calculation Agent:** BMO Nesbitt Burns Inc. ("BMO Capital Markets").

**Repayment of Principal:** The Principal will be repaid on the Maturity Date.

### Redemption and Repurchase

The Note is not redeemable at the option of the noteholder. The Issuer may from time to time repurchase Notes in the open market, by tender or private contract. Redemption or repurchase will be subject to the prior approval of the Superintendent of Financial Institutions (the "Superintendent") if such redemption would lead to a breach of the Bank's Total Loss Absorbing Capacity ("TLAC") requirements.

### Credit Rating:

Moodys: A2; S&P: A-; DBRS: AAL.

The Notes have not been rated. The ratings above apply to the deposit liabilities of the Issuer with a term to maturity of more than one year as of the date of this document. There can be no assurance that, if the Notes

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were specifically rated by these rating agencies, they would have the same rating as the conventional deposit liabilities of the Issuer. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

## Rank:

The Notes will constitute direct unconditional obligations of the Issuer. The Notes will be issued on an unsubordinated basis and will rank equally, as among themselves and with all other outstanding, direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of the Issuer, and will be payable rateably without any preference or priority.



**No CDIC:** The Notes do not constitute or evidence deposits that are insured under the Canada Deposit Insurance Corporation Act ("CDIC ACT").

**Bail-inable:** The Notes are bail-inable notes subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Issuer or any of its affiliates under subsection 39.2(2.3) of the "CDIC Act" and to variation or extinguishment in consequence, and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the "CDIC Act" with respect to the Notes. For a description of Canadian bank resolution powers and the consequent risk factors attaching to the Notes, reference is made to <https://www.bmo.com/home/about/banking/investor-relations/regulatory-disclosure> which information is hereby incorporated by reference.

## **Delivery Book**

### **Entry Only**

**System:** The Issuer will not be considered to have entered into an agreement with an investor for the issuance of Notes until the Issue Date. The Notes will be issued in the form of a fully registered global note in the name of CDS & Co. as nominee of CDS and held by CDS. Registration of interests in and transfers of the Notes will be made only through the book entry only system of CDS. The Notes must be purchased directly or indirectly through a participant in the CDS book entry only system. No noteholder will be entitled to any certificate or other instrument from the Issuer or CDS evidencing ownership, and no noteholder will be shown on the records maintained by CDS except through an agent who is a participant of CDS.

## **Secondary Market:**

BMO Capital Markets will use reasonable efforts to arrange for a secondary market for the sale of Notes, but is under no obligation to facilitate or arrange for one. If commenced, such secondary market may be suspended at any time at the sole discretion of BMO Capital Markets, without notice to noteholders. The price that BMO Capital Markets will pay for Notes sold in the secondary market prior to the Maturity Date will be determined by BMO Capital Markets, in its sole discretion, and will be based on a number of factors, which may include, without limitation, prevailing interest rates and the time remaining to the Maturity Date. If there is no secondary market, noteholders will not be able to sell the Notes.

The Notes are intended to be instruments held to the Maturity Date with the Principal being payable on the Maturity Date. If a noteholder sells his or her Notes prior to the Maturity Date, such noteholder may receive less than the Principal and may suffer losses. A noteholder should consult his or her financial and tax advisors on whether it would be more favourable in the circumstances at any time to sell the Notes on the secondary market, if available, or hold the Notes until the Maturity Date.

## **Subsequent Holders:**

Each holder or beneficial owner of a Note that acquires an interest in the Note in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified in the Note to the same extent as the holders or beneficial owners that acquire an interest in the Note upon its initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Note related to the bail-in regime.



**Suitability and Risk Factors:** The Notes may not be suitable for all investors. An investor should decide to invest in the Notes only after carefully considering with his or her advisor whether the Notes are a suitable investment in light of his or her investment objectives. Neither the Issuer nor BMO Capital Markets makes any recommendation as to whether the Notes are a suitable investment for any person.

An investor should also take into account various risks associated with such an investment. Certain risk factors include, but are not limited to:

**Non-Conventional Notes**

The Notes are not conventional notes or fixed income securities in that they do not track the same price movements as traditional interest rate products.

**Secondary Trading of Notes**

The Notes are designed for investors who are prepared to hold the Notes to the Maturity Date. The Principal is repaid by the Issuer only at the Maturity Date. There is currently no exchange-traded market through which the Notes may be sold and it is possible that no such market will be arranged. BMO Capital Markets will use reasonable efforts, subject to normal market conditions, to arrange for a secondary market for the sale of the Notes. This secondary market is the only way to sell Notes prior to maturity. The price that BMO Capital Markets will pay to a noteholder for a Note prior to maturity will be determined by BMO Capital Markets, acting in its sole discretion. A noteholder who sells Notes in the secondary market may receive less than the Principal.

**Coupon Rate is Variable**

The Coupon Rate is based on the 3-Month BA Rate which is recalculated every quarter on the applicable Reset Date, and is subject to a Maximum Coupon Rate of 3.50% per annum.

**3-Month BA Rate**

The Canadian Dollar Offered Rate ("CDOR") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to CDOR that may be implemented. Changes or uncertainty in respect of the 3-Month BA Rate may affect the value or payment of interest under the Notes including where the 3-Month BA Rate may not be available or is discontinued. Changes or uncertainty may cause the 3-Month BA Rate to disappear entirely, to perform differently than in the past (as a result of change in methodology or otherwise) or have other consequences which cannot be predicted and such changes or uncertainty could have material adverse effect on the trading market for, the value of and return on the Notes.

**Set-Off:** The holders and beneficial owners of the Notes will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to the Notes.

**GOVERNING LAW:** Ontario and the federal laws of Canada applicable therein

**ATTORNTMENT:** Courts of the Province of Ontario

The Notes are issued by and constitute direct, unconditional obligations of the Bank of Montreal. The information contained herein is issued for information purposes only to provide an overview of the Notes, contains indications only, and does not constitute investment advice or an offer to sell or a solicitation to purchase. You should discuss the suitability of the investment with your financial advisor. The Notes may not be suitable for all types of investors. This document does not purport to identify or suggest all of the risks (direct or indirect) which may be associated with an investment in the Notes. You should consult your tax advisors regarding the tax consequences of annual interest on the Notes in your particular circumstances, including if you plan to sell the Notes prior to maturity.

Bank of Montreal makes no assurances, representations or warranties with respect to the accuracy, reliability or completeness of information provided herein. Furthermore, Bank of Montreal makes no recommendations concerning fixed income investments as an asset class or the suitability of investing in securities generally or the Notes in particular. In connection with the issue and sale of Notes by Bank of Montreal, no person has been authorized to give any information or to make any representation not contained herein relating to the Notes and Bank of Montreal does not accept any responsibility for any information not contained herein.

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