

## Prospectus Supplement

### To Short Form Base Shelf Prospectus dated June 22, 2020

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated June 22, 2020 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available, to retail clients in the United Kingdom (“UK”) or the European Economic Area (“EEA”), as defined in the rules set out in the Markets in Financial Instruments Directive 2014/65/EU, as amended or replaced from time to time (“MiFID II”). Prospective investors are referred to the section headed “Prohibition on marketing and sales to retail investors in the UK and EEA” of this prospectus supplement for further information.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws. The securities to be issued hereunder are being sold only outside the United States to non-U.S. persons (as defined in Regulation S under the U.S. Securities Act) except that the U.S. broker-dealer affiliate of BMO Nesbitt Burns Inc. may offer or sell the securities to U.S. persons that are Qualified Institutional Buyers (as defined in Rule 144A under the U.S. Securities Act). See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated June 22, 2020 from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, Bank of Montreal, 100 King St. W., 1 First Canadian Place, 21st Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-6785, and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

September 9, 2020



**\$1,250,000,000**

**4.30% Limited Recourse Capital Notes, Series 1  
(Non-Viability Contingent Capital (NVCC))  
(subordinated indebtedness)**

**\$1,250,000,000**

**1,250,000 Non-Cumulative 5-Year Fixed Rate Reset Class B Preferred Shares, Series 48  
(Non-Viability Contingent Capital (NVCC))**

Bank of Montreal (the “Bank”) is offering \$1,250,000,000 aggregate principal amount of 4.30% Limited Recourse Capital Notes, Series 1 (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness) (the “Notes”). Each Note will mature on November 26, 2080. The Bank will pay interest on the Notes in equal (subject to the reset of the interest rate and the long first coupon) semi-annual instalments in arrears on May 26 and November 26 of each year, with the first payment on May 26, 2021. From the date of issue (the “Issue Date”) to, but excluding, November 26, 2025, the interest rate on the Notes will be fixed at a rate of 4.30% per annum. Starting on November 26, 2025 and on every fifth anniversary of such date thereafter until November 26, 2075 (each such date, an “Interest Reset Date”), the interest rate on the Notes will be reset at an interest rate per annum equal to the sum of (a) the Government of Canada Yield (as defined herein) on the business day prior to such Interest Reset Date (each, an “Interest Rate Calculation Date”), and (b) 3.938%. Assuming the Notes are issued on September 16, 2020, the first interest payment on the Notes on May 26, 2021 will be in an amount of \$29.864383562 per \$1,000 principal amount of Notes. See “Description of the Notes”.

This prospectus supplement, together with the short form base shelf prospectus of the Bank dated June 22, 2020 to which it relates (the “Prospectus”), also qualifies the distribution of 1,250,000 Non-Cumulative 5-Year Fixed Rate Reset Class B Preferred Shares, Series 48 (Non-Viability Contingent Capital (NVCC)) of the Bank (the “Preferred Shares Series 48”), at a price of \$1,000 per share to be issued to the Limited Recourse Trustee (as defined herein) in connection with the issuance of the Notes. The Preferred Shares Series 48 offered hereby will be issued on or before the Issue Date.

**The Notes are intended to qualify as additional Tier 1 capital of the Bank within the meaning of the regulatory capital adequacy requirements to which the Bank is subject. In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of Notes shall be the delivery of the Limited Recourse Trust Assets (as defined herein), which initially shall consist of the Preferred Shares Series 48. See “Description of the Notes – Limited Recourse”.**

The Notes will be direct unsecured obligations of the Bank and, in the event of the Bank's insolvency or winding-up (prior to the occurrence of a Trigger Event (as defined herein)), will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined herein) (including certain Subordinated Indebtedness (as defined herein) and Deeply Subordinated Indebtedness (as defined herein)) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (as defined herein) (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case, from time to time outstanding, and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors; provided that, in any such case, in case of the Bank's non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. The Notes will constitute subordinated indebtedness for the purposes of the *Bank Act* (Canada) (the "**Bank Act**"). Upon the occurrence of a Recourse Event (as defined herein), the recourse of each holder of the Notes will be limited to such holder's proportionate share of the Limited Recourse Trust Assets, and all claims of the holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets that are delivered to holders of Notes under such circumstances consist of Preferred Shares Series 48 or common shares of the Bank ("**Common Shares**"), the priority of the Notes described above will not be relevant as such Preferred Shares Series 48 or Common Shares will rank on parity with all other issued and outstanding preferred shares of the Bank ("**Preferred Shares**") or Common Shares, as applicable. See "Description of the Notes".

**The Notes will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the Bank Act and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.**

The Bank may, at its option, redeem the Notes, with the prior written approval of the Superintendent of Financial Institutions Canada (the "**Superintendent**"), (a) in whole or in part, on not less than 15 days' and not more than 60 days' prior notice to the registered holders of the Notes, every five years during the period from October 26 to and including November 26, commencing in 2025, and (b) in whole but not in part, on not less than 30 days' and not more than 60 days' prior notice to the registered holders of the Notes, (i) within 90 days following a Regulatory Event Date (as defined herein) or (ii) at any time following the occurrence of a Tax Event Date (as defined herein), in each case at a redemption price equal to the aggregate of the principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but excluding, the date fixed for redemption. See "Description of the Notes — Redemption". In addition, in the event of any redemption of Preferred Shares Series 48, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Preferred Shares Series 48 redeemed will be automatically redeemed. If the Bank does not pay the applicable Redemption Price (as defined herein) in cash under such circumstances, then a Recourse Event (as defined herein) will have occurred and the sole remedy of each holder of Notes shall be the delivery of such holder's proportionate share of the Limited Recourse Trust Assets. See "Description of the Notes — Limited Recourse". The Notes are not redeemable at the option or election of holders.

Except to the extent there is a Special Event Redemption (as defined herein), the Preferred Shares will not be redeemable by the Bank prior to October 26, 2025. Subject to the provisions of the Bank Act, the consent of the Superintendent and to the provisions of the Preferred Shares Series 48, the Preferred Shares are redeemable, in whole or in part, at the option of the Bank, during the period from October 26, 2025 to and including November 26, 2025 and during the period from October 26 to and including November 26 every fifth year thereafter. In the event of any redemption of the Preferred Shares Series 48, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Preferred Shares Series 48 redeemed will be automatically redeemed.

In the event that there is non-payment by the Bank of interest on the Notes on any Interest Payment Date (as defined herein), and the Bank has not cured such non-payment by subsequently paying such interest prior to the fifth business day following such Interest Payment Date, a Recourse Event (as defined herein) will have occurred and the sole remedy of each holder of Notes shall be the delivery of such holder's proportionate share of the Limited Recourse Trust Assets. Promptly after the Failed Coupon Payment Date (as defined below), pursuant to the limited recourse feature described in this prospectus supplement, each holder of Notes will receive such holder's proportionate share of the Limited Recourse Trust Assets. Upon delivery to the holders of Notes of their proportionate share of the Limited Recourse Trust Assets following any Failed Coupon Payment Date in accordance with the limited recourse feature described below, all Notes will cease to be outstanding and each holder of Notes will cease to be entitled to interest thereon. Further, all claims of the holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. See "Description of the Notes — Limited Recourse".

An investment in the Notes (and Preferred Shares Series 48 and Common Shares upon delivery of the Limited Recourse Trust Assets, including upon the occurrence of a Trigger Event) bears certain risks. See "Risk Factors" beginning on page S-30 of this prospectus supplement and page 10 of the Prospectus.

	<u>Price to the Public</u>	<u>Agents' Fee</u>	<u>Net Proceeds to the Bank<sup>(1)</sup></u>
Per \$1,000 principal amount of Notes .....	\$1,000.00	\$10.00	\$990.00
Total .....	\$1,250,000,000	\$12,500,000	\$1,237,500,000

(1) After deducting the Agents' Fee shown in the table above, but before deducting expenses of the offering, estimated to be approximately \$500,000 of which will be paid by the Bank.

The purchase price to be paid by the Limited Recourse Trust for the Preferred Shares Series 48 qualified hereby shall be satisfied with proceeds received from the Bank in connection with a subscription for units of the Limited Recourse Trust by the Bank. As a result, the Preferred Shares Series 48 will not be offered to prospective investors.

BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., Desjardins Securities Inc., J.P. Morgan Securities Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Merrill Lynch Canada Inc., Wells Fargo Securities Canada, Ltd., Industrial Alliance Securities Inc. and Manulife Securities Incorporated (collectively, the “Agents” and individually, an “Agent”), as agents, conditionally offer the Notes, subject to prior sale, on a best efforts basis, if, as and when issued by the Bank and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Bank by Osler, Hoskin & Harcourt LLP and on behalf of the Agents by McCarthy Tétrault LLP.

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in National Instrument 45-106 – Prospectus Exemptions (“NI 45-106”) or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to the Bank that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to the Bank and the Agent from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

**No underwriter has been involved in the issuance of the Preferred Shares Series 48 to the Limited Recourse Trustee.**

**BMO Nesbitt Burns Inc., one of the Agents, is a wholly owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. See “Plan of Distribution”.**

The decision to distribute the Notes and the determination of the terms of the distribution were made through negotiations between the Bank on the one hand and the Agents on the other hand. TD Securities Inc., a dealer in respect of which the Bank is not a related or connected issuer, has participated in the structuring and pricing of the offering, and in the due diligence activities performed by the Agents for the offering. BMO Nesbitt Burns Inc. will not receive any benefit in connection with this offering other than a portion of the Agents' fee payable by the Bank.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Common Shares issuable upon the occurrence of a Trigger Event (as defined herein) subject to the Bank fulfilling all of the requirements of the TSX on or before December 7, 2020. The Bank has applied to list the Common Shares issuable upon the occurrence of a Trigger Event on the New York Stock Exchange (“NYSE”). Listing is subject to the Bank fulfilling all of the listing requirements of the NYSE.

In connection with this offering, the Agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**There is no market through which these securities may be sold and purchasers of Notes may not be able to resell Notes purchased under this prospectus supplement and holders of Preferred Shares Series 48 may not be able to resell Preferred Shares Series 48 that may be delivered to holders of the Notes. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

Subscriptions for Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on September 16, 2020, or such later date as the Bank and the Agents may agree. The Notes will be issued in “book-entry only” form. The aggregate principal amount of the Notes will be issued in certificated or uncertificated form and registered in the name of CDS Clearing & Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS or its nominee on the closing date. No physical certificates evidencing the Notes will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Notes will receive only a customer confirmation from the Agent or other registered dealer who is a participant in the depository service of CDS and from or through whom a beneficial interest in the Notes is purchased. See “Description of the Notes”.

## **Prohibition on marketing and sales to retail investors in the UK and EEA**

The Notes discussed in this document are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the UK Financial Conduct Authority published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the “**PI Instrument**”). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (“**PRIIPs Regulation**”) became directly applicable in all EEA member states (including the UK) and (ii) MiFID II was required to be implemented in EEA member states (including the UK) by 3 January 2018. Together the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the “**Regulations**”.

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein) including the Regulations.

Certain of the Agents may be required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Bank and/or the Agents, each prospective investor represents, warrants, agrees with and undertakes to the Bank and each of the Agents that:

1. it is not a retail client in the EEA or the UK (as defined in MiFID II);
2. whether or not it is subject to the Regulations, it will not
  - (A) sell or offer the Notes (or any beneficial interest therein) to retail clients in the EEA or the UK (as defined in MiFID II) or
  - (B) communicate (including the distribution of this document) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA or the UK (in each case within the meaning of MiFID II).

In selling or offering the Notes or making or approving communications relating to the Notes it may not rely on the limited exemptions set out in the PI Instrument.

and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

1. the identified target market for the Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
2. no key information document (KID) under the PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

**PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all

channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Bank and/or the Agents, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**Notification under section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”).**

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Bank has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (“MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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All references herein to “Canada” mean Canada, its provinces, its territories, its possessions and all areas subject to its jurisdiction, and all references to “Cdn.\$” or “Canadian dollars” mean the lawful currency of Canada. In this prospectus supplement, all references to “U.S.” or “United States” mean the United States of America, its states, its territories, its possessions and all areas subject to its jurisdiction, and all references to “U.S.\$”, “U.S. dollars” or “United States dollars” mean the lawful currency of the United States.

In this prospectus supplement, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Bank's public communications often include written or oral forward-looking statements. Statements of this type are included in this prospectus supplement and in the Prospectus (including documents incorporated by reference), and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, the United States *Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. The forward-looking statements contained or incorporated by reference in this prospectus supplement and in the Prospectus can often, but not always, be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "project", "target", "goal", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the Bank's assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The uncertainty created by the COVID-19 pandemic has heightened this risk given the increased challenge in making assumptions, predictions, forecasts, conclusions or projections. The Bank cautions readers of this prospectus supplement and the Prospectus not to place undue reliance on its forward-looking statements, as a number of factors – many of which are beyond the Bank's control and the effects of which can be difficult to predict – could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which the Bank operates; the severity, duration and spread of the COVID-19 pandemic, its impact on local, national or international economies and its heightening of certain risks that may affect the Bank's future results; the possible impact on the Bank's business and operations of outbreaks of disease or illness that affect local, national or international economies; the Canadian housing market and consumer leverage; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; the level of competition in the geographic and business areas in which the Bank operates; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs; judicial or regulatory proceedings; the accuracy and completeness of the information the Bank obtains with respect to its customers and counterparties; failure of third parties to comply with their obligations to the Bank; the Bank's ability to execute its strategic plans and to complete and integrate acquisitions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks, including with respect to reliance on third parties; changes to the Bank's credit ratings; political conditions, including changes relating to or affecting economic or trade matters; global capital markets activities; the possible effects on the Bank's business of war or terrorist activities; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes; information, privacy and cyber security, including the threat of data breaches, hacking, identity theft and corporate espionage, as well as the possibility of denial of service resulting from efforts targeted at causing system failure and service disruption; and the Bank's ability to anticipate and effectively manage risks arising from all of the foregoing factors.

The Bank cautions that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect the Bank's results. For more information, please refer to the discussion in the Risks That May Affect Future Results section, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational, legal and regulatory, business, strategic, environmental and social, and reputation risk, in the Enterprise-Wide Risk Management section that begins on page 68 of the Bank's 2019 Annual Report (as defined herein), as updated by quarterly reports (including the Q3 2020 Management's Discussion and Analysis (as defined below), all of which outline certain key factors and risks that may affect the Bank's future results. Investors and others should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained or incorporated by reference in this prospectus supplement and in the Prospectus is presented for the purpose of assisting prospective purchasers of the Bank's securities in understanding the Bank's financial position as at and for the periods ended on the dates presented, as well as its strategic priorities and objectives, and may not be appropriate for other purposes.

Material economic assumptions underlying the forward-looking statements contained or incorporated by reference in this prospectus supplement and in the Prospectus are set out in the Economic Developments and Outlook section on page 18 of the Bank's 2019 Annual Report, as updated by the Economic Developments and Outlook section of the Q3 2020 Management's Discussion and Analysis, as well as in the Allowance for Credit Losses section of the Q3 2020 Management's Discussion and Analysis. Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on the Bank's business, are material factors the Bank considers when determining its strategic priorities, objectives and expectations for its business. In determining the Bank's expectations for economic growth, the Bank primarily considers historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy.

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars. In addition, the following documents have been filed by the Bank with the Superintendent and the various securities commissions or similar authorities in Canada and are specifically incorporated by reference into this prospectus supplement:

- (a) Annual Information Form dated December 3, 2019 (the "**2019 Annual Information Form**");
- (b) audited consolidated financial statements as at and for the year ended October 31, 2019 with comparative consolidated financial statements as at and for the year ended October 31, 2018, together with the auditors' reports thereon and the auditors' report on internal control over financial reporting as of October 31, 2019 under the standards of the Public Company Accounting Oversight Board (United States) (the "**2019 Audited Consolidated Financial Statements**");
- (c) Management's Discussion and Analysis as contained in the Bank's Annual Report (the "**2019 Annual Report**") as of October 31, 2019 (the "**2019 Management's Discussion and Analysis**");
- (d) Management Proxy Circular dated February 6, 2020 in connection with the annual meeting of shareholders of the Bank held on March 31, 2020;
- (e) unaudited consolidated interim financial statements as at and for the three and nine months ended July 31, 2020 the "**Q3 2020 Interim Condensed Consolidated Financial Statements**");
- (f) Management's Discussion and Analysis for the three and nine months ended July 31, 2020 (the "**Q3 2020 Management's Discussion and Analysis**");
- (g) template version (as defined in National Instrument 41-101 — *General Prospectus Requirements* ("**NI 41-101**")) of the indicative term sheets each dated September 8, 2020 (collectively, the "**Indicative Term Sheets**"), and the final term sheet dated September 9, 2020 (the "**Final Term Sheet**"), in each case filed on SEDAR in connection with the offering of the Notes; and
- (h) the investor presentation of the Bank dated September 8, 2020 used in connection with the offering of the Notes (the "**Investor Presentation**").

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus Distributions* filed by the Bank and any template version of "marketing materials" (as defined in NI 41-101) that the Bank files with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the offering of the Notes hereunder on or after the date hereof but prior to the termination of the distribution of the Notes under this prospectus supplement (including any amendments to, or an amended version of, the marketing materials) are deemed to be incorporated by reference herein. Any marketing materials, including the Indicative Term Sheets, the Final Term Sheet and the Investor Presentation, are not part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement or any amendment to this prospectus supplement. Copies of the Indicative Term Sheets and the Final Term Sheet can be found under the Bank's profile on [www.sedar.com](http://www.sedar.com).

**Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Prospectus for the purposes of this offering shall be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained herein or in any other**



subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, tax counsel to the Bank, and McCarthy Tétrault LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, the Notes and the Preferred Shares Series 48, if issued on the date of this Prospectus Supplement, would be, on such date, qualified investments under the Tax Act and the regulations thereunder for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a deferred profit sharing plan (other than, in respect of the Notes, trusts governed by deferred profit sharing plans for which any employer is the Bank, or a corporation with which the Bank does not deal at arm’s length within the meaning of the Tax Act), or a tax-free savings account (“**TFSA**”).

Notwithstanding that the Notes or the Preferred Shares Series 48 may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP or a TFSA will be subject to a penalty tax with respect to the Notes or the Preferred Shares Series 48, as the case may be, if the Notes or the Preferred Shares Series 48 are a “prohibited investment” for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. The Notes and the Preferred Shares Series 48 will generally not be a “prohibited investment” provided the annuitant, the subscriber or the holder, as the case may be: (i) deals at arm’s length with the Bank for purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Bank. In addition, the Preferred Shares Series 48 will generally not be a “prohibited investment” for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP if they are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for such trusts. Holders of a TFSA or a RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Notes or the Preferred Shares Series 48 will be prohibited investments in their particular circumstances.

## BANK OF MONTREAL

Bank of Montreal started business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. Since 1871, the Bank has been a chartered bank under the Bank Act, and is named in Schedule I of the Bank Act. The Bank Act is the charter of the Bank and governs its operations.

The Bank’s head office is 129 rue Saint Jacques, Montreal, Quebec, H2Y 1L6. Its executive offices are 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

The Bank provides a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services directly and through Canadian and non-Canadian subsidiaries, offices, and branches. As at October 31, 2019, the Bank had more than 12 million customers and more than 45,000 full-time equivalent employees. The Bank has approximately 1,500 bank branches in Canada and the United States and operates internationally in major financial markets and trading areas through its offices in a number of jurisdictions around the world. BMO Financial Corp. is based in Chicago and wholly-owned by Bank of Montreal. BMO Financial Corp. operates primarily through its subsidiary BMO Harris Bank N.A., which provides banking, financing, investing, and cash management services in select markets in the United States. The Bank provides a full range of investment dealer services through entities, including BMO Nesbitt Burns Inc., a major fully integrated Canadian investment dealer, and BMO Capital Markets Corp., the Bank’s wholly-owned registered securities dealer in the United States.

## DESCRIPTION OF THE NOTES

The Notes will be issued as a series of debt securities under an indenture to be dated as of the closing date of the offering, as amended or supplemented from time to time (the “**2020 Indenture**”), between the Bank and Computershare Trust Company of Canada, as indenture trustee (the “**Indenture Trustee**”). The following summary of certain provisions of the Notes and the 2020 Indenture does not purport to be complete and is qualified in its entirety by reference to the Notes and the 2020 Indenture. Capitalized terms used but not defined herein shall have the meanings given to them in the 2020 Indenture and the Notes, as the

case may be. The following description of Notes will apply to each Note offered hereby. A copy of the 2020 Indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **General**

The Notes will be issued as subordinated debt securities under the 2020 Indenture. The 2020 Indenture will be subject to the provisions of the Bank Act and governed by the laws of Ontario and the federal laws of Canada applicable therein. Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of limited recourse capital notes or other subordinated indebtedness the Bank may issue.

The Notes will be direct unsecured obligations of the Bank and, in the event of the Bank's insolvency or winding-up (prior to the occurrence of a Trigger Event), will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness and Deeply Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case, from time to time outstanding, and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors; provided that, in any such case, in case of the Bank's non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Upon the occurrence of a Recourse Event, the recourse of each holder of Notes will be limited to such holder's proportionate share of the Limited Recourse Trust Assets, and all claims of the holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets that are delivered to holders of the Notes under such circumstances consist of Preferred Shares Series 48 or Common Shares, the priority of the Notes described above will not be relevant as such Preferred Shares Series 48 or Common Shares will rank on parity with all other Preferred Shares or Common Shares, as applicable. See "Description of the Notes — Limited Recourse".

**The Notes will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the Bank Act and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.**

The Notes are not entitled to the benefits of any sinking fund.

### **Principal, Interest and Maturity**

The Notes will be issued in an aggregate principal amount of \$1,250,000,000 and will be repayable at 100% of the principal amount thereof, together with any accrued and unpaid interest thereon, at maturity on November 26, 2080 (the "**Maturity Date**"). The Bank will pay interest on the Notes in equal (subject to the reset of the interest rate and the long first coupon) semi-annual instalments in arrears on May 26 and November 26 of each year (each, an "**Interest Payment Date**"), with the first payment on May 26, 2021. From the date of issue to, but excluding, November 26, 2025, the Notes will bear interest at the rate of 4.30% per annum. Starting on November 26, 2025 and on every fifth anniversary of such date thereafter until November 26, 2075 (each such date an "**Interest Reset Date**"), the interest rate on the Notes will be reset at an interest rate per annum equal to the sum of (a) the Government of Canada Yield (as defined herein) on the business day prior to such Interest Reset Date (each, an "**Interest Rate Calculation Date**"), and (b) 3.938%. Assuming the Notes are issued on September 16, 2020, the first interest payment on the Notes on May 26, 2021 will be in an amount of \$29.864383562 per \$1,000 principal amount of Notes. The principal of, and interest on, the Notes will be paid in Canadian dollars.

Each payment of interest on the Notes will include interest accrued to, but excluding, the applicable Interest Payment Date or the date of maturity (or earlier purchase or redemption, if applicable). Any payment of principal or interest required to be made on a day which is not a business day will be made on the next succeeding business day (without any additional interest or other payment in respect of the delay).

"**Government of Canada Yield**" means, as at any Interest Rate Calculation Date for an Interest Reset Date, the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada) selected by the Bank, and based on a linear interpolation of the yields represented by the

arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

“**business day**” when used with respect to any place of payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that place of payment are authorized or obligated by law or executive order to close and when used in any other context means a day on which bank institutions are open for business in Toronto and which is not a Saturday or a Sunday.

### ***Form, Denomination and Transfer***

The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be issued in “**book-entry only**” form and must be purchased or transferred through participants in the depository service of CDS. See “Book-Entry-Only Securities” in the Prospectus.

### ***Subordination***

The Notes will be direct unsecured obligations constituting subordinated indebtedness of the Bank for the purpose of the Bank Act and will therefore rank subordinate to the Bank’s deposits. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.** See “Description of the Notes – General”.

The 2020 Indenture provides that, in the event of the Bank’s insolvency or winding-up (prior to the occurrence of a Trigger Event), the Notes will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness and Deeply Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case, from time to time outstanding, and will be subordinate in right of payment to the claims of the Bank’s depositors and other unsubordinated creditors; provided that, in any such case, in case of the Bank’s non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Upon the occurrence of a Recourse Event, the recourse of each holder of the Notes will be limited to the holder’s proportionate share of the Limited Recourse Trust Assets. Upon delivery to the holders of Notes of their proportionate share of the Limited Recourse Trust Assets, all Notes will cease to be outstanding.

As of July 31, 2020, the Bank had approximately \$919.6 billion of Higher Ranked Indebtedness, including deposits, outstanding which would rank ahead of the Notes. Upon the occurrence of a Recourse Event, including a Trigger Event or in the event the Bank becomes insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) (which is an event of default under the 2020 Indenture), the recourse of each holder of Notes will be limited to such holder’s proportionate share of the Limited Recourse Trust Assets, and all claims of the holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets that are delivered to holders of the Notes under such circumstances consist of Preferred Shares Series 48 or Common Shares, the priority of the Notes will not be relevant as such Preferred Shares Series 48 or Common Shares will rank on parity with all other Preferred Shares or Common Shares, as applicable. See “Description of the Notes — Limited Recourse”.

For these purposes,

- “**Deeply Subordinated Indebtedness**” means Indebtedness which ranks senior in right of payment to Junior Subordinated Indebtedness, but is, by its respective terms, subordinate in right of payment to all other Subordinated Indebtedness.
- “**Higher Ranked Indebtedness**” means all Indebtedness of the Bank then outstanding (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness of the Bank then outstanding) other than Junior Subordinated Indebtedness.

- “**Indebtedness**” at any time means all deposit liabilities of the Bank at such time and all other liabilities and obligations of the Bank which in accordance with the accounting rules established for Canadian chartered banks issued under the authority of the Superintendent pursuant to the Bank Act or with International Financial Reporting Standards as issued by the International Accounting Standards Board, as the case may be, would be included in determining the total liabilities of the Bank at such time, other than liabilities for paid-up capital, contributed surplus, retained earnings and general reserves of the Bank.
- “**Junior Subordinated Indebtedness**” means Indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.
- “**Subordinated Indebtedness**” at any time means the Bank’s subordinated indebtedness within the meaning of the Bank Act.

### *Events of Default*

The 2020 Indenture governing the Notes will provide that an “**Event of Default**” under the Notes will occur only if the Bank becomes insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada), or any act that may be substituted therefor, as from time to time amended, or if the Bank goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank or otherwise acknowledges its insolvency (provided that a resolution or order for the winding-up of the Bank with a view to its consolidation, amalgamation or merger with another bank or the transfer of its assets as an entirety to such other bank will not constitute an Event of Default if such successor bank will, as a part of such consolidation, amalgamation, merger or transfer comply with certain conditions provided for in the 2020 Indenture). For certainty, none of (a) the non-payment of principal or interest on the Notes, (b) the non-performance of any other covenant of the Bank in the 2020 Indenture, or (c) the occurrence of a Trigger Event (including an NVCC Automatic Conversion) will constitute an Event of Default under the 2020 Indenture.

The occurrence of an Event of Default is a Recourse Event for which the sole remedy of holders of the Notes shall be delivery of the Limited Recourse Trust Assets to the holders of the Notes. The delivery of the Limited Recourse Trust Assets to the holders of the Notes will exhaust all remedies of such holders in connection with such Event of Default, and all claims of holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. See “– Limited Recourse”.

Holders of a majority of the outstanding principal amount of the Notes then outstanding under the 2020 Indenture may, by resolution, direct and control the actions of the Indenture Trustee or of any holder of Notes who brings an action after the failure of the Indenture Trustee to act in any proceedings against the Bank. The Indenture Trustee must, within 30 days of becoming aware of an Event of Default, give notice to the holders of the Notes unless the Indenture Trustee reasonably determines that the withholding of notice of a continuing default is in the best interests of the holders.

### *Limited Recourse*

In the event of a non-payment by the Bank of the principal amount of, interest on (which will then be due and payable) or Redemption Price for the Notes when due, while a holder of Notes will have a claim against the Bank for the principal amount of the Notes and any accrued and unpaid interest (which will then be due and payable), the sole remedy of holders of Notes shall be the delivery of the assets held by Computershare Trust Company of Canada, as trustee (the “**Limited Recourse Trustee**”) of BMO LRCN Trust (the “**Limited Recourse Trust**”) from time to time (“**Limited Recourse Trust Assets**”) in respect of the Notes.

The Limited Recourse Trust is a trust established under the laws of the Province of Manitoba and the federal laws of Canada applicable therein, governed by a declaration of trust dated September 4, 2020 (as may be amended or restated from time to time, the “**Limited Recourse Trust Declaration**”) made by the Limited Recourse Trustee. The Limited Recourse Trust’s objectives include the acquisition and holding of the Limited Recourse Trust Assets in accordance with the terms of the Limited Recourse Trust Declaration. The Limited Recourse Trustee may hold trust assets in respect of more than one series of limited recourse capital notes of the Bank, in which case the Limited Recourse Trustee will hold the trust assets for each such series of notes (including the Bank’s preferred shares) separate from the trust assets for any other series of such notes and shall deliver such trust assets only in respect of the relevant series of notes. The Limited Recourse Trust Assets in respect of the Notes may consist of (i) Preferred Shares Series 48 (or proceeds with respect to the subscription for units of the Limited Recourse Trust by the Bank, which are to be used by the Limited Recourse Trust to subscribe for Preferred Shares Series 48), (ii) Common Shares issuable upon the happening of an NVCC Automatic Conversion upon the occurrence of a Trigger Event (other than Dividend Common Shares (as defined herein), if any), (iii) cash from the redemption, or the purchase by the Bank for cancellation, of Preferred Shares Series 48, or (iv) any combination thereof, depending on the circumstances. At no time shall the Limited Recourse Trust Assets include any dividends paid on the Preferred Shares, any right to receive declared, but unpaid, dividends on the Preferred Shares, or any Dividend Common Shares. On the closing of the offering of the Notes, the Limited Recourse Trust Assets in respect of the

Notes shall consist of 1,250,000 Preferred Shares Series 48. Upon a Recourse Event, the principal amount of, and accrued and unpaid interest on, all of the Notes will become due and payable by the Bank without any declaration or other act on the part of the Indenture Trustee or any holders of Notes, provided that the sole remedy of the holders of Notes for such amounts due and payable by the Bank shall be the delivery of the Limited Recourse Trust Assets (which, in the case of a Recourse Event that is a Trigger Event, shall consist of the Common Shares issued in connection with the Trigger Event (other than Dividend Common Shares)).

If a Recourse Event occurs, the Bank will, no later than one business day after the occurrence of such Recourse Event, notify the Limited Recourse Trustee of the occurrence of such Recourse Event. “**Recourse Event**” means any of the following: (i) there is non-payment by the Bank of the principal amount of the Notes, together with any accrued and unpaid interest, on the Maturity Date, (ii) a Failed Coupon Payment Date occurs, (iii) in connection with any redemption of the Notes, on the redemption date for such redemption, the Bank does not pay the applicable Redemption Price in cash, (iv) the occurrence of an Event of Default under the 2020 Indenture, or (v) the occurrence of a Trigger Event. “**Failed Coupon Payment Date**” means the fifth business day immediately following an Interest Payment Date upon which the Bank does not pay interest on the Notes and has not cured such non-payment by subsequently paying such interest prior to such fifth business day.

Following receipt of a notice of a Recourse Event, the Bank will take any necessary actions to cause the Limited Recourse Trustee to deliver the Limited Recourse Trust Assets in respect of the Notes to the holders of Notes in accordance with the terms of the Limited Recourse Trust Declaration and the 2020 Indenture; provided that, notwithstanding any other provision in the Limited Recourse Trust Declaration, the Bank reserves the right not to deliver Common Shares or Preferred Shares Series 48 to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Person (as defined herein) or any person who, by virtue of that delivery, would become a Significant Shareholder (as defined herein). In such circumstances, the Bank will hold, as agent for such persons, the Common Shares or Preferred Shares Series 48 that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares or Preferred Shares Series 48 to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank shall not be subject to any liability for failure to sell any such Common Shares or Preferred Shares Series 48 on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Common Shares or Preferred Shares Series 48 will be divided among the applicable persons in proportion to the number of Common Shares or Preferred Shares Series 48 that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding taxes. For the purposes of the foregoing:

- “**Ineligible Person**” means (a) any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada to the extent that the issuance by the Bank or delivery by its transfer agent to that person, of Preferred Shares or, pursuant to an NVCC Automatic Conversion, of Common Shares would require the Bank to take any action to comply with securities, banking or analogous laws of that jurisdiction, and (b) any person to the extent that the issuance by the Bank or delivery by its transfer agent to that person, of Preferred Shares or, pursuant to an NVCC Automatic Conversion, of Common Shares would, at the time of the Trigger Event, cause the Bank to be in violation of any law to which the Bank is subject.
- “**Significant Shareholder**” means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, a percentage of the total number of outstanding shares of a class of the Bank that is in excess of that permitted by the Bank Act.

Subject to the foregoing restrictions regarding Ineligible Persons and Significant Shareholders, (i) if the Limited Recourse Trust Assets consist of Preferred Shares Series 48 at the time a Recourse Event occurs, the Limited Recourse Trustee will deliver to each holder of Notes one Preferred Share Series 48 for each \$1,000.00 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Preferred Shares Series 48 will exhaust each holder’s sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable, and (ii) upon the occurrence of a Recourse Event that is a Trigger Event, each holder of Notes will be entitled to such holder’s proportionate share of the Limited Recourse Assets and the Limited Recourse Trustee will deliver to each holder of Notes that holder’s proportionate share of the Common Shares issued in connection with the Trigger Event upon the conversion of the Preferred Shares Series 48 into Common Shares upon the happening of an NVCC Automatic Conversion upon the occurrence of such Trigger Event (other than any Dividend Common Shares (as defined herein)). See “Preferred Shares Series 48 — Conversion Upon Occurrence of a Non-Viability Contingent Capital Trigger Event” below. The number of Common Shares issuable in connection with the Trigger Event will be calculated based on a Share Value (as defined herein) of \$1,000.00 plus declared and unpaid dividends, if any, up to, but excluding, the date of the Trigger Event. Such Common Shares (other than any Common Shares issued in respect of the portion of the Share Value, if any, equal to any declared and unpaid dividends (the “**Dividend Common Shares**”), which Dividend Common Shares will not be delivered to the holders of Notes and the cash proceeds from the sale of which will be distributed to the Bank, as sole unitholder of the Limited Recourse Trust, promptly upon receipt thereof) shall be applied to the payment of the principal amount of the Notes, and such delivery of Common Shares (other

than Dividend Common Shares) will exhaust each holder's sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable.

The Limited Recourse Trustee shall distribute the proceeds from the redemption of the Preferred Shares Series 48 held by the Limited Recourse Trustee to the holders of the Notes.

The Limited Recourse Trust will continue until no Notes (or any other series of limited recourse capital notes issued by the Bank) are outstanding.

Any amendment or supplement to the Limited Recourse Trust Declaration for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Limited Recourse Trust Declaration (other than with respect to certain immaterial matters) requires the prior consent of the holders of the Notes in accordance with the terms of the 2020 Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

By acquiring any Note, each holder irrevocably acknowledges and agrees with, and for the benefit of, the Bank and the Indenture Trustee that the delivery of the applicable Limited Recourse Trust Assets to a holder of the Notes shall exhaust all remedies of such holder under the Notes including in connection with any event of default. All claims of a holder of the Notes against the Bank shall be extinguished upon receipt by such holder of the applicable Limited Recourse Trust Assets. If the Bank does not deliver, or fails to cause the Limited Recourse Trustee to deliver, the applicable Limited Recourse Trust Assets to a holder of the Notes, the sole remedy of such holder for any claims against the Bank shall be recourse to the applicable Limited Recourse Trust Assets. The delivery of Limited Recourse Trust Assets to the holders of the Notes shall be applied to the payment of the principal amount of the Notes and shall extinguish all claims of such holder against the Bank for repayment of the principal amount of the Notes and any accrued and unpaid interest thereon when due and payable. In case of any shortfall resulting from the value of the Limited Recourse Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the holders of the Notes.

The Bank will on or prior to the closing date enter into an agreement (the "**BMO Indemnity Agreement**") to indemnify the Limited Recourse Trustee against certain claims, liabilities, losses and damages suffered by the Limited Recourse Trustee in connection with acting as trustee of the Limited Recourse Trust. The Limited Recourse Trustee has agreed to exercise and exhaust all its remedies against the Bank under the BMO Indemnity Agreement prior to exercising any rights of indemnity under the Limited Recourse Trust Declaration. Provided that the Limited Recourse Trustee has so exercised and exhausted its rights under the BMO Indemnity Agreement, the Limited Recourse Trustee will be indemnified and saved harmless by the Limited Recourse Trust Assets from and against all claims, liabilities, losses, damages, penalties, actions, suits, demands, levies, expenses and disbursements including, without limitation, any and all reasonable legal and adviser fees and disbursements, whether groundless or otherwise, including costs (including legal costs on a solicitor and client basis), charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Limited Recourse Trustee and also from and against all other costs (including legal costs on a solicitor and client basis), charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Limited Recourse Trust, except such as may be incurred as a result of the wilful misconduct, gross negligence, or bad faith of the Limited Recourse Trustee.

In addition, the Limited Recourse Trustee has entered into an agreement (as amended from time to time, the "**Administration Agreement**") with the Bank, as "Administrative Agent", pursuant to which the Limited Recourse Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Limited Recourse Trust, including the day-to-day operations of the Limited Recourse Trust and such other matters as may be requested from time to time by the Limited Recourse Trustee, in each case subject to certain limitations and restrictions. The Administrative Agent will not be entitled to receive any fees in connection with its services under the Administration Agreement, and is solely responsible for all administrative and operating expenses (plus any applicable taxes) properly incurred on behalf of the Limited Recourse Trust in the ordinary course of the Limited Recourse Trust's operations.

The Administrative Agent's rights and obligations under the Administration Agreement will terminate if the Administrative Agent receives a termination notice in writing from the Limited Recourse Trust or the Limited Recourse Trust receives a termination notice in writing from the Administrative Agent, in each case at least 20 business days prior to the last business day of a month, in which case the Administration Agreement will terminate on the last day of that month. Notwithstanding the foregoing, the Administrative Agent will not be permitted to resign until a replacement Administrative Agent has been appointed and has entered into an administration agreement whereby the replacement Administrative Agent will assume, in all material respects, the obligations of the Administrative Agent under the Administration Agreement.

## **Redemption**

### *Optional Redemption*

The Notes may be redeemed at the option of the Bank, with the prior written approval of the Superintendent, in whole or in part, on not less than 15 nor more than 60 days' prior notice by the Bank, every five years during the period from October 26 to and including November 26, commencing in 2025, at the Redemption Price (as defined herein) (an "**Optional Redemption**"). "**Redemption Price**" of the Notes means the aggregate of (i) the principal amount thereof, plus (ii) any accrued and unpaid interest up to, but excluding, the date fixed for redemption.

### *Mandatory Redemption upon Redemption of the Preferred Shares Series 48*

Upon any redemption by the Bank of the Preferred Shares Series 48 held in the Limited Recourse Trust in accordance with the terms of such shares and prior to the Maturity Date (such redemption will be subject to the prior written approval of the Superintendent), outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Preferred Shares Series 48 redeemed by the Bank shall automatically and immediately be redeemed, without any action on the part of, or the consent of, the holders of such Notes, for a cash amount equal to the Redemption Price thereof (a "**Mandatory Redemption**"). The Limited Recourse Trust shall distribute the proceeds from the redemption of the Preferred Shares Series 48 held by the Limited Recourse Trustee to the holders of the Notes in partial satisfaction of such Redemption Price and the Bank shall be required to fund the balance of such Redemption Price in an amount equal to the accrued and unpaid interest on the Notes. If the full Redemption Price (including the portion of the Redemption Price to be funded by the Bank) is not paid in full on the redemption date, a Recourse Event will have occurred and the sole remedy of each holder of Notes shall be the delivery of such holder's proportionate share of the Limited Recourse Trust Assets, which in such circumstances would be limited to the proceeds from the redemption of the Preferred Shares Series 48 held by the Limited Recourse Trustee (being an aggregate principal amount equal to the aggregate face amount of Preferred Shares Series 48 redeemed by the Bank).

For certainty, to the extent that, in accordance with the terms of the 2020 Indenture, the Bank has immediately prior to or concurrently with such redemption of Preferred Shares Series 48 redeemed or purchased for cancellation outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Preferred Shares Series 48 being redeemed, such requirement to redeem a corresponding number of Notes shall be deemed satisfied. See "Description of Preferred Shares Series 48 – Redemption" below for a description of the circumstances under which the Preferred Shares Series 48 may be redeemed by the Bank.

### *Special Redemption for Capital or Tax Reasons*

The Bank may, at its option, redeem the Notes, with the prior approval of the Superintendent and without the consent of the holders of the Notes, in whole but not in part, on not less than 30 days' and not more than 60 days' prior notice to the registered holders of the Notes, (i) at any time within 90 days following a Regulatory Event Date, or (ii) on any date following the occurrence of a Tax Event Date, in each case at a redemption price equal to the aggregate of the principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but excluding, the date fixed for redemption (a "**Special Event Redemption**"). Any such redemption may not occur before the relevant Regulatory Event Date or Tax Event Date, but may occur on or after such Regulatory Event Date or Tax Event Date, as the case may be.

"**Regulatory Event Date**" means the date specified in a letter from the Superintendent to the Bank on which the Notes will no longer be recognized in full as eligible "Additional Tier 1 Capital" or will no longer be eligible to be included in full as risk-based "Total Capital" on a consolidated basis under the guidelines for capital adequacy requirements for banks as interpreted by the Superintendent.

"**Tax Event Date**" means the date on which the Bank has received an opinion of independent counsel of recognized standing experienced in such matters (who may be counsel to the Bank) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an "**administrative action**"); or (iii) any amendment to, clarification of, or change (including any announced prospective change) in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment,

clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of the issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Bank or the Limited Recourse Trust is, or may be, subject to more than a de minimis amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by the Bank of interest on the Notes) or the treatment of the Notes or the Preferred Shares (including dividends thereon) or other assets of the Limited Recourse Trust or the Limited Recourse Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Limited Recourse Trust is, or will be, subject to more than a de minimis amount of taxes, duties or other governmental charges or civil liabilities.

If the Bank redeems the Notes because of the occurrence of a Regulatory Event Date or Tax Event Date, the Bank will do so at the Redemption Price. If the Bank does not pay the applicable Redemption Price in cash under such circumstances, a Recourse Event will have occurred and each holder of Notes' sole remedy shall be the delivery of such holder's proportionate share of the Limited Recourse Trust Assets. See " – Limited Recourse".

#### *Restrictions on Redemption*

The Bank will not redeem the Notes under any circumstances if such redemption would, directly or indirectly, result in the Bank's breach of any provision of the Bank Act or the OSFI Capital Adequacy Requirements (CAR) Guideline (as defined herein).

#### *Purchase for Cancellation*

In addition, the Bank may (subject to the prior written approval of the Superintendent), at its option, purchase Notes in the market or by tender (available to all holders of Notes) or by private contract at such price or prices and upon such terms and conditions as the Bank may in its absolute discretion may determine, subject, however, to any applicable law restricting the purchase of Notes.

If any Notes are to be cancelled pursuant to the preceding paragraph, the Bank shall, with the prior written approval of the Superintendent, redeem a corresponding number of Preferred Shares Series 48 (which amount shall equal the aggregate principal amount of the Notes to be cancelled) then held by the Limited Recourse Trust for cancellation, and the proceeds from the redemption of such Preferred Shares shall be applied by the Limited Recourse Trustee first towards the payment of the principal amount of, and second towards any accrued and unpaid interest on, the Notes, and should such proceeds of redemption be insufficient to pay such amounts in full, the Bank shall be obligated to fund any shortfall.

In the event of either a redemption of Notes or a purchase of Notes, the Bank will, in either case, cancel any Notes so redeemed or purchased, as the case may be.

#### *Voting Rights*

The holders of Notes will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank and will have no voting rights other than in limited circumstances as described in the 2020 Indenture.

#### *No Restriction on Other Indebtedness*

The Bank may create, issue or incur any other Indebtedness which, in the event of the insolvency or winding-up of the Bank, would rank in right of payment in priority to, equally with, or subordinate to the Notes.

#### *Mergers and Similar Events*

Under the 2020 Indenture, the Bank is generally permitted to merge, amalgamate, consolidate or otherwise combine with another entity. The Bank is also permitted to convey, transfer or lease substantially all of the Bank's assets to another entity. However, the Bank may not take any of these actions unless all the following conditions are met:

- when the Bank merges, amalgamates, consolidates or otherwise combines with, or conveys, transfers or leases substantially all of its assets, the surviving, resulting or acquiring entity must be a corporation, partnership or trust, must



be organized and validly existing and must be legally responsible for the Notes, whether by agreement, operation of law or otherwise;

- the merger, amalgamation, consolidation or other combination, or conveyance, transfer or lease of assets must not cause an event of default, including any event which, after notice or lapse of time or both, would become an event of default, on the Notes; and
- the Bank has delivered an officer's certificate and a legal opinion to the Indenture Trustee each stating that such transaction complies with the 2020 Indenture.

If the conditions described above are satisfied with respect to the Notes, the Bank will not need to obtain the approval of the holders of the Notes in order to merge, amalgamate or consolidate or to sell or lease its assets. Also, these conditions will apply only if the Bank wishes to merge, amalgamate or consolidate with another entity or sell substantially all of the Bank's assets to another entity. The Bank will not need to satisfy these conditions if the Bank enters into other types of transactions, including any transaction in which the Bank acquires the stock or assets of another entity, any transaction that involves a change of control but in which the Bank does not merge or consolidate and any transaction in which the Bank sells or leases less than substantially all of the Bank's assets. It is possible that this type of transaction may result in a reduction in the Bank's credit ratings or market perceptions about the Bank's credit ratings, may negatively affect the Bank's operating results or may impair the Bank's financial condition. Holders of the Notes, however, will have no approval right with respect to any transaction of this type.

### **Modification and Waiver of the Notes**

There are three types of changes the Bank can make to the 2020 Indenture and the Notes.

*Changes Requiring Approval of All Holders.* First, there are changes that cannot be made to the 2020 Indenture or the Notes without the consent of each holder of the Notes. The following is a list of those types of changes:

- a change in the stated maturity date or Interest Payment Dates of the Notes;
- a reduction of the principal amount of, or rate of interest on, the Notes;
- a reduction of the amount payable upon a redemption of the Notes;
- a change in the currency of payment on the Notes;
- a change in the place of payment for the Notes;
- an impairment of a holder's right to sue for payment;
- a reduction of the percentage in principal amount of Notes the consent of whose holders is needed to modify or amend the 2020 Indenture;
- a reduction of the percentage in principal amount of Notes the consent of whose holders is needed to waive compliance with certain provisions of the 2020 Indenture or to waive certain defaults; or
- a modification of any other aspect of the provisions dealing with modification and waiver of the 2020 Indenture, except certain changes favourable to the holders.

In addition, a modification of certain provisions of the Limited Recourse Trust Declaration requires the specific approval of each holder of the Notes.

*Changes Requiring a Majority Vote.* The second type of change to the 2020 Indenture or the Notes is the kind that requires the consent of holders of Notes owning not less than a majority of the outstanding principal amount of the Notes.

Most changes not requiring the approval of all holders fall into this category, except for clarifying changes and certain other changes that would not adversely affect in any material respect holders of the Notes. The Bank may not modify the subordination provisions of the 2020 Indenture in a manner that would adversely affect in any material respect the outstanding Notes without the consent of the holders of a majority of the outstanding principal amount of the Notes.

*Changes Not Requiring Approval.* The third type of change to the 2020 Indenture or the Notes does not require the consent of holders of Notes. This type is limited to clarifications and certain other changes that would not adversely affect in any material respect the interests of the holders of the Notes.

Notes will not be considered outstanding, and therefore not eligible to vote or take other action under the 2020 Indenture, if the Bank has given a notice of redemption and deposited or set aside in trust for the holders' money for the payment or redemption of the Notes.

The Bank will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the 2020 Indenture. In certain limited circumstances, the Indenture Trustee will be entitled to set a record date for action by holders. If the Indenture Trustee or the Bank sets a record date for a vote or other action to be taken by holders of Notes, that vote or action may be taken only by persons who are holders of Notes on the record date. The Bank or the Indenture Trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action.

Book-entry and other indirect holders of Notes should consult their banks, brokers or other financial institutions for information on how approval may be granted or denied if the Bank seeks to change the 2020 Indenture or Notes or request a waiver.

In addition to the aforementioned approvals, the Bank will not without, but may from time to time with, the consent of the Superintendent, make any change to the 2020 Indenture which might affect the classification afforded the Notes from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder, including the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time.

### ***Additional Amounts***

All payments made by the Bank under or with respect to the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereafter "**Canadian taxes**"), unless the Bank is required to withhold or deduct Canadian taxes by law or by the interpretation or administration thereof. If the Bank is so required to withhold or deduct any amount for or on account of Canadian taxes from any payment made under or with respect to the Notes, the Bank will pay to each holder of such Notes as additional interest such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by each such holder after such withholding or deduction (and after deducting any Canadian taxes on such Additional Amounts) will not be less than the amount such holder would have received if such Canadian taxes had not been withheld or deducted, except as described below. However, no Additional Amounts will be payable with respect to a payment made to a holder in respect of the beneficial owner thereof:

- with which the Bank does not deal at arm's-length (for the purposes of the Income Tax Act (Canada)) (the "**Tax Act**") at the time of the making of such payment;
- which is a "specified non-resident shareholder" of the Bank for purposes of the Tax Act or a non-resident person not dealing at arm's-length with a "specified shareholder" (within the meaning of subsection 18(5) of the Tax Act) of the Bank;
- which is subject to such Canadian taxes by reason of the holder or beneficial owner being a resident, domiciliary or national of, engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of the Notes or the receipt of payments thereunder;
- which is subject to such Canadian taxes by reason of the holder's or beneficial owner's failure to comply with any certification, identification, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian taxes (provided that the Bank advises the Indenture Trustee and the holders of such Notes then outstanding of any change in such requirements);
- with respect to any Note presented for payment more than 30 days after the later of (i) the date payment is due and (ii) the date on which funds are made available for payment, except to the extent that the holder or beneficial owner thereof would have been entitled to such Additional Amounts on presenting same for payment on or before such thirtieth day;
- with respect to any estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge; or

- which is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that the Canadian taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes.

The Bank will also:

- make such withholding or deduction; and
- remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Bank will furnish to the registered holders of the relevant Notes, within 60 days after the date the payment of any Canadian taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment.

In any event, no Additional Amounts will be payable under the provisions described above in respect of any Note in excess of the Additional Amounts which would be required if, at all relevant times, the beneficial owner of such Note were a resident of the United States for purposes of, and was entitled to the benefits of the Canada-U.S. Income Tax Convention (1980), as amended, including any protocols thereto. As a result of the limitation on the payment of Additional Amounts discussed in the preceding sentence, the Additional Amounts received by certain holders in respect of beneficial owners of the Notes may be less than the amount of Canadian taxes withheld or deducted and, accordingly, the net amount received by such holders of those Notes will be less than the amount such holders would have received had there been no such withholding or deduction in respect of Canadian taxes.

Wherever in the 2020 Indenture governing the Notes there is mentioned, in any context, the payment of principal, or any premium or interest or any other amount payable under or with respect to a Note, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable as set forth in this section in respect thereof.

In the event of the occurrence of any transaction or event resulting in a successor to the Bank, all references to Canada in the preceding paragraphs of this subsection shall be deemed to be references to the jurisdiction of organization of the successor entity.

Notwithstanding the foregoing, all payments shall be made net of any deduction or withholding imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (any such withholding, a “**FATCA Withholding Tax**”), and no Additional Amounts will be payable as a result of any such FATCA Withholding Tax.

#### **DESCRIPTION OF PREFERRED SHARES SERIES 48**

On or prior to the Issue Date, the Preferred Shares Series 48 will be issued as a series of Class B preferred shares of the Bank to the Limited Recourse Trust to be held in accordance with the terms of the Limited Recourse Trust Declaration. See “Description of Preferred Shares” in the Prospectus.

#### ***Defined Terms***

The following definitions are relevant to the Preferred Shares Series 48:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.938%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

“**Fixed Period End Date**” means November 26, 2025 and each November 26 every fifth year thereafter.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” means, as at any Fixed Rate Calculation Date, the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada) selected by the Bank, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Initial Fixed Dividend Rate**” means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect as of the Issue Date.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Preferred Shares Series 48 to, but excluding, November 26, 2025.

“**Initial Reset Date**” means November 26, 2025.

“**Subsequent Fixed Rate Period**” means the period from and including the Initial Reset Date to, but excluding, the next Fixed Period End Date and each five year period thereafter from and including such Fixed Period End Date to, but excluding, the next Fixed Period End Date.

### ***Issue Price***

The issue price per Preferred Share Series 48 is \$1,000.00.

### ***Dividends***

For the Initial Fixed Rate Period, the holders of the Preferred Shares Series 48 will be entitled to receive fixed rate non-cumulative preferential cash dividends, as and when declared by the board of directors of the Bank, subject to the provisions of the Bank Act, payable semi-annually on the 26th day of May and November in each year (each, a “**Semi-Annual Dividend Payment Date**”), in an amount per annum per Preferred Shares Series 48 equal to the Initial Fixed Dividend Rate multiplied by \$1,000.00; provided that, whenever it is necessary to compute any dividend amount in respect of the Preferred Shares Series 48 for a period of less than one full semi-annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period, the holders of the Preferred Shares Series 48 will be entitled to receive fixed rate non-cumulative preferential cash dividends, as and when declared by the board of directors of the Bank, subject to the provisions of the Bank Act, payable semi-annually on each Semi-Annual Dividend Payment Date, in an amount per annum per Preferred Share Series 48 equal to the Annual Fixed Dividend Rate applicable to that Subsequent Fixed Rate Period multiplied by \$1,000.00.

The Bank will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and all holders of Preferred Shares Series 48. The Bank will, on the relevant Fixed Rate Calculation Date, give notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of Preferred Shares Series 48.

The Limited Recourse Trustee, as trustee, will, by written notice, provide to the Bank a waiver (the “**Waiver**”) of its right to receive any and all dividends on the Preferred Shares Series 48 during the period from and including the date of the waiver to and including the date upon which the Limited Recourse Trustee, as trustee, provides, by written notice, a revocation of the Waiver. Accordingly, for so long as the Limited Recourse Trustee has waived the right to receive dividends, no dividends are expected to

be declared or paid on the Preferred Shares Series 48. The Bank will covenant in favour of the Limited Recourse Trust that, at any time during which the Waiver is no longer in effect and the Limited Recourse Trust is the sole holder of the Preferred Shares Series 48, if it does not declare and pay dividends on the Preferred Shares Series 48, it will not declare and pay dividends on any of the other outstanding series of Class B preferred shares of the Bank.

If the board of directors of the Bank does not declare dividends, or any part thereof, on the Preferred Shares Series 48 on or before the Semi-Annual Dividend Payment Date for a particular semi-annual period, then the entitlement of the holders of Preferred Shares Series 48 to receive such dividends, or to any part thereof, for such semi-annual period shall be forever extinguished.

The Bank may also be restricted under the Bank Act from paying dividends on the Preferred Shares Series 48 in certain circumstances. See “Bank Act Restrictions and Approvals” in the Prospectus.

### ***Redemption***

Except to the extent there is a Special Event Redemption (as defined herein), the Preferred Shares Series 48 will not be redeemable by the Bank prior to October 26, 2025. Subject to the provisions of the Bank Act (see “Bank Act Restrictions and Approvals” in the Prospectus), the prior written approval of the Superintendent and to the provisions described below under “Restriction on Dividends and Retirement of Shares”, the Preferred Shares Series 48 are redeemable, in whole or in part, at the option of the Bank, during the period from October 26, 2025 to and including November 26, 2025 and during the period from October 26 to and including November 26 every fifth year thereafter on not less than 15 nor more than 60 days’ notice, by the payment of an amount in cash for each share redeemed equal to \$1,000.00 per Preferred Share Series 48, together with all declared and unpaid dividends, if any, up to, but excluding, the date fixed for redemption.

Upon the occurrence of a Special Event Date, with the prior approval of the Superintendent, the Bank may, at its option, (i) within 90 days following a Regulatory Event Date, or (ii) at any time following the occurrence of a Tax Event Date (as defined herein), redeem the Preferred Shares Series 48, in whole but not in part, by the payment of an amount in cash for each share redeemed equal to \$1,000.00 per Preferred Share Series 48, together with all declared and unpaid dividends, if any, up to, but excluding, the date fixed for redemption (a “**Special Event Redemption**”), and apply the proceeds of such redemption towards the redemption of the Notes. “**Special Event Date**” means a Regulatory Event Date or a Tax Event Date.

If at any time the Bank redeems Notes in accordance with their terms (including in connection with an Optional Redemption or a Special Event Redemption) or purchases Notes, in whole or in part, by tender offer, open market purchases, negotiated transactions or otherwise, for cancellation, then the Bank shall, with the prior written approval of the Superintendent, redeem such number of Preferred Shares Series 48 with an aggregate face amount equal to the aggregate principal amount of Notes redeemed or purchased for cancellation by the Bank, by the payment of an amount in cash for each share redeemed equal to \$1,000.00 per Preferred Share Series 48, together with all declared and unpaid dividends, if any, up to, but excluding, the date fixed for redemption.

Concurrently with or upon the maturity of the Notes, with the prior written approval of the Superintendent, the Bank may redeem all but not less than all of the outstanding Preferred Shares Series 48, at the Bank’s option, by the payment of an amount in cash for each share redeemed of \$1,000.00, together with all declared and unpaid dividends up to, but excluding, the date fixed for redemption.

The Bank will give notice of any redemption (other than a redemption that is a Special Event Redemption) to registered holders not more than 60 days and not less than 15 days prior to the redemption date. The Bank will give notice of any Special Event Redemption to registered holders not more than 60 and not less than 30 days prior to the redemption date.

Where a part only of the then outstanding Preferred Shares Series 48 is at any time to be redeemed, the Preferred Shares Series 48 will be redeemed *pro rata* disregarding fractions, or in such other manner as the board of directors of the Bank determines, subject to the prior written approval of the Superintendent.

### ***Conversion Upon Occurrence of a Non-Viability Contingent Capital Trigger Event***

Upon the occurrence of a Trigger Event (as defined herein), each outstanding Preferred Share Series 48 will automatically and immediately be converted, on a full and permanent basis, without any action on the part of the holder thereof, into a number of fully-paid and freely tradable Common Shares equal to  $(\text{Multiplier} \times \text{Share Value}) \div \text{Conversion Price}$  (an “**NVCC Automatic Conversion**”). For the purposes of the foregoing:

“**Conversion Price**” means the greater of (i) the Floor Price (as defined herein), and (ii) the Current Market Price.

“**Current Market Price**” means the volume weighted average trading price of the Common Shares on the TSX or, if not then listed on the TSX, on another exchange or market chosen by the board of directors of the Bank on which the Common Shares are then traded, for the 10 consecutive trading days ending on the trading day immediately prior to the date on which the Trigger Event occurs (with the conversion occurring as of the start of business on the date on which the Trigger Event occurs). If no such trading prices are available, “Current Market Price” shall be the Floor Price.

“**Floor Price**” means \$5.00 subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Conversion Price then in effect; provided, however, that in such case any adjustment that would otherwise be required to be made will be carried forward and will be made at the time of and together with the next subsequent adjustment which, together with any adjustments so carried forward, will amount to at least 1% of \$5.00.

“**Multiplier**” means 1.0.

“**Share Value**” means \$1,000.00 plus declared and unpaid dividends, if any, up to, but excluding, the date of the Trigger Event.

“**Trigger Event**” has the meaning set out in the Office of the Superintendent of Financial Institutions Canada (“**OSFI**”) Capital Adequacy Requirements (CAR) Guideline, Chapter 2 – Definition of Capital, effective November 2018 (the “**OSFI Capital Adequacy Requirements (CAR) Guideline**”, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion or write-off, as applicable, of all contingent instruments and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

In any case where the aggregate number of Common Shares to be issued to a holder of Preferred Shares Series 48 pursuant to an NVCC Automatic Conversion includes a fraction of a Common Share, such number of Common Shares to be issued to such holder shall be rounded down to the nearest whole number of Common Shares and no cash payment shall be made in lieu of such fractional Common Share. Notwithstanding any other provision of the Preferred Shares Series 48, the conversion of such shares shall not be an event of default and the only consequence of a Trigger Event under the provisions of such shares will be the conversion of such shares into Common Shares.

In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Preferred Shares Series 48 receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

### ***Right Not to Deliver Common Shares upon NVCC Automatic Conversion***

Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder through the acquisition of Common Shares. In such circumstances, the Bank will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any

particular price on any particular day. The net proceeds received by the Bank from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon the NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes.

### ***Purchase for Cancellation***

Subject to the provisions of the Bank Act, the provisions described below under “Restriction on Dividends and Retirement of Shares” and the prior consent of the Superintendent, the Bank may at any time purchase for cancellation any of the Preferred Shares Series 48 in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

### ***Conversion into Another Series of Preferred Shares***

The Bank may, at any time that the Preferred Shares Series 48 are not held by the Limited Recourse Trust and subject to the prior consent of the Superintendent, give the holders of Preferred Shares Series 48 the right, at such holder’s option, to convert such Preferred Shares Series 48 into a new series of additional Tier 1 capital preferred shares of the Bank on a share-for-share basis.

### ***Restriction on Dividends and Retirement of Shares***

So long as any Preferred Shares Series 48 are outstanding, the Bank will not, without the approval of holders of the Preferred Shares Series 48:

- (a) declare, pay or set apart for payment any dividends on the Common Shares or any other shares of the Bank ranking junior to the Preferred Shares Series 48 (other than stock dividends payable in shares of the Bank ranking junior to the Preferred Shares Series 48);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares of the Bank ranking junior to the Preferred Shares Series 48 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 48);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 48 then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Preferred Shares, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 48,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative Class B preferred shares of the Bank then issued and outstanding and on all other cumulative shares ranking on a parity with the Class B preferred shares of the Bank and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative Class B preferred shares of the Bank (including the Preferred Shares Series 48) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Class B preferred shares of the Bank.

### ***Issue of Additional Series of Preferred Shares***

The Bank may issue other series of class B preferred shares ranking on a parity with the Preferred Shares Series 48 without the approval of holders of the Preferred Shares Series 48 as a series.

### ***Amendments to Preferred Shares Series 48***

The Bank will not, without the approval of the holders of Preferred Shares Series 48 given as specified below under “Shareholder Approvals” delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 48. In addition to the aforementioned approval, the Bank will not without, but may from time to time with, the prior consent of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 48 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder and the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time.

### ***Shareholder Approvals***

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 48 may be given by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of Preferred Shares Series 48, at which a majority of the outstanding holders of Preferred Shares Series 48 is represented or, if no such quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

In addition to the aforementioned approval, any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 48 that affect the classification afforded to the Preferred Shares Series 48 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder can only be made with the prior consent of the Superintendent.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Bank, where a Trigger Event has not occurred, the holders of Preferred Shares Series 48 will be entitled to receive \$1,000.00 per Preferred Share Series 48 held, together with all dividends declared and unpaid, if any, to, but excluding, the date of payment, before any amount will be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 48. The holders of the Preferred Shares Series 48 will not be entitled to share in any further distribution of the property or assets of the Bank. If a Trigger Event has occurred, these rights on liquidation will not be relevant since all Preferred Shares Series 48 will have been converted into Common Shares which will rank on parity with all other Common Shares.

### ***Voting Rights***

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 48 will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the board of directors of the Bank has not declared the whole dividend on the Preferred Shares Series 48 in respect of any semi-annual period to which holders are entitled (for clarity, such time may not occur before the revocation of the Waiver because, prior to such revocation, the Limited Recourse Trust, as holder of the Preferred Shares, will have waived any right to receive dividends on the Preferred Shares). In the event that the board of directors of the Bank has not declared the whole dividend on the Preferred Shares in respect of any semi-annual period to which holders are entitled, the holders of Preferred Shares Series 48 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Shares Series 48 held. The voting rights of the holders of Preferred Shares Series 48 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 48 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the shares of such series in respect of any semi-annual period, in which event such voting rights will become effective again and so on from time to time.

If the Waiver has been revoked and the Limited Recourse Trustee becomes entitled to voting rights, the Limited Recourse Trustee will exercise any voting rights in respect of the Preferred Shares Series 48 held by the Limited Recourse Trust (including on any matters on which the holders of the Preferred Shares would have a vote) solely as directed by the Bank (which direction will be given by the Bank, in certain circumstances, in accordance with the directions received from the Indenture Trustee in accordance with the 2020 Indenture).

### ***Priority***

The Preferred Shares Series 48 will rank on parity with all other series of Class B preferred shares authorized by the Bank and in priority to the Common Shares and over any other shares ranking junior to the Preferred Shares Series 48 as to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Bank.

If a Trigger Event occurs, the priority of the Preferred Shares Series 48 described above will not be relevant since upon an NVCC Automatic Conversion all Preferred Shares Series 48 will be converted into Common Shares which will rank on parity with all other issued and outstanding Common Shares.

### ***Tax Election***

The Preferred Shares Series 48 will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. The terms of the Preferred Shares Series 48 will require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the



tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 48. See “Canadian Federal Income Tax Considerations”.

### ***Bank Act Restrictions***

The Bank reserves the right not to issue shares, including Preferred Shares Series 48, to any person whose address is in, or whom the Bank or the Bank’s transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions and Approvals” in the Prospectus.

### ***Business Days***

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **DESCRIPTION OF COMMON SHARES**

For a description of the terms of the Common Shares of the Bank, see “Description of Common Shares” in the Prospectus.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP, tax counsel to the Bank, and McCarthy Tétrault LLP, counsel to the Agents (collectively, “**Counsel**”), the following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as beneficial owner, pursuant to this prospectus supplement; Preferred Shares Series 48 on a Recourse Event; and Common Shares on a Recourse Event that is a Trigger Event or on an NVCC Automatic Conversion, and who, for purposes of the Tax Act and at all relevant times, deals at arm’s length with the Bank and each of the Agents, is not affiliated with the Bank or any of the Agents, holds Notes and will hold any Preferred Shares Series 48 or Common Shares (as applicable) as capital property (a “**Holder**”).

Generally, Notes, Preferred Shares Series 48, and Common Shares will be capital property to a Holder, provided the Holder does not acquire Notes, Preferred Shares Series 48 or Common Shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), the *Canada-United States Tax Convention*, and Counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

### ***Holdings Resident in Canada***

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose Notes, Preferred Shares Series 48 or Common Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” of the Resident Holder, as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This portion of the summary is not applicable to a Resident Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that reports its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian

currency; or (iv) that has entered into, with respect to the Notes, Preferred Shares Series 48 or Common Shares a “derivative forward arrangement” as defined in the Tax Act. Such Resident Holders should consult their own tax advisors. Furthermore, this portion of the summary is not applicable to a Resident Holder that is a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive) dividends in respect of Preferred Shares Series 48 acquired on a Recourse Event, or in respect of Common Shares acquired on a Recourse Event that is a Trigger Event or on an NVCC Automatic Conversion. Such Resident Holders should consult their own tax advisors.

## **Notes**

### ***Interest***

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Notes that accrues (or is deemed to accrue) to it to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year.

Any other Resident Holder, including an individual (other than a trust described in the immediately preceding paragraph), will be required to include in income for a taxation year all interest on Notes that is received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder’s income for a preceding taxation year.

### ***Dispositions of Notes***

On a disposition or deemed disposition of Notes by a Resident Holder, including a repayment by the Bank upon maturity or a purchase or redemption by the Bank, other than a disposition as the result of a Recourse Event, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued or been deemed to accrue on the Notes from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder’s income for the taxation year or a previous taxation year.

On a disposition of Notes by a Resident Holder as a result of a Recourse Event, a Resident Holder that has previously included an amount in income in respect of accrued and unpaid interest on the Notes that exceeds the amount of interest received by such Resident Holder prior to the Recourse Event may be entitled to an offsetting deduction in the year of disposition in an amount equal to the amount of such excess.

Any premium paid by the Bank to a Resident Holder on the repurchase of a Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will generally be deemed to be interest received by the Resident Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by the Bank on the Note for a taxation year of the Bank ending after the time of the payment. Such interest will be required to be included in computing the Resident Holder’s income in the manner described above.

In general, on a disposition or deemed disposition of Notes, a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount required to be included in the Resident Holder’s income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Resident Holder’s adjusted cost base thereof and any reasonable costs of disposition. On a Recourse Event, the proceeds of disposition will be the fair market value of the Preferred Shares Series 48 or the Common Shares, as the case may be, received on such Recourse Event. The cost of a Preferred Shares Series 48 or Common Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all Preferred Shares Series 48 or Common Shares, as the case may be, held by such Resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **Preferred Shares Series 48 and Common Shares**

### ***Dividends***

Dividends (including deemed dividends) received on the Preferred Shares Series 48 or Common Shares by a Resident Holder that is an individual (other than certain trusts) will be included in the individual’s income and generally will be

subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations. Taxable dividends received that are designated by the Bank as “eligible dividends” will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the Tax Act. Dividends (including deemed dividends) on the Preferred Shares Series 48 or Common Shares received by a Resident Holder that is a corporation will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

The Preferred Shares Series 48 will be “taxable preferred shares” as defined in the Tax Act. The terms of the Preferred Shares Series 48 require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate Resident Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 48.

A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, will generally be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received by it on the Preferred Shares Series 48 or the Common Shares to the extent such dividends are deductible in computing its taxable income.

#### ***Dispositions of Preferred Shares Series 48 or Common Shares***

A Resident Holder who disposes of or is deemed to dispose of Preferred Shares Series 48 or Common Shares (including, generally, on redemption or purchase for cancellation of the shares by the Bank for cash or otherwise) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Resident Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by the Bank of Preferred Shares Series 48 or Common Shares will generally not be included in computing the proceeds of disposition to any Resident Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Acquisitions by the Bank of Preferred Shares Series 48 or Common Shares” below. If the Resident Holder is a corporation, any such capital loss realized on a disposition of a Preferred Shares Series 48 or a Common Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

#### ***Acquisitions by the Bank of Preferred Shares Series 48 or Common Shares***

If the Bank redeems for cash or otherwise acquires Preferred Shares Series 48 or Common Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. See “Dividends” above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Dispositions of Preferred Shares Series 48 or Common Shares” above. In the case of a corporate Resident Holder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

#### ***NVCC Automatic Conversion of Preferred Shares Series 48***

An NVCC Automatic Conversion of Preferred Shares Series 48 into Common Shares after the date on which all Preferred Shares Series 48 are delivered to holders of Notes in accordance with the terms of the Trust Indenture and the Limited Recourse Trust Declaration will be deemed not to be a disposition of the Preferred Shares Series 48 and, accordingly, will not give rise to any income or loss. The cost to a Resident Holder of Common Shares received on such an NVCC Automatic Conversion will be deemed to be an amount equal to the adjusted cost base to the Resident Holder of the converted Preferred Shares Series 48 immediately before such an NVCC Automatic Conversion. The cost of a Common Share received on such an NVCC Automatic Conversion will be averaged with the adjusted cost base of all other Common Shares held by the Resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

#### **Taxation of Capital Gains and Capital Losses**

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year will generally be included in the Resident Holder’s income for the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Any excess allowable capital losses over taxable capital gains of the Resident Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

## **Additional Refundable Tax**

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income including amounts in respect of interest, dividends received or deemed to be received that are not deductible in computing income for a year and the amount of any taxable capital gains. Any such Resident Holder should consult with its own tax advisors in this regard.

## **Alternative Minimum Tax**

Capital gains realized and taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act.

## **Holdings Not Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada, deals at arm’s length with the Bank and any transferee resident (or deemed to be resident) in Canada to whom the Holder disposes of the Notes, is not a “specified non-resident shareholder” of the Bank for purposes of the Tax Act or a non-resident person not dealing at arm’s length with a “specified shareholder” (within the meaning of Subsection 18(5) of the Tax Act) of the Bank, and does not use or hold the Notes, Preferred Shares Series 48 or Common Shares in a business carried on in Canada (a “**Non-resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Holder that is an insurer that carries on an insurance business in Canada and elsewhere. This summary assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm’s length within the meaning of the Tax Act.

**Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Notes, Preferred Shares Series 48 and Common Shares must be determined in Canadian dollars in accordance with the Tax Act, including the amount of interest and dividends required to be included in the income of, and capital gains or capital losses realized by, a Non-resident Holder.**

## **Notes**

### *Interest on and Disposition of the Notes*

Under the Tax Act, interest, principal and premium, if any, paid or credited, or deemed to be paid or credited to a Non-resident Holder on Notes will be exempt from Canadian non-resident withholding tax. No other taxes on income (including taxable capital gains) will be payable under the Tax Act in respect of the acquisition, holding, redemption or disposition of Notes, or the receipt of interest, premium or principal thereon by a Non-resident Holder solely as a consequence of such acquisition, holding, redemption or disposition of Notes.

### *Recourse Events*

A Recourse Event will result in a disposition of Notes for purposes of the Tax Act. A Non-resident Holder will not generally be subject to tax under the Tax Act in respect of such disposition. The cost of a Preferred Share Series 48 or Common Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all other Preferred Shares Series 48 or Common Shares, as the case may be, held by such Non-resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **Preferred Shares Series 48 and Common Shares**

### *Dividends*

A dividend (including a deemed dividend) paid or credited on the Preferred Shares Series 48 or Common Shares to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax under the Tax Act at a rate of 25 percent, subject to any reduction in the rate of such withholding under the provisions of an applicable income tax treaty or convention. For a Non-resident Holder who is a resident of the United States and qualifies for the benefits of the Canada-United States Tax Convention, the rate of withholding will generally be reduced to 15 percent.

### ***Dispositions of Preferred Shares Series 48 or Common Shares***

A Non-resident Holder of Preferred Shares Series 48 or Common Shares who disposes of or is deemed to dispose of Preferred Shares Series 48 or Common Shares (other than as discussed under “*Acquisitions by the Bank of Preferred Shares Series 48 or Common Shares*” below) will not be subject to tax in respect of any capital gain realized on a disposition of Preferred Shares Series 48 or Common Shares unless such shares constitute “taxable Canadian property” (as defined in the Tax Act) to the Non-resident Holder at the time of the disposition and the Non-resident Holder is not entitled to relief under an applicable income tax treaty or convention. The Preferred Shares Series 48 or Common Shares will be considered taxable Canadian property if such shares are not listed on a “designated stock exchange” (as defined in the Tax Act, and which currently includes the TSX and the NYSE) and, at any time during the 60-month period immediately preceding the disposition, such shares derived (directly or indirectly) more than 50 percent of their fair market value from real or immovable property situated in Canada, Canadian resource properties, timber resource properties or options in respect of, or interests in, or for civil law rights in, any such property, all as defined for the purposes of the Tax Act.

The disposition by a Non-resident Holder of Preferred Shares Series 48 or Common Shares that are taxable Canadian property (other than “treaty-exempt property” as defined in the Tax Act) at the time of their disposition may be subject to certain withholding and reporting requirements under section 116 of the Tax Act.

### ***Acquisitions by the Bank of Preferred Shares Series 48 or Common Shares***

If the Bank redeems for cash or otherwise acquires the Preferred Shares Series 48 or Common Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Non-resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such shares for purposes of the Tax Act at such time. Such deemed dividend will be subject to the treatment described above under “Dividends”. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on a disposition of such shares. See “Dispositions of Preferred Shares Series 48 or Common Shares” above.

### ***NVCC Automatic Conversion of Preferred Shares Series 48***

An NVCC Automatic Conversion of Preferred Shares Series 48 into Common Shares after the date on which all Preferred Shares Series 48 are delivered to holders of Notes in accordance with the terms of the Trust Indenture and the Limited Recourse Trust Declaration will be deemed not to be a disposition of the Preferred Shares Series 48 and, accordingly, will not give rise to any income or loss. The cost to a Non-resident Holder of Common Shares received on such an NVCC Automatic Conversion will be deemed to be an amount equal to the adjusted cost base to the Non-resident Holder of the converted Preferred Shares Series 48 immediately before such an NVCC Automatic Conversion. The cost of a Common Share received on such an NVCC Automatic Conversion will be averaged with the adjusted cost base of all Common Shares held by the Non-resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **RATINGS**

The Notes are expected to be rated BBB (high) by DBRS Limited (“**DBRS**”), Baa3 by Moody’s Canada Inc. (“**Moody’s**”) and BBB- by S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. (“**S&P**”). Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of the payment capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation.

The BBB rating expected to be assigned to the Notes by DBRS ranks in the higher end of the fourth highest rating category of DBRS’ ten rating categories for long term debt obligations, which range from AAA to D. According to information made publicly available by DBRS, under the DBRS rating system debt securities rated BBB are of adequate credit quality. The capacity for the payment of financial obligations is considered by DBRS to be acceptable. The Baa rating expected to be assigned to the Notes by Moody’s ranks in the lower end of the fourth highest rating category of Moody’s nine rating categories for long term debt obligations, which range from Aaa to C. Securities rated Baa are considered by Moody’s to be of a medium-grade and are subject to moderate credit risk and as such may possess certain speculative characteristics. The BBB rating expected to be assigned to the Notes by S&P ranks in the middle of the fourth highest rating category of S&P’s ten rating categories for long term debt obligations, which range from AAA to D. According to information made publicly available by S&P, under the S&P rating system debt securities rated BBB indicate an adequate capacity to meet financial commitments, but that the obligations are more subject to adverse economic conditions or changing circumstances than obligations in higher rated categories. DBRS uses the “high” and “low” designations, while S&P uses the “+” or “-” designations, to indicate the relative standing of the securities being rated within a particular rating category. Moody’s appends numerical modifiers 1, 2 or 3 to each generic rating classification from Aa through

Caa to indicate the relative standing of the securities being rated within a particular rating category. Prospective purchasers of the Notes should consult the relevant rating organization with respect to the interpretation and implications of the foregoing ratings.

The Preferred Shares Series 48 are expected to be rated Pfd-2 by DBRS, Baa3 (hyb) by Moody's and BBB- (global scale) by S&P.

The Pfd-2 rating expected to be assigned by DBRS is in the second highest of six categories available from DBRS for preferred shares. According to information made publicly available by DBRS, preferred shares rated Pfd-2 are generally of good credit quality and the protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as higher rated companies. Each rating category is denoted by the subcategories "high" and "low", and the absence of either a "high" or "low" designation indicates the rating is in the middle of the category. A rating of Baa by Moody's is considered medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The Baa rating expected to be assigned to the Preferred Shares Series 48 is the fourth highest of nine categories. The modifier "3" indicates a ranking in the lower end of the rating category. A "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Together with the hybrid indicator, the rating assigned to a hybrid security is an expression of the relative credit risk associated with that security. The BBB rating expected to be assigned by S&P using its global scale for preferred shares is the third highest of nine categories used by S&P on its global preferred share scale, which ranges from AA to D. According to information made publicly available by S&P, under the S&P rating system preferred shares rated BBB indicate an adequate capacity to meet financial commitments, but that the obligations are more subject to adverse economic conditions or changing circumstances than obligations in higher rated categories. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

The Bank has paid customary rating fees to DBRS, S&P or Moody's in connection with its issuer ratings, including the above-mentioned ratings. In addition, the Bank has made customary payments in respect of certain other services provided to the Bank by each of DBRS, S&P or Moody's during the last two years.

Prospective purchasers of Preferred Shares Series 48 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing expected ratings. The credit ratings assigned to the Notes and Preferred Shares Series 48 are not recommendations to purchase, hold or sell the Notes. Ratings may be revised or withdrawn at any time by the respective rating organizations. The credit ratings do not address the market price or suitability of the Notes for a particular investor. The credit ratings assigned to the Notes or the Preferred Shares Series 48 may not reflect the potential impact of all risks on the value of the Notes or the Preferred Shares Series 48. In addition, real or anticipated changes in the credit ratings assigned to the Notes or the Preferred Shares Series 48 will generally affect the market value of the Notes or the Preferred Shares Series 48, as applicable. There can be no assurance that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by DBRS, S&P or Moody's if in their judgment circumstances so warrant. Prospective investors should consult DBRS, S&P or Moody's with respect to the interpretation and implications of the ratings.

## PLAN OF DISTRIBUTION

Pursuant to an agency agreement dated September 9, 2020 among the Bank and the Agents (the "**Agency Agreement**"), the Agents have agreed to act as the Bank's agents to offer the Notes for sale to the public on a best efforts basis, if, as and when issued by the Bank, subject to compliance with all necessary legal requirements and in accordance with the terms and conditions of the Agency Agreement. The offering price of the Notes was established by negotiation between the Bank and the Agents. The Agents will receive a fee equal to \$10.00 for each \$1,000 principal amount of Notes sold.

The Preferred Shares Series 48 qualified by this prospectus supplement will be issued to the Limited Recourse Trustee. No agent or underwriter has been involved in the offering of the Preferred Shares Series 48 qualified by this prospectus supplement. The offering price of the Preferred Shares Series 48 was established by the Bank.

The Notes may only be offered and sold in Canada to "accredited investors" (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to the Bank that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to the Bank and the Agent from whom the purchase confirmation is received that such purchaser is an "accredited investor" (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

The obligations of the Agents under the Agency Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. While the

Agents have agreed to use their best efforts to sell the Notes offered under this prospectus supplement, the Agents will not be obligated to purchase any Notes which are not sold.

None of the Notes, the Preferred Shares Series 48 nor the Common Shares into which the Preferred Shares Series 48 may be converted or for which the Notes may be redeemed upon the occurrence of a Trigger Event have been, or will be, registered under the U.S. Securities Act or any state securities laws, and the Agents have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution under this prospectus supplement in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except that a U.S. broker-dealer affiliate of BMO Nesbitt Burns Inc. may offer or sell Notes to U.S. persons that are Qualified Institutional Buyers (as defined in Rule 144A under the U.S. Securities Act). In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

In connection with the offering of Notes, the Agents may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Bank may withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part (whether placed directly with the Bank or through the Agents). Each Agent may, in its discretion reasonably exercised, reject in whole or in part any offer to purchase Notes received by it.

Neither the Notes nor the Preferred Shares Series 48 will be listed on any securities exchange and do not have an established trading market. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there is no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any market-making activity at any time.

BMO Nesbitt Burns Inc. is a wholly owned subsidiary of the Bank. As a result, the Bank is a “related and connected issuer” of BMO Nesbitt Burns Inc. under applicable securities legislation. The decision to distribute the securities offered hereunder and the terms of this offering were negotiated at arm’s length between the Bank and the Agents (including TD Securities Inc., which is an “independent underwriter” pursuant to applicable securities legislation). TD Securities Inc. participated in the drafting of this prospectus supplement, the pricing of the Notes and the due diligence process in respect of this offering. BMO Nesbitt Burns Inc. will not receive any benefit in connection with this offering other than a portion of the Agents’ fee.

## **Selling Restrictions**

### *European Economic Area and the United Kingdom*

Each Agent has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this prospectus supplement to any retail investor in the EEA or in the United Kingdom. For the purpose of this provision, (a) a “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### *United Kingdom*

Each Agent has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

In connection with the offering, the Agents are not acting for anyone other than the Bank and will not be responsible to anyone other than the Bank for providing the protections afforded to their clients nor for providing advice in relation to the offering.

*Notice to Prospective Investors in Switzerland*

This prospectus supplement is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the Notes constitutes a prospectus such terms is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this prospectus supplement nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus supplement nor any other offering or marketing material relating to the offering, nor the Bank nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

*Notice to Prospective Investors in Hong Kong*

Each Agent has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571, Laws) of Hong Kong) ("SFO") other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the SFO and any rules made thereunder, or under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

*Notice to Prospective Investors in Japan*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law**") and each Agent has represented and agreed that it will not offer or sell the Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

*Notice to Prospective Investors in the People's Republic of China*

Each Agent has represented and agreed that neither it nor any of its affiliates has offered or sold and or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.



This prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) to any person to whom it is unlawful to make the offer or solicitation in the People's Republic of China.

*Notice to Prospective Investors in Taiwan*

The Notes have not been, and will not be, registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan, the Republic of China (“**Taiwan**”) and/or any other regulatory authority or agency of Taiwan pursuant to applicable securities laws and regulations and the Notes may not be sold, offered or otherwise made available within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Taiwan Securities and Exchange Act or relevant laws and regulations that requires a registration or filing with or the approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authority or agency of Taiwan. No person or entity in Taiwan is authorized to offer, sell or otherwise make available any Notes or to provide information relating to this prospectus supplement.

*Notice to Prospective Investors in Singapore*

Each Agent has acknowledged that this prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Agent has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus supplement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**Notification under section 309B(1) of the SFA and the CMP Regulations 2018**

Notification under with Section 309B(1)(c) of the SFA, the Bank has determined that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

*Notice to Prospective Investors in Australia*

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (“**Corporations Act**”)) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Agent has represented and agreed that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or any other offering material relating to the Notes in Australia,

unless:

- (a) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (b) such action complies with all applicable laws, regulations and directives;
- (c) such action does not require any document to be lodged with ASIC; and
- (d) the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act.

### USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Notes, after deducting estimated expenses of the offering and the Agents’ fee, are estimated to be approximately \$1,237,000,000. The purpose of the sale of the Notes is to enlarge the Bank’s Tier 1 capital base with a view to optimizing the Bank’s capital structure within the parameters prescribed by the Superintendent for bank capital requirements. The net proceeds to the Bank from the sale of Notes will be added to the general funds of the Bank and will be utilized for general banking purposes.

The purchase price payable by the Limited Recourse Trust for the Preferred Shares Series 48 qualified hereby (which is \$1,000 per share for an aggregate purchase price of \$1,250,000,000) shall be satisfied with proceeds received by the Limited Recourse Trust from the Bank in connection with a subscription for units of the Limited Recourse Trust by the Bank. As a result, no proceeds will be raised from the issuance of the Preferred Shares Series 48 pursuant to this prospectus supplement.

### CHANGES TO SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS

As at September 9, 2020, the Bank had 646,521,869 Common Shares, 164,200,000 Class B Preferred Shares and no Class A Preferred Shares outstanding.

### CAPITALIZATION

The selected consolidated financial data set out below is extracted from the Bank’s Q3 2020 Interim Condensed Consolidated Financial Statements as of July 31, 2020. This table should be read together with the 2019 Audited Consolidated Financial Statements and the Q3 2020 Interim Condensed Consolidated Financial Statements, which are incorporated by reference in this prospectus supplement.

	<b>As at July 31, 2020</b>	
	<b>Actual</b>	<b>Pro Forma As Adjusted</b>
	<i>(in millions of Canadian dollars)</i>	
<b>Subordinated Debt</b>	\$ 8,513	\$ 8,513
<b>Shareholders’ Equity</b>		
Common Shares and Contributed Surplus	\$ 13,502	\$ 13,502
Preferred Shares and Other Equity Instruments <sup>(1)(2)</sup>	\$ 5,348	\$ 6,598
Retained Earnings	\$ 29,902	\$ 29,890
Accumulated Other Comprehensive Income	<u>\$ 5,835</u>	<u>\$ 5,835</u>
<b>Total Shareholders’ Equity</b>	\$ 54,587	\$ 55,825
<b>Total Capitalization</b>	<u>\$ 63,100</u>	<u>\$ 64,338</u>

Notes:

- (1) After giving effect to this offering, Limited Recourse Capital Notes amount to \$1,250 million as at July 31, 2020. For accounting purposes, the Notes are compound instruments with both equity and liability features. The liability component of the Notes would have a nominal value and, as a result, the full proceeds to be received shall be presented as other equity instruments.
- (2) For accounting purposes, the Preferred Shares Series 48 will be eliminated on the Bank’s consolidated balance sheet prior to a Recourse Event. Accordingly, after giving effect to this offering, there will be no change in Preferred Shares as at July 31, 2020.

## EARNINGS COVERAGE RATIOS

The consolidated financial ratios for the Bank set forth in the table below calculated for the 12 months ended October 31, 2019 and July 31, 2020, respectively, are presented on a *pro forma* as adjusted basis, which gives effect to (i) the issuance by the Bank of \$1,250,000,000 Series J Medium-Term Notes (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness) on June 17, 2020 (the “**Series J Medium-Term Note Issuance**”) and (ii) the issuance of the Notes, as appropriate for each of the periods presented.

	12 Months Ended October 31, 2019 <sup>(2)</sup>	12 Months Ended July 31, 2020 <sup>(3)</sup>
Grossed up dividend coverage on Class B Preferred Shares, Series (25, 26, 27, 29, 31, 33, 35, 36, 38, 40, 42, 44 and 46) and other equity instruments <sup>(1)</sup>	23.61 times	16.93 times
Interest coverage on subordinated indebtedness	24.75 times	22.53 times
Interest and grossed up dividend coverage on subordinated indebtedness, preferred shares and other equity interests	12.08 times	9.67 times

Notes:

- (1) As at October 31, 2019 and July 31, 2020, there were no Class A Preferred Shares outstanding.
- (2) As adjusted to give effect to the Series J Medium-Term Note Issuance and the issuance of the Notes.
- (3) As adjusted to give effect to the issuance of the Notes.

The Bank’s dividend requirements on all of its preferred shares amounted to (i) \$266.1 million for the 12 months ended October 31, 2019 adjusted to a before-tax equivalent using an effective tax rate of 20.82%, and (ii) \$308.2 million for the 12 months ended July 31, 2020, adjusted to a before-tax equivalent using an effective tax rate of 19.58%. The Bank’s interest requirements for its long-term debt and grossed up dividends on its preferred shares for (i) the 12 months ended October 31, 2019 amounted to \$624.9 million, and (ii) the 12 months ended July 31, 2020 amounted to \$633.8 million. The Bank’s earnings before interest and income tax for (i) the 12 months ended October 31, 2019 amounted to \$7,551 million, which was 12.08 times the Bank’s aggregate dividend and interest requirements for this period, and (ii) the 12 months ended July 31, 2020 amounted to \$6,126.1 million, which was 9.67 times the Bank’s aggregate dividend and interest requirements for this period. The foregoing figures have been calculated after giving effect to the Series J Medium-Term Note Issuance and the issuance of the Notes, as appropriate for each of the periods presented.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using rates of exchange as at the end of each month. For the 12 month period ended October 31, 2019, the average of such exchange rates was \$1.3288 per US\$1.00. For the 12 month period ended July 31, 2020, the average of such exchange rates was \$1.3447 per US\$1.00.

## TRADING PRICE AND VOLUME

The outstanding Common Shares are listed on the TSX under the trading symbol “BMO” and on the NYSE under the trading symbol “BMO”. The following tables set forth the reported high and low trading prices in Canadian dollars and trading volumes of the Common Shares of the Bank on the TSX for the periods indicated.

### Common Shares (BMO)

Month	High (\$)	Low (\$)	Volume Traded
September 2019.....	\$98.24	\$89.66	33,852,384
October 2019.....	\$99.08	\$94.64	47,418,048
November 2019.....	\$102.70	\$97.52	36,034,993
December 2019.....	\$102.42	\$97.51	32,053,326
January 2020.....	\$104.75	\$99.74	43,293,537
February 2020.....	\$102.62	\$89.59	43,311,730
March 2020.....	\$93.09	\$55.76	113,877,356
April 2020.....	\$77.33	\$65.87	89,918,888
May 2020.....	\$72.00	\$61.05	66,631,198
June 2020.....	\$78.38	\$68.01	59,316,091

Month	High (\$)	Low (\$)	Volume Traded
July 2020.....	\$76.32	\$70.38	66,730,109
August 2020.....	\$84.43	\$72.97	64,993,392
September 1 – 9, 2020.....	\$82.87	\$79.25	11,922,694

## RISK FACTORS

An investment in the Notes (and Preferred Shares Series 48 and Common Shares upon delivery of the Limited Recourse Trust Assets, including upon the occurrence of a Trigger Event) is subject to certain risks including those set out in this prospectus supplement and the Prospectus. Before deciding whether to invest in any Notes, potential investors should consider carefully the risks set out herein and incorporated by reference in this prospectus supplement and the Prospectus (including subsequently filed documents incorporated by reference). As an investment in the Notes may become an investment in Preferred Shares Series 48 or Common Shares in certain circumstances, potential investors in the Notes should consider the risks set out herein regarding the Preferred Shares Series 48 and in the Prospectus regarding the Bank's Preferred Shares and Common Shares, in addition to the other risks set out herein regarding the Notes. Prospective investors should also consider the categories of risks identified and discussed in the Bank's 2019 Annual Information Form, 2019 Management's Discussion and Analysis and Q3 2020 Management's Discussion and Analysis, which are incorporated herein by reference.

***The COVID-19 pandemic has impacted the Bank's business, and the ultimate impact on the Bank's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic***

The COVID-19 pandemic has negatively impacted the global economy and economic outlook, including with respect to the jurisdictions in which the Bank operates, disrupted global supply chains, lowered equity market valuations, lowered interest rates, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, governments and regulatory bodies have implemented a number of measures, including temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many of the jurisdictions in which the Bank operates. Governments, monetary authorities and regulators have also taken actions to support the economy and financial system, including taking fiscal and monetary measures to increase liquidity and support incomes, and regulatory actions in respect of financial institutions.

If the COVID-19 pandemic is prolonged, the negative impact on the global economy could deepen from what is now expected. It could continue to disrupt global supply chains, lower equity market valuations and interest rates, create significant volatility and disrupt financial markets, and further increase unemployment levels and business bankruptcy levels. The demand for the Bank's products and services may be significantly impacted, as could be the Bank's net interest income, due to the low interest rates. Given the impact from the pandemic, the Bank would expect to recognize elevated credit losses in its loan portfolios, including in those industries directly impacted by the pandemic, including, but not limited to, oil and gas, hospitality, retail services and transportation. In addition, the provision of various services to the Bank's customers results in the Bank carrying residual market risk exposures including, but not limited to, changes in price levels, interest rates, foreign exchange rates, credit spreads, volatility, counterparty credit quality, the correlation between various markets and assets and other risks, as outlined in the Enterprise-Wide Risk Management section on pages 68 to 106 of the Bank's 2019 Annual Report, as updated by quarterly reports. In addition, in certain businesses, including in the Bank's equity linked notes related businesses where the Bank sells investment products that have returns tied to equity securities, the Bank has exposure to the dividend policies of the companies that issue those underlying equity securities.

As a result of changing economic and market conditions, the Bank may be required to recognize impairments in future periods on the securities or other assets it holds. The Bank's business operations may also be disrupted if its key suppliers of goods and services are adversely impacted or significant portions of its workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. The pandemic may also impact the Bank's ability to access capital markets, its liquidity and capital position, or may result in downgrades in its credit ratings. The COVID-19 pandemic has resulted in an increase, and may result in further increases, in certain of the risks outlined in the Enterprise-Wide Risk Management section on pages 68 to 106 of the Bank's 2019 Annual Report, as updated by quarterly reports, including the Bank's top and emerging, credit and counterparty, market, insurance, liquidity and funding, operational, including anti-money laundering, technology and cyber-related, legal and regulatory, business, strategic, environmental and social, and reputation risk. The Bank may also face increased risk of litigation and governmental and regulatory scrutiny, as a result of the effects of the COVID-19 pandemic on market and economic conditions and actions governmental authorities take in response to those conditions.

The extent to which the COVID-19 pandemic impacts the Bank's business, results of operations, reputation and financial condition, as well as its regulatory capital and liquidity ratios, and credit ratings, as well as its impact on the Bank's customers, competitors and trading exposure, including the potential from loss from higher credit, counterparty or mark-to-market losses, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. The COVID-19 pandemic may also impact the Bank's ability to achieve, or the timing to achieve, certain previously announced targets, goals and objectives.

To the extent that the COVID-19 pandemic, or any future epidemics or pandemics, causes material adverse impacts to the Bank's business and operations, the global economy, and/or financial markets, there may be an impact on any trading market for, or trading value of, the Notes.

***The Notes and Preferred Shares Series 48 are loss-absorption financial instruments that involve significant risk and may not be a suitable investment for all investors***

The Notes and Preferred Shares Series 48 are loss-absorption financial instruments designed to comply with applicable Canadian banking regulations and involve significant risks. Each potential investor in the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Notes and the Preferred Shares Series 48, such as the provisions governing the limited remedies of holders of Notes and NVCC Automatic Conversion, including the circumstances constituting a Trigger Event. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of an NVCC Automatic Conversion into Common Shares and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this prospectus supplement and the Prospectus or incorporated by reference herein.

***An investment in the Notes and the Preferred Shares Series 48 is subject to the Bank's credit risk***

Real or anticipated changes in credit ratings on the Notes or the Preferred Shares Series 48 may affect the market value of the Notes and the Preferred Shares Series 48, respectively. In addition, real or anticipated changes in the Bank's credit ratings could also affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations. Refer to the Bank's 2019 Management's Discussion and Analysis and Q2 2020 Management's Discussion and Analysis, incorporated by reference in this prospectus supplement, for further discussion of, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank's business, financial condition or results of operations.

***A holder of Notes will have limited remedies***

In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due or the occurrence of an event of default, the sole remedy of holders of Notes shall be the delivery of the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets consist of Preferred Shares Series 48 at the time such an event occurs, the Limited Recourse Trust Assets will deliver to each holder of Notes one Preferred Share Series 48 for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Preferred Shares Series 48 will be the sole remedy of each holder of Notes against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. The market value of the Limited Recourse Trust Assets could be significantly less than the face value of the Notes. In the event that the value of the Limited Recourse Trust Assets delivered to holders of Notes is less than the principal amount of and any accrued and unpaid interest on, or the redemption price of, the Notes, all losses arising from such shortfall shall be borne by such holders and no claim may be made against the Bank.

***The Notes will rank subordinate to all higher ranked indebtedness in the event of the Bank's insolvency, dissolution or winding-up***

The Notes will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purpose of the Bank Act and will therefore rank subordinate to the Bank's deposits. In the event of the Bank's insolvency or winding-up (prior to the occurrence of a Trigger Event), the Notes will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness and Deeply Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case, from time to time outstanding, and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors; provided that, in any such case, in case of the Bank's

non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Except to the extent regulatory capital requirements or any resolution regime imposed by the government affect the Bank's decisions or ability to issue subordinated or more senior debt, there is no limit on the Bank's ability to incur additional subordinated debt or more senior debt.

***An investment in the Notes may become an investment in Preferred Shares Series 48 or Common Shares of the Bank in certain circumstances***

In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of the Notes will be the delivery of the Limited Recourse Trust Assets, which may consist of Preferred Shares Series 48 or, upon an NVCC Automatic Conversion, Common Shares. Delivery of Limited Recourse Trust Assets to the holders of Notes shall be applied to the payment of the principal amount of the Notes, and all claims of the holders of Notes against the Bank under the Notes will be extinguished upon receipt of the Limited Recourse Trust Assets. As a result, you may become a shareholder of the Bank at a time when the Bank's financial condition is deteriorating or when the Bank has become insolvent or have been ordered to be wound-up or liquidated. In the event of the Bank's liquidation, the claims of the Bank's depositors and creditors (including holders of subordinated indebtedness) would be entitled to priority of payment over holders of Preferred Shares Series 48 or Common Shares. If the Bank were to become insolvent or be ordered to be wound-up or liquidated after your investment in the Notes has become an investment in Preferred Shares Series 48 or Common Shares of the Bank, you may receive, if anything, substantially less than you would have received as a holder of the Notes.

***There is no market for the Notes or the Preferred Shares Series 48***

Upon issuance, the Notes will not have an established trading market. Neither the Notes nor the Preferred Shares Series 48 will be listed on any stock exchange and there can be no assurance that there will be a secondary market for the Notes or the Preferred Shares Series 48. Each of the Agents may from time to time purchase and sell Notes in the secondary market or make a market for the Notes, but no Agent is obliged to do so and there can be no assurance as to a secondary market for the Notes, liquidity in any such market or any market making activities by any Agent.

Where Preferred Shares Series 48 are "taxable Canadian property" and not "treaty-exempt property" (both as defined in the Tax Act) of a non-resident holder at the time of their disposition, such holder generally will be required to satisfy certain obligations imposed under section 116 of the Tax Act, in the absence of which a purchaser who intends to acquire such shares would be entitled to withhold 25% of the purchase price. As a result of these administrative requirements, Preferred Shares Series 48 that are taxable Canadian property and not treaty exempt property of a non-resident holder may be less liquid than otherwise may be the case. See "Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Preferred Shares Series 48 and Common Shares" for more information.

***No additional amounts will be paid on dividends on the Preferred Shares Series 48***

Although under current law, dividends paid or deemed to be paid to non-resident holders of the Preferred Shares Series 48 would generally be subject to Canadian non-resident withholding tax as described under "Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Preferred Shares Series 48 and Common Shares — Dividends, and — Acquisitions by the Bank Preferred Shares Series 48 and Common Shares", no additional amounts will be paid by the Bank on dividends paid or deemed to be paid on the Preferred Shares Series 48.

***The market value of the Notes is subject to interest rate risk and the Notes may trade at a discount from their initial offering price***

Future trading prices of the Notes will depend on many factors, including prevailing interest rates, foreign exchange movements, the market for similar securities, general economic conditions and the Bank's financial condition, performance, prospects and other factors. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

Prevailing interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

***The market value of the Preferred Shares Series 48 may fluctuate***

In the event that the Preferred Shares Series 48 are transferred to holders of Notes upon the occurrence of a Recourse Event, prevailing yields on similar securities will affect the market value of Preferred Shares Series 48. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 48 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Preferred Shares Series 48.

***The Preferred Shares Series 48 are non-cumulative and there is a risk the Bank will be unable to pay dividends on the shares***

The Preferred Shares Series 48 are non-cumulative and dividends are payable at the discretion of the board of directors. See “Capitalization” and “Earnings Coverage Ratios” in this prospectus supplement, each of which is relevant to an assessment of the risk that the Bank will be unable to pay dividends and any redemption price on the Preferred Shares Series 48 when due.

***Ranking of Preferred Shares Series 48 on insolvency, dissolution or winding-up***

The Preferred Shares Series 48 are equity capital of the Bank. The Preferred Shares Series 48 will rank equally with other preferred shares of the Bank in the event of an insolvency, dissolution or winding-up of the Bank, where an NVCC Automatic Conversion has not occurred. If the Bank becomes insolvent, is dissolved or is wound-up where an NVCC Automatic Conversion has not occurred, the Bank’s assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on the Preferred Shares Series 48, if any, and other preferred shares.

***The Notes and Preferred Shares Series 48 are subject to an automatic and immediate exchange for Common Shares upon a Trigger Event and an NVCC Automatic Conversion***

Upon the occurrence of a Trigger Event and an NVCC Automatic Conversion, there is no certainty of the value of the Common Shares to be received by the holders of the Notes or the Preferred Shares Series 48 and the value of such Common Shares could be significantly less than the face value of the Notes or the Preferred Shares Series 48. Moreover, there may be an illiquid market, or no market at all, in Common Shares received upon an NVCC Automatic Conversion, and investors may not be able to sell the Common Shares at a price equal to the value of their investment and as a result may suffer significant loss.

After an NVCC Automatic Conversion, a holder of Notes or Preferred Shares Series 48 will only have rights as a holder of Common Shares. Given the nature of a Trigger Event, a holder of Notes or Preferred Shares Series 48 will become a holder of Common Shares at a time when the Bank’s financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Trigger Event, as a result of an NVCC Automatic Conversion, the holders of Common Shares may receive, if anything, substantially less than the holders of the Notes might have received had the Notes or Preferred Shares Series 48 not been converted into Common Shares. An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms.

***A Trigger Event involves a subjective determination outside the Bank’s control***

The decision as to whether a Trigger Event will occur is a subjective determination by the Superintendent that the Bank has ceased, or is about to cease, to be viable and that the conversion of all contingent instruments is reasonably likely, taking into account any other factors or circumstances that are considered relevant or appropriate by the Superintendent, to restore or maintain the viability of the Bank. Such determination will be beyond the control of the Bank. See the definition of Trigger Event under “Description of Preferred Shares Series 48 — Redemption.”

OSFI has stated that the Superintendent will consult with the Canada Deposit Insurance Corporation (“**CDIC**”), the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada prior to making a non-viability determination. The conversion of contingent instruments alone may not be sufficient to restore an institution to viability and other public sector interventions, including liquidity assistance, would likely be used along with the conversion of contingent instruments to maintain an institution as a going concern.

In assessing whether the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments, it is reasonably likely that the viability of the Bank will be restored or maintained, OSFI has stated that the Superintendent will consider, in consultation with the authorities referred to above, all relevant facts and circumstances. Those

facts and circumstances may include, in addition to other public sector interventions, a consideration of whether, among other things:

- the assets of the Bank are, in the opinion of the Superintendent, sufficient to provide adequate protection to the Bank's depositors and creditors;
- the Bank has lost the confidence of depositors or other creditors and the public (for example, ongoing increased difficulty in obtaining or rolling over short-term funding);
- the Bank's regulatory capital has, in the opinion of the Superintendent, reached a level, or is eroding in a manner, that may detrimentally affect its depositors and creditors;
- the Bank has failed to pay any liability that has become due and payable or, in the opinion of the Superintendent, the Bank will not be able to pay its liabilities as they become due and payable;
- the Bank failed to comply with an order of the Superintendent to increase its capital;
- in the opinion of the Superintendent, any other state of affairs exists in respect of the Bank that may be materially prejudicial to the interests of the Bank's depositors or creditors or the owners of any assets under the Bank's administration; and
- the Bank is unable to recapitalize on its own through the issuance of Common Shares or other forms of regulatory capital (for example, no suitable investor or group of investors exists that is willing or capable of investing in sufficient quantity and on terms that will restore the Bank's viability, nor is there any reasonable prospect of such an investor emerging in the near-term in the absence of conversion of contingent instruments).

If a Trigger Event occurs, then the interests of depositors, other creditors of the Bank, and holders of bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Notes or the Preferred Shares Series 48. The Superintendent retains full discretion to choose not to trigger non-viability contingent capital notwithstanding a determination that the Bank has ceased, or is about to cease, to be viable. Under such circumstances, holders of Notes or Preferred Shares Series 48 may be exposed to losses through the use of other resolution tools or in liquidation.

***The number and value of Common Shares to be received on an NVCC Automatic Conversion is variable and subject to further dilution***

The number of Common Shares to be received for each Note or Preferred Share Series 48 on an NVCC Automatic Conversion is calculated by reference to the prevailing market price of Common Shares immediately prior to a Trigger Event, subject to the Floor Price. If there is an NVCC Automatic Conversion at a time when the Current Market Price of the Common Shares is below the Floor Price, investors may receive Common Shares with an aggregate market price less than the value of the Notes or Preferred Shares Series 48.

In the circumstances surrounding a Trigger Event, the Superintendent or other governmental authorities or agencies may also require other steps to be taken to restore or maintain the viability of the Bank under the Canadian bank resolution powers, including the injection of new capital and the issuance of additional Common Shares or other securities. Accordingly, holders of Notes or Preferred Shares Series 48 will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Bank may be converted into Common Shares, at a conversion rate that is more favorable to the holders of such obligations than the rate applicable to the Notes or Preferred Shares Series 48, and additional Common Shares or securities ranking in priority to the Common Shares may be issued, thereby causing substantial dilution to holders of Common Shares, the holders of shares other than Common Shares, and the holders of Notes or Preferred Shares Series 48 that will become holders of Common Shares upon an NVCC Automatic Conversion.

In particular, as part of the Canadian bank resolution powers, certain provisions of, and regulations under, the Bank Act, the *Canada Deposit Insurance Corporation Act* (the "**CDIC Act**") and certain other Canadian federal statutes pertaining to banks provide for a bank recapitalization regime (collectively, the "**Bail-In Regime**") for banks designated by the Superintendent as domestic systemically important banks, which include the Bank. Pursuant to the CDIC Act, in circumstances where the Superintendent has determined that the Bank has ceased, or is about to cease, to be viable, the Governor in Council may, upon a recommendation of the Minister of Finance that he or she is of the opinion that it is in the public interest to do so, grant an order directing CDIC to convert all or a portion of certain shares and liabilities of the Bank into common shares of the Bank or any of its affiliates (a "**Bail-In Conversion**"). Subject to certain exceptions, including for structured notes, in general, any senior debt issued on or after September 23, 2018 with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and has been assigned a CUSIP or ISIN or similar identification number would



be prescribed liabilities subject to a Bail-In Conversion. Shares, other than Common Shares, and subordinated debt would also be prescribed liabilities subject to a Bail-In Conversion, unless they are non-viability contingent capital.

Given that the Notes and Preferred Shares Series 48 are subject to NVCC Automatic Conversion, they are not subject to Bail-In Conversion. However, the Bail-In Regime provides that the CDIC must use its best efforts to ensure that the prescribed types of shares and liabilities are converted only if all subordinate prescribed shares and liabilities and any subordinate non-viability contingent capital (such as the Notes and Preferred Shares Series 48) have previously been converted or are converted at the same time. Accordingly, in the case of a Bail-In Conversion, the Notes and Preferred Shares Series 48 would be subject to NVCC Automatic Conversion prior to, or at the same time as, a Bail-In Conversion. In addition, the Bail-in Regime prescribes that holders of unsubordinated or senior ranking instruments that are subject to Bail-In Conversion must receive more common shares per dollar amount converted than holders of any subordinate ranking instruments that are subject to Bail-In Conversion or NVCC instruments converted, including the Notes and Preferred Shares Series 48. The holders of senior ranking instruments that are subject to Bail-In Conversion would therefore receive Common Shares at a conversion rate that would be more favorable to the holders of such obligations than the rate applicable to the Notes and the Preferred Shares Series 48.

***Circumstances surrounding a potential NVCC Automatic Conversion will have an adverse effect on the market price of the Notes and Preferred Shares Series 48***

The occurrence of a Trigger Event is a subjective determination by the Superintendent that the conversion of all contingent instruments is reasonably likely to restore or maintain the viability of the Bank. As a result, an NVCC Automatic Conversion may occur in circumstances that are beyond the control of the Bank. Also, even in circumstances where the market expects the Superintendent to cause an NVCC Automatic Conversion, the Superintendent may choose not to take that action. Because of the inherent uncertainty regarding the determination of when an NVCC Automatic Conversion may occur, it will be difficult to predict, when, if at all, the Notes or Preferred Shares Series 48 will be mandatorily converted into Common Shares. Accordingly, trading behavior in respect of the Notes or Preferred Shares Series 48 is not necessarily expected to follow trading behavior associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Notes, Preferred Shares Series 48 and the Common Shares, whether or not such Trigger Event actually occurs.

***Holders of Notes and holders of Preferred Shares Series 48 may be exposed to losses through the use of other Canadian bank resolution powers or in liquidation***

The holders of Notes and holders of Preferred Shares Series 48 may be exposed to losses through the use of other Canadian bank resolution powers or in liquidation. Under the Canadian bank resolution powers, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance to recommend that the Governor in Council (Canada) (the "**Governor in Council**") make an order (an "**Order**") and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council make, and on that recommendation, the Governor in Council may make, one or more Orders vesting in CDIC the shares and subordinated debt of the Bank specified in the Order (a "**vesting order**"), appointing CDIC as receiver in respect of the Bank (a "**receivership order**"), if a receivership order has been made, directing the Minister of Finance to incorporate a federal institution designated in the order as a bridge institution (a "**bridge bank order**") wholly-owned by CDIC and specifying the date and time as of which the Bank's deposit liabilities are assumed; or if a vesting order or receivership order has been made, directing CDIC to carry out a Bail-in Conversion.

Following a vesting order or a receivership order, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers under such Order, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank. Under a bridge bank order, CDIC has the power to transfer the Bank's insured deposit liabilities and certain assets and other liabilities of the Bank to a bridge institution. Upon the exercise of that power, any assets and liabilities of the Bank that are not transferred to the bridge institution would remain with the Bank, which would then be wound up. In such a scenario, any liabilities of the Bank, including any outstanding Notes, that are not assumed by the bridge institution could receive only partial or no repayment in the ensuing wind-up of the Bank.

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, a holder of Notes or Preferred Shares Series 48 may be exposed to losses through the use of Canadian bank resolution powers other than an NVCC Automatic Conversion or in liquidation.

As a result, a holder of Notes or Preferred Shares Series 48 may lose all of its investment, including the principal amount plus any accrued dividends or interest, if the CDIC were to take action under the Canadian bank resolution powers, and any Common Shares into which the Notes or Preferred Shares Series 48 are converted upon the happening of an NVCC Automatic Conversion upon the occurrence of a Trigger Event and the subsequent delivery of such Common Shares to the holders of Notes, may be of little value at the time of an NVCC Automatic Conversion and thereafter.

The Notes are direct unsecured subordinated indebtedness of the Bank which rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness and Deeply Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) in the event of the insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up while the Notes remain outstanding, the Bank's assets must be used to pay deposit liabilities and prior and senior ranking indebtedness before payments may be made on the Notes, other subordinated indebtedness and the Common Shares. Subject to the Bank's regulatory capital requirements, there is no limit on the Bank's ability to incur additional subordinated debt. In addition, the terms of the Notes do not restrict the Bank's ability to incur indebtedness that ranks senior to the Notes. Upon the occurrence of a Trigger Event, each Preferred Share Series 48 will be automatically converted into Common Shares pursuant to an NVCC Automatic Conversion, and the principal amount of, and accrued and unpaid interest on, all of the Notes will become immediately due and payable by the Bank without any declaration or other act on the part of the Indenture Trustee or any holders of the Notes, provided that the sole remedy of the holders of Notes for such amounts due and payable by the Bank shall be the delivery of the Limited Recourse Trust Assets (which shall consist of, in such circumstance, the Common Shares issued in connection with the Trigger Event), such that the terms of the Notes with respect to priority and rights upon liquidation will not be relevant as the Notes will have been converted to Common Shares ranking on parity with all other outstanding Common Shares.

***Any potential compensation to be provided through the compensation process under the CDIC Act is unknown***

The CDIC Act provides for a compensation process for holders of Notes and Preferred Shares Series 48 who immediately prior to the making of an Order, directly or through an intermediary, own Notes or Preferred Shares Series 48, as the case may be, that after the Order is made, are converted in whole or in part into Common Shares in accordance with their terms. While this process applies to successors of those holders it does not apply to assignees or transferees of the holder following the making of the Order and does not apply if the amounts owing under the Notes are paid in full.

Under the compensation process, the compensation to which such holders are entitled is the difference, to the extent it is positive, between the estimated liquidation value and the estimated resolution value of the Notes or Preferred Shares Series 48, as the case may be, less an amount equal to an estimate of losses attributable to the conversion of such Notes or Preferred Shares Series 48 into Common Shares. The liquidation value is the estimated value the holders would have received if an Order under the *Winding-up and Restructuring Act* (Canada) had been made in respect of the Bank, as if no Order had been made and without taking into consideration any assistance, financial or otherwise, that is or may be provided to the Bank, directly or indirectly, by CDIC, the Bank of Canada, the Government of Canada or a province of Canada, after any Order to wind up the Bank has been made.

The resolution value in respect of the Notes or the Preferred Shares Series 48, as the case may be, is the aggregate estimated value of the following: (a) the Notes or Preferred Shares Series 48, as the case may be, if they are not held by CDIC and they are not converted, after the making of an Order, into Common Shares in accordance with its terms; (b) Common Shares that are the result of a conversion of the Notes or Preferred Shares Series 48, as the case may be, in accordance with their terms after the making of an Order; (c) any dividend or interest payments made, after the making of the Order, with respect to the Notes or Preferred Shares Series 48, as the case may be, to any person other than CDIC; and (d) any other cash, securities or other rights or interests that are received or to be received with respect to the Notes or Preferred Shares Series 48, as the case may be, as a direct or indirect result of the making of the Order and any actions taken in furtherance of the Order, including from CDIC, the Bank, the liquidator of the Bank, if the Bank is wound up, the liquidator of a CDIC subsidiary incorporated or acquired by Order of the Governor in Council for the purposes of facilitating the acquisition, management or disposal of real property or other assets of the Bank that CDIC may acquire as the result of its operations that is liquidated or the liquidator of a bridge institution if the bridge institution is wound up.

In connection with the compensation process, CDIC is required to estimate the liquidation value and the resolution value in respect of the portion of converted Notes or Preferred Shares Series 48, as the case may be, and is required to consider the difference between the estimated day on which the liquidation value would be received and the estimated day on which the resolution value is, or would be, received.

CDIC must, within a period following the Order, make an offer of compensation by notice to the relevant holders that held the Notes or Preferred Shares Series 48 equal to, or in value estimated to be equal to, the amount of compensation to which

such holders are entitled or provide a notice stating that such holders are not entitled to any compensation. In either case such notice is required to include certain prescribed information, including important information regarding the rights of such holders to seek to object and have the compensation to which they are entitled determined by an assessor (a Canadian Federal Court judge) where holders of liabilities representing at least 10% of the principal amount and accrued and unpaid interest of the liabilities of the same class in the case of the Notes, or at least 10% of the liquidation entitlement of the shares of the same class, in the case of the Preferred Shares Series 48, object to the offer or absence of compensation. The period for objecting is limited (45 days following the day on which a summary of the notice is published in the Canada Gazette) and failure by holders holding a sufficient principal amount plus accrued and unpaid interest of the Notes or sufficient liquidation entitlement of the Preferred Shares Series 48 to object within the prescribed period will result in the loss of any ability to object to the offered compensation or absence of compensation, as applicable. CDIC will pay the relevant holders the offered compensation within 135 days after the date on which a summary of the notice is published in the Canada Gazette if the offer of compensation is accepted, the holder does not notify CDIC of acceptance or objection to the offer or if the holder objects to the offer but the 10% threshold described above is not met within the aforementioned 45-day period.

Where an assessor is appointed, the assessor could determine a different amount of compensation payable, which could either be higher or lower than the original amount. The assessor is required to provide holders, whose compensation it determines, notice of its determination. The assessor's determination is final and there are no further opportunities for review or appeal. CDIC will pay the relevant holders the compensation amount determined by the assessor within 90 days of the assessor's notice.

A similar compensation process to the one set out above applies, in certain circumstances, where as a result of CDIC's exercise of bank resolution powers, Notes are assigned to an entity which is then wound-up.

Given the considerations involved in determining the amount of compensation, if any, that a holder that held Notes or Preferred Shares Series 48 may be entitled to following an Order, it is not possible to anticipate what, if any, compensation would be payable in such circumstances.

***Following an NVCC Automatic Conversion, you will no longer have rights as a holder of Notes or Preferred Shares Series 48 and will only have rights as a holder of Common Shares***

Upon the happening of an NVCC Automatic Conversion upon the occurrence of a Trigger Event, the rights, terms and conditions of the Notes or Preferred Shares Series 48, as applicable, including with respect to priority and rights on liquidation, will no longer be relevant as all such Preferred Shares Series 48 will have been converted on a full and permanent basis without the consent of the holders thereof into Common Shares ranking on parity with all other outstanding Common Shares and all holders of such Notes will have received such Common Shares thereby exhausting their sole recourse against the Bank in respect of the applicable Recourse Event. Given the nature of the Trigger Event, a holder of Notes or Preferred Shares Series 48, as applicable, will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent, is dissolved or wound-up after the occurrence of a Trigger Event, as holders of Common Shares investors may receive substantially less than they might have received had the Notes or Preferred Shares Series 48, as applicable, not been redeemed or converted, as the case may be, for Common Shares.

An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms. Further, holders of Notes and Preferred Shares Series 48 will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Bank may be converted into Common Shares, and additional Common Shares or securities ranking in priority to the Common Shares may be issued, thereby causing substantial dilution to holders of Common Shares and the holders of Notes and Preferred Shares Series 48, who will become holders of Common Shares upon the Trigger Event.

***Holders of Notes or Preferred Shares Series 48 do not have anti-dilution protection in all circumstances***

The Floor Price that is used to calculate the Conversion Price is subject to adjustment in a limited number of events: (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. In addition, in the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares after the date of this prospectus supplement, the Bank will take necessary action to ensure that holders of Preferred Shares Series 48 receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event. However, there is no requirement that there should be an adjustment of the Floor Price or other anti-dilutive action by the Bank for every corporate or other event that may affect the market price of the Common Shares. Accordingly,

the occurrence of events in respect of which no adjustment to the Floor Price is made may adversely affect the number of Common Shares issuable to a holder of Preferred Shares Series 48 and thereafter delivered to a holder of Notes upon the happening of an NVCC Automatic Conversion upon the occurrence of a Trigger Event and the subsequent delivery of such Common Shares to the holders of Notes.

***The interest rate in respect of the Notes will reset***

The interest rate in respect of Notes will reset every five years. In each case, the new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the applicable preceding interest rate period.

***The Bank may redeem the Notes in certain situations***

The Bank may elect to redeem the Notes, or the Notes may be automatically redeemed, without the consent of the holders of the Notes in the circumstances described under “*Description of the Notes – Redemption*” and “*Description of Preferred Shares Series 48 – Redemption*.” An optional redemption feature of the Notes is likely to limit their market value. If the Bank redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at the time and consider potential uncertainty with respect to both the rate of interest payable on the Notes, which may fluctuate, and with respect to the length of the remaining term of the Notes, which will be dependent upon whether or not the Notes are redeemed prior to their maturity.

***The dividend rate in respect of the Preferred Shares Series 48 will reset***

The dividend rate in respect of Preferred Shares Series 48 will reset every five years. The new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

***The Bank may redeem the Preferred Shares Series 48 at its option in certain situations***

The Bank may elect to redeem the Preferred Shares Series 48 without the consent of the holders of the Preferred Shares Series 48 in the circumstances described under “*Description of Preferred Shares Series 48 – Redemption*”. In addition, the redemption of Preferred Shares Series 48 is subject to the consent of the Superintendent and other restrictions contained in the Bank Act and the regulations and guidelines thereunder, including the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time. See “Bank Act Restrictions and Approvals” in the Prospectus and “Description of Preferred Shares Series 48 – Restriction on Dividends and Retirement of Shares” in this prospectus supplement. In the event of the redemption of the Preferred Shares Series 48 while the Preferred Shares Series 48 are held by the Limited Recourse Trust, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Preferred Shares Series 48 redeemed will be automatically redeemed.

***The Bank reserves the right not to deliver Common Shares upon an NVCC Automatic Conversion***

Upon the happening of an NVCC Automatic Conversion upon the occurrence of a Trigger Event, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable or deliverable thereupon to any person whom the Bank has reason to believe is an Ineligible Person or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder through the acquisition of Common Shares. In such circumstances, the Bank will attempt to facilitate the sale of such Common Shares. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day.

***The Bank has no limitation on issuing senior or pari passu securities***

The 2020 Indenture governing the Notes will not contain any financial covenants and will contain only limited restrictive covenants. In addition, the 2020 Indenture will not limit the Bank’s or its subsidiaries’ ability to incur additional indebtedness, issue or repurchase securities or engage in transactions with affiliates. The Bank’s ability to incur additional indebtedness and use its funds for any purpose in the Bank’s discretion may increase the risk that the Bank may be unable to service its debt, including paying its obligations under the Notes.

***The Notes are not covered by deposit insurance***

The Notes will not constitute deposits that are insured under the CDIC Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution. Therefore, you will not be entitled to insurance from the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

**TRANSFER AGENT AND REGISTRAR**

Computershare Trust Company of Canada at its offices in the cities of Toronto and Montreal will be the transfer agent and registrar for the Preferred Shares Series 48.

The Indenture Trustee and registrar of the Notes is Computershare Trust Company of Canada at its offices in the cities of Toronto and Montreal.

**LEGAL MATTERS**

Legal matters in connection with the issue and sale of the Notes will be passed upon, on behalf of the Bank, by Osler, Hoskin & Harcourt LLP and, on behalf of the Agents, by McCarthy Tétrault LLP. Torys LLP is advising the Bank as to Canadian tax matters and Sullivan & Cromwell LLP is advising the Bank as to United States law matters.

**INTERESTS OF EXPERTS**

As at September 9, 2020, the partners and associates of each of Osler, Hoskin & Harcourt LLP, Torys LLP and McCarthy Tétrault LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of each class of the Bank or of any associate or affiliate of the Bank.

## CERTIFICATE OF THE AGENTS

Dated: September 9, 2020

To the best of our knowledge, information and belief, the short form prospectus dated June 22, 2020, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces and territories of Canada.

BMO NESBITT BURNS INC.

By: (signed) MICHAEL CLEARY

TD SECURITIES INC.

By: (signed) GREG McDONALD

SCOTIA CAPITAL INC.

By: (signed) GRAHAM FRY

CIBC WORLD  
MARKETS INC.

By: (signed) AMBER  
CHOUDHRY

DESJARDINS  
SECURITIES INC.

By: (signed)  
WILLIAM TEBBUTT

J.P. MORGAN  
SECURITIES  
CANADA INC.

By: (signed)  
DAVID RAWLINGS

NATIONAL BANK  
FINANCIAL INC.

By: (signed) JOHN  
CARRIQUE

RBC DOMINION  
SECURITIES INC.

By: (signed)  
ANDREW FRANKLIN

HSBC SECURITIES  
(CANADA) INC.

By: (signed) BRADLEY  
MEIERS

LAURENTIAN BANK  
SECURITIES INC.

By: (signed) BENOIT  
LALONDE

MERRILL LYNCH CANADA  
INC.

By: (signed) JAMIE  
HANCOCK

WELLS FARGO SECURITIES  
CANADA, LTD.

By: (signed) DARIN  
DESCHAMPS

INDUSTRIAL ALLIANCE  
SECURITIES INC.

By: (signed) FRED WESTRA

MANULIFE SECURITIES  
INCORPORATED

By: (signed) WILLIAM  
PORTER

## Short Form Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and, except as stated under "Plan of Distribution", may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, Bank of Montreal, 100 King St. W., 1 First Canadian Place, 21<sup>st</sup> Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-6785, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

June 22, 2020



**\$10,000,000,000**

### **Debt Securities (subordinated indebtedness) Common Shares Class A Preferred Shares Class B Preferred Shares**

Bank of Montreal (the "**Bank**") may from time to time offer and issue the following securities: (i) unsecured subordinated debt securities (the "**Debt Securities**"); (ii) common shares (the "**Common Shares**"); and (iii) Class A Preferred Shares and Class B Preferred Shares (collectively, the "**Preferred Shares**"). The Debt Securities, Common Shares and Preferred Shares (collectively, the "**Securities**") offered hereby may be offered separately or together, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement and any applicable pricing supplement (collectively, a "**Prospectus Supplement**"). All shelf information permitted under applicable securities legislation to be omitted from this short form base shelf prospectus (the "**Prospectus**") will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. The Bank may sell up to \$10,000,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) during the 25 month period that this Prospectus, including any amendments hereto, remains valid. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of Common Shares, the number of shares and offering price; and (iii) in the case of Preferred Shares, the designation of the particular class, series, aggregate principal amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms. This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more

underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates.

The Debt Securities will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) (the "**Bank Act**") ranking at least equally with other subordinated indebtedness of the Bank from time to time issued and outstanding (other than subordinated indebtedness which has been further subordinated in accordance with its terms).

**The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.**

The outstanding Common Shares are currently listed on the Toronto and New York stock exchanges and the outstanding Preferred Shares, other than the Class B Preferred Shares Series 36 (Non-Viability Contingent Capital (NVCC)), are listed on the Toronto Stock Exchange.

Effective January 1, 2013 in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions Canada, non-common capital instruments issued after January 1, 2013, including subordinated debt securities or preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability (the "**Non-Viable Capital Contingency Provisions**") in order to qualify as regulatory capital. The specific terms of any Non-Viable Capital Contingency Provisions for any subordinated Debt Securities and Preferred Shares that the Bank issues under this Prospectus will be described in one or more Prospectus Supplements relating to such Securities.

The Securities may be sold through underwriters or dealers, by the Bank directly pursuant to applicable statutory exemptions or through agents designated by the Bank from time to time. See "Plan of Distribution". The underwriters may decrease the price at which the Securities are distributed for cash from the initial offering price disclosed in a Prospectus Supplement unless otherwise specified in a Prospectus Supplement. **See "Plan of Distribution" for additional disclosure concerning a possible price decrease.** The Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities including the net proceeds to the Bank and, to the extent applicable, any fees payable to the underwriters, dealers or agents. The offerings are subject to approval of certain legal matters on behalf of the Bank by Osler, Hoskin & Harcourt LLP.

Janice M. Babiak, Craig W. Broderick, Christine A. Edwards, Dr. Martin S. Eichenbaum and Linda S. Huber (each a director of the Bank resident outside of Canada), have appointed the Bank, at 100 King Street West, 1 First Canadian Place, 24th Floor, Toronto, Ontario, M5X 1A1, Canada, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.

The head office of the Bank is at 129 rue Saint Jacques, Montreal, Québec, H2Y 1L6, and the executive offices are located at 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.



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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents that have been filed by the Bank with the various securities commissions or similar authorities in each of the provinces and territories of Canada and with the Superintendent of Financial Institutions (the “**Superintendent**”), are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) Annual Information Form dated December 3, 2019;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2019 with comparative consolidated financial statements as at and for the year ended October 31, 2018, together with the auditors’ reports thereon and the auditors’ report on internal control over financial reporting as of October 31, 2019 under the standards of the Public Company Accounting Oversight Board (United States);
- (c) Management’s Discussion and Analysis as contained in the Bank’s Annual Report as of October 31, 2019 (the “**2019 Annual Report**”);
- (d) Management Proxy Circular dated February 6, 2020 in connection with the annual meeting of shareholders of the Bank held on March 31, 2020;
- (e) unaudited consolidated interim financial statements as at and for the three and six months ended April 30, 2020; and
- (f) Management’s Discussion and Analysis for the three and six months ended April 30, 2020.

Any documents of the type referred to in the preceding paragraph or required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any unaudited interim consolidated financial statements and related Management’s Discussion and Analysis, information circulars, material change reports (excluding confidential material change reports), business acquisition reports, marketing materials and other disclosure document filed by the Bank with a securities regulatory authority in Canada, after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement, shall be deemed to be incorporated by reference herein.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by such Prospectus Supplement unless otherwise expressly provided therein.

Upon a new Annual Information Form and the related audited annual consolidated financial statements together with the auditors’ report thereon, the auditors’ report on internal control over financial reporting under the standards of the Public Company Accounting Oversight Board (United States) and Management’s Discussion and Analysis being filed by the Bank with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, the previous audited annual consolidated financial statements and Management’s Discussion and Analysis and all unaudited interim consolidated financial statements, material change reports, information circulars, business acquisition reports and other disclosure

documents filed prior to the commencement of the Bank's financial year in which the new Annual Information Form is filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Where the Bank updates its disclosure of earnings coverage ratios by Prospectus Supplement, the Prospectus Supplement filed with the applicable securities regulatory authorities that contains the most recent updated disclosure of earnings coverage ratios and any Prospectus Supplement supplying any additional or updated information the Bank may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to all subsequent purchasers of Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement or Prospectus Supplements.

### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

The Bank's public communications often include written or oral forward-looking statements. Statements of this type are included in this Prospectus (including documents incorporated by reference), and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, the United States *Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. The forward-looking statements contained or incorporated by reference in this Prospectus can often, but not always, be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "project", "target", "goal", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the Bank's assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The uncertainty created by the COVID-19 pandemic has heightened this risk given the increased challenge in making assumptions, predictions, forecasts, conclusions or projections. The Bank cautions readers of this Prospectus not to place undue reliance on its forward-looking statements, as a number of factors – many of which are beyond the Bank's control and the effects of which can be difficult to predict – could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which the Bank operates; the severity, duration and spread of the COVID-19 pandemic, its impact on local, national or international economies and its heightening of certain risks that may affect the Bank's future results; the possible impact on the Bank's business and operations of outbreaks of disease or illness that affect local, national or international economies; the Canadian housing market and consumer leverage; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; the level of competition in the geographic and business areas in which the Bank operates; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs; judicial or regulatory proceedings; the accuracy and completeness of the information the Bank obtains with respect to its customers and counterparties; failure of third parties to comply with their obligations to the Bank; the Bank's ability to execute its strategic plans and to complete and integrate acquisitions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks, including with respect to reliance on third parties; changes to the Bank's credit ratings; political conditions, including changes relating to or affecting economic or trade matters; global capital markets activities; the possible effects on the Bank's business of war or terrorist activities; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes; information, privacy and cyber security, including the threat of data breaches, hacking, identity theft and corporate espionage, as well as the possibility of denial of service resulting from efforts targeted at causing system failure and service disruption; and the Bank's ability to anticipate and effectively manage risks arising from all of the foregoing factors.

The Bank cautions that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect its results. For more information, please refer to the discussion in the Risks That May Affect Future Results section, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational, legal and regulatory, business, strategic, environmental and social, and reputation risk, in the Enterprise-Wide Risk Management section that begins on page 68 of the Bank's 2019 Annual Report, as updated by quarterly reports, all of which outline certain key factors and risks that may affect the Bank's future results. Investors and others should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained or incorporated by reference in this Prospectus is presented for the purpose of assisting prospective purchasers of the Bank's securities in understanding the Bank's financial position as at and for the periods ended on the dates presented, as well as its strategic priorities and objectives, and may not be appropriate for other purposes.

Material economic assumptions underlying the forward-looking statements contained or incorporated by reference in this Prospectus are set out in the Economic Developments and Outlook section on page 18 of the Bank's 2019 Annual Report, as updated by quarterly reports. Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on the Bank's business, are material factors the Bank considers when determining its strategic priorities, objectives and expectations for its business. In determining the Bank's expectations for economic growth, the Bank primarily considers historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy.

## **BANK OF MONTREAL**

Bank of Montreal started business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. Since 1871, the Bank has been a chartered bank under the Bank Act, and is named in Schedule I of the Bank Act. The Bank Act is the charter of the Bank and governs its operations.

The Bank's head office is 129 rue Saint Jacques, Montreal, Quebec, H2Y 1L6. Its executive offices are 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

The Bank provides a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services directly and through Canadian and non-Canadian subsidiaries, offices, and branches. As at October 31, 2019, the Bank had more than 12 million customers and more than 45,000 full-time equivalent employees. The Bank has approximately 1,500 bank branches in Canada and the United States and operates internationally in major financial markets and trading areas through its offices in a number of jurisdictions around the world. BMO Financial Corp. is based in Chicago and wholly-owned by Bank of Montreal. BMO Financial Corp. operates primarily through its subsidiary BMO Harris Bank N.A., which provides banking, financing, investing, and cash management services in select markets in the United States. The Bank provides a full range of investment dealer services through entities, including BMO Nesbitt Burns Inc., a major fully integrated Canadian investment dealer, and BMO Capital Markets Corp., the Bank's wholly-owned registered securities dealer in the United States.

## **DESCRIPTION OF DEBT SECURITIES**

The following describes certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of the Bank, constituting subordinated indebtedness for the purposes of the Bank Act, ranking at least equally with other subordinated indebtedness of the Bank from time to time issued and outstanding (other than subordinated indebtedness or any Debt Securities which have been further subordinated in accordance with their terms). In the event of the insolvency or winding-up of the Bank, the subordinated indebtedness issued by the Bank (including any Debt Securities issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions as may be applicable to such Debt Securities) will be subordinate in right of payment to the prior payment in full of the deposit liabilities of

the Bank and other liabilities of the Bank except those liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness.

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of Debt Securities that the Bank may issue.

If the Bank becomes insolvent, the Bank Act provides that priorities among payments of the Bank's deposit liabilities and payments of all of the Bank's other liabilities (including payments in respect of Debt Securities) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because the Bank has subsidiaries, the Bank's right to participate in any distribution of the assets of such banking or non-banking subsidiaries, upon a subsidiary's dissolution, winding-up liquidation or reorganization or otherwise, and thus a purchaser's ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that the Bank may be a creditor of that subsidiary and the Bank's claims are recognized. There are legal limitations on the extent to which some of the Bank's subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, the Bank or some of the Bank's other subsidiaries.

**The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.**

The Debt Securities will be issued under one or more indentures (each, a "**Trust Indenture**"), in each case between the Bank and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a "**Trustee**"). Any series of Debt Securities may also be created and issued without a Trust Indenture or a fiscal agency or paying agency agreement. The Bank may also appoint a calculation agent in connection with any Debt Securities issued under this Prospectus, which agent may be an affiliate or otherwise non-arm's length to the Bank. The statements made below relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Bank. Reference is made to the Prospectus Supplement which accompanies this Prospectus for the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of the Debt Securities; (ii) the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which the Debt Securities will be issued; (iv) the date or dates on which the Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether the Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms; (xi) the ratings, if any, issued by rating agencies; and (xii) any other specific terms.

Unless otherwise specified in the Prospectus Supplement which accompanies this Prospectus, principal, premium (if any) and interest payable on Debt Securities are to be payable at any branch in Canada of the Bank provided that such payments may also be made at the option of the Bank by electronic or wire transfer or, by cheque mailed, delivered or otherwise transferred to the persons in whose names the Debt Securities are registered.

Debt Securities may, at the option of the Bank, be issued in fully registered form, in bearer form or in "book-entry only" form. See "Book-Entry Only Securities" below. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for the same aggregate principal amount in different authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer except for any tax or government charge incidental thereto.

## DESCRIPTION OF COMMON SHARES

The authorized common share capital of the Bank consists of an unlimited number of Common Shares without nominal or par value, of which 639,232,276 were outstanding as at October 31, 2019. The holders of Common Shares are entitled to (i) vote at all meetings of the shareholders of the Bank, except for meetings where only holders of a specified class or series of shares are entitled to vote; (ii) receive dividends as and when declared by the Board of Directors of the Bank, subject to the preference of the Bank's holders of preferred shares; and (iii) receive the remaining property of the Bank if it is liquidated, dissolved, or wound up, only after paying the Bank's holders of preferred shares and paying all outstanding debt.

## DESCRIPTION OF PREFERRED SHARES

The following describes certain general terms and provisions of the Preferred Shares. The particular terms and provisions of a series of Preferred Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

### **Certain Provisions of the Class A Preferred Shares as a Class**

#### *Issuable in Series*

The Class A Preferred Shares may be issued, from time to time, in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine by resolution. As at the date hereof, there were no outstanding Class A Preferred Shares.

The Class A Preferred Shares of each series rank equally to all other series of Class A Preferred Shares and Class B Preferred Shares (including any Preferred Shares issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions applicable to such Preferred Shares) and are entitled to preference over the Common Shares and over any other shares ranking junior to the Class A Preferred Shares and the Class B Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding up of the Bank.

#### *Creation and Issue of Shares*

Under the Bank Act, the Bank may not, without the approval of the holders of the Class A Preferred Shares, create any other class of shares ranking equal with or superior to the Class A Preferred Shares. Shareholders must give this approval as set out below in "Shareholder Approvals." The Bank Act and other laws may also require other forms of approval.

The Bank does not require approval of the holders of Class A Preferred Shares to create or issue additional Class A Preferred Shares or shares of equal rank if, on the date they are created or issued, the Bank has declared and paid or set apart for payment all dividends payable on cumulative and non-cumulative Class A Preferred Shares, including for the most recently completed fiscal period.

#### *Voting Rights*

The holders of the Class A Preferred Shares are not entitled to any voting rights as a class except as provided herein or by law.

#### *Shareholder Approvals*

Any approval to be given by the holders of the Class A Preferred Shares may be given by a resolution carried by the affirmative vote of not less than 66⅔% of the votes cast at a meeting of holders of Class A Preferred Shares at which a majority of the outstanding Class A Preferred Shares is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum requirements would apply.

## **Certain Provisions of the Class B Preferred Shares as a Class**

### ***Issuable in Series***

The Class B Preferred Shares may be issued, from time to time, in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine by resolution.

The Class B Preferred Shares of each series rank equally to all other series of Class B Preferred Shares and Class A Preferred Shares (including any Preferred Shares issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions applicable to such Preferred Shares) and are entitled to preference over the Common Shares and over any other shares ranking junior to the Class A Preferred Shares and the Class B Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding up of the Bank.

### ***Creation and Issue of Shares***

Under the Bank Act, the Bank may not, without the approval of the holders of the Class B Preferred Shares, create any other class of shares ranking equal with or superior to the Class B Preferred Shares. Shareholders must give this approval as set out below in "Shareholder Approvals." The Bank Act and other laws may also require other forms of approval.

The Bank does not require approval of the holders of Class B Preferred Shares to create or issue additional Class B Preferred Shares or shares of equal rank if, on the date they are created or issued, the Bank has declared and paid or set apart for payment all dividends payable on cumulative and non-cumulative Class B Preferred Shares, including for the most recently completed fiscal period.

### ***Voting Rights***

The holders of the Class B Preferred Shares are not entitled to any voting rights as a class except as provided herein or by law.

### ***Shareholder Approvals***

Any approval to be given by the holders of the Class B Preferred Shares may be given by a resolution carried by the affirmative vote of not less than 66⅔% of the votes cast at a meeting of holders of Class B Preferred Shares at which a majority of the outstanding Class B Preferred Shares is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum requirements would apply.

## **BOOK-ENTRY ONLY SECURITIES**

Securities issued in "book-entry only" form must be purchased, transferred or redeemed through participants ("**Participants**") in the depository service of CDS Clearing and Depository Services Inc. ("**CDS**") (or such other depository as is identified in an accompanying Prospectus Supplement or any successor to CDS, as the case may be). Each of the underwriters, dealers or agents, as the case may be, named in an accompanying Prospectus Supplement will be a Participant. On the closing of a book-entry only offering, the Bank will cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of such registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

If the Bank determines, or CDS notifies the Bank in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Securities and the Bank is unable to locate a qualified successor, or if the Bank at its option elects, or is required by law, to terminate the book-entry system, then the Securities will be issued in fully registered form to holders or their nominees.

### ***Transfer, Conversion or Redemption of Securities***

Transfer of ownership, conversion or redemptions of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder's interest in a Security (other than through a Participant) may be limited due to the lack of a physical certificate.

### ***Payments and Notices***

Any payment of principal, redemption, dividend and interest on a Security (as applicable) will be made by the Bank to CDS or its nominee, as the case may be, as the registered holder of the Security and the Bank understands that such payments will be credited by CDS or its nominee, as the case may be, in the appropriate amounts to the relevant Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Bank in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption, dividend and interest due on the Securities (as applicable) to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Bank understands that under existing policies of CDS and industry practices, if the Bank requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Bank, any Trustee and CDS. Any holder that is not a Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its Participant to give such notice or take such action.

The Bank, the underwriters, dealers or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for: (i) records maintained by CDS relating to beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any Trust Indenture relating to the rules and regulations of CDS or any action to be taken by CDS or at the directions of the Participants.

## **BANK ACT RESTRICTIONS AND APPROVALS**

Under the Bank Act, the Bank, with the prior consent of the Superintendent, may redeem or purchase any of its shares unless there are reasonable grounds for believing that the Bank is, or the redemption or purchase would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any direction to the Bank made by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such direction to the Bank has been made to date.

The Bank is also prohibited under the Bank Act from paying or declaring a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms



of liquidity, or any direction to the Bank made by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such direction to the Bank has been made to date.

### RESTRAINTS ON BANK SHARES UNDER THE BANK ACT

The Bank Act restricts the beneficial ownership of shares of a bank. The following is a summary of such restrictions. No person may be a major shareholder of a bank if such bank has equity of \$12 billion or more, which applies to the Bank. A major shareholder is defined as a person, or group of persons under common control or acting jointly or in concert, that beneficially owns more than 20% of any class of voting shares or more than 30% of any class of non-voting shares of a bank.

In addition, no person may have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). A person has a significant interest in a class of shares of a bank when the person, or group of persons under common control or acting jointly or in concert, beneficially owns more than 10% of any class of shares of a bank.

Governments and their agents are also restricted from acquiring shares of a bank, except for certain cases that require the Minister of Finance's consent.

### CHANGES TO SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS

On May 26, 2020, approximately 3.3 million Common Shares were issued through the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan.

On June 17, 2020, the Bank issued \$1,250,000,000 of Series J Medium-Term Notes (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness), Second Tranche (the "**Series J Medium-Term Note Issuance**").

### EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2019 and April 30, 2020, do not reflect the issue of any Securities under this Prospectus.

<b>Twelve months ended</b>	<b>October 31, 2019<sup>(2)</sup></b>	<b>April 30, 2020<sup>(2)</sup></b>
Grossed up dividend coverage on Class B Preferred Shares Series (25, 26, 27, 29, 31, 33, 35, 36, 38, 40, 42, 44 and 46) and other equity instruments <sup>(1)</sup>	28.38 times	22.52 times
Interest coverage on subordinated indebtedness	24.75 times	21.84 times
Interest and grossed up dividend coverage on subordinated indebtedness, preferred shares and other equity instruments	13.22 times	11.09 times

Notes:

- (1) As at October 31, 2019 and April 30, 2020, there were no Class A Preferred Shares outstanding
- (2) As adjusted to give effect to the Series J Medium-Term Note Issuance.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using rates of exchange as at the end of each month. For the 12-month period ended October 31, 2019, the average of such exchange rates was \$1.3288 per US\$1.00. For the 12-month period ended April 30, 2020, the average of such exchange rates was \$1.3368 per US\$1.00.

The Bank's dividend requirements on all of its preferred shares and other equity instruments amounted to (i) \$266.1 million for the 12 months ended October 31, 2019, adjusted to a before-tax equivalent using an effective tax rate of 20.82%, and (ii) \$293.5 million for the 12 months ended April 30, 2020, adjusted to a before-tax equivalent using an effective tax rate of 20.55%. The Bank's interest requirements for its long-term debt and grossed up dividends

on its preferred shares and other equity instruments for (i) the 12 months ended October 31, 2019 amounted to \$571.2 million, and (ii) the 12 months ended April 30, 2020 amounted to \$596.3 million. The Bank's earnings before interest and income tax for (i) the 12 months ended October 31, 2019 amounted to \$7,551 million, which was 13.22 times the Bank's aggregate dividend and interest requirements for this period, and (ii) the 12 months ended April 30, 2020 amounted to \$6,610.9 million, which was 11.09 times the Bank's aggregate dividend and interest requirements for this period. The foregoing figures have been calculated after giving effect to the Series J Medium-Term Note Issuance, as appropriate for each of the periods presented.

The information presented herein for the 12 months ended April 30, 2020 is based on unaudited financial information.

### **PLAN OF DISTRIBUTION**

The Bank may sell Securities to or through underwriters or dealers purchasing as principal, and also may sell Securities to one or more purchasers directly through applicable statutory exemptions or through agents. Debt Securities may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

A Prospectus Supplement will set forth the terms of any offering of Securities, including the name or names of any underwriters or agents involved in the offering and sale of the Securities, the initial public offering price, the proceeds to the Bank, any underwriting discount or commission or discount or commission to be paid to any agents and any discounts, concessions or commissions allowed or re-allowed or paid by any underwriters to other dealers. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a "best efforts" basis for the period of its appointment.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. In particular, in connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), after the underwriters have made a reasonable effort to sell all of the Securities at the initial public offering price disclosed in a Prospectus Supplement, the public offering price may be decreased, and further changed from time to time, by the underwriters to an amount not greater than the initial public offering price disclosed in the Prospectus Supplement and, in such case, the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Bank.

The Securities may also be sold directly by the Bank at such prices and upon such terms as agreed to by the Bank and the purchaser or through agents designated by the Bank from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Bank to such agent will be set forth, in the Prospectus Supplement.

The Bank may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of the Bank. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Bank to indemnification by the Bank against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

The Securities to be issued hereunder have not been, and will not be, registered under the U.S. Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the requirements of the U.S. Securities Act.

### **OTHER MATERIAL FACTS**

On June 22, 2016, legislation came into force amending the Bank Act, the Canada Deposit Insurance Corporation Act (“**CDIC Act**”) and certain other federal statutes pertaining to banks to create a bail-in regime for Canada’s domestic systemically important banks, which include the Bank. On April 18, 2018, the Government of Canada published the final regulations under the CDIC Act and the Bank Act providing the final details of the conversion, issuance and compensation regimes for bail-in instruments issued by domestic systemically important banks, including the Bank (collectively, the “**Bail-In Regulations**”). Pursuant to the CDIC Act, in circumstances where the Superintendent has determined that the Bank has ceased, or is about to cease, to be viable, the Governor in Council may, upon a recommendation of the Minister of Finance that he or she is of the opinion that it is in the public interest to do so, grant an order directing CDIC to convert all or a portion of certain shares and liabilities of the Bank into common shares of the Bank (a “**Bail-In Conversion**”).

The Bail-In Regulations prescribe the types of shares and liabilities (“**Eligible Shares and Liabilities**”) that will be subject to a Bail-In Conversion. In general, any senior debt with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and has been assigned a CUSIP or ISIN or similar identification number would be prescribed liabilities subject to a Bail-In Conversion. Shares, other than Common Shares, and subordinated debt would also be prescribed liabilities subject to a Bail-In Conversion, unless they are non-viability contingent capital. Holders of Common Shares, and holders of Debt Securities or Preferred Shares who receive Common Shares following the occurrence of a trigger event under the Non-Viable Capital Contingency Provisions, may sustain substantial dilution following a Bail-In Conversion of the Eligible Shares and Liabilities.

Notwithstanding the above, any shares and liabilities issued before the date the Bail-In Regulations came into force would not be subject to a Bail-In Conversion, unless, in the case of a liability, the terms of such liability are, on or after that day, amended to increase its principal amount or to extend its term to maturity and the liability, as amended, meets the requirements to be subject to a Bail-In Conversion. The Bail-In Regulations came into force on September 23, 2018 and the related compensation regime came into force on March 26, 2018.

In the event any Securities issued under this Prospectus are subject to the bail-in regime, the applicable Prospectus Supplement will provide details of that regime.

For a description of Canadian bank resolution powers and the consequent risk factors, reference is made to the disclosure set out under the heading “Description of the Business –Supervision and Regulation in Canada” contained in the Annual Information Form, which disclosure is incorporated by reference herein.

### **RISK FACTORS**

Investment in the Securities is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in any Securities, investors should consider carefully the risks set out herein and incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective investors should consider the categories of risks identified and discussed in the Annual Information Form and Management’s Discussion and Analysis incorporated herein by reference including but not limited to credit and counterparty risk, market risk, insurance risk, liquidity and funding risk, operational risk, legal and regulatory risk, business risk, strategic risk, environmental and social risk, and reputation risk and other factors that may affect the Bank’s results.

## USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Bank from the sale of the Securities will be added to the general funds of the Bank and utilized for general banking purposes.

## LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Bank, by Osler, Hoskin & Harcourt LLP. As at June 22, 2020, partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of any issued and outstanding securities of the Bank or any associates or affiliates of the Bank.

## PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

Original Canadian purchasers of Debt Securities, Class A Preferred Shares or Class B Preferred Shares that are convertible or exchangeable into other securities of the Bank will have a contractual right of rescission against the Bank in respect of the conversion, exchange or exercise of such convertible, exchangeable or exercisable securities. The contractual right of rescission will entitle such original purchasers to receive from the Bank, upon surrender of the underlying securities acquired upon the conversion, exchange or exercise of such Debt Securities, Class A Preferred Shares or Class B Preferred Shares, the amount paid for the Debt Securities, Class A Preferred Shares or Class B Preferred Shares (and any additional amount paid upon conversion, exchange or exercise), in the event that this Prospectus, the applicable Prospectus Supplement or any amendment contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Debt Securities, Class A Preferred Shares or Class B Preferred Shares that are convertible, exercisable or exchangeable under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Debt Securities, Class A Preferred Shares or Class B Preferred Shares that are convertible, exercisable or exchangeable under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law. Original Canadian purchasers are further advised that in certain provinces and territories the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the Debt Securities, Class A Preferred Shares or Class B Preferred Shares that are convertible or exchangeable into other securities of the Bank that were purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province or territory in which the purchaser resides for the particulars of these rights, or consult with a legal adviser.

**CERTIFICATE OF THE BANK**

Dated: June 22, 2020

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces and territories of Canada.

(signed) DARRYL WHITE  
Chief Executive Officer

(signed) THOMAS E. FLYNN  
Chief Financial Officer

On Behalf of the Board of Directors

(signed) GEORGE A. COPE  
Director

(signed) RONALD H. FARMER  
Director