

Confirmation – Series CBL14 Tranche 2 Covered Bond Swap

From: Bank of Montreal

To: BMO Covered Bond Guarantor Limited Partnership
c/o Bank of Montreal

Attention: Senior Manager, Securitization Finance and Operations

March 27, 2018

Dear Sirs,

Confirmation – Series CBL14 Tranche 2 Covered Bond Swap

This confirmation constitutes a "**Confirmation**" as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of September 30, 2013 entered into between us and you on the date hereof as amended and supplemented from time to time (the "**Agreement**"). The purpose of this letter (the "**Confirmation**") is to confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below.

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "**Definitions**") are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the Master Definitions and Construction Agreement; and (iii) the Definitions. The following expressions shall, for the purpose of this confirmation, have the following meanings:

The term "**Transaction**" as used herein shall, for the purposes of the Definitions, have the same meaning as "**Swap Transaction**".

For purposes of this Transaction, the "**Series CBL14 Tranche 2 Covered Bonds**" means the Covered Bonds issued on the date hereof by the Issuer under Series Number CBL14. The Series CBL14 Tranche 2 Covered Bonds form a part of the same series and, except as described herein and in the information statement dated March 21, 2018, have the same terms as, and are fungible with, the Issuer's \$1,000,000,000 Floating Rate Covered Bonds due February 1, 2023 which were issued on February 1, 2018.

1. This Confirmation supplements, forms part of, and is subject to, the Agreement. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.
2. The terms of the Transactions to which this Confirmation relates are as follows:

Party A: Bank of Montreal.

Party B: BMO Covered Bond Guarantor Limited Partnership.

Trade Date: March 20, 2018.

Effective Date: The earliest to occur of (i) an Issuer Event of Default (ii) a Guarantor Event of Default, together with the service of a Guarantor Acceleration Notice on the Issuer and on the Guarantor, and (ii) Party A, or any Credit Support Provider from time to time in respect of Party A, no longer having ratings of at least BBB(high) (in respect of DBRS), BBB+ (in respect of Fitch) and Baa1 (in respect of Moody's), as applicable, in respect of its long-term, unsecured, unsubordinated and unguaranteed debt obligations (or, in the case of Fitch, its long-term issuer default rating).

Termination Date: The earlier of:

(1) the Final Maturity Date in respect of the Series CBL14 Tranche 2 Covered Bonds, subject to adjustment in accordance with the Other Provisions, but in no case shall the Termination Date be later than February 1, 2024 (the "**Extended Due for Payment Date**"); and

(2) the final date on which the Security Trustee distributes the proceeds of the Security to the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to Condition 9(b) of the Series CBL14 Tranche 2 Covered Bonds.

Business Days: Toronto.

Calculation Agent: Party A.

Party A Floating Amounts:

Party A Notional Amount: In respect of each Party A Calculation Period, the Principal Amount Outstanding of the

Series CBL14 Tranche 2 Covered Bonds on the first day of such Party A Calculation Period, such amount to be reduced by any redemption of the Series CBL14 Tranche 2 Covered Bonds on that day.

Party A Calculation Periods:

Each period from, and including, each Party A Payment Date to, but excluding, the next Party A Payment Date; provided, however, that (a) the initial Party A Calculation Period shall commence on the Effective Date, and (b) the final Party A Calculation Period shall end on, but exclude, the Termination Date.

Party A Floating Rate:

Party A Floating Rate Option *plus* Party A Spread

Party A Floating Rate Option:

CAD-BA-CDOR.

Party A Spread:

[REDACTED]

Designated Maturity:

Prior to the Final Maturity Date, 3 months and, thereafter, 1 month

Party A Day Count Fraction:

Actual/365 (fixed).

Party A Payment Dates:

On or prior to the Final Maturity Date for Series CBL14, February 1, May 1, August 1 and November 1 of each year, commencing the first such date after the Effective Date up to and including the Final Maturity Date for Series CBL14, and thereafter, the 1st day of

each month up to and including the Termination Date.

For the avoidance of doubt, there shall be no Party A Payment Date later than the Termination Date.

Party A Reset Dates:

The first Canadian Business Day of each applicable Party A Calculation Period.

Party A Business
Day Convention:

Modified Following.

Party A Payment Amounts:

On each Party A Payment Date, Party A will pay to Party B the product of:

(a) the Party A Notional Amount for the Party A Calculation Period ending on, but excluding, such Party A Payment Date;

(b) the Party A Day Count Fraction for the Party A Calculation Period ending on such Party A Payment Date; and

(c) the Party A Floating Rate.

Party B Floating Amounts:

Party B Notional Amount:

In respect of each Party B Calculation Period, the Party A Notional Amount on the first day of such Party B Calculation Period.

Party B Calculation Period:

Shall have the meaning given "Calculation Period" in the Master Definitions and Construction Agreement.

Party B Payment Dates:

Each Guarantor Payment Date from and including the Guarantor Payment Date falling on or immediately following the Effective Date, up to, and including, the Termination Date; provided, however, that (i) in lieu of the Guarantor Payment Date falling on or around the Final Maturity Date, a Party B Payment Date shall instead fall on the Final Maturity Date; and (ii) in lieu of the Guarantor Payment Date falling on or around the Extended Due for

Payment Date, a Party B Payment Date shall instead fall on the Extended Due for Payment Date, subject to adjustment in accordance with the Business Day Convention

For the avoidance of doubt:

(a) if the Effective Date falls on a Guarantor Payment Date, then the first Party B Calculation Period shall commence on (and include) the first day of the calendar month immediately preceding the Guarantor Payment Date (or, if the Effective Date occurs before the first Guarantor Payment Date following the drawdown of the Term Advance relating to the Series CBL14 Tranche 2 Covered Bonds, the Drawdown Date of such Term Advance) and end on (and exclude) the Effective Date; and

(b) if the Effective Date does not fall on a Guarantor Payment Date, then the first Party B Calculation Period shall commence on (and include) the first day of the calendar month immediately preceding the subsequent Guarantor Payment Date (or, if the Effective Date occurs before the first Guarantor Payment Date following the drawdown of the Term Advance relating to the Series CBL14 Tranche 2 Covered Bonds, the Drawdown Date of such Term Advance) and end on (but exclude) the first Party B Payment Date.

Party B Payment Amounts: On each Party B Payment Date, Party B will pay to Party A the product of:

- (a) the Party B Notional Amount for the Party B Calculation Period ending on, but excluding, such Party B Payment Date;
- (b) the Party B Day Count Fraction for the Party B Calculation Period ending on such Party B Payment Date; and
- (c) the Party B Floating Rate.

Party B Floating Rate: Party B Floating Rate Option *plus* Party B Spread

Party B Floating Rate Option: CAD-BA-CDOR.

Party B Spread: [REDACTED]

Designated Maturity: One month; except that (a) in respect of any Party B Calculation Period from, and including the Effective Date, to, but excluding, the first calendar day of the next following month following the Guarantor Payment Date immediately following the Effective Date, Linear Interpolation of between one and two months will apply (for the avoidance of doubt, regardless of the length of any such Party B Calculation Period) and the relevant Reset Date for the purposes of calculating Linear Interpolation for each such Party B Calculation Period shall be deemed to be the Effective Date; (b) in respect of any Party B Calculation Period from, and including, the first day of the calendar month immediately preceding the Final Maturity Date, to, but excluding, the Final Maturity Date, Designated Maturity of one month will apply (for the avoidance of doubt, regardless of the length of any such Party B Calculation Period) and the relevant Reset Date for such Party B Calculation Period shall be deemed to be the first day of the calendar month immediately preceding the Final Maturity Date; (c) in respect of any Party B Calculation Period from, and including, the

Final Maturity Date to, but excluding, the first day of the calendar month immediately following the Final Maturity Date (if applicable), Designated Maturity of one month will apply (for the avoidance of doubt, regardless of the length of any such Party B Calculation Period) and the relevant Reset Date for such Party B Calculation Period shall be deemed to be the first day of the calendar month immediately preceding the Final Maturity Date; and (d) in respect of any Party B Calculation Period from, and including the first day of the calendar month immediately preceding the Extended Due for Payment Date, to, but excluding, the Extended Due for Payment Date, Designated Maturity of one month will apply (for the avoidance of doubt, regardless of the length of any such Party B Calculation Period) and the relevant Reset Date for such Party B Calculation Period shall be deemed to be the first day of the calendar month immediately preceding the Extended Due for Payment Date.

Party B Day Count Fraction:

Actual/365 (Fixed)

Party B Business Day Convention:

Modified Following

Party B Reset Dates:

The first day of each Party B Calculation Period.

3. Account Details:

Payments to Party A
in Canadian Dollars:

As notified to Party B.

Payments to Party B
in GBP:

As notified to Party A.

4. Other Provisions

Reduced Payments:

In the event that any payment made by Party B to Party A under this Transaction is less than the amount which Party B would otherwise be required to pay Party A, the payment obligation of Party A to Party B shall be reduced by a percentage equivalent to the percentage reduction in Party B payments since the corresponding Party A Payment Date or Party B Payment Date (as applicable). For the avoidance of doubt, the payment of such a reduced amount by Party A shall not constitute a breach of the payment obligations specified in Section 2(a)(i) of the Agreement.

5. Notification to Party A

For the purpose of making any determination or calculation hereunder, the Calculation Agent may rely on any information, report, notice or certificate delivered to it by the Cash Manager or Party B, and the Calculation Agent shall not be liable for any error, incompleteness or omission regarding such information.

Party B, or the Cash Manager acting on its behalf, shall notify Party A of the amount of principal payments to be made on the Series CBL14 Tranche 2 Covered Bonds on each Interest Payment Date no later than one (1) Business Day prior to such Interest Payment Date.

6. Notice Details:

Party A: Bank of Montreal

Address: 250 Yonge Street, 10th Floor, Toronto, Ontario M5B 2L7

Facsimile Number: (416) 552-7905/7926

Telephone Number: (416) 552-7442

Attention: Senior Manager, Confirmations

Party B: BMO Covered Bond Guarantor Limited Partnership

Address: c/o Bank of Montreal, 10th Floor, 1 First Canadian Place, 100 King Street West, Toronto, Ontario M5X 1A1

Facsimile Number: (416) 867-4166

Attention: Senior Manager, Securitization Finance and Operations

Yours faithfully,

BANK OF MONTREAL

By: "Caroline Dufaux"
Name: Caroline Dufaux
Title: Head, Capital Management

By: "Viki Lazaris"
Name: Viki Lazaris
Title: Enterprise Controller

**BMO COVERED BOND GUARANTOR
LIMITED PARTNERSHIP**, by its managing
general partner, **BMO COVERED BOND GP,
INC.**

By: "Chris Hughes"
Name: Chris Hughes
Title: President