

**Confirmation - Series CBL23 Covered Bond
Canadian Dollar to AUD Currency Swap**

From: Bank of Montreal

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

Attention: Senior Manager, Securitization Finance and Operations

April 17, 2020

Dear Sirs,

Confirmation – Series CBL23 Covered Bond Canadian Dollar to AUD Currency 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 CBL23 Covered Bonds**" means the Covered Bonds issued on the date hereof by the Issuer under Series Number CBL23

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: April 8, 2020.

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 CBL23 Covered Bonds, subject to adjustment in accordance with the Other Provisions, but in no case shall the Termination Date be later than April 17, 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 CBL23 Covered Bonds.

Currency Exchange Rate:

CAD 0.865 per AUD.

Business Days:

Sydney, New York, London and Toronto.

Calculation Agent:

Party A.

Party A Floating Amounts:

Party A Currency Amounts:

In respect of each Party A Calculation Period, the Principal Amount Outstanding of the Series CBL23 Covered Bonds on the first day of such Party A Calculation Period, such

amount to be reduced by any redemption of the Series CBL23 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:

AUD-BBR-BBSW.

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 CBL23, January 17, April 17, July 17 and October 17 of each year, commencing the first such date after the Effective Date up to and including the Final Maturity Date for Series CBL23, and thereafter, the 17th 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 London Business Day of each applicable Party A Calculation Period.

Party A Business
Day Convention:

Modified Following (adjusted).

Party A Payment Amounts:

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

(a) the Party A Currency 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 Calculation Amount:

In respect of each Party B Calculation Period, an amount in Canadian Dollars equal to the Principal Amount Outstanding of the Series CBL23 Covered Bonds on the first day of such Party B Calculation Period (after taking into account any redemption on such day) converted at the Currency Exchange Rate.

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 CBL23 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 CBL23 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 Calculation 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 (adjusted)
Party B Reset Dates:	The first day of each Party B Calculation Period.

Interim Exchange:

Interim Exchange Dates:	Each Business Day falling on or after the Effective Date and prior to the Final Maturity Date on which any of the Series CBL23 Covered Bonds are redeemed in whole or in part; provided, however, that the first Interim Exchange Date will be the date which is the later of (i) two Business Days following the Effective Date or (ii) the date on which Guaranteed Amounts are otherwise Due for Payment; and provided that, if such Business Day is not a Canadian Business Day, the relevant Party B Interim Exchange Date shall
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be the immediately preceding Canadian Business Day.

Party A Interim Exchange Amount:

In respect of each Interim Exchange Date, an amount in AUD equal to the amount of the Series CBL23 Covered Bonds to be redeemed on such Interim Exchange Date.

Party B Interim Exchange Amount:

In respect of each Interim Exchange Date, the relevant Redemption Notice Amount for such Interim Exchange Date.

Final Exchange:

Final Exchange Date:

Each of: (a) the Final Maturity Date in respect of the Series CBL23 Covered Bonds; (b) each Business Day during the period (if any) commencing on, but excluding, the Final Maturity Date to, and including, the Extension Determination Date (if any and as defined below); (c) each Interest Payment Date from, but excluding, the Extension Determination Date (if any and as defined below) to, but excluding, the Extended Due for Payment Date (if any); and (d) the Extended Due for Payment Date (if any), provided that, if at any time a Redemption Notice (as defined below) is given confirming that the Series CBL23 Covered Bonds then outstanding are redeemable in full on a Final Exchange Date, that Final Exchange Date will be the last Final Exchange Date, and provided that, if any such date is not a Canadian Business Day, the relevant Party B Final Exchange Date shall be the immediately preceding Canadian Business Day.

"Extension Determination Date" means the date that is seven calendar days plus two Business Days from, and including, the Final Maturity Date.

Party A Final Exchange Amount:

In respect of each Final Exchange Date, an amount in AUD equal to the amount of the Series CBL23 Covered Bonds to be redeemed on such Final Exchange Date.

- Party B Final Exchange Amount: In respect of each Final Exchange Date, the relevant Redemption Notice Amount for such Final Exchange Date.
3. Account Details:
- Payments to Party A
in Canadian Dollars: As notified to Party B.
- Payments to Party B
in AUD: As notified to Party A.
4. Other Provisions
- Redemption Notice: Party B, or the Cash Manager acting on Party B's behalf, shall notify Party A of the amount of principal payments to be made on the Series CBL23 Covered Bonds on each Interim Exchange Date and Final Exchange Date (for purposes of calculating payment of any Interim Exchange Amounts and Final Exchange Amounts, respectively). Such notification may be made in respect of an Interim Exchange Date or Final Exchange Date by receipt by Party A of a written confirmation from Party B, or the Cash Manager acting on Party B's behalf, of an irrevocable payment instruction to a bank from Party B to make a payment to Party A in an amount in Canadian Dollars corresponding to the Principal Amount Outstanding in respect of the Series CBL23 Covered Bonds to be redeemed on such Interim Exchange Date or Final Exchange Date converted by Party B by reference to the Currency Exchange Rate on or prior to 5:00 p.m., Toronto time, four Business Days prior to such Interim Exchange Date or Final Exchange Date, as the case may be (a "**Redemption Notice**" and the amount specified in the written confirmation delivered to Party A, the "**Redemption Notice Amount**").

If Party A does not receive a Redemption Notice with respect to any Interim Exchange Date or Final Exchange Date, then the parties will not be required to pay any Interim Exchange Amounts or Final Exchange Amounts, respectively, on such Interim Exchange Date or Final Exchange Date, as the case may be.

In addition, if Party A does not receive a Redemption Notice confirming that the Series CBL23 Covered Bonds are redeemable in full on the Final Maturity Date (and the Covered Bonds are not redeemed in full on or prior to the Extension Determination Date): (i) the Termination Date for this Transaction shall be deemed to be the Final Exchange Date in respect of which a Redemption Notice is given and, taking into account such Redemption Notice and each other Redemption Notice, the sum of all Redemption Notice Amounts equals the Principal Amount Outstanding of the Series CBL23 Covered Bonds as at the Effective Date; (ii) for the avoidance of doubt, Party A's obligation to pay Party A Fixed Amounts shall cease as from the Final Maturity Date and Party A shall from such date be obliged to pay the Party A Floating Amounts to Party B; (iii) for the avoidance of doubt, Party B shall be obliged to continue to pay the Party B Floating Amounts; and (iv) the final Party A Calculation Period and the final Party B Calculation Period shall end on, but exclude, the Termination Date. Without prejudice to the generality of the above provisions, Party B, or the Cash Manager acting on Party B's behalf, shall notify Party A at least two Business Days prior to the Final Maturity Date whether or not the Series CBL23 Covered Bonds will be redeemed (in whole or in part) on the Final Maturity Date and, if they will not be, whether or not the Series CBL23 Covered Bonds will be redeemed (in

whole or in part) on or prior to the Extension Determination Date.

If on the Extended Due for Payment Date the sum of all Redemption Notice Amounts specified in Redemption Notices delivered to Party A on or prior to such date is not equal to the Principal Amount Outstanding of the Series CBL23 Covered Bonds as at the Effective Date (such difference, the "**Redemption Shortfall**"):

- (i) Party A will pay to Party B an amount in AUD equal to such Redemption Shortfall; and
- (ii) Party B will pay to Party A the Canadian Dollar equivalent of the Redemption Shortfall, converted at the Currency Exchange Rate.

For purposes of calculating any amount due under Section 6(e) of the Agreement in respect of a Termination Event that occurs during the period from, but excluding the Final Maturity Date to, and including the Extension Determination Date, the Termination Date shall be deemed to be the Final Maturity Date, unless Party B or the Cash Manager has determined as of that date that Party B has insufficient funds to pay the Guaranteed Amounts, in which case the Termination Date shall be deemed to be the Extended Due for Payment Date (subject as provided above).

Party B agrees as soon as reasonably practicable after a Redemption Notice has been given to advise Party A by telephone (or email if provided in the notice details below) of the fact of such Redemption Notice; provided, however, that the failure by Party B, or the Cash Manager acting on Party B's behalf, to do so shall not affect the validity of any Redemption Notice under the Transaction evidenced by this Confirmation.

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 be required to pay Party A (but for Part 5(s) of the Schedule to the Agreement), 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 CBL23 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

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

By: "Stephen Lobo"
Name: Stephen Lobo
Title: Treasurer

By: "Stephen Lobo"
Name: Stephen Lobo
Title: Director