

Interest Rate Swap Confirmation

From: Bank of Montreal

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

Attention: Senior Manager, Securitization Finance and Operations

October 11, 2013

Dear Sirs,

Confirmation - Interest Rate Swap

This confirmation constitutes a "**Confirmation**" as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated September 30, 2013 by us and you 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 2000 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**".

Average Fixed Rate Loan Balance means, in respect of a Calculation Period, the daily average of the aggregate Outstanding Principal Balance of the Fixed Rate Loans in respect of the Portfolio during such Calculation Period as notified by the Cash Manager in accordance with the Cash Management Agreement.

Average Loan Balance means, in respect of a Calculation Period, the sum of the Average Fixed Rate Loan Balance and the Average Variable Rate Loan Balance.

Average Variable Rate Loan Balance means, in respect of a Calculation Period, the daily average of the aggregate Outstanding Principal Balance of the Variable Rate Loans in respect of the Portfolio during such Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Blended Rate means, in respect of a Calculation Period, a rate of interest equal to the sum of (i) the Weighted Average Fixed Rate for such Calculation Period multiplied by the Fixed Rate Ratio for such Calculation Period; and (ii) the Weighted Average Variable Rate for such Calculation Period multiplied by the Variable Rate Ratio for such Calculation Period.

Blended Spread means, in respect of a Calculation Period, a per cent. per annum notified to the parties by the Calculation Agent on the Effective Date, provided that, if during a Calculation Period Party B has acquired New Loans either (i) in conjunction with the issuance of a new Series of Covered Bonds by Party A; or (ii) which cause the ACT Asset Value to increase by more than 10%, then the Blended Spread in respect of that and subsequent Calculation Periods shall be reset to be the greater of: (A) that spread, expressed as a percentage per annum, as determined by the Calculation Agent such that the net present value of the expected future payments under the Transaction on the Calculation Date ending that Calculation Period is the same when calculated prior to and after taking into account the New Loans (or comparable calculation as determined by the Calculation Agent to determine market pricing in respect of the addition of New Loans based upon the model of future cash flows under the Portfolio and prevailing market conditions, including as to interest rates, yield curve and credit spreads) and (B) the minimum spread with respect to which Rating Agency Confirmation has been obtained.

Calculation Date means the last day of each calendar month, commencing on and including the last day of the calendar month immediately following the month in which the Effective Date occurs.

Calculation Period means, in respect of a Calculation Date, each period from, and including, the first day of the month in which the Calculation Date occurs to, and including, the last day of such month; provided, however, that the initial Calculation Period shall commence on and include the Effective Date and end on and exclude the Calculation Date occurring in the month immediately following the Effective Date.

Fixed Rate Loans means each Loan the interest rate on which is fixed at a specified rate at the time of its origination, and the initial term of up to ten years.

Fixed Rate Ratio means, in respect of a Calculation Period, the Average Fixed Rate Loan Balance divided by the Average Loan Balance.

Guarantor Amount means, in respect of a Calculation Period, an amount in Canadian Dollars equal to the greater of: (a) zero; and (b) the sum of (i) aggregate of the amount produced by applying the Blended Rate for such Calculation Period to the Notional Amount for such Calculation Period, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Calculation Period, divided by 365, (ii) the amount of payments received by Party B in respect of investment income or interest on Substitution Assets; (iii) the amount of interest received by Party B on the GDA Account; and (iv) the Spread Adjustment Amount, if any, in each case in respect of such Calculation Period, less expenses of the Guarantor for such Calculation Period which are payable in priority to payments by Party B pursuant to the Transaction in accordance with the Priorities of Payments.

Notional Amount means, in respect of a Calculation Period, an amount in Canadian Dollars equal to the Average Loan Balance.

One Month CDOR means, in respect of a Calculation Period, CAD-BA-CDOR with a Designated Maturity of one month and Reset Date of the day which is the first day of that Calculation Period (or, if such day is not a Business Day, the immediately preceding Business Day); provided, however, that in respect of the initial Calculation Period, Linear Interpolation of between one and two months will apply and the relevant Reset Date for purposes of such Calculation Period shall be deemed to be the Effective Date.

Spread Adjustment Amount means, in respect of a Calculation Period in respect of which Party B has acquired New Loans and the Blended Spread has been determined pursuant to clause (B) of the

definition of Blended Spread, the amount in Canadian Dollars determined by the Calculation Agent to be the increase in the net present value of expected future payments to Party B under the Transaction.

Swap Provider Amount means, in respect of a Calculation Period, an amount in Canadian Dollars which is equal to the amount produced by applying a rate equal to One Month CDOR for such Calculation Period plus the Blended Spread to the sum of (i) the Notional Amount for such Calculation Period, (ii) the average balance of the GDA Account during such Calculation Period, and (iii) without double counting, the average principal balance of the Substitution Assets during such Calculation Period, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Calculation Period, divided by 365.

Variable Rate Loans means those Loans which are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Terms (and shall, for the avoidance of doubt, exclude Fixed Rate Loans).

Variable Rate Ratio means, in respect of a Calculation Period, the Average Variable Rate Loan Balance divided by the Average Loan Balance.

Weighted Average Fixed Rate means, in respect of a Calculation Period, the weighted average (by Outstanding Principal Balance) of the fixed rates of interest charged to borrowers of Fixed Rate Loans during the relevant Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Weighted Average Variable Rate means, in respect of a Calculation Period, the daily weighted average (by Outstanding Principal Balance) of the variable rates of interest charged to borrowers of Variable Rate Loans during the relevant Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

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:	The First Purchase Date
Effective Date:	The First Purchase Date
Termination Date:	The last day of the Calculation Period during which the outstanding principal balance of both the Fixed Rate Loans and the Variable Rate Loans is reduced to zero.

Business Day centres for all Payments: Toronto

Calculation of Amounts: As of the Calculation Date immediately preceding each Guarantor Payment Date, the Calculation Agent shall calculate the Swap Provider Amount and the Guarantor Amount for the Calculation

Period ending on such Calculation Date, and forthwith notify Party A, Party B and the Cash Manager of the amounts so determined and of the net amount determined as set out below.

Payments:

If in relation to any Guarantor Payment Date:

- (i) the Swap Provider Amount for the relevant Calculation Period exceeds the Guarantor Amount for the relevant Calculation Period, Party A shall pay the amount of such excess to Party B on such Guarantor Payment Date;
- (ii) the Guarantor Amount for the relevant Calculation Period exceeds the Swap Provider Amount for the relevant Calculation Period, Party B shall pay the amount of such excess to Party A on such Guarantor Payment Date;
- (iii) the Swap Provider Amount for the relevant Calculation Period is equal to the Guarantor Amount for the relevant Calculation Period, no amount shall be due and payable by either party hereunder in relation to such Guarantor Payment Date.

Calculation Agent:

Bank of Montreal acting in its capacity as Servicer pursuant to the Servicing Agreement or as Cash Manager pursuant to the Cash Management Agreement, as the case may be.

3. Account Details:

Payments to Party A: Bank: Bank of Montreal (BOFMCAM2)

Transit Number: 3169

Account Number: 3169 1051481

Favour: Bank of Montreal, Toronto

Payments to Party B: Bank: Bank of Montreal

Transit Number: 0002

Account Number: 1552728

4. 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, 18th Floor, 1 First Canadian Place, 100
King Street West, Toronto, Ontario, M5X 1A1 Canada

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: *Cathy Cranston*
Name: *CATHY CRANSTON*
Title: *SVP, Finance & Treasury*

By: *Chris Hughes*
Name: *CHRIS HUGHES*
Title: *VP - Corporate Treasury*