

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 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 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") 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, 21st Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-6785, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 13, 2014



\$8,000,000,000

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 \$8,000,000,000 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 such as LIBOR.

The outstanding Common Shares are currently listed on the Toronto and New York stock exchanges and the outstanding Preferred Shares 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 ("OSFI"), 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.

The Debt Securities will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act (Canada)* and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

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, 2013;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2013 with comparative consolidated financial statements as at and for the year ended October 31, 2012, together with the auditors' report thereon and the auditors' report on internal control over financial reporting under 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, 2013;
- (d) Management Proxy Circular dated February 28, 2013 in connection with the annual meeting of shareholders of the Bank held on April 10, 2013;
- (e) unaudited consolidated interim financial statements as at and for the three months ended January 31, 2014; and
- (f) Management's Discussion and Analysis for the three months ended January 31, 2014.

Any documents of the type referred to in the preceding paragraph and any unaudited interim consolidated financial statements, information circulars, material change reports (excluding confidential material change reports), business acquisition reports 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 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 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", "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. 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 Bank cautions readers of this Prospectus not to place undue reliance on its forward-looking statements as a number of factors 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; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal or economic policy; the degree 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; judicial or regulatory proceedings; the accuracy and completeness of the information the Bank obtains with respect to its customers and counterparties; the Bank's ability to execute its strategic plans and to complete and integrate acquisitions; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks; changes to the Bank's credit ratings; general political conditions; global capital markets activities; the possible effects on the Bank's business of war or terrorist activities; disease or illness that affects local, national or international economies; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes and the Bank's ability to anticipate and effectively manage the risks associated with all of the foregoing factors.

The Bank cautions that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect its results. For more information, please see the discussion on pages 30 and 31 of the Bank's 2013 Annual Report, which outlines in detail certain key factors that may affect the Bank's future results. When relying on forward-looking statements to make decisions with respect to the Bank, investors and others should carefully consider these factors, 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 in this Prospectus is presented for the purpose of assisting the Bank's shareholders in understanding the Bank's operations, prospects, risks and other external factors that impact it specifically as at and for the periods ended on the dates presented, as well as certain strategic priorities and objectives, and may not be appropriate for other purposes.

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* (Canada) (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.

With total assets of \$537 billion and approximately 45,500 employees (as at October 31, 2013), the Bank provides a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers directly and through Canadian and non-Canadian subsidiaries, offices, and branches.

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 equally and rateably with all other subordinated indebtedness of the Bank from time to time issued and outstanding. In the event of the insolvency or winding-up of the Bank, the subordinated indebtedness of 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 all other liabilities of the Bank except those which by their terms rank equally in right of payment with, or are subordinate to, such subordinated indebtedness.

The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

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”). 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 644,129,945 were outstanding as at October 31, 2013. The holders of Common Shares are entitled to vote at all meetings of the shareholders of the Bank except meetings at which only holders of a specified class or series of shares are entitled to vote. The holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors of the Bank, subject to the preference of the holders of the preferred shares of the Bank. After payment to the holders of preferred shares of the Bank of the amount or amounts to which they may be entitled, and after payment of all outstanding debts, the holders of Common Shares shall be entitled to receive the remaining property of the Bank upon the liquidation, dissolution or winding-up thereof.

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 on parity with the Class A Preferred Shares of every other series and with every series of 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

Pursuant to 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.

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 66% 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 on parity with the Class B Preferred Shares of every other series and with every series of 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

Pursuant to 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.

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 66% 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. or its successor (“CDS”) or its nominee. 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 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.

ADDITIONAL RESTRICTIONS ON DECLARATION OF DIVIDENDS

Pursuant to agreements made between the Bank, BNY Trust Company of Canada and BMO Capital Trust (a subsidiary of the Bank) (the "Trust"), the Bank has covenanted with the holders of the outstanding Capital Trust Securities of the Trust (the "BMO BOaTS") that, if the Trust fails to pay in full a required distribution on any series of the BMO BOaTS, the Bank will refrain from declaring dividends of any kind on its Common Shares or Preferred Shares until during or after the month commencing immediately after the fourth month (with respect to the BMO BOaTS — Series D and E), in which the Bank ordinarily declares dividends from time to time on the Common Shares or the Preferred Shares, unless the Trust first pays the required distribution (or the unpaid portion thereof) to the respective holders of BMO BOaTS. In addition, the Bank has also covenanted that if the interest is not paid in cash on any outstanding 10.221% BMO Tier 1 Notes – Series A due December 31, 2107 ("BMO T1Ns – Series A") issued by BMO Capital Trust II, the Bank will not pay dividends on its Common Shares or Preferred Shares for a specified period of time.

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 being issued shares of a bank, except for certain cases that require the Minister of Finance's consent.

CHANGES TO SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS

On February 25, 2014, the Bank redeemed all of its \$150,000,000 Non-cumulative 5-Year Rate Reset Class B Preferred Shares Series 18 at a redemption price of \$25.00 per share together with declared and unpaid dividends to the date of redemption (the "Series 18 Redemption").

EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2013 and January 31, 2014, do not reflect the issue of any Securities under this Prospectus.

Twelve months ended ⁽¹⁾	October 31, 2013	January 31, 2014
Grossed up dividend coverage on Class B Preferred Shares, Series 13, 14, 15, 16, 17, 21, 23 and 25 ⁽²⁾	19.16 times	19.38 times
Interest coverage on subordinated indebtedness	36.78 times	36.82 times
Interest and grossed up dividend coverage on subordinated indebtedness	40.01 times	40.93 times

Notes:

- (1) The Bank's adoption of IFRS 10 resulted in the deconsolidation of BMO Subordinated Notes Trust and BMO Capital Trust II. As such, the interest expense on the \$800 million of 5.75% Subordinated Notes due 2022 issued by BMO Subordinated Notes Trust and \$450 million of BMO TINs – Series A issued by BMO Capital Trust II have been excluded from the Bank's earnings. The standard has been applied retroactively to fiscal 2013 and 2012, and the periods presented above have been adjusted accordingly.
- (2) As at October 31, 2013, there were no Class A Preferred Shares outstanding. Class B Preferred Shares Series 5 and 18 were redeemed on February 25, 2013 and February 25, 2014, respectively. Grossed up dividends from both Series have been excluded in the dividend coverage ratio.

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 ending October 31, 2013, the average of such exchange rates was \$1.0235 per US\$1.00. For the 12 month period ending January 31, 2014, the average of such exchange rates was \$1.0447 per US\$1.00.

The Bank's dividend requirements on all of its preferred shares amounted to (i) \$133.22 million for the 12 months ended October 31, 2013, adjusted to a before-tax equivalent using an effective tax rate of 20.11%, and (ii) \$131.72 million for the 12 months ended January 31, 2014, adjusted to a before-tax equivalent using an effective tax rate of 20.45%. 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, 2013 amounted to \$278.12 million, and (ii) the 12 months ended January 31, 2014 amounted to \$278.14 million. The Bank's earnings before interest and income tax for (i) the 12 months ended October 31, 2013 amounted to \$5,329.46 million, which was 19.16 times the Bank's aggregate dividend and interest requirements for this period, and (ii) the 12 months ended January 31, 2014 amounted to \$5,391.54 million, which was 19.38 times the Bank's aggregate dividend and interest requirements for this period.

The information presented herein for the 12 months ended January 31, 2014 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 reallocated 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.

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 Management’s Discussion and Analysis incorporated herein by reference including but not limited to credit and counterparty risk, market risk, liquidity and funding risk, operational risk, business risk, 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 March 13, 2014, 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.

PURCHASER'S 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 the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus 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 or exchangeable under this Prospectus; 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 or exchangeable under this Prospectus. 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 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: March 13, 2014

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) WILLIAM A. DOWNE
Chief Executive Officer

(signed) THOMAS E. FLYNN
Chief Financial Officer

On Behalf of the Board of Directors

(signed) RONALD H. FARMER
Director

(signed) DON M. WILSON III
Director