OFFERING CIRCULAR **Dated July 11, 2019**

THIS OFFERING CIRCULAR HAS BEEN PREPARED BY THE ISSUER IN CONNECTION WITH THE ISSUE OF EXEMPT NOTES UNDER THE PROGRAMME WHICH ARE NEITHER TO BE ADMITTED TO TRADING ON A REGULATED MARKET IN THE EUROPEAN ECONOMIC AREA NOR OFFERED IN THE EUROPEAN ECONOMIC AREA IN CIRCUMSTANCES WHERE A PROSPECTUS IS REQUIRED TO BE PUBLISHED UNDER THE PROSPECTUS DIRECTIVE.

NEITHER THE ISSUER NOR ANY DEALER HAS AUTHORISED, NOR DO THEY AUTHORISE, THE MAKING OF ANY OFFER OF EXEMPT NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR ANY DEALER TO PUBLISH OR SUPPLEMENT A PROSPECTUS FOR SUCH OFFER.

THIS OFFERING CIRCULAR HAS NOT BEEN REVIEWED OR APPROVED BY THE FINANCIAL CONDUCT AUTHORITY AS COMPETENT AUTHORITY IN THE UNITED KINGDOM, NOR HAS IT BEEN REVIEWED OR APPROVED BY ANY COMPETENT AUTHORITY IN ANY OTHER MEMBER STATE OF THE EUROPEAN ECONOMIC AREA AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE.

BMO Bank of Montreal

U.S.$20,000,000,000

NOTE ISSUANCE PROGRAMME

On 27 March 1996, Bank of Montreal (the "**Bank**" or the "**Issuer**") entered into a Euro Medium Term Note Programme, now known as a Note Issuance Programme (the "**Programme**"). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This Offering Circular does not affect any Notes already in issue. Under the Programme, the Bank may from time to time, subject to compliance with all relevant laws, regulations and directives, issue Notes (the "**Notes**") payable in any currency agreed by the Bank and the relevant Purchaser(s) (as defined below). Under this Offering Circular, the Bank may only issue Notes (the "**Exempt Notes**") for which no prospectus is required to be published under the Prospectus Directive (as defined below) other than Notes to be admitted to trading on the London Stock Exchange's Professional Securities Market. Exempt Notes to be issued under this Offering Circular may comprise (i) unsubordinated Notes which constitute deposit liabilities of the Bank pursuant to the Bank Act (Canada) and will rank pari passu with all present or future deposit liabilities of the Bank (except as otherwise prescribed by law and subject to the exercise of bank resolution powers) and without preference amongst themselves ("**Senior Notes**") that are principal protected and (ii) Senior Notes that are not principal protected (the "**Principal At Risk Notes**"). The Exempt Notes will have maturities as determined from time to time subject, in the case of specific currencies, to all applicable legal, regulatory and central bank requirements. Subject as set out herein, the maximum aggregate nominal amount of all Notes (including Exempt Notes offered under this Offering Circular) from time to time outstanding under the Programme shall not exceed U.S.$20,000,000,000 (or its equivalent in other currencies), calculated as described herein.

The Exempt Notes will be offered on a continuing basis to one or more of the dealers specified herein (each a "**Dealer**" and together the "**Dealers**", which expression shall include any additional dealer appointed by the Bank under the Programme from time to time, either for a specific issue or on an ongoing basis). Exempt Notes may also be issued to third parties other than Dealers. Dealers and such third parties are referred to as "**Purchasers**".

Exempt Notes may be issued under the Programme which have a specified denomination of at least €100,000 (or its equivalent in other currencies) or less than €100,000 (or its equivalent in other currencies).

Notice of the aggregate nominal amount of Exempt Notes, interest (if any) payable in respect of the issue price of Exempt Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Exempt Notes will be set out in a pricing supplement (the "**Pricing Supplement**") copies of which will be available for viewing by holders of such Exempt Notes during normal business hours at the specified office of the Bank set out herein.

The Programme provides that (where permitted) Exempt Notes may be listed or admitted to trading, as the case may be, on such stock exchange(s) or market(s) as may be agreed upon by the Bank and the relevant Purchaser(s) in relation to such issue. The Bank may also issue unlisted Exempt Notes and/or Exempt Notes not admitted to trading on any market.

The credit ratings of the Programme referred to on page viii of this Offering Circular have been assigned by Moody's Canada Inc. ("**Moody's Canada**"), S&P Global Ratings, acting through S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. ("**S&P Canada**") and Fitch Ratings, Inc. ("**Fitch**"). The credit ratings of the Bank's debt referred to on page 139 of this Offering Circular have been assigned by Moody's Investors Service, Inc. ("Moody's USA"), Standard & Poor's Financial Services LLC ("**S&P USA**"), DBRS Limited ("**DBRS**") and Fitch. None of these rating agencies is established in the European Union (the "EU") or is registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**"). See "Important Notices – Credit Rating Agencies".

Unless otherwise specified in the applicable Pricing Supplement, the Bank will issue Exempt Notes that evidence deposit liabilities under the Bank Act (Canada) whose Branch of Account for purposes of the Bank Act (Canada) is the main branch in Toronto. The Bank may also issue such instruments whose Branch of Account for Bank Act (Canada) purposes is the London branch, if specified in the applicable Pricing Supplement. Irrespective of any specified Branch of Account, the Bank is (a) the legal entity that is the issuer of the Exempt Notes and (b) the legal entity obligated to repay the Exempt Notes. The Bank is the only legal entity that will issue Exempt Notes pursuant to the Programme. The determination by the Bank of the Branch of Account for Notes will be based on various considerations, including those relating to (i) the market or jurisdiction into which the Exempt Notes are being issued, based on factors including investors' preferences in a specific market or jurisdiction, (ii) specific regulatory requirements, such as a regulator requiring that a branch increase its liquidity through locally sourced funding, or (iii) tax implications that would affect the Bank or investors, such as the imposition of a new tax if an alternative branch was used. A branch of the Bank is not a subsidiary of the Bank or a separate legal entity from the Bank.

Senior Notes that are Bail-inable Notes (as defined below) are subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the "CDIC Act") and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Senior Notes. See "Risk Factors – Factors which are material for the purpose of accessing the market risks associated with the Exempt Notes issued under the Programme - Risks applicable to Bail-inable Notes" and Condition 3(b) of the "Terms and Conditions of the Exempt Notes". The applicable Pricing Supplement will indicate whether the Senior Notes are Bail-inable Notes. Senior Notes are also potentially subject to resolution powers of authorities outside of Canada in exceptional circumstances. See "Risk Factors - UK resolution risks applicable to the Exempt Notes" and "Risk Factors - Risks related to the Exempt Notes generally – Exempt Notes may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada".

See "Risk Factors" for a discussion of certain risks that should be considered in connection with an investment in Exempt Notes which may be offered under the Programme.

Unless the applicable Pricing Supplement otherwise provides, each Tranche of Exempt Notes will initially be represented by a temporary global Note which will be deposited on the issue date thereof with (i) if the temporary global Note is intended to be issued in new global note ("**NGN**") form as specified in the applicable Pricing Supplement, a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and (ii) if the temporary global Note is intended to be issued in classic global note ("**CGN**") form as specified in the applicable Pricing Supplement, a common depositary on behalf of Euroclear and Clearstream, Luxembourg and/or such other clearing system as otherwise agreed, as further described in "Issue Procedures" herein. Beneficial interests in a temporary global Note will be exchangeable for beneficial interests in a permanent global Note on or after the date falling not earlier than 40 days after the relevant issue date upon appropriate certification of beneficial ownership as described herein. Notwithstanding the foregoing, each Series of Senior Notes having an original maturity of one year or less will initially be represented by one or more permanent global Notes deposited as aforesaid.

Exempt Notes will be issued in bearer form and, depending on their specified currency and whether the Exempt Notes are Senior Notes or Principal At Risk Notes, will be accepted for clearance through one or more clearing systems, as specified in the applicable Pricing Supplement. These systems may include, in the case of Exempt Notes issued in Europe, Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

Unless otherwise specified in the applicable Pricing Supplement, beneficial interests in a permanent global Note will be exchangeable for security-printed Definitive Notes only in limited circumstances. See "Terms and Conditions of the Exempt Notes — Definitive Notes".

Arrangers

BMO CAPITAL MARKETS **BARCLAYS**

Dealers for Exempt Notes (other than Structured Notes)

BMO CAPITAL MARKETS **BARCLAYS**
BNP PARIBAS **CITIGROUP**
COMMERZBANK **CRÉDIT AGRICOLE CIB**
CREDIT SUISSE **GOLDMAN SACHS INTERNATIONAL**
HSBC **J.P. MORGAN**
LLOYDS BANK CORPORATE MARKETS **MORGAN STANLEY**
SOCIETE GENERALE **UBS INVESTMENT BANK**
CORPORATE & INVESTMENT BANKING

Dealer for Structured Notes

BMO CAPITAL MARKETS

ANY THIRD PARTY PURCHASER MAY PURCHASE NOTES DIRECTLY FROM THE ISSUER

NOTICE REGARDING OFFERS IN THE EEA

This Offering Circular has been prepared on the basis that any offer of Exempt Notes in any EEA Member State that has implemented the Prospectus Directive (a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Exempt Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Exempt Notes which are the subject of an offering contemplated in this Offering Circular as completed by a Pricing Supplement in relation to the offer of those Exempt Notes may only do so in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Bank nor the Dealers have authorised, nor do they authorise, the making of any offer of Exempt Notes in circumstances in which an obligation arises for the Bank or the Dealers to publish or supplement a prospectus for such offer. In this Offering Circular, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

This Offering Circular is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Exempt Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Exempt Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

IMPORTANT NOTICES

Exempt Notes issued on or after the date of this document which are to be consolidated and form a single series with Exempt Notes issued prior to the date of this document will be subject to the Terms and Conditions of the Exempt Notes applicable on the date of issue for the first tranche of Exempt Notes of such series. Those Terms and Conditions are incorporated by reference in, and form part of, this document.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Offering Circular in connection with an offer of Exempt Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer.

Under the Bail-in Regime (as defined herein), in certain circumstances, amending or extending the term to maturity of Notes which would otherwise not be Bail-inable Notes because they were issued before September 23, 2018, would mean those Notes could be subject to a Bail-in Conversion. However, the Bank does not intend to amend or re-open any Series of Notes where such re-opening could have the effect of making the relevant Notes subject to Bail-in Conversion.

The Bank accepts responsibility for the information contained in this Offering Circular and any applicable Pricing Supplement. To the best of the knowledge of the Bank, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect the import of such information.

This Offering Circular is to be read in conjunction with any supplements hereto prepared from time to time and with all documents which are incorporated herein or therein by reference (see "Documents Incorporated by Reference") and, in relation to the final terms of any particular Tranche of Exempt Notes, the applicable Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Bank in connection with the Exempt Notes. The Dealers accept no liability in relation to the information contained in this Offering Circular or any other information provided by the Bank in connection with this Offering Circular or the Exempt Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Exempt Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or the Dealers.

Neither this Offering Circular, nor any information incorporated herein by reference nor any other information supplied in connection with the Programme or the Exempt Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Bank or any of the Dealers that any recipient of this Offering Circular, or any information incorporated herein by reference or any other information supplied in connection with this Offering Circular or the Exempt Notes, should purchase any of the Exempt Notes nor are they intended to provide the basis of any credit or other evaluation. Each investor contemplating purchasing any of the Exempt Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Offering Circular, nor any information incorporated herein by reference nor any other information supplied in connection with this Offering Circular or the Exempt Notes constitutes an offer or invitation by or on behalf of the Bank or any of the Dealers to any person to purchase any of the Exempt Notes.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the Exempt Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Bank.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Offering Circular and any Pricing Supplement and the offer or sale of the Exempt Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular, any Exempt Notes or any offering material come must inform themselves about, and observe, any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Exempt Notes in Canada, the United States, the European Economic Area (the "**EEA**") (including the United Kingdom ("**UK**"), Belgium, France, the Republic of Italy and The Netherlands), China, Japan, Hong Kong, Singapore and Taiwan. The Exempt Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) and include Exempt Notes in bearer form that are subject to United States tax law requirements. Subject to certain exceptions, Exempt Notes may not be offered, sold or delivered within the United States or to United States persons (see "Subscription and Sale"). The Bank and the Dealers do not represent that this document may be lawfully distributed, or that Exempt Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, the Arrangers or any Dealer that would permit a public offering of the Exempt Notes or distribution of the Offering Circular in a jurisdiction where action for that purpose is required. Accordingly, the Exempt Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisements or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The Bank may distribute Exempt Notes through Bank of Montreal, London Branch or sell the Exempt Notes to one or more of the other Purchasers. Bank of Montreal, London Branch is the London branch of Bank of Montreal. The Bank is a related and connected issuer of Bank of Montreal, London Branch under applicable Canadian securities legislation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement may include a legend entitled "MIFID II PRODUCT GOVERNANCE / TARGET MARKET" which will outline the target market assessment in respect of the Exempt Notes and which channels for distribution of the Exempt Notes are appropriate. Any person subsequently offering, selling or recommending the Exempt Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Exempt Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under Commission Delegated Directive (EU) 2017/593 (the "MiFID

Product Governance Rules"), any Dealer subscribing for any Exempt Notes is a manufacturer in respect of such Exempt Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the applicable Pricing Supplement includes a legend entitled "PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS", the Exempt Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive as defined below. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Exempt Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Exempt Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA")

Unless otherwise stated in the Pricing Supplement and in each such case notified to the Dealers prior to any offer of Notes, all Exempt Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

THE PURCHASE OF EXEMPT NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE EXEMPT NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND IN THE RISK FACTORS AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY, INCLUDING (WITHOUT LIMITATION) WITH THEIR OWN FINANCIAL, TAX AND LEGAL ADVISERS, WITHOUT RELYING ON THE BANK OR ANY DEALER.

The Exempt Notes may not be suitable for all investors. Each potential investor in the Exempt Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor, either on its own or with the help of its financial or other professional advisers, should consider whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Exempt Notes, the merits and risks of investing in the relevant Exempt Notes and the information contained or incorporated by reference in this Offering Circular and any applicable Pricing Supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Exempt Notes and the impact such investment will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Exempt Notes, including Exempt Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency or Bail-inable Notes which will be converted (in whole or in part) into Common Shares of the Bank or an affiliate upon a Bail-in Conversion (as defined in Condition 3(b));

(d) understands thoroughly the terms of the relevant Exempt Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Index Linked Notes or other Exempt Notes linked to one or more reference item(s), may entail significant risks not associated with investments in a conventional debt security issued by a financial institution, including but not limited to, the risks set out in "Risks related to the structure of a particular issue of Exempt Notes" set out under "Risk Factors".

Exempt Notes can be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Exempt Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Exempt Notes will perform under changing conditions, the resulting effect on the value of the Exempt Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Exempt Notes are legal investments for it, (2) Exempt Notes can be used as collateral for various types of borrowing, (3) Exempt Notes can be used as repo-eligible securities, and (4) other restrictions apply to its purchase or pledge of any Exempt Notes. Financial institutions should also consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Exempt Notes under any applicable risk-based capital guidelines or similar rules.

In this Offering Circular, references to "**Cdn.$**" and "**$**" are to Canadian dollars, references to "**U.S.$**" and "**U.S. dollars**" are to United States dollars, references to "**euro**" and "**EUR**" are to the currency of the member states that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended, references to "**£**" and "**sterling**" are to UK pounds sterling, references to "**yen**" are to Japanese yen and references to "**CNY**", "**RMB**" and "**Renminbi**" are to the lawful currency of the People's Republic of China ("**PRC**" or "**China**") which, for the purposes of this Offering Circular, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan. References herein to the "**European Economic Area**" or "**EEA**" are to the Member States of the EU together with Iceland, Norway and Liechtenstein.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF EXEMPT NOTES, THE DEALER OR DEALERS (IF ANY) ACTING AS STABILISATION MANAGER(S) (THE "STABILISATION MANAGER(S)") (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT EXEMPT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE EXEMPT NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF EXEMPT NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF EXEMPT NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF EXEMPT NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF THE RELEVANT STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

CREDIT RATING AGENCIES

Senior Notes issued under the Programme are generally rated Aa2/P-1 and A2 (Bail-inable Notes) by Moody's Canada, A+/A-1 and A- (Bail-inable Notes) by S&P Canada and AA-/F1+ and AA- (Bail-inable Notes) by Fitch. A Series (as defined herein) of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. **The rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agencies. There is no assurance that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn by the rating agencies if in their judgment circumstances so warrant. Investors are cautioned to evaluate each rating independently of any other rating.**

The rating of certain Series of Exempt Notes to be issued under the Programme may be specified in the applicable Pricing Supplement. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

In addition to the Programme ratings provided by Moody's Canada, S&P Canada and Fitch, each of Moody's USA, S&P USA, DBRS and Fitch has provided issuer ratings for the Bank as specified under "Bank of Montreal – Issuer Ratings".

None of Moody's Canada, Moody's USA, S&P Canada, S&P USA, Fitch or DBRS is established in the EU. However, ratings issued by Moody's Canada and Moody's USA are endorsed by Moody's Investors Service Ltd., which is established in the EU and registered under the CRA Regulation. Ratings issued by S&P Canada and S&P USA are endorsed by Standard & Poor's Credit Market Services Europe Ltd. which is established in the EU and registered under the CRA Regulation. Ratings issued by Fitch are endorsed by Fitch Ratings Ltd., which is established in the EU and registered under the CRA Regulation. Ratings issued by DBRS are endorsed by DBRS Ratings Limited, which is established in the EU and registered under the CRA Regulation.

The European Securities and Market Association ("**ESMA**") is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. ESMA's website address is http://www.esma.europa.eu. Please note that this website does not form part of the Offering Circular. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In accordance with Article 4.1 of the CRA Regulation, please note that the following documents (as defined in the section entitled "Documents Incorporated by Reference") incorporated by reference in this Offering Circular contain references to credit ratings:

(a) 2018 MD&A (as defined below) (page 106);

(b) 2018 AIF (as defined below) (pages 8 to 9 and II-1 to II-2); and

(c) Second Quarter 2019 MD&A (as defined below) (page 31).

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 Offering Circular and in the documents incorporated by reference, and may be included in other filings with Canadian securities regulators or the United States Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbor" 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 in this Offering Circular and in the documents incorporated by reference may include, but are not limited to, statements with respect to the Bank's objectives and priorities for fiscal 2019 and beyond, its strategies or future actions, its targets, expectations for its financial condition or share price, the regulatory environment in which the Bank operates and the results of or outlook for its operations or for the Canadian, United States and international economies, and include statements of the Bank's management. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "project", "intend", "estimate", "plan", "goal", "target", "may" and "could".

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

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

The Bank cautions that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect its results. For more information, please see the Risk Factors starting on page 2 hereof and the discussion in the "Risks That May Affect Future Results" section beginning on page 79 of the 2018 MD&A incorporated herein by reference, the sections related to credit and counterparty, market,

insurance, liquidity and funding, operational, model, legal and regulatory, business, strategic, environmental and social, and reputation risk, in the "Enterprise-Wide Risk Management" section which begin on page 78 of the 2018 MD&A incorporated herein by reference, and the "Risk Management" section of the Second Quarter 2019 MD&A incorporated herein by reference, all of which outline certain key factors and risks that may affect the Bank's future results. Investors and others should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained in this document or incorporated by reference in this document is presented for the purpose of assisting the potential Noteholders in understanding the Bank's financial position as at and for the periods ended on the dates presented, as well as the Bank's strategic priorities and objectives, and may not be appropriate for other purposes.

Material economic assumptions underlying the forward-looking statements contained in this document or incorporated by reference in this document are set out in the 2018 MD&A incorporated herein by reference under the heading "Economic Developments and Outlook", as updated by the "Economic Review and Outlook" section set forth in the Second Quarter 2019 MD&A incorporated herein by reference. Assumptions about the performance of the Canadian and United States economies, as well as overall market conditions and their combined effect on the Bank's business, are material factors it considers when determining its strategic priorities, objectives and expectations for its business. In determining the Bank's expectations for economic growth, both broadly and in the financial services sector, the Bank primarily considers historical economic data provided by governments, historical relationships between economic and financial variables, and the risks to the domestic and global economy. See the "Economic Review and Outlook" section of the Second Quarter 2019 MD&A incorporated herein by reference.

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RISK FACTORS

The Bank believes that the following factors may affect its abilities to fulfil its obligations under Exempt Notes issued under the Programme because they may, directly or indirectly, adversely affect the Bank's financial results, businesses, financial condition, prospects or liquidity. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occuring or the likelihood or extent to which any such contingencies may affect the price of the Exempt Notes in the secondary market or an investor's ability to sell its Exempt Notes in the secondary market or the likelihood or extent to which any such contingencies may affect the ability of the Bank to pay interest, principal or other amounts on or in connection with any Exempt Notes.

In addition, certain factors, although not exhaustive, which could be material for the purpose of assessing the market risks associated with Exempt Notes issued under the Programme are also described below.

The Bank believes that the factors described below represent the principal risks inherent in investing in Exempt Notes issued under the Programme, but any change in the secondary market value of the Exempt Notes, the inability of an investor to sell its Exempt Notes in the secondary market or the inability of the Bank to pay interest, principal or other amounts on or in connection with any Exempt Notes or to perform any of its obligations may occur for other reasons and the Bank does not represent that the statements below regarding the risks of holding any Exempt Notes are exhaustive. The risks described below are not the only risks the Bank faces. Additional risks and uncertainties not presently known to the Bank or that it currently believes to be immaterial could also have a material impact on its business operations or affect the ability of the Bank to pay interest, principal or other amounts on or in connection with any Exempt Notes. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including the documents incorporated by reference) and any applicable Pricing Supplement to reach their own views prior to making any investment decisions.

AN INVESTMENT IN EXEMPT NOTES LINKED TO ONE OR MORE RELEVANT FACTORS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY ISSUED BY A FINANCIAL INSTITUTION, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE BANK ON REDEMPTION OF THE EXEMPT NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE EXEMPT NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE EXEMPT NOTES ARE REDEEMED BY THE BANK BY DELIVERY OF CASH, SECURITIES AND/OR OTHER PROPERTY THE VALUE OF SUCH CASH, SECURITIES AND/OR OTHER PROPERTY MAY BE LESS THAN THE NOMINAL AMOUNT OF THE EXEMPT NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

CERTAIN ISSUES OF EXEMPT NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR A SUBSTANTIAL PART OF THEIR INVESTMENT.

Factors that are material for the purpose of assessing risks associated with the Bank

Banking and financial services involve a number of risks. Prospective investors should carefully consider the following categories of risks to which the Bank's businesses are exposed. There are numerous factors, many beyond the Bank's control, which could cause the Bank's results to differ significantly from those anticipated. These risks include the following:

1. Credit and counterparty risk is the potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honour another predetermined financial obligation. Credit and counterparty risk underlies every lending activity that the Bank enters into, and also arises

in the holding of investment securities, transactions related to trading and other capital markets products and activities related to securitization. Credit risk is the most significant measurable risk that the Bank faces. Proper management of credit risk is essential to the Bank's success, since the failure to effectively manage credit risk could have an immediate and significant impact on the Bank's earnings, financial condition and reputation.

2. Market risk is the potential for adverse changes in the value of the Bank's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities, and credit spreads, and includes the risk of credit migration and default in the Bank's trading book. Market risk arises from the Bank's trading and underwriting activities, as well as its structural banking activities. The magnitude and importance of these activities to the enterprise, along with the potential volatility of market variables, call for diligent governance and a robust market risk management framework that ensures effective identification, measurement, reporting and control of market risk exposures.

3. Insurance risk is the potential for loss as a result of actual experience differing from that assumed when an insurance product was designed and priced. It generally entails the inherent unpredictability that can arise from assuming long-term policy liabilities or from the uncertainty of future events. Insurance provides protection against the financial consequences of insured risks by transferring those risks to the insurer (under specfic terms and conditions) in exchange for premiums. Insurance risk is inherent in all of the Bank's insurance products, including annuities and life, accident and sickness, and creditor insurance, as well as in the Bank's reinsurance business.

4. Liquidity and funding risk is the potential for loss if the Bank is unable to meet financial commitments in a timely manner at reasonable prices as they become due. Financial commitments include liabilities to depositors and suppliers, and lending, investment and pledging commitments.

5. Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human interactions or external events, but excludes business risk, credit risk, liquidity and funding risk, market risk and strategic and reputation risk. Operational risk is inherent in all of the Bank's business and banking activities and can lead to significant impacts on the Bank's business and financial results, including financial loss, restatements and damage to the Bank's reputation. Like other financial services organizations that operate in multiple jurisdictions, the Bank is exposed to a variety of operational risks arising from the potential for failures of the Bank's internal processes, employees and systems, as well as from external threats. Potential losses may result from process and control failures, theft and fraud, unauthorized transactions by employees, regulatory non-compliance, business disruption, information security breaches, cyber security threats and exposure to risks related to outsourcing and damage to physical assets. Given the large volume of transactions the Bank processes on a daily basis, and the complexity and speed of the Bank's business, there is a possibility that certain operational or human errors may be repeated or compounded before they are discovered and rectified. Operational risk is not only inherent in the Bank's business and banking activities, it is also inherent in the processes and controls it uses to manage the Bank's risks. There is the possibility that errors will occur, as well as the possibility of a failure in the Bank's internal processes or systems, which could lead to financial loss and reputational harm. Shortcomings or failures of the Bank's internal processes, employees or systems, or of services and products provided by third parties, including any of the Bank's financial, accounting or other data processing systems, could lead to financial loss or restatements and damage the Bank's reputation. The nature of the Bank's business also exposes us to the risk of theft and fraud when we enter into credit transactions with customers or counterparties. In extending credit, the Bank relies on the accuracy and completeness of any information provided by, and any other representations made by customers and counterparties. While the Bank conducts appropriate due diligence on such customer information

and, where practicable and economically feasible, engages valuation experts, and other experts or sources of information to assist with assessing the value of collateral and other customer risks, the Bank's financial results may be adversely impacted if the information provided by customers or counterparties is materially misleading and this is not discovered during the due diligence process.

6. Model risk is the potential for adverse consequences following from decisions based on incorrect or misused model results. These adverse consequences can include financial loss, poor business decision-making or damage to reputation.

7. Legal and regulatory risk is the potential for loss or harm resulting from a failure to comply with laws or satisfy contractual obligations or regulatory requirements. This includes the risks of failure to: comply with the law (in letter or in spirit) or maintain standards of care; implement legislative or regulatory requirements; enforce or comply with contractual terms; assert non-contractual rights; effectively manage disputes; or act in a manner so as to maintain the Bank's reputation. The Bank's success relies in part on its ability to prudently manage its exposure to legal and regulatory risk. The financial services industry is highly regulated, and the Bank anticipates intense ongoing scrutiny from its supervisors in the oversight process and strict enforcement of regulatory requirements as governments and regulators around the world continue with reforms intended to strengthen the stability of the financial system. Banks globally continue to be subject to fines and penalties for a number of regulatory and conduct issues.

8. Business risk arises from the specific business activities of an enterprise and the effects these could have on its earnings. Business risk encompasses the potential causes of earnings volatility that are distinct from credit, market or operational risk factors. The management of business risk identifies and addresses factors related to the risk that volumes will decrease or margins will shrink without the enterprise having the ability to compensate for these developments by cutting costs. The Bank faces many risks that are similar to those faced by non-financial firms, principally that the Bank's profitability, and hence value, may be eroded by changes in the business environment or by failures of strategy or execution. Sources of these risks include, but are not limited to, changing client expectations, heightened competition, technology driver changes, adverse business developments and relatively ineffective responses to industry changes. For example, client retention can be influenced by a number of factors, including service levels, prices for products and services, delivery platforms, ease of access to products and services, the quality of the customer experience, the Bank's reputation and the actions of the Bank's competitors.

9. Strategic risk is the potential for loss due to changes in the external business environment and/or failure to properly respond to these changes as a result of inaction, ineffective strategies or poor implementation of strategies. Strategic risk arises from external risks inherent in the business environment within which the Bank operates, as well as from the potential for loss if the Bank is unable to address those external risks effectively. While external strategic risks – including economic, geopolitical, regulatory, technological, social and competitive risks – cannot be controlled, the likelihood and magnitude of their impact can be limited through an effective strategic risk management framework and certain of these risks, including economic, geo-political and regulatory risks, can be assessed through stress testing.

10. Environmental and social risk is the potential for loss or damage resulting from environmental or social concerns related to the Bank or its customers. Environmental and social risk is often associated with credit, operational and reputation risk. Environmental and social risk covers a broad spectrum of issues, such as climate change, biodiversity, ecosystem health, pollution, waste and the unsustainable use of water and other resources, as well as risk to the livelihoods, health, human rights and cultural heritage of communities.

11. Reputation risk is the potential for loss or harm to the Bank's brand, and can arise even if other risks are managed effectively.

12. Credit and counterparty, market, insurance, liquidity and funding, operational, model, legal and regulatory, business, strategic, environmental and social, and reputation risks, as well as other risks that may affect the Bank's future results, are discussed in the Enterprise-Wide Risk Management section beginning on page 78 of the Bank's 2018 MD&A (as defined below).

Industry and non-company factors

Information and Cyber Security Risk

Information security is integral to the Bank's business activities, brand and reputation. Given the Bank's pervasive use of the internet and reliance on advanced digital technologies, the Bank faces common banking information security risks, including the threat of hacking, identity theft and corporate espionage, as well as the possibility of denial of service resulting from efforts targeted at causing system failure and service disruption. The Bank continues to proactively invest in defensive technology, talent and processes to prevent or detect and manage cyber security threats within the Bank and at service providers. These include benchmarking and review of best practices across the banking and cyber security industries, evaluation of the effectiveness of the Bank's key controls and development of new controls, as needed, with ongoing investments in both technology and human resources. The Bank performs assessments of third-party service providers to monitor alignment with the Bank's standards. The Bank also works with cyber security and software suppliers to bolster its internal resources and technology capabilities in order to better enable the Bank to remain resilient in a rapidly evolving threat landscape.

Geopolitical Risk

Geopolitical risk has increased, largely as a result of escalating tensions between several countries, in particular North Korea and the United States, and strained United States relations with countries such as Russia and China. Heightened geopolitical risk can create uncertainty in global economic investment, potentially leading to market disruptions and a decrease in growth and trade. The Bank's portfolio has limited direct exposure outside North America. However, the Bank's core customers and its international strategy depend on trade and growth.

Canadian Housing Markets

The Canadian housing market has appreciated considerably over the past number of years. The Greater Toronto Area ("**GTA**") had experienced rapid housing price increases until the spring of 2017, at which time price increases moderated following the announcement of the Ontario Fair Housing Plan. While recent resale market results suggest this price adjustment in the GTA is largely complete, Bank of Canada rate hikes announced during the year and future rate hikes and regulatory changes could weigh on sales activity and home prices in this region as well as in the Greater Vancouver Area. In particular, future regulatory changes related to the qualifying rate for all uninsured mortgages could also reduce transactional activity and therefore home prices in these regions. Lower sales activity in these previousy heated markets may impact mortgage origination volumes and, if housing values decline, the collateralization of the Bank's existing portfolio would be reduced. It is not possible to accurately predict the full impact of the recent changes and potential future changes, but robust economic conditions in these regions, including good economic growth, low unemployment and above-average population growth support the expectations for low ongoing delinquency rates for real estate loans. The Bank's prudent lending practices, which include the personal adjudication of higher-value and higher loan-to-value transactions and setting and close monitoring of regional, property type and customer segment concentration limits, support the soundness of

the Bank's Canadian real estate lending portfolio. Further, the Bank's stress tests analysis suggests that significant price declines and recessionary economic conditions would result in manageable losses.

Trade Instability

The risk of global trade instability risk stems from political, economic and trade policy uncertainty. Support for protectionism and anti-globalization sentiment in the United States and other countries may impact existing trade agreements, such as the North American Free Trade Agreement ("**NAFTA**"), which is currently under renegotiation, as well as overall global growth. In particular, the outcome of the NAFTA negotiations could result in new rules that could have a significant impact on the Bank's customers in the United States and Canada, resulting in disruptions in cross-border supply chains and trade and investment flows. The Bank benefits from an integrated North American strategy in diverse industries and geographies, with limited direct lending exposure outside of North America and a footprint that minimizes the effects of changes in commodity prices and foreign exchange movements, wherein price declines/ rises often have offsetting impacts across different North American regions and industries. Although it is difficult to successfully predict and mitigate the potential economic and financial consequence of trade-related events that could adversely affect economic growth, the Bank actively monitors global and North American trends and continually assesses its portfolio and business strategies in the context of those developments. The Bank stress tests its portfolios, business plans and capacity adequacy against severely adverse scenarios arising from shocks, and establishes contingency plans and mitigation strategies to react to and offset possible adverse political and/or economic developments.

The Bank's credit exposure by geographic regions provided in Tables 7, 8 and 11 to 13 on pages 132 to 137 of the 2018 MD&A and Note 4 on page 157 of the 2018 Financial Statements (as defined below). Further information on the Bank's direct and indirect European exposures is provided in the European Exposures section on page 93 of the 2018 MD&A and on pages 34 to 35 of the Second Quarter 2019 MD&A incorporated herein by reference.

Technology Disruption and Competition

The financial services industry continues to undergo rapid change, as technology enables new non-traditional entrants to compete in certain segments of banking, in some cases with reduced regulatory requirements and oversight. New entrants may leverage new technologies, advanced data and analytical tools, lower cost to serve and/or faster processes to challenge traditional banks, including new business models in retail payments, consumer and commercial lending, foreign exchange and low cost investment advisory services. Failure to keep pace with these new technologies and competition may potentially impact the Bank's overall revenues and earnings if customers choose the services of these new market entrants. While the Bank closely monitors technology disruptors, the Bank also continues to adapt by increasing its investment in technology and innovation to keep pace with dynamic client expectations. This includes improving its mobile and internet banking capabilities, building new branch formats, and refining the Bank's credit decisioning, analytic and modelling data and tools and, where appropriate, bringing new and enhanced customer solutions to market. The Bank further mitigates this risk by providing its customers with access to banking services across different channels, focusing on improving customer loyalty and trust, enhancing its advanced data and analytical tools, and leveraging current and future partnerships in order to deliver an exceptional customer experience with reduced costs and simplified processes. However, matching the pace of innovation exhibited by new and differently-situated competitors may require the Bank and policy-makers to adapt at a faster pace.

General Economic and Market Conditions in the Countries in which the Bank Conducts Business

The Bank operates in Canada, the United States and a number of other countries and the volume of business the Bank conducts in these geographic regions may have an effect on the Bank's overall revenue and earnings. Factors such as fluctuations in interest rates, foreign exchange rates, consumer saving and spending, housing prices, consumer borrowing and repayment, business investment, and the rate of inflation affect the business and economic environments in which the Bank operates, and may affect the value of the Bank's investments, the credit quality of the Bank's customer and counterparty loans and the funding markets that the Bank accesses.

Regulatory Requirements

The financial services industry is highly regulated, and the Bank has experienced changes and increased complexity in regulatory requirements as governments and regulators around the world continue to pursue major reforms intended to strengthen the stability of the financial system and protect key markets and participants. As a result, there is the potential for higher capital requirements and additional regulatory and compliance costs, which could lower the Bank's returns and affect its growth. These reforms could also affect the cost and availability of funding and the extent of market-making activities. Regulatory reforms may also impact fees and other revenues for certain of the Bank's operating groups. In addition, differences in laws and regulations enacted by various national regulatory authorities may provide advantages to the Bank's international competitors that could affect its ability to compete and result in loss of market share. The Bank monitors such developments, and other potential changes such as reforms of the United States financial regulatory system or the potential impacts of a UK withdrawal from the EU, so that the Bank is well-positioned to respond to and implement any required changes. Failure to comply with applicable legal and regulatory requirements may result in litigation, financial losses, regulatory sanctions, enforcement actions, an inability to execute the Bank's business strategies, a decline in investor and customer confidence and harm to the Bank's reputation. The Bank's regulatory requirements risk is further discussed in the Legal and Regulatory Risk and the Enterprise-Wide Capital Management sections on pages 112 and 69, respectively, of the 2018 MD&A and in the Capital Management and Other Regulatory Developments sections on pages 10 and 25, respectively, of the Second Quarter 2019 MD&A incorporated herein by reference.

Fiscal and Monetary Policies

The Bank's earnings are affected by fiscal, monetary, regulatory and other economic policies in Canada, the United States and other jurisdictions. Such policies may have the effect of increasing or reducing competition, profitability and uncertainty in businesses and markets, which may affect the Bank's customers and counterparties, potentially contributing to a greater risk of default. Changes in fiscal and monetary policies are difficult to anticipate and predict. Fluctuations in interest rates and exchange rates that result from these changes can have an impact on the Bank's earnings and valuation. Prolonged low interest rates could lead to lower overall profitability in the Bank's retail and commercial businesses. Changes in the value of the Canadian dollar relative to the U.S. dollar could affect the results of the Bank's small business, corporate and commercial clients in Canada. A strengthening of the U.S. dollar could increase the value of the Bank's U.S. dollar-denominated risk weighted assets and capital deductions, lowering the Bank's capital ratios. The Bank may offset foreign exchange movements on its capital ratios, and did so during 2017. A decline in the U.S. dollar would reduce the strength of the Bank's U.S. operations' contribution to its Canadian dollar profitability. Hedging positions may be taken to manage interest rate exposures and partially offset the pre-tax effects of Canadian/ U.S. dollar exchange rate fluctuations on financial results. The Bank's foreign exchange and interest rate risk exposures are discussed in the Foreign Exchange section on page 34, the Enterprise-Wide Capital Management section on page 69 and the Market Risk section on page 95 of the 2018 MD&A, in the Foreign Exchange section on pages 6 to 7, the Capital

Management section on page 10 and the Trading and Underwriting Market Risk section on page 27, of the Second Quarter 2019 MD&A.

Tax Legislation and Interpretations

Changes in tax rates, tax law and policy and its interpretation by taxing authorities can have an impact on the Bank's earnings. Tax laws, as well as the interpretation of tax laws and policy by taxing authorities, may change as a result of efforts by the G20 and the Organisation for Economic Co-operation and Development to broaden the tax base globally and increase tax related reporting. In addition, a reduction in income tax rates could lower the value of the Bank's deferred tax asset. Income taxes and deferred tax assets are discussed in the Critical Accounting Estimates section on page 117 of the 2018 MD&A and the Other Regulatory Developments section on page 25 of the Second Quarter 2019 MD&A.

Acquisitions

The Bank conducts thorough due diligence before completing business or portfolio acquisitions. However, it is possible that the Bank could make an acquisition that subsequently does not perform in line with its financial or strategic objectives or expectations. The Bank's ability to successfully complete an acquisition may be subject to regulatory and shareholder approvals and the Bank may not be able to determine when, if or on what terms the necessary approvals will be granted. Changes in the competitive and economic environment, as well as other factors, may result in lower revenue, while higher than anticipated integration costs and failure to realize expected cost savings after an acquisition could also adversely affect the Bank's earnings. Integration costs may increase as a result of higher regulatory costs related to an acquisition, unanticipated costs that were not identified in the due diligence process or demands on management time that are more significant than anticipated, as well as unexpected delays in implementing certain plans that in turn lead to delays in achieving full integration. Successful post-acquisition performance depends on retaining the clients and key employees of acquired companies and on integrating key systems and processes without disruption, and there can be no assurance that the Bank will always succeed in doing so.

Critical Accounting Estimates and Accounting Standards

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Changes that the International Accounting Standards Board makes from time to time to these standards can be difficult to anticipate and may materially affect how it records and reports its financial results. Significant accounting policies and future changes in accounting policies are discussed on page 121 of the 2018 MD&A, in Note 1 on page 148 of the 2018 Financial Statements, on pages 24 to 25 of the Second Quarter 2019 MD&A, and in Note 1 of the Second Quarter 2019 Interim Financial Statements.

The application of IFRS requires management to make significant judgments and estimates, sometimes relying on financial and statistical models, that can affect the dates on which certain assets, liabilities, revenues and expenses are recorded in the Bank's consolidated financial statements as well as their recorded values. In making these judgments and estimates, the Bank relies on the best information available at the time. However, it is possible that circumstances may change, that new information may become available or that the Bank's models may prove to be imprecise.

The Bank's financial results could be affected for the period during which any such new information or change in circumstances became apparent, and the extent of the impact could be significant. More information is included in the discussion of Critical Accounting Estimates on page 117 of the 2018 MD&A and on page 24 of the Second Quarter 2019 MD&A.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks applicable to Bail-inable Notes

Bail-inable Notes (as defined below) will be subject to risks, including non-payment in full or conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates, under Canadian bank resolution powers.

Bail-inable Notes are subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes. Notwithstanding any other terms of the Bank's liability, any other law that governs the Bank's liability and any other agreement, arrangement or understanding between the parties with respect to the Bank's liability, each holder or beneficial owner of an interest in the Bail-inable Notes is deemed to be bound by the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes and is deemed to attorn to the jurisdiction of the courts in the Province of Ontario in Canada.

Certain provisions of and regulations under the Bank Act (Canada) (the "**Bank Act**"), the CDIC Act and certain other Canadian federal statutes pertaining to banks (collectively, the "**Bail-in Regime**"), provide for a bank recapitalization regime for banks designated by the Superintendent of Financial Institutions (Canada) (the "**Superintendent**") as domestic systemically important banks ("**D-SIBs**"), which include the Bank.

The expressed objectives of the Bail-in Regime include reducing government and taxpayer exposure in the unlikely event of a failure of a D-SIB, reducing the likelihood of such a failure by increasing market discipline and reinforcing that bank shareholders and creditors are responsible for the D-SIBs' risks and not taxpayers, and preserving financial stability by empowering the Canada Deposit Insurance Corporation ("**CDIC**"), Canada's resolution authority, to quickly restore a failed D-SIB to viability and allow it to remain open and operating, even where the D-SIB has experienced severe losses.

Under the CDIC Act, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance for Canada (the "**Minister of Finance**") to recommend that the Governor in Council (Canada) make an Order (as defined below) and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council (Canada) make, and on such recommendation, the Governor in Council (Canada) may make, one or more Orders including a Conversion Order (see "Risks related to the Notes generally – Canadian bank resolution powers confer substantial powers on Canadian authorities designed to enable them to take a range of actions in relation to the Bank where a determination is made that the Bank has ceased, or is about to cease, to be viable and such viability cannot be restored or preserved, which if taken could result in holders or beneficial owners of Notes being exposed to losses").

Upon the making of a Conversion Order, prescribed shares and liabilities under the Bail-in Regime that are subject to that Conversion Order will, to the extent converted, be converted into common shares of the Bank or any of its affiliates, as determined by CDIC (a "**Bail-in Conversion**"). Subject to certain exceptions discussed below, the Bail-in Regime provides that senior debt issued on or after September 23, 2018, with

an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and that has been assigned a CUSIP or ISIN or similar identification number are subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt of the Bank will also be subject to a Bail-in Conversion, unless they are non-viability contingent capital. All Senior Notes that are subject to Bail-in Conversion will be identified as Bail-inable Notes in the applicable Pricing Supplement ("**Bail-inable Notes**").

Covered bonds, derivatives and certain structured notes (as such term is used under the Bail-in Regime) are expressly excluded from a Bail-in Conversion. To the extent that any Exempt Notes constitute structured notes (as such term is used under the Bail-in Regime) they will not be Bail-inable Notes and will not be identified as Bail-inable Notes in the applicable Pricing Supplement. As a result, claims of some creditors whose claims would otherwise rank equally with those of the holders of Bail-inable Notes would be excluded from a Bail-in Conversion and thus the holders and beneficial owners of Bail-inable Notes will have to absorb losses ahead of these other creditors as a result of the Bail-in Conversion while other creditors may not be exposed to losses.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of Bail-inable Notes being exposed to conversion of the Bail-inable Notes in whole or in part. Upon a Bail-in Conversion, the holders of Notes ("**Noteholders**") holding Bail-inable Notes that are converted will be obligated to accept the common shares of the Bank or any of its affiliates into which such Bail-inable Notes, or any portion thereof, are converted even if such Noteholders do not at the time consider such common shares to be an appropriate investment for them, and despite any change in the Bank or any of its affiliates or the fact that such common shares are issued by an affiliate of the Bank or any disruption to or lack of a market for such common shares or disruption to capital markets generally. The terms and conditions of the Bail-in Conversion will be determined by CDIC in accordance with and subject to certain requirements discussed below (see "*The number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates" below). See also "Risks related to the structure of a particular issue of Notes - Investors who hold less than the minimum Specified Denomination (including after a partial Bail-in Conversion or any other resolution action) may be unable to sell their Exempt Notes and may be adversely affected if definitive Exempt Notes are subsequently required to be issued*" below for a risk of partial conversions.

As a result, holders of Bail-inable Notes should consider the risk that they may lose all of their investment, plus any accrued interest or additional amounts, if CDIC were to take action under the Canadian bank resolution powers, including the Bail-in Regime, and that any remaining outstanding Notes, or common shares of the Bank or any of its affiliates into which Bail-inable Notes are converted, may be of little value at the time of a Bail-in Conversion and thereafter.

Bail-inable Notes will provide only limited acceleration and enforcement rights for the Bail-inable Notes and will include other provisions intended to qualify such Exempt Notes as TLAC.

In connection with the Bail-in Regime, the Office of the Superintendent of Financial Institutions' ("**OSFI**") guideline as interpreted by the Superintendent (the "**TLAC Guideline**") on Total Loss Absorbing Capacity ("**TLAC**") applies to and establishes standards for D-SIBs, including the Bank. Under the TLAC Guideline, beginning November 1, 2021, the Bank is required to maintain a minimum capacity to absorb losses composed of unsecured external long-term debt that meets the prescribed criteria or regulatory capital instruments to support recapitalization in the event of a failure. Bail-inable Notes and regulatory capital instruments that meet the prescribed criteria will constitute TLAC of the Bank.

In order to comply with the TLAC Guideline, Bail-inable Notes must provide for terms and conditions necessary to meet the prescribed criteria and qualify at their issuance as TLAC instruments of the Bank under the TLAC Guideline. Those criteria include the following:

- the Bank cannot directly or indirectly have provided financing to any person for the express purpose of investing in the Bail-inable Notes;

- the Bail-inable Notes are not subject to set-off or netting rights;

- the Bail-inable Notes must not provide rights to accelerate repayment of principal or interest payments outside of bankruptcy, insolvency, wind-up or liquidation, except that events of default relating to the non-payment of scheduled principal and/or interest payments will be permitted where they are subject to a cure period of no less than 30 business days and clearly disclose to investors that: (i) acceleration is only permitted where an Order (as defined below) has not been made in respect of the Bank; and (ii) notwithstanding any acceleration, the instrument could still be subject to a Bail-in Conversion prior to its repayment;

- the Bail-inable Notes may be redeemed or purchased for cancellation (as applicable) only at the initiative of the Bank and, where the redemption or purchase would lead to a breach of the Bank's minimum TLAC requirements, that redemption or purchase would be subject to the prior approval of the Superintendent;

- the Bail-inable Notes do not have credit-sensitive dividend or coupon features that are reset periodically based in whole or in part on the Bank's credit standing; and

- where an amendment or variance of the Bail-inable Notes' terms and conditions would affect their recognition as TLAC, such amendment or variance will only be permitted with the prior approval of the Superintendent.

As a result, the terms of the Bail-inable Notes provide that acceleration will only be permitted (i) if the Bank defaults in the payment of the principal or interest for a period of more than 30 business days, or (ii) certain bankruptcy, insolvency or reorganization events occur. Holders and beneficial owners of Bail-inable Notes may only exercise, or direct the exercise of, such rights in respect of Bail-inable Notes where an Order has not been made under Canadian bank resolution powers pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of those rights, Bail-inable Notes will continue to be subject to Bail-in Conversion until paid in full.

The terms of the Bail-inable Notes also provide that holders or beneficial owners of Bail-inable Notes will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to Bail-inable Notes. In addition, where an amendment, modification or other variance that can be made to the Bail-inable Notes would affect the recognition of the Bail-inable Notes by the Superintendent as TLAC, that amendment, modification or variance will require the prior approval of the Superintendent.

The circumstances surrounding a Bail-in Conversion are unpredictable and can be expected to have an adverse effect on the market price of Bail-inable Notes.

The decision as to whether the Bank has ceased, or is about to cease, to be viable is a subjective determination by the Superintendent that is outside the control of the Bank. Upon a Bail-in Conversion, the interests of depositors and holders of liabilities and securities of the Bank that are not converted will effectively all rank in priority to the portion of Bail-inable Notes that are converted. In addition, except as provided for under the compensation process, the rights of Noteholders in respect of the Bail-inable Notes

that have been converted will rank on parity with other holders of common shares of the Bank (or, as applicable, common shares of the affiliate whose common shares are issued on the Bail-in Conversion).

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, Noteholders holding Bail-inable Notes may be exposed to losses through the use of Canadian bank resolution powers other than a Conversion Order or in liquidation.

Because of the uncertainty regarding when and whether an Order will be made and the type of Order that may be made, it will be difficult to predict when, if at all, Bail-inable Notes could be converted into common shares of the Bank or any of its affiliates and there is not likely to be any advance notice of an Order. As a result of this uncertainty, trading behaviour in respect of the Bail-inable Notes may not follow trading behaviour associated with convertible or exchangeable securities or, in circumstances where the Bank is trending towards ceasing to be viable, other senior debt. Any indication, whether real or perceived, that the Bank is trending towards ceasing to be viable can be expected to have an adverse effect on the market price of the Bail-inable Notes. Therefore, in those circumstances, Noteholders holding Bail-inable Notes may not be able to sell their Bail-inable Notes easily or at prices comparable to those of senior debt securities not subject to Bail-in Conversion.

The number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates.

Under the Bail-in Regime there is no fixed and pre-determined contractual conversion ratio for the conversion of the Bail-inable Notes, or other shares or liabilities of the Bank that are subject to a Bail-in Conversion, into common shares of the Bank or any of its affiliates, nor are there specific requirements regarding whether liabilities subject to a Bail-in Conversion are converted into common shares of the Bank or any of its affiliates. CDIC determines the timing of the Bail-in Conversion, the portion of bail-inable shares and liabilities to be converted and the terms and conditions of the Bail-in Conversion, subject to parameters set out in the Bail-in Regime. Those parameters, include that:

- in carrying out a Bail-in Conversion, CDIC must take into consideration the requirement in the Bank Act for banks to maintain adequate capital;

- CDIC must use its best efforts to ensure that shares and liabilities subject to a Bail-in Conversion are only converted after all subordinate ranking shares and liabilities that are subject to a Bail-in Conversion and any subordinate non-viability contingent capital instruments have been previously converted or are converted during the same restructuring period;

- CDIC must use its best efforts to ensure that the converted part of the liquidation entitlement of a share subject to a Bail-in Conversion, or the converted part of the principal amount and accrued and unpaid interest of a liability subject to a Bail-in Conversion, is converted on a pro rata basis for all shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period;

- holders of shares and liabilities that are subject to a Bail-in Conversion must receive a greater number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, than holders of any subordinate shares or liabilities subject to a Bail-in Conversion that are converted during the same restructuring period or of any subordinate non-viability contingent capital that is converted during the same restructuring period;

- holders of shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period must receive the same number of common shares per dollar of the converted part of the liquidation entitlement of their shares or the converted part of the principal amount and accrued and unpaid interest of their liabilities; and

- holders of shares or liabilities subject to a Bail-in Conversion must receive, if any non-viability contingent capital of equal rank to the shares or liabilities is converted during the same restructuring period, a number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, that is equal to the largest number of common shares received by any holder of the non-viability contingent capital per dollar of that capital.

As a result, it is not possible to anticipate the potential number of common shares of the Bank or its affiliates that would be issued in respect of any Bail-inable Notes converted on a Bail-in Conversion, the aggregate number of such common shares that will be outstanding following the Bail-in Conversion, the effect of dilution on the common shares received in respect of any Bail-inable Notes converted on a Bail-in Conversion from other issuances of common shares of the same issuer under or in connection with an Order or related actions in respect of the Bank or its affiliates or the value of any common shares received by the Noteholders, which could be significantly less than the amount which may otherwise have been due under the converted Bail-inable Notes. It is also not possible to anticipate whether shares of the Bank or shares of its affiliates would be issued in a Bail-in Conversion. There may be an illiquid market, or no market at all, in the common shares issued upon a Bail-in Conversion and such Noteholders may not be able to sell those common shares at a price equal to the value of the converted Bail-inable Notes and as a result may suffer significant losses that may not be offset by compensation, if any, received as part of the compensation process. Fluctuations in exchange rates may exacerbate such losses.

By acquiring Bail-inable Notes, each Noteholder or beneficial owner of those Bail-inable Notes is deemed to agree to be bound by a Bail-in Conversion and so will have no further rights in respect of Bail-inable Notes to the extent those Bail-inable Notes are converted in a Bail-in Conversion other than those provided under the Bail-in Regime. Any potential compensation to be provided through the compensation process under the CDIC Act is unknown.

The CDIC Act provides for a compensation process for Noteholders holding Bail-inable Notes who immediately prior to the making of an Order, directly or through an intermediary, own Bail-inable Notes that are converted in a Bail-in Conversion. While this process applies to successors of such Noteholders it does not apply to assignees or transferees of the Noteholder following the making of the Order and does not apply if the amounts owing under the relevant Bail-inable Notes are paid in full.

Under the compensation process, the compensation to which such Noteholders are entitled is the difference, to the extent it is positive, between the estimated liquidation value and the estimated resolution value of the relevant Bail-inable Notes. The liquidation value is the estimated value the Bail-inable Noteholders would have received if an order under the Winding-up and Restructuring Act (Canada) had been made in respect of the Bank, as if no Order had been made and without taking into consideration any assistance, financial or otherwise, that is or may be provided to the Bank, directly or indirectly, by CDIC, the Bank of Canada, the Government of Canada or a province of Canada, after any order to wind up the Bank has been made.

The resolution value in respect of relevant Bail-inable Notes is the aggregate estimated value of the following: (a) the relevant Bail-inable Notes, if they are not held by CDIC and they are not converted, after the making of an Order, into common shares under a Bail-in Conversion; (b) common shares that are the result of a Bail-in Conversion after the making of an Order; (c) any dividend or interest payments made,

after the making of the Order, with respect to the relevant Bail-inable Notes to any person other than CDIC; and (d) any other cash, securities or other rights or interests that are received or to be received with respect to the relevant Bail-inable Notes as a direct or indirect result of the making of the Order and any actions taken in furtherance of the Order, including from CDIC, the Bank, the liquidator of the Bank, if the Bank is wound up, the liquidator of a CDIC subsidiary incorporated or acquired by order of the Governor in Council for the purposes of facilitating the acquisition, management or disposal of real property or other assets of the Bank that CDIC may acquire as the result of its operations that is liquidated or the liquidator of a bridge institution if the bridge institution is wound up.

In connection with the compensation process, CDIC is required to estimate the liquidation value and the resolution value in respect of the portion of converted Bail-inable Notes and is required to consider the difference between the estimated day on which the liquidation value would be received and the estimated day on which the resolution value is, or would be, received.

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

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

By its acquisition of an interest in any Bail-inable Note, each Noteholder or beneficial owner of those Bail-inable Notes is deemed to agree to be bound by a Bail-in Conversion and so will have no further rights in respect of its Bail-inable Notes to the extent those Bail-inable Notes are converted in a Bail-in Conversion, other than those provided under the Bail-in Regime.

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

Following a Bail-in Conversion, Noteholders that held Bail-inable Notes that have been converted will no longer have rights against the Bank as creditors

Upon a Bail-in Conversion, the rights, terms and conditions of the portion of Bail-inable Notes that are converted, including with respect to priority and rights on liquidation, will no longer apply as the portion of converted Bail-inable Notes will have been converted on a full and permanent basis into common shares of the Bank or any of its affiliates ranking on parity with all other outstanding common shares of that entity. If a Bail-in Conversion occurs, then the interest of the depositors, other creditors and holders of liabilities of the Bank not bailed-in as a result of the Bail-in Conversion will all rank in priority to those common shares.

Given the nature of the Bail-in Conversion, holders or beneficial owners of Bail-inable Notes that are converted will become holders or beneficial owners of common shares at a time when the Bank's and potentially its affiliates' financial condition has deteriorated. They may also become holders or beneficial owners of common shares at a time when the relevant entity may have received or may receive a capital injection or equivalent support with terms that may rank in priority to the common shares issued in a Bail-in Conversion with respect to the payment of dividends, rights on liquidation or other terms although there is no certainty that any such capital injection or support will be forthcoming.

Bail-inable Notes may be redeemed after the occurrence of a TLAC Disqualification Event

If the applicable Pricing Supplement for the Exempt Notes a Series of Bail-inable Notes specify that a TLAC Disqualification Event Call is applicable, the Bank may, at its option with the prior approval of the Superintendent, redeem all, but not some only of the outstanding Bail-inable Notes of that Series within 90 days of the occurrence of the TLAC Disqualification Event (as defined in the Conditions) at the Early Redemption Amount specified in the applicable Pricing Supplement, together (if applicable) with any accrued but unpaid interest to (but excluding) the date fixed for redemption. If the Bank redeems the outstanding Bail-inable Exempt Notes of that Series, holders of such Bail-inable Notes may not be able to reinvest the proceeds from such redemption in securities offering a comparable anticipated rate of return. Additionally, although the terms of each Series of Bail-inable Notes are anticipated to be established to satisfy the TLAC criteria within the meaning of the TLAC Guideline to which the Bank is subject, it is possible that any Series of Bail-inable Notes may not satisfy the criteria in future rulemaking or interpretations.

UK resolution risks applicable to the Exempt Notes

*The UK's Banking Act 2009 (as amended, the "**UK Banking Act**") confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. In certain circumstances such actions may also be taken with modifications, against a third country institution or investment firm. The exercise of any of these actions in relation to the Bank could materially adversely affect the value of any Exempt Notes.*

Under the UK Banking Act, substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority and the UK Prudential Regulation Authority (the "**PRA**") (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**").

These SRR powers can be exercised, as applicable, by the Authorities in respect of a third country incorporated credit institution (such as the Bank) or a third country incorporated investment firm ("**third country entity**") or third country parent undertaking either where that third country entity is subject to resolution in its jurisdiction of incorporation (a "**third country resolution action**") or where no third country resolution actions have been taken, but the Authorities consider that the commencement of resolution

proceedings meet certain conditions including that it is in the public interest. The Authorities' powers (such as those applicable to bail-in liabilities) are subject to additional conditions where they are used in respect of branches of third-country entities (such as the Bank) as compared with their use in respect of UK banks.

Risks related to Exempt Notes issued by the Bank's London branch

Exempt Notes are issued by the Bank's London Branch if the Branch of Account specified in the Pricing Supplement is London.

The Authorities can choose to recognise a third country resolution action, either in whole or in part.Alternatively, under the European Bank Recovery and Resolution Directive (which has been implemented in the UK through the UK Banking Act), the Authorities can independently resolve a London branch of a third country entity (such as the Bank's London branch) even if it is not subject to third country resolution action (including resolution proceedings of the Canadian authorities), or where the Authorities have refused to recognise or enforce third country resolution action.

Under the SRR, the Authorities can make a statutory instrument that provides for the exercise of the stabilisation options. The stabilisation options include: (i) private sector purchaser option;(ii) bridge bank option; (iii) asset management vehicle option; (iv) bail-in option; and (v) temporary public sector ownership option. Exercise of the SRR options is possible where the relevant Authorities are acting to support or give full effect to a resolution carried out by the Canadian resolution authority and the Authorities' actions may include actions such as transferring assets located in the UK to a purchaser under the Canadian equivalent of a sale of business tool, or to a bridge bank in Canada.

If the Authorities independently resolved the London branch of a third country entity , their stabilisation options are limited to the 'business of the UK branch' and are: (i) to transfer some or all of the assets, rights and liabilities to a private sector purchaser, bridge bank or asset management vehicle; and (ii) to bail-in liabilities (including the Exempt Notes) in connection with the transfer to the private-sector purchaser, bridge bank or asset management vehicle (the "**IRUKBPs**").

The concept of the 'business of the UK branch' is defined as: (i) any rights and liabilities of the third-country institution arising as a result of the operations of the UK branch; and (ii) any other property in the UK of the third-country institution. The Exempt Notes will be considered to be within the business of the branch where they arise 'as a result of the operations of the Bank's London branch'. Where the Exempt Notes are issued in the name of the Bank's London branch and/or are otherwise part of the business of the branch, for example, through being included within the London branch's return form (a type of semi-annual account for the branch) to the PRA it is likely that such Exempt Notes will be considered by the Authorities to be within the "business of the branch". However, these powers are untested, and if there is an adequate degree of operational involvement by the Bank's London branch in an issuance, there is a risk that the Authorities may consider such Exempt Notes issued by the Bank in Canada to be within the "business of the branch" due to the broad definition of this term.

Risks for Noteholders

Noteholders may be subject to the relevant powers listed above, which may result in such Noteholders losing some or all of their investment. As at the date of this Offering Circular, the Authorities have not exercised any powers under the SRR in respect of either the Bank or the Bank's London branch and there has been no indication that they will do so. However, there can be no assurance that this will not change and any exercise of any power under the SRR or any suggestion of such exercise could, therefore, adversely affect the rights of the Noteholders, the price or value of their investment in the Exempt Notes and/or the ability of the Bank to satisfy its obligations under the relevant Exempt Notes.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR.

The SRR may be triggered prior to insolvency of the Bank

The purpose of the SRR is to address the situation where all or part of the business of a third country entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns in the UK, and so to provide the Authorities with the appropriate powers to transfer (and then write down where necessary) those rights and liabilities of the branch of the third country entity.

Where support is given in third country resolution actions, under the UK Banking Act, the Authorities must have regard to the Special Resolution Objectives, including Special Resolution Objective 8 which applies when using or considering the use of their powers. Alternatively, the Authorities may exercise the IRUKBPs if at least one of the following apply: (a) the PRA is satisfied that Condition 1 is met, and the Bank of England is satisfied that Conditions 2, 4 and 5 are met; or (b) the Bank of England is satisfied that Conditions 3 and 4 are met; or (c) the Bank of England is satisfied that Condition 4 is met and Condition 5 is met by virtue of its first limb (Condition 5(a)).

The Conditions referred to above are as follows: Condition 1: The Bank is failing or likely to fail (i.e. failing to satisfy the threshold conditions or the Bank or its London branch being unable or unwilling to pay debts or liabilities owed to EEA creditors or otherwise arising from the business of the branch as they fall due); Condition 2: It is not reasonably likely that action will be taken by or in respect of the Bank that will result in Condition 1 above ceasing to be met; Condition 3: Either: (a) the third-country entity is unable or unwilling, or is likely in the near future to be unable or unwilling, to pay its debts or other liabilities owed to EEA creditors or otherwise arising from the business of the branch as they fall due; and (b) no Canadian resolution action has been taken, or other normal insolvency proceedings initiated, and it is not likely in the near future that resolution action will be taken or proceedings initiated; Condition 4: Making a property transfer instrument is necessary having regard to public interest in the advancement of one or more resolution objectives; and Condition 5: Either: (a) Canadian resolution action has been taken (or the Authorities have been notified that action will be taken) and the Authorities have refused or propose to refuse to recognise such action; or (b) Canadian resolution action has not been, and is not likely to be, taken in relation to the Bank. It is therefore possible that the IRUKBPs could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

A partial transfer of business of the Bank's London branch may result in a deterioration of the Bank's creditworthiness

If the Bank's London branch were made subject to the IRUKBPs, and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Bank's London branch (which may include the Exempt Notes) will result in a deterioration in the creditworthiness of the Bank and, as a result, increase the risk that it will be unable to meet its obligations in respect of the Exempt Notes and/or eventually become subject to administration or insolvency proceedings. In such circumstances, Noteholders may have a claim for compensation under compensation schemes in Canada, but there can be no assurance that the Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

Depositor preference

In addition, amendments to the UK Insolvency Act 1986 have introduced changes to the treatment and ranking of certain preferential debts with the result that certain eligible deposits will rank in priority to the claims of ordinary (i.e. non-preferred) unsecured creditors in the event of an insolvency. This means that if

the Notes are transferred to another entity subject to the UK Banking Act in the UK under the IRUKBPs, the claims of Noteholders would rank junior to the claims in respect of liabilities afforded preferred status and accordingly, in the event of insolvency or resolution of that UK entity, Exempt Notes would be available to absorb losses ahead of liabilities which benefit from such preference.

As at the date of this Offering Circular, the relevant Authorities have not made an instrument or order under the UK Banking Act in respect of the Bank or the Bank's London branch and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that the Noteholders will not be adversely affected by any such order or instrument if made.

The UK Banking Act may be subject to change as a result of the proposed changes to the European Bank Recovery and Resolution Directive. There may also be significant revisions to the UK Banking Act as a result of Brexit. For example, in certain circumstances, references to EEA creditors may be amended to refer to only UK creditors. The nature of such changes is currently uncertain but may have a material impact on the nature of the risks outlined in this Offering Circular.

Risks related to the structure of a particular issue of Exempt Notes

A wide range of Exempt Notes may be issued under the Programme. Some Exempt Notes may be complex financial instruments which may have features that contain particular risks for potential investors. A potential investor should not invest in Exempt Notes which are complex financial instruments unless such investor has the expertise (either alone or with a financial advisor) to evaluate how the Exempt Notes will perform under changing conditions, the resulting effect on the value of the Exempt Notes and the impact this investment will have on the potential investor's overall investment portfolio. Set out below is a description of the most common of such features.

Optional redemption by the Bank

An optional redemption feature of Exempt Notes is likely to limit their market value and could reduce secondary market liquidity. During any period when the Bank may elect to redeem Exempt Notes, the market value of those Exempt Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Pricing Supplement provides for an Issuer Call Option, the Bank may redeem all or some of the Exempt Notes in its sole discretion when its cost of borrowing is lower than the interest rate on the Exempt Notes. At those times, a holder of an Exempt Note generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Exempt Notes being redeemed and may only be able to do so at a significantly lower rate. Potential purchasers should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Bank may issue Exempt Notes with principal, premium or interest determined by reference to an index or formula, to changes in the prices of equity or other securities, to movements in currency exchange rates or other financial variables (each, a "**Relevant Factor**"). In addition, the Bank may issue Exempt Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Notes are denominated. An investment in such Exempt Notes entails significant risks that are not associated with similar investments in a conventional fixed rate or floating rate debt security and in some circumstances the value of the Exempt Notes may be less than the principal amount of the Exempt Notes and may be zero in which case a potential investor may lose some or all of the amount it invested in the Exempt Notes. Potential investors should be aware that:

(i) the Exempt Notes may not be conventional debt securities and, accordingly, the market price of such Exempt Notes may be volatile;

(ii) investors may receive no interest or they may receive interest at a rate that is significantly less than that payable on a conventional fixed rate or floating rate debt security issued at the same time;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected, including that the currency of principal or interest payments may be different from the currency a potential investor's financial activities are principally denominated in;

(iv) if the principal of and/or premium on such an Exempt Note is so indexed, the amount of principal and/or premium payable in respect thereof may be less than the original purchase price of such Exempt Note and less than the nominal or face amount of such Exempt Notes, and the amount of principal and/or premium payable may even be zero;

(v) investors should be willing to hold these Exempt Notes until the maturity date as the secondary market for such Exempt Notes may be limited or non-existent and if there is a limited secondary market then the lack of demand may reduce the market price at which Exempt Notes may be sold prior to maturity;

(vi) the market price will be affected by a number of factors independent of the creditworthiness of the Bank and will depend on the value of the applicable Relevant Factor as well as the volatility of the applicable Relevant Factor, the specific terms and time remaining to the maturity of such Exempt Notes, the amount outstanding of such Exempt Notes, market interest rates and the market for other types of related and unrelated financial instruments;

(vii) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and may depend on a number of complex and interrelated factors over which the Bank has no control, including, without limitation, economic, financial and political events. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to such Exempt Notes contains a multiplier or leverage factor, the effect of any change in the Relevant Factor will be increased (or decreased if the multiplier or relevant factor is less than one) and this increase (or decrease) may be significant; and

(viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of the relevant currencies, interest rates, equities, index or other financial variables should not be taken as an indication of future performance of such currencies, interest rates, equities, index, or other financial variables during the term of any Exempt Note. Prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in such Exempt Notes and the suitability of such Exempt Notes in light of their particular circumstances. Neither the Bank nor the Dealers make any recommendation as to whether the Exempt Notes are a suitable investment for any person.

Partly Paid Notes

The Bank may issue Exempt Notes where the issue price is payable in more than one instalment ("**Partly Paid Notes**"). Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable interest rate Exempt Note with a multiplier or other leverage factor

Exempt Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Exempt Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Exempt Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Exempt Notes.

Floating Rate Notes with caps or floors

Notes with variable interest rates can be volatile investments. If they are structured to include caps or floors, or other leverage multipliers or factors or other similar related features, their market values may be even more volatile than those of securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. If the rate converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the other Exempt Notes. If the rate converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates payable on the Exempt Notes.

Range Accrual Notes

If the Exempt Notes include a "range accrual" feature ("**Range Accrual Notes**") then interest will only be paid if the level of the underlying interest rates on the relevant valuation date(s) is at or above one or more specific lower barrier(s) and, if applicable, also at or below one or more specified upper barrier(s). It is possible that such level of the underlying interest rates on the relevant valuation date(s) will not be at or above the lower barrier(s) or, if applicable, not be within the range during the relevant interest determination period and, therefore, no interest will be payable on the relevant interest payment date. This means that the amount of interest payable to a Noteholder over the term of the Range Accrual Notes may vary and may be zero.

Fixed Rate Reset Notes

A holder of Senior Notes with a fixed rate of interest that will periodically reset during the term of the relevant Senior Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fixed Rate Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to be the sum of (i) the applicable Mid-Swap Rate, Benchmark Gilt Rate or Reference Bond Rate and (ii) the relevant Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the

Subsequent Reset Rate for prior Reset Periods and could affect the value of an investment in the Fixed Rate Reset Notes.

Regulation and reform of LIBOR and EURIBOR and any other benchmark indices could adversely affect any Exempt Notes linked to such "benchmarks"

The London Interbank Offered Rate ("LIBOR"), Euro Interbank Offered Rate ("**EURIBOR**"), Canadian Dollars Offered Rate ("**CDOR**"), CNH Hong Kong interbank offered rate ("**CNH HIBOR**"), Hong Kong interbank offered rate ("**HIBOR**"), the Relevant Swap Rate (as defined in the Conditions) and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Exempt Notes linked to such a "benchmark".

Regulation (EU) 2016/1011, as amended from time to time (the "**Benchmark Regulation**") was published in the Official Journal of the European Union on June 29, 2016 and has applied from January 1, 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since June 30, 2016). The Benchmark Regulation could have a material impact on any Exempt Notes linked to LIBOR, EURIBOR, CDOR, CNH HIBOR, HIBOR or the Relevant Swap Rate, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete.

As an example of such benchmark reforms, on July 27, 2017, the FCA, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions of the Conditions (as further described in Condition 4(n) (Benchmark Discontinuation)), or result in other consequences, in respect of any Exempt Notes linked to such benchmark (including but not limited to Exempt Notes whose interest rates are linked to LIBOR or any other such benchmark which is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Exempt Notes, the return on the relevant Exempt Notes and the trading market for securities based on the same benchmark.

In addition, on November 29, 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Alternative risk free rates have been identified in a number of other markets. For example, in the United States of America, the Alternative Reference Rate Committee ("**ARRC**") recommended the Secured Overnight Financing Rate ("**SOFR**") as the replacement rate for USD-LIBOR and has a paced transition plan for developing SOFR markets.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On September 13, 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on January 21, 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system. The Conditions provide for certain fallback arrangements in the event of a Benchmark Event (as defined in the Conditions) (including where a published benchmark, such as LIBOR or EURIBOR (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, or where the Bank, the Principal Paying Agent or the Calculation Agent are no longer permitted lawfully to calculate interest on any Exempt Notes by reference to such an Original Reference Rate under the Benchmarks Regulation or otherwise), including the possibility that the rate of interest could be determined by the Bank in consultation with an Independent Adviser (if any) (as defined below) (and if the Bank is unable to appoint an Independent Adviser or unable to make the relevant determination in consultation with an Independent Adviser, determined by the Bank itself) and set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. However, it may not be possible to determine or apply any such adjustment and even if an adjustment is applied, such adjustment may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment can be determined, a successor rate or alternative rate may nonetheless be used to determine the Rate of Interest. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Fixed Rate Reset Notes, the application of the Reset Rate for the preceding Reset Period or, in the case of the First Reset Date, the Initial Rate of Interest applicable to such Exempt Notes on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser or the Bank, the relevant fallback provisions may not operate as intended at the relevant time.

Any of the above consequences could have a material adverse effect on the value of and return on any such Exempt Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Bank to meet its obligations under the Floating Rate Notes or Fixed Rate Reset Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Fixed Rate Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Rate Reset Notes.

Exempt Notes issued at a substantial discount or premium may experience significant price volatility in response to changes in interest rates

The issue price of Exempt Notes specified in the applicable Pricing Supplement may be more than the market value of such Exempt Notes as of the issue date, and the price, if any at which a Dealer or any

other person willing to purchase the Exempt Notes in secondary market transactions may be lower than the issue price.

The market values of Exempt Notes issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Exempt Notes. If market interest rates increase, such Exempt Notes can suffer higher price losses as compared to conventional interest-bearing Exempt Notes having the same maturity and credit rating. Generally, the longer the remaining term of the Exempt Notes, the greater the price volatility as compared to conventional interest-bearing Exempt Notes with comparable maturities and credit.

Investors who hold less than the minimum Specified Denomination (including after a partial Bail-in Conversion or any other resolution action) may be unable to sell their Exempt Notes and may be adversely affected if definitive Exempt Notes are subsequently required to be issued

In relation to any issue of Exempt Notes which have denominations consisting of a minimum Specified Denomination and may be tradeable in the clearing systems in the minimum Specified Denomination and one or more higher integral multiples of another smaller amount, it is possible that such Exempt Notes may be traded in the clearing systems in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In addition, in the case of a partial Bail-in Conversion of Bail-inable Notes or any resolution action in respect of Senior Notes generally, a holder may as a result of such partial Bail-in Conversion and any other resolution action end up with an amount that is less than a Specified Denomination. In such a case, a holder who, as a result of trading such amounts or such partial Bail-in Conversion and any other resolution action, holds an amount that is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Exempt Notes at, or in excess of, the minimum Specified Denomination such that it is holding amounts to at least the minimum Specified Denomination. Further, a holder who, as a result of trading such amounts or such partial Bail-in Conversion and any other resolution action, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Exempt Note in respect of such holding (should definitive Exempt Notes be printed) and would need to purchase a principal amount of Exempt Notes at or in excess of the minimum Specified Denomination such that it is holding amounts to a Specified Denomination before definitive Exempt Notes are issued to such holders.

If definitive Exempt Notes are issued, holders should be aware that definitive Exempt Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes

Where the applicable Pricing Supplement for a Series of Exempt Notes specifies that the interest rate for such Exempt Notes will be determined by reference to SONIA, interest will be determined on the basis of Compounded Daily SONIA (as defined in the Terms and Conditions of the Exempt Notes). Compounded Daily SONIA differs from sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that sterling LIBOR and SONIA may behave materially differently as interest reference rates for Exempt Notes. The use of SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Exempt Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from sterling LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions as applicable to Exempt Notes referencing a SONIA rate that are issued under this Offering Circular. Furthermore the Bank may in the future issue Exempt Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA referenced Exempt Notes issued by it under the Programme. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Exempt Notes issued under the Programme from time to time.

Furthermore, interest on Exempt Notes which reference Compounded Daily SONIA is only capable of being determined immediately or shortly prior to the relevant Interest Payment Date. It may be difficult for investors in Exempt Notes which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on such Exempt Notes, and some investors may be unable or unwilling to trade such Exempt Notes without changes to their information technology systems, both of which could adversely impact the liquidity of such Exempt Notes. Further, in contrast to LIBOR-based Exempt Notes, if Exempt Notes referencing Compounded Daily SONIA become due and payable as a result of an event of default under Condition 10, or are otherwise redeemed early on a date other than an Interest Payment Date, the rate of interest payable for the final Interest Period in respect of such Exempt Notes shall only be determined immediately or shortly prior to the date on which the Exempt Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Exempt Notes referencing Compounded Daily SONIA.

Exempt Notes denominated in Renminbi are subject to additional risks

Exempt Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including:

Renminbi is not completely freely convertible and this may adversely affect the liquidity of the Exempt Notes; the availability of RMB funds for servicing the Exempt Notes may be subject to future limitations imposed by the PRC government.

Renminbi is not completely freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies. However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system.

Currently, participating banks in Hong Kong and a number of other jurisdictions have been permitted to engage in the settlement of current account trade transactions in Renminbi. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Although, effective from October 1, 2016 the Renminbi was included in the Special Drawing Right basket as the fifth currency, (along with the U.S. dollar, the euro, Japanese yen and sterling) and policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China (the "**PBoC**") in 2018, there is no assurance that the PRC government will continue to liberalise control over cross-border Renminbi remittances in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. If the Bank decided to remit some or all of the proceeds of issue of RMB Notes into the PRC in Renminbi, its ability to do so will be subject to obtaining (without guarantee) all necessary approvals from, or registration with, the relevant PRC government authorities. If the Bank does remit some or all of the proceeds of issue of RMB Notes into the PRC in Renminbi and the Bank subsequently is not able to repatriate funds outside the PRC in Renminbi, this may affect the ability of the Bank to source Renminbi to perform its obligations under the RMB Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB Notes and the Bank's ability to source Renminbi outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Whilst the PBoC has established Renminbi clearing and settlement mechanisms and entered into agreements on the clearing of Renminbi business with financial institutions that have been permitted to engage in the settlement of current account trade transactions in Renminbi in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong, Singapore and London, the current size of Renminbi denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The RMB Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Bank's RMB Notes. To the extent the Bank is required to source Renminbi in the offshore market to service its RMB

Notes, there is no assurance that the Bank will be able to source such Renminbi on satisfactory terms, if at all.

An investment in the RMB Notes is subject to exchange rate risks

The value of the Renminbi against the euro and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily midpoint against the U.S. dollar to take into account market-maker quotes before announcing such daily midpoint. This change and others that may be implemented may increase the volatility in the value of the Renminbi against other currencies. Except in the limited circumstances as described in the Conditions, the Bank will make all payments of interest and principal with respect to the RMB Notes in Renminbi. As a result, the value of these Renminbi payments in euro or other applicable foreign currency terms may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the euro or other applicable foreign currency, the value of a Noteholder's investment in euro or other applicable foreign currency terms will decline.

An investment in the RMB Notes is subject to currency risk

If the Bank is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the RMB Notes when due, in whole or in part, in Renminbi in the relevant RMB Settlement Centre(s) as a result of Inconvertibility, Non-transferability or Illiquidity, the Bank shall be entitled, on giving not less than five nor more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment, in whole or in part, in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal amount otherwise payable in Renminbi, as the case may be. See also "Exchange rate risks and exchange controls" below.

Payments with respect to the RMB Notes may be made only in the manner designated in the RMB Notes

Holders of beneficial interests in the RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) (as defined in the Conditions).

All Renminbi payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and procedures of those clearing systems or (ii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Bank cannot be required to make payment in relation to RMB Notes by any other means (including in any other currency or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the RMB Notes

In considering whether to invest in the RMB Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of a Noteholder's investment in the RMB Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those RMB Notes.

Risks related to payment on the Exempt Notes in an Alternative Currency

The Bank's primary obligation is to make all payments of interest, principal and other amounts with respect to Exempt Notes in the relevant Specified Currency. However, if Alternative Currency Payment is specified to be applicable to the Exempt Notes and if access to the Specified Currency becomes restricted, the Bank will be entitled to make any such payment in the Alternative Currency at the rates, and in the manner, set out in Condition 6(f).

In such case, the value of the Exempt Notes could therefore be affected by fluctuations in the value of the Specified Currency, as compared to the Alternative Currency. There is a risk that the exchange rate (or the exchange rates) used to determine the Alternative Currency amount of any payments in respect of the Exempt Notes may significantly change (including changes due to devaluation or revaluation of the Specified Currency) or that authorities with jurisdiction over such currencies could cause a decrease in (1) the Alternative Currency equivalent yield on the Exempt Notes, (2) the Alternative Currency equivalent value of the amount payable in respect of any other amount payable on the Exempt Notes and (3) the Alternative Currency equivalent market value of the Exempt Notes. Therefore, there is a possibility that the Alternative Currency value of the Exempt Notes at the time of any sale or payment, as the case may be, of the Exempt Notes may be below the Alternative Currency value of the Exempt Notes on investing, depending on the exchange rate at the time of any such sale or payment, as the case may be.

Notes issued as "sustainable bonds" may not be a suitable investment for all investors seeking exposure to sustainable, green, and/or social assets

The Bank may issue Notes under the Programme where the use of proceeds is specified in the applicable Pricing Supplement for a Series of Notes as being Sustainable Bonds and/or for the financing and/or refinancing, in whole or in part, of future and/or existing eligible businesses and eligible projects, including the Bank's own operations that promote sustainable, environmentally friendly and/or social activities as may be specified in the applicable Pricing Supplement (see further under "Use of Proceeds") (any such Notes, "**Sustainable Bonds**").

The Bank will exercise its judgement and sole discretion in determining the businesses and projects that will be financed by the proceeds of Sustainable Bonds. If the use of the proceeds of Sustainable Bonds is a factor in an investor's decision to invest in Sustainable Bonds, they should consider the disclosure in "Use of Proceeds" set out in the applicable Pricing Supplement for the relevant Series of Notes and this Offering Circular and consult with their legal or other advisers before making an investment in Sustainable Bonds. While it is the intention of the Bank, no assurance is given by the Bank, the Arrangers or the Dealers that any of the businesses and projects funded with the proceeds from Sustainable Bonds will meet any environmental, sustainability, social and/or other criteria ("**Sustainability Criteria**") or an investor's expectations or requirements, whether as to sustainability impact or outcome or otherwise.

Furthermore, while the intention of the Bank is to apply the net proceeds of the relevant Sustainable Bonds as may be described in "Use of Proceeds" set out in the applicable Pricing Supplement for the relevant Series of Notes and this Offering Circular, there is no contractual obligation to allocate the proceeds of such Sustainable Bonds to finance eligible businesses and projects or to provide annual progress reports as may be described therein.

The Bank's failure to so allocate or report, the failure of any of the businesses and projects funded with the proceeds from Sustainable Bonds to meet any Sustainability Criteria, the failure of external assurance providers to opine on the Sustainable Bonds' conformity with any Sustainability Criteria, or the cessation of the listing or admission of Sustainable Bonds to trading on any dedicated "sustainable", "green", "environmental", "social" or other equivalently-labelled segment of any stock exchange or securities market

(where applicable) will not constitute an Event of Default with respect to the relevant Sustainable Bonds or give rise to any other claim by a holder of such Sustainable Bonds against the Bank. Any such failure may affect the value of the relevant Sustainable Bonds and/or have adverse consequences for certain investors with portfolio mandates to invest in sustainable or green assets or for a particular purpose.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “sustainable”, "green", “social” or an equivalently labelled project or business, nor as to what precise attributes are required for a particular project or business to be defined as “sustainable”, "green", “social” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, while it is the intention of the Bank, no assurance is or can be given by the Bank, the Arrangers or the Dealers to investors that any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from Sustainable Bonds will meet any or all investor expectations regarding such “sustainable”, "green", “social” or other equivalently-labelled performance objectives or that any adverse sustainable, environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from Sustainable Bonds.

None of the Bank, the Arrangers or the Dealers makes any representation as to the suitability of the Sustainable Bonds to fulfil any Sustainability Criteria required by prospective investors, or as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) which may be made available in connection with the issue of Sustainable Bonds. For the avoidance of doubt, no Sustainability Criteria, report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) is, nor shall they be deemed to be, incorporated in and/or form part of this Offering Circular. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Bank, the Arrangers, the Dealers or any other person to buy, sell or hold Sustainable Bonds. Any report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) is only current as at the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Sustainable Bonds. The providers of such reports, assessments, opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. None of the Arrangers or the Dealers have undertaken, nor are they responsible for, any assessment of any framework or eligibility criteria for the Sustainable Bonds, any verification of whether any of the businesses or projects meet any applicable eligibility criteria, or the monitoring of the use of proceeds of the Sustainable Bonds.

If Sustainable Bonds are at any time listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable”, “social” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, any Arranger, any Dealer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect sustainablity, environmental or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from Sustainable Bonds. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Bank, any Arranger, any Dealer or any other person that any such listing or admission to trading will be obtained in respect of Sustainable Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the relevant Sustainable Bonds.

While it is the intention of the Bank to apply the net proceeds of any Sustainable Bonds and (where applicable) obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in "Use of Proceeds" set out in the applicable Pricing Supplement and this Offering Circular, there can be no assurance that the Bank will be able to do this. Nor can there be any assurance that any eligible projects (where applicable) will be completed within any specified period or at all or with the results or outcome (whether or not related to sustainability) as originally expected or anticipated by the Bank. None of the Arrangers or Dealers will verify or monitor the application of proceeds of any Sustainable Bonds during the life of the relevant Sustainable Bonds.

Any such event or failure to apply the net proceeds of any issue of Sustainable Bonds for any eligible businesses or projects or to obtain and publish any such reports, assessments, opinions and certifications, or any withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such Sustainable Bonds no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid (where applicable), may have a material adverse effect on the value of such Sustainable Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to the Exempt Notes generally

Set out below is a brief description of certain risks relating to the Exempt Notes generally:

Modification, Waivers and Substitution

The Terms and Conditions of the Exempt Notes contain a provision for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind (and to modify or waive certain Terms and Conditions of the Exempt Notes or covenants and agreements made by the Bank) all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, provided that an amendment, modification or variance that may affect the eligibility of the Bail-inable Notes to continue to be treated as TLAC, or any changes pursuant to the benchmark discontinuation provisions in Condition 4(n) that would change the effective maturity date of the Bail-inable Notes, shall be of no effect unless the prior approval of the Superintendent has been obtained. The Terms and Conditions of the Exempt Notes also provide that if the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by an Exempt Note upon and subject to the provisions set forth in Condition 18.

In addition, pursuant to Condition 4(n), certain changes may be made to the Interest Calculation provisions of the Floating Rate Notes or Fixed Rate Reset Notes in the circumstances set out in Condition 4(n), without the requirement for the consent of the Noteholders. See *"Regulation and reform of LIBOR and EURIBOR and any other benchmark could adversely affect the value of any Exempt Notes linked to such "benchmarks"".*

Canadian bank resolution powers confer substantial powers on Canadian authorities designed to enable them to take a range of actions in relation to the Bank where a determination is made that the Bank has ceased, or is about to cease, to be viable and such viability cannot be restored or preserved, which if taken could result in Noteholders or beneficial owners of Exempt Notes being exposed to losses

Under the CDIC Act, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after providing the Bank with a

reasonable opportunity to make representations, is required to provide a report to CDIC, Canada's resolution authority. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance to recommend that the Governor in Council (Canada) make an Order (as defined below) and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council (Canada) make, and on such recommendation, the Governor in Council (Canada) may make, one or more of the following orders (each an "**Order**"):

- vesting in CDIC the shares and subordinated debt of the Bank specified in the Order (a "**Vesting Order**");

- appointing CDIC as receiver in respect of the Bank (a "**Receivership Order**");

- if a Receivership Order has been made, directing the Minister of Finance to incorporate a federal institution designated in the Receivership Order as a bridge institution wholly-owned by CDIC and specifying the date and time as of which the Bank's deposit liabilities are assumed by such bridge institution (a "**Bridge Bank Order**"); or

- if a Vesting Order or Receivership Order has been made, directing CDIC to carry out a conversion, by converting or causing the Bank to convert, in whole or in part – by means of a transaction or series of transactions and in one or more steps – the shares and liabilities of the Bank that are subject to the Bail-in Regime into common shares of the Bank or any of its affiliates (a "**Conversion Order**").

Following a Vesting Order or a Receivership Order, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers under that Order, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank.

Under a Bridge Bank Order, CDIC has the power to transfer the Bank's insured deposit liabilities and certain assets and other liabilities of the Bank to a bridge institution. Upon the exercise of that power, any assets and liabilities of the Bank that are not transferred to the bridge institution would remain with the Bank, which would then be wound up. In such a scenario, any liabilities of the Bank, including any outstanding Exempt Notes, that are not assumed by the bridge institution could receive only partial or no payment in the ensuing wind-up of the Bank.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of Exempt Notes being exposed to losses.

Exempt Notes may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada

The Bank has operations in a number of countries outside of Canada, including in particular the United States and the UK. In accordance with the Financial Stability Board's "Key attributes of effective Resolution Regimes for Financial Institutions" dated October 15, 2014, local resolution authorities should have resolution powers over local branches of foreign firms and the capacity to use their powers either to support a resolution carried out by a foreign home authority (for example, by ordering a transfer of property located in its jurisdiction to a bridge institution established by the foreign home authority) or, in exceptional cases, to take measures on its own initiative where the foreign home authority is not taking action or acts in a manner that does not take sufficient account of the need to preserve the local jurisdiction's financial stability or where other relevant conditions are met.

The UK has implemented such powers and, as such, they may apply to the Bank's London branch. It is therefore possible that resolution authorities in countries where the Bank has branches or assets, including the United States and the UK, may adversely affect the rights of holders of the Exempt Notes (particularly those governed by local law where the Branch of Account specified in the applicable Offering Circular is in the relevant local jurisdiction), including by using any powers they may have to write down or convert the Exempt Notes. For further information on the risks related to the use of resolution powers by authorities in the UK, please see "*UK resolution risks applicable to the Exempt Notes*" above.

Change of Law

The Terms and Conditions of the Exempt Notes are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein in effect as at the date of issue of the relevant Exempt Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or administrative practice after the date of issue of the relevant Exempt Notes. Such changes in law may include, but are not limited to, changes in statutory, tax and regulatory regimes during the life of the Exempt Notes.

Change of Tax Law

Statements in this Offering Circular concerning the taxation of investors are of a general nature and are based upon current tax law and published government or administrative practice in the jurisdictions stated. Such law and government or administrative practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect Investors.

In addition, any change in the Bank's tax status or in taxation legislation or government or administrative practice in a relevant jurisdiction could adversely impact (i) the ability of the Bank to service the Exempt Notes and (ii) the market value of the Exempt Notes.

Criminal Rate of Interest

All Notes issued under the Programme are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Criminal Code (Canada) prohibits the receipt of "interest" at a "criminal rate" (namely, an effective annual rate of interest that exceeds 60 per cent.). Accordingly, the provisions for the payment of interest or a Final Redemption Amount in excess of the aggregate nominal amount of the Exempt Notes may not be enforceable if the provision provides for the payment of "interest" in excess of an effective annual rate of interest of 60 per cent.

Exempt Notes in NGN form

The NGN form allows for Exempt Notes being issued and held in a manner which would permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. As at the date of this Offering Circular (and since April 16, 2018) Notes issued by the Bank do not meet the Eurosystem eligibility criteria and so would not currently be recognised as eligible collateral. Investors who wish to use interests in NGN as eligible collateral with the Eurosystem should make their own assessment as to whether the Exempt Notes meet such Eurosystem eligibility criteria at the relevant time.

No obligation to maintain listing

The Bank is not under any obligation to Noteholders to maintain any listing of Exempt Notes and may, in good faith, determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Exempt Notes provided it uses its reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Exempt Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate (including a market which is not a Regulated Market or a market outside the EEA), provided such other stock exchange shall be commonly used for the listing and trading of debt securities in the international bond markets.

Although there is no assurance as to the liquidity of any Exempt Notes as a result of the listing on any market, de-listing such Exempt Notes may have a material effect on an investor's ability to (i) continue to hold such Exempt Notes or (ii) resell the Exempt Notes in the secondary market.

Interests of the Dealers

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business without regard to the Noteholders.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Exempt Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Bank or any of its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers without regard to the effect on the Bank's business or profitability, or to the Noteholders. Such investments and securities activities may involve securities and/or instruments of the Bank or the Bank's affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Exempt Notes issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Potential conflicts of interest

Where the Calculation Agent is the Bank or an affiliate of the Bank, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Exempt Notes that may influence the amount receivable in respect of the Exempt Notes. In addition to providing calculation agency services to the Bank, the Calculation Agent and/or any of its affiliates may perform further or alternative roles relating to the Bank and any Series of Exempt Notes including, but not limited to, for example, making certain other determinations with regard to the Exempt Notes, indices, underlyings or otherwise, and/or being involved in arrangements relating to any underlying(s) (for example in the case of a proprietary index for example, as index sponsor). Furthermore, the Calculation Agent and/or any of its affiliates may contract with the Bank

and/or enter into, or be interested in, transactions which relate to the Bank or the Exempt Notes or any underlying and/ or trading activities related to the reference rates or assets that are not for the account of Noteholders or on their behalf. As a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its affiliates' interests in other capacities, for example, facilitating transactions, including block trades and options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the price or the level of the reference rates or assets, could be adverse to the interests of the Noteholders. Subject to all regulatory obligations, none of the Bank, the Calculation Agent or their respective affiliates in respect of the Exempt Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder. The Calculation Agent shall not have any responsibility to any Noteholder for any errors or omissions in any calculations or determinations in respect of the Exempt Notes and does not assume any obligations towards or relationship of agency or trust for or with any Noteholder.

The Bank, the Calculation Agent and/or any of their respective affiliates may be the sponsor of an underlying index and may publish values or prices in respect of such index. The Bank, the Calculation Agent and/or any of their respective affiliates may also from time to time engage in transactions involving such index or the underlying constituents for such index for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. The Bank, the Calculation Agent and/or any of their respective affiliates may also issue other derivative instruments in respect thereof. The Bank, the Calculation Agent and/or any of their respective affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies or companies whose securities are underlying constituents of the index in respect of one or more issues of Exempt Notes or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the underlying constituents of such index and consequently upon the value of the Exempt Notes.

The Bank, the Calculation Agent and/or any of their respective affiliates may have previously published, and may in the future publish, research reports relating to any index or its underlying constituents. The views expressed in this research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Exempt Notes. Any of these activities may affect the levels, values or prices of the index and its underlying components and, therefore, the market value of the Exempt Notes. Moreover, other professionals who deal in these markets may at any time have views that differ significantly from the Bank, the Calculation Agent and/or any of their respective affiliates.

The Bank, the Calculation Agent, the Dealers and/or any of their respective affiliates may at the date hereof or at any time hereafter be in possession of information in relation to an underlying constituent of an index in respect of Exempt Notes that is or may be material and may or may not be publicly available to Noteholders. There is no obligation on any of the Bank, the Calculation Agent, the Dealers and/or any of their respective affiliates to disclose to any potential investors in Exempt Notes or to Noteholders any such information.

The Bank, the Calculation Agent, the Dealers and/or any of their respective affiliates may have existing or future business relationships with the issuer of, or other entity associated with, any underlying constituent of an index in respect of Exempt Notes (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Bank liable to make payments when due on the Exempt Notes; no deposit insurance

The Bank is liable to make payments when due on the Exempt Notes. The Exempt Notes, which constitute deposit liabilities of the Bank for purposes of the Bank Act, will not be insured under the Canada Deposit Insurance Corporation Act or any other governmental insurance scheme of any other country, and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and rank at least pari passu with all other unsubordinated and unsecured obligations of the Bank, present and future (except as otherwise prescribed by law and subject to the exercise of bank resolution powers) and without any preference among themselves.

Section 871(m) withholding may affect payments on the Exempt Notes

Section 871(m) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and U.S. Treasury regulations promulgated thereunder impose a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments (such instruments, "**Specified Notes**") if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation-Section 871(m)*".

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified Notes are subject to a different grandfathering rule than other Notes. Prospective investors should refer to the section "Taxation-U.S. Foreign Account Tax Compliance Act".

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Exempt Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Exempt Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed liquid secondary market. This is particularly the case for Exempt Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors (such as Index Linked Notes) or for Exempt Notes which are not listed on any stock exchange or for Exempt Notes the outstanding number of which is very low. These types of Exempt Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Exempt Notes. Accordingly, the Exempt Notes should not be viewed as trading instruments and investors should be prepared to hold the Exempt Notes to maturity. In addition, liquidity may be limited if the Bank makes large allocations to a limited number of investors.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a potential lack of liquidity in the secondary market for instruments similar to the Exempt Notes. Such a lack of liquidity may result in Noteholders suffering losses in secondary market resales even if there is no decline in the performance of the assets of the Bank. The Bank cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Exempt Notes and instruments similar to the Exempt Notes at that time.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Euro-zone, or the potential dissolution of the euro entirely, could adversely affect the value of the Exempt Notes

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "**EFSF**") and the European Financial Stability Mechanism (the "**EFSM**") to provide funding to Euro-zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro-zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "**ESM**"), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro-zone countries. As of July 1, 2013, the ESM is the sole and permanent mechanism for responding to new requirements for financial assistance by Euro-zone countries. Despite these measures, concerns persist regarding the debt burden of certain Euro-zone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Exempt Notes.

Exchange rate risks and exchange controls

The Bank will pay principal and interest on the Exempt Notes in (a) the Specified Currency, or (b) if Alternative Currency Payment is specified to be applicable to the Exempt Notes, the Alternative Currency or (c) if the alternative currency payment provisions applicable to the RMB Notes are triggered, U.S. dollars (such relevant currency of payment being, the "**Settled Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Settled Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settled Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settled Currency would decrease (1) the Investor's Currency-equivalent yield on the Exempt Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Exempt Notes and (3) the Investor's Currency-equivalent market value of the Exempt Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Fixed Rate Notes bear interest at a fixed rate, which may affect the secondary market value and/or the real value of the Exempt Notes over time due to fluctuations in market interest rates and the effects of inflation

Investment in Fixed Rate Notes bear interest at a fixed rate. Investors should note that (i) if market interest rates start to rise then the income to be paid on Fixed Rate Notes might become less attractive and the price the investors may get if they sell such Fixed Rate Notes could fall (however, the market price of the Fixed Rate Notes has no effect on the interest amounts due on the Fixed Rate Notes or what investors will be due to be repaid on the Maturity Date if the Fixed Rate Notes are held by the investor until they mature) and (ii) inflation will reduce the real value of the Fixed Rate Note over time which may affect what investors can buy with the investments in the future and which may make the fixed interest rate on the Fixed Rate Notes less attractive in the future.

Credit ratings might not reflect all risks and are subject to change

One or more independent credit rating agencies may assign credit ratings to the Bank or the Exempt Notes. The ratings might not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Exempt Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Investors may suffer losses if the credit rating assigned to the Exempt Notes does not reflect the then creditworthiness of such Exempt Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings may be disclosed in the Pricing Supplement as applicable.

Common Reporting Standard

Similar to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, under the Organization for Economic Co-operation and Development's ("**OECD**") initiative for the automatic exchange of information, many countries have committed to automatic exchange of information relating to accounts held by tax residents of signatory countries, using a common reporting standard.

Canada is one of over 90 countries that has signed the OECD's Multilateral Competent Authority Agreement and Common Reporting Standard ("**CRS**"), which provides for the implementation of the automatic exchange of tax information. On December 15, 2016, legislation to implement the CRS in Canada was enacted, which, effective as of July 1, 2017, requires Canadian financial institutions to report certain information concerning certain investors resident in participating countries to the Canada Revenue Agency and to follow certain due diligence procedures. The Canada Revenue Agency then provides such information to the tax authorities in the applicable investors' countries of residence, where required under CRS. The UK Government has enacted legislation giving effect to the EU's implementation of CRS (contained in certain EU Council Directives) from January 1, 2016. Similar implementing legislation is expected to be introduced by other signatory countries to the CRS.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, this Offering Circular:

(1) the annual information form for the year ended October 31, 2018 dated December 4, 2018 (the "**2018 AIF**") excluding all information incorporated therein by reference (such information is not relevant for prospective investors or is covered elsewhere in this Offering Circular);

(2) the audited consolidated financial statements, which comprise the consolidated balance sheet as at October 31, 2018 and October 31, 2017 and the consolidated statements of income, changes in equity, comprehensive income and cash flows for the years ended October 31, 2018, October 31, 2017 and October 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information (the "**2018 Financial Statements**"), prepared in accordance with International Financial Reporting Standards ("**IFRS**"), together with the auditors' report thereon (excluding, for the avoidance of doubt, the auditors' report on internal control over financial reporting under Standards of the Public Company Accounting Oversight Board (United States));

(3) management's discussion and analysis for the year ended October 31, 2018 (the "**2018 MD&A**");

(4) unaudited interim consolidated financial statements for the three-month and six-month periods ended April 30, 2019 with comparative unaudited interim consolidated financial statements for the three-month and six-month periods ended April 30, 2019 (the "**Second Quarter 2019 Interim Financial Statements**");

(5) management's discussion and analysis for the three-month and six-month periods ended April 30, 2019 (the "**Second Quarter 2019 MD&A**"); and

(6) the sections entitled "Terms and Conditions of the Exempt Notes" set out in the offering circulars dated September 24, 2018, January 19, 2018, January 20, 2017 and January 22, 2016, relating to the Programme (for the avoidance of doubt, the applicable Pricing Supplement for a Tranche of Exempt Notes will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Pricing Supplement, the Terms and Conditions of all Exempt Notes issued after the date hereof shall be those set out in this Offering Circular), the remaining portions of the offering circulars dated September 24, 2018, January 19, 2018, January 20, 2017, and January 22, 2016 relating to the Programme are not relevant for prospective investors.

In addition, the following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and form part of, this Offering Circular:

(a) the Bank's most recently published annual information form;

(b) the Bank's most recently audited consolidated financial statements, together with the auditor's report thereon (excluding, for the avoidance of doubt, management's report on internal control over financial reporting and the report of the independent registered public accounting firm thereon) and management's discussion and analysis for the year then ended and, if published later, the Bank's comparative unaudited interim consolidated financial statements and management's discussion and analysis for the period then ended contained in the most recently published Quarterly Report to Shareholders; and

(c) any material change reports (excluding confidential material change reports) filed by the Bank with the various securities commission or similar authorities in Canada pursuant to the requirements of

applicable securities legislation, after the date of this Offering Circular and during the currency of this Offering Circular;

provided that any statement contained herein or in a document all or the relative portion of which is or is deemed to be incorporated by reference shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein, in any other subsequently filed document which is or is deemed to be incorporated by reference in this Offering Circular, or in any supplement approved by the Financial Conduct Authority (including any documents incorporated by reference therein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Following the preparation of this Offering Circular one or more supplements may be prepared by the Bank. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of this Offering Circular, any supplementary offering circular and the documents incorporated by reference in this Offering Circular and any supplementary offering circular can be obtained without charge at the Treasury Department of the Bank, 100 King Street West, 1 First Canadian Place, 10th Floor, Toronto, Ontario, Canada, M5X 1A1.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular which is capable of affecting the assessment of any Exempt Notes, prepare a supplement to this Offering Circular or prepare a new Offering Circular for use in connection with any subsequent issue of Exempt Notes.

Except for (i) the financial information in respect of the year ended October 31, 2010 and prior years contained in the 2018 MD&A incorporated by reference herein (which has been prepared in accordance with Canadian generally accepted accounting principles as defined at that time) and (ii) the non-GAAP measures included in the Bank's 2018 MD&A and Second Quarter 2019 MD&A (whose basis of preparation is specified therein), the financial information of the Bank incorporated by reference or otherwise contained in this document has been prepared in accordance with IFRS.

ISSUE OF EXEMPT NOTES

Exempt Notes will be issued on a continuous basis in series (each a "**Series**") having one or more issue dates. Exempt Notes of the same Series shall have identical terms (or identical other than in respect of the first payment of interest), it being intended that each Exempt Note of a Series will be interchangeable with all other Exempt Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on different issue dates and at different issue prices. The specific terms of each Tranche will be set forth in a Pricing Supplement to this Offering Circular (the "**Pricing Supplement**").

PRICING SUPPLEMENT

In this section the expression "necessary information" means, in relation to any Tranche of Exempt Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank and of the rights attaching to the Exempt Notes.

Any information relating to the Exempt Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Exempt Notes will be contained in the applicable Pricing Supplement.

For a Tranche of Exempt Notes that is the subject of the Pricing Supplement, that Pricing Supplement will, for the purposes of that Tranche only, supplement this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Exempt Notes which is the subject of a Pricing Supplement are the Terms and Conditions as supplemented, amended and/or replaced to the extent described in the applicable Pricing Supplement.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Exempt Notes, the applicable Pricing Supplement. Words and expressions not otherwise defined in this section shall have the same meaning ascribed thereto in "Issue Procedures" and "Terms and Conditions of the Exempt Notes".

Issuer:	Bank of Montreal (the "**Bank**").
Issuer Legal Entity Identifiers (LEI):	NQQ6HPCNCCU6TUTQYE16
Description:	Senior Notes and Principal At Risk Notes to be continuously offered pursuant to a Note Issuance Programme.
Arrangers:	Bank of Montreal, London Branch Barclays Bank PLC
Dealers (other than for Structured Notes):	Bank of Montreal, London Branch Barclays Bank PLC BMO Capital Markets Limited BNP Paribas Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Morgan Stanley & Co. International plc Société Générale UBS AG London Branch and any additional person appointed from time to time by the Bank in accordance with the Programme Agreement either generally in respect of the Programme or in relation to a particular Tranche of Exempt Notes. Exempt Notes may also be sold directly to third parties other than Dealers on the basis of enquiries made by such third parties to the Bank (see "*Subscription and Sale*"). The name(s) of the Purchaser(s) for each Tranche of Exempt Notes will be stated in the applicable Pricing Supplement.
Dealer for Structured Notes:	BMO Capital Markets
Regulations and Guidelines:	Exempt Notes shall be issued in compliance with applicable regulations and guidelines from time to time (see "*Subscription and Sale*").

In connection with the issue of Exempt Notes denominated or payable in Japanese yen ("**Yen Notes**"), the Bank will comply with all applicable laws, regulations and guidelines of the relevant Japanese governmental and regulatory authorities in effect at the relevant time. The Bank or its designated agent shall submit reports or information as may be required from time to time by such laws, regulations and guidelines. Each Purchaser will be required to provide to the Bank any necessary information relating to Yen Notes (which shall not include the names of clients) so that the Bank may make any required reports to the Minister of Finance of Japan either through itself or through its designated agent.

The Bank will, in relation to Exempt Notes (including Exempt Notes denominated in sterling) the proceeds of which are to be accepted by the Bank in the UK, comply with all applicable laws, regulations and guidelines from time to time of UK authorities and relevant in the context of the issue of such Exempt Notes. The Bank is an authorised institution pursuant to the Financial Services and Markets Act 2000 (Transitional Provision) (Authorised Persons) Order 2001.

Issuing and Principal Paying Agent: HSBC Bank plc

Paying Agent: Banque Internationale à Luxembourg, société anonyme, Luxembourg

Programme Amount: The maximum aggregate nominal amount of all Notes (including Exempt Notes) from time to time outstanding under the Programme (including Senior Notes and Principal At Risk Notes) will not exceed U.S.$20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). The Bank will have the option at any time to increase the amount of the Programme, subject to prior notice to the Dealers and delivery of specified documentation.

Method of Distribution: Exempt Notes may be distributed by way of private placement or (subject to any applicable selling restrictions) Prospectus Directive exempt public offering and in each case on a syndicated or non-syndicated basis. The method of distribution of each Tranche of Exempt Notes will be stated in the applicable Pricing Supplement.

Exempt Notes will be issued on a continuous basis in series (each a "**Series**"). The Exempt Notes comprising each Series will have one or more issue dates, the same maturity date and will bear interest (if any) on the same basis and at the same rate (except in respect of the first payment of interest) and on terms otherwise identical. The Exempt Notes of each Series are intended to be interchangeable with all other Exempt Notes of that Series. The Exempt Notes of any Series with the same issue date and interest commencement date will comprise a tranche (a "**Tranche**"). A Pricing Supplement will be published in respect of each Tranche.

The Bank does not intend to re-open a Series of Senior Notes where such re-opening would have the effect of making the relevant Senior Notes subject to Bail-in Conversion.

Specified Currencies: Subject to any applicable legal or regulatory restrictions, Exempt Notes may be denominated or payable in any currency or currencies as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement) including, without limitation, Australian dollars, Canadian dollars, Czech koruna, Danish kroner, euro, Hong Kong dollars, Japanese yen, Norwegian kroner, New Zealand dollars, South African rand, sterling, Swedish kronor, Swiss francs, U.S. dollars and Renminbi.

If the Exempt Notes are payable in a currency other than euro or Renminbi and such currency is unavailable on the foreign exchange markets due to circumstances beyond its control, the Bank will be entitled to satisfy its obligations in respect of such payment by making payment in Euro on the basis of the spot exchange rate.

If the Exempt Notes are payable in Renminbi and the Bank cannot obtain Renminbi to satisfy its obligations on the Exempt Notes as a result of Inconvertibility, Non-transferability or Illiquidity (as defined in Condition 6(h)), the Bank shall be entitled to settle such payment in U.S. dollars.

Redenomination: The applicable Pricing Supplement may provide that certain Exempt Notes may be redenominated into euro. The relevant provisions applicable to such redenomination will be annexed to the applicable Pricing Supplement.

Maturities: Exempt Notes may have any maturity as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement) subject, in the case of specific currencies, to all applicable legal, regulatory and central bank requirements.

Issue Price: Exempt Notes may be issued at par or at a discount to, or premium over, par and may be issued on a fully paid or a partly paid basis.

Issue Procedures: Exempt Notes will be issued in bearer form. Unless otherwise specified in the applicable Pricing Supplement, each Tranche of Exempt Notes will initially be represented by one or more temporary global Notes which (i) if in NGN form, will be deposited on the relevant Issue Date with a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg or (ii) if in CGN form, will be deposited on the relevant Issue Date with a depositary or a common depositary outside the United States on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Beneficial interests in a temporary global Note will be exchangeable for beneficial interests in a permanent global Note on or after the date falling not earlier than 40 days after the relevant issue date following certification of non-United States beneficial ownership. Notwithstanding the foregoing, each Tranche of Senior Notes having an original maturity of one year or less will initially be represented by one or more permanent global Notes deposited as aforesaid. Beneficial

interests in a global Note will be credited to the securities clearance accounts of the owners of such beneficial interests with the relevant clearing system.

Unless otherwise specified in the applicable Pricing Supplement, beneficial interests in a permanent global Note will be exchangeable for security-printed Definitive Notes only in the limited circumstances described in Condition 2 (see "Terms and Conditions of the Exempt Notes — Definitive Notes").

Owners of beneficial interests in temporary global Notes and permanent global Notes will not be considered holders thereof for purposes of payment of principal and interest on such Exempt Notes (except in the limited circumstances described under "Issue Procedures") and for the purposes of Condition 9.

Fixed Rate Reset Notes: Fixed Rate Reset Notes will bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on certain dates and by reference to a mid-market swap rate, a benchmark gilt rate or a reference bond rate, as adjusted for any applicable margin, in each case as may be specified in the applicable Pricing Supplement, such interest being payable in arrear on the date(s) in each year specified in the applicable Pricing Supplement.

Fixed Rate Notes: Interest on Fixed Rate Notes will be payable in arrear on such date or dates as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement) and on redemption.

Interest in respect of Fixed Rate Notes will either be fixed amounts or be calculated on the basis of such Day Count Fraction (as defined in Condition 4(a) of the Terms and Conditions of the Exempt Notes) as may be agreed upon by the Bank and the relevant Purchaser(s) as indicated in the applicable Pricing Supplement.

Fixed Rate Step-Up Notes: Fixed Rate Step-Up Notes will pay interest at a fixed rate of interest, which increase periodically during the life of the Notes.

Floating Rate Notes: Floating Rate Notes will bear interest at (i) a rate calculated on the same basis as the floating amounts under a notional interest rate swap transaction governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Exempt Notes of the relevant Series), or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement).

Range Accrual Notes:	Range Accrual Notes will pay interest in respect of each Interest Period equal to the product of (i) either (a) a specified fixed rate or (b) a floating rate or a spread rate plus or minus a margin, as the case may be, and (ii) a relevant fraction, calculated as set out in the Conditions.
Index Linked Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Interest Notes and Index Linked Redemption Amount Notes (collectively, "**Index Linked Notes**" and individually, an "**Index Linked Note**") will be calculated by reference to such index and/or formula (which index or formula may, without limitation, refer to one or more equity or other securities or financial instruments, units or other securities of one or more companies or publicly or privately offered investment funds or portfolios, statistical measures of economic or financial performance, the price or value of any commodity or other asset, or any combination of the foregoing) as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement).
Other provisions in relation to Floating Rate Notes, Range Accrual and Index Linked Interest Notes:	Floating Rate Notes, Range Accrual Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes will be payable in arrear on the last day of each Interest Period as selected prior to issue by the Bank and the relevant Purchaser(s) and will be calculated on the basis of such Day Count Fraction (as defined in Condition 4(m) of the Terms and Conditions of the Exempt Notes) as may be agreed upon by the Bank and the relevant Purchaser(s) as indicated in the applicable Pricing Supplement.
Interest Payment Date(s) or Interest Period(s):	Exempt Notes will have such interest payment date(s) or period(s) as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement).
Benchmark Discontinuation:	On the occurrence of a Benchmark Event the Issuer may (subject to certain conditions and following consultation with an Independent Adviser (if any) (as defined in "*Terms and Conditions of the Exempt Notes*")) determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (and if the Bank is unable to appoint an Independent Adviser or unable to make the relevant determination in consultation with an Independent Adviser, determined by the Bank itself) in accordance with Condition 4(n).
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based on such rates of exchange as may be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement).

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to their nominal amount and will not bear interest other than in relation to interest due after the Maturity Date. In the case of early redemption of Zero Coupon Notes, the Early Redemption Amount shall be determined either on the basis of compounding of the Accrual Yield or without any compounding of the Accrual Yield, as specified in the applicable Pricing Supplement.

Other Notes:

Terms applicable to Partly Paid Notes, Instalment Notes and any other type of Exempt Note to be issued by the Bank will be agreed upon by the Bank and the relevant Purchaser(s) (as specified in the applicable Pricing Supplement).

Redemption and Purchase:

Except as provided in the immediately following sections, for taxation reasons, following an Event of Default, or, in the case of Range Accrual Notes only if specified in the applicable Pricing Supplement, for illegality as described below, Exempt Notes will not generally be redeemable prior to their stated maturity. Bail-inable Notes will continue to be subject to Bail-in Conversion (as defined below) prior to their repayment in full.

The applicable Pricing Supplement relating to each Series of Exempt Notes will indicate whether the Exempt Notes may be redeemed prior to their stated maturity at the option of the Bank ("**Bank Call Option**") and/or the Noteholders ("**Noteholder Put Option**") on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as may be agreed upon by the Bank and the relevant Purchaser(s); provided that, where a redemption of Bail-inable Notes by the Bank would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**"). A Noteholder Put Option is not applicable to Bail-inable Notes.

In addition, Exempt Notes denominated in certain currencies may not be redeemed or purchased prior to any minimum time as may be required from time to time by the relevant monetary authority. Exempt Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See "*Maturities*" above.

Bail-inable Notes will continue to be subject to a Bail-in Conversion prior to their repayment in full.

Early Redemption for Illegality:

In the case of Range Accrual Notes, in the event that the Bank determines in good faith that (i) the performance of its obligations under the Range Accrual Notes or (ii) any arrangements made to hedge under the Range Accrual Notes has or will become illegal, the Bank shall have the right to redeem the Range Accrual Notes at their Early Redemption Amount; provided that, where a redemption of Bail-inable Notes by the Bank would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

Early Redemption For TLAC Disqualification Event:

If so specified in the applicable Pricing Supplement, Bail-inable Notes may be redeemed at the option of the Issuer prior to maturity at any time on, or within 90 days following, the occurrence of a TLAC Disqualification Event, subject to prior approval of the Superintendent, as described in "*Terms and Conditions of the Exempt Notes — Redemption and Purchase — Redemption due to TLAC Disqualification Event*". Bail-inable Notes will continue to be subject to a Bail-in Conversion prior to their repayment in full.

Denominations:

Exempt Notes will be issued in such denominations as may be agreed upon by the Bank and the relevant Purchaser(s) and specified in the applicable Pricing Supplement, save that the minimum denomination of each Exempt Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant Specified Currency.

So long as the Exempt Notes are represented by a temporary global Note or a permanent global Note and the relevant clearing system(s) so permit, in the event that the Issuer issues Exempt Notes with a minimum denomination of EUR100,000 (or its equivalent in other currencies at the date of issue) as provided in the applicable Pricing Supplement, the Exempt Notes shall be tradeable only in the principal amounts of at least EUR100,000 (or the equivalent in another currency) and higher integral multiples of at least 1,000 in the relevant currency as provided in the applicable Pricing Supplement, notwithstanding that no definitive Notes will be issued with a denomination above 199,000 in such currency.

Taxation:

All payments of principal and interest in respect of the Exempt Notes will be made without withholding or deduction for or on account of any taxes or other charges imposed by any governmental authority or agency in Canada or, in the case of Exempt Notes issued by a branch of the Bank located outside Canada, of the country in which such branch is located, except as provided in Condition 9 (see "*Terms and Conditions of the Exempt Notes — Taxation*"). For further analysis of Canadian taxation implications, including Canadian withholding tax, see "*Taxation - Canada*" starting on page 154.

If any interest payable on an Exempt Note, or any portion of the nominal amount of an Exempt Note in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Exempt Note together with any such portion of principal may be subject to Canadian non-resident withholding tax. Additional opinions from Canadian tax counsel may be required. See " Taxation - Canada".

Status:

The Senior Notes will constitute deposit liabilities of the Bank for purposes of the Bank Act (Canada) (the "**Bank Act**"). The Senior Notes will constitute legal, valid and binding unsubordinated and unsecured obligations of the Bank enforceable in accordance with their terms and will rank *pari passu* with all deposit and other unsubordinated liabilities of the Bank (except as otherwise provided by law and subject to the exercise of bank resolution powers) and without preference among

themselves.

Senior Notes that are Bail-inable Notes (as defined in Condition 3(b)) are subject to a Bail-in Conversion (as defined below) under subsection 39.2(2.3) of the *Canada Deposit Insurance Corporation Act* (the "**CDIC Act**") and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes.

The Principal At Risk Notes are Senior Notes that are not principal protected.

The Senior Notes and Principal At Risk Notes will not be deposits insured under the CDIC Act.

Agreement with respect to the exercise of Canadian Bail-in powers in relation to Bail-inable Notes:

By acquiring Bail-inable Notes, each Noteholder (including each beneficial owner) is deemed to:

(i) agree to be bound, in respect of the Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps - into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Bail-inable Notes in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to such Bail-inable Notes (a "**Bail-in Conversion**");

(ii) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes;

(iii) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in the Bail-inable Notes; and

(iv) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on such Noteholder despite any provisions in the Conditions, any other law that governs such Bail-inable Notes and any other agreement, arrangement or understanding between such Noteholder and the Bank with respect to such Bail-inable Notes.

The applicable Pricing Supplement will indicate whether Notes are Bail-inable Notes. All Bail-inable Notes are subject to Bail-in Conversion.

	Each holder or beneficial owner of the Bail-inable Notes that acquires an interest in the Bail-inable Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders or beneficial owners that acquire an interest in the Bail-inable Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bail-inable Notes related to the Bail-in Regime.
Events of Default for Senior Notes:	The terms of the Senior Notes provide for events of default which are limited to (a) non-payment for more than 30 business days of interest or principal; and (b) if the Bank becomes insolvent or bankrupt or subject to the provisions of the Winding-up and Restructuring Act (Canada) ("**WURA**") or any statute hereafter enacted in substitution therefor, as WURA, or any such substituted statute, as may be amended from time to time, or if the Bank goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency; provided that Noteholders may only exercise, or direct the exercise of, those rights to accelerate the Bail-inable Notes upon such an event where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank and, notwithstanding the exercise of any right to accelerate the Bail-inable Notes, Bail-inable Notes will continue to be subject to a Bail-in Conversion until repaid in full. A Bail-in Conversion will not be an event of default.
Waiver of Set-Off – Bail-inable Notes:	Bail-inable Notes are not subject to set-off or netting rights.
Branch of Account:	Unless otherwise specified in the applicable Pricing Supplement, the main branch of the Bank in Toronto will take the deposits evidenced by the Senior Notes, but without prejudice to the provisions of Condition 6 (see "Terms and Conditions of the Exempt Notes — Payments"). The relevant branch is the Branch of Account for the purposes of the Bank Act. Exempt Notes issued by a Branch of Account are obligations of the Bank.
Negative Pledge:	None.
Cross Default:	None (see "*Terms and Conditions of the Exempt Notes — Events of Default*").

Rating:	This Programme has been rated by Moody's Canada, by S&P Canada and by Fitch. Exempt Notes issued under the Programme may be rated or unrated. When a Tranche of Exempt Notes is rated, such rating will be specified in the applicable Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Investors may suffer losses if a credit rating assigned to the Exempt Notes does not reflect the then creditworthiness of such Exempt Notes.
Listing and Admission to Trading:	Exempt Notes may be admitted to listing on, trading on and/or quotation by stock exchanges, listing authorities and/or quotation systems as may be agreed upon by the Bank and the relevant Purchaser(s) in relation to each issue. Exempt Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Pricing Supplement will specify whether or not such Exempt Notes have been admitted to trading on any stock exchange, listing authority and/or quotation system. The Bank is not under any obligation to Noteholders to maintain any listing of Exempt Notes and may, in good faith, determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Exempt Notes provided it uses its reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Exempt Notes by another listing authority, securities exchange and/or quotation system to be agreed with the relevant Purchaser.
Governing Law and Jurisdiction:	The Exempt Notes will be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Ontario courts have jurisdiction in the event of litigation in respect of the Exempt Notes.
Non-United States Selling Restrictions:	There will be specific restrictions on the offer and sale of the Exempt Notes and the distribution of offering materials in Canada, the European Economic Area (including the UK, France, the Republic of Italy and The Netherlands), Japan, Hong Kong, Singapore, the People's Republic of China and Taiwan, as well as other restrictions as may be required in connection with a particular issue of Exempt Notes. See "Subscription and Sale".
United States Selling Restrictions:	The Issuer is Category 2 for the purposes of Regulation S under the Securities Act and the Exempt Notes are not Rule 144A eligible. The Exempt Notes will be issued in compliance with the principles of the former United States Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the applicable Pricing Supplement states that Exempt Notes are

issued in compliance with the former United States Treas. Reg. §1.163 5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) the Exempt Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Exempt Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

Clearing Systems: Euroclear, Clearstream, Luxembourg and/or any other additional clearing system as agreed upon by the Bank and the relevant Purchaser.

Risk Factors: There are certain risks related to any issue of Exempt Notes under the Programme, which investors should ensure they fully understand. A non-exhaustive summary of such risks is set out under "Risk Factors" from page 2 of this Offering Circular.

ISSUE PROCEDURES

Exempt Notes will be issued in bearer form. The applicable Pricing Supplement will specify whether TEFRA C or TEFRA D Rules apply or, in the case of Exempt Notes with a maturity of one year or less, that the TEFRA Rules are not applicable. If TEFRA C Rules apply, each issue of Exempt Notes will initially be represented by a permanent global Note, without receipts, interest coupons or talons. If TEFRA D Rules apply, each issue of Exempt Notes will initially be represented by one or more temporary global Notes, without receipts, interest coupons or talons.

Unless otherwise specified in the applicable Pricing Supplement, each Tranche of Exempt Notes will either initially be represented by one or more temporary global Notes which (i) if the temporary global Notes are intended to be issued in new global note ("**NGN**") form as specified in the applicable Pricing Supplement, will be delivered on or prior to the relevant Issue Date to a common safekeeper (the "**Common Safekeeper**") for Euroclear and/or Clearstream, Luxembourg; or (ii) if the temporary global Notes are intended to be issued in classic global note ("**CGN**") form as specified in the applicable Pricing Supplement, will be delivered on or prior to the relevant Issue Date to a depositary or common depositary outside of the United States on behalf of Euroclear and/or Clearstream, Luxembourg (the "Common Depositary"). Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Bank and Agent.

If the global Note is in NGN form, Euroclear and/or Clearstream, Luxembourg will be notified by or on behalf of the Bank as to whether or not such global Note is intended to be held in a manner which would allow Eurosystem eligibility. Depositing the global Note with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. As of April 16, 2018, unsecured bank bonds issued by credit institutions not established in the EU (including the Exempt Notes) denominated in any currency are no longer eligible to be used as collateral in the Eurosystem.

Beneficial interests in a temporary global Note will be exchangeable for beneficial interests in a permanent global Note on or after the date falling not earlier than 40 days after the relevant issue date upon certification as to non-United States beneficial ownership (other than certain foreign branches of United States financial institutions and persons holding Exempt Notes through such foreign branches, to the extent permitted by United States Treasury Regulations). Notwithstanding the foregoing, each Tranche of Senior Notes having an original maturity of one year or less will initially be represented by one or more permanent global Notes deposited as aforesaid. Beneficial interests in a global Note will be credited to the securities clearance accounts of the owners of beneficial interests with the relevant clearing system. If an interest payment date for any Exempt Notes occurs while such Exempt Notes are represented by a temporary global Note, the related interest payment will be made (against presentation of the temporary global Note if the temporary global Note is issued in CGN form) only to the extent that certification of non-United States beneficial ownership has been provided by the owners of the beneficial interests to the relevant clearing system and a like certification (based on the certifications the clearing system has received) has been given by that clearing system to the Agent. No payment of principal or interest (if any) will be made on a temporary global Note on or after the date falling not earlier than 40 days after the issue date unless exchange for a beneficial interest in a permanent global Note is improperly refused by the Agent. Payments of principal or interest (if any) on a permanent global Note will be made through the relevant clearing system (against presentation or surrender, as the case may be, of the permanent global Note if the permanent global Note is in CGN form) without any requirement for further certification. Unless otherwise specified in the applicable Pricing Supplement, beneficial interests in a permanent global Note will be exchangeable for security-printed Definitive Notes, with receipts in respect of instalments of principal (if

any) attached and (unless they are Zero Coupon Notes) interest coupons and talons for further coupons (if any) attached only in the limited circumstances described under "Terms and Conditions of the Exempt Notes — Definitive Notes".

The following legend will appear on all Exempt Notes:

> "The deposit to which this instrument relates is not insured under the *Canada Deposit Insurance Corporation Act*."

The following legend will appear on all permanent global Notes and Definitive Notes with an original maturity of more than 365 days and on all receipts in respect of instalments of principal, interest coupons and talons relating to such Exempt Notes issued where TEFRA D Rules is specified in the applicable Pricing Supplement:

> "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Exempt Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition or payment of principal in respect of Exempt Notes, receipts, interest coupons or talons.

Temporary and permanent global Notes and Definitive Notes will be issued by the Agent acting on behalf of the Bank.

Any beneficial interest in a global Note of a Series that is exchanged for, or transferred to a person who takes delivery in the form of, an interest in another global Note of the same Series will, upon transfer, cease to be an interest in the former such global Note and become an interest in the other global Note and, accordingly, will thereafter be subject to all procedures applicable to beneficial interests in such other global Note for as long as it remains such an interest.

Direct Rights

Each global Note provides that the holder may cause such global Note, or a portion of it, to become due and repayable in the circumstances described under "Terms and Conditions of the Exempt Notes – Events of Default" by stating in the notice to the Agent the nominal amount of the Exempt Notes that are becoming due and repayable. If the principal in respect of such Exempt Note becoming due and repayable in such circumstances is not paid before 8:00 p.m. (London time) on the relevant due date, the holder of the global Note representing such Exempt Notes may elect for direct enforcement rights against the Bank in favour of persons with beneficial interests in such Exempt Notes equal to or greater than the Specified Denomination as accountholders within the relevant clearing systems. Following any such election of direct rights, the nominal amount of the global Note will be reduced by the nominal amount of the Exempt Notes subject to the election.

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which can be completed for each Tranche of Exempt Notes and will contain such of the following information (which may be modified in relation to any particular issue of Exempt Notes by agreement between the Bank, the Agent (to the extent that the obligations of the Agent under the Programme are affected by such modification(s)) and the relevant Purchaser(s), as is applicable in respect of such Exempt Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Exempt Notes)).

IMPORTANT NOTICE

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED (THE "PROSPECTUS DIRECTIVE") FOR THIS ISSUE OF NOTES. THE NOTES WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE AND THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – [appropriate target legend to be included.]]

[PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Exempt Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (the "**SFA**") - [*To insert notice if classification of the Notes is not "prescribed capital markets products ", pursuant to Section 309B of the SFA*].[2]]

[THESE EXEMPT NOTES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF BANK OF MONTREAL OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE *CANADA DEPOSIT INSURANCE CORPORATION ACT* (THE "CDIC ACT") AND TO VARIATION OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE EXEMPT NOTES.][3]

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[1] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[2] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

[3] Legend to be included on front of the Pricing Supplement if the Exempt Notes are Bail-inable Notes.

Pricing Supplement dated [ ]

Bank of Montreal
(the "Issuer")

LEI: NQQ6HPCNCCU6TUTQYE16

Issue of [Aggregate Nominal Amount of Tranche] [Description of Notes]

[Senior Notes / Principal At Risk Notes]

under the U.S.$20,000,000,000 Note Issuance Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated July 11, 2019 [and the supplement[s] thereto dated [ ]. This Pricing Supplement contains the final terms of the Notes for the purposes of the Conditions and must be read in conjunction with such Offering Circular [as so supplemented].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a prospectus or offering circular with an earlier date*.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the [Prospectus] [Offering Circular] dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated July 11, 2019 [and the supplement[s] thereto dated [ ], save in respect of the Conditions which are extracted from the [Prospectus] [Offering Circular] dated [*original date*] and which are incorporated by reference therein.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

1.	Issuer:		Bank of Montreal
2.	(Branch)		[*specify Branch*] [Main branch in Toronto] [London Branch]
	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]

	(iii) Date on which the Notes will be consolidated and form a single Series:	[Not Applicable] [The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [insert description of Series] on [the Issue Date] [exchange of the temporary global Note for interests in the permanent global Note, as referred to in paragraph [28] below, which is expected to occur on or about [insert date]].
3.	Specified Currency or Currencies: - of denomination - of payment	[ ]
4.	Aggregate Nominal Amount:	
	[(i)] Series:	[*Insert total nominal amount of outstanding Tranches including the Tranche which is the subject of the Pricing Supplement*]
	[(ii) Tranche:	[ ]]
5.	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date (if applicable)*]]
6.	[(i)]Specified Denomination(s):	[ ] [N.B. – *where multiple denominations above [ ] (or its equivalent) are being used, the following sample wording should be followed*: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ].]***
	[(ii)] Calculation Amount:	*[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note – there must be a common factor in the case of two or more Specified Denominations.]*
7.	[(i)] Issue Date:	[ ]
	[(ii)] Interest Commencement Date:	[*Specify*] [Issue Date] [Not Applicable]

*** If Item 28 indicates that a Global Note is exchangeable for Definitive Notes at the option of a Noteholder, the Specified Denominations may not include integral multiples

8.	Maturity Date:	[ ][, subject to adjustment for payment purposes only in accordance with the Modified Following Business Day Convention] [[Interest Payment Date falling in or nearest to [ ] *For Fixed Rate, specify date or for Floating Rate, specify the Interest Payment Date falling in or nearest to the relevant month and year.*
9.	Interest Basis:	[[ ] per cent. Fixed Rate] [[ ] per cent. to be reset on [ ] [and [ ]] and every [ ] anniversary thereafter Fixed Rate Reset] [[ ] per cent. Fixed Rate with a Step-Up [subject to change as indicated in paragraph 11 below] [SONIA] [ ] month [*currency*] [LIBOR] [EURIBOR] [CDOR] [CNH HIBOR] [HIBOR] [Other (specify reference rate)] [ ] +/- [ ] per cent. [Floating Rate] [subject to change as indicated in paragraph 11 below] [Range Accrual Notes] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
10.	Redemption / Payment Basis:	[Redemption at Nominal Amount] [Index Linked Redemption Amount] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)] (*If any interest payable on a Note, or any portion of the nominal amount of a Note in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Note together with any such portion of principal may be subject to Canadian non-resident withholding tax. Additional opinions from Canadian tax counsel and additional Canadian tax disclosure in these Pricing Supplement may be required*.)
11.	Change of Interest or Redemption / Payment Basis:	[*Specify details of any provision for convertibility of Notes into another Interest or Redemption/Payment Basis*.]

12.	Put/Call Options:	[Noteholder Put Option] (*Noteholders' Option not applicable to Bail-inable Notes*) [Bank Call Option] [(further particulars specified below)]
13.	[(i)] Status of the Notes:	[Senior Notes] [Principal At Risk Notes]
	[(ii)] Date(s) of [Board] approval for issuance of Notes obtained:]	[ ] [Not Applicable] (*N.B. Only relevant where new resolution is required for the particular Tranche of Notes*)
14.	Bail-inable Notes:	[Yes] [No]
15.	Method of distribution:	[Syndicated] [Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	[Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
		[As specified below, payable in arrear:

Fixed Interest Period End Date	Rate of Interest (Step-Up) (per cent. per annum)
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]]

	(i) Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually] [semi-annually] [quarterly] [monthly] [other (*specify*)] in arrear
	(ii) Interest Payment Date(s):	[[ ] [and [ ]] in each year, commencing [ ], up to and including the Maturity Date] [adjusted for [payment purposes only] [payment and interest accrual purposes] in accordance with the Business Day Convention specified in paragraph (iv) below]
	(iii) Adjusted Fixed Interest Periods:	[Applicable] [Not Applicable]
	(iv) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(v)	Additional Business Centre(s):	[ ] [TARGET2] [Not Applicable]
(vi)	Fixed Coupon Amount[(s)]: (*applicable to Notes in definitive form only. For the calculation of interest on Notes issued in global form see Condition 4(a)*)	[[ ] per [ ] Calculation Amount] [Not Applicable]
(vii)	Broken Amount(s): (*applicable to Notes in definitive form only. For the calculation of interest on Notes issued in global form see Condition 4(a)*)	[Not Applicable] [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ].
(viii)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/360] [30E/360] [Actual/365 (Fixed)] [other (*specify*)] (*Day Count Fraction should be Actual/Actual (ICMA) for all fixed rate issues other than those denominated in U.S. dollars unless otherwise agreed*.)
(ix)	Determination Dates:	[ ] in each year [insert Interest Payment Dates except where there are long or short periods. In these cases, insert regular Interest Payment Dates.] [*NB: only relevant where Day Count Fraction is Actual/Actual (ICMA)*]
(x)	Calculation Agent:	[[ ] shall be the Calculation Agent] [Not Applicable]
(xi)	Range Accrual:	[Applicable] [Not Applicable]
- Single Range Accrual Note:		[Applicable] [Not Applicable]
- Range Accrual Reference Rate:		[EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (*specify*)]
- Specified Currency:		[ ] [As set out in item 3 above]
- Specified Maturity:		[ ] [month[s]] [year[s]]
- Relevant Screen Page:		[ ]
- Relevant Time:		[ ] [As specified in Condition 4(c)(ii)]
- Relevant Financial Centre:		[ ]

- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
- Constant Maturity Swap Spread:	[Applicable] [Not Applicable]
[- First Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]
- Second Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]
- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
- Dual Range Accrual Note:	[Applicable][Not Applicable]
- Range Accrual Reference Rate:	[EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (*specify*)]

- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ] [As specified in Condition 4(c)(ii)]
- Relevant Financial Centre:	[ ]
- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
- Range Accrual Reference Rate:	[EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (*specify*)]
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ] [As specified in Condition 4(c)(ii)]
- Relevant Financial Centre:	[ ]]
- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable]

	[For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
- Constant Maturity Swap Spread:	[Applicable] [Not Applicable]
[- First Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]
- Second Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]]
- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
(xii) Minimum Rate of Interest	[[ ] per cent. per annum] [Not Applicable]
(xiii) Maximum Rate of Interest	[[ ] per cent. per annum] [Not Applicable]

(xiv)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable] [*give details*]
17.	Fixed Rate Reset Note Provisions	[Applicable] [Not Applicable]
(i)	Initial Rate of Interest:	[ ] per cent. per annum [payable [annually/semi annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[ ] [and [ ]] in each year [from and including [ ]] [until and excluding [ ]]
(iii)	First Reset Date:	[ ]
(iv)	Second Reset Date:	[[ ]/Not Applicable]
(v)	Anniversary Date:	[[ ]/Not Applicable]
(vi)	Reset Determination Dates:	[ ]
(vii)	Reset Rate:	[[semi-annual][annualised][Mid-Swap Rate] [Benchmark Gilt Rate][Reference Bond]
(viii)	Swap Rate Period:	[[ ]/Not Applicable]
(ix)	Screen Page:	[ICESWAP1]/[ICESWAP2]/[ICESWAP3]/ [ICESWAP4]/[ICESWAP5]/[ICESWAP6]/ [ ]/[Not Applicable
(x)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/ [ ] day count basis]/[Not Applicable]
(xi)	Floating Leg:	[[3]/[6]/ [ ]-month [LIBOR]/[EURIBOR]/ [ ] rate calculated on an[Actual/365]/[Actual/360]/ [ ] day count basis]/[Not Applicable]
(xii)	Margin(s):	[+/-] [ ] per cent. per annum
(xiii)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date:	[[ ] per Calculation Amount]
(xiv)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]
(xv)	Day Count Fraction:	[Actual/365] [Actual/365 (fixed)]

		[Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA]
(xvi)	Determination Dates:	[ ] in each year/[Not Applicable]
(xvii)	Calculation Agent:	[ ]
(xviii)	Relevant Time	[11:00a.m.]/ [ ]] [Not Applicable]
18.	Floating Rate Note Provisions	[Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
(i)	Specified Period(s):	[ ] [Not Applicable]
(ii)	Specified Interest Payment Dates:	[ ] in each year [subject to adjustment in accordance with the Business Day Convention set out in (iv) below / not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be No Adjustment] [Not Applicable]
(iii)	First Interest Payment Date:	[ ]
(iv)	Business Day Convention:	[Floating Rate Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [No Adjustment] [other (*give details*)]
(v)	Additional Business Centre(s):	[ ] [TARGET2] [Not Applicable]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[ISDA Determination] [Screen Rate Determination] [other (*give details*)]
(vii)	Calculation Agent:	[[ ] shall be the Calculation Agent] [Not Applicable]
(viii)	Screen Rate Determination:	[Applicable] [Not Applicable]
	- Reference Rate:	[ ] (*Either LIBOR, SONIA, EURIBOR, CDOR, CNH HIBOR, HIBOR or other, although additional information is required if other — including any*

	amendment to fallback provisions.)
- Relevant Time:	[ ] [Not Applicable]
- Relevant Financial Centre:	[London] [Brussels] [Hong Kong] [*Specify other*] [Not Applicable]
- Interest Determination Date(s):	[ ] [[ ] London Banking Day prior to the end of each Interest Accrual Period] [(*Second London business day prior to the start of each Interest Period if LIBOR (other than sterling LIBOR or euro LIBOR) and the first day of each Interest Period if sterling LIBOR and the second day (subject to this being a TARGET2 Business Day) prior to the start of each Interest Period if EURIBOR or euro LIBOR*)]
- Relevant Screen Page:	Relevant Screen Page: [Reuters page [ ]] [ ] [other page (*specify*)] (*In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*.)
- Observation Look-Back Period:	[[ ] London Banking Days] [Not Applicable]
- Reference Banks (if other than as set out in Condition 4(c)(ii)(B):	[ ]
(ix) ISDA Determination:	[Applicable] [Not Applicable]
- Floating Rate Option (which may refer to a Rate Option specified in the ISDA Definitions):	[ ]
- Designated Maturity:	[ ]
- Reset Date (if other than as set out in Condition 4(c)(ii)):	[ ]
- Any other relevant terms:	[ ]
(x) CMS Reference Rate Determination:	[ ]
- Relevant Screen Page:	[ ]
- Reference Currency:	[Euro (EUR)] [Sterling (GBP)] [U.S. dollar (USD)] [Canadian dollar (CAD)] [ ]

- CMS Maturity:	[ ]
- Relevant Time:	[ ]
- Interest Determination Date(s):	[ ]
- Relevant Financial Centre:	[ ] [Not Applicable]
(xi) Linear Interpolation:	[Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xii) Margin(s):	[[+/-][ ]per cent. per annum] [Not Applicable]
(xiii) Minimum Rate of Interest:	[[ ] per cent. per annum] [Zero per cent. per annum] [Not Applicable]
(xiv) Maximum Rate of Interest:	[[ ] per cent. per annum] [Not Applicable]
(xv) Day Count Fraction:	[ ] [*See Condition 4(b)(iii) for definitions*.]
(xvi) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
(xvii) Range accrual:	[Applicable] [Not Applicable]
- Single Range Accrual Note:	[Applicable] [Not Applicable]
- Range Accrual Reference Rate:	[EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (specify)]
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ] [As specified in Condition 4(c)(ii)]
- Relevant Financial Centre:	[ ]
- Rate Cut Off Date:	[ ] [As provided in Condition 4(n)]
- Constant Maturity Swap Spread:	[Applicable] [Not Applicable]

[- First Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]
- Second Reference Rate:	Constant Maturity Swap
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]
- Relevant Screen Page:	[ ]
- Relevant Time:	[ ]
- Relevant Financial Centre:	[ ]]
- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
- Dual Range Accrual Note:	[Applicable] [Not Applicable]
- Range Accrual Reference Rate:	[EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (specify)]
- Specified Currency:	[ ] [As set out in item 3 above]
- Specified Maturity:	[ ] [month[s]] [year[s]]

- Relevant Screen Page: [ ]

- Relevant Time: [ ] [As specified in Condition 4(c)(ii)]

- Relevant Financial Centre: [ ]

- Rate Cut Off Date: [[ ] [As specified in Condition 4(n)]

- Cap: [[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable]

[For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]

- Floor: [[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable]

[For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]

- Range Accrual Reference Rate: [EURIBOR] [LIBOR] [Constant Maturity Swap] [CDOR] [CNH HIBOR] [HIBOR] [SONIA] [other (specify)]

- Specified Currency: [ ] [As set out in item 3 above]

- Specified Maturity: [ ] [month[s]] [year[s]]

- Relevant Screen Page: [ ]

- Relevant Time: [ ] [As specified in Condition 4(c)(ii)]

- Relevant Financial Centre: [ ]

- Constant Maturity Swap Spread: [Applicable] [Not Applicable]

[- First Reference Rate: Constant Maturity Swap

- Specified Currency: [ ] [As set out in item 3 above]

- Specified Maturity: [ ] [month[s]] [year[s]]

- Relevant Screen Page: [ ]

- Relevant Time: [ ]

- Relevant Financial Centre: [ ]

	- Second Reference Rate:	Constant Maturity Swap
	- Specified Currency:	[ ] [As set out in item 3 above]
	- Specified Maturity:	[ ] [month[s]] [year[s]]
	- Relevant Screen Page:	[ ]
	- Relevant Time:	[ ]
	- Relevant Financial Centre:	[ ]]
	- Rate Cut Off Date:	[ ] [As specified in Condition 4(n)]
	- Cap:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [less than or equal to][less than] shall apply.]
	- Floor:	[[ ] per cent. per annum [in respect of the Interest Period ending [ ]]] [Not Applicable] [For the purposes of the definition of "N1" in Condition 4(n), [greater than or equal to][greater than] shall apply.]
19.	Zero Coupon Note Provisions	[Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
	(i) Accrual Method	[Linear Accrual] [Compounding Accrual]
	(ii) Compounding basis:	[Annual] [Semi-annual] [ ] [Not Applicable]
	(iii) Accrual Yield:	[ ] per cent. per annum
	(iv) Reference Price:	[ ]
	(v) Any other formula / basis of determining amount payable:	[ ]
	(vi) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[ ]
	(vii) Determination Dates:	[[ ] in each year] [Not Applicable]
20.	Index Linked/other variable-linked Note Provisions	[Applicable] [Not Applicable]

(*If any interest payable on a Note, or any portion of the nominal amount of a Note in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Note together with any such portion of principal may be subject to Canadian non-resident withholding tax. Additional opinions from Canadian tax counsel and additional Canadian tax disclosure in this Pricing Supplement may be required*.)		(*If not applicable, delete the remaining subparagraphs of this paragraph*.)
(i)	Index/Formula:	[*Give or annex details*]
(ii)	Name and address of party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[ ]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable:	[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
(iv)	Determination Date(s):	[ ]
(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
(vi)	Interest or calculation period(s):	[ ]
(vii)	Specified Interest Payment Dates:	[ ] [Not Applicable]
(viii)	Business Day Convention:	[Floating Rate Convention] [Following Business Day Convention] Modified Following Business Day Convention] [Preceding Business Day Convention] [Not Applicable] [other (give details)]
(ix)	Additional Business Centre(s):	[ ] [TARGET2] [Not Applicable]
(x)	Minimum Rate/Amount of Interest:	[ ] per cent. per annum
(xi)	Maximum Rate/Amount of Interest:	[ ] per cent. per annum
(xii)	Day Count Fraction:	[ ]

(xiii) Other terms or special conditions[4]:

21.	Dual Currency Note Provisions:	[Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[*Give or annex details*]
	(ii) Name and address of party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

22.	Bank Call Option	[Applicable] [Not Applicable] (*if not applicable, delete the remaining sub-paragraph of this paragraph.*)
	(i) Optional Redemption Date(s):	[[ ][, subject to adjustment for payment purposes only in accordance with the Modified Following Business Day Convention]]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii) Redeemable in part:	[Yes] [No]
	(iv) If redeemable in part:	[Applicable] [Not Applicable]
	(a) Minimum Redemption Amount:	[[ ] per Calculation Amount] [Not Applicable]
	(b) Maximum Redemption Amount:	[[ ] per Calculation Amount] [Not Applicable]

[4] Note any additional disclosure requirements under the Principal Protected Notes Regulation (Canada) in respect of Notes sold in Canada.

	(v) Notice period (if other than as set out in Condition 5(d)):	[ ] *If setting notice periods which are different to those provided in the Conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.*
23.	Noteholder Put Option	[Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii) Notice period (if other than as set out in Condition 5(d)):	[ ] *If setting notice periods which are different to those provided in the Conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*.
24.	Early Redemption for Illegality (Range Accrual Notes)	[Applicable] [Not Applicable]
	[(i) Minimum Period:	[ ] days
	(ii) Maximum Period:	[ ] days]
25.	Bail-inable Notes - TLAC Disqualification Event Call:	[Applicable] [Not Applicable]
	[(i) Minimum Period:	[ ] days
	(ii) Maximum Period:	[ ] days]
26.	Final Redemption Amount: (*If any interest payable on a Note, or any portion of the nominal amount of a Note in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Note together with any such portion of principal may be subject to Canadian non-resident withholding tax. Additional opinions from Canadian tax counsel and additional Canadian*	[ ] per Calculation Amount [other (*give details*)] [See Appendix]

tax disclosure in this Pricing Supplement may be required.)

In cases where the Final Redemption Amount is Index-Linked or other variable-linked

(i)	Index/Formula/variable:	[*Give or annex details*]
(ii)	Name and address of party responsible for calculating the Final Redemption Amount (if not the Agent):	[ ]
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv)	Determination Date(s):	[ ]
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[ ]
(vi)	Payment Date:	[ ]
(vii)	Minimum Final Redemption Amount:	[ ] per Calculation Amount
(viii)	Maximum Final Redemption Amount:	[ ] per Calculation Amount

27. Early Redemption Amount

Early Redemption Amount(s) payable on redemption for taxation reasons, [TLAC Disqualification Event] on event of default or, if applicable, for illegality or other early redemption and/or the method of calculating the same (if required or if different from that set out in Condition 5(g)):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: **Bearer Notes**

[Temporary global Note exchangeable on or after [*specify Exchange Date*] for a permanent global Note which is exchangeable for Definitive Notes in the limited circumstances specified in Condition 2.]

		[Permanent global Note exchangeable for Definitive Notes in the limited circumstances specified in Condition 2.]
29.	New Global Note or Classic Global Note:	[New Global Note] [Classic Global Note]
30.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable] [*give details*] (*Note that this item relates to the place of payment, and not interest period end dates, to which items 15(ii), 18(v) and 20(ix) relate*.)
31.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[No] [Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made. (*give further details*)]
32.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable] [*give details*]
33.	Details relating to Instalment Notes: amount of each instalment ("**Instalment Amount**"), date on which each payment is to be made ("**Instalment Dates**"):	[Not Applicable] [*give details*]
34.	Redenomination:	[Not Applicable] [The provisions annexed to this Pricing Supplement apply.]
35.	Consolidation provisions:	[Not Applicable] [The provisions annexed to this Pricing Supplement apply.]
36.	Other final terms:	[Not Applicable] [*give details*]

DISTRIBUTION

37.	If syndicated, names of Managers:	[Not Applicable] [*give names*]
38.	If non-syndicated, name of Dealer:	[Not Applicable] [*give name*]
39.	Additional selling restrictions (including any modifications to those contained in the Offering Circular noted above):	

	United States of America:	[Regulation S, Category 2; TEFRA C, TEFRA D, or TEFRA Rules not applicable] [*Specify whether the Notes are subject to TEFRA C or TEFRA D Rules or whether the TEFRA Rules are not applicable*.]
	Canada:	[Canadian Sales Permitted] [Canadian Sales Not Permitted] (*Must specify latter option for Principal At Risk Notes*) [*Specify "Not Applicable" or give details of any modifications or additions to those contained in the Offering Circular noted above*.]
	Taiwan:	[Standard Taiwan Selling Restrictions applicable] [Formosa Selling Restrictions applicable]
	Prohibition of Sales to EEA Retail Investors:	[Applicable] [Not Applicable] (*The Notes may constitute "packaged" products and no key information document will be prepared or the Issuer may wish to prohibit offers to EEA retail investors for any other reason; in each such case "Applicable" should be specified*)
	Prohibition of Sales to Belgian Consumers:	[Applicable] [Not Applicable]
40.	Calculation Agent for purposes of Condition 6(f) (if other than the Agent):	[[ ] shall be the Calculation Agent] [Not Applicable]
41.	Calculation Agent for purposes of Condition 6(h) (RMB Notes) (if other than the Agent):	[[ ] shall be the Calculation Agent] [Not Applicable]
42.	RMB Settlement Centre:	[Hong Kong] [ ] [Not Applicable]
43.	Relevant Valuation Time for RMB Notes:	[Not Applicable] [[ ] in [ ]]
44.	Alternative Currency Payment:	[Applicable] [Not Applicable] [Alternative Currency: [ ]]

[**THIRD PARTY INFORMATION**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[**PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required for issue and admission to trading on [specify relevant stock exchange/market] of the Notes described herein pursuant to the U.S.$20,000,000,000 Note Issuance Programme of Bank of Montreal.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Bank of Montreal:

By:

PART B – OTHER INFORMATION

1. LISTING

(i)	Listing:	[None] [*specify*]
(ii)	Admission to trading:	[Not Applicable] [*specify*] [Tranche[s] [ ] of the Notes [is/are] already admitted to [*specify relevant market*] with effect from [ ].]

2. RATINGS

Ratings	[The Notes have not been specifically rated.] The Notes to be issued [have been] [are expected to be] rated: [S&P Global Ratings, acting through S&P Global Ratings Canada, a business unit of S&P Global Canada Corp.: [ ]] [Moody's Canada Inc.: [ ]] [Fitch Ratings, Inc.: [ ]]

3. OPERATIONAL INFORMATION

ISIN:	[ ]
Common Code:	[ ]
[CFI Code]:	[[See/[[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] [Not Applicable] [Not Available]
[FISN]:	[[See/[[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] [Not Applicable] [Not Available]
[WKN or any other relevant codes]:	[ ]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable] [*give name(s) and number(s)*]
Delivery:	Delivery [against] [free of] payment

Names and addresses of additional Paying Agent(s) (if any) and if applicable a statement that it or they should be sole Paying Agent(s) for the Series:	[Not Applicable] [*give name(s) and address(es)*]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositaries ("**ICSDs**") as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Not Applicable]
4. U.S. TAX CONSIDERATIONS	The Issuer has determined that the Notes are [not] Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended. [Additional information regarding the application of Section 871(m) to the Notes will be available [at [●]].]. [As at the date of this Pricing Supplement, the Issuer has not determined whether the Notes are Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Notes for these purposes. This is indicative information only, subject to change, and if the Issuer's final determination is different then it will give notice of such determination. Additional information regarding the application of Section 871(m) to the Notes will be

		available [at [●]].][5] *If the Notes reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required to determine if the Notes will be Specified Notes. If the Notes are Specified Notes, or if additional disclosure with respect to the 871(m) determination is required, include the "Additional information" sentence and specify where additional information may be found*.]
5.	**USE OF PROCEEDS**	[ ] [The Notes are specified as being "Sustainable Bonds" and the net proceeds for the sale of the Notes will be used for [ ].]
6.	**ADDITIONAL INFORMATION**	[ ] [Not Applicable]]
	[Costs and charges disclosure:	[ ] [ ]]

[5] This formulation to be used if the Issuer has not made a determination regarding whether the Notes are Specified Notes as of the date of the Pricing Supplement.

TERMS AND CONDITIONS OF THE EXEMPT NOTES

The following are the Terms and Conditions of the Exempt Notes, the relevant portion of which will be attached to, endorsed upon or incorporated by reference into each global Note and definitive Note, provided that the applicable Pricing Supplement in relation to any Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Exempt Notes. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the applicable Pricing Supplement.

This Note is one of a Series of Notes (the "***Notes***"), which expression shall mean (i) in relation to any Notes represented by a Note in global form (a "Global Note"), units of the lowest Specified Denomination or Calculation Amount comprising or forming part of the Specified Denomination, if any, in the Specified Currency of the Notes, (ii) Definitive Notes (defined below) issued in exchange for a permanent Global Note, and (iii) any Global Note issued subject to, and with the benefit of, an Agency Agreement amended and restated as of July 11, 2019 (and as may be further amended or supplemented from time to time in accordance with the terms thereof) (the "**Agency Agreement**") and made between the Bank, HSBC Bank plc as issuing and principal paying agent (the "***Agent***", which expression shall include any successor as agent) and the other paying agent named therein (together with the Agent, the "***Paying Agents***", which expression shall include any additional or successor paying agents).

This Note is a Senior Note or a Principal At Risk Note depending upon the Status of the Notes indicated in the applicable Pricing Supplement.

As used herein, "***Series***" means all Notes which are denominated in the same currency and which have the same Maturity Date, Interest Basis, Redemption / Payment Basis and Interest Payment Dates (if any) (all as indicated in the applicable Pricing Supplement) and the terms of which (save for the Issue Date, the Interest Commencement Date and/or the Issue Price (as indicated as aforesaid)) are otherwise identical (including whether or not the Notes are listed) and the expressions "***Notes of the relevant Series***" and "***holders of Notes of the relevant Series***" and related expressions shall be construed accordingly. As used herein, "***Tranche***" means all Notes of the same Series with the same Issue Date. The Bank may create and issue additional Tranches in accordance with Condition 16 herein. The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note, which supplement the Terms and Conditions (the "***Conditions***") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Tranche of Notes. References to the "***applicable Pricing Supplement***" are to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

A copy of the Agency Agreement (which contains the form of Pricing Supplement) is available for inspection during normal business hours and upon reasonable notice at the specified office of the Agent in London, England and for collection without charge from the Treasury Department of the Bank, 100 King Street West, 1 First Canadian Place, 10th Floor, Toronto, Ontario, Canada, M5X 1A1. Copies of Pricing Supplements for Notes will only be obtainable by a Noteholder.

The holders of the Notes (the "***Noteholders***", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided in Condition 1 herein), the holders of the coupons (the "***Couponholders***") and the holders of Receipts (the "***Receiptholders***") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

References herein to "**RMB Notes**" are to Notes denominated in Renminbi. References herein to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**") which, for the purposes of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

1. Form, Title and Transfer

The Notes are issued in bearer form.

Bearer Notes of this Series are deposited on or prior to the relevant Issue Date (i) if the Notes are issued in new global note ("***NGN***") form as specified in the applicable Pricing Supplement, with a common safekeeper (the "***Common Safekeeper***") and (ii) if the Notes are issued in classic global note ("***CGN***") form as specified in the applicable Pricing Supplement, with a common depositary for Euroclear Bank SA/NV ("***Euroclear***") and Clearstream Banking S.A. ("***Clearstream, Luxembourg***"). Unless specified otherwise in the applicable Pricing Supplement, the Notes will be issued in CGN form. Any reference herein to Euroclear and/or Clearstream, Luxembourg (or the "***clearing systems***") shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Bank and the Agent (including SIX SIS AG ("***SIX SIS***")).

This Note is a Fixed Rate Note, a Fixed Rate Note with Step-Up, a Floating Rate Note, a Zero Coupon Note, a Range Accrual Note or an Index Linked Interest Note or any appropriate combination thereof, depending upon the Interest Basis specified in the applicable Pricing Supplement. This Note is also an Index Linked Redemption Amount Note (collectively with Index Linked Interest Notes, "***Index Linked Notes***" and each, an "***Index Linked Note***"), a Dual Currency Note, a Partly Paid Note, an Instalment Note, or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Pricing Supplement.

Notes in definitive form ("***Definitive Notes***") will be serially numbered in the Specified Currency and the Specified Denomination(s) and, if applicable, integral multiples of the Calculation Amount(s) in excess of the lowest Specified Denomination up to but excluding an integral multiple of the highest Specified Denomination. Interest bearing Definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) will have interest coupons ("***Coupons***") and, if applicable, talons for further coupons ("***Talons***") attached. Definitive Notes repayable in instalments will have receipts ("***Receipts***") attached for the payment of the instalments of principal (other than the final instalment). Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in nominal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) specified in the applicable Pricing Supplement and (unless otherwise specified in the applicable Pricing Supplement) higher integral multiples of at least 1,000 in the relevant currency as specified in the applicable Pricing Supplement (the "***Integral Amount***"), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For the purposes of these Conditions, the "***Definitive Amount***" shall be equal to two times the lowest Specified Denomination minus the Integral Amount.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The holder of each Receipt or Coupon, whether or not such Receipt or Coupon is attached to a Note, in his capacity as such,

shall be subject to and bound by all the provisions contained in the relevant Note. The Bank, the Agent and any other Paying Agents may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out below. Unmatured Receipts and Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Bank.

For so long as any of the Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, as the case may be, as the beneficial owner of a particular nominal amount of such Global Notes (in which regard any certificate or other document issued by any such clearing system as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Bank, the Agent or any other Paying Agent, as the case may be, as the holder of such nominal amount of such Notes for all purposes other than for the payment of principal and interest on such Notes, the right to which shall be vested, as against the Bank, the Agent or any other Paying Agent, as the case may be, solely in Euroclear and/or Clearstream, Luxembourg, as the case may be, in accordance with and subject to its terms (and the expressions "***Noteholder***", "***holder of Notes***" and related expressions shall be construed accordingly).

None of the Bank, the Agent or any other Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in any Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

2. Definitive Notes

Beneficial interests in a permanent Global Note will (unless otherwise specified in the applicable Pricing Supplement) be exchangeable in whole for security-printed Definitive Notes only (i) if Definitive Notes are required to be provided by applicable law; (ii) in the case of a permanent Global Note deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, if Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of at least 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or (iii) if an Event of Default (as defined in Condition 10) has occurred and is continuing and the relevant clearing system acting on instructions of any owner of a beneficial interest in the permanent Global Note having requested in writing Definitive Notes from the Agent. In the circumstances described above, the Bank will cause sufficient Definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 days of the occurrence of any of the circumstances described in (ii) above or the making of the written request described in (iii) above) (the "***Permanent Exchange Date***") to the Agent and/or other Paying Agents, as the case may be, for completion, authentication and delivery, free of charge, to the relevant Noteholders.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that its holding amounts to a Specified Denomination.

3. Status of Notes

(a) Status of Senior Notes

The Senior Notes will constitute deposit liabilities of the Bank for purposes of the Bank Act. The Senior Notes will constitute legal, valid and binding unsubordinated and unsecured obligations of the Bank enforceable in accordance with their terms and will rank *pari passu* with all deposit and other unsubordinated liabilities of the Bank (except as otherwise prescribed by law and subject to the exercise of bank resolution powers) and without any preference amongst themselves. Unless otherwise specified in the applicable Pricing Supplement, the main branch of the Bank in Toronto will take the deposits evidenced by the Senior Notes, but without prejudice to the provisions of Condition 6. The Senior Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (the "**CDIC Act**").

(b) Status of Bail-inable Notes

This Condition 3(b) will apply in respect of all Senior Notes issued by the Bank that are identified as Bail-inable Notes in the applicable Pricing Supplement ("**Bail-inable Notes**"). All Senior Notes that (i) have an original or amended term to maturity of more than 400 days, have one or more explicit or embedded options, that if exercised by or on behalf of the Bank, could result in a maturity date that is more than 400 days from the date of issuance of the Senior Note or that have an explicit or embedded option that, if exercised by or on behalf of the Noteholder, could by itself result in a maturity date that is more than 400 days from the maturity date that would apply if the option were not exercised; and (ii) are not otherwise excluded (e.g. structured notes (as such term is used under the Canadian bank recapitalization regime for banks designated by the Superintendent of Financial Institutions (Canada) (the "**Superintendent**") as domestic systemically important banks (the "**Bail-in Regime**")) under the Bail-in Regime, will be identified as Bail-inable Notes in the applicable Pricing Supplement. Senior Notes that constitute structured notes (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime will not be identified as Bail-inable Notes in the applicable Pricing Supplement.

By its acquisition of an interest in Bail-inable Notes, each Noteholder (which, for the purposes of this Condition 3(b), includes each holder of a beneficial interest in such Bail-inable Notes) is deemed to:

(i) agree to be bound, in respect of such Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Bail-inable Notes in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to such Bail-inable Notes (a "Bail-in Conversion");

(ii) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes;

(iii) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in Bail-inable Notes; and

(iv) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on such Noteholder despite any provisions in these Conditions, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between such Noteholder and the Bank with respect to such Bail-inable Notes.

The applicable Pricing Supplement will indicate whether Senior Notes are Bail-inable Notes. All Bail-inable Notes will be subject to Bail-in Conversion.

Noteholders and beneficial owners of a Bail-inable Note will have no further rights in respect of a Bail-inable Note to the extent a Bail-inable Note is converted in a Bail-in Conversion, other than those provided under the Bail-in Regime, and by its acquisition of an interest in the Bail-inable Note, each Noteholder or beneficial owner of the Bail-inable Note is deemed to irrevocably consent to the converted portion of the principal amount of the Bail-inable Note and any accrued and unpaid interest thereon being deemed paid in full by the issuance of common shares of the Bank (or, if applicable, any of its affiliates) upon the occurrence of a Bail-in Conversion, which Bail-in Conversion shall occur without any further action on the part of that Noteholder or beneficial owner or the Paying Agents; provided that, for the avoidance of doubt, this consent shall not limit or otherwise affect any rights of that Noteholder or beneficial owner provided for under the Bail-in Regime.

Each Noteholder or beneficial owner of the Bail-inable Notes that acquires an interest in the Bail-inable Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such Noteholder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the Noteholders or beneficial owners that acquire an interest in the Bail-inable Notes upon their initial issuance, including, without limitation, with respect to the terms of the Bail-inable Notes related to the Bail-in Regime.

By its acquisition of an interest in a Bail-inable Note, each Noteholder or beneficial owner of a Bail-inable Note is deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg and any direct participant in such clearing system or other intermediary through which it holds the Bail-inable Note to take any and all necessary action, if required, to implement the Bail-in Conversion or any other action pursuant to the Bail-in Regime with respect to the Bail-inable Note, as may be imposed on it, without any further action or direction on the part of that Noteholder or beneficial owner or the Paying Agents, except as required in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream and/or the intermediary, as applicable.

(c) Status of Principal At Risk Notes

The Principal At Risk Notes will evidence Senior Notes that are not principal protected. The Principal At Risk Notes will not be deposits insured under the CDIC Act.

4. Interest

(a) Interest on Fixed Rate Notes

(i) Fixed Interest Periods and Interest Payment Dates

Each Fixed Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Pricing Supplement, subject to the application of the Range Accrual Factor, if applicable. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date so specified if that does not fall on an Interest Payment Date.

If the Notes are in definitive form, except as otherwise provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest

on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated by the Calculation Agent in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by (i) the applicable Day Count Fraction, (ii) if the applicable Pricing Supplement specify "Range Accrual" to be applicable to such Interest Payment Date, the applicable Range Accrual Factor (which shall be determined in accordance with Condition 4(m) (Calculation of Range Accrual Factor) below) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without further rounding.

In the case of Range Accrual Notes (as defined in Condition 4(m) below), Condition 4(e) shall also apply.

In the case of Notes for which "**Adjusted Fixed Interest Periods**" is specified as applying in the applicable Pricing Supplement, where the Notes are represented by a Global Note or where the Specified Denomination of a definitive Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the outstanding principal amount of the Global Note or the Specified Denomination of a definitive Note, without any further rounding:

(A) where (x) there is not a numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day (other than a Saturday or a Sunday) which is not a Business Day, then such Interest Payment Date shall be adjusted, as specified in the applicable Pricing Supplement, for payment and interest accrual purposes, in accordance with the Business Day Convention (as defined in Condition 4(c)(i) specified in the Pricing Supplement) where "**Business Day**" shall be as defined in Condition 4(c)(i); and

(B) the Calculation Agent will cause each Interest Amount for each Fixed Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to any stock exchange on which the relevant Fixed Rate Notes are for the time being listed or admitted to trading, and for so long as the Notes are represented by a global Note, Euroclear and/or Clearstream, Luxembourg, and to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or

appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Fixed Interest Period. For the purposes of this Condition 4(a)(B), the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

In these Conditions:

"***Calculation Agent***" means such entity as may be specified in the applicable Pricing Supplement as the Calculation Agent.

"***Day Count Fraction***" means in respect of a calculation of an amount of interest in accordance with this Condition 4(a):

(i) if "***Actual / Actual (ICMA)***" is specified in the applicable Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "***Accrual Period***") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year;

(ii) if "***30/360***" is specified in the applicable Pricing Supplement, the number of days in the Accrual Period (such number of days being calculated on the basis of a 360-day year consisting of 12 months of 30 days) divided by 360;

(iii) if "***30E/360***" is specified in the applicable Pricing Supplement, the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31, in which case D_2 will be 30;

(iv) if "***Actual/365 (Fixed)***" is specified in the applicable Pricing Supplement, the actual number of days in the relevant period divided by 365; and

(v) if none of the above are specified in the applicable Pricing Supplement, the day-count fraction specified in the applicable Pricing Supplement.

"**Determination Date**" means the date specified in the applicable Pricing Supplement or, if none is specified, it means the Interest Payment Date.

"***Determination Period***" means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where the Interest Commencement Date or the Final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date following after, such date).

"***euro***" means the currency of the Member States of the European Union (the "**EU**") that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

"***Interest Amount***" means the amount of interest per Calculation Amount payable for a period for which a Fixed Coupon Amount has not been specified.

"***RMB Settlement Centre***" means the financial centre(s) specified as such in the applicable Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the applicable Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

"***sub-unit***" means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, means one cent.

(ii) Fixed Rate Notes with a Step-Up

"**Fixed Interest Period End Date**" means each date specified in the applicable Pricing Supplement.

In respect of a Fixed Rate Note with a step-up in the rate of interest, the Rate of Interest in respect of each Fixed Interest Period means the "Rate of Interest (Step-Up)" specified to be applicable in respect of each Fixed Interest Period End Date on which the Fixed Interest Period ends, as set forth in the applicable Pricing Supplement.

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding nominal amount:

(i) from and including the Interest Commencement Date up to but excluding the First Reset Date at the Initial Rate of Interest;

(ii) in the First Reset Period, at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 4.

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

In this Condition 4(b):

"**Anniversary Date(s)**" means each date specified as such in the applicable Pricing Supplement;

"**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Calculation Agent, with the advice of the Reset Reference Banks, may determine to be appropriate;

"**Benchmark Gilt Rate**" means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

"**dealing day**" means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

"**First Reset Date**" means the date specified as such in the applicable Pricing Supplement;

"**First Reset Period**" means the period from and including the First Reset Date up to but excluding the Second Reset Date or, if no such Second Reset Date is specified in the applicable Pricing Supplement, the date fixed for redemption of the Exempt Notes (if any);

"**First Reset Rate of Interest**" means the rate of interest as determined by the Calculation Agent on the Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

"**Initial Rate of Interest**" means the initial rate of interest per annum specified in the applicable Pricing Supplement;

"**Margin**" means the margin (expressed as a percentage) in relation to the relevant Reset Period specified as such in the applicable Pricing Supplement;

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in sterling which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(g)) the 6-month LIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified in the applicable Pricing Supplement;

(ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(g)) the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified in the applicable Pricing Supplement;

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(g)) the 3-month LIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified in the applicable Pricing Supplement;

(iv) if the Specified Currency is Renminbi, for the semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Renminbi which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(g)) the 12-month CNH HIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified in the applicable Pricing Supplement; and

(v) if the Specified Currency is not sterling, euro, US dollars or Renminbi, for the Fixed Leg (as set out in the applicable Pricing Supplement) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out in the applicable Pricing Supplement) and subject as otherwise provided pursuant to Condition 4(g);

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified in the applicable Pricing Supplement) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified in the applicable Pricing Supplement) as displayed on the Screen Page at 11.00 a.m. or any other Relevant Time specified in the applicable Pricing Supplement (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate;

"**Reference Bond**" means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Calculation Agent in its discretion after consultation with the Issuer as having an actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Calculation Agent, after consultation with the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of comparable maturity to the relevant Reset Period;

"**Reference Bond Dealer**" means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by the Calculation Agent in its discretion after consultation with the Issuer;

"**Reference Bond Dealer Quotations**" means, with respect to each Reference Bond Dealer and the Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at approximately 11:a.m (or any other Relevant Time as specified in the applicable Pricing Supplement) in the principal financial centre of the Specified Currency on the Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

"**Reference Bond Price**" means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations, or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation or if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest;

"**Reference Bond Rate**" means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a

price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such in the applicable Pricing Supplement or, if none is so specified, (b) (i) if the Specified Currency is sterling or Renminbi, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET2 Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

"**Reset Date**" means each of the First Reset Date, the Second Reset Date and each of the Anniversary Dates (if any) as is specified in the applicable Pricing Supplement;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period;

"**Reset Rate**" means (a) if 'Mid-Swap Rate' is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate; (b) if 'Benchmark Gilt Rate' is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or (c) if "Reference Bond Rate" is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. (or any other Relevant Time specified in the applicable Pricing Supplement) in the principal financial centre of the Specified Currency (which in the case of Renminbi shall, for these purposes, be Hong Kong) on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent (0.0005 per cent, being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

"**Reset Reference Banks**" means (i) in the case of the calculation of a Reset Reference Bank Rate, five leading swap dealers in the principal interbank market relating to the Specified Currency selected by the Calculation Agent in its discretion after consultation with the Issuer or (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in its discretion after consultation with the Issuer;

"**Screen Page**" means Reuters screen page "ICESWAP1", "ICESWAP2", "ICESWAP3", "ICESWAP4", "ICESWAP5" or "ICESWAP6" as specified in the applicable Pricing Supplement or such other page on Thomson Reuters or any other information service as is specified in the applicable Pricing Supplement, or such other screen page as may replace it on Thomson Reuters or any other information service or, as the case may be, on such other information service that may replace Thomson Reuters or any other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

"**Second Reset Date**" means the date specified as such in the applicable Pricing Supplement;

"**Subsequent Reset Period**" means the period from and including the Second Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent on the Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

"**Swap Rate Period**" means the period or periods specified as such in the applicable Pricing Supplement; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(c) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) (each an "***Interest Payment Date***") in each year specified in the applicable Pricing Supplement; or

(B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, on each date (each, an "***Interest Payment Date***") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest shall be payable in respect of each Interest Period, subject to the application of the Range Accrual Factor, if applicable. In these Conditions, "Interest Period" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

(A) (other than in the case of an Interest Payment Date(s) specified in the applicable Pricing Supplement), the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date (or other date) shall be the immediately preceding Business Day and (2) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which

falls in the Specified Period after the preceding applicable Interest Payment Date (or other date); or

(B) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(E) "No Adjustment", the relevant date shall not be adjusted in accordance with any Business Day Convention.

In these Conditions, "***Business Day***" means (unless otherwise stated in the applicable Pricing Supplement) a day which is both:

(A) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2) specified in the applicable Pricing Supplement and if TARGET2 is specified as an Additional Business Centre, a TARGET2 Business Day (as defined below); and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, in the case of Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and, if TARGET2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day which is a TARGET2 Business Day (as defined below) or (2) in relation to any sum payable in euro, a day (other than a Saturday or Sunday) which is a TARGET2 Business Day (as defined below); or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the RMB Settlement Centre(s).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus the Margin (if any, as indicated in the applicable Pricing Supplement). For the purposes of this subparagraph (ii)(A), "ISDA Rate" for any

Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA 2006 Definitions, as amended, supplemented or updated as at the Issue Date of the first Tranche of Notes, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions") and under which:

(1) the Floating Rate Option (which may refer to a Rate Option in the ISDA Definitions) is as specified in the applicable Pricing Supplement;

(2) the Designated Maturity is the period specified in the applicable Pricing Supplement; and

(3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on LIBOR or EURIBOR for a currency, the first day of that Interest Period or (y) in any other case, as specified in the applicable Pricing Supplement.

The ISDA Definitions contain provisions for determining the applicable Floating Rate (as defined below) in the event that the specified Floating Rate is not available.

For the purpose of this subparagraph (ii)(A), "***Floating Rate***", "***Calculation Agent***", "***Floating Rate Option***", "***Designated Maturity***", "***Rate Option***" and "***Reset Date***" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, subject to Condition 4(n) below, be:

(1) where the Reference Rate is specified as being LIBOR, EURIBOR, CNH HIBOR, or HIBOR, either:

(X) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(Y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus the Margin (if any, as indicated in the applicable Pricing Supplement), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If on any Interest Determination Date the Relevant Screen Page is not available or the offered quotation or quotations are unavailable, the Agent shall request each of the Reference Banks

(as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period at approximately the Relevant Time in the Relevant Financial Centre on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at the Relevant Time in the Relevant Financial Centre on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London interbank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) or the Hong Kong interbank market (if the Reference Rate is CNH HIBOR or HIBOR), plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at the Relevant Time in the Relevant Financial Centre on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bank suitable for such purpose) informs the Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is CNH HIBOR or HIBOR) or such other interbank market specified in the applicable Pricing Supplement plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(2) Where the Reference Rate is specified as being CDOR, the average bid rate for bankers' acceptances in Canadian dollars for the relevant Interest Period which appears on the Reuters Screen CDOR Page (being the Relevant Screen Page) as of approximately 10:15 a.m. (Toronto time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If CDOR does not appear on Reuters Screen CDOR Page or the Reuters Screen CDOR Page is not available, the Calculation Agent shall request the principal Toronto office of each of four Schedule I Canadian chartered banks to provide the Calculation Agent with its bid rate of interest (expressed as a percentage rate per annum) for bankers' acceptances in Canadian dollars, in an amount approximately equal to the aggregate nominal amount of the Notes, for the relevant Interest Period accepted by such Reference Banks as at approximately 10:15 a.m. (Toronto time) on the Interest Determination Date. If two or more of such banks provide

the Calculation Agent with such bid rates of interest, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent. If fewer than two such banks provide the Calculation Agent with its respective bid rate of interest, the Reference Rate for such Interest Determination Date shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.00005 being rounded upwards) of the bid rates quoted by major banks in Toronto, selected by the Calculation Agent, for bankers' acceptance in Canadian dollars, in an amount approximately equal to the aggregate nominal amount of the Notes, for the relevant Interest Period accepted by such banks as at approximately 10:15 a.m. (Toronto time) on the Interest Determination Date, for the relevant Interest Period for settlement on such Interest Determination Date, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(C) CMS Reference Rate Determination

Where CMS Reference Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the CMS Reference Rate Determination.

For the purposes of this subparagraph (ii), the "**CMS Reference Rate Determination**" for an Interest Period means the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the CMS Maturity commencing on the first day of the relevant Interest Period (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date, all as determined by the Calculation Agent.

(1) Fallbacks for Reference Currency other than Canadian dollars

Subject to Condition 4(n), if the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent such quotations, the CMS Reference Rate Determination for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) in the case of five quotations or more.

Subject to Condition 4(n), if on any Interest Determination Date less than three only or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Reference Rate Determination shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

(2) Fallbacks where Reference Currency is Canadian dollars

Subject to Condition 4(n), if the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of such banks provide the Calculation Agent with such quotations, the CMS Reference Rate Determination for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such quotations in the case of five quotations or more.

Subject to Condition 4(n), if on any Interest Determination Date fewer than two of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Reference Rate Determination shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

(D) SONIA Reference Rate Determination

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Pricing Supplement as being SONIA, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(n) and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

"**Compounded Daily SONIA**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment corresponding to such Interest Accrual Period (with SONIA as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i-pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Accrual Period;

"$\mathbf{d_O}$" is the number of London Banking Days in the relevant Interest Accrual Period;

"***i***" is a series of whole numbers from one to d_O, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Accrual Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"n_i", for any London Banking Day "*i*", means the number of calendar days from and including such London Banking Day "*i*" up to but excluding the following London Banking Day;

"**Observation Look-Back Period**" is as specified in the applicable Pricing Supplement;

"p" means, for any Interest Accrual Period, the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement and being no less than five London Banking Days, immediately preceding a London Banking Day "*i*" falling in such relevant Interest Accrual Period on which the SONIA reference rate is to be determined;

"**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"$\text{SONIA}_{i\text{-}pLBD}$" means, in respect of any London Banking Day "*i*", the SONIA reference rate for the London Banking Day falling "*p*" London Banking Days prior to the relevant London Banking Day "*i*".

If, subject to Condition 4(n), in respect of any London Banking Day, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, the Calculation Agent shall determine such SONIA reference rate as being:

(a) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(b) if the Bank Rate is not available on the relevant London Banking Day, the most recent SONIA Reference Rate in respect of a London Banking Day.

Notwithstanding the paragraph above, in the event of the Bank of England publishing guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall, to the extent that it is reasonably practicable, follow such guidance in order to determine $\text{SONIA}_{i\text{-}pLBD}$, for purposes of Notes of the relevant Series for so long as the SONIA rate is not available and has not been published by the authorised distributors.

As used herein, an "**Interest Accrual Period**" means (i) each Interest Period and (ii) such other period (if any) in respect of which interest is to be calculated being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, in the case of an early redemption of any Notes, shall be such redemption date, and in other cases where the relevant Notes become due and payable in accordance with Condition 10, shall be the date on which such Notes become due and payable).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes become due and payable and the Rate of Interest of such Notes shall , for so long as such Notes remain outstanding, be that determined on such date.

In this Condition 4:

"**CDOR**" means Canadian Dollars Offered Rate.

"***CMS Reference Banks***" means (i) where the Reference Currency is euro, the principal office of five leading swap dealers in the interbank market, (ii) where the Reference Currency is sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City interbank market, (iv) where the Reference Currency is Canadian dollars, four major Canadian Schedule 1 chartered banks, or (v) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre interbank market, in each case as selected by the Calculation Agent.

"***CNH HIBOR***" means CNH Hong Kong interbank offered rate.

"***EURIBOR***" means the Euro-zone interbank offered rate.

"***Euro-zone***" means the region comprised of Member States of the EU that adopt the euro as the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

"**HIBOR**" means the Hong Kong interbank offered rate.

"***LIBOR***" means the London interbank offered rate.

"***Reference Banks***" means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page.

"***Reference Rate***" means (i) LIBOR, (ii) EURIBOR, (iii) CDOR, (iv) CNH HIBOR, (v) HIBOR, (vi) SONIA or (vii) CMS Reference Rate Determination in each case for the relevant period, as specified in the applicable Pricing Supplement.

"***Relevant Financial Centre***" means, with respect to any Floating Rate or CMS Reference Rate Determination, the financial centre as may be specified as such in the applicable Pricing Supplement or, if none is so specified, means (i) London in the case of a determination of LIBOR, (ii) Brussels in the case of a determination of EURIBOR, (iii) Hong Kong in the case of a determination in CNH HIBOR or HIBOR or (iv) any other financial centre, in each case as specified in the applicable Pricing Supplement.

"***Relevant Screen Page***" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service ("***Reuters***")) as may be specified in the applicable Pricing Supplement for the purposes of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the

information appearing there for the purpose of deploying rates or prices comparable to that Reference Rate.

If the Reference Rate from time to time in respect of Floating Rate Notes or Index Linked Interest Notes is specified as being other than the LIBOR, EURIBOR, CDOR, CNH HIBOR, HIBOR or SONIA the Rate of Interest in respect of such Notes will be determined as specified in the applicable Pricing Supplement.

"***Relevant Swap Rate***" means:

(i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

(ii) where the Reference Currency is sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating sterling interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the CMS Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the CMS Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

(iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months;

(iv) where the Reference Currency is Canadian dollars, the mid-market swap rate as determined by the Calculation Agent in its sole discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice; and

(iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

"***Relevant Time***" means (i) in the case of LIBOR, 11:00 a.m., (ii) in the case of EURIBOR, 11:00 a.m., (iii) in the case of CNH HIBOR, 11:15 a.m., or if, at or around that time it is notified

that the fixing will be published at 2:30 p.m., then as of 2:30 p.m. or (iv) in the case of HIBOR, 11:00 a.m. each as specified in the applicable Pricing Supplement, or (v) where CMS Reference Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, has the meaning specified in the Pricing Supplement.

"***Representative Amounts***" means with respect of any CMS Reference Rate Determination on an Interest Payment Date, the amount that is representative for a single transaction in the relevant market at the time.

"***SONIA***" means the Sterling Overnight Index Average.

"***TARGET2***" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which launched on 19 November 2007 (or any successor thereto).

"***TARGET2 Business Day***" means a day on which TARGET2 is open.

(iii) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will (unless otherwise specified in the applicable Pricing Supplement), on or as soon as practicable after each date on which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period or, if determining the First Reset Rate of Interest or a Subsequent Reset Rate of Interest in respect of Fixed Rate Reset Notes, the Interest Amount for each Interest Period falling within the relevant Reset Period (subject to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement). In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the rate of interest for the relevant Interest Period as soon as possible after calculating the same.

The Calculation Agent will (unless otherwise specified in the applicable Pricing Supplement) calculate the amount of interest (the "***Interest Amount***") payable on the Floating Rate Notes or Index Linked Interest Notes by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case multiplying such sum by (i) the applicable Day Count Fraction, (ii) if the applicable Pricing Supplement specifies "Range Accrual" to be applicable to such Interest Payment Date, the applicable Range Accrual Factor (which shall be determined in accordance with Condition 4(m) (Calculation of Range Accrual Factor) below), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Notes shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions, "***Day Count Fraction***" means, in respect of the calculation of an amount of interest in accordance with Condition 4(d) for any Interest Period:

(A) if "***Actual/Actual***" or "***Actual/Actual (ISDA)***" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "***Actual/365 (Fixed)***" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(C) if "***Actual/365 (Sterling)***" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case the last day of the Interest Period falls in a leap year, 366;

(D) if "***Actual/360***" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(E) if "***30/360***", "***360/360***" or "***Bond Basis***" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(F) if "***30E/360***" or "***Eurobond Basis***" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"***Y_1***" is the year, expressed as a number, in which the first day of the Interest Period falls;

"***Y_2***" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"***M_1***" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"***M_2***" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"***D_1***" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"***D_2***" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(G) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"***Y_1***" is the year, expressed as a number, in which the first day of the Interest Period falls;

"***Y_2***" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"***M_1***" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"***M_2***" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"***D_1***" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"***D_2***" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(d) Notification of Rate of Interest and Interest Amount

The Bank will cause the Rate of Interest and each Interest Amount in respect of Floating Rate Notes, Fixed Rate Reset Notes or Range Accrual Notes for each Interest Period and the relevant Interest Payment Date to be notified by the Calculation Agent, in the case of Floating Rate Notes, Fixed Rate Reset Notes, Index Linked Interest Notes or Range Accrual Notes which are listed on a stock exchange, to such stock exchange and, if applicable, to any other stock exchange on *which* the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed, and to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter (or in the case of Notes where the Reference Rate is specified as being SONIA, two London Banking Days after such determination). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. For the purposes of this subparagraph (v), the expression "***London Business Day***" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement.

(e) Linear Interpolation

Where Linear Interpolation is specified as being applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, by the Agent or the Calculation Agent (if applicable), shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or Calculation Agent (if applicable) in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(g) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period or Reset Period then, in the event that the Rate of Interest in respect of any such Interest Period or Reset Period determined in accordance with the following provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period or Reset Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period or Reset Period then, in the event that the Rate of Interest in respect of any such Interest Period or Reset Period determined in accordance with the following provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period or Reset Period shall be such Maximum Rate of Interest.

(h) Interest on Zero Coupon Notes

Where a Zero Coupon Note becomes due and payable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with Condition 5(f) as its Amortised Face Amount. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the applicable Pricing Supplement.

(i) Interest on Index Linked Interest Notes and Dual Currency Notes

In the case of Index Linked Interest Notes or Dual Currency Notes, if the Rate of Interest is to be determined by reference to an index and/or a formula or, as the case may be, an exchange rate, the rate or amount of interest payable shall be determined by the Calculation Agent specified in the applicable Pricing Supplement in the manner specified in the applicable Pricing Supplement.

(j) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(k) Accrual of Interest

Each Note (or in the case of the redemption of part of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the rate as provided herein.

(l) Interest Act (Canada) Disclosure

For the purpose of disclosure pursuant to the Interest Act (Canada), where interest is required to be calculated on the basis of a 360-day year or any other period of time that is less than a calendar year, the yearly rate of interest which is equivalent to the Rate of Interest for any period of less than one calendar year may be determined by multiplying such Rate of Interest by a fraction, the numerator of which is the actual number of days in the 12-month period constituting such calendar year and the denominator of which is 360 or such other period of time that is less than a calendar year, as the case may be.

The Bank confirms that it fully understands and is able to calculate the effective annual rate of interest applicable to each Note based on the methodology for calculating per annum rates provided for in the paragraph above if applicable. The Bank hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to each Note, that the interest payable under each Note and the calculation thereof has not been adequately disclosed to the Issuer pursuant to Section 4 of the Interest Act (Canada).

(m) Calculation of the Range Accrual Factor

This Condition 4(m) is applicable to Fixed Rate Notes or Floating Rate Notes to which Range Accrual is specified to be applicable in the applicable Pricing Supplement ("Range Accrual Notes").

The "Range Accrual Factor" means in respect of an Interest Period, an amount calculated by the Calculation Agent in accordance with the following formula:

$$\frac{N1}{N2}$$

For the purposes of this Condition 4(m):

"**Calculation Day**" means, in respect of each Interest Period, each calendar day falling within such Interest Period.

"**Cap**" means, in respect of a Relevant Rate for any relevant Interest Period, the per annum rate specified in the applicable Pricing Supplement.

"**Common Valid Date**" means each day that is a Business Day in each Relevant Financial Centre.

"**Constant Maturity Swap**" means the swap transaction in the Specified Currency with a maturity of the Specified Maturity.

"**First Reference Rate**" means the Range Accrual Reference Rate specified in the applicable Pricing Supplement and determined in accordance with these Conditions.

"**Floor**" means, in respect of a Relevant Rate for any relevant Interest Period, the per annum rate specified in the applicable Pricing Supplement.

"**N1**" means, in respect of any relevant Interest Period, the number of Calculation Days during such Interest Period for which, in respect of a Single Range Accrual Note, the Relevant Rate, and, in respect of a Dual Range Accrual Note, each applicable Relevant Rate is (a) if specified in the applicable Pricing Supplement that "greater than or equal to" shall apply, greater than or equal to the applicable Floor for that Interest Period (as determined by the Calculation Agent); or (b) if specified in the applicable Pricing Supplement that "greater than" shall apply, greater than the applicable Floor (as determined by the Calculation Agent); and (x) if specified in the applicable Pricing Supplement that "less than or equal to" shall apply, less than or equal to the applicable Cap for that Interest Period (as determined by the Calculation Agent); or (y) if specified in the applicable Pricing Supplement that "less than" shall apply, less than the applicable Cap (as determined by the Calculation Agent);

"**N2**" means, in respect of each Interest Period, the number of Calculation Days during such Interest Period, as determined by the Calculation Agent.

"**Range Accrual Reference Rate**" means (i) LIBOR, (ii) EURIBOR, (iii) CDOR, (iv) CNH HIBOR, (v) HIBOR, (vi) SONIA or (vii) Constant Maturity Swap, as specified in the applicable Pricing Supplement.

"**Rate**" means, in respect of a Range Accrual Reference Rate specified in the applicable Pricing Supplement, either:

(1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations (if there are two or more quotations on the Relevant Screen Page),

(in each case expressed as a percentage rate per annum) for the Range Accrual Reference Rate for the Specified Maturity and Specified Currency which appears or appear, as the case may be, on the Relevant Screen Page on which such Range Accrual Reference Rate is for the time being displayed at the Relevant Time in the Relevant Financial Centre on such Calculation Day. If such rate does not appear on the Relevant Screen Page at the Relevant Time in the Relevant Financial Centre on such Calculation Day, the Calculation Agent will in its sole and absolute discretion, determine such rate (or a method for determining such rate) for such Calculation Day, taking into consideration all available information and acting in good faith and in a commercially reasonable manner;

provided that: (i) in respect of a Single Range Accrual Note (as specified in the applicable Pricing Supplement), (A) subject to proviso (B) below, if any Calculation Day is not a Business Day in the Relevant Financial Centre, the rate for such Calculation Day shall be determined in respect of the immediately preceding Business Day in the Relevant Financial Centre; and (B) in respect of each Interest Period, the Relevant Rate in respect of each Calculation Day from, and including, the fifth Business Day in the Relevant Financial Centre or such other Business Day (such date being the "**Rate Cut-off Date**" for such Interest Period) prior to the Interest Payment Date falling immediately after the end of such Interest Period to, and including, the last Calculation Day of such Interest Period, shall be deemed to be the rate in respect of the Rate Cut-off Date; and (ii) in respect of a Single Range Accrual (as specified in the applicable Pricing Supplement) where Constant Maturity Swap Spread is specified to be applicable in the Pricing Supplement and in respect of Terms and Conditions of the Notes of a Dual Range Accrual Note (as specified in the applicable Pricing Supplement), (A) subject to proviso (B) below, if any Calculation Day is not a Common Valid Date, the rate in respect of a Reference Rate for such Calculation Day shall be determined in respect of the immediately preceding Business Day in the Relevant Financial Centre for such Reference Rate; and (B) in respect of each Interest Period, the Relevant Rate in respect of each Calculation Day from, and including, the seventh Common Valid Date or such other Common Valid Date specified in the applicable Pricing Supplement (such date being the "**Rate Cut-off Date**" for such Interest Period) prior to the Interest Payment Date falling immediately after the end of such Interest Period to, and including, the last Calculation Day of such Interest Period, shall be deemed to be the rate for such Reference Rate in respect of the Rate Cut-off Date.

"**Relevant Rate**" means either:

(a) where Single Range Accrual Note is specified to be applicable in the Pricing Supplement either:

(i) the Rate as determined in accordance with these Conditions; or

(ii) where Constant Maturity Swap Spread is specified to be applicable in the Pricing Supplement, the Rate in respect of the First Reference Rate minus the Rate in respect of the Second Reference Rate, as determined in accordance with these Conditions; or

(b) where Dual Range Accrual Note is specified to be applicable in the Pricing Supplement, each Rate determined in accordance with these Conditions provided that where Constant Maturity Swap Spread is specified to be applicable in the Pricing Supplement, the Relevant Rate will be calculated as the Rate in respect of the First Reference Rate minus the Rate in respect of the Second Reference Rate, as determined in accordance with these Conditions.

"**Second Reference Rate**" means the Range Accrual Reference Rate specified in the applicable Pricing Supplement and determined in accordance with the Conditions.

"**Specified Currency**" means the currency in which the Notes are denominated unless otherwise specified in the applicable Pricing Supplement in relation to Range Accrual items thereof.

(n) Benchmark Discontinuation

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(n)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(n)(iii)) and any Benchmark Amendments (in accordance with Condition 4(n)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(n) shall act in good faith and a commercially reasonable manner as an expert and (in the absence of bad faith, gross negligence or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(n).

If the Issuer is unable to appoint an Independent Adviser or unable to make the determination set out in Condition 4(n) (i), (ii), (iii) and (iv) in consultation with an Independent Adviser, the Issuer, acting in good faith and in a commercially reasonable manner, may make such determinations itself in accordance with the foregoing provisions and taking into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets, and subject always to any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Pricing Supplement.

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and a commercially reasonable manner, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(n)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component

part(s) thereof) for all future payments of interest on the Exempt Notes (subject to the operation of this Condition 4(n); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(n))(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Exempt Notes (subject to the operation of this Condition 4(n)).

(iii) Adjustment Spread

If the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(n) and the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(n)(v), vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

No consent of Noteholders shall be required in connection with effecting the relevant Successor Rate or Alternative Rate (as may be applicable), any Adjustment Spread and/or any Benchmark Amendments, or varying these Conditions and/or the Agency Agreement to give effect to such changes pursuant to this Condition 4(n), including the execution of any documents thereto or the taking of any steps by the Issuer or any parties to any relevant documents (if required).

In connection with any such variation in accordance with this Condition 4(n)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(n) will be notified promptly by the Issuer to the Fiscal Agent and the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Successor Rate or Alternative Rate (as may be applicable), the Adjustment Spread, and/or the Benchmark Amendments, if any.

No later than one Business Day following the date of notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment

Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(n); and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(n) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 4(b), 4(c)(ii)(A), 4(c)(ii)(B) or 4(c)(ii)(C) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 4(n)(v).

(vii) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, no Successor Rate or Alternative Rate (as the case may be) is determined pursuant to this Condition 4(n), the Original Reference Rate and the fallback provisions provided for in Condition 4(b), Condition 4(c)(ii)(A) or Condition 4(c)(ii)(B) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date.

For the avoidance of doubt, the foregoing paragraph shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date or Reset Determination Date, as the case may be only, and the Rate of Interest applicable to any subsequent Interest Periods(s) or Reset Periods, as the case may be is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(n).

(viii) Definitions:

As used in this Condition 4(n):

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser (if any) and acting in good faith and a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(C) (if the Issuer determines that no such industry standard is recognised or acknowledged) the Issuer, in its discretion, following consultation with the Independent Adviser (if any) and acting in good faith and a commercially reasonable manner, determines to be appropriate.

"**Alternative Rate**" means an alternative to the benchmark or screen rate which the Issuer determines in accordance with Condition 4(n)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part(s) thereof) for the same interest period and in the same Specified Currency as the Exempt Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(n)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing be published for a period of at least five Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely and no successor administrator has been appointed that will continue publication of the Original Reference Rate; or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

(E) an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or

(F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original

Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 (as amended from time to time), if applicable).

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 4(n)(i).

"**Original Reference Rate**" means either (i) the benchmark and screen rate (as applicable) originally specified for the purposes of determining the Rate of Interest (or any component part(s) thereof) on the Notes or (ii) any Successor Rate or Alternative Rate which replaces the Original Reference Rate pursuant to the operation of this Condition 4(n).

"**Relevant Nominating Body**" means, in respect of a benchmark and screen rate (as applicable):

(A) the central bank for the currency to which the benchmark and screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark and screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the benchmark and screen rate (as applicable) relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark and screen rate (as applicable), (y) a group of the aforementioned central banks or other supervisory authorities or (z) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. Redemption and Purchase

(a) At Maturity

Unless previously repaid, each Note will be repaid by the Bank at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

(b) Early Redemption for Tax Reasons

If, (i) as a result of any change in the federal laws of Canada or any province, territory or political division thereof or any authority or agency therein or thereof having power to tax or, in the case of Notes issued by a branch of the Bank that is located outside Canada, of the country in which such branch is located or any political division thereof or any authority or agency therein or thereof having power to tax, or any change in the interpretation or administration of any such laws, which change becomes effective on or after the latest Issue Date of the Notes of this Series, the Bank would, on the occasion of the next payment due in respect of the Notes of this Series, be required to pay additional amounts as provided in Condition 9, (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it (which, for the avoidance of doubt, does not include substitution of the obligor under the Notes) and (iii) such circumstances are evidenced by the delivery to the Agent of a certificate signed by two senior officers of the Bank stating that said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that said circumstances prevail, the Bank may at its option, having given not

more than 60 nor less than 30 days' notice (unless otherwise specified in the applicable Pricing Supplement) to the holders of the Notes of this Series, at any time or, if the Notes of this Series bear interest at a floating rate, on any Interest Payment Date redeem all, but not some only, of the Notes of this Series each at its Early Redemption Amount referred to in paragraph (e) below, together, if appropriate, with interest accrued to, but excluding, the date of redemption; provided further that in respect of Bail-inable Notes, where the redemption would lead to a breach of the Bank's minimum total loss absorbing capacity ("**TLAC**") requirements such redemption will be subject to the prior approval of the Superintendent. Upon the expiry of the aforementioned notice, the Bank shall be bound to redeem the Notes of this Series accordingly.

(c) Redemption due to TLAC Disqualification Event:

This Condition 5(c) applies to Bail-inable Notes only.

Where a TLAC Disqualification Event Call is specified as being applicable in the relevant Pricing Supplement relating to a Series of Bail-inable Notes, the Bank may, at its option, on not less than the minimum period of notice and not more than the maximum period of notice specified in the applicable Pricing Supplement and in accordance with Condition 13, on expiry of such notice (which must fall within 90 days following such TLAC Disqualification Event (as defined below)) redeem all, but not some only, of the Series of Notes prior to their stated maturity date on, or within 90 days after, a TLAC Disqualification Event (as defined below) at the Early Redemption Amount, plus any accrued but unpaid interest to (but excluding) the date fixed for redemption. Such redemption will be subject to the prior approval of the Superintendent.

A "**TLAC Disqualification Event**" means the Office of the Superintendent of Financial Institutions has advised the Bank in writing that the Series of Bail-inable Notes will no longer be recognised in full as TLAC under the guideline for TLAC for banks in Canada in effect from time to time, as interpreted by the Superintendent, provided that a TLAC Disqualification Event shall not occur where the exclusion of the Series of Bail-inable Notes from the Bank's TLAC requirements is due to the remaining term to maturity of such Series of Bail-inable Notes being less than any period prescribed by any relevant TLAC eligibility criteria applicable as of the Issue Date of the first Tranche of such Series of Bail-inable Notes.

(d) Early Redemption for Illegality

In the case of Range Accrual Notes (as defined in Condition 4(m) above), in the event that the Bank determines in good faith that the performance of the Bank's obligations under the Notes or any arrangement made to hedge the Bank's obligations under the Notes have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Bank having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Pricing Supplement to Noteholders in accordance with Condition 13 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption. In respect of Bail-inable Notes, where the redemption would lead to a breach of the Bank's minimum TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

(e) Early Redemption at the Option of the Bank (Bank Call Option)

If, and to the extent a Bank Call Option is specified in the applicable Pricing Supplement as being applicable, the Bank may, having given not more than 60 nor less than 30 days' notice (unless otherwise specified in the applicable Pricing Supplement) to the Agent and, in accordance with Condition 13, to the holders of the Notes of this Series (which notice shall be irrevocable), redeem all or, if specified in the Pricing Supplement, some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) indicated in the applicable Pricing Supplement together, if appropriate, with interest accrued to but excluding such Optional Redemption Date(s), provided that in respect of Bail-inable Notes where the redemption would lead to a breach of the Bank's minimum TLAC requirements, such redemption will be subject to the prior approval of the Superintendent. In the event of a partial redemption of such Notes, such redemption must be for an amount not less than the Minimum Redemption Amount nor greater than the Maximum Redemption Amount, as indicated in the applicable Pricing Supplement and in the case of a partial redemption of Definitive Notes, the Notes to be redeemed will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 13 not less than 15 days prior to such date. In the case of a partial redemption of Global Notes, the relevant Notes will be redeemed in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, such partial redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion.

(f) Early Redemption at the Option of the Noteholders (Noteholder Put Option)

This Condition 5(f) is not applicable to Bail-inable Notes.

If, and to the extent a Noteholder Put Option is specified in the applicable Pricing Supplement as being applicable, upon the holder of any Note giving to the Bank in accordance with Condition 13 not more than 60 nor less than 30 days' notice (unless otherwise specified in the applicable Pricing Supplement) (which notice shall be irrevocable) the Bank will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Pricing Supplement together, if appropriate, with interest accrued to but excluding such Optional Redemption Date.

In order to exercise such option, the Noteholder must, on any Business Day falling within the notice period, in the case of a Definitive Note held within Euroclear or Clearstream, Luxembourg, deposit the relevant Note (together, in the case of a Definitive Note that is not a Zero Coupon Note, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the Optional Redemption Date (failing which the provisions of Condition 6(c) shall apply) during normal business hours at the specified office of any Paying Agent together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any Paying Agent.

In the case of a Global Note or Definitive Note held through Euroclear or Clearstream, Luxembourg, to exercise the right to require the redemption of the Note, the Noteholder of the Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. Notwithstanding the foregoing, Notes represented by a Global Note shall be deemed to be deposited with a Paying Agent

for purposes of this Condition 5(f) at the time a Put Notice has been received by the Paying Agent in respect of such Notes. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement).

The Noteholder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 5(b), (c), (d) or (e).

(g) Early Redemption Amounts

For the purposes of paragraph (b) above and Condition 10, Notes will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Pricing Supplement or, if no such amount or manner is set out in the applicable Pricing Supplement, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to:

(A) the sum of (x) the Reference Price specified in the applicable Pricing Supplement and (y) (a) if Compounding Accrual is specified in the applicable Pricing Supplement, the product of the Accrual Yield specified in the applicable Pricing Supplement (compounded annually or semi-annually or as otherwise specified in the applicable Pricing Supplement) being applied to the Reference Price or (b) if Linear Accrual is specified in the applicable Pricing Supplement, the product of the Accrual Yield (without any compounding) being applied to the Reference Price

where:

"**Accrual Yield**" means the rate specified as such in the applicable Pricing Supplement; and

"**Reference Price**" means the amount specified as such in the applicable Pricing Supplement, which is the product of the Issue Price and the Calculation Amount,

from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Unless otherwise specified in the Pricing Supplement, where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30 / 360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as

the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (Fixed), Actual/365 or Actual/Actual (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365) or (iv) Actual/Actual (ICMA) (as defined in Condition 4(a) except that the Accrual Period will commence on (and include) the Issue Date of the first Tranche of the Notes and end on (but exclude) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and repayable); or

(B) if the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (b) above or upon its becoming due and repayable as provided in Condition 10 is not paid or available for payment when due, the amount due and repayable in respect of such Zero Coupon Note shall be the Amortised Face Amount of such Zero Coupon Note calculated as provided above as though the references in clause (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "**Reference Date**") which is the earlier of:

(1) the date on which all amounts due in respect of the Note have been paid; and

(2) the date on which the full amount of the moneys repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

The calculation of the Amortised Face Amount in accordance with this clause (B) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with interest at a rate per annum equal to the Accrual Yield.

(iv) in the case of Index Linked Notes (unless otherwise specified in the applicable Pricing Supplement) at an amount that on the date for redemption would have the effect of preserving for the holders of the Notes the economic equivalent of the obligation of the Bank to make payments (of interest and/or principal) in respect of the Notes that would otherwise have fallen due after the date fixed; or

(v) in the case of Dual Currency Notes, at a price determined as specified in the applicable Pricing Supplement.

Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.

(h) Instalments

Any Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of Definitive Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 6.

(i) Purchases

Subject to any applicable legal or regulatory restrictions, the Bank may at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Coupons appertaining thereto are surrendered therewith) in the open market or by private treaty at any price, provided that in respect of Bail-inable Notes where the purchase would lead to a breach of the Bank's minimum TLAC requirements, such purchase will be subject to the prior approval of the Superintendent. If purchases are made by tender, tenders must be available to all holders of Notes of the relevant Series alike.

(j) Cancellation

Subject to the next following sentence, all Notes redeemed or purchased by the Bank as aforesaid will be cancelled forthwith, together with all unmatured Receipts and Coupons attached thereto or surrendered or purchased therewith, and may not be resold or reissued. Notwithstanding the foregoing, BMO Capital Markets shall be permitted to purchase Notes and hold the same without requirement for cancellation and to reissue and resell the same, provided such reissue or resale is (or are) done by BMO Capital Markets in its capacity as Lead Manager and/or Stabilisation Manager of the issue of the Senior Notes and for any other appropriate purpose in connection with such roles, including, subject to regulatory requirements, market-making activities in respect of the Notes.

(k) Further Provisions applicable to Redemption Amount and Instalment Amounts

(A) The provisions of Conditions 4(c)(iii), (d) and (f) shall apply with necessary adaptations to any determination or calculation of the Redemption Amount or any Instalment Amount required by the applicable Pricing Supplement to be made by the Calculation Agent.

(B) References herein to "**Redemption Amount**" shall mean, as appropriate, the Final Redemption Amount, the final Instalment Amount and the Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement.

(l) Redemption Irrevocable

A notice of redemption under this Condition 5 shall be irrevocable provided that Bail-inable Notes continue to be subject to a Bail-in Conversion prior to their repayment in full.

6. Payments

(a) Method of Payment

Subject as provided below:

(i) Payments in a Specified Currency other than euro, U.S. dollars or Renminbi will be made by credit or transfer to an account in the Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency.

(ii) Payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) with a bank specified by the payee or, at the option of the payee, by a euro cheque.

(iii) Payments in U.S. dollars will be made by transfer to a U.S. dollar account maintained by the payee outside of the United States or by a cheque drawn on a United States bank.

(iv) Payments in in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the RMB Settlement Centre in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement in Renminbi in the RMB Settlement Centre).

In no event will payment of amounts due in respect of Notes be made by a cheque mailed to an address, or by transfer or credit to an account at a bank located, in the United States (which expression, as used in this Condition 6, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction).

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 9, (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto, and (iii) any withholding or deduction pursuant to Section 871(m) of the Code ("**871(m) Withholding**"). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

Payments on Notes that reference U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

(b) Payments in respect of Global Notes

Payment of principal and interest (if any) in respect of Global Notes will (subject as provided below) be made by transfer to an account in the Specified Currency maintained by the relevant clearing system. Payment of principal will be made against presentation or surrender of the Global Note and a record of each payment so made will be made on such Global Note by or on behalf of the Agent. Such record shall be prima facie evidence that the payment in question has been made.

Subject as provided below, (i) the relevant clearing system shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Bank will be discharged by payment to, or to the order of the relevant clearing system in respect of each amount so paid and (ii) each of the persons shown in the records of the relevant clearing system as the beneficial owner of a particular nominal amount of Notes must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Bank. In certain limited circumstances in which payments in respect of a Global Note are not made when due, owners of beneficial interests in such Note may become entitled to proceed directly against the Bank. See "*Issue Procedures*".

(c) Payments in respect of Definitive Notes

Payments of principal in respect of Definitive Notes will (subject as provided below) be made in the Specified Currency in the manner provided in paragraph (a) above against surrender of Definitive Notes and payments of interest in respect of the Definitive Notes will (subject as provided below) be made in the Specified Currency in the manner provided in paragraph (a) above against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Notwithstanding the foregoing, if the Definitive Notes are denominated or payable in U.S. dollars, payments in respect of the Definitive Notes will only be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

(i) the Bank has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount owing in respect of the Notes in the manner provided above when due;

(ii) payment of the full amount owing in respect of the Notes at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Bank, adverse tax consequences to the Bank.

Payments of instalments of principal (if any), other than the final instalment in respect of Definitive Notes, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant instalment together with the relevant Definitive Note to which it appertains. Upon any Definitive Note becoming due and payable prior to its stated maturity date, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof. Unmatured Receipts and Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Bank.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) must be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons to be issued on exchange of matured Talons) failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time after the Relevant Date (as defined in Condition 9) in respect of such principal and before the expiration of the relevant period of prescription under Condition 12. Upon any such Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note or Long Maturity Note in definitive form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment shall be

made in respect thereof. A "***Long Maturity Note***" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose Nominal Amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Nominal Amount of such Note.

(d) Payment of Accrued Interest on Redemption

If the due date for redemption of any Definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Note.

(e) Payment Business Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day, the holder thereof shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless specified in the applicable Pricing Supplement, "***Payment Business Day***" means a day which is:

(i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation (in the case of Notes in definitive form only); and

(B) any Additional Financial Centre (other than TARGET2) specified in the applicable Pricing Supplement;

(ii) if TARGET2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day which is a TARGET2 Business Day; and

(iii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (which, in the case of Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day which is a TARGET2 Business Day or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in the RMB Settlement Centre.

"**Additional Financial Centre(s)**" means the additional financial centre(s) that are relevant to determining whether a day is a Payment Business Day, as specified in the applicable Pricing Supplement.

(f) Payment in an Alternative Currency

Unless specified otherwise in the applicable Pricing Supplement, if Alternative Currency Payment is specified in the Pricing Supplement and the Bank is due to make a payment in a currency (the "***original currency***") other than Renminbi in respect of any Note, Receipt or Coupon and the original currency is not available on the foreign exchange markets due to the imposition of exchange

controls, the original currency's replacement or disuse or other circumstances beyond the Bank's control, the Bank will be entitled to satisfy its obligations in respect of such payment by making payment in the Alternative Currency specified in the applicable Pricing Supplement on the basis of the spot exchange rate (the "***Alternative Currency FX Rate***") at which the original currency is offered in exchange for the Alternative Currency in the London foreign exchange market (or, at the option of the Bank or its designated Calculation Agent, in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two Business Days prior to the date on which payment is due or, if the Alternative Currency FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Bank or by its designated Calculation Agent acting in its absolute discretion from such source(s) and at such time as it may select. For the avoidance of doubt, the Alternative Currency FX Rate or substitute exchange rate as aforesaid may be such that the resulting Alternative Currency amount is zero and in such event no amount of the Alternative Currency or the original currency will be payable. Any payment made in the Alternative Currency or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 10.

(g) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable under Condition 9 in respect of principal;

(ii) the Optional Redemption Amount of the Notes;

(iii) the Final Redemption Amount of the Notes;

(iv) the Early Redemption Amount of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount;

(vi) in relation to Notes redeemable in instalments, the Instalment Amounts; and

(vii) any premium and any other amounts which may be payable under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 9 in respect of interest.

(h) RMB Notes

If the Bank is due to make a payment in Renminbi in respect of any Note, Receipt or Coupon, and if by reason of Inconvertibility, Non-transferability or Illiquidity, the Bank is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in an RMB Settlement Centre, the Bank may, on giving not less than five or more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

Any payment made in under such circumstances in U.S. dollars will not constitute an Event of Default under Condition 10 or trigger the Bank's indemnification obligation under Condition 18.

For the purpose of this Condition:

"**Calculation Agent**" means the Agent or such other entity specified in the applicable Pricing Supplement;

"**CNY Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the relevant RMB Settlement Centre(s);

"**Governmental Authority**" means, in respect of the relevant RMB Settlement Centre, any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant RMB Settlement Centre;

"**Illiquidity**" means where the general Renminbi exchange market in the relevant RMB Settlement Centre becomes illiquid and, as a result of which, the Bank cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Bank in good faith and in a commercially reasonable manner following consultation with two CNY Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Bank to convert any amount due in respect of the Notes into Renminbi in the general Renminbi exchange market in the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Bank to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Bank to deliver Renminbi between accounts inside the relevant RMB Settlement Centre or from an account inside the relevant RMB Settlement Centre to an account outside the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Bank to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of Notes and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation);

"**Rate Calculation Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in the relevant RMB Settlement Centre and in New York City;

"**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

"**Relevant Valuation Time**" means the time specified as such in the applicable Pricing Supplement;

"**Spot Rate**" means the spot/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in the relevant RMB Settlement Centre for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around the Relevant Valuation Time on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around the Relevant Valuation Time on the Rate Calculation Date as the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two Rate

Calculation Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(h) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Agent, the other Paying Agents and all Noteholders and Couponholders.

7. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below and on the Notes. If any additional or other Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement. In acting under the Agency Agreement, the Paying Agents will act solely as agents of the Bank and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Bank to the Noteholders, Receiptholders and Couponholders to pay principal of and interest on the Notes) funds received for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders, Receiptholders and/or Couponholders until the expiration for the relevant period of prescription under Condition 12. The Bank agrees to perform and observe the obligations imposed upon it under the Agency Agreement and to cause the Paying Agents to perform and observe the obligations imposed upon them under the Agency Agreement.

The Bank is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other paying agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(i) so long as any Notes are outstanding, there will at all times be an Agent;

(ii) so long as any Notes are outstanding, there will at all times be a Paying Agent (which may be the Agent) with a specified office in a leading financial centre approved by the Agent in continental Europe; and

(iii) so long as any Notes are listed and/or admitted to trading on any stock exchange (or other relevant listing authority), there will at all times be a Paying Agent (which may be the Agent) with a specified office in each location as may be required by the rules and regulations of the relevant stock exchange (or other relevant listing authority).

In addition, the Bank shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 6(c). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Agent and the Noteholders in accordance with Condition 13 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date or Instalment Date. Notwithstanding the foregoing, the Bank may (after consultation with the Agent) appoint one or more additional paying agents for a specific Series of Notes, which shall be specified

in the applicable Pricing Supplement and whose appointment shall be of immediate effect without any further requirement to give notice to the Noteholders.

8. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 6(c) and Condition 12. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

9. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Bank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of the Government of Canada or any province, territory or political division thereof or any authority or agency therein or thereof having power to tax or, in the case of Notes issued by a branch of the Bank located outside Canada, of the country in which such branch is located (the "***Branch Country***") or any political division thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is required by law or by the interpretation or administration thereof. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders, the Receiptholders or the Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal or interest which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

(i) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or charges in respect of such Note, Receipt or Coupon by reason of such Noteholder, Receiptholder or Couponholder having some connection with Canada or, in the case of Notes issued by a branch of the Bank located outside Canada, the Branch Country, other than the mere holding or use outside Canada or the Branch Country, or ownership as a non-resident of Canada or the Branch Country, of such Note, Receipt or Coupon;

(ii) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder, in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of such Noteholder, Receiptholder or Couponholder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada of such Noteholder, Receiptholder or Couponholder if (a) compliance is required by law or by the interpretation of administration thereof as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other charge and (b) the Bank has given the Noteholder, Receiptholder, Couponholder or, if such Noteholder, Receiptholder or Couponholder is not the beneficial owner of the Note, Receipt or Coupon in question, the beneficial owner of such Note, Receipt or Coupon, at least 30 days' notice that the Noteholder, Receiptholder, Couponholder or beneficial owner will be required to provide such certification, identification, documentation or other requirement;

(iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on or before such thirtieth day, assuming that day to have been a Payment Business Day (as defined in Condition 6(e));

(iv) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of such Noteholder, Receiptholder or Couponholder or other person entitled to payments under the Notes, Receipts or Coupons, as the case may be, being a person with whom the Bank is not dealing at arm's length (within the meaning of the Income Tax Act (Canada));

(v) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is, or who does not deal at arm's length with a person who is, a "specified shareholder" (as defined in subsection 18(5) of the Income Tax Act (Canada)) of the Bank; or

(vi) for or on account of any 871(m) Withholding.

As used herein, the "***Relevant Date***" means:

(A) the date on which such payment first becomes due; or

(B) if the full amount of the moneys payable has not been received by the Agent on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 13.

If the Bank becomes subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the Branch Country, references in Condition 5(b) and this Condition 9 to Canada or the Branch Country shall be read and construed as references to Canada or the Branch Country and/or to such other jurisdiction(s).

Any reference in these Terms and Conditions to "***principal***" and/or "***interest***" in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 9. Unless the context otherwise requires, any reference in these Terms and Conditions to "***principal***" shall include any premium payable in respect of a Note, any Instalment Amount, or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "***interest***" shall include all amounts payable pursuant to Condition 4 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

10. Events of Default

Each holder of Notes is entitled to declare his Senior Note or Principal At Risk Note, as applicable due and payable, and the relevant Note shall thereupon become immediately repayable at its nominal amount, together with accrued interest payable thereon, on the occurrence of any one of the following events (the "***Events of Default***"):

(a) default is made for more than 30 Business Days (as defined in the Condition 4) in the payment on the due date of interest or principal in respect of any such Notes; or

(b) the Bank shall become insolvent or bankrupt or subject to the provisions of the Winding-up and Restructuring Act (Canada), or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, as may be amended from time to time, or if the Bank goes into liquidation, either

voluntary or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency.

Noteholders may only exercise rights under this Condition 10(b)(i) and 10(b)(ii) in respect of Bail-inable Notes where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of any rights by Noteholders under this Condition 10 in respect of Bail-inable Notes, Bail-inable Notes will continue to be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares under subsection 39.2(2.3) of the CDIC Act until repayment in full. A conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act will not be an Event of Default. By its acquisition of the Bail-inable Notes, each holder (including each holder of a beneficial interest in any Bail-inable Note), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Agent (in each case solely in its capacity as Agent), for, agrees not to initiate a suit against the Agent in respect of, and agrees that the Agent shall not be liable for, any action that the Agent takes, or abstains from taking, in either case in accordance with the Bail-in Conversion.

In the case of Senior Notes and Principal At Risk Notes, upon the occurrence of any Event of Default, the Bank will waive any requirement that presentment, demand for payment, service of legal process or any similar procedure be made at the branch of the Bank which issued the Senior Notes or the Principal At Risk Notes, as applicable.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be mutilated, defaced or destroyed or be lost or stolen, it may be replaced at the specified office of any Paying Agent (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the expenses incurred by the Bank or the Paying Agent, in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Bank or the Paying Agent may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Prescription

Subject to applicable law, the Notes, Receipts and Coupons will become void unless presented for payment within a period of two years from the Relevant Date (as defined in Condition 9) relating thereto. Any moneys paid by the Bank to the Agent for the payment of principal or interest in respect of the Notes and remaining unclaimed when the Notes, Receipts or Coupons become void shall forthwith be repaid to the Bank and all liability with respect thereto shall thereupon cease. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 or Condition 6(c) or any Talon which would be void pursuant to Condition 6(c).

13. Notices

Notices in respect of the Notes, save where some other means of efficient communication has been specified in the applicable Pricing Supplement, shall be published in one leading English language newspaper with circulation in the United Kingdom (which is expected to be the Financial Times) or, if this is not practicable, one other such English language newspaper as the Bank, in consultation with the Agent, shall decide. The Bank shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or other relevant listing authority) on which the Notes are for the time being listed, including publication on the website of the relevant stock exchange or relevant

authority if required by those rules. Any such notice shall be deemed to have been given on the date of the first publication.

There may, so long as the Global Notes for this Series are held in their entirety on behalf of Euroclear, Clearstream, Luxembourg or any other agreed clearing system, be substituted for such publication in such newspaper the delivery of the relevant notice to the relevant clearing system for communication by it to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes of this Series on the day on which the said notice was given to the relevant clearing system.

Any notice to the Agent shall be given to it in writing at its specified office or to such other address as shall have been notified to the holders of Notes, Receipts and Coupons. Notwithstanding the foregoing, while any of the Notes of this Series are represented by a Global Note, such notice may be given by any holder of a Note of this Series to the Agent via Euroclear, Clearstream, Luxembourg or any other agreed clearing system, as the case may be, in such manner as the Agent and the relevant clearing system may approve for this purpose.

Notice to be given to the Bank by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Agent. While any of the Notes are represented by a Global Note, such notice may be given by any accountholder to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Modification

The rights of the outstanding Noteholders may in certain circumstances be modified. For that purpose, among others, the Agency Agreement contains provisions making extraordinary resolutions binding upon all Noteholders. "***Extraordinary resolution***" is defined, in effect, as (i) a resolution passed at a meeting of Noteholders of the same Series by the favourable votes of the holders of not less that 66 2/3 per cent. of the nominal amount of the Notes voted on the resolution at such meeting at which a quorum, as specified in the Agency Agreement, is present or (ii) one or more instruments in writing signed by the holders of not less than 66 2/3 per cent. in nominal amount of the outstanding Notes.

The Agency Agreement and the Conditions, Notes, Receipts, Coupons and Talons may be amended by the Bank and Paying Agents, without the consent of the Noteholders, Receiptholders or Couponholders, for the purpose of curing any ambiguity or curing, correcting or supplementing any defective provision contained therein or in any manner which may be necessary or desirable and which shall not adversely affect the interests of the outstanding Noteholders.

Notwithstanding anything in this Condition 14, where any amendment, modification or other variance of any Bail-inable Notes may affect their recognition by the Superintendent as TLAC, in addition to such approvals as may be required under the Conditions, that amendment, modification or variance will require the prior approval of the Superintendent.

15. Currency Indemnity

Subject to Condition 6(f) or (h), if, under any applicable law and whether pursuant to a judgment being made or registered against the Bank or for any other reason, any payment under or in connection with the Notes is made or is to be satisfied in a currency (the "***other currency***") other than that in which the relevant payment is expressed to be due (the "***required currency***") under the Notes then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment) falls short of the amount due under the terms of the Notes, the Bank shall, as a separate and independent obligation, indemnify and hold harmless the relevant Noteholder against the amount of such shortfall. For the purpose of this Condition 15, "***rate of exchange***" means the noon spot rate on the London foreign

exchange market on the relevant date to purchase the required currency with the other currency as determined by the Agent.

16. Further Issues

The Bank may from time to time in its sole discretion, without the consent of the holders of Notes, Receipts or Coupons create and issue further Notes having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series, and references in these Conditions to "***Notes***" shall be construed accordingly.

17. Waiver of set-off and netting rights

No Noteholder or beneficial owner of an interest in the Bail-inable Notes may exercise, or direct the exercise, claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Bank arising under, or in connection with, the Bail-inable Notes, and each Noteholder or beneficial owner of an interest in the Bail-inable Notes shall, by virtue of its acquisition of any Bail-inable Note (or an interest therein), be deemed to have irrevocably and unconditionally waived all such rights of set-off, netting, compensation or retention. Notwithstanding the foregoing, if any amounts due and payable to any Noteholder or beneficial owner of an interest in the Bail-inable Notes by the Bank in respect of, or arising under, the Bail-inable Notes are purportedly discharged by set-off, netting, compensation or retention, without limitation to any other rights and remedies of the Bank under applicable law, such Noteholder or beneficial owner of an interest in the Bail-inable Notes shall be deemed to receive an amount equal to the amount of such discharge and, until such time as payment of such amount is made, shall hold such amount in trust for the Bank and, accordingly, any such discharge shall be deemed not to have taken place and such set-off, netting, compensation or retention shall be ineffective.

18. Branch of Account

For the purposes of the Bank Act the branch of the Bank set out in the Notes or the Pricing Supplement shall be the branch of account (the "***Branch of Account***") for the deposits evidenced by this Note.

This Note will be paid without the necessity of first being presented for payment at the Branch of Account.

If the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by this Note, upon not less than seven days' prior notice to its holder given in accordance with Condition 13 and upon and subject to the following terms and conditions:

(i) if this Note is denominated in Japanese yen, the Branch of Account shall not be in Japan;

(ii) the Bank shall indemnify and hold harmless the holders of the Senior Notes and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Agent in connection with such change;

(iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event, which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal and interest on Notes of this Series and Coupons relating thereto to holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to the Bank, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the

purposes of this section, an "***Excluded Holder***" means a holder of a Note of this Series or Coupon relating thereto who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction (as hereinafter defined) other than the mere holding or use of a Note of this Series or Coupon as a non-resident of such Relevant Jurisdiction. "***Relevant Jurisdiction***" means and includes Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and "***taxes***" means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.; and

(iv) in the case of Bail-inable Notes, if the change is to another Branch of Account outside of Canada, prior approval of the Superintendent shall be required.

19. Governing Law; Submission to Jurisdiction

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Province of Ontario in Canada and the federal laws of Canada applicable therein. For the avoidance of doubt, by its acquisition of an interest in any Bail-inable Notes, each Noteholder or beneficial owner of any Bail-inable Notes is deemed to attorn to the jurisdiction of the courts in the Province of Ontario with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes.

USE OF PROCEEDS

Except as otherwise specified in the applicable Pricing Supplement, the net proceeds from each issue of Exempt Notes will be added to the general funds of the Bank. If, in respect of any issue of a specific Series of Notes, there is a particular identified use of proceeds (including in the case of Sustainable Bonds) this will be stated in the applicable Pricing Supplement.

BANK OF MONTREAL

Name and Incorporation

Charter and Head Office

The Bank started business in Montréal 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, Montréal, Québec, Canada H2Y 1L6. Its executive offices are 100 King Street West, 1 First Canadian Place, Toronto, Ontario, Canada M5X 1A1.

Principal Activities and Markets

BMO Financial Group is a highly diversified financial services provider based in North America. The Bank offers a broad range of products and services directly and through Canadian and non-Canadian subsidiaries, offices, and branches. As of October 31, 2018, the Bank had more than 12 million customers and more than 45,000 full-time equivalent employees. The Bank has approximately 1,500 bank branches in Canada and the United States and operates internationally in major financial markets and trading areas through its offices in 27 jurisdictions. BMO Financial Corp. ("**BFC**") is based in Chicago and wholly owned by the Bank. BFC operates primarily through its subsidiary BMO Harris Bank N.A. ("**BHB**"), which provides banking, financing, investing, and cash management services in select markets in the United States Midwest. The Bank provides a full range of investment dealer services through entities, including BMO Nesbitt Burns Inc., a major fully integrated Canadian investment dealer, and BMO Capital Markets Corp., the Bank's wholly-owned registered securities dealer in the United States.

The Bank conducts business through three operating groups: Personal and Commercial Banking ("**P&C**"), made up of Canadian P&C and United States P&C; Wealth Management; and BMO Capital Markets. Canadian P&C operates across Canada, offering a broad range of products and services, including banking, lending and treasury management. Operating predominately in the United States Midwest under the BMO Harris brand, United States P&C offers personal and commercial clients banking, lending, and treasury management products and services. Wealth Management serves a full range of clients from mainstream to ultra-high net worth and institutional, with a broad offering of wealth management products and services including insurance. Wealth Management is a global business with an active presence in markets across Canada, the United States, Europe, the Middle East, Africa, and Asia. BMO Capital Markets is a North American-based financial services provider offering a complete range of products and services to corporate, institutional and government clients. These include equity and debt underwriting, institutional sales and trading, corporate lending and project financing, mergers and acquisitions advisory services, securitization, treasury management, risk management, equity and fixed income research. Corporate Services consists of Corporate Units and Technology and Operations ("**T&O**"). Corporate Units provide enterprise-wide expertise, governance and support in a variety of areas, including strategic planning, risk management, finance, legal and regulatory compliance, human resources, communications, marketing, real estate, procurement, data and analytics, and innovation. T&O manages, maintains and provides governance of information technology, cyber security and operations services for BMO Financial Group.

For additional information regarding the Bank's businesses, see pages 25, 28 and 43 to 61 of the 2018 MD&A, Note 25 to the 2018 Financial Statements and pages 13 to 22 of the Second Quarter 2019 MD&A, which are incorporated by reference herein.

Competition

Canada's financial services industry is highly competitive. It includes 35 domestic banks and 53 foreign bank subsidiaries, branches, and lending branches, as well as a multitude of trust companies, credit unions, online and full-service brokerages, investment dealers, life and property and casualty insurance companies, mutual fund dealers, and large monoline financial institutions, among others. The Bank competes with most of these companies in some form in its different businesses. However, the Bank's range of services compares to those of the other five major Canadian banks, and they are the Bank's direct competitors in almost all its businesses and markets in Canada. The Bank was the fourth largest chartered bank in Canada as measured by assets, equity, and market capitalization as at October 31, 2018. In North America, the Bank is the eighth largest bank by assets, tenth largest by equity and by market capitalization as at October 31, 2018. The Bank is the second largest Canadian bank as measured by retail branches in Canada and the United States.

The financial services industry continues its rapid change, as technology enables new non-traditional entrants to compete in certain segments of banking, in some cases with reduced regulatory requirements and oversight. New entrants may leverage new technologies, advanced data and analytical tools, lower cost to serve and/or faster processes to challenge traditional banks, including new business models in retail payments, consumer and commercial lending, foreign exchange and low-cost investment advisory services. Failure to keep pace with these new technologies and competition may potentially impact the Bank's overall revenues and earnings if customers choose the services of these new market entrants. While the Bank closely monitors technology disruptors, the Bank also continues to adapt by increasing its investment in technology and innovation to keep pace with dynamic client expectations. This includes improving its mobile and internet banking capabilities, building new branch formats, and refining its decision making, analytic and modelling data and tools and, where appropriate, bringing new and enhanced customer solutions to market. The Bank further mitigates this risk by providing its customers with access to banking services across different channels, focusing on improving customer loyalty and trust, enhancing its advanced data and analytical tools, and leveraging current and future partnerships in order to deliver an exceptional customer experience with reduced costs and simplified processes. However, matching the pace of innovation exhibited by new and differently-situated competitors may require the Bank and policy-makers to adapt at a faster pace.

The six major banks play a prominent role in the Canadian banking system, each maintaining an extensive and evolving branch network, augmented by automated banking machines, as well as telephone, internet, and mobile banking systems. The industry is considered mature with moderate growth, supported by an overall focus on productivity, investments in infrastructure and technology integration. Although the major banks offer similar products and services, they compete on offerings, pricing, service models and technology, as well as entering into partnerships and alliances, with a goal of gaining a strategic advantage and serving customers better. Increased competition is also evident in the drive for scale and operating efficiencies.

The Bank's Canadian P&C banking business is one of the top five in Canada in all core product areas, providing a full range of lending, deposit and treasury management products and services to eight million customers. Canadian P&C continues to focus on strengthening customer loyalty in order to generate growth in a competitive environment, as well as increasing digital capabilities to augment the customer experience. Personal Banking provides customers with a wide range of products and services, including chequing and savings accounts, credit cards, mortgages and everyday financial and investment advice. The Bank's employees are focused on providing exceptional service to all of its customers every time they interact with the Bank.

Canadian P&C's award winning[1] commercial bank possesses a strong competitive position in commercial lending, with a number two market share for business loans of up to $25 million. Commercial Banking provides small business and commercial banking customers with a broad suite of commercial products and services, including business deposit accounts, commercial credit cards, business loans and commercial mortgages, cash management solutions, foreign exchange and specialized banking programs. The Bank's commercial bankers partner with its customers to help them grow and manage their business.

In Canada, Wealth Management competes with domestic banks, insurance companies, trust companies, global private banks, investment counselling firms, and mutual fund companies. Wealth Management's Canadian businesses have strong brand recognition and market position. Wealth Management has a strong market share in each of its full-service brokerage, online brokerage, and private banking businesses and investment funds. In the United States, Wealth Management competes primarily in United States personal wealth and asset management, with the Bank's strategic presence in the Chicago and Milwaukee area and in select high-growth wealth markets across the country. In Europe, the Middle East and Africa, Wealth Management competes primarily in asset management through BMO Global Asset Management.

BMO Capital Markets operates in a highly competitive environment and its businesses face a diverse range of competitors. With approximately 2,700 professionals in 33 locations around the world, including 19 offices in North America, BMO Capital Markets works proactively with clients to provide innovative ideas and tailored financial solutions. Its success is based on a highly integrated, client-focused North American capital markets business with a well-diversified platform and business mix - by sector, geography, product and currency. This includes a strong, scalable and relevant United States business, and strong risk management and regulatory compliance practices.

Competition in the United States is more complex than in Canada, given the market's size and activity, as well as personal and commercial banking competitors at the community, regional, and national level, plus other financial service providers. United States P&C operations are primarily based in six states of the United States Midwest (Illinois, Wisconsin, Indiana, Minnesota, Missouri and Kansas). In addition, the Bank's personal business serves customers in Arizona and Florida, while the Bank's commercial business provides targeted nationwide coverage for key specialty sectors. The personal and commercial banking environment is vibrant and competitive, and with a rising rate environment, there is added pressure on deposit market share. Indicators of sustainable economic growth within the Bank's footprint include unemployment rates that are at historic lows, higher consumer and commercial spending amid lower income taxes, encouraging credit growth and a healthy housing market. Financial conditions reflect improved business spend, driven by economic growth and the benefit from corporate tax reform. The main risks to the United States economic outlook relate to trade protectionism, geopolitical tensions and the possibility of rising inflation. The commercial business remains the engine of the Bank's growth, as its main priorities are to build out a presence in new markets, accelerate growth in existing markets and deepen the Bank's relationships with its current customers. The Bank is committed to achieving growth in loans that leads its peer group by investing in talent and enhancing the customer experience. The Bank is also committed to the development of its personal banking business through the adoption of digital solutions and progressive product offerings as it aligns its strategic initiatives with market trends and consumer needs. The Bank's initiatives include operational efficiencies, market penetration efforts, online mobility and product offering enhancements. To support these initiatives as they begin to drive customer adoption and growth, the Bank is investing in competitive digital capabilities that address the needs of its current and potential customers.

Consolidation has been underway in the financial services industry in Canada and the United States in recent years. This affects trust companies, mutual fund managers, life insurers, and credit unions.

[1] In 2018, the Bank was named the Best Commercial Bank in Canada by World Finance Magazine for the fourth consecutive year.

Canadian federal government policy discourages large banks from merging. It is uncertain whether this will change in the near future but further consolidation and increased competition in the financial services industry overall is likely.

Supervision and Regulation in Canada

The Bank's activities in Canada are governed by the Bank Act (Canada). Under the Bank Act, a bank can operate its regular banking business as well as some additional activities, such as dealing with real property and various financial technology and information services. A bank is restricted when it undertakes certain activities, including fiduciary activities, dealing in securities, insurance activities, and personal property leasing. For example, other than for authorized types of insurance, a bank may not offer insurance products through its branch system or bank website.

The Bank Act grants a bank broad power to invest in the securities of other corporations and entities, but limits substantial investments. Under the Bank Act, a bank generally has a substantial investment in a body corporate when (1) the bank and entities controlled by the bank beneficially own more than 10 per cent. of the voting shares of the body corporate or (2) the bank and entities controlled by the bank beneficially own shares representing more than 25 per cent. of the total shareholders' equity of the body corporate. A bank can have a substantial investment in entities that meet the substantial investment requirements as set out in Part IX of the Bank Act. In certain cases, the Minister of Finance or the Superintendent of Financial Institutions (Canada) (the "***Superintendent***") must approve before making an investment.

The Superintendent is responsible to the Minister of Finance for administering the Bank Act. The Superintendent provides guidelines for disclosing a bank's financial information. The Superintendent must also examine each bank annually to ensure compliance with the Bank Act and that each bank is in sound financial condition. The Superintendent's examination report is submitted to the Minister of Finance.

The Bank's Canadian trust, loan and insurance subsidiaries are federally regulated financial institutions governed by the Trust and Loan Companies Act (Canada) and the Insurance Companies Act (Canada), respectively, and under provincial laws in respect of their activities in the provinces. The Bank and its Canadian trust, loan and insurance subsidiaries are also subject to regulation by the Financial Consumer Agency of Canada ("**FCAC**"). The FCAC enforces consumer-related provisions of the federal statutes which govern these financial institutions. Certain activities of the Bank and its subsidiaries acting as securities brokers, dealers, underwriters, advisers and investment fund managers are regulated in Canada under provincial securities legislation and, in some cases, by a self-regulatory organization (the Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association of Canada).

Additional information about supervision and regulation in Canada is under the headings "Regulatory Capital Requirements" and "Capital Regulatory Developments" in the Enterprise-Wide Capital Management section on pages 69 to 71, "Regulatory Requirements" in the Other Factors That May Affect Future Results section on page 80, "Regulatory Developments" in the Liquidity and Funding Risk section on page 106, and "Legal and Regulatory Risk" on pages 112 to 114 of the 2018 MD&A, as well as under the heading "Capital Management" on pages 10 to 12 of the Second Quarter 2019 MD&A.

Supervision and Regulation in the United States

In the United States, the operations of the Bank and its subsidiaries are supervised, regulated, and examined by regulatory and government agencies at the federal and state level. As a foreign bank, the Bank is subject to various United States laws and regulations, including the United States International Banking Act of 1978, the United States Bank Holding Company Act of 1956, and related regulations. The Board of Governors of the Federal Reserve System, including the Federal Reserve Banks (the "**Federal**

Reserve"), and state banking regulators oversee the Bank's branch and office operations in the United States. The United States Securities and Exchange Commission (the "**SEC**"), the Financial Industry Regulatory Authority, and state securities regulators regulate broker-dealer subsidiaries. The SEC and state securities regulators regulate registered investment advisor subsidiaries.

The Bank and its subsidiaries own two Federal Deposit Insurance Corporation ("**FDIC**") insured depository institutions in the United States, BHB and BMO Harris Central N.A. ("BHC"). BHB provides banking, financing, investing, and cash management services in select markets in the United States Midwest. BHC provides limited cash management services. They are subject to examination by the Office of the Comptroller of the Currency ("**OCC**"). The Federal Reserve generally needs to approve acquiring (a) more than 5 per cent. of voting shares, (b) control, or (c) all (or substantially all) of the assets of a bank holding company, bank, or savings association.

The Bank is also subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**"). Dodd-Frank reforms include heightened consumer protection, revised regulation of over-the-counter derivatives markets, restrictions on proprietary trading and the ownership and sponsorship of private investment funds by banks and their affiliates (referred to as the "**Volcker Rule**"), imposition of heightened prudential standards, and broader application of leverage and risk-based capital requirements.

The Federal Reserve Board's rule for strengthening supervision and regulation of foreign banking organizations ("**FBO Rule**") implemented Dodd-Frank's enhanced prudential standards for the United States operations of non-United States banks, such as the Bank. The FBO Rule established new requirements relating to an intermediate holding company structure, risk-based capital and leverage requirements, capital stress testing requirements, United States risk management and risk governance, liquidity risk management and liquidity stress testing frameworks. BMO certified the Bank's compliance with the FBO Rule.

In May 2018, the United States Congress passed the Economic Growth, Regulatory Relief, and Consumer Protection Act ("**EGRRCP**"), which made reforms to Dodd-Frank, including raising the threshold for heightened prudential standards from US$50 billion to US$250 billion in total consolidated assets. EGRRCP rulemaking will likely continue for at least the next year and may impact the Bank's United States operations, including with respect to any changes to the FBO Rule.

The OCC has issued guidelines that establish heightened standards for large national banks with average total consolidated assets of US$50 billion or more, including BHB. The guidelines set out minimum standards for the design and implementation of a bank's risk governance framework and minimum standards for oversight of that framework by a bank's board of directors. The framework must ensure the bank's risk profile is easily distinguished and separate from that of its parent for risk management purposes. A bank's board of directors is responsible for informed oversight of, and providing credible challenge to, management's risk management recommendations and decisions. The Bank complies with these guidelines.

Additional information about supervision and regulation in the United States is found under the headings "Regulatory Capital Requirements" and "Capital Regulatory Developments" in the Enterprise-Wide Capital Management section on pages 69 to 71, "Regulatory Requirements" in the Other Factors That May Affect Future Results section on page 80 and "Legal and Regulatory Risk" on pages 112 to 114 of the 2018 MD&A.

International Supervision and Regulation

Outside Canada and the United States, each of the Bank's branches, agencies and subsidiaries must comply with the regulatory requirements of the country or jurisdiction where it conducts business. These include the Basel Committee on Banking Supervision capital, liquidity and prudential rules ("**Basel III**"), or local variations on Basel III, which are intended to strengthen the banking sector's capital and liquidity frameworks. Since the first quarter of 2013, regulatory capital requirements for the Bank have been determined on a Basel III basis.

Additional information about international supervision and regulation is found under the headings "Regulatory Capital Requirements", "Regulatory Capital Ratios", "Regulatory Capital Elements" and "Capital Regulatory Developments" in the Enterprise-Wide Capital Management section on pages 69 to 71, "Regulatory Requirements" in the "Other Factors That May Affect Future Results" section on page 80, and "Legal and Regulatory Risks" on pages 112 to 114 of the 2018 MD&A.

Significant Subsidiaries

As at October 31, 2018, the Bank, either directly or indirectly through its subsidiaries, controls the following significant operating subsidiaries:

Significant subsidiaries (1)(2)	Head or principal office	Book value of shares owned by the Bank (Canadian $ in millions)
Bank of Montreal Capital Markets (Holdings) Limited and subsidiaries including:	London, England	332
BMO Capital Markets Limited	London, England	
Pyrford International Limited	London, England	
Bank of Montreal (China) Co. Ltd.	Beijing, China	448
Bank of Montreal Holding Inc. and subsidiaries, including:	Toronto, Canada	29,028
Bank of Montreal Mortgage Corporation	Calgary, Canada	
BMO Mortgage Corp.	Vancouver, Canada	
BMO Investments Limited	Hamilton, Bermuda	
BMO Reinsurance Limited	St. Michael, Barbados	
BMO Nesbitt Burns Holdings Corporation	Toronto, Canada	
BMO Nesbitt Burns Inc.	Toronto, Canada	
BMO Investments Inc.	Toronto, Canada	
BMO InvestorLine Inc.	Toronto, Canada	
Bank of Montreal Ireland plc	Dublin, Ireland	1,022
BMO Financial Corp. and subsidiaries, including:	Chicago, United States	21,893
BMO Asset Management Corp. and subsidiaries	Chicago, United States	
BMO Capital Markets Corp.	New York, United States	
BMO Harris Bank National Association and subsidiaries, including:	Chicago, United States	
BMO Harris Investment Company LLC	Las Vegas, United States	
BMO Harris Financial Advisors, Inc.	Chicago, United States	
BMO Harris Financing, Inc. and subsidiaries	Chicago, United States	
CTC my CFO, LLC	Palo Alto, United States	
BMO Global Asset Management (Europe) Limited and subsidiaries, including:	London, England	692
BMO Asset Management (Holdings) plc and subsidiaries (3)	London, England	

BMO Life Insurance Company and subsidiaries, including:	Toronto, Canada	1,195
BMO Life Holdings (Canada), ULC	Halifax, Canada	
BMO Life Assurance Company	Toronto, Canada	
BMO Trust Company	Toronto, Canada	768
BMO Trustee Asia Limited	Hong Kong, China	2
LGM (Bermuda) Limited and subsidiaries, including:	Hamilton, Bermuda	147
BMO Global Asset Management (Asia) Limited	Hong Kong, China	
LGM Investments Limited	London, England	

(1) Each subsidiary is incorporated or organized under the law of the state or country in which the principal office is situated, except for (a) BMO Financial Corp., BMO Asset Management Corp., BMO Capital Markets Corp., BMO Harris Financial Advisors, Inc., BMO Harris Financing, Inc., and CTC myCFO, LLC, which are incorporated under the laws of the State of Delaware, United States and (b) BMO Asset Management (Holdings) plc, which is incorporated under the laws of Scotland.

(2) Unless otherwise noted, the bank, either directly or indirectly through its subsidiaries, owns 100% of the outstanding voting shares of each subsidiary.

(3) Effective October 31, 2018, F&C Asset Management plc changed its name to BMO Asset Management (Holdings) plc.

Issuer Ratings The following table sets out ratings the Bank has received for its outstanding securities from the rating agencies, which are current to the date of this Offering Circular.

	S&P	Moody's	DBRS	Fitch
Short-term instruments	A-1	P-1	R-1 (high)	F1+
Senior debt[1]	A-	A2	AA (low)	AA-
Long Term Deposits & Legacy Senior debt	A+	Aa2	AA	AA-
Subordinated debt	A-	Baa1	A (high)	A+
Subordinated debt – NVCC[3]	BBB+	Baa1	A(low)	A+
Preferred shares	BBB	Baa3	Pfd-2 (high)	N/A
Preferred shares – NVCC[3]	BBB-	Baa3	Pfd-2	N/A
Trend/Outlook	Stable	Stable	Stable	Stable

Notes:

1 Subject to conversion under the Bail-in Regime. Defined as "Junior Senior Unsecured" by Moody's, "Bail-in Eligible Senior Debt" by S&P, "Bail-in Eligible Debt" by Fitch, and "Bail-inable Senior Debt" by DBRS

2 Long Term Deposits / Legacy Senior Debt includes: (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the Bail-In Regime. Defined as "Senior Unsecured" by Moody's and S&P; and "Legacy Senior" by Fitch and DBRS

3 Non-viability contingent capital or NVCC

See Appendix II of the 2018 AIF incorporated by reference into this Offering Circular for an explanation of the credit ratings referred to above. Further information may be obtained from the applicable rating agency.

The credit ratings that external rating agencies assign to some of the Bank's securities are important in the raising of both capital and funding to support its business operations. Maintaining strong credit ratings allows the Bank to access the capital markets at competitive pricing levels. Should the Bank's credit ratings experience a downgrade, its cost of funds will likely increase and the Bank's access to funding and capital through capital markets could be reduced. A material downgrade of the Bank's ratings could have other consequences, including those set out in Note 8 of the 2018 Financial Statements and under the heading "Credit Rating" in the Bank's Second Quarter 2019 Report to Shareholders.

Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings may not reflect the potential impact of all risks on the value of securities. In addition, real or anticipated changes in the rating assigned to a security will generally affect the market value of that security. The Bank cannot know for certain that a rating will remain in effect for any given period of time or that a rating agency will not revise or withdraw it entirely in the future.

The Bank paid fees to credit agencies to obtain its credit ratings. The Bank may also pay fees for other services from credit agencies in the ordinary course of business.

Financial Summary

The information in the tables below has been extracted from the Bank's unaudited consolidated financial statements as at and for the six month period ended 30 April 2019 and the Bank's audited consolidated financial statements as at and for the year ended 31 October 2018 with comparative consolidated financial statements as at and for the year ended 31 October 2017, prepared in accordance with IFRS, as issued by the International Accounting Standards Board, which are incorporated herein by reference together with the accompanying notes and auditors' report.

An audit opinion has not been expressed on individual balances of accounts or summaries of selected transactions in the tables below.

Condensed Consolidated Balance Sheet

	As at April 30, 2019*	As at October 31, 2018	As at October 31, 2017
	(in millions of Canadian dollars)		
Assets			
Cash & Cash Equivalents	35,839	42,142	32,599
Interest Bearing Deposits with Banks	7,518	8,305	6,490
Securities	191,226	180,935	163,198
Securities Borrowed or Purchased under Resale Agreements	110,405	85,051	75,047
Loans (net of allowance for credit losses)	413,242	383,991	358,507
Other Assets	72,240	73,651**	73,739
Total Assets	830,470	774,075**	709,580
Liabilities			
Deposits	548,837	520,928**	479,792
Other Liabilities	225,285	200,644**	180,405
Subordinated Debt	6,953	6,782	5,029
Total Liabilities	781,075	728,354	665,226
Equity			
Common shares	12,939	12,929	13,032
Preferred shares	4,690	4,340	4,240
Contributed surplus	307	300	307

	As at April 30, 2019*	As at October 31, 2018	As at October 31, 2017
	(in millions of Canadian dollars)		
Retained earnings	27,405	25,850**	23,709
Accumulated other comprehensive income	4,054	2,302	3,066
Non-controlling interest in subsidiaries	0	0	0
Total Equity	49,395	45,721**	44,354
Total Liabilities and Equity	830,470	774,075**	709,580

* Unaudited. Effective the first quarter of 2018, the Bank prospectively adopted IFRS 9, Financial Instruments (IFRS 9). Under IFRS 9, the Bank refers to the provision for credit losses on impaired loans and the provision for credit losses on performing loans. The provision for credit losses on impaired loans under IFRS 9, is consistent with the specific provision under IAS 39 in prior years. The provision for credit losses on performing loans replaced the collective provision under IAS 39. Refer to Note 28 to the Bank's 2018 Financial Statements and Note 3 to the Bank's Second Quarter 2019 Interim Financial Statements for an explanation of the provision for credit losses. Prior periods have not been restated.

** Certain comparative figures have been reclassified to conform with the current period's presentation.

Condensed Consolidated Statement of Income

	Six months ended April 30, 2019*	Year ended October 31, 2018	Year ended October 31, 2017
	(in millions of Canadian dollars, except earnings per share amounts)		
Net Interest Income	6,307	10,313	10,007
Non-Interest Revenue	6,423	12,724	12,253
Total Revenue	12,730	23,037	22,260
Provision for Credit Losses	313	662	746
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	1,487	1,352	1,538
Non-Interest Expense	7,152	13,613	13,330
Provision for Income Taxes	771	1,960	1,296
Net Income	3,007	5,450	5,350
Attributable to:			
Bank Shareholders	3,007	5,450	5,348
Non-controlling interest in subsidiaries	-	-	2
Earnings per Share			

- Basic	4.55	8.19	7.95
- Diluted	4.54	8.17	7.92

*Unaudited. Effective the first quarter of 2019, the Bank retrospectively adopted IFRS 15, Revenue from contracts with customers (IFRS 15). Under IFRS 15, the primary impact is the reclassification of amounts within the Consolidated Statement of Income. As a result, loyalty rewards and cash promotion costs on cards previously recorded in non-interest expense are presented as a reduction in non-interest revenue. In addition, when customers reimburse the Bank for certain out-of-pocket expenses incurred on their behalf, the Bank will record the reimbursement in non-interest revenue. Previously, these reimbursements were recorded as a reduction in the related expense. These is also minimal impact to net income resulting from the fact that IFRS 15 does not require discounting of loyalty reward liabilities and the Bank will amortize costs to obtain card customers, which were previously expensed as incurred.

Trend Information

Canada's economy has slowed in response to earlier increases in interest rates and policy measures undertaken to restrain the housing market and credit growth. Real GDP is expected to increase 1.4 per cent. in 2019, down from 1.8 per cent. in 2018. This moderate pace will likely keep the unemployment rate stable at around a four-decade low of 5.7 per cent. The rate of household consumption growth is projected to moderate to 1.5 per cent. in 2019 from 2.1 per cent. in 2018, due to the slowest credit growth since 1983. After weakening in 2018, housing activity is expected to stabilize in 2019, supported by the fastest growing population in nearly three decades and recent sturdy employment gains. The rate of business investment is projected to improve moderately after contracting in recent quarters, supported by tax incentives. Industry-wide consumer credit is anticipated to increase 3.7 per cent. in 2019, while residential mortgage credit should rise 3.2 per cent. Industry-wide business loans are projected to increase 9.8 per cent. in 2019, slowing as compared to the previous three years. Despite support from a continued low-valued Canadian dollar, exports are likely to moderate in response to weaker global demand. Due to the sluggish economy and low inflation, the Bank of Canada is expected to keep its main policy rate steady at 1.75 per cent. in 2019. The economy faces risks related to oil prices and global trade policies, including delayed ratification of the North American trade deal (USMCA). Uncertainty related to the United Kingdom's exit from the European Union (Brexit) is unlikely to have a material adverse impact on the North American economy.

The U.S. economy has moderated in response to less supportive fiscal and monetary policies. Real GDP is expected to expand 2.5 per cent. in 2019, down from 2.9 per cent. in 2018. Nonetheless, the labour market remains healthy and the unemployment rate will likely decline to 3.5 per cent. by year-end 2019, near the lowest level in more than half a century. Supported by higher incomes and low debt service costs, consumer spending is expected to increase 2.3 per cent. in 2019, encouraging industry-wide consumer credit growth of 3.2 per cent. In response to recent declines in mortgage rates, housing market activity is expected to improve in 2019, supporting a 3.7 per cent rise in residential mortgage demand. The rate of business investment is expected to slow to 3.7 per cent in 2019 from almost 7 per cent. in 2018 due to diminished support from tax reforms and a slower global growth environment. This could result in more moderate industry-wide business credit growth of 7.5 per cent. Continued low inflation should encourage the Federal Reserve to keep its main policy rate steady in 2019 after nine increases to date since 2015. The main risks to the U.S. economic outlook relate to a possible increase in trade protectionism. The trade dispute between the U.S and China recently escalated with both countries announcing an increase in tariffs. The U.S. administration is also threatening to impose new tariffs on all other imports from China and is contemplating duties on automobile shipments from Europe and Japan.

The rate of economic expansion in the U.S. Midwest region, which includes the six contiguous states within the BMO footprint, is expected to moderate to 1.7 per cent. in 2019 from 2.2 per cent. in 2018, in response to less supportive financial conditions, slower automotive production and weaker exports. Since October

31, 2018, the last day of the financial period in respect of which the most recent audited published consolidated financial statements of the Bank have been prepared, there has been no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole.

Directors

The Directors of the Bank, their function in the Bank and their other principal activities (if any) outside of the Bank of significance to the Bank are as follows:

Name and Municipality of Residence	Principal Activities
Janice M. Babiak, Franklin, Tennessee, U.S.A.	Corporate Director
Sophie Brochu, Bromont, Québec, Canada	President and Chief Executive Officer, Énergir, a diversified energy company
Craig Broderick, Greenwich, Connecticut, U.S.A.	Senior Director Goldman, Sachs & Co., a financial services company
George A. Cope, O.C., Toronto, Ontario, Canada	President and Chief Executive Officer, BCE Inc. and Bell Canada, communications companies
Christine A. Edwards, Chicago, Illinois, U.S.A.	Capital Partner, Winston & Strawn LLP, a law firm
Martin S. Eichenbaum, Glencoe, Illinois, U.S.A	Charles Moskos Professor of Economics, Northwestern University
Ronald H.Farmer, Markham, Ontario, Canada	Managing Director, Mosaic Capital Partners, a management and holding company
David Harquail, Toronto, Ontario, Canada	Chief Executive Officer, Franco-Nevada Corporation, a royalty and streaming company active in both the mining and oil & gas industries
Linda S. Huber, New York City, New York, U.S.A.	Corporate Director
Eric R. La Flèche, Montreal, Québec, Canada	President and Chief Executive Officer, Metro Inc., a food retailer and distributor
Lorraine Mitchelmore, Calgary, Alberta, Canada	Corporate Director
Philip S. Orsino, O.C., F.C.P.A., F.C.A. Toronto, Ontario, Canada	President and Chief Executive Officer, Brightwaters Strategic Solutions Inc., a consulting and advisory services company
J. Robert S. Prichard, O.C., O. Ont, FRSC, F.ICD Toronto, Ontario, Canada	Chairman of the Board, Bank of Montreal and Non-Executive Chair of Torys LLP, a law firm
Darryl White, Toronto, Ontario, Canada	Chief Executive Officer of BMO Financial Group

Name and Municipality of Residence	Principal Activities
Don M.Wilson III, Greenwich, Connecticut, U.S.A.	Corporate Director

The business address of all of the Directors is the executive offices of the Bank, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, Canada, M5X 1A1. No directors hold executive positions with the Bank other than as shown above.

As at the date of the Offering Circular, there are no potential conflicts of interest between any duties owed to the Bank by the Directors and the private interests and/or other duties owed by these individuals. If a Director had a material interest in a matter being considered by the Board or its Committees, such Director would not participate in any discussions relating to, or any vote on, such matter.

Major Shareholders

To the extent known to the Bank, the Bank is not directly or indirectly owned or controlled by any person.

As mentioned above, the Bank Act prohibits any person from having a "significant interest" in any class of shares of the Bank, that is, from beneficially owning more than 10 per cent. of the outstanding shares of the class either directly or through controlled entities, without the approval of the Minister of Finance of Canada. A person may, with the approval of the Minister of Finance, beneficially own up to 20 per cent. of a class of voting shares and up to 30 per cent. of a class of non-voting shares of the Bank, subject to a "fit and proper" test based on the character and integrity of the applicant. In addition, the holder of such a significant interest could not have "control in fact" of the Bank.

Material Contracts

The Bank and its subsidiaries have not entered into any material contracts outside the ordinary course of the Bank's business which could materially affect the Bank's obligations in respect of any Notes to be issued by the Bank other than, with respect to any Notes, the contracts described in "Subscription and Sale" and in "Terms and Conditions of the Exempt Notes".

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement amended and restated as of July 11, 2019 (as further amended from time to time) (the "**Programme Agreement**"), agreed with the Bank a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Issue Procedures" and "Terms and Conditions of the Exempt Notes" above. In the Programme Agreement, the Bank has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme. The Bank has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement may be terminated in relation to all the Dealers or any of them by the Bank or, in relation to itself and the Bank only, by any Dealer, at any time on giving not less than 30 days' notice. The Programme Agreement also provides that the Bank may sell directly to third parties other than Dealers and that the obligation of any Dealer to subscribe for Notes under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Exempt Notes.

Persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Bank, the Arrangers and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The following is a description of the contractual and other restrictions applicable to the Programme:

Canada

While the Senior Notes that are principal protected are exempted from the prospectus requirement under the securities laws of any province or territory of Canada, the Principal At Risk Notes are not exempt and have not been and will not be qualified for sale under the securities laws of any province or territory of Canada. Each Purchaser will be required to represent and agree that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Principal At Risk Notes (or, in the case of Senior Notes that are principal protected, if the applicable Pricing Supplement specifies "Canadian Sales Not Permitted", such Senior Notes) directly or indirectly, in Canada or to, or for the benefit of, any resident thereof.

If the applicable Pricing Supplement for any Senior Notes that are principal protected specifies "Canadian Sales Permitted", each Dealer has represented and agreed, and each other Purchaser appointed under the Programme will be required to represent and agree, that it has offered, sold or distributed and that it will offer, sell or distribute such Senior Notes, in Canada in compliance with the securities laws of Canada or any province or territory thereof.

Each Dealer will also be required to agree, that it will not distribute or deliver this Offering Circular, any other offering material in connection with any offering of Exempt Notes, in Canada if the applicable Pricing Supplement specify "Canadian Sales Not Permitted" or, if the applicable Pricing Supplement specify "Canadian Sales Permitted", in contravention of the securities laws of Canada or any province or territory thereof.

Each issuance of Senior Notes that are principal protected which are to be listed on a stock exchange other than the London Stock Exchange and for which the applicable Pricing Supplement specifies "Canadian Sales Permitted" will be subject to such additional Canadian selling restrictions as the Bank and the relevant Purchaser(s) may agree, as specified in the applicable Pricing Supplement. Each Purchaser will be required to agree that it will offer, sell and distribute any such Senior Notes, and distribute or deliver this

Offering Circular, or any other offering material in connection with such offering, only in compliance with such additional Canadian selling restrictions.

United States

Regulation S, Compliance Category 2 will apply and TEFRA D will apply unless TEFRA C Rules are specified as applicable or TEFRA Rules are specified as not applicable in the applicable Pricing Supplement. The Notes are not eligible under Rule 144A of the Securities Act of 1933 as amended (the "**Securities Act**").

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by United States tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder.

Each Purchaser will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche (as determined, and certified to the Bank, by the Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager(s)) within the United States or to, or for the account or benefit of, United States persons except in accordance with Regulation S of the Securities Act, it will not engage in any directed selling efforts with respect to the Notes of any Tranche within the United States or to United States persons except in accordance with Regulation S of the Securities Act and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, United States persons.

In addition, until 40 days after the commencement of the offering of the relevant issue of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Notes and Dual Currency Notes will be subject to such additional United States selling restrictions as the Bank and the relevant Purchaser(s) may agree, as specified in the applicable Pricing Supplement. Each Dealer will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional United States selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each other Purchaser appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive (as defined below); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" is "Not Applicable" in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Purchaser or Purchasers nominated by the Bank for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes referred to in (a) to (c) above shall require the Bank or any Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measures in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Bank was not an authorised person, apply to the Bank; and

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

Belgium

Other than in respect of Exempt Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Exempt Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**"), and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

France

This Offering Circular has not been submitted for clearance to the *Autorité des marchés financiers* in France.

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular, the applicable Pricing Supplement or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), all defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

Republic of Italy

The offering of any Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes in the Republic of Italy ("**Italy**") in a solicitation to the public, and that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of the Offering Circular or any other document relating to the Notes in Italy except:

(a) to "**qualified investors**" (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of any Notes or distribution of copies of the Offering Circular and any supplement thereto or any other document relating to the Notes in Italy must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or other Italian authority.

Please note that in accordance with Article 100-bis of the Consolidated Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Consolidated Financial Services Act and CONSOB Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it has not, directly or indirectly, offered or sold, and will not, directly or indirectly, offer or sell the Exempt Notes in The Netherlands, other than to qualified investors, as defined in article 1.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), unless such offer is made in accordance with such Act.

Japan

No registration pursuant to article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "**FIEA**") has been made or will be made with respect to the Notes. Accordingly, each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Each Purchaser will be required to provide to the Bank any necessary information relating to Yen Notes (which should not include names of clients) so that the Bank or its designated agent may make any required reports to the Ministry of Finance of Japan.

Hong Kong

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" within the meaning of the SFO and any rules made under the SFO; or (iii) in other circumstances

which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O)**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O); and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

The People's Republic of China

Each Dealer has represented, warranted and agreed, and each other Purchaser will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in PRC (for such purpose, not including the Hong Kong, Macau and Taiwan), except as permitted by the laws of PRC.

Singapore

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

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA Securities and Futures Act; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities–based Derivatives Contracts) Regulations 2018.

Unless otherwise stated in the Pricing Supplement, all Exempt Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Taiwan

(a) If "Standard Taiwan Selling Restrictions" are specified to apply in the applicable Pricing Supplement the following selling restrictions shall apply:

Each Dealer has agreed, and each other Purchaser will be required to agree, that the offering of the Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires registration with or approval of the Financial Supervisory Commission of Taiwan. Each Dealer has agreed, and each other Purchaser will be required to agree, that no person or entity in Taiwan has been authorized to offer or sell the Notes in Taiwan.

(b) If "Formosa Selling Restrictions" are specified to apply in the applicable Pricing Supplement the following selling restrictions shall apply:

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that the Exempt Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the Republic of China, to investors other than "professional institutional investors" as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the Republic of China ("**Professional Institutional Investors**") as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a Professional Institutional Investor.

General

Each Dealer has agreed, and each other Purchaser will be required to agree that it will comply, to the best of its knowledge, in good faith and on reasonable grounds after making all reasonable investigation, with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular, any Pricing Supplement or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Bank nor any other Purchaser shall have any responsibility therefor. No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

With regard to each Tranche, the relevant Purchaser(s) will be required to comply with such other additional restrictions as the Bank and the relevant Purchaser(s) shall agree and as shall be set out in the applicable Pricing Supplement.

The Programme Agreement provides that without prejudice to the obligations of each Dealer described in this "General" section, each Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of changes in, or a change in the interpretation of, the relevant law, regulation or directive after the date hereof no longer be applicable. Any such modification may be set out in the applicable Pricing Supplement issued in respect of the issue of the Notes to which it relates or in a supplement to this Offering Circular.

Neither the Bank nor any of the Purchasers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

TAXATION

Canada

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of Exempt Notes who acquires, as beneficial owner, Exempt Notes pursuant to this Offering Circular or common shares of the Bank or any affiliate of the Bank on a Bail-in Conversion ("**Common Shares**"), and who, at all relevant times, for the purposes of the Income Tax Act (Canada) and the regulations thereunder (collectively the "**Tax Act**") and any applicable income tax convention, (i) is not resident and is not deemed to be resident in Canada, (ii) deals at arm's length with the Bank, any issuer of Common Shares, and with any Canadian resident (or deemed Canadian resident) to whom the holder disposes of Exempt Notes, (iii) is not a "specified non-resident shareholder" of the Bank for purposes of subsection 18(5) of the Tax Act or a non-resident person not dealing at arm's length with a "specified shareholder" of the Bank for purposes of subsection 18(5) of the Tax Act, (iv) does not use or hold Exempt Notes or Common Shares in or in the course of a business carried on or deemed to be carried on in Canada, (v) is entitled to receive all payments made in respect of the Exempt Notes as beneficial owner, and (vi) is not an insurer that carries on an insurance business in Canada and elsewhere (a "**Non-resident Holder**").

This summary is based upon the provisions of the Tax Act in force on the date hereof and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation, which may differ from those discussed herein. Subsequent developments could have a material effect on the following description. This summary assumes that no interest paid on the Exempt Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm's length, within the meaning of the Tax Act.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations. It is not intended to be, legal or tax advice to any particular holder, or in respect of any particular issuance of Notes, the terms and conditions of which will be material to the Canadian federal income tax considerations with respect thereto. Canadian federal income tax considerations applicable to Exempt Notes may be described more particularly when such Exempt Notes are offered (and then only to the extent material) in the Pricing Supplement related thereto if they are not addressed by the comments following and, in that event, the following will be superseded thereby to the extent indicated in such Pricing Supplement. The Canadian federal income tax considerations may be supplemented, amended and/or replaced in a Pricing Supplement or an Offering Circular supplement, based on the terms and conditions of the Notes issued pursuant to such Pricing Supplement or Offering Circular supplement.

Accordingly, prospective purchasers of Exempt Notes should consult their own tax advisors with respect to their particular circumstances, and in any event where Notes are otherwise issued without disclosure of Canadian federal income tax considerations.

For purposes of the Tax Act, all amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on the single day exchange rate quoted by the Bank of Canada or such other rate that is acceptable to the Minister of National Revenue (Canada).

Interest paid or credited or deemed for purposes of the Tax Act to be paid or credited on an Exempt Note (including amounts on account or in lieu of payment of, or in satisfaction of, interest to a Non-resident Holder) will not be subject to Canadian non-resident withholding tax, unless any portion of such interest (other than on a "prescribed obligation" described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation ("**Participating Debt Interest**"). A "prescribed obligation" is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding which adjustment is determined by reference to a change in the purchasing power of money and no amount payable in respect thereof, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent on the use of or production from property in Canada or is computed by reference to any of the criteria described in the definition of Participating Debt Interest. If any interest payable on an Exempt Note, or any portion of the principal amount of an Exempt Note in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Exempt Note, together with any such portion of such principal, may be subject to Canadian non-resident withholding tax.

In the event that an Exempt Note which is not exempt from Canadian withholding tax under its terms is redeemed, cancelled, repurchased or purchased by the Bank or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof, the excess may be deemed to be interest and may, together with any interest that has accrued on the Exempt Note to that time, be subject to non-resident withholding tax. Such excess will not be subject to withholding tax if, in certain circumstances, the Exempt Note is considered an "excluded obligation" for purposes of the Tax Act. An Exempt Note will be an excluded obligation for this purpose if it is not an "indexed debt obligation" (defined below) and it was issued for an amount not less than 97 per cent. of the principal amount (as defined for the purposes of the Tax Act) of the Exempt Note, and the yield from which, expressed in terms of an annual rate (determined in accordance with the Tax Act) on the amount for which the Exempt Note was issued does not exceed 4/3 of the interest stipulated to be payable on the Exempt Note, expressed in terms of an annual rate on the outstanding principal amount from time to time. An "**indexed debt obligation**" is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money.

Generally, there are no other taxes on income (including taxable capital gains) payable by a Non-resident Holder on any interest, discount, or premium in respect of an Exempt Note or on the proceeds received by a Non-resident Holder on the disposition of an Exempt Note (including redemption, payment on maturity, Bail-in Conversion, cancellation, purchase or repurchase).

Dividends paid or credited, or deemed under the Tax Act to be paid or credited, on Common Shares of the Bank or of any affiliate of the Bank that is a Canadian resident corporation to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax at the rate of 25 per cent. on the gross amount of such dividends unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the country of residence of the Non-resident Holder.

A Non-resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share unless the Common Share is or is deemed to be

"taxable Canadian property" of the Non-resident Holder for the purposes of the Tax Act and the Non-resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-resident Holder is resident.

United Kingdom

The comments below are of a general nature and are based on the Bank's understanding of current UK tax law (as applied in England and Wales) and published HM Revenue and Customs' practice (which may not be binding on HM Revenue and Customs) relating to certain aspects of UK taxation. They only describe the UK tax treatment in respect of the deduction of UK tax from interest (as that term is understood for UK tax purposes) on Exempt Notes and relate only to the position of persons who are the absolute beneficial owners of their Exempt Notes, Receipts and Coupons and may not apply to certain classes of persons such as dealers and persons connected with the Bank, to whom special rules may apply. It does not apply to individuals, or where the income is deemed for tax purposes to be the income of any other person. It does not deal with any other UK tax implications of acquiring, holding or disposing of Exempt Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the UK should consult their professional advisers.

Exempt Notes issued otherwise than through the Bank's London branch

Payments of interest on the Exempt Notes may be made without withholding or deduction on account of UK income tax provided the payments of interest on the Exempt Notes do not have a UK source.

If interest paid on the Exempt Notes does have a UK source then payments of interest on the Exempt Notes may also be made without withholding or deduction on account of UK income tax in the circumstances set out below under the heading "Exempt Notes issued by the Bank's London branch".

Exempt Notes issued by the Bank's London branch

The Bank, provided that it is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Exempt Notes is and continues to be paid in the ordinary course of its business within the meaning of section 878 of the Act, will be entitled to make payments of interest without withholding or deduction for or on account of UK income tax.

Payments of interest on the Exempt Notes may also be made without deduction of or withholding on account of UK income tax provided that the Exempt Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange", within the meaning of section 1005 of the Act. The London Stock Exchange is a recognised stock exchange. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part VI of the Financial Services and Markets Act 2000 as amended) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Exempt Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Exempt Notes will be payable without withholding or deduction on account of UK tax whether or not the Bank carries on a banking business in the UK and whether or not the interest is paid in the ordinary course of its business.

Interest on the Exempt Notes may also be paid without withholding or deduction on account of UK income tax where the maturity of the Exempt Notes is less than 365 days and those Exempt Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Exempt Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can issue a notice to the Bank following the making of a claim by the Noteholder to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Other payments

Reference to "interest" means interest as that term is understood for United Kingdom tax purposes and includes payments which are deemed to be payments of interest for United Kingdom tax purposes. To the extent payments made on the Notes are "annual payments" or "manufactured payments" which have a United Kingdom source, amounts may be required to be withheld from such payments on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available reliefs.

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by "foreign financial institutions" ("**foreign passthru payments**") (a term not yet defined) and (ii) dividend equivalent payments (as defined in Section 871(m) of the Code), in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Canada and the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction that complies with such IGA would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Exempt Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Exempt Notes, are uncertain and may be subject to change. If withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Exempt Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or before the relevant grandfathering date would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. The grandfathering date for (A) Exempt Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) Exempt Notes that give rise to a dividend equivalent pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, is six months after the date on which obligations of its type are first treated as giving rise to dividend equivalents. If additional notes (as described under "Terms and Conditions of the Exempt Notes-Further Issues") that are not distinguishable from such previously issued grandfathered Exempt Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Exempt Notes, including the Exempt Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Exempt Notes.

Section 871(m)

Section 871(m) of the Code treats a "dividend equivalent" payment as a dividend from sources within the United States that is generally subject to a 30 per cent. U.S. withholding tax which may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance ("**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of the Exempt Notes with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only an Exempt Note that has an expected economic return sufficiently similar to that of the underlying U.S. security based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such security a "**Specified Note**"). Certain exceptions to this withholding requirement apply, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Note or upon the date of maturity, lapse or other disposition of, the Specified Note. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Note, withholding generally will still be required even if the Specified Note does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Specified Notes in respect of any dividend equivalent arising with respect to such Specified Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations will generally apply to Exempt Notes that meet the relevant tests and (a) for Exempt Notes that have a "delta" of one, are issued on or after January 1, 2017 and (b) for any other Exempt Notes, are issued on or after January 1, 2021. Delta is generally defined as the ratio of the change in the fair market value of a financial instrument to a small change in the fair market value of the number of shares of the underlying U.S. security. If the terms of an Exempt Note are subject to a "significant modification" (as defined for U.S. tax purposes), the Exempt Notes generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Exempt Note is a Specified Note. Similarly, if additional Exempt Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Exempt Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Exempt Notes are Specified Notes as the date of such subsequent sale or issuance. Consequently, a previously out of scope Exempt Note might be treated as a Specified Note following such modification or further issuance.

In addition, payments on the Specified Notes may be calculated by reference to dividends on underlying U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of

any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities.

The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Pricing Supplement will indicate whether the Issuer has determined that Exempt Notes are Specified Notes and will specify contact details for obtaining additional information regarding the application of Section 871(m) to Exempt Notes. A non-U.S. holder of Specified Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Exempt Notes. The Issuer's determination is binding on non-U.S. holders of the Exempt Notes, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Exempt Notes linked to U.S. securities and their application to a specific issue of Exempt Notes may be uncertain.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Exempt Notes.

The Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Exempt Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Exempt Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Exempt Notes are advised to seek their own professional advice in relation to the FTT.

GENERAL INFORMATION

Authorisation

The Bank has obtained all necessary consents, approvals and authorisations for the establishment of the Programme and for the Bank to undertake and perform its obligations under the Programme Agreement and the Agency Agreement. The issue and sale of notes and securities contemplated hereunder are subject to approval by the Board of Directors or authorized officers of the Bank.

Clearing Systems

The Exempt Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The appropriate codes which will include the ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg or any other agreed clearing system (including SIX SIS AG) will be contained in the applicable Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210, Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

No Significant Change

There has been no significant change in the financial position of the Bank and its subsidiaries taken as a whole since April 30, 2019, the last day of the financial period in respect of which the most recent unaudited published interim consolidated financial statements of the Bank have been prepared.

Recent Developments

On June 4, 2019, following its semi-annual review, OSFI set the Domestic Stability Buffer for Canadian D-SIBs, including the Issuer, at 2.00 per cent. of total risk-weighted assets, effective October 31, 2019 (up from 1.75 per cent. of total risk–weighted assets, effective April 30, 2019). This reflects OSFI's assessment that, on balance, the identified systemic vulnerabilities remain elevated while economic conditions continue to be accommodative. Specific vulnerabilities covered by the buffer continue to include: (i) Canadian consumer indebtedness; (ii) asset imbalances in the Canadian market; and (iii) Canadian institutional indebtedness.

Legal and Arbitration Proceedings

There are no, nor have there been any governmental, legal or arbitration proceedings involving the Bank or any of its subsidiaries (including any such proceedings which are pending or threatened of which the Bank is aware) during the 12 months prior to the date of this Offering Circular, which may have, or have had individually or in the aggregate, a significant effect on the financial position or profitability of the Bank or the Bank and its subsidiaries taken as a whole.

As disclosed in Note 24 on page 203 of the 2018 Financial Statements, the Bank and its subsidiaries are party to legal proceedings, including regulatory investigations, in the ordinary course of business. While there is inherent difficulty in predicting the outcome of these proceedings, the Bank does not expect the outcome of any of these proceedings, individually or in the aggregate, to have a significant effect on the consolidated financial position or the results of operations of the Bank.

Auditors

The consolidated financial statements of the Bank as at and for the year ended October 31, 2018, prepared in accordance with IFRS, were audited in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants who expressed an unqualified opinion thereon in their report dated December 5, 2018. The address of KPMG LLP is set out on the last page hereof. KPMG LLP is independent with respect to the Bank (and its related entities) and has no material interest in the Bank. KPMG LLP is on the register of third country audit entities kept by the United Kingdom Financial Reporting Council in accordance with the European Union Commission Decision of January 29, 2011 (Decision 2011/30/EU).

Documents Available for Inspection

For the period of 12 months following the date of this Offering Circular:

(i) the Bank Act (being the charter of the Bank) and the by-laws of the Bank;

(ii) the Bank's audited annual comparative consolidated financial statements and the auditors' reports thereon for the two most recently completed fiscal years;

(iii) the most recent quarterly report including the unaudited interim consolidated financial statements;

(iv) this Offering Circular and any supplements thereto; and

(v) the Agency Agreement (incorporating the forms of the temporary global, permanent global and Definitive Notes).

(or copies thereof) will be available for inspection during normal business hours and upon reasonable notice at the specified office of the Agent in London, England and may be obtained from the Treasury Department of the Bank, 100 King Street West, 1 First Canadian Place, 10th Floor, Toronto, Ontario, Canada, M5X 1A1.

Listing on Stock Exchanges and Admission to Markets

Where permitted, Exempt Notes may be listed, or admitted to trading, as the case may be, on stock exchange(s) or market(s).

Post-issuance Information

Unless otherwise specified in the applicable Pricing Supplement, the Bank does not intend to provide any post-issuance information in relation to any issue of Exempt Notes.

Legal Entity Identifer (LEI)

The Legal Entity Identifier (LEI) of the Bank is NQQ6HPCNCCU6TUTQYE16.

BANK OF MONTREAL

HEAD OFFICE

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