

BANK OF MONTREAL /CAN/
Form 424B2
October 04, 2018
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Registration Statement No. 333-217200
Filed pursuant to Rule 424B2

PROSPECTUS SUPPLEMENT dated October 2, 2018

(to prospectus dated April 27, 2017)

US\$850,000,000

4.338% Subordinated Notes due 2028

(Non-Viability Contingent Capital (NVCC))

(Subordinated Indebtedness)

We are offering US\$850,000,000 aggregate principal amount of our 4.338% Subordinated Notes due 2028 (Non-Viability Contingent Capital (NVCC)) (the *Notes*). Subject to any redemption prior to October 5, 2028 (the *Maturity Date*), as described below, the Notes will bear interest (i) from and including October 5, 2018 to, but excluding, October 5, 2023 (the *Reset Date*), at a rate of 4.338% per annum and (ii) from and including the Reset Date to, but excluding, the Maturity Date at a rate per annum which will be 1.280% above the 5-Year Mid-Swap Rate (as defined herein). Interest on the Notes will be payable semi-annually in arrears on April 5 and October 5 of each year (each, an *Interest Payment Date*), commencing April 5, 2019. The Notes offered by this prospectus supplement will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the *Bank Act* (Canada) (the *Bank Act*).

Upon the occurrence of a Trigger Event (as defined herein), each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, into fully-paid and freely tradable common shares of the Bank (*Common Shares*). See *Description of the Notes - NVCC Automatic Conversion*.

We may, at our option, redeem the Notes, with the prior written approval of the Superintendent of Financial Institutions Canada (the *Superintendent*), in whole but not in part, on not less than 30 days and not more than 60 days prior notice to the registered holders of the Notes, (i) at any time within 90 days following a Regulatory Event Date (as defined herein), (ii) at any time following the occurrence of a Tax Event (as defined herein) or (iii) on the Reset Date, in each case at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to, but excluding, the date fixed for redemption. The Notes are not redeemable at the option or election of holders. See *Description of the Notes - Redemption*.

Prior to this offering, there has been no public market for the Notes. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion in any automated quotation system and, consequently, there is no market through which the Notes may be sold and purchasers may not be able to resell the Notes purchased under this prospectus supplement.

*Investing in the Notes involves risks, including the risks described in the **Risk Factors** section on page S-12 of this prospectus supplement and those described in management's discussion and analysis of financial condition and results of operations in our Annual Report on Form 40-F for the year ended October 31, 2017, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, dated April 27, 2017.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes will not constitute savings accounts, deposits or other obligations that are insured by the United States Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency or under the *Canada Deposit Insurance Corporation Act (Canada)*, the *Bank Act (Canada)* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.

The Notes will not be subject to Bail-In Conversion (as defined herein).

	Price to Public ⁽¹⁾	Underwriting Commission	Proceeds, before expenses, to the Bank
Per Note	100.000%	0.350%	99.650%
Total	US\$ 850,000,000	US\$ 2,975,000	US\$ 847,025,000

(1) Plus accrued interest, if any, from October 5, 2018, if settlement occurs after that date.

The underwriters expect to deliver the Notes through the book-entry delivery system of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about October 5, 2018.

BMO Capital Markets	Citigroup	BofA Merrill Lynch	J.P. Morgan	UBS Investment Bank
BNP PARIBAS	Goldman Sachs & Co. LLC		Morgan Stanley	Wells Fargo Securities
Barclays	Credit Agricole	Credit Suisse	Desjardins Capital Markets	HSBC
	CIB			

The date of this prospectus supplement is October 2, 2018.

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We are responsible for the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, and in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to give you any other information, and take no responsibility for any other information that others may give you. We are not, and the underwriters are not, making an offer to sell any Notes in any jurisdiction where the offer or sale

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is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than the dates thereon. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to the *Bank, we, us, our* or similar references mean Bank of Montreal and do not include the subsidiaries of Bank of Montreal.

This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of Notes in any member state (the *Member States* and each, a *Member State*) of the European Economic Area (*EEA*) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Member State of Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for Bank of Montreal or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer.

The expression Prospectus Directive means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Member State concerned.

The 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 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*); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the *Insurance Mediation Directive*), 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, and the expression 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. 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.

This prospectus supplement and the accompanying prospectus are for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the *Financial Promotion Order*), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as *relevant persons*). This prospectus supplement and the accompanying prospectus are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate is available only to relevant persons and will be engaged in only with relevant

persons.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement describes the specific terms of the Notes. The accompanying prospectus, dated April 27, 2017 (the *accompanying prospectus*) provides you with more general information, some of which may not apply to the Notes. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. We urge you to read carefully both this prospectus supplement and the accompanying prospectus, together with the information incorporated herein and in the accompanying prospectus by reference, before deciding whether to invest in any Notes.

You should not consider any information in this prospectus supplement, the accompanying prospectus or any free writing prospectus we have authorized to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the Notes. We are not making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Securities and Exchange Commission (the *SEC*) allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus, the information in certain documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference is considered to be automatically updated and superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. In other words, in the case of a conflict or inconsistency between information contained in this prospectus supplement or the accompanying prospectus and information incorporated by reference, you should rely on the information contained in the document that was filed later. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus.

We incorporate by reference the following documents and all documents that we subsequently file with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules) pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the *Exchange Act*), until the termination of the offering of the Notes under this prospectus supplement:

Annual Report on Form 40-F for the fiscal year ended October 31, 2017, filed on December 5, 2017;

Reports on Form 6-K filed on December 5, 2017 (two filings) (Acc-nos: 0001193125-17-361626 and 0001193125-17-361738);

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Report on Form 6-K filed on December 18, 2017;

Report on Form 6-K filed on January 8, 2018;

Report on Form 6-K filed on January 25, 2018;

Report on Form 6-K filed on February 8, 2018;

Report on Form 6-K filed on February 16, 2018;

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Reports on Form 6-K filed on February 27, 2018 (five filings) (Acc-nos: 0001193125-18-060961, 0001193125-18-060991, 0001193125-18-061115, 0001193125-18-061127 and 0001193125-18-061138);

Report on Form 6-K filed on March 12, 2018;

Report on Form 6-K filed on March 29, 2018;

Report on Form 6-K filed on April 13, 2018;

Reports on Form 6-K filed on May 30, 2018 (five filings) (Acc-nos: 0001193125-18-178616, 0001193125-18-178632, 0001193125-18-178638, 0001193125-18-178647 and 0001193125-18-178656);

Report on Form 6-K filed on June 28, 2018;

Report on Form 6-K filed on July 13, 2018;

Reports on Form 6-K filed on August 29, 2018 (four filings) (Acc-nos: 0001193125-18-260784, 0001193125-18-260784, 0001193125-18-260779 and 0001193125-18-260776);

Report on Form 6-K filed on September 6, 2018;

Report on Form 6-K filed on September 17, 2018; and

Report on Form 6-K filed on September 24, 2018.

We may also incorporate any other Form 6-K that we submit to the SEC on or after the date hereof and prior to the termination of the offering of the Notes under this prospectus supplement if the Form 6-K filing specifically states that it is incorporated by reference into the Registration Statement of which the accompanying prospectus, as supplemented, forms a part.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement excluding exhibits to those documents, unless they are specifically incorporated by reference into those documents. You may obtain copies of those documents by requesting them in writing or by telephoning us at the following address: Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, Canada, M5X 1A1, Attention: Corporate Secretary; Telephone: (416) 867-6785.

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We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (*IFRS*) as issued by the International Accounting Standards Board (the *IASB*). Additionally, we publish our consolidated financial statements in Canadian dollars. In this prospectus supplement, currency amounts are stated in Canadian dollars (\$), unless specified otherwise. As indicated in the tables below, the Canadian dollar has fluctuated in value compared to the U.S. dollar (*US\$*) over time.

The tables below sets forth the high and low daily exchange rates, the average yearly rate and the rate at period end between Canadian dollars and U.S. dollars (in U.S. dollars per Canadian dollar) for the periods listed below, as applicable. All references to exchange rates prior to January 1, 2017 are based on the *noon exchange rate* as reported by the Bank of Canada until April 28, 2017, and all references to exchange rates on or after January 1, 2017 are based on the *daily exchange rate* as reported by the Bank of Canada. On September 28, 2018, the daily exchange rate was US\$0.7725 = \$1.00.

Year Ended October 31	High	Low	Average Rate(1)	At Period End
2013	1.0164	0.9455	0.9777	0.9589
2014	0.9602	0.8858	0.9149	0.8869
2015	0.8900	0.7455	0.7979	0.7644
2016	0.7972	0.6854	0.7550	0.7461
2017	0.8245	0.7276	0.7645	0.7756

Most Recent Six Months	High	Low
April 2018	0.7967	0.7747
May 2018	0.7828	0.7680
June 2018	0.7744	0.7513
July 2018	0.7682	0.7544
August 2018	0.7742	0.7604
September 2018	0.7749	0.7583

(1) The average of the exchange rates on the last business day of each full month during the relevant period.

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This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the Notes, and this summary is qualified by the detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section of this prospectus supplement, and the documents incorporated by reference into this prospectus supplement, which are described under Incorporation of Certain Information by Reference in this prospectus supplement.

Issuer	Bank of Montreal
Securities Offered	4.338% Subordinated Notes due 2028 (Non-Viability Contingent Capital (NVCC)) (the <i>Notes</i>)
Aggregate Principal Amount	US\$850,000,000
Issue Date	October 5, 2018 (the <i>Issue Date</i>)
Reset Date	October 5, 2023 (the <i>Reset Date</i>)
Stated Maturity	October 5, 2028 (the <i>Maturity Date</i>)
Interest Rate	Subject to any redemption prior to the Maturity Date, the Notes will bear interest (i) from and including the Issue Date to, but excluding, the Reset Date, at a rate of 4.338% per annum and (ii) from and including the Reset Date to, but excluding, the Maturity Date at a rate per annum which will be 1.280% above the 5-Year Mid-Swap Rate (as defined herein). For purposes of the foregoing:

5-Year Mid-Swap Rate means the 5-year semi-annual mid-swap rate as displayed on the Reset Screen Page on the Reset Interest Determination Date. In the event that the 5-year semi-annual mid-swap rate does not appear on the Reset Screen Page on the Reset Interest Determination Date, the 5-Year Mid-Swap Rate shall be the Reset Reference Bank Rate on the Reset Interest Determination Date.

Reset Screen Page means Reuters screen ICESWAP1 (or any successor page or, if a successor page is unavailable, an equivalent page of Bloomberg or any comparable provider as determined by the Bank in its sole discretion) as at 11:00 a.m. (New York time).

Reset Interest Determination Date means the day falling two business days prior to the Reset Date.

Reset Reference Bank Rate means the percentage rate determined on the basis of the 5-Year Mid-Swap Rate Quotation provided by five leading swap dealers in the interbank market to the paying agent as at approximately 11:00 a.m. (New York time) on the Reset Interest

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Determination Date. If at least three quotations are provided, the 5-Year Mid-Swap Rate will be the arithmetic mean 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). If only two quotations are provided, the 5-Year Mid-Swap Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the 5-Year Mid-Swap Rate will be the quotation provided. If no quotations are provided, the 5-Year Mid-Swap Rate shall be equal to the last available 5-year semi-annual mid-swap rate on the Reset Screen Page.

5-Year Mid-Swap Rate Quotation means, in each case, the arithmetic mean of the bid and offered rates for the semi-annual fixed leg (calculated on the basis of a 360-day year of twelve 30-day months) of a fixed-for-floating U.S. dollar interest rate swap which (i) has a term of 5 years commencing on the Reset Date, (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 swap market and (iii) has a floating leg based on the 3-month U.S. dollar LIBOR rate (or such other short-term rate, if any, as shall have generally replaced the 3-month U.S. dollar LIBOR rate in the relevant market at the relevant time for purposes of such fixed-for-floating U.S. dollar interest rate swaps quotations, as determined by the Bank in its sole discretion) (calculated on the basis of the actual number of days elapsed in 360-day year).

Interest Payment Dates

Interest on the Notes will be payable semi-annually in arrears on April 5 and October 5 of each year (each, an *Interest Payment Date*), commencing April 5, 2019.

Status and Subordination

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the Bank Act and, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event (as defined herein)), will rank *pari passu* with all other Subordinated Indebtedness (as defined herein) of the Bank from time to time outstanding, except Indebtedness (as defined herein) that by its terms is subordinated to such Subordinated Indebtedness. The Common Shares that would be issued upon the occurrence of a Trigger Event will rank on parity with all other outstanding Common Shares.

The Notes will not constitute savings accounts, deposits or other obligations that are insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency or under the *Canada Deposit Insurance Corporation Act*

(Canada) (the *CDIC Act*), the Bank Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.

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Redemption

We may, at our option, redeem the Notes, with the prior written approval of the Superintendent of Financial Institutions Canada (the

Superintendent), in whole but not in part, on not less than 30 days and not more than 60 days prior notice to the registered holders of the Notes, (i) at any time within 90 days following a Regulatory Event Date, (ii) at any time following the occurrence of a Tax Event or (iii) on the Reset Date, in each case at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to, but excluding, the date fixed for redemption. The Notes are not redeemable at the option or election of holders. For the purposes of the foregoing:

Regulatory Event Date means the date specified in a letter or other written communication from the Superintendent to the Bank on which the Notes will no longer be recognized in full as eligible *Tier 2 Capital* or will no longer be eligible to be included in full as risk-based *Total Capital* on a consolidated basis under the guidelines for capital adequacy requirements for banks in Canada as interpreted by the Superintendent.

Tax Event means:

(i) as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced and becomes effective on or after the date of this prospectus supplement, and which in the written opinion to the Bank of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank becoming obligated to pay, on the next succeeding date on which payment under the Notes is due, *Additional Amounts* with respect to the Notes as described under *Description of the Notes Payment of Additional Amounts*; or

(ii) on or after the date of this prospectus supplement, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Bank, or any change, amendment, application or interpretation shall be

officially proposed, which, in any such case, in the written opinion to the Bank of legal counsel of recognized standing, will result (assuming, in the case of any announced prospective change, that such announced change will become

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effective as of the date specified in such announcement and in the form announced) in the Bank becoming obligated to pay, on the next succeeding date on which payment under the Notes is due, Additional Amounts with respect to the Notes; or

(iii) the Bank has received an opinion of independent legal counsel of recognized standing experienced in such matters to the effect that, as a result of, (x) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (y) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an *administrative action*); or (z) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each case (x), (y) or (z), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of the issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that the Bank is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by the Bank of interest on the Notes) or the treatment of the Notes, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority.

Purchase for Cancellation

Subject to the prior approval of the Superintendent, the Bank may, at any time, purchase Notes at any price or prices in the open market or otherwise. Notes so purchased by the Bank will be cancelled and will not be re-issued.

NVCC Automatic Conversion

Upon the occurrence of a Trigger Event, each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, and as of the start of business on the date on which the Trigger Event occurs, into a

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number of fully-paid and freely tradable common shares of the Bank (*Common Shares*) determined by dividing (a) the product of the Multiplier and the Note Value, by (b) the Conversion Price (an *NVCC Automatic Conversion*). For the purposes of the foregoing:

Conversion Price means, in respect of each Note, the greater of (i) the Floor Price, and (ii) the Current Market Price.

Current Market Price means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the *TSX*) or, if not then listed on the *TSX*, on another exchange or market chosen by the board of directors of the Bank on which the Common Shares are then traded, for the 10 consecutive trading days ending on the trading day immediately prior to the date on which the Trigger Event occurs, converted (if not denominated in U.S. dollars) into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs. If no such trading prices are available, the Current Market Price will be the Floor Price.

Floor Price means the U.S. dollar equivalent of \$5.00 converted into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs, subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares.

The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Floor Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Floor Price then in effect; provided, however, that in such case any adjustment that would otherwise be required to be made will be carried forward and will be made at the time of and together with the next subsequent adjustment which, together with any adjustments so carried forward, will amount to at least 1% of the Floor Price.

Multiplier means 1.5.

Note Value means, in respect of each Note, the principal amount of such Note plus any accrued and unpaid interest on such Note to, but

excluding, the date of the Trigger Event.

Prevailing Rate means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (New York time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (New York time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other

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manner as an Independent Financial Adviser (as defined herein) shall consider in good faith appropriate.

Relevant Page means the relevant page on Bloomberg (or such other information service provider) that displays the relevant information.

Trigger Event has the meaning set out in the Office of the Superintendent of Financial Institutions Canada (OSFI), Guideline for Capital Adequacy Requirements (CAR), Chapter 2 Definition of Capital, effective April 2018, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of the Notes and all other contingent instruments issued by the Bank and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or

a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

Common Share Corporate Event

In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Notes receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

Prohibited Owners

Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person (as defined herein) or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder (as defined herein) through the

acquisition of Common Shares. See *Description of the Notes* *NVCC Automatic Conversion* *Right Not to Deliver Common Shares upon NVCC Automatic Conversion*.

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<p>Agreement with Respect to Principal and Interest Deemed Paid upon NVCC Automatic Conversion</p>	<p>By acquiring any Note, each holder or beneficial owner of such Note or any interest therein, including any person acquiring any such Note or interest therein after the date hereof, irrevocably consents to the principal amount of the Note and any accrued and unpaid interest thereon being deemed paid in full by the issuance of Common Shares upon the occurrence of a Trigger Event and the resulting NVCC Automatic Conversion, which occurrence and resulting NVCC Automatic Conversion shall occur without any further action on the part of such holder or beneficial owner or the Trustee.</p>
<p>Events of Default</p>	<p>The Indenture (as defined herein) governing the Notes will provide that an Event of Default (as defined herein) in respect of the Notes will occur only if the Bank becomes insolvent or bankrupt or subject to the provisions of the <i>Winding-up and Restructuring Act</i> (Canada), or if the Bank goes into liquidation, passes a resolution for the winding-up, liquidation or dissolution of the Bank or otherwise acknowledges its insolvency. Neither the failure to make a payment on the Notes when due (including any interest payment) nor an NVCC Automatic Conversion will constitute an Event of Default.</p>
<p>U.S. Federal Income Tax Considerations</p>	<p>As described under <i>United States Federal Income Taxation</i>, it is more likely than not that the Notes will be treated as debt of the Bank for U.S. federal income tax purposes.</p>
<p>Canadian Federal Income Tax Considerations</p>	<p>As described under <i>Canadian Federal Income Tax Considerations</i>, no Canadian withholding tax will apply to interest, principal or premium paid or credited to a Non-resident holder by the Bank on a Note or to the proceeds received by a non-resident holder on the disposition of a Note including a redemption, payment on maturity, NVCC Automatic Conversion or purchase for cancellation.</p>
<p>Form and Denomination</p>	<p>The Notes will be issued in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company. The Notes will be issued only in minimum denominations of US\$1,000 and integral multiples of US\$1,000 in excess thereof.</p>
<p>CUSIP / ISIN / Common Code</p>	<p>06368B Q68 / US06368BQ686 / 189176830</p>
<p>No Public Trading Market</p>	<p>We do not intend to apply for listing of the Notes on any securities exchange or for inclusion in any automated quotation system and, consequently, there is no market through which the Notes may be sold</p>

and purchasers may not be able to resell the Notes purchased under this prospectus supplement.

Trustee

Wells Fargo Bank, National Association.

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Paying Agent	Wells Fargo Bank, National Association.
Conflicts of Interest	As described in <i>Supplemental Plan of Distribution (Conflicts of Interest)</i> , BMO Capital Markets Corp. is an affiliate of the Bank and, as such, has a conflict of interest in this offering within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121.
Risk Factors	See <i>Risk Factors</i> in this prospectus supplement beginning on page S-12 and in the accompanying prospectus beginning on page 8 for a discussion of factors you should carefully consider before deciding to invest in the Notes.

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RISK FACTORS

An investment in the Notes is subject to the risks described below, as well as the risks described under Risk Factors in the accompanying prospectus and the categories of risks identified and discussed in the management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 40-F for the fiscal year ended October 31, 2017, and in subsequent quarterly reports to shareholders that we will file on Form 6-Ks, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. You should carefully consider whether the Notes are suited to your particular circumstances. This section describes the most significant risks relating to the terms of the Notes. We urge you to read the following information about these risks, together with the other information in this prospectus supplement and the accompanying prospectus, before investing in the Notes.

The Notes are loss-absorption financial instruments that involve significant risk and may not be a suitable investment for all investors.

The Notes are loss-absorption financial instruments designed to comply with applicable Canadian banking regulations and involve significant risks. Each potential investor in the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Notes, such as the provisions governing the NVCC Automatic Conversion, including the circumstances constituting a Trigger Event. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of the NVCC Automatic Conversion into Common Shares and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference herein.

Events of Default under the Indenture and your remedies in the case of a breach of the Bank's obligations under the Notes will be limited.

The Indenture governing the Notes will provide that an Event of Default (as defined in the Indenture) in respect of the Notes will occur only if the Bank becomes insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada), 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 or otherwise acknowledges its insolvency. An NVCC Automatic Conversion upon the occurrence of a Trigger Event will not constitute an Event of Default.

Absent an Event of Default, you will have no right of acceleration in the case of a default in the payment of any amount due on the Notes or a default in the performance of any covenant of the Bank under the Indenture, although a legal action could be commenced to enforce such covenant.

The Notes are subject to automatic conversion into Common Shares upon a Trigger Event.

Upon the occurrence of a Trigger Event and an NVCC Automatic Conversion, an investment in the Notes will automatically and immediately become an investment in Common Shares without the consent of the holders. Prior to the conversion of the Notes to Common Shares pursuant to an NVCC Automatic Conversion, holders of Notes are not entitled to any rights of holders of Common Shares, including any rights of shareholders to receive notice, to attend or to vote at any meeting of the shareholders of the Bank. After an NVCC Automatic Conversion, a holder of Notes will

no longer have any rights as a holder of Notes and will only have rights as a holder of Common Shares. Given the nature of a Trigger Event, a holder of Notes will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become

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insolvent or wound-up after the occurrence of a Trigger Event, as a result of an NVCC Automatic Conversion, the holders of Common Shares may receive, if anything, substantially less than the holders of the Notes might have received had the Notes not been converted into Common Shares. An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms.

A Trigger Event involves a subjective determination outside our control.

The decision as to whether a Trigger Event will occur is a subjective determination by the Superintendent that the Bank has ceased, or is about to cease, to be viable and that the conversion of all contingent instruments is reasonably likely, taking into account any other factors or circumstances that are considered relevant or appropriate by the Superintendent, to restore or maintain the viability of the Bank. Such determination will be beyond the control of the Bank. See the definition of Trigger Event under *Description of the Notes – NVCC Automatic Conversion*.

OSFI has stated that the Superintendent will consult with the Canada Deposit Insurance Corporation, the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada prior to making a non-viability determination. The conversion of contingent instruments alone may not be sufficient to restore an institution to viability and other public sector interventions, including liquidity assistance, would likely be used along with the conversion of contingent instruments to maintain an institution as a going concern.

In assessing whether the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments, it is reasonably likely that the viability of the Bank will be restored or maintained, OSFI has stated that the Superintendent will consider, in consultation with the authorities referred to above, all relevant facts and circumstances. Those facts and circumstances may include, in addition to other public sector interventions, a consideration of whether, among other things: