SECOND SUPPLEMENT DATED 13 DECEMBER 2023 TO THE PROSPECTUS DATED 15 SEPTEMBER 2023 AS SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 29 SEPTEMBER 2023

BANK OF MONTREAL

(*a Canadian chartered Bank*)

U.S.$40,000,000,000

Global Registered Covered Bond Program

unconditionally and irrevocably guaranteed as to payments of interest and principal by

BMO COVERED BOND GUARANTOR LIMITED PARTNERSHIP

(*a limited partnership established under the laws of the Province of Ontario*)

The Bank of Montreal (the "**Bank**") issued a Prospectus dated 15 September 2023 (as supplemented by the First Supplement to such Prospectus dated 29 September, 2023, the "**Prospectus**") which is a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"), which now forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") (as amended, the "**UK Prospectus Regulation**"). This second supplement (the "**Second Supplement**") constitutes a supplement in respect of the Prospectus for the purposes of Article 23 of the UK Prospectus Regulation, and is prepared in connection with the U.S.$40,000,000,000 Global Registered Covered Bond Program established by the Bank (the "**Program**") unconditionally and irrevocably guaranteed as to payments of interest and principal by BMO Covered Bond Guarantor Limited Partnership (the "**Guarantor**").

Terms defined in the Prospectus have the same meaning when used in this Second Supplement. This Second Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Bank from time to time.

Each of the Bank and the Guarantor accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of each of the Bank and the Guarantor, the information contained in this Second Supplement is in accordance with the facts and this Second Supplement contains no omission likely to affect its import.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION ("CMHC") NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS OR THIS SECOND SUPPLEMENT. THE COVERED BONDS ARE NEITHER INSURED NOR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

1. Purpose of the Second Supplement

The purpose of this Second Supplement is (i) to incorporate by reference the Bank's 2023 annual information form dated December 1, 2023 and the annual audited consolidated financial statements and management's discussion and analysis as at and for the years ended October 31, 2023 and October 31, 2022, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), (ii) to disclose the Bank's sale of additional mortgage loans equaling approximately CAD$4,900,000,000 on 21 November 2023 to the Guarantor, (iii) to update the section entitled "**FORWARD-LOOKING STATEMENTS**", (iv) to update the Singapore selling restrictions and the disclosure relating to the Income Tax Act 1947 of Singapore, (v) to include a new statement in respect of no material adverse change and significant change in the Prospectus, (vi) to update certain risk factors in the Prospectus and (vii) to include a new statement in respect of legal and arbitration proceedings in the Prospectus.

2. 2023 Annual Information Form and Annual Audited Consolidated Financial Statements and Management's Discussion and Analysis as at and for the years ended October 31, 2022 and October 31, 2023

By virtue of this Second Supplement, the following documents are incorporated in and form part of the Prospectus:

3.1 the Bank's 2023 annual information form dated December 1, 2023, excluding all information therein incorporated by reference (the "**2023 AIF**"); and

3.2 the Bank's audited consolidated financial statements as at and for the year ended October 31, 2022 and October 31, 2023 set out on pages 145 to 214 of the Bank's Annual Report (the "**2023 Financial Statements**"), prepared in accordance with IFRS, together with the auditors' report on pages 139 to 144 (excluding, for the avoidance of doubt, the auditor's report on internal control over financial reporting under Standards of the Public Company Accounting Oversight Board (United States) on page 144) and management's discussion and analysis of financial condition and financial performance for the years ended October 31, 2022 and October 31, 2023 as set out on pages 20 to 125 of the Bank's Annual Report (the "**2023 MD&A**"). The remainder of the Bank's Annual Report is not incorporated and is either covered elsewhere in the Prospectus or deemed not relevant to investors.

In accordance with Regulation (EU) No.1060/2009 (the "**EU CRA Regulation"**) and Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation"**), please note that the annual information form contains references to credit ratings and information on pages 11 to 12 and on pages 1 and 2 of Appendix II thereto, and the management's discussion and analysis and the audited consolidated financial statements contain references to credit ratings and information on pages 76, 90 and 104.

None of Standard & Poor's Financial Services LLC ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**"), Fitch Ratings, Inc. ("**Fitch**") and DBRS Limited ("**DBRS**") (collectively, the "**non-EU CRAs**") is established in the European Union or has applied for registration under the EU CRA Regulation or is established in the UK or has applied for registration under the UK CRA Regulation. The ratings have been endorsed by each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and DBRS Ratings GmbH (the "**EU CRAs**"), as applicable, which are affiliates of S&P, Moody's, Fitch and DBRS, respectively, in accordance with the CRA Regulation. Each EU CRA is established in the European Union and registered under the CRA Regulation. As such each EU CRA is included in the list of credit rating agencies published by the European Securities and Markets Authority (the "**ESMA**") on its website in accordance with the CRA Regulation. The ESMA has indicated that ratings issued in Canada which have been endorsed by an EU CRA may be used in the EU by the relevant market participants. The ratings have also been endorsed by S&P Global Ratings UK Limited, Moody's Investors Service Ltd, Fitch Ratings Ltd and DBRS

Ratings Limited (the "**UK CRAs**"), as applicable, which are affiliates of S&P, Moody's, Fitch and DBRS, respectively. As such, each UK CRA is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation.

3. Additional Mortgage Loans

The Bank sold additional mortgage loans to the Guarantor on 21 November 2023 equaling approximately CAD$4,900,000,000 in accordance with the terms of the Transaction Documents. This increase is reflected in the November 2023 Investor Report.

4. Documents Incorporated by Reference

Copies of the Bank's 2023 AIF, the Bank's 2023 Financial Statements and the Bank's 2023 MD&A have been filed with the Financial Conduct Authority and, by virtue of this Second Supplement, these documents are incorporated in, and form part of, the Prospectus.

To the extent that any document or information incorporated by reference or attached to this Second Supplement itself incorporates any other documents or information by reference therein, either expressly or implicitly, such other documents or information will not form part of this Second Supplement for the purposes of the UK Prospectus Regulation except where such other documents or information are specifically incorporated by reference or attached to this Second Supplement.

5. Forward-Looking Statements

The section entitled "**FORWARD-LOOKING STATEMENTS**" on pages 9 to 11 of the Prospectus is deleted and replaced with the following:

> "Public communications made by the Bank and/or the Guarantor often include written or oral forward-looking statements. Statements of this type are included in this Prospectus and in the documents incorporated by reference, and may be included in other filings with Canadian securities regulators or the SEC, or in other communications. All such statements by the Bank (but not the Guarantor) 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 Prospectus 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 2024 and beyond, its strategies or future actions, its targets and commitments (including with respect to net zero emissions), expectations for the Bank's financial condition, capital position, the regulatory environment in which the Bank operates and the results of or outlook for its operations or for the Canadian, U.S. and international economies, plans for the combined operations of the Bank and Bank of the West, 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", "commit", "target", "may", "might", "schedule", "forecast", "outlook", "timeline", "suggest", "seek" and "could" or negative or grammatical variations thereof.
>
> By their nature, forward-looking statements require the Bank and/or the Guarantor 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 and/or the Guarantor's assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or

projections. The Bank cautions readers of this Prospectus and the documents incorporated by reference not to place undue reliance on the Bank's and/or the Guarantor's forward-looking statements, as a number of factors – many of which are beyond the Bank's and/or the Guarantor'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, including labour challenges; the anticipated benefits from acquisitions, including Bank of the West, are not realized; changes to the Bank's credit ratings; the emergence or continuation of widespread health emergencies or pandemics, and their impact on local, national or international economies, as well as their heightening of certain risks that may affect the Bank's future results; cyber and cloud security, including the threat of data breaches, 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; technology resiliency; failure of third parties to comply with their obligations to the Bank; political conditions, including changes relating to, or affecting, economic or trade matters; climate change and other environmental and social risks; the Canadian housing market and consumer leverage; inflationary pressures; technological innovation and competition; changes in monetary, fiscal, or economic policy; changes in laws, including tax legislation and interpretation, or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs and capital requirements; weak, volatile or illiquid capital or credit markets; the level of competition in the geographic and business areas in which the Bank operates; exposure to, and the resolution of, significant litigation or regulatory matters, the Bank's ability to successfully appeal adverse outcomes of such matters and the timing, determination and recovery of amounts related to such matters; the accuracy and completeness of the information the Bank obtains with respect to its customers and counterparties; the Bank's ability to execute its strategic plans, complete proposed acquisitions or dispositions and integrate acquisitions, including obtaining regulatory approvals; critical accounting estimates and judgments, and the effects of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks, including with respect to reliance on third parties; global capital markets activities; the possible effects on the Bank's business of war or terrorist activities; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; and the Bank's ability to anticipate and effectively manage risks arising from all of the foregoing factors.

The Bank and the Guarantor caution that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect the Bank's results. For more information, please see *Risk Factors* starting on page 18 hereof and the discussion in the "Risks That May Affect Future Results" section incorporated herein by reference, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational non-financial, legal and regulatory, strategic, environmental and social, and reputation risk, in the "Enterprise-Wide Risk Management" section that starts on page 78 of the management's discussion and analysis of the Bank for the year ended 31 October 2023 (the **2023 MD&A**) incorporated herein by reference, which outlines 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. Neither the Bank nor the Guarantor undertakes to update any forward-looking statements, whether written or oral, that may be made from time to time by the Bank or the Guarantor or on their respective behalves, except as required by law. The forward-looking information contained in this Prospectus or incorporated by reference in this Prospectus is presented for the purpose of assisting the potential Covered Bondholders in understanding the Bank's and the

Guarantor'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 Prospectus or incorporated by reference in this Prospectus include those set out in the "Economic Developments and Outlook" section on page 33 of the 2023 MD&A incorporated herein by reference, as well as in the "Allowance for Credit Losses" section on page 119 of the 2023 MD&A incorporated herein by reference. Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on the Bank's business, are material factors the Bank considers when determining its strategic priorities, objectives and expectations for the Bank's business.

In determining the Bank's expectations for economic growth, the Bank primarily considers historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy."

6. Singapore Selling Restrictions and Disclosure

The sub-section "***Singapore***" under the section entitled "**SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS – Selling Restrictions**" on pages 329 and 330 of the Prospectus is deleted and replaced with the following:

"***Singapore***

Unless the Final Terms Document or Pricing Supplement in respect of any Covered Bonds specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, 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 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms Document or Pricing Supplement in respect of any Covered Bonds specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of 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.

Unless otherwise stated in the applicable Final Terms Document or Pricing Supplement in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Program shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Specified 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).

Banking Act deposit-taking restrictions

Covered Bonds denominated in Singapore dollars and issued to persons in Singapore by a person carrying on a deposit-taking business (whether in Singapore or elsewhere) with a maturity period of less than 12 months and a denomination of less than S$200,000 would be treated as deposits for the purposes of the Banking Act 1970 of Singapore (the "**Singapore Banking Act**"), unless the Covered Bonds are issued to certain persons, including either:

(a) an individual whose total net assets exceeds S$2,000,000 (or equivalent in foreign currency) at the time of subscription or whose income in the 12 months preceding the time of subscription exceeds S$300,000 (or equivalent in foreign currency); or

(b) a company whose net assets (as determined by the last audited balance sheet of the company) exceeds S$10,000,000 (or equivalent in foreign currency) at the time of subscription.

In addition, where Covered Bonds issued in Singapore dollars with a denomination of less than S$200,000 are not treated as deposits for the purposes of the Singapore Banking Act, certain additional information is required to be furnished to investors in Singapore by an issuer which is carrying on a deposit-taking business. In such case, please refer to the relevant Pricing Supplement in the case of Exempt Covered Bonds for such further information."

By virtue of this update to the Singapore selling restriction, the following line item is added as a new item to *"Part 2 – Other Information – 6 – Distribution*" on page 112 in the form of Final Terms Document and to *"Part B – Other Information – 6 – Distribution*" on page 130 in the form of Pricing Supplement of the Prospectus:

Singapore Sales to Institutional Investors and Accredited Investors only:	[Applicable] [Not Applicable]

The words "(2020 Revised Edition)" are deleted from the legend relating to notification requirements under Section 309B of the Securities and Futures Act 2001 of Singapore appearing in the Form of Final Terms Document on page 101 and the Form of Pricing Supplement on page 114 respectively.

The following new risk factor entitled "***Singapore taxation risk***" shall be added under section entitled "**8. LEGAL AND REGULATORY RISKS**" under the heading "**RISK FACTORS**" of the Prospectus:

"Singapore taxation risk

Covered Bonds to be issued from time to time under the Program, during the period from the date of this Prospectus to 31 December 2028, are intended to be, where applicable, "qualifying debt securities" for the purposes of the Income Tax Act 1947 of Singapore, as amended or modified from time to time (the "**ITA**"), subject to the fulfilment of certain conditions as further described under "*Certain Tax Legislation Affecting the Covered Bonds - Singapore*". However, there is no assurance that such Covered Bonds will continue to enjoy the tax concessions in connection therewith under the ITA should the relevant tax laws be amended or revoked at any time, which amendment or revocation may be prospective or retroactive."

In the Form of Final Terms Document, the following legend shall be added:

"[***The following language applies if the Covered Bonds are intended to be "qualifying debt securities" (as defined in the Income Tax Act 1947 of Singapore***):

"Where interest, discount income, early redemption fee or redemption premium is derived from any Covered Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore, as amended or modified from time to time (the "**ITA**") shall not apply if such person acquires such Covered Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Covered Bonds is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.][1]"

[1] The prescribed QDS legend to be included in the Final Terms Document may be updated from time to time pursuant to any amendments to the Income Tax Act 1947 of Singapore or the subsidiary legislations.

In the Form of Pricing Supplement, the following legend shall be added:

"[***The following language applies if the Covered Bonds are intended to be "qualifying debt securities" (as defined in the Income Tax Act 1947 of Singapore***):

"Where interest, discount income, early redemption fee or redemption premium is derived from any Covered Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore, as amended or modified from time to time (the "**ITA**") shall not apply if such person acquires such Covered Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Covered Bonds is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.][1]"

[1] The prescribed QDS legend to be included in the Pricing Supplement may be updated from time to time pursuant to any amendments to the Income Tax Act 1947 of Singapore or the subsidiary legislations.

The following new section entitled "**Singapore Taxation**" shall be added under under the heading "**CERTAIN TAX LEGISLATION AFFECTING THE COVERED BONDS**" of the Prospectus:

"**Singapore Taxation**

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by the Inland Revenue

*Authority of Singapore ("**IRAS**") and the Monetary Authority of Singapore ("**MAS**") and in force as at the date of this Prospectus, and are subject to any changes in such laws, announcements, administrative guidelines or circulars, or the interpretation of those laws, announcements, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis including amendments to the Income Tax (Qualifying Debt Securities) Regulations to include the conditions for the income tax and withholding tax exemptions under the qualifying debt securities ("**QDS**") scheme for early redemption fee (as defined in the ITA) and redemption premium (as such term has been amended by the ITA). These laws, announcements, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Covered Bonds or of any person acquiring, selling or otherwise dealing with the Covered Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Covered Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant financial sector incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. The statements also do not consider any specific facts or circumstances that may apply to any particular purchaser. Covered Bondholders and prospective Covered Bondholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Covered Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers, the Dealers and any other persons involved in the issue of the Covered Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Covered Bonds.*

1. Qualifying Debt Securities Scheme

If more than half of any Tranche of Covered Bonds issued under the Program on or after the date of this Prospectus and on or before 31 December 2028 are distributed by specified licensed person(s), that Tranche of Covered Bonds (the "**Relevant Covered Bonds**") would be qualifying debt securities ("**QDS**") for the purposes of the ITA and, subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities to the MAS in respect of the Relevant Covered Bonds within such period as the MAS may specify and such other particulars in connection with the Relevant Covered Bonds as the MAS may require), interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium (collectively, the "**Qualifying Income**") from the Relevant Covered Bonds derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant financial sector incentive(s) who may be taxed at different rates).

Where interest, discount income, early fee or redemption premium is derived from any of the Relevant Covered Bonds by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS (subject to certain conditions) under the ITA shall not apply if such person acquires such Relevant Covered Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Relevant Covered Bonds is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Relevant Covered Bonds, the Relevant Covered Bonds are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Covered Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Covered Bonds would not qualify as "qualifying debt securities"; and

(b) even though the Relevant Covered Bonds are "qualifying debt securities", if at any time during the tenure of such Relevant Covered Bonds, 50 per cent. or more of the issue of such Relevant Covered Bonds is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Covered Bonds held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Covered Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax as described above.

The term "**related party**", in relation to a person ("**A**"), means any person (a) who directly or indirectly controls A, (b) who is being controlled directly or indirectly by A, or (c) who, together with A, is directly or indirectly under the control of a common person.

For the purposes of the ITA and/or this Singapore tax disclosure:

(a) "**early redemption fee**" means, in relation to debt securities and QDS, any fee payable by the issuer of the securities on the early redemption of the securities;

(b) "**redemption premium**" means, in relation to debt securities and QDS, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity or on the early redemption of the securities; and

(c) "**specified licensed persons**" means any of the following persons:

    (i) a bank or merchant bank licensed under the Banking Act 1970 of Singapore;

    (ii) a finance company licensed under the Finance Companies Act 1967 of Singapore;

    (iii) a person who holds a capital markets services licence under the Securities and Futures Act 2001 of Singapore to carry on a business in any of the following regulated activities:

        (A) advising on corporate finance; or

        (B) dealing in capital markets products; or

    (iv) such other person as may be prescribed by rules made under Section 7 of the ITA.

2. Gains on Disposal of Covered Bonds

Any gains considered to be in the nature of capital made from the sale of the Covered Bonds will generally not be taxable in Singapore. However, any gains derived by any person from the sale of the Covered Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. In addition, any foreign-sourced disposal gains received in Singapore from outside Singapore from the sale of the Covered Bonds that occurs on or after 1 January 2024 by an entity of a multinational group that does not have adequate economic substance in Singapore may be taxable as further described in Section 10L of the ITA.

Holders of the Covered Bonds who apply or are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), Financial Reporting Standard 109 - Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("**SFRS(I) 9**") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Covered Bonds, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "*Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*".

3. Adoption of FRS 39, FRS 109 OR SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS 39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section and certain "opt-out" provisions. The IRAS has also issued an e-tax guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" to provide guidance on the Singapore income tax treatment of financial instruments.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions provided in that section. The IRAS has also issued an e-tax guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Covered Bonds who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Covered Bonds.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008."

7. No Material or Significant Change

Paragraph 4 under the heading "**GENERAL INFORMATION**" on page 332 of the Prospectus is deleted and replaced with the following:

"There has been no significant change in the financial performance or financial position of the Bank and its Subsidiaries taken as a whole and there has been no material adverse change in the prospects of the Bank and its Subsidiaries taken as a whole since 31 October 2023, being the date of the latest published audited consolidated financial statements of the Bank.

There has been no significant change in the financial performance or financial position of the Guarantor since it was established on 30 May 2013 and there has been no material adverse change in the prospects of the Guarantor since 30 May 2013."

8. RISK FACTORS IN PROSPECTUS

The section entitled "**1. RISKS RELATING TO THE BANK**" under the heading "**RISK FACTORS**" on pages 18 to 21 of the Prospectus is deleted and replaced with the following:

"1. RISKS RELATING TO 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 financial loss due to the failure of an obligor (i.e. 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 securitisation. Credit risk and counterparty risk represent the most significant measurable risks faced by the Bank. Effective management of credit and counterparty risk is integral to the Bank's success, since failure to do so 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 Bank, along with the potential volatility of market variables, call for diligent governance and a robust market risk management framework that can provide 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 and comprises claims risk (the risk that the actual magnitude or frequency of claims will differ from those assumed in the pricing or underwriting process, including mortality risk, morbidity risk, longevity risk and catastrophic risk), policyholder behaviour risk (the risk that the behaviour of policyholders in regard to premium payments, withdrawals or loans, as well as policy lapses and surrenders and other voluntary terminations, will differ from the behaviour assumed in the pricing process) and expense risk (the risk that actual expenses arising from acquiring and administering policies and processing claims will exceed the expenses assumed in the pricing process). Insurance risk generally entails the inherent unpredictability that can arise from the assumption of long-term policy liabilities or uncertainty regarding future events. Insurance provides protection against the financial consequences of insured risks by transferring those risks to the insurer (under specific terms and conditions) in exchange for premiums. Insurance risk is inherent in all of the Bank's insurance

products: life insurance, annuities (which include the pension risk transfer business), accident and sickness insurance, and creditor insurance, as well as the Bank's reinsurance business.

4. Liquidity and funding risk is the potential for loss if the Bank is unable to meet its financial commitments in a timely manner at reasonable prices as they become due. Financial commitments include liabilities to depositors and suppliers, as well as lending, investment and pledging commitments. Any failure by the Bank to effectively manage this risk could have a material adverse effect on enterprise soundness and safety, depositor confidence and earnings stability and/or result in difficulty in meeting its obligations under the Covered Bonds.

5. Operational non-financial risk encompasses a wide range of non-financial risks, including those related to business change, customer trust, reputation and data, all of which can result in financial loss. These losses can stem from inadequate or failed internal processes or systems, human error or misconduct, and external events that may directly or indirectly impact the fair value of assets the Bank holds in its credit or investment portfolios. Examples of these risks include cyber and cloud security risk, technology risk, fraud risk and business continuity risk, but exclude legal and regulatory risk, credit risk, market risk, liquidity risk and other types of financial risk. Operational non-financial risk is inherent in all of the Bank's business and banking activities and can lead to significant impacts on the Bank's operating and financial results, including financial loss, restatements of financial results and damage to the Bank's reputation. Like other financial services organisations, the Bank is exposed to a variety of operational risks arising from the potential for failures of the Bank's internal processes, technology systems and employees, as well as from external threats. Potential losses may be the result of process and control failures, unauthorised transactions by employees, business disruption, information security breaches, theft or fraud and cybersecurity threats, exposure to risks related to third-party relationships, and damage to physical assets. For example, given the large volume of transactions the Bank processes on a daily basis, and the complexity and speed of the Bank's business operations, there is a possibility that certain operational or human errors may be repeated or compounded before they are discovered and rectified. Operational non-financial risk is not only inherent in the Bank's business and banking activities, it is also inherent in the processes and controls used to manage the Bank's risks. There is the possibility that errors could occur, as well as the possibility that a failure in the Bank's internal processes or systems could lead to a failure to manage or mitigate risk, financial loss and reputational harm. Shortcomings or failures of the Bank's internal processes, systems or employees, 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, restatements of financial results and damage the Bank's reputation. The nature of the Bank's business activities also exposes it to the risk of theft and fraud when it enters into transactions with customers or counterparties. 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 in relation to such customer information and, where practicable and economically feasible, engages valuation experts and other experts or sources of information to assist in 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. Legal and regulatory risk is the potential for loss or harm resulting from failure to comply with laws or satisfy contractual obligations or regulatory requirements. This includes the risk arising from any failure to: comply with the law (in letter or in spirit) or maintain standards of care; implement legal 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 success of the Bank's business operations relies in part on its ability to manage its exposure to legal and regulatory risk. The financial services industry is highly regulated and subject to strict enforcement of legal and regulatory requirements. Banks globally continue to be subject to fines and other penalties for a number of regulatory and conduct issues and the Bank is exposed to risks in connection with regulatory and governmental inquiries, investigations and enforcement actions as

well as criminal prosecutions. Heightened regulatory and supervisory scrutiny has a significant impact on the way the Bank conducts business. Certain businesses are also subject to fiduciary requirements, including policies and practices that address the responsibilities of a business to a customer, such as service requirements and expectations, customer suitability determinations, disclosure obligations and communications. The Bank is subject to legal proceedings, including investigations by regulators, arising in the ordinary course of business, and the unfavourable resolution of any such legal proceedings could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows, capital position or credit ratings; require material changes in its operations; result in loss of customers; and damage to its reputation. The volume of legal proceedings and the amount of damages and penalties assessed in such legal proceedings could grow in the future. Information regarding material legal proceedings to which the Bank is a party is included in the Legal Proceedings section in Note 24 of the 2023 Financial Statements. In assessing the materiality of legal proceedings, factors considered include a case-by-case assessment of specific facts and circumstances, the Bank's past experience and the opinions of legal experts. However, some legal proceedings may be highly complex, and may include novel or untested legal claims or theories. The outcome of such proceedings may be difficult to anticipate until late in the proceedings, which may last several years. Failure to comply with applicable legal and regulatory requirements may lead to legal proceedings, financial losses, regulatory sanctions or fines, enforcement actions, criminal convictions and penalties, restrictions on or an inability to execute certain business strategies, a decline in investor and customer confidence, and damage to the Bank's reputation.

7. Strategic risk is the potential for loss due to fluctuations in the external business environment and/or failure to properly respond to these fluctuations due to inaction, ineffective strategies or poor implementation of strategies. Strategic risk arises from exposure to the external risks inherent in the business environment within which the Bank operates, as well as from the potential financial loss or other negative impact that the Bank could experience as a result of failing to address those external risks effectively. While external strategic risks – including possible changes in the macroeconomic, geopolitical or regulatory environment, and changes in legal, innovation, competitive, environmental and social factors – cannot be controlled, the likelihood and magnitude of their impact can be limited through an effective strategic risk management framework, and the potential impact of certain of these risks can be assessed through stress testing. The Bank's profitability may be eroded by changes in the business environment or by failures of strategy or execution due to changing client expectations, the inability to correctly identify client expectations, or relatively ineffective strategic responses to industry changes. The ability to implement the strategic plans developed by management influences the Bank's financial performance.

8. Environmental and social ("**E&S**") risk is the potential for loss or harm, directly or indirectly resulting from E&S factors that impact the Bank or its customers, and the Bank's impact on the environment and society. In recognition of its unique characteristics E&S risk is classified in the Bank's Risk Taxonomy as a transverse risk that may manifest itself through other risk types, namely: credit and counterparty risk, market risk, insurance risk, liquidity and funding risk, operational nonfinancial risk, legal and regulatory risk, strategic risk and reputation risk. E&S risk may arise over a range of time frames, from short-term to long-term. Factors that may give rise to E&S risk include, but are not limited to: climate change; pollution and waste; the use of energy, water and other resources; biodiversity and land use; human rights; diversity, equity and inclusion; labour standards, community health; safety and security; land acquisition and involuntary resettlement; Indigenous peoples' rights and cultural heritage. The Bank may be directly exposed to E&S risk associated with the ownership and operation of its businesses. The Bank may be indirectly exposed to the risk of financial loss or reputational harm if its customers or suppliers are affected by E&S factors such that they are unable to meet their financial or other obligations to it, or that they cause reputational risks for the Bank. E&S factors may also give rise to the risk of reputational harm if the Bank is perceived to not respond effectively to those factors or to cause, contribute or be linked to adverse impacts on the environment or society.

9. Reputation risk is the potential for loss or harm to the Bank's brand. It can arise even if other risks are managed effectively. The Bank's reputation is built on its commitment to high standards of business conduct and is one of its most valuable assets. Any failure by the Bank to protect and maintain its reputation could damage its brand, decrease shareholder value, increase the cost of capital, reduce employee engagement and damage customers' loyalty and trust which could have a material adverse effect on the Bank's result of operations.

10. Credit and counterparty, market, insurance, liquidity and funding, operational non-financial, legal and regulatory, strategic, E&S, and reputation risks, as well as other risks that may affect the Bank's future results, are discussed more extensively in the Enterprise-Wide Risk Management section on pages 78 to 118 of the Bank's 2023 MD&A (excluding any cross-references therein)."

The subsection entitled "***The Bank is subject to a number of industry and non-company factors***" in the section entitled "**1. RISKS RELATING TO THE BANK**" under the heading "**RISK FACTORS**" on pages 21 to 27 of the Prospectus is deleted and replaced with the following:

"***The Bank is subject to a number of industry and non-company factors***

1. General Economic Conditions

The general economic conditions prevailing in Canada, the United States and other jurisdictions in which the Bank conducts business affect the Bank's earnings.

The Canadian and U.S. economies slowed in the past year in response to higher interest rates but have shown some resilience as a result of high levels of household savings, pent-up demand, expansionary fiscal policies and, in Canada, robust population growth. The labour market remains healthy, with some recent signs of softening. Inflation has moderated, although underlying price pressures persist. The economy faces headwinds from high interest rates and high levels of household indebtedness in Canada, as well as the conflicts in Ukraine and the Middle East, trade disputes with China, diplomatic tensions between Canada and India, and other global geopolitical risks. The possibility that policy rates could rise further and remain high for an extended period has driven longer-term borrowing costs to multi-decade highs, which could lead to higher loan provisions, lower levels of loan demand and stronger deposit pricing competition with potential impacts on net interest income. These factors represent potential risks for market stability and economic growth.

Any of these factors could have a material adverse effect on the Bank's business operations, performance and/or financial position.

2. Cyber and Cloud Security Risk

The Bank's exposure to cyber security risk arises from the ever-increasing reliance of the Bank's business operations on internet and cloud technologies, coupled with a hybrid work environment and extensive dependence on advanced digital technologies to process data. Heightened geopolitical tensions are also contributing to increasing global exposures to cyber security risks. These risks include the threat of data loss, which could lead to exposure of customer or employee information as well as identity theft and fraud. Ransomware or denial of service attacks could result in system failure and disruption of services. Threat campaigns are becoming better organised and more sophisticated, including an increase in reported data breaches, often occurring through third-party suppliers, that can negatively impact a company's brand and reputation as well as customer retention and acquisition. The materialisation of such risk whether by service disruption, reputational damage or otherwise arising therefrom could have a material adverse effect on the Bank's business operations, performance and/or financial position.

3. Technology Resiliency Risk

Heightened exposure to technology resiliency risk is leading to new and more expansive regulatory requirements related to operational resilience, challenging banks to extend their programmes beyond disaster recovery and business continuity activities. New regulatory expectations include the need to be predictive and respond proactively to internal and external threats of disruption. Technology resiliency is critical to providing the Bank's customers with a smooth online experience across all the Bank's digital channels. Given the extent to which the Bank's customers, employees and suppliers are increasingly reliant on technology platforms and the 'Internet of Things' to manage and support their personal, business and investment banking activities, it is important to maintain platforms that can function at high levels of operational reliability and resilience, particularly with respect to business-critical systems. If the Bank fails to keep pace with the evolution of digital banking and to meet customer expectations with regards to technology more generally, including in respect of data security, it may harm the Bank's reputation and may affect the Bank's competitiveness, its market shares, its growth potential, its customer base and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

4. Third-Party Risk

The Bank's use of third-party arrangements continues to expand, helping to deliver innovative solutions across the Bank and for its clients. Failure to effectively manage these third-party arrangements exposes the Bank to the risk that data may be compromised, or the delivery of critical products and services may be disrupted. In addition, third-party service providers may use sub-contractors, introducing an additional layer of complexity for oversight. Any concentration of third parties will also heighten exposures to existing risks of disruption arising from other events, such as natural disasters or geopolitical events.

5. Geopolitical Risk and Escalating Trade Disputes

The Russia-Ukraine conflict has had a significant global impact, including high energy prices and the erosion of business confidence. The financial, energy and technology sanctions imposed on Russia by Ukraine's allies have also aggravated shortages, particularly the supply of energy, across the global economy. This could result in a long-term political, economic and military standoff between Western countries and Russia. Canadian and U.S. relations with China remain fragile. Taiwan continues to be a volatile issue between the U.S. and China as China is committed to unification. A U.S. commitment to expanding trade ties with Taiwan, may further increase the tension. In addition, the strategic competition between the two countries is driving greater global fragmentation, as both seek to reinforce their autonomy, limit any vulnerabilities and insulate their technology sectors. This could adversely affect business investment and could prove especially problematic for commodity-producing countries such as Canada that rely on a large export market. Recent Canada-China disputes over political interference are further evidence of this antagonism. More recently, diplomatic relations between Canada and India have frayed, threatening to disrupt trade flows and tourism between the two countries and limit the number of international students applying to study in Canada. The Middle East crisis has raised tensions significantly in the region and the risk of potential for escalation could drive up energy prices, unsettle financial markets, and slow global growth even further, which would have a direct impact on the Bank's customers. Although it is difficult to predict and mitigate the potential economic and financial effects of trade-related events on the Canadian and U.S. economies, the Bank actively monitors global and North American trends and continually assess its businesses in the context of these trends. The Bank's lending portfolio has limited direct exposure outside North America; however, the Bank's customers rely on global trade and sustained economic growth. Should negative developments occur, this could have a material adverse effect on the Bank's business, financial condition and results of operations.

6. Climate Change

The Bank is exposed to risks related to environmental conditions and extreme weather events that could potentially disrupt the Bank's operations, impact its customers and counterparties, and result in lower earnings and higher losses. Factors contributing to heightened environmental risks include the impacts of climate change and the continued intensification of development in areas of greater environmental sensitivity. Business continuity management plans provide the roadmap and tools that support the restoration, maintenance and management of critical operations and processes in the event of a business disruption. The Bank is also exposed to risks related to borrowers that may experience financial losses or rising operating costs as a result of climate-related litigation or policies, such as carbon emissions pricing, or that may experience a decline in revenue as new and emerging technologies disrupt or displace demand for certain commodities, products and services. Legal and regulatory, business or reputation risks could arise from actual or perceived actions, or inaction, in the Bank's operations and those of its customers in relation to climate change and other environmental and social risk issues, or its disclosures related to these matters. Risks related to these issues could also affect the Bank's customers, suppliers or other stakeholders, which could give rise to new business or reputation risks. Globally, climate-related litigation or enforcement measures could arise from new and more stringent obligations to manage and report climate-related risks. Any failure by the Bank in effectively managing these risks could have a material adverse effect on its operations and/or result in difficulty in meeting its obligations under the Covered Bonds.

7. Canadian Housing Market and Consumer Leverage

The level of household debt in Canada is high, making the economy vulnerable to economic shocks. The housing market rebounded after the Bank of Canada paused interest rate hikes in early 2023, which together with elevated inflation and a pickup in economic activity, prompted the Canadian central bank to raise rates twice over the summer. While the Bank of Canada may refrain from raising rates further, the housing market recovery will likely be held back by the persistent lack of affordability, notably in Ontario and British Columbia. However, high rates of immigration should provide underlying support to housing market activity and prices. Housing affordability remains challenging, especially in the Greater Toronto Area ("**GTA**") and Greater Vancouver Area ("**GVA**") and their surrounding regions, and represents an ongoing barrier to entry for potential first-time homebuyers. Inflation and higher interest rates are putting a strain on household budgets, despite historically low unemployment rates, which is reducing overall household purchasing power. Further increases in interest rates could add more stress to the financial situation of some households as their fixed payment variable-rate mortgage or fixed-rate mortgage is renewed. A decline in home sales activity, particularly in the GTA and GVA, would impact mortgage origination volumes, while lower property values could result in higher provisions for credit losses which could have a material adverse effect on the Bank's earnings and financial position.

8. Inflation

The inflation rate has begun to moderate after reaching four-decade highs in 2022, amid lower commodity prices and improved global supply chains. However, it is not expected to return to the 2% target of central banks until 2025. Elevated inflation is having an impact on the operations of the Bank's clients, and could have a negative effect on the Bank's earnings through higher provisions for credit losses and higher operating costs. The Bank continues to monitor inflationary pressures in North America closely and assess any potential effects on its portfolios, interest margins and operating costs. Further and/or continued inflationary pressure could have a material adverse effect on the Bank's business, financial condition and results of operations.

9. Technological Innovation and Competition

Emerging technologies continue to evolve rapidly, creating opportunities to drive revenue growth and operating efficiencies in the financial sector. The Bank is committed to the prudent and responsible adoption of emerging new technologies in order to have a competitive advantage and meet customers' expectations as we deliver personalised on-demand banking and new digital products and services. In alignment with the Bank's Digital First strategy, the Bank is continuing to invest in risk management technology that can also enhance the customer experience, streamline processes and reduce complexity. The Bank continues to monitor the evolving external environment to identify emerging technologies, practices and regulations in the financial services industry. The Bank's emerging technologies risk management framework is now a component of Technology Risk Management supporting prudent and responsible innovation and adoption. The Bank is also developing and deploying new talent strategies to attract and retain employees with the skills essential to maintaining the Bank's global competitive position, however there can be no assurance that such risk management frameworks and strategies will be effective in managing and mitigating such risks. If the Bank fails to keep pace with the technological innovation and to meet customer expectations with regards to technology more generally, it may harm the Bank's reputation and may affect the Bank's competitiveness, its market shares, its growth potential, its customer base and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

10. Fiscal and Monetary Policies and Other Economic Conditions in the Countries in which the Bank Conducts Business

Fiscal and monetary policies and other economic conditions prevailing in Canada, the United States and other jurisdictions in which the Bank conducts business may impact profitability and heighten economic uncertainty in specific businesses and markets, which may in turn affect the Bank's customers and counterparties, reduce profitability and contribute to a greater risk of default. Higher levels of business debt following the pandemic may give rise to future vulnerabilities that could impact the Bank's markets and its operating results. Interest rate fluctuations in interest rates could have an impact on the Bank's earnings, the value of the Bank's investments, the credit quality of the Bank's loans to customers and counterparty exposure, as well as the capital markets that the Bank accesses. Fluctuations in the value of the Canadian dollar relative to other currencies have affected, and could continue to affect, the business operations and results of the Bank's clients with significant earnings or input costs denominated in foreign currencies. The Banks' investments in operations outside of Canada are primarily denominated in U.S. dollars and the foreign exchange impact on the Bank's U.S. dollar-denominated risk-weighted assets and capital deductions may result in variability in the Bank's capital ratios. The value of the Canadian dollar relative to the U.S. dollar will also affect the contribution of the Bank's U.S. operations to Canadian dollar profitability. Hedging positions may be taken to manage interest rate exposures and foreign exchange impacts, and to partially offset the effects of Canadian dollar/U.S. dollar exchange rate fluctuations on the Bank's financial results. Should negative developments occur, this could have a material adverse effect on the Bank's business, financial condition and results of operations.

11. Regulatory Requirements

The financial services industry is highly regulated, and the Bank has experienced increasing complexity in regulatory requirements and expectations 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. These may lead to further increases in regulatory capital or liquidity requirements and additional compliance costs, which could lower returns and affect growth. These reforms could also affect the cost and availability of funding and the level of the Bank's market-making activities. Regulatory reforms may also impact fees and other revenues for certain of the Bank's operating groups. In addition, differences in the laws and regulations enacted by a range of national regulatory authorities may offer advantages to the Bank's international competitors which could affect its ability to compete. Following the Bank's acquisition of Bank of the West, the Bank's subsidiary, BMO Financial Corp. ("**BFC**"), as a U.S. bank intermediate holding company, has transitioned from a Category IV to a Category III institution under the Enhanced Prudential Standards issued by the Federal Reserve Board (FRB). This change will require BFC to meet certain heightened regulatory standards. Failure to comply with applicable legal and regulatory requirements and expectations could result in legal proceedings, financial losses, regulatory sanctions and fines, enforcement actions, criminal convictions and penalties, restrictions on or an inability to execute certain business strategies, a decline in investor and customer confidence and damage to the Bank's reputation. If any of the risks set out above were realised, this could have a significant adverse effect on the Bank's business operations, its performance and/or its financial position.

12. Tax Legislation and Interpretations

Legislative changes and changes in tax policy, including their interpretation by tax authorities and the courts, may impact the Bank's earnings. Tax laws, as well as interpretations of tax laws and policy by tax authorities, may change as a result of efforts by the Canadian and U.S. federal governments, other G20 governments and the Organisation for Economic Co-operation and Development ("**OECD**") to increase taxes, broaden the tax base globally and improve tax-related reporting. For example, the Canadian government has released proposed legislation to and has proposed to adopt the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting two pillar plan (Pillar 2) for international tax reform, which will levy a 15 per cent. minimum tax on operations globally. Changes in taxation regulations which increase the level of the tax payable by the Bank will affect the Bank's financial results and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

13. Changes to Business Portfolio

The Bank may, from time to time, acquire companies, businesses and assets as part of its overall business strategy. The Bank will conduct thorough due diligence before completing such acquisitions. However, some acquisitions, including the Bank of the West, may not perform in accordance with the Bank's financial or strategic objectives or expectations. The Bank's may be subject to regulatory and shareholder approvals to successfully complete an acquisition, and it may not be possible to establish 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 reductions in revenue or profitability, while higher than anticipated integration costs and failure to realise anticipated cost savings after an acquisition could also adversely affect the Bank's earnings. Integration costs may increase because of regulatory costs related to an acquisition, operational loss events, other unanticipated expenses 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 may in turn lead to delays in attaining full integration. Successful post-acquisition performance depends on retaining the clients and key employees of acquired companies and businesses and on integrating key systems and processes without disruption, and there can be no assurance that the Bank will always succeed in doing so. Such failure on the part of the Bank could have a material adverse effect on the Bank's business, financial condition and results of operations and may consequently affect the Bank's ability to make payments under the Covered Bonds.

The Bank also evaluates potential dispositions of assets and businesses that may no longer meet the Bank's strategic objectives. When the Bank sells assets or withdraws from a business, the Bank may encounter difficulty in finding buyers or devising alternative exit strategies on acceptable terms or in a timely manner, which could delay the achievement of strategic objectives. The Bank may also dispose of assets or a business on terms that are less favourable than anticipated or lead to adverse operational or financial impacts, or greater disruption than expected, and the impact of the divestiture on revenue growth may be greater than projected. Dispositions may be subject to the satisfaction of conditions and the granting of governmental or regulatory approvals on acceptable terms, that, if not satisfied or obtained, may prevent the completion of a disposition as intended, or at all. Any such delay, failure or deficiency in the Bank's dispositions could have a material adverse effect on the Bank's business, financial condition and results of operations and may consequently affect the Bank's ability to make payments under the Covered Bonds.

14. Critical Accounting Estimates, Judgments and Accounting Standards

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). Changes that the International Accounting Standards Board ("**IASB**") makes from time to time may materially affect the way the Bank records and reports financial results.

The application of IFRS requires management to make significant judgments and estimates that affect the carrying amounts of certain assets and liabilities, certain amounts reported in net income and other related disclosures. 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, 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 becomes apparent, and the extent of the impact could be significant and could have a material adverse effect on the Bank's financial condition and may consequently affect the Bank's ability to make payments under the Covered Bonds."

9. Legal and Arbitration Proceedings

The subsection entitled "**Legal Proceedings**" under the heading "**BANK OF MONTREAL**" on page 90 of the Prospectus is deleted and replaced with the following:

"As disclosed in Note 24 on page 210 of the 2023 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."

10. General Information

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement incorporated by reference into the Prospectus by way of this Second Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Second Supplement and any supplement to the Prospectus previously issued, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Program has arisen or been noted, as the case may be, since the publication of the Prospectus.

Copies of this Second Supplement, the Prospectus and the documents incorporated by reference in either this Second Supplement or the Prospectus can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Bank and the headline "Publication of Prospectus", (ii) viewed on the website of the National Storage Mechanism at https://data.fca.org.uk/#/nsm/nationalstoragemechanism and (iii) obtained on written request and without charge from (a) the principal executive offices of the Bank from the Corporate Secretary's Office, 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario, Canada M5X 1A1, and (b) the offices of the Issuing and Paying Agent, The Bank of New York Mellon, London Branch, One Canada Square, 48th Floor, London E14 4AL so long as any of the Covered Bonds issued under the Prospectus and listed on the London Stock Exchange's Regulated Market are outstanding.