SECOND SUPPLEMENT DATED 19 DECEMBER 2024 TO THE PROSPECTUS DATED 5 SEPTEMBER 2024 AS SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 9 SEPTEMBER 2024

BMO Bank of Montreal

BANK OF MONTREAL

(*a Canadian chartered Bank*)

U.S.$50,000,000,000

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 5 September 2024 (as supplemented by the First Supplement to such Prospectus dated 9 September 2024, 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.$50,000,000,000 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 2024 annual information form dated December 5, 2024 and the annual audited consolidated financial statements and management's discussion and analysis as at and for the years ended October 31, 2024 and October 31, 2023, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), (ii) to disclose the Bank's sale of additional mortgage loans equaling approximately CAD$12,100,000,000 on 23 October 2024 to the Guarantor, (iii) to update the section entitled "**FORWARD-LOOKING STATEMENTS**", (iv) to include a new statement in respect of no material adverse change and significant change in the Prospectus, (v) to update certain risk factors in the Prospectus and (vi) to include a new statement in respect of legal and arbitration proceedings in the Prospectus.

2. 2024 Annual Information Form and Annual Audited Consolidated Financial Statements and Management's Discussion and Analysis as at and for the years ended October 31, 2023 and October 31, 2024

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

3.1 the Bank's 2024 annual information form dated December 5, 2024, excluding all information therein incorporated by reference (the "**2024 AIF**"); and

3.2 the Bank's audited consolidated financial statements as at and for the year ended October 31, 2023 and October 31, 2024 set out on pages 134 to 206 of the Bank's Annual Report (the "**2024 Financial Statements**"), prepared in accordance with IFRS, together with the auditors' report on pages 128 to 133 (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 133) and management's discussion and analysis of financial condition and financial performance for the years ended October 31, 2023 and October 31, 2024 as set out on pages 14 to 116 of the Bank's Annual Report (the "**2024 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 page 11 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 67, 80 and 95.

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 23 October 2024 equaling approximately CAD$12,100,000,000 in accordance with the terms of the Transaction Documents. This increase is reflected in the October 2024 Investor Report.

4. Documents Incorporated by Reference

Copies of the Bank's 2024 AIF, the Bank's 2024 Financial Statements and the Bank's 2024 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 the documents incorporated by reference may include, but are not limited to, statements with respect to the Bank's objectives and priorities for fiscal 2025 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, the results of, or outlook for, the Bank's operations or the Canadian, U.S. and international economies, and include statements made by 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.
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> 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 and changes in foreign exchange and interest rates; changes to the Bank's credit ratings; cyber and information 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 resilience, innovation and competition; failure of third parties to comply with their obligations to the Bank; political conditions, including changes relating to, or affecting, economic or trade matters; disruption of global supply chains; environmental and social risk, including climate change; the Canadian housing market and consumer leverage; inflationary pressures; 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; changes in monetary, fiscal or economic policy; 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 appeal of favourable outcomes and 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, and to realise any anticipated benefits from such plans and transactions; critical accounting estimates and judgments, and the effects of changes in 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 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; the possible effects on the Bank's business of war or terrorist activities; natural disasters, such as earthquakes and flooding, 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, 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 68 of the management's discussion and analysis of the Bank for the year ended 31 October 2024 (the **2024 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 25 of the 2024 MD&A incorporated herein by reference, and the "Allowance for Credit Losses" section on page 110 of the 2024 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 its 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. No Material or Significant Change

Paragraph 4 under the heading "**GENERAL INFORMATION**" on page 336 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 2024, 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."

7. 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 and counterparty risk represents the most significant measurable risk 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, credit spreads, equity and commodity prices and their implied volatilities. 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 risk that the Bank is unable to meet its financial commitments in a timely manner at reasonable prices as they come 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 information 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 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 potential failure 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 cyber security 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 daily and the complexity and speed of the Bank's business operations, it is possible 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, but also 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 transacts 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. 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 operational restrictions or an inability to execute certain business strategies; 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 25 of the 2024 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 meet these expectations may lead to legal proceedings, financial losses, regulatory sanctions or fines, enforcement actions, criminal convictions and penalties, operational restrictions 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 financial loss or reputational harm due to ineffective business strategies, the inability to implement selected strategies or failure to appropriately respond to changes in the business environment, including market conditions. Strategic risk arises from the risk that the adoption of enterprise or business strategies may not result in the intended outcome due to unsound decision-making, ineffective implementation of strategies or failure to address changes in the business environment that could impact the

effective execution of such strategies. The impact of this risk can be limited through an effective strategic risk management framework and 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 non-financial 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 recognises that climate change involves exposure to physical and transition risks. Physical risks are associated with a changing climate, which can have both acute and chronic physical effects. These risks may include an increase in the frequency and intensity of weather-related events, such as storms, floods, wildfires and heatwaves, or longer-term changes, such as temperature changes, rising sea levels and changes in soil productivity. To date, key climate change indicators, weather-related events and associated scientific research indicate that global exposure to climate change risks appears to be accelerating. Transition risks are associated with the shift to a net zero carbon economy. These risks may arise from climate-related policy changes, technological changes and behavioural changes involving carbon-pricing mechanisms, or a shift in consumer preferences toward lower-carbon products and services. The Bank continues to closely monitor these changes, some of which may unfold more rapidly than others as consumers, clients, investors, governments and communities act to enhance their resilience to climate-related risks.

   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 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 68 to 109 of the Bank's 2024 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 prevailing economic conditions in Canada, the United States and other jurisdictions in which the Bank conducts business affect the Bank's financial results and business operations. These conditions may include the level of economic growth, interest rates and central bank actions, inflation, labour markets and unemployment rates, and the activity level and volatility of financial markets.

While the Canadian economy lost momentum in fiscal 2024 in response to higher interest rates, the economy has shown continued resilience as a result of high levels of household savings, expansionary fiscal policies and robust population growth driven by immigration. Changes to Canada's immigration policies are expected to slow population growth. Although the labour market has weakened in both countries, employment growth remains positive. Inflation has moderated, although some price pressures in the services sector persist. The inflation rate has continued to moderate after reaching a four-decade high in 2022 in response to weaker labour markets, lower commodity prices and improved global supply chains. Policy rates are easing in Canada and the United States; however, longer-term borrowing costs, though falling, remain elevated. With the upcoming renegotiation of the Canada-United States-Mexico Trade Agreement in 2026, there is a risk that the free trade agreement may end, which could result in disruptive and costly tariffs on trade flows among the three nations. These factors represent risks for market stability and economic growth. Changes in economic conditions can affect customer spending, housing prices, business investment and capital markets activity, and in turn, affect the Bank's business, including the demand for its lending and deposit products, net interest income, fee revenue, operating expenses, credit losses and asset values. In fiscal 2024, the above factors had, and may continue to have, an impact on consumers and the operations of the Bank's clients, as well as a negative effect on the Bank's earning, including lower loan and deposit demand and higher provisions for credit losses.

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

2. Cyber and Information Security Risk

Cyber and information security risk arises from the ever-increasing reliance of the Bank's business operations on internet and cloud technologies and dependence on advanced digital technologies to process data, combined with a hybrid work environment. In addition, rising geopolitical tensions are contributing to increasing global exposures to cyber security risks. These risks could impact the confidentiality, integrity or availability of the Bank's data and information across the Bank's businesses and customer base. The Bank is the target of attempted cyber attacks and must continuously monitor and develop its systems to protect the integrity and functionality of its technology infrastructure, as well as access to and the security of its data. Any resulting data breaches may lead to exposure or loss of data, including customer or employee information and the Bank's strategic or other sensitive internal information, and could result in identity theft, fraud or business losses. Cyber attacks could result in system failures and disruption of services, and expose the Bank to litigation and regulatory risk, as well as reputational harm. Threat campaigns are becoming more sophisticated and well organised, and often take place through third-party suppliers, which can negatively impact a company's brand and reputation as well as customer retention and acquisition. The materialisation of such risks 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 Resilience and Innovation Risk

Technology resilience risk arises from a failure to maintain acceptable service levels during, as well as after, severe disruptions to critical processes and the supporting information technology systems. Technology resilience risk exposure is increasing and driving new and more extensive regulatory obligations and customer expectations related to operational resilience. This exposure challenges banks to extend their programmes beyond disaster recovery and business continuity activities, to include responses to internal and external threats of disruption. Technology resilience is critical to providing the Bank's customers with a consistent online experience across all the Bank's digital channels. Given the increasing reliance of the Bank's customers on technology platforms to manage and support their personal, business and investment banking activities, it is important that the Bank maintains platforms that function at high levels of operational reliability and resilience, in order to protect and ensure the availability, integrity and recoverability of critical data, particularly with respect to business-critical systems.

Technologies continue to evolve rapidly and are creating competitive pressures across the industry. Innovation risk is the inability to deliver new technology solutions, services, processes and products that keep pace with rapidly evolving customer expectation and new competitors without disruption to business-critical systems. New technologies may also lead to more complex regulatory, strategic and reputation risks.

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 relationships continues to evolve and expand, helping to deliver new and innovative solutions across the Bank and for its clients. While third-party relationships can be beneficial for the Bank, they can give rise to risks that may threaten the Bank's operational resilience, such as compromising customer data or disrupting the availability of critical products and services, which may financially impact the Bank.

5. Geopolitical Risk and Escalating Trade Disputes

Geopolitical uncertainty and conflicts between countries impact global economies and may lead to market volatility. The Russia-Ukraine conflict has had an ongoing global impact, including higher energy prices and the erosion of business confidence. The financial, energy and technology sanctions imposed on Russia by Ukraine's allies could lead to long-term political, economic and military turmoil between Western countries and Russia. The Middle East conflict has heightened tensions significantly in the region, and the potential for escalation could drive up energy prices, unsettle financial markets and slow global growth even further, which could have a direct and indirect impact on the Bank's customers. Canadian and U.S. relations with China remain strained, involving trade disputes and tensions over Taiwan. The political climate in the United States could lead to a new wave of tariffs, and a U.S. commitment to expanding trade ties with Taiwan, may further elevate the tension. In addition, the strategic competition between the United States and China is driving greater global fragmentation, as both countries seek to reinforce their autonomy, limit any vulnerabilities and insulate their technology sectors. This could adversely affect business investment and prove especially problematic for commodity-producing countries such as Canada that rely on a large export market. Ongoing Canada-China disputes over political interference are further evidence of this discord. Diplomatic relations between Canada and India have also deteriorated, which could threaten to disrupt trade flows, tourism and immigration between the two countries. While 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 events and trends, and continually assess its businesses in the context of these events and trends. Although the Bank's lending portfolio has limited direct exposure outside North America, 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. Environmental and Social Risk, including Climate Change

The Bank is exposed to environmental and social risks, in particular, climate risk 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 or potential 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 and disaster recovery plans provide the Bank with the roadmap and tools to 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 acute or chronic changes in climate conditions, climate-related litigation and/or policies, such as carbon emissions pricing, or a decline in revenue as new and emerging technologies and changing consumer preferences disrupt or displace demand for certain commodities, products and services. Legal and regulatory risk or reputation risk could arise from actual or perceived actions, or inaction, by 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 interested parties, which could give rise to new risks. Globally, new and more stringent climate-related obligations are being developed, which may increase compliance requirements. Litigation or enforcement measures could arise from these obligations to manage and report on 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

Elevated household debt continues to impact household spending and broader economic activity. The combination of a sustained restrictive interest rate policy that results in higher mortgage payments at renewal and rising unemployment levels could further increase credit losses, particularly in unsecured consumer credit. While recent and expected interest rate reductions by the Bank of Canada are alleviating pressure on Canadian households, the housing market recovery will likely be constrained by the persistent lack of affordability, notably in Ontario and British Columbia, which could limit mortgage origination volumes. In addition, consumer loan losses could rise if unexpected economic weakness results in a significant further increase in unemployment rates. The materialisation of any of these risks could have a material adverse effect on the Bank's earnings and financial position.

8. Regulatory Environment and Changes

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 global financial system and protect key markets and participants. These reforms may lead to further increases in regulatory capital or liquidity requirements and additional compliance costs, which could lower returns and affect growth. Such 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 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 the Bank's ability to compete. The Bank monitors such developments, and other potential changes, so that it is well-positioned to respond and implement any necessary changes. The Bank is subject to legal proceedings, including investigations by regulators. Failure to comply with applicable legal and regulatory requirements and expectations could result in further legal proceedings, financial losses, regulatory sanctions and fines, enforcement actions, criminal convictions and penalties, operational restrictions 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.

9. 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 credit losses. Levels of business debt remain elevated due to the residual effects of the pandemic and the loss of governmental supports, which could impact the Bank's markets and its operating results. 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.

10. 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, in fiscal 2024, the Canadian government enacted legislation 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.

11. Changes to Business Portfolio

As part of its overall business strategy, the Bank may acquire companies, businesses and assets. Although the Bank conducts thorough due diligence before completing such acquisitions, some acquisitions may not perform in accordance with the Bank's financial or strategic objectives or expectations. The Bank may be subject to regulatory and shareholder approvals to successfully complete an acquisition, and it may not be feasible 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 a decline 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 achieving 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 and financial objectives. When the Bank seeks to sell assets or dispose of a business, the Bank may encounter difficulty in obtaining 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 forecast. 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.

12. 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."

8. Legal and Arbitration Proceedings

The subsection entitled "**Legal Proceedings**" under the heading "**BANK OF MONTREAL**" on page 91 of the Prospectus is deleted and replaced with the following:

"As disclosed in Note 25 on page 199 of the 2024 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."

9. 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.