

Tokenized Deposits and BMO's Digital Asset Buildout

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Caution regarding forward-looking statements

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe 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. Forward-looking statements in this document may include, but are not limited to: statements with respect to our business objectives, priorities, strategies, future actions and performance, targets, opportunities and commitments; our plans to invest in technology, participate in infrastructure development initiatives, enhance related offerings and client experiences and deliver client value; and include statements made by our management. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "can", "expect", "opportunity", "objective", "anticipate", "project", "intend", "plan", "goal", "commit", "target", "may", "might", and "could" or negative or grammatical variations thereof.

By their nature, forward-looking statements require us 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 may change over time, will not prove to be accurate, that our assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements, as a number of factors – many of which are beyond our 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 we operate, including labour challenges and changes in foreign exchange and interest rates; political conditions, including changes relating to, or affecting, economic or trade matters, including tariffs, countermeasures and tariff mitigation policies; changes to our 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; technological change, including the use of data and artificial intelligence (AI) in our business, including generative AI, the evolution of consumer behaviour, and our ability to gather, analyze and verify data; failure of third parties to comply with their obligations to us; disruptions 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, including if the bank were designated a global systemically important bank, and the effect of such changes on funding costs, liquidity 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 we operate; exposure to, and the resolution of, significant litigation or regulatory matters, our 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 we obtain with respect to our customers and counterparties; our ability to successfully execute our strategic plans, initiatives and objectives under expected timeframes, or at all, or with the results or outcomes originally expected or anticipated; our ability to successfully complete acquisitions or dispositions and integrate acquisitions, including obtaining regulatory approvals, and realize 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 our future results; the possible effects on our business of war or terrorist activities; natural disasters, such as earthquakes or flooding, and disruptions to public infrastructure, such as transportation, communications, power or water supply; and our ability to anticipate and effectively manage risks arising from all of the foregoing factors.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect our results. For further information, please refer to the discussion in the Risks That May Affect Future Results section, and the sections related to credit and counterparty, market, liquidity and funding, operational non-financial, legal and regulatory compliance, strategic, environmental and social, and reputation risk in the Enterprise-Wide Risk Management section of BMO's 2025 Annual Report, and the Risk Management section in our Third Quarter 2026 Report to Shareholders, all of which outline certain key factors and risks that may affect our 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. We do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting shareholders and analysts in understanding our financial position as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives and anticipated performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes.

Material economic assumptions underlying the forward-looking statements contained in this document include those set out in the Economic Developments and Outlook section, and for each operating segment under 2026 Areas of Focus and Business Environment and Outlook, of BMO's 2025 Annual Report, as updated in the Economic Developments and Outlook section and Risk Management – Geopolitical and Trade Developments section in our Third Quarter 2026 Report to Shareholders, as well as in the Allowance for Credit Losses section of BMO's 2025 Annual Report, as updated in the Allowance for Credit Losses section in our Third Quarter 2026 Report to Shareholders and subsequent quarterly reports to shareholders. Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on our business, are material factors we consider when determining our strategic priorities, objectives and expectations for our business.

BMO Treasury & Payment Solutions: Strategic capability, fully integrated with each of our North American B2B businesses



Unified North American product and digital platforms, deeply embedded with all B2B businesses across BMO



✓ Liquidity
✓ Trade Finance

✓ Payables & FX
✓ Receivables

✓ Cards
✓ Merchant

Business Banking



Commercial Banking



Corporate Banking

Simple and intuitive client experiences powered by digital-first, self-serve solutions

- Simple, bundled product solutions (BusinessWorks)
- Plug-and-play API integration with client enterprise resource planning systems (BMO Sync)
- Award winning Digital Banking, tailored for SMEs
- Self-serve account open and product onboarding

Comprehensive Treasury & Payment solutions, with robust API connectivity

- Full suite of products across Canada and U.S.
- New generation solutions: API product suite, Virtual Accounts, Virtual Cards
- Customizable digital banking products
- Seamless integration for cross-border solutions

Strategic benefits

One digital platform, personalized for different client segment needs

Seamless transition for clients as they scale and expand across borders

Source of **stable, core operating deposits** and **recurring fee revenue**

‘Build once, leverage across BMO’ approach **maximizes return on investments**

Tokenization is relevant where it solves a treasury or settlement problem that existing approaches do not solve efficiently

Liquidity is not always where & when it is needed

- > Funds may sit across accounts, entities, currencies or jurisdictions
- > Cut-offs, prefunding and intermediaries can constrain movement

Tokenized deposit

A commercial bank deposit represented on digital infrastructure. It remains a bank deposit

Cash and assets move through separate processes

- > Different settlement times create liquidity and reconciliation requirements
- > Margin and collateral obligations can arise outside normal payment windows

Stablecoin

A fiat-backed digital token designed to maintain stable value. It is not a bank deposit

Treasury workflows remain fragmented

- > Payments, FX, reporting and reconciliation can operate separately
- > Clients work across bank portals, ERP systems and treasury platforms

Tokenized asset

A digital representation of a fund, security, treasury instrument or collateral

Target Outcomes

- ✓ Move liquidity more continuously using client-defined rules
- ✓ Coordinate the movement of cash, collateral and assets
- ✓ Deliver one integrated treasury experience through channels and APIs

**Use existing rails when they solve the need;
Use tokenization where programmability, continuous availability or synchronized settlement creates incremental value**

BMO is selectively building across Canadian, U.S. and international infrastructure



Canada

Tokenized deposit network

Canadian bank-led initiative focused on tokenized commercial bank money

Strategic value

Domestic interoperability and Canadian dollar relevance



North America

Canada + The Clearing House tokenized deposit network

Canadian and U.S. bank-led tokenized deposit infrastructure

Strategic value

Domestic and potential CAD-USD and cross-border interoperability

International

Project Agora

Tokenized commercial bank deposits and central bank reserves across jurisdictions

Strategic value

Multi-currency settlement and future money and asset mobility

Practical delivery experience

BMO + CME Group + Google Cloud

Institutional tokenized cash connected to margin and settlement activity

Strategic value

Practical understanding of integration, controls, operations, reconciliation and liquidity

Participation is focused on initiatives that extend regulated bank money across BMO's North American franchise and into global multi-currency settlement

- Matches a priority client or institutional need
- Advances interoperability and common standards
- Provides strategic value appropriate to cost and risk
- Extends BMO's North American franchise
- Produces reusable learning or capability

Selective participation builds reach, interoperability and strategic optionality

BMO can differentiate with shared infrastructure through its North American franchise and integrated treasury capabilities

North American franchise	Integrated treasury proposition	Digital client connectivity	Trusted execution
> Commercial relationships across Canada and the U.S. > Relevance to CAD, USD and cross-border treasury needs > Ability to connect domestic and international use cases	> Commercial deposits and liquidity management > Payments, FX, trade and working capital services > Reporting, reconciliation and operating controls	> BMO-owned commercial channels > APIs and direct client integration > Embedded delivery through BMO Sync and client workflows	> Regulated balance sheet and commercial bank deposit franchise > Established risk and operational capabilities > Selective and economically disciplined scaling

Shared industry infrastructure

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BMO client relationships & treasury capabilities

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Differentiated client value

Evolution, not replacement New and existing infrastructure will coexist	Integrated, not standalone Digital money connects to the broader treasury relationship	Disciplined, not speculative BMO scales where client and shareholder value can be demonstrated
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The networks expand reach. **BMO's** advantage comes from connecting them to clients' liquidity, FX, treasury and cross-border needs