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Bank of Montreal, CaixaBank, Commerzbank, Erste Group, IBM and UBS Collaborate to Advance an Open, Blockchain-based Trade Finance Platform

New platform designed to support trade finance transactions

4 October, 2017 – Bank of Montreal (BMO), CaixaBank, Commerzbank and Erste Group have joined an initiative launched by UBS and IBM in 2016 to build a new global trade platform based on blockchain technology. This new platform, called Batavia, is built to be openly accessed by organisations of all sizes anywhere in the world, and can support trade finance for transactions across all modes of trade, whether goods are being transported by air, land or sea.

Batavia advances the work initiated by UBS and IBM to develop a trade finance platform built on the IBM Blockchain Platform powered by the Hyperledger Fabric Blockchain framework. The development work is being done collaboratively by the five banks and IBM in consultation with transportation industry experts as well as the banks' customers to ensure that the platform is flexible and intuitive for customers and can be commercialized. Batavia is targeting pilot transactions with customers on the network in early 2018 to test and refine the platform.

Designed to support more efficient, transparent and cost effective transactions, the new global trade financing platform will help organizations more easily build multi-party, cross-border trading networks worldwide. Batavia will allow transacting parties to view the progress of a shipment as it leaves the warehouse, is loaded onto a plane, truck or boat and arrives at the receiving port, automatically releasing payments incrementally along each step of the process.

The platform will help connect participants in a trading network, delivering the potential to transform global trade. The open nature of the platform, which encourages broad participation by many banks, vendors and regulators, will also help open new trade corridors, bring new players into the market and expedite processes that before were prohibitively time-consuming and expensive.

Traditionally, trading partners, including buyers, sellers, their banks, transporters, inspectors and regulators have relied on large volumes of paper based documentation to securely conduct trade transactions. This process can take up to weeks, incurring costs, making data vulnerable to errors due to repeated manual reprocessing and tying up capital. Delays and lack of transparency in trade can make it difficult for companies to access financing, limiting their ability to trade across borders and grow revenues. The Batavia platform will eliminate the necessity to handle and compare documents, allowing buyers, sellers and their banks to execute transactions with a high degree of efficiency and transparency.

Blockchain enables greater transparency by digitising agreements entered into a permanent, immutable ledger that all involved parties in a trade transaction can view. The status of a contract until its fulfilment is updated automatically through IoT sensor data or user input. Batavia will save users time and reduce costs by ensuring the integrity of data as it changes hands, reducing third-party verification processes and minimising the potential for errors, tampering or disputes. When all participants in a transaction can access a shared version of the truth, they can interact with greater trust, building larger and more distributed networks, and in turn, growing revenue.



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Bank of Montreal

"BMO takes great pride in being a leader in trade and supply chain finance innovation. Our objective is to deliver simple and efficient solutions founded on technology that delivers cost, efficiency and risk benefits to our clients and the bank," said Jeffrey Shell, Managing Director and Head of Global Trade & Banking at BMO. "We are very excited to participate in this initiative and sense the development of real, positive outcomes for our clients in North America and around the world. As a partner in Batavia we are strengthening our ability to remain highly relevant to our clients as the financial services industry continues to evolve."

CaixaBank

Jordi Fontanals, CaixaBank Chief Operating Officer, said: "At CaixaBank we operate a fully customer-centric innovation model, using technology and creating original products to support individuals and businesses alike. Harnessing blockchain technology offers enormous potential for driving digitization, but more importantly it paves the way for international projects in collaboration with multiple partners, with these being created and designed to serve our customers. Batavia is a prime example of this, allowing us to bolster the foreign trade services that CaixaBank provides to its clients with commercial operations around the world".

Commerzbank

Bernd Laber, Group Executive Trade Finance & Cash Management, Commerzbank AG said: "Commerzbank processes around 30% of German foreign trade and a significant share of European foreign trade activities. As a strong partner for international trade finance, we assist our clients with premium solutions as well as in mitigating risks. With this collaboration and the envisaged platform, we strive to be at the forefront of exploring modern technology in the digital transformation of international trade finance processes."

Erste Group

"Erste Group is committed to implementing innovations that provide our clients with greater transparency, efficiency and utility in the pursuit of their business and financial interests. By transforming the processes in international trade financing, the Batavia platform promises to boost foreign trade, thus also strengthening a key prosperity-promoting pillar of the economies in our region, Central and Eastern Europe," said Patrick Götz, Head of Corporate Flow Products at Vienna-based Erste Group Bank AG.

IBM

"In working with hundreds of clients to implement blockchain solutions, financing global trade has emerged as one of the use cases most in need of innovating," said Fabio Keller, IBM project lead. "Targeting the creation of large, global, multi-modal networks that bring transparency and trust to each step of the trade process is what makes Batavia a platform with so much potential to transform the way companies around the world do business with one another."

UBS

"Today, the process of securing and financing trade is highly cumbersome for corporates," said Beat Bannwart, Head Strategic Innovation & Market Development, Corporate & Institutional Clients at UBS. "Through working closely with our clients, we aim to innovate their user experience through a simple, digital and automated way of arranging, securing and financing their international trade transactions by leveraging new technology and creating an open ecosystem."



About BMO Financial Group

Established in 1817, and currently marking its 200th year of operations, BMO Financial Group is a highly diversified financial services provider based in North America. With total assets of \$709 billion as of July 31, 2017, and more than 45,000 employees, BMO provides a broad range of personal and commercial banking, wealth management and investment banking products and services to more than 12 million customers and conducts business through three operating groups: Personal and Commercial Banking, Wealth Management and BMO Capital Markets.

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About CaixaBank

CaixaBank is leader in retail banking in Spain, with a 25.7% share among individual customers who make it their main bank. The bank, headed by chairman Jordi Gual, and led by CEO, Gonzalo Gortázar, has around 16 million customers in Spain and Portugal, with 5,468 branches, the largest commercial network in the Iberian peninsula. CaixaBank has been named "Best Bank in Spain 2017" by the UK magazine Euromoney for the fourth consecutive year. This year, Euromoney named CaixaBank, the "Best Private Bank in Spain" for the third time in a row and New York magazine Global Finance also recognised the entity as the "Best Bank in Spain 2017".

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About Commerzbank

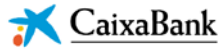
Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank finances 30% of Germany's foreign trade and is leading in financing for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2016, it generated gross revenues of €9.4 billion with approximately 49,900 employees.

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About Erste Group

Erste Group is the leading financial services provider in the eastern part of the EU and the preferred partner of corporates in the region. Around 47,000 Erste Group employees serve over 16 million customers in 2,600 branches in seven countries: Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia, and Serbia. As per H1 2017, Erste Group had EUR 218.2 billion in total assets, a net profit of EUR 624.7 million, and a tier-1 capital ratio of 13.2% (CET-1, Basel III, phased in).

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About IBM

IBM is the leader in open-source blockchain solutions built for the enterprise. As an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and healthcare to implement blockchain applications. For more information about IBM Blockchain, visit www.ibm.com/blockchain.

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About UBS

UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of our Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which it excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates, in order to generate attractive and sustainable returns for its shareholders. All of its businesses are capital-efficient and benefit from a strong competitive position in their targeted markets.

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