

Note 10: Acquisitions

The cost of an acquisition is measured at the fair value of the consideration transferred, including contingent consideration. Acquisition-related costs are recognized as an expense in the period in which they are incurred. The identifiable assets acquired and liabilities assumed and contingent consideration are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the aggregate of the consideration transferred over the net of the fair value of identifiable assets acquired and liabilities assumed. The results of operations of acquired businesses are included in our consolidated financial statements beginning on the date of acquisition.

Greene Holcomb Fisher (“GHF”)

On August 1, 2016, we completed the acquisition of the business of Greene Holcomb Fisher for cash consideration of US\$53 million (CAD\$69 million). The acquisition complements our existing capital markets activity in the U.S. by increasing the number of experienced mergers and acquisitions professionals and our presence in the marketplace. The acquisition was accounted for as a business combination, and the acquired business and corresponding goodwill are included in our BMO Capital Markets reporting segment.

As part of this acquisition, we acquired intangible assets of \$4 million and goodwill of \$65 million. The intangible assets are being amortized over a maximum of three years on a straight-line basis. Goodwill of \$65 million related to this acquisition is deductible for tax purposes.

GE Capital Transportation Finance Business (“BMO TF”)

On December 1, 2015, we completed the acquisition of the net assets of the GE Capital Transportation Finance business for cash consideration of US\$9.0 billion (CAD\$12.1 billion).

The acquisition is consistent with our commercial banking activities in both Canada and the U.S. and has expanded our commercial customer base. The acquisition was accounted for as a business combination, and the acquired business and corresponding goodwill are included in our U.S. Personal and Commercial Banking and Canadian Personal and Commercial Banking reporting segments.

As part of this acquisition, we primarily acquired loans, assets subject to operating leases, and goodwill. We recorded a credit mark of \$100 million and an interest rate premium of \$41 million on the acquired loan portfolio. Additionally, we recorded a fair value adjustment of \$72 million to reduce the value of assets subject to operating leases. A dealer and customer relationship intangible asset is being amortized over a 15-year period on an accelerated basis, and a technology intangible asset is being amortized over five years on a straight-line basis. Goodwill of \$410 million related to this acquisition is deductible for tax purposes.

BMO TF contributed approximately 14% to revenue and expenses of U.S. Personal and Commercial Banking in 2017 (14% in 2016).

The fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

(Canadian \$ in millions)

	BMO TF	GHF
Loans	10,793	-
Goodwill	410	65
Intangible assets	63	4
Other assets	1,087	-
Total assets	12,353	69
Other liabilities	275	-
Purchase price	12,078	69

The purchase price allocations for BMO TF and GHF have been completed.