

BMO Financial Group

# Investor Presentation

For the Quarter Ended April 30, 2023

May 24, 2023

Q2 | 23



# 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 objectives and priorities for fiscal 2023 and beyond, our strategies or future actions, our targets and commitments (including with respect to our Climate Ambition and net zero emissions), expectations for our financial condition, capital position, the regulatory environment in which we operate, the results of, or outlook for, our operations or the Canadian, U.S. and international economies, plans for the combined operations of BMO and Bank of the West, the timing for converting Bank of the West customer accounts and systems onto our respective BMO platforms, and the financial, operational and capital impacts of the transaction, and include statements made by our management. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "project", "intend", "estimate", "plan", "commit", "target", "may", "schedule", "forecast", "outlook", "seek" 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 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; the impact of adverse developments affecting the U.S. and global banking industry, including the risk of bank failures and liquidity concerns, the heightening of economic and market volatility, and regulatory responses to such developments; the anticipated benefits from acquisitions, including Bank of the West, such as potential synergies, accretion to adjusted earnings per share (EPS), and operational efficiencies, are not realized; changes to our 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 our future results; information, privacy and cybersecurity, 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; benchmark interest rate reforms; technological changes and technology resiliency; political conditions, including changes relating to, or affecting, economic or trade matters; climate change and other environmental and social risk; the Canadian housing market and consumer leverage; inflationary pressures; global supply-chain disruptions; 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; 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; failure of third parties to comply with their obligations to us; our ability to execute our 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 our business of war or terrorist activities; natural disasters 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 more information, please refer to 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 of BMO's 2022 Annual Report, and the Risk Management section in our Second Quarter 2023 Management's Discussion and Analysis ("Second Quarter 2023 MD&A"), 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 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 of BMO's 2022 Annual Report, as updated in the Economic Developments and Outlook section in our Second Quarter 2023 MD&A, as well as in the Allowance for Credit Losses section of BMO's 2022 Annual Report, as updated in the Allowance for Credit Losses section in our Second Quarter 2023 MD&A. 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. Assumptions about our integration plan, the efficiency and duration of integration and the alignment of organizational responsibilities were material factors we considered in estimating pre-tax cost synergies and integration costs. Assumptions about BMO's current and expected financial performance (including balance sheet, income statement and regulatory capital figures), expected cost and revenue synergies (and timing to achieve) relating to the Bank of the West acquisition, and current and future foreign exchange rates, interest rates and shares outstanding were material factors considered in estimating adjusted EPS accretion.

In determining our expectations for economic growth, we primarily consider historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy.

# Darryl White

Chief Executive Officer

## Q2 | 23



# Well-positioned for continued growth

## Highlights

- Successfully completed acquisition of Bank of the West (BOTW)
- Canadian and U.S. P&C businesses delivered continued good PPPT<sup>2</sup> performance
- Strong risk management and credit performance
- Strong capital position, following the closing of the largest acquisition in our history

	Q2'23		YTD'23	
	Reported	Adjusted <sup>1</sup>	Reported	Adjusted <sup>1</sup>
Net Income	\$1.1B	\$2.2B	\$1.3B	\$4.5B
Diluted EPS	\$1.30	\$2.93	\$1.62	\$6.15
PPPT <sup>2</sup> Y/Y Growth	(64)%	7%	(69)%	1%
Efficiency Ratio <sup>3</sup>	71.0%	60.2%	76.1%	58.8%
Return on Equity	5.6%	12.6%	3.4%	13.0%
Return on Tangible Common Equity <sup>4</sup>	8.4%	17.2%	4.5%	15.7%
CET1 <sup>5</sup>	12.2%			

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

<sup>2</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

<sup>3</sup> Reported and adjusted net revenue and measures calculated based on net revenue are non-GAAP measures. Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Efficiency ratio is calculated based on net revenue and is also a non-GAAP Measure. See slide 40 for more information and slide 43 for calculation of net revenue

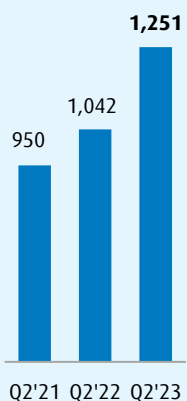
<sup>4</sup> Reported and Adjusted Return on Tangible Common Equity (ROTCE) are non-GAAP measures. See slide 40 and Non-GAAP and Other Financial Measures section of the Second Quarter 2023 MD&A for more information

<sup>5</sup> The Common Equity Tier 1 (CET1) Ratio is disclosed in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline

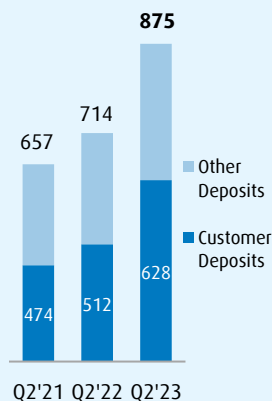
# Strong and stable balance sheet, capital and liquidity

## Balance Sheet (As At)

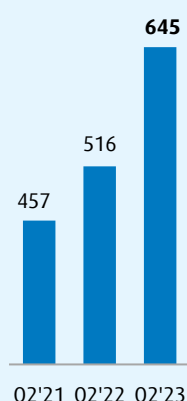
Total Assets (\$B)



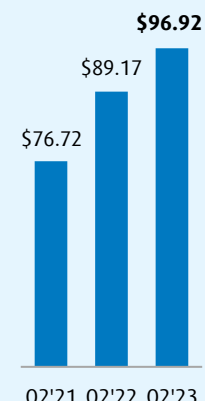
Deposits (\$B)



Net Loans & Acceptances (\$B)

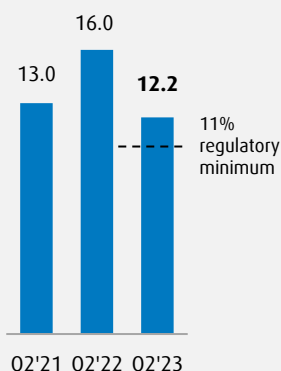


Book Value Per Share (\$)

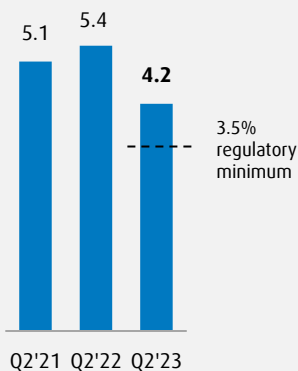


## Capital & Liquidity

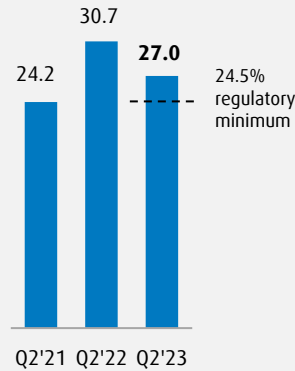
CET1 Ratio<sup>1</sup> (%)



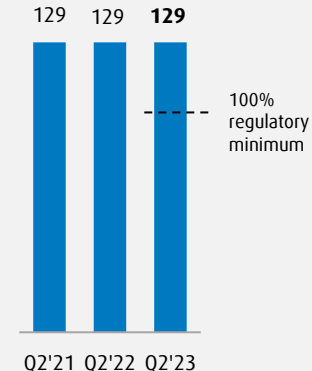
Leverage Ratio<sup>2</sup> (%)



TLAC Ratio<sup>3</sup> (%)



Liquidity Coverage Ratio<sup>4</sup>



1 The Common Equity Tier 1 (CET1) Ratio is disclosed in accordance with OSFI's Capital Adequacy Requirements (CAR) Guidelines; regulatory minimum of 11.0% as at Q2'23, 10.5% as at Q2'22, 9.0% as at Q2'21  
 2 Leverage Ratio regulatory minimum of 3.5% as at Q2'23, 3.0% as at Q2'22, 3.0% as at Q2'21  
 3 Total Loss Absorbing Capacity (TLAC) Ratio regulatory minimum based on OSFI capital requirements of 24.5% as at Q2'23, 24.0% as at Q2'22, and 22.5% as at Q2'21  
 4 Liquidity Coverage Ratio (LCR) is disclosed in accordance with OSFI's Liquidity Adequacy Requirements Guideline; regulatory minimum of 100% for all periods shown

# BMO U.S. – scale, growth further enhanced by Bank of the West

Benefiting from the strength of BMO’s trillion-dollar balance sheet

Top 10 U.S. Bank <sup>1</sup>	Footprint in 32 States	Top 5 Commercial Lender in North America <sup>2</sup>	4 million customers
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BMO U.S. Bank  
US\$265<sup>3</sup> billion in assets



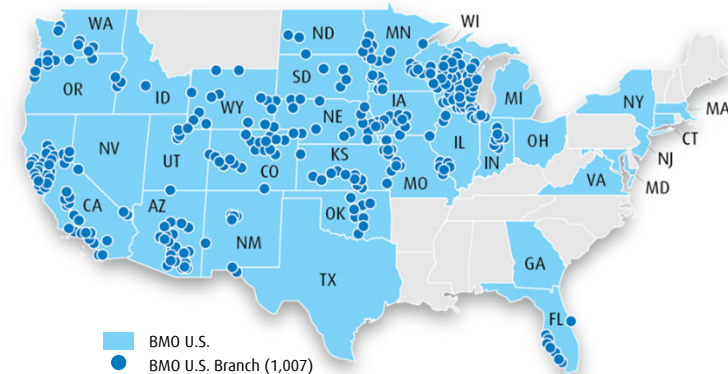
BMO U.S. Segment  
US\$419<sup>3</sup> billion in assets



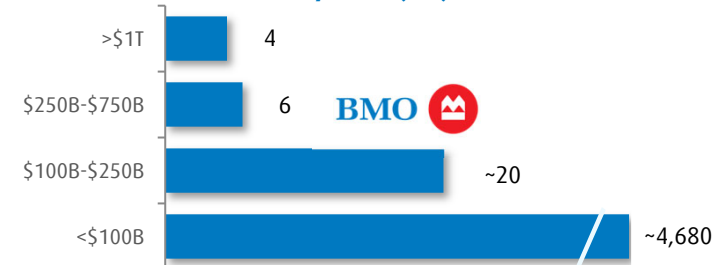
BMO Financial Group  
C\$1.25 trillion in assets

## Well-positioned going forward

- U.S. Segment contributed **~45%<sup>4</sup> of bank adjusted net income** in Q2’23 (negative contribution on a reported basis)
- **Broad capabilities:** Personal & Commercial Banking, Wealth Management and Capital Markets
- Only North American bank with **integrated North-South business model**, driving efficiencies
- **One-Client approach**, with local market and unified cross border expertise
- Presence in **three of the top five U.S. markets**
- Digital retail and payments platforms **across all 50 states**



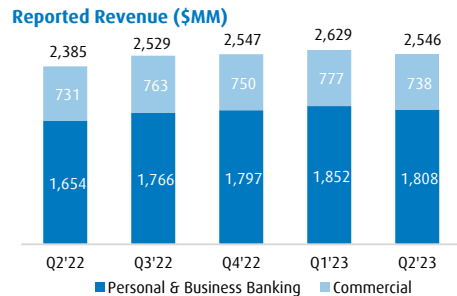
# of U.S. Banks by Assets (US\$)<sup>1</sup>



<sup>1</sup> Ranking by assets as at Mar 31, 2023 and internal analysis. Source: SNL Financial. Top 10 U.S. >\$1T: JP Morgan, Bank of America, Citibank, Wells Fargo. \$250B-\$750B: U.S. Bank, PNC Bank, Truist Bank, TD Bank, Capital One, BMO  
<sup>2</sup> Share of commercial loans based upon publicly available U.S. regulatory filings (FR Y-9Cs and FFIEC 002s) and internal analysis  
<sup>3</sup> BMO U.S. Bank as at balances based upon BMO Harris N.A. publicly available U.S. regulatory filing (FFIEC 031) for period ending Mar 31, 2023. BMO U.S. Segment based on average balances for Q2’23  
<sup>4</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

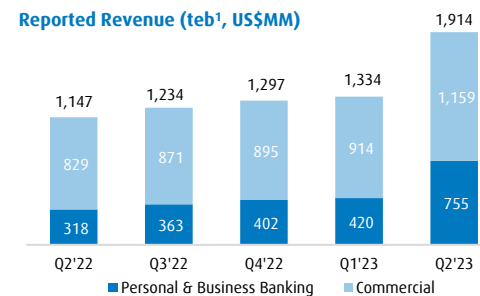
# Highly diversified businesses delivering resilient performance

## Canadian Personal & Commercial



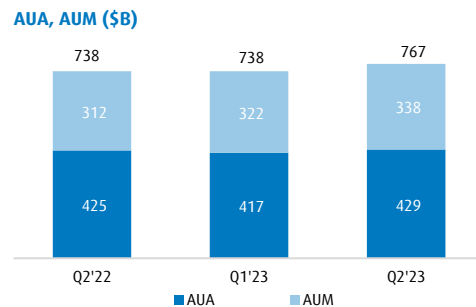
- Good revenue, loan and deposit growth year-over-year
- Announced the approval of acquisition of AIR MILES® business
- Continued market share growth across most product categories

## U.S. Personal & Commercial



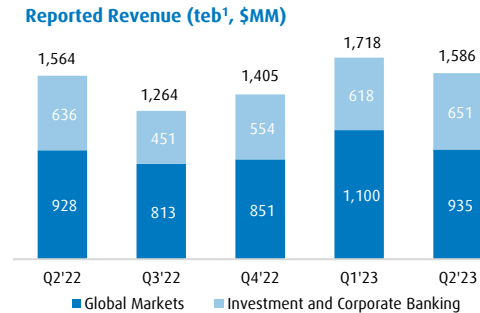
- Significant One Client opportunities across all businesses
- Accelerating digital commercial account opening to grow deposits
- Increased scale and new segments with Bank of the West

## BMO Wealth Management



- Good net new client asset growth
- #1 in ETF net flows Q2'23 and fiscal year-to-date
- Gaining market share in Mutual Funds

## BMO Capital Markets



- Third highest quarter of revenue ever in Q2'23
- Record quarter in M&A, ranked #2 in Canada
- Strong growth in digital and liquid trading business

<sup>1</sup> Operating group revenue stated on taxable equivalent basis (teb). These teb adjustments in U.S. P&C (Q2'23 US\$6MM, Q1'23 US\$6MM, Q4'22 US\$6MM, Q3'22 US\$5MM, Q2'22 US\$4MM) and BMO Capital Markets (Q2'23 \$84MM, Q1'23 \$70MM, Q4'22 \$61MM, Q3'22 \$61MM, Q2'22 \$60MM) are offset in Corporate Services

# Our Purpose comprises three bold commitments

## BOLDLY GROW THE GOOD

### IN BUSINESS AND LIFE



#### For a Thriving Economy

Providing access to capital and valuable financial advice – investing in businesses, supporting home ownership and strengthening the communities we serve, while driving innovation that makes banking easier

- Deployed more than US\$5.5B in loans and investments to address key barriers confronting minority businesses, communities and families in the United States as part of BMO Empower™, meeting our five-year commitment within the first two years with plans to go further through strategic partnerships and community involvement
- Launched industry-leading digital pre-arrival account opening capabilities for newcomers to Canada, as well as eligible international students, through our expanded NewStart® program



#### For a Sustainable Future

Being our clients' lead partner in the transition to a net zero world, delivering on our commitments to sustainable financing and responsible investing

- Named to the UN Principles for Responsible Banking, Nature Target Setting Working Group, tasked with providing guidance to global banks for setting biodiversity and nature targets, the only Canadian bank among 34 signatories across 24 countries
- BMO Canadian Business Banking announced the launch of Greener Future Financing, developed to help agriculture businesses looking to build future-ready, climate resilient operations
- Named to Corporate Knights' 2023 Ranking of the World's 100 Most Sustainable Corporations and as the most sustainable bank in North America for the fourth year in a row
- Ranked one of the most sustainable companies in North America on the Dow Jones Sustainability North America Index (DJSI)



#### For an Inclusive Society

Committing to zero barriers to inclusion through investments, products, services and partnerships that remove systemic barriers for under-represented customers, employees and communities – and drive inclusion and equitable growth for everyone

- Recognized by Ethisphere Institute as one of the World's Most Ethical Companies for the sixth consecutive year and the only Canadian bank to be recognized with this award since its inception in 2007
- For the third consecutive year included in the *Globe and Mail's* 2023 Report on Business, Women Lead Here list, which recognizes Canadian businesses for excellence in executive gender diversity
- Included for the eighth consecutive year in the Bloomberg Gender-Equality Index (GEI)

This slide contains forward-looking statements, please refer to the caution on slide 2



# Financial Results

For the Quarter Ended April 30, 2023

Tayfun Tuzun

Chief Financial Officer

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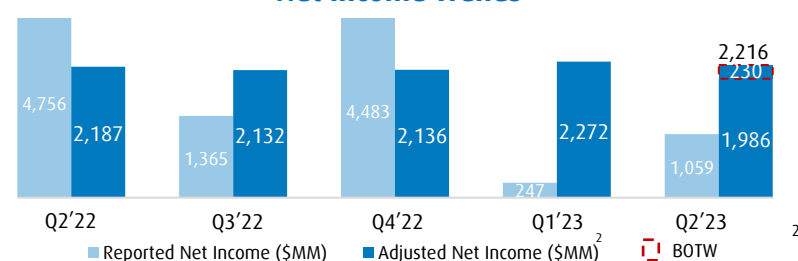
# Q2 F2023 - Financial Highlights

Good underlying PPPT<sup>1</sup> growth in P&C businesses and benefit of Bank of the West

- Adjusted<sup>2</sup> EPS \$2.93, down 10% Y/Y (reported \$1.30, down 82%)
- Adjusted<sup>2</sup> net income up 1% Y/Y (reported down 78%)
  - Bank of the West (BOTW) added \$230MM to adjusted<sup>2</sup> net income (reported net loss of \$909MM)
  - Adjusted<sup>2</sup> net income excluded \$517MM initial provision for credit losses on performing loans, \$545MM integration costs and \$77MM amortization of acquisition-related intangible assets related to the BOTW acquisition
- Adjusted<sup>2</sup> PPPT<sup>1</sup> up 7% Y/Y (reported down 64%)
- Adjusted<sup>2</sup> net revenue<sup>3</sup> up 20% Y/Y (reported down 23%) reflecting growth across all operating groups
- Adjusted<sup>2</sup> expenses up 30% Y/Y (reported up 50%)
- Adjusted<sup>2</sup> operating leverage<sup>3</sup> negative 9.8% (reported negative 72.5%)
- Total adjusted<sup>2</sup> provision for credit losses \$318MM (reported \$1,023MM)
  - PCL on impaired loans \$243MM or 16 bps<sup>4</sup>; adjusted<sup>2</sup> provision on performing loans \$75MM (reported \$780MM)
- U.S. segment contributed 45% to adjusted<sup>2</sup> earnings in the quarter (negative contribution on a reported basis)

(\$MM)	Reported			Adjusted <sup>2</sup>		
	Q2 23	Q1 23	Q2 22	Q2 23	Q1 23	Q2 22
Gross Revenue	8,440	6,470	9,318	8,447	8,487	5,755
Less: CCPB <sup>3</sup>	591	1,193	(808)	591	1,193	(808)
Net Revenue <sup>3</sup>	7,849	5,277	10,126	7,856	7,294	6,563
Expenses	5,573	4,421	3,713	4,731	4,172	3,650
PPPT <sup>1</sup>	2,276	856	6,413	3,125	3,122	2,913
Total PCL	1,023	217	50	318	217	50
Income before Taxes	1,253	639	6,363	2,807	2,905	2,863
<b>Net Income</b>	<b>1,059</b>	<b>247</b>	<b>4,756</b>	<b>2,216</b>	<b>2,272</b>	<b>2,187</b>
U.S. Segment Net Income (US\$)	(104)	(558)	2,656	740	676	619
Diluted EPS (\$)	1.30	0.30	7.13	2.93	3.22	3.23
Efficiency Ratio <sup>3</sup> (%)	71.0	83.8	36.7	60.2	57.2	55.6
ROE (%)	5.6	1.3	34.5	12.6	13.4	15.7
ROTCE <sup>5</sup> (%)	8.4	1.4	37.9	17.2	14.6	17.2
CET1 Ratio <sup>6</sup> (%)	12.2	18.2	16.0	12.2	18.2	16.0

Net Income Trends



1 Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

2 Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

3 Reported and adjusted net revenue and measures calculated based on net revenue are non-GAAP measures. Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB).

Operating leverage and efficiency ratio are both calculated based on net revenue and are also non-GAAP measures. See slide 40 for more information and slide 43 for calculation of net revenue

4 Impaired PCL ratio is calculated as impaired provision for credit losses over average net loans and acceptances, expressed in basis points

5 Reported and Adjusted Return on Tangible Common Equity (ROTCE) are non-GAAP measures. See slide 40 and Non-GAAP and Other Financial Measures section of the Second Quarter 2023 MD&A for more information

6 The Common Equity Tier 1 (CET1) Ratio is disclosed in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline

## Q2 F2023 – Bank of the West Contribution

- Bank of the West<sup>4</sup> (BOTW) contributed \$1,072MM revenue, \$755MM to adjusted<sup>1</sup> expenses (reported \$1,581MM) and \$230MM to adjusted<sup>1</sup> net income (reported net loss of \$909MM)
- Revenue includes \$103MM accretion of the fair value mark on loans, deposits and securities, net of the negative carry on the rate mark hedge, all recorded in Corporate Services
- Remain on track to complete system conversion and BMO brand unification on Labour Day weekend
- Executing our plan to achieve run rate expense synergies of US\$670MM pre-tax by the start of Q2'24

(\$MM)	Reported			Adjusted <sup>1</sup>		
	BMO ex. BOTW	BOTW	BMO	BMO ex. BOTW	BOTW	BMO
Gross Revenue	7,368	1,072	<b>8,440</b>	7,375	1,072	<b>8,447</b>
Less: CCPB <sup>3</sup>	591	-	<b>591</b>	591	-	<b>591</b>
Net Revenue <sup>3</sup>	6,777	1,072	<b>7,849</b>	6,784	1,072	<b>7,856</b>
Expenses	3,992	1,581	<b>5,573</b>	3,976	755	<b>4,731</b>
PPPT <sup>2</sup>	2,785	(509)	<b>2,276</b>	2,808	317	<b>3,125</b>
Total PCL	293	730	<b>1,023</b>	293	25	<b>318</b>
Income (Loss) before Taxes	2,492	(1,239)	<b>1,253</b>	2,515	292	<b>2,807</b>
<b>Net Income (Loss)</b>	<b>1,968</b>	<b>(909)</b>	<b>1,059</b>	<b>1,986</b>	<b>230</b>	<b>2,216</b>
<b>Net Income (Loss) U.S. Segment US\$</b>	<b>563</b>	<b>(667)</b>	<b>(104)</b>	<b>571</b>	<b>169</b>	<b>740</b>
Average Gross Loans and Acceptances	567,361	78,715	<b>646,076</b>	567,361	78,715	<b>646,076</b>
Average Deposits	792,947	90,279	<b>883,226</b>	792,947	90,279	<b>883,226</b>
Efficiency Ratio <sup>3</sup> (%)	58.9	147.5	<b>71.0</b>	58.6	70.4	<b>60.2</b>
NIM ex. Trading	1.68	3.48	<b>1.88</b>	1.69	3.48	<b>1.88</b>

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Efficiency ratio is calculated based on net revenue and is also a non-GAAP measure. See slide 40 for more information and slide 43 for calculation of net revenue

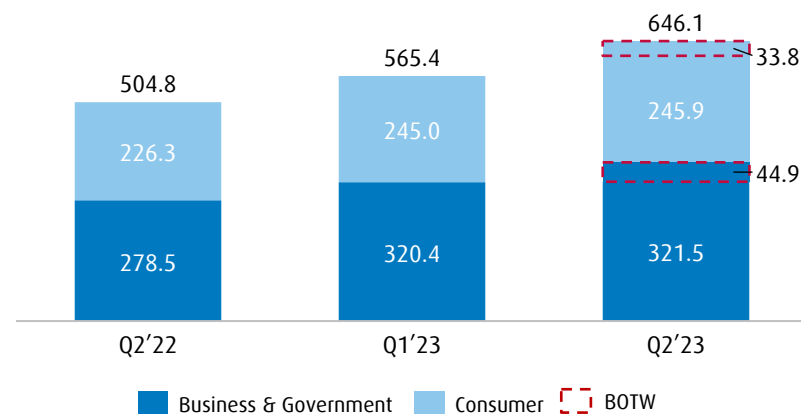
4 See the Significant Events section of BMO's Second Quarter 2023 MD&A and slide 23 for more information, and slide 39 for results in USD

# Balance Sheet

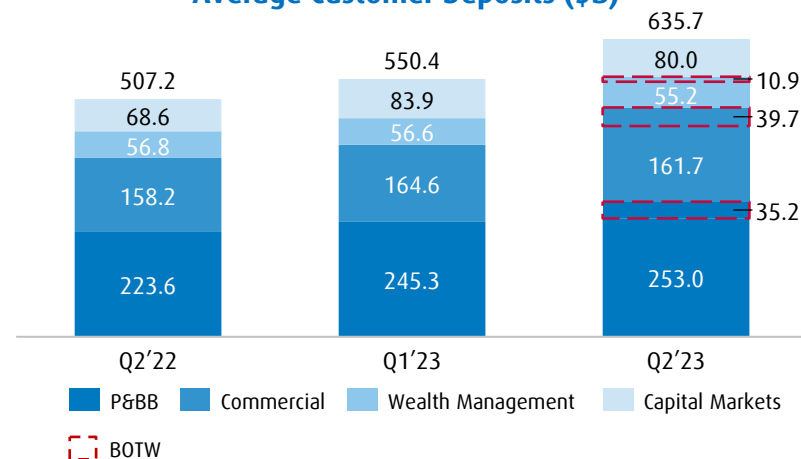
## Strong Y/Y loan and deposit growth

- Average gross loans and acceptances up 28% Y/Y, or 25% excluding the impact of the stronger U.S. dollar due to:
  - BOTW added \$45B to Business & Government loans and \$34B to consumer loans
  - BMO underlying business & government loans up 11% Y/Y with good growth across all operating groups
  - BMO underlying consumer loans up 8% Y/Y with good growth in Canadian P&C driven by mortgage and personal loan products
- Average gross loans and acceptances up 14% Q/Q with BOTW contributing 14% to Q/Q growth
- As-at gross loans and acceptances up 15% Q/Q with BOTW contributing 14% to Q/Q growth
- Average customer deposits up 25% Y/Y or 22% excluding the impact of the weaker U.S. dollar
  - BOTW added \$86B to customer deposits
  - BMO underlying customer deposits up 6% Y/Y driven by higher balances in Canadian P&C and BMO Capital Markets, partially offset by lower balances in U.S. P&C and BMO Wealth Management; flat Q/Q
- As-at customer deposits up 15% Q/Q or BMO underlying down 1% excluding the impact of the weaker U.S. dollar, driven by lower balances in U.S. P&C, BMO Wealth Management and BMO Capital Markets, partially offset by higher Canadian P&C balances

### Average Gross Loans and Acceptances (\$B)



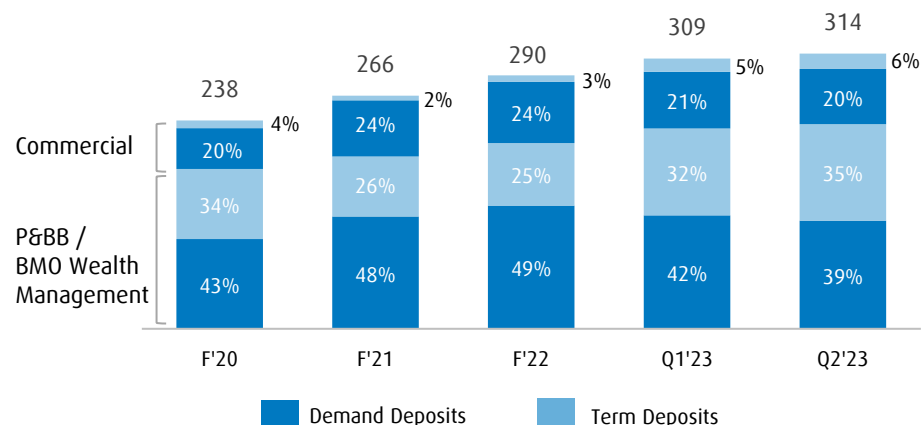
### Average Customer Deposits (\$B)



# Canadian and U.S. deposit trends

## Canadian P&C and BMO Wealth Management deposits

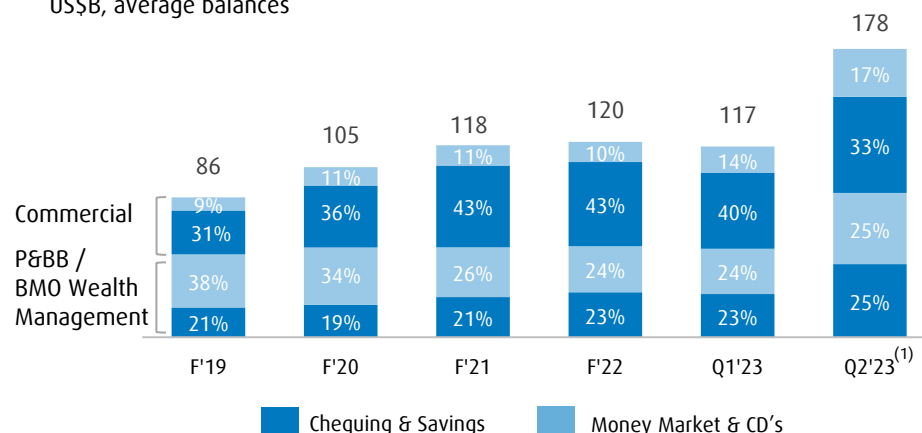
CDE\$B, average balances



- Continued strong balance growth reflective of stability in the Canadian banking industry
- Continued customer balance shift to term deposits given the significant increase in interest rates, returning to historical levels

## U.S. P&C and BMO Wealth Management deposits

US\$B, average balances



- Deposits are well-diversified, further enhanced by BOTW which contributed US\$63B in the current quarter
- Recent decline in underlying deposits at BMO and BOTW primarily reflect industry trends and expected decline in surge deposits, while remaining well above pre-pandemic levels
- We continue to grow new customers and deposits through competitive tools, products and channels, including national retail banking and treasury and payments solutions platforms

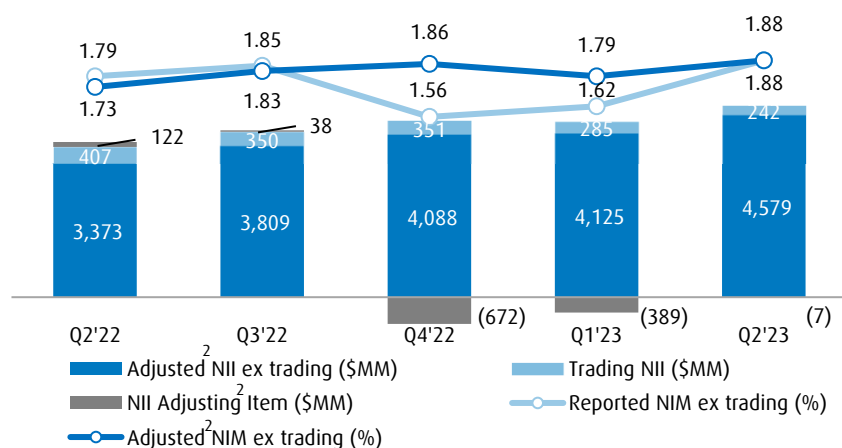
This slide contains forward-looking statements, please refer to the caution on slide 2

<sup>1</sup> Q2'23 US Deposits includes BOTW balances of US\$26B in P&BB, US\$29B in Commercial and US\$8B in BMO Wealth Management

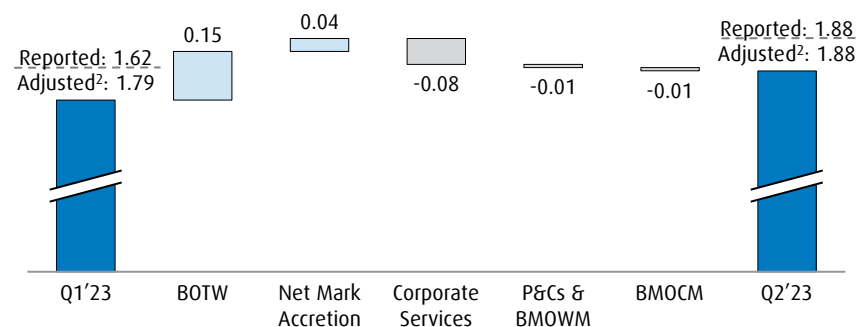
# Net Interest Margin<sup>1</sup>

- Total Bank NIM benefitted from the impact of BOTW and net mark accretion
- NIM decreased from lower net interest income in Corporate Services and continued competitive pressure in deposit pricing

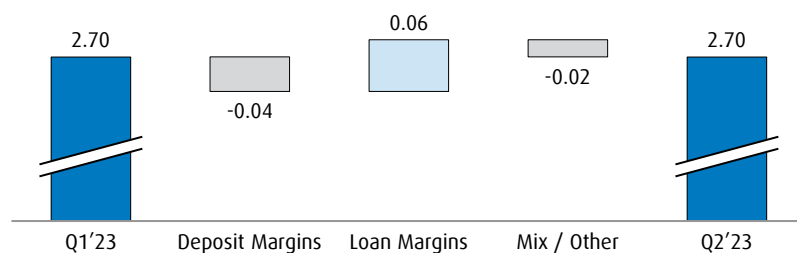
NII (\$MM) and NIM ex. Trading %



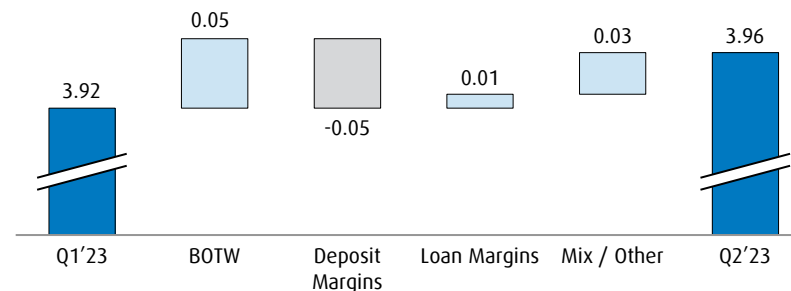
Q/Q NIM ex. Trading (%)



Canadian P&C NIM (%)



U.S. P&C NIM (%)



<sup>1</sup> Net interest margin (NIM) is the ratio of net interest income (NII) to average earning assets, expressed as a percentage or in basis points. Net interest margin excluding trading excludes net interest earned on trading assets. Average earning assets represents the daily average balance of deposits at central banks, deposits with other banks, securities borrowed or purchased under resale agreements, securities, and loans

<sup>2</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

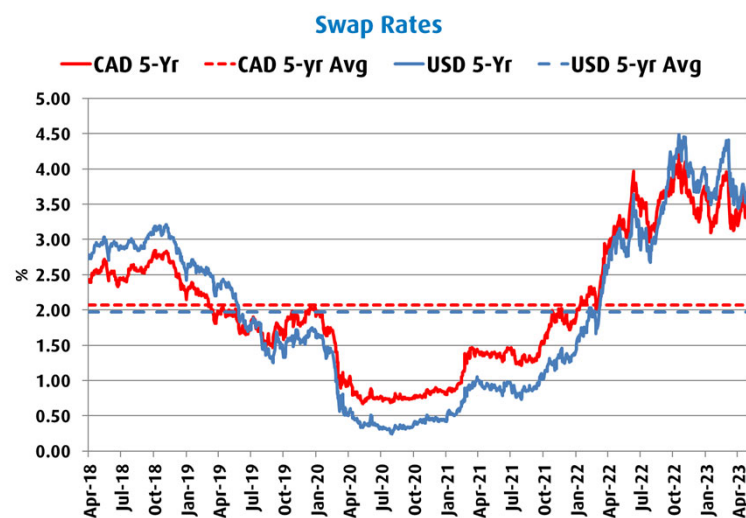
# Interest Rate Sensitivity

- Year 1 benefit to an incremental +100bps rate shock decreased Q/Q
  - Earnings sensitivity has decreased since Q1 pursuant to the close of the BOTW acquisition<sup>1</sup>
  - Our duration position was shorter (more asset sensitive) than our neutral target as we approached acquisition date, to offset the longer duration, less asset sensitive balance sheet we were acquiring
  - Post close, our April 30, 2023 risk metrics reflect relatively neutral positioning
- Year 2 benefit to rising rates (+100bps) of approximately \$600MM driven by long rates and the continued reinvestment of capital and deposits

## Earnings sensitivities over the next 12 months<sup>1</sup>

Q2'23 Pre-Tax CDE (\$MM)	+100 bps	-25 bps	-100 bps	+25 bps Short Rates
Canada <sup>2</sup>	94	(24)	(96)	(1)
U.S.	188	(52)	(228)	23
<b>Total</b>	<b>281</b>	<b>(76)</b>	<b>(324)</b>	<b>22</b>

- Term rates decreased in Q2'23 and continue to be volatile, but are still higher than historical rates
- Sustained higher long-term investment rates continue to support NIM going forward, providing some offset to increased pricing pressure on deposit products
- Effective deposit betas accelerated in Q2, as customers continued to rotate into higher rate products, both on and off-balance sheet
  - Cumulative effective deposit beta<sup>3</sup> for this interest rate cycle has been approximately 49%, comparable to our modeled assumptions



Source: Bloomberg, updated through May 08, 2023

This slide contains forward-looking statements, please refer to the Caution Regarding Forward-Looking Statements on slide 2

<sup>1</sup> For more details see the Structural (Non-Trading) Market Risk section of BMO's Second Quarter 2023 MD&A

<sup>2</sup> Includes Canadian dollar and other currencies

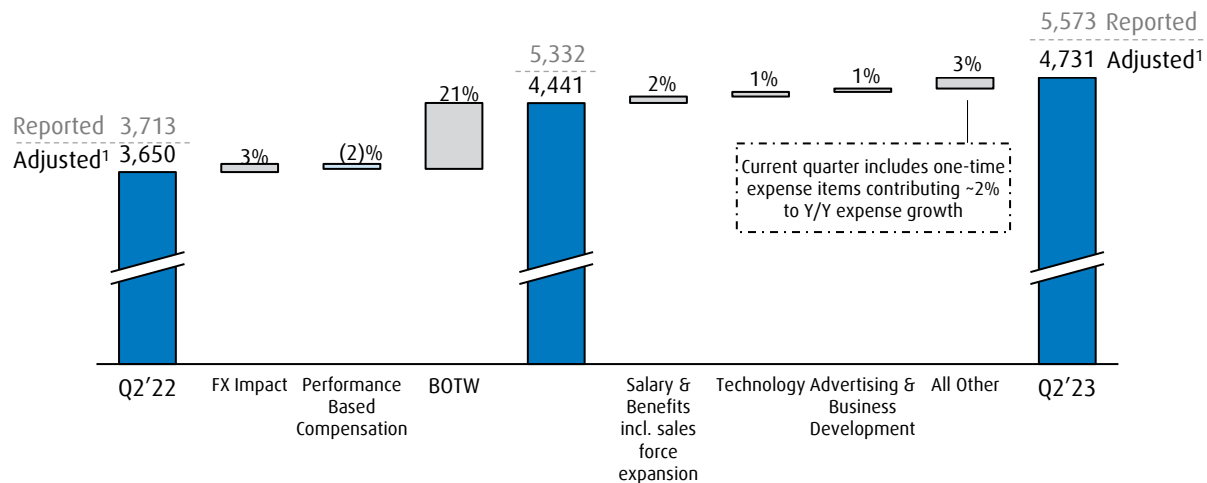
<sup>3</sup> Includes impact of deposit rotation out of non-interest bearing into interest bearing, as well as net deposit declines in the U.S.

# Q2'23 Non-Interest Expense

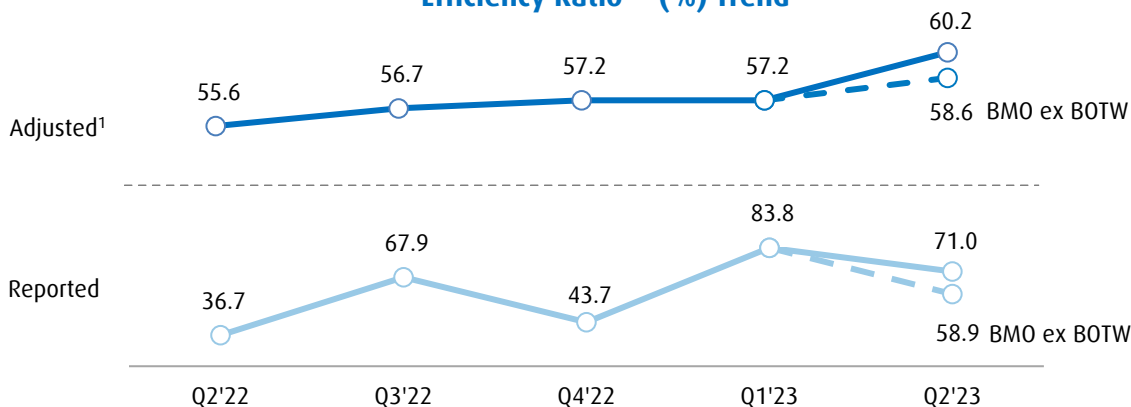
Y/Y growth includes impact of BOTW and prior year investments to drive higher revenue growth

- Adjusted<sup>1</sup> expenses up 30% Y/Y (reported up 50%)
  - BOTW contributed 21% to the increase in adjusted<sup>1</sup> expenses (reported 43%)
  - Higher expense includes impact from prior year investments in sales force and technology
- Adjusted<sup>1</sup> expenses up 13% Q/Q (reported up 26%)
  - BOTW contributed 18% to the increase in adjusted<sup>1</sup> expenses (reported 36%)
  - BMO underlying down 5%, driven by lower employee-related costs, due to seasonal expenses in the prior quarter and fewer days in the current quarter
- Adjusted<sup>1</sup> efficiency ratio<sup>2</sup> 60.2% (reported 71.0%) or 58.6% excluding BOTW (reported 58.9%)

Y/Y Change in Non-Interest Expense (\$MM)



Efficiency Ratio<sup>1,2</sup> (%) Trend

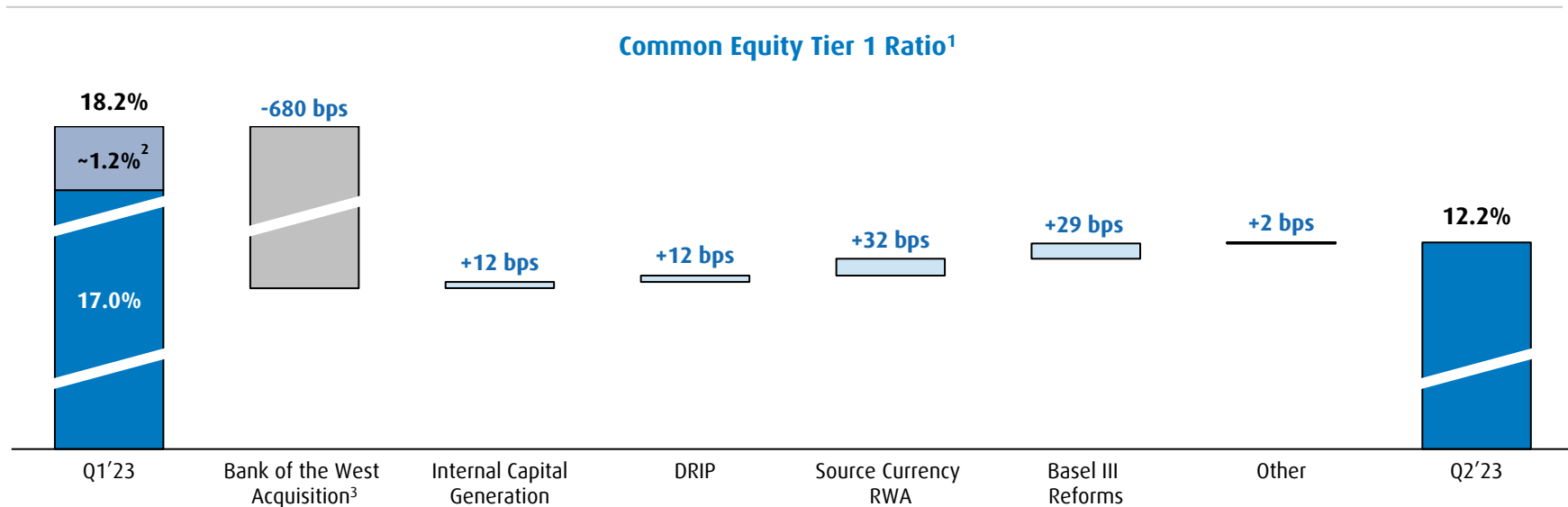


1 Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

2 Reported and adjusted net revenue and measures calculated based on net revenue are non-GAAP measures. Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB). Efficiency ratio is calculated based on net revenue and is also a non-GAAP measure. See slide 40 for more information and slide 43 for calculation of net revenue



# Strong Q2'23 CET1 ratio<sup>1</sup> of 12.2%



- Q2'23 CET1 ratio<sup>1</sup> of 12.2%, down from Q1'23
  - Primarily due to the closing of the acquisition of BOTW
- Partially offset by
  - Internal capital generation and DRIP shares issued from treasury
  - Lower source currency RWA primarily from the elimination of capital floor adjustment
  - Lower RWA resulting from the implementation of Basel III Reforms

<sup>1</sup> The Common Equity Tier 1 (CET1) Ratio is disclosed in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline

<sup>2</sup> Represents the cumulative impact from fair value management activities related to the acquisition of BOTW to mitigate exposure to capital at closing. See the Significant Events section of BMO's Second Quarter 2023 MD&A for more information

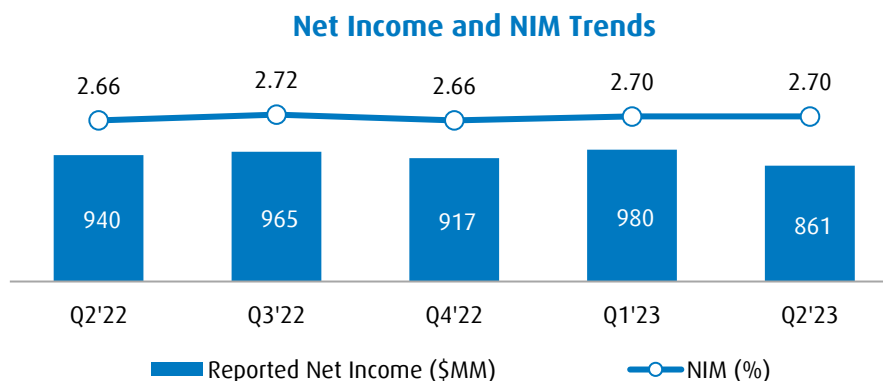
<sup>3</sup> BOTW impact includes capital deductions for goodwill and intangible assets, initial provision for credit losses on the purchased performing loan portfolio and RWA resulting from the acquisition

# Canadian Personal & Commercial Banking

## Good Revenue and PPPT<sup>2</sup> performance with positive operating leverage

- Adjusted<sup>1</sup> and reported net income down 8% Y/Y due to higher PCL
- Adjusted<sup>1</sup> and reported PPPT<sup>2</sup> up 7% Y/Y
- Revenue up 7% Y/Y
  - NII up 12% Y/Y with strong balance growth and higher margins
  - NIM flat Q/Q and up 4 bps Y/Y
  - NIR down 9% Y/Y due to lower gains on investments in our Commercial Banking business and lower mutual fund distribution fee revenue
- Adjusted<sup>1</sup> and reported expenses up 6% Y/Y reflecting higher employee-related expenses, including expanded sales force and higher salaries, as well as higher technology costs
- Adjusted<sup>1</sup> operating leverage 0.8% (reported 0.6%)
- Total provision for credit losses \$228MM (Impaired provision of \$173MM and performing provision of \$55MM)
- Average loans up 10% Y/Y and 1% Q/Q
  - Personal and Business Banking up 8% Y/Y and flat Q/Q
  - Cards up 22% Y/Y and 2% Q/Q
  - Commercial<sup>3</sup> up 12% Y/Y and 2% Q/Q
- Average deposits up 13% Y/Y and 3% Q/Q

(\$MM)	Reported			Adjusted <sup>1</sup>		
	Q2 23	Q1 23	Q2 22	Q2 23	Q1 23	Q2 22
Net interest income	1,983	2,030	1,763	1,983	2,030	1,763
Non-interest revenue	563	599	622	563	599	622
Revenue	2,546	2,629	2,385	2,546	2,629	2,385
Expenses	1,126	1,117	1,060	1,122	1,117	1,059
PPPT <sup>2</sup>	1,420	1,512	1,325	1,424	1,512	1,326
Total PCL	228	164	54	228	164	54
Income before Taxes	1,192	1,348	1,271	1,196	1,348	1,272
<b>Net Income</b>	<b>861</b>	980	940	<b>864</b>	980	941
Efficiency Ratio (%)	44.2	42.5	44.5	44.1	42.5	44.5
ROE (%)	25.1	30.7	32.5	25.2	30.7	32.6



<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

<sup>2</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

<sup>3</sup> Commercial loan growth excludes corporate cards and small business cards

# U.S. Personal & Commercial

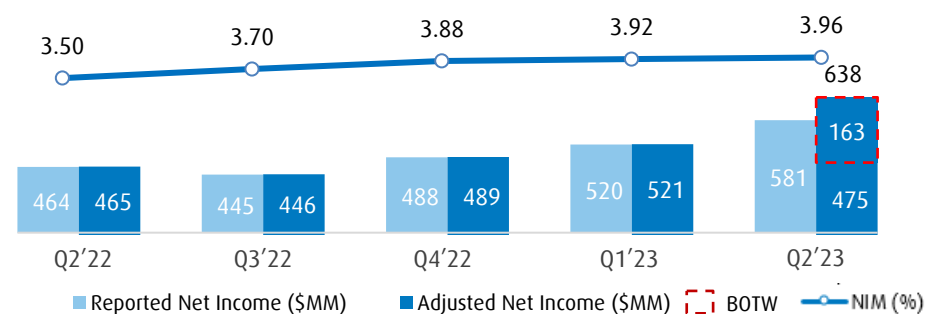
## Strong performance including the addition from Bank of the West

Figures that follow are in U.S. dollars:

- Adjusted<sup>1</sup> net income up \$173MM or 37% Y/Y (reported up \$117MM or 25%)
  - BOTW contributed \$663MM to revenue, \$446MM to adjusted<sup>1</sup> expenses (reported \$523MM) and \$163MM to adjusted<sup>1</sup> net income (reported \$107MM)
  - Adjusted<sup>1</sup> PPPT<sup>2</sup> up \$281MM or 48% Y/Y (reported up \$205MM or 35%), mainly due to the impact of BOTW, adjusted<sup>1</sup> underlying results up \$63MM (reported up \$64MM)
- Revenue<sup>3</sup> up \$767MM or 67% Y/Y
  - NII<sup>3</sup> up \$689MM or 77% Y/Y due to impact of BOTW and higher underlying net interest margins
  - NIR up \$78MM or 31% Y/Y due to impact of BOTW
  - NIM<sup>3</sup> up 4 bps Q/Q and 46 bps Y/Y; BOTW increased Q/Q and Y/Y NIM by 5 bps
- Adjusted<sup>1</sup> expenses up \$486MM or 85% Y/Y (reported up \$562MM or 98%) due to impact of BOTW and higher underlying employee-related costs
- Total provision for credit losses \$51MM (impaired provision \$48MM and provision on performing \$3MM)
- Average loans up \$58.9B or 58% Y/Y and up \$51.7M or 48% Q/Q, including \$55.4B from BOTW
- Average deposits up \$49.2B or 43% Y/Y; up \$52.5B or 47% Q/Q, including \$55.2B from BOTW

(US\$MM) <sup>3</sup>	Reported			Adjusted <sup>1</sup>		
	Q2'23	Q1'23	Q2'22	Q2'23	Q1'23	Q2'22
Net interest income (teb)	1,589	1,109	900	1,589	1,109	900
Non-interest revenue	325	225	247	325	225	247
Revenue (teb)	1,914	1,334	1,147	1,914	1,334	1,147
Expenses	1,134	621	572	1,056	620	570
PPPT <sup>2</sup>	780	713	575	858	714	577
Total PCL (recovery)	51	46	(30)	51	46	(30)
Income before Taxes	729	667	605	807	668	607
<b>Net Income</b>	<b>581</b>	<b>520</b>	<b>464</b>	<b>638</b>	<b>521</b>	<b>465</b>
<b>Net Income (CDE\$)</b>	<b>789</b>	<b>698</b>	<b>588</b>	<b>866</b>	<b>699</b>	<b>589</b>
Efficiency Ratio (%)	59.3	46.5	49.8	55.2	46.4	49.7
ROE (%)	9.6	19.2	17.3	10.6	19.2	17.3

Net Income<sup>1</sup> and NIM<sup>3</sup> Trends



<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

<sup>2</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

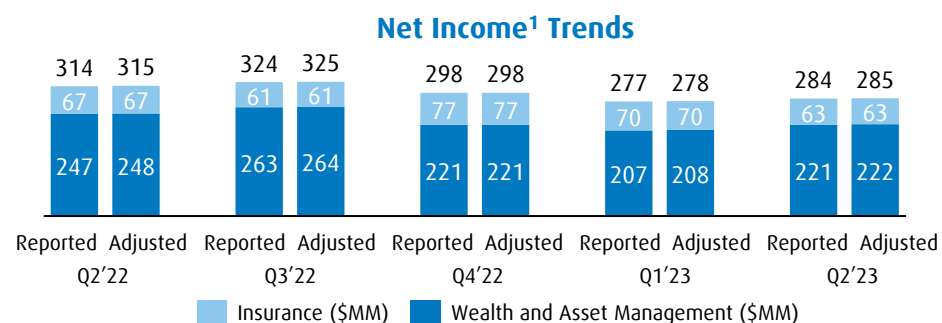
<sup>3</sup> Operating group revenue, NII, income taxes and net interest margin are stated on a taxable equivalent basis (teb). This teb adjustment (Q2'23 US\$6MM, Q1'23 US\$6MM, Q2'22 US\$4MM) is offset in Corporate Services. Efficiency ratio is calculated based on revenue (teb)

# BMO Wealth Management

## Good growth in client assets partly offset by weaker markets

- Adjusted<sup>1</sup> and reported net income down 10% Y/Y
  - BOTW contributed \$26MM to adjusted<sup>1</sup> net income (reported \$25MM)
- Wealth and Asset Management adjusted<sup>1</sup> and reported net income down 11% Y/Y
  - Revenue up 7% due to BOTW; underlying performance impacted by weaker global markets and lower online brokerage revenues, partially offset by growth from higher net interest income and new client assets
  - AUM up 5% and AUA up 3% Q/Q due to BOTW and growth in new client assets
- Insurance net income down 5% Y/Y due to more favourable market movements in the prior year
- Adjusted<sup>1</sup> and reported expenses up 14% Y/Y mainly due to BOTW and prior year investments in salesforce and technology

(\$MM)	Reported			Adjusted <sup>1</sup>		
	Q2 23	Q1 23	Q2 22	Q2 23	Q1 23	Q2 22
Gross Revenue	1,960	2,504	484	1,960	2,504	484
CCPB	591	1,193	(808)	591	1,193	(808)
Net Revenue <sup>2</sup>	1,369	1,311	1,292	1,369	1,311	1,292
Expenses	993	946	874	991	945	872
PPPT <sup>3</sup>	376	365	418	378	366	420
Total PCL (recovery)	4	6	1	4	6	1
Income before Taxes	372	359	417	374	360	419
<b>Net Income</b>	<b>284</b>	<b>277</b>	<b>314</b>	<b>285</b>	<b>278</b>	<b>315</b>
Wealth and Asset Management NI	221	207	247	222	208	248
Insurance NI	63	70	67	63	70	67
AUM/AUA (\$B)	767	738	738	767	738	738
Efficiency Ratio <sup>2</sup> (%)	72.5%	72.1%	67.6%	72.4%	72.0%	67.5%
ROE (%)	17.8%	19.4%	24.2%	17.9%	19.4%	24.2%



<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

<sup>2</sup> Reported and adjusted net revenue and measures calculated based on net revenue are non-GAAP measures. Net revenue is net of insurance claims, commissions and changes in policy benefit liabilities (CCPB).

Efficiency ratio is calculated based on net revenue and is also a non-GAAP measure. See slide 40 for more information and slide 43 for calculation of net revenue

<sup>3</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

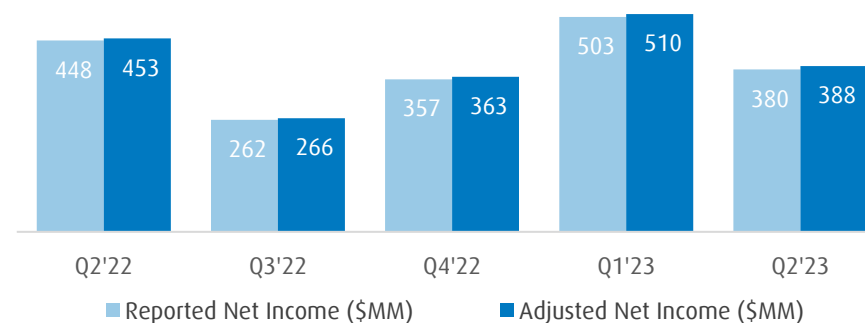
# BMO Capital Markets

## Results mainly impacted by slower underwriting environment

- Adjusted<sup>1</sup> net income and PPPT<sup>3</sup> down 14% and 16% Y/Y, respectively (reported down 15% and 17%)
- Revenue<sup>2</sup> relatively unchanged Y/Y:
  - Global Markets revenue relatively unchanged as higher foreign exchange and equities trading revenue were offset by lower interest rate trading revenue and lower issuance activity
  - Investment and Corporate Banking revenue was up 2% due to higher corporate banking and advisory revenue, partly offset by lower underwriting activity
- Adjusted<sup>1</sup> and reported expenses up 14% Y/Y due to impact of the stronger U.S. dollar, higher technology costs and a legal provision
- Total provision for credit losses of \$17MM (nil provisions on impaired loans and performing loans \$17MM)

(\$MM) <sup>2</sup>	Reported			Adjusted <sup>1</sup>		
	Q2 23	Q1 23	Q2 22	Q2 23	Q1 23	Q2 22
Global Markets	935	1,100	928	935	1,100	928
I&CB	651	618	636	651	618	636
Revenue (teb)	1,586	1,718	1,564	1,586	1,718	1,564
Expenses	1,060	1,091	929	1,050	1,082	923
PPPT <sup>3</sup>	526	627	635	536	636	641
Total PCL (recovery)	17	(10)	33	17	(10)	33
Income before Taxes	509	637	602	519	646	608
<b>Net Income</b>	<b>380</b>	503	448	<b>388</b>	510	453
U.S. Net Income (\$US)	9	104	119	12	107	124
Efficiency Ratio (%)	66.8	63.5	59.4	66.1	63.0	59.0
ROE (%)	13.3	16.2	15.9	13.6	16.4	16.1

### Net Income<sup>1</sup> Trends



1 Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

2 Operating group revenue and income taxes are stated on a taxable equivalent basis (teb). This teb adjustment (Q2'23 \$84MM, Q1'23 \$70MM, Q2'22 \$60MM) is offset in Corporate Services. Efficiency ratio is calculated based on revenue (teb).

3 Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

# Corporate Services

- Adjusted<sup>1</sup> net loss of \$187MM and reported net loss of \$1,255MM, compared with an adjusted<sup>1</sup> net loss of \$111MM and reported net income of \$2,466MM in the prior year
- Reported results in the current quarter include the impact of:
  - \$517MM (\$705MM pre-tax) of initial provision for credit losses on the purchased BOTW performing loan portfolio
  - \$545MM (\$722MM pre-tax) acquisition and integration costs related to the acquisition of BOTW

(\$MM) <sup>2</sup>	Reported			Adjusted <sup>1</sup>		
	Q2 23	Q1 23	Q2 22	Q2 23	Q1 23	Q2 22
Revenue	(157)	(2,094)	3,496	(150)	(77)	(67)
Group teb offset	(92)	(78)	(65)	(92)	(78)	(65)
Total Revenue (teb)	(249)	(2,172)	3,431	(242)	(155)	(132)
Expenses	855	434	125	133	197	72
Total PCL (recovery)	705	(5)	1	-	(5)	1
Income before Taxes	(1,809)	(2,601)	3,305	(375)	(347)	(205)
<b>Net Income (Loss)</b>	<b>(1,255)</b>	<b>(2,211)</b>	<b>2,466</b>	<b>(187)</b>	<b>(195)</b>	<b>(111)</b>
U.S. Net Income (Loss) (\$US) <sup>1</sup>	(734)	(1,203)	2,052	49	26	9

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

<sup>2</sup> Operating group revenue, income taxes and associated measures are on a taxable equivalent basis (teb). This teb adjustment is offset in Corporate Services

# Bank of the West Purchase Accounting impacts

- Bank of the West acquisition related valuation activities are largely complete
- The rate mark hedge was effective in neutralizing the impact of interest rate changes on BMO's capital requirements at closing and in managing BMO's future P&L profile

(\$B) As at Feb 1, 2023	USD	CDE
Initial Allowance for Credit Losses (PCL – Performing)	0.5	0.7
Core Deposit and other Intangible Assets	2.2	2.9
Goodwill	8.1	10.5 <sup>1</sup>
Fair Value Marks / Discounts		
Fair value marks Loans and Deposits	(2.3)	(3.0)
Discount on Securities	(2.6)	(3.5)
Rate Mark Hedge	4.4	5.7

This slide contains forward-looking statements, please refer to the Caution Regarding Forward-Looking Statements on slide 2  
See the Significant Events section of BMO's Second Quarter 2023 MD&A for more information

<sup>1</sup> To mitigate changes in the Canadian dollar equivalent of the purchase price between announcement and close, we entered into forward contracts, which qualified for hedge accounting. Changes in the fair value of these forward contracts of \$269 million (after-tax) was accounted for as a reduction of the Canadian dollar equivalent of the purchase price.

# Risk Review

For the Quarter Ended April 30, 2023

Piyush Agrawal  
Chief Risk Officer

Q2 | 23



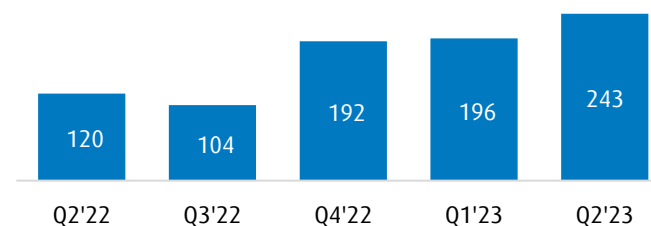


# Provision for Credit Losses (PCL)

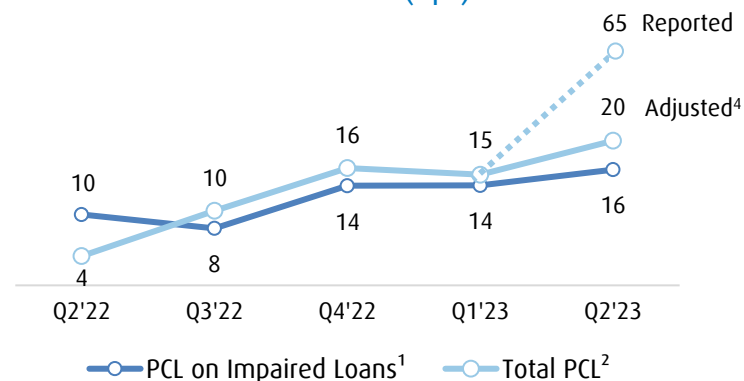
PCL By Operating Group (\$MM)	Q2 23		Q1 23		Q2 22	
	\$	bps	\$	bps	\$	bps
Personal & Business Banking	163	32	135	26	79	17
Commercial Banking	10	4	19	7	7	3
<b>Total Canadian P&amp;C</b>	<b>173</b>	<b>23</b>	<b>154</b>	<b>20</b>	<b>86</b>	<b>12</b>
Personal & Business Banking	41	32	13	24	1	2
Commercial Banking	25	6	35	11	34	13
<b>Total U.S. P&amp;C</b>	<b>66</b>	<b>12</b>	<b>48</b>	<b>13</b>	<b>35</b>	<b>11</b>
<b>BMO Wealth Management</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>BMO Capital Markets</b>	<b>0</b>	<b>1</b>	<b>(3)</b>	<b>(2)</b>	<b>1</b>	<b>0</b>
<b>Corporate Services</b>	<b>3</b>	<b>n.m.</b>	<b>(4)</b>	<b>n.m.</b>	<b>(2)</b>	<b>n.m.</b>
<b>PCL on Impaired Loans</b>	<b>243</b>	<b>16</b>	<b>196</b>	<b>14</b>	<b>120</b>	<b>10</b>
<b>PCL on Performing Loans</b>	<b>780</b>	<b>50</b>	<b>21</b>	<b>1</b>	<b>(70)</b>	<b>(6)</b>
<b>Total PCL - Reported</b>	<b>1,023</b>	<b>65</b>	<b>217</b>	<b>15</b>	<b>50</b>	<b>4</b>
BOTW - Initial Allowance <sup>3</sup>	(705)					
<b>Total PCL - Adjusted<sup>4</sup></b>	<b>318</b>	<b>20</b>				

- Q2 23 PCL ratio on impaired Loans<sup>1</sup> is 16 bps, up 2 bps Q/Q
  - PCL on impaired loans for BOTW is \$15MM. It includes \$32MM PCL in Consumer, partially offset by a recovery of \$17MM in Commercial

PCL on Impaired Loans (\$MM)



PCL Ratio (bps)



n.m. stands for not meaningful

<sup>1</sup> Provision for credit losses on impaired loans over average net loan and acceptances, annualized and expressed in basis points

<sup>2</sup> Reported and Adjusted Provision for credit losses on total loans over average net loan and acceptances, annualized and expressed in basis points

<sup>3</sup> Initial allowance for BOTW is as of February 1, 2023

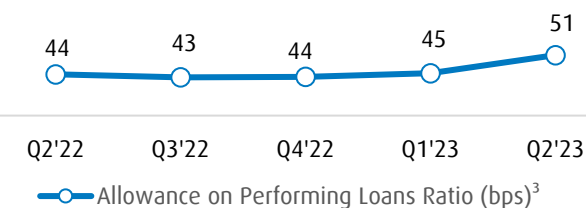
<sup>4</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

# Allowance and Provision on Performing Loans

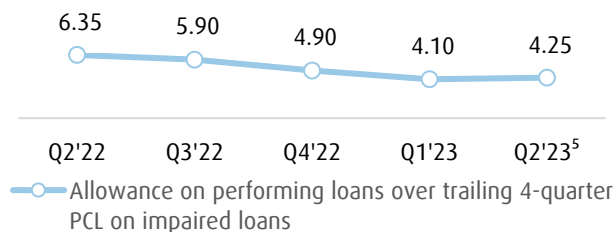
Allowance on Performing Loans (APL) and PCL on Performing Loans (PCL) By Operating Group (\$MM)	Q1 23 APL <sup>1</sup>	Q2 23 PCL <sup>2</sup>	Q2 23 Foreign exchange & Other	Q2 23 APL <sup>1</sup>	APL to Performing Loans (bps) <sup>3</sup>
Personal & Business Banking	877	43	0	920	45
Commercial Banking	396	12	3	411	38
<b>Total Canadian P&amp;C</b>	<b>1,273</b>	<b>55</b>	<b>3</b>	<b>1,331</b>	<b>42</b>
Personal & Business Banking	178	6	233	417	84
Commercial Banking	714	(3)	470	1,181	71
<b>Total U.S. P&amp;C</b>	<b>892</b>	<b>3</b>	<b>703</b>	<b>1,598</b>	<b>74</b>
<b>BMO Wealth Management</b>	<b>33</b>	<b>3</b>	<b>0</b>	<b>36</b>	<b>8</b>
<b>BMO Capital Markets</b>	<b>307</b>	<b>17</b>	<b>9</b>	<b>333</b>	<b>43</b>
<b>Corporate Services</b>	<b>6</b>	<b>702</b>	<b>(694)</b>	<b>14</b>	<b>n.m.</b>
<b>Total BMO - Reported</b>	<b>2,511</b>	<b>780</b>	<b>21</b>	<b>3,312</b>	<b>51</b>
BOTW - Initial Allowance <sup>4</sup>		(705)			
<b>Total BMO - Adjusted<sup>6</sup></b>		<b>75</b>			

- The \$780MM reported provision for performing loans includes:
  - \$705MM charge for the initial allowance on the BOTW purchased performing portfolio
  - On an adjusted<sup>6</sup> basis, the \$75 million provision for credit losses on performing loans in the current quarter reflected portfolio credit migration, model changes and economic uncertainty, partially offset by a modest improvement in macro-economic variables, including the continued benefit from risk transfer transactions

Allowance on Performing Loans Ratio (bps)



Coverage Ratio



1 Q1 23 and Q2 23 includes APL on Other Assets of \$21MM and \$22MM, respectively and excludes APL on Securities of \$3MM and \$6MM, respectively

2 Q2 23 PCL includes a PCL on Other Assets of \$2MM and excludes PCL on Securities of \$2MM

3 Allowance on performing loans over total gross performing loan and acceptances, expressed in basis points

4 Initial allowance for BOTW is as of February 1, 2023

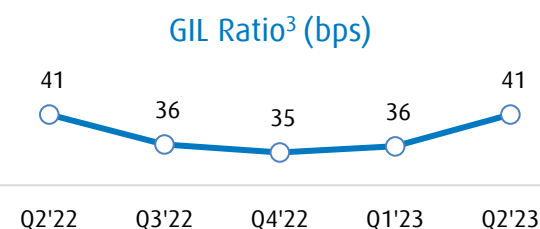
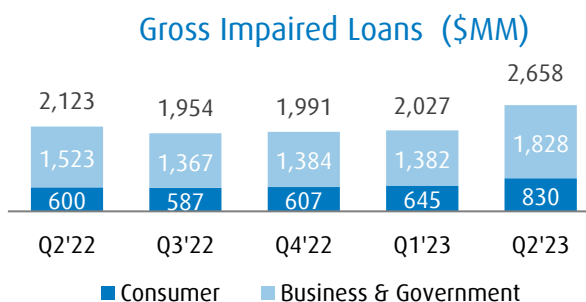
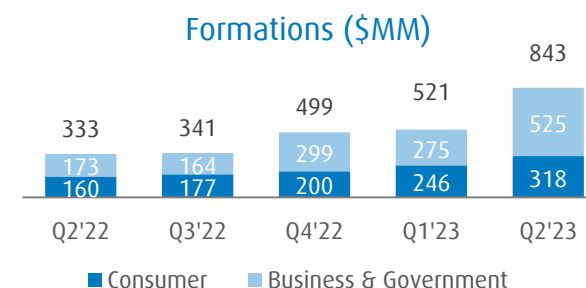
5 Trailing 4-Quarter PCL on impaired loans includes Q2 23 annualized BOTW PCL

6 Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 41 for adjustments to reported results

# Gross Impaired Loans and Formations

By Industry (\$MM, as at Q2 23)	Formations			Gross Impaired Loans		
	CA & Other	U.S.	Total	CA & Other <sup>1</sup>	U.S.	Total
<b>Consumer</b>	<b>228</b>	<b>90</b>	<b>318</b>	<b>489</b>	<b>341</b>	<b>830</b>
Service Industries	42	26	68	231	183	414
Retail Trade	10	143	153	136	235	371
Manufacturing	25	59	84	97	149	246
Agriculture	9	6	15	56	168	224
Commercial Real Estate	34	37	71	90	84	174
Construction (non-real estate)	7	59	66	61	80	141
Wholesale Trade	1	26	27	28	62	90
Transportation	4	28	32	17	74	91
Oil & Gas	0	0	0	6	24	30
Other Business and Government <sup>2</sup>	5	4	9	35	12	47
<b>Total Business and Government</b>	<b>137</b>	<b>388</b>	<b>525</b>	<b>757</b>	<b>1,071</b>	<b>1,828</b>
<b>Total Bank</b>	<b>365</b>	<b>478</b>	<b>843</b>	<b>1,246</b>	<b>1,412</b>	<b>2,658</b>

- Gross Impaired Loans (GIL) ratio<sup>3</sup> 41 bps, up 5 bp Q/Q and flat Y/Y
- GIL includes BOTW impaired balances of \$436MM



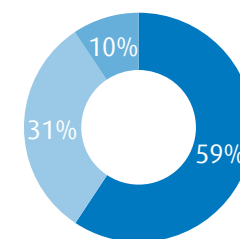
1 Total Business and Government includes approx. \$12.7MM GIL from Other Countries  
 2 Other Business and Government includes industry segments that are each <1% of total GIL  
 3 Gross impaired loans over total gross loan and acceptances, expressed in basis points

# Loan Portfolio Overview

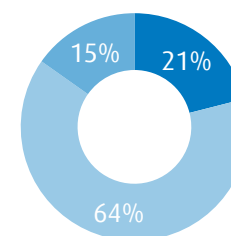
Gross Loans & Acceptances (GL&A) By Industry <sup>3</sup> (\$B, as at Q2 23)	Canada & Other <sup>1</sup>	U.S. <sup>4</sup>	Total BMO	% of Total
Residential Mortgages	143.8	22.9	166.7	26%
Consumer Instalment and Other Personal	70.3	34.1	104.4	16%
Cards	9.8	1.3	11.1	2%
<b>Total Consumer</b>	<b>223.9</b>	<b>58.3</b>	<b>282.2</b>	<b>44%</b>
Commercial Real Estate	33.6	33.4	67.0	10%
Service Industries	27.6	39.0	66.6	10%
Financial	16.1	50.4	66.5	10%
Manufacturing	10.1	34.3	44.4	7%
Retail Trade	16.3	12.7	29.0	4%
Wholesale Trade	7.0	17.0	24.0	4%
Agriculture	12.6	5.3	17.9	3%
Transportation	4.7	9.9	14.6	2%
Utilities	7.5	4.0	11.5	2%
Construction (non-real estate)	2.4	5.0	7.4	1%
Other Business and Government <sup>2</sup>	11.4	6.2	17.6	3%
<b>Total Business and Government</b>	<b>149.3</b>	<b>217.2</b>	<b>366.5</b>	<b>56%</b>
<b>Total Gross Loans &amp; Acceptances</b>	<b>373.2</b>	<b>275.5</b>	<b>648.7</b>	<b>100%</b>

- Portfolio is well diversified by geography and industry
- Total Gross Loans and Acceptances up 15% Q/Q, with 14% contribution from Bank of the West

Canada & Other Countries



U.S.



- P&C/BMO Wealth Management - Consumer
- P&C/BMO Wealth Management - Business & Government
- BMO Capital Markets

1 Includes approximately \$11.7B from Other Countries  
 2 Other Business and Government includes all industry segments that are each <1% of total loans  
 3 Totals may not add due to rounding  
 4 Includes BOTW purchased portfolio

# Bank of the West Loan Portfolio Overview

Gross Loans & Acceptances (GL&A) By Industry (C\$B, as at Q2 23)	Gross Loans & Acceptances
Consumer Instalment and Other Personal	20.9
Residential Mortgages	12.7
Cards	0.7
<b>Total Consumer</b>	<b>34.2</b>
Commercial Real Estate	12.2
Service Industries	10.7
Manufacturing	7.9
Agriculture	3.7
Retail Trade	3.4
Wholesale Trade	2.8
Construction	1.8
Financial	0.9
Transportation	0.9
Other Business and Government <sup>1</sup>	0.7
<b>Total Business and Government</b>	<b>45.0</b>
<b>Total GL&amp;A</b>	<b>79.3</b>

- BOTW portfolio adds \$79B of GL&A, growing and further diversifying our portfolio
- 43% Consumer; 57% Wholesale
- High quality portfolio, with low watchlist (2%) and impaired (0.5%)
- Well-provisioned:
  - Initial allowance \$705MM
  - Credit mark on acquisition \$1.1B

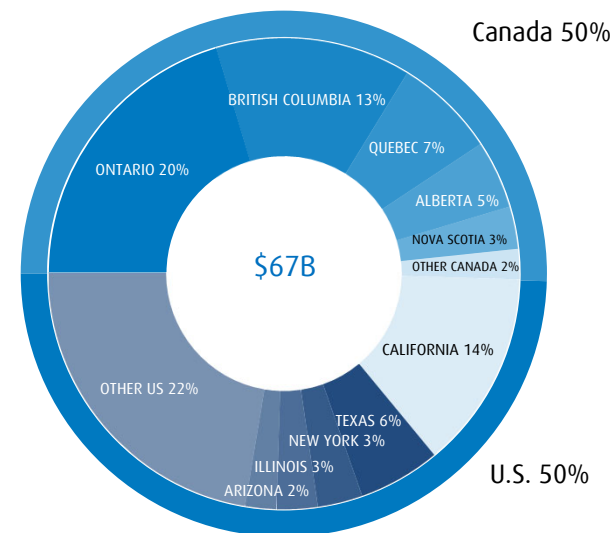
<sup>1</sup> Other Business and Government includes all industry segments that are each <1% of total BOTW loans

# Commercial Real Estate Portfolio Overview

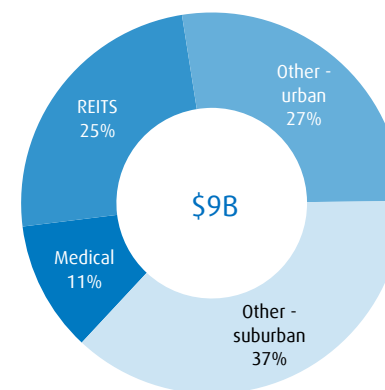
- Commercial Real Estate (CRE) portfolio at \$67B represents 10% of total bank GL&A
  - Portfolio is well diversified across businesses, property types and geographies
  - Loan-to-Value (LTV)<sup>3</sup> coverage of 60% to 65%
  - Well managed with consistent and conservative underwriting standards resulting in strong credit quality, investment grade (58%), with low watchlist (1%) and impaired (0.3%)

CRE Portfolio <sup>1,2</sup> (\$B, as at Q2 23)	Canada	U.S.	Total	% of Total Gross Loans & Acceptances
Multi-Residential	10.0	7.7	17.7	3%
Single Family Res	6.0	1.0	7.0	1%
Industrial	5.7	6.4	12.1	2%
Retail	3.1	3.8	7.0	1%
Office	2.3	7.1	9.4	1%
Mixed Use	3.2	0.2	3.3	1%
Hospitality, Healthcare and Diversified REIT's	0.8	1.9	2.6	0.4%
Other	2.6	5.3	7.9	1%
<b>Total CRE</b>	<b>33.6</b>	<b>33.4</b>	<b>67.0</b>	<b>10%</b>
<b>Total GLA</b>	<b>373.2</b>	<b>275.5</b>	<b>648.7</b>	

CRE by Geography<sup>1</sup>



Office by Property Type



<sup>1</sup> Based on the location of the collateral or the borrower for REITs

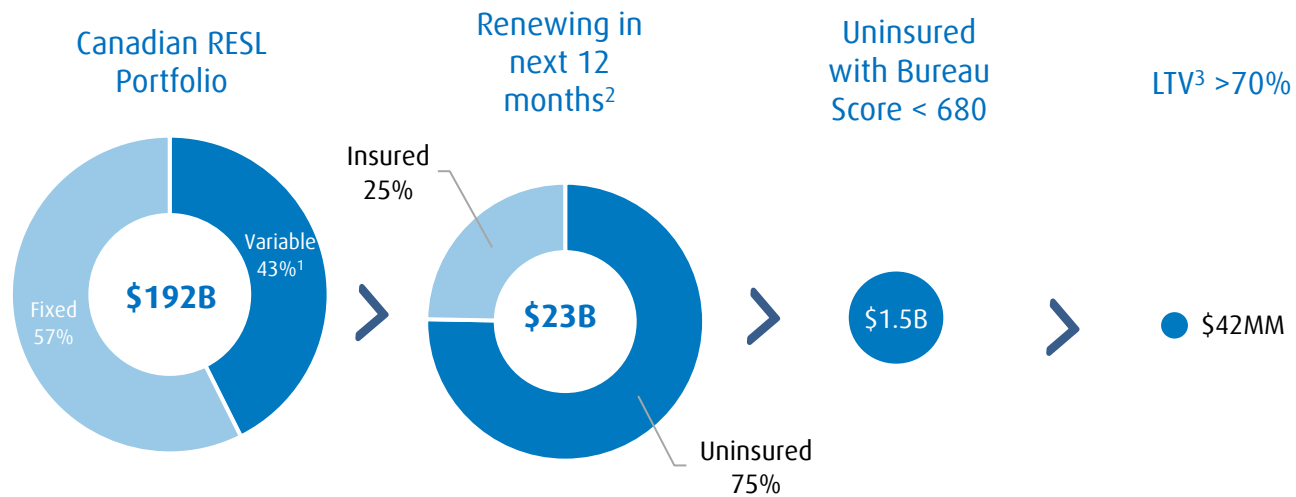
<sup>2</sup> Totals may not add due to rounding

<sup>3</sup> LTV calculated based on value of the property at origination and outstanding amount for loans and authorization amount for revolving

# Canadian RESL Portfolio: Renewal profile in the next 12 months

## RESL renewal risk is reduced by borrower capacity, equity and quality

- The impact of higher interest rates on payments is primarily realized upon renewal for both fixed and variable rate products
- Variable rate products with fixed payments are impacted through an extension of amortization until renewal. At renewal, the product reverts to the original amortization schedule, which may require additional payments



- Of the uninsured balances up for renewal in the next 12 months<sup>2</sup> (approximately \$17B):
  - Average Bureau Score is 798
  - 91% have a score of at least 680

This slide contains forward-looking statements, please refer to the Caution Regarding Forward-Looking Statements on slide 2

The above exhibit is not to scale

<sup>1</sup> Includes Home Equity Line of Credit, or HELOC (revolving) product

<sup>2</sup> Renewal period: May 1st, 2023, through April 30th, 2024

<sup>3</sup> Loan to Value (LTV) is the ratio of outstanding mortgage balance or the HELOC authorization to the original property value indexed using Teranet

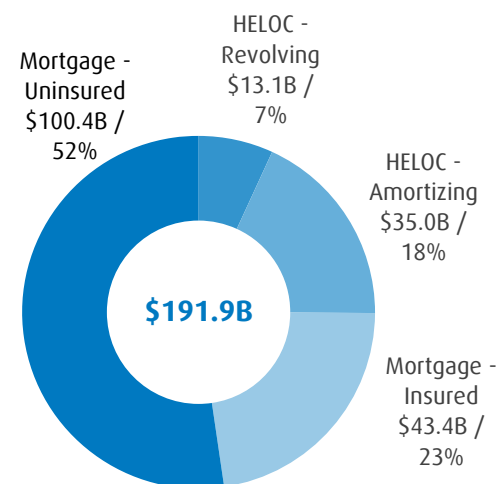
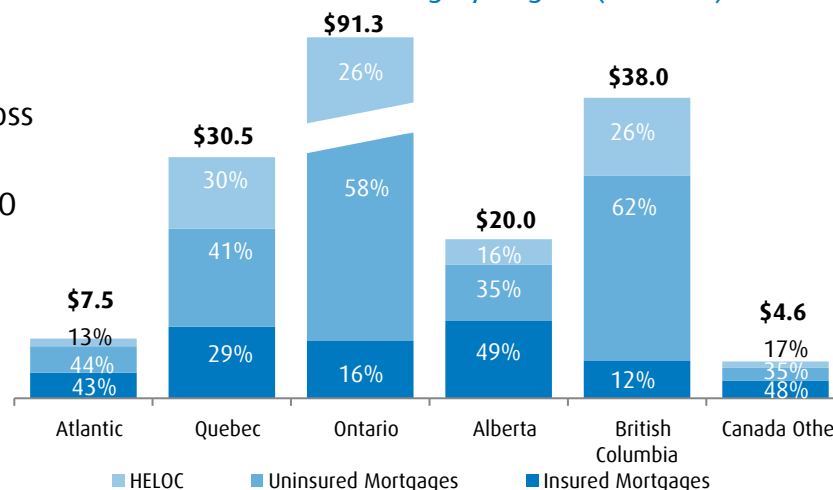
# Appendix



# Canadian Residential-Secured Lending

- Total Canadian residential-secured lending portfolio at \$191.9B, representing 30% of total loans
  - LTV<sup>1</sup> on uninsured of 52%
  - 90-day delinquency rate for RESL remains low at 14 bps; loss rates for the trailing 4 quarter period were less than 1 bp
- 2% of uninsured RESL balances are to borrowers with <680 FICO and >70% LTV<sup>1</sup>
- Residential mortgage portfolio of \$143.8B
  - 30% of portfolio insured
  - LTV<sup>1</sup> on uninsured of 55%
  - 55% of the mortgage portfolio has an effective remaining amortization of 25 years or less
- HELOC portfolio of \$48.1B outstanding of which 73% is amortizing
- Condo Mortgage portfolio is \$22.4B with 28% insured
- GTA and GVA portfolios demonstrate better LTV<sup>1</sup>, delinquency rates and bureau scores compared to the national average

Residential-Secured Lending by Region (\$191.9B)



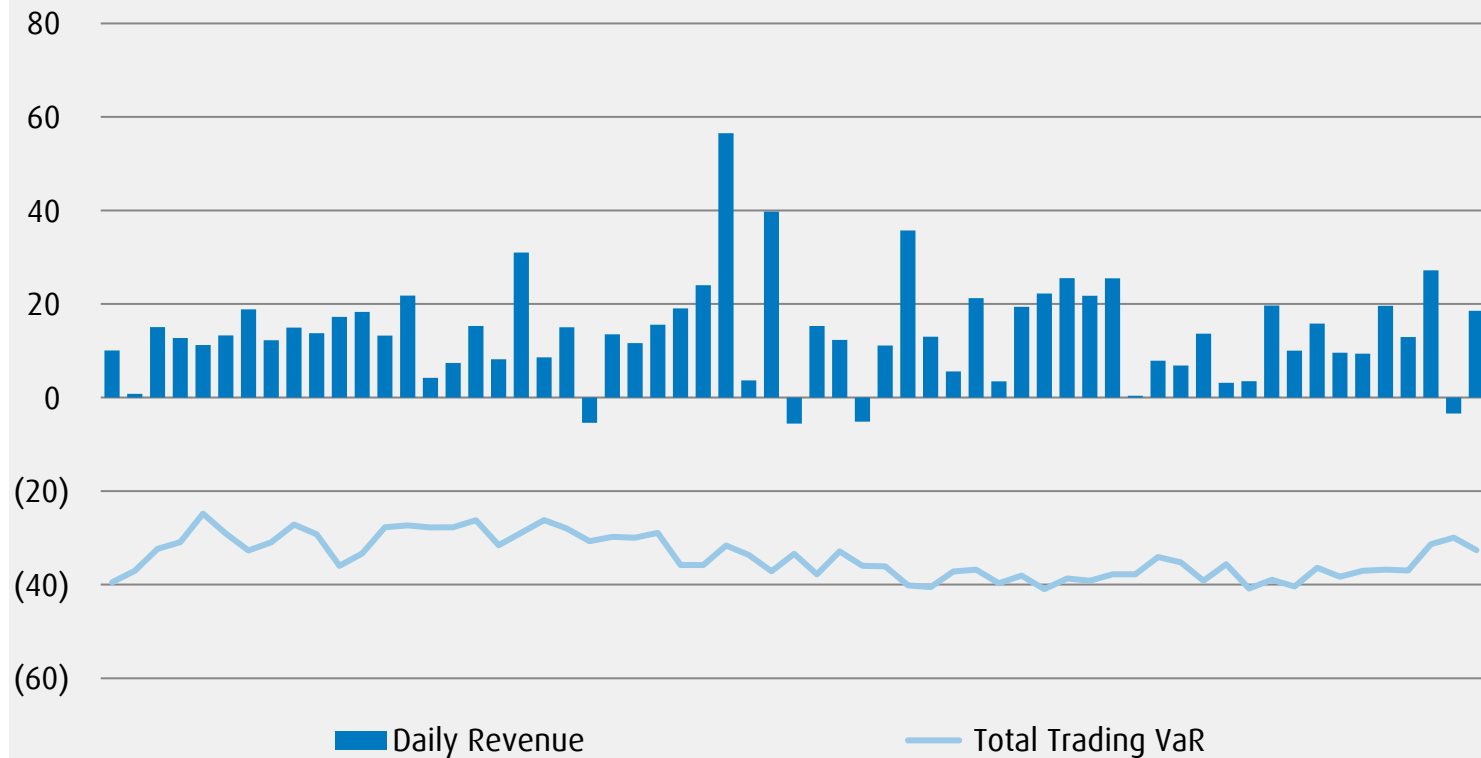
Avg. LTV <sup>1</sup> Uninsured		Atlantic	Quebec	Ontario	Alberta	British Columbia	Canada Other	Total Canada
Mortgage	Portfolio	56%	57%	56%	58%	52%	55%	55%
	Origination	71%	71%	71%	73%	67%	73%	70%
HELOC	Portfolio	48%	51%	46%	52%	45%	47%	47%
	Origination	60%	66%	59%	59%	58%	69%	60%

<sup>1</sup> LTV is the ratio of outstanding mortgage balance or the HELOC authorization to the original property value indexed using Teranet data. Portfolio LTV is the combination of each individual mortgage or HELOC LTV weighted by the mortgage balance or HELOC authorization

# Trading-related Net Revenues and Value at Risk

Feb 1, 2023 to April 28, 2023

(pre-tax basis and in millions of Canadian dollars)

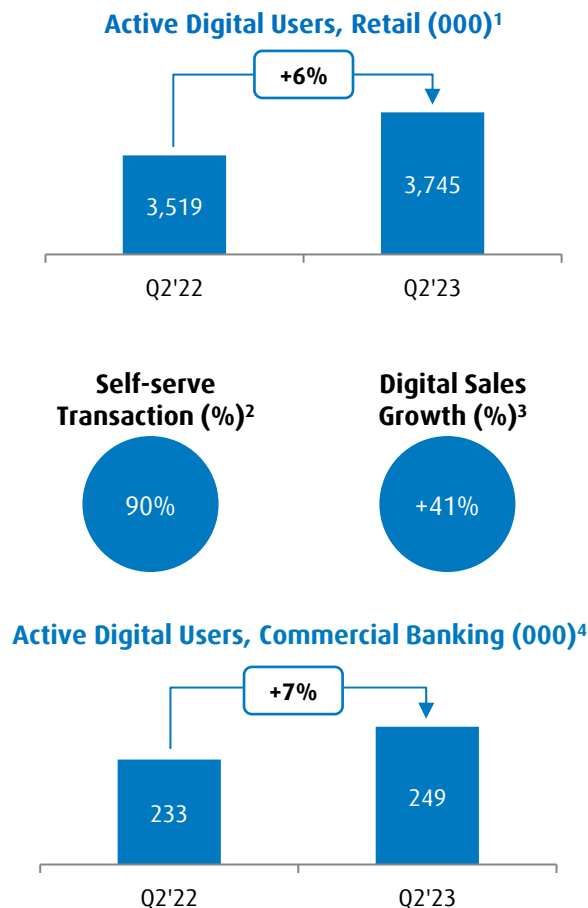


# Advancing our Digital First strategy

## Continuing to deliver on our Digital First agenda

- Launched the **NewStart® Pre-Arrival Account Opening program**, an industry leading digital capability for newcomers to Canada, driving accelerated customer acquisition
- Launched a digital **Mortgage Pre-Qualification** journey; customers can get pre-qualified for a mortgage in minutes with no impact to their credit score and a market-leading 130-day rate guarantee
- **Enhanced digital onboarding capabilities** for Commercial deposit customers
- Optimized and modernized the **BMO.com experience**, driving improved customer experience, efficiency and growth
- Launched **ESG Insights** on BMO InvestorLine and adviceDirect

## Driving digital engagement



## Recognized for industry leadership

- Awarded **two 2023 Celent Model Bank Awards**: the Retail Digital Banking Transformation Award and the Customer Financial Resilience Award
- **Ranked #1** in Account Management, Digital Money Management, and Alerts in the **2023 Insider Intelligence Canadian Mobile Banking Emerging Features Benchmark**
- Claimed 6<sup>th</sup> place in **Keynova's 2023 U.S. Mobile Banker Scorecard**, moving ten spots over the last five years
- BMO's Canadian mobile banking app recognized as the **overall leader in the Q4'22 Forrester Digital Experience Review™**: Canadian Mobile Banking Apps



Data does not include Bank of the West

<sup>1</sup> Active digital users is number of retail deposit customers in North America that logged into online or mobile in the last 90 days

<sup>2</sup> Self-serve transactions are transactions that occur in online, mobile, ATM, telephone banking; February 2023 – April 2023

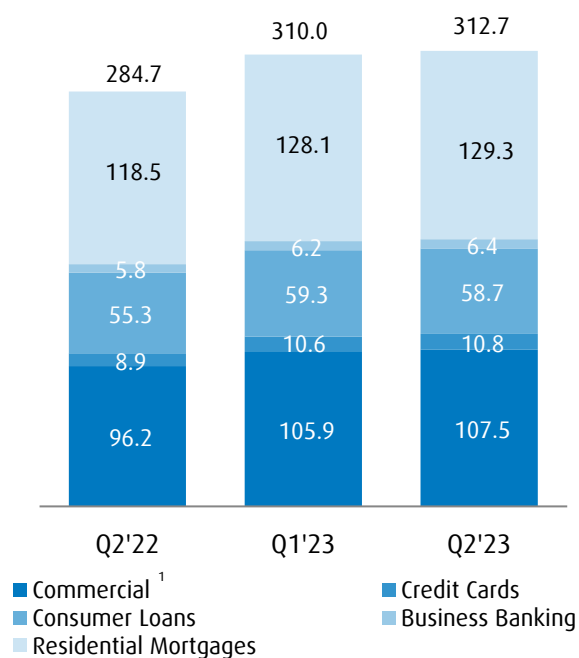
<sup>3</sup> Digital sales is 12 month rolling average for the 12 months preceding the end of the fiscal quarter and include chequing, savings, credit card, loans, mortgage, overdraft (CAD) and CD, MM (US); % growth is Q2'23 over Q2'22

<sup>4</sup> OLBB clients in North American commercial, corporate and business banking

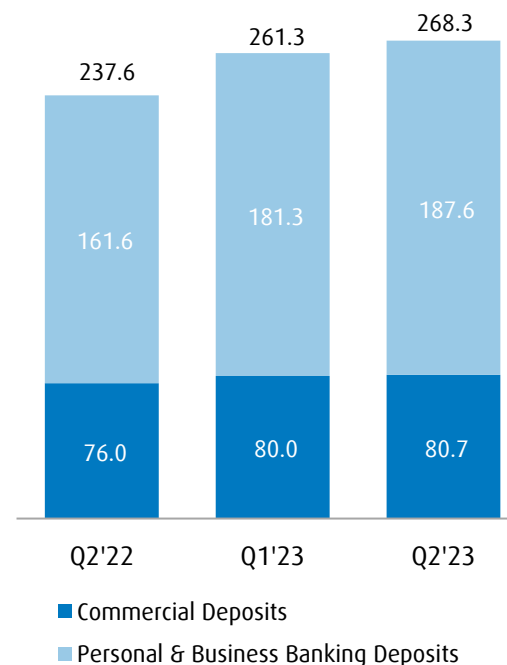


# Canadian Personal & Commercial Banking – Balances<sup>1</sup>

## Average Gross Loans & Acceptances (\$B)



## Average Deposits (\$B)



- Average Loans up 10% Y/Y and 1% Q/Q
  - Proprietary mortgages and amortizing HELOC up 10% Y/Y and 1% Q/Q
  - Cards up 22% Y/Y and 2% Q/Q
  - Business Banking up 10% Y/Y and up 4% Q/Q
  - Commercial<sup>2</sup> up 12% Y/Y and 2% Q/Q
- As at loans up 8% Y/Y and 1% Q/Q

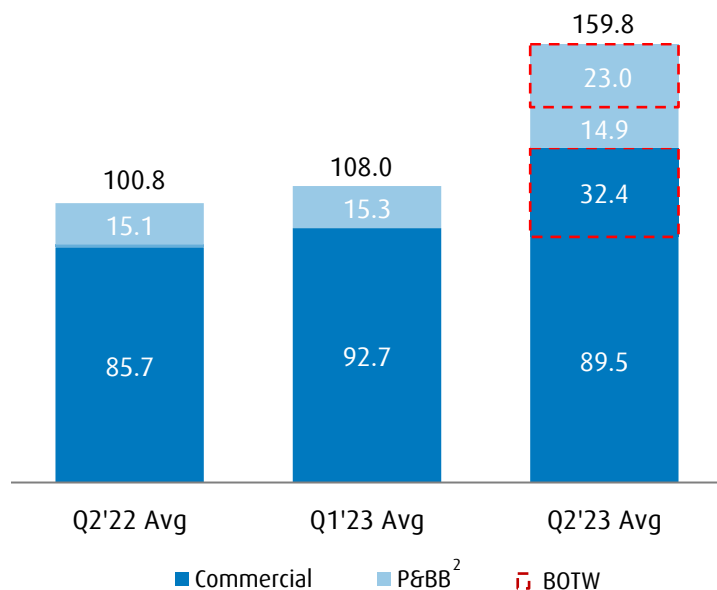
- Average deposits up 13% Y/Y and 3% Q/Q
  - Personal & Business Banking deposits up 16% Y/Y and 3% Q/Q
    - Chequing and Savings down 9% Y/Y and down 4% Q/Q
    - Term up 61% Y/Y and 12% Q/Q
  - Commercial deposits up 6% Y/Y and 1% Q/Q
- As at deposits up 12% Y/Y and 3% Q/Q

<sup>1</sup> Commercial lending excludes commercial and small business cards. Commercial and small business cards balances represented 13% of total credit card portfolio in Q2'22, Q1'23 and Q2'23

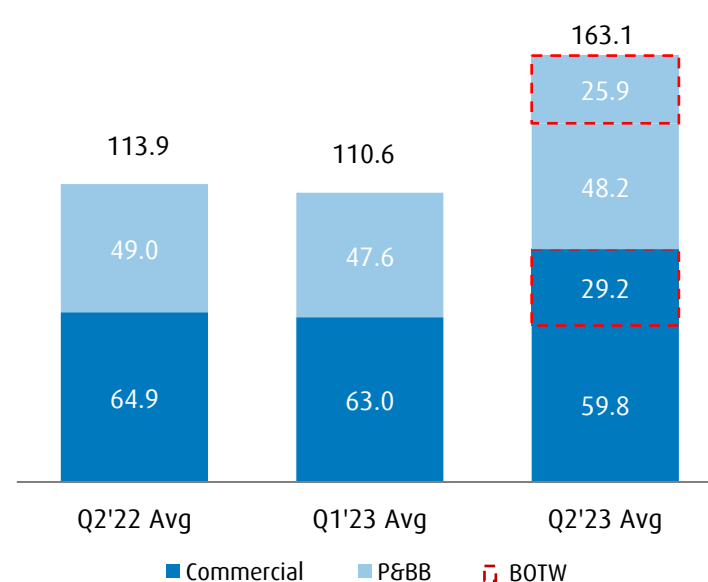
# U.S. Personal & Commercial – Balances

Figures on this slide are in U.S. dollars<sup>1</sup>

## Average Gross Loans & Acceptances (\$B)



## Average Deposits (\$B)



- Average loans & acceptances up 58% Y/Y and 48% Q/Q
  - BOTW contributed 55% and 51% to Y/Y and Q/Q growth, respectively
  - Excluding BOTW, Commercial loans up 4% Y/Y and down 4% Q/Q
  - Excluding BOTW, P&BB loans down 2% Y/Y and down 3% Q/Q
- As at loans & acceptances up 56% Y/Y and 59% Q/Q

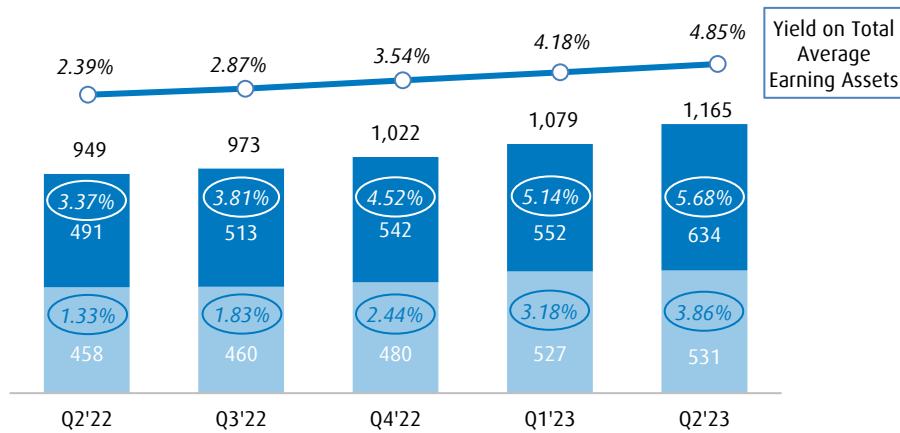
- Average deposits up 43% Y/Y and 47% Q/Q
  - BOTW contributed 48% and 50% to Y/Y and Q/Q growth, respectively
  - Excluding BOTW, Commercial deposits down 8% Y/Y and 5% Q/Q
  - Excluding BOTW, P&BB deposits down 2% Y/Y and up 1% Q/Q
- As at deposits up 40% Y/Y and 46% Q/Q

<sup>1</sup> Average FX Rates (CDN/US dollar): Q2'23: 1.3654; Q1'23: 1.3426; Q2'22: 1.2665

<sup>2</sup> Personal & Business Banking Other Loans includes Indirect Auto, Credit Cards, Home Equity, Non-Strategic and other personal loans

# Asset Yields<sup>1</sup> and Liability Costs<sup>2</sup>

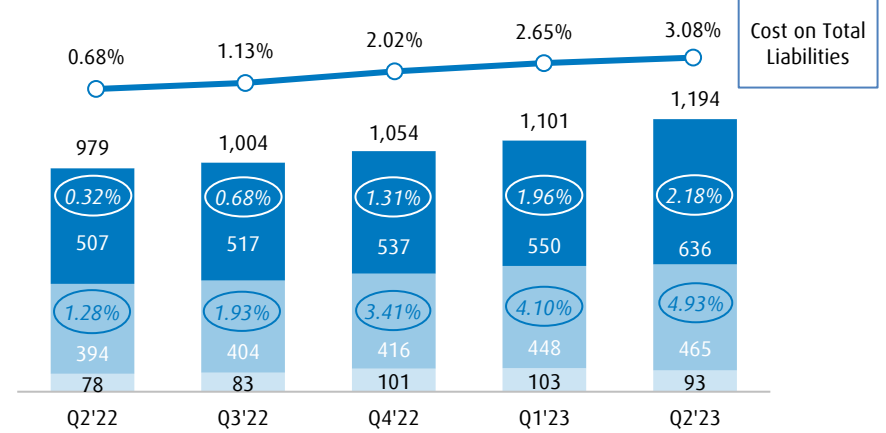
## Average Earning Assets (\$B) and Yield<sup>1</sup> (%)



■ Gross Loans      ■ Deposits with other banks and other interest bearing assets, Securities borrowed or purchased under resale agreements<sup>3</sup>

% in above charts indicate Yield on asset balance

## Average Liabilities (\$B) and Costs<sup>2</sup> (%)



■ Customer Deposits      ■ Other Non-Interest Bearing

■ Wholesale funding, Securities sold but not yet purchased and securities lent or sold, Subordinated debt and other interest bearing liabilities<sup>4</sup>

% in above charts indicate cost on liability balance

<sup>1</sup> Gross loan yield is calculated as interest income on loans as a percentage of average gross loans

<sup>2</sup> Liabilities Cost is calculated as Total interest expense as a percentage of average liabilities

<sup>3</sup> Deposits with other banks and other interest bearing assets, securities, and securities borrowed or purchased under resale agreements yield is calculated as interest and dividend income on deposits with other banks and other interest bearing assets, securities, and securities borrowed or purchased under resale agreements as a percentage of average deposits with other banks and other interest bearing assets, securities, and securities borrowed or purchased under resale agreements

<sup>4</sup> Wholesale funding, securities sold but not yet purchased and securities lent or sold, subordinated debt and other interest bearing liabilities cost is calculated as interest expense on wholesale funding, securities sold but not yet purchased and securities lent or sold, subordinated debt and other interest bearing liabilities as a percentage of average wholesale funding, securities sold but not yet purchased and securities lent or sold, subordinated debt and other interest bearing liabilities

## Q2 F2023 – Bank of the West Contribution to U.S. Segment

(US\$MM)	U.S. Segment Reported			U.S. Segment Adjusted <sup>1</sup>		
	BMO ex. BOTW	BOTW	BMO	BMO ex. BOTW	BOTW	BMO
Revenue	1,874	790	<b>2,664</b>	1,879	790	<b>2,669</b>
Expenses	1,127	1,162	<b>2,289</b>	1,121	556	<b>1,677</b>
PPPT <sup>2</sup>	747	(372)	<b>375</b>	758	234	<b>992</b>
Total PCL	43	535	<b>578</b>	43	18	<b>61</b>
Income (Loss) before Taxes	704	(907)	<b>(203)</b>	715	216	<b>931</b>
<b>Net Income (Loss)</b>	<b>563</b>	<b>(667)</b>	<b>(104)</b>	<b>571</b>	<b>169</b>	<b>740</b>
Average Gross Loans and Acceptances	139,594	58,032	<b>197,626</b>	139,594	58,032	<b>197,626</b>
Average Deposits	166,609	66,554	<b>233,163</b>	166,609	66,554	<b>233,163</b>
Efficiency Ratio (%)	60.1	147.1	<b>85.9</b>	59.6	70.4	<b>62.8</b>

See the Significant Events section of BMO's Second Quarter 2023 MD&A for more information

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 40 for more information and slide 42 for adjustments to reported results

<sup>2</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 40 for more information and slide 44 for calculation of PPPT

# Non-GAAP and Other Financial Measures

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Results and measures in this document are presented on a GAAP basis. Unless otherwise indicated, all amounts are in Canadian dollars and have been derived from our audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). References to GAAP mean IFRS. We use a number of financial measures to assess our performance, as well as the performance of our operating segments, including amounts, measures and ratios that are presented on a non-GAAP basis. We believe that these non-GAAP amounts, measures and ratios, read together with our GAAP results, provide readers with a better understanding of how management assesses results.

Management considers both reported and adjusted results and measures to be useful in assessing underlying ongoing business performance. Adjusted results and measures remove certain specified items from revenue, non-interest expense and income taxes, as detailed on slide 41. Adjusted results and measures presented in this document are non-GAAP. Presenting results on both a reported basis and an adjusted basis permits readers to assess the impact of certain items on results for the periods presented, and to better assess results excluding those items that may not be reflective of ongoing business performance. As such, the presentation may facilitate readers' analysis of trends. Except as otherwise noted, management's discussion of changes in reported results in this document applies equally to changes in the corresponding adjusted results.

Non-GAAP amounts, measures and ratios do not have standardized meanings under GAAP. They are unlikely to be comparable to similar measures presented by other companies and should not be viewed in isolation from, or as a substitute for, GAAP result.

Examples of non-GAAP amounts, measures or ratios include: efficiency, leverage and PCL ratios and growth rates calculated using revenue presented net of CCPB; pre-provision pre-tax income; tangible common equity; amounts presented net of applicable taxes; adjusted net income, revenues, non-interest expenses, provision for credit losses, earnings per share, ROE, and other adjusted measures which exclude the impact of certain items such as acquisition and integration costs, amortization of acquisition-related intangible assets, impact of divestitures, restructuring costs, management of fair value changes on the purchase of Bank of the West, and initial provision for credit losses on Bank of the West purchased loan portfolio. Bank of Montreal provides supplemental information on combined operating segments to facilitate comparisons to peers.

Certain information contained in BMO's Second Quarter 2023 Management's Discussion and Analysis dated May 24, 2023, for the period ended April 30, 2023 ("Second Quarter 2023 MD&A") is incorporated by reference into this document, including the Summary Quarterly Earnings Trend section in the Second Quarter 2023 MD&A. Quantitative reconciliations of non-GAAP and other financial measures to the most directly comparable financial measures in BMO's financial statements for the period ended April 30, 2023, an explanation of how non-GAAP and other financial measures provide useful information to investors and any additional purposes for which management uses such measures, can be found in the Non-GAAP and Other Financial Measures section of the Second Quarter 2023 MD&A. Further information regarding the composition of our non-GAAP and other financial measures is provided in the Glossary of Financial Terms section of the Second Quarter 2023 MD&A. The Second Quarter 2023 MD&A is available on SEDAR at <https://www.sedar.com> and <https://www.bmo.com/investorrelations>.



# Non-GAAP and Other Financial Measures<sup>8</sup>

(Canadian \$ in millions, except as noted)	Q2 23	Q1 23	Q2 22	YTD 23	YTD 22
<b>Reported Results</b>					
Net interest income	4,814	4,021	3,902	8,835	7,921
Non-interest revenue	3,626	2,449	5,416	6,075	9,120
Revenue	8,440	6,470	9,318	14,910	17,041
Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	(591)	(1,193)	808	(1,784)	727
Revenue, net of CCPB	7,849	5,277	10,126	13,126	17,768
Provision for credit losses	(1,023)	(217)	(50)	(1,240)	49
Non-interest expense	(5,573)	(4,421)	(3,713)	(9,994)	(7,559)
Income before income taxes	1,253	639	6,363	1,892	10,258
Provision for income taxes	(194)	(392)	(1,607)	(586)	(2,569)
Net income	1,059	247	4,756	1,306	7,689
Diluted EPS (\$)	1.30	0.30	7.13	1.62	11.57
<b>Adjusting Items Impacting Revenue (Pre-tax)</b>					
Impact of divestitures (1)	—	—	8	—	(21)
Management of fair value changes on the purchase of Bank of the West (2)	—	(2,011)	3,555	(2,011)	4,117
Legal provision (3)	(7)	(6)	—	(13)	—
Impact of adjusting items on revenue (pre-tax)	(7)	(2,017)	3,563	(2,024)	4,096
<b>Adjusting Items Impacting Provision for Credit Losses (Pre-tax)</b>					
Initial provision for credit losses on purchased performing loans (pre-tax) (6)	(705)	—	—	(705)	—
<b>Adjusting Items Impacting Non-Interest Expense (Pre-tax)</b>					
Acquisition and integration costs (4)	(727)	(239)	(37)	(966)	(49)
Amortization of acquisition-related intangible assets (5)	(115)	(8)	(8)	(123)	(16)
Impact of divestitures (1)	—	—	(18)	—	(15)
Legal provision (3)	—	(2)	—	(2)	—
Impact of adjusting items on non-interest expense (pre-tax)	(842)	(249)	(63)	(1,091)	(80)
Impact of adjusting items on reported net income (pre-tax)	(1,554)	(2,266)	3,500	(3,820)	4,016
<b>Adjusting Items Impacting Revenue (After-tax)</b>					
Impact of divestitures (1)	—	—	6	—	(23)
Management of fair value changes on the purchase of Bank of the West (2)	—	(1,461)	2,612	(1,461)	3,025
Legal provision (3)	(6)	(5)	—	(11)	—
Impact of adjusting items on revenue (after-tax)	(6)	(1,466)	2,618	(1,472)	3,002
<b>Adjusting Items Impacting Provision for Credit Losses (After-tax)</b>					
Initial provision for credit losses on purchased performing loans (after-tax) (6)	(517)	—	—	(517)	—
<b>Adjusting Items Impacting Non-Interest Expense (After-tax)</b>					
Acquisition and integration costs (4)	(549)	(181)	(28)	(730)	(38)
Amortization of acquisition-related intangible assets (5)	(85)	(6)	(6)	(91)	(12)
Impact of divestitures (1)	—	—	(15)	—	(34)
Legal provision (3)	—	(1)	—	(1)	—
Impact of adjusting items on non-interest expense (after-tax)	(634)	(188)	(49)	(822)	(84)
Impact of Canadian tax measures (7)	—	(371)	—	(371)	—
Impact of adjusting items on reported net income (after-tax)	(1,157)	(2,025)	2,569	(3,182)	2,918
Impact on diluted EPS (\$)	(1.63)	(2.92)	3.90	(4.53)	4.45
<b>Adjusted Results</b>					
Net interest income	4,821	4,410	3,780	9,231	7,754
Non-interest revenue	3,626	4,077	1,975	7,703	5,191
Revenue	8,447	8,487	5,755	16,934	12,945
Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	(591)	(1,193)	808	(1,784)	727
Revenue, net of CCPB	7,856	7,294	6,563	15,150	13,672
Provision for credit losses	(318)	(217)	(50)	(535)	49
Non-interest expense	(4,731)	(4,172)	(3,650)	(8,903)	(7,479)
Income before income taxes	2,807	2,905	2,863	5,712	6,242
Provision for income taxes	(591)	(633)	(676)	(1,224)	(1,471)
Net income	2,216	2,272	2,187	4,488	4,771
Diluted EPS (\$)	2.93	3.22	3.23	6.15	7.12

(1) Reported net income included the impact of divestitures of our EMEA and U.S. Asset Management business. Q2-2022 included a gain of \$6 million (\$8 million pre-tax) relating to the transfer of certain U.S. asset management clients recorded in revenue, and expenses of \$15 million (\$18 million pre-tax), both related to the sale of our EMEA Asset Management business. Q1-2022 included a \$29 million (pre-tax and after-tax) loss relating to foreign currency translation reclassified from accumulated other comprehensive income to non-interest revenue, a \$3 million pre-tax net recovery of non-interest expense, including taxes of \$22 million on closing of the sale of our EMEA Asset Management business. These amounts were recorded in Corporate Services.

(2) Reported net income included revenue (losses) related to the acquisition of Bank of the West resulting from the management of the impact of interest rate changes between the announcement and closing on its fair value and goodwill. Q1-2023 included a loss of \$1,461 million (\$2,011 million pre-tax), comprising \$1,628 million of pre-tax mark-to-market losses on certain interest rate swaps recorded in trading revenue and \$383 million of pre-tax losses on a portfolio of primarily U.S. treasuries and other balance sheet instruments recorded in net interest income, and Q2-2022 included revenue of \$2,612 million (\$3,555 million pre-tax), comprising \$3,433 million of pre-tax mark-to-market gains and \$122 million of pre-tax net interest income. YTD-2022 included revenue of \$3,025 million (\$4,117 million pre-tax), comprising \$3,950 million of pre-tax mark-to-market gains and \$167 million of pre-tax interest income. These amounts were recorded in Corporate Services. For further information on this acquisition, refer to the Significant Events section in the Second Quarter 2023 MD&A.

(3) Reported net income included the impact of a lawsuit associated with a predecessor bank, M&I Marshall and Ilsley Bank. Q2-2023 included interest expense of \$6 million (\$7 million pre-tax) and Q1-2023 included \$6 million (\$8 million pre-tax), comprising interest expense of \$6 million pre-tax and legal fees of \$2 million pre-tax. These amounts were recorded in Corporate Services. For further information, refer to the Provisions and Contingent Liabilities section in Note 24 of the audited annual consolidated financial statements of BMO's 2022 Annual Report.

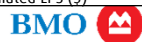
(4) Reported net income included acquisition and integration costs recorded in non-interest expense. Costs related to the acquisition of Bank of the West were recorded in Corporate Services: Q2-2023 included \$545 million (\$722 million pre-tax), Q1-2023 included \$178 million (\$235 million pre-tax), and Q2-2022 included \$26 million (\$35 million pre-tax). YTD-2023 included \$723 million (\$957 million pre-tax) and YTD-2022 included \$33 million (\$43 million pre-tax). Costs related to Radicle and Clearpool were recorded in BMO Capital Markets: Q2-2023 included \$2 million (\$2 million pre-tax), Q1-2023 included \$3 million (\$4 million pre-tax), and Q2-2022 included \$2 million (\$2 million pre-tax). YTD-2023 included \$5 million (\$6 million pre-tax) and YTD-2022 included \$5 million (\$6 million pre-tax) for YTD-2022. Costs related to the announced acquisition of AIR MILES® were recorded in P&C Canada: Q2-2023 included \$2 million (\$3 million pre-tax).

(5) Reported net income included amortization of acquisition-related intangible assets recorded in non-interest expense in the related operating group and was \$85 million (\$115 million pre-tax) in Q2-2023 and \$6 million (\$8 million) in both Q1-2023 and Q2-2022. YTD-2023 included \$91 million (\$123 million pre-tax) and YTD-2022 included \$12 million (\$16 million pre-tax). The current quarter included \$77 million (\$104 million pre-tax) related to Bank of the West.

(6) Q2-2023 reported net income included an initial provision for credit losses of \$517 million (\$705 million pre-tax) on the purchased Bank of the West performing loan portfolio, recorded in Corporate Services.

(7) Q1-2023 reported net income included a one-time tax expense of \$371 million related to certain tax measures enacted by the Canadian government, comprising a Canada Recovery Dividend (CRD) of \$312 million and \$59 million related to the pro-rated fiscal 2022 impact of the 1.5% tax rate increase, net of a deferred tax asset remeasurement, recorded in Corporate Services.

(8) For more information, refer to slide 40, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Second Quarter 2023 MD&A.



# Summary of Reported and Adjusted Results by Operating Group

(Canadian \$ in millions unless otherwise stated)		Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	YTD 23	YTD 22
<b>Canadian P&amp;C</b>	Reported Net Income	861	980	917	965	940	1,841	1,944
	Acquisition and integration costs	2	—	—	—	—	2	—
	Amortization of acquisition-related intangible assets	1	—	—	—	1	1	1
	Adjusted Net Income	864	980	917	965	941	1,844	1,945
<b>U.S. P&amp;C (USD)</b>	Reported Net Income	581	520	488	445	464	1,101	1,000
	Amortization of acquisition-related intangible assets	57	1	1	1	1	58	2
	Adjusted Net Income	638	521	489	446	465	1,159	1,002
<b>BMO Wealth Management</b>	Reported Net Income	284	277	298	324	314	561	629
	Amortization of acquisition-related intangible assets	1	1	—	1	1	2	2
	Adjusted Net Income	285	278	298	325	315	563	631
<b>BMO Capital Markets</b>	Reported Net Income	380	503	357	262	448	883	1,153
	Acquisition and integration costs	2	3	2	1	2	5	5
	Amortization of acquisition-related intangible assets	6	4	4	3	3	10	7
	Adjusted Net Income	388	510	363	266	453	898	1,165
<b>Corporate Services</b>	Reported Net Income	(1,255)	(2,211)	2,251	(754)	2,466	(3,466)	2,694
	Impact of divestitures	—	—	(8)	6	9	—	57
	Management of Fair Value Changes on the Purchase of Bank of the West	—	1,461	(3,336)	694	(2,612)	1,461	(3,025)
	Acquisition and integration costs	545	178	143	61	26	723	33
	Legal provision	6	6	846	—	—	12	—
	Impact of Canadian tax measures	—	371	—	—	—	371	—
	Initial provision for credit losses on purchased performing loans	517	—	—	—	—	517	—
	Adjusted Net Income	(187)	(195)	(104)	7	(111)	(382)	(241)
<b>Total Bank</b>	Reported Net Income	1,059	247	4,483	1,365	4,756	1,306	7,689
	Impact of divestitures	—	—	(8)	6	9	—	57
	Management of Fair Value Changes on the Purchase of Bank of the West	—	1,461	(3,336)	694	(2,612)	1,461	(3,025)
	Acquisition and integration costs	549	181	145	62	28	730	38
	Amortization of acquisition-related intangible assets	85	6	6	5	6	91	12
	Legal Provisions	6	6	846	—	—	12	—
	Impact of Canadian tax measures	—	371	—	—	—	371	—
	Initial provision for credit losses on purchased performing loans	517	—	—	—	—	517	—
Adjusted Net Income	2,216	2,272	2,136	2,132	2,187	4,488	4,771	
<b>U.S. Segment (USD)</b>	Reported Net Income	(104)	(558)	2,306	(28)	2,656	(662)	3,801
	Impact of divestitures	—	—	(3)	—	(2)	—	(42)
	Management of Fair Value Changes on the Purchase of Bank of the West	—	1,093	(2,470)	545	(2,062)	1,093	(2,387)
	Acquisition and integration costs	400	132	106	49	23	532	30
	Amortization of acquisition-related intangible assets	61	4	4	5	4	65	8
	Legal provision	4	5	621	—	—	9	—
	Initial provision for credit losses on purchased performing loans	379	—	—	—	—	379	—
	Adjusted Net Income	740	676	564	571	619	1,416	1,410

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 41 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Second Quarter 2023 MD&A for further information

# Net Revenue, Efficiency Ratio and Operating Leverage

(Canadian \$ in millions unless otherwise stated)		Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	YTD 23	YTD 22
<b>Total Bank Reported</b>	Total revenue	8,440	6,470	10,570	6,099	9,318	14,910	17,041
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	591	1,193	(369)	413	(808)	1,784	(727)
	Revenue, net of CCPB	7,849	5,277	10,939	5,686	10,126	13,126	17,768
	Non-interest expense	5,573	4,421	4,776	3,859	3,713	9,994	7,559
	Efficiency ratio	66.0 %	68.3 %	45.2 %	63.3 %	39.9 %	67.0 %	44.4 %
	Efficiency ratio, net of CCPB	71.0 %	83.8 %	43.7 %	67.9 %	36.7 %	76.1 %	42.5 %
	Revenue growth	(9.4)%	(16.2)%	60.9 %	(19.4)%	53.4 %	(12.5)%	30.6 %
	Revenue growth, net of CCPB	(22.5)%	(31.0)%	68.9 %	(13.6)%	59.2 %	(26.1)%	39.5 %
	Non-interest expense growth	50.0 %	15.0 %	25.6 %	4.8 %	(15.8)%	32.2 %	(5.8)%
	Operating leverage	(59.4)%	(31.2)%	35.3 %	(24.2)%	69.2 %	(44.7)%	36.4 %
	Operating Leverage, net of CCPB	(72.5)%	(46.0)%	43.3 %	(18.4)%	75.0 %	(58.3)%	45.3 %
<b>Total Bank Adjusted (1)</b>	Total revenue	8,447	8,487	6,544	7,044	5,755	16,934	12,945
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	591	1,193	(369)	413	(808)	1,784	(727)
	Revenue, net of CCPB	7,856	7,294	6,913	6,631	6,563	15,150	13,672
	Non-interest expense	4,731	4,172	3,954	3,761	3,650	8,903	7,479
	Efficiency ratio, net of CCPB	60.2 %	57.2 %	57.2 %	56.7 %	55.6 %	58.8 %	54.7 %
	Revenue growth, net of CCPB	19.7 %	2.6 %	6.7 %	0.8 %	3.7 %	10.8 %	7.6 %
	Non-interest expense growth	29.5 %	9.0 %	6.3 %	2.7 %	1.9 %	19.0 %	4.3 %
	Operating Leverage, net of CCPB	(9.8)%	(6.4)%	0.4 %	(1.9)%	1.8 %	(8.2)%	3.3 %
<b>BMO Wealth Management Reported</b>	Total revenue	1,960	2,504	930	1,705	484	4,464	1,889
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	591	1,193	(369)	413	(808)	1,784	(727)
	Revenue, net of CCPB	1,369	1,311	1,299	1,292	1,292	2,680	2,616
	Non-interest expense	993	946	901	881	874	1,939	1,782
	Efficiency ratio	50.6 %	37.8 %	96.8 %	51.7 %	180.5 %	43.4 %	94.3 %
	Efficiency ratio, net of CCPB	72.5 %	72.1 %	69.3 %	68.3 %	67.6 %	72.3 %	68.1 %
	Revenue growth	305.1 %	78.2 %	(39.3)%	(29.7)%	(56.6)%	136.3 %	(38.9)%
	Revenue growth, net of CCPB	5.9 %	(0.9)%	(9.7)%	(10.4)%	(7.5)%	2.4 %	(5.7)%
	Non-interest expense growth	13.6 %	4.2 %	(8.9)%	(6.6)%	(10.1)%	8.8 %	(6.7)%
	Operating leverage	291.5 %	74.0 %	(30.4)%	(23.1)%	(46.5)%	127.5 %	(32.2)%
	Operating Leverage, net of CCPB	(7.7)%	(5.1)%	(0.8)%	(3.8)%	2.6 %	(6.4)%	1.0 %
<b>BMO Wealth Management Adjusted (1)</b>	Total revenue	1,960	2,504	930	1,705	484	4,464	1,889
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	591	1,193	(369)	413	(808)	1,784	(727)
	Revenue, net of CCPB	1,369	1,311	1,299	1,292	1,292	2,680	2,616
	Non-interest expense	991	945	900	880	872	1,936	1,779
	Efficiency ratio, net of CCPB	72.4 %	72.0 %	69.2 %	68.2 %	67.5 %	72.2 %	68.0 %
	Revenue growth, net of CCPB	5.9 %	(0.9)%	(9.7)%	(10.4)%	(7.5)%	2.4 %	(5.7)%
	Non-interest expense growth	13.5 %	4.2 %	(8.6)%	(6.2)%	(9.3)%	8.8 %	(5.8)%
	Operating Leverage, net of CCPB	(7.6)%	(5.1)%	(1.1)%	(4.2)%	1.8 %	(6.4)%	0.1 %

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 41 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Second Quarter 2023 MD&A for further information

# Pre-Provision, Pre-Tax Earnings (PPPT) Reconciliation

(Canadian \$ in millions unless otherwise stated)		Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	YTD 23	YTD 22
<b>Total Bank</b>	Reported Income before taxes	1,253	639	5,937	1,691	6,363	1,892	10,258
	Total provision for (recovery of) credit losses	1,023	217	226	136	50	1,240	(49)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	2,276	856	6,163	1,827	6,413	3,132	10,209
	Impact of divestitures	—	—	6	(7)	(10)	—	(36)
	Management of Fair Value Changes on the Purchase of Bank of the West	—	(2,011)	4,541	(945)	3,555	(2,011)	4,117
	Acquisition and integration costs	(727)	(239)	(193)	(84)	(37)	(966)	(49)
	Amortization of acquisition-related intangible assets	(115)	(8)	(8)	(7)	(8)	(123)	(16)
	Legal provision	(7)	(8)	(1,142)	—	—	(15)	—
	Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	3,125	3,122	2,959	2,870	2,913	6,247	6,193
<b>U.S. Segment (USD)</b>	Reported Income (loss) before taxes	(203)	(841)	3,096	(78)	3,578	(1,044)	5,088
	Total provision for (recovery of) credit losses	578	36	52	52	(16)	614	(114)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	375	(805)	3,148	(26)	3,562	(430)	4,974
	Impact of divestitures	—	—	4	—	4	—	60
	Management of Fair Value Changes on the Purchase of Bank of the West	—	(1,505)	3,362	(742)	2,806	(1,505)	3,249
	Acquisition and integration costs	(530)	(175)	(143)	(65)	(30)	(705)	(39)
	Amortization of acquisition-related intangible assets	(82)	(5)	(5)	(6)	(6)	(87)	(11)
	Restructuring (costs) reversals	—	—	—	—	—	—	—
	Legal provision	(5)	(7)	(838)	—	—	(12)	—
Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	992	887	768	787	788	1,879	1,715	
<b>Canadian P&amp;C</b>	Reported Income before taxes	1,192	1,348	1,242	1,306	1,271	2,540	2,630
	Total provision for (recovery of) credit losses	228	164	174	89	54	392	78
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	1,420	1,512	1,416	1,395	1,325	2,932	2,708
	Acquisition and integration costs	(3)	—	—	—	—	(3)	—
	Amortization of acquisition-related intangible assets	(1)	—	—	—	(1)	(1)	(1)
Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	1,424	1,512	1,416	1,395	1,326	2,936	2,709	
<b>U.S. P&amp;C (USD)</b>	Reported Income before taxes	729	667	634	577	605	1,396	1,299
	Total provision for (recovery of) credit losses	51	46	46	53	(30)	97	(88)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	780	713	680	630	575	1,493	1,211
	Amortization of acquisition-related intangible assets	(78)	(1)	(1)	(1)	(2)	(79)	(3)
	Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	858	714	681	631	577	1,572	1,214
<b>BMO Wealth Management</b>	Reported Income before taxes	372	359	395	421	417	731	829
	Total provision for (recovery of) credit losses	4	6	3	(10)	1	10	5
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	376	365	398	411	418	741	834
	Amortization of acquisition-related intangible assets	(2)	(1)	(1)	(1)	(2)	(3)	(3)
	Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	378	366	399	412	420	744	837
<b>BMO Capital Markets</b>	Reported Income before taxes	509	637	458	351	602	1,146	1,551
	Total provision for (recovery of) credit losses	17	(10)	(18)	(7)	33	7	(18)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	526	627	440	344	635	1,153	1,533
	Acquisition and integration costs	(2)	(4)	(2)	(2)	(2)	(6)	(6)
	Amortization of acquisition-related intangible assets	(8)	(5)	(5)	(5)	(4)	(13)	(9)
Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)	536	636	447	351	641	1,172	1,548	

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 41 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Second Quarter 2023 MD&A for further information

BMO Financial Group

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