

BMO Financial Group

# Investor Presentation

For the Quarter Ended July 31, 2023

August 29, 2023

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# Caution Regarding Forward-Looking Statements

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbor" provisions of, and are intended to be forward-looking statements under, the United States *Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. Forward-looking statements in this document may include, but are not limited to, statements with respect to our 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 Third Quarter 2023 Management's Discussion and Analysis ("Third 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 Third 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 Third 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.

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

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# Well-positioned for continued growth

## Highlights

- Canadian P&C business delivered continued strong PPPT<sup>2</sup> performance
- Good contribution from Bank of the West, on track for conversion Labour Day weekend
- Accelerating efficiency initiatives to drive operating leverage
- Continued strength in capital and risk management

	Q3'23		YTD'23	
	Reported	Adjusted <sup>1</sup>	Reported	Adjusted <sup>1</sup>
Net Income	\$1.5B	\$2.0B	\$2.8B	\$6.5B
Diluted EPS	\$1.97	\$2.78	\$3.60	\$8.93
PPPT <sup>2</sup> Y/Y Growth	25%	6%	(55)%	3%
Efficiency Ratio <sup>3</sup>	71.1%	62.1%	74.3%	59.9%
Return on Equity	8.3%	11.7%	5.1%	12.6%
Return on Tangible Common Equity <sup>4</sup>	11.9%	15.8%	6.8%	15.8%
CET1 <sup>5</sup>	12.3%			

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 38 for adjustments to reported results

<sup>2</sup> Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 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 37 for more information and slide 40 for calculation of Net Revenue

<sup>4</sup> Reported and Adjusted Return on Tangible Common Equity (ROTCE) are non-GAAP measures. See slide 37 and Non-GAAP and Other Financial Measures section of the Third 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

# 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\$263<sup>3</sup> billion in assets



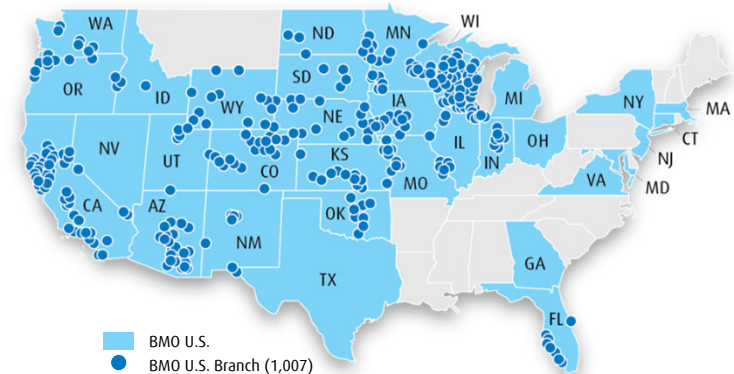
BMO U.S. Segment  
US\$425<sup>3</sup> billion in assets



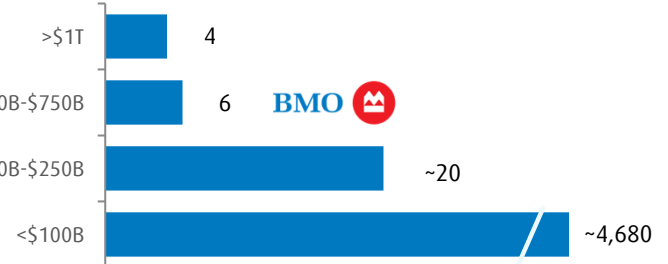
BMO Financial Group  
C\$1.25 trillion in assets

## Well-positioned going forward

- U.S. Segment contributed **US\$1.0B adjusted<sup>4</sup> PPPT<sup>5</sup>** in Q3’23 (US\$0.6B on a reported basis)
- **Broad capabilities:** Personal & Commercial Banking, BMO Wealth Management and BMO 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**



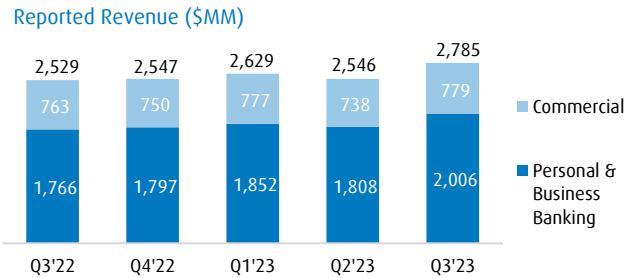
# of U.S. Banks by Assets (US\$)<sup>1</sup>



<sup>1</sup> Ranking by assets as at June 30, 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 June 30, 2023. BMO U.S. Segment based on average balances for Q3’23  
<sup>4</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 for adjustments to reported results  
<sup>5</sup> Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 for calculation of PPPT

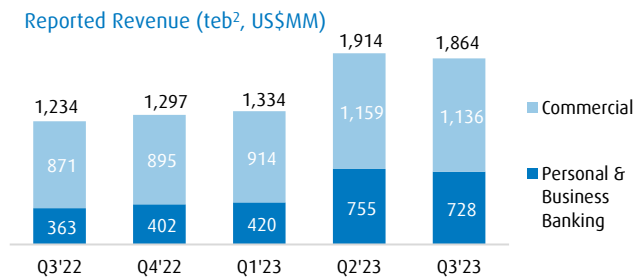
# Highly diversified businesses delivering resilient performance

## Canadian Personal & Commercial



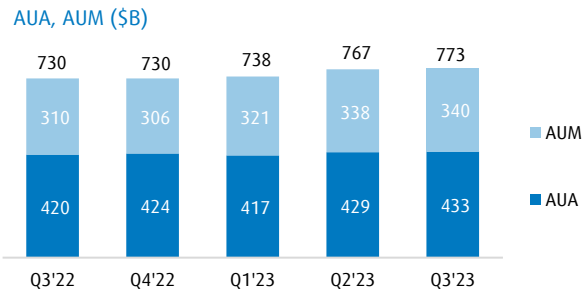
- Record revenue with good growth in loans and deposits
- Ranked first in customer satisfaction with online banking in the J.D. Power 2023 Canada Online Banking Satisfaction Study<sup>1</sup>

## U.S. Personal & Commercial



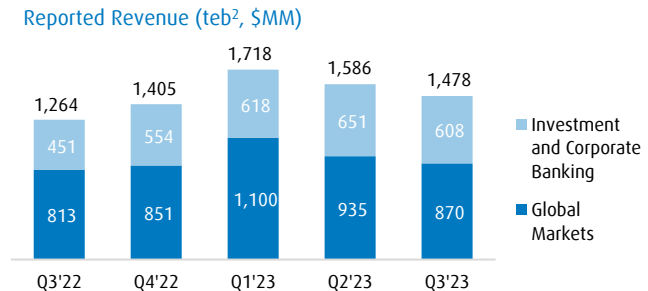
- Strong revenue growth YTD reflecting the addition of Bank of the West
- Recognized by *World Finance Magazine* as Best Commercial Bank and Best Private Bank in the U.S.

## BMO Wealth Management



- Continued good net new client asset growth
- #1 in ETF net flows fiscal year-to-date, building out our innovative suite of ETFs and strengthening our offering in Mutual Funds

## BMO Capital Markets



- Top 10 in Global and North American M&A<sup>3</sup>
- Adding products and capabilities to our U.S. rates business

<sup>1</sup> For more information, refer to [www.jdpower.com/business](http://www.jdpower.com/business)

<sup>2</sup> Operating group revenue stated on taxable equivalent basis (teb). These teb adjustments in U.S. P&C (Q3'23 US\$6MM, Q2'23 US\$6MM, Q1'23 US\$6MM, Q4'22 US\$6MM, Q3'22 US\$5MM) and BMO Capital Markets (Q3'23 \$81MM, Q2'23 \$84MM, Q1'23 \$70MM, Q4'22 \$61MM, Q3'22 \$61MM) are offset in Corporate Services

<sup>3</sup> Source: Bloomberg

# Our Purpose

## 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



#### 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



#### 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

- Announced a strategic relationship with Immigrant Services Calgary to provide specialized guidance and resources to Canadian newcomers, with on-site support at the BMO branch located inside the Gateway Newcomer Centre
  - 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™, with plans to go further through strategic partnerships and community engagement
- 
- Included in Corporate Knights' 2023 listing of Canada's Best 50 Corporate Citizens and received a top-quartile Sustainable Revenue score, reflecting our commitment to sustainable financing and responsible investing; ranked as the most sustainable bank in North America
  - Provided an innovative new Sustainability-Linked Deposit product to a leading engineered water solutions client, linking the interest paid on a deposit account to a client's achievement of defined sustainability targets
  - Ranked one of the most sustainable companies in North America on the Dow Jones Sustainability North America Index (DJSI)
- 
- Received a top score on the Disability Equality Index for the eighth consecutive year and named among the Best Places to Work for Disability Inclusion by Disability:IN and The American Association of People with Disabilities (AAPD)
  - Continued to drive progress for mental health treatment with donation to The Royal Ottawa Health Care Group to support the newly-established BMO Innovative Clinic for Depression
  - 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

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# Financial Results

For the Quarter Ended July 31, 2023

Tayfun Tuzun

Chief Financial Officer

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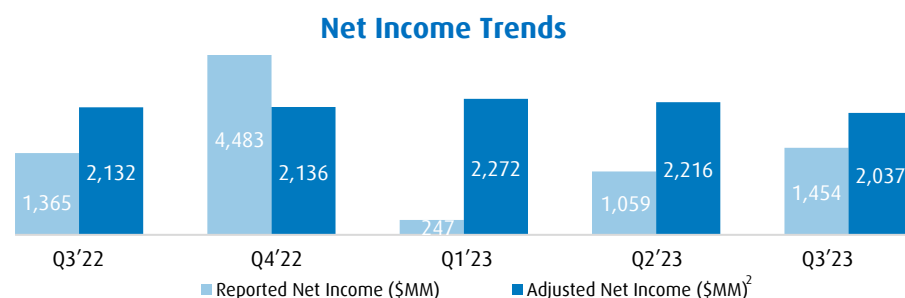


# Q3 F2023 - Financial Highlights

Good PPPT<sup>1</sup> growth driven by Canadian P&C and Bank of the West

- Adjusted<sup>2</sup> EPS \$2.78, down 10% Y/Y (reported \$1.97, up 1%)
- Adjusted<sup>2</sup> net income down 4% Y/Y (reported up 7%)
  - Bank of the West (BOTW) added \$167MM to adjusted<sup>2</sup> net income (reported net loss of \$272MM)
  - Adjusted<sup>2</sup> net income excluded \$370MM integration costs, \$85MM amortization of acquisition-related intangible assets and a charge of \$131MM related to tax measures enacted by the Canadian government that amended the GST/HST definition for financial services
  - Adjusted net income included severance costs of \$162MM and \$83MM impact of legal provisions
- Adjusted<sup>2</sup> PPPT<sup>1</sup> up 6% Y/Y (reported up 25%)
- Adjusted<sup>2</sup> net revenue<sup>3</sup> up 22% Y/Y (reported up 39%) reflecting growth across all operating groups
- Adjusted<sup>2</sup> expenses up 33% Y/Y (reported up 46%)
- Adjusted<sup>2</sup> operating leverage<sup>3</sup> negative 11.6% (reported negative 6.8%)
- Total provision for credit losses \$492MM
  - PCL on impaired loans \$333MM or 21 bps<sup>4</sup>; provision on performing loans \$159MM
- U.S. segment contributed 46% to adjusted<sup>2</sup> earnings in the quarter (34% on a reported basis)

(\$MM)	Reported			Adjusted <sup>2</sup>		
	Q3 23	Q2 23	Q3 22	Q3 23	Q2 23	Q3 22
Gross Revenue	7,929	8,440	6,099	8,070	8,447	7,044
Less: CCPB <sup>3</sup>	4	591	413	4	591	413
Net Revenue <sup>3</sup>	7,925	7,849	5,686	8,066	7,856	6,631
Expenses	5,638	5,573	3,859	5,011	4,731	3,761
PPPT <sup>1</sup>	2,287	2,276	1,827	3,055	3,125	2,870
Total PCL	492	1,023	136	492	318	136
Income before Taxes	1,795	1,253	1,691	2,563	2,807	2,734
<b>Net Income</b>	<b>1,454</b>	<b>1,059</b>	<b>1,365</b>	<b>2,037</b>	<b>2,216</b>	<b>2,132</b>
U.S. Segment Net Income (US\$)	364	(104)	(28)	697	740	571
Diluted EPS (\$)	1.97	1.30	1.95	2.78	2.93	3.09
Efficiency Ratio <sup>3</sup> (%)	71.1	71.0	67.9	62.1	60.2	56.7
ROE (%)	8.3	5.6	8.8	11.7	12.6	13.8
ROTCE <sup>5</sup> (%)	11.9	8.4	9.6	15.8	17.2	15.1
CET1 Ratio <sup>6</sup> (%)	12.3	12.2	15.8	12.3	12.2	15.8



1 Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 for calculation of PPPT

2 Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 38 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 37 for more information and slide 40 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 37 and Non-GAAP and Other Financial Measures section of the Third 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

## Q3 F2023 – Bank of the West Contribution

- Bank of the West<sup>4</sup> (BOTW) contributed \$1,051MM to revenue, \$749MM to adjusted<sup>1</sup> expenses (reported \$1,338MM) and \$167MM to adjusted<sup>1</sup> net income (reported net loss of \$272MM)
- Revenue includes \$76MM 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	6,878	1,051	<b>7,929</b>	7,019	1,051	<b>8,070</b>
Less: CCPB <sup>3</sup>	4	-	<b>4</b>	4	-	<b>4</b>
Net Revenue <sup>3</sup>	6,874	1,051	<b>7,925</b>	7,015	1,051	<b>8,066</b>
Expenses	4,300	1,338	<b>5,638</b>	4,262	749	<b>5,011</b>
PPPT <sup>2</sup>	2,574	(287)	<b>2,287</b>	2,753	302	<b>3,055</b>
Total PCL	394	98	<b>492</b>	394	98	<b>492</b>
Income (Loss) before Taxes	2,180	(385)	<b>1,795</b>	2,359	204	<b>2,563</b>
<b>Net Income (Loss)</b>	<b>1,726</b>	<b>(272)</b>	<b>1,454</b>	<b>1,870</b>	<b>167</b>	<b>2,037</b>
<b>Net Income (Loss) U.S. Segment US\$</b>	<b>571</b>	<b>(207)</b>	<b>364</b>	<b>573</b>	<b>124</b>	<b>697</b>
Efficiency Ratio <sup>3</sup> (%)	62.6	127.3	<b>71.1</b>	60.8	71.2	<b>62.1</b>

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

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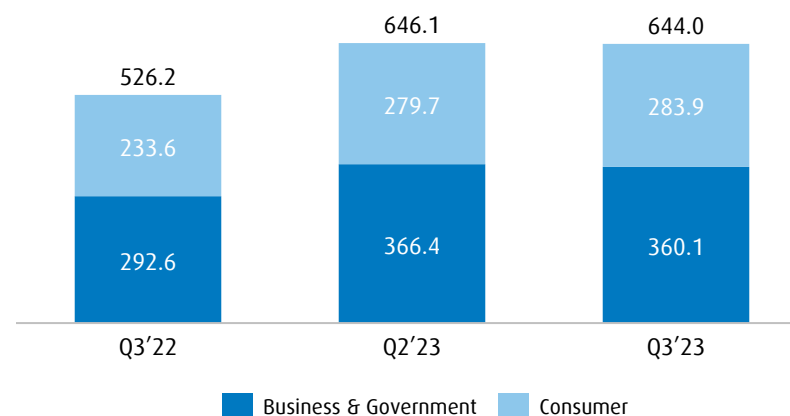
<sup>4</sup> See the Recent Acquisitions section of BMO's Third Quarter 2023 MD&A and slide 36 for results in U.S. dollars

# Balance Sheet

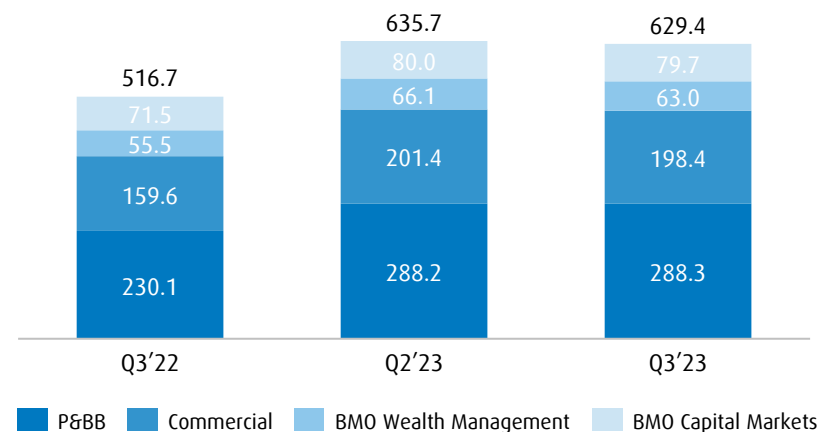
Diversified loan and deposit portfolio, stable balances Q/Q offset by weaker U.S. dollar

- Average gross loans and acceptances up 22% Y/Y, or 21% excluding the impact of the stronger U.S. dollar due to:
  - Business & government loans up 20% Y/Y reflecting the inclusion of Bank of the West and good growth in Canadian P&C and BMO Capital Markets, partially offset by lower underlying U.S. P&C
  - Consumer loans up 21% Y/Y reflecting the inclusion of Bank of the West and growth in Canadian P&C driven by mortgage growth
- Average gross loans and acceptances down slightly Q/Q and up slightly excluding the impact of the U.S. dollar, with growth in Canadian P&C mortgage and credit card products offset by lower commercial loans in U.S. P&C
- As-at gross loans and acceptances down 1% Q/Q or flat excluding the impact of the weaker U.S. dollar
- Average customer deposits up 22% Y/Y or 20% excluding the impact of the stronger U.S. dollar, reflecting the inclusion of Bank of the West and higher balances in Canadian P&C and BMO Capital Markets, partially offset by lower balances in U.S. P&C and BMO Wealth Management
- Average customer deposits down 1% Q/Q driven by higher balances in Canadian P&C, offset by lower balances in U.S. P&C and BMO Wealth Management
- As-at customer deposits unchanged Q/Q or up 1% excluding the impact of the weaker U.S. dollar

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



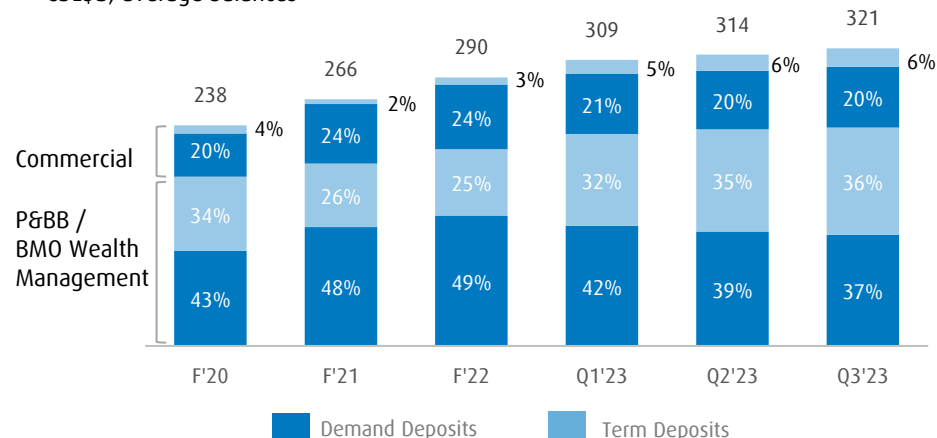
**Average Customer Deposits (\$B)**



# Canadian and U.S. deposit trends

## Canadian P&C and BMO Wealth Management deposits

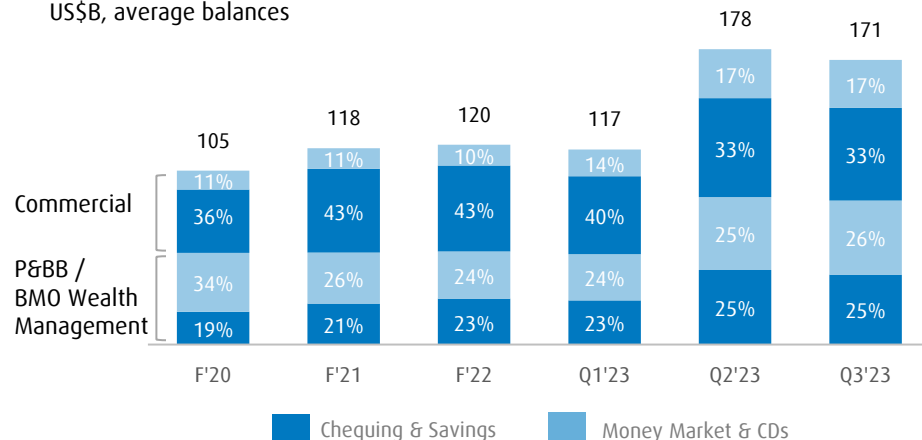
CDE\$B, average balances



- Continued strong balance growth through strong customer acquisition, a comprehensive onboarding program, and new products and tools
- Continued customer balance shift to term deposits given the significant increase in interest rates

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

US\$B, average balances

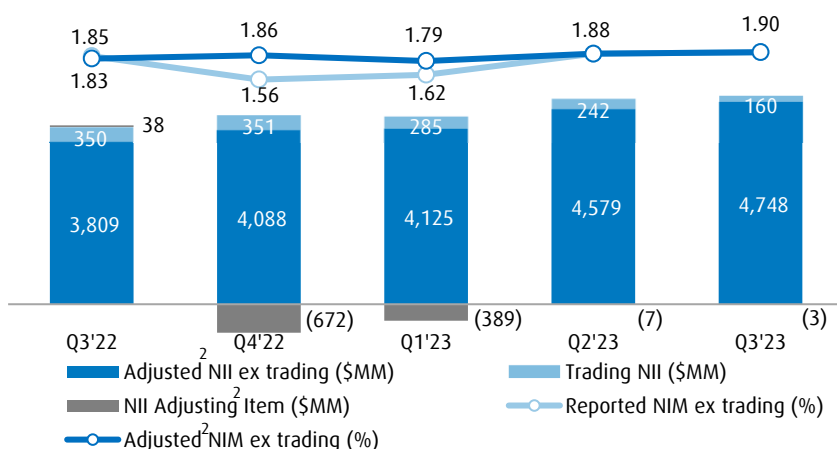


- Deposits are well-diversified, further enhanced by Bank of the West starting Q2'23
- Recent decline primarily reflect industry trends and expected decline in surge deposits, while remaining well above pre-pandemic levels
- Continued to grow new customers and deposits through competitive tools, products and channels, including national digital retail banking and treasury and payments solutions platforms

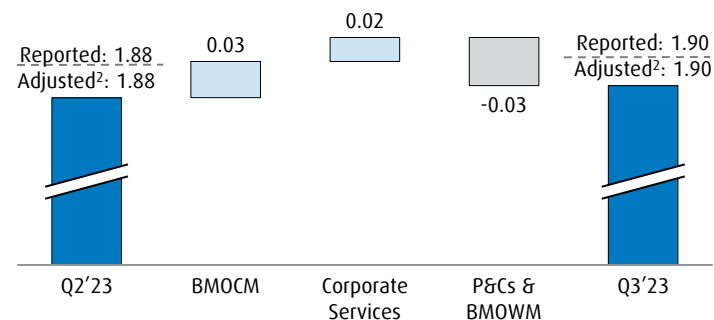
# Net Interest Margin<sup>1</sup>

- Total Bank ex trading NIM benefitted from higher NII and lower low-yielding assets in BMO Capital Markets and Corporate Services
- Canadian P&C NIM increased due to wider deposit margins and balance sheet mix
- U.S. P&C NIM decreased due to lower deposit margins and balances and lower loan margins

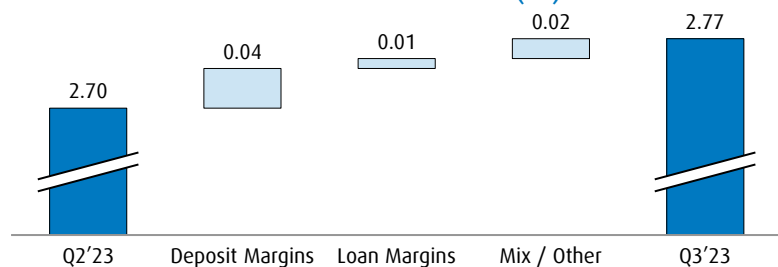
NII (\$MM) and NIM ex. Trading %



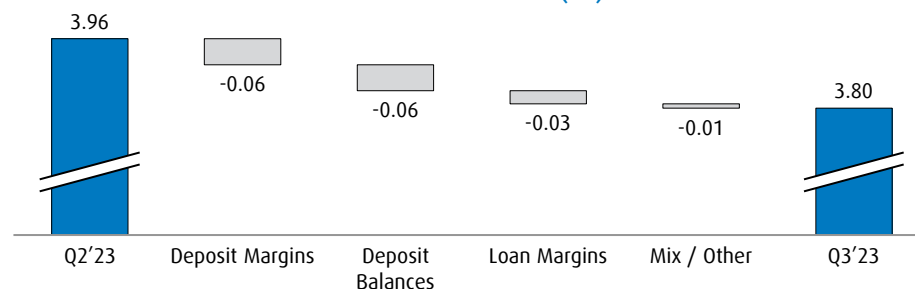
NIM ex. Trading (%)



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

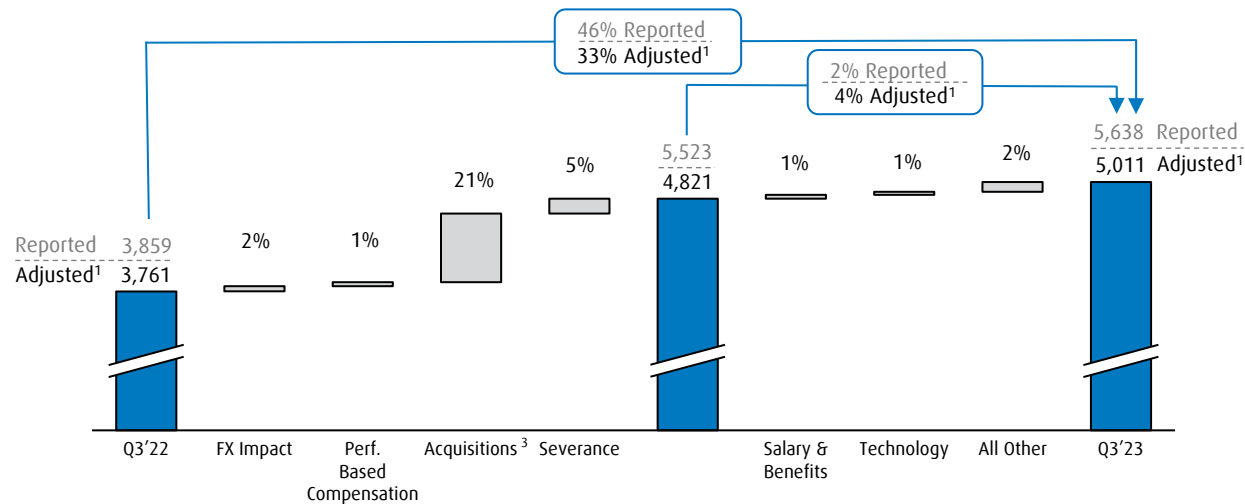
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# Q3'23 Non-Interest Expense

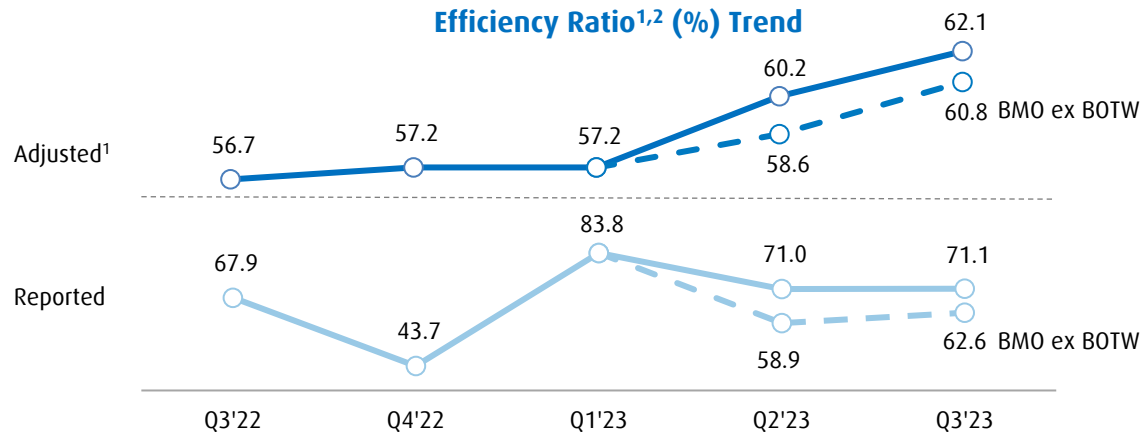
Improving underlying trends from dynamic expense management

- Adjusted<sup>1</sup> expenses up 33% Y/Y (reported up 46%)
  - Acquisitions<sup>3</sup> contributed 21% to the increase in adjusted<sup>1</sup> expenses (reported 36%)
  - Higher severance contributed 5% to adjusted<sup>1</sup> expense growth (reported 4%)
  - Investments in sales force, technology and business development to drive revenue
- Adjusted<sup>1</sup> expenses up 6% Q/Q (reported up 1%)
  - Growth primarily due to impact of severance costs and more days in the current quarter
- Adjusted<sup>1</sup> efficiency ratio<sup>2</sup> 62.1% (reported 71.1%) or 60.8% excluding BOTW (reported 62.6%)

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



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

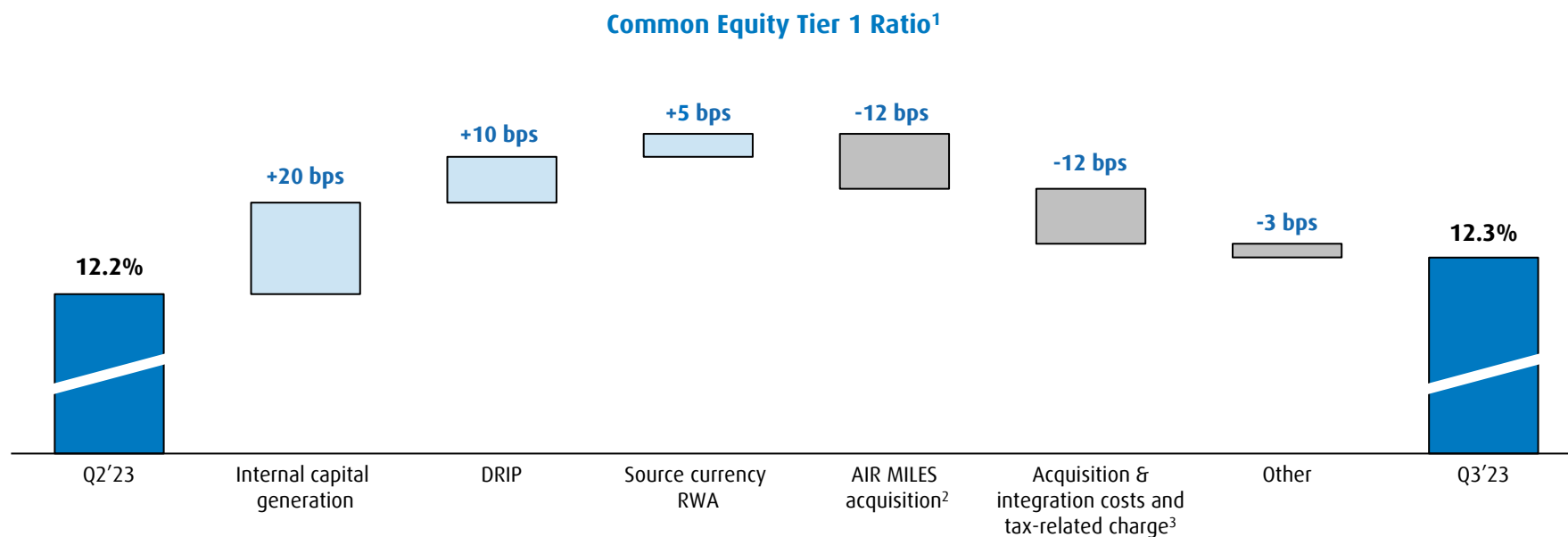


<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 38 for adjustments to reported results

<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 37 for more information and slide 40 for calculation of Net Revenue

<sup>3</sup> Acquisitions include Bank of the West, AIR MILES and Radicle

# Strong Q3'23 CET1 Ratio<sup>1</sup> of 12.3%



- Q3'23 CET1 ratio<sup>1</sup> of 12.3%, up from Q2'23
  - Internal capital generation
  - DRIP shares issued from treasury
  - Lower source currency RWA primarily from asset size and methodology changes

Partially offset by

- AIR MILES acquisition<sup>2</sup>
- Impact of acquisition and integration costs<sup>3</sup> and charge related to Canadian tax measures<sup>3</sup>

Basis points may not add due to rounding

<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> AIR MILES acquisition impact includes capital deductions for goodwill and intangible assets and RWA resulting from the acquisition

<sup>3</sup> Includes Q3'23 after-tax acquisition and integration costs and charge related to tax measures enacted by the Canadian government that amended the GST/HST definition for financial services (\$370MM and \$131MM respectively). Refer to the Non-GAAP and Other Financial Measures of the Third Quarter 2023 MD&A for further information

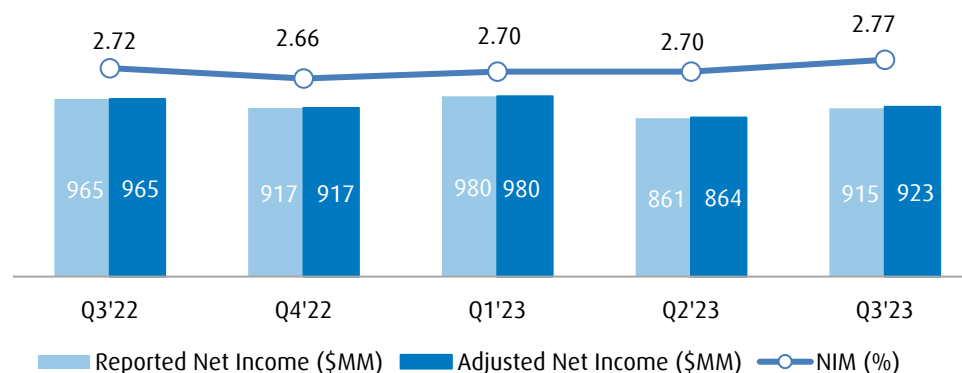
# Canadian Personal & Commercial Banking

## Record revenue and PPPT<sup>2</sup> with good deposit and loan growth

- Adjusted<sup>1</sup> net income down 4% Y/Y (reported down 5%)
- Adjusted<sup>1</sup> PPPT<sup>2</sup> up 10% Y/Y (reported up 9%)
- Revenue up 10% Y/Y
  - NII up 10% Y/Y with strong balance growth and higher margins
  - NIM up 7 bps Q/Q and up 5 bps Y/Y
  - NIR up 11% Y/Y due to the inclusion of AIR MILES and higher card related revenue
- Adjusted<sup>1</sup> expenses up 10% Y/Y (reported up 11%) reflecting higher employee-related expenses, including severance<sup>4</sup>, technology costs and the inclusion of AIR MILES
- Total provision for credit losses \$269MM (Impaired provision of \$209MM and performing provision of \$60MM)
- Average loans up 7% Y/Y and 1% Q/Q
  - Personal & Business Banking up 6% Y/Y and 1% Q/Q
  - Cards up 19% Y/Y and 7% Q/Q
  - Commercial<sup>3</sup> up 7% Y/Y and flat Q/Q
- Average deposits up 12% Y/Y and 3% Q/Q

(\$MM)	Reported			Adjusted <sup>1</sup>		
	Q3 23	Q2 23	Q3 22	Q3 23	Q2 23	Q3 22
Net Interest Income	2,129	1,983	1,938	2,129	1,983	1,938
Non-Interest Revenue	656	563	591	656	563	591
Revenue	2,785	2,546	2,529	2,785	2,546	2,529
Expenses	1,256	1,126	1,134	1,245	1,122	1,134
PPPT <sup>2</sup>	1,529	1,420	1,395	1,540	1,424	1,395
Total PCL	269	228	89	269	228	89
Income before Taxes	1,260	1,192	1,306	1,271	1,196	1,306
<b>Net Income</b>	<b>915</b>	861	965	<b>923</b>	864	965
Efficiency Ratio (%)	45.1	44.2	44.8	44.7	44.1	44.8
ROE (%)	25.6	25.1	32.0	25.8	25.2	32.0

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



1 Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 for adjustments to reported results  
 2 Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 for calculation of PPPT  
 3 Commercial loan growth excludes corporate cards and small business cards  
 4 Q3'23 severance costs \$60MM pre-tax, \$43MM after-tax



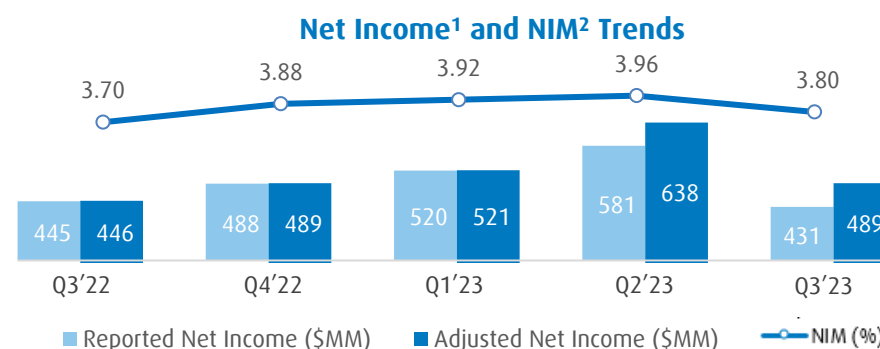
# U.S. Personal & Commercial Banking

Solid performance including contribution from Bank of the West in evolving market conditions

Figures that follow are in U.S. dollars:

- Adjusted<sup>1</sup> net income up \$43MM or 10% Y/Y (reported down \$14MM or 3%)
- Adjusted<sup>1</sup> PPPT<sup>3</sup> up \$136MM or 22% Y/Y (reported up \$59MM or 10%), primarily due to the impact of BOTW
- Revenue<sup>2</sup> up \$630MM or 51% Y/Y due to inclusion of BOTW; down \$50MM Q/Q
  - NII<sup>2</sup> up 55% Y/Y, down 3% Q/Q due to lower margins and balances consistent with industry trends
  - NIM<sup>2</sup> down 16 bps Q/Q; up 10 bps Y/Y
- Adjusted<sup>1</sup> expenses up 82% Y/Y (reported up 94%) due to impact of BOTW; up 4% Q/Q (reported up 3%) due to severance<sup>4</sup> and higher advertising costs
- Total provision for credit losses \$153MM (impaired provision \$89MM and performing provision of \$64MM)
- Average loans up 53% Y/Y due to Bank of the West and down 1% Q/Q
- Average deposits up 41% Y/Y due to Bank of the West and down 3% Q/Q

(US\$MM) <sup>2</sup>	Reported			Adjusted <sup>1</sup>		
	Q3 23	Q2 23	Q3 22	Q3 23	Q2 23	Q3 22
Net Interest Income (teb)	1,550	1,589	1,001	1,550	1,589	1,001
Non-Interest Revenue	314	325	233	314	325	233
Revenue (teb)	1,864	1,914	1,234	1,864	1,914	1,234
Expenses	1,175	1,134	604	1,097	1,056	603
PPPT <sup>3</sup>	689	780	630	767	858	631
Total PCL (recovery)	153	51	53	153	51	53
Income before Taxes	536	729	577	614	807	578
<b>Net Income</b>	<b>431</b>	<b>581</b>	<b>445</b>	<b>489</b>	<b>638</b>	<b>446</b>
<b>Net Income (CDE\$)</b>	<b>576</b>	<b>789</b>	<b>568</b>	<b>653</b>	<b>866</b>	<b>569</b>
Efficiency Ratio (%)	63.0	59.3	49.0	58.8	55.2	48.9
ROE (%)	6.9	9.6	16.5	7.9	10.6	16.6



<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 for adjustments to reported results

<sup>2</sup> Operating group revenue, NII, income taxes and Net Interest Margin are stated on a taxable equivalent basis (teb). This teb adjustment (Q3'23 \$6MM, Q2'23 \$6MM, Q3'22 \$5MM) is offset in Corporate Services. Efficiency ratio is calculated based on revenue (teb).

<sup>3</sup> Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 for calculation of PPPT

<sup>4</sup> Q3'23 severance costs US\$20MM pre-tax, US\$15MM after-tax (CDE\$26MM pre-tax, CDE \$19MM after-tax)

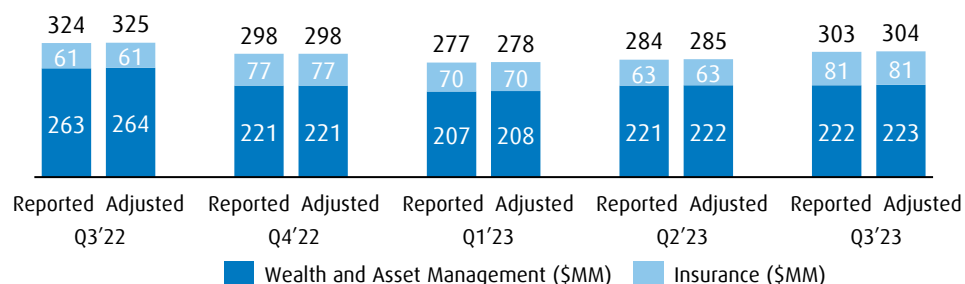
# BMO Wealth Management

## Good growth in client assets offset by term deposit migration

- Adjusted<sup>1</sup> and reported net income down 7% Y/Y
- Wealth and Asset Management adjusted<sup>1</sup> and reported net income down 16% Y/Y
  - Revenue up 8% due to BOTW; underlying performance reflects growth from new client assets, offset by lower net interest income
  - AUM and AUA both up 1% Q/Q due to growth in client assets and stronger global equity markets, partially offset by unfavourable foreign exchange movements
- Insurance net income up 34% Y/Y due to favourable market movements in the current year compared with unfavourable movements in the prior year
- Adjusted<sup>1</sup> and reported expenses up 15% Y/Y primarily due to BOTW, and higher employee-related expenses including severance<sup>4</sup>

(\$MM)	Reported			Adjusted <sup>1</sup>		
	Q3 23	Q2 23	Q3 22	Q3 23	Q2 23	Q3 22
Gross Revenue	1,422	1,960	1,705	1,422	1,960	1,705
CCPB	4	591	413	4	591	413
Net Revenue <sup>2</sup>	1,418	1,369	1,292	1,418	1,369	1,292
Expenses	1,011	993	881	1,009	991	880
PPPT <sup>3</sup>	407	376	411	409	378	412
Total PCL (recovery)	7	4	(10)	7	4	(10)
Income before Taxes	400	372	421	402	374	422
<b>Net Income</b>	<b>303</b>	<b>284</b>	<b>324</b>	<b>304</b>	<b>285</b>	<b>325</b>
Wealth and Asset Management NI	222	221	263	223	222	264
Insurance NI	81	63	61	81	63	61
AUM/AUA (\$B)	773	767	730	773	767	730
Efficiency Ratio <sup>2</sup> (%)	71.4	72.5	68.3	71.2	72.4	68.2
ROE (%)	17.8	17.8	24.3	17.8	17.9	24.4

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



<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 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 37 for more information and slide 40 for calculation of net revenue

<sup>3</sup> Reported and Adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 for calculation of PPPT

<sup>4</sup> Q3'23 severance costs \$26MM pre-tax, \$19MM after-tax

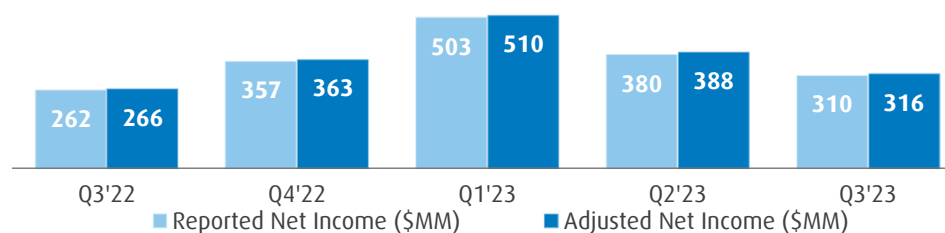
# BMO Capital Markets

## Solid revenue performance reflecting diversified businesses

- Adjusted<sup>1</sup> and reported net income up 18% Y/Y
- Adjusted<sup>1</sup> PPPT<sup>3</sup> up 17% Y/Y (reported up 16%)
- Revenue<sup>2</sup> up 17% Y/Y:
  - Global Markets revenue up 7% due to higher trading activity
  - Investment and Corporate Banking revenue up 35% reflecting prior-year markdowns on loan underwriting commitments, as well as higher corporate banking-related revenue
- Adjusted<sup>1</sup> and reported expenses<sup>4</sup> up 17% Y/Y due to higher performance-based compensation, legal provisions and technology costs
- Total provision for credit losses of \$10MM (\$1MM provision on impaired loans and \$9MM provision on performing loans)

(\$MM) <sup>2</sup>	Reported			Adjusted <sup>1</sup>		
	Q3 23	Q2 23	Q3 22	Q3 23	Q2 23	Q3 22
Global Markets	870	935	813	870	935	813
I&CB	608	651	451	608	651	451
Revenue (teb)	1,478	1,586	1,264	1,478	1,586	1,264
Expenses <sup>4</sup>	1,076	1,060	920	1,067	1,050	913
PPPT <sup>3</sup>	402	526	344	411	536	351
Total PCL (recovery)	10	17	(7)	10	17	(7)
Income before Taxes	392	509	351	401	519	358
<b>Net Income</b>	<b>310</b>	380	262	<b>316</b>	388	266
U.S. Net Income (\$US)	71	9	24	74	12	28
Efficiency Ratio (%)	72.8	66.8	72.7	72.2	66.1	72.2
ROE (%)	10.2	13.3	8.5	10.4	13.6	8.7

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



1 Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 for adjustments to reported results

2 Operating group revenue and income taxes are stated on a taxable equivalent basis (teb). This teb adjustment (Q3'23 \$81MM, Q2'23 \$84MM, Q3'22 \$61MM) 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 37 for more information and slide 41 for calculation of PPPT

4 Q3'23 severance costs \$37MM pre-tax, \$27MM after-tax; Q3'22 severance costs \$49MM pre-tax, \$37MM after-tax

# Corporate Services

- Adjusted<sup>1</sup> net loss of \$159MM and reported net loss of \$650MM, compared with an adjusted<sup>1</sup> net income of \$7MM and reported net loss of \$754MM in the prior year
- Reported results in the current quarter include the impact of:
  - \$363MM (\$487MM pre-tax) acquisition and integration costs related to Bank of the West
  - \$131MM (\$160MM pre-tax) related to tax measures enacted by the Canadian government that amended the GST/HST definition for financial services

(\$MM) <sup>2</sup>	Reported			Adjusted <sup>1</sup>		
	Q3 23	Q2 23	Q2 22	Q3 23	Q2 23	Q3 22
Revenue	(152)	(157)	(908)	(11)	(150)	37
Group teb offset	(89)	(92)	(67)	(89)	(92)	(67)
Total Revenue (teb)	(241)	(249)	(975)	(100)	(242)	(30)
Expenses <sup>3</sup>	730	855	152	228	133	63
Total PCL (recovery)	3	705	(4)	3	-	(4)
Income (Loss) before Taxes	(974)	(1,809)	(1,123)	(331)	(375)	(89)
<b>Net Income (Loss)</b>	<b>(650)</b>	<b>(1,255)</b>	<b>(754)</b>	<b>(159)</b>	<b>(187)</b>	<b>7</b>
U.S. Net Income (Loss) (\$US) <sup>1</sup>	(176)	(734)	(525)	96	49	68

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 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

<sup>3</sup> Q3'23 severance costs \$77MM pre-tax, \$54MM after-tax

# Risk Review

For the Quarter Ended July 31, 2023

Piyush Agrawal  
Chief Risk Officer

Q3 | 23

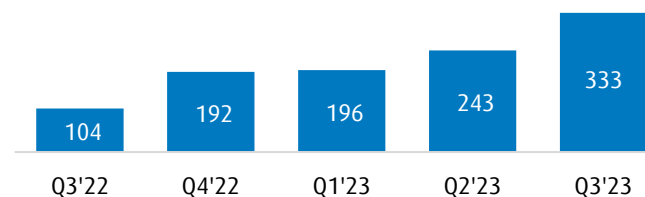


# Provision for Credit Losses (PCL)

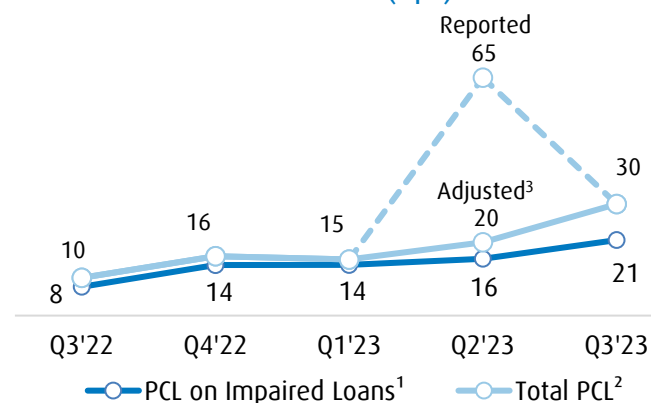
PCL By Operating Group (\$MM)	Q3'23		Q2'23		Q3'22	
	\$	bps	\$	bps	\$	bps
Personal & Business Banking	174	33	163	32	94	19
Commercial Banking	35	13	10	4	10	4
<b>Total Canadian P&amp;C</b>	<b>209</b>	<b>26</b>	<b>173</b>	<b>23</b>	<b>104</b>	<b>14</b>
Personal & Business Banking	55	41	41	32	1	2
Commercial Banking	64	16	25	6	21	7
<b>Total U.S. P&amp;C</b>	<b>119</b>	<b>23</b>	<b>66</b>	<b>12</b>	<b>22</b>	<b>7</b>
<b>BMO Wealth Management</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>BMO Capital Markets</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(22)</b>	<b>(13)</b>
<b>Corporate Services</b>	<b>3</b>	<b>n.m.</b>	<b>3</b>	<b>n.m.</b>	<b>(2)</b>	<b>n.m.</b>
<b>PCL on Impaired Loans</b>	<b>333</b>	<b>21</b>	<b>243</b>	<b>16</b>	<b>104</b>	<b>8</b>
<b>PCL on Performing Loans</b>	<b>159</b>	<b>10</b>	<b>780</b>	<b>50</b>	<b>32</b>	<b>2</b>
<b>Total PCL - Reported</b>	<b>492</b>	<b>30</b>	<b>1,023</b>	<b>65</b>	<b>136</b>	<b>10</b>

- Q3'23 PCL ratio on Impaired Loans<sup>1</sup> is 21 bps, up 5 bps Q/Q

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> Provision for credit losses on total loans over average net loan and acceptances, annualized and expressed in basis points

<sup>3</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 38 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)	Q2'23 APL <sup>1</sup>	Q3'23 PCL <sup>2</sup>	Q3'23 Foreign exchange & Other	Q3'23 APL <sup>1</sup>	APL to Performing Loans (bps) <sup>3</sup>
Personal & Business Banking	920	105	-	1,025	49
Commercial Banking	411	(45)	(16)	350	32
<b>Total Canadian P&amp;C</b>	<b>1,331</b>	<b>60</b>	<b>(16)</b>	<b>1,375</b>	<b>43</b>
Personal & Business Banking	417	15	(11)	421	84
Commercial Banking	1,181	69	(30)	1,220	79
<b>Total U.S. P&amp;C</b>	<b>1,598</b>	<b>84</b>	<b>(41)</b>	<b>1,641</b>	<b>80</b>
<b>BMO Wealth Management</b>	<b>36</b>	<b>6</b>	<b>(1)</b>	<b>41</b>	<b>10</b>
<b>BMO Capital Markets</b>	<b>333</b>	<b>9</b>	<b>-</b>	<b>342</b>	<b>44</b>
<b>Corporate Services</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>n.m.</b>
<b>Total</b>	<b>3,312</b>	<b>159</b>	<b>(58)</b>	<b>3,413</b>	<b>53</b>

- The \$159MM provision for credit losses on performing loans in the current quarter primarily reflected portfolio credit migration

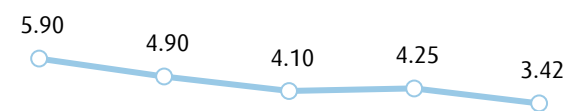
Allowance on Performing Loans Ratio (bps)



Q3'22 Q4'22 Q1'23 Q2'23 Q3'23

—○— Allowance on Performing Loans Ratio (bps)<sup>3</sup>

Impaired PCL Coverage Ratio



Q3'22 Q4'22 Q1'23 Q2'23<sup>4</sup> Q3'23<sup>4</sup>

—○— Allowance on performing loans over trailing 4-quarter PCL on impaired loans

n.m. stands for not meaningful

<sup>1</sup> Q2'23 and Q3'23 includes APL on Other Assets of \$22MM and \$13MM, respectively and excludes APL on Securities of \$6MM for both periods

<sup>2</sup> Q3'23 PCL includes a PCL on Other Assets of \$(10)MM and excludes PCL on Securities of \$0.04MM

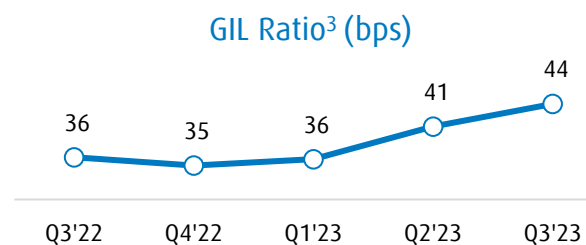
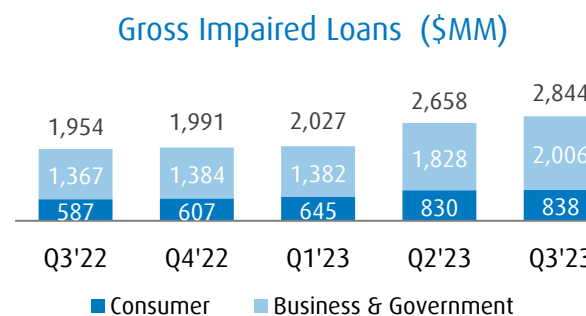
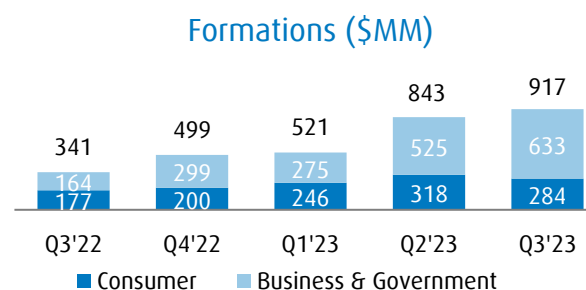
<sup>3</sup> Allowance on performing loans over total gross performing loan and acceptances, expressed in basis points

<sup>4</sup> Trailing 4-Quarter PCL on impaired loans includes Q2'23 and Q3'23 annualized BOTW PCL

# Gross Impaired Loans and Formations

By Industry (\$MM, as at Q3'23)	Formations			Gross Impaired Loans		
	CA & Other	U.S.	Total	CA & Other <sup>1</sup>	U.S.	Total
<b>Consumer</b>	<b>206</b>	<b>78</b>	<b>284</b>	<b>495</b>	<b>343</b>	<b>838</b>
Service Industries	63	147	210	278	297	575
Retail Trade	41	3	44	174	212	386
Commercial Real Estate	20	40	60	95	108	203
Wholesale Trade	49	69	118	75	125	200
Manufacturing	13	35	48	84	97	181
Agriculture	27	13	40	66	89	155
Transportation	3	46	49	16	97	113
Construction (non-real estate)	3	16	19	62	37	99
Financial	2	38	40	5	49	54
Other Business and Government <sup>2</sup>	2	3	5	15	25	40
<b>Total Business and Government</b>	<b>223</b>	<b>410</b>	<b>633</b>	<b>870</b>	<b>1,136</b>	<b>2,006</b>
<b>Total Bank</b>	<b>429</b>	<b>488</b>	<b>917</b>	<b>1,365</b>	<b>1,479</b>	<b>2,844</b>

- Gross Impaired Loans (GIL) ratio<sup>3</sup> 44 bps, up 3 bps Q/Q



1 Total Business and Government includes approximately \$4.9MM 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

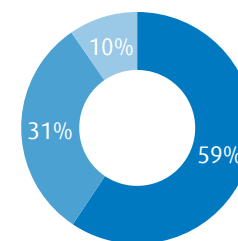


# Loan Portfolio Overview

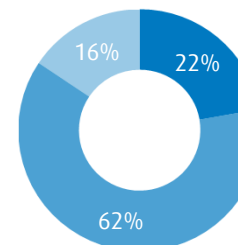
Gross Loans & Acceptances (GL&A) By Industry <sup>3</sup> (\$B, as at Q3'23)	Canada & Other <sup>1</sup>	U.S.	Total BMO	% of Total
Residential Mortgages	147.7	24.2	171.9	27%
Consumer Instalment and Other Personal	70.4	33.2	103.6	16%
Cards	10.4	1.3	11.7	2%
<b>Total Consumer</b>	<b>228.4</b>	<b>58.7</b>	<b>287.1</b>	<b>45%</b>
Commercial Real Estate	34.2	32.5	66.7	10%
Service Industries	27.5	37.4	64.9	10%
Financial	16.3	46.6	62.9	10%
Manufacturing	9.4	30.8	40.2	6%
Retail Trade	16.6	12.5	29.1	5%
Wholesale Trade	6.7	15.8	22.5	3%
Agriculture	12.9	4.8	17.7	3%
Transportation	4.9	9.5	14.4	2%
Utilities	7.9	3.8	11.7	2%
Construction (non-real estate)	2.6	5.4	8.0	1%
Other Business and Government <sup>2</sup>	12.4	6.4	18.8	3%
<b>Total Business and Government</b>	<b>151.3</b>	<b>205.5</b>	<b>356.8</b>	<b>55%</b>
<b>Total Gross Loans &amp; Acceptances</b>	<b>379.7</b>	<b>264.2</b>	<b>643.9</b>	<b>100%</b>

- Portfolio is well diversified by geography and industry

Canada & Other Countries



U.S.



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

<sup>1</sup> Includes approximately \$10.9B from Other Countries

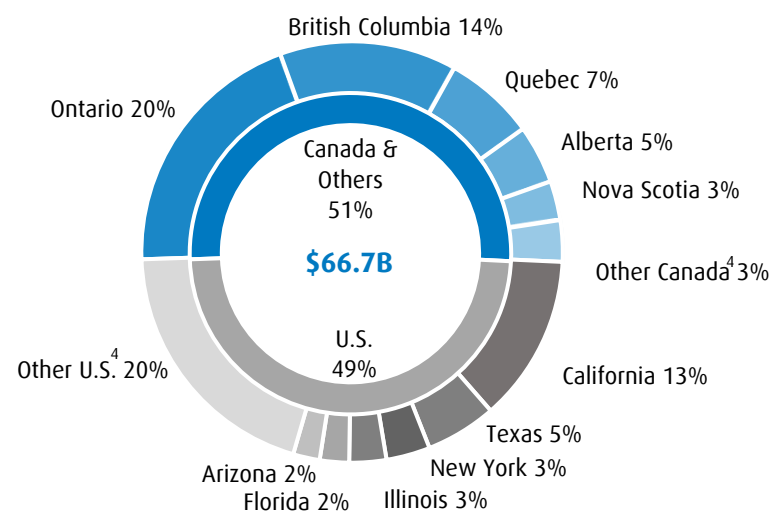
<sup>2</sup> Other Business and Government includes all industry segments that are each <1% of total loans

<sup>3</sup> Totals may not add due to rounding

# Commercial Real Estate

- Commercial Real Estate (CRE) portfolio at \$66.7B represents 10% of total bank GL&A
- Portfolio is well diversified across businesses, property types and geographies
- Well managed with consistent and conservative underwriting standards resulting in strong credit quality; investment grade (58%), with low watchlist (2%) and impaired (0.3%)
- Strong performance: CRE average impaired PCL over the last decade nil vs. 12 bps for the Business & Government portfolio

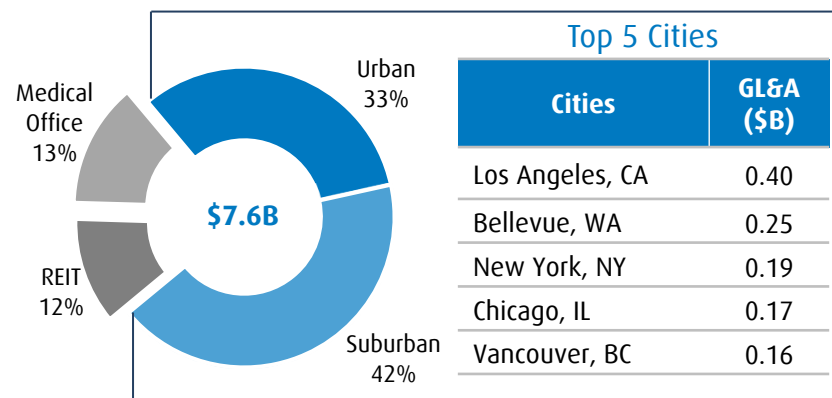
CRE by Geography<sup>2</sup>



CRE diversification by property type (\$B)<sup>5</sup>

Property Type	Canada & Others	U.S.	Total
Multi-Residential	10.6	7.5	18.1
Industrial	5.9	6.1	12.0
Single Family Residence	6.0	1.8	7.8
Office <sup>1</sup>	2.2	5.4	7.6
Retail	3.1	4.1	7.2
Hospitality, Healthcare & Diversified REITs	0.7	3.5	4.2
Mixed Use	3.1	0.3	3.4
Other <sup>3</sup>	2.5	3.9	6.4
<b>Total Commercial Real Estate</b>	<b>34.2</b>	<b>32.5</b>	<b>66.7</b>
<b>Total Gross Loans &amp; Acceptances</b>	<b>379.7</b>	<b>264.2</b>	<b>643.9</b>

Traditional Office



<sup>1</sup> GL&A in Office has been revised to better align with the sub-property type within the CRE portfolio

<sup>2</sup> Based on the location of the collateral or the borrower for REITs

<sup>3</sup> Other includes Commercial Real Estate loans for self-storage, parking, marinas, and other minor sub-categories

<sup>4</sup> Other U.S. and Other Canada includes geographies that are each less than 2% of the total CRE GL&A

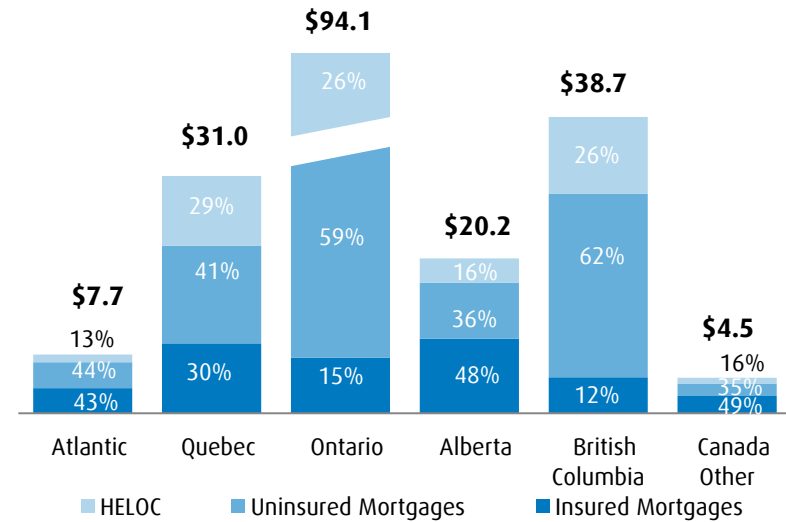
<sup>5</sup> Totals may not add due to rounding

# Appendix

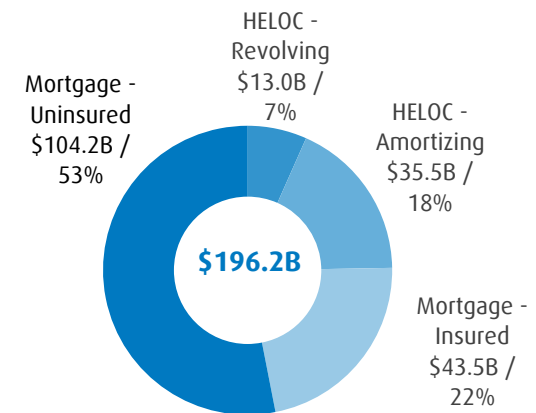
# Canadian Residential-Secured Lending

- Total Canadian residential-secured lending portfolio at \$196.2B, representing 30% of total loans
  - LTV<sup>1</sup> on uninsured of 51%
  - 90-day delinquency rate for RESL remains good 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 \$147.7B
  - 29% of portfolio insured
  - LTV<sup>1</sup> on uninsured of 55%
  - 54% of the mortgage portfolio has an effective remaining amortization of 25 years or less
- HELOC portfolio of \$48.5B outstanding of which 73% is amortizing
- Condo Mortgage portfolio is \$22.8B with 27% 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 (\$196.2B)



Avg. LTV <sup>1</sup> Uninsured		Atlantic	Quebec	Ontario	Alberta	British Columbia	Canada Other	Total Canada
Mortgage Portfolio		55%	56%	56%	59%	52%	54%	55%
Origination		70%	71%	70%	73%	67%	73%	70%
HELOC Portfolio		47%	50%	45%	52%	45%	46%	46%
Origination		63%	69%	60%	64%	61%	69%	62%

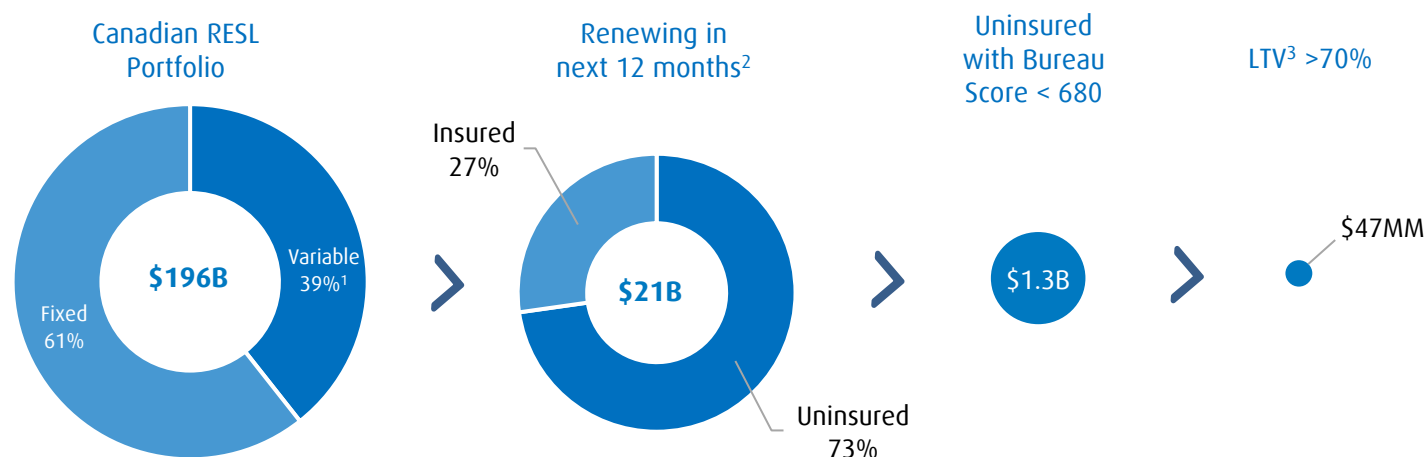


<sup>1</sup> LTV is the ratio of outstanding mortgage balance or the HELOC authorization to the original property value indexed using Teranet data. Portfolio LTV is the combination of each individual mortgage or HELOC LTV weighted by the mortgage balance or HELOC authorization

# 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 generally 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 \$15B):
  - Average Bureau Score is 797
  - 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

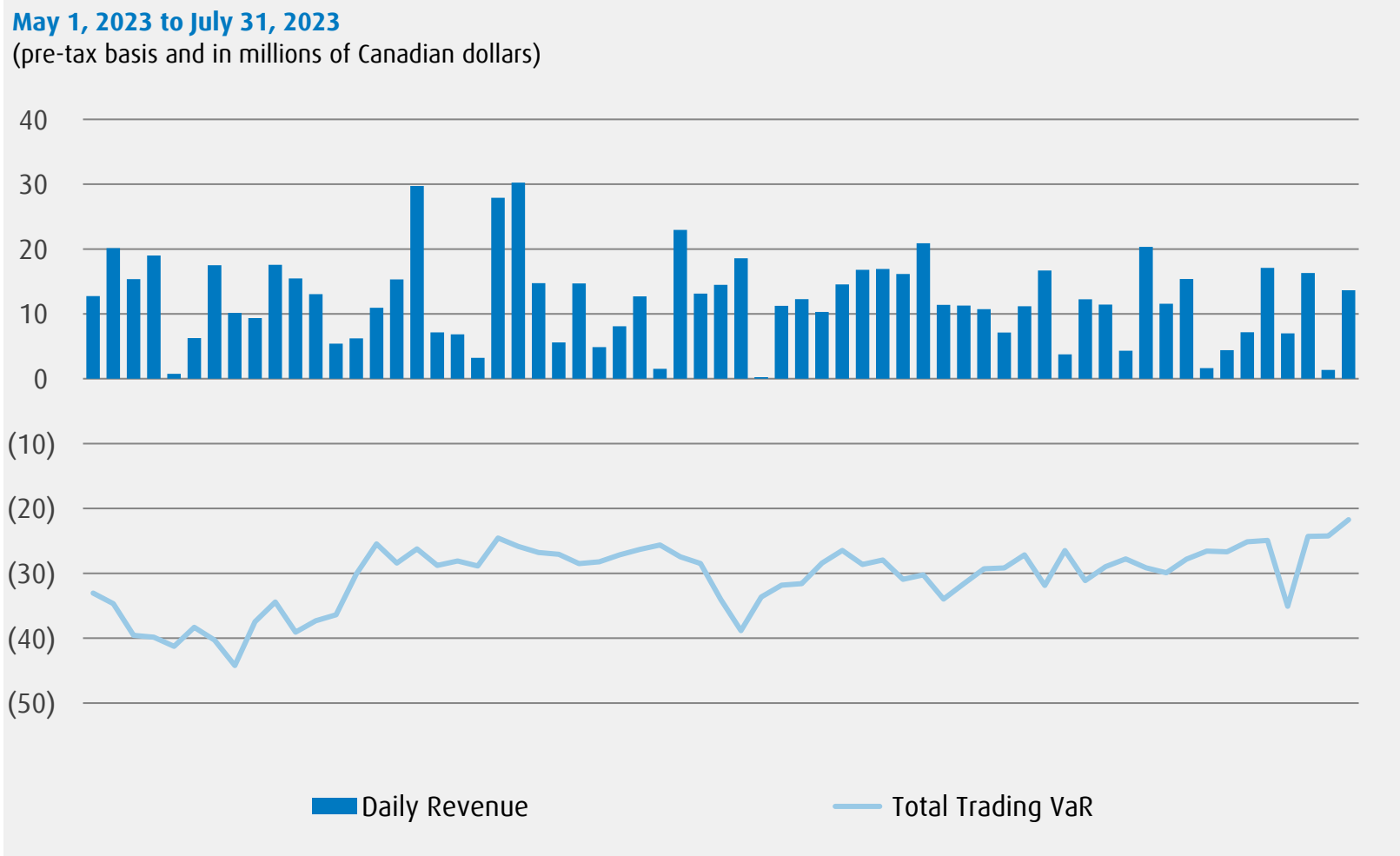
<sup>1</sup> Includes Home Equity Line of Credit, or HELOC (revolving) product

<sup>2</sup> Renewal period: August 1st, 2023, through July 31st, 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 data

# Trading-related Net Revenues and Value at Risk

May 1, 2023 to July 31, 2023  
 (pre-tax basis and in millions of Canadian dollars)

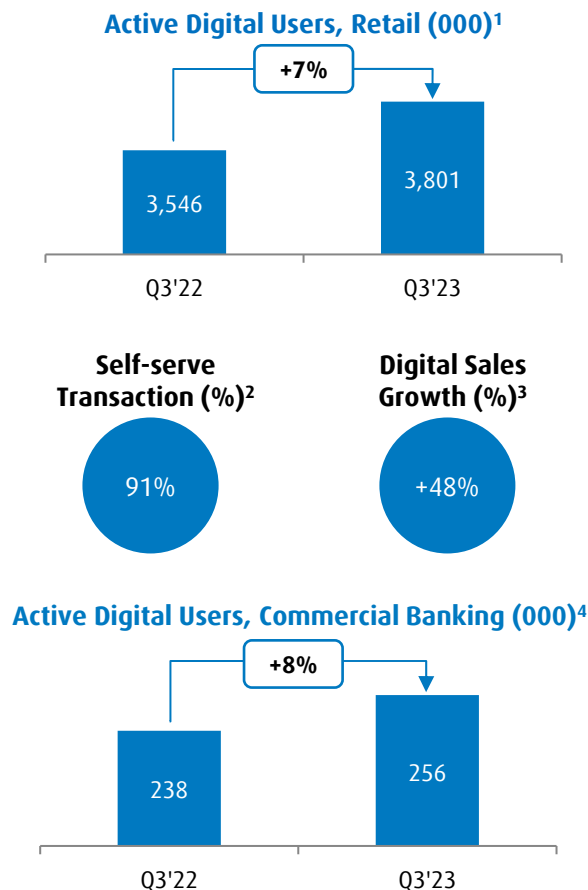


# Advancing our Digital First strategy

## Continuing to deliver on our Digital First agenda

- **Enhanced the BMO Business Express (BBX) experience in Canada**, including national launch of account opening / onboarding journeys and introduction of specialty lending capabilities for businesses owned by Black and Indigenous Entrepreneurs
- **Launched BMO V-PAYO in the U.S.**, a corporate card offering that positions us to gain new client relationships, drive revenue and increase our competitive advantage with payment solutions
- **Continued to modernize the Canadian digital payment journey** and improve the customer experience, including platform upgrades, enhanced fraud detection capabilities and increased transaction limits

## Driving digital engagement



## Recognized for industry leadership

- **Named Overall Leader in the 2023 Javelin Canadian Mobile Banking Study**, recognized for Financial Fitness, Money Movement, and Account Opening
- **Ranked first** in customer satisfaction with online banking in the **JD Power<sup>5</sup> 2023 Canada Online Banking Satisfaction Study**
- **Ranked #1** in Account Management, Digital Money Management, and Alerts in the **2023 Insider Intelligence Canadian Mobile Banking Emerging Features Benchmark**
- Named one of the **Best Workplaces for Innovators by Fast Company**, the only financial institution among the top 30



INSIDER INTELLIGENCE



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; May 2023 - July 2023

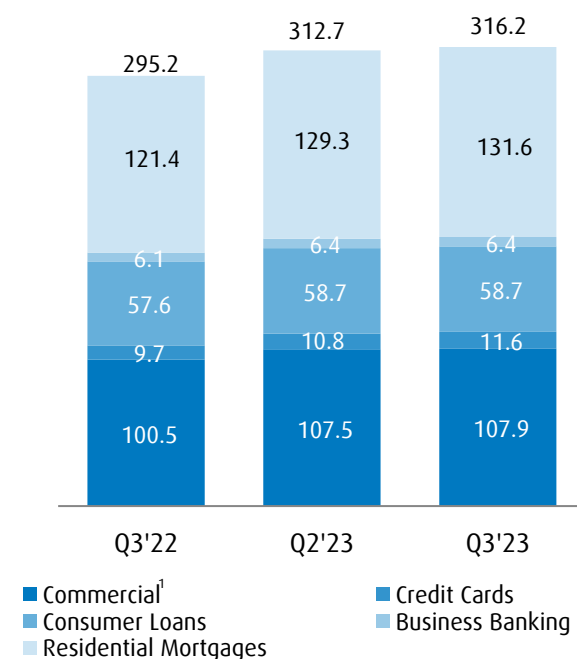
<sup>3</sup> Digital sales is 12 month rolling average for the 12 months preceding the end of the fiscal quarter and include chequing, savings, credit card, loans, mortgage, overdraft (CAD) and CD, MM (US); % growth is Q3'23 over Q3'22

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

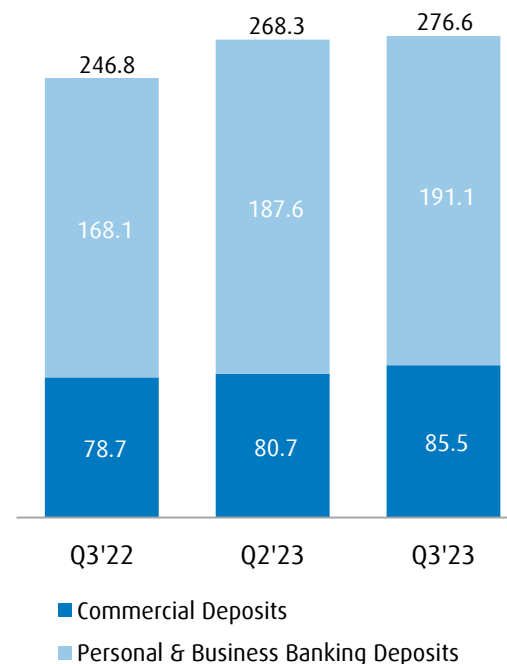
<sup>5</sup> For more information, refer to [www.jdpower.com/business](http://www.jdpower.com/business)

# Canadian Personal & Commercial Banking – Balances

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



## Average Deposits (\$B)



- Average loans up 7% Y/Y and 1% Q/Q
  - Proprietary mortgages and amortizing HELOC up 8% Y/Y and 2% Q/Q
  - Cards up 19% Y/Y and 7% Q/Q
  - Business Banking up 6% Y/Y and flat Q/Q
  - Commercial<sup>1</sup> up 7% Y/Y and flat Q/Q
- As at loans up 6% Y/Y and 2% Q/Q

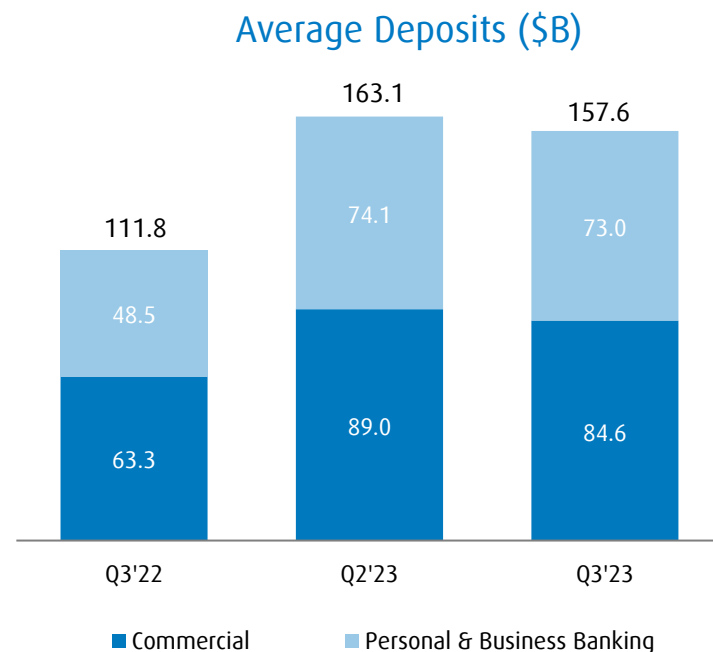
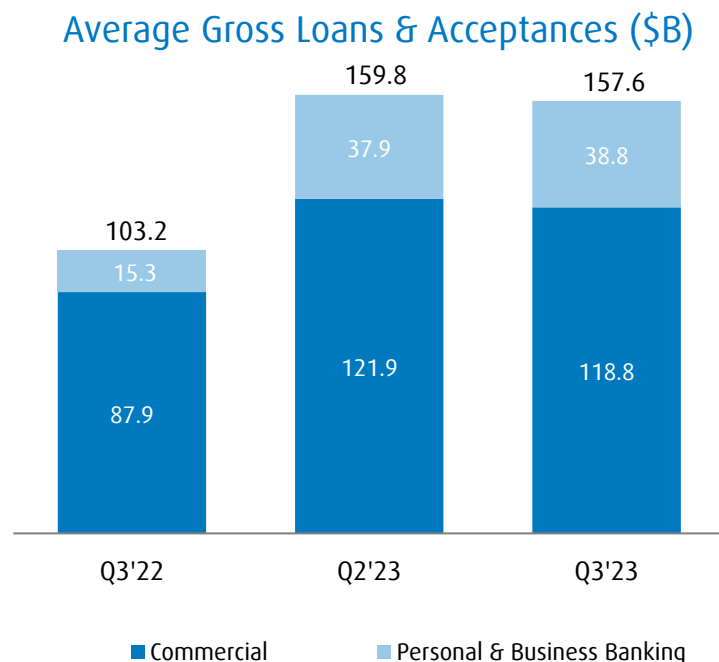
- Average deposits up 12% Y/Y and 3% Q/Q
  - Personal & Business Banking up 14% Y/Y and 2% Q/Q
    - Chequing and Savings down 11% Y/Y and 2% Q/Q
    - Term up 53% Y/Y and 5% Q/Q
  - Commercial deposits up 9% Y/Y and 6% Q/Q
- As at deposits up 12% Y/Y and 3% Q/Q

<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 Q3'22, Q2'23 and Q3'23



# U.S. Personal & Commercial Banking – Balances

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



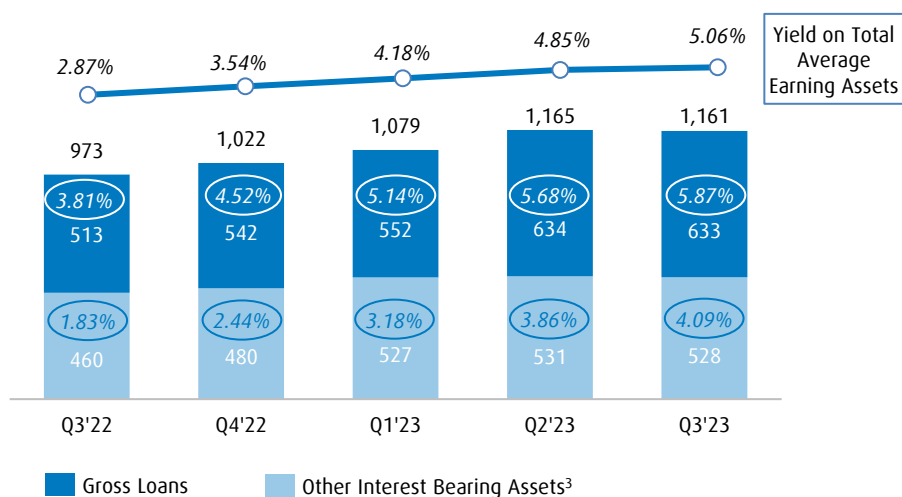
- Average loans & acceptances up 53% Y/Y primarily due to Bank of the West and down 1% Q/Q
  - Commercial up 35% Y/Y and down 3% Q/Q
  - Personal & Business Banking up over 100% Y/Y and up 2% Q/Q
- As at loans & acceptances up 49% Y/Y and down 2% Q/Q

- Average deposits up 41% Y/Y primarily due to Bank of the West and down 3% Q/Q
  - Commercial up 34% Y/Y and down 5% Q/Q
  - Personal & Business Banking up 50% Y/Y and down 2% Q/Q
- As at deposits up 42% Y/Y and down 1% Q/Q

<sup>1</sup> Average FX Rates (CDN/US dollar): Q3'23 1.3331; Q2'23 1.3564; Q3'22: 1.2774

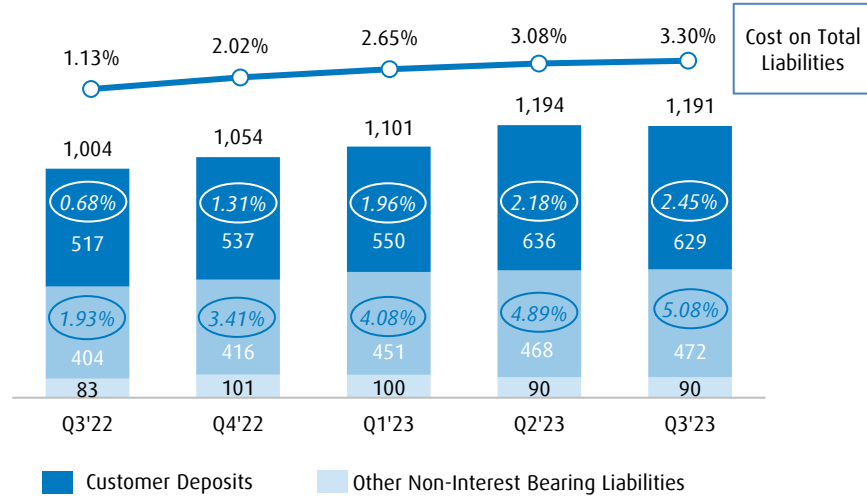
# Asset Yields<sup>1</sup> and Liabilities Costs<sup>2</sup>

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



% in above charts indicate yield on asset balance

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



% in above charts indicate cost on liability balance

Prior periods have been reclassified to conform with current period presentation

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

2 Liabilities Cost is calculated as Total interest expense as a percentage of average liabilities

3 Other interest bearing assets balances include deposits with other banks, securities, securities borrowed or purchased under resale agreements and other interest bearing assets. Yield on other interest bearing assets is calculated as interest and dividend income on deposits with other banks, securities, securities borrowed or purchased under resale agreements and other interest bearing assets as a percentage of associated average balances

4 Other interest bearing liabilities balances include wholesale funding, securities sold but not yet purchased and securities lent or sold, subordinated debt and other interest bearing liabilities. Cost on other interest bearing liabilities 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 associated average balances

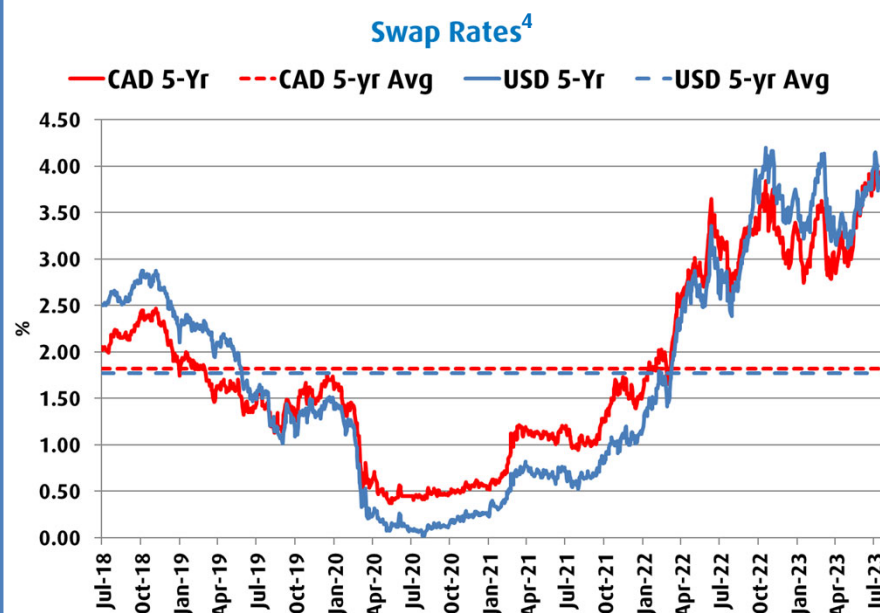
# Interest Rate Sensitivity

- Year 1 benefit to an incremental +100bps rate shock increased Q/Q
  - July 31, 2023 risk metrics reflect relatively neutral positioning
- Year 2 benefit to rising rates (+100bps) of approximately \$700MM driven by long rates and the continued reinvestment of capital and deposits
- Effective deposit betas remained at elevated levels in Q3, 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

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

Q3'23 Pre-Tax CDE (\$MM)	+100 bps	-25 bps	-100 bps	+25 bps Short Rates
Canada <sup>2</sup>	42	(12)	(53)	(14)
U.S.	266	(75)	(294)	45
<b>Total</b>	<b>308</b>	<b>(87)</b>	<b>(348)</b>	<b>31</b>

- Term rates increased in Q3'23 and continue to be volatile, reinvestment rates have reached the highest point in recent years
- Sustained higher long-term investment rates continue to support NIM going forward, providing some offset to increased pricing pressure on deposit products



Source: Bloomberg, updated through Aug 03, 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 Third 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.

<sup>4</sup> Chart displays historical CORRA swap rates and SOFR swap rates

## Q3 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	2,010	787	<b>2,797</b>	2,012	787	<b>2,799</b>
Expenses	1,190	1,006	<b>2,196</b>	1,189	561	<b>1,750</b>
PPPT <sup>2</sup>	820	(219)	<b>601</b>	823	226	<b>1,049</b>
Total PCL	91	74	<b>165</b>	91	74	<b>165</b>
Income (Loss) before Taxes	729	(293)	<b>436</b>	732	152	<b>884</b>
<b>Net Income (Loss)</b>	<b>571</b>	<b>(207)</b>	<b>364</b>	<b>573</b>	<b>124</b>	<b>697</b>
Efficiency Ratio (%)	59.2	127.8	<b>78.5</b>	59.1	71.2	<b>62.5</b>

See the Recent Acquisitions section of BMO's Third Quarter 2023 MD&A for more information

<sup>1</sup> Adjusted results and measures are non-GAAP, see slide 37 for more information and slide 39 for adjustments to reported results

<sup>2</sup> Reported and adjusted Pre-Provision Pre-Tax earnings (PPPT) are non-GAAP measures. See slide 37 for more information and slide 41 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 38. 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 results.

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. BMO provides supplemental information on combined operating segments to facilitate comparisons to peers.

Certain information contained in BMO's Third Quarter 2023 Management's Discussion and Analysis dated August 29, 2023, for the period ended July 31, 2023 ("Third Quarter 2023 MD&A") is incorporated by reference into this document, including the Summary Quarterly Earnings Trend section in the Third 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 July 31, 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 Third 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 Third Quarter 2023 MD&A. The Third Quarter 2023 MD&A is available on the Canadian Securities Administrators' website at [www.sedarplus.ca](http://www.sedarplus.ca) and BMO's website at [www.bmo.com/investorrelations](http://www.bmo.com/investorrelations).

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

(Canadian \$ in millions, except as noted)		Q3 23	Q2 23	Q3 22	YTD 23	YTD 22	
<b>Reported Results</b>	Net interest income	4,905	4,814	4,197	13,740	12,118	
	Non-interest revenue	3,024	3,626	1,902	9,099	11,022	
	Revenue	7,929	8,440	6,099	22,839	23,140	
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	(4)	(591)	(413)	(1,788)	314	
	Revenue, net of CCPB	7,925	7,849	5,686	21,051	23,454	
	Provision for credit losses	(492)	(1,023)	(136)	(1,732)	(87)	
	Non-interest expense	(5,638)	(5,573)	(3,859)	(15,632)	(11,418)	
	Income before income taxes	1,795	1,253	1,691	3,687	11,949	
	Provision for income taxes	(341)	(194)	(326)	(927)	(2,895)	
	Net income	1,454	1,059	1,365	2,760	9,054	
	Diluted EPS (\$)	1.97	1.30	1.95	3.60	13.45	
	<b>Adjusting Items (Pre-tax)</b>	Impact of divestitures (1)	—	—	—	—	(21)
		Management of fair value changes on the purchase of Bank of the West (2)	—	—	(945)	(2,011)	3,172
		Legal provision (3)	(3)	(7)	—	(16)	—
Impact of Canadian tax measures (4)		(138)	—	—	(138)	—	
Impact of adjusting items on revenue (pre-tax)		(141)	(7)	(945)	(2,165)	3,151	
Initial provision for credit losses on purchased performing loans (pre-tax) (5)		—	(705)	—	(705)	—	
Acquisition and integration costs (6)		(497)	(727)	(84)	(1,463)	(133)	
Amortization of acquisition-related intangible assets (7)		(115)	(115)	(7)	(238)	(23)	
Impact of divestitures (1)		—	—	(7)	—	(22)	
Legal provision (3)		7	—	—	5	—	
Impact of Canadian tax measures (4)		(22)	—	—	(22)	—	
Impact of adjusting items on non-interest expense (pre-tax)		(627)	(842)	(98)	(1,718)	(178)	
Impact of adjusting items on reported net income (pre-tax)		(768)	(1,554)	(1,043)	(4,588)	2,973	
<b>Adjusting Items (After-tax)</b>		Impact of divestitures (1)	—	—	—	—	(23)
	Management of fair value changes on the purchase of Bank of the West (2)	—	—	(694)	(1,461)	2,331	
	Legal provision (3)	(2)	(6)	—	(13)	—	
	Impact of Canadian tax measures (4)	(115)	—	—	(115)	—	
	Impact of adjusting items on revenue (after-tax)	(117)	(6)	(694)	(1,589)	2,308	
	Initial provision for credit losses on purchased performing loans (after-tax) (5)	—	(517)	—	(517)	—	
	Acquisition and integration costs (6)	(370)	(549)	(62)	(1,100)	(100)	
	Amortization of acquisition-related intangible assets (7)	(85)	(85)	(5)	(176)	(17)	
	Impact of divestitures (1)	—	—	(6)	—	(40)	
	Legal provision (3)	5	—	—	4	—	
	Impact of Canadian tax measures (4)	(16)	—	—	(16)	—	
	Impact of adjusting items on non-interest expense (after-tax)	(466)	(634)	(73)	(1,288)	(157)	
	Impact of Canadian tax measures (4)	—	—	—	(371)	—	
	Impact of adjusting items on reported net income (after-tax)	(583)	(1,157)	(767)	(3,765)	2,151	
Impact on diluted EPS (\$)	(0.81)	(1.63)	(1.14)	(5.33)	3.25		
<b>Adjusted Results</b>	Net interest income	4,908	4,821	4,159	14,139	11,913	
	Non-interest revenue	3,162	3,626	2,885	10,865	8,076	
	Revenue	8,070	8,447	7,044	25,004	19,989	
	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	(4)	(591)	(413)	(1,788)	314	
	Revenue, net of CCPB	8,066	7,856	6,631	23,216	20,303	
	Provision for credit losses	(492)	(318)	(136)	(1,027)	(87)	
	Non-interest expense	(5,011)	(4,731)	(3,761)	(13,914)	(11,240)	
	Income before income taxes	2,563	2,807	2,734	8,275	8,976	
	Provision for income taxes	(526)	(591)	(602)	(1,750)	(2,073)	
	Net income	2,037	2,216	2,132	6,525	6,903	
	Diluted EPS (\$)	2.78	2.93	3.09	8.93	10.20	

(1) Reported net income included the impact of divestitures of our EMEA and U.S. Asset Management business. Q3-2022 included expenses of \$6 million (\$7 million pre-tax). 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. Q3-2022 included a loss of \$694 million (\$945 million pre-tax), comprising \$983 million of pre-tax mark-to-market losses and \$38 million pre-tax net interest income. 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 pre-tax net interest income. Q1-2022 included revenue of \$413 million (\$562 million pre-tax), comprising \$517 million of pre-tax mark-to-market gains and \$45 million pre-tax net interest income. These amounts were recorded in Corporate Services. For further information on this acquisition, refer to the Recent Acquisitions section of the Third Quarter 2023 MD&A

(3) Q3-2023 reported net income included a net recovery of \$3 million (\$4 million pre-tax) related to a lawsuit associated with a predecessor bank, M&I Marshall and Ilsley Bank, comprising a \$3 million pre-tax interest expense, net of a \$7 million pre-tax adjustment to the provision recorded in non-interest expense. Q2-2023 included a provision of \$6 million (\$7 million pre-tax). YTD-2023 included \$9 million (\$11 million pre-tax), comprising interest expense of \$16 million pre-tax and a \$5 million pre-tax recovery of non-interest expense, including legal fees of \$2 million pre-tax. 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 the impact of certain tax measures enacted by the Canadian government. Q3-2023 included a charge of \$131 million (\$160 million pre-tax) related to the amended GST/HST definition for financial services, comprising \$115 million (\$138 million pre-tax) recorded in non-interest revenue and \$16 million (\$22 million pre-tax) recorded in non-interest expense. Q1-2023 included a one-time tax expense of \$371 million 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. These amounts were recorded in Corporate Services

(5) 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.

(6) 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: Q3-2023 included \$363 million (\$487 million pre-tax), Q2-2023 included \$545 million (\$722 million pre-tax), Q1-2023 included \$178 million (\$235 million pre-tax), Q3-2022 included \$61 million (\$82 million pre-tax), Q2-2022 included \$26 million (\$35 million pre-tax) and Q1-2022 included \$7 million (\$8 million pre-tax). Costs related to the acquisitions of Radicle and Clearpool were recorded in BMO Capital Markets: Q3-2023 included \$1 million (\$2 million pre-tax), Q2-2023 included \$2 million (\$2 million pre-tax), Q1-2023 included \$3 million (\$4 million pre-tax), Q3-2022 included \$1 million (\$2 million pre-tax), Q2-2022 included \$2 million (\$2 million pre-tax) and Q1-2022 included \$3 million (\$4 million pre-tax). Costs related to the acquisition of AIR MILES were recorded in P&C Canada: Q3-2023 included \$6 million (\$8 million pre-tax) and Q2-2023 included \$2 million (\$3 million pre-tax)

(7) Reported net income included amortization of acquisition-related intangible assets recorded in non-interest expense in the related operating group: Q3-2023 and Q2-2023 both included \$85 million (\$115 million pre-tax), Q1-2023 included \$6 million (\$8 million pre-tax), Q3-2022 included \$5 million (\$7 million pre-tax), and Q2-2022 and Q1-2022 both included \$6 million (\$8 million pre-tax)

(8) For more information, refer to slide 37, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Third Quarter 2023 MD&A

# Summary of Reported and Adjusted Results by Operating Group

(Canadian \$ in millions unless otherwise stated)		Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	YTD 23	YTD 22
<b>Canadian P&amp;C</b>	Reported Net Income	915	861	980	917	965	2,756	2,909
	Acquisition and integration costs	6	2	—	—	—	8	—
	Amortization of acquisition-related intangible assets	2	1	—	—	—	3	1
	Adjusted Net Income	923	864	980	917	965	2,767	2,910
<b>U.S. P&amp;C (USD)</b>	Reported Net Income	431	581	520	488	445	1,532	1,445
	Amortization of acquisition-related intangible assets	58	57	1	1	1	116	3
	Adjusted Net Income	489	638	521	489	446	1,648	1,448
<b>BMO Wealth Management</b>	Reported Net Income	303	284	277	298	324	864	953
	Amortization of acquisition-related intangible assets	1	1	1	—	1	3	3
	Adjusted Net Income	304	285	278	298	325	867	956
<b>BMO Capital Markets</b>	Reported Net Income	310	380	503	357	262	1,193	1,415
	Acquisition and integration costs	1	2	3	2	1	6	6
	Amortization of acquisition-related intangible assets	5	6	4	4	3	15	10
	Adjusted Net Income	316	388	510	363	266	1,214	1,431
<b>Corporate Services</b>	Reported Net Income	(650)	(1,255)	(2,211)	2,251	(754)	(4,116)	1,940
	Impact of divestitures	—	—	—	(8)	6	—	63
	Management of Fair Value Changes on the Purchase of Bank of the West	—	—	1,461	(3,336)	694	1,461	(2,331)
	Acquisition and integration costs	363	545	178	143	61	1,086	94
	Legal provision	(3)	6	6	846	—	9	—
	Impact of Canadian tax measures	131	—	371	—	—	502	—
	Initial provision for credit losses on purchased performing loans	—	517	—	—	—	517	—
	Adjusted Net Income	(159)	(187)	(195)	(104)	7	(541)	(234)
<b>Total Bank</b>	Reported Net Income	1,454	1,059	247	4,483	1,365	2,760	9,054
	Impact of divestitures	—	—	—	(8)	6	—	63
	Management of Fair Value Changes on the Purchase of Bank of the West	—	—	1,461	(3,336)	694	1,461	(2,331)
	Acquisition and integration costs	370	549	181	145	62	1,100	100
	Amortization of acquisition-related intangible assets	85	85	6	6	5	176	17
	Legal Provisions	(3)	6	6	846	—	9	—
	Impact of Canadian tax measures	131	—	371	—	—	502	—
	Initial provision for credit losses on purchased performing loans	—	517	—	—	—	517	—
Adjusted Net Income	2,037	2,216	2,272	2,136	2,132	6,525	6,903	
<b>U.S. Segment (USD)</b>	Reported Net Income	364	(104)	(558)	2,306	(28)	(298)	3,773
	Impact of divestitures	—	—	—	(3)	—	—	(42)
	Management of Fair Value Changes on the Purchase of Bank of the West	—	—	1,093	(2,470)	545	1,093	(1,842)
	Acquisition and integration costs	275	400	132	106	49	807	79
	Amortization of acquisition-related intangible assets	60	61	4	4	5	125	13
	Legal provision	(2)	4	5	621	—	7	—
	Initial provision for credit losses on purchased performing loans	—	379	—	—	—	379	—
	Adjusted Net Income	697	740	676	564	571	2,113	1,981

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 38 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Third Quarter 2023 MD&A for further information

# Net Revenue, Efficiency Ratio and Operating Leverage

Canadian \$ in millions unless otherwise stated)		Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	YTD 23	YTD 22
<b>Total Bank</b>	Total revenue	7,929	8,440	6,470	10,570	6,099	22,839	23,140
<b>Reported</b>	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	4	591	1,193	(369)	413	1,788	(314)
	Revenue, net of CCPB	7,925	7,849	5,277	10,939	5,686	21,051	23,454
	Non-interest expense	5,638	5,573	4,421	4,776	3,859	15,632	11,418
	Efficiency ratio	71.1 %	66.0 %	68.3 %	45.2 %	63.3 %	68.4 %	49.3 %
	Efficiency ratio, net of CCPB	71.1 %	71.0 %	83.8 %	43.7 %	67.9 %	74.3 %	48.7 %
	Revenue growth	30.0 %	(9.4)%	(16.2)%	60.9 %	(19.4)%	(1.3)%	12.3 %
	Revenue growth, net of CCPB	39.3 %	(22.5)%	(31.0)%	68.9 %	(13.6)%	(10.3)%	21.5 %
	Non-interest expense growth	46.1 %	50.0 %	15.0 %	25.6 %	4.8 %	36.9 %	(2.5)%
	Operating leverage	(16.1)%	(59.4)%	(31.2)%	35.3 %	(24.2)%	(38.2)%	14.8 %
	Operating Leverage, net of CCPB	(6.8)%	(72.5)%	(46.0)%	43.3 %	(18.4)%	(47.2)%	24.0 %
<b>Total Bank</b>	Total revenue	8,070	8,447	8,487	6,544	7,044	25,004	19,989
<b>Adjusted (1)</b>	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	4	591	1,193	(369)	413	1,788	(314)
	Revenue, net of CCPB	8,066	7,856	7,294	6,913	6,631	23,216	20,303
	Non-interest expense	5,011	4,731	4,172	3,954	3,761	13,914	11,240
	Efficiency ratio, net of CCPB	62.1 %	60.2 %	57.2 %	57.2 %	56.7 %	59.9 %	55.4 %
	Revenue growth, net of CCPB	21.6 %	19.7 %	2.6 %	6.7 %	0.8 %	14.3 %	5.3 %
	Non-interest expense growth	33.2 %	29.5 %	9.0 %	6.3 %	2.7 %	23.8 %	3.8 %
	Operating Leverage, net of CCPB	(11.6)%	(9.8)%	(6.4)%	0.4 %	(1.9)%	(9.5)%	1.5 %
<b>BMO Wealth Management</b>	Total revenue	1,422	1,960	2,504	930	1,705	5,886	3,594
<b>Reported</b>	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	4	591	1,193	(369)	413	1,788	(314)
	Revenue, net of CCPB	1,418	1,369	1,311	1,299	1,292	4,098	3,908
	Non-interest expense	1,011	993	946	901	881	2,950	2,663
	Efficiency ratio	71.1 %	50.6 %	37.8 %	96.8 %	51.7 %	50.1 %	74.1 %
	Efficiency ratio, net of CCPB	71.4 %	72.5 %	72.1 %	69.3 %	68.3 %	72.0 %	68.2 %
	Revenue growth	(16.6)%	305.1 %	78.2 %	(39.3)%	(29.7)%	63.8 %	(34.9)%
	Revenue growth, net of CCPB	9.8 %	5.9 %	(0.9)%	(9.7)%	(10.4)%	4.9 %	(7.3)%
	Non-interest expense growth	14.8 %	13.6 %	4.2 %	(8.9)%	(6.6)%	10.8 %	(6.7)%
	Operating leverage	(31.4)%	291.5 %	74.0 %	(30.4)%	(23.1)%	53.0 %	(28.2)%
	Operating Leverage, net of CCPB	(5.0)%	(7.7)%	(5.1)%	(0.8)%	(3.8)%	(5.9)%	(0.6)%
<b>BMO Wealth Management</b>	Total revenue	1,422	1,960	2,504	930	1,705	5,886	3,594
<b>Adjusted (1)</b>	Insurance claims, commissions and changes in policy benefit liabilities (CCPB)	4	591	1,193	(369)	413	1,788	(314)
	Revenue, net of CCPB	1,418	1,369	1,311	1,299	1,292	4,098	3,908
	Non-interest expense	1,009	991	945	900	880	2,945	2,659
	Efficiency ratio, net of CCPB	71.2 %	72.4 %	72.0 %	69.2 %	68.2 %	71.9 %	68.1 %
	Revenue growth, net of CCPB	9.8 %	5.9 %	(0.9)%	(9.7)%	(10.4)%	4.9 %	(7.3)%
	Non-interest expense growth	14.7 %	13.5 %	4.2 %	(8.6)%	(6.2)%	10.7 %	(6.0)%
	Operating Leverage, net of CCPB	(4.9)%	(7.6)%	(5.1)%	(1.1)%	(4.2)%	(5.8)%	(1.3)%

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 38 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Third Quarter 2023 MD&A for further information



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

(Canadian \$ in millions unless otherwise stated)		Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	YTD 23	YTD 22
<b>Total Bank</b>	Reported Income before taxes	1,795	1,253	639	5,937	1,691	3,687	11,949
	Total provision for (recovery of) credit losses	492	1,023	217	226	136	1,732	87
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	2,287	2,276	856	6,163	1,827	5,419	12,036
	Impact of divestitures	—	—	—	6	(7)	—	(43)
	Management of Fair Value Changes on the Purchase of Bank of the West	—	—	(2,011)	4,541	(945)	(2,011)	3,172
	Acquisition and integration costs	(497)	(727)	(239)	(193)	(84)	(1,463)	(133)
	Amortization of acquisition-related intangible assets	(115)	(115)	(8)	(8)	(7)	(238)	(23)
	Legal provision	4	(7)	(8)	(1,142)	—	(11)	—
	Impact of Canadian tax measures	(160)	—	—	—	—	(160)	—
<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>3,055</b>	<b>3,125</b>	<b>3,122</b>	<b>2,959</b>	<b>2,870</b>	<b>9,302</b>	<b>9,063</b>	
<b>U.S. Segment (USD)</b>	Reported Income (loss) before taxes	436	(203)	(841)	3,096	(78)	(608)	5,010
	Total provision for (recovery of) credit losses	165	578	36	52	52	779	(62)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	601	375	(805)	3,148	(26)	171	4,948
	Impact of divestitures	—	—	—	4	—	—	60
	Management of Fair Value Changes on the Purchase of Bank of the West	—	—	(1,505)	3,362	(742)	(1,505)	2,507
	Acquisition and integration costs	(369)	(530)	(175)	(143)	(65)	(1,074)	(104)
	Amortization of acquisition-related intangible assets	(82)	(82)	(5)	(5)	(6)	(169)	(17)
	Restructuring (costs) reversals	—	—	—	—	—	—	—
	Legal provision	3	(5)	(7)	(838)	—	(9)	—
<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>1,049</b>	<b>992</b>	<b>887</b>	<b>768</b>	<b>787</b>	<b>2,928</b>	<b>2,502</b>	
<b>Canadian P&amp;C</b>	Reported Income before taxes	1,260	1,192	1,348	1,242	1,306	3,800	3,936
	Total provision for (recovery of) credit losses	269	228	164	174	89	661	167
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	1,529	1,420	1,512	1,416	1,395	4,461	4,103
	Acquisition and integration costs	(8)	(3)	—	—	—	(11)	—
	Amortization of acquisition-related intangible assets	(3)	(1)	—	—	—	(4)	(1)
<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>1,540</b>	<b>1,424</b>	<b>1,512</b>	<b>1,416</b>	<b>1,395</b>	<b>4,476</b>	<b>4,104</b>	
<b>U.S. P&amp;C (USD)</b>	Reported Income before taxes	536	729	667	634	577	1,932	1,876
	Total provision for (recovery of) credit losses	153	51	46	46	53	250	(35)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	689	780	713	680	630	2,182	1,841
	Amortization of acquisition-related intangible assets	(78)	(78)	(1)	(1)	(1)	(157)	(4)
	<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>767</b>	<b>858</b>	<b>714</b>	<b>681</b>	<b>631</b>	<b>2,339</b>	<b>1,845</b>
<b>BMO Wealth Management</b>	Reported Income before taxes	400	372	359	395	421	1,131	1,250
	Total provision for (recovery of) credit losses	7	4	6	3	(10)	17	(5)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	407	376	365	398	411	1,148	1,245
	Amortization of acquisition-related intangible assets	(2)	(2)	(1)	(1)	(1)	(5)	(4)
	<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>409</b>	<b>378</b>	<b>366</b>	<b>399</b>	<b>412</b>	<b>1,153</b>	<b>1,249</b>
<b>BMO Capital Markets</b>	Reported Income before taxes	392	509	637	458	351	1,538	1,902
	Total provision for (recovery of) credit losses	10	17	(10)	(18)	(7)	17	(25)
	Reported Pre-Provision, Pre-Tax Earnings (PPPT)	402	526	627	440	344	1,555	1,877
	Acquisition and integration costs	(2)	(2)	(4)	(2)	(2)	(8)	(8)
	Amortization of acquisition-related intangible assets	(7)	(8)	(5)	(5)	(5)	(20)	(14)
<b>Adjusted Pre-Provision, Pre-Tax Earnings (PPPT)</b>	<b>411</b>	<b>536</b>	<b>636</b>	<b>447</b>	<b>351</b>	<b>1,583</b>	<b>1,899</b>	

Refer to footnotes (1) to (8) in the Non-GAAP and other Financial Measures table on slide 38 for details on adjusting items, and the Non-GAAP and Other Financial Measures and Summary Quarterly Earnings Trend sections of the Third Quarter 2023 MD&A for further information

BMO Financial Group

# Investor Relations

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