April 18, 2023 | Toronto, Ontario

Thank you, George, and good morning, everyone. Bonjour à tous. I’d like to extend a special welcome to our newest colleagues and clients who have joined us from Bank of the West.

Eleven weeks ago we closed our acquisition of the California-based bank – the largest acquisition in Canadian bank history – and a major milestone in BMO’s 205-years.

It’s the natural next step in our North American growth strategy, which has significantly expanded our market access to high-growth regions of the United States and strengthened our competitive position as the 8th largest bank in North America by assets.

Setting ambitious goals, prioritizing a strong risk management and ethical culture, and relentlessly executing on our agenda have helped us establish a strong foundation from which to serve our clients and grow our bank.

They’ve helped us build a high-performing, digitally enabled, future-ready bank with profitable growth and loyalty – all powered by a Winning Culture and driven by our Purpose.

That matters, because the same foundation that delivers consistently strong shareholder returns, also plays a critical role in fueling the progress we make for a thriving economy, a sustainable future, and an inclusive society.

Events over the past month in the global banking system serve as a reminder of the importance of maintaining trust with our stakeholders. They have also reinforced the importance of a well-designed policy and regulatory system that provides confidence to our clients – businesses and consumers alike.

For our part, BMO’s strength and stability has been the foundation of our 205-year history.

Our bank is highly diversified by customer, sector and geography, with a strong capital and liquidity position well above regulatory requirements, and one that has in fact improved since the events over the past month.

We have a long-term track record of leading risk performance, as well as consistently strong credit ratings. We aim to deliver resilient revenue performance through economic cycles.

We’re very proud of the prudent approach we’ve always taken as one of the founders of the North American financial system, and as a responsible market participant.

The trust that our clients place in us to serve them is our bank’s most valuable asset.

Year in review – F’22 performance

Strong financial performance, which we delivered in fiscal 2022, is what underpins this trust. Last year, we executed on our strategy to strengthen and grow each of our diversified businesses.

We achieved strong Pre-Provision, Pre-Tax earnings growth and met our commitment to positive operating leverage, as we have done in each of the last five years.

Over that period, our efficiency ratio improved by over 600 basis points, while we also invested in our sales force and technology to improve customer experience, and drive future growth and returns.

Our return on equity in 2022 remained above-target – even while building capital ahead of our acquisition.

We’ve achieved these strong and consistent results against a rapidly changing economic background.

With increasing market volatility, dramatically rising interest rates, slowing global economic momentum, and ongoing geopolitical tensions, Team BMO is sharply focused on sustaining our performance to position us to best support our clients and drive value for our shareholders.
Our consistent performance has delivered top tier returns to our shareholders and the longest-running dividend payout record of any company in Canada at 194 years.

It is underpinned by a leading and disciplined approach to risk management that has resulted in a 30-year average loss rate well-below our peers.

The bank’s track record of consistent and resilient financial performance, together with a strong balance sheet protect customers and shareholders through economic cycles.

We have a stable and diverse base of customer deposits and maintain high-quality liquid assets that can be accessed in times of stress.

And although our capital position was elevated in advance of closing the acquisition, it is still expected to remain well-above regulatory requirements now that the acquisition has closed.

Consistent, sustainable performance has propelled our growth for over two centuries, helping us grow from rented rooms on Rue Saint-Paul in Montreal to become, among other things, the 10th largest U.S. bank by assets.

“Our consistent performance has delivered top tier returns to our shareholders and the longest-running dividend payout record of any company in Canada at 194 years.”

BMO in the U.S.

Our presence in the United States dates back to 1818, just one year after BMO opened for business. In fact, among our founders were several New England merchants who wanted to make it easier to do business between the two countries.

Cross-border trade has been in our DNA since the very beginning. We’ve steadily grown our presence in the U.S., most notably with our 1984 acquisition of Harris Bank, followed by M&I in 2011 and now Bank of the West, to deliver new opportunities for our customers.

Our U.S. segment has been a key contributor to our growth and success – the combination of organic growth (60%) and highly successful acquisitions.

With the completion of our acquisition of Bank of the West on February 1st, once fully cost synergized, we expect the U.S. to contribute approximately 45% of Pre-Provision, Pre-Tax earnings.

We’ve strengthened our position with increased scale, and we’ve gained even greater access to growth opportunities in strategic new markets:

- We’ve now doubled our footprint, with a physical presence across 32 states
- We now have a presence in three of the top five U.S. markets
- We have digital retail and payments platforms across all 50 states
- And are a top-5 commercial lender in North America

As a high performing U.S. super regional bank, our clients benefit from the strength of BMO’s CA$1.15 trillion-dollar North American balance sheet and the stability of a Canadian bank.

This means we’re able to meaningfully invest in digital capabilities, offer integrated capital markets and wealth products and services, and attract top talent. Coupled with our deep integration across the Canada-U.S. border, it’s what sets us apart in the U.S. market.

When you factor in these differentiating strengths, we are well positioned to pull ahead from the pack.

As a highly integrated bank, our One Client approach enables our teams to support clients with expertise that differentiates our experience from our competitors.

On day one of the closing of our acquisition, we started seeing the commercial benefits of our expanded and combined teams, completing our first One Client transaction.

In these first 77 days, our newly combined teams have been delivering on opportunities to deepen client relationships and expand our offerings, complementing our efforts to improve the client experience.
In the months ahead, we are focused on the successful integration and full conversion to BMO. We will report earnings inclusive of Bank of the West beginning in the second quarter of fiscal 2023. And by the end of 2025, we expect the transaction will add over US$2 billion in run rate of Pre-Provision, Pre-Tax earnings to our bank.

This is a story of significant growth, backed by opportunity and potential. Now, with Bank of the West as part of the BMO family, we’re excited to come together as one bank with a shared vision to drive progress for our clients, colleagues and communities.

On that note, I would like to thank our community partners whose input helped us to develop the Community Benefits Plan that we announced during our acquisition. Their valuable input and advice will help shape BMO’s community impact across our expanded U.S. footprint over the next five years.

Making progress with Purpose

It’s all part of living our Purpose, to Boldly Grow the Good in business and life.

And it’s the strong performance of our business that enables us to put our Purpose into action.

The stronger we perform, the greater the good we can grow for all our stakeholders. And as our clients and our communities make progress, their growth and loyalty in turn fuel our performance.

It’s what supports our efforts to make progress for a thriving economy, a sustainable future, and an inclusive society.

A thriving economy is a resilient one, where businesses are free to compete to serve their clients.

And it’s one where local bank branch staff, business bankers, investment advisors, commercial and corporate bankers, commodities and foreign exchange traders, compliance and risk management teams all work together so our clients can make progress and grow.

As one of the world’s strongest financial institutions, we play a fundamental role in creating economic growth and shaping a thriving economy.

“The stronger we perform, the greater the good we can grow for all our stakeholders. And as our clients and our communities make progress, their growth and loyalty in turn fuel our performance.”

As bankers, we work at the crossroads of the hopes and dreams of our millions of customers and the access to the financial system they need to achieve them.

Whether that’s starting or growing a business, helping to purchase or renovate a home, saving for school or retirement, or creating wealth for their family, we’re here to help them make real financial progress.

One of the ways we’re investing in a thriving economy in the U.S. is through our inclusive economic recovery initiative, BMO EMpower.

In fact, we exceeded our five-year, US$5 billion commitment to help minority businesses, communities and families overcome barriers.

Stephanie Hickman of Trice Construction is one such client. As a Black woman business owner in the construction industry, she faced very real challenges gaining access to capital and resources, despite being a corporate attorney.

With the help of BMO EMpower, Stephanie transformed her family’s business into a prominent utility infrastructure contractor.

In Canada last year, we announced $5 billion to support women entrepreneurs and up to $100 million to launch Business Within Reach: BMO for Black Entrepreneurs.

It’s through financial inclusion that we can help our customers build resilience and achieve financial stability.

How we build a thriving economy is key. A thriving economy is not at odds with a sustainable inclusive future – in fact, when we get it right, they reinforce each other. It doesn’t have to be either/or, it has to be and.
As bankers, at our core, we’re problem solvers. We’re pragmatic in our approach to help solve the most pressing issues of our times, including climate change.

Two of the shareholder proposals we are voting on today sit on both sides of the conversation about the most effective paths to enable the clean energy transition.

Our Purpose to Boldly Grow the Good in business and life inspires our management and action on these issues, including our response to the climate crisis.

Our climate ambition is to be our clients’ lead partner in the transition to a net zero world.

We’re leading the way in financing a just transition to a net-zero economy by working with our clients developing new technologies and supporting traditional energy clients working hard to adapt their emissions profiles.

Why? Because climate finance is critical to achieving emissions reduction goals and represents a huge economic opportunity for BMO.

Clients like CarbonCure are helping support the decarbonization of the global concrete industry.

Last year, we became the first North American bank to purchase carbon credits generated through CarbonCure’s unique engineered carbon removal solutions to help offset a portion of BMO’s operational footprint and support more rapid decarbonization worldwide.

CarbonCure is contributing to a thriving economy and doing so, sustainably. We’re proud to support their efforts, and proud of our own leading efforts in catalyzing climate action:

• As a member of the Net-Zero Banking Alliance, we’re quantifying financed emissions across our portfolio
• We’ve set ambitious targets for energy lending, including Scope 1,2 and 3 financed emissions
• We’re mobilizing CA$300 billion in sustainable lending and underwriting
• And our sustainability leadership has consistently been recognized on a number of global rankings, like the Dow Jones Sustainability Index and as the most sustainable bank in North America according to Corporate Knights.

We’re driven by the opportunity and challenge to make progress, and to actively remove barriers to inclusion that are preventing it.

Diversity, equity and inclusion are drivers of a thriving economy and we’ve been focused on helping groups facing barriers to inclusion overcome them, both inside and outside our doors.

Last year, we celebrated the 30th anniversary of our Indigenous Banking Unit. We’ve worked for more than three decades to remove barriers to economic self-determination and support the growth of Indigenous clients, colleagues and communities.

Within our bank, we launched a recruitment program helping immigrants, refugees and displaced persons – including Ukrainians fleeing conflict and resettling in North America – to find new employment opportunities.

We’re consistently recognized for our gender inclusivity practices on Bloomberg’s Gender-Equality Index, something that extends to our corporate governance model.

And, guided by our board diversity policy, we aspire to have at least one third women directors. Today, that number is much higher: 50% are women, and three of our board’s four standing committees are chaired by women.

As we continue to eliminate barriers to inclusion, we recognize there is still work to do to ensure equitable access, entry and growth into the highest paying roles. And, in recent years, we’ve continued our work on ensuring that people doing the same work are paid comparably.

We believe that representation matters. And that the diversity of ideas, backgrounds and experiences fosters a culture of ethical and responsible conduct that leads to better outcomes.

Culture is key. Team BMO has also been focused on activating a winning culture and have made significant progress within a short period of time.

I’m proud to say the health and performance of our culture now ranks among the best financial institutions surveyed globally.
“Building and deepening relationships in our key markets will be critical to the execution of our strategy and our sustained performance. Over the next year, we’ll bring together our four lines of business to operate across our 32 U.S. markets – and throughout Canada – to help more customers make real financial progress.”

Our employees are the embodiment of our bank. And our team’s commitment to our clients and our communities is world class. I am very proud to share that last year we reached a major milestone, achieving CA$200 million in employee pledges over 10 years to charitable causes.

This is a team that cares about our collective future, about our prosperity and about Boldly Growing the Good in business and life.

Together, we’re driving progress for a better tomorrow. Against a dynamic backdrop of economic change, this represents an extraordinary period of opportunity and potential for our bank and our customers in new and existing markets.

We’re excited to get the BMO name out there in a big way, with recently completed flagship locations in Toronto, Chicago and Milwaukee.

And in our newest market, California, with the aptly named BMO Stadium in Los Angeles. Our sponsorship of the stadium and the home teams – the LAFC and Angel City FC – are powerful levers to help our brand stand out.

Building and deepening relationships in our key markets will be critical to the execution of our strategy and our sustained performance. Over the next year, we’ll bring together our four lines of business to operate across our 32 U.S. markets – and throughout Canada – to help more customers make real financial progress.

I can confidently say as I look to the future, that for BMO, the best is yet to come.

Thank you. Merci.
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 or share price, the regulatory environment in which we operate, the results of, or outlook for, our operations or for the Canadian, U.S. and international economies, plans for the combined operations of BMO and Bank of the West 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”, “goal”, “commit”, “target”, “may”, “might”, “schedule”, “forecast”, “outlook”, “timeline”, “suggest”, “seek” and “could” or negative or grammatical variations thereof.

By their nature, forward-looking statements 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 severity, duration and spread of the COVID-19 pandemic, and possibly other outbreaks of disease or illness, 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; 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; 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 First Quarter 2023 Management’s Discussion and Analysis (“First 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 First 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 First 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 and Bank of the West’s current and expected financial performance (including balance sheet, income statement and regulatory capital figures), expected cost and revenue synergies (and timing to achieve), and current and future foreign exchange rates, interest rates and shares outstanding were material factors considered in estimating adjusted EPS accretion and/or BMO’s expected regulatory capital ratios.

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.