

BMO Financial Group | 206th Annual Report

2023 Annual Report to Shareholders

The secret object #5 is a "candle".



BOLDLY GROW THE GOOD

IN BUSINESS AND LIFE

Our Purpose is comprised of three core commitments:

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, financial products and services, and partnerships that remove systemic barriers for under-represented customers, employees and communities – and drive inclusion and equitable growth for everyone

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The secret drink is "milk".

A LEED Gold-certified building, the Nova Centre headquarters

Photography: Dean Casavechia



Our Strategy

At BMO, we're building a high-performing, digitally-enabled, future-ready bank with engaged employees and a winning culture. We are focused on helping our customers make real financial progress, and on financing our clients' growth and innovation, while also investing in our workforce. Anchored by our Purpose, we are driven by our strategic priorities for growth, strengthened by our approach to sustainability and guided by our values as we build a foundation of trust with our stakeholders.

The secret fruit is a "grape".



Who We Are

Established in 1817, BMO is the largest bank in North America by assets, with total assets of \$1.29 trillion. We are a highly diversified financial institution providing a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services. We serve 13 million customers across Canada and the United States, and in select markets globally, through three integrated operating groups.

Personal and Commercial Banking

Provides financial products and services to customers across North America. Personal and Business Banking helps customers make real financial progress through an extensive network of branches, contact centres, digital banking platforms and automated teller machines. Commercial Banking offers valuable industry expertise, local presence and a comprehensive range of commercial products and services.

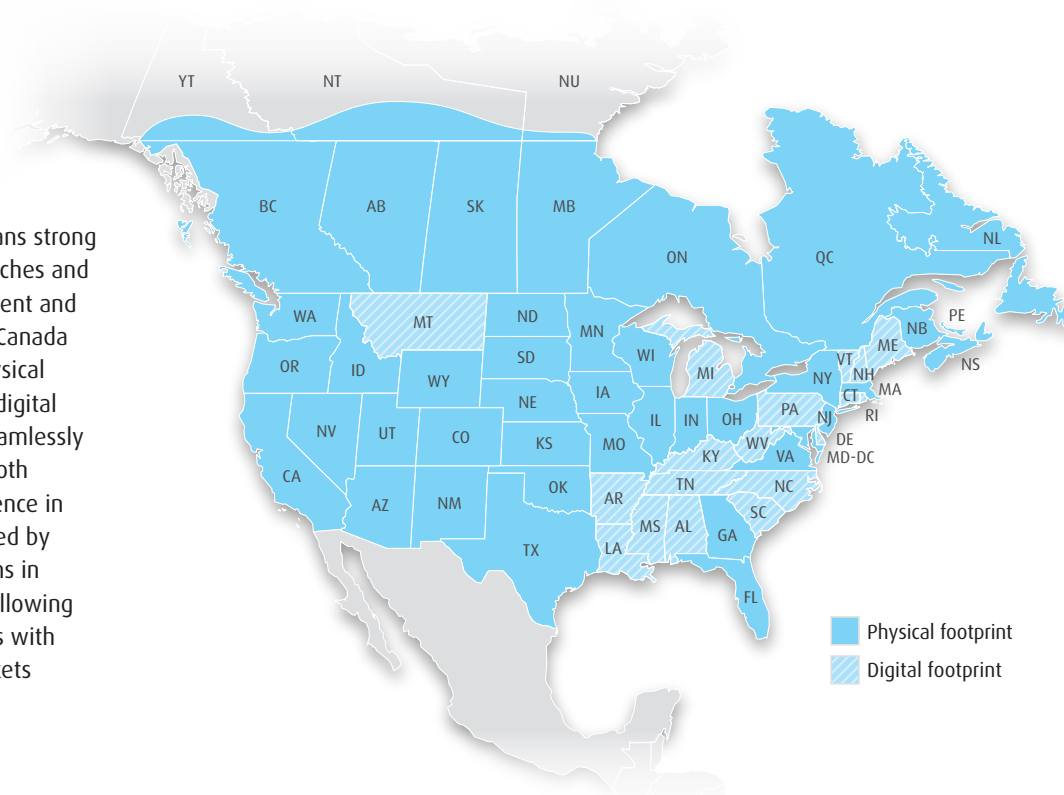
BMO Wealth Management

Serves a full range of clients, from individuals and families to business owners and institutions, offering a wide spectrum of wealth, asset management and insurance products and services aimed at helping clients make real financial progress through planning, growing, protecting and transitioning their wealth. Our asset management business is focused on making a positive impact and delivering innovative financial solutions and strategies for our clients.

BMO Capital Markets

Offers a comprehensive range of products and services to corporate, institutional and government clients. BMO Capital Markets has thousands of professionals around the world enabling the growth aspirations of our clients across the bank.

BMO's Strategic Footprint spans strong regional economies, with branches and commercial, wealth management and capital markets offices across Canada and the United States. Our physical presence is supplemented by digital platforms that enable us to seamlessly serve customers throughout both countries. Our significant presence in North America is complemented by BMO Capital Markets operations in select international markets, allowing us to provide all our customers with access to economies and markets around the world.



Bank of Montreal brands the organization's member companies as BMO Financial Group. Note 26 of the consolidated financial statements lists the intercorporate relationships among Bank of Montreal and its significant subsidiaries.



The secret kitchen appliance is a "toaster".

BMO's brand presence on Hollywood Boulevard, Los Angeles, California.

13 million
customers globally

\$1.29 trillion
in total assets

8th largest
bank in North America
by assets

1817
serving customers for
206 years and counting

Financial Performance

Medium-term objectives¹

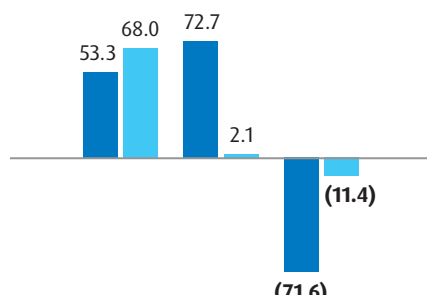
	2023 financial performance	
	Reported	Adjusted ²
EPS growth of 7% to 10%	(71.6)%	(11.4)%
ROE of 15% or more	6.0%	12.3%
ROTCE of 18% or more	8.2%	15.8%
Net operating leverage ² of 2% or more	(45.9)%	(8.2)%
Capital ratios that exceed regulatory requirements	12.5% CET1 Ratio ⁴	

3-year³ financial performance

	3-year ³ financial performance	
	Reported	Adjusted ²
	(9.1)%	15.0%
	14.6%	14.7%
	16.8%	17.1%
	(6.8)%	—
	na	

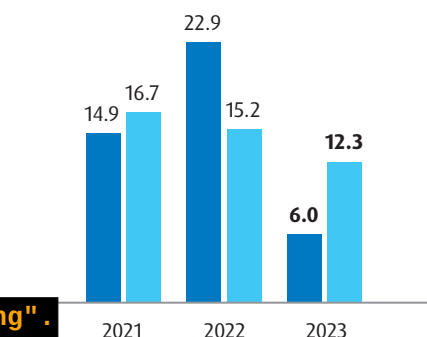
Earnings Per Share Growth (%)

● Reported
● Adjusted²



Return on Equity (%)

● Reported
● Adjusted²



The secret sport is "skiing".

A 195-year dividend record

BMO Financial Group has the longest-running dividend payout record of any company in Canada, at 195 years. BMO common shares had an annual dividend yield of 5.5% at October 31, 2023.

Compound annual growth rate

5.0%

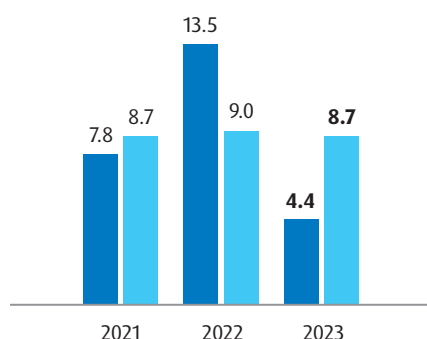
BMO 15-year

8.9%

BMO 5-year

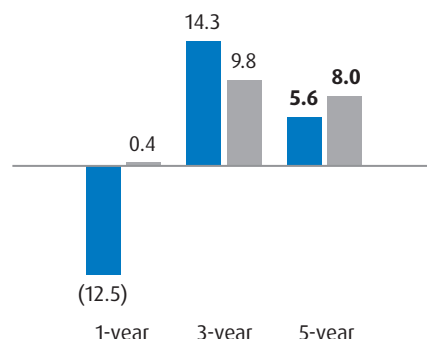
Net Income (C\$ billions)

● Reported
● Adjusted²

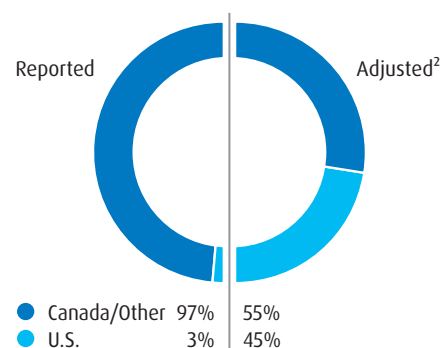


Total Shareholder Return⁵ (%)

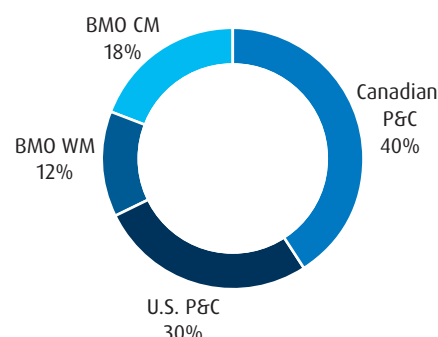
● BMO
● S&P/TSX Composite Index



Net Income by Geography



Reported Net Income by Operating Group⁶



¹ We have established medium-term financial objectives for certain important performance measures. Medium-term is generally defined as three to five years, and performance is measured on an adjusted basis.

² Net revenue measures and all adjusted measures are non-GAAP measures. For further information, see the Non-GAAP and Other Financial Measures section of Management's Discussion and Analysis (MD&A). Regarding the composition of non-GAAP and other financial measures, including supplementary financial measures, refer to the Glossary of Financial Terms in the MD&A.

³ The 3-year EPS growth rate and operating leverage, net of CCPB, reflect compound annual growth rates (CAGR).

⁴ The CET1 Ratio is disclosed in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline.

⁵ As of October 31, 2023.

⁶ Percentages determined excluding results in Corporate Services.

Digital Strategy and Leadership

The secret animal #4 is a "horse".

Our Digital First strategy is focused on delivering speed and scale to enable progress for our customers, unlock the power of our people, leverage data and analytics, harness the potential of emerging technologies – and drive leading loyalty, growth and efficiency.

We're proud to be consistently recognized for our leadership and achievements. It's a testament to our employees, our innovative culture, and our ongoing commitment to creating excellent digital experiences for our customers, colleagues and communities.

J.D. Power 2023 Canada Online Banking Satisfaction Study

BMO received the highest score in the J.D. Power 2023 Canada Online Banking Satisfaction Study. The study analyzes feedback from thousands of online banking customers across Canada, and awarded BMO top marks in four key categories: Information/content, navigation, speed and visual appeal.¹

Best Workplaces for Innovators

BMO was the only financial institution named among the top 30 companies on Fast Company's fifth annual Best Workplaces for Innovators list, honouring organizations that demonstrate a commitment to encouraging innovation enterprise-wide.

2023 BAI Global Innovation Award

BMO Digital has won a 2023 BAI Global Innovation Award for the BMO New to Canada pre-arrival digital account opening application. The BAI Global Innovation Awards recognize financial institutions that embrace digital innovation to transform the customer experience, drive business results and effect positive change.

Fintech Open Source Foundation (FINOS)

BMO Capital Markets received the Breaking the Status Quo award in recognition of our significant progress on open source readiness, as well as the positive impact and contributions we've made to open source in financial services.

¹ For more information, refer to www.jdpower.com/business.



Chair's Message

George A. Cope
Chair of the Board

Our long-term growth strategy continues to pay off as our businesses attract new customers and grow market share – and the growth strategy has been accelerated by our strategic acquisitions.

The integration of Bank of the West was well executed, expanding BMO's footprint significantly in the Western and Midwestern parts of the United States, including California, the U.S. state with the largest economy. The acquisition strengthens our position in North America with increased scale and greater access to growth opportunities in strategic new markets.

Your bank continues to deliver solid financial results, reflecting the strength, diversification and active management of all our businesses in this evolving environment. As a board of directors, we recognize the excellent work of our people at BMO – including our new colleagues who have joined from Bank of the West – and the strong leadership of Darryl and the management team. I want to extend congratulations to our CEO, whose strategic skills and effectiveness were singled out by *The Globe and Mail's Report on Business* magazine as they named him their Strategist of the Year and CEO of the Year.

We have great confidence in our strategic direction as an organization, and the bank's demonstrated ability to capitalize on opportunities as general economic conditions improve.

The bank achieves these results by living Our Purpose – Boldly Grow the Good *in business and life* – and this is reflected in the recognition it receives, including being ranked among the World's Most Ethical Companies, as well as among the most sustainable corporations in the world.

On your behalf, we acknowledge and appreciate the commitment shown by all BMO employees to continue to meet and exceed such high expectations.

A new director

Over the course of the year, we added a new member to our board of directors, whom we will be nominating for election at our next Annual Meeting of Shareholders.

Hazel Claxton, who was, until her 2018 retirement, Chief Human Resources Officer of Morneau Shepell Inc. (now part of TELUS Health) and, previously, a senior partner at PwC Canada, has joined the board's Audit and Conduct Review Committee. Our 14-member board now comprises seven women and seven men, in keeping with our commitment to maintain a gender-balanced board, and three of our board committee chairs are women.

Because we want to ensure that we always have the full benefit of the varied talents, knowledge, and work and life experiences that diversity brings, we are continually taking steps to shape a board that is rich in diversity. **The secret instrument is a "drum".**

As your representatives, we thank all our fellow shareholders for the trust you place in us, and for supporting BMO's bold ambitions for growth and progress.

George A. Cope



Chief Executive Officer's Message

Darryl White
Chief Executive Officer

2023 saw emerging challenges in the global economy, impacted by rising interest rates, weaker financial conditions and compounded by the escalation of geopolitical crises. While growth of inflation fell sharply from four-decade highs across North America, further progress towards normalizing could be impeded by ongoing cost pressures in the services sector. With persistently high inflation and weaker global demand due to higher costs of borrowing, the potential for an economic downturn remains elevated both in Canada and the U.S., with higher risks north of the border.

The clean energy transition, the accelerated at-scale availability of advanced technologies, artificial intelligence and otherwise, and rapidly reorganizing geopolitical relationships are three transversal trends impacting global economies and presenting new opportunities and risks to BMO and to our clients.

Within this macroeconomic context, BMO has been reinforcing and expanding the foundations of our bank to position us strongly for the future – and this year we've made tremendous progress on that agenda.

Our successful acquisition of Bank of the West is now complete, and BMO is the most integrated North-South bank on the continent. The completion of this natural next step in our North American growth strategy has significantly expanded our market access to high-growth regions of the United States and strengthened our competitive position as the eighth largest bank in North America by assets.

Alongside other notable acquisitions, including the AIR MIL Reward Program, we are building a high-performing, digitally enabled, future-ready bank with leading efficiency, profitability and loyalty. Our newest colleagues are united and energized by our industry-leading winning culture. Serving our clients across a wider geographical footprint than ever before, we now have more opportunities to Boldly Grow the Good *in business and life* for all of our stakeholders.

In a year with so much achieved by Team BMO, we've been proud to put our Purpose into action. It starts by helping our clients and

communities make real financial progress – because when they succeed, we succeed.

For our customers, access to expert advice through a dynamic operating environment is key to achieving their financial goals – today and into the future. As a team of bankers aligned in our objective of meeting and exceeding our clients' expectations, we are actively teaming up across our businesses to deliver industry-leading customer experience. The results are clear: this year, we were ranked #1 in personal banking customer satisfaction among Canada's "Big Five" banks in the J.D. Power 2023 Canada Retail Banking Satisfaction Study¹.

This recognition reinforces the trust our customers place in us and builds on our leading reputation of customer satisfaction in retail banking advice, earned by the expert guidance we provide our clients as they navigate the evolving economy.

Digital First

We lead with a digital-first mindset to drive progress for our customers, unlock the power of our people and deliver loyalty, growth and efficiency. Digital is at the centre of how we operate, powering our teams to build solutions that free up more human capacity to do what we do best: give expert advice.

We have a strong track record of industry recognition for providing customer-centric experiences. Our leading digital money tools and experiences received the highest score in the 2023 Canada Online Banking Satisfaction Study¹. BMO also received Celent's Retail Digital Banking Transformation Award in recognition of our leadership in digital transformation, and its Customer Financial Resilience Award for our commitment to enhancing the customer experience. Our commercial banking digital offerings received a Datos Insights Impact Award for our leading use of artificial intelligence and advanced analytics, while our capital markets team was recognized with a Breaking the Status Quo award from Fintech Open Source Foundation for our progress on open source readiness.

¹ For more information, refer to www.jdpower.com/business.

Our strategic priorities

Our group strategic priorities align with and support our enterprise-wide strategy, positioning us well to drive competitive performance.

The scope of digital goes deeper, not only for the quality of customer interactions, but also to powering technological change across our teams resulting in advanced analytics, stronger insights and agile decision-making. This was clearly evident as we successfully converted nearly 2 million new customers to our systems, a critical step in our integration of Bank of the West. We are extremely proud that BMO was the only financial institution named among the top 30 companies on Fast Company's fifth annual *Best Workplaces for Innovators* list, honouring organizations that demonstrate a commitment to encouraging and developing innovation enterprise-wide.

North American integration

Significant advancements in our U.S. franchise laid the groundwork for our successful integration of Bank of the West – the largest acquisition in Canadian banking history.

Our strategic focus on North American growth, supported by a global presence that provides our clients access to the world, sets BMO apart from our competitors. While we've operated in the U.S. since 1818, our acquisition of Harris Bank in 1984 established a meaningful presence that was advanced with our 2011 acquisition of Marshall & Ilsley Corporation (M&I) and expanded in 2023 with Bank of the West. BMO is now a top 10 U.S. bank¹, with over US\$435 billion in assets and physical presence in 32 states. Combined with our global operations, our \$1 trillion+ balance sheet positions us strongly for future growth.

Our three operating groups are integrated across robust North-South infrastructure, with commercial banking and capital markets operations approximately the same size on both sides of the border and our commercial bank now ranked among the top 5 in North America. Our personal banking business is growing strongly with peer-leading revenue growth in Canada as we gain market share in the communities we serve, and our wealth management group is primed for acceleration with continued net new asset growth, reflecting the trusted relationship we have built with our clients.

Well-positioned for continued growth

Our performance continues to reflect the fundamental strength and diversified portfolio of businesses that make up BMO – our powerful platform for growth and resilience in a challenging economic environment. To adjust to near-term industry headwinds and return to our well-established record of positive operating leverage in fiscal 2024 – a key objective for our bank – we're dynamically managing our businesses and taking action to align our resources to our dual objectives of growing our revenues and controlling expenses.

Our superior risk management capabilities and ethical culture have guided the relentless execution of our strategy to strengthen and grow our bank. We expect that disciplined expense management and targeted investments, combined with revenue and expense synergies from our recent acquisition, will continue to improve our efficiency ratio over time.

North America's potential

North America's fundamental advantages position the region for considerable growth in the years ahead, and BMO is well-positioned to serve more clients between the Canadian and American economies.

The clean energy transition will benefit both Canada and the U.S. as reliable and trusted suppliers of sought-after resources and sustainability expertise. BMO's Climate Ambition, to be our clients' lead partner in the transition to a net zero world, is backed by a \$300 billion pledge to mobilize capital to clients' sustainable outcomes by 2025 – and we're on track to exceed that goal this year. With support for sustainable bond underwriting, equity and debt financing, ESG advisory services, and loans for sustainable projects, our Energy Transition and Sustainable Finance Groups are helping clients pursue opportunities in the global economy's shift in the production and consumption of energy.

¹ Ranking by assets as at September 30, 2023 and internal analysis. Source: SNL Financial. Top 10 U.S. JP Morgan, Bank of America, Citibank, Wells Fargo, U.S. Bank, PNC Bank, Truist Bank, TD Bank, Capital One, BMO.

World-class loyalty and growth, powered by One Client leadership

Winning Culture driven by alignment, empowerment and recognition

Digital First for speed, scale and the elimination of complexity

Be our clients' lead partner in the transition to a net zero world

Superior management of risk, capital and funding performance

The secret currency is a "rupee".

U.S. productivity is growing twice as fast as the G7 average and is among the world's strongest. The U.S. also has the largest middle-class consumer market globally. Next door, Canada's rapidly growing population – the fastest among G7 nations – and its position as the only G7 economy with comprehensive free trade access to the entire G7 and European Union, offers significant global economic advantage.

Canada and the U.S. share one of the largest bilateral trade relationships in the world, and BMO is serving our clients at the heart of each economy, helping to build a thriving economy, sustainable future and inclusive society across the region as a purpose-driven organization.

BMO's clear North American positioning is now well established to serve the impressive potential of the North American region in a shifting global landscape.

Our Purpose commitments

Our performance enables us to put our Purpose into action and Boldly Grow the Good *in business and life*. When we enter a new market, we commit to making progress for our clients and communities there. That's why we are delivering on our plan to support the communities we serve across our U.S. footprint. Our BMO EMpower 2.0 plan will deliver more than \$40 billion in lending to minority-owned small businesses, community reinvestment in real estate, affordable housing and neighbourhood revitalization, and philanthropic giving to support under-represented communities and organizations.

With input from more than 85 community groups, this five-year plan reinforces BMO's focus on increasing home ownership and supporting the growth of small business in low- to moderate-income neighbourhoods and underserved communities.

We're also committed to empowering our employees. Our exceptionally engaged team has made significant strides in activating a winning culture in just a few short years, making substantial progress across every business and group to rank among the world's strongest financial institutions. Every member of Team BMO is committed to building world-class loyalty and deepening client relationships by bringing the whole bank to our clients.

Looking ahead

With the size, strength and stability of our bank, BMO is well positioned for growth and consistent performance through economic cycles. With the longest-running dividend payout record of any company in Canada at 195 years, we have a leading track record of delivering value for our shareholders.

Following a year of successful acquisitions, we're moving into the future with the full strength of our North American footprint and global presence – making our growth ambitions a reality, realizing opportunities in new markets, and driving progress for our clients, our communities and the planet.



Darryl White

#1 in customer satisfaction

BMO received the highest score in customer satisfaction among Canada's "Big Five" banks in the J.D. Power 2023 Canada Retail Banking Satisfaction Study. The annual study analyzes direct feedback from thousands of customers across Canada and measures their satisfaction with their primary bank.¹

Innovative platforms

We're meeting and engaging clients where they are. BMO was recognized for innovation at the 2023 Cannes Lions festival, winning Gold for BMO NXT LVL, a first-of-its-kind gaming platform on Twitch that educates and informs gamers about personal finances. We also won two Gold Lions in the Creative Commerce and Social & Influencer categories.

A wider U.S. footprint

With the acquisition of Bank of the West, BMO has expanded our market presence in the U.S. West and Southwest – while reinforcing our third-place market share position for deposits across our Midwest footprint.

¹ For more information, refer to www.jdpower.com/business.

Economic progress



The secret flower is "lavender".

Hannalee Pervan, co-owner of One House Bakery.

Photography: Marco Boscacci/BMO



The secret shape is a "star".

One House Bakery

Benicia, California

"As a small business, it's important for me to take care of my employees and my community. I want to be Benicia's bakery," says Hannalee Pervan, co-owner of One House Bakery.

Hannalee travelled a long road to open the business she's dreamed of since she was a little girl. After earning a basketball scholarship, she studied business at university, and then cooking at Le Cordon Bleu Ottawa. For more than a decade afterwards, she worked at bakeries across Canada and the United States, learning everything from how to make different styles of pastry to how to manage wholesaling.

At One House, bakers mill their own flour and use natural colours and ingredients. "I want everything to be as delicious and healthy as it can be," says Hannalee, who co-owns the bakery with her parents Catherine and Peter Pervan. And it's truly a family affair: Peter handles payroll, and Catherine is a chocolatier.

The bakery's name references the unity between front and back of the house at this bakery – two realms that are typically separated at culinary establishments. Similar to BMO's One Client Leadership approach, Hannalee knows you get the best from your team when everyone works together.

"Their philosophy is just like BMO's," says Chris Wheeler, VP and Business Relationship Manager, BMO. "Their focus is ensuring everyone works together to get to a better end result."

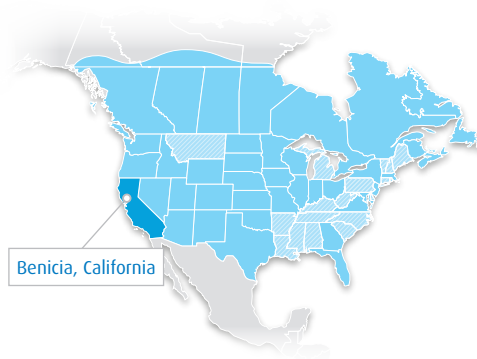
US\$16.5B

committed to lending for U.S. small businesses with owners who are Native American, Black, Latinx or women.

Top 5 \$8.3B

commercial lender in North America¹

in loans, deposits and investments originated or administered by BMO for Canadian Indigenous communities and businesses, not far from our target of \$9.5B by 2025.



¹ Share of commercial loans based upon publicly available U.S. regulatory filings (FR Y-9Cs and FFIEC 002s) and internal analysis.

Sustainable progress

The secret transportation is an "airplane".

Benjamin Feagin Jr., CEO of AgriTech North.

Photography: Tony McGuire/Theymedia

The secret office supply is an "envelope".

AgriTech North

Dryden, Ontario

Food insecurity is a major issue in Canada's northern Indigenous communities, where food costs can be significantly higher than in urban centres. Benjamin Feagin Jr., CEO of AgriTech North and a member of the Métis community, is on a mission to change that.

AgriTech is a vertical farming company using innovation to enhance sustainability, food security and affordability in Canada's northern and remote Indigenous communities. "We're trying to innovate around existing technologies to find lower-tech ways to do the same job – but that are more sustainable and less energy-intensive," says Benjamin. For example, they're exploring ways to combine vertical farming – which *generates* heat, with greenhouse production – which *requires* heat.

They're also planning to work with First Nations governments to help them establish food sovereignty in their own communities. "We want to help others implement the successes we have in our area," says Benjamin.

BMO is focused on being our clients' lead partner in the transition to a net zero world – and Seleen Mostow, Relationship Manager at BMO is excited to support AgriTech's mission to reduce food costs by 25%. "BMO's helping them remain sustainable so they can focus on achieving year-round growing that has net-zero emissions and is energy-independent," she says. "We can make a difference at BMO by supporting businesses that do so much good in our communities – this is why I love my job."

\$300B

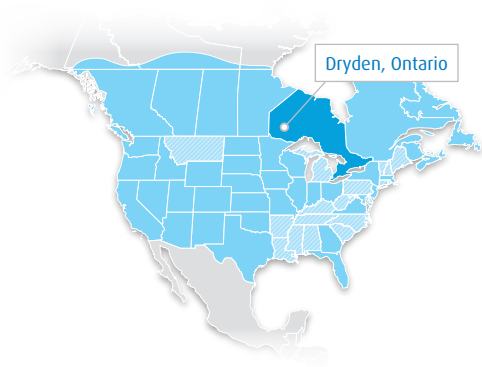
in capital to support clients pursuing sustainable outcomes.

#1

Corporate Knights' most sustainable bank in North America, for the fourth year in a row.

13 years

BMO has been carbon neutral in our own operations since 2010.



A global leader

BMO was recognized as the world's top-ranked financial institution for helping make progress in support of a just and sustainable economy by the World Benchmarking Alliance (WBA)¹, which has developed transformative new benchmarks to measure companies' impacts – and encourage them to do better. The WBA noted our leadership in governance and respect for planetary boundaries and human rights.

Protecting biodiversity

BMO was named to the United Nations Principles for Responsible Banking (PRB), Nature Target Setting Working Group, focused on developing guidance for biodiversity and nature-related target setting – the only Canadian bank among 34 UN PRB signatories from 24 countries.

Banking on ethics

BMO was named one of the World's Most Ethical Companies for the sixth consecutive year by Ethisphere, a global leader in defining and advancing the standards of ethical business practices – one of only four banks worldwide to be included in 2023, and the only Canadian bank to receive this designation since the award's inception in 2007.

¹ Awarded in 2022.

Equitable progress



Carmell Macklin, owner of Macklin Hauling Inc.

Photography: Kevin A. Roberts

Custom hat embroidery courtesy of Anish Branding, Nepean, ON

The secret clothing is a "dress".

Macklin Hauling Inc.

St. Louis, Missouri

At 74 years old – and after recovering from a stroke that initially left him unable to walk – Macklin Hauling owner Carmell Macklin was ready to restart his trucking business. A big fan of BMO, he trusted his banker of seven years, Branch Manager and VP Stephanie Tuomey, to help him get back on the road. But when his truck broke down shortly afterwards, he almost parked it for good.

"I told him we didn't come this far just to come this far!" says Stephanie, noting that while Carmell had other sources of income, trucking is the work he loves to do.

"Stephanie is truly an angel, along with her team. They gave me the courage and confidence – along with the financial support – to get me back trucking again," says Carmell. "Every tool BMO had that would benefit Macklin Hauling, we used – and they worked."

Stephanie set Carmell up with a business credit card using BMO EMpower's Zero Barriers to Business program so he could finance the repairs without depleting his cash reserves, and a business savings account so he's better prepared for the next challenge.

Carmell says BMO has always been there for him, and he tells everyone he can about the bank. "Carmell shared with me what an impact it made, just having someone believe in him," says Stephanie. His son, who runs a trucking business of his own, has also moved his banking to BMO.

"Zero Barriers to Business and EMpower are two of our most impactful programs," says Stephanie. "They allow us to bring valuable tools and resources to the businesses that fuel our communities."

8 years

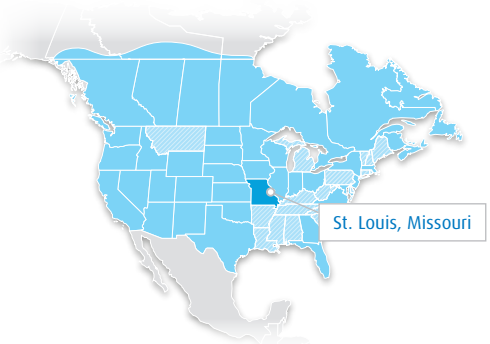
on the Bloomberg Gender-Equity Index, for our commitment to gender equity and inclusion in the workplace and the community.

90+%

of BMO employees completed our *Learn from Difference* program, fostering a more inclusive workplace.

\$100M

committed to Business Within Reach: BMO for Black Entrepreneurs program, helping Black-owned businesses in Canada start up, scale up and grow.



Supporting research

BMO committed \$5 million to the Centre for Addiction and Mental Health to support independent research and help build a new research centre – the Krembil Centre for Neuroinformatics in Toronto, a global hub collecting and integrating large-scale research data, using machine learning and mathematical models to potentially transform our understanding of brain disorders.

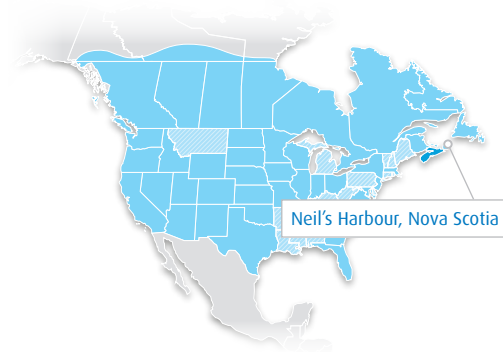
An inclusive workplace

BMO's commitment to a diverse and inclusive workplace was recognized by several organizations in 2023. For example, we received a top score on the Disability Equality Index (DEI) Best Places to Work, the leading benchmark tool for disability inclusion in business. DEI is a joint initiative of Disability:IN and The American Association of People with Disabilities.

\$40 billion+ for communities

BMO EMpower 2.0 is our five-year plan to address key barriers for minority businesses, communities and families. We've committed more than \$40 billion in funding across the United States, with over \$16 billion targeted for California. The plan goes beyond financial support – these partnerships foster deep community engagement, creating meaningful change at the local level.

One Client Leadership



Business groups partner across BMO to deliver an industry-leading customer experience. We work together as one team aligned in our objective of exceeding our customers' expectations as we help them make real financial progress.

The secret landmark is the "Colosseum".

VICTORIA FISHERIES LTD.

Neil's Harbour, Nova Scotia

In 2022, Quebec and Atlantic Canada were struck by Hurricane Fiona, one of the most powerful and destructive storms in Canadian history. The storm was devastating to families, communities and businesses across the Atlantic provinces – including Nova Scotia-based Victoria Co-operative Fisheries Ltd. (Co-op), a BMO client since 2012.

The Co-op, formed in 1955, works with more than 140 inshore commercial fishing vessels to purchase and process a variety of seafood that is then shipped to Europe, Asia and the United States. Most of the vessels are locally owned and operated by Co-op members, and their earnings to stay in the community.

As the largest employer on the northern tip of Cape Breton Island, each year the Co-op contributes approximately \$2 million in payroll to the local economy.

The Co-op's plant was severely damaged by Hurricane Fiona, and they lost over \$500,000 in product. Luckily, no one was injured – but the Co-op's future was at risk.

Peter MacLeod, Senior Relationship Manager at BMO, and several colleagues sprang into action, assuring Osborne Burke, General Manager of the Co-op, that BMO would be there for them.

From there, it was a joint effort between the commercial deal and risk management teams. BMO is one of few Canadian banks with extensive expertise in fisheries, and our risk management team understood the scope of the initial impact, enabling BMO to act quickly to ensure the Co-op was able to pay critical bills – and to rebuild as soon as possible.

For the Co-op to survive, it would need to be operational in time for the beginning of the next fishing season in April 2023.

"Very simply, we would have been out of business without BMO." Osborne Burke

"We needed the bank's support to get started, not knowing what insurance or other support would be available. We didn't know the extent of the damage – ultimately it was more than \$8 million – but BMO stepped up to the plate. It wasn't an issue worrying about how we'd pay the bills," says Osborne.

"BMO did what a lot of banks would never do for someone in our industry," says Osborne. The Co-op was able to start rebuilding right away – and Osborne made sure they built back better than ever, with a more efficient facility made to withstand the next storm.



The secret animal #3 is an "owl".

Peter MacLeod, Senior Relationship Manager,
BMO Commercial Bank and Osborne Burke,
General Manager of Victoria Co-operative Fisheries Ltd.

Photography: Riley Smith

BMO's One Client Leadership approach helped get the Co-op fully operational in time for the opening of snow crab season in April – just seven months after the devastating hurricane.

"We never missed a day of production, which would never have happened without the bank being there for us from the very first day. Very simply, we would have been out of business without BMO," says Osborne, who has gone on to recommend BMO to several others in the industry.

"All the credit for the rebuild goes to Osborne," says Peter. "He made it happen – in record time." At the same time, Peter is proud of the way his colleagues

partnered across business groups to provide timely support and local expertise.

"All the credit for the rebuild goes to Osborne. He made it happen – in record time."

Peter MacLeod

"Working together as one team is ingrained within BMO's culture," says Peter. "Our dedication to understanding the businesses we serve – and how they impact their communities – allows us to make a real difference."

A winning bank

World Finance magazine recognized several BMO businesses in 2023:

- › Best Commercial Bank in Canada for the ninth consecutive year
- › Best Retail Bank in Canada for the second consecutive year
- › Best Commercial Bank in the United States
- › Best Private Bank in Canada for the 13th consecutive year
- › Best Private Bank in the United States

A top innovator

BMO InvestorLine ranked third in *The Globe and Mail* 2023 digital broker ranking for consistently driving digital innovation that focuses on client needs and delivering an exceptional client experience.

International leadership

Maintaining BMO's global leadership in mining and metals, we were recognized as the world's best Mining & Metals Investment Bank by *Global Finance* magazine for the 14th consecutive year.

The secret vegetable is a "mushroom".

Board of Directors

George A. Cope, C.M.

Corporate director

Board/Committees:

Board Chair,
Governance and Nominating,
Human Resources

Director since: 2006

Janice M. Babiak, CPA (US),

CA (UK), CISM, CISA

Corporate director

Board/Committees:

Audit and Conduct Review (Chair),
Governance and Nominating

Director since: 2012

Sophie Brochu, C.M.

Corporate director

Board/Committees:

Governance and Nominating,
Human Resources

Director since: 2011

Craig W. Broderick

Corporate director

Board/Committees:

Audit and Conduct Review,
Governance and Nominating,
Risk Review (Chair)

Director since: 2018

Hazel Claxton

Corporate director

Board/Committees:

Audit and Conduct Review

Director since: 2023²

Stephen Dent

Managing Director

and Co-Founder,

Birch Hill Equity Partners

Board/Committees:

Risk Review

Director since: 2021

Christine A. Edwards

Corporate director

Board/Committees:

Governance and Nominating (Chair),
Human Resources

Director since: 2010

Dr. Martin S. Eichenbaum

Charles Moskos

Professor of Economics,

Northwestern University

Board/Committees:

Audit and Conduct Review,
Risk Review

Director since: 2015

David Harquail

Chair of the Board,

Franco-Nevada Corporation

Board/Committees:

Human Resources,
Risk Review

Director since: 2018

Linda S. Huber

Chief Financial Officer,

FactSet Research Systems Inc.

Board/Committees:

Audit and Conduct Review,
Risk Review

Director since: 2017

Eric R. La Flèche

President and

Chief Executive Officer,

Metro Inc.

Board/Committees:

Human Resources

Director since: 2012

Lorraine Mitchelmore

Corporate director

Board/Committees:

Governance and Nominating,
Human Resources (Chair),
Risk Review

Director since: 2015

Madhu Ranganathan

Executive Vice-President

and Chief Financial Officer,

OpenText Corporation

Board/Committees:

Audit and Conduct Review

Director since: 2021

Darryl White

Chief Executive Officer,

BMO Financial Group

Director since: 2017

Executive Committee¹

Darryl White

Chief Executive Officer

Piyush Agrawal

Chief Risk Officer

Darrel Hackett

U.S. Chief Executive Officer

Sharon Haward-Laird

General Counsel

Nadim Hirji

Group Head,
BMO Commercial Bank,
North America
and Co-Head, Personal and
Commercial Banking

Ernie (Erminia) Johannson

Group Head,
North American Personal &
Business Banking
and Co-Head, Personal and
Commercial Banking

Deland Kamanga

Group Head,
BMO Wealth Management

Mona Malone

Chief Human Resources Officer
and Head, People, Culture and Brand

Alan Tannenbaum

Chief Executive Officer and
Group Head,
BMO Capital Markets

Steve Tennyson

Chief Technology
and Operations Officer

Tayfun Tuzun

Chief Financial Officer

¹ As at November 1, 2023.

² Appointed to the Board of Directors effective August 30, 2023.

Enhanced Disclosure Task Force

The Enhanced Disclosure Task Force (EDTF) was established by the Financial Stability Board to provide guidance and recommendations for best practice risk disclosures for banks. We have adopted these recommendations at BMO in order to prepare and deliver high-quality, transparent risk disclosures. The index below details these recommendations and references the presentation of the disclosures in our 2023 Annual Report, Supplementary Financial Information (SFI) and Supplementary Regulatory Capital Information (SRCI). Information on BMO's website, including information within the SFI or SRCI, is not, and should not be considered to be, incorporated by reference into this 2023 Annual Report.

Topic	EDTF Disclosure	Page number		
		Annual Report	SFI	SRCI
General	1. Risk-related information in each report, including an index for easy navigation 2. Risk terminology, measures and key parameters 3. Top and emerging risks 4. Plans to meet new key regulatory ratios once applicable rules are finalized	78-118 82-118,126-128 78-80 72	Index	Index
Risk Governance, Risk Management and Business Model	5. Risk management and governance framework, processes and key functions 6. Risk culture, risk appetite and procedures to support the culture 7. Risks that arise from business models and activities 8. Stress testing within the risk governance and capital frameworks	82-86 86 84-85 85-86		
Capital Adequacy and Risk-Weighted Assets (RWA)	9. Pillar 1 capital requirements 10. Composition of capital components and reconciliation of the accounting balance sheet to the regulatory balance sheet. A main features template can be found at: https://www.bmo.com/main/about-bmo/investor-relations/regulatory-disclosure 11. Flow statement of movements in regulatory capital, including changes in Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital 12. Capital management and strategic planning 13. Risk-weighted assets (RWA) by operating group 14. Analysis of capital requirements for each method used in calculating RWA 15. Tabulate credit risk in the banking book for Basel asset classes and major portfolios 16. Flow statement that reconciles movements in RWA by credit risk and market risk 17. Basel validation and back-testing process, including estimated and actual loss parameter information	70-73 73-74 69,75-76 74 73-74,87-90 112		5-6,13 5-7,16-17 8 14 14-15,22-44, 51-62,83-84 22-44,46-62, 84 45,80 85-89
Liquidity	18. Management of liquidity needs and liquidity reserve held to meet those needs	100-106		
Funding	19. Encumbered and unencumbered assets disclosed by balance sheet category 20. Consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity 21. Analysis of funding sources and funding strategy	102-103 107-108 103-104	36-37	
Market Risk	22. Linkage of trading and non-trading market risk to the consolidated balance sheet 23. Significant trading and non-trading market risk factors 24. Market risk model assumptions, validation procedures and back-testing 25. Primary techniques for risk measurement and risk assessment, including risk of loss	99 95-99 95-99,112 95-99		
Credit Risk	26. Analysis of credit risk profile, exposures and concentration 27. Policies to identify impaired loans and renegotiated loans 28. Reconciliation of opening and closing balances of impaired loans and allowance for credit losses 29. Counterparty credit risk arising from derivative transactions 30. Credit risk mitigation	87-94,159-166 159-161,166 93,164 87-88, 94,178-179 87-88, 162,170,209	24-33	14-79 51-67 21,46-48,63
Other Risks	31. Discussion of other risks 32. Publicly known risk events involving material or potentially material loss events	82-84,109-118 109-118		

The secret object #4 is a "mirror".

Management's Discussion and Analysis

BMO's Chief Executive Officer and Chief Financial Officer have signed a statement outlining management's responsibility for financial information in the audited annual consolidated financial statements and Management's Discussion and Analysis (MD&A). The statement also explains the roles of the Audit and Conduct Review Committee and Board of Directors in respect of that financial information.

The MD&A comments on our operations and financial condition for the years ended October 31, 2023 and 2022. The MD&A should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2023. The MD&A commentary is as at November 30, 2023. Unless otherwise indicated, all amounts are stated in Canadian dollars and have been derived from audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. We also comply with interpretations of IFRS by our regulator, the Office of the Superintendent of Financial Institutions (OSFI). References to generally accepted accounting principles (GAAP) mean IFRS.

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Regulatory Filings

BMO's continuous disclosure materials, including our interim consolidated financial statements and interim MD&A, audited annual consolidated financial statements and annual MD&A, Annual Information Form and Notice of Annual Meeting of Shareholders and Management Proxy Circular, are available on our website at www.bmo.com/investorrelations, on the Canadian Securities Administrators' website at www.sedarplus.ca and on the EDGAR section of the U.S. Securities and Exchange Commission's (SEC) website at www.sec.gov. BMO's Chief Executive Officer and Chief Financial Officer certify the appropriateness and fairness of BMO's annual and interim consolidated financial statements, annual MD&A and Annual Information Form, the effectiveness of BMO's disclosure controls and procedures and the effectiveness of, and any material weaknesses relating to, BMO's internal control over financial reporting. Information contained in, or otherwise accessible through, our website (www.bmo.com) or any third-party websites mentioned herein, does not form part of this document.

Caution

The About BMO, Financial Objectives and Value Measures, Supporting a Sustainable and Inclusive Future, Recent Acquisitions, Economic Developments and Outlook, Provision for Income Taxes and Other Taxes, 2024 Areas of Focus, Business Environment and Outlook, Enterprise-Wide Capital Management, Off-Balance Sheet Arrangements, Enterprise-Wide Risk Management, Future Changes in Accounting Policies and Other Regulatory Developments sections contain certain forward-looking statements. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Refer to the Caution Regarding Forward-Looking Statements section for a discussion of such risks and uncertainties and the material factors and assumptions related to the statements set forth in such sections.

Factors That May Affect Future Results

As noted in the following Caution Regarding Forward-Looking Statements, all forward-looking statements and information, by their nature, are subject to inherent risks and uncertainties, both general and specific, which may cause actual results to differ materially from the expectations expressed in any forward-looking statement. The Enterprise-Wide Risk Management section describes a number of risks, including credit and counterparty, market, insurance, liquidity and funding, operational non-financial, legal and regulatory, strategic, environmental and social, and reputation risk. Should our risk management framework prove ineffective, there could be a material impact on our financial position and results.

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 2024 and beyond, our strategies or future actions, our targets and commitments (including with respect to 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, 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 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 anticipated benefits from acquisitions, including Bank of the West, 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; cyber and cloud security, 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; technology resiliency; failure of third parties to comply with their obligations to us; political conditions, including changes relating to, or affecting, economic or trade matters; climate change and other environmental and social risks; the Canadian housing market and consumer leverage; inflationary pressures; technological innovation and competition; 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 and capital requirements; 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; 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, as updated by quarterly reports, 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, and the Allowance for Credit Losses section, as updated by quarterly reports. 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. 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.

The secret food is "fries".

About BMO

Established in 1817, BMO Financial Group (BMO, Bank of Montreal, the bank, we, our, us) is the eighth largest bank in North America by assets, with total assets of \$1.29 trillion. We are a highly diversified financial institution providing a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services. We serve thirteen million customers across Canada and the United States, and in select markets globally, through three integrated operating groups: Personal and Commercial Banking, BMO Wealth Management and BMO Capital Markets.

At BMO, we continue to build a high-performing, digitally-enabled, future-ready bank with engaged employees and a winning culture. We are focused on helping our customers make real financial progress, and on financing our clients' growth and innovation, while also investing in our workforce. Anchored by our Purpose, we are driven by our strategic priorities for growth, strengthened by our approach to sustainability and guided by our values as we build a foundation of trust with our stakeholders.

Our Purpose: Boldly Grow the Good *in business and life*

BMO has a deep sense of purpose – to be a champion of progress and a catalyst for change. We are leveraging our position as a leading financial services provider in order to create opportunities for our communities and our stakeholders to make positive, sustainable change – because we believe that success can and must be mutual. Our bold commitments for a thriving economy, a sustainable future and an inclusive society are reflected in our active, direct response to today's most pressing challenges:

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

Our Strategic Priorities

The strength and consistency of our performance are essential to realizing our Purpose. We aim to deliver top-tier total shareholder return and achieve our financial objectives by aligning our operations with, and executing on, our strategic priorities. Keeping the fundamentals of our strategy consistent, we renewed our priorities for fiscal 2024 to reflect our strong momentum in an environment of ongoing transformation:

- **World-class** loyalty and growth, powered by One Client leadership, bringing the full suite of BMO's products, services and advice to our clients
- **Winning culture** driven by alignment, empowerment and recognition
- **Digital First** for speed, scale and the elimination of complexity
- **Be our clients' lead partner** in the **transition** to a **net zero world**
- **Superior management** of **risk, capital** and **funding** performance

Our group strategic priorities align with and support our enterprise-wide strategy, positioning us well to achieve competitive performance. The operating group strategies are outlined in the 2023 Operating Groups Performance Review.

Our Approach to Sustainability

Our commitment to sustainability is embedded in our strategy. *The secret object #1 is a "door".* the most significant effects of our business operations, products and services on our stakeholders and the communities in which we operate. We take steps to manage our business in a manner that is consistent with our sustainability objectives, while also considering the interests of our stakeholders. We apply a variety of environmental, social and governance (ESG) practices and benchmarks to capture opportunities and manage risks in key areas such as sustainable finance, climate change, human rights, and diversity, equity and inclusion.

Our Values

Four core values shape our culture and underpin our choices and actions:

- **Integrity**
- **Diversity**
- **Responsibility**
- **Empathy**

Caution

This About BMO section contains forward-looking statements. Please refer to the Caution Regarding Forward-Looking Statements.

Financial Objectives and Value Measures

Results and measures in this section are presented on a reported and an adjusted basis, as well as a gross and net revenue basis, and management considers all of these to be useful in assessing our performance. We believe that the non-GAAP measures and ratios presented here, read together with our GAAP results, provide readers with a better understanding of how management assesses results and are a better reflection of ongoing business performance.

Adjusted results and measures in this section, including earnings per share (EPS), EPS growth, return on equity (ROE), return on tangible common equity (ROTCE), net income, revenue, non-interest expense, efficiency ratio and operating leverage, are non-GAAP amounts, measures and ratios, and are discussed in the Non-GAAP and Other Financial Measures section.

We also present reported results, which are net of insurance claims, commissions and changes in policy benefit liabilities (CCPB), and we calculate our efficiency ratio and operating leverage on a similar basis. Insurance revenue can experience variability arising from fluctuations in the fair value of insurance assets, caused by movements in interest rates and equity markets, that is largely offset in CCPB. Presenting our revenue, efficiency ratio and operating leverage on a net basis allows for a better assessment of operating results.

Measures and ratios on a net revenue basis are non-GAAP amounts. For more information on CCPB, refer to the Non-GAAP and Other Financial Measures section. Information regarding the composition of each of these measures is also provided in the Glossary of Financial Terms.

Financial Objectives

As at and for the periods ended October 31, 2023	Financial objectives (adjusted)	Reported basis			Adjusted basis (1)		
		1-year	3-year (2)	5-year (2)	1-year	3-year (2)	5-year (2)
Earnings per share growth (%)	7-10%	(71.6)	(9.1)	(7.0)	(11.4)	15.0	5.5
Average return on equity (%)	15% or more	6.0	14.6	13.3	12.3	14.7	13.6
Average return on tangible common equity (%)	18% or more	8.2	16.8	15.5	15.8	17.1	15.9
Operating leverage, net of CCPB (%) (3)	2% or more	(45.9)	(6.8)	(3.2)	(8.2)	-	0.7
Common Equity Tier 1 Ratio (%)	Exceed regulatory requirement	12.5	na	na	na	na	na
Total shareholder return (%)	Top-tier	(12.5)	14.3	5.6	na	na	na

(1) Adjusted results and measures are non-GAAP amounts and measures and are discussed in the Non-GAAP and Other Financial Measures section.

(2) The 3-year and 5-year EPS growth rate and operating leverage, net of CCPB, reflect compound annual growth rates (CAGR).

(3) Operating leverage, net of CCPB, on a reported and adjusted basis presented in this table are non-GAAP measures and are discussed in the Non-GAAP and Other Financial Measures section.

na - not applicable

BMO's business planning process is rigorous, sets ambitious goals and considers prevailing economic conditions, our risk appetite, our customers' evolving needs and the opportunities available across our lines of business. It includes clear and direct accountability for annual performance that is measured against both internal and external benchmarks and progress toward our strategic priorities.

We have established medium-term financial objectives for certain important performance measures, which are set out above. Medium-term is generally defined as three to five years, and performance is assessed on an adjusted basis. We aim to deliver top-tier total shareholder return and achieve our financial objectives by aligning our operations with, and executing on, our strategic priorities.

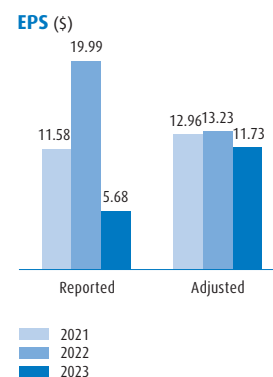
These objectives serve as guideposts and they assume a normal business environment. Our ability to meet these objectives in any single period may be adversely affected by changes in the economic environment, or extraordinary developments. We recognize that in managing our operations and our exposure to risk, current profitability and our ability to meet these objectives in a single period must be balanced with the need to invest in our businesses for long-term sustainability and future growth.

Our financial objectives and our performance against these objectives are outlined in the table above and described in the sections that follow.

Earnings per Share Growth

All references to earnings per share (EPS) are to diluted EPS, unless otherwise indicated.

EPS was \$5.68 in 2023, a decrease of \$14.31 or 72% from \$19.99 in 2022. Adjusted EPS was \$11.73, a decrease of \$1.50 or 11% from \$13.23 in 2022. The decrease in EPS reflected lower earnings and a higher number of common shares outstanding. Net income available to common shareholders decreased 70% year-over-year on a reported basis, and decreased 5% on an adjusted basis. The average number of diluted common shares outstanding increased 7% from 2022, reflecting common shares issued during the year through a public offering, private placements, the dividend reinvestment plan, acquisitions and the stock option plan.



Earnings per Share (EPS) is calculated by dividing net income attributable to bank shareholders, after deducting preferred share dividends and distributions on other equity instruments, by the average number of common shares outstanding. Adjusted EPS is calculated in the same manner, using adjusted net income attributable to bank shareholders. Diluted EPS, which is BMO's basis for measuring performance, adjusts for possible conversions of financial instruments into common shares if those conversions would reduce EPS, and is more fully explained in Note 23 of the audited annual consolidated financial statements.