Metrobank | CreditSights

BMO Financial (BMO CN)

FUNDAMENTAL VIEW[1]

As of 30 Dec 2024

- BMO is geographically diversified within Canada & via its commercial banking business in the U.S. and is also well-diversified by revenue with contribution from fee income businesses.
- Credit has performed worse than peers in 2024, but losses are likely to stabilize and gradually improve in 2025, based on underwriting and risk management changes in recent years as well as seasoning effects.

RISKS & CATALYSTS

As of 20 Dec 2024

- BMO has a strong core deposit base in Canada and in the U.S., which mitigates the potential for a liquidity event. BMO remains well-capitalized relative to requirements with a target CET1 ratio of 12.5% (13.6% at F4Q24).
- BMO closed the acquisition of Bank of the West from BNP Paribas in February 2023, significantly expanding its footprint in the U.S. We don't expect deal integration to have much impact on the credit profile.
- We view real estate-related risk in Canada as manageable for BMO given low LTV of exposures in vulnerable markets and conservative underwriting. Commercial real estate accounts for ~10% of total loans, and office is quite manageable at ~1% of total.
- Credit deterioration was worse than peers in 2024, leading to elevated provisions in 2H24; BMO has indicated the problem loans were mostly originated in 2021, and provisions should start to improve in 2025.

CREDIT QUALITY SCORE (CQS)[2]

As of 30 Jun 2025

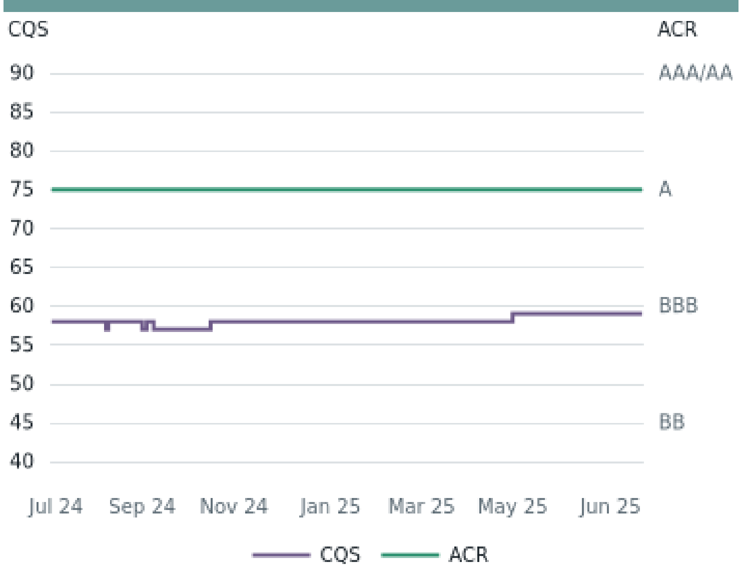
CURRENT CQS

59

CQS OUTLOOK[3]

NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)[4] VS CQS



KEY METRICS

As of 20 Dec 2024

$ MN	FY20	FY21	FY22	FY23	LTM 4Q24
Revenue	17,461	20,509	26,727	21,694	24,095
Net Income	3,790	6,167	10,519	3,291	5,380
ROAE	0.94%	0.92%	0.92%	0.92%	0.92%
NIM	1.58%	1.53%	1.53%	1.53%	1.53%
Net Charge-offs / Loans	0.25%	0.14%	0.08%	0.14%	0.39%
Total Assets	713,376	797,018	860,451	969,851	1,011,587
Unsecured LT Funding	51,916	51,915	64,886	63,418	66,700
CET1 Ratio (Fully-Phased-In)	11.9%	13.7%	16.7%	12.5%	13.6%

BUSINESS DESCRIPTION

As of 20 Dec 2024

- BMO Financial Group is the fourth largest depository institution in Canada with C$1.41 tn in assets as of F4Q24 and a market capitalization of US$70 bn. Total deposits were C$982 bn at F4Q24.
- BMO operates 1,890 branches in Canada and the United States in 2024.
- As of YE23, BMO had 1,013 branches within the United States, mostly in the Midwest. BMO ranked 11th in deposit market share in the U.S. (SNL), with a top-2 share in Illinois.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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