Metrobank | CreditSights

BMO Financial (BMO CN)

FUNDAMENTAL VIEW [1]

As of 13 Aug 2025

- 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 have stabilized in 2025, based on underwriting and risk management changes in recent years as well as seasoning effects.

RISKS & CATALYSTS

As of 13 Aug 2025

- 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% (13.5% at F2Q25).
- 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 trends have largely stabilized in 1H25, while provisions could incrementally increase in 2H25 in light of current macro uncertainties.
- BMO's reserves and capital levels all point to BMO maintaining a conservative balance sheet stance and having flexibility to manage through a more extended period of macro weakness in Canada.

CREDIT QUALITY SCORE (CQS) [2]

As of 20 Oct 2025

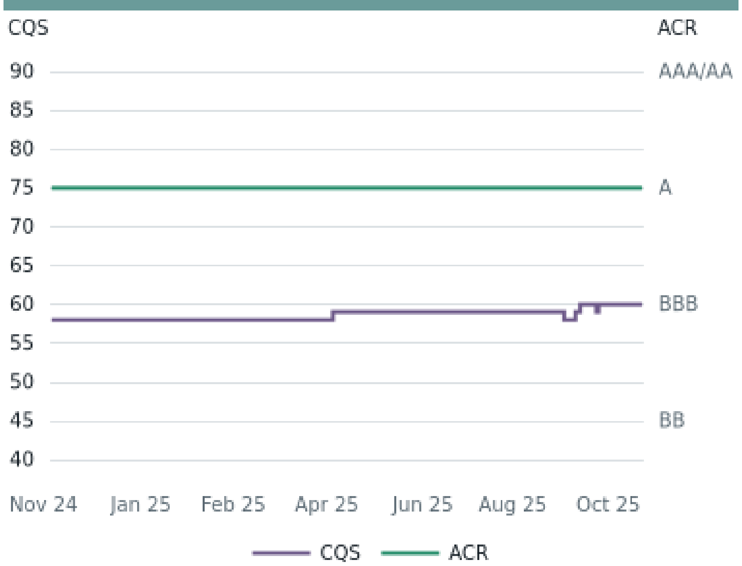
CURRENT CQS

60

CQS OUTLOOK [3]

NEGATIVE | **STABLE** | POSITIVE

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



KEY METRICS

As of 13 Aug 2025

$ MN	FY21	FY22	FY23	FY24	LTM 2Q25
Revenue	20,509	26,727	21,694	24,095	25,173
Net Income	6,167	10,519	3,291	5,380	5,935
ROAE	0.98%	0.98%	0.98%	0.98%	0.98%
NIM	1.56%	1.56%	1.56%	1.56%	1.56%
Net Charge-offs / Loans	0.14%	0.08%	0.14%	0.39%	0.43%
Total Assets	797,018	860,451	969,851	1,011,587	1,042,299
Unsecured LT Funding	51,915	64,886	63,418	115,839	118,598
CET1 Ratio (Fully-Phased-In)	13.7%	16.7%	12.5%	13.6%	13.5%

BUSINESS DESCRIPTION

As of 13 Aug 2025

- BMO Financial Group is the third largest depository institution in Canada with C$1.44 tn in assets as of F2Q25 and a market capitalization of US$77 bn. Total deposits were C$958 bn at F2Q25.
- BMO operates 1,890 branches in Canada and the United States in 2024.
- As of YE24, 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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