

Consolidated Statement of Income

(Unaudited) (Canadian \$ in millions, except as noted)

	For the three months ended		
	January 31, 2026	October 31, 2025	January 31, 2025
Interest, Dividend and Fee Income			
Loans	\$ 9,243	\$ 9,531	\$ 10,121
Securities (Note 2)	3,951	3,835	4,120
Securities borrowed or purchased under resale agreements	1,383	1,519	1,565
Deposits with banks	586	633	817
	15,163	15,518	16,623
Interest Expense			
Deposits	6,248	6,855	8,124
Securities sold but not yet purchased and securities lent or sold under repurchase agreements	2,270	2,274	2,189
Subordinated debt	109	112	111
Other liabilities	893	781	801
	9,520	10,022	11,225
Net Interest Income	5,643	5,496	5,398
Non-Interest Revenue			
Securities commissions and fees	316	320	288
Deposit and payment service charges	449	446	442
Trading revenues	866	557	802
Lending fees	340	329	362
Card fees	261	204	219
Investment management and custodial fees	678	620	574
Mutual fund revenues	421	403	363
Underwriting and advisory fees	426	455	380
Securities gains, other than trading (Note 2)	85	114	58
Foreign exchange gains, other than trading	76	68	76
Insurance service results (Note 5)	69	118	91
Insurance investment results (Notes 2 and 5)	76	39	60
Share of profit in associates and joint ventures	41	83	49
Other revenues	77	89	104
	4,181	3,845	3,868
Total Revenue	9,824	9,341	9,266
Provision for Credit Losses (Note 3)	746	755	1,011
Non-Interest Expense			
Employee compensation	3,552	2,978	3,235
Premises and equipment	1,140	1,215	1,086
Amortization of intangible assets	294	290	288
Advertising and business development	180	224	174
Communications	81	79	86
Professional fees	168	219	146
Association, clearing and annual regulator fees	71	70	76
Other	267	481	336
	5,753	5,556	5,427
Income Before Provision for Income Taxes	3,325	3,030	2,828
Provision for income taxes (Note 11)	836	735	690
Net Income	\$ 2,489	\$ 2,295	\$ 2,138
Attributable to:			
Bank shareholders	\$ 2,490	\$ 2,288	\$ 2,134
Non-controlling interest in subsidiaries	(1)	7	4
Net Income	\$ 2,489	\$ 2,295	\$ 2,138
Earnings Per Common Share (Canadian \$) (Note 10)			
Basic	\$ 3.40	\$ 2.98	\$ 2.84
Diluted	3.39	2.97	2.83
Dividends per common share	1.67	1.63	1.59

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Unaudited) (Canadian \$ in millions)

	For the three months ended		
	January 31, 2026	October 31, 2025	January 31, 2025
Net Income	\$ 2,489	\$ 2,295	\$ 2,138
Other Comprehensive Income (Loss), net of taxes			
Items that will subsequently be reclassified to net income			
Net change in unrealized gains on fair value through OCI debt securities			
Unrealized gains on fair value through OCI debt securities arising during the period (1)	203	147	120
Reclassification to earnings of (gains) during the period (2)	(11)	(33)	(6)
	192	114	114
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges			
Gains (losses) on derivatives designated as cash flow hedges arising during the period (3)	(569)	853	375
Reclassification to earnings of losses on derivatives designated as cash flow hedges during the period (4)	173	254	341
	(396)	1,107	716
Net gains (losses) on translation of net foreign operations			
Unrealized gains (losses) on translation of net foreign operations	(1,931)	784	2,612
Unrealized gains (losses) on hedges of net foreign operations (5)	532	(208)	(541)
	(1,399)	576	2,071
Items that will not be subsequently reclassified to net income			
Net unrealized (losses) on fair value through OCI equity securities arising during the period (6)	(3)	-	(11)
Net gains on remeasurement of pension and other employee future benefit plans (7)	56	88	22
Net gains (losses) on remeasurement of own credit risk on financial liabilities designated at fair value (8)	(242)	10	(88)
	(189)	98	(77)
Total Other Comprehensive Income (Loss), net of taxes	(1,792)	1,895	2,824
Total Comprehensive Income	\$ 697	\$ 4,190	\$ 4,962
Attributable to:			
Bank shareholders	\$ 698	\$ 4,183	\$ 4,958
Non-controlling interest in subsidiaries	(1)	7	4
Total Comprehensive Income	\$ 697	\$ 4,190	\$ 4,962

(1) Net of income tax (provision) of \$(73) million, \$(52) million, \$(45) million for the three months ended.

(2) Net of income tax provision of \$3 million, \$12 million, \$2 million for the three months ended.

(3) Net of income tax (provision) recovery of \$221 million, \$(324) million, \$(148) million for the three months ended.

(4) Net of income tax (recovery) of \$(67) million, \$(96) million, \$(129) million for the three months ended.

(5) Net of income tax (provision) recovery of \$(205) million, \$80 million, \$208 million for the three months ended.

(6) Net of income tax recovery of \$1 million, \$nil million, \$4 million for the three months ended.

(7) Net of income tax (provision) of \$(21) million, \$(34) million, \$(8) million for the three months ended.

(8) Net of income tax (provision) recovery of \$93 million, \$(4) million, \$34 million for the three months ended.

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Balance Sheet

(Unaudited) (Canadian \$ in millions)

	As at	
	January 31, 2026	October 31, 2025
Assets		
Cash and Cash Equivalents	\$ 67,378	\$ 67,484
Interest Bearing Deposits with Banks	2,870	2,838
Securities (Note 2)		
Trading	195,815	192,303
Fair value through profit or loss	22,505	21,354
Fair value through other comprehensive income	110,894	113,209
Debt securities at amortized cost	92,117	96,610
	421,331	423,476
Securities Borrowed or Purchased Under Resale Agreements	109,725	129,421
Loans (Note 3)		
Residential mortgages	194,089	196,033
Consumer instalment and other personal	91,841	92,741
Credit cards	12,120	12,649
Business and government	375,252	380,788
	673,302	682,211
Allowance for credit losses (Note 3)	(5,067)	(5,050)
	668,235	677,161
Other Assets		
Derivative instruments	69,398	57,151
Customers' liability under acceptances	1,081	711
Premises and equipment	6,140	6,252
Goodwill	16,619	16,797
Intangible assets	5,015	4,758
Current tax assets	2,181	1,970
Deferred tax assets	2,602	2,732
Receivable from brokers, dealers and clients	45,203	43,167
Other	40,354	42,884
	188,593	176,422
Total Assets	\$ 1,458,132	\$ 1,476,802
Liabilities and Equity		
Deposits (Note 4)	\$ 954,789	\$ 976,202
Other Liabilities		
Derivative instruments	65,392	58,729
Acceptances	1,081	711
Securities sold but not yet purchased	47,409	54,876
Securities lent or sold under repurchase agreements	132,280	134,967
Securitization and structured entities' liabilities	56,809	51,562
Insurance-related liabilities (Note 5)	21,204	20,436
Payable to brokers, dealers and clients	43,335	45,170
Other	41,670	37,549
	409,180	404,000
Subordinated Debt (Note 4)	8,412	8,500
Total Liabilities	1,372,381	1,388,702
Equity		
Preferred shares and other equity instruments (Note 6)	7,706	8,956
Common shares (Note 6)	23,708	23,359
Contributed surplus	379	373
Retained earnings	47,718	47,377
Accumulated other comprehensive income	6,194	7,986
Total shareholders' equity	85,705	88,051
Non-controlling interest in subsidiaries	46	49
Total Equity	85,751	88,100
Total Liabilities and Equity	\$ 1,458,132	\$ 1,476,802

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Statement of Changes in Equity

(Unaudited) (Canadian \$ in millions)

For the three months ended

	January 31, 2026	January 31, 2025
Preferred Shares and Other Equity Instruments (Note 6)		
Balance at beginning of period	\$ 8,956	\$ 8,087
Redeemed during the period	(1,250)	(300)
Balance at end of period	7,706	7,787
Common Shares (Note 6)		
Balance at beginning of period	23,359	23,921
Issued under the Stock Option Plan	75	49
Treasury shares purchased	(8)	(7)
Purchased for cancellation	(199)	(40)
Issued for acquisition (Note 13)	481	-
Balance at end of period	23,708	23,923
Contributed Surplus		
Balance at beginning of period	373	354
Stock option expense, net of options exercised	7	8
Net premium (discount) on sale of treasury shares	(1)	1
Balance at end of period	379	363
Retained Earnings		
Balance at beginning of period	47,377	46,469
Net income attributable to bank shareholders	2,490	2,134
Dividends on preferred shares and distributions payable on other equity instruments	(81)	(65)
Dividends on common shares	(1,179)	(1,159)
Common shares purchased for cancellation (Note 6)	(889)	(136)
Balance at end of period	47,718	47,243
Accumulated Other Comprehensive Income (Loss) on Fair Value through OCI Securities, net of taxes		
Balance at beginning of period	(89)	(321)
Unrealized gains on fair value through OCI debt securities arising during the period	203	120
Unrealized (losses) on fair value through OCI equity securities arising during the period	(3)	(11)
Reclassification to earnings of (gains) during the period	(11)	(6)
Balance at end of period	100	(218)
Accumulated Other Comprehensive Income (Loss) on Cash Flow Hedges, net of taxes		
Balance at beginning of period	527	(1,519)
Gains (losses) on derivatives designated as cash flow hedges arising during the period	(569)	375
Reclassification to earnings of losses on derivatives designated as cash flow hedges during the period	173	341
Balance at end of period	131	(803)
Accumulated Other Comprehensive Income on Translation of Net Foreign Operations, net of taxes		
Balance at beginning of period	6,778	6,381
Unrealized gains (losses) on translation of net foreign operations	(1,931)	2,612
Unrealized gains (losses) on hedges of net foreign operations	532	(541)
Balance at end of period	5,379	8,452
Accumulated Other Comprehensive Income on Pension and Other Employee Future Benefit Plans, net of taxes		
Balance at beginning of period	1,011	874
Gains on remeasurement of pension and other employee future benefit plans	56	22
Balance at end of period	1,067	896
Accumulated Other Comprehensive (Loss) on Own Credit Risk on Financial Liabilities Designated at Fair Value, net of taxes		
Balance at beginning of period	(241)	4
(Losses) on remeasurement of own credit risk on financial liabilities designated at fair value	(242)	(88)
Balance at end of period	(483)	(84)
Total Accumulated Other Comprehensive Income	6,194	8,243
Total Shareholders' Equity	85,705	87,559
Non-Controlling Interest in Subsidiaries		
Balance at beginning of period	49	36
Net income (loss) attributable to non-controlling interest in subsidiaries	(1)	4
Other	(2)	1
Balance at end of period	46	41
Total Equity	\$ 85,751	\$ 87,600

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Statement of Cash Flows

(Unaudited) (Canadian \$ in millions)

For the three months ended

	January 31, 2026	January 31, 2025
Cash Flows Provided by Operating Activities		
Net Income	\$ 2,489	\$ 2,138
Adjustments to determine net cash flows provided by operating activities:		
Securities (gains), other than trading (Note 2)	(85)	(58)
Depreciation of premises and equipment	251	253
Depreciation of other assets	2	4
Amortization of intangible assets	294	288
Provision for credit losses (Note 3)	746	1,011
Deferred taxes	16	171
Share of (profit) in associates and joint ventures	(41)	(49)
Changes in operating assets and liabilities:		
Trading securities	(8,295)	(8,092)
Derivative assets	(12,497)	(8,302)
Derivative liabilities	8,140	8,383
Current income taxes	(218)	24
Accrued interest receivable and payable	(315)	(249)
Insurance-related liabilities	768	771
Brokers, dealers and clients receivable and payable	(3,866)	683
Other items and accruals, net	3,086	(9,171)
Deposits	(5,534)	(9,042)
Loans	(824)	1,306
Securities sold but not yet purchased	(6,473)	8,058
Securities lent or sold under repurchase agreements	490	8,260
Securities borrowed or purchased under resale agreements	17,301	2,911
Securitization and structured entities' liabilities	6,365	5,574
Net Cash Provided by Operating Activities	1,800	4,872
Cash Flows (Used in) Financing Activities		
Net increase (decrease) in liabilities of subsidiaries	3,054	(994)
Repayment of subordinated debt (Note 4)	(25)	-
Redemption of preferred shares (Note 6)	(1,250)	(300)
Net proceeds from issuance of common shares (Note 6)	68	44
Net purchase of treasury shares	(9)	(7)
Common shares repurchased for cancellation (Note 6)	(1,068)	(173)
Cash dividends and distributions paid	(1,318)	(1,283)
Repayment of lease liabilities	(79)	(60)
Net Cash (Used in) Financing Activities	(627)	(2,773)
Cash Flows Provided by Investing Activities		
Interest bearing deposits with banks	(114)	452
Purchases of securities, other than trading	(13,563)	(18,556)
Maturities of securities, other than trading	4,988	16,700
Proceeds from sales of securities, other than trading	9,419	9,127
Net purchases of premises and equipment and software	(384)	(386)
Acquisition (Note 13) (1)	(48)	-
Net Cash Provided by Investing Activities	298	7,337
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,577)	1,926
Net increase (decrease) in Cash and Cash Equivalents	(106)	11,362
Cash and Cash Equivalents at Beginning of Period	67,484	65,098
Cash and Cash Equivalents at End of Period (2)	\$ 67,378	\$ 76,460
Supplemental Disclosure of Cash Flow Information		
Net cash provided by operating activities includes:		
Interest paid in the period (3)	\$ 9,826	\$ 11,677
Income taxes paid in the period	883	480
Interest received in the period	14,667	16,113
Dividends received in the period	583	726

(1) This amount is net of \$13 million cash and cash equivalents acquired as part of the acquisition of Burgundy Asset Management Ltd. (Burgundy) for the three months ended January 31, 2026.

(2) We are required to maintain reserves or minimum balances with certain central banks, regulatory bodies and counterparties, totalling \$87 million as at January 31, 2026 (\$108 million as at October 31, 2025).

(3) Includes dividends paid on securities sold but not yet purchased.

The accompanying notes are an integral part of these interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

January 31, 2026 (Unaudited)

Note 1: Basis of Presentation

Bank of Montreal (the bank or BMO) is a chartered bank under the *Bank Act (Canada)* and is a public company incorporated in Canada. We are a highly diversified financial services company, providing a broad range of personal and commercial banking, wealth management and investment banking products and services. The bank's head office is at 129 rue Saint Jacques, Montreal, Quebec. Our executive offices are at 100 King Street West, 1 First Canadian Place, Toronto, Ontario. Our common shares are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies as disclosed in our annual consolidated financial statements for the year ended October 31, 2025, except as outlined below. These condensed interim consolidated financial statements should be read in conjunction with the notes to our annual consolidated financial statements for the year ended October 31, 2025. We also comply with interpretations of International Financial Reporting Standards (IFRS) by our regulator, the Office of the Superintendent of Financial Institutions (OSFI). These interim consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2026.

Use of Estimates and Judgments

The preparation of the interim consolidated financial statements requires management to make estimates and judgments that affect the carrying amounts of certain assets and liabilities, certain amounts reported in net income and other related disclosures.

The most significant assets and liabilities for which we must make estimates and judgments include the allowance for credit losses (ACL); financial instruments measured at fair value; pension and other employee future benefits; impairment of securities and investments in associates and joint ventures; income taxes and deferred tax assets; goodwill and intangible assets; insurance contract liabilities; provisions including legal proceedings and severance charges; transfers of financial assets and consolidation of structured entities. We make judgments in assessing the business model for financial assets as well as whether substantially all risks and rewards have been transferred in respect of transfers of financial assets and whether we control structured entities. If actual results were to differ from the estimates, the impact would be recorded in future periods.

The economic outlook is subject to several risks that could lead to a less favourable outcome for the North American economy. The most immediate threat stems from further escalation of U.S. tariffs. Canadian businesses face longer-term risks if renegotiation of the United States-Mexico-Canada Agreement (USMCA) is unsuccessful, as significant tariffs could then apply to more goods exported to the U.S., potentially leading to a recession in Canada. If the USMCA is renegotiated, some tariffs are likely to persist, which could result in slower growth. Other risks include an escalation of the Russia-Ukraine war; heightened tensions between the U.S. and Iran that could destabilize the Middle East; and a potential escalation of the U.S.'s involvement in Venezuela. Elevated equity valuations also pose the risk of a destabilizing correction. Longer term, substantial business spending to develop and adopt AI systems, while providing material support to the economy, presents new challenges for workers and industries, such as software. Although AI has not yet led to significant job losses, it could increasingly affect hiring decisions and drive significant shifts in workforce composition, requiring displaced workers to learn new skills. The impact on our business, results of operations, reputation, financial performance and condition, including the potential for credit, counterparty and mark-to-market losses, our credit ratings and regulatory capital and liquidity ratios, as well as the impacts to our customers and competitors, will depend on future developments, which remain uncertain. By their very nature, the estimates and judgments we make for the purposes of preparing our consolidated financial statements relate to matters that are inherently uncertain. However, we have detailed policies and internal controls in place that are intended to ensure the judgments made in estimating these amounts are well controlled and independently reviewed, and that our policies are consistently applied from period to period. We believe that our estimates of the value of our assets and liabilities are appropriate as at January 31, 2026.

Allowance for Credit Losses

As detailed further in Note 1 of our annual consolidated financial statements for the year ended October 31, 2025, ACL consists of allowances on impaired loans, which represent estimated losses related to impaired loans in the portfolio provided for but not yet written off, and allowances on performing loans, which is our best estimate of impairment in the existing portfolio for loans that have not yet been individually identified as impaired.

The expected credit losses (ECL) model requires the recognition of credit losses generally based on 12 months of expected losses for performing loans and the recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination.

The determination of a significant increase in credit risk takes into account many different factors and varies by product and risk segment. The bank's methodology for determining a significant increase in credit risk is based on the change in probability of default between origination, and reporting date, assessed using probability-weighted scenarios as well as certain other criteria, such as 30 days past due and watchlist status. The assessment of a significant increase in credit risk requires experienced credit judgment.

In determining whether there has been a significant increase in credit risk and in calculating the amount of ECL, we must rely on estimates and exercise judgment, based on what we know at the end of the reporting period, regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or a decrease in the ACL. The calculation of ECL includes the explicit incorporation of forecasts of future economic conditions. We have developed models incorporating specific macroeconomic variables that are relevant to each portfolio. Key economic variables for our retail portfolios include our primary operating markets of Canada, the United States and regional markets, where considered significant. Forecasts are developed internally by our Economics group, considering external data and our view of future economic conditions. We exercise experienced credit judgment to incorporate multiple economic forecasts, which are probability-weighted, in the determination of the final ECL. The allowance is sensitive to changes in both economic forecasts and the probability weight assigned to each forecast scenario.

Additional information regarding the ACL is included in Note 3.

Note 2: Securities

Classification of Securities

The following table summarizes the carrying amounts of the bank's securities by classification:

(Canadian \$ in millions)	January 31, 2026		October 31, 2025	
Trading securities (1)	\$	195,815	\$	192,303
Fair value through profit or loss securities (FVTPL)				
FVTPL securities mandatorily measured at fair value		7,726		7,818
FVTPL investment securities held by Insurance subsidiaries designated at fair value		14,779		13,536
Total FVTPL securities		22,505		21,354
Fair value through other comprehensive income (FVOCI) securities (2)		110,894		113,209
Amortized cost securities (3)		92,117		96,610
Total	\$	421,331	\$	423,476

(1) Trading securities include interests of \$41,679 million as at January 31, 2026 (\$32,048 million as at October 31, 2025) in Collateralized Mortgage Obligations (CMO). We receive CMO in return for our sales of Mortgage Backed Securities (MBS) to certain structured vehicles that we do not consolidate. When we subsequently sell these CMO to third parties, but do not transfer substantially all risks and rewards of ownership to the third-party investor, or we maintain an interest in the sold instrument, we retain these CMO on our Consolidated Balance Sheet. Refer to Note 6 of our annual consolidated financial statements for the year ended October 31, 2025 for further discussion on these vehicles.

(2) As these securities are presented at fair value on the Balance Sheet, ACL of \$5 million (\$6 million as at October 31, 2025) is included in Accumulated Other Comprehensive Income.

(3) Amounts are net of ACL of \$2 million (\$4 million as at October 31, 2025).

Amortized Cost Securities

The following table summarizes the carrying value and fair value of amortized cost debt securities:

(Canadian \$ in millions)	January 31, 2026		October 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
Issued or guaranteed by:				
Canadian federal government	\$ 830	\$ 829	\$ 949	\$ 943
Canadian provincial and municipal governments	6,348	6,416	6,182	6,220
U.S. federal government	41,676	39,003	43,468	40,432
U.S. states, municipalities and agencies	160	162	165	167
Other governments	469	468	525	523
NHA MBS, U.S. agency MBS and CMO (1)	35,540	32,835	37,770	34,838
Corporate debt	7,094	6,914	7,551	7,325
Total	\$ 92,117	\$ 86,627	\$ 96,610	\$ 90,448

(1) These amounts are either supported by insured mortgages or issued by U.S. agencies and government-sponsored enterprises. NHA refers to the National Housing Act.

The carrying value of securities that are part of fair value hedging relationships are adjusted for related gains (losses) on hedge contracts.

Unrealized Gains and Losses on FVOCI Securities

The following table summarizes the unrealized gains and losses on FVOCI securities:

(Canadian \$ in millions)	January 31, 2026				October 31, 2025			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Issued or guaranteed by:								
Canadian federal government	\$ 44,932	\$ 290	\$ (10)	\$ 45,212	\$ 44,894	\$ 443	\$ (2)	\$ 45,335
Canadian provincial and municipal governments	6,932	110	(16)	7,026	5,525	132	(13)	5,644
U.S. federal government	18,399	264	(41)	18,622	20,515	327	(33)	20,809
U.S. states, municipalities and agencies	4,751	73	(53)	4,771	5,622	77	(65)	5,634
Other governments	3,594	23	(3)	3,614	4,039	35	(9)	4,065
NHA MBS, U.S. agency MBS and CMO	27,154	318	(194)	27,278	26,946	291	(222)	27,015
Corporate debt	4,169	25	(12)	4,182	4,491	37	(13)	4,515
Corporate equity	166	23	-	189	165	27	-	192
Total	\$ 110,097	\$ 1,126	\$ (329)	\$ 110,894	\$ 112,197	\$ 1,369	\$ (357)	\$ 113,209

Unrealized gains (losses) may be offset by related (losses) gains on hedge contracts.

Interest Income on Debt Securities

The following table presents interest income calculated using the effective interest method:

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
FVOCI securities	\$ 1,045	\$ 1,097
Amortized cost securities	529	805
Total	\$ 1,574	\$ 1,902

Non-Interest Revenue

Net gains and losses from securities, excluding gains and losses on trading securities, have been included in our Consolidated Statement of Income as follows:

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
FVTPL securities	\$ 68	\$ 49
FVOCI securities - net realized gains (1)	14	9
Impairment on FVOCI and amortized cost securities	3	-
Securities gains, other than trading	\$ 85	\$ 58

(1) Gains are net of (losses) on hedge contracts.

Interest and dividend income and gains on securities held in our Insurance business are recorded as a component of non-interest revenue, insurance investment results, in our Consolidated Statement of Income as follows:

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
Interest and dividend income	\$ 146	\$ 136
Gains (losses) from securities designated at FVTPL (1)	(199)	281
Realized gains from FVOCI securities	1	-
Total interest and dividend income and gains held in our Insurance business	\$ (52)	\$ 417

(1) Gains (losses) on these securities may be offset by certain (losses) gains from changes in insurance-related liabilities.

Note 3: Loans and Allowance for Credit Losses

Allowance for Credit Losses

The ACL recorded in our Consolidated Balance Sheet is maintained at a level we consider adequate to absorb credit-related losses on our loans and other credit instruments. The ACL amounted to \$5,753 million as at January 31, 2026 (\$5,739 million as at October 31, 2025) of which \$5,067 million (\$5,050 million as at October 31, 2025) was recorded in loans and \$686 million (\$689 million as at October 31, 2025) was recorded in other liabilities in our Consolidated Balance Sheet. Changes in gross balances, including originations, maturities, sales, write-offs and repayments in the normal course of operations, impact the ACL.

The following tables show the continuity in the loss allowance by product type for the three months ended January 31, 2026 and January 31, 2025. Transfers represent the amount of ECL that moved between stages during the period, for example, moving from a 12-month (Stage 1) to lifetime (Stage 2) ECL measurement basis. Net remeasurements represent the ECL impact due to transfers between stages, as well as changes in economic forecasts and credit quality. Model changes include the ECL impact of new calculation models or methodologies.

(Canadian \$ in millions)

For the three months ended	January 31, 2026				January 31, 2025			
	Stage 1	Stage 2	Stage 3 (1)	Total	Stage 1	Stage 2	Stage 3 (1)	Total
Loans: Residential mortgages								
Balance as at beginning of period	\$ 56	\$ 179	\$ 12	\$ 247	\$ 56	\$ 186	\$ 19	\$ 261
Transfer to Stage 1	22	(21)	(1)	-	45	(44)	(1)	-
Transfer to Stage 2	(4)	18	(14)	-	(2)	7	(5)	-
Transfer to Stage 3	-	(14)	14	-	-	(8)	8	-
Net remeasurement of loss allowance	(20)	27	20	27	(42)	51	13	22
Loan originations	3	-	-	3	5	-	-	5
Derecognitions and maturities	(2)	(6)	-	(8)	(1)	(4)	-	(5)
Total PCL (2)	(1)	4	19	22	5	2	15	22
Write-offs (3)	-	-	(2)	(2)	-	-	(1)	(1)
Recoveries of previous write-offs	-	-	3	3	-	-	1	1
Foreign exchange and other	-	(3)	(15)	(18)	1	3	(12)	(8)
Balance as at end of period	\$ 55	\$ 180	\$ 17	\$ 252	\$ 62	\$ 191	\$ 22	\$ 275
Loans: Consumer instalment and other personal								
Balance as at beginning of period	\$ 200	\$ 555	\$ 160	\$ 915	\$ 197	\$ 471	\$ 175	\$ 843
Transfer to Stage 1	84	(81)	(3)	-	73	(67)	(6)	-
Transfer to Stage 2	(17)	27	(10)	-	(13)	25	(12)	-
Transfer to Stage 3	(2)	(47)	49	-	(2)	(42)	44	-
Net remeasurement of loss allowance	(72)	116	134	178	(68)	131	138	201
Loan originations	6	-	-	6	9	-	-	9
Derecognitions and maturities	(4)	(9)	-	(13)	(5)	(9)	-	(14)
Total PCL (2)	(5)	6	170	171	(6)	38	164	196
Write-offs (3)	-	-	(184)	(184)	-	-	(170)	(170)
Recoveries of previous write-offs	-	-	33	33	-	-	28	28
Foreign exchange and other	(2)	(3)	4	(1)	3	5	(14)	(6)
Balance as at end of period	\$ 193	\$ 558	\$ 183	\$ 934	\$ 194	\$ 514	\$ 183	\$ 891
Loans: Credit cards								
Balance as at beginning of period	\$ 188	\$ 603	\$ -	\$ 791	\$ 233	\$ 472	\$ -	\$ 705
Transfer to Stage 1	94	(94)	-	-	66	(66)	-	-
Transfer to Stage 2	(17)	17	-	-	(22)	22	-	-
Transfer to Stage 3	(2)	(120)	122	-	(2)	(107)	109	-
Net remeasurement of loss allowance	(63)	201	62	200	(60)	175	79	194
Loan originations	9	-	-	9	15	-	-	15
Derecognitions and maturities	(3)	(12)	-	(15)	(2)	(9)	-	(11)
Total PCL (2)	18	(8)	184	194	(5)	15	188	198
Write-offs (3)	-	-	(208)	(208)	-	-	(223)	(223)
Recoveries of previous write-offs	-	-	42	42	-	-	53	53
Foreign exchange and other	(1)	(2)	(18)	(21)	1	5	(18)	(12)
Balance as at end of period	\$ 205	\$ 593	\$ -	\$ 798	\$ 229	\$ 492	\$ -	\$ 721
Loans: Business and government								
Balance as at beginning of period	\$ 931	\$ 1,997	\$ 858	\$ 3,786	\$ 892	\$ 1,698	\$ 537	\$ 3,127
Transfer to Stage 1	114	(110)	(4)	-	159	(143)	(16)	-
Transfer to Stage 2	(71)	97	(26)	-	(111)	149	(38)	-
Transfer to Stage 3	(2)	(86)	88	-	(2)	(138)	140	-
Net remeasurement of loss allowance	(60)	182	308	430	(147)	388	406	647
Loan originations	84	-	-	84	78	-	-	78
Derecognitions and maturities	(37)	(113)	-	(150)	(38)	(85)	-	(123)
Total PCL (2)	28	(30)	366	364	(61)	171	492	602
Write-offs (3)	-	-	(237)	(237)	-	-	(253)	(253)
Recoveries of previous write-offs	-	-	57	57	-	-	61	61
Foreign exchange and other	(26)	(75)	(100)	(201)	29	69	(84)	14
Balance as at end of period	\$ 933	\$ 1,892	\$ 944	\$ 3,769	\$ 860	\$ 1,938	\$ 753	\$ 3,551
Total as at end of period	\$ 1,386	\$ 3,223	\$ 1,144	\$ 5,753	\$ 1,345	\$ 3,135	\$ 958	\$ 5,438
Comprising: Loans	\$ 1,107	\$ 2,871	\$ 1,089	\$ 5,067	\$ 1,093	\$ 2,825	\$ 874	\$ 4,792
Other credit instruments (4)	279	352	55	686	252	310	84	646

(1) Includes changes in the allowance for purchased credit impaired (PCI) loans.

(2) Excludes PCL on other assets of \$(5) million for the three months ended January 31, 2026 (\$7) million for the three months ended January 31, 2025).

(3) Generally, we continue to seek recovery on amounts that were written off during the year, unless the loan is sold, we no longer have the right to collect or we have exhausted all reasonable efforts to collect.

(4) Other credit instruments, including off-balance sheet items, are recorded in other liabilities in our Consolidated Balance Sheet.

Credit Risk Exposure

The following table sets out our credit risk exposure for all loans carried at amortized cost, FVOCI or FVTPL as at January 31, 2026 and October 31, 2025. Stage 1 represents performing loans carried with up to a 12-month ECL, Stage 2 represents performing loans carried with a lifetime ECL, and Stage 3 represents loans with a lifetime ECL that are credit impaired.

(Canadian \$ in millions)		January 31, 2026				October 31, 2025				
For the three months ended		Stage 1	Stage 2	Stage 3 (1)	Total	Stage 1	Stage 2	Stage 3 (1)	Total	
Loans: Residential mortgages (2)										
Exceptionally low	\$	-	\$	-	\$	1	\$	-	\$	1
Very low		115,868	1,031	-	116,899	110,299	844	-	111,143	
Low		42,607	5,539	-	48,146	50,148	3,051	-	53,199	
Medium		4,732	6,747	-	11,479	7,048	6,713	-	13,761	
High		239	3,299	-	3,538	240	3,032	-	3,272	
Not rated (3)		12,125	953	-	13,078	12,802	952	-	13,754	
Impaired		-	-	949	949	-	-	903	903	
Gross residential mortgages		175,571	17,569	949	194,089	180,538	14,592	903	196,033	
ACL		55	179	17	251	56	178	12	246	
Carrying amount		175,516	17,390	932	193,838	180,482	14,414	891	195,787	
Loans: Consumer instalment and other personal										
Exceptionally low		10,076	1	-	10,077	9,984	1	-	9,985	
Very low		39,548	788	-	40,336	21,962	35	-	21,997	
Low		7,478	1,812	-	9,290	26,238	2,682	-	28,920	
Medium		6,919	5,852	-	12,771	6,991	5,566	-	12,557	
High		830	2,533	-	3,363	670	2,164	-	2,834	
Not rated (3)		14,253	1,127	-	15,380	14,812	1,009	-	15,821	
Impaired		-	-	624	624	-	-	627	627	
Gross consumer instalment and other personal		79,104	12,113	624	91,841	80,657	11,457	627	92,741	
ACL		174	530	183	887	182	532	160	874	
Carrying amount		78,930	11,583	441	90,954	80,475	10,925	467	91,867	
Loans: Credit cards (4)										
Exceptionally low		1,512	-	-	1,512	1,643	-	-	1,643	
Very low		2,014	9	-	2,023	2,129	4	-	2,133	
Low		1,757	62	-	1,819	1,846	80	-	1,926	
Medium		3,475	993	-	4,468	3,550	1,191	-	4,741	
High		777	1,153	-	1,930	592	1,232	-	1,824	
Not rated (3)		247	121	-	368	260	122	-	382	
Impaired		-	-	-	-	-	-	-	-	
Gross credit cards		9,782	2,338	-	12,120	10,020	2,629	-	12,649	
ACL		137	526	-	663	125	527	-	652	
Carrying amount		9,645	1,812	-	11,457	9,895	2,102	-	11,997	
Loans: Business and government (2) (5)										
Acceptable										
Investment grade		191,811	2,825	-	194,636	188,707	3,873	-	192,580	
Sub-investment grade		133,302	22,813	-	156,115	139,069	22,700	-	161,769	
Watchlist		119	20,173	-	20,292	123	21,466	-	21,589	
Impaired		-	-	5,290	5,290	-	-	5,561	5,561	
Gross business and government		325,232	45,811	5,290	376,333	327,899	48,039	5,561	381,499	
ACL		741	1,636	889	3,266	756	1,720	802	3,278	
Carrying amount		324,491	44,175	4,401	373,067	327,143	46,319	4,759	378,221	
Total gross loans and acceptances		589,689	77,831	6,863	674,383	599,114	76,717	7,091	682,922	
Total net loans and acceptances		588,582	74,960	5,774	669,316	597,995	73,760	6,117	677,872	
Commitments and financial guarantee contracts										
Acceptable										
Investment grade		205,704	1,298	-	207,002	202,913	1,544	-	204,457	
Sub-investment grade		62,564	13,025	-	75,589	65,393	13,733	-	79,126	
Watchlist		14	8,157	-	8,171	6	9,086	-	9,092	
Impaired		-	-	1,755	1,755	-	-	1,660	1,660	
Gross commitments and financial guarantee contracts		268,282	22,480	1,755	292,517	268,312	24,363	1,660	294,335	
ACL		279	352	55	686	256	377	56	689	
Carrying amount (6) (7)		\$ 268,003	\$ 22,128	\$ 1,700	\$ 291,831	\$ 268,056	\$ 23,986	\$ 1,604	\$ 293,646	

(1) Includes PCI loans.

(2) Includes \$60 million (\$79 million as at October 31, 2025) of residential mortgages and \$15,125 million (\$13,231 million as at October 31, 2025) of business and government loans that are classified and measured at FVTPL, and not subject to ECL.

(3) Includes purchased portfolios and certain cases where an internal risk rating is not assigned. Alternative credit risk assessments, rating methodologies, policies and tools are used to manage credit risk for these portfolios.

(4) Credit card loans are immediately written off when principal or interest payments are 180 days past due, and as a result are not reported as impaired in Stage 3.

(5) Includes customers' liability under acceptances.

(6) Represents the total contractual amounts of undrawn credit facilities and other off-balance sheet exposures, excluding personal lines of credit and credit cards, which are unconditionally cancellable at our discretion.

(7) Certain commercial borrower commitments are conditional and may include recourse to counterparties.

Loans Past Due Not Impaired

Loans that are past due but not classified as impaired are loans where our customers have failed to make payments when contractually due but for which we expect the full amount of principal and interest payments to be collected. The following table presents loans that are past due but not classified as impaired as at January 31, 2026 and October 31, 2025. Loans for which payment is less than 30 days past due are excluded as they are not generally representative of the borrower's ability to meet their payment obligations.

(Canadian \$ in millions)	January 31, 2026			October 31, 2025		
	30 to 89 days	90 days or more (1)	Total	30 to 89 days	90 days or more (1)	Total
Residential mortgages	\$ 837	\$ 12	\$ 849	\$ 854	\$ 7	\$ 861
Credit cards, consumer instalment and other personal	700	176	876	661	171	832
Business and government	540	9	549	616	8	624
Total	\$ 2,077	\$ 197	\$ 2,274	\$ 2,131	\$ 186	\$ 2,317

(1) Fully secured loans with amounts over 90 days past due that we have not classified as impaired totalled \$12 million as at January 31, 2026 (\$7 million as at October 31, 2025).

ECL Sensitivity and Key Economic Variables

The ECL model requires the recognition of credit losses generally based on 12 months of expected losses for performing loans and the recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination.

The allowance for performing loans is sensitive to changes in both economic forecasts and the probability weight assigned to each forecast scenario. Many of the factors have a high degree of interdependency, although there is no single factor to which loan loss allowances as a whole are sensitive.

The upside scenario as at January 31, 2026 assumes a stronger economic environment than the base case forecast, with lower unemployment rates.

As at January 31, 2026, our base case scenario depicts a moderate economic recovery over the medium term as trade policy uncertainty diminishes and interest rates decline further in the U.S. Our base case forecast as at October 31, 2025 broadly depicted a weaker economic environment.

If we assumed a 100% weight on the base case forecast and included the impact of loan migration by restaging, with other assumptions held constant, including the application of experienced credit judgment, the allowance on performing loans would be approximately \$2,925 million as at January 31, 2026 (\$3,125 million as at October 31, 2025), compared to the reported allowance for performing loans of \$4,609 million (\$4,709 million as at October 31, 2025).

As at January 31, 2026, our downside scenario involves a sharp contraction in the Canadian and U.S. economies in the near term, followed by a relatively slow recovery. Our severe downside scenario depicts an even deeper contraction in the Canadian and U.S. economies than in the downside scenario. The severe downside scenario as at October 31, 2025 broadly depicted a similar economic environment over the projection period. If we assumed a 100% weight on the severe downside forecast and included the impact of loan migration by restaging, with other assumptions held constant, including the application of experienced credit judgment, the allowance on performing loans would be approximately \$7,950 million as at January 31, 2026 (\$7,975 million as at October 31, 2025), compared to the reported allowance for performing loans of \$4,609 million (\$4,709 million as at October 31, 2025).

Actual results will differ as our portfolio will change through time due to migration, growth, changes in geopolitical risks, risk mitigation actions and other factors. In addition, our allowance will reflect the four economic scenarios used in assessing the allowance, with often unequal weightings attached to each scenario, which can change through time.

The following tables show the key economic variables used to estimate the allowance for performing loans forecast over the next 12 months or lifetime measurement period. The variables as at January 31, 2026 include the impact of tariffs and trade policy uncertainty on the economic outlook. While the values disclosed below are national variables, we use regional variables in the underlying models and consider factors impacting particular industries where appropriate.

All figures are average annual values	As at January 31, 2026							
	Scenarios							
	Upside		Base		Downside		Severe downside	
	First 12 months	Remaining horizon (1)	First 12 months	Remaining horizon (1)	First 12 months	Remaining horizon (1)	First 12 months	Remaining horizon (1)
Real GDP growth rates (2)								
Canada	4.3%	3.0%	1.4%	2.1%	(2.4)%	1.6%	(3.8)%	1.2%
United States	4.8%	2.5%	2.0%	1.9%	(2.2)%	1.5%	(3.3)%	1.3%
Corporate BBB 10-year spread								
Canada	1.2%	1.8%	1.8%	2.0%	3.5%	3.0%	4.2%	3.5%
United States	0.8%	1.5%	1.5%	1.9%	3.5%	3.0%	4.6%	3.6%
Unemployment rates								
Canada	5.8%	5.3%	6.6%	6.4%	9.4%	9.6%	10.0%	10.5%
United States	3.7%	3.3%	4.7%	4.3%	7.1%	7.5%	7.8%	8.7%
Housing Price Index (2)								
Canada (3)	3.2%	5.4%	(1.0)%	3.0%	(11.1)%	(1.3)%	(20.2)%	(5.0)%
United States (4)	4.3%	3.9%	1.2%	2.5%	(11.1)%	(1.1)%	(20.1)%	(4.3)%

(1) The remaining forecast period is two years.

(2) Real gross domestic product (GDP) and housing price index are averages of quarterly year-over-year growth rates.

(3) In Canada, we use the Housing Price Index Benchmark Composite.

(4) In the United States, we use the National Case-Shiller House Price Index.

As at October 31, 2025

All figures are average annual values	Scenarios							
	Upside		Base		Downside		Severe downside	
	First 12 months	Remaining horizon (1)						
Real GDP growth rates (2)								
Canada	3.6%	2.8%	1.1%	2.1%	(2.7)%	1.6%	(4.0)%	1.2%
United States	4.5%	2.4%	1.7%	1.8%	(2.3)%	1.4%	(3.5)%	1.3%
Corporate BBB 10-year spread								
Canada	1.2%	1.8%	1.7%	2.0%	3.4%	3.0%	4.2%	3.5%
United States	0.8%	1.5%	1.5%	1.9%	3.5%	3.0%	4.6%	3.6%
Unemployment rates								
Canada	6.0%	5.5%	7.1%	6.4%	9.4%	9.6%	9.9%	10.5%
United States	3.6%	3.1%	4.5%	4.4%	6.8%	7.5%	7.5%	8.4%
Housing Price Index (2)								
Canada (3)	3.9%	5.8%	(0.4)%	3.4%	(10.5)%	(0.7)%	(19.4)%	(5.0)%
United States (4)	3.7%	3.9%	0.7%	2.4%	(11.6)%	(1.1)%	(20.0)%	(4.3)%

(1) The remaining forecast period is two years.

(2) Real gross domestic product (GDP) and housing price index are averages of quarterly year-over-year growth rates.

(3) In Canada, we use the Housing Price Index Benchmark Composite.

(4) In the United States, we use the National Case-Shiller House Price Index.

The ECL approach requires the recognition of credit losses generally based on 12 months of expected losses for performing loans (Stage 1) and the recognition of lifetime expected losses for performing loans that have experienced a significant increase in credit risk since origination (Stage 2). Under our current probability-weighted scenarios, if all of our performing loans were in Stage 1, our models would generate an allowance for performing loans of approximately \$3,350 million (\$3,375 million as at October 31, 2025), compared to the reported allowance for performing loans of \$4,609 million (\$4,709 million as at October 31, 2025).

Note 4: Deposits and Subordinated Debt

Deposits

(Canadian \$ in millions)	Payable on demand		Payable after notice (1)	Payable on a fixed date (2) (3)	January 31, 2026	October 31, 2025
	Interest bearing	Non-interest bearing				
Amortized cost deposits by:						
Banks (4)	\$ 4,291	\$ 2,002	\$ 1,337	\$ 19,870	\$ 27,500	\$ 27,621
Business and government (5)	82,298	42,382	215,722	231,298	571,700	585,497
Individuals (5)	3,830	38,243	153,647	102,069	297,789	306,922
Total amortized cost deposits	90,419	82,627	370,706	353,237	896,989	920,040
Deposits at FVTPL	-	-	-	57,800	57,800	56,162
Total (6)	\$ 90,419	\$ 82,627	\$ 370,706	\$ 411,037	\$ 954,789	\$ 976,202
Booked in:						
Canada	\$ 76,717	\$ 72,479	\$ 170,234	\$ 291,514	\$ 610,944	\$ 620,858
United States	13,549	10,148	197,989	72,206	293,892	305,472
Other countries	153	-	2,483	47,317	49,953	49,872
Total	\$ 90,419	\$ 82,627	\$ 370,706	\$ 411,037	\$ 954,789	\$ 976,202

(1) Includes \$44,615 million of non-interest bearing deposits as at January 31, 2026 (\$43,766 million as at October 31, 2025).

(2) Includes \$63,575 million of senior unsecured debt as at January 31, 2026 subject to the Bank Recapitalization (Bail-in) regime (\$62,843 million as at October 31, 2025). The Bail-in regime provides certain statutory powers to the Canada Deposit Insurance Corporation, including the ability to convert specified eligible shares and liabilities into common shares if the bank becomes non-viable.

(3) Deposits totalling \$27,258 million as at January 31, 2026 (\$27,819 million as at October 31, 2025) can be redeemed early, either fully or partially, by customers without penalty. These are classified as payable on a fixed date, based on their remaining contractual maturities.

(4) Includes regulated and central banks.

(5) The carrying value of deposits that are part of fair value hedging relationships are adjusted for related gains (losses) on hedge contracts.

(6) Includes \$487,379 million of deposits denominated in U.S. dollars as at January 31, 2026 (\$508,058 million as at October 31, 2025), and \$62,680 million of deposits denominated in other foreign currencies (\$59,697 million as at October 31, 2025).

The following table presents deposits payable on a fixed date and greater than one hundred thousand dollars:

(Canadian \$ in millions)	Canada	United States	Other	Total
As at January 31, 2026	\$ 242,406	\$ 64,712	\$ 47,317	\$ 354,435
As at October 31, 2025	259,670	69,206	47,386	376,262

The following table presents the maturity schedule for deposits payable on a fixed date greater than one hundred thousand dollars, which are booked in Canada:

(Canadian \$ in millions)	Less than 3 months	3 to 6 months	6 to 12 months	Over 12 months	Total
As at January 31, 2026	\$ 38,290	\$ 34,993	\$ 53,699	\$ 115,424	\$ 242,406
As at October 31, 2025	51,591	32,105	56,129	119,845	259,670

Subordinated Debt

On December 15, 2025, \$25 million of the \$150 million Subordinated Debentures Series 20 matured. \$25 million will mature December 15 every three years starting 2025 with the final maturity in 2040.

Note 5: Insurance

Insurance Results

Insurance service results in our Consolidated Statement of Income are as follows:

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
Insurance revenue	\$ 401	\$ 470
Insurance service expenses	(358)	(351)
Net income (expenses) from reinsurance contracts	26	(28)
Insurance service results	\$ 69	\$ 91

Insurance investment results in our Consolidated Statement of Income are as follows:

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
Investment return	\$ (58)	\$ 559
Insurance finance income (expense) from insurance and reinsurance contracts held	118	(473)
Movement in investment contract liabilities	16	(26)
Insurance investment results	\$ 76	\$ 60

Insurance Contract Liabilities

Insurance contract liabilities by remaining coverage and incurred claims comprise the following:

(Canadian \$ in millions)	For the three months ended January 31, 2026			For the three months ended January 31, 2025		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Insurance contract liabilities, beginning of period	\$ 18,667	\$ 199	\$ 18,866	\$ 17,047	\$ 201	\$ 17,248
Insurance service results	(603)	585	(18)	(423)	321	(102)
Net finance expenses from insurance contracts	(108)	-	(108)	531	-	531
Total cash flows	1,493	(596)	897	658	(308)	350
Other changes in the net carrying amount of the insurance contract	(1)	(2)	(3)	1	4	5
Insurance contract liabilities, end of period (1)	\$ 19,448	\$ 186	\$ 19,634	\$ 17,814	\$ 218	\$ 18,032

(1) The liabilities for incurred claims relating to insurance contracts in our creditor and reinsurance business were \$98 million as at January 31, 2026 and \$116 million as at January 31, 2025.

Contractual service margin (CSM) from contracts issued was \$63 million for the three months ended January 31, 2026 (\$18 million for the three months ended January 31, 2025). Total CSM for insurance contracts issued and reinsurance contract held was \$1,653 million and \$345 million, respectively, as at January 31, 2026 (\$1,528 million and \$312 million, respectively, as at October 31, 2025). Onerous contract losses for the three months ended January 31, 2026 and 2025 were not material.

We use the following rates for discounting fulfilment cash flows for our insurance contract liabilities, which are based on a risk-free yield adjusted for an illiquidity premium that reflects the liquidity characteristics of the liabilities:

Portfolio duration:	January 31, 2026	October 31, 2025
1 year	3.32%	3.24%
3 years	3.73%	3.54%
5 years	4.11%	3.89%
10 years	4.86%	4.67%
20 years	5.41%	5.25%
30 years	5.24%	4.99%
Ultimate	5.00%	5.00%

Insurance Risk Management

The table below reflects the estimated immediate impact on, or sensitivity of, income before taxes to certain changes in interest rates, and includes the estimated impact of hedging arrangements and our exposure to equity price risk arising from our investment in equity securities.

(Canadian \$ in millions)	For the three months ended	
	January 31, 2026	January 31, 2025
Interest Rate Sensitivity (1) (2)		
50 basis point increase	\$ (8)	\$ 3
50 basis point decrease	6	(3)
Equity Market Sensitivity (3)		
10% increase	\$ 6	\$ 28
10% decrease	(6)	(29)

(1) Estimated impact on, or sensitivity of, income before taxes to a 50 basis point increase or decrease in interest rates.

(2) Interest rate sensitivities assume a parallel shift in assumed interest rates across the entire yield curve as at the end of the period with no change in the ultimate risk-free rate.

(3) Estimated impact on, or sensitivity of, income before taxes to a 10% increase or decrease in our exposure to equity price risk arising from our investment in equity securities at the reporting date, assuming all other variables remain constant.

Note 6: Equity

Preferred and Common Shares Outstanding and Other Equity Instruments (1)

(Canadian \$ in millions, except as noted)	January 31, 2026			October 31, 2025			Convertible into
	Number of shares	Amount	Dividends declared per share (2)	Number of shares	Amount	Dividends declared per share (2)	
Preferred Shares – Classified as Equity							
Class B – Series 44	16,000,000	\$ 400	\$ 0.43	16,000,000	\$ 400	\$ 1.70	Class B - Series 45 (3) (4)
Class B – Series 50	500,000	500	–	500,000	500	73.73	Not convertible (4)
Class B – Series 52	650,000	650	–	650,000	650	70.57	Not convertible (4)
Preferred Shares – Classified as Equity		\$ 1,550			\$ 1,550		
							Recourse to
Other Equity Instruments							
4.800% Additional Tier 1 Capital Notes (AT1 Notes)		\$ 658			\$ 658		– (4) (5) (6)
4.300% Limited Recourse Capital Notes, Series 1 (LRCNs, Series 1) (7)		–			1,250		– (6)
5.625% Limited Recourse Capital Notes, Series 2 (LRCNs, Series 2)		750			750		Preferred Shares Series 49 (4) (6) (8)
7.325% Limited Recourse Capital Notes, Series 3 (LRCNs, Series 3)		1,000			1,000		Preferred Shares Series 51 (4) (6) (8)
7.700% Limited Recourse Capital Notes, Series 4 (LRCNs, Series 4)		1,356			1,356		Preferred Shares Series 53 (4) (6) (8)
7.300% Limited Recourse Capital Notes, Series 5 (LRCNs, Series 5)		1,023			1,023		Preferred Shares Series 54 (4) (6) (8)
6.875% Limited Recourse Capital Notes, Series 6 (LRCNs, Series 6)		1,369			1,369		Preferred Shares Series 55 (4) (6) (8)
Other Equity Instruments		6,156			7,406		
Preferred Shares and Other Equity Instruments		7,706			8,956		
Common Shares	706,195,754	\$ 23,708	\$ 1.67	708,905,679	\$ 23,359	\$ 6.44	(9) (10) (11) (12)

(1) For additional information refer to Notes 16 and 20 of our annual consolidated financial statements for the year ended October 31, 2025.

(2) Represents year-to-date dividends declared per share as at reporting date. Non-cumulative dividends on preferred shares are payable quarterly as and when declared by the Board of Directors, except for Class B – Series 50 and 52 preferred share dividends, which are payable semi-annually.

(3) If converted, the holders have the option to convert back to the original preferred shares on subsequent redemption dates, subject to certain conditions.

(4) The instruments issued include a NVCC provision, which is necessary for the preferred shares, AT1 Notes and by virtue of the recourse to the Preferred Shares Series 49, Preferred Shares Series 51, Preferred Shares Series 53, Preferred Shares Series 54 and Preferred Shares Series 55 (collectively, the LRCN Preferred Shares) for LRCNs, Series 2, Series 3, Series 4, Series 5 and Series 6 (collectively, the LRCNs), respectively, to qualify as regulatory capital under Basel III. As such, they are convertible into a variable number of our common shares if OSFI announces that the bank is, or is about to become, non-viable or if a federal or provincial government in Canada publicly announces that the bank has accepted or agreed to accept a capital injection, or equivalent support, to avoid non-viability. In such an event, each preferred share, including the LRCN Preferred Shares and AT1 Notes, is convertible into common shares pursuant to an automatic conversion formula and a conversion price based on the greater of: (i) a floor price of \$5.00 and (ii) the current market price of our common shares based on the volume weighted average trading price of our common shares on the TSX. The number of common shares issued is determined by dividing the value of the preferred share or other equity instrument, including declared and unpaid dividends, by the conversion price and then applying the multiplier.

(5) The notes had an initial interest rate of 4.800% and reset on August 25, 2024 to 6.709%.

(6) The rates represent the annual interest rate percentage applicable to the notes issued as at the reporting date.

(7) On November 12, 2025, we redeemed the \$1,250 million 4.300% Limited Recourse Capital Notes, Series 1 (NVCC) and the corresponding \$1,250 million Preferred Shares Series 48.

(8) Non-deferrable interest is payable semi-annually on the LRCNs, Series 2 and Series 3, and quarterly on the LRCNs, Series 4, Series 5 and Series 6 at the bank's discretion. Non-payment of interest will result in a recourse event, with the noteholders' sole remedy being the holders' proportionate share of trust assets, which comprises the LRCN Preferred Shares, each series of which is issued concurrently with the corresponding LRCNs and are eliminated on consolidation. In such an event, the delivery of the trust assets will represent the full and complete extinguishment of our obligations under the LRCNs. In circumstances where the LRCN Preferred Shares are converted into common shares of the bank under the NVCC provision, the LRCNs would be redeemed and the noteholders' sole remedy would be their proportionate share of trust assets, which would then comprise common shares of the bank received by the trust on conversion.

(9) The stock options issued under the Stock Option Plan are convertible into 5,854,625 common shares as at January 31, 2026 (5,699,134 common shares as at October 31, 2025) of which 2,706,330 are exercisable as at January 31, 2026 (2,245,942 as at October 31, 2025).

(10) During the three months ended January 31, 2026, we issued 608,909 common shares under the Stock Option Plan (474,410 common shares during the three months ended January 31, 2025).

(11) Common shares are net of 42,560 treasury shares as at January 31, 2026 (nil treasury shares as at October 31, 2025).

(12) As part of the acquisition of Burgundy on November 1, 2025, we issued 2,723,726 common shares with an aggregate value of \$481 million to shareholders of Burgundy. Refer to Note 13 for more information.

Other Equity Instruments

The AT1 Notes and existing LRCNs are compound financial instruments that have both equity and liability features. On the date of issuance, we assigned an insignificant value to the liability components of both instruments and, as a result, the full amount of proceeds has been classified as equity and forms part of our additional Tier 1 Capital. Distributions on the AT1 Notes and LRCNs are recognized as a reduction in equity when payable. The AT1 Notes and LRCNs are subordinate to the claims of the depositors and certain other creditors in right of payment.

Common Shares

We have a normal course issuer bid (NCIB) to purchase up to 30 million of our common shares for cancellation which commenced on September 5, 2025 and ending no later than September 4, 2026. The timing and amount of purchases under the NCIB are determined by management, based on factors such as market conditions and capital levels. During the three months ended January 31, 2026, we purchased for cancellation 6 million common shares under the NCIB, at an average price of \$178.05 per share for a total amount of \$1,088 million, including tax. The bank has purchased a total of 11.8 million common shares for cancellation under the NCIB as at January 31, 2026.

Shareholder Dividend Reinvestment and Share Purchase Plan

Until further notice, common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan will be purchased on the open market without a discount.

Note 7: Fair Value Measurements

Fair Value of Financial Instruments Not Carried at Fair Value on the Balance Sheet

Set out in the following table are the amounts that would be reported if all financial instruments not currently carried at fair value were reported at their fair values. Refer to Note 17 of our annual consolidated financial statements for the year ended October 31, 2025 for further discussion on the determination of fair value.

(Canadian \$ in millions)	January 31, 2026		October 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
Securities (1)				
Amortized cost	\$ 92,117	\$ 86,627	\$ 96,610	\$ 90,448
Loans (1) (2)				
Residential mortgages	193,778	193,615	195,708	194,755
Consumer instalment and other personal	90,954	91,119	91,867	91,937
Credit cards	11,457	11,457	11,997	11,997
Business and government	356,859	357,436	364,265	364,866
	653,048	653,627	663,837	663,555
Deposits (3)	896,989	897,722	920,040	920,927
Securitization and structured entities' liabilities (4)	17,952	17,760	20,211	20,100
Other liabilities (5)	3,045	2,915	3,103	2,953
Subordinated debt	8,412	8,680	8,500	8,756

This table excludes financial instruments with a carrying value approximating fair value, such as cash and cash equivalents, interest bearing deposits with banks, securities borrowed or purchased under resale agreements, certain other assets, certain other liabilities and securities lent or sold under repurchase agreements.

(1) Carrying value is net of ACL.

(2) Excludes \$60 million of residential mortgages classified as FVTPL, \$15,125 million of business and government loans classified as FVTPL and \$2 million of business and government loans classified as FVOCI (\$79 million, \$13,231 million and \$14 million, respectively, as at October 31, 2025).

(3) Excludes \$50,471 million of structured note liabilities, \$604 million of money market deposits, \$2,125 million of embedded options related to structured deposits carried at amortized cost and \$4,600 million of metals deposits measured at fair value (\$49,093 million, \$1,129 million, \$1,967 million and \$3,973 million, respectively, as at October 31, 2025).

(4) Excludes \$38,857 million of securitization and structured entities' liabilities classified as FVTPL (\$31,351 million as at October 31, 2025).

(5) Other liabilities include certain investment contract liabilities in our insurance business measured at amortized cost, as well as certain other liabilities of subsidiaries.

Fair Value Hierarchy

We use a fair value hierarchy to categorize assets and liabilities carried at fair value according to the inputs we use in valuation techniques to measure fair value.

Valuation Techniques and Significant Inputs

We determine the fair value of assets and liabilities using quoted prices in active markets (Level 1) when these are available. When quoted prices in active markets are not available, we determine the fair value of financial assets and liabilities using models such as discounted cash flows with observable market data for inputs, such as yields or broker quotes and other third-party vendor quotes (Level 2). Fair value may also be determined using models where significant market inputs are not observable due to inactive markets or minimal market activity (Level 3). We maximize the use of observable market inputs to the extent possible.

Our Level 2 trading securities are primarily valued using discounted cash flow models with observable spreads or broker quotes. The fair value of Level 2 FVOCI securities is determined using discounted cash flow models with observable spreads or third-party vendor quotes. Level 2 structured note liabilities are valued using models with observable market information. Level 2 derivative assets and liabilities are valued using industry standard models and observable market information.

The extent of our use of actively quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and models using one or more significant unobservable inputs (Level 3) in the valuation of securities, loans classified as FVTPL and FVOCI, other assets, fair value liabilities, derivative assets and derivative liabilities is presented in the following table:

(Canadian \$ in millions)	January 31, 2026				October 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading Securities								
Issued or guaranteed by:								
Canadian federal government	\$ 1,214	\$ 9,181	\$ -	\$ 10,395	\$ 757	\$ 11,554	\$ -	\$ 12,311
Canadian provincial and municipal governments	-	10,457	-	10,457	-	9,035	-	9,035
U.S. federal government	3,003	26,056	-	29,059	3,308	27,594	-	30,902
U.S. states, municipalities and agencies	-	244	-	244	-	1,144	-	1,144
Other governments	226	3,174	-	3,400	199	3,927	-	4,126
NHA MBS, and U.S. agency MBS and CMO	-	65,978	-	65,978	-	56,450	-	56,450
Corporate debt	-	14,028	-	14,028	-	11,614	-	11,614
Trading loans	-	3,907	-	3,907	-	4,568	-	4,568
Corporate equity	57,598	749	-	58,347	61,495	658	-	62,153
	62,041	133,774	-	195,815	65,759	126,544	-	192,303
FVTPL Securities								
Issued or guaranteed by:								
Canadian federal government	103	1,766	-	1,869	56	1,563	-	1,619
Canadian provincial and municipal governments	-	2,125	-	2,125	-	1,578	-	1,578
U.S. federal government	-	1,583	-	1,583	-	1,495	-	1,495
NHA MBS, and U.S. agency MBS and CMO	-	18	-	18	-	18	-	18
Corporate debt	-	8,988	-	8,988	-	8,908	-	8,908
Corporate equity	1,381	923	5,618	7,922	1,090	822	5,824	7,736
	1,484	15,403	5,618	22,505	1,146	14,384	5,824	21,354
FVOCI Securities								
Issued or guaranteed by:								
Canadian federal government	230	44,982	-	45,212	1,158	44,177	-	45,335
Canadian provincial and municipal governments	-	7,026	-	7,026	-	5,644	-	5,644
U.S. federal government	7	18,615	-	18,622	16	20,793	-	20,809
U.S. states, municipalities and agencies	-	4,771	-	4,771	-	5,634	-	5,634
Other governments	19	3,595	-	3,614	37	4,028	-	4,065
NHA MBS, and U.S. agency MBS and CMO	-	27,278	-	27,278	-	27,015	-	27,015
Corporate debt	-	4,182	-	4,182	-	4,515	-	4,515
Corporate equity	-	-	189	189	-	-	192	192
	256	110,449	189	110,894	1,211	111,806	192	113,209
Loans								
Residential mortgages	-	60	-	60	-	79	-	79
Business and government loans	-	14,788	339	15,127	-	12,921	324	13,245
	-	14,848	339	15,187	-	13,000	324	13,324
Other Assets (1)	7,618	-	1,505	9,123	8,521	-	1,483	10,004
Fair Value Liabilities (2)								
Deposits (3)	-	57,800	-	57,800	-	56,162	-	56,162
Securities sold but not yet purchased	14,150	33,259	-	47,409	14,998	39,878	-	54,876
Other liabilities (4)	2,200	39,583	128	41,911	2,142	32,096	-	34,238
	16,350	130,642	128	147,120	17,140	128,136	-	145,276
Derivative Assets								
Interest rate contracts	21	9,735	-	9,756	15	8,666	-	8,681
Foreign exchange contracts	962	34,631	-	35,593	43	30,474	2	30,519
Commodity contracts	3,421	3,469	-	6,890	225	1,224	13	1,462
Equity contracts	56	17,072	8	17,136	275	16,203	10	16,488
Credit default swaps	6	17	-	23	-	1	-	1
	4,466	64,924	8	69,398	558	56,568	25	57,151
Derivative Liabilities								
Interest rate contracts	16	9,806	-	9,822	18	10,081	-	10,099
Foreign exchange contracts	-	28,693	13	28,706	-	26,049	-	26,049
Commodity contracts	359	3,925	14	4,298	196	1,412	-	1,608
Equity contracts	71	22,476	-	22,547	175	20,793	5	20,973
Credit default swaps	2	17	-	19	-	-	-	-
	448	64,917	27	65,392	389	58,335	5	58,729

(1) Other assets include precious metals, segregated fund assets and investment properties in our insurance business, carbon credits, certain receivables and other items measured at fair value.

(2) Interest expense for liabilities carried at fair value is \$871 million for the three months ended January 31, 2026 (\$720 million for the three months ended January 31, 2025). Interest expense for liabilities carried at amortized cost is \$8,649 million for the three months ended January 31, 2026 (\$10,505 million for the three months ended January 31, 2025).

(3) Deposits include structured note liabilities, money market and metals deposits designated at FVTPL and certain embedded options related to structured deposits carried at amortized cost.

(4) Other liabilities include certain investment contract liabilities and segregated fund liabilities in our insurance business, certain securitization and structured entities' liabilities measured at FVTPL, as well as the contingent consideration liability from the acquisition of Burgundy Asset Management Ltd. Refer to Note 13 for more information.

Quantitative Information about Level 3 Fair Value Measurements

The table below presents the fair values of our significant Level 3 financial instruments measured at fair value on a recurring basis, the valuation techniques used to determine their fair values and the value ranges of significant unobservable inputs used in the valuations. We have not applied any other reasonably possible alternative assumptions to the significant Level 3 categories of private equity investments, as the net asset values are provided by the investment or fund managers.

(Canadian \$ in millions, except as noted)

	Reporting line in fair value hierarchy table	Fair value of assets	Valuation techniques	Significant unobservable inputs	January 31, 2026	
					Range of input values (1)	
					Low	High
Private equity	Corporate equity	\$ 5,807	Net asset value EV/EBITDA	Net asset value Multiple	na	na
Investment properties	Other assets	1,380	Income approach	Capitalization rate	6%	7%
Burgundy contingent consideration (2)	Other liabilities	128	Income approach	Discount rate Forecasted assets under management	na	na

(1) The low and high input values represent the lowest and highest actual level of inputs used to value a group of financial instruments in a particular product category. These input ranges do not reflect the level of input uncertainty, but are affected by the specific underlying instruments within each product category. The input ranges will therefore vary from period to period based on the characteristics of the underlying instruments held at each balance sheet date.

(2) Range of inputs not applicable as the value is modeled using a Monte Carlo simulation.

na - not applicable

Significant Transfers

Our policy is to record transfers of assets and liabilities between fair value hierarchy levels at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Transfers between Level 1 and Level 2 are dependent on the recency of issuance and availability of quoted market prices in the active market. There were no significant transfers between Level 1 and Level 2 during the three months ended January 31, 2026 and 2025.

Changes in Level 3 Fair Value Measurements

The tables below present a reconciliation of all changes in Level 3 financial instruments for the three months ended January 31, 2026 and 2025, including realized and unrealized gains (losses) included in earnings and other comprehensive income as well as transfers into and out of Level 3. Transfers from Level 2 into Level 3 were due to an increase in unobservable market inputs used in pricing the securities. Transfers out of Level 3 into Level 2 were due to an increase in observable market inputs used in pricing the securities.

For the three months ended January 31, 2026 (Canadian \$ in millions)	Change in fair value		Movements				Transfers		Fair Value as at January 31, 2026	Change in unrealized gains (losses) recorded in income for instruments still held (2)
	Fair Value as at October 31, 2025	Included in earnings	Included in other comprehensive income (1)	Issuances/ Purchases	Sales	Maturities/ Settlement	Transfers into Level 3	Transfers out of Level 3		
Trading Securities										
Corporate equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total trading securities	-	-	-	-	-	-	-	-	-	-
FVTPL Securities										
Corporate debt	-	-	-	-	-	-	-	-	-	-
Corporate equity	5,824	(112)	(74)	276	(292)	-	-	(4)	5,618	(58)
Total FVTPL securities	5,824	(112)	(74)	276	(292)	-	-	(4)	5,618	(58)
FVOCI Securities										
Corporate equity	192	-	(4)	1	-	-	-	-	189	na
Total FVOCI securities	192	-	(4)	1	-	-	-	-	189	na
Business and Government Loans	324	2	(10)	23	-	-	-	-	339	2
Other Assets	1,483	15	(2)	27	(10)	(8)	-	-	1,505	15
Derivative Assets										
Foreign exchange contracts	2	(2)	-	-	-	-	-	-	-	(2)
Commodity contracts	13	(13)	-	-	-	-	-	-	-	(13)
Equity contracts	10	-	-	-	-	-	1	(3)	8	-
Total derivative assets	25	(15)	-	-	-	-	1	(3)	8	(15)
Other Liabilities	-	16	-	112	-	-	-	-	128	16
Derivative Liabilities										
Foreign exchange contracts	-	13	-	-	-	-	-	-	13	13
Commodity contracts	-	14	-	-	-	-	-	-	14	14
Equity contracts	5	-	-	-	-	-	-	(5)	-	-
Credit default swaps	-	-	-	-	-	-	-	-	-	-
Total derivative liabilities	5	27	-	-	-	-	-	(5)	27	27

For the three months ended January 31, 2025 (Canadian \$ in millions)	Change in fair value		Movements				Transfers		Fair Value as at January 31, 2025	Change in unrealized gains (losses) recorded in income for instruments still held (2)
	Fair Value as at October 31, 2024	Included in earnings	Included in other comprehensive income (1)	Issuances/ Purchases	Sales	Maturities/ Settlement	Transfers into Level 3	Transfers out of Level 3		
Trading Securities										
Corporate equity	\$ 4	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -
Total trading securities	4	-	-	2	-	-	-	-	6	-
FVTPL Securities										
Corporate debt	35	(1)	-	1	-	-	-	(2)	33	(1)
Corporate equity	4,899	24	89	272	(82)	-	-	-	5,202	84
Total FVTPL securities	4,934	23	89	273	(82)	-	-	(2)	5,235	83
FVOCI Securities										
Corporate equity	177	-	(15)	1	-	-	-	-	163	na
Total FVOCI securities	177	-	(15)	1	-	-	-	-	163	na
Business and Government Loans	302	13	6	6	-	(6)	-	-	321	13
Other Assets	1,717	(55)	-	194	-	(15)	-	-	1,841	(51)
Derivative Assets										
Foreign exchange contracts	10	-	-	32	-	-	-	-	42	-
Commodity contracts	2	3	-	-	-	-	-	-	5	3
Equity contracts	-	-	-	-	-	-	13	-	13	-
Total derivative assets	12	3	-	32	-	-	13	-	60	3
Other Liabilities	-	-	-	-	-	-	-	-	-	-
Derivative Liabilities										
Foreign exchange contracts	-	-	-	-	-	-	-	-	-	-
Commodity contracts	4	(4)	-	-	-	-	-	-	-	(4)
Equity contracts	2	-	-	-	-	-	-	-	2	-
Credit default swaps	1	-	-	-	-	-	-	-	1	-
Total derivative liabilities	7	(4)	-	-	-	-	-	-	3	(4)

(1) Foreign exchange translation on assets and liabilities held by foreign operations is included in other comprehensive income, net foreign operations.

(2) Changes in unrealized gains (losses) on Trading and FVTPL securities still held on January 31, 2026 and January 31, 2025 are included in earnings for the period.

Unrealized gains (losses) recognized on Level 3 financial instruments may be offset by (losses) gains on economic hedge contracts.

na - not applicable

Note 8: Capital Management

Our objective is to maintain a strong capital position in a cost-effective structure that is appropriate given our target regulatory capital ratios and our internal assessment of required economic capital; underpins our operating segments' business strategies and considers the market environment; supports depositor, investor and regulator confidence, while building long-term shareholder value; and is consistent with our target credit ratings.

As at January 31, 2026, we met OSFI's target capital ratio requirements, which include a 2.5% Capital Conservation Buffer, a 1.0% Common Equity Surcharge for Domestic Systemically Important Banks (D-SIBs), a Countercyclical Buffer and a 3.5% Domestic Stability Buffer (DSB) applicable to D-SIBs. On December 18, 2025, OSFI announced that the DSB will remain at 3.5%. Our capital position as at January 31, 2026 is further detailed in the Capital Management section of our interim Management's Discussion and Analysis.

Regulatory Capital and Total Loss Absorbing Capacity Measures, Risk-Weighted Assets and Leverage Exposures ⁽¹⁾

(Canadian \$ in millions, except as noted)	January 31, 2026	October 31, 2025
CET1 Capital	\$ 57,801	\$ 58,286
Tier 1 Capital	65,425	65,890
Total Capital	74,890	75,562
TLAC	128,454	129,957
Risk-Weighted Assets	442,058	437,945
Leverage Exposures	1,488,813	1,521,813
CET1 Ratio	13.1%	13.3%
Tier 1 Capital Ratio	14.8%	15.0%
Total Capital Ratio	16.9%	17.3%
TLAC Ratio	29.1%	29.7%
Leverage Ratio	4.4%	4.3%
TLAC Leverage Ratio	8.6%	8.5%

(1) Calculated in accordance with OSFI's Capital Adequacy Requirements Guideline, Leverage Requirements Guideline and Total Loss Absorbing Capacity (TLAC) Guideline.

Note 9: Employee Compensation

Stock Options

During the three months ended January 31, 2026, we granted a total of 764,400 stock options (716,633 stock options during the three months ended January 31, 2025) with a weighted-average fair value of \$32.09 per option (\$18.46 per option for the three months ended January 31, 2025).

To determine the fair value of the stock option tranches (i.e. the portion that vests each year) on the grant date, the following ranges of values were used for each option pricing assumption:

For stock options granted during the three months ended	January 31, 2026	January 31, 2025
Expected dividend yield	2.5% - 2.6%	3.6%
Expected share price volatility	18.5% - 18.6%	16.7%
Risk-free rate of return	3.0%	2.8%
Expected period until exercise (in years)	6.5 - 7.0	6.5 - 7.0
Exercise price (\$)	181.30	141.00

Changes to the input assumptions can result in different fair value estimates.

Pension and Other Employee Future Benefit Expenses

Pension and other employee future benefit expenses are determined as follows:

(Canadian \$ in millions)	Pension plans		Other employee future benefit plans	
For the three months ended	January 31, 2026	January 31, 2025	January 31, 2026	January 31, 2025
Current service cost	\$ 44	\$ 44	\$ 2	\$ 2
Net interest (income) expense (1)	(14)	(12)	8	9
Impact of plan amendments	-	(19)	-	-
Administrative expenses	2	5	-	-
Benefits expense	32	18	10	11
Government pension plans expense (2)	112	101	-	-
Defined contribution expense	116	109	-	-
Total pension and other employee future benefit expenses recognized in our Consolidated Statement of Income	\$ 260	\$ 228	\$ 10	\$ 11

(1) Net interest (income) expense is increased by \$nil million for pension benefit plans and \$1 million for other employee future benefit plans for the three months ended January 31, 2026 (\$nil million for pension benefit plans and \$nil million for other employee future benefit plans for the three months ended January 31, 2025) as a result of assets written down through other comprehensive income due to the asset ceiling.

(2) Includes Canada Pension Plan, Quebec Pension Plan and U.S. Federal Insurance Contribution Act.

Note 10: Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to bank shareholders, after deducting dividends payable on preferred shares and distributions payable on other equity instruments, by the daily average number of fully paid common shares outstanding throughout the period.

Diluted earnings per share is calculated in the same manner, with further adjustments made to reflect the dilutive impact of instruments convertible into our common shares.

The following tables present our basic and diluted earnings per share:

Basic Earnings Per Common Share

(Canadian \$ in millions, except as noted)	For the three months ended	
	January 31, 2026	January 31, 2025
Net income attributable to bank shareholders	\$ 2,490	\$ 2,134
Dividends on preferred shares and distributions on other equity instruments	(81)	(65)
Net income available to common shareholders	\$ 2,409	\$ 2,069
Weighted-average number of common shares outstanding (in thousands)	708,402	729,564
Basic earnings per common share (Canadian \$)	\$ 3.40	\$ 2.84

Diluted Earnings Per Common Share

(Canadian \$ in millions, except as noted)	For the three months ended	
	January 31, 2026	January 31, 2025
Net income available to common shareholders	\$ 2,409	\$ 2,069
Weighted-average number of common shares outstanding (in thousands)	708,402	729,564
Dilutive impact of stock options (1)		
Stock options potentially exercisable	5,306	6,245
Common shares potentially repurchased	(3,542)	(5,119)
Weighted-average number of diluted common shares outstanding (in thousands)	710,166	730,690
Diluted earnings per common share (Canadian \$)	\$ 3.39	\$ 2.83

(1) The dilutive effect of stock options was calculated using the treasury stock method. In computing diluted earnings per share, we excluded average stock options outstanding of 515,139 with a weighted-average exercise price of \$203.51 for the three months ended January 31, 2026 (482,948 with a weighted-average exercise price of \$153.89 for the three months ended January 31, 2025), as the average share price for the periods did not exceed the exercise price.

Note 11: Income Taxes

Tax Assessments

Canadian tax authorities have reassessed us for additional income tax and interest in an amount of approximately \$1,465 million in respect of certain 2011–2018 Canadian corporate dividends. These reassessments denied certain dividend deductions on the basis that the dividends were received as part of a “dividend rental arrangement”. In general, the tax rules raised by the Canadian tax authorities were prospectively addressed in the 2015 and 2018 Canadian federal budgets. We filed Notices of Appeal with the Tax Court of Canada and the matter is in litigation. We remain of the view that our tax filing positions were appropriate and intend to challenge all reassessments. However, if such challenges are unsuccessful, the additional expense would negatively impact our net income.

Note 12: Operating Segmentation

Operating Segments

We conduct our business through four operating segments, each of which has a distinct mandate. Our operating segments are Canadian Personal and Commercial Banking (Canadian P&C), U.S. Banking, Wealth Management and Capital Markets, along with a Corporate Services unit.

For additional information refer to Note 25 of our annual consolidated financial statements for the year ended October 31, 2025.

Our results and average assets, grouped by operating segment, are as follows:

(Canadian \$ in millions)

	Canadian		Wealth		Capital		Corporate		
	P&C	U.S. Banking (1)	Management	Markets (1)	Services (1) (2)				Total
For the three months ended January 31, 2026									
Net interest income	\$ 2,523	\$ 2,267	\$ 290	\$ 700	\$ (137)				\$ 5,643
Non-interest revenue	735	629	1,210	1,512	95				4,181
Total Revenue	3,258	2,896	1,500	2,212	(42)				9,824
Provision for credit losses on impaired loans	497	202	2	29	9				739
Provision for (recovery of) credit losses on performing loans	18	17	(4)	(21)	(3)				7
Total provision for credit losses	515	219	(2)	8	6				746
Depreciation and amortization	173	230	63	81	-				547
Non-interest expense	1,264	1,504	967	1,243	228				5,206
Income (loss) before taxes and non-controlling interest in subsidiaries	1,306	943	472	880	(276)				3,325
Provision for (recovery of) income taxes	358	201	120	223	(66)				836
Reported net income (loss)	\$ 948	\$ 742	\$ 352	\$ 657	\$ (210)				\$ 2,489
Non-controlling interest in subsidiaries	\$ -	\$ (2)	\$ -	\$ -	\$ 1				\$ (1)
Net income (loss) attributable to bank shareholders	\$ 948	\$ 744	\$ 352	\$ 657	\$ (211)				\$ 2,490
Average assets (3)	\$ 346,381	\$ 244,203	\$ 56,164	\$ 593,769	\$ 271,824				\$ 1,512,341
For the three months ended January 31, 2025									
Net interest income	\$ 2,385	\$ 2,322	\$ 238	\$ 699	\$ (246)				\$ 5,398
Non-interest revenue	658	642	1,082	1,374	112				3,868
Total Revenue	3,043	2,964	1,320	2,073	(134)				9,266
Provision for credit losses on impaired loans	491	312	1	35	20				859
Provision for (recovery of) credit losses on performing loans	51	102	(1)	11	(11)				152
Total provision for (recovery of) credit losses	542	414	-	46	9				1,011
Depreciation and amortization	153	252	55	85	-				545
Non-interest expense	1,140	1,500	828	1,166	248				4,882
Income (loss) before taxes and non-controlling interest in subsidiaries	1,208	798	437	776	(391)				2,828
Provision for (recovery of) income taxes	331	163	109	187	(100)				690
Reported net income (loss)	\$ 877	\$ 635	\$ 328	\$ 589	\$ (291)				\$ 2,138
Non-controlling interest in subsidiaries	\$ -	\$ -	\$ -	\$ -	\$ 4				\$ 4
Net income (loss) attributable to bank shareholders	\$ 877	\$ 635	\$ 328	\$ 589	\$ (295)				\$ 2,134
Average assets (3)	\$ 341,485	\$ 265,677	\$ 52,550	\$ 578,952	\$ 282,850				\$ 1,521,514

(1) Operating segments report on a taxable equivalent basis (teb). Net interest income, revenue and the provision for income taxes are increased on tax-exempt securities to an equivalent before-tax basis to facilitate comparisons of income between taxable and tax-exempt sources. The offset to the groups' teb adjustments is reflected in Corporate Services net interest income, revenue and provision for income taxes.

(2) Corporate Services includes Technology and Operations.

(3) Included within average assets are average earning assets, which comprise deposits with other banks, deposits at central banks, securities borrowed or purchased under resale agreements, loans and securities. Total average earning assets for the three months ended January 31, 2026 are \$1,334,388 million, including \$344,866 million for Canadian P&C, \$224,843 million for U.S. Banking, and \$764,679 million for all other operating segments including Corporate Services (for the three months ended January 31, 2025 - Total: \$1,319,541 million, Canadian P&C: \$339,325 million, U.S. Banking: \$243,645 million and all other operating segments: \$736,571 million).

Certain comparative figures have been reclassified to conform with the current period's presentation.

Note 13: Acquisition

Burgundy Asset Management Ltd.

On November 1, 2025, we completed the acquisition of Burgundy Asset Management Ltd., a leading independent wealth manager in Canada, providing discretionary investment management for private clients, foundations, endowments, pensions and family offices. Burgundy operates as a wholly-owned subsidiary of BMO. The purchase price of \$654 million comprised \$61 million in cash, \$481 million in shares of a wholly-owned subsidiary of BMO that were exchanged into BMO common shares on close, and \$112 million of contingent consideration payable in similarly exchangeable shares. The \$112 million of contingent consideration represents the fair value of a holdback to be paid subject to Burgundy maintaining certain assets under management 18 months post-close and the fair value of a potential earn-out, payable in the future based on the achievement of certain growth targets. The acquisition was accounted for as a business combination, and the acquired business and corresponding goodwill are included in our Wealth Management reporting segment.

As part of this acquisition, we acquired customer relationship intangible assets valued at \$375 million and goodwill of \$319 million. Customer relationship intangible assets will be amortized over 12 years. Goodwill primarily reflects the expected future economic benefits from expanding our wealth advice and private investment counsel offering and is not deductible for tax purposes.

The fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

(Canadian \$ in millions)

	November 1, 2025
Customer relationship intangible assets	\$ 375
Other assets	89
Total assets	464
Deferred tax liabilities	99
Other liabilities	30
Total liabilities	129
Goodwill	319
Purchase price	\$ 654

The purchase price allocation for Burgundy is subject to refinement as we complete the valuation of the assets acquired and liabilities assumed.

Contingent consideration is remeasured at fair value each reporting period. During the quarter, the fair value of contingent consideration was remeasured to \$128 million and the resulting \$16 million increase was recorded as a reduction in non-interest revenue, other revenues. Changes in the fair value of the contingent consideration are not recognized for tax purposes.