Consolidated Statement of Income

(Unaudited) (Canadian $ in millions, except as noted)	For the three months ended			For the nine months ended	
	July 31, 2023	April 30, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Interest, Dividend and Fee Income					
Loans	**$ 10,693**	$ 10,005	$ 5,311	**$ 28,892**	$ 13,589
Securities (Notes 2 and 12)	**3,099**	2,895	1,505	**8,132**	3,824
Deposits with banks	**1,029**	882	228	**2,950**	360
	14,821	13,782	7,044	**39,974**	17,773
Interest Expense					
Deposits	**7,102**	6,262	1,743	**18,647**	3,302
Subordinated debt	**109**	103	57	**313**	153
Other liabilities	**2,705**	2,603	1,047	**7,274**	2,200
	9,916	8,968	2,847	**26,234**	5,655
Net Interest Income	**4,905**	4,814	4,197	**13,740**	12,118
Non-Interest Revenue					
Securities commissions and fees	**253**	258	262	**774**	825
Deposit and payment service charges	**404**	395	338	**1,115**	999
Trading revenues (Note 12)	**400**	340	(975)	**(543)**	3,453
Lending fees	**388**	383	351	**1,153**	1,070
Card fees	**126**	173	131	**446**	405
Investment management and custodial fees	**476**	462	432	**1,377**	1,339
Mutual fund revenues	**316**	307	315	**936**	1,003
Underwriting and advisory fees	**253**	269	220	**730**	962
Securities gains, other than trading (Note 2)	**36**	36	85	**147**	309
Foreign exchange gains, other than trading	**67**	59	47	**180**	128
Insurance revenue	**166**	726	542	**2,223**	61
Share of profit in associates and joint ventures	**(2)**	66	99	**133**	215
Other	**141**	152	55	**428**	253
	3,024	3,626	1,902	**9,099**	11,022
Total Revenue	**7,929**	8,440	6,099	**22,839**	23,140
Provision for Credit Losses (Notes 3 and 12)	**492**	1,023	136	**1,732**	87
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**4**	591	413	**1,788**	(314)
Non-Interest Expense					
Employee compensation	**3,065**	2,975	2,135	**8,606**	6,521
Premises and equipment	**1,216**	1,261	918	**3,432**	2,596
Amortization of intangible assets	**286**	280	151	**729**	448
Advertising and business development	**219**	195	135	**554**	356
Communications	**95**	91	67	**260**	206
Professional fees	**280**	312	182	**824**	517
Other	**477**	459	271	**1,227**	774
	5,638	5,573	3,859	**15,632**	11,418
Income Before Provision for Income Taxes	**1,795**	1,253	1,691	**3,687**	11,949
Provision for income taxes (Note 10)	**341**	194	326	**927**	2,895
Net Income	**$ 1,454**	$ 1,059	$ 1,365	**$ 2,760**	$ 9,054
Attributable to:					
Bank shareholders	**1,452**	1,056	1,365	**2,755**	9,054
Non-controlling interest in subsidiaries	**2**	3	–	**5**	–
Net Income	**$ 1,454**	$ 1,059	$ 1,365	**$ 2,760**	$ 9,054
Earnings Per Common Share (Canadian $) (Note 9)					
Basic	**$ 1.97**	$ 1.31	$ 1.96	**$ 3.61**	$ 13.49
Diluted	**1.97**	1.30	1.95	**3.60**	13.45
Dividends per common share	**1.47**	1.43	1.39	**4.33**	4.05

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			For the nine months ended	
	July 31, 2023	April 30, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Net Income	**$ 1,454**	$ 1,059	$ 1,365	**$ 2,760**	$ 9,054
Other Comprehensive Income (Loss), net of taxes					
Items that may subsequently be reclassified to net income					
Net change in unrealized gains (losses) on fair value through OCI debt securities					
Unrealized gains (losses) on fair value through OCI debt securities arising during the period (1)	**4**	23	(2)	**169**	(302)
Reclassification to earnings of (gains) during the period (2)	**(4)**	(17)	(8)	**(27)**	(30)
	–	6	(10)	**142**	(332)
Net change in unrealized gains (losses) on cash flow hedges					
Gains (losses) on derivatives designated as cash flow hedges arising during the period (3)	**(1,722)**	(144)	546	**(742)**	(2,365)
Reclassification to earnings/goodwill of (gains) losses on derivatives designated as cash flow hedges during the period (Note 12) (4)	**334**	26	(80)	**595**	(329)
	(1,388)	(118)	466	**(147)**	(2,694)
Net gains (losses) on translation of net foreign operations					
Unrealized gains (losses) on translation of net foreign operations	**(1,498)**	937	(77)	**(1,411)**	1,053
Unrealized gains (losses) on hedges of net foreign operations (5)	**262**	(174)	(25)	**111**	(217)
Reclassification to earnings of net losses related to divestitures (6)	**–**	–	–	**–**	29
	(1,236)	763	(102)	**(1,300)**	865
Items that will not be reclassified to net income					
Net unrealized gains (losses) on fair value through OCI equity securities arising during the period (7)	**–**	–	(1)	**–**	1
Net gains (losses) on remeasurement of pension and other employee future benefit plans (8)	**48**	5	(95)	**(11)**	511
Net gains (losses) on remeasurement of own credit risk on financial liabilities designated at fair value (9)	**(89)**	174	415	**(325)**	1,019
	(41)	179	319	**(336)**	1,531
Other Comprehensive Income (Loss), net of taxes	**(2,665)**	830	673	**(1,641)**	(630)
Total Comprehensive Income (Loss)	**$ (1,211)**	$ 1,889	$ 2,038	**$ 1,119**	$ 8,424
Attributable to:					
Bank shareholders	**(1,213)**	1,886	2,038	**1,114**	8,424
Non-controlling interest in subsidiaries	**2**	3	–	**5**	–
Total Comprehensive Income (Loss)	**$ (1,211)**	$ 1,889	$ 2,038	**$ 1,119**	$ 8,424

(1) Net of income tax (provision) recovery of $nil million, $(7) million, $nil million for the three months ended, and $(55) million, $105 million for the nine months ended, respectively.
(2) Net of income tax provision of $2 million, $7 million, $3 million for the three months ended, and $11 million, $11 million for the nine months ended, respectively.
(3) Net of income tax (provision) recovery of $635 million, $49 million, $(208) million for the three months ended, and $367 million, $842 million for the nine months ended, respectively.
(4) Net of income tax provision (recovery) of $(126) million, $7 million, $29 million for the three months ended, and $(223) million, $119 million for the nine months ended, respectively.
(5) Net of income tax (provision) recovery of $(104) million, $67 million, $12 million for the three months ended, and $(96) million, $83 million for the nine months ended, respectively.
(6) Net of income tax (provision) of na, na, na for the three months ended, and na, $nil million for the nine months ended, respectively.
(7) Net of income tax recovery of $nil million, $nil million, $1 million for the three months ended, and $nil million, $nil million for the nine months ended, respectively.
(8) Net of income tax (provision) recovery of $(19) million, $(2) million, $35 million for the three months ended, and $(19) million, $(185) million for the nine months ended, respectively.
(9) Net of income tax (provision) recovery of $42 million, $(67) million, and $(152) million for the three months ended, and $114 million, $(370) million for the nine months ended, respectively.

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

Consolidated Balance Sheet

(Unaudited) (Canadian $ in millions)	As at		
	July 31, 2023	April 30, 2023	October 31, 2022
Assets			
Cash and Cash Equivalents	**$ 81,262**	$ 68,495	$ 87,466
Interest Bearing Deposits with Banks	**4,658**	5,275	5,734
Securities (Notes 2 and 12)			
Trading	**124,600**	119,081	108,177
Fair value through profit or loss	**16,512**	16,764	13,641
Fair value through other comprehensive income	**53,831**	56,519	43,561
Debt securities at amortized cost	**115,509**	122,102	106,590
Investments in associates and joint ventures	**1,378**	1,490	1,293
	311,830	315,956	273,262
Securities Borrowed or Purchased Under Resale Agreements	**113,442**	118,575	113,194
Loans (Notes 3 and 12)			
Residential mortgages	**171,863**	166,733	148,880
Consumer instalment and other personal	**103,569**	104,357	86,103
Credit cards	**11,700**	11,063	9,663
Business and government	**347,225**	355,972	309,310
	634,357	638,125	553,956
Allowance for credit losses (Notes 3 and 12)	**(3,520)**	(3,350)	(2,617)
	630,837	634,775	551,339
Other Assets			
Derivative instruments	**33,153**	31,960	48,160
Customers' liability under acceptances	**9,554**	10,591	13,235
Premises and equipment	**6,012**	6,111	4,841
Goodwill (Note 12)	**15,913**	16,025	5,285
Intangible assets (Note 12)	**5,121**	5,158	2,193
Current tax assets	**1,925**	2,127	1,421
Deferred tax assets	**2,880**	2,369	1,175
Other	**31,967**	33,474	31,894
	106,525	107,815	108,204
Total Assets	**$ 1,248,554**	$ 1,250,891	$ 1,139,199
Liabilities and Equity			
Deposits (Notes 4 and 12)	**$ 883,569**	$ 875,443	$ 769,478
Other Liabilities			
Derivative instruments	**43,276**	41,802	59,956
Acceptances	**9,554**	10,591	13,235
Securities sold but not yet purchased	**46,442**	45,302	40,979
Securities lent or sold under repurchase agreements	**96,149**	105,179	103,963
Securitization and structured entities' liabilities	**26,667**	25,759	27,068
Other	**60,641**	62,535	45,332
	282,729	291,168	290,533
Subordinated Debt (Note 4)	**8,062**	8,195	8,150
Total Liabilities	**$ 1,174,360**	$ 1,174,806	$ 1,068,161
Equity			
Preferred shares and other equity instruments (Note 5)	**6,958**	6,958	6,308
Common shares (Note 5)	**22,474**	22,062	17,744
Contributed surplus	**330**	327	317
Retained earnings	**44,500**	44,143	45,117
Accumulated other comprehensive income (loss)	**(89)**	2,576	1,552
Total shareholders' equity	**74,173**	76,066	71,038
Non-controlling interest in subsidiaries (Note 5)	**21**	19	–
Total Equity	**74,194**	76,085	71,038
Total Liabilities and Equity	**$ 1,248,554**	$ 1,250,891	$ 1,139,199

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		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Preferred Shares and Other Equity Instruments (Note 5)				
Balance at beginning of period	**$ 6,958**	$ 5,708	**$ 6,308**	$ 5,558
Issued during the period	**–**	500	**650**	1,250
Redeemed during the period	**–**	(500)	**–**	(1,100)
Balance at End of Period	**6,958**	5,708	**6,958**	5,708
Common Shares (Note 5)				
Balance at beginning of period	**22,062**	17,038	**17,744**	13,599
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**405**	346	**1,170**	647
Issued under the Stock Option Plan	**8**	12	**47**	55
Repurchased for cancellation and/or treasury shares sold/purchased	**(1)**	(4)	**–**	(15)
Issued to align capital position with increased regulatory requirements as announced by OSFI (Note 5)	**–**	–	**3,360**	–
Issued for acquisitions (Notes 5 and 12)	**–**	–	**153**	3,106
Balance at End of Period	**22,474**	17,392	**22,474**	17,392
Contributed Surplus				
Balance at beginning of period	**327**	318	**317**	313
Stock option expense, net of options exercised	**2**	(3)	**12**	2
Other	**1**	–	**1**	–
Balance at End of Period	**330**	315	**330**	315
Retained Earnings				
Balance at beginning of period	**44,143**	41,275	**45,117**	35,497
Net income attributable to bank shareholders	**1,452**	1,365	**2,755**	9,054
Dividends on preferred shares and distributions payable on other equity instruments	**(41)**	(47)	**(206)**	(154)
Dividends on common shares	**(1,054)**	(938)	**(3,089)**	(2,694)
Equity issue expense and premium paid on redemption of preferred shares	**–**	(2)	**(73)**	(50)
Net discount on sale of treasury shares	**–**	–	**(4)**	–
Balance at End of Period	**44,500**	41,653	**44,500**	41,653
Accumulated Other Comprehensive (Loss) on Fair Value through OCI Securities, net of taxes				
Balance at beginning of period	**(217)**	(149)	**(359)**	171
Unrealized gains (losses) on fair value through OCI debt securities arising during the period	**4**	(2)	**169**	(302)
Unrealized gains (losses) on fair value through OCI equity securities arising during the period	**–**	(1)	**–**	1
Reclassification to earnings of (gains) during the period	**(4)**	(8)	**(27)**	(30)
Balance at End of Period	**(217)**	(160)	**(217)**	(160)
Accumulated Other Comprehensive (Loss) on Cash Flow Hedges, net of taxes				
Balance at beginning of period	**(3,888)**	(2,975)	**(5,129)**	185
Gains (losses) on derivatives designated as cash flow hedges arising during the period	**(1,722)**	546	**(742)**	(2,365)
Reclassification to earnings/goodwill of (gains) losses on derivatives designated as cash flow hedges during the period (Note 12)	**334**	(80)	**595**	(329)
Balance at End of Period	**(5,276)**	(2,509)	**(5,276)**	(2,509)
Accumulated Other Comprehensive Income on Translation of Net Foreign Operations, net of taxes				
Balance at beginning of period	**5,104**	3,236	**5,168**	2,269
Unrealized gains (losses) on translation of net foreign operations	**(1,498)**	(77)	**(1,411)**	1,053
Unrealized gains (losses) on hedges of net foreign operations	**262**	(25)	**111**	(217)
Reclassification to earnings of net losses related to divestitures	**–**	–	**–**	29
Balance at End of Period	**3,868**	3,134	**3,868**	3,134
Accumulated Other Comprehensive Income on Pension and Other Employee Future Benefit Plans, net of taxes				
Balance at beginning of period	**885**	891	**944**	285
Gains (losses) on remeasurement of pension and other employee future benefit plans	**48**	(95)	**(11)**	511
Balance at End of Period	**933**	796	**933**	796
Accumulated Other Comprehensive Income on Own Credit Risk on Financial Liabilities Designated at Fair Value, net of taxes				
Balance at beginning of period	**692**	250	**928**	(354)
Gains (losses) on remeasurement of own credit risk on financial liabilities designated at fair value	**(89)**	415	**(325)**	1,019
Balance at End of Period	**603**	665	**603**	665
Total Accumulated Other Comprehensive Income (Loss)	**(89)**	1,926	**(89)**	1,926
Total Shareholders' Equity	**74,173**	66,994	**74,173**	66,994
Non-Controlling Interest in Subsidiaries				
Balance at beginning of period	**19**	–	**–**	–
Acquisition (Note 12)	**–**	–	**16**	–
Net income attributable to non-controlling interest	**2**	–	**5**	–
Balance at End of Period	**21**	–	**21**	–
Total Equity	**$ 74,194**	$ 66,994	**$ 74,194**	$ 66,994

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

Consolidated Statement of Cash Flows

(Unaudited) (Canadian $ in millions, except as noted)	For the three months ended		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Cash Flows from Operating Activities				
Net Income	**$ 1,454**	$ 1,365	**$ 2,760**	$ 9,054
Adjustments to determine net cash flows provided by (used in) operating activities:				
Securities (gains), other than trading (Note 2)	**(36)**	(85)	**(147)**	(309)
Depreciation of premises and equipment	**252**	192	**724**	579
Depreciation of other assets	**14**	24	**50**	74
Amortization of intangible assets	**286**	151	**729**	448
Provision for credit losses (Note 3)	**492**	136	**1,732**	87
Deferred taxes	**(586)**	(79)	**(655)**	530
Net loss on divestitures	**–**	–	**–**	29
Changes in operating assets and liabilities:				
Net (increase) in trading securities	**(7,607)**	(10,729)	**(18,622)**	(3,983)
Change in derivative instruments – (increase) decrease in derivative asset	**(564)**	4,647	**20,820**	(4,356)
– increase (decrease) in derivative liability	**1,359**	2,437	**(19,324)**	11,711
Net (increase) decrease in current tax asset	**85**	(293)	**(611)**	137
Net increase (decrease) in current tax liability	**(31)**	154	**(421)**	(8)
Change in accrued interest – (increase) decrease in interest receivable	**284**	(129)	**(355)**	(509)
– increase in interest payable	**618**	380	**2,607**	490
Changes in other items and accruals, net	**617**	12	**3,495**	(6,671)
Net increase in deposits	**19,164**	16,443	**35,157**	28,736
Net (increase) in loans	**(4,347)**	(20,938)	**(14,203)**	(58,680)
Net increase in securities sold but not yet purchased	**1,980**	1,968	**6,162**	8,896
Net increase (decrease) in securities lent or sold under repurchase agreements	**(7,088)**	3,970	**(11,734)**	1,255
Net (increase) decrease in securities borrowed or purchased under resale agreements	**3,242**	(1,925)	**(1,963)**	255
Net increase (decrease) in securitization and structured entities' liabilities	**1,090**	333	**(170)**	(667)
Net Cash Provided by (Used in) Operating Activities	**10,678**	(1,966)	**6,031**	(12,902)
Cash Flows from Financing Activities				
Net increase (decrease) in liabilities of subsidiaries	**(2,347)**	3,161	**2,456**	6,927
Proceeds from issuance of covered bonds	**2,916**	3,203	**8,027**	10,486
Redemption/buyback of covered bonds	**–**	(2,252)	**(8,175)**	(4,474)
Proceeds from issuance of subordinated debt	**–**	–	**–**	1,587
Repayment of subordinated debt (Note 4)	**–**	(850)	**–**	(850)
Proceeds from issuance of preferred shares, net of issuance costs (Note 5)	**–**	498	**648**	1,247
Redemption of preferred shares (Note 5)	**–**	(500)	**–**	(1,100)
Net proceeds from issuance of common shares (Note 5)	**6**	15	**3,324**	3,112
Net purchases of treasury shares	**(1)**	(4)	**–**	(15)
Cash dividends and distributions paid	**(742)**	(599)	**(2,047)**	(1,962)
Repayment of lease liabilities	**(92)**	(79)	**(259)**	(215)
Net Cash Provided by (Used in) Financing Activities	**(260)**	2,593	**3,974**	14,743
Cash Flows from Investing Activities				
Net decrease in interest bearing deposits with banks	**489**	376	**924**	1,281
Purchases of securities, other than trading	**(7,645)**	(12,131)	**(35,096)**	(78,054)
Maturities of securities, other than trading	**5,669**	4,545	**15,595**	16,793
Proceeds from sales of securities, other than trading	**5,896**	6,444	**19,318**	33,594
Premises and equipment – net purchases	**(190)**	(175)	**(566)**	(476)
Purchased and developed software – net purchases	**(178)**	(188)	**(572)**	(484)
Acquisitions (1) (Note 12)	**(155)**	–	**(15,107)**	–
Net proceeds from divestitures	**–**	–	**–**	1,226
Net Cash Provided by (Used in) Investing Activities	**3,886**	(1,129)	**(15,504)**	(26,120)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,537)**	(198)	**(705)**	604
Net increase (decrease) in Cash and Cash Equivalents	**12,767**	(700)	**(6,204)**	(23,675)
Cash and Cash Equivalents at Beginning of Period	**68,495**	70,286	**87,466**	93,261
Cash and Cash Equivalents at End of Period	**$ 81,262**	$ 69,586	**$ 81,262**	$ 69,586
Supplemental Disclosure of Cash Flow Information				
Net cash provided by operating activities includes:				
Interest paid in the period (2)	**$ 9,313**	$ 2,445	**$ 23,493**	$ 5,086
Income taxes paid in the period	**$ 319**	$ 788	**$ 2,302**	$ 1,779
Interest received in the period	**$ 14,571**	$ 6,519	**$ 37,729**	$ 16,013
Dividends received in the period	**$ 698**	$ 537	**$ 1,777**	$ 1,407

(1) This amount is net of $63 million and $3,646 million cash and cash equivalents acquired as part of acquisitions for the three and nine months ended July 31, 2023. To mitigate changes in the Canadian dollar equivalent of the Bank of the West purchase price on close, we entered into forward contracts, which qualified for hedge accounting.

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

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

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

Notes to Interim Consolidated Financial Statements

July 31, 2023 (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 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, 2022, with the addition of purchased loan accounting in Note 3 and non-controlling interests, described below, as a result of our acquisition of Bank of the West and its subsidiaries (Bank of the West) in the second quarter. Refer to Note 12 for more details. 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, 2022. We also comply with interpretations of International Financial Reporting Standards (IFRS) by our regulator, the Office of the Superintendent of Financial Institutions of Canada (OSFI). These interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2023.

Non-Controlling Interest in Subsidiaries

Non-controlling interest in subsidiaries is presented in our Consolidated Balance Sheet as a separate component of equity that is distinct from our shareholders' equity. The net income attributable to non-controlling interest in subsidiaries is presented separately in our Consolidated Statement of Income.

Interbank Offered Rate (IBOR) Reform

BMO has transitioned all USD LIBOR exposure settings to alternative reference rates. The transition of CDOR settings is in progress, and expected to be completed before June 28, 2024. For additional details regarding interest rate benchmarks, refer to Note 1 of our annual consolidated financial statements for the year ended October 31, 2022.

Use of Estimates and Judgments

The preparation of the interim consolidated financial statements requires management to use estimates and assumptions 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; financial instruments measured at fair value; pension and other employee future benefits; impairment of securities; income taxes and deferred tax assets; goodwill and intangible assets; insurance-related liabilities; provisions including legal proceedings and severance charges; transfer 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 more severe contraction of the North American economy, including persistent high inflation leading to significant further increases in interest rates, potential renewed stress in the U.S. regional banking sector, an escalation of geopolitical risks, and an increase in trade tensions between the U.S. and China. 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 impacts to our customers and competitors, will depend on future developments, which remain uncertain. By their very nature, the judgments and estimates 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 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 July 31, 2023.

Allowance for Credit Losses

As detailed further in Note 1 of our annual consolidated financial statements for the year ended October 31, 2022, the allowance for credit losses (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 loss (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 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-day 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 expected credit losses, we must rely on estimates and exercise judgment 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 decrease in the allowance for credit losses. The calculation of expected credit losses 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 primary operating markets of Canada, the United States (U.S.) 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 expected credit loss. The allowance is sensitive to changes in both economic forecasts and the probability-weight assigned to each forecast scenario.

Additional information regarding the allowance for credit losses is included in Note 3.

Acquisition of Bank of the West - Valuation of Assets and Liabilities

Significant judgment and assumptions were used to determine the fair value of the Bank of the West assets acquired and liabilities assumed, including the loan portfolio, core-deposit and other relationship intangible assets and fixed-maturity deposits.

For loans, the determination of fair value involved estimating the cash flows which are expected to be received on all purchased loans and discounting these back to their present value. We estimated expected cash flows based on models that incorporate management's best estimate of current key assumptions such as default rates, loss severity, timing of prepayments and collateral. In determining the discount rate, we considered various factors, including our cost to raise funds in the current market, the risk premium associated with the loans and the cost to service the portfolios.

For core-deposit intangible assets, fair value was determined using a discounted cash flow approach, comparing the present value of the cost to maintain the acquired deposits and to the cost of alternative funding. The present value of the cost to maintain the acquired deposits includes an estimate of future interest costs and operating expenses for the core deposits acquired. Core deposits are those that we considered to be a stable, below-market sources of funding. Deposit run-off was estimated using historical attrition data, comparing this to market sources at the date of acquisition.

We calculated the fair value of wealth management and credit card customer relationships acquired based on the excess of estimated future cash inflows (i.e. revenue from the acquired relationships) over the related estimated cash outflows (i.e. operating costs and contributory asset charges) over the estimated useful life of the customer base.

The determination of the fair value of fixed-maturity deposits involved estimating the cash flows to be paid and discounting these back to their present value. The timing and amount of cash flows include significant management judgment regarding the likelihood of early redemption and the timing of withdrawal by the customer. Discount rates were based on the prevailing rates we were paying on similar deposits at the date of acquisition.

The fair value of all other assets and liabilities, including real estate properties, was calculated using market data where possible, as well as management judgment to determine the price that would be obtained in an arms-length transaction between knowledgeable, willing parties.

Additional information regarding the accounting for the acquisition is included in Note 3 and Note 12.

Future Changes in IFRS

Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) will be effective for our fiscal year beginning November 1, 2023 and replaces the existing IFRS 4 Insurance Contracts (IFRS 4) standard. The new standard changes the fundamental principles used to recognize and measure insurance contracts, including life insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 requires us to measure groups of contracts based on our estimates of the present value of future cash flows that are expected to arise as we fulfill the contracts, an explicit risk adjustment for insurance-specific risk and a contractual service margin (CSM) which represents unearned profits. The CSM component of the insurance contract liability will be amortized into income as services/insurance coverage is provided. Groups of onerous contracts that experience losses record these losses in income immediately. In July 2023, OSFI released regulatory guidance to allow the inclusion of the CSM in calculating CET1 capital and related ratios. We do not expect a material impact to the bank's capital ratios resulting from transition to IFRS 17.

The discount rate we use under IFRS 4 is related to the net yield of the assets held to support insurance contract liabilities. Under IFRS 17, the discount rate will reflect the characteristics of the insurance contract liabilities. We have elected the accounting policy choice under IFRS 17 to recognize changes in the discount rate on insurance contract liabilities, through the Consolidated Statement of Income.

On transition, we are required to apply a full retrospective approach where we restate prior periods as if we had always applied IFRS 17, unless impracticable, in which case we will apply either a modified retrospective approach where we apply specific modifications to the full retrospective application, or a full fair value method where we measure the contracts at fair value to determine a value for the CSM. We have substantially completed our assessment of IFRS 17 and will apply the full retrospective approach to our creditor business and the fair value method to all other products.

Note 2: Securities

Classification of Securities

The bank's fair value through profit or loss (FVTPL) securities of $16,512 million ($13,641 million as at October 31, 2022) are comprised of $6,417 million mandatorily measured at fair value and $10,095 million investment securities held by insurance subsidiaries designated at fair value ($4,410 million and $9,231 million, respectively, as at October 31, 2022).

Our fair value through other comprehensive income (FVOCI) securities totalling $53,831 million ($43,561 million as at October 31, 2022), are net of an allowance for credit losses of $3 million ($3 million as at October 31, 2022).

Amortized cost securities totalling $115,509 million ($106,590 million as at October 31, 2022), are net of an allowance for credit losses of $3 million ($3 million as at October 31, 2022).

Amortized Cost Securities

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

(Canadian $ in millions)	**July 31, 2023**		October 31, 2022	
	Carrying value	**Fair value**	Carrying value	Fair value
Issued or guaranteed by:				
Canadian federal government	**5,785**	**5,779**	7,136	7,129
Canadian provincial and municipal governments	**4,906**	**4,915**	5,588	5,583
U.S. federal government	**55,285**	**50,119**	59,245	51,717
U.S. states, municipalities and agencies	**182**	**178**	109	105
Other governments	**1,096**	**1,091**	1,387	1,377
NHA MBS, U.S. agency MBS and CMO (1)	**46,552**	**42,124**	31,013	26,864
Corporate debt	**1,703**	**1,654**	2,112	2,057
Total	**115,509**	**105,860**	106,590	94,832

(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, MBS refers to mortgage-backed securities and CMO refers to collateralized mortgage obligations.

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:

(Canadian $ in millions)	**July 31, 2023**				October 31, 2022			
	Cost/ Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	Cost/ Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Issued or guaranteed by:								
Canadian federal government	**16,335**	**11**	**396**	**15,950**	12,498	11	208	12,301
Canadian provincial and municipal governments	**4,469**	**–**	**170**	**4,299**	4,724	6	159	4,571
U.S. federal government	**4,064**	**15**	**204**	**3,875**	3,403	–	293	3,110
U.S. states, municipalities and agencies	**5,315**	**8**	**106**	**5,217**	3,863	5	154	3,714
Other governments	**7,007**	**5**	**93**	**6,919**	6,532	4	125	6,411
NHA MBS, U.S. agency MBS and CMO	**14,464**	**8**	**333**	**14,139**	9,572	13	317	9,268
Corporate debt	**3,393**	**4**	**124**	**3,273**	4,203	25	195	4,033
Corporate equity	**129**	**30**	**–**	**159**	122	31	–	153
Total	**55,176**	**81**	**1,426**	**53,831**	44,917	95	1,451	43,561

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		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
FVOCI	**689**	153	**1,812**	343
Amortized cost	**991**	365	**2,406**	837
Total	**1,680**	518	**4,218**	1,180

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		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
FVTPL securities	**34**	75	**111**	272
FVOCI securities - net realized gains (1)	**2**	12	**36**	39
Impairment loss	**–**	(2)	**–**	(2)
Securities gains, other than trading	**36**	85	**147**	309

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

Interest and dividend income and gains (losses) on securities held in our Insurance business are recorded in non-interest revenue, insurance revenue, in our Consolidated Statement of Income. These include:

- Interest and dividend income of $117 million and $334 million for the three months and nine months ended July 31, 2023, respectively ($103 million and $293 million for the three and nine months ended July 31, 2022, respectively). Interest income is calculated using the effective interest method;
- Gains (losses) from securities designated as FVTPL of $(280) million and $329 million for the three months and nine months ended July 31, 2023, respectively ($51 million and $(1,303) million for the three and nine months ended July 31, 2022, respectively); and
- Realized gains from FVOCI securities were $nil million and $1 million for the three and nine months ended July 31, 2023, respectively ($nil million for the three and nine months ended July 31, 2022, respectively).

Note 3: Loans and Allowance for Credit Losses

Purchased Loans

Purchased loans are initially measured at fair value and identified as either purchased performing loans (those that continued to make timely principal and interest payments), or purchased credit impaired loans (those for which the timely collection of interest and principal is no longer reasonably assured). These loans are subsequently measured at amortized cost or fair value, depending on the business model.

Purchased Performing Loans

For loans with fixed terms, the fair value mark is amortized into net interest income over the expected life of the loan using the effective interest method. For loans with revolving terms, the fair value mark is amortized into net interest income on a straight-line basis over the contractual term of the loans. As loans are repaid, the remaining unamortized fair value mark related to those loans is recorded in net interest income in the period the loan is repaid. All purchased performing loans were initially recorded in Stage 1 for purposes of determining expected credit losses.

On February 1, 2023, we recognized purchased performing loans with a fair value of $76,068 million. Fair value reflected estimates of expected future credit losses at the acquisition date of $1,047 million as well as interest rate premiums or discounts relative to prevailing market rates. Gross contractual receivables amounted to $78,931 million. As at July 31, 2023, purchased performing loans on the Consolidated Balance Sheet totalled $63,536 million, including a remaining fair value mark of $(2,394) million.

Purchased Credit Impaired (PCI) Loans

We regularly re-evaluate what we expect to collect on the purchased credit impaired loans. Increases in expected cash flows result in a recovery of the provision for credit losses and either a reduction in any previously recorded allowance for credit losses or, if no allowance exists, an increase in the current carrying value of the purchased loans. Decreases in expected cash flows result in a charge to the provision for credit losses and an increase to the allowance for credit losses. We record interest income using the effective interest method over the expected life of the loan. PCI loans are presented within Stage 3.

On February 1, 2023, we recognized purchased credit impaired loans with a total fair value of $415 million, including a fair value mark of $(168) million.

The following table provides further details of the acquired Bank of the West PCI loans:

(Canadian $ in millions)	**July 31, 2023**	April 30, 2023
	Total	Total
Unpaid principal balance (1)	**369**	491
Fair value adjustment	**(121)**	(152)
Carrying value	**248**	339
Stage 3 allowance	**20**	2
Carrying value net of related allowance	**268**	341

(1) Excludes loans that were fully written off prior to acquisition date.

Commitments and Letters of Credit Acquired

As part of our acquisition of Bank of the West, we recorded a liability related to unfunded commitments and letters of credit. The total fair value mark associated with unfunded commitments and letters of credit is amortized into net interest income on a straight-line basis over the contractual term of the acquired commitments. All purchased commitments and letters of credit were initially included in Stage 1 for purposes of determining expected credit losses. ECL is recorded on these commitments in normal course.

On February 1, 2023 we recorded a fair value mark on unfunded commitments and letters of credit of $(37) million in other liabilities in the Consolidated Balance Sheet. As at July 31, 2023, the remaining fair value mark on these commitments was $(31) million.

Credit Risk Exposure

The following table sets out our credit risk exposure for all loans carried at amortized cost, FVOCI or FVTPL as at July 31, 2023 and October 31, 2022. Stage 1 represents those performing loans carried with up to a 12-month expected credit loss, Stage 2 represents those performing loans carried with a lifetime expected credit loss, and Stage 3 represents those loans with a lifetime expected credit loss that are credit impaired.

(Canadian $ in millions)	July 31, 2023				October 31, 2022			
	Stage 1	**Stage 2**	**Stage 3** (1)	**Total**	Stage 1	Stage 2	Stage 3	Total
Loans: Residential mortgages								
Exceptionally low	**3**	**–**	**–**	**3**	7	–	–	7
Very low	**83,187**	**342**	**–**	**83,529**	94,743	81	–	94,824
Low	**49,613**	**10,981**	**–**	**60,594**	31,617	3,134	–	34,751
Medium	**5,647**	**5,196**	**–**	**10,843**	13,474	3,871	–	17,345
High	**213**	**1,899**	**–**	**2,112**	138	341	–	479
Not rated (2)	**14,268**	**133**	**–**	**14,401**	1,126	53	–	1,179
Impaired	**–**	**–**	**381**	**381**	–	–	295	295
Gross residential mortgages	**152,931**	**18,551**	**381**	**171,863**	141,105	7,480	295	148,880
Allowance for credit losses	**78**	**159**	**5**	**242**	59	66	10	135
Carrying amount	**152,853**	**18,392**	**376**	**171,621**	141,046	7,414	285	148,745
Loans: Consumer instalment and other personal								
Exceptionally low	**1,471**	**5**	**–**	**1,476**	1,792	35	–	1,827
Very low	**37,897**	**56**	**–**	**37,953**	33,554	83	–	33,637
Low	**21,083**	**1,079**	**–**	**22,162**	24,369	1,307	–	25,676
Medium	**8,265**	**6,525**	**–**	**14,790**	13,536	4,633	–	18,169
High	**696**	**1,984**	**–**	**2,680**	873	1,525	–	2,398
Not rated (2)	**23,769**	**282**	**–**	**24,051**	4,052	32	–	4,084
Impaired	**–**	**–**	**457**	**457**	–	–	312	312
Gross consumer instalment and other personal	**93,181**	**9,931**	**457**	**103,569**	78,176	7,615	312	86,103
Allowance for credit losses	**227**	**380**	**141**	**748**	101	288	102	491
Carrying amount	**92,954**	**9,551**	**316**	**102,821**	78,075	7,327	210	85,612
Loans: Credit cards (3)								
Exceptionally low	**1,631**	**–**	**–**	**1,631**	2,920	–	–	2,920
Very low	**1,898**	**1**	**–**	**1,899**	442	1	–	443
Low	**1,771**	**44**	**–**	**1,815**	1,569	51	–	1,620
Medium	**3,568**	**865**	**–**	**4,433**	2,918	792	–	3,710
High	**478**	**699**	**–**	**1,177**	316	563	–	879
Not rated (2)	**670**	**75**	**–**	**745**	90	1	–	91
Impaired	**–**	**–**	**–**	**–**	–	–	–	–
Gross credit cards	**10,016**	**1,684**	**–**	**11,700**	8,255	1,408	–	9,663
Allowance for credit losses	**116**	**241**	**–**	**357**	69	207	–	276
Carrying amount	**9,900**	**1,443**	**–**	**11,343**	8,186	1,201	–	9,387
Loans: Business and government (4)								
Acceptable								
Investment grade	**195,266**	**4,046**	**–**	**199,312**	187,245	6,765	–	194,010
Sub-investment grade	**119,666**	**26,260**	**–**	**145,926**	98,451	22,390	–	120,841
Watchlist	**918**	**8,617**	**–**	**9,535**	–	6,310	–	6,310
Impaired	**–**	**–**	**2,006**	**2,006**	–	–	1,384	1,384
Gross business and government	**315,850**	**38,923**	**2,006**	**356,779**	285,696	35,465	1,384	322,545
Allowance for credit losses	**875**	**868**	**430**	**2,173**	608	675	432	1,715
Carrying amount	**314,975**	**38,055**	**1,576**	**354,606**	285,088	34,790	952	320,830
Gross total loans and acceptances	**571,978**	**69,089**	**2,844**	**643,911**	513,232	51,968	1,991	567,191
Net total loans and acceptances	**570,682**	**67,441**	**2,268**	**640,391**	512,395	50,732	1,447	564,574
Commitments and financial guarantee contracts								
Acceptable								
Investment grade	**188,120**	**1,332**	**–**	**189,452**	182,153	5,134	–	187,287
Sub-investment grade	**50,414**	**13,259**	**–**	**63,673**	45,920	14,047	–	59,967
Watchlist	**287**	**2,821**	**–**	**3,108**	2	2,176	–	2,178
Impaired	**–**	**–**	**310**	**310**	–	–	292	292
Gross commitments and financial guarantee contracts	**238,821**	**17,412**	**310**	**256,543**	228,075	21,357	292	249,724
Allowance for credit losses	**269**	**187**	**10**	**466**	194	174	13	381
Carrying amount (5)(6)	**238,552**	**17,225**	**300**	**256,077**	227,881	21,183	279	249,343

(1) Includes Bank of the West PCI loans. As at July 31, 2023, PCI loan balances were $32 million in residential mortgages, $51 million in consumer instalment and other personal loans and $165 million in business and government loans.

(2) 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.

(3) 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.

(4) Includes customers' liability under acceptances.

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

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

Allowance for Credit Losses

The allowance for credit losses 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 allowance for credit losses amounted to $3,986 million at July 31, 2023 ($2,998 million as at October 31, 2022) of which $3,520 million ($2,617 million as at October 31, 2022) was recorded in loans and $466 million ($381 million as at October 31, 2022) was recorded in other liabilities in our Consolidated Balance Sheet.

Significant changes in gross balances, including originations, maturities and repayments in the normal course of operations, impact the allowance for credit losses. In addition, the purchased performing loans we acquired in the Bank of the West acquisition were subject to ECL on acquisition date, consistent with the process followed for originated loans. An initial provision for credit losses of $705 million was recorded in the Consolidated Statement of Income in the second quarter.

The following tables show the continuity in the loss allowance by product type for the three and nine months ended July 31, 2023 and July 31, 2022. 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 new calculation models or methodologies.

(Canadian $ in millions)

For the three months ended	July 31, 2023				July 31, 2022			
	Stage 1	**Stage 2**	**Stage 3** (1)	**Total**	Stage 1	Stage 2	Stage 3	Total
Loans: Residential mortgages								
Balance as at beginning of period	**77**	**133**	**8**	**218**	37	36	16	89
Transfer to Stage 1	**25**	**(25)**	**–**	**–**	9	(8)	(1)	–
Transfer to Stage 2	**(4)**	**7**	**(3)**	**–**	(1)	2	(1)	–
Transfer to Stage 3	**–**	**(2)**	**2**	**–**	–	(1)	1	–
Net remeasurement of loss allowance	**(26)**	**59**	**9**	**42**	(13)	11	1	(1)
Loan originations	**8**	**–**	**–**	**8**	9	–	–	9
Loan purchases	**–**	**–**	**–**	**–**	–	–	–	–
Derecognitions and maturities	**(1)**	**(3)**	**–**	**(4)**	(1)	(2)	–	(3)
Model changes	**–**	**–**	**–**	**–**	2	5	–	7
Total Provision for Credit Losses (PCL) (2)	**2**	**36**	**8**	**46**	5	7	–	12
Write-offs (3)	**–**	**–**	**(1)**	**(1)**	–	–	(1)	(1)
Recoveries of previous write-offs	**–**	**–**	**2**	**2**	–	–	3	3
Foreign exchange and other	**(1)**	**(2)**	**(7)**	**(10)**	–	(1)	(3)	(4)
Balance as at end of period	**78**	**167**	**10**	**255**	42	42	15	99
Loans: Consumer instalment and other personal								
Balance as at beginning of period	**257**	**364**	**130**	**751**	106	306	92	504
Transfer to Stage 1	**66**	**(63)**	**(3)**	**–**	54	(52)	(2)	–
Transfer to Stage 2	**(15)**	**27**	**(12)**	**–**	(8)	16	(8)	–
Transfer to Stage 3	**(3)**	**(27)**	**30**	**–**	(2)	(18)	20	–
Net remeasurement of loss allowance	**(68)**	**111**	**86**	**129**	(59)	73	29	43
Loan originations	**17**	**3**	**–**	**20**	24	–	–	24
Loan purchases	**–**	**–**	**–**	**–**	–	–	–	–
Derecognitions and maturities	**(7)**	**(12)**	**–**	**(19)**	(4)	(9)	–	(13)
Model changes	**–**	**–**	**–**	**–**	2	(12)	–	(10)
Total PCL (2)	**(10)**	**39**	**101**	**130**	7	(2)	39	44
Write-offs (3)	**–**	**–**	**(98)**	**(98)**	–	–	(52)	(52)
Recoveries of previous write-offs	**–**	**–**	**19**	**19**	–	–	20	20
Foreign exchange and other	**(5)**	**(3)**	**(11)**	**(19)**	1	(1)	(5)	(5)
Balance as at end of period	**242**	**400**	**141**	**783**	114	303	94	511
Loans: Credit cards								
Balance as at beginning of period	**156**	**270**	**–**	**426**	98	203	–	301
Transfer to Stage 1	**41**	**(41)**	**–**	**–**	29	(29)	–	–
Transfer to Stage 2	**(12)**	**12**	**–**	**–**	(8)	8	–	–
Transfer to Stage 3	**–**	**(43)**	**43**	**–**	–	(27)	27	–
Net remeasurement of loss allowance	**(33)**	**88**	**54**	**109**	(18)	51	22	55
Loan originations	**20**	**1**	**–**	**21**	13	–	–	13
Loan purchases	**–**	**–**	**–**	**–**	–	–	–	–
Derecognitions and maturities	**(2)**	**(6)**	**–**	**(8)**	(1)	(6)	–	(7)
Model changes	**–**	**–**	**–**	**–**	(8)	26	–	18
Total PCL (2)	**14**	**11**	**97**	**122**	7	23	49	79
Write-offs (3)	**–**	**–**	**(115)**	**(115)**	–	–	(63)	(63)
Recoveries of previous write-offs	**–**	**–**	**28**	**28**	–	–	18	18
Foreign exchange and other	**(2)**	**–**	**(10)**	**(12)**	1	(1)	(4)	(4)
Balance as at end of period	**168**	**281**	**–**	**449**	106	225	–	331
Loans: Business and government								
Balance as at beginning of period	**1,162**	**871**	**405**	**2,438**	736	752	412	1,900
Transfer to Stage 1	**74**	**(65)**	**(9)**	**–**	59	(51)	(8)	–
Transfer to Stage 2	**(52)**	**61**	**(9)**	**–**	(40)	45	(5)	–
Transfer to Stage 3	**(2)**	**(58)**	**60**	**–**	(1)	(8)	9	–
Net remeasurement of loss allowance	**(94)**	**236**	**85**	**227**	39	(7)	20	52
Loan originations	**58**	**–**	**–**	**58**	91	–	–	91
Loan purchases	**–**	**–**	**–**	**–**	–	–	–	–
Derecognitions and maturities	**(27)**	**(54)**	**–**	**(81)**	(111)	(33)	–	(144)
Model changes	**–**	**–**	**–**	**–**	18	(26)	–	(8)
Total PCL (2)	**(43)**	**120**	**127**	**204**	55	(80)	16	(9)
Write-offs (3)	**–**	**–**	**(91)**	**(91)**	–	–	(40)	(40)
Recoveries of previous write-offs	**–**	**–**	**10**	**10**	–	–	8	8
Foreign exchange and other	**(42)**	**(4)**	**(16)**	**(62)**	3	–	(9)	(6)
Balance as at end of period	**1,077**	**987**	**435**	**2,499**	794	672	387	1,853
Total as at end of period	**1,565**	**1,835**	**586**	**3,986**	1,056	1,242	496	2,794
Comprised of: Loans	**1,296**	**1,648**	**576**	**3,520**	835	1,095	482	2,412
Other credit instruments (4)	**269**	**187**	**10**	**466**	221	147	14	382

(1) Includes changes in the allowance for PCI loans of $(18) million for the three months ended July 31, 2023. The total amount of expected credit losses at initial recognition on PCI loans was $79 million.
(2) Excludes PCL on other assets of $(10) million for the three months ended July 31, 2023 ($10 million for the three months ended July 31, 2022).
(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.

(Canadian $ in millions)

For the nine months ended	July 31, 2023				July 31, 2022			
	Stage 1	**Stage 2**	**Stage 3** (1)	**Total**	Stage 1	Stage 2	Stage 3	Total
Loans: Residential mortgages								
Balance as at beginning of period	**59**	**67**	**16**	**142**	46	40	19	105
Transfer to Stage 1	**64**	**(64)**	**–**	**–**	29	(27)	(2)	–
Transfer to Stage 2	**(15)**	**22**	**(7)**	**–**	(3)	8	(5)	–
Transfer to Stage 3	**(1)**	**(8)**	**9**	**–**	–	(5)	5	–
Net remeasurement of loss allowance	**(58)**	**93**	**9**	**44**	(51)	27	5	(19)
Loan originations	**21**	**–**	**–**	**21**	24	–	–	24
Loan purchases	**31**	**–**	**–**	**31**	–	–	–	–
Derecognitions and maturities	**(3)**	**(5)**	**–**	**(8)**	(4)	(6)	–	(10)
Model changes	**(19)**	**63**	**–**	**44**	2	5	–	7
Total Provision for Credit Losses (PCL) (2)	**20**	**101**	**11**	**132**	(3)	2	3	2
Write-offs (3)	**–**	**–**	**(6)**	**(6)**	–	–	(5)	(5)
Recoveries of previous write-offs	**–**	**–**	**5**	**5**	–	–	6	6
Foreign exchange and other	**(1)**	**(1)**	**(16)**	**(18)**	(1)	–	(8)	(9)
Balance as at end of period	**78**	**167**	**10**	**255**	42	42	15	99
Loans: Consumer instalment and other personal								
Balance as at beginning of period	**111**	**304**	**102**	**517**	128	357	91	576
Transfer to Stage 1	**193**	**(185)**	**(8)**	**–**	183	(176)	(7)	–
Transfer to Stage 2	**(40)**	**72**	**(32)**	**–**	(30)	51	(21)	–
Transfer to Stage 3	**(16)**	**(71)**	**87**	**–**	(4)	(61)	65	–
Net remeasurement of loss allowance	**(177)**	**313**	**209**	**345**	(199)	173	62	36
Loan originations	**44**	**4**	**–**	**48**	60	–	–	60
Loan purchases	**179**	**–**	**–**	**179**	–	–	–	–
Derecognitions and maturities	**(20)**	**(26)**	**–**	**(46)**	(16)	(30)	–	(46)
Model changes	**(26)**	**(8)**	**–**	**(34)**	(9)	(13)	–	(22)
Total PCL (2)	**137**	**99**	**256**	**492**	(15)	(56)	99	28
Write-offs (3)	**–**	**–**	**(242)**	**(242)**	–	–	(144)	(144)
Recoveries of previous write-offs	**–**	**–**	**48**	**48**	–	–	59	59
Foreign exchange and other	**(6)**	**(3)**	**(23)**	**(32)**	1	2	(11)	(8)
Balance as at end of period	**242**	**400**	**141**	**783**	114	303	94	511
Loans: Credit cards								
Balance as at beginning of period	**115**	**250**	**–**	**365**	114	245	–	359
Transfer to Stage 1	**126**	**(126)**	**–**	**–**	114	(114)	–	–
Transfer to Stage 2	**(32)**	**32**	**–**	**–**	(25)	25	–	–
Transfer to Stage 3	**(2)**	**(116)**	**118**	**–**	(1)	(83)	84	–
Net remeasurement of loss allowance	**(116)**	**258**	**135**	**277**	(125)	151	48	74
Loan originations	**59**	**1**	**–**	**60**	38	–	–	38
Loan purchases	**25**	**–**	**–**	**25**	–	–	–	–
Derecognitions and maturities	**(5)**	**(17)**	**–**	**(22)**	(4)	(17)	–	(21)
Model changes	**–**	**–**	**–**	**–**	(6)	18	–	12
Total PCL (2)	**55**	**32**	**253**	**340**	(9)	(20)	132	103
Write-offs (3)	**–**	**–**	**(299)**	**(299)**	–	–	(177)	(177)
Recoveries of previous write-offs	**–**	**–**	**70**	**70**	–	–	58	58
Foreign exchange and other	**(2)**	**(1)**	**(24)**	**(27)**	1	–	(13)	(12)
Balance as at end of period	**168**	**281**	**–**	**449**	106	225	–	331
Loans: Business and government								
Balance as at beginning of period	**746**	**789**	**439**	**1,974**	662	855	401	1,918
Transfer to Stage 1	**212**	**(199)**	**(13)**	**–**	226	(188)	(38)	–
Transfer to Stage 2	**(124)**	**180**	**(56)**	**–**	(96)	147	(51)	–
Transfer to Stage 3	**(19)**	**(109)**	**128**	**–**	(1)	(40)	41	–
Net remeasurement of loss allowance	**(286)**	**449**	**193**	**356**	(266)	23	124	(119)
Loan originations	**199**	**3**	**–**	**202**	383	–	–	383
Loan purchases	**470**	**–**	**–**	**470**	–	–	–	–
Derecognitions and maturities	**(105)**	**(147)**	**–**	**(252)**	(184)	(124)	–	(308)
Model changes	**–**	**(1)**	**–**	**(1)**	19	(32)	–	(13)
Total PCL (2)	**347**	**176**	**252**	**775**	81	(214)	76	(57)
Write-offs (3)	**–**	**–**	**(234)**	**(234)**	–	–	(96)	(96)
Recoveries of previous write-offs	**–**	**–**	**35**	**35**	–	–	26	26
Foreign exchange and other	**(16)**	**22**	**(57)**	**(51)**	51	31	(20)	62
Balance as at end of period	**1,077**	**987**	**435**	**2,499**	794	672	387	1,853
Total as at end of period	**1,565**	**1,835**	**586**	**3,986**	1,056	1,242	496	2,794
Comprised of: Loans	**1,296**	**1,648**	**576**	**3,520**	835	1,095	482	2,412
Other credit instruments (4)	**269**	**187**	**10**	**466**	221	147	14	382

(1) Includes changes in the allowance for PCI loans of $(20) million for the nine months ended July 31, 2023. The total amount of expected credit losses at initial recognition on PCI loans was $79 million.
(2) Excludes PCL on other assets of $(7) million for the nine months ended July 31, 2023 ($11 million for the nine months ended July 31, 2022).
(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.

Loans and allowance for credit losses by geographic region as at July 31, 2023 and October 31, 2022 are as follows:

(Canadian $ in millions)	July 31, 2023				October 31, 2022			
	Gross amount	**Allowance for credit losses on impaired loans** (2)	**Allowance for credit losses on performing loans** (3)	**Net amount**	Gross amount	Allowance for credit losses on impaired loans (2)	Allowance for credit losses on performing loans (3)	Net amount
By geographic region (1):								
Canada	**359,509**	**412**	**1,247**	**357,850**	342,430	363	1,102	340,965
United States	**264,006**	**164**	**1,677**	**262,165**	200,439	176	959	199,304
Other countries	**10,842**	**–**	**20**	**10,822**	11,087	5	12	11,070
Total	**634,357**	**576**	**2,944**	**630,837**	553,956	544	2,073	551,339

(1) Geographic region is based upon the country of ultimate risk.
(2) Excludes allowance for credit losses on impaired loans of $10 million for other credit instruments, which is included in other liabilities ($13 million as at October 31, 2022).
(3) Excludes allowance for credit losses on performing loans of $456 million for other credit instruments, which is included in other liabilities ($368 million as at October 31, 2022).

Impaired (Stage 3) loans, including the related allowances, as at July 31, 2023 and October 31, 2022 are as follows:

(Canadian $ in millions)	July 31, 2023			October 31, 2022		
	Gross impaired amount	**Allowance for credit losses on impaired loans** (3)	**Net impaired amount**	Gross impaired amount	Allowance for credit losses on impaired loans (3)	Net impaired amount
Residential mortgages	**381**	**5**	**376**	295	10	285
Consumer instalment and other personal	**457**	**141**	**316**	312	102	210
Business and government (1)	**2,006**	**430**	**1,576**	1,384	432	952
Total	**2,844**	**576**	**2,268**	1,991	544	1,447
By geographic region (2):						
Canada	**1,360**	**412**	**948**	1,158	363	795
United States	**1,479**	**164**	**1,315**	820	176	644
Other countries	**5**	**–**	**5**	13	5	8
Total	**2,844**	**576**	**2,268**	1,991	544	1,447

(1) Includes customers' liability under acceptances.
(2) Geographic region is based upon the country of ultimate risk.
(3) Excludes allowance for credit losses on impaired loans of $10 million for other credit instruments, which is included in other liabilities ($13 million as at October 31, 2022).

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, or loans which are held at fair value. The following table presents loans that are past due but not classified as impaired as at July 31, 2023 and October 31, 2022. Loans 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)	July 31, 2023			October 31, 2022		
	30 to 89 days	**90 days or more**	**Total**	30 to 89 days	90 days or more	Total
Residential mortgages	**548**	**7**	**555**	411	19	430
Credit card, consumer instalment and other personal	**620**	**104**	**724**	392	84	476
Business and government	**319**	**11**	**330**	198	38	236
Total	**1,487**	**122**	**1,609**	1,001	141	1,142

Fully secured loans with amounts between 90 and 180 days past due that we have not classified as impaired totalled $9 million and $43 million as at July 31, 2023 and October 31, 2022, respectively.

ECL Sensitivity and Key Economic Variables

The expected credit loss 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 impairment allowances as a whole are sensitive.

The benign scenario as at July 31, 2023 involves a materially stronger economic environment than the base case forecast, with a considerably lower unemployment rate.

As at July 31, 2023, our base case scenario depicts a mild economic downturn in the near-term largely in response to higher interest rates and tighter lending conditions, and a moderate economic recovery over the medium-term as inflation is expected to ease and lead to lower interest rates in 2024. Our base case economic forecast as at October 31, 2022 depicted a slightly milder economic environment in the projection period.

If we assumed a 100% base case economic 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 $2,425 million as at July 31, 2023 ($1,900 million as at October 31, 2022), compared to the reported allowance for performing loans of $3,400 million ($2,441 million as at October 31, 2022).

As at July 31, 2023, our adverse economic scenario depicts a sizeable contraction in the Canadian and U.S. economy in the near-term. The adverse case as at October 31, 2022 depicted a broadly similar economic environment over the projection period. If we assumed a 100% adverse economic 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 $5,500 million as at July 31, 2023 ($3,250 million as at October 31, 2022), compared to the reported allowance for performing loans of $3,400 million ($2,441 million as at October 31, 2022).

Actual results in a recession will differ as our portfolio will change through time due to migration, growth, risk mitigation actions and other factors. In addition, our allowance will reflect the three economic scenarios used in assessing the allowance, with weightings attached to adverse and benign scenarios often unequally weighted and the weightings will change through time.

The following table shows the key economic variables used to estimate the allowance on performing loans forecast over the next 12 months or lifetime measurement period. While the values disclosed below are national variables, we use regional variables in the underlying models and consider factors impacting particular industries where appropriate.

	As at July 31, 2023						As at October 31, 2022					
All figures are average annual values	Benign scenario		Base scenario		Adverse scenario		Benign scenario		Base scenario		Adverse scenario	
	First 12 Months	Remaining horizon (1)	First 12 Months	Remaining horizon (1)	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	**3.4%**	**2.5%**	**0.6%**	**1.8%**	**(3.6)%**	**1.2%**	3.7%	2.2%	1.5%	1.1%	(2.3)%	0.4%
United States	**3.2%**	**2.5%**	**0.5%**	**2.0%**	**(3.6)%**	**1.4%**	2.4%	2.1%	0.2%	1.3%	(3.3)%	0.6%
Corporate BBB 10-year spread												
Canada	**1.8%**	**1.8%**	**2.4%**	**2.0%**	**4.2%**	**3.5%**	1.9%	1.9%	2.4%	2.2%	3.7%	3.9%
United States	**1.5%**	**1.8%**	**2.3%**	**2.1%**	**4.6%**	**3.4%**	1.8%	1.9%	2.2%	2.2%	4.2%	3.9%
Unemployment rates												
Canada	**4.0%**	**3.5%**	**5.6%**	**5.1%**	**8.9%**	**9.7%**	4.3%	3.6%	5.9%	6.5%	8.0%	9.9%
United States	**2.9%**	**2.5%**	**4.3%**	**4.1%**	**7.4%**	**8.2%**	3.2%	2.6%	4.2%	4.8%	6.5%	8.4%
Housing Price Index (2)												
Canada (3)	**6.7%**	**7.4%**	**2.4%**	**4.9%**	**(23.5)%**	**(5.0)%**	(6.7)%	2.1%	(10.0)%	(1.0)%	(13.6)%	(8.0)%
United States (4)	**0.5%**	**3.8%**	**(2.6)%**	**2.4%**	**(20.3)%**	**(4.3)%**	1.6%	(0.7)%	(0.9)%	(2.6)%	(7.5)%	(8.4)%

(1) The remaining forecast period is two years.
(2) Real gross domestic product and housing price index are averages of quarterly year-over-year growth rates.
(3) In Canada, we use the HPI 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 our performing loans were in Stage 1, our models would generate an allowance for performing loans of approximately $2,675 million ($1,850 million as at October 31, 2022), compared to the reported allowance for performing loans of $3,400 million ($2,441 million as at October 31, 2022).

Note 4: Deposits and Subordinated Debt

Deposits

	Payable on demand					
(Canadian $ in millions)	Interest bearing	Non-interest bearing	Payable after notice	Payable on a fixed date (2)(3)	**July 31, 2023**	October 31, 2022
Deposits by:						
Banks (1)	**4,069**	**1,698**	**1,582**	**22,394**	**29,743**	30,901
Business and government	**54,025**	**62,587**	**157,947**	**278,929**	**553,488**	495,831
Individuals	**14,022**	**40,951**	**125,311**	**120,054**	**300,338**	242,746
Total (4)	**72,116**	**105,236**	**284,840**	**421,377**	**883,569**	769,478
Booked in:						
Canada	**50,828**	**69,847**	**126,098**	**301,232**	**548,005**	515,290
United States	**21,165**	**35,380**	**156,567**	**79,038**	**292,150**	217,720
Other countries	**123**	**9**	**2,175**	**41,107**	**43,414**	36,468
Total	**72,116**	**105,236**	**284,840**	**421,377**	**883,569**	769,478

(1) Includes regulated and central banks.
(2) Includes $62,624 million of senior unsecured debt as at July 31, 2023 subject to the Bank Recapitalization (Bail-In) regime ($51,746 million as at October 31, 2022). 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 $29,621 million as at July 31, 2023 ($29,966 million as at October 31, 2022) can be early redeemed, 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 $471,171 million of deposits denominated in U.S. dollars as at July 31, 2023 ($384,080 million as at October 31, 2022), and $56,134 million of deposits denominated in other foreign currencies ($46,830 million as at October 31, 2022).

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 July 31, 2023	**261,405**	**70,619**	**41,104**	**373,128**
As at October 31, 2022	230,475	50,542	34,241	315,258

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 July 31, 2023	**53,207**	**35,888**	**59,169**	**113,141**	**261,405**
As at October 31, 2022	46,792	28,826	55,288	99,569	230,475

Subordinated Debt

On August 8, 2023, we announced our intention to redeem all of our outstanding US$850 million 4.338% Subordinated Notes (non-viability contingent capital (NVCC)) at par, plus accrued and unpaid interest to, but excluding, the redemption date on October 5, 2023.

Note 5: Equity

Preferred and Common Shares Outstanding and Other Equity Instruments [1]

(Canadian $ in millions, except as noted)	July 31, 2023			October 31, 2022				
	Number of shares	**Amount**	**Dividends declared per share** (6)	Number of shares	Amount	Dividends declared per share (6)	Convertible into	
Preferred Shares - Classified as Equity								
Class B – Series 27	**20,000,000**	**500**	**0.72**	20,000,000	500	0.96	Class B - Series 28	(2)(3)
Class B – Series 29	**16,000,000**	**400**	**0.68**	16,000,000	400	0.91	Class B - Series 30	(2)(3)
Class B – Series 31	**12,000,000**	**300**	**0.72**	12,000,000	300	0.96	Class B - Series 32	(2)(3)
Class B – Series 33	**8,000,000**	**200**	**0.57**	8,000,000	200	0.76	Class B - Series 34	(2)(3)
Class B – Series 44	**16,000,000**	**400**	**0.91**	16,000,000	400	1.21	Class B - Series 45	(2)(3)
Class B – Series 46	**14,000,000**	**350**	**0.96**	14,000,000	350	1.28	Class B - Series 47	(2)(3)
Class B - Series 50	**500,000**	**500**	**36.87**	500,000	500	24.64	–	(3)
Class B - Series 52 (12)	**650,000**	**650**	**22.23**	–	–	–	–	(3)
Preferred Shares - Classified as Equity		**3,300**			2,650			
							Recourse to	
Other Equity Instruments								
4.800% Additional Tier 1 Capital Notes (AT1 Notes)		**658**			658		–	(3)(5)
4.300% Limited Recourse Capital Notes, Series 1 (Series 1 LRCNs)		**1,250**			1,250		Preferred Shares Series 48	(3)(4)(5)
5.625% Limited Recourse Capital Notes, Series 2 (Series 2 LRCNs)		**750**			750		Preferred Shares Series 49	(3)(4)(5)
7.325% Limited Recourse Capital Notes, Series 3 (Series 3 LRCNs)		**1,000**			1,000		Preferred Shares Series 51	(3)(4)(5)
Other Equity Instruments		**3,658**			3,658			
Preferred Shares and Other Equity Instruments		**6,958**			6,308			
Common Shares (7)(8)(9)(10)(11)	**716,672,738**	**22,474**	**4.33**	677,106,878	17,744	5.44		

(1) For additional information refer to Notes 16 and 20 of our annual consolidated financial statements for the year ended October 31, 2022.

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

(3) 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 48, Preferred Shares Series 49 and Preferred Shares Series 51 (collectively, the LRCN Preferred Shares) for Series 1, Series 2 and Series 3 LRCNs (collectively, the LRCNs), respectively, to qualify as regulatory capital under Basel III, (see (4) below). 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.

(4) Non-deferrable interest is payable semi-annually on the LRCNs 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 comprised of 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, then comprised of common shares of the bank received by the trust on conversion.

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

(6) 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.

(7) The stock options issued under the Stock Option Plan are convertible into 6,693,527 common shares as at July 31, 2023 (5,976,870 common shares as at October 31, 2022) of which 2,970,813 are exercisable as at July 31, 2023 (2,648,426 as at October 31, 2022).

(8) During the three and nine months ended July 31, 2023, we issued 3,561,234 and 9,492,623 common shares, under the Shareholder Dividend Reinvestment and Share Purchase Plan (2,675,927 and 4,792,102 common shares during the three and nine months ended July 31, 2022) and we issued 100,379 and 588,018 common shares, under the Stock Option Plan (155,300 and 710,897 common shares during the three and nine months ended July 31, 2022).

(9) Common shares are net of 183,408 treasury shares as at July 31, 2023 (174,689 treasury shares as at October 31, 2022).

(10) On December 1, 2022, we issued 1,162,711 shares for $153 million for the acquisition of Radicle Group Inc. Refer to Note 12 for further information.

(11) On December 16, 2022, we issued 13,575,750 common shares for $1,610 million through public offering and 8,431,700 common shares for $1,000 million under private placement. On January 25, 2023, we issued an additional 6,323,777 common shares for $750 million to BNP Paribas S.A. under private placement. In total we issued 28,331,227 common shares for $3,360 million to align our capital position with increased regulatory requirements as announced by OSFI on December 8, 2022 (refer to Note 7).

(12) On January 31, 2023, we issued Class B - Series 52 Preferred Shares for $650 million.

Other Equity Instruments

The AT1 Notes and 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 form part of our additional Tier 1 non-viability contingent capital (NVCC). Semi-annual distributions 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.

Preferred Shares

On January 31, 2023, we issued 650,000 Non-Cumulative 5-Year Fixed Rate Reset Class B Preferred Shares Series 52 (NVCC) at a price of $1,000 per share for gross proceeds of $650 million. For the initial fixed rate period to, but excluding May 26, 2028, the shares pay non-cumulative preferential fixed semi-annual cash dividends, as and when declared, in the amount of $70.57 per share per annum, to yield 7.057% annually. The dividend rate will reset on May 26, 2028 and every fifth year thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.250%.

Common Shares

On December 1, 2022, we issued 1,162,711 shares for $153 million for the acquisition of Radicle Group Inc. Refer to Note 12 for further information.

On December 16, 2022, we issued 13,575,750 common shares for $1,610 million through public offering and 8,431,700 common shares for $1,000 million under private placement. On January 25, 2023, we issued an additional 6,323,777 common shares for $750 million to BNP Paribas S.A. under private placement. In total, we issued 28,331,227 common shares for $3,360 million to align our capital position with increased regulatory requirements as announced by OSFI on December 8, 2022.

Shareholder Dividend Reinvestment and Share Purchase Plan

Until further notice, common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan (the Plan) are issued by the bank from treasury with a 2% discount, calculated in accordance with the terms of the Plan. We issued 3,561,234 and 9,492,623 common shares, respectively, under the Plan for the three and nine months ended July 31, 2023 (2,675,927 and 4,792,102 common shares for the three and nine months ended July 31, 2022).

Non-Controlling Interest

Non-controlling interest in subsidiaries, relating to our acquisition of Bank of the West, was $21 million as at July 31, 2023 ($nil million as at October 31, 2022). Refer to Note 12 for further information.

Note 6: Fair Value of Financial Instruments

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 assets and liabilities 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, 2022 for further discussion on the determination of fair value.

(Canadian $ in millions)	July 31, 2023		October 31, 2022	
	Carrying value	**Fair value**	Carrying value	Fair value
Securities (1)				
Amortized cost	**115,509**	**105,860**	106,590	94,832
Loans (1)(2)				
Residential mortgages	**170,230**	**163,837**	148,569	142,526
Consumer instalment and other personal	**102,821**	**100,614**	85,612	83,948
Credit cards	**11,343**	**11,343**	9,387	9,387
Business and government	**339,637**	**338,216**	302,079	300,173
	624,031	**614,010**	545,647	536,034
Deposits (3)	**847,067**	**844,201**	742,419	739,339
Securitization and structured entities' liabilities (4)	**24,290**	**23,480**	25,816	24,989
Other liabilities (5)	**3,953**	**3,239**	4,088	3,181
Subordinated debt	**8,062**	**7,800**	8,150	7,743

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, customers' liability under acceptances, certain other assets, certain other liabilities, acceptances and securities lent or sold under repurchase agreements.

(1) Carrying value is net of allowances for credit losses.

(2) Excludes $1,391 million of residential mortgages classified as FVTPL, $5,378 million of business and government loans classified as FVTPL and $58 million of business and government loans classified as FVOCI ($176 million, $5,496 million and $60 million, respectively, as at October 31, 2022).

(3) Excludes $35,759 million of structured note liabilities ($26,305 million as at October 31, 2022), $573 million of structured deposits ($536 million as at October 31, 2022) and $170 million of metals deposits ($218 million as at October 31, 2022) measured at fair value.

(4) Excludes $2,377 million of securitization and structured note entities' liabilities classified as FVTPL ($1,252 million as at October 31, 2022).

(5) Other liabilities include certain other liabilities of subsidiaries, other than deposits.

Fair Value Hierarchy

We use a fair value hierarchy to categorize financial instruments according to the inputs we use in valuation techniques to measure fair value.

Valuation Techniques and Significant Inputs

We determine the fair value of publicly traded fixed maturity debt and equity securities 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 instruments 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 without observable market information as inputs (Level 3) in the valuation of securities, residential mortgages, business and government 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)	July 31, 2023				October 31, 2022			
	Valued using quoted market prices	**Valued using models (with observable inputs)**	**Valued using models (without observable inputs)**	**Total**	Valued using quoted market prices	Valued using models (with observable inputs)	Valued using models (without observable inputs)	Total
Trading Securities								
Issued or guaranteed by:								
Canadian federal government	**4,440**	**5,595**	**–**	**10,035**	6,981	3,955	–	10,936
Canadian provincial and municipal governments	**1,577**	**5,255**	**–**	**6,832**	1,120	4,990	–	6,110
U.S. federal government	**17,440**	**4,062**	**–**	**21,502**	7,326	9,373	–	16,699
U.S. states, municipalities and agencies	**–**	**628**	**–**	**628**	56	83	–	139
Other governments	**831**	**1,657**	**–**	**2,488**	1,085	2,885	–	3,970
NHA MBS, and U.S. agency MBS and CMO	**–**	**20,640**	**757**	**21,397**	–	13,327	985	14,312
Corporate debt	**3,243**	**8,462**	**19**	**11,724**	1,445	8,144	3	9,592
Trading loans	**–**	**292**	**–**	**292**	–	346	–	346
Corporate equity	**49,702**	**–**	**–**	**49,702**	46,073	–	–	46,073
	77,233	**46,591**	**776**	**124,600**	64,086	43,103	988	108,177
FVTPL Securities								
Issued or guaranteed by:								
Canadian federal government	**107**	**119**	**–**	**226**	319	174	–	493
Canadian provincial and municipal governments	**57**	**1,201**	**–**	**1,258**	36	1,044	–	1,080
U.S. federal government	**1**	**1,981**	**–**	**1,982**	–	4	–	4
Other governments	**–**	**48**	**–**	**48**	–	87	–	87
NHA MBS, and U.S. agency MBS and CMO	**–**	**20**	**–**	**20**	–	8	–	8
Corporate debt	**189**	**7,029**	**11**	**7,229**	62	6,409	8	6,479
Corporate equity	**1,743**	**5**	**4,001**	**5,749**	1,440	6	4,044	5,490
	2,097	**10,403**	**4,012**	**16,512**	1,857	7,732	4,052	13,641
FVOCI Securities								
Issued or guaranteed by:								
Canadian federal government	**4,605**	**11,345**	**–**	**15,950**	3,544	8,757	–	12,301
Canadian provincial and municipal governments	**845**	**3,454**	**–**	**4,299**	972	3,599	–	4,571
U.S. federal government	**1,438**	**2,437**	**–**	**3,875**	1,443	1,667	–	3,110
U.S. states, municipalities and agencies	**2**	**5,215**	**–**	**5,217**	–	3,713	1	3,714
Other governments	**1,273**	**5,646**	**–**	**6,919**	1,795	4,616	–	6,411
NHA MBS, and U.S. agency MBS and CMO	**–**	**14,139**	**–**	**14,139**	–	9,268	–	9,268
Corporate debt	**350**	**2,923**	**–**	**3,273**	355	3,678	–	4,033
Corporate equity	**–**	**–**	**159**	**159**	–	–	153	153
	8,513	**45,159**	**159**	**53,831**	8,109	35,298	154	43,561
Loans								
Residential mortgages	**–**	**1,391**	**–**	**1,391**	–	176	–	176
Business and government loans	**–**	**5,301**	**135**	**5,436**	–	5,536	20	5,556
	–	**6,692**	**135**	**6,827**	–	5,712	20	5,732
Other Assets (1)	**7,122**	**64**	**61**	**7,247**	4,148	60	49	4,257
Fair Value Liabilities								
Securities sold but not yet purchased	**31,626**	**14,816**	**–**	**46,442**	18,465	22,514	–	40,979
Structured note liabilities (2)	**–**	**35,759**	**–**	**35,759**	–	26,305	–	26,305
Structured deposits (3)	**–**	**573**	**–**	**573**	–	536	–	536
Other liabilities (4)	**1,373**	**3,333**	**7**	**4,713**	1,179	2,298	2	3,479
	32,999	**54,481**	**7**	**87,487**	19,644	51,653	2	71,299
Derivative Assets								
Interest rate contracts	**44**	**10,858**	**–**	**10,902**	80	12,682	–	12,762
Foreign exchange contracts	**4**	**14,974**	**9**	**14,987**	21	22,475	26	22,522
Commodity contracts	**895**	**1,311**	**14**	**2,220**	1,514	4,810	–	6,324
Equity contracts	**83**	**4,921**	**3**	**5,007**	939	5,552	–	6,491
Credit default swaps	**–**	**37**	**–**	**37**	–	61	–	61
	1,026	**32,101**	**26**	**33,153**	2,554	45,580	26	48,160
Derivative Liabilities								
Interest rate contracts	**38**	**14,618**	**–**	**14,656**	58	16,540	–	16,598
Foreign exchange contracts	**12**	**13,452**	**–**	**13,464**	2	25,108	–	25,110
Commodity contracts	**910**	**923**	**–**	**1,833**	1,523	2,066	–	3,589
Equity contracts	**318**	**12,970**	**–**	**13,288**	1,203	13,381	–	14,584
Credit default swaps	**12**	**21**	**2**	**35**	–	73	2	75
	1,290	**41,984**	**2**	**43,276**	2,786	57,168	2	59,956

(1) Other assets include precious metals, segregated fund assets in our insurance business, certain receivables and other items measured at fair value.
(2) These structured note liabilities included in deposits have been designated at FVTPL.
(3) This represents certain embedded options related to structured deposits carried at amortized cost.
(4) Other liabilities include investment contract liabilities and segregated fund liabilities in our insurance business, certain payables and metals deposits that have been designated at FVTPL as well as certain securitization and structured entities' liabilities measured at FVTPL.

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.

					Range of input values (1)	
As at July 31, 2023 (Canadian $ in millions, except as noted)	**Reporting line in fair value hierarchy table**	**Fair value of assets**	**Valuation techniques**	**Significant unobservable inputs**	**Low**	**High**
Private equity	Corporate equity	**4,001**	Net asset value	Net asset value	**na**	**na**
			EV/EBITDA	Multiple	**3x**	**19x**
NHA MBS, U.S. agency MBS and CMO	NHA MBS, U.S. agency MBS and CMO	**757**	Discounted cash flows	Prepayment rate	**3%**	**65%**
			Market Comparable	Comparability Adjustment (2)	**(3.37)**	**5.20**

(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 input values represents price per security adjustment (Canadian $).

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 the various fair value hierarchy levels reflect changes in the availability of quoted market prices or observable market inputs that result from changes in market conditions. Transfers from Level 1 to Level 2 were due to reduced observability of the inputs used to value the securities. Transfers from Level 2 to Level 1 were due to increased availability of quoted prices in active markets.

The following tables present significant transfers between Level 1 and Level 2 for the three and nine months ended July 31, 2023 and July 31, 2022:

(Canadian $ in millions)

For the three months ended	**July 31, 2023**		July 31, 2022	
	Level 1 to Level 2	**Level 2 to Level 1**	Level 1 to Level 2	Level 2 to Level 1
Trading securities	**550**	**8,446**	589	7,994
FVTPL securities	**32**	**175**	17	489
FVOCI securities	**469**	**2,981**	343	6,480
Securities sold but not yet purchased	**185**	**8,357**	990	10,845

(Canadian $ in millions)

For the nine months ended	**July 31, 2023**		July 31, 2022	
	Level 1 to Level 2	**Level 2 to Level 1**	Level 1 to Level 2	Level 2 to Level 1
Trading securities	**6,594**	**14,437**	5,377	10,661
FVTPL securities	**343**	**486**	158	506
FVOCI securities	**4,406**	**5,074**	9,222	10,138
Securities sold but not yet purchased	**3,255**	**12,177**	2,721	11,999

Changes in Level 3 Fair Value Measurements

The tables below present a reconciliation of all changes in Level 3 financial instruments for the three and nine months ended July 31, 2023 and July 31, 2022, 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 July 31, 2023 (Canadian $ in millions)	Balance April 30, 2023	Change in fair value: Included in earnings	Change in fair value: Included in other comprehensive income (1)	Movements: Issuances/ Purchases	Movements: Sales	Movements: Maturities/ Settlement	Transfers: Transfers into Level 3	Transfers: Transfers out of Level 3	Fair Value as at July 31, 2023	Change in unrealized gains (losses) recorded in income for instruments still held (2)
Trading Securities										
NHA MBS and U.S. agency MBS and CMO	786	**(80)**	**(20)**	**140**	**(105)**	**–**	**88**	**(52)**	**757**	**(73)**
Corporate debt	12	**–**	**–**	**11**	**(1)**	**–**	**2**	**(5)**	**19**	**–**
Total trading securities	798	**(80)**	**(20)**	**151**	**(106)**	**–**	**90**	**(57)**	**776**	**(73)**
FVTPL Securities										
Corporate debt	11	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11**	**–**
Corporate equity	6,089	**(89)**	**(45)**	**179**	**(36)**	**–**	**–**	**(2,097)**	**4,001**	**(7)**
Total FVTPL securities	6,100	**(89)**	**(45)**	**179**	**(36)**	**–**	**–**	**(2,097)**	**4,012**	**(7)**
FVOCI Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**na**
Corporate equity	157	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**159**	**na**
Total FVOCI securities	157	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**159**	**na**
Business and Government Loans	201	**–**	**(5)**	**21**	**–**	**(82)**	**–**	**–**	**135**	**–**
Other Assets	60	**1**	**–**	**1**	**–**	**(1)**	**–**	**–**	**61**	**1**
Derivative Assets										
Foreign exchange contracts	–	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**9**
Commodity contracts	10	**4**	**–**	**–**	**–**	**–**	**–**	**–**	**14**	**4**
Equity contracts	4	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**(1)**
Total derivative assets	14	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**26**	**12**
Other Liabilities	5	**(1)**	**–**	**3**	**–**	**–**	**–**	**–**	**7**	**(1)**
Derivative Liabilities										
Foreign exchange contracts	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Credit default swaps	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**–**
Total derivative liabilities	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**–**

For the nine months ended July 31, 2023 (Canadian $ in millions)	Balance October 31, 2022	Change in fair value: Included in earnings	Change in fair value: Included in other comprehensive income (1)	Movements: Issuances/ Purchases (3)	Movements: Sales	Movements: Maturities/ Settlement	Transfers: Transfers into Level 3	Transfers: Transfers out of Level 3	Fair Value as at July 31, 2023	Change in unrealized gains (losses) recorded in income for instruments still held (2)
Trading Securities										
NHA MBS and U.S. agency MBS and CMO	985	**(96)**	**(31)**	**406**	**(353)**	**–**	**310**	**(464)**	**757**	**(74)**
Corporate debt	3	**–**	**–**	**21**	**(1)**	**–**	**3**	**(7)**	**19**	**–**
Total trading securities	988	**(96)**	**(31)**	**427**	**(354)**	**–**	**313**	**(471)**	**776**	**(74)**
FVTPL Securities										
Corporate debt	8	**–**	**–**	**3**	**–**	**–**	**–**	**–**	**11**	**–**
Corporate equity	4,044	**(127)**	**(41)**	**2,507**	**(284)**	**(1)**	**–**	**(2,097)**	**4,001**	**28**
Total FVTPL securities	4,052	**(127)**	**(41)**	**2,510**	**(284)**	**(1)**	**–**	**(2,097)**	**4,012**	**28**
FVOCI Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**na**
Corporate equity	153	**–**	**–**	**7**	**(1)**	**–**	**–**	**–**	**159**	**na**
Total FVOCI securities	154	**–**	**–**	**7**	**(1)**	**(1)**	**–**	**–**	**159**	**na**
Business and Government Loans	20	**–**	**(3)**	**215**	**–**	**(97)**	**–**	**–**	**135**	**–**
Other Assets	49	**–**	**–**	**23**	**–**	**(11)**	**–**	**–**	**61**	**–**
Derivative Assets										
Foreign exchange contracts	26	**(17)**	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**9**
Commodity contracts	–	**1**	**–**	**13**	**–**	**–**	**–**	**–**	**14**	**1**
Equity contracts	–	**2**	**–**	**–**	**–**	**–**	**1**	**–**	**3**	**2**
Total derivative assets	26	**(14)**	**–**	**13**	**–**	**–**	**1**	**–**	**26**	**12**
Other Liabilities	2	**(1)**	**–**	**6**	**–**	**–**	**–**	**–**	**7**	**(1)**
Derivative Liabilities										
Foreign exchange contracts	–	**12**	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**	**(38)**
Credit default swaps	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**–**
Total derivative liabilities	2	**12**	**–**	**–**	**–**	**(12)**	**–**	**–**	**2**	**(38)**

(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 July 31, 2023 are included in earnings for the period.

(3) FVTPL securities includes $969 million of Federal Home Loan Bank and Federal Reserve Bank equity and $587 million of investments in Low Income Housing Tax Credit entities, acquired as a result of our acquisition of Bank of the West.

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

na – not applicable

For the three months ended July 31, 2022 (Canadian $ in millions)	Balance April 30, 2022	Change in fair value: Included in earnings	Change in fair value: Included in other comprehensive income (1)	Movements: Issuances/ Purchases	Movements: Sales	Movements: Maturities/ Settlement	Transfers: Transfers into Level 3	Transfers: Transfers out of Level 3	Fair Value as at July 31, 2022	Change in unrealized gains (losses) recorded in income for instruments still held (2)
Trading Securities										
NHA MBS and U.S. agency MBS and CMO	721	(60)	(1)	216	(146)	–	95	(70)	755	(11)
Corporate debt	4	–	–	–	–	–	1	–	5	–
Total trading securities	725	(60)	(1)	216	(146)	–	96	(70)	760	(11)
FVTPL Securities										
Corporate debt	–	–	–	8	–	–	–	–	8	–
Corporate equity	3,397	45	(3)	321	(89)	–	56	–	3,727	61
Total FVTPL securities	3,397	45	(3)	329	(89)	–	56	–	3,735	61
FVOCI Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	–	–	–	–	–	–	–	1	na
Corporate equity	151	–	(2)	4	(1)	–	–	–	152	na
Total FVOCI securities	152	–	(2)	4	(1)	–	–	–	153	na
Business and Government Loans	6	–	–	–	–	–	–	–	6	–
Other Assets	–	–	–	9	–	–	–	–	9	–
Derivative Assets										
Foreign exchange contracts	–	–	–	–	–	–	–	–	–	–
Commodity contracts	–	–	–	–	–	–	–	–	–	–
Equity contracts	–	–	–	–	–	–	–	–	–	–
Total derivative assets	–	–	–	–	–	–	–	–	–	–
Other Liabilities	1	–	–	–	–	–	–	–	1	–
Derivative Liabilities										
Foreign exchange contracts	–	–	–	–	–	–	–	–	–	–
Credit default swaps	1	–	–	–	–	–	3	–	4	–
Total derivative liabilities	1	–	–	–	–	–	3	–	4	–

For the nine months ended July 31, 2022 (Canadian $ in millions)	Balance October 31, 2021	Change in fair value: Included in earnings	Change in fair value: Included in other comprehensive income (1)	Movements: Issuances/ Purchases	Movements: Sales	Movements: Maturities/ Settlement	Transfers: Transfers into Level 3	Transfers: Transfers out of Level 3	Fair Value as at July 31, 2022	Change in unrealized gains (losses) recorded in income for instruments still held (2)
Trading Securities										
NHA MBS and U.S. agency MBS and CMO	675	(158)	29	818	(555)	–	251	(305)	755	(18)
Corporate debt	7	(2)	(1)	11	(4)	–	1	(7)	5	(1)
Total trading securities	682	(160)	28	829	(559)	–	252	(312)	760	(19)
FVTPL Securities										
Corporate debt	–	–	–	8	–	–	–	–	8	–
Corporate equity	2,442	197	50	1,238	(256)	–	56	–	3,727	223
Total FVTPL securities	2,442	197	50	1,246	(256)	–	56	–	3,735	223
FVOCI Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	–	–	–	–	–	–	–	1	na
Corporate equity	132	–	–	15	(1)	–	6	–	152	na
Total FVOCI securities	133	–	–	15	(1)	–	6	–	153	na
Business and Government Loans	6	–	–	–	–	–	–	–	6	–
Other Assets	–	–	–	9	–	–	–	–	9	–
Derivative Assets										
Foreign exchange contracts	–	–	–	–	–	–	–	–	–	–
Commodity contracts	–	–	–	–	–	–	–	–	–	–
Equity contracts	–	–	–	–	–	–	–	–	–	–
Total derivative assets	–	–	–	–	–	–	–	–	–	–
Other Liabilities	–	–	–	1	–	–	–	–	1	–
Derivative Liabilities										
Foreign exchange contracts	–	–	–	–	–	–	–	–	–	–
Credit default swaps	2	–	–	–	–	–	3	(1)	4	–
Total derivative liabilities	2	–	–	–	–	–	3	(1)	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 July 31, 2022 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 7: 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 internal assessment of required economic capital; underpins our operating groups' business strategies; supports depositor, investor and regulator confidence, while building long-term shareholder value; and is consistent with our target credit ratings.

As at July 31, 2023, 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 3.0% Domestic Stability Buffer (DSB) applicable to D-SIBs. In December 2022, the DSB level was set at 3% of total Risk-Weighted Assets (RWA) effective February 1, 2023. In addition, OSFI increased the DSB's range from 0% to 2.5%, to 0% to 4%. In June 2023, OSFI announced that the DSB level will be increased to 3.5% of total RWA effective November 1, 2023. Our capital position as at July 31, 2023 is further detailed in the Capital Management section of our interim Management's Discussion and Analysis.

The domestic implementation of Basel III Reforms related to capital, leverage, liquidity and disclosure requirements were effective in the second quarter of 2023. Capital changes under these reforms include revised rules for credit risk and operational risk. Effective February 1, 2023, D-SIBs are required to meet a 0.5% buffer requirement for the Leverage and Total Loss Absorbing Capacity (TLAC) Leverage Ratios in addition to the minimum requirements. Revisions related to market risk and credit valuation adjustment risk will become effective in the first quarter of 2024.

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

(Canadian $ in millions, except as noted)	**July 31, 2023**	October 31, 2022
CET1 Capital	**50,895**	60,891
Tier 1 Capital	**57,767**	67,121
Total Capital	**66,504**	75,309
TLAC	**110,810**	120,663
Risk-Weighted Assets	**412,943**	363,997
Leverage Exposures	**1,369,745**	1,189,990
CET1 Ratio	**12.3%**	16.7%
Tier 1 Capital Ratio	**14.0%**	18.4%
Total Capital Ratio	**16.1%**	20.7%
TLAC Ratio	**26.8%**	33.1%
Leverage Ratio	**4.2%**	5.6%
TLAC Leverage Ratio	**8.1%**	10.1%

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

Note 8: Employee Compensation

Stock Options

We did not grant any stock options during the three months ended July 31, 2023 or 2022. During the nine months ended July 31, 2023, we granted a total of 1,322,817 stock options (1,028,255 stock options during the nine months ended July 31, 2022) with a weighted-average fair value of $18.94 per option ($14.17 per option for the nine months ended July 31, 2022).

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 nine months ended	**July 31, 2023**	July 31, 2022
Expected dividend yield	**4.5% - 4.6%**	4.2%
Expected share price volatility	**20.9%**	16.8%
Risk-free rate of return	**3.2%**	1.8% - 1.9%
Expected period until exercise (in years)	**6.5 - 7.0**	6.5 - 7.0
Exercise price ($)	**122.31**	135.58

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 benefit plans		Other employee future benefit plans	
For the three months ended	**July 31, 2023**	July 31, 2022	**July 31, 2023**	July 31, 2022
Current service cost	**40**	60	**1**	2
Net interest (income) expense on net defined benefit (asset) liability	**(17)**	(7)	**11**	8
Past service cost (income)	**–**	(1)	**–**	–
Gain on settlement	**–**	–	**–**	–
Administrative expenses	**3**	1	**–**	–
Benefits expense	**26**	53	**12**	10
Government pension plans expense (1)	**94**	61	**–**	–
Defined contribution expense	**63**	37	**–**	–
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**183**	151	**12**	10

(Canadian $ in millions)

	Pension benefit plans		Other employee future benefit plans	
For the nine months ended	**July 31, 2023**	July 31, 2022	**July 31, 2023**	July 31, 2022
Current service cost	**122**	178	**4**	6
Net interest (income) expense on net defined benefit (asset) liability	**(49)**	(21)	**32**	26
Past service cost (income)	**(1)**	(1)	**–**	–
Gain on settlement	**–**	(1)	**–**	–
Administrative expenses	**7**	3	**–**	–
Benefits expense	**79**	158	**36**	32
Government pension plans expense (1)	**291**	201	**–**	–
Defined contribution expense	**207**	138	**–**	–
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**577**	497	**36**	32

(1) Includes Canada Pension Plan, Quebec Pension Plan and U.S. Federal Insurance Contributions Act.

Note 9: Earnings Per Share

Basic earnings per share is calculated by dividing net income, 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		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Net income attributable to bank shareholders	**1,452**	1,365	**2,755**	9,054
Dividends on preferred shares and distributions on other equity instruments	**(41)**	(47)	**(206)**	(154)
Net income available to common shareholders	**1,411**	1,318	**2,549**	8,900
Weighted-average number of common shares outstanding (in thousands)	**715,432**	673,301	**706,044**	659,909
Basic earnings per common share (Canadian $)	**1.97**	1.96	**3.61**	13.49

Diluted Earnings Per Common Share

(Canadian $ in millions, except as noted)	For the three months ended		For the nine months ended	
	July 31, 2023	July 31, 2022	**July 31, 2023**	July 31, 2022
Net income available to common shareholders adjusted for impact of dilutive instruments	**1,411**	1,318	**2,549**	8,900
Weighted-average number of common shares outstanding (in thousands)	**715,432**	673,301	**706,044**	659,909
Effect of dilutive instruments				
Stock options potentially exercisable (1)	**4,320**	5,032	**4,531**	5,252
Common shares potentially repurchased	**(3,375)**	(3,529)	**(3,299)**	(3,420)
Weighted-average number of diluted common shares outstanding (in thousands)	**716,377**	674,804	**707,276**	661,741
Diluted earnings per common share (Canadian $)	**1.97**	1.95	**3.60**	13.45

(1) In computing diluted earnings per share, we excluded average stock options outstanding of 2,270,156 and 2,178,439 with a weighted-average exercise price of $135.00 and $136.27, respectively, for the three and nine months ended July 31, 2023 (1,028,255 and 915,260 with a weighted-average exercise price of $142.54 and $143.28, respectively, for the three and nine months ended July 31, 2022) as the average share price for the period did not exceed the exercise price.

Note 10: Income Taxes

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.

On December 15, 2022, the Canadian government enacted legislation related to certain tax measures that are applicable to certain Canadian companies in a bank or life insurer group, including a one-time 15% tax (referred to as the Canada Recovery Dividend, or CRD), based on the average taxable income for fiscal 2020 and fiscal 2021, less a $1 billion exemption, payable in equal instalments over five years. The legislation also included a permanent 1.5% increase in the tax rate, based on taxable income above $100 million (effective for taxation years that end after April 7, 2022 and pro-rated for the first year). In the first quarter of 2023, we recorded a one-time tax expense of $371 million in income tax expense, including $312 million relating to the CRD, and $59 million relating to the pro-rated fiscal 2022 impact of the 1.5% increase in tax rate, net of a related remeasurement of our net deferred tax asset.

Note 11: Operating Segmentation

Operating Groups

We conduct our business through three operating groups, each of which has a distinct mandate. Our operating groups are Personal and Commercial Banking (P&C) (comprised of Canadian Personal and Commercial Banking (Canadian P&C) and U.S. Personal and Commercial Banking (U.S. P&C)), BMO Wealth Management (BMO WM) and BMO Capital Markets (BMO CM), along with a Corporate Services unit. The acquisition of Bank of the West has been reflected in the U.S. P&C and BMO WM reporting segments.

For additional information refer to Note 25 of our annual consolidated financial statements for the year ended October 31, 2022.

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

(Canadian $ in millions)

For the three months ended July 31, 2023	**Canadian P&C**	**U.S. P&C**	**BMO WM**	**BMO CM**	**Corporate Services** (1)	**Total**
Net interest income (2)	**2,129**	**2,066**	**367**	**587**	**(244)**	**4,905**
Non-interest revenue	**656**	**419**	**1,055**	**891**	**3**	**3,024**
Total Revenue	**2,785**	**2,485**	**1,422**	**1,478**	**(241)**	**7,929**
Provision for credit losses on impaired loans	**209**	**119**	**1**	**1**	**3**	**333**
Provision for credit losses on performing loans	**60**	**84**	**6**	**9**	**–**	**159**
Total provision for credit losses	**269**	**203**	**7**	**10**	**3**	**492**
Insurance claims, commissions and changes in policy benefit liabilities	**–**	**–**	**4**	**–**	**–**	**4**
Depreciation and amortization	**143**	**252**	**73**	**84**	**–**	**552**
Non-interest expense	**1,113**	**1,313**	**938**	**992**	**730**	**5,086**
Income (loss) before taxes and non-controlling interest in subsidiaries	**1,260**	**717**	**400**	**392**	**(974)**	**1,795**
Provision for (recovery of) income taxes	**345**	**141**	**97**	**82**	**(324)**	**341**
Reported net income (loss)	**915**	**576**	**303**	**310**	**(650)**	**1,454**
Non-controlling interest in subsidiaries	**–**	**2**	**–**	**–**	**–**	**2**
Net income (loss) attributable to bank shareholders	**915**	**574**	**303**	**310**	**(650)**	**1,452**
Average assets (3)	**319,405**	**235,909**	**60,671**	**410,667**	**238,980**	**1,265,632**

For the three months ended July 31, 2022	Canadian P&C	U.S. P&C	BMO WM	BMO CM	Corporate Services (1)	Total
Net interest income (2)	1,938	1,278	314	750	(83)	4,197
Non-interest revenue	591	298	1,391	514	(892)	1,902
Total Revenue	2,529	1,576	1,705	1,264	(975)	6,099
Provision for (recovery of) credit losses on impaired loans	104	22	2	(22)	(2)	104
Provision for (recovery of) credit losses on performing loans	(15)	46	(12)	15	(2)	32
Total provision for (recovery of) credit losses	89	68	(10)	(7)	(4)	136
Insurance claims, commissions and changes in policy benefit liabilities	–	–	413	–	–	413
Depreciation and amortization	131	105	63	68	–	367
Non-interest expense	1,003	667	818	852	152	3,492
Income (loss) before taxes	1,306	736	421	351	(1,123)	1,691
Provision for (recovery of) income taxes	341	168	97	89	(369)	326
Reported net income (loss)	965	568	324	262	(754)	1,365
Average assets (3)	296,941	144,043	50,774	384,257	193,009	1,069,024

(Canadian $ in millions)

For the nine months ended July 31, 2023	Canadian P&C	U.S. P&C	BMO WM	BMO CM	Corporate Services (1)	Total
Net interest income (2)	**6,142**	**5,711**	**1,052**	**1,907**	**(1,072)**	**13,740**
Non-interest revenue	**1,818**	**1,162**	**4,834**	**2,875**	**(1,590)**	**9,099**
Total Revenue	**7,960**	**6,873**	**5,886**	**4,782**	**(2,662)**	**22,839**
Provision for (recovery of) credit losses on impaired loans	**536**	**233**	**3**	**(2)**	**2**	**772**
Provision for credit losses on performing loans	**125**	**101**	**14**	**19**	**701**	**960**
Total provision for credit losses	**661**	**334**	**17**	**17**	**703**	**1,732**
Insurance claims, commissions and changes in policy benefit liabilities	**–**	**–**	**1,788**	**–**	**–**	**1,788**
Depreciation and amortization	**413**	**622**	**219**	**249**	**–**	**1,503**
Non-interest expense	**3,086**	**3,315**	**2,731**	**2,978**	**2,019**	**14,129**
Income (loss) before taxes and non-controlling interest in subsidiaries	**3,800**	**2,602**	**1,131**	**1,538**	**(5,384)**	**3,687**
Provision for (recovery of) income taxes	**1,044**	**539**	**267**	**345**	**(1,268)**	**927**
Reported net income (loss)	**2,756**	**2,063**	**864**	**1,193**	**(4,116)**	**2,760**
Non-controlling interest in subsidiaries	**–**	**2**	**–**	**–**	**3**	**5**
Net income (loss) attributable to bank shareholders	**2,756**	**2,061**	**864**	**1,193**	**(4,119)**	**2,755**
Average assets (3)	**315,554**	**211,515**	**58,022**	**414,043**	**236,382**	**1,235,516**

For the nine months ended July 31, 2022	Canadian P&C	U.S. P&C	BMO WM	BMO CM	Corporate Services (1)	Total
Net interest income (2)	5,488	3,575	864	2,419	(228)	12,118
Non-interest revenue	1,833	974	2,730	2,348	3,137	11,022
Total Revenue	7,321	4,549	3,594	4,767	2,909	23,140
Provision for (recovery of) credit losses on impaired loans	290	60	2	(37)	(5)	310
Provision for (recovery of) credit losses on performing loans	(123)	(105)	(7)	12	–	(223)
Total provision for (recovery of) credit losses	167	(45)	(5)	(25)	(5)	87
Insurance claims, commissions and changes in policy benefit liabilities	–	–	(314)	–	–	(314)
Depreciation and amortization	382	314	193	212	–	1,101
Non-interest expense	2,836	1,895	2,470	2,678	438	10,317
Income before taxes	3,936	2,385	1,250	1,902	2,476	11,949
Provision for income taxes	1,027	548	297	487	536	2,895
Reported net income	2,909	1,837	953	1,415	1,940	9,054
Average assets (3)	287,326	141,294	50,008	384,065	192,557	1,055,250

(1) Corporate Services includes Technology and Operations.

(2) Operating groups report on a taxable equivalent basis (teb). 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 revenue and provision for income taxes.

(3) Included within average assets are average earning assets, which are comprised of deposits with other banks, deposits at central banks, reverse repos, loans and securities. Total average earning assets for three and nine months ended July 31, 2023 are $1,161,226 million and $1,134,802 million, including $305,354 million and $301,594 million for Canadian P&C, $215,960 million and $196,237 million for U.S. P&C, and $639,912 million and $636,971 million for all other operating segments including Corporate Services (for three and nine months ended July 31, 2022 - Total: $972,879 million and $965,120 million, Canadian P&C: $282,781 million and $273,270 million, U.S. P&C: $137,169 million and $134,175 million and all other operating segments: $552,929 million and $557,675 million).

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

Note 12: Acquisitions

AIR MILES Reward Program

On June 1, 2023, we completed the acquisition of AIR MILES Reward Program (AIR MILES) business of LoyaltyOne Co., a subsidiary of Loyalty Ventures Inc. pursuant to a process under the Companies Creditors Arrangement Act for a cash purchase price of US$160 million. The AIR MILES business operates as a wholly-owned subsidiary of BMO. The acquisition was accounted for as a business combination, and the acquired business and corresponding goodwill are included in our Canadian P&C reporting segment.

We acquired intangible assets of $152 million and goodwill of $239 million. Customer relationship and software intangible assets are being amortized to income over 5 to 14 years. The trade name intangible asset has indefinite life and will not be amortized to income. Goodwill related to this acquisition 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)

	June 1, 2023
Goodwill and intangible assets	**391**
Securities	**668**
Other assets	**139**
Total assets	**1,198**
Deferred revenue (1)	**916**
Other liabilities	**64**
Total liabilities	**980**
Purchase price	**218**

(1) Deferred revenue reflects our obligation to fulfil the redemption of miles that were outstanding at the acquisition date and is included in other liabilities in the Consolidated Balance Sheet.

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

Bank of the West

On February 1, 2023, we completed the acquisition of Bank of the West, including its subsidiaries, from BNP Paribas for a cash purchase price of US$13.8 billion. Bank of the West provides a broad range of banking products and services primarily in the Western and Midwestern parts of the U.S. The merger enables BMO's market extension in Bank of the West's primary markets, including California, and accelerates BMO's commercial banking expansion. The acquisition is reflected in our results as a business combination, in the U.S. P&C and BMO WM reporting segments.

As part of the acquisition, we acquired a 51% interest in its subsidiary CLAAS Financial Services, LLC which provides lease and loan financing to commercial entities acquiring agricultural equipment. The bank is the primary beneficiary of this LLC, and it is consolidated in our consolidated financial statements. We have recorded the ownership interests of the other partners in CLAAS Financial Services LLC as non-controlling interest in our Consolidated Balance Sheet.

We acquired intangible assets of $2,892 million and goodwill of $10,568 million. Core-deposit and customer relationship intangible assets are being amortized to income over the period during which we believe the assets will benefit us, on an accelerated basis, over a period not to exceed 15 years. Goodwill consists largely of the synergy and economies of scale expected from the combined operations of BMO and Bank of the West. Goodwill is not deductible for tax purposes.

We recorded the assets acquired and liabilities assumed at fair value as at the date of acquisition, as shown in the table below. The purchase price allocation is subject to refinement as we finalize the valuation of the assets acquired.

(Canadian $ in millions)

	February 1, 2023
Purchase consideration	**18,382**
Impact of forward contracts (1)	**(269)**
Net purchase consideration	**18,113**
Fair value of identifiable assets acquired	
Securities	**28,437**
Loans	
Residential mortgages	**11,912**
Consumer installment and other personal	**20,268**
Credit card	**885**
Business and government	**43,418**
Total loans	**76,483**
Other assets (2)	**9,155**
Intangible assets	**2,892**
Total fair value of identifiable assets acquired	**116,967**
Fair value of liabilities assumed	
Deposits	**91,711**
Other liabilities (2)	**17,695**
Total fair value of identifiable liabilities assumed	**109,406**
Non-controlling interest	**16**
Goodwill	**10,568**
Net purchase consideration	**18,113**

(1) To mitigate changes in the Canadian dollar equivalent of the purchase price between announcement and close, we entered into forward contracts, which qualified for hedge accounting. Changes in the fair value of these forward contracts of $269 million (after-tax) were recorded as a reduction to the Canadian dollar equivalent of the purchase price.

(2) The net deferred tax asset recorded in the opening balance sheet is $1,265 million.

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

The accounting for purchased loans, including the initial provision for credit losses, is discussed in Note 3.

Since the acquisition date, Bank of the West contributed revenue of $2,123 million and net income of $244 million to our consolidated results. Net income of $244 million excludes the initial allowance for credit losses of $705 million ($517 million after-tax) and integration and acquisition related costs of $1,209 million ($908 million after-tax). If we assume the acquisition occurred on November 1, 2022 and the same fair values were applied, we estimate that our combined consolidated year-to-date revenue and net income would have been $24 billion and $2.9 billion, respectively.

Impact of Fair Value Management Actions

The fair value of fixed rate loans, securities and deposits is largely dependent on interest rates. As interest rates increased between announcement of the acquisition and close, the fair value of the acquired fixed rate instruments (in particular, loans, securities and deposits) decreased, resulting in higher goodwill on close as compared to our estimates on the announcement date. Conversely, the fair value of floating rate assets (liabilities) and non-maturity deposits approximates par. Changes in goodwill relative to our original assumptions announced on December 20, 2021 impacted capital ratios on close because goodwill is treated as a deduction from capital under OSFI Basel III rules.

Upon announcement of the agreement to acquire Bank of the West, we entered into pay fixed/receive float interest rate swaps and purchased a portfolio of matched duration U.S. Treasuries and other balance sheet instruments to economically hedge the impact of changes in interest rates on our capital ratios at close. We recorded net interest income and mark-to-market gains of $5.7 billion on these instruments, in interest income and non-interest revenue between December 20, 2021 and February 1, 2023, at which time the interest rate swaps were settled. The gains provided additional capital to offset the impact of higher goodwill on close.

On close, we placed the majority of these U.S. Treasuries and other balance sheet instruments, which were in an unrealized loss position, in fair value hedge relationships with new pay fixed/receive float interest rate swaps. The fair value hedges, coupled with other actions taken to manage our interest rate risk profile to its target position, crystallized a $5.7 billion loss on these instruments, which will be recognized as a reduction in interest income over their remaining life through accounting for the new fair value hedges. We recorded a $295 million and $584 million reduction in interest, dividend and fee income - securities related to the fair value hedge in our Consolidated Statement of Income, for the three and nine months ended July 31, 2023, respectively.

Conversely, the fair values of the loans, securities and deposits we acquired are below par. This discount will accrete to interest income in our Consolidated Statement of Income over the remaining term of these instruments. We recorded $239 million and $491 million related to these purchased loans and $132 million and $272 million related to these purchased securities in our Consolidated Statement of Income in net-interest income for the three and nine months ended July 31, 2023, respectively. More information on the purchased loans is included in Note 3.

Leasing Solutions Canada Inc.

On February 1, 2023, we acquired Leasing Solutions Canada Inc. from BNP Paribas. The acquisition was reflected in our results beginning in the second quarter of 2023 as a business combination, in the Canadian P&C reporting segment and was not material to the bank.

Radicle Group Inc.

On December 1, 2022, we completed the acquisition of Radicle Group Inc. (Radicle), a Calgary-based leader in sustainability advisory services and solutions, and technology-driven emissions measurement and management, for 1.2 million BMO common shares for a total value of $153 million plus cash consideration of $42 million. The acquisition was accounted for as a business combination, and the acquired business and corresponding goodwill are included in our BMO Capital Markets reporting segment.

As part of this acquisition, we acquired intangible assets of $61 million and goodwill of $89 million. The intangible assets are being amortized over 3 to 15 years. Goodwill related to this acquisition 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)

	December 1, 2022
Goodwill and intangible assets	**150**
Other assets	**85**
Total assets	**235**
Liabilities	**40**
Purchase price	**195**

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