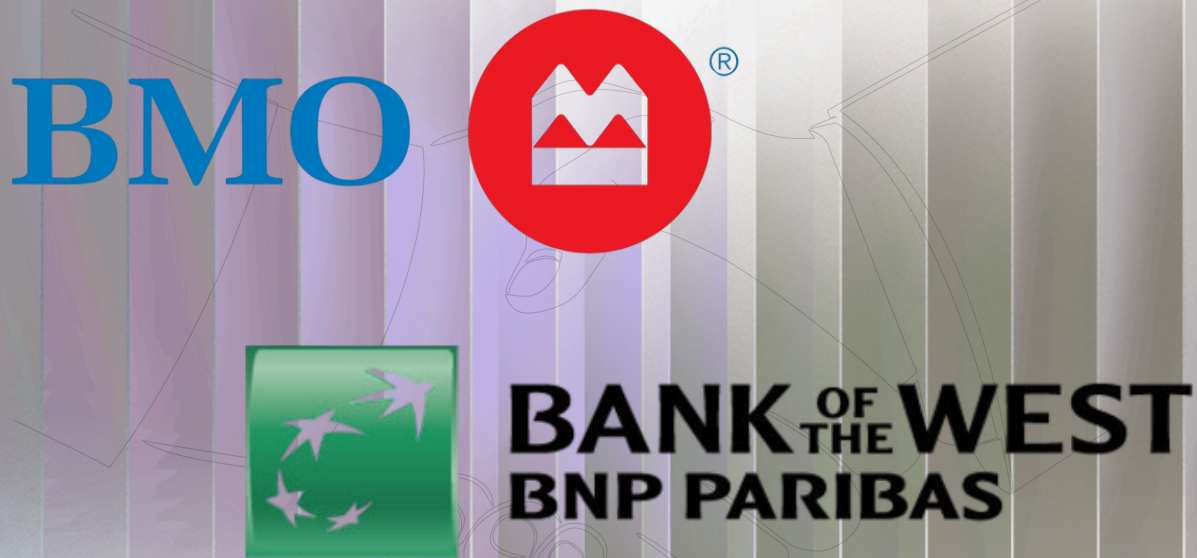


# M & A DEAL

## 4 YEAR ANNIVERSARY

BMO and Bank of the  
West: A Four Year Post-  
Acquisition Review



Written by  
Derek Lee, Angus Bain,  
Sammy Abbasi

Edited by  
Diana Calheiros Cabecas



# 22.12.2025

## BMO's Acquisition of Bank of the West: Executive Summary

### *Summary*

Saturday 20<sup>th</sup> December 2025 marks four years since the BMO acquisition of BNP Paribas' Bank of the West. The deal, originally announced on 20<sup>th</sup> December 2021, was completed on February 1st 2023 worth approximately \$16.3 billion in cash value. It marked BMO's largest move to expand in the United States and one of the most significant cross-border banking acquisitions in the entire North American region. Through this move, BMO aimed to expand their presence in the U.S. and diversify revenue beyond Canada, while allowing BNP Paribas to focus more on reallocation of capital in the European market base. In all, BMO's long-term strategy of strengthening its position in the U.S. commercial bank markets was enabled through this deal.

- The Bank of Montreal (BMO) was founded in 1817 with their operational headquarters based in Toronto, Canada.
- BMO is the fourth largest bank in Canada by total assets, with a workforce of approximately 53,000 employees and a global network of 1,832 branches as of April 30, 2025.
- BMO is the seventh largest bank in North America as measured by assets (Bloomberg, as of April 30, 2025).
- The Bank of the West was founded in 1874 in San Jose, California and now headquartered in San Francisco, USA.
- BNP Paribas, a French multinational banking and finance institution, is a leading bank in Europe and a key player internationally with its operation in 65 countries.
- BNP Paribas had acquired the Bank of the West in 1979 as a primary U.S. retail banking platform.
- The acquisition has enabled BMO to expand their footprint into more than 30 states in the U.S. and add approximately 1.8 million customers.
- This deal allowed BMO to utilise their strong capital position and excess capital to expand and purchase Bank of the West.
- The acquisition allows BMO to foster their long-term growth, exposure, and operational strategy in the U.S. and North American region
- The deal merged BMO's primary U.S. bank operation, BMO Harris Bank, with Bank of the West into one unified bank operating in the U.S. under BMO.
- This acquisition by BMO facilitated many integration synergies, such as branch network optimisation, cost efficiencies, and cross-selling services provided by BMO (including personal & commercial banking, asset & wealth management, etc.) into its now extended U.S. client reach, as well as geographic diversification.
- As U.S. markets start to become less attractive for European lenders and BNP Paribas was struggling to keep up with rival retail banking institutions. This deal allowed BNP Paribas to realign their focus and redeploy the capital into other more attractive markets, strengthening their position in core European markets and in international banking activities.

### *Key Figures*

#### ***Bank of Montreal (BMO)***

**Deal Value:** \$16.3 billion (cash)

**Enterprise Value:** \$129.72

**EV/EBITDA:** N/A

**P/E Ratio:** 15.59x

**Market Cap:** \$92.08 billion

**CEO:** Darryl White

**Employees:** ~53,500 as of December 2025

**Debt/Equity:** ~3.18%

#### ***BNP Paribas (BNP.PA)***

**Premium:** 1.5 x Bank of West's TBV

**Enterprise Value:** \$176.42 billion

**EV/EBITDA:** ~6.53 x

**P/E Ratio:** 8.43x

**Market Cap:** \$105.66

**CEO:** Jean-Laurent Bonnafé

**Employees:** ~183k as of December 2025

**Debt/Equity:** 2.83%

## Company Information

### *Bank of Montreal (Acquirer)*

The Bank of Montreal (BMO) is one of Canada's largest and oldest financial institutions, founded in 1817 and headquartered in Montreal, Quebec. It is one of the country's "Big Five" banks and plays a major role in both Canadian and North American financial markets. Services provided include both personal and commercial banking, wealth management, capital markets and investment banking. BMO's focus on expanding its U.S. footprint was actioned recently through their acquisition of Bank of the West, strengthening cross-border banking capabilities. BMO is globally recognised for its stability, long operating history and emphasis on sustainability and adaptability to innovative technologies.

- BMO generated a total revenue for 2025 at USD\$23.67bn
- As of 2025, BMO reported net income of approximately USD\$6bn, highlighting the levels of profitability in relation to rival North American Banks, such as ScotiaBank, which has a net income of USD\$5.61bn
- BMO retain their strong position in the market, with a market capital valued at USD\$91.91bn, exhibiting a growth of 36.2% in the past year
- The Bank of Montreal have an everlasting commitment to their environmental impact, including sustainable finance related management
- Under the current chief executive officer (CEO) W. Darryl White, BMO have roughly 46,000 full time staff employed. This reflects the numbers required to support the ambitions of the bank

### *Bank of the West (target previously owned by BNP Paribas)*

The Bank of the West was a wholly owned subsidiary of BNP Paribas, a large French multinational bank, for several decades and was historically headquartered in San Francisco, California. In 2021, BNP Paribas agreed to sell Bank of the West to the Bank of Montreal (BMO), transaction completed in 2023.

- Prior to its acquisition, Bank of the West generated approximately USD\$2.75 bn in revenue in 2020, reflecting their position as a large financial system in North America
- Moreover, in the same year, Bank of the West had a net income of approximately USD\$593m, portraying the banks' profitability at the time of sale
- The bank employed around 9,681 staff members in 2020 under the direction of CEO Nandita Bakhshi, signifying the scale of the workforce needed to support their operations
- Bank of the West was a regional bank with over 600 branches across the United States before merging with BMO in 2023

### *BNP Paribas (previous owner of Bank of the West)*

BNP Paribas, previous owner of The Bank of the West, is one of Europe's leading banking groups. Headquartered in Paris, France, BNP Paribas provides a wide range of financial services to their international customers including Retail Banking, Corporate and Institutional Banking and Investment Management.

- As of 2025, BNP Paribas generated \$52.8bn USD in total revenue, portraying the scale of their global operations
- In that same period, BNP Paribas reported a net income of \$11.4bn USD
- In 2025, BNP maintained a market capitalisation of approx. \$90bn USD, a 34.3% increase from the previous year at \$67.32bn USD
- Currently, BNP Paribas employ 184,000 workers under their CEO Jean-Laurent Bonnafé. This directly reflects the high scale operations that BNP have taken on
- BNP Paribas have a reported total assets of \$3.16 trillion USD, demonstrating their global footprint
- BNP Paribas aim to carry out stock repurchases, bolt-on deals and investments with the proceeds from the sale
- Notably, BNP have reported on their focus to make substantial distributions to shareholders through buyback to compensate for diluted EPS
- BNP needs to spend €4 billion of proceeds on buybacks to offset the fall in earnings per share for shareholders

## Deal Rationale and Risk

### *Rationale - Expansion and Refocus*

BNP Paribas' decision to sell The Bank of the West was a strategic move with the aim to refocus on its core European markets and other priority regions, rather than U.S. retail banking. On the other hand, this deal, targeting California which is economically larger than Canada and where 70% of Bank of the West's deposits were, was set to increase BMO's size. BNP Paribas was able to free up capital, while BMO used the acquisition to significantly expand its share in the U.S.

### **BNP's European Market refocus**

BNP Paribas' selling of the Bank of the West meant that there was \$15 billion available to fund expansion in Europe, where it had been expanding its investment banking offering. The French bank aimed to focus on bigger global markets and markets in which they held a stronger competitive advantage. BNP was one of many foreign banks leaving the volatile US consumer banking market. This redirection was a strategic attempt from BNP Paribas to switch its approach to portfolio management.

### **BMO's North American presence**

The purchase of Bank of the West by BMO brought in a significant improvement to the bank's presence in the USA, typically in the regions which were considered 'high growth' such as California. This expansion aligned with BMO's intentions to bring in numerous revenue channels from outside of Canada in addition to reaching a larger ceiling for the bank as a whole. Naturally, the acquisition benefited BMO by increasing the pool of potential clients. BMO had broadened their capabilities as a bank and now remained in a better position in terms of competitiveness amongst rival banks.

## *Risk*

### **Integration and execution**

A major concern associated with the acquisition was whether Bank of the West could be successfully integrated into BMO's existing operations. Integrating banks of this scale involved complex tasks, including extensive logistical restructuring and major systems changes, each carrying significant execution risk. Any failure to properly synchronise operations could have led to widespread operational disruptions and increased costs. In addition, management focus was heavily directed toward integrating the two institutions, which may have slowed, or in a worst-case scenario, disrupted core business operations and potentially affected short-term performance.

### **Short term cost pressures**

The acquisition was expected to generate substantial integration and restructuring costs in the short term, including technology investments and employee-related expenses. Although these costs were anticipated to be temporary, they had the potential to materially impact BMO's profitability and operating margins. The extent of these pressures depended on the speed and efficiency of execution, as delays or cost overruns could have reduced the long-term attractiveness of the deal.

### **Customer Retention**

Customer retention could have been a big risk, given that switching between banking platforms may have provided uncertainty to retail and commercial clients. Disruptions in customer service, changes to product offers, or dissatisfaction in system changes could have resulted in dampened consumer confidence. Hence, ensuring the satisfaction of existing clients, particularly in the United States where the cost of switching banks is very low, was key in preserving market share.

### **Compliance and regulation**

Additionally, the sale of BNP Paribas fell under a transitional period where U.S. regulations and prerequisites tightened for incoming mergers. Regardless, BMO insisted that the transaction met all the approval requirements. A more significant risk was that extended U.S. regulatory approval timelines could have allowed competitors to initiate bids for BNP Paribas, potentially triggering a bidding war involving the Bank of Montreal.

## Industry Analysis

### *Trends and Insights*

The primary objective of the acquisition for BMO was to expand its customer base. By acquiring Bank of The West, BMO added approximately 500 branches across North America, substantially expanding its market presence beyond Canada, where its operations originally began. This expansion aligns with BMO's broader strategy to enhance customer outreach and capitalise on a favourable neighbouring market. As a result of the acquisition, BMO integrated more than 2 million new customers onto its platform within just seven months. This notable achievement highlights the bank's strong execution and effective integration by industry standards.

### **Profitability trends**

Following the successful conversion of Bank of the West, BMO became the 'most integrated north-south bank on the continent'. Earnings fell short of expectations in the short term mainly due to integration costs and a long payback period. BMO reported net income for fiscal 2023 was \$4.38 billion compared to \$13.54 billion in 2022. Similarly, return on equity (ROE) dropped to just 6% compared to the previous years' 23%. BMO's capital markets division had lower revenue in part because of the weaker environment, while it also took a \$50-million hit because of changes to dividend deductions in Canada.

While in the short term BMO's financial performance dropped, in the years that follow they effectively rode out the acquisition costs, with record growth and market share in the North American commercial banking sector. Fiscal years of 2024 and 2025 saw a net income of \$7.3 billion and \$8.7 billion respectively for BMO Financial Group (TSX:BMO) (NYSE:BMO). Naturally, performance increased over the last 2 years, showing a significant increase in financial performance mainly due to diversification of the product portfolio through wealth management and capital markets. At the same time, ROE returned to normal levels as sufficient time passed for utilisation of new equity in a new larger scale. The slower growth in this metric can be attributed to the transition of Bank of the West's systems, along with the gradual onboarding of new users over time.

A notable trend is that net income continues to remain below pre-pandemic levels. This could be explained by reduced consumer confidence and higher operating and management costs associated with the recently acquired asset.

### **Customer retention and behaviour shifts**

BMO maintained many of Bank of the West's customers following the acquisition and conversion of systems. This helped prevent a loss of deposits and income which is an important factor for success within the banking industry. So much so that BMO received the Celent Award for their integration of 2 million customers.

### **Redefining and Transforming Digital Channels**

The facilitation and impressive customer retention by BMO was their digital-first entry. The bank spotted the market trend and need for a strong digital platform with many competitors such as SoFi and Capital One offering strong value propositions. The instant impact was short term profits decreased due to more spending on research and development, training and also during the transition dual system support was needed. Nonetheless, this refinement helped to improve the customer lifetime value. BMO also innovated in the ease of switching for previous BOTW customers by saving credentials and providing an onboarding experience to get new customers up to speed.

### **Economic Conditions**

After entering the US market as a subsidiary, BMO found much tougher regulatory restrictions under the federal reserves prudential standards including liquidity and capital testing similar to those of its new competitors. Monetary policy in both the U.S and Canada also affected the markets for BMO. Higher interest rates post-deal decreased the demand for borrowing, particularly high interest markets like mortgages, as well as a U.S and Canada trade war spearheaded by trump causing economic uncertainty. It goes without saying, the deal was certainly questioned by many financial analysts, being under a COVID-19 impacted economic sentiment where predictions, forecasts and conclusions were not so reliable.

## Final Thoughts

The acquisition of BNP Paribas' Bank of the West by BMO, announced in December 2021 and completed in February 2023 for about \$16.3 billion, marked BMO's largest expansion into the United States and one of the most significant cross-border banking deals in North America. The transaction supported BMO's long-term strategy to strengthen its U.S. commercial banking presence, diversify revenues beyond Canada, and leverage its strong capital position. Through the deal, BMO expanded into over 30 U.S. states, added around 1.8 million customers, and merged Bank of the West with BMO Harris Bank into a unified U.S. platform, generating operational synergies such as cost efficiencies, branch optimisation, and cross-selling opportunities. For BNP Paribas, the sale enabled a strategic reallocation of capital away from a less attractive U.S. retail market toward strengthening its core European and international banking operations.

### *Derek Lee*

BMO's acquisition of Bank of the West demonstrates a strong commitment to strengthen its position within the North American banking region, with the deal benefiting both BMO and BNP Paribas. For BMO, this acquisition provides an opportunity to reduce dependency on the mature Canadian market, diversify revenue streams, and allow BMO to pursue growth opportunities in the United States. This acquisition closely aligns with BMO's long-term objective of establishing itself as a leading North American bank and doubling BMO's footprint in the United States. On the other hand, this deal enabled BNP Paribas to exit U.S. retail banking while in return gaining a significant amount of capital, allowing BNP Paribas to reallocate resources and focus into European market.

### *Sammy Abbasi*

While the acquisition involved integration, cost, customer retention, and regulatory risks, these challenges were successfully managed through effective execution and planning. Strategically, the deal enabled BNP Paribas to refocus on core European and global markets while redeploying capital more efficiently. For BMO, the acquisition proved to be beneficial, significantly strengthening its U.S. presence, expanding its customer base, and enhancing its long-term competitiveness in high-growth North American markets.

### *Angus Bain*

The Bank of the West deal allowed expansion and diversification of BMO in the U.S., though it wasn't an instant win financially. Higher costs, tougher regulations and a shaky economic environment meant profits took time to catch up, even though customer retention and digital improvements proceeded smoothly. In the long run, the acquisition looks more like a strategic slow burn investment than a quick payoff.



DEREK LEE  
Junior Analyst



SAMMY ABBASI  
Junior Analyst



ANGUS BAIN  
Junior Analyst



DIANA CABECAS  
Head of Relations

## Disclaimer

*This report is produced by university student members of AP Capital Research (APCR). All material presented in this report, unless otherwise specified, is under copyright of APCR. None of the material, nor its content, nor any copy of it, may be altered in any way without the prior express written permission and approval of APCR. All trademarks, service marks, and logos used in this report are trademarks or service marks of APCR. The information, tools and materials presented in this report are for information purposes only and should not be used or considered as an offer or a solicitation of an offer to sell or buy or subscribe to securities or other financial instruments. APCR has not taken any measures to ensure that the opinions in the report are suitable for any particular investor. This report does not constitute any form of legal, investment, taxation, or accounting advice, nor does this report constitute a personal recommendation to you. Information and opinions presented in this report have been obtained from or derived from sources which APCR believes to be reliable and appropriate but APCR makes no representation as to their accuracy or completeness. APCR accepts no liability for loss arising from the use of the material presented in this report. Due attention should be given to the fact that this report is written by university students. This report is not to be relied upon in substitution for the exercise of independent judgement. APCR may have issued in the past, and may issue in the future, other communications and reports which are inconsistent with, and reach different conclusions from, the information presented in this report. Such communications and reports represent the different assumptions, views, and analytical methods of the analysts who prepared them.*

*APCR is not under an obligation to ensure that such communications and reports are brought to the attention to any recipient of this report. This report, and all other publications by APCR do not constitute the opinion of the University of Surrey, nor any governing or student body or department under the University aside from APCR itself. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of APCR, APCR has not reviewed any such website and takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to APCR's own website material) is provided solely for your own convenience and information and the content of any such website does not in any way form part of this Report. Accessing such website or following such link through this report shall be at your own risk.*

## References

BMO. (2023). BMO Financial Group Reports Fourth Quarter and Fiscal 2023 Results. Available at: <https://capitalmarkets.bmo.com/en/insights/bmo-financial-group-reports-fourth-quarter-and-fiscal-2023-results/>.

BMO. (2025). BMO Financial Group Reports Fourth Quarter and Fiscal 2025 Results. Available at: <https://newsroom.bmo.com/2025-12-04-BMO-Financial-Group-Reports-Fourth-Quarter-and-Fiscal-2025-Results/>.

CapitalMarkets.BMO.com. About Us. Available at: <https://capitalmarkets.bmo.com/en/about-us/>.

Group, B.F. (2025). BMO Financial Group Reports Fourth Quarter and Fiscal 2025 Results. Prnewswire.com. Available at: <https://www.prnewswire.com/news-releases/bmo-financial-group-reports-fourth-quarter-and-fiscal-2025-results-302632944.html/>.

Group, T.M. (2022). BMO's \$16.3 bn Acquisition of BNP Paribas' Bank of the West. MergerSight Group. Available at: <https://www.mergersight.com/post/bmo-s-16-3-bn-acquisition-of-bnp-paribas-bank-of-the-west/>.

Newsroom.BMO.com. BMO Completes Acquisition of Bank of the West. Available at: <https://newsroom.bmo.com/2023-02-01-BMO-Completes-Acquisition-of-Bank-of-the-West/>.

Saminather, N. and Kar-gupta, S. (2021). Bank of Montreal expands U.S. presence with \$16 bn purchase of Bank of the West from BNP Paribas. Reuters. 20 Dec. Available at: <https://www.reuters.com/markets/europe/bnp-paribas-sell-bank-west-canadas-bmo-around-16-bln-2021-12-20/>.

TradingEconomics.com. (2025). BNP Paribas | BNP - Market Capitalization. Available at: <https://tradingeconomics.com/bnp:fp:market-capitalization/>.

Yahoo Finance. (2024). BNP Paribas SA (BNP.PA) Valuation Measures & Financial Statistics. Available at: <https://finance.yahoo.com/quote/BNP.PA/key-statistics/>.

Yahoo Finance. (2025). BNP Paribas SA (BNP.PA) Income Statement. Available at: <https://finance.yahoo.com/quote/BNP.PA/financials/>.

Yahoo Finance. Bank of Montreal (BMO) Company Profile & Facts. Available at: <https://finance.yahoo.com/quote/bmo/profile/>.

Yahoo Finance. Bank Of Montreal (BMO) Income Statement. Available at: <https://finance.yahoo.com/quote/BMO/financials/>.