BMO Financial Group

First Quarter 2015 Report to Shareholders

BMO Financial Group Reports Net Income of $1.0 Billion for the First Quarter of 2015

Financial Results Highlights:

First Quarter 2015 Compared with First Quarter 2014:

- **Net income of $1.0 billion, down 6%; adjusted net income[1] of $1,041 million, down 4%**
- **EPS[2] of $1.46, down 8%; adjusted EPS[1,2] of $1.53, down 5%**
- **ROE of 11.8%, compared with 14.2%; adjusted ROE[1] of 12.3%, compared with 14.5%**
- **Provisions for credit losses of $163 million, compared with $99 million**
- **Basel III Common Equity Tier 1 Ratio of 10.1%**

Toronto, February 24, 2015 – For the first quarter ended January 31, 2015, BMO Financial Group reported net income of $1.0 billion or $1.46 per share on a reported basis and net income of $1,041 million or $1.53 per share on an adjusted basis.

"BMO's first quarter results reflect the impact of an unsettled environment in which we saw significant movements in oil prices, long-term interest rates and the Canadian dollar. Against this backdrop, underlying business performance was solid, with combined Personal and Commercial Banking adjusted earnings of $708 million, up 6% year over year, reflecting the benefits of our diversified and growing customer base. We also had good results in our Traditional Wealth businesses, with adjusted earnings up 28% from last year," said Bill Downe, Chief Executive Officer, BMO Financial Group.

"Credit performance continued to be good with higher provisions for credit losses reflecting lower recoveries compared to last year.

"Our capital position remains strong with a Common Equity Tier 1 Ratio of 10.1%. In addition, book value per share increased by 10% from the prior quarter.

"Looking ahead, each of our operating businesses is well positioned to realize on the investments we have made over the past few years," concluded Mr. Downe.

Concurrent with the release of results, BMO announced a second quarter 2015 dividend of $0.80 per common share, unchanged from the preceding quarter and up $0.04 per share or 5% from a year ago, equivalent to an annual dividend of $3.20 per common share.

Our complete First Quarter 2015 Report to Shareholders, including our unaudited interim consolidated financial statements for the period ended January 31, 2015, is available online at www.bmo.com/investorrelations and at www.sedar.com.

(1) Results and measures in this document are presented on a GAAP basis. They are also presented on an adjusted basis that excludes the impact of certain items. Adjusted results and measures are non-GAAP and are detailed for all reported periods in the Non-GAAP Measures section, where such non-GAAP measures and their closest GAAP counterparts are disclosed.
(2) All Earnings per Share (EPS) measures in this document refer to diluted EPS unless specified otherwise. EPS is calculated using net income after deductions for net income attributable to non-controlling interest in subsidiaries and preferred share dividends.
Note: All ratios and percentage changes in this document are based on unrounded numbers.

Total Bank Overview

Net income was $1.0 billion for the first quarter of 2015, down $61 million or 6% from the prior year and adjusted net income was $1,041 million, down $42 million or 4% largely due to the impact of declining long-term interest rates on our insurance business. Net income was up in Canadian P&C, U.S. P&C and Traditional Wealth. There was lower income in BMO Capital Markets as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, and in Corporate Services due to lower benefits from purchased loans. On a basis that excludes the impacts of long-term interest rates in insurance and purchased loans in Corporate Services, adjusted net income increased 5%.

The Basel III Common Equity Tier 1 Ratio remains strong at 10.1%.

Operating Segment Overview

Canadian P&C

Net income was $502 million, up $17 million or 4% from a year ago. Adjusted net income was $503 million, up $17 million or 4% from the prior year, largely driven by higher revenue and lower provisions for credit losses, partially offset by higher expenses. Revenue was up $50 million or 3% year over year driven by higher balance and fee volumes across most products, partially offset by lower net interest margin. Year-over-year loan growth was 4% and deposit growth was 7%. Expenses increased $45 million or 6% reflecting continued investment in the business, including the impact of costs associated with a changing business and regulatory environment.

In personal banking, loans grew 3%, while deposit growth was 8%. Our annual Investment Campaign is well underway, and the early results have been positive. We've continued to see success from our digital investment with over 4 million downloads of our market-leading mobile banking application. In the quarter, we also launched our new BMO Banking and InvestorLine iPad application, becoming the first major Canadian bank to have an integrated application which provides customers access to both personal banking and self-directed investment accounts, as well as a personal finance management tool, all in one place.

In commercial banking, loan and deposit growth remained strong with both growing 7% year over year. During the quarter, the commercial banking business reinforced its commitment to small business owners with our successful launch of BMO DepositEdge™ which provides businesses with the ability to deposit cheques remotely.

U.S. P&C

Net income of $192 million increased $25 million or 15%. Adjusted net income of $205 million increased $25 million or 14%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $161 million increased $7 million or 5% from a year ago. Adjusted net income of $172 million increased $6 million or 3%, driven by a 6% increase in pre-provision pre-tax income, partially offset by higher provisions for credit losses. Revenue increased $6 million or 1% from the prior year reflecting higher volume growth, partially offset by lower net interest margin and fee revenue. Adjusted non-interest expense decreased $9 million or 2% to $456 million due to disciplined expense management.

Year-over-year loan growth was 10%, led by continued strong growth in the core commercial and industrial (C&I) loan portfolio.

Wealth Management

Net income was $159 million. Adjusted net income was $186 million compared to $182 million a year ago. Adjusted net income in traditional wealth of $155 million increased $33 million or 28%, with good organic growth as well as growth from the acquired F&C business. Adjusted net income in insurance was $31 million, down $29 million from a year ago primarily due to a $41 million after-tax charge from unfavourable movements in long-term interest rates in the current quarter relative to a $7 million after-tax charge a year ago.

Assets under management and administration grew by $254 billion or 43% from a year ago to $852 billion, with the acquired F&C business contributing $148 billion to the increase. Excluding F&C, assets under management and administration grew by 18%, driven by the stronger U.S. dollar, market appreciation and growth in new client assets.

In November 2014, BMO InvestorLine was named the Best Online Brokerage for the second year in a row at the 20th annual Morningstar Awards and was also named the top banked–owned online brokerage firm in Canada for the fourth consecutive year in the 16th annual Globe and Mail ranking of online brokers.

BMO Funds was rated second among U.S. mutual fund families by the annual *Barron's/Lipper Fund Family Ranking*[1], recognizing top-performing investment advisory services provided by BMO Global Asset Management.

[1] Barron's "The Best Mutual Fund Families," published February 9, 2015. Barron's is a registered trade mark of Dow Jones & Company. All rights reserved.

BMO Capital Markets

Net income of $221 million decreased $55 million or 20% from a year ago. Revenue decreased 5% year over year as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, in part due to lower securities gains. Credit and funding valuation adjustments reduced revenue by $41 million and net income by $31 million in the quarter. Excluding the impact of the stronger U.S. dollar, non-interest expenses were down $10 million or 2% due to lower employee-related expenses.

In the quarter, we were recognized for several different industry awards which reflect our continued focus on meeting our core clients' needs. We were named U.S. Mid-Market Equity House of the Year by the *International Financing Review* magazine. In addition, we were selected as Top Global Equity Brokerage firm for Execution Quality and ranked first among all full service brokers according to a survey by *Institutional Investor*.

BMO Capital Markets participated in 327 new global issues in the quarter, comprised of 144 corporate debt deals, 123 government debt deals and 60 equity transactions, raising $838 billion.

Corporate Services

Corporate Services net loss for the first quarter of 2015 was $74 million, compared with a net loss of $41 million a year ago.

Adjusted results in these Total Bank Overview and Operating Segment Overview sections are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Capital

BMO's Common Equity Tier 1 (CET1) Ratio was 10.1% at January 31, 2015. The CET1 Ratio was unchanged from October 31, 2014, with increases in CET1 Capital offset by increases in risk-weighted assets. Book value per share increased 10% from the prior quarter to $52.98 per share.

Provisions for Credit Losses

The total provision for credit losses (PCL) was $163 million, an increase of $64 million from the prior year due to lower recoveries on the purchased credit impaired loan portfolio. PCL decreased by $7 million from the prior quarter.

Caution

The foregoing sections contain forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Regulatory Filings

Our continuous disclosure materials, including our interim filings, annual Management's Discussion and Analysis and audited consolidated financial statements, Annual Information Form and Notice of Annual Meeting of Shareholders and Proxy Circular are available on our website at www.bmo.com/investorrelations, on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Bank of Montreal uses a unified branding approach that links all of the organization's member companies. Bank of Montreal, together with its subsidiaries, is known as BMO Financial Group. As such, in this document, the names BMO and BMO Financial Group mean Bank of Montreal, together with its subsidiaries.

Management’s Discussion and Analysis

Management’s Discussion and Analysis (MD&A) commentary is as of February 24, 2015. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the period ended January 31, 2015, as well as the audited consolidated financial statements for the year ended October 31, 2014, and the MD&A for fiscal 2014 in BMO’s 2014 Annual Report. The material that precedes this section comprises part of this MD&A.

The annual MD&A includes a comprehensive discussion of our businesses, strategies and objectives, and can be accessed on our website at www.bmo.com/investorrelations. Readers are also encouraged to visit the site to view other quarterly financial information.

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Bank of Montreal's management, under the supervision of the CEO and CFO, has evaluated the effectiveness, as of January 31, 2015, of Bank of Montreal's disclosure controls and procedures (as defined in the rules of the Securities and Exchange Commission and the Canadian Securities Administrators) and has concluded that such disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting during the quarter ended January 31, 2015, which materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Because of inherent limitations, disclosure controls and procedures and internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements.

As in prior quarters, Bank of Montreal's Audit and Conduct Review Committee reviewed this document and Bank of Montreal’s Board of Directors approved the document prior to its release.

Summary Data			Table 1
(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Summary Income Statement			
Net interest income	**2,219**	2,178	2,113
Non-interest revenue (1)	**2,836**	2,462	2,366
Revenue (1)	**5,055**	4,640	4,479
Specific provision for credit losses	**163**	170	99
Collective provision for (recovery of) credit losses	**-**	-	-
Total provision for credit losses	**163**	170	99
Insurance claims, commissions and changes in policy benefit liabilities (1)	**747**	300	357
Non-interest expense	**3,006**	2,887	2,684
Provision for income taxes	**139**	213	278
Net income	**1,000**	1,070	1,061
Attributable to bank shareholders	**986**	1,057	1,048
Attributable to non-controlling interest in subsidiaries	**14**	13	13
Net income	**1,000**	1,070	1,061
Adjusted net income	**1,041**	1,111	1,083
Common Share Data ($ except as noted)			
Earnings per share	**1.46**	1.56	1.58
Adjusted earnings per share	**1.53**	1.63	1.61
Earnings per share growth (%)	**(7.6)**	(2.5)	4.6
Adjusted earnings per share growth (%)	**(5.0)**	0.6	7.3
Dividends declared per share	**0.80**	0.78	0.76
Book value per share	**52.98**	48.18	45.60
Closing share price	**72.93**	81.73	68.06
Total market value of common shares ($ billions)	**47.2**	53.0	43.9
Dividend yield (%)	**4.4**	3.8	4.5
Financial Measures and Ratios (%)			
Return on equity	**11.8**	13.1	14.2
Adjusted return on equity	**12.3**	13.7	14.5
Net income growth	**(5.8)**	(0.4)	2.5
Adjusted net income growth	**(3.9)**	2.1	5.4
Revenue growth (1)	**12.9**	7.4	7.0
Adjusted revenue growth (1)	**12.9**	10.7	12.9
Adjusted revenue growth, net of CCPB (1)	**4.5**	8.2	8.2
Non-interest expense growth	**12.0**	11.9	4.4
Adjusted non-interest expense growth	**11.3**	14.1	8.5
Efficiency ratio (1)	**59.5**	62.2	59.9
Adjusted efficiency ratio (1)	**58.4**	61.1	59.2
Operating leverage (1)	**0.9**	(4.5)	2.6
Adjusted operating leverage (1)	**1.6**	(3.4)	4.4
Net interest margin on average earning assets	**1.55**	1.60	1.62
Effective tax rate	**12.2**	16.6	20.8
Adjusted effective tax rate	**12.6**	16.8	20.9
Return on average assets	**0.60**	0.69	0.72
Provision for credit losses-to-average loans and acceptances (annualized)	**0.21**	0.23	0.14
Balance Sheet (as at $ millions, except as noted)			
Assets	**672,358**	588,659	592,662
Net loans and acceptances	**317,630**	303,038	289,750
Deposits	**429,778**	393,088	398,393
Common shareholders' equity	**34,277**	31,273	29,391
Cash and securities-to-total assets ratio (%)	**30.1**	30.2	32.3
Capital Ratios (%)			
Common Equity Tier 1 Ratio	**10.1**	10.1	9.3
Tier 1 Capital Ratio	**11.4**	12.0	10.6
Total Capital Ratio	**13.4**	14.3	12.4

(1) Commencing in Q1-2015, insurance claims, commissions and changes in policy benefit liabilities (CCPB) are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified.

Adjusted results are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Non-GAAP Measures

Results and measures in this MD&A are presented on a GAAP basis. Unless otherwise indicated, all amounts are in Canadian dollars and have been derived from financial statements prepared in accordance with International Financial Reporting Standards (IFRS). References to GAAP mean IFRS. They are also presented on an adjusted basis that excludes the impact of certain items as set out in Table 2 below. Management assesses performance on a reported basis and on an adjusted basis and considers both to be useful in assessing underlying ongoing business performance. Presenting results on both bases provides readers with a better understanding of how management assesses results. It also permits readers to assess the impact of certain specified items on results for the periods presented and to better assess results excluding those items if they consider the items to not be reflective of ongoing results. As such, the presentation may facilitate readers' analysis of trends, as well as comparisons with our competitors. Adjusted results and measures are non-GAAP and as such do not have standardized meaning under GAAP. They are unlikely to be comparable to similar measures presented by other companies and should not be viewed in isolation from or as a substitute for GAAP results.

Non-GAAP Measures **Table 2**

(Canadian $ in millions, except as noted)	Q1-2015	Q4-2014	Q1-2014
Reported Results			
Revenue (1)	**5,055**	4,640	4,479
Provision for credit losses	**(163)**	(170)	(99)
Insurance claims, commissions and changes in policy benefit liabilities (1)	**(747)**	(300)	(357)
Non-interest expense	**(3,006)**	(2,887)	(2,684)
Income before income taxes	**1,139**	1,283	1,339
Provision for income taxes	**(139)**	(213)	(278)
Net Income	**1,000**	1,070	1,061
EPS ($)	**1.46**	1.56	1.58
Adjusting Items (Pre-tax)			
Acquisition integration costs (2)	**(13)**	(11)	-
Amortization of acquisition-related intangible assets (3)	**(40)**	(42)	(31)
Adjusting items included in reported pre-tax income	**(53)**	(53)	(31)
Adjusting Items (After tax)			
Acquisition integration costs (2)	**(10)**	(9)	-
Amortization of acquisition-related intangible assets (3)	**(31)**	(32)	(22)
Adjusting items included in reported net income after tax	**(41)**	(41)	(22)
Impact on EPS ($)	**(0.07)**	(0.07)	(0.03)
Adjusted Results			
Revenue (1)	**5,055**	4,640	4,479
Provision for credit losses	**(163)**	(170)	(99)
Insurance claims, commissions and changes in policy benefit liabilities (1)	**(747)**	(300)	(357)
Non-interest expense	**(2,953)**	(2,834)	(2,653)
Income before income taxes	**1,192**	1,336	1,370
Provision for income taxes	**(151)**	(225)	(287)
Net income	**1,041**	1,111	1,083
EPS ($)	**1.53**	1.63	1.61

Adjusted results and measures in this table are non-GAAP amounts or non-GAAP measures.

(1) Commencing in Q1-2015, insurance claims, commissions and changes in policy benefit liabilities are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified.

(2) Acquisition integration costs related to F&C are charged to Wealth Management and are recorded in non-interest expense.

(3) These expenses were charged to the non-interest expense of the operating groups. Before and after-tax amounts for each operating group are provided on pages 13, 14, 15, and 16.

Caution Regarding Forward-Looking Statements

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbor" provisions of, and are intended to be forward-looking statements under, the United States *Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2015 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of or outlook for our operations or for the Canadian, U.S. and international economies.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which we operate; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal or economic policy; the degree of competition in the geographic and business areas in which we operate; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance; judicial or regulatory proceedings; the accuracy and completeness of the information we obtain with respect to our customers and counterparties; our ability to execute our strategic plans and to complete and integrate acquisitions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; operational and infrastructure risks; changes to our credit ratings; general political conditions; global capital markets activities; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply; technological changes; and our ability to anticipate and effectively manage risks associated with all of the foregoing factors.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect our results. For more information, please see the Enterprise-Wide Risk Management section on pages 77 to 105 of BMO's 2014 Annual MD&A, which outlines in detail certain key factors and risks that may affect Bank of Montreal's future results. When relying on forward-looking statements to make decisions with respect to Bank of Montreal, investors and others should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Bank of Montreal does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the level of default and losses on default were material factors we considered when establishing our expectations regarding the future performance of the transactions into which our credit protection vehicle has entered. Among the key assumptions were that the level of default and losses on default would be consistent with historical experience. Material factors that were taken into account when establishing our expectations regarding the risk of future credit losses in our credit protection vehicle and risk of loss to Bank of Montreal included industry diversification in the portfolio, initial credit quality by portfolio, the first-loss protection incorporated into the structure and the hedges into which Bank of Montreal has entered.

Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on our business, are material factors we consider when determining our strategic priorities, objectives and expectations for our business. In determining our expectations for economic growth, both broadly and in the financial services sector, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies. See the Economic Review and Outlook section of our First Quarter 2015 Report to Shareholders.

Economic Review and Outlook

Lower oil prices will slow Canada's economy in the first half of this year, though a weaker currency and stronger U.S. demand should encourage firmer activity in the second half of the year. Despite uneven global demand (with China's economy slowing and the Eurozone economy growing only modestly), Canadian exports are improving and should strengthen further this year. Consumer spending is moderately strong, with motor vehicle sales at record highs, and will be supported by low interest rates this year. Home sales and construction are healthy, and housing market activity is expected to remain steady alongside moderate growth in residential mortgages. However, job growth has moderated and business spending remains weak due to lower oil and other resource prices. The rapid decline in oil prices is expected to reduce business investment this year, slowing demand for business loans compared to the prior year. GDP growth is expected to moderate to 2% in 2015 from approximately 2.4% in 2014, maintaining the unemployment rate at 6.7%. After leading the nation's economy in recent years, Alberta's growth is projected to slow sharply due to the reduction in oil prices, while Newfoundland and Labrador's economy will likely contract for the same reason. However, growth in the other provinces should improve this year in response to higher exports. Mindful of the downside risks to the economy and inflation arising from lower oil prices, the Bank of Canada unexpectedly lowered its policy rate in January, and a further reduction is possible if oil prices remain low. Consequently, the Canadian dollar is expected to remain weak this year.

Unlike Canada, the United States consumes more oil than it produces, meaning the nation benefits from lower energy prices. As a result, economic growth has picked up due to robust business investment, strengthening consumer spending and a steady recovery in housing markets. The strongest job growth in 15 years has reduced the unemployment rate by approximately one percentage point in the past year to a six-year low. GDP growth is expected to strengthen to 3% in 2015 from approximately 2.4% in 2014. Improved household finances and lower gasoline prices will support spending and consumer loan demand, while recent declines in mortgage rates and easier credit conditions will encourage home sales. Demand for residential mortgages is expected to improve this year as housing affordability remains healthy. However, a downturn in the energy sector will slow investment and business loan growth. The Federal Reserve is expected to begin raising the federal funds rate in the summer, for the first time in nine years, resulting in further appreciation in the U.S. dollar, which has risen about 10% on a trade-weighted basis in the past year.

The U.S. Midwest region, which includes the six contiguous states in BMO's U.S. footprint, is expected to grow 2.7% in 2015 in response to increased automotive production and expansionary fiscal policies.

This Economic Review and Outlook section contains forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Other Value Measures

BMO's average annual total shareholder returns for the one-year, three-year and five-year periods ending January 31, 2015, were 11.4%, 12.0% and 11.9%, respectively.

Foreign Exchange

The Canadian dollar equivalents of BMO's U.S. segment net income, revenues, expenses, recovery of (provision for) credit losses and income taxes that are denominated in U.S. dollars were increased relative to the fourth quarter of 2014 and the first quarter of 2014, due to the strengthening of the U.S. dollar. The average Canadian/U.S. dollar exchange rate for the quarter, expressed in terms of the Canadian dollar cost of a U.S. dollar, increased by 10% from a year ago and increased by 7% from the fourth quarter. Table 3 indicates the relevant average Canadian/U.S. dollar exchange rates and the impact of changes in the rates on our U.S. segment results.

Economically, our U.S. dollar income stream was largely unhedged to changes in foreign exchange rates during the quarter. We have hedged a portion of forecasted next 12-month BMO Capital Markets U.S. dollar net income. These hedges are subject to mark-to-market accounting which resulted in a $15 million after tax loss in the first quarter, which was recorded in our BMO Capital Markets business.

We regularly determine whether to execute hedging transactions to mitigate the impact of foreign exchange rate movements on net income.

This Foreign Exchange section contains forward-looking statements. Please see the Caution Regarding Forward Looking Statements.

Effects of Changes in Exchange Rates on BMO's Reported and Adjusted Results **Table 3**

	Q1-2015	
(Canadian $ in millions, except as noted)	vs Q1-2014	vs Q4-2014
Canadian/U.S. dollar exchange rate (average)		
Current period	1.1923	1.1923
Prior period	1.0800	1.1114
Effects on reported results		
Increased net interest income	74	53
Increased non-interest revenue	53	38
Increased revenues	127	91
Increased provision for credit losses	(5)	(3)
Increased expenses	(102)	(73)
Increased income taxes	(2)	(2)
Increased reported net income before impact of hedges	18	13
Hedging losses in current quarter, after tax	(15)	(15)
Increased (decreased) reported net income	3	(2)
Effects on adjusted results		
Increased net interest income	74	53
Increased non-interest revenue	53	38
Increased revenues	127	91
Increased provisions for credit losses	(3)	(2)
Increased expenses	(99)	(71)
Increased income taxes	(4)	(3)
Increased adjusted net income before impact of hedges	21	15
Hedging losses in current quarter, after tax	(15)	(15)
Increased (decreased) adjusted net income	6	-

Adjusted results in this section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Net Income

Q1 2015 vs Q1 2014

Net income was $1.0 billion for the first quarter of 2015, down $61 million or 6% from the prior year and adjusted net income was $1,041 million, down $42 million or 4% largely due to the impact of declining long-term interest rates on our insurance business. EPS was $1.46, down $0.12 or 8% from the prior year and adjusted EPS was $1.53, down $0.08 or 5%. On a basis that excludes the impacts of long-term interest rates in insurance and purchased loans in Corporate Services, adjusted net income increased 5%.

Adjusted results and items excluded in determining adjusted results are disclosed in detail in the preceding Non-GAAP Measures section, together with comments on the uses and limitations of such measures.

Canadian P&C results increased 4% reflecting higher balance and fee volumes across most products, partially offset by higher expenses and lower net interest margin. Wealth Management had good results in traditional wealth with growth of 28% including the acquired F&C business. There was lower net income in insurance due to unfavourable movements in long-term interest rates. BMO Capital Markets results decreased as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, in part due to lower securities gains. U.S. P&C adjusted net income was up on a U.S. dollar basis driven by a 6% increase in pre-provision pre-tax income, partly offset by higher provisions for credit losses. Corporate Services results were lower primarily due to lower recoveries on the purchased credit impaired loan portfolio.

Q1 2015 vs Q4 2014

Net income decreased $70 million or 7% and adjusted net income decreased $70 million or 6%. EPS and adjusted EPS decreased $0.10 or 6%. Both reported and adjusted net income decreased relative to the fourth quarter largely due to the significant decline in net income in insurance as a result of the decline in long-term interest rates in the current quarter and actuarial benefits in the prior quarter, as well as stock-based compensation for employees eligible to retire that is recognized in the first quarter of each year. On a basis that excludes these impacts, adjusted net income increased 7%.

Net income decreased in Canadian P&C due to lower cards fees, lower net interest margin and higher expenses, partially offset by higher volumes across most products. Adjusted net income increased 16% in traditional wealth. Net income in insurance declined by $86 million due to the items outlined above. BMO Capital Markets results improved 15% mainly driven by higher revenue due to improvements in client activity levels in Trading Products. U.S. P&C adjusted net income increased on a U.S. dollar basis due to lower provisions for credit losses and expenses, partly offset by lower revenue. Corporate Services results were lower primarily due to lower net interest income from an above trend fourth quarter and higher taxes on a teb basis.

Adjusted results in this Net Income section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Revenue (1)

Q1 2015 vs Q1 2014

Total revenue of $5,055 million increased $576 million or 13% from the first quarter a year ago. Excluding the impact of the stronger U.S. dollar, net of hedging impacts, revenue increased by $456 million or 10%. Canadian P&C revenue increased due to higher balance and fee volumes across most products, partially offset by lower net interest margin. Wealth Management had good revenue growth, with traditional wealth revenue up 26% due to the benefit from the acquired F&C business and higher fee-based revenue from strong growth in client assets. Insurance revenue increased by $361 million or 79% primarily due to changes in the fair value of the insurance assets that support our policy benefit liabilities. The change in fair value was due to the increase in the fair value of fixed income investments resulting from the decline in interest rates in the quarter. The increase in insurance revenue was more than offset by increased insurance claims, commissions and changes in policy benefit liabilities as discussed on page 10. BMO Capital Markets revenue decreased 5% year over year, as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, in part due to lower securities gains. U.S. P&C revenue increased on a U.S. dollar basis from the prior year reflecting higher volume growth, partially offset by lower net interest margin and fee revenue. Corporate Services revenue was lower primarily due to the impact of a higher group teb adjustment. Total revenue growth was 5% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities with insurance revenue.

Net interest income of $2,219 million increased $106 million or 5% from a year ago, principally due to volume growth and the impact of the stronger U.S. dollar, partially offset by lower net interest margin and lower revenue from the purchased performing loan portfolio. BMO's overall net interest margin decreased by 7 basis points from a year ago to 1.55%. Average earning assets increased $51.4 billion or 10% to $567.3 billion, including a $22.6 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue increased $470 million or 20% from a year ago to $2,836 million primarily due to significant increases in insurance revenue, as well as in investment management and custodial fees and mutual fund revenues partially due to the acquisition of F&C. There were declines in trading revenues, underwriting and advisory fees, card fees and security gains.

Q1 2015 vs. Q4 2014

Total revenue increased $415 million or 9% from the fourth quarter. Excluding the impact of the stronger U.S. dollar, net of hedging impacts, revenue increased by $339 million or 7%. Canadian P&C revenue declined driven by lower cards fees and lower net interest margin, partially offset by higher volumes across most products. Revenue in Wealth Management increased, with 5% growth in traditional wealth reflecting higher fee-based revenue from growth in client assets. Insurance revenue increased by 70% due to the factors mentioned above. BMO Capital Markets had revenue growth of 14% driven by improvements in client activity levels. Revenue in Trading Products rose, driven by higher equity and interest rate trading revenues and revenue in Investment and Corporate Banking was up modestly. U.S. P&C decreased slightly on a U.S. dollar basis as the benefits from commercial loan and deposit growth were more than offset by a reduction in net interest margin. Corporate Services revenue was lower primarily due to the impact of a higher teb adjustment. Total revenue growth decreased 1% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities with insurance revenue.

Net interest income increased $41 million or 2%, principally due to volume growth and the impact of the stronger U.S. dollar, partially offset by lower net interest margin and lower revenue from the purchased performing loan portfolio. BMO's overall net interest margin decreased 5 basis points from the fourth quarter. BMO's overall net interest margin (excluding trading) decreased 8 basis points from the fourth quarter. Average earning assets increased $27.3 billion from the fourth quarter, including a $16.2 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue increased $374 million or 15%, primarily due to a significant increase in insurance revenue.

Net interest income and non-interest revenue are detailed in the unaudited interim consolidated financial statements.

Adjusted results in this Revenue section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

(1) Commencing in Q1-2015, insurance claims, commissions and changes in policy benefit liabilities are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified. Insurance can experience volatility arising from fluctuations in the fair value of insurance assets. The investments which support actuarial liabilities are predominantly fixed income assets recorded at fair value with changes in the fair values recorded in insurance revenue in the Consolidated Statement of Income. These fair value changes are more than offset by changes in the fair value of policy benefit liabilities, the impact of which is reflected in insurance claims, commissions and changes in policy benefit liabilities.

Net Interest Margin on Average Earning Assets (teb)*			Table 4
(In basis points)	**Q1-2015**	Q4-2014	Q1-2014
Canadian P&C	**258**	261	263
U.S. P&C	**345**	354	373
Personal and Commercial Banking	**284**	287	292
Wealth Management	**278**	261	273
BMO Capital Markets	**65**	46	48
Corporate Services, including T&O**	**nm**	nm	nm
Total BMO net interest margin	**155**	160	162
Total BMO net interest margin (excluding trading)	**191**	199	203
Total Canadian Retail***	**255**	258	260

* Net interest margin is disclosed and computed with reference to average earning assets, rather than total assets. This basis provides a more relevant measure of margins and changes in margins. Operating group margins are stated on a taxable equivalent basis (teb) while total BMO margin is stated on a GAAP basis.

** Corporate Services adjusted net interest income is negative in all periods and its variability affects changes in net interest margin (nm - not meaningful).

*** Total Canadian retail margin represents the net interest margin of the combined Canadian businesses of Canadian P&C and Wealth Management.

Provisions for Credit Losses

Q1 2015 vs Q1 2014

The total provision for credit losses (PCL) was $163 million, an increase of $64 million from the prior year due to lower recoveries on the purchased credit impaired loan portfolio. There was no net change to the collective allowance in the quarter.

Canadian P&C provisions decreased by $7 million to $132 million due to lower provisions in the commercial portfolio, partially offset by higher provisions in the consumer portfolio. U.S. P&C provisions of $40 million increased by $19 million due to the impact of higher recoveries in the prior year. BMO Capital Markets provisions of $9 million increased by $10 million reflecting new provisions compared to net recoveries in the prior year. Corporate Services recoveries of $20 million decreased by $39 million, due to lower recoveries on the purchased credit impaired loan portfolio partially offset by lower provisions on the purchased performing loan portfolio.

Q1 2015 vs. Q4 2014

PCL decreased by $7 million from the prior quarter.

Canadian P&C provisions were relatively stable compared to the prior quarter. U.S. P&C provisions decreased by $7 million primarily due to a decrease in the consumer portfolio. BMO Capital Markets provisions were $16 million higher than the prior quarter due to new provisions compared to net recoveries in the prior quarter. Corporate Services recoveries increased by $22 million mainly due to lower provisions on the purchased performing loan portfolio.

Provision for Credit Losses by Operating Group			Table 5
(Canadian $ in millions)	**Q1-2015**	Q4-2014	Q1-2014
Canadian P&C	**132**	129	139
U.S. P&C	**40**	47	21
Personal and Commercial Banking	**172**	176	160
Wealth Management	**2**	(1)	(1)
BMO Capital Markets	**9**	(7)	(1)
Corporate Services, including T&O (1)	**(20)**	2	(59)
Provision for credit losses	**163**	170	99

(1) Corporate Services results include purchased credit impaired loan recoveries of $29 million in Q1-2015 ($18 million after tax); $33 million in Q4-2014 ($20 million after tax); and $117 million in Q1-2014 ($72 million after tax).

Changes to Provision for Credit Losses			Table 6
(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
New specific provisions	**307**	312	358
Reversals of previously established allowances	**(42)**	(50)	(48)
Recoveries of loans previously written-off	**(102)**	(92)	(211)
Provision for credit losses	**163**	170	99
PCL as a % of average net loans and acceptances (annualized)	**0.21**	0.23	0.14

Impaired Loans

Total gross impaired loans (GIL) were $2,195 million at the end of the current quarter, up from $2,048 million in the fourth quarter of 2014, due to the strengthening U.S. dollar, and down from $2,482 million a year ago.

Factors contributing to the change in GIL are outlined in Table 7 below. Loans classified as impaired during the quarter totalled $424 million, down from $534 million in the fourth quarter of 2014 and down from $642 million a year ago.

Changes in Gross Impaired Loans (GIL) and Acceptances (1) **Table 7**

(Canadian $ in millions, except as noted)	Q1-2015	Q4-2014	Q1-2014
GIL, beginning of period	**2,048**	1,975	2,544
Classified as impaired during the period	**424**	534	642
Transferred to not impaired during the period	**(115)**	(129)	(154)
Net repayments	**(143)**	(159)	(446)
Amounts written-off	**(173)**	(214)	(203)
Recoveries of loans and advances previously written-off	**-**	-	-
Disposals of loans	**(13)**	-	(2)
Foreign exchange and other movements	**167**	41	101
GIL, end of period	**2,195**	2,048	2,482
GIL as a % of gross loans and acceptances	**0.69**	0.67	0.85

(1) GIL excludes purchased credit impaired loans.

For further discussion of risk management practices and key measures, see the Risk Management section.

Insurance Claims, Commissions and Changes in Policy Benefit Liabilities

Insurance claims, commissions and changes in policy benefit liabilities were $747 million, up $390 million from the first quarter a year ago, and up $447 million from last quarter mainly due to changes in policy benefit liabilities, including the unfavourable impact of changes in long-term rates this quarter and the benefit of actuarial methodology and assumption changes in the prior quarter.

Non-Interest Expense

Non-interest expense increased $322 million or 12% from the first quarter a year ago to $3,006 million. Adjusted non-interest expense increased $300 million or 11% to $2,953 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased by $201 million or 8%, due to the impact of the F&C acquisition which increased expenses by 4%, increased technology and support costs related to a changing business and regulatory environment and higher employee-related expenses.

Reported and adjusted non-interest expense both increased $119 million or 4% relative to the fourth quarter. Excluding the impact of the stronger U.S. dollar and $87 million of stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year, adjusted non-interest expense decreased by $39 million or 1%.

Adjusted operating leverage was 1.6% year over year and 4.7% quarter over quarter. Adjusted operating leverage was negative 5.3% year over year and negative 4.1% quarter over quarter on a basis that nets insurance claims, commissions and changes in policy benefit liabilities with insurance revenue and excludes both the impact of the stronger U.S. dollar and the F&C acquisition.

The adjusted efficiency ratio was 59.2% in the first quarter of 2014 compared to 58.4% in the current quarter.

Non-interest expense is detailed in the unaudited interim consolidated financial statements.

Adjusted results in this Non-Interest Expense section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Income Taxes

The provision for income taxes of $139 million decreased $139 million from the first quarter of 2014 and $74 million from the fourth quarter of 2014. The effective tax rate for the quarter was 12.2%, compared with 20.8% a year ago and 16.6% in the fourth quarter of 2014.

The adjusted provision for income taxes of $151 million decreased $136 million from a year ago and $74 million from the fourth quarter of 2014. The adjusted effective tax rate was 12.6% in the current quarter, compared with 20.9% a year ago and 16.8% in the fourth quarter of 2014. The lower adjusted tax rate in the current quarter relative to both the first and fourth quarters of 2014 was primarily due to higher tax-exempt income, partially offset by a provision for prior periods' income taxes. On a teb basis, the adjusted effective tax rate for the quarter was 24.7%, compared with 25.5% a year ago and 22.6% in the fourth quarter of 2014.

Adjusted results in this Income Taxes section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Capital Management

First Quarter 2015 Regulatory Capital Review

BMO's Common Equity Tier 1 (CET1) Ratio was 10.1% at January 31, 2015.

The CET1 Ratio was unchanged from October 31, 2014, with increases in CET1 Capital offset by increases in risk-weighted assets (RWA). The impact of foreign exchange movements on the CET1 Ratio was largely hedged, as outlined below.

CET1 Capital at January 31, 2015, was $23.9 billion, up $1.5 billion from October 31, 2014, mainly due to the impact of the stronger U.S. dollar on accumulated other comprehensive income and retained earnings growth, partially offset by share repurchases during the quarter.

RWA for CET1 of $238 billion at January 31, 2015, increased from $222 billion at October 31, 2014, largely due to foreign exchange movements. Source currency RWA increased primarily due to business growth and higher market risk, largely offset by changes in methodology.

The bank's Tier 1 and Total Capital Ratios were 11.4% and 13.4%, respectively, at January 31, 2015, compared with 12.0% and 14.3%, respectively, at October 31, 2014. These ratios changed from October 31, 2014, primarily due to the same factors that impacted the CET1 Ratio, described above, in addition to the impact of the redemptions of capital trust securities and preferred shares, as described below.

The Office of the Superintendent of Financial Institutions (OSFI) has announced that, commencing in the first quarter of 2015, the Assets-to-Capital Multiple (ACM) has been replaced by the Basel III Leverage Ratio, for which OSFI has established a 3% minimum target. BMO's Basel III Leverage Ratio was 3.8% at January 31, 2015.

BMO's investments in foreign operations are primarily denominated in U.S. dollars. The foreign exchange impact of U.S.-dollar-denominated RWA and U.S.-dollar-denominated capital deductions may result in variability in the bank's capital ratios. BMO may enter into hedging arrangements to reduce the impact of foreign exchange movements on its capital ratios. Any such activities could also impact our book value and return on equity.

Pages 64 to 69 and pages 95 to 100 of BMO's 2014 Annual Report provide disclosure on Enterprise-Wide Capital Management and Liquidity and Funding Risk, including regulatory requirements impacting capital and liquidity.

Regulatory Developments

In an effort to increase the comparability of capital requirements and to ensure minimum levels of capital across the banking system, the Basel Committee on Banking Supervision (BCBS) is considering various alternatives and possible capital rule changes. The December 2014 consultative paper proposing changes to the standardized approach for credit risk, as well as the fundamental review of the trading book are examples of such BCBS initiatives. Also during December, the BCBS issued a consultative paper proposing to replace the current Basel I transitional capital floor with capital floors based on the Basel II and Basel III standardized approaches. If such changes were implemented, they could have the effect of increasing the capital that we are required to hold.

Other Capital Developments

During the quarter, we purchased 3 million common shares under the bank's normal course issuer bid (NCIB). This represents the only repurchases under the program that began on February 1, 2014, and ended on January 31, 2015. On January 26, 2015, we announced that we had received approvals from OSFI and the Toronto Stock Exchange (TSX) to proceed with a NCIB through the facilities of the TSX to purchase, for cancellation, up to 15 million of BMO's common shares commencing February 1, 2015, and ending January 31, 2016. The timing and amount of purchases under the program are subject to management discretion based on factors such as market conditions and capital adequacy. The bank will regularly consult with OSFI before making purchases under the bid.

During the quarter, 282,475 common shares were issued through the exercise of stock options.

On December 31, 2014, we redeemed all of our BMO Capital Trust Securities – Series D (BMO BOaTS – Series D) at a redemption amount equal to $1,000 for an aggregate redemption of $600 million, plus unpaid distributions.

On January 22, 2015, we announced our intention to redeem all of our Non-cumulative 5-Year Rate Reset Class B Preferred Shares Series 23 on February 25, 2015, at a redemption price of $25.00 per share plus all declared and unpaid dividends up to but excluding the date fixed for redemption.

On February 24, 2015, BMO announced that the Board of Directors had declared a quarterly dividend payable to common shareholders of $0.80 per common share, unchanged from the preceding quarter and up $0.04 per share or 5% from a year ago.

The dividend is payable on May 26, 2015, to shareholders of record on May 1, 2015. Common shareholders may elect to have their cash dividends reinvested in common shares of the bank in accordance with the shareholder dividend reinvestment and share purchase plan.

Qualifying Regulatory Capital and Risk-Weighted Assets (All-in (1))	Table 8

(Canadian $ in millions)	Q1-2015	Q4-2014
Gross Common Equity (2)	**34,277**	31,273
Regulatory adjustments applied to Common Equity	**(10,335)**	(8,852)
Common Equity Tier 1 Capital (CET1)	**23,942**	22,421
Additional Tier 1 Eligible Capital (3)	**3,546**	4,539
Regulatory adjustments applied to Tier 1	**(358)**	(358)
Additional Tier 1 Capital (AT1)	**3,188**	4,181
Tier 1 Capital (T1 = CET1 + AT1)	**27,130**	26,602
Tier 2 Eligible Capital (4)	**4,842**	5,375
Regulatory adjustments applied to Tier 2	**(50)**	(50)
Tier 2 Capital (T2)	**4,792**	5,325
Total Capital (TC = T1 + T2)	**31,922**	31,927
Risk-weighted assets (5)		
CET1 Capital risk-weighted assets	**237,529**	222,092
Tier 1 Capital risk-weighted assets	**237,940**	222,428
Total Capital risk-weighted assets	**238,292**	222,931
Capital Ratios (%)		
CET1 Ratio	**10.1**	10.1
Tier 1 Capital Ratio	**11.4**	12.0
Total Capital Ratio	**13.4**	14.3

(1) "All-in" regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013, and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013, and continuing to January 1, 2022.
(2) Gross Common Equity includes issued qualifying common shares, retained earnings, accumulated other comprehensive income and eligible common share capital issued by subsidiaries.
(3) Additional Tier 1 Eligible Capital includes directly and indirectly issued qualifying Additional Tier 1 instruments and directly and indirectly issued capital instruments, to the extent eligible, which are subject to phase-out under Basel III.
(4) Tier 2 Eligible Capital includes directly and indirectly issued qualifying Tier 2 instruments and directly and indirectly issued capital instruments, to the extent eligible, that are subject to phase-out under Basel III.
(5) Due to the phased-in implementation of the Credit Valuation Adjustment (CVA) which commenced in Q1-2014, the scalars applied to the fully implemented CVA charge for CET1, Tier 1 Capital and Total Capital were 64%, 71% and 77% respectively, for Q1-2015 (57%, 65% and 77% respectively, for Q4-2014) resulting in different RWA measures for each of the three tiers of regulatory capital.

Outstanding Shares and Securities Convertible into Common Shares	Table 9

As at February 18, 2015	Number of shares or dollar amount (in millions)
Common shares	647
Class B Preferred shares	
Series 13	$350
Series 14	$250
Series 15	$250
Series 16	$157
Series 17	$143
Series 23 (1)	$400
Series 25	$290
Series 27	$500
Series 29	$400
Series 31	$300
Medium-Term Notes	
Series H (2)	$1,000
Stock options	
– vested	7.8
– non-vested	5.3

(1) On January 22, 2015, we announced our intention to redeem our Series 23 Preferred Shares on February 25, 2015.
(2) Details on the Series H Medium-Term Notes, Tranche 1 are outlined in Note 17 to the audited consolidated financial statements on page 158 of BMO's 2014 Annual Report.

Details on share capital are outlined in Note 10 to the unaudited interim consolidated financial statements and Note 20 to the audited annual consolidated financial statements on page 161 of BMO's 2014 Annual Report.

Caution

The foregoing Capital Management sections contain forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Eligible Dividends Designation

For the purposes of the *Income Tax Act* (Canada) and any similar provincial and territorial legislation, BMO designates all dividends paid or deemed to be paid on both its common and preferred shares as "eligible dividends", unless indicated otherwise.

Review of Operating Groups' Performance

How BMO Reports Operating Group Results

The following sections review the financial results of each of our operating segments and operating groups for the first quarter of 2015.

Periodically, certain business lines and units within the business lines are transferred between client and corporate support groups to more closely align BMO's organizational structure with its strategic priorities. In addition, revenue and expense allocations are updated to more accurately align with current experience. Results for prior periods are restated to conform to the current presentation.

Corporate Services results reflect certain items in respect of the purchased loan portfolio, including the recognition of a portion of the credit mark that is reflected in net interest income over the term of the purchased loans and provisions and recoveries of credit losses on the purchased portfolio.

Commencing in the first quarter of 2015, insurance claims, commissions and changes in policy benefit liabilities are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified.

BMO analyzes revenue at the consolidated level based on GAAP revenue reflected in the consolidated financial statements rather than on a taxable equivalent basis (teb). Like many banks, we analyze revenue on a teb basis at the operating group level. This basis includes an adjustment that increases GAAP revenue and the GAAP provision for income taxes by an amount that would raise revenue on certain tax-exempt items to a level equivalent to amounts that would incur tax at the statutory rate. The offset to the group teb adjustments is reflected in Corporate Services revenue and income tax provisions. The teb adjustments for the first quarter of 2015 totalled $190 million, up from $99 million in the fourth quarter of 2014 and $85 million in the first quarter of 2014.

Personal and Commercial Banking (P&C) **Table 10**

(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income (teb)	**1,898**	1,861	1,801
Non-interest revenue	**589**	595	550
Total revenue (teb)	**2,487**	2,456	2,351
Provision for credit losses	**172**	176	160
Non-interest expense	**1,395**	1,348	1,313
Income before income taxes	**920**	932	878
Provision for income taxes (teb)	**226**	237	226
Reported net income	**694**	695	652
Amortization of acquisition-related intangible assets (1)	**14**	14	14
Adjusted net income	**708**	709	666
Net income growth (%)	**6.5**	23.5	3.7
Revenue growth (%)	**5.8**	7.6	4.6
Non-interest expense growth (%)	**6.2**	6.5	6.2
Return on equity (%)	**15.7**	17.1	16.4
Adjusted return on equity (%)	**16.0**	17.4	16.8
Operating leverage (%) (teb)	**(0.4)**	1.1	(1.6)
Adjusted operating leverage (%) (teb)	**(0.7)**	0.8	(1.9)
Efficiency ratio (%) (teb)	**56.1**	54.9	55.9
Adjusted efficiency ratio (%) (teb)	**55.4**	54.1	55.0
Net interest margin on average earning assets (%) (teb)	**2.84**	2.87	2.92
Average earning assets	**265,408**	257,587	245,007
Average current loans and acceptances	**261,126**	253,703	242,184
Average deposits	**204,818**	196,299	186,386

(1) Before tax amounts of: $18 million in Q1-2015; $19 million in Q4-2014; and $20 million in Q1-2014 are included in non-interest expense.

Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

The Personal and Commercial Banking (P&C) operating group represents the sum of our two retail and business banking operating segments, Canadian Personal and Commercial Banking (Canadian P&C) and U.S. Personal and Commercial Banking (U.S. P&C). These operating segments are reviewed separately in the sections that follow.

Canadian Personal and Commercial Banking (Canadian P&C) **Table 11**

(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income	**1,217**	1,222	1,196
Non-interest revenue	**411**	429	382
Total revenue	**1,628**	1,651	1,578
Provision for credit losses	**132**	129	139
Non-interest expense	**835**	819	790
Income before income taxes	**661**	703	649
Provision for income taxes	**159**	177	164
Reported net income	**502**	526	485
Amortization of acquisition-related intangible assets (1)	**1**	1	1
Adjusted net income	**503**	527	486
Personal revenue	**1,078**	1,096	1,048
Commercial revenue	**550**	555	530
Net income growth (%)	**3.6**	14.8	8.5
Revenue growth (%)	**3.1**	6.9	6.6
Non-interest expense growth (%)	**5.6**	6.1	3.7
Operating leverage (%)	**(2.5)**	0.8	2.9
Efficiency ratio (%)	**51.3**	49.6	50.1
Net interest margin on average earning assets (%)	**2.58**	2.61	2.63
Average earning assets	**187,185**	185,905	180,653
Average current loans and acceptances	**191,744**	190,428	184,989
Average deposits	**131,441**	128,536	122,460

(1) Before tax amounts of: $1 million in each of Q1-2015; Q4-2014; and Q1-2014 are included in non-interest expense.
Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Q1 2015 vs Q1 2014

Canadian P&C net income of $502 million increased $17 million or 4% from a year ago. Revenue increased $50 million or 3% from the prior year due to higher balance and fee volumes across most products, partially offset by lower net interest margin. Net interest margin was 2.58%, down 5 basis points driven by lower loan and deposit spreads.

In the personal banking segment, revenue increased $30 million year over year due to the impact of higher balances and fee volumes, partially offset by lower net interest margin. Total personal lending balances (excluding retail cards) increased 3% year over year. Personal deposit balances increased 8% mainly due to growth in term deposits and chequing accounts.

In the commercial banking segment, revenue increased $20 million due to the impact of higher balance and fee volumes across most products, partially offset by lower net interest margin. Commercial loan balances (excluding corporate cards) and commercial deposit balances both grew 7% year over year.

Provisions for credit losses decreased $7 million or 5% due to lower provisions in the commercial portfolio, partially offset by higher provisions in the consumer portfolio. Non-interest expense increased $45 million or 6% reflecting continued investment in the business, including the impact of costs associated with a changing business and regulatory environment.

Average current loans and acceptances increased $6.8 billion or 4% from a year ago, and deposits increased $9.0 billion or 7%.

Q1 2015 vs Q4 2014

Net income declined by $24 million from the prior quarter. Revenue declined by $23 million or 1% driven by lower cards fees and lower net interest margin, partially offset by higher volumes across most products. Net interest margin declined by 3 basis points driven by lower personal loan spreads.

Personal revenue declined $18 million mainly due to lower net interest margin and retail card fees, partially offset by higher balances across most products. Commercial revenue decreased $5 million due to lower corporate card fees. Higher commercial balance volumes were offset by lower net interest margin.

Provisions for credit losses were relatively stable compared to the prior quarter. Non-interest expense increased $16 million or 2% reflecting increased investment in the business and higher stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year.

Average current loans and acceptances increased $1.3 billion or 1% from the previous quarter, while deposits increased $2.9 billion or 2%.

U.S. Personal and Commercial Banking (U.S. P&C)			Table 12
(US$ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income (teb)	**571**	575	559
Non-interest revenue	**149**	149	155
Total revenue (teb)	**720**	724	714
Provision for credit losses	**33**	42	20
Non-interest expense	**470**	476	483
Income before income taxes	**217**	206	211
Provision for income taxes (teb)	**56**	55	57
Reported net income	**161**	151	154
Amortization of acquisition-related intangible assets (1)	**11**	11	12
Adjusted net income	**172**	162	166
Net income growth (%)	**4.5**	51.8	(15.6)
Adjusted net income growth (%)	**3.3**	44.9	(15.9)
Revenue growth (%)	**0.8**	2.1	(7.2)
Non-interest expense growth (%)	**(2.8)**	0.4	1.6
Adjusted non-interest expense growth (%)	**(2.1)**	1.2	2.5
Operating leverage (%) (teb)	**3.6**	1.7	(8.8)
Adjusted operating leverage (%) (teb)	**2.9**	0.9	(9.7)
Efficiency ratio (%) (teb)	**65.2**	65.8	67.6
Adjusted efficiency ratio (%) (teb)	**63.2**	63.6	65.1
Net interest margin on average earning assets (%) (teb)	**3.45**	3.54	3.73
Average earning assets	**65,606**	64,492	59,569
Average current loans and acceptances	**58,185**	56,929	52,944
Average deposits	**61,548**	60,966	59,193
(Canadian $ equivalent in millions)			
Net interest income (teb)	**681**	639	605
Non-interest revenue	**178**	166	168
Total revenue (teb)	**859**	805	773
Provision for credit losses	**40**	47	21
Non-interest expense	**560**	529	523
Income before income taxes	**259**	229	229
Provision for income taxes (teb)	**67**	60	62
Reported net Income	**192**	169	167
Adjusted net income	**205**	182	180
Average earning assets	**78,223**	71,682	64,354
Average current loans and acceptances	**69,382**	63,275	57,195
Average deposits	**73,377**	67,763	63,926

(1) Before tax amounts of: $14 million in Q1-2015; $16 million in Q4-2014; and $18 million in Q1-2014 are included in non-interest expense.
Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Q1 2015 vs Q1 2014

Net income of $192 million increased $25 million or 15%. Adjusted net income of $205 million increased $25 million or 14%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $161 million increased $7 million or 5% from a year ago. Adjusted net income of $172 million increased $6 million or 3%, driven by a 6% increase in pre-provision pre-tax income, partly offset by higher provisions for credit losses.

Revenue of $720 million increased $6 million or 1% from the prior year reflecting higher volume growth, partially offset by lower net interest margin and fee revenue. Net interest margin decreased by 28 basis points to 3.45%, primarily driven by a decline in loan spreads due to competitive pricing and changes in mix, including loans growing faster than deposits.

Provisions for credit losses were $33 million, up $13 million due to the impact of higher recoveries in the prior year. Non-interest expense decreased $13 million or 3% to $470 million. Adjusted non-interest expense decreased $9 million or 2% to $456 million, as a result of disciplined expense management.

Average current loans and acceptances increased $5.2 billion or 10% year over year to $58.2 billion. The core C&I loan portfolio maintained strong double-digit growth, increasing $5.9 billion or 24% from a year ago to $30.1 billion. In addition, our indirect auto and commercial real estate portfolios reflected growth of 6% and 16% year over year, respectively. Average deposits of $61.5 billion increased $2.4 billion or 4% year over year. Continued deposit growth in our commercial business and personal chequing balances was partially offset by planned declines in higher-cost time deposit balances.

Q1 2015 vs Q4 2014

Net income increased $23 million or 14%, and adjusted net income increased $23 million or 13%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income increased $10 million or 6% and adjusted net income increased $10 million or 5% from the prior quarter, primarily driven by lower provisions for credit losses and expenses, partly offset by lower revenue.

Revenue decreased $4 million from the prior quarter as the benefits from commercial loan and deposit growth were more than offset by a reduction in net interest margin. Net interest margin decreased by 9 basis points to 3.45% reflecting the impact of competitive pressure on loan spreads and changes in mix including loans growing faster than deposits.

Provisions for credit losses decreased by $9 million or 20%, primarily due to a decrease in the consumer portfolio. Non-interest expense decreased $6 million and adjusted non-interest expense decreased $4 million as higher stock-based compensation for employees that are eligible to retire that is recognized in the first quarter of each year was more than offset by disciplined expense management.

Average current loans and acceptances increased by $1.3 billion or 2% from the prior quarter, due to core C&I loan portfolio growth. Average deposits grew $0.6 billion or 1%, as growth in commercial business and personal chequing balances was partially offset by planned declines in higher-cost time deposit balances.

Adjusted results in this U.S. P&C section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Wealth Management **Table 13**

(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income	**160**	144	140
Non-interest revenue (1)	**1,622**	1,256	1,083
Total revenue (1)	**1,782**	1,400	1,223
Provision for (recovery of) credit losses	**2**	(1)	(1)
Insurance claims, commissions and changes in policy benefit liabilities (1)	**747**	300	357
Non-interest expense	**828**	816	645
Income before income taxes	**205**	285	222
Provision for income taxes	**46**	60	48
Reported net income	**159**	225	174
Acquisition integration costs (2)	**10**	9	-
Amortization of acquisition-related intangible assets (3)	**17**	18	8
Adjusted net income	**186**	252	182
Net income growth (%)	**(8.7)**	(27.7)	7.5
Adjusted net income growth (%)	**2.3**	(20.9)	8.1
Revenue growth (%) (1)	**45.6**	14.7	31.1
Revenue growth, net of CCPB (1)	**19.3**	5.8	11.4
Non-interest expense growth (%)	**28.3**	35.2	12.9
Adjusted non-interest expense growth (%)	**24.9**	31.7	12.7
Return on equity (%)	**11.5**	17.4	20.6
Adjusted return on equity (%)	**13.4**	19.4	21.6
Operating leverage (%) (1)	**17.3**	(20.5)	18.2
Adjusted operating leverage (%) (1)	**20.7**	(17.0)	18.4
Efficiency ratio (%) (1)	**46.5**	58.3	52.7
Adjusted efficiency ratio (%) (1)	**44.5**	55.9	51.9
Net interest margin on average earning assets (%)	**2.78**	2.61	2.73
Average earning assets	**22,780**	21,985	20,433
Average current loans and acceptances	**13,805**	13,250	12,561
Average deposits	**26,595**	25,217	25,211
U.S. Select Financial Data (US$ in millions)			
Total revenue	**185**	181	178
Non-interest expense	**169**	196	157
Reported net income	**12**	(7)	17
Adjusted net income	**17**	(2)	22
Average earning assets	**3,186**	3,126	2,935
Average current loans and acceptances	**2,829**	2,707	2,527
Average deposits	**6,296**	6,092	5,863

(1) Commencing in Q1-2015, insurance claims, commissions and changes in policy benefit liabilities (CCPB) are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified.
(2) Acquisition integration costs related to F&C of $13 million in Q1-2015; and $11 million in Q4-2014 are included in non-interest expense.
(3) Before tax amounts of: $22 million in Q1-2015; $22 million in Q4-2014; and $10 million in Q1-2014 are included in non-interest expense.
Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Q1 2015 vs Q1 2014

Net income was $159 million. Adjusted net income was $186 million compared to $182 million a year ago. Adjusted net income in traditional wealth of $155 million increased $33 million or 28% with good organic growth as well as growth from the acquired F&C business. Adjusted net income in insurance was $31 million, down $29 million from a year ago primarily due to a $41 million after-tax charge from unfavourable movements in long-term interest rates in the current quarter relative to a $7 million after-tax charge a year ago.

Revenue was $1,782 million, up $559 million or 46% from a year ago. Revenue in traditional wealth of $966 million increased $198 million or 26% due to the benefit from the acquired F&C business and higher fee-based revenue from strong growth in client assets. Insurance revenue was $816 million, up $361 million or 79% primarily due to the change in fair value of insurance investments that support our policy benefit liabilities. The change in fair value was due primarily to the increase in the fair value of fixed income investments resulting from the decline in interest rates in the quarter. The increase in insurance revenue was more than offset by increased insurance claims, commissions and changes in policy benefit liabilities of $390 million. The stronger U.S. dollar increased revenue by $21 million. Wealth Management revenue growth was 19% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities with insurance revenue.

Non-interest expense was $828 million, up $183 million or 28% from a year ago. Adjusted non-interest expense was $793 million, up $158 million or 25% mainly due to the impact of the F&C acquisition, higher revenue-based costs and investments due to a changing business and regulatory environment. The stronger U.S. dollar increased adjusted expenses by $18 million.

Assets under management and administration grew by $254 billion or 43% from a year ago to $852 billion, with the acquired F&C business contributing $148 billion to the increase. Excluding F&C, assets under management and administration grew by 18%, driven by the stronger U.S. dollar, market appreciation and growth in new client assets.

Q1 2015 vs Q4 2014

Net income and adjusted net income decreased $66 million from last quarter. Adjusted net income in traditional wealth increased $20 million or 16% due to business growth. Adjusted net income in insurance decreased $86 million as the prior quarter included the $44 million after tax beneficial impact of changes in the approach to calculating the ultimate reinvestment rate less the impact of annual actuarial assumption changes. The remaining decrease was attributed to unfavourable movements in long-term interest rates relative to prior quarter.

Revenue increased $382 million or 27% from last quarter. Revenue in traditional wealth increased $46 million or 5%, reflecting higher fee-based revenue from growth in client assets. Insurance revenue increased $336 million primarily due to the change in fair value of insurance investments which was more than offset by increased insurance claims, commissions and changes in policy benefit liabilities of $447 million resulting from the decline in long-term interest rates in the current quarter and the beneficial changes in actuarial reserves in the prior quarter. The stronger U.S. dollar increased revenue by $15 million. Wealth Management revenue declined 6% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities with insurance revenue due to the increase in insurance policy benefit liabilities described above.

Non-interest expense increased $12 million or 1% from last quarter. Adjusted non-interest expense increased $10 million or 1%. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense declined $3 million, due to the settlement of a legal matter in the previous quarter offset in part by stock-based compensation for employees eligible to retire in the current quarter and higher support costs.

Assets under management and administration grew by $57 billion or 7% due to the stronger U.S. dollar and market appreciation.

Adjusted results in this Wealth Management section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP measures section.

BMO Capital Markets			Table 14
(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income (teb)	**388**	262	260
Non-interest revenue	**533**	549	713
Total revenue (teb)	**921**	811	973
Provision for (recovery of) credit losses	**9**	(7)	(1)
Non-interest expense	**623**	573	608
Income before income taxes	**289**	245	366
Provision for income taxes (teb)	**68**	54	90
Reported and adjusted net income	**221**	191	276
Trading Products revenue	**569**	470	591
Investment and Corporate Banking revenue	**352**	341	382
Net income growth (%)	**(20.1)**	(11.6)	(7.0)
Revenue growth (%)	**(5.2)**	2.0	8.9
Non-interest expense growth (%)	**2.5**	9.0	16.3
Return on equity (%)	**13.7**	14.3	18.8
Operating leverage (%) (teb)	**(7.7)**	(7.0)	(7.4)
Efficiency ratio (%) (teb)	**67.6**	70.8	62.5
Net interest margin on average earning assets (%) (teb)	**0.65**	0.46	0.48
Average earning assets	**237,186**	225,414	215,919
Average assets	**287,666**	263,362	254,156
Average current loans and acceptances	**34,526**	31,076	27,823
Average deposits	**138,979**	132,916	130,594
U.S. Select Financial Data (US$ in millions)			
Total revenue (teb)	**265**	253	342
Non-interest expense	**220**	212	226
Reported net income	**29**	32	86
Average earning assets	**76,161**	80,529	74,641
Average assets	**85,228**	88,323	84,847
Average current loans and acceptances	**10,184**	9,587	8,992
Average deposits	**58,603**	57,254	55,030

Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Q1 2015 vs Q1 2014

Net income of $221 million decreased $55 million or 20% from a year ago as good trading revenue was more than offset by credit and funding valuation adjustments and lower Investment and Corporate Banking revenue, in part due to lower securities gains. Credit and funding valuation adjustments reduced revenue by $41 million and net income by $31 million in the quarter.

Revenue decreased $52 million or 5% year over year. Solid corporate banking revenue performance was more than offset by lower net securities gains and lower investment banking fees in Investment and Corporate Banking. In Trading Products, good trading revenue was more than offset by the negative impact of the credit and funding valuation adjustments. The stronger U.S. dollar increased revenue by $20 million or 2%, net of hedging impacts.

Provisions for credit losses increased by $10 million reflecting new provisions compared to net recoveries in the prior year. Non-interest expense increased $15 million or 2%. Excluding the impact of the stronger U.S. dollar, non-interest expenses were down $10 million or 2% due to lower employee-related expenses, partly offset by increased support costs that are driven by a changing business and regulatory environment.

Q1 2015 vs Q4 2014

Net income increased $30 million or 15% from the previous quarter mainly due to higher revenue, partly offset by higher expenses and higher credit losses. Return on equity of 13.7% was down due to a methodology change that increased allocated capital, offset in part by higher net income.

Revenue increased $110 million or 14% driven by improvements in client activity levels. Revenue in Trading Products rose primarily due to higher equity and interest rate trading revenues while revenue in Investment and Corporate Banking increased modestly. The stronger U.S. dollar increased revenue by $6 million or 1%, net of hedging impacts.

Provisions for credit losses were $16 million higher than the prior quarter due to new provisions compared to net recoveries in the prior quarter. Non-interest expense increased $50 million or 9% from the previous quarter largely due to stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year, as well as increased support costs that are driven by a changing business and regulatory environment. The stronger U.S. dollar increased expenses by $18 million or 3%.

Corporate Services, Including Technology and Operations			Table 15
(Canadian $ in millions, except as noted)	**Q1-2015**	Q4-2014	Q1-2014
Net interest income before group teb offset	**(37)**	10	(3)
Group teb offset	**(190)**	(99)	(85)
Net interest income (teb)	**(227)**	(89)	(88)
Non-interest revenue	**92**	62	20
Total revenue (teb)	**(135)**	(27)	(68)
Provision for (recovery) of credit losses	**(20)**	2	(59)
Non-interest expense	**160**	150	118
Loss before income taxes	**(275)**	(179)	(127)
Recovery of income taxes (teb)	**(201)**	(138)	(86)
Reported and adjusted net income (loss)	**(74)**	(41)	(41)
Corporate Services Provision for (Recovery of) Credit Losses			
Impaired real estate loans	**5**	2	14
Interest on impaired loans	**4**	3	10
Purchased credit impaired loans	**(29)**	(33)	(117)
Purchased performing loans	**-**	30	34
Provision for (recovery) of credit losses, reported basis	**(20)**	2	(59)
Average loans and acceptances	**300**	356	563
Period-end loans and acceptances	**256**	306	559
U.S. Select Financial Data (US$ in millions)			
Total revenue (teb)	**(43)**	(80)	(23)
Recovery of credit losses	**(1)**	(23)	(48)
Non-interest expense	**46**	40	12
Recovery of income taxes (teb)	**(46)**	(45)	(3)
Reported net income (loss)	**(42)**	(52)	16
Adjusted total revenue (teb)	**(43)**	(80)	(23)
Adjusted provision for (recovery) of credit losses	**(18)**	2	(57)
Adjusted non-interest expense	**46**	40	12
Adjusted net income (loss)	**(31)**	(66)	21

Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Corporate Services

Corporate Services consists of Corporate Units and Technology and Operations (T&O). Corporate Units provide enterprise-wide expertise and governance support in a variety of areas, including strategic planning, risk management, finance, legal and compliance, marketing, communications and human resources. T&O manages, maintains and provides governance over information technology, operations services, real estate and sourcing for BMO Financial Group.

The costs of providing these Corporate Unit and T&O services are largely transferred to the three client operating groups (P&C, Wealth Management and BMO Capital Markets), and only relatively minor amounts are retained in Corporate Services results. As such, Corporate Services adjusted operating results largely reflect the impact of certain asset-liability management activities, the elimination of taxable equivalent adjustments, the results from certain impaired real estate secured assets and purchased loan accounting impacts.

Financial Performance Review

Q1 2015 vs Q1 2014

Corporate Services net loss for the first quarter of 2015 was $74 million, compared with net loss of $41 million a year ago. Excluding the impact of the group teb adjustment on revenue and taxes, results were lower due to lower recoveries on the purchased credit impaired loan portfolio, higher regulatory expenses, higher taxes and the impact of the stronger U.S. dollar, partly offset by higher revenue, largely due to treasury-related items.

Q1 2015 vs Q4 2014

Corporate Services net loss for the first quarter of 2015 was $74 million, compared with net loss of $41 million in the fourth quarter of 2014. Results were lower primarily due to lower net interest income from an above trend fourth quarter and higher taxes, excluding the impact of the group teb adjustment.

Summary Quarterly Earnings Trends **Table 16**

(Canadian $ in millions, except as noted)	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013
Total revenue (1)	**5,055**	4,640	4,735	4,369	4,479	4,319	4,088	4,236
Provision for credit losses – specific (see below)	**163**	170	130	162	99	189	56	174
Provision for (recovery of) credit losses – collective	**-**	-	-	-	-	-	20	(30)
Insurance claims, commissions and changes in policy benefit liabilities (1)	**747**	300	520	328	357	181	88	343
Non-interest expense	**3,006**	2,887	2,756	2,594	2,684	2,580	2,526	2,550
Income before income taxes	**1,139**	1,283	1,329	1,285	1,339	1,369	1,398	1,199
Provision for income taxes	**139**	213	203	209	278	295	275	237
Reported net income (see below)	**1,000**	1,070	1,126	1,076	1,061	1,074	1,123	962
Adjusted net income (see below)	**1,041**	1,111	1,162	1,097	1,083	1,088	1,122	984
Basic earnings per share ($)	**1.47**	1.57	1.68	1.61	1.58	1.60	1.67	1.41
Diluted earnings per share ($)	**1.46**	1.56	1.67	1.60	1.58	1.60	1.66	1.40
Adjusted diluted earnings per share ($)	**1.53**	1.63	1.73	1.63	1.61	1.62	1.66	1.44
Net interest margin on average earning assets (%)	**1.55**	1.60	1.58	1.59	1.62	1.69	1.78	1.82
Adjusted net interest margin on average earning assets (%)	**1.55**	1.60	1.58	1.59	1.62	1.60	1.65	1.67
Effective income tax rate (%)	**12.2**	16.6	15.3	16.2	20.8	21.6	19.7	19.8
Adjusted effective income tax rate (%)	**12.6**	16.8	15.6	16.5	20.9	21.5	19.2	19.0
Canadian/U.S. dollar exchange rate (average)	**1.19**	1.11	1.08	1.10	1.08	1.04	1.04	1.02
Provision for credit losses – specific								
Canadian P&C	**132**	129	129	131	139	164	122	149
U.S. P&C	**40**	47	57	52	21	98	43	59
Personal and Commercial Banking	**172**	176	186	183	160	262	165	208
Wealth Management	**2**	(1)	(3)	2	(1)	1	(1)	1
BMO Capital Markets	**9**	(7)	(6)	(4)	(1)	(17)	2	(6)
Corporate Services, including T&O	**(20)**	2	(47)	(19)	(59)	(57)	(110)	(29)
BMO Financial Group provision for credit losses – specific	**163**	170	130	162	99	189	56	174
Operating group reported net income:								
Canadian P&C	**502**	526	525	480	485	458	486	421
U.S. P&C	**192**	169	161	157	167	104	152	153
Personal and Commercial Banking	**694**	695	686	637	652	562	638	574
Wealth Management	**159**	225	189	192	174	310	216	139
BMO Capital Markets	**221**	191	305	305	276	216	267	260
Corporate Services, including T&O	**(74)**	(41)	(54)	(58)	(41)	(14)	2	(11)
BMO Financial Group net income	**1,000**	1,070	1,126	1,076	1,061	1,074	1,123	962
Operating group adjusted net income:								
Canadian P&C	**503**	527	526	481	486	460	488	421
U.S. P&C	**205**	182	174	170	180	117	165	167
Personal and Commercial Banking	**708**	709	700	651	666	577	653	588
Wealth Management	**186**	252	211	198	182	317	223	146
BMO Capital Markets	**221**	191	305	306	276	217	268	260
Corporate Services, including T&O	**(74)**	(41)	(54)	(58)	(41)	(23)	(22)	(10)
BMO Financial Group adjusted net income	**1,041**	1,111	1,162	1,097	1,083	1,088	1,122	984

(1) Commencing in Q1-2015, insurance claims, commissions and changes in policy benefit liabilities are reported separately. They were previously reported as a reduction in insurance revenue in non-interest revenue. Prior period amounts and ratios have been reclassified.

Adjusted results in this table are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

BMO's quarterly earnings trends were reviewed in detail on pages 58 and 59 of BMO's 2014 Annual Report. Readers are encouraged to refer to that review for a more complete discussion of trends and factors affecting past quarterly results including the modest impact of seasonal variations in results. Table 16 outlines summary results for the second quarter of fiscal 2013 through the first quarter of fiscal 2015. The table reflects changes in IFRS that are outlined in Note 1 to the unaudited interim consolidated financial statements and Note 1 to the audited annual consolidated financial statements on page 128 of BMO's 2014 Annual Report.

Periodically, certain business lines and units within the business lines are transferred between client operating groups to more closely align BMO's organizational structure and its strategic priorities. Comparative figures have been restated to conform to the current presentation.

Canadian P&C

Canadian P&C has had good net income growth over the last four quarters in 2014 with positive operating leverage. Over that period revenue growth has been driven by higher balance and fee volumes, with relatively stable net interest margins. Deposit growth has been strong, while loan growth has slowed in recent quarters. Expenses have grown as a result of continued investment in the business. Provisions for credit losses have remained relatively consistent over the past five quarters.

U.S. P&C

Results have been improving since the second quarter of 2014 due to improved revenue growth, primarily driven by strong commercial loan growth. Net interest margin has declined primarily due to lower loan spreads due to competitive pricing and changes in mix. Provisions for credit losses have remained relatively consistent over the past four quarters.

Wealth Management
Wealth Management operating results grew significantly in 2014. Traditional wealth operating results benefited from the acquired F&C business in the second half of 2014, as well as good organic growth in client assets. The fourth quarter of 2013 included a large security gain. Excluding this gain, traditional wealth recorded double-digit revenue growth for the past seven quarters. The fourth quarter of 2014 includes costs related to the settlement of a legal matter.

Quarterly results in the insurance businesses have been subject to variability, resulting primarily from changes in long-term interest rates and methodology and actuarial assumptions changes.

BMO Capital Markets
BMO Capital Markets demonstrated good results in the first three quarters of 2014, benefiting from favourable market conditions as well as a consistent and diversified strategy, with good revenue performance across both Investment and Corporate Banking and Trading Products. Results in the fourth quarter of 2014 and the first quarter of 2015 were impacted by the impact of adjustments related to credit and funding valuations and slower activity in parts of the business.

Provisions for Credit Losses
BMO's PCL measured as a percentage of loans and acceptances has been declining since 2012 with some quarter-to-quarter variability – this is particularly notable when the recoveries from the purchased credit impaired loan portfolio are excluded.

Corporate Services
Adjusted quarterly net income decreased since the second quarter of 2013 largely reflecting variability in the recoveries of credit losses on the purchased portfolio and in Corporate Services revenue.

Foreign Exchange
Fluctuations in exchange rates in 2013 were subdued. The U.S. dollar strengthened significantly in 2014, and in the first quarter of 2015 with the exception of a slight weakening in the third quarter of 2014. A stronger U.S. dollar increases the translated value of U.S.-dollar-denominated revenues, expenses, provisions for (recoveries of) credit losses, income taxes and net income.

Provision for Income Taxes
The effective income tax rate can vary, as it depends on the timing of resolution of certain tax matters, recoveries of prior periods' income taxes, the level of tax exempt income and the relative proportion of earnings attributable to the different jurisdictions in which we operate.

Adjusted results in this Summary Quarterly Earnings Trends section are non-GAAP amounts or non-GAAP measures. Please see the Non-GAAP Measures section.

Caution
This Summary Quarterly Earnings Trends section contains forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Balance Sheet
Total assets of $672.4 billion at January 31, 2015, increased $83.7 billion from October 31, 2014, including a $31.3 billion increase as a result of a stronger U.S. dollar excluding the impact on derivative financial assets. Derivative financial assets increased $30.3 billion and derivative financial liabilities increased $30.0 billion, primarily due to the increase in the fair value of interest rate and foreign exchange contracts resulting from the decline in interest rates and the strengthening U.S. dollar, respectively.

The following discussion excludes changes due to the stronger U.S. dollar. The remaining $22.1 billion increase in assets was primarily driven by growth in cash and cash equivalents and interest bearing deposits with banks of $9.7 billion, securities borrowed or purchased under resale agreements of $8.2 billion, net loans and acceptances of $2.0 billion and securities of $1.9 billion.

Cash and cash equivalents and interest bearing deposits with banks increased $9.7 billion primarily due to increased balances held with central banks. Securities borrowed or purchased under resale agreements increased $8.2 billion, in line with the $6.6 billion increase in securities lent or sold under repurchase agreements. Both increases were driven by client activities. Net loans and acceptances increased $2.0 billion primarily due to loans to businesses and governments in the operating groups.

Liabilities increased $81.3 billion from October 31, 2014, including a $30.2 billion increase as a result of the stronger U.S. dollar excluding the impact on derivative financial liabilities, and an increase in derivative financial liabilities of $30.0 billion as discussed above.

The following discussion excludes changes due to the stronger U.S. dollar. The remaining $21.1 billion increase in liabilities was primarily driven by increases in deposits of $11.6 billion, securities lent or sold under repurchase agreements of $6.6 billion and securities sold but not yet purchased of $1.7 billion.

The $11.6 billion increase in deposits was driven by a $5.2 billion increase in business and government deposits reflecting higher levels of wholesale and customer deposits; a $4.4 billion increase in deposits by banks and a $2.0 billion increase in deposits by individuals.

Total equity increased $2.4 billion from October 31, 2014. Total shareholders' equity increased $3.0 billion, partly offset by a decrease in non-controlling interest in subsidiaries of $0.6 billion. Total shareholders' equity increased primarily due to the increase in accumulated other comprehensive income. Accumulated other comprehensive income on translation of net foreign operations increased

$2.3 billion net of hedging impacts primarily due to the strengthening U.S. dollar, and accumulated other comprehensive income on cash flow hedges increased $0.6 billion primarily due to the decline in interest rates. Retained earnings increased by $252 million.

Contractual obligations by year of maturity are outlined in Note 16 to the unaudited interim consolidated financial statements.

Transactions with Related Parties

In the ordinary course of business, we provide banking services to our key management personnel, joint ventures and associates on the same terms that we offer to our customers for those services.

The bank's policies and procedures for related party transactions did not materially change from October 31, 2014, as described in Note 29 to the audited consolidated financial statements on page 177 of BMO's 2014 Annual Report.

Off-Balance Sheet Arrangements

BMO enters into a number of off-balance sheet arrangements in the normal course of operations. The most significant of these are Credit Instruments, Structured Entities and Guarantees, which are described on pages 70 and 71 of BMO's 2014 Annual Report as well as in Note 6 to the unaudited interim consolidated financial statements. We consolidate all of our Structured Entities, except for certain Canadian customer securitization and structured finance vehicles. There have been no changes of substance during the quarter ended January 31, 2015.

Accounting Policies and Critical Accounting Estimates

Significant accounting policies are described in our 2014 Annual MD&A and in the notes to our audited consolidated financial statements for the year ended October 31, 2014, together with a discussion of certain accounting estimates that are considered particularly important as they require management to make significant judgments, some of which relate to matters that are inherently uncertain. Readers are encouraged to review that discussion on Pages 71 to 73 and 129 to 130 in BMO's 2014 Annual Report.

Effective November 1, 2014, we adopted several new and amended accounting pronouncements issued by the International Accounting Standards Board (IASB), which are outlined in Note 1 to the unaudited interim consolidated financial statements.

Future Changes in Accounting Policies

BMO monitors the potential changes proposed by IASB, and analyzes the effect that changes in the standards may have on BMO's financial reporting and accounting policies. New standards and amendments to existing standards, which are effective for the bank in the future, can be found in Note 1 to the unaudited interim consolidated financial statements for the quarter ended January 31, 2015, and in Note 1 to the audited annual consolidated financial statements on pages 131 and 132 of BMO's 2014 Annual Report.

Select Financial Instruments

Pages 69 and 70 of BMO's 2014 Annual Report provide enhanced disclosure relating to select financial instruments that, commencing in 2008 and based on subsequent assessments, markets regard as carrying higher risk. Readers are encouraged to review that disclosure to assist in understanding the nature and extent of BMO's exposures.

The Financial Stability Board (FSB) issued a report encouraging enhanced disclosure related to financial instruments that market participants had come to regard as carrying higher risk. An index of where the disclosures recommended by the Enhanced Disclosure Task Force (EDTF) of the FSB are located is provided on our website at www.bmo.com/investorrelations.

We follow a practice of reporting on significant changes in the select financial instruments since year end, if any, in our interim MD&A. There have been no changes of substance from the disclosure in our 2014 Annual Report.

Disclosure for Domestic Systemically Important Banks (D-SIBs)

In March 2013, OSFI issued guidance designating the six largest Canadian banks, including BMO, as domestic systemically important banks. None of the Canadian banks are designated as global systemically important banks.

As a D-SIB, OSFI requires that we disclose the 12 indicators utilized in the Global Systemically Important Banks (G-SIBs) assessment methodology. These indicators measure the impact a bank's failure would have on the global financial system and wider economy. The indicators reflect the size of banks, their interconnectedness, the lack of alternative infrastructure for services banks provide, their global activity and complexity. The methodology is outlined in the July 2013 paper, *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, issued by the Basel Committee on Banking Supervision (BCBS). As required under the methodology, the indicators are calculated based on specific instructions issued by the BCBS; and as a result, the measures used may not be based on the most recent version of Basel III. Therefore values may not be consistent with other measures used in this report.

Indicator values have been reported based on regulatory requirements for consolidation and therefore insurance and other non-banking information is only included insofar as it is included in the regulatory consolidation of the group. This level of consolidation differs from that used in the consolidated financial statements. Therefore, results may not be comparable to other disclosures in this report.

Cross-jurisdictional claims were increased by the stronger U.S. dollar, growth in loans, securities borrowed or purchased under resale agreements and securities. Cross-jurisdictional liabilities were increased by the stronger U.S. dollar and increases in deposits and other liabilities. Notional amounts of over-the-counter derivatives increased primarily in foreign exchange and interest rate contracts, primarily driven by client activities. Payment activities were also impacted by the stronger U.S. dollar and higher levels of activity in U.S. dollar transactions.

Disclosure for Domestic Systemically Important Banks (D-SIBs) (Canadian $ in millions) **Table 17**

As at October 31

Section	Indicators	2014	2013
A. Cross-jurisdictional activity	1. Cross-jurisdictional claims	**218,233**	187,300
	2. Cross-jurisdictional liabilities	**210,360**	172,510
B. Size	3. Total exposures as defined for use in the Basel III leverage ratio	**651,228**	638,599
C. Interconnectedness	4. Intra-financial system assets	**116,970**	114,698
	5. Intra-financial system liabilities	**58,126**	49,194
	6. Securities outstanding	**199,073**	181,086
D. Substitutability / financial institution infrastructure	7. Payments activity (1)	**20,400,735**	16,394,543
	8. Assets under custody	**140,892**	129,170
	9. Underwritten transactions in debt and equity markets	**46,891**	41,422
E. Complexity	10. Notional amount of over-the-counter (OTC) derivatives	**3,872,827**	3,343,044
	11. Trading and available-for-sale securities	**32,550**	33,868
	12. Level 3 assets	**2,249**	2,397

(1) Includes intercompany transactions that are cleared through a correspondent bank.

Regulatory Developments

We continue to monitor and prepare for regulatory developments, including those referenced elsewhere in this MD&A and the recent regulatory developments set out below.

Volcker Rule. The Volcker Rule, which prohibits banking entities active in the U.S. and their affiliates from certain proprietary trading and specified relationships with hedge funds and private equity funds, was finalized in December 2013. In December 2014, the U.S. regulators extended until July 21, 2016, the time that banking entities have to conform their investments in and relationships with private investment funds in place before December 31, 2013. They also indicated that during the course of 2015 they would issue a further such conformance extension to July 21, 2017. The extensions would permit additional time to either divest or conform investments in or relationships with these legacy funds. These extensions do not change the timing for implementation of an enterprise Volcker compliance framework.

FBO Rule. The Federal Reserve Board finalized a rule (the FBO Rule) that implements the Dodd-Frank Act's enhanced prudential standards and early remediation requirements for the U.S. operations of non-U.S. banks, such as BMO. On December 29, 2014, we submitted to the Federal Reserve Board an outline of our implementation plan for meeting these requirements by the effective date (July 1, 2016). BMO is preparing for the impact of the FBO Rule on its operations.

For a more comprehensive discussion of regulatory developments, see the Enterprise-Wide Capital management section starting on page 64, the Liquidity and Funding Risk section starting on page 95, and the Legal and Regulatory Risk section starting on page 102 of BMO's 2014 Annual Report.

Caution

This Regulatory Developments section contains forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Risk Management

Our risk management practices and key measures have not changed significantly from those outlined on pages 77 to 105 of BMO's 2014 Annual Report.

Market Risk

Linkages between Balance Sheet Items and Market Risk Disclosures

Table 18 below presents items reported in our Consolidated Balance Sheet that are subject to market risk, comprised of balances that are subject to traded risk and non-traded risk measurement techniques.

Linkages Between Balance Sheet Items and Market Risk Disclosures **Table 18**

	As at January 31, 2015				As at October 31, 2014				
		Subject to market risk				Subject to market risk			
(Canadian $ in millions)	Consolidated Balance Sheet	Traded risk (1)	Non-traded risk (2)	Not subject to market risk	Consolidated Balance Sheet	Traded risk (1)	Non-traded risk (2)	Not subject to market risk	Main risk factors for non-traded risk balances
Assets Subject to Market Risk									
Cash and cash equivalents	**44,162**	**-**	**44,162**	**-**	28,386	-	28,386	-	Interest rate
Interest bearing deposits with banks	**6,597**	**855**	**5,742**	**-**	6,110	930	5,180	-	Interest rate
Securities									
Trading	**88,991**	**81,691**	**7,300**	**-**	85,022	78,997	6,025	-	Interest rate, credit spread
Available-for-sale	**50,711**	**-**	**50,711**	**-**	46,966	-	46,966	-	Interest rate, credit spread
Held-to-maturity	**10,586**	**-**	**10,586**	**-**	10,344	-	10,344	-	Interest rate
Other	**1,084**	**-**	**1,084**	**-**	987	-	987	-	Equity
Securities borrowed or purchased under resale agreements	**66,086**	**-**	**66,086**	**-**	53,555	-	53,555	-	Interest rate
Loans and acceptances (net of allowance for credit losses)	**317,630**	**-**	**317,630**	**-**	303,038	-	303,038	-	Interest rate, foreign exchange
Derivative instruments	**62,989**	**59,562**	**3,427**	**-**	32,655	31,627	1,028	-	Interest rate, foreign exchange
Other assets	**23,522**	**-**	**8,052**	**15,470**	21,596	-	7,787	13,809	Interest rate
Total Assets	**672,358**	**142,108**	**514,780**	**15,470**	588,659	111,554	463,296	13,809	
Liabilities Subject to Market Risk									
Deposits	**429,778**	**8,160**	**421,618**	**-**	393,088	7,639	385,449	-	Interest rate, foreign exchange
Derivative instruments	**63,701**	**60,810**	**2,891**	**-**	33,657	32,312	1,345	-	Interest rate, foreign exchange
Acceptances	**10,986**	**-**	**10,986**	**-**	10,878	-	10,878		Interest rate
Securities sold but not yet purchased	**30,013**	**30,013**	**-**	**-**	27,348	27,348	-	-	
Securities lent or sold under repurchase agreements	**49,551**	**-**	**49,551**	**-**	39,695	-	39,695	-	Interest rate
Other liabilities	**45,565**	**-**	**45,142**	**423**	43,676	-	43,263	413	Interest rate
Subordinated debt	**4,964**	**-**	**4,964**	**-**	4,913	-	4,913	-	Interest rate
Total Liabilities	**634,558**	**98,983**	**535,152**	**423**	553,255	67,299	485,543	413	

(1) Primarily comprised of BMO's balance sheet items that are subject to the trading and underwriting risk management framework and fair valued through profit or loss.
(2) Primarily comprised of BMO's balance sheet items that are subject to the structural balance sheet and insurance risk management framework, or are available-for-sale securities.

Trading, Underwriting and Non-Trading (Structural) Market Risk

Total Trading Value at Risk (VaR) increased over the period mainly due to client facilitation activity within our equity portfolios. There was a partially offsetting increase in overall diversification. The available-for-sale (AFS) VaR also increased as a result of additional positions and from the impact of recalibrating some VaR parameters. Total Trading Stressed VaR increased over the period broadly reflecting changes in Trading VaR over the quarter.

There were no significant changes in our structural market risk management framework during the quarter other than discussed below. We enhanced our approach to quantify the potential impact of changing interest rates on structural earnings and value sensitivities in the first quarter. The new approach reflects a more refined estimate of expected deposit pricing as interest rates change.

Structural economic value sensitivity to rising interest rates primarily reflects a lower market value for fixed-rate loans. Structural economic value sensitivity to falling interest rates primarily reflects the impact of the decline in Canadian and U.S. interest rates in the quarter which reduces how much further rates can fall and the more limited ability to reduce deposit interest rates in a declining interest rate environment. These changes result in a small economic value exposure in the current quarter under falling interest rates relative to an economic value benefit last quarter. Structural earnings sensitivity to falling interest rates primarily reflects the risk of fixed- and floating-rate loans repricing at lower rates and the more limited ability to reduce deposit pricing as rates fall. Structural earnings sensitivity to rising interest rates primarily reflects the benefit of widening deposit spreads as interest rates rise.

BMO's market risk management practices and key measures are outlined on pages 91 to 95 of BMO's 2014 Annual Report.

Total Trading Value at Risk (VaR) Summary (1) (2) — Table 19

(Pre-tax Canadian $ equivalent in millions)	For the quarter ended January 31, 2015 Quarter-end	Average	High	Low	As at October 31, 2014 Quarter-end
Commodity VaR	**(0.5)**	**(0.6)**	**(1.4)**	**(0.4)**	(0.5)
Equity VaR	**(12.0)**	**(5.1)**	**(12.3)**	**(3.3)**	(3.2)
Foreign exchange VaR	**(1.0)**	**(1.1)**	**(2.5)**	**(0.4)**	(0.5)
Interest rate VaR	**(5.6)**	**(4.4)**	**(5.7)**	**(3.3)**	(5.8)
Credit VaR	**(6.8)**	**(6.3)**	**(7.2)**	**(5.4)**	(5.5)
Diversification	**11.3**	**8.0**	**nm**	**nm**	7.4
Total Trading VaR	**(14.6)**	**(9.5)**	**(15.1)**	**(7.4)**	(8.1)
Total AFS VaR	**(10.6)**	**(8.7)**	**(10.6)**	**(7.8)**	(7.9)

(1) Total Trading VaR and AFS VaR are subject to the BMO Capital Markets trading management framework.

(2) One-day measure using a 99% confidence interval. Losses are in brackets and benefits are presented as positive numbers.

nm - not meaningful

Total Trading Stressed Value at Risk (SVaR) Summary (1) (2) — Table 20

(Pre-tax Canadian $ equivalent in millions)	For the quarter ended January 31, 2015 Quarter-end	Average	High	Low	As at October 31, 2014 Quarter-end
Commodity SVaR	**(1.0)**	**(1.5)**	**(1.8)**	**(1.0)**	(3.2)
Equity SVaR	**(14.5)**	**(9.3)**	**(14.5)**	**(7.2)**	(14.0)
Foreign exchange SVaR	**(1.6)**	**(2.7)**	**(6.4)**	**(0.8)**	(0.7)
Interest rate SVaR	**(7.9)**	**(9.4)**	**(11.2)**	**(7.9)**	(11.2)
Credit SVaR	**(20.3)**	**(19.3)**	**(21.1)**	**(17.2)**	(13.6)
Diversification	**20.2**	**19.9**	**nm**	**nm**	20.6
Total Trading SVaR	**(25.1)**	**(22.3)**	**(26.1)**	**(18.0)**	(22.1)

(1) Stressed VaR is produced weekly.

(2) One-day measure using a 99% confidence interval. Losses are in brackets and benefits are presented as positive numbers.

nm - not meaningful

Structural Balance Sheet Earnings and Value Sensitivity to Changes in Interest Rates (1) (2) (3) (4) (5) — Table 21

(Canadian $ equivalent in millions)	Economic value sensitivity (Pre-tax) January 31, 2015	October 31, 2014	Earnings sensitivity over the next 12 months (After tax) January 31, 2015	October 31, 2014
100 basis point increase	**(545.9)**	(715.1)	**116.8**	64.7
100 basis point decrease	**(61.5)**	405.2	**(39.1)**	(62.6)
200 basis point increase	**(1,614.3)**	(1,579.4)	**152.6**	85.8
200 basis point decrease	**(258.3)**	320.5	**(51.1)**	(68.1)

(1) We enhanced our approach to quantify the potential impact of changing interest rates on structural earnings and value sensitivities in the first quarter. Positions as at October 31, 2014, have not been restated for the new approach.

(2) Earnings and value sensitivities to falling interest rates assumes Canadian and U.S. central banks do not decrease overnight interest rates below nil. The scenarios with decreasing interest rates therefore limit the decrease in Canadian and U.S. short-term interest rates to 75 basis points and 25 basis points respectively for shorter-terms. Longer-term interest rates do not decrease below the assumed level of short-term interest rates.

(3) Certain non-trading AFS holdings are managed under the bank's trading risk framework. The risk exposure for these holdings is included in the VaR table (Table 19) as Total AFS VaR.

(4) Losses are in brackets and benefits are presented as positive numbers.

(5) For BMO's insurance businesses, a 100 basis point increase in interest rates at January 31, 2015, results in an increase in earnings after tax of $76 million and an increase in before tax economic value of $572 million ($71 million and $385 million, respectively, at October 31, 2014). A 100 basis point decrease in interest rates at January 31, 2015, results in a decrease in earnings after tax of $72 million and a decrease in before tax economic value of $623 million ($63 million and $414 million, respectively, at October 31, 2014). These impacts are not reflected in the table above.

Liquidity and Funding Risk

Liquidity and funding risk is managed under a robust risk management framework. There were no material changes in the framework during the quarter.

BMO's liquid assets are primarily held in our trading businesses, as well as in supplemental liquidity pools that are maintained for contingent liquidity risk management purposes. Liquid assets include unencumbered, high-quality assets that are marketable, can be pledged as security for borrowings and can be converted to cash in a time frame that meets our liquidity and funding requirements.

BMO's liquid assets are summarized in Table 22 below. In the ordinary course of business, BMO may encumber a portion of cash and security holdings as collateral to support trading activities and participation in clearing and payment systems in Canada and abroad. In addition, BMO may receive highly liquid assets as collateral and may re-pledge these assets in exchange for cash or as collateral for trading activities. Net unencumbered liquid assets, defined as on-balance sheet assets such as BMO-owned cash and securities and securities borrowed or purchased under resale agreements, plus other off-balance sheet eligible collateral received less collateral encumbered, totalled $191.2 billion at January 31, 2015, compared with $171.0 billion at October 31, 2014. The increase in unencumbered liquid assets was primarily due to higher cash balances and the impact of the stronger U.S. dollar. Net unencumbered liquid assets are primarily held at the parent bank level, in our U.S. legal entity BMO Harris Bank, and in BMO's broker/dealer operations in Canada and internationally. In addition to liquid assets, BMO retains access to the Bank of Canada's lending assistance program, the Federal Reserve Bank discount window in the United States and European Central Bank standby liquidity facilities. BMO does not consider central bank facilities as a source of available liquidity when assessing its liquidity position.

In addition to cash and securities holdings, BMO may also pledge other assets, including mortgages and loans, to raise long-term secured wholesale funding. Table 23 provides a summary of total encumbered and unencumbered assets.

Liquid Assets **Table 22**

	As at January 31, 2015					As at October 31, 2014
(Canadian $ in millions)	Carrying value/on balance sheet assets (1)	Other cash & securities received	Total gross assets (2)	Encumbered assets	Net unencumbered assets (3)	Net unencumbered assets (3)
Cash and cash equivalents	44,162	-	44,162	1,841	42,321	26,749
Deposits with other banks	6,597	-	6,597	-	6,597	6,110
Securities and securities borrowed or purchased under resale agreements						
Sovereigns / Central banks / Multilateral development banks	109,608	20,525	130,133	85,869	44,264	41,770
Mortgage-backed securities and collateralized mortgage obligations	20,285	2,100	22,385	5,180	17,205	16,046
Corporate debt	20,212	5,869	26,081	1,964	24,117	24,026
Corporate equity	67,353	13,537	80,890	40,145	40,745	41,600
Total securities and securities borrowed or purchased under resale agreements	217,458	42,031	259,489	133,158	126,331	123,442
NHA mortgage-backed securities (reported as loans at amortized cost) (4)	19,825	-	19,825	3,913	15,912	14,680
Total liquid assets	288,042	42,031	330,073	138,912	191,161	170,981
Other eligible assets at central banks (not included above) (5)	107,080	-	107,080	713	106,367	108,804
Undrawn credit lines granted by central banks	-	-	-	-	-	-
Total liquid assets and other sources	395,122	42,031	437,153	139,625	297,528	279,785

(1) The carrying values outlined in this table are consistent with the carrying values in BMO's balance sheet as at January 31, 2015.

(2) Gross assets include on-balance sheet and off-balance sheet assets.

(3) Net unencumbered liquid assets are defined as on-balance sheet assets, such as BMO-owned cash and securities and securities borrowed or purchased under resale agreements, plus other off-balance sheet eligible collateral received, less encumbered assets.

(4) Under IFRS, NHA mortgage-backed securities that include mortgages owned by BMO as the underlying collateral are classified as loans. Unencumbered NHA mortgage-backed securities have liquidity value and are included as liquid assets under BMO's liquidity and funding management framework. This amount is shown as a separate line item, NHA mortgage-backed securities.

(5) Represents loans currently lodged at central banks that could potentially be used to access central bank funding. Loans available for pledging as collateral do not include other sources of additional liquidity that may be realized from the loan portfolio, including incremental securitization, covered bond issuances and Federal Home Loan Bank (FHLB) advances.

Asset Encumbrance (Canadian $ in millions) **Table 23**

As at January 31, 2015	Total gross assets (1)	Encumbered (2)		Net unencumbered	
		Pledged as collateral	Other encumbered	Other unencumbered (3)	Available as collateral (4)
Cash and deposits with other banks	**50,759**	**-**	**1,841**	**463**	**48,455**
Securities (5)	**279,314**	**103,207**	**33,864**	**8,660**	**133,583**
Loans and acceptances	**297,805**	**41,966**	**1,552**	**147,920**	**106,367**
Other assets					
Derivative instruments	**62,989**	**-**	**-**	**62,989**	**-**
Premises and equipment	**2,334**	**-**	**-**	**2,334**	**-**
Goodwill	**5,900**	**-**	**-**	**5,900**	**-**
Intangible assets	**2,214**	**-**	**-**	**2,214**	**-**
Current tax assets	**579**	**-**	**-**	**579**	**-**
Deferred tax assets	**3,385**	**-**	**-**	**3,385**	**-**
Other assets	**9,110**	**-**	**-**	**9,110**	**-**
Total other assets	**86,511**	**-**	**-**	**86,511**	**-**
Total assets	**714,389**	**145,173**	**37,257**	**243,554**	**288,405**

As at October 31, 2014	Total gross assets (1)	Encumbered (2)		Net unencumbered	
		Pledged as collateral	Other encumbered	Other unencumbered (3)	Available as collateral (4)
Cash and deposits with other banks	34,496	-	1,637	417	32,442
Securities (5)	253,961	85,374	30,465	7,939	130,183
Loans and acceptances	285,186	37,060	2,722	136,600	108,804
Other assets					
Derivative instruments	32,655	-	-	32,655	-
Premises and equipment	2,276	-	-	2,276	-
Goodwill	5,353	-	-	5,353	-
Intangible assets	2,052	-	-	2,052	-
Current tax assets	665	-	-	665	-
Deferred tax assets	3,019	-	-	3,019	-
Other assets	8,231	-	-	8,231	-
Total other assets	54,251	-	-	54,251	-
Total assets	627,894	122,434	34,824	199,207	271,429

(1) Gross assets include on-balance sheet and off-balance sheet assets.
(2) Pledged as collateral refers to the portion of on-balance sheet assets and other cash and securities received that is pledged through repurchase agreements, securities lent, derivative contracts, minimum required deposits at central banks and requirements associated with participation in clearing houses and payment systems. Other encumbered includes assets which are restricted from use for legal or other reasons, such as restricted cash and short sales.
(3) Other unencumbered assets include select liquid asset holdings that management believes are not readily available to support BMO's liquidity requirements. These include cash and securities of $9.1 billion as at January 31, 2015, which include securities held in BMO's insurance subsidiary and credit protection vehicle, significant equity investments, and certain investments held in our merchant banking business. Other unencumbered assets also include mortgages and loans that may be securitized to access secured funding.
(4) Loans included as available as collateral represent loans currently lodged at central banks that could potentially be used to access central bank funding. Loans available for pledging as collateral do not include other sources of additional liquidity that may be realized from the loan portfolio, including incremental securitization, covered bond issuances and FHLB advances.
(5) Includes securities, securities borrowed or purchased under resale agreements and NHA mortgage-backed securities (reported as loans at amortized cost).

Funding Strategy

Our funding philosophy requires that secured and unsecured wholesale funding used to support loans and less liquid assets is longer term (typically maturing in two to ten years) to better match the term to maturity of these assets. Wholesale secured and unsecured funding for liquid trading assets is generally shorter term (maturing in one year or less), is aligned with the liquidity of the assets being funded, and is subject to limits on aggregate maturities that are permitted across different time periods. Supplemental liquidity pools are funded with a mix of wholesale term funding.

BMO maintains a large and stable base of customer deposits that, in combination with our strong capital base, is a source of strength. It supports the maintenance of a sound liquidity position and reduces our reliance on wholesale funding. Customer deposits totalled $254.2 billion at January 31, 2015, up from $238.7 billion at October 31, 2014. BMO also receives deposits to facilitate certain trading activities, receives non-marketable deposits from corporate and institutional customers and issues structured notes primarily to retail investors. These deposits totalled $31.1 billion as at January 31, 2015.

Total wholesale funding outstanding, largely consisting of negotiable marketable securities, was $175.7 billion at January 31, 2015, with $41.1 billion sourced as secured funding and $134.6 billion sourced as unsecured funding. Wholesale funding outstanding increased from $156.4 billion at October 31, 2014, primarily due to the impact of the stronger U.S. dollar. The mix and maturities of BMO's wholesale term funding are outlined in Table 24 below. Additional information on deposit maturities can be found in Note 16 of the unaudited interim consolidated financial statements. BMO maintains a sizeable portfolio of unencumbered liquid assets, totalling $191.2 billion as at January 31, 2015, that can be monetized to meet potential funding requirements, as described on page 26.

Diversification of our wholesale funding sources is an important part of our overall liquidity management strategy. BMO's wholesale funding activities are well diversified by jurisdiction, currency, investor segment, instrument and maturity profile. BMO maintains ready access to long-term wholesale funding through various borrowing programs, including a European Note Issuance Program, Canadian and U.S. Medium-Term Note Programs, Canadian and U.S. mortgage securitizations, Canadian credit card securitizations, covered bonds and Canadian and U.S. senior (unsecured) deposits.

Wholesale Funding Maturities (Canadian $ in millions) (1) **Table 24**

As at January 31, 2015	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Subtotal less than 1 year	1 to 2 years	Over 2 years	Total
Deposits from banks (2)	10,771	5,915	1,055	15	17,756	-	-	17,756
Certificates of deposit and commercial paper	12,073	19,697	20,580	6,261	58,611	2,212	-	60,823
Bearer deposit notes	1,118	659	221	-	1,998	-	-	1,998
Asset-backed commercial paper (ABCP)	1,100	1,621	1,170	13	3,904	-	-	3,904
Senior unsecured medium-term notes	-	3,783	1,330	9,405	14,518	12,247	18,695	45,460
Senior unsecured structured notes (3)	-	16	10	710	736	45	1,258	2,039
Covered bonds and securitizations								
Mortgage securitizations	-	1,510	343	1,048	2,901	2,005	12,902	17,808
Covered bonds	-	-	2,542	1,907	4,449	2,542	4,213	11,204
Credit card securitizations	-	42	-	1,009	1,051	3,014	1,136	5,201
Subordinated debt (4)	-	-	363	-	363	483	5,650	6,496
Other (5)	-	-	-	-	-	-	3,019	3,019
Total	25,062	33,243	27,614	20,368	106,287	22,548	46,873	175,708
Of which:								
Secured	1,100	3,173	4,055	3,977	12,305	7,561	21,270	41,136
Unsecured	23,962	30,070	23,559	16,391	93,982	14,987	25,603	134,572
Total (6)	25,062	33,243	27,614	20,368	106,287	22,548	46,873	175,708

(1) Wholesale funding excludes repo transactions and bankers' acceptances, which are disclosed in the contractual maturity table in Note 16 of the unaudited interim consolidated financial statements. Wholesale funding also excludes ABCP issued by certain ABCP conduits that are not consolidated for financial reporting purposes.
(2) Except for deposits from banks, which primarily consist of bank deposits sourced to support trading activities, unsecured funding refers to funding through the issuance of marketable, negotiable securities.
(3) Primarily issued to institutional investors.
(4) Includes certain subordinated debt instruments reported as deposits or other liabilities for accounting purposes. Subordinated debt is reported in this table in accordance with recommended EDTF disclosures.
(5) Refers to Federal Home Loan Banks advances.
(6) Total wholesale funding consists of Canadian-dollar-denominated funding of $55.7 billion and U.S.-dollar and other foreign-denominated funding of $120.0 billion as at January 31, 2015.

Under OSFI's *Liquidity Adequacy Requirements (LAR) Guideline*, BMO is required to maintain a Liquidity Coverage Ratio (LCR) above 100% effective January 2015. BMO comfortably exceeded the LCR minimum as at January 31, 2015. Canadian banks are required to disclose their LCR in accordance with OSFI requirements effective with the Q2, 2015 reporting period.

Credit Rating

The credit ratings assigned to BMO's short-term and senior long-term debt securities by external rating agencies are important in the raising of both capital and funding to support our business operations. Maintaining strong credit ratings allows us to access the capital markets at competitive pricing levels. Should our credit ratings experience a material downgrade, our cost of funds would likely increase significantly and our access to funding and capital through capital markets could be reduced. A material downgrade of our ratings could have additional consequences, including those set out in Note 10 on page 148 of BMO's 2014 Annual Report.

The credit ratings assigned to BMO's senior debt by rating agencies are indicative of high-grade, high-quality issues. The ratings as at January 31, 2015, were as follows: DBRS (AA); Fitch (AA-); Moody's (Aa3); and Standard & Poor's (A+).

We are required to deliver collateral to certain counterparties in the event of a downgrade to our current credit rating. The incremental collateral required is based on mark-to-market exposure, collateral valuations and collateral threshold arrangements, as applicable. As at January 31, 2015, the bank would be required to provide additional collateral to counterparties totalling $108 million, $428 million and $652 million under a one-notch, two-notch and three-notch downgrade, respectively.

Insurance Risk

There were no significant changes in the risk management practices or risk levels of our insurance business during the quarter. BMO's insurance risk management practices are outlined on page 102 of BMO's 2014 Annual Report.

Information and Cyber Security Risk

There were no significant changes in our information and cyber security risk management practices during the quarter from those described in the Cyber Security Risk section on page 78 and in the Operational Risk section on page 101 of BMO's 2014 Annual Report.

Select Geographic Exposures

Select geographic exposures were disclosed and discussed on pages 88 and 89 of BMO's 2014 Annual Report. Our exposure to European countries, as at January 31, 2015, is set out in the tables that follow. Our net portfolio exposures are summarized in Table 25 and 26 for funded lending, securities (inclusive of credit default swaps (CDS) activity), repo-style transactions and derivatives. There has been limited change to our exposures compared with October 31, 2014.

European Exposure by Country and Counterparty (9) (Canadian $ in millions) **Table 25**

As at January 31, 2015

	Funded lending (1)	Securities (2)(8)				Repo-style transactions and derivatives (3)(4)				Total
Country	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Net Exposure
GIIPS										
Greece	-	-	-	-	-	-	-	-	-	-
Ireland (5)	8	-	-	-	-	8	4	-	12	20
Italy	64	-	-	-	-	3	19	-	22	86
Portugal	1	-	-	-	-	-	-	-	-	1
Spain	55	-	-	-	-	1	-	-	1	56
Total – GIIPS	**128**	**-**	**-**	**-**	**-**	**12**	**23**	**-**	**35**	**163**
Eurozone (excluding GIIPS)										
France	59	3	-	349	352	61	-	-	61	472
Germany	87	39	105	1,360	1,504	134	-	-	134	1,725
Netherlands	221	800	9	129	938	66	11	-	77	1,236
Finland	1	-	-	439	439	-	-	-	-	440
Other (6)	224	31	3	-	34	8	92	22	122	380
Total – Eurozone (excluding GIIPS)	**592**	**873**	**117**	**2,277**	**3,267**	**269**	**103**	**22**	**394**	**4,253**
Rest of Europe										
Denmark	12	606	-	151	757	-	-	-	-	769
Norway	15	1,035	-	-	1,035	57	-	-	57	1,107
Russian Federation	78	-	-	-	-	-	-	-	-	78
Sweden	34	472	3	-	475	1	-	-	1	510
Switzerland	280	-	-	-	-	32	-	-	32	312
United Kingdom	535	113	55	225	393	537	36	66	639	1,567
Other (6)	4	-	-	-	-	-	-	-	-	4
Total – Rest of Europe	**958**	**2,226**	**58**	**376**	**2,660**	**627**	**36**	**66**	**729**	**4,347**
Total – All of Europe (7)	**1,678**	**3,099**	**175**	**2,653**	**5,927**	**908**	**162**	**88**	**1,158**	**8,763**

As at October 31, 2014

	Funded lending (1)	Securities (2)				Repo-style transactions and derivatives (3)(4)				Total
Country	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Net Exposure
Total – GIIPS	129	-	-	-	-	55	7	-	62	191
Total – Eurozone (excluding GIIPS)	551	711	53	1,872	2,636	379	49	7	435	3,622
Total – Rest of Europe	1,162	2,254	44	537	2,835	714	14	2	730	4,727
Total – All of Europe (7)	1,842	2,965	97	2,409	5,471	1,148	70	9	1,227	8,540

Refer to footnotes in Table 26.

European Lending Exposure by Country and Counterparty (9) (Canadian $ in millions) **Table 26**

	Lending (1)						
	Funded lending as at January 31, 2015			As at January 31, 2015		As at October 31, 2014	
Country	Bank	Corporate	Sovereign	Commitments	Funded	Commitments	Funded
GIIPS							
Greece	-	-	-	-	-	-	-
Ireland (5)	-	8	-	21	8	103	8
Italy	64	-	-	64	64	69	69
Portugal	1	-	-	1	1	-	-
Spain	55	-	-	67	55	62	52
Total – GIIPS	**120**	**8**	**-**	**153**	**128**	**234**	**129**
Eurozone (excluding GIIPS)							
France	25	34	-	79	59	78	26
Germany	69	18	-	96	87	99	85
Netherlands	30	191	-	426	221	559	239
Finland	1	-	-	1	1	-	-
Other (6)	177	47	-	445	224	439	201
Total – Eurozone (excluding GIIPS)	**302**	**290**	**-**	**1,047**	**592**	**1,175**	**551**
Rest of Europe							
Denmark	12	-	-	12	12	12	12
Norway	15	-	-	15	15	15	15
Russian Federation	46	32	-	78	78	330	330
Sweden	23	11	-	163	34	198	93
Switzerland	4	276	-	535	280	471	215
United Kingdom	228	307	-	809	535	701	497
Other (6)	-	4	-	51	4	45	-
Total - Rest of Europe	**328**	**630**	**-**	**1,663**	**958**	**1,772**	**1,162**
Total - All of Europe (7)	**750**	**928**	**-**	**2,863**	**1,678**	**3,181**	**1,842**

(1) Funded lending includes loans (primarily trade finance).
(2) Securities include cash products, insurance investments and traded credit.
(3) Repo-style transactions are primarily with bank counterparties for which BMO holds collateral ($15.8 billion for Europe as at January 31, 2015).
(4) Derivatives amounts are marked-to-market, incorporating transaction netting where master netting agreements with counterparties have been entered into, and collateral offsets for counterparties where a Credit Support Annex is in effect.
(5) Does not include Irish subsidiary reserves we are required to maintain with the Irish Central Bank of $78 million as at January 31, 2015.
(6) Includes countries with less than $300 million net exposure, but excludes the Russian Federation which is shown separately above.
(7) Of our total net direct exposure to Europe, approximately 91% was to counterparties in countries with a rating of Aaa/AAA from at least one of Moody's and S&P.
(8) BMO's total net notional CDS exposure (embedded as part of the securities exposure table) to Europe was $600 million, with no net single-name* CDS exposure to GIIPS countries as at January 31, 2015 (*includes a net position of $301 million (bought protection) on a CDS Index, of which 20% is comprised of GIIPS domiciled entities).
(9) BMO has the following indirect exposures to Europe as at January 31, 2015:
– Collateral of €541 million to support trading activity in securities (€29 million from GIIPS) and €245 million of cash collateral being held.
– Guarantees of $1,153 million ($10 million to GIIPS).

Caution

This Risk Management section contains forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Consolidated Statement of Income

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

	For the three months ended				
	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
Interest, Dividend and Fee Income					
Loans	**$ 2,809**	$ 2,799	$ 2,708	$ 2,670	$ 2,732
Securities	**516**	470	492	446	454
Deposits with banks	**76**	67	67	69	67
	3,401	3,336	3,267	3,185	3,253
Interest Expense					
Deposits	**712**	720	727	701	717
Subordinated debt	**44**	40	37	37	36
Other liabilities	**426**	398	396	384	387
	1,182	1,158	1,160	1,122	1,140
Net Interest Income	**2,219**	2,178	2,107	2,063	2,113
Non-Interest Revenue					
Securities commissions and fees	**237**	232	238	236	228
Deposit and payment service charges	**259**	262	260	239	241
Trading revenues	**193**	198	231	246	274
Lending fees	**170**	171	169	171	169
Card fees	**106**	118	116	116	112
Investment management and custodial fees	**376**	351	343	279	273
Mutual fund revenues	**313**	305	301	238	229
Underwriting and advisory fees	**171**	166	238	149	191
Securities gains, other than trading	**39**	41	12	47	62
Foreign exchange, other than trading	**62**	47	40	38	54
Insurance revenue	**822**	489	614	441	464
Other	**88**	82	66	106	69
	2,836	2,462	2,628	2,306	2,366
Total Revenue	**5,055**	4,640	4,735	4,369	4,479
Provision for Credit Losses	**163**	170	130	162	99
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**747**	300	520	328	357
Non-Interest Expense					
Employee compensation	**1,791**	1,575	1,595	1,491	1,581
Premises and equipment	**500**	532	469	452	455
Amortization of intangible assets	**96**	98	104	90	90
Travel and business development	**142**	165	136	122	119
Communications	**75**	70	73	78	68
Business and capital taxes	**12**	11	8	10	10
Professional fees	**152**	188	159	140	135
Other	**238**	248	212	211	226
	3,006	2,887	2,756	2,594	2,684
Income Before Provision for Income Taxes	**1,139**	1,283	1,329	1,285	1,339
Provision for income taxes	**139**	213	203	209	278
Net Income	**$ 1,000**	$ 1,070	$ 1,126	$ 1,076	$ 1,061
Attributable to:					
Bank shareholders	**986**	1,057	1,110	1,062	1,048
Non-controlling interest in subsidiaries	**14**	13	16	14	13
Net Income	**$ 1,000**	$ 1,070	$ 1,126	$ 1,076	$ 1,061
Earnings Per Share (Canadian $)					
Basic	**$ 1.47**	$ 1.57	$ 1.68	$ 1.61	$ 1.58
Diluted	**1.46**	1.56	1.67	1.60	1.58

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.

Consolidated Statement of Comprehensive Income

(Unaudited) (Canadian $ in millions)

	For the three months ended				
	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
Net income	**$ 1,000**	$ 1,070	$ 1,126	$ 1,076	$ 1,061
Other Comprehensive Income (Loss)					
Items that may be subsequently reclassified to net income:					
Net change in unrealized gains (losses) on available-for-sale securities					
Unrealized gains (losses) on available-for-sale securities arising during the period (1)	**(2)**	(37)	76	27	(38)
Reclassification to earnings of (gains) in the period (2)	**(14)**	(22)	(17)	(16)	(22)
	(16)	(59)	59	11	(60)
Net change in unrealized gains (losses) on cash flow hedges					
Gains (losses) on cash flow hedges arising during the period (3)	**595**	83	53	(31)	142
Reclassification to earnings of (gains) on cash flow hedges (4)	**(25)**	(25)	(25)	(23)	(25)
	570	58	28	(54)	117
Net gain (loss) on translation of net foreign operations					
Unrealized gain (loss) on translation of net foreign operations	**2,484**	578	(98)	(278)	1,176
Unrealized losses on hedges of net foreign operations (5)	**(178)**	(120)	-	(25)	(270)
	2,306	458	(98)	(303)	906
Items that will not be reclassified to net income					
Remeasurement of pension and other employee future benefit plans (6)	**(141)**	(73)	(98)	21	25
Remeasurement of own credit risk on financial liabilities designated at fair value (Note 1) (7)	**18**	-	-	-	-
	(123)	(73)	(98)	21	25
Other Comprehensive Income (Loss)	**2,737**	384	(109)	(325)	988
Total Comprehensive Income	**$ 3,737**	$ 1,454	$ 1,017	$ 751	$ 2,049
Attributable to:					
Bank shareholders	**3,723**	1,441	1,001	737	2,036
Non-controlling interest in subsidiaries	**14**	13	16	14	13
Total Comprehensive Income	**$ 3,737**	$ 1,454	$ 1,017	$ 751	$ 2,049

(1) Net of income tax (provision) recovery of $(13), $8, $(30), $(12), $12.
(2) Net of income tax provision of $11, $10, $6, $9, $12.
(3) Net of income tax (provision) recovery of $(207), $(37), $(14), $15, $(43).
(4) Net of income tax provision of $6, $8, $6, $5, $9.
(5) Net of income tax (provision) recovery of $64, $42, $(2), $9, $95.
(6) Net of income tax (provision) recovery of $40, $49, $32, $(11), $(10).
(7) Net of income tax (provision) recovery of $(6).

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

Consolidated Balance Sheet

(Unaudited) (Canadian $ in millions)	As at				
	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
Assets					
Cash and Cash Equivalents	**$ 44,162**	$ 28,386	$ 38,250	$ 35,082	$ 34,112
Interest Bearing Deposits with Banks	**6,597**	6,110	5,800	7,069	6,586
Securities					
Trading	**88,991**	85,022	90,459	82,426	85,957
Available-for-sale	**50,711**	46,966	47,673	51,883	55,736
Held-to-maturity	**10,586**	10,344	10,420	9,318	8,254
Other	**1,084**	987	989	983	994
	151,372	143,319	149,541	144,610	150,941
Securities Borrowed or Purchased Under Resale Agreements	**66,086**	53,555	49,452	51,981	53,579
Loans					
Residential mortgages	**102,073**	101,013	99,484	97,632	97,321
Consumer instalment and other personal	**65,301**	64,143	64,286	64,571	64,610
Credit cards	**7,924**	7,972	7,976	7,953	7,963
Businesses and governments	**133,193**	120,766	115,812	116,492	112,396
	308,491	293,894	287,558	286,648	282,290
Customers' liability under acceptances	**10,986**	10,878	9,651	9,906	9,207
Allowance for credit losses	**(1,847)**	(1,734)	(1,768)	(1,850)	(1,747)
	317,630	303,038	295,441	294,704	289,750
Other Assets					
Derivative instruments	**62,989**	32,655	26,825	28,859	37,502
Premises and equipment	**2,334**	2,276	2,174	2,172	2,220
Goodwill	**5,900**	5,353	5,253	3,994	4,052
Intangible assets	**2,214**	2,052	2,020	1,554	1,558
Current tax assets	**579**	665	770	800	1,030
Deferred tax assets	**3,385**	3,019	2,962	2,927	2,986
Other	**9,110**	8,231	8,344	8,293	8,346
	86,511	54,251	48,348	48,599	57,694
Total Assets	**$ 672,358**	$ 588,659	$ 586,832	$ 582,045	$ 592,662
Liabilities and Equity					
Deposits					
Banks	**$ 24,310**	$ 18,243	$ 22,865	$ 22,607	$ 26,930
Businesses and governments	**262,272**	239,139	243,808	238,915	240,347
Individuals	**143,196**	135,706	132,550	132,485	131,116
	429,778	393,088	399,223	394,007	398,393
Other Liabilities					
Derivative instruments	**63,701**	33,657	28,151	30,279	36,843
Acceptances	**10,986**	10,878	9,651	9,906	9,207
Securities sold but not yet purchased	**30,013**	27,348	28,366	24,350	26,646
Securities lent or sold under repurchase agreements	**49,551**	39,695	40,606	46,125	44,789
Current tax liabilities	**262**	235	255	146	386
Deferred tax liabilities	**161**	178	185	71	115
Other	**45,142**	43,263	42,147	39,871	39,585
	199,816	155,254	149,361	150,748	157,571
Subordinated Debt	**4,964**	4,913	3,948	3,965	3,983
Equity					
Share capital	**15,413**	15,397	15,194	14,686	14,298
Contributed surplus	**303**	304	310	313	316
Retained earnings	**17,489**	17,237	16,724	16,155	15,617
Accumulated other comprehensive income	**4,112**	1,375	991	1,100	1,425
Total shareholders' equity	**37,317**	34,313	33,219	32,254	31,656
Non-controlling interest in subsidiaries	**483**	1,091	1,081	1,071	1,059
Total Equity	**37,800**	35,404	34,300	33,325	32,715
Total Liabilities and Equity	**$ 672,358**	$ 588,659	$ 586,832	$ 582,045	$ 592,662

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

Consolidated Statement of Changes in Equity

(Unaudited) (Canadian $ in millions)

	For the three months ended	
	January 31, 2015	January 31, 2014
Preferred Shares		
Balance at beginning of period	**$ 3,040**	$ 2,265
Balance at End of Period	**3,040**	2,265
Common Shares		
Balance at beginning of period	**12,357**	12,003
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**57**	-
Issued under the Stock Option Plan	**16**	30
Repurchased for cancellation	**(57)**	-
Balance at End of Period	**12,373**	12,033
Contributed Surplus		
Balance at beginning of period	**304**	315
Stock option expense/exercised	**2**	1
Other	**(3)**	-
Balance at End of Period	**303**	316
Retained Earnings		
Balance at beginning of period	**17,237**	15,087
Net income attributable to bank shareholders	**986**	1,048
Dividends – Preferred shares	**(33)**	(28)
– Common shares	**(518)**	(490)
Common shares repurchased for cancellation	**(183)**	-
Balance at End of Period	**17,489**	15,617
Accumulated Other Comprehensive Income on Available-for-Sale Securities		
Balance at beginning of period	**156**	205
Unrealized (losses) on available-for-sale securities arising during the period (1)	**(2)**	(38)
Reclassification to earnings of (gains) in the period (2)	**(14)**	(22)
Balance at End of Period	**140**	145
Accumulated Other Comprehensive Income on Cash Flow Hedges		
Balance at beginning of period	**141**	(8)
Gains on cash flow hedges arising during the period (3)	**595**	142
Reclassification to earnings of (gains) in the period (4)	**(25)**	(25)
Balance at End of Period	**711**	109
Accumulated Other Comprehensive Income on Translation of Net Foreign Operations		
Balance at beginning of period	**1,368**	405
Unrealized gain on translation of net foreign operations	**2,484**	1,176
Impact of hedging unrealized (loss) on translation of net foreign operations (5)	**(178)**	(270)
Balance at End of Period	**3,674**	1,311
Accumulated Other Comprehensive (Loss) on Pension and Other Post-Employment Plans		
Balance at beginning of period	**(290)**	(165)
Remeasurement of pension and other post-employment plans (6)	**(141)**	25
Balance at End of Period	**(431)**	(140)
Accumulated Other Comprehensive Income on Own Credit Risk on Financial Liabilities Designated at Fair Value		
Balance at beginning of period	**-**	-
Remeasurement of own credit risk on financial liabilities designated at fair value (7)	**18**	-
Balance at End of Period	**18**	-
Total Accumulated Other Comprehensive Income	**4,112**	1,425
Total Shareholders' Equity	**$ 37,317**	$ 31,656
Non-controlling Interest in Subsidiaries		
Balance at beginning of period	**1,091**	1,072
Net income attributable to non-controlling interest	**14**	13
Dividends to non-controlling interest	**(27)**	(26)
Capital trust redemption (Note 10)	**(600)**	-
Other	**5**	-
Balance at End of Period	**483**	1,059
Total Equity	**$ 37,800**	$ 32,715

(1) Net of income tax (provision) recovery of $(13) and $12.
(2) Net of income tax provision of $11 and $12.
(3) Net of income tax (provision) recovery of $(207) and $(43).
(4) Net of income tax provision of $6 and $9.
(5) Net of income tax (provision) recovery of $64 and $95.
(6) Net of income tax (provision) recovery of $40 and $(10).
(7) Net of income tax (provision) recovery of $(6).

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

Consolidated Statement of Cash Flows

(Unaudited) (Canadian $ in millions)	For the three months ended January 31, 2015	January 31, 2014
Cash Flows from Operating Activities		
Net Income	**$ 1,000**	$ 1,061
Adjustments to determine net cash flows provided by (used in) operating activities		
Impairment write-down of securities, other than trading	**1**	-
Net (gain) on securities, other than trading	**(40)**	(62)
Net (increase) in trading securities	**(1,540)**	(9,745)
Provision for credit losses (Note 3)	**163**	99
Change in derivative instruments – (increase) in derivative asset	**(34,125)**	(7,741)
– increase in derivative liability	**33,442**	5,221
Amortization of premises and equipment	**92**	89
Amortization of intangible assets	**96**	90
Net (increase) decrease in deferred income tax asset	**(73)**	205
Net increase (decrease) in deferred income tax liability	**(23)**	8
Net decrease in current income tax asset	**172**	131
Net increase (decrease) in current income tax liability	**22**	(56)
Change in accrued interest – decrease in interest receivable	**46**	53
– (decrease) in interest payable	**(95)**	(38)
Changes in other items and accruals, net	**4,892**	756
Net increase in deposits	**7,462**	16,954
Net (increase) in loans	**(2,286)**	(4,211)
Net increase in securities sold but not yet purchased	**1,872**	3,834
Net increase in securities lent or sold under repurchase agreements	**5,959**	14,376
Net (increase) in securities borrowed or purchased under resale agreements	**(7,233)**	(11,755)
Net Cash Provided by Operating Activities	**9,804**	9,269
Cash Flows from Financing Activities		
Net (decrease) in liabilities of subsidiaries	**(9)**	(27)
Proceeds of Covered Bonds	**2,748**	-
Redemption of securities of a subsidiary (Note 10)	**(600)**	-
Proceeds from issuance of common shares	**18**	30
Common shares repurchased for cancellation (Note 10)	**(240)**	-
Cash dividends paid	**(489)**	(505)
Cash dividends paid to non-controlling interest	**(27)**	(26)
Net Cash Provided by (Used in) Financing Activities	**1,401**	(528)
Cash Flows from Investing Activities		
Net decrease in interest bearing deposits with banks	**205**	283
Purchases of securities, other than trading	**(4,279)**	(7,764)
Maturities of securities, other than trading	**1,119**	3,565
Proceeds from sales of securities, other than trading	**3,336**	1,483
Premises and equipment – net (purchases)	**(10)**	(65)
Purchased and developed software – net (purchases)	**(79)**	(82)
Net Cash Provided by (Used in) Investing Activities	**292**	(2,580)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**4,279**	1,862
Net increase in Cash and Cash Equivalents	**15,776**	8,023
Cash and Cash Equivalents at Beginning of Period	**28,386**	26,089
Cash and Cash Equivalents at End of Period	**$ 44,162**	$ 34,112
Represented by:		
Cash and non-interest bearing deposits with Bank of Canada and other banks	**$ 42,694**	$ 32,325
Cheques and other items in transit, net	**1,468**	1,787
	$ 44,162	$ 34,112
Supplemental Disclosure of Cash Flow Information		
Net cash provided by operating activities includes:		
Amount of interest paid in the period	**$ 1,253**	$ 1,167
Amount of income taxes paid in the period	**$ 206**	$ 19
Amount of interest and dividend income received in the period	**$ 3,387**	$ 3,265

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

Notes to Consolidated Financial Statements

January 31, 2015 (Unaudited)

Note 1: Basis of Presentation

Bank of Montreal (the "bank") is a public company incorporated in Canada having its registered office in Montreal, Canada. The bank is a highly diversified financial services provider and provides a broad range of retail banking, wealth management and investment banking products and services.

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. 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 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, 2014 as set out on pages 128 to 189 of our 2014 Annual Report.

These interim consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2015.

Changes in Accounting Policy

Effective November 1, 2014 we adopted the following new and amended accounting pronouncements issued by the International Accounting Standards Board ("IASB"):

Own Credit

We early adopted the own credit provisions of IFRS 9 Financial Instruments. The provisions require that for financial liabilities designated at fair value through profit or loss, changes in fair value attributable to our own credit risk be presented in other comprehensive income instead of net income, unless doing so would create or enlarge an accounting mismatch in net income. Fair value changes not attributable to our own credit risk continue to be recorded in net income. The provisions have been adopted prospectively and resulted in an $18 million gain, net of income taxes, being recorded in other comprehensive income instead of net income.

Impairment of Assets

We adopted the amendments to IAS 36 *Impairment of Assets*. The amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The adoption of the amendments did not have an impact on disclosure in our interim consolidated financial statements.

Offsetting of Financial Assets and Financial Liabilities

We adopted the amendments to IAS 32 *Financial Instruments: Presentation*. The amendments clarify that an entity has a current legally enforceable right to offset if that right is not contingent on a future event, and that right is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of the amendments did not have an impact on our interim consolidated financial statements.

Levies

We adopted the IFRS Interpretation Committee Interpretation 21 *Levies* ("IFRIC 21"). IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by a government on an entity in accordance with legislation. The adoption of IFRIC 21 did not have a significant impact on our interim consolidated financial statements.

Future Changes in IFRS

As a result of an announcement in January 2015 from our regulator, OSFI, we will be adopting the remaining provisions of IFRS 9 for our fiscal year beginning November 1, 2017. We are currently assessing the impact of this new standard on our future financial results.

Note 2: Securities

Unrealized Gains and Losses

The following table summarizes the unrealized gains and losses on available-for-sale securities:

(Canadian $ in millions)				**January 31, 2015**				October 31, 2014
	Amortized cost	**Gross unrealized gains (2)**	**Gross unrealized losses (2)**	**Fair value**	Amortized cost	Gross unrealized gains (2)	Gross unrealized losses (2)	Fair value
Issued or guaranteed by:								
Canadian federal government	**10,301**	**193**	**1**	**10,493**	10,420	82	1	10,501
Canadian provincial and municipal governments	**4,191**	**182**	**4**	**4,369**	4,063	44	3	4,104
U.S. federal government	**1,724**	**32**	**4**	**1,752**	1,094	2	3	1,093
U.S. states, municipalities and agencies	**6,735**	**96**	**2**	**6,829**	5,761	57	3	5,815
Other governments	**6,156**	**34**	**-**	**6,190**	6,116	17	1	6,132
Mortgage-backed securities and collateralized mortgage obligations – Canada (1)	**3,011**	**60**	**-**	**3,071**	3,031	24	1	3,054
Mortgage-backed securities and collateralized mortgage obligations – U.S.	**7,770**	**56**	**5**	**7,821**	6,872	35	12	6,895
Corporate debt	**8,208**	**171**	**2**	**8,377**	7,577	95	6	7,666
Corporate equity	**1,765**	**108**	**64**	**1,809**	1,582	129	5	1,706
Total	**49,861**	**932**	**82**	**50,711**	46,516	485	35	46,966

(1) These amounts are supported by insured mortgages.
(2) Unrealized gains and losses may be offset by related unrealized losses (gains) on liabilities or hedge contracts.

Note 3: Loans, Customer Liability under Acceptances and Allowance for Credit Losses

Allowance for Credit Losses ("ACL")

The allowance for credit losses recorded in our Consolidated Balance Sheet is maintained at a level that we consider adequate to absorb credit-related losses on our loans, customers' liability under acceptances and other credit instruments. The portion related to other credit instruments is recorded in other liabilities in our Consolidated Balance Sheet. As at January 31, 2015, there was a $246 million ($301 million as at January 31, 2014) allowance for credit losses related to other credit instruments included in other liabilities.

A continuity of our allowance for credit losses is as follows:

(Canadian $ in millions)	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the three months ended	**January 31, 2015**	January 31, 2014	**January 31, 2015**	January 31, 2014	**January 31, 2015**	January 31, 2014	**January 31, 2015**	January 31, 2014	**January 31, 2015**	January 31, 2014
Impairment Allowances (Specific ACL), beginning of period	**113**	99	**74**	71	**237**	315	**-**	-	**424**	485
Amounts written off	**(17)**	(20)	**(170)**	(151)	**(74)**	(110)	**-**	-	**(261)**	(281)
Recoveries of amounts written off in previous periods	**3**	13	**39**	42	**60**	156	**-**	-	**102**	211
Charge to income statement (Specific PCL)	**11**	15	**135**	115	**17**	(31)	**-**	-	**163**	99
Foreign exchange and other movements	**4**	(2)	**(5)**	(2)	**28**	5	**-**	-	**27**	1
Specific ACL, end of period	**114**	105	**73**	75	**268**	335	**-**	-	**455**	515
Collective ACL, beginning of period	**83**	88	**678**	622	**754**	756	**27**	19	**1,542**	1,485
Charge to income statement (Collective PCL)	**(5)**	8	**(4)**	4	**8**	(17)	**1**	5	**-**	-
Foreign exchange and other movements	**8**	3	**23**	4	**65**	41	**-**	-	**96**	48
Collective ACL, end of period	**86**	99	**697**	630	**827**	780	**28**	24	**1,638**	1,533
Total ACL	**200**	204	**770**	705	**1,095**	1,115	**28**	24	**2,093**	2,048
Comprised of: Loans	**176**	184	**770**	705	**873**	834	**28**	24	**1,847**	1,747
Other credit instruments	**24**	20	**-**	-	**222**	281	**-**	-	**246**	301

Interest income on impaired loans of $25 million was recognized for the three months ended January 31, 2015 ($36 million for the three months ended January 31, 2014).

Renegotiated Loans

The carrying value of our renegotiated loans was $765 million as at January 31, 2015 ($728 million as at October 31, 2014). Renegotiated loans of $277 million were classified as performing as at January 31, 2015 ($291 million as at October 31, 2014). Renegotiated loans of $6 million were written off in the three months ended January 31, 2015 respectively ($25 million in the year ended October 31, 2014).

FDIC Covered Loans

Certain acquired loans are subject to a loss share agreement with the Federal Deposit Insurance Corporation ("FDIC"). Under this agreement, the FDIC reimburses us for 80% of the net losses we incur on the covered loans.

For the three months ended January 31, 2015, we recorded net recoveries of $11 million ($1 million for the three months ended January 31, 2014). These amounts are net of the amounts expected to be reimbursed by the FDIC on the covered loans.

Purchased Performing Loans

For performing loans with fixed terms, the future credit mark is fully amortized to net interest income over the expected life of the loan using the effective interest method. The impact to net interest income for the three months ended January 31, 2015 was $8 million ($8 million for the three months ended January 31, 2014). The incurred credit losses are re-measured at each reporting period, with any increases recorded in the collective allowance and the provision for credit losses. Decreases in incurred credit losses will be recorded as a decrease in the collective allowance and in the provision for credit losses until the accumulated collective allowance is exhausted. Any additional decrease will be recorded in net interest income.

For performing loans with revolving terms, the incurred and future credit marks are amortized into net interest income on a straight line basis over the contractual terms of the loans. The impact to net interest income of such amortization for performing loans with revolving terms for the three months ended January 31, 2015 was $4 million ($14 million for the three months ended January 31, 2014).

As performing loans are repaid, the related unamortized credit mark remaining is recorded as net interest income during the period in which the cash is received. The impact on net interest income of such repayments for the three months ended January 31, 2015 was $23 million ($45 million for the three months ended January 31, 2014).

The impact of the re-measurement of incurred credit losses for performing loans for the three months ended January 31, 2015 was $17 million provision for credit losses and $nil in net interest income ($7 million in provision for credit losses and $6 million in net interest income, respectively, for the three months ended January 31, 2014).

Actual specific provisions for credit losses related to these performing loans will be recorded as they arise in a manner that is consistent with our policy for loans we originate. The total specific provision for credit losses for purchased performing loans for the three months ended January 31, 2015 was $nil ($34 million for the three months ended January 31, 2014).

As at January 31, 2015 the amount of purchased performing loans on the balance sheet was $12,062 million ($11,703 million as at October 31, 2014). As at January 31, 2015, the credit mark remaining on performing term loans, revolving loans and other performing loans was $286 million, $96 million and $1 million, respectively ($279 million, $94 million and $2 million, respectively as at October 31, 2014). Of the total credit mark for performing loans of $383 million, $211 million represents the credit mark that will be amortized over the remaining life of the portfolio. The remaining $172 million represents the incurred credit mark and will be re-measured each reporting period.

Purchased Credit Impaired Loans ("PCI Loans")

Subsequent to the acquisition date, we regularly re-evaluate what we expect to collect on the PCI loans. Increases in expected cash flows will result in a recovery in the specific 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 PCI loans. Decreases in expected cash flows will result in a charge to the specific provision for credit losses and an increase in the allowance for credit losses. The impact of these evaluations for the three month period ended January 31, 2015 was $29 million recovery of specific provision for credit losses ($117 million of recovery for the three months ended January 31, 2014).

As at January 31, 2015, the amount of PCI loans remaining on the balance sheet was $476 million ($488 million as at October 31, 2014). As at January 31, 2015 and October 31, 2014, we have no remaining credit mark related to purchased credit impaired loans.

Note 4: Risk Management

We have an enterprise-wide approach to the identification, measurement, monitoring and management of risks faced across the organization. The key risks related to our financial instruments are classified as credit and counterparty, market, and liquidity and funding risk.

Credit and Counterparty Risk

Credit and counterparty risk is the potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honour another predetermined financial obligation. Credit risk arises predominantly with respect to loans, over-the-counter derivatives and other credit instruments. This is the most significant measurable risk that we face.

Market Risk

Market risk is the potential for adverse changes in the value of our assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities, and credit spreads, as well as the risk of credit migration and default. We incur market risk in our trading and underwriting activities and in the management of structural market risk in our banking and insurance activities.

Liquidity and Funding Risk

Liquidity and funding risk is the potential for loss if we are unable to meet financial commitments in a timely manner at reasonable prices as our commitments come due. It is our policy to ensure that sufficient liquid assets and funding capacity are available to meet financial commitments, including liabilities to depositors and suppliers, and lending, investment and pledging commitments, even in times of stress. Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

Key measures as at January 31, 2015 are outlined in the Risk Management section on pages 24 to 30 of Management's Discussion and Analysis of the First Quarter 2015 Report to Shareholders.

Note 5: Asset Securitization

Periodically, we securitize loans to obtain alternate sources of funding. Securitization involves selling loans to trusts, which buy the loans and then issue either interest bearing or discounted investor certificates.

The following table shows the carrying amounts related to securitization activities with third parties that are recorded in our Consolidated Balance Sheet, together with the associated liabilities, for each category of asset on the balance sheet:

(Canadian $ in millions)		**January 31, 2015 (1)**		October 31, 2014
	Carrying amount of assets	**Associated liabilities**	Carrying amount of assets	Associated liabilities
Residential mortgages	**9,597**		9,569	
Other related assets (2)	**8,749**		8,382	
Total	**18,346**	**17,899**	17,951	17,546

(1) The fair value of the securitized assets is $18,481 million and the fair value of the associated liabilities is $18,692 million, for a net position of $(211) million. Securitized assets are those which we have transferred to third parties, including other related assets.

(2) The other related assets represent payments received on account of loans pledged under securitization that have not been applied against the associated liabilities. The payments received are held on behalf of the investors in the securitization vehicles until principal payments are required to be made on the associated liabilities. In order to compare all assets supporting the associated liabilities, this amount is added to the carrying value of the securitized assets in the above table.

During the three months ended January 31, 2015, we sold $1,446 million of loans to third-party securitization programs ($906 million for the three ended January 31, 2014).

Note 6: Structured Entities

Total assets and liabilities included in our Consolidated Balance Sheet related to our consolidated structured entities (SEs) and an exposure to losses are summarized in the following table:

(Canadian $ in millions)			January 31, 2015					October 31, 2014
	Bank securitization vehicles	**U.S. customer securitization vehicle**	**Credit protection vehicle**	**Capital and funding vehicles (1)**	Bank securitization vehicles	U.S. customer securitization vehicle	Credit protection vehicle	Capital and funding vehicles (1)
Cash and cash equivalents	**11**	**5**	**426**	**718**	34	68	394	649
Loans	**7,316**	**4,083**	**-**	**13,945**	7,266	3,036	-	16,435
Other	**-**	**8**	**-**	**-**	-	3	-	-
	7,327	**4,096**	**426**	**14,663**	7,300	3,107	394	17,084
Deposits	**-**	**3,903**	**-**	**-**	-	2,926	-	-
Other	**5,178**	**1**	**158**	**2**	4,998	3	163	18
	5,178	**3,904**	**158**	**2**	4,998	2,929	163	18
Exposure to loss								
Securities held	**2,002**	**-**	**254**	**360**	2,012	-	253	840
Drawn facilities	**-**	**157**	**-**	**13,567**	-	149	-	14,793
Undrawn facilities	**-**	**6,270**	**-**	**11,587**	-	5,236	-	10,361
Derivative assets	**-**	**4**	**6**	**165**	-	-	13	58
	2,002	**6,431**	**260**	**25,679**	2,012	5,385	266	26,052

(1) The loans balance primarily consists of mortgages transferred to our Covered Bonds programs. Mortgages in excess of the amount of Covered Bonds outstanding plus the minimum required over-collateralization amounts under these programs are readily available to the bank. The undrawn facilities also primarily relate to our Covered Bond programs; the bank retains the authority to determine whether the facilities are utilized.

The table below presents amounts related to our interests in unconsolidated SEs.

(Canadian $ in millions)		January 31, 2015				October 31, 2014
	Capital and funding vehicles	**Canadian customer securitization vehicles (1) (2)**	**Structured finance vehicles**	Capital and funding vehicles	Canadian customer securitization vehicles (1) (2)	Structured finance vehicles
Interests recorded on the balance sheet						
Cash and cash equivalents	**9**	**42**	**-**	11	39	-
Trading securities	**2**	**57**	**5,446**	2	10	10,414
Available-for-sale securities	**-**	**840**	**-**	-	652	-
Derivatives	**-**	**-**	**75**	-	-	42
	11	**939**	**5,521**	13	701	10,456
Deposits	**1,264**	**42**	**2,980**	1,265	39	5,853
Derivatives	**-**	**-**	**818**	-	-	1,115
Other	**20**	**-**	**1,712**	21	-	3,447
	1,284	**42**	**5,510**	1,286	39	10,415
Exposure to loss						
Securities held	**2**	**897**	**5,446**	2	662	10,414
Drawn facilities	**12**	**-**	**-**	12	-	-
Undrawn facilities	**43**	**5,413**	**na**	43	5,214	na
Derivative assets	**-**	**-**	**75**	-	-	42
	57	**6,310**	**5,521**	57	5,876	10,456
Total assets of the entities	**1,284**	**4,406**	**5,521**	1,286	3,783	10,456

(1) These facilities are backstop liquidity facilities provided to our Canadian customer securitization vehicles. The majority of these facilities did not relate to credit support as at January 31, 2015 and October 31, 2014.
(2) Securities held that are issued by our Canadian customer securitization vehicles are comprised of asset-backed commercial paper and are classified as trading securities and available-for-sale securities. Assets held by all these vehicles relate to assets in Canada.

Our exposure to BMO managed funds was $546 million at January 31, 2015 ($513 million at October 31, 2014).
Our exposure to non-BMO managed funds was $6,741 million at January 31, 2015 ($11,647 million at October 31, 2014).

na - not applicable

Note 7: Acquisitions

F&C Asset Management plc ("F&C")

On May 7, 2014, we completed the acquisition of all the issued and outstanding share capital of F&C Asset Management plc, an investment manager based in the United Kingdom, for cash consideration of £712 million.

The acquisition was accounted for as a business combination. The results of the acquisition are included in our Wealth Management reporting segment.

As part of the acquisition, we acquired intangible assets comprised primarily of fund management contracts and customer relationships, including $178 million of intangible assets that have an indefinite life and $313 million that are being amortized over 2 to 10 years, primarily on a straight line basis. This acquisition strengthens our position as a globally significant money manager, enhances our asset management platform capabilities and provides opportunities to service wealth markets in the United Kingdom and the rest of Europe. Goodwill of $1,268 million related to this acquisition was recorded and is not deductible for tax purposes.

As part of the acquisition of F&C, we acquired a subsidiary of F&C, F&C REIT LLP, that is 30% owned by three other partners. We have recorded the ownership interests of the partners in F&C REIT LLP as non-controlling interest on our Consolidated Balance Sheet based on the non-controlling partners' proportionate share of the net assets of F&C REIT LLP.

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

(Canadian $ in millions)	2014
	F&C
Cash resources	338
Loans	-
Premises and equipment	9
Goodwill	1,268
Intangible assets	491
Other assets	293
Total assets	2,399
Deposits	-
Other liabilities	1,083
Total liabilities	1,083
Non-controlling interests	22
Purchase price	1,294

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

Note 8: Goodwill

There were no write-downs of goodwill due to impairment during the three months ended January 31, 2015 and the year ended October 31, 2014.

A continuity of our goodwill by group of CGUs for the quarter ended January 31, 2015 and the year ended October 31, 2014 is as follows:

(Canadian $ in millions)			Personal and Commercial Banking			Wealth Management	BMO Capital Markets	Total
	Canadian P&C	U.S. P&C	Total	Traditional Wealth Management	Insurance	Total		
Balance - October 31, 2013	69	2,702	2,771	847	2	849	199	3,819
Acquisitions during the year	-	-	-	1,268	-	1,268	-	1,268
Other (1)	(1)	220	219	35	-	35	12	266
Balance - October 31, 2014	68	2,922	2,990	2,150	2	2,152	211	5,353
Other (1)	**-**	**374**	**374**	**154**	**-**	**154**	**19**	**547**
Balance - January 31, 2015	**68** (2)	**3,296** (3)	**3,364**	**2,304** (4)	**2** (5)	**2,306**	**230** (6)	**5,900**

(1) Other changes in goodwill included the effects of translating goodwill denominated in foreign currencies into Canadian dollars and purchase accounting adjustments related to prior-year purchases.
(2) Relates primarily to bcpbank Canada, Diners Club Canada, and Aver Media LP.
(3) Relates primarily to New Lenox State Bank, First National Bank of Joliet, Household Bank branches, Mercantile Bancorp, Inc., Villa Park Trust Savings Bank, First National Bank & Trust, Ozaukee Bank, Merchants and Manufacturers Bancorporation, Inc., Diners Club U.S., AMCORE and M&I.
(4) Relates primarily to BMO Nesbitt Burns Inc., Guardian Group of Funds Ltd., Pyrford International plc, Integra GRS, Lloyd George Management, M&I, Harris myCFO, Inc., Stoker Ostler Wealth Advisors, Inc., CTC consulting LLC, AWMB, and F&C Asset Management.
(5) Relates to AIG.
(6) Relates to Gerard Klauer Mattison Co., Inc., BMO Nesbitt Burns Inc, Griffin, Kubik, Stephens & Thompson, Inc., Paloma Securities LLC and M&I.

Note 9: Deposits

(Canadian $ in millions)	Payable on demand				Payable after notice		Payable on a fixed date (3)		Total	
	Interest bearing		Non-interest bearing							
	January 31, 2015	October 31, 2014	**January 31, 2015**	October 31, 2014	**January 31, 2015**	October 31, 2014	**January 31, 2015**	October 31, 2014	**January 31, 2015**	October 31, 2014
Deposits by:										
Banks	**962**	997	**1,241**	993	**3,149**	2,412	**18,958**	13,841	**24,310**	18,243
Businesses and governments	**14,495**	14,958	**33,309**	28,001	**57,815**	57,165	**156,653**	139,015	**262,272**	239,139
Individuals	**2,809**	2,524	**13,289**	12,900	**81,074**	75,529	**46,024**	44,753	**143,196**	135,706
Total (1) (2)	**18,266**	18,479	**47,839**	41,894	**142,038**	135,106	**221,635**	197,609	**429,778**	393,088
Booked in:										
Canada	**16,343**	16,753	**30,975**	28,832	**75,284**	77,232	**119,417**	111,193	**242,019**	234,010
United States	**1,272**	1,191	**16,769**	12,972	**66,007**	57,314	**75,089**	66,664	**159,137**	138,141
Other countries	**651**	535	**95**	90	**747**	560	**27,129**	19,752	**28,622**	20,937
Total	**18,266**	18,479	**47,839**	41,894	**142,038**	135,106	**221,635**	197,609	**429,778**	393,088

(1) Includes structured notes designated at fair value through profit or loss.
(2) As at January 31, 2015 and October 31, 2014, total deposits payable on a fixed date included $24,787 million and $18,183 million, respectively, of federal funds purchased and commercial paper issued and other deposit liabilities. Included in deposits as at January 31, 2015 and October 31, 2014 are $221,666 million and $191,155 million, respectively, of deposits denominated in U.S. dollars, and $12,100 million and $8,204 million, respectively, of deposits denominated in other foreign currencies.
(3) Includes $198,788 million of deposits, each greater than one hundred thousand dollars, of which $101,263 million were booked in Canada, $70,401 million were booked in the United States and $27,124 million were booked in other countries ($174,612 million, $92,668 million, $62,193 million and $19,751 million, respectively, as at October 31, 2014). Of the $101,263 million of deposits booked in Canada, $32,682 million mature in less than three months, $8,106 million mature in three to six months, $12,223 million mature in six to twelve months and $48,252 million mature after twelve months ($92,668 million, $27,304 million, $7,465 million, $11,565 million and $46,334 million, respectively, as at October 31, 2014). We have net unencumbered liquid assets of $191,161 million to support these and other deposit liabilities ($170,981 million as at October 31, 2014).

Deposits payable on demand are comprised primarily of our customers' chequing accounts, some of which we pay interest on. Our customers need not notify us prior to withdrawing money from their chequing accounts.

Deposits payable after notice are comprised primarily of our customers' savings accounts, on which we pay interest.

Deposits payable on a fixed date are comprised of:

- Various investment instruments purchased by our customers to earn interest over a fixed period, such as term deposits and guaranteed investment certificates. The terms of these deposits can vary from one day to 10 years.
- Federal funds purchased, which are overnight borrowings of other banks' excess reserve funds at a United States Federal Reserve Bank. As at January 31, 2015, we had borrowed $151 million of federal funds ($651 million as at October 31, 2014).
- Commercial paper, which totalled $5,771 million as at January 31, 2015 ($4,294 million as at October 31, 2014).
- Covered bonds, which totalled $11,255 million as at January 31, 2015 ($7,683 million as at October 31, 2014).

Note 10: Equity

Preferred and Common Shares Outstanding (1)

(Canadian $ in millions, except as noted)	**January 31, 2015**		October 31, 2014			
	Number of shares	**Amount**	Number of shares	Amount	Convertible into...	
Preferred Shares - Classified as Equity						
Class B – Series 13	**14,000,000**	**350**	14,000,000	350		
Class B – Series 14	**10,000,000**	**250**	10,000,000	250		
Class B – Series 15	**10,000,000**	**250**	10,000,000	250		
Class B – Series 16	**6,267,391**	**157**	6,267,391	157	preferred shares - class B - series 17	(2)
Class B – Series 17	**5,732,609**	**143**	5,732,609	143	preferred shares - class B - series 16	(2)
Class B – Series 23	**16,000,000**	**400**	16,000,000	400	preferred shares - class B - series 24	(2)
Class B – Series 25	**11,600,000**	**290**	11,600,000	290	preferred shares - class B - series 26	(2)
Class B – Series 27	**20,000,000**	**500**	20,000,000	500	preferred shares - class B - series 28	(2)(3)
Class B – Series 29	**16,000,000**	**400**	16,000,000	400	preferred shares - class B - series 30	(2)(3)
Class B – Series 31	**12,000,000**	**300**	12,000,000	300	preferred shares - class B - series 32	(2)(3)
		3,040		3,040		
Common Shares (4)	**647,022,995**	**12,373**	649,050,049	12,357		
Share Capital		**15,413**		15,397		

(1) For additional information refer to Notes 20 and 23 of our consolidated financial statements for the year ended October 31, 2014 on pages 161 to 166 of our 2014 Annual Report.
(2) If converted, the holders have the option to convert back to the original preferred shares on subsequent redemption dates.
(3) The shares are convertible into a variable number of our common shares if OSFI announces that the bank is no longer viable or if the bank accepts a capital injection or equivalent support from the government.
(4) The stock options issued under the stock option plan are convertible into 13,197,028 common shares as at January 31, 2015 (13,337,765 common shares as at October 31, 2014).

Preferred Shares

On January 22, 2015 we announced our intention to redeem all 16 million Non-Cumulative, 5-year Rate Reset Class B Preferred Shares Series 23 for $25.00 cash per share, on February 25, 2015.

On April 23, 2014, we issued 20 million Non-Cumulative, 5-Year Rate Reset Class B Preferred Shares Series 27, at a price of $25.00 cash per share, for gross proceeds of $500 million.

On June 6, 2014, we issued 16 million Non-Cumulative, 5-Year Rate Reset Class B Preferred Shares Series 29, at a price of $25.00 cash per share, for gross proceeds of $400 million.

On July 30, 2014, we issued 12 million Non-Cumulative, 5-Year Rate Reset Class B Preferred Shares Series 31, at a price of $25.00 cash per share, for gross proceeds of $300 million.

During the year ended October 31, 2014 we redeemed all of our Non-cumulative Class B Preferred shares, Series 18, and our Non-cumulative Class B Preferred shares, Series 21, at a redemption price of $25.00 per share plus declared and unpaid dividends up to but excluding the dates fixed for redemption.

Common Shares

During the quarter ended January 31, 2015, we repurchased 3 million common shares at an average cost of $80.02 per share, totalling $240 million, approximately 0.46% of our common shares then outstanding (nil for the quarter ended January 31, 2014).

Capital Trust Securities

During the quarter ended January 31, 2015, we redeemed all our BMO Capital Trust Securities – Series D ("BMO BOaTS – Series D") at a redemption amount equal to $1,000 for an aggregate redemption of $600 million, plus unpaid indicated distributions.

Note 11: Capital Management

Our objective is to maintain a strong capital position in a cost-effective structure that: considers our target regulatory capital ratios and internal assessment of required economic capital; is consistent with our targeted credit ratings; underpins our operating groups' business strategies; and builds depositor confidence and long-term shareholder value.

We met OSFI's stated "all-in" target capital ratios requirement as at January 31, 2015. Our capital position as at January 31, 2015 is detailed in the Capital Management section on pages 11 to 12 of Management's Discussion and Analysis of the 2015 First Quarter Report to Shareholders.

Note 12: Employee Compensation

Stock Options

During the three months ended January 31, 2015, we granted a total of 641,875 stock options (1,618,223 stock options during the three months ended January 31, 2014). The weighted-average fair value of options granted during the three months ended January 31, 2015 was $7.45 per option ($6.36 per option for the three months ended January 31, 2014).

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

For stock options granted during the three months ended	**January 31, 2015**	January 31, 2014
Expected dividend yield	**4.7%**	5.0%
Expected share price volatility	**16.9%-17.0%**	16.4%
Risk-free rate of return	**1.9%-2.0%**	2.5%-2.6%
Expected period until exercise (in years)	**6.5-7.0**	6.5-7.0

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	**January 31, 2015**	January 31, 2014	**January 31, 2015**	January 31, 2014
Benefits earned by employees	**70**	60	**7**	6
Net interest (income) expense on net defined benefit (asset) liability	**(1)**	(2)	**13**	13
Administrative expenses	**1**	1	**-**	-
Benefits expense	**70**	59	**20**	19
Canada and Quebec pension plan expense	**21**	16	**-**	-
Defined contribution expense	**3**	2	**-**	-
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**94**	77	**20**	19

Note 13: Earnings Per Share

The following tables present the bank's basic and diluted earnings per share:

Basic earnings per share

(Canadian $ in millions, except as noted)	For the three months ended January 31, 2015	January 31, 2014
Net income attributable to bank shareholders	**986**	1,048
Dividends on preferred shares	**(33)**	(28)
Net income available to common shareholders	**953**	1,020
Average number of common shares outstanding (in thousands)	**648,325**	644,434
Basic earnings per share (Canadian $)	**1.47**	1.58

Diluted earnings per share

(Canadian $ in millions, except as noted)	For the three months ended January 31, 2015	January 31, 2014
Net income available to common shareholders adjusted for dilution effect	**953**	1,020
Average number of common shares outstanding (in thousands)	**648,325**	644,434
Stock options potentially exercisable (1)	**10,215**	11,286
Common shares potentially repurchased	**(7,545)**	(9,000)
Average diluted number of common shares outstanding (in thousands)	**650,995**	646,720
Diluted earnings per share (Canadian $)	**1.46**	1.58

(1) In computing diluted earnings per share we excluded average stock options outstanding of 1,360,149 with a weighted-average exercise price of $232.33 for the three months ended January 31, 2015 (1,821,712 with a weighted-average exercise price of $234.92 for the three months ended January 31, 2014) as the average share price for the period did not exceed the exercise price.

Basic Earnings per Share

Our basic earnings per share is calculated by dividing our net income, after deducting total preferred shares dividends, by the daily average number of fully paid common shares outstanding throughout the period.

Diluted Earnings per Share

Diluted earnings per share represents what our earnings per share would have been if instruments convertible into common shares that had the impact of reducing our earnings per share had been converted either at the beginning of the year for instruments that were outstanding at the beginning of the year or from the date of issue for instruments issued during the year.

Employee Stock Options

In determining diluted earnings per share, we increase the average number of common shares outstanding by the number of shares that would have been issued if all stock options with a strike price below the average share price for the period had been exercised. When performance targets have not been met, affected options are excluded from the calculation. We also decrease the average number of common shares outstanding by the number of our common shares that we could have repurchased if we had used the proceeds from the exercise of stock options to repurchase them on the open market at the average share price for the period. We do not adjust for stock options with a strike price above the average share price for the period because including them would increase our earnings per share, not dilute it.

Note 14: Operating and Geographic Segmentation

Operating Groups

We conduct our business through three operating groups, each of which has a distinct mandate. We determine our operating groups based on our management structure and therefore these groups, and results attributed to them, may not be comparable with those of other financial services companies. We evaluate the performance of our groups using reported and adjusted measures such as net income, revenue growth, return on equity, non-interest expense-to-revenue (productivity) ratio, as well as operating leverage.

Personal and Commercial Banking

Personal and Commercial Banking ("P&C") is comprised of two operating segments: Canadian Personal and Commercial Banking and U.S. Personal and Commercial Banking.

Canadian Personal and Commercial Banking
Canadian Personal and Commercial Banking (“Canadian P&C”) provides a full range of financial products and services to more than seven million customers as they do business with us through their channel of choice: in our branches, on their mobile devices, online, over the telephone and through our automated banking machines. Personal Banking provides financial solutions for everyday banking, financing, investing, credit card and creditor insurance needs. Commercial banking provides our small business and commercial banking customers with a broad suite of integrated commercial and capital market products, as well as financial advisory services.

U.S. Personal and Commercial Banking
U.S. Personal and Commercial Banking (“U.S. P&C”) offers a broad range of products and services. Our retail and small and mid-sized business banking customers are served through our branches, contact centres, online and mobile banking platforms and ABMs across eight states.

Wealth Management
BMO’s group of wealth management businesses serves a full range of client segments from mainstream to ultra-high net worth and institutional, with a broad offering of wealth management products and services including insurance products. Wealth Management (“WM”) is a global business with an active presence in markets across Canada, the United States, Europe and Asia.

BMO Capital Markets
BMO Capital Markets (“BMO CM”) is a North American-based financial services provider offering a complete range of products and services to corporate, institutional and government clients. Through our Investment and Corporate Banking and Trading Products lines of business we operate in 29 locations around the world, including 16 offices in North America.

Corporate Services
Corporate Services consists of Corporate Unit and Technology and Operations (“T&O”). Corporate Units provide enterprise-wide expertise and governance support in a variety of areas, including strategic planning, risk management, finance, legal and compliance, marketing, communications and human resources. T&O manages, maintains and provides governance over information technology, operations services, real estate and sourcing for BMO Financial Group.

The costs of providing these Corporate Unit and T&O services are largely transferred to the three client operating groups (P&C, WM and BMO CM), and only relatively minor amounts are retained in Corporate Services results. As such, Corporate Services operating results largely reflect the impact of certain asset-liability management activities, the elimination of taxable equivalent adjustments, the results from certain impaired real estate secured assets, purchased loan accounting impacts, certain acquisition integration costs, restructuring costs, run-off structured credit activities and adjustments to the collective allowance for credit losses.

Basis of Presentation
The results of these operating groups are based on our internal financial reporting systems. The accounting policies used in these segments are generally consistent with those followed in the preparation of our interim consolidated financial statements as disclosed in Note 1 and throughout the annual consolidated financial statements. A notable accounting measurement difference is the taxable equivalent basis adjustment as described below.

Periodically, certain business lines and units within the business lines are transferred between client and corporate support groups to more closely align BMO’s organizational structure with its strategic priorities. In addition, revenue and expense allocations are updated to more accurately align with current experience. Results for prior periods are restated to conform to current presentation.

Taxable Equivalent Basis
We analyze revenue on a taxable equivalent basis (“teb”) at the operating group level. This basis includes an adjustment which increases reported revenues and the reported provision for income taxes by an amount that would raise revenues on certain tax-exempt items to a level that incurs tax at the statutory rate. The offset to the operating groups’ teb adjustments is reflected in Corporate Services revenue and provision for income taxes.

Inter-Group Allocations
Various estimates and allocation methodologies are used in the preparation of the operating groups’ financial information. We allocate expenses directly related to earning revenue to the groups that earned the related revenue. Expenses not directly related to earning revenue, such as overhead expenses, are allocated to operating groups using allocation formulas applied on a consistent basis. Operating group net interest income reflects internal funding charges and credits on the groups’ assets, liabilities and capital, at market rates, taking into account relevant terms and currency considerations. The offset of the net impact of these charges and credits is reflected in Corporate Services.

Geographic Information

We operate primarily in Canada and the United States but we also have operations in the United Kingdom, Europe, the Caribbean and Asia, which are grouped in Other countries. We allocate our results by geographic region based on the location of the unit responsible for managing the related assets, liabilities, revenues and expenses, except for the consolidated provision for credit losses, which is allocated based upon the country of ultimate risk.

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

(Canadian $ in millions)

For the three months ended January 31, 2015	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	**1,217**	**681**	**160**	**388**	**(227)**	**2,219**
Non-interest revenue	**411**	**178**	**1,622**	**533**	**92**	**2,836**
Total Revenue	**1,628**	**859**	**1,782**	**921**	**(135)**	**5,055**
Provision for credit losses	**132**	**40**	**2**	**9**	**(20)**	**163**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**-**	**-**	**747**	**-**	**-**	**747**
Amortization	**36**	**43**	**37**	**10**	**62**	**188**
Non-interest expense	**799**	**517**	**791**	**613**	**98**	**2,818**
Income before taxes and non-controlling interest in subsidiaries	**661**	**259**	**205**	**289**	**(275)**	**1,139**
Provision for income taxes	**159**	**67**	**46**	**68**	**(201)**	**139**
Reported net income	**502**	**192**	**159**	**221**	**(74)**	**1,000**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**14**	**14**
Net Income attributable to bank shareholders	**502**	**192**	**159**	**221**	**(88)**	**986**
Average Assets	**194,255**	**84,726**	**27,813**	**287,666**	**56,453**	**650,913**

For the three months ended January 31, 2014	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	1,196	605	140	260	(88)	2,113
Non-interest revenue	382	168	1,083	713	20	2,366
Total Revenue	1,578	773	1,223	973	(68)	4,479
Provision for credit losses	139	21	(1)	(1)	(59)	99
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	-	-	357	-	-	357
Amortization	37	46	21	12	64	180
Non-interest expense	753	477	624	596	54	2,504
Income before taxes and non- controlling interest in subsidiaries	649	229	222	366	(127)	1,339
Provision for income taxes	164	62	48	90	(86)	278
Reported net income	485	167	174	276	(41)	1,061
Non-controlling interest in subsidiaries	-	-	-	-	13	13
Net Income attributable to bank shareholders	485	167	174	276	(54)	1,048
Average Assets	187,267	70,439	23,098	254,156	45,196	580,156

(1) Corporate Services includes Technology and Operations.

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

Our results and average assets, allocated by geographic region, are as follows:

(Canadian $ in millions)

For the three months ended January 31, 2015	Canada	United States	Other countries	Total
Net interest income	**1,395**	**783**	**41**	**2,219**
Non-interest revenue	**1,945**	**559**	**332**	**2,836**
Total Revenue	**3,340**	**1,342**	**373**	**5,055**
Provision for credit losses	**110**	**53**	**-**	**163**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**652**	**-**	**95**	**747**
Amortization	**102**	**68**	**18**	**188**
Non-interest expense	**1,644**	**1,010**	**164**	**2,818**
Income before taxes and non-controlling interest in subsidiaries	**832**	**211**	**96**	**1,139**
Provision for income taxes	**97**	**24**	**18**	**139**
Reported net income	**735**	**187**	**78**	**1,000**
Non-controlling interest in subsidiaries	**15**	**-**	**(1)**	**14**
Net Income attributable to bank shareholders	**720**	**187**	**79**	**986**
Average Assets	**401,488**	**221,352**	**28,073**	**650,913**

For the three months ended January 31, 2014	Canada	United States	Other countries	Total
Net interest income	1,345	729	39	2,113
Non-interest revenue	1,630	578	158	2,366
Total Revenue	2,975	1,307	197	4,479
Provision for credit losses	131	(31)	(1)	99
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	298	-	59	357
Amortization	106	70	4	180
Non-interest expense	1,545	878	81	2,504
Income before taxes and non-controlling interest in subsidiaries	895	390	54	1,339
Provision for income taxes	179	95	4	278
Reported net income	716	295	50	1,061
Non-controlling interest in subsidiaries	13	-	-	13
Net Income attributable to bank shareholders	703	295	50	1,048
Average Assets	367,067	192,413	20,676	580,156

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

Note 15: Fair Value of Financial Instruments

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

Set out in the following tables 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 notes to our annual consolidated financial statements for the year ended October 31, 2014 on pages 178 to 185 for further discussion on the determination of fair value.

		January 31, 2015		October 31, 2014
	Carrying value	**Fair value**	Carrying value	Fair value
Securities				
Held to maturity	**10,586**	**10,709**	10,344	10,490
Other (1)	**596**	**2,059**	510	1,829
	11,182	**12,768**	10,854	12,319
Securities purchased under resale agreements (2)	**47,347**	**48,458**	33,141	33,095
Loans				
Residential mortgages	**102,073**	**102,383**	101,013	101,273
Consumer instalment and other personal	**65,301**	**64,370**	64,143	63,280
Credit cards	**7,924**	**7,674**	7,972	7,706
Businesses and governments	**133,193**	**131,562**	120,766	119,399
	308,491	**305,989**	293,894	291,658
Deposits	**429,778**	**430,031**	393,088	393,242
Securities sold under repurchase agreements (3)	**34,231**	**34,607**	25,485	25,505
Other liabilities (4)	**24,561**	**25,445**	23,546	23,927
Subordinated debt	**4,964**	**5,137**	4,913	5,110

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, customers' liabilities under acceptances, other assets, acceptances, securities lent and certain other liabilities.
(1) Excluded from other securities is $488 million of securities related to our merchant banking business that are carried at fair value on the balance sheet ($477 million as at October 31, 2014).
(2) Excludes $18,739 million of securities borrowed for which carrying value approximates fair value ($20,414 million as at October 31, 2014).
(3) Excludes $15,320 million of securities lent for which carrying value approximates fair value ($14,210 million as at October 31, 2014).
(4) Other liabilities include securitization and SE liabilities and certain other liabilities of subsidiaries, other than deposits.

Financial Instruments Designated at Fair Value

A portion of our structured note liabilities have been designated at fair value through profit or loss and are accounted for at fair value, which aligns the accounting result with the way the portfolio is managed. The change in fair value of these structured notes was recorded as a decrease of $103 million in non-interest revenue, trading revenue and an increase of $19 million before tax recorded in other comprehensive income related to changes in our credit spread for the three months ended January 31, 2015 (a decrease of $12 million recorded in non-interest revenue, trading revenue, of which $2 million related to changes in our own credit spread for the three months ended January 31, 2014). The impact of changes in our credit spread is measured based on movements in the bank's credit spread quarter over quarter.

The fair value and notional amount due at contractual maturity of these structured notes as at January 31, 2015 were $8,160 million and $8,175 million, respectively ($7,639 million and $7,733 million, respectively, as at October 31, 2014). These structured notes are recorded in Deposits in our Consolidated Balance Sheet.

We designate certain securities held by our insurance subsidiaries that support our insurance liabilities at fair value through profit or loss since the actuarial calculation of insurance liabilities is based on the fair value of the investments supporting them. This designation aligns the accounting result with the way the portfolio is managed on a fair value basis. The change in fair value of the assets is recorded in non-interest revenue, insurance revenue and the change in fair value of the liabilities is recorded in insurance claims, commissions and changes in policy benefit liabilities. The fair value of these investments as at January 31, 2015 of $7,245 million ($6,599 million as at October 31, 2014) is recorded in securities, trading in our Consolidated Balance Sheet. The impact of recording these investments at fair value through profit or loss was an increase of $535 million in non-interest revenue, insurance revenue, for the three months ended January 31, 2015 (an increase of $156 million for the three months ended January 31, 2014).

We designate the obligation related to certain investment contracts at fair value through profit or loss, which eliminates a measurement inconsistency that would otherwise arise from measuring the investment contract liabilities and offsetting changes in the fair value of the investments supporting them on a different basis. The fair value of these investment contract liabilities as at January 31, 2015 of $465 million ($407 million as at October 31, 2014) is recorded in other liabilities in our Consolidated Balance Sheet. The change in fair value of these investment contract liabilities resulted in an increase of $29 million in insurance claims, commissions, and changes in policy benefit liabilities for the three months ended January 31, 2015 (a decrease of $8 million for the three months ended January 31, 2014). For the three months ended January 31, 2015 a gain of $5 million was recorded in other comprehensive income related to changes in our own credit spread. Changes in the fair value of investments backing these annuity liabilities are also recorded in non-interest revenue, insurance revenue. The impact of changes in our credit spread is measured based on movements in the bank's credit spread quarter over quarter.

Note liabilities issued by our credit protection vehicle have been designated at fair value through profit or loss and are accounted for at fair value. This eliminates a measurement inconsistency that would otherwise arise from measuring the note liabilities and offsetting changes in the fair value of investments and derivatives on a different basis. The fair value of these note liabilities as at January 31, 2015 of $147 million ($139 million as at October 31, 2014) is recorded in other liabilities in our Consolidated Balance Sheet. The change in fair value of these note liabilities resulted in a decrease of less than $1 million in non-interest revenue, trading revenues for the three months ended January 31, 2015 (an increase of less than $1 million for the three months ended January 31, 2014).

We designate certain investments held in our merchant banking business at fair value through profit or loss, which aligns the accounting result with the way the portfolio is managed. The fair value of these investments as at January 31, 2015 of $488 million ($467 million as at October 31, 2014) is recorded in securities, other in our Consolidated Balance Sheet. The impact of recording these investments at fair value through profit or loss was a decrease in non-interest revenue, securities gains, other than trading of $16 million for the three months ended January 31, 2015 (a decrease of $5 million for the three months ended January 31, 2014).

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. The extent of our use of actively quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of securities, fair value liabilities, derivative assets and derivative liabilities was as follows:

(Canadian $ in millions)			**January 31, 2015**			October 31, 2014
	Valued using quoted market prices	**Valued using models (with observable inputs)**	**Valued using models (without observable inputs)**	Valued using quoted market prices	Valued using models (with observable inputs)	Valued using models (without observable inputs)
Trading Securities						
Issued or guaranteed by:						
Canadian federal government	**11,699**	**2,202**	**-**	8,737	1,725	-
Canadian provincial and municipal governments	**5,547**	**3,973**	**-**	3,134	4,062	-
U.S. federal government	**6,027**	**446**	**-**	5,725	440	-
U.S. states, municipalities and agencies	**-**	**854**	**95**	-	626	85
Other governments	**368**	**137**	**-**	124	99	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**792**	**-**	-	702	-
Corporate debt	**948**	**10,254**	**544**	1,974	9,319	538
Corporate equity	**39,642**	**5,463**	**-**	37,221	10,511	-
	64,231	**24,121**	**639**	56,915	27,484	623
Available-for-Sale Securities						
Issued or guaranteed by:						
Canadian federal government	**5,213**	**5,280**	**-**	4,946	5,555	-
Canadian provincial and municipal governments	**1,975**	**2,394**	**-**	1,679	2,425	-
U.S. federal government	**1,752**	**-**	**-**	1,093	-	-
U.S. states, municipalities and agencies	**-**	**6,828**	**1**	-	5,814	1
Other governments	**1,977**	**4,213**	**-**	2,136	3,996	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**10,892**	**-**	-	9,949	-
Corporate debt	**6,035**	**2,334**	**8**	5,687	1,971	8
Corporate equity	**373**	**147**	**1,289**	422	146	1,138
	17,325	**32,088**	**1,298**	15,963	29,856	1,147
Other Securities	**-**	**-**	**488**	10	-	467
Fair Value Liabilities						
Securities sold but not yet purchased	**26,630**	**3,383**	**-**	23,615	3,733	-
Structured note liabilities and other note liabilities	**-**	**8,307**	**-**	-	7,785	-
Annuity liabilities	**-**	**465**	**-**	-	407	-
	26,630	**12,155**	**-**	23,615	11,925	-
Derivative Assets						
Interest rate contracts	**11**	**26,976**	**-**	23	18,241	-
Foreign exchange contracts	**51**	**33,201**	**-**	32	12,649	-
Commodity contracts	**1,602**	**56**	**-**	653	30	-
Equity contracts	**40**	**981**	**-**	51	896	-
Credit default swaps	**-**	**68**	**3**	-	68	12
	1,704	**61,282**	**3**	759	31,884	12
Derivative Liabilities						
Interest rate contracts	**24**	**24,368**	**-**	33	16,983	-
Foreign exchange contracts	**89**	**32,527**	**-**	33	12,110	-
Commodity contracts	**3,033**	**692**	**-**	1,101	233	-
Equity contracts	**55**	**2,800**	**-**	38	3,002	-
Credit default swaps	**-**	**113**	**-**	-	116	8
	3,201	**60,500**	**-**	1,205	32,444	8

Valuation Techniques and Significant Inputs

We determine the fair value of publicly traded fixed maturity 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 yield and prepayment rates 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 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 available-for-sale 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.

Quantitative Information about Level 3 Fair Value Measurements

The table below presents fair values of our significant Level 3 financial instruments, the valuation techniques used to determine their fair values and the value ranges of significant unobservable inputs used in the valuations.

As at January 31, 2015 (Canadian $ in millions, except as noted)	Reporting line in fair value hierarchy table	Fair value of assets	Valuation techniques	Significant unobservable inputs	Range of input values (1) Low	High
Securities						
Private equity (2)	Corporate equity	**1,289**	Net Asset Value	Net Asset Value	**na**	**na**
			EV/EBITDA	Multiple	**5.5x**	**9.3x**
Collateralized loan obligations securities (3)	Corporate debt	**552**	Discounted Cash Flow Model	Yield/Discount Margin	**1.25%**	**1.25%**
Merchant banking securities	Other	**488**	Net Asset Value	Net Asset Value	**na**	**na**
			EV/EBITDA	Multiple	**4.2x**	**9.0x**

(1) The low and high input values represent the actual highest and lowest 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 the 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) Included in private equity is $682 million of Federal Reserve Bank and U.S. Federal Home Loan Bank shares that we hold to meet regulatory requirements. These shares are carried at cost, which is deemed to approximate fair value as a result of these shares not being traded in the market.

(3) Includes both trading and available-for-sale instruments.

na – not applicable

Significant Unobservable Inputs in Level 3 Instrument Valuations

Net Asset Value

Net asset value represents the estimated value of a security based on valuations received from the investment or fund manager. The valuation of certain private equity securities is based on the economic benefit derived from our investment.

EV/EBITDA Multiple

The fair value of private equity and merchant banking investments is derived by calculating an enterprise value ("EV") using the EV/EBITDA multiple and then proceeding through a waterfall of the company's capital structure to determine the value of the assets or securities we hold. The EV/EBITDA multiple is determined using judgment in considering factors such as multiples for comparable listed companies, recent transactions and company-specific factors, as well as liquidity discounts that account for the lack of active trading in these assets and securities.

Yield/Discount Margin

A financial instrument's yield is the interest rate used to discount future cash flows in a valuation model. An increase in the yield, in isolation, would result in a decrease in the related fair value measurement. The discount margin is the difference between a debt instrument's yield and a benchmark instrument's yield. Benchmark instruments have high credit quality ratings and similar maturities and are often government bonds. The discount margin for an instrument forms part of the yield used in a discounted cash flow calculation. Generally, an increase in the discount margin will result in a decrease in fair value.

Sensitivity Analysis of Level 3 Instruments

Sensitivity analysis at January 31, 2015 for significant Level 3 instruments, that is securities which represent greater than 10% of Level 3 instruments, is provided below.

Within Level 3 trading securities is corporate debt of $538 million related to securities that are hedged with credit default swaps that are also considered to be Level 3 instruments. As at January 31, 2015, the derivative assets and derivative liabilities were valued at $3 million and $nil, respectively. We have determined the valuation of these derivatives and the related securities based on market-standard models we use to model the specific collateral composition and cash flow structure of the related deal. As at January 31, 2015, the impact of assuming a 10 basis point increase or decrease in the discount margin would be a $1 million decrease or increase in fair value, respectively.

We have not applied another reasonably possible alternative assumption to the significant Level 3 categories of private equity investments and merchant banking securities, as the net asset values are provided by the investment or fund managers.

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 are made between the various fair value hierarchy levels that result from changes in the availability of quoted market prices or observable market inputs that result from changing market conditions. The following is a discussion of the significant transfers between Level 1, Level 2 and Level 3 balances for the three months ended January 31, 2015.

During the three months ended January 31, 2015, $133 million of trading securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities. During the three months ended January 31, 2015, $7 million of trading securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in active markets. During the three months ended January 31, 2015, no available-for-sale securities were transferred between Level 1 and Level 2.

During the three months ended January 31, 2015, no available-for-sale securities or trading securities were transferred into or out of Level 3.

Changes in Level 3 Fair Value Measurements

The tables below present a reconciliation of all changes in Level 3 financial instruments during the three months ended January 31, 2015, including realized and unrealized gains (losses) included in earnings and other comprehensive income.

		Change in fair value								
For the three months ended January 31, 2015	Balance October 31, 2014	Included in earnings	Included in other compre-hensive income	Purchases	Sales	Maturities/ Settlement (1)	Transfers into Level 3	Transfers out of Level 3	Fair Value as at January 31, 2015	Unrealized gains (losses) (2)
Trading Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	85	**10**	-	-	-	-	-	-	**95**	**10**
Corporate debt	538	**53**	-	-	**(47)**	-	-	-	**544**	**53**
Total trading securities	623	**63**	-	-	**(47)**	-	-	-	**639**	**63**
Available-for-Sale Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	-	-	-	-	-	-	-	**1**	-
Corporate debt	8	-	-	-	-	-	-	-	**8**	-
Corporate equity	1,138	**(7)**	**137**	**40**	**(19)**	-	-	-	**1,289**	**137**
Total available-for-sale securities	1,147	**(7)**	**137**	**40**	**(19)**	-	-	-	**1,298**	**137**
Other Securities	467	**10**	-	**71**	**(60)**	-	-	-	**488**	**10**
Derivative Assets										
Credit default swaps	12	**(9)**	-	-	-	-	-	-	**3**	**(9)**
Derivative Liabilities										
Credit default swaps	8	**(8)**	-	-	-	-	-	-	-	**(8)**

(1) Includes cash settlement of derivative assets and derivative liabilities.
(2) Unrealized gains or losses on trading securities, derivative assets and derivative liabilities still held on January 31, 2015 are included in earnings in the period. For available-for-sale securities, the unrealized gains or losses on securities still held on January 31, 2015 are included in Accumulated Other Comprehensive Income.

Note 16: Contractual Maturities of Assets and Liabilities and Off-Balance Sheet Commitments

The tables below show the remaining contractual maturity of on-balance sheet assets and liabilities and off-balance sheet commitments. The contractual maturity of financial assets and liabilities is an input to but is not necessarily consistent with the expected maturity of assets and liabilities that is used in the management of liquidity and funding risk. We forecast asset and liability cash flows under both normal market conditions and under a number of stress scenarios to manage liquidity and funding risk. Stress scenarios include assumptions for loan repayments, deposit withdrawals, and credit commitment and liquidity facility drawdowns by counterparty and product type. Stress scenarios also consider the time horizon over which liquid assets can be monetized and the related haircuts and potential collateral requirements that may occur due to both market volatility and credit rating downgrades amongst other assumptions. For further details, see the Liquidity and Funding Risk Section on pages 95-100 of our 2014 Annual Report.

(Canadian $ in millions)										January 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
On-Balance Sheet Financial Instruments										
Assets										
Cash and cash equivalents	43,366	-	-	-	-	-	-	-	796	44,162
Interest bearing deposits with banks	4,063	1,810	626	43	55	-	-	-	-	6,597
Securities										
Trading	1,373	1,840	1,950	1,600	3,318	5,619	8,978	19,208	45,105	88,991
Available-for-sale	1,124	595	1,021	882	2,395	7,277	22,527	13,081	1,809	50,711
Held-to-maturity	-	103	93	278	298	1,035	4,180	4,599	-	10,586
Other	-	4	3	-	-	-	50	12	1,015	1,084
Total securities	2,497	2,542	3,067	2,760	6,011	13,931	35,735	36,900	47,929	151,372
Securities borrowed or purchased under resale agreements	50,652	11,716	1,630	1,325	763	-	-	-	-	66,086
Loans										
Residential mortgages	1,141	2,732	4,580	4,299	4,697	18,857	55,733	10,034	-	102,073
Consumer instalment and other personal	417	730	1,276	1,113	1,368	6,079	21,056	9,912	23,350	65,301
Credit cards	-	-	-	-	-	-	-	-	7,924	7,924
Businesses and governments	10,242	7,676	5,355	2,932	13,212	13,295	40,095	8,529	31,857	133,193
Customers' liability under acceptances	8,928	1,929	119	1	9	-	-	-	-	10,986
Allowance for credit losses	-	-	-	-	-	-	-	-	(1,847)	(1,847)
Total loans and acceptances, net of allowance	20,728	13,067	11,330	8,345	19,286	38,231	116,884	28,475	61,284	317,630
Other Assets										
Derivative instruments	6,517	5,863	4,129	2,377	3,265	6,040	15,261	19,537	-	62,989
Premises and equipment	-	-	-	-	-	-	-	-	2,334	2,334
Goodwill	-	-	-	-	-	-	-	-	5,900	5,900
Intangible assets	-	-	-	-	-	-	-	-	2,214	2,214
Current tax assets	-	-	-	-	-	-	-	-	579	579
Deferred tax assets	-	-	-	-	-	-	-	-	3,385	3,385
Other	1,385	150	184	-	1	-	53	3,890	3,447	9,110
Total other assets	7,902	6,013	4,313	2,377	3,266	6,040	15,314	23,427	17,859	86,511
Total Assets	129,208	35,148	20,966	14,850	29,381	58,202	167,933	88,802	127,868	672,358

(Canadian $ in millions)										January 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Liabilities and Equity										
Deposits (1)										
Banks	**10,708**	**4,077**	**3,544**	**55**	**574**	**-**	**-**	**-**	**5,352**	**24,310**
Businesses and governments	**27,985**	**30,977**	**26,822**	**11,259**	**9,008**	**19,459**	**22,646**	**8,497**	**105,619**	**262,272**
Individuals	**2,599**	**3,674**	**4,513**	**5,233**	**4,852**	**7,632**	**15,779**	**1,742**	**97,172**	**143,196**
Total deposits	**41,292**	**38,728**	**34,879**	**16,547**	**14,434**	**27,091**	**38,425**	**10,239**	**208,143**	**429,778**
Other liabilities										
Derivative instruments	**4,220**	**5,032**	**4,065**	**2,806**	**4,655**	**8,011**	**16,605**	**18,307**	**-**	**63,701**
Acceptances	**8,928**	**1,929**	**119**	**1**	**9**	**-**	**-**	**-**	**-**	**10,986**
Securities sold but not yet purchased	**30,013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30,013**
Securities lent or sold under repurchase agreements	**47,916**	**1,472**	**94**	**69**	**-**	**-**	**-**	**-**	**-**	**49,551**
Current tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**262**	**262**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**161**	**161**
Securitization and liabilities related to structured entities	**2**	**1,590**	**371**	**1,246**	**788**	**5,009**	**8,956**	**5,423**	**-**	**23,385**
Other	**6,384**	**143**	**385**	**-**	**7**	**1,129**	**3,029**	**1,849**	**8,831**	**21,757**
Total other liabilities	**97,463**	**10,166**	**5,034**	**4,122**	**5,459**	**14,149**	**28,590**	**25,579**	**9,254**	**199,816**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**-**	**100**	**4,864**	**-**	**4,964**
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,800**	**37,800**
Total Liabilities and Equity	**138,755**	**48,894**	**39,913**	**20,669**	**19,893**	**41,240**	**67,115**	**40,682**	**255,197**	**672,358**

(1) Deposits payable on demand and payable after notice have been included under no maturity.

(Canadian $ in millions)										January 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Off-Balance Sheet Commitments										
Commitments to extend credit (1)	**1,096**	**2,810**	**5,283**	**3,955**	**8,823**	**12,958**	**58,015**	**1,790**	**-**	**94,730**
Operating leases	**27**	**55**	**83**	**82**	**80**	**296**	**656**	**662**	**-**	**1,941**
Financial guarantee contracts (1)	**5,507**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,507**
Purchase obligations	**65**	**122**	**182**	**178**	**157**	**601**	**850**	**271**	**-**	**2,426**

(1) A large majority of these commitments expire without being drawn upon. As a result, the total contractual amounts may not be representative of the funding likely to be required for these commitments.

(Canadian $ in millions)										October 31, 2014
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
On-Balance Sheet Financial Instruments										
Assets										
Cash and cash equivalents	27,625	-	-	-	-	-	-	-	761	28,386
Interest bearing deposits with banks	4,124	1,420	521	14	31	-	-	-	-	6,110
Securities										
Trading	542	1,159	584	1,344	1,274	5,255	9,722	17,409	47,733	85,022
Available-for-sale	1,014	345	553	1,138	714	8,750	21,047	11,699	1,706	46,966
Held-to-maturity	-	-	113	98	294	1,356	4,172	4,311	-	10,344
Other	-	10	3	2	-	-	45	19	908	987
Total securities	1,556	1,514	1,253	2,582	2,282	15,361	34,986	33,438	50,347	143,319
Securities borrowed or purchased under resale agreements	39,014	10,255	2,536	678	938	134	-	-	-	53,555
Loans										
Residential mortgages	1,284	1,528	3,763	4,725	4,470	20,497	55,659	9,087	-	101,013
Consumer instalment and other personal	386	458	1,097	1,193	1,257	6,491	20,847	8,981	23,433	64,143
Credit cards	-	-	-	-	-	-	-	-	7,972	7,972
Businesses and governments	7,701	9,520	3,438	4,201	11,019	10,315	37,537	6,294	30,741	120,766
Customers' liability under acceptances	8,871	1,920	77	1	9	-	-	-	-	10,878
Allowance for credit losses	-	-	-	-	-	-	-	-	(1,734)	(1,734)
Total loans and acceptances, net of allowance	18,242	13,426	8,375	10,120	16,755	37,303	114,043	24,362	60,412	303,038
Other Assets										
Derivative instruments	2,703	2,348	1,387	1,746	796	3,436	8,955	11,284	-	32,655
Premises and equipment	-	-	-	-	-	-	-	-	2,276	2,276
Goodwill	-	-	-	-	-	-	-	-	5,353	5,353
Intangible assets	-	-	-	-	-	-	-	-	2,052	2,052
Current tax assets	-	-	-	-	-	-	-	-	665	665
Deferred tax assets	-	-	-	-	-	-	-	-	3,019	3,019
Other	1,509	271	149	4	-	-	64	3,545	2,689	8,231
Total other assets	4,212	2,619	1,536	1,750	796	3,436	9,019	14,829	16,054	54,251
Total Assets	94,773	29,234	14,221	15,144	20,802	56,234	158,048	72,629	127,574	588,659

(Canadian $ in millions)										October 31, 2014
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Liabilities and Equity										
Deposits (1)										
Banks	7,495	4,680	1,067	597	2	-	-	-	4,402	18,243
Businesses and governments	26,644	25,061	20,255	10,157	8,439	16,347	23,914	8,198	100,124	239,139
Individuals	2,039	3,290	5,472	4,296	5,288	6,386	16,454	1,528	90,953	135,706
Total deposits	36,178	33,031	26,794	15,050	13,729	22,733	40,368	9,726	195,479	393,088
Other liabilities										
Derivative instruments	1,545	2,321	1,325	2,095	1,399	4,565	9,633	10,774	-	33,657
Acceptances	8,871	1,920	77	1	9	-	-	-	-	10,878
Securities sold but not yet purchased	27,348	-	-	-	-	-	-	-	-	27,348
Securities lent or sold under repurchase agreements	36,757	2,624	149	95	70	-	-	-	-	39,695
Current tax liabilities	-	-	-	-	-	-	-	-	235	235
Deferred tax liabilities	-	-	-	-	-	-	-	-	178	178
Securitization and liabilities related to structured entities	3	429	1,560	341	1,135	3,976	10,066	4,955	-	22,465
Other	7,226	142	16	330	26	193	3,577	1,723	7,565	20,798
Total other liabilities	81,750	7,436	3,127	2,862	2,639	8,734	23,276	17,452	7,978	155,254
Subordinated debt	-	-	-	-	-	-	100	4,813	-	4,913
Total Equity	-	-	-	-	-	-	-	-	35,404	35,404
Total Liabilities and Equity	117,928	40,467	29,921	17,912	16,368	31,467	63,744	31,991	238,861	588,659

(1) Deposits payable on demand and payable after notice have been included as having no maturity.

(Canadian $ in millions)										October 31, 2014
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Off-Balance Sheet Commitments										
Commitments to extend credit (1)	1,313	1,717	3,844	6,048	3,830	15,872	51,086	1,549	-	85,259
Operating leases	26	52	77	77	76	281	630	638	-	1,857
Financial guarantee contracts (1)	5,269	-	-	-	-	-	-	-	-	5,269
Purchase obligations	58	113	169	169	169	586	783	209	-	2,256

(1) A large majority of these commitments expire without being drawn upon. As a result, the total contractual amounts may not be representative of the funding likely to be required for these commitments.

INVESTOR AND MEDIA PRESENTATION

Investor Presentation Materials

Interested parties are invited to visit our website at www.bmo.com/investorrelations to review our 2014 annual MD&A and audited annual consolidated financial statements, our First Quarter 2015 Earnings Release and Report to Shareholders, presentation materials and supplementary financial information package online.

Quarterly Conference Call and Webcast Presentations

Interested parties are also invited to listen to our quarterly conference call on Tuesday, February 24, 2015, at 2:00 p.m. (EST). At that time, senior BMO executives will comment on results for the quarter and respond to questions from the investor community. The call may be accessed by telephone at 416-695-9753 (from within Toronto) or 1-888-789-0089 (toll-free outside Toronto). A replay of the conference call can be accessed until Tuesday, May 26, 2015, by calling 905-694-9451 (from within Toronto) or 1-800-408-3053 (toll-free outside Toronto) and entering passcode 6766952.

A live webcast of the call can be accessed on our website at www.bmo.com/investorrelations. A replay can also be accessed on the site.

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Corporate Secretary

Barbara Muir, Corporate Secretary, corp.secretary@bmo.com, 416-867-6423

Shareholder Dividend Reinvestment and Share Purchase Plan (the Plan)
Average market price as defined under the Plan
November 2014 $83.33
December 2014 $81.73
January 2015 $77.63

For dividend information, change in shareholder address or to advise of duplicate mailings, please contact
Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Telephone: 1-800-340-5021 (Canada and the United States)
Telephone: (514) 982-7800 (international)
Fax: 1-888-453-0330 (Canada and the United States)
Fax: (416) 263-9394 (international)
E-mail: service@computershare.com

For other shareholder information, including the notice for our normal course issuer bid, please contact
Bank of Montreal
Shareholder Services
Corporate Secretary's Department
One First Canadian Place, 21st Floor
Toronto, Ontario M5X 1A1
Telephone: (416) 867-6785
Fax: (416) 867-6793
E-mail: corp.secretary@bmo.com

For further information on this report, please contact
Bank of Montreal
Investor Relations Department
P.O. Box 1, One First Canadian Place, 18th Floor
Toronto, Ontario M5X 1A1

To review financial results online, please visit our website at www.bmo.com. To review regulatory filings and disclosures online, please visit our website at www.bmo.com/investorrelations.

Our 2014 annual MD&A, audited annual consolidated financial statements and annual report on Form 40-F (filed with the U.S. Securities and Exchange Commission) are available online at www.bmo.com/investorrelations and at www.sedar.com. Printed copies of the bank's complete 2014 audited financial statements are available free of charge upon request at 416-867-6785 or corp.secretary@bmo.com.

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Annual Meeting 2015
The next Annual Meeting of Shareholders will be held on Tuesday, March 31, 2015, in Toronto, Ontario.