BMO Financial Group

Second Quarter 2015 Report to Shareholders

BMO Financial Group Reports Net Income of $1 Billion for the Second Quarter of 2015

Financial Results Highlights:

Second Quarter 2015 Compared with Second Quarter 2014:

- **Net income of $1 billion, down 7%; adjusted net income[1] of $1,146 million, up 5%**
- **EPS[2] of $1.49, down 7%; adjusted EPS[1,2] of $1.71, up 5%**
- **ROE of 11.4%, compared with 14.3%; adjusted ROE[1] of 13.2%, compared with 14.6%**
- **Provisions for credit losses of $161 million, compared with $162 million**
- **Basel III Common Equity Tier 1 Ratio of 10.2%**
- **Dividend increased by $0.02 or 2% from the preceding quarter to $0.82**

Year-to-Date 2015 Compared with Year-to-Date 2014:

- **Net income of $1,999 million, down 6%; adjusted net income[1] of $2,187 million, unchanged**
- **EPS[2] of $2.95, down 7%; adjusted EPS[1,2] of $3.24, unchanged**
- **ROE of 11.6%, compared with 14.3%; adjusted ROE[1] of 12.8%, compared with 14.6%**
- **Provisions for credit losses of $324 million, compared with $261 million**

Toronto, May 27, 2015 – For the second quarter ended April 30, 2015, BMO Financial Group reported net income of $999 million or $1.49 per share on a reported basis and net income of $1,146 million or $1.71 per share on an adjusted basis. Reported net income includes a $106 million charge primarily due to restructuring to drive operational efficiencies.

"BMO delivered good results in the second quarter, with adjusted net income of $1.1 billion, up 5% from last year and 10% from the first quarter. Our operating groups performed well, demonstrating the benefits of our advantaged business mix, which is diversified by geography and customer type," said Bill Downe, Chief Executive Officer, BMO Financial Group.

"Our combined Personal and Commercial Banking business delivered adjusted earnings of $706 million, up 8% from last year. Wealth Management demonstrated continued strong momentum, with Traditional Wealth posting adjusted net income growth of 23%. Capital Markets net income rebounded strongly from last quarter.

"Looking ahead, with our consistent strategy and a deeply engrained commitment to customers, we are confident in the opportunities for growth across the bank," concluded Mr. Downe.

(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.

Concurrent with the release of results, BMO announced a third quarter 2015 dividend of $0.82 per common share, up $0.02 per share or 2% from the preceding quarter and up $0.04 per share or 5% from a year ago, equivalent to an annual dividend of $3.28 per common share.

Our complete Second Quarter 2015 Report to Shareholders, including our unaudited interim consolidated financial statements for the period ended April 30, 2015, is available online at www.bmo.com/investorrelations and at www.sedar.com.

Total Bank Overview

Net income was $999 million for the second quarter of 2015, down $77 million or 7% from the prior year due to a $106 million charge taken in the quarter primarily due to restructuring to drive operational efficiencies. Adjusted net income was $1,146 million, up $49 million or 5%.

Adjusted net income was up from the prior year in both P&C businesses and Wealth Management. BMO Capital Markets results were significantly higher than the prior quarter driven by higher revenue from our Trading Products business.

The Basel III Common Equity Tier 1 Ratio remains strong at 10.2%.

Operating Segment Overview

Canadian P&C

Net income of $486 million and adjusted net income of $487 million both increased $6 million or 1% from the prior year. Revenue was up $67 million or 4% from the prior year due to higher balances across most products and increased non-interest revenue in our personal business. Expenses increased $48 million or 6% reflecting investments to support business growth, and higher costs associated with a changing business and regulatory environment. Year-over-year loan growth was 3% and deposit growth was 7%.

In our personal banking business, loan and deposit growth was 2% and 6%, respectively. In the quarter, we launched our new Savings Builder Account, becoming the first Canadian bank to reward customers with bonus interest for saving monthly. We were recognized for the third consecutive year by the global financial services research firm Celent with a 2015 Model Bank Award for excellence in the digital banking category.

In our commercial banking business, loan and deposit growth was 6% and 8%, respectively. We remain focused on increasing capacity for our sales force and developing new products and services that meet our customers' needs. This quarter we launched the BMO Spend Dynamics™ tool, which provides corporate card clients with convenient access to their transaction data so they can see and analyze their program spend. We remain second in Canadian business banking loan market share for small and medium-sized loans.

U.S. P&C

Net income of $206 million increased $49 million or 31% from the prior year. Adjusted net income of $219 million increased $49 million or 29%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $166 million increased $24 million or 16% from a year ago. Adjusted net income of $176 million increased $22 million or 14%, driven by lower provisions for credit losses. Revenue of $707 million modestly decreased $7 million or 1% from the prior year as higher loan and deposit volume growth and mortgage banking revenue was more than offset by lower net interest margin and other fee revenue. Adjusted non-interest expense of $452 million was relatively unchanged due to disciplined expense management.

Year-over-year loan growth was $3.5 billion or 6%, led by continued strong growth in core commercial and industrial (C&I) loans of $4.5 billion or 17%.

BMO Harris Bank has been leveraging technology to provide an even better customer experience, unveiling Mobile Cash during the quarter, a new technology that allows consumers to withdraw money from an automated banking machine (ABM) using their smartphones. With the launch, BMO Harris Bank now has the largest network of card-less enabled ABMs in the United States. BMO Harris Bank also debuted its first Smart Branch, which enables customers to complete transactions with video-teller ABMs.

Wealth Management

Net income was $238 million, up $46 million or 24%. Adjusted net income of $265 million increased $67 million or 34% from a year ago. Adjusted net income in traditional wealth was $169 million, up $32 million or 23%, with good organic growth as well as growth from the acquired F&C business. Adjusted net income in insurance was $96 million, up $35 million from a year ago primarily due to the impact of favourable movements in long-term interest rates in the current quarter relative to a year ago and benefits from changes in our investment portfolio to improve asset-liability management.

Assets under management and administration grew by $221 billion or 36% from a year ago to $833 billion, with the acquired F&C business contributing $137 billion to the increase. Excluding F&C, assets under management and administration grew by 14%, driven by the stronger U.S. dollar, market appreciation and growth in new client assets.

This past quarter, BMO Wealth Management was named Best Wealth Management in Canada 2015 by *Global Banking and Finance Review* for the second consecutive year noting Wealth Management's many strengths, including, comprehensive and personalized wealth management solutions, global reach and local expertise, strength in financial planning and our ongoing commitment to providing an exceptional client experience. *Global Banking and Finance Review* also recognized our full-service investing and private banking businesses for excellence: BMO Private Banking was named Best Private Bank in Canada 2015 for the fifth consecutive year; BMO Nesbitt Burns was named Best Full-Service Investment Advisory in Canada 2015 for the second consecutive year and was also named Best Integrated Investment Advisor Digital Platform in Canada 2015.

BMO Capital Markets

Net income of $296 million decreased $9 million or 3% from a year ago as higher revenue was offset by the impact of a less favourable tax rate. Year-over-year revenue growth was $61 million or 6% due to improved revenues from Trading Products. Excluding the impact of the stronger U.S. dollar, non-interest expense increased $6 million or 1%.

BMO Capital Markets was recognized for several industry awards during the quarter. *Global Finance* magazine named us the World's Best Metals & Mining Investment Bank for the sixth consecutive year and we were named a 2015 Greenwich Share Leader in Canadian Top Tier Foreign Exchange Market Share and a Greenwich Quality Leader for Canadian Foreign Exchange Service. On March 24, 2015, BMO Capital Markets initiated the first RMB trade in honour of Canada's official launch of the RMB Hub for the Americas.

BMO Capital Markets participated in 390 new global issues in the quarter, comprised of 149 corporate debt deals, 174 government debt deals and 67 equity transactions, raising $974 billion.

Corporate Services

Corporate Services reported net loss for the second quarter of 2015 was $227 million, compared with a reported net loss of $58 million a year ago. The current quarter included a $106 million charge primarily due to restructuring to drive operational efficiencies. The charge also includes the settlement of a legacy legal matter from an acquired entity. Corporate Services adjusted net loss for the second quarter of 2015 was $121 million, compared with an adjusted net loss of $58 million a year ago due primarily to lower revenue from the purchased loan portfolio.

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 10.2% at April 30, 2015. The CET1 Ratio increased by approximately 10 basis points from 10.1% at the end of the first quarter due to lower risk-weighted assets, partially offset by a decrease in CET1 Capital. Book value per share increased 12% from the prior year to $51.65 per share.

Provision for Credit Losses

The total provision for credit losses of $161 million was consistent with the prior year and 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 May 27, 2015. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the period ended April 30, 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.

Table of Contents

Bank of Montreal's management, under the supervision of the CEO and CFO, has evaluated the effectiveness, as of April 30, 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 April 30, 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)	Q2-2015	Q1-2015	Q2-2014	YTD-2015	YTD-2014
Summary Income Statement					
Net interest income	**2,112**	2,219	2,063	**4,331**	4,176
Non-interest revenue (1)	**2,414**	2,836	2,306	**5,250**	4,672
Revenue (1)	**4,526**	5,055	4,369	**9,581**	8,848
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**24**	747	328	**771**	685
Revenue, net of CCPB	**4,502**	4,308	4,041	**8,810**	8,163
Specific provision for credit losses	**161**	163	162	**324**	261
Collective provision for (recovery of) credit losses	**-**	-	-	**-**	-
Total provision for credit losses	**161**	163	162	**324**	261
Non-interest expense	**3,112**	3,006	2,594	**6,118**	5,278
Provision for income taxes	**230**	139	209	**369**	487
Net income	**999**	1,000	1,076	**1,999**	2,137
Attributable to bank shareholders	**993**	986	1,062	**1,979**	2,110
Attributable to non-controlling interest in subsidiaries	**6**	14	14	**20**	27
Net income	**999**	1,000	1,076	**1,999**	2,137
Adjusted net income	**1,146**	1,041	1,097	**2,187**	2,180
Common Share Data ($ except as noted)					
Earnings per share	**1.49**	1.46	1.60	**2.95**	3.18
Adjusted earnings per share	**1.71**	1.53	1.63	**3.24**	3.24
Earnings per share growth (%)	**(6.9)**	(7.6)	14.3	**(7.2)**	9.3
Adjusted earnings per share growth (%)	**4.9**	(5.0)	13.2	**-**	10.2
Dividends declared per share	**0.80**	0.80	0.76	**1.60**	1.52
Book value per share	**51.65**	52.98	45.94	**51.65**	45.94
Closing share price	**78.82**	72.93	75.55	**78.82**	75.55
Total market value of common shares ($ billions)	**50.8**	47.2	48.7	**50.8**	48.7
Dividend yield (%)	**4.1**	4.4	4.0	**4.1**	4.0
Financial Measures and Ratios (%)					
Return on equity	**11.4**	11.8	14.3	**11.6**	14.3
Adjusted return on equity	**13.2**	12.3	14.6	**12.8**	14.6
Net income growth	**(7.1)**	(5.8)	11.6	**(6.5)**	6.9
Adjusted net income growth	**4.6**	(3.9)	11.2	**0.4**	8.2
Revenue growth (1)	**3.6**	12.9	3.1	**8.3**	5.0
Adjusted revenue growth, net of CCPB	**11.4**	4.5	8.9	**7.9**	8.5
Non-interest expense growth	**19.9**	12.0	1.8	**15.9**	3.1
Adjusted non-interest expense growth	**13.4**	11.3	7.7	**12.4**	8.1
Efficiency ratio (1)	**68.7**	59.5	59.4	**63.8**	59.7
Adjusted efficiency ratio (1)	**64.3**	58.4	58.8	**61.2**	59.0
Adjusted efficiency ratio, net of CCPB	**64.7**	68.5	63.5	**66.6**	63.9
Operating leverage (1)	**(16.3)**	0.9	1.3	**(7.6)**	1.9
Adjusted operating leverage, net of CCPB	**(2.0)**	(6.8)	1.2	**(4.5)**	0.4
Net interest margin on average earning assets	**1.51**	1.55	1.59	**1.53**	1.61
Effective tax rate	**18.8**	12.2	16.2	**15.6**	18.5
Adjusted effective tax rate	**19.8**	12.6	16.5	**16.6**	18.7
Return on average assets	**0.62**	0.60	0.73	**0.61**	0.72
Provision for credit losses-to-average loans and acceptances (annualized)	**0.20**	0.21	0.22	**0.21**	0.18
Balance Sheet (as at $ millions, except as noted)					
Assets	**633,275**	672,410	582,045	**633,275**	582,045
Net loans and acceptances	**315,856**	317,630	294,704	**315,856**	294,704
Deposits	**424,231**	429,778	394,007	**424,231**	394,007
Common shareholders' equity	**33,276**	34,192	29,639	**33,276**	29,639
Cash and securities-to-total assets ratio (%)	**30.0**	30.1	32.1	**30.0**	32.1
Capital Ratios (%)					
Common Equity Tier 1 Ratio	**10.2**	10.1	9.7	**10.2**	9.7
Tier 1 Capital Ratio	**11.4**	11.4	11.1	**11.4**	11.1
Total Capital Ratio	**13.5**	13.4	13.0	**13.5**	13.0
Foreign Exchange Rates					
As at Cdn./U.S. dollar	**1.2064**	1.2711	1.0960	**1.2064**	1.0960
Average Cdn./U.S. dollar	**1.2412**	1.1923	1.1029	**1.2163**	1.0913

(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)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Reported Results					
Revenue (1)	**4,526**	5,055	4,369	**9,581**	8,848
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**(24)**	(747)	(328)	**(771)**	(685)
Revenue, net of CCPB	**4,502**	4,308	4,041	**8,810**	8,163
Provision for credit losses	**(161)**	(163)	(162)	**(324)**	(261)
Non-interest expense	**(3,112)**	(3,006)	(2,594)	**(6,118)**	(5,278)
Income before income taxes	**1,229**	1,139	1,285	**2,368**	2,624
Provision for income taxes	**(230)**	(139)	(209)	**(369)**	(487)
Net Income	**999**	1,000	1,076	**1,999**	2,137
EPS ($)	**1.49**	1.46	1.60	**2.95**	3.18
Adjusting Items (Pre-tax)					
Amortization of acquisition-related intangible assets (2)	**(40)**	(40)	(28)	**(80)**	(59)
Acquisition integration costs (3)	**(11)**	(13)	-	**(24)**	-
Restructuring costs (4)	**(149)**	-	-	**(149)**	-
Adjusting items included in reported pre-tax income	**(200)**	(53)	(28)	**(253)**	(59)
Adjusting Items (After tax)					
Amortization of acquisition-related intangible assets (2)	**(31)**	(31)	(21)	**(62)**	(43)
Acquisition integration costs (3)	**(10)**	(10)	-	**(20)**	-
Restructuring costs (4)	**(106)**	-	-	**(106)**	-
Adjusting items included in reported net income after tax	**(147)**	(41)	(21)	**(188)**	(43)
Impact on EPS ($)	**(0.22)**	(0.07)	(0.03)	**(0.29)**	(0.06)
Adjusted Results					
Revenue (1)	**4,526**	5,055	4,369	**9,581**	8,848
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**(24)**	(747)	(328)	**(771)**	(685)
Revenue, net of CCPB	**4,502**	4,308	4,041	**8,810**	8,163
Provision for credit losses	**(161)**	(163)	(162)	**(324)**	(261)
Non-interest expense	**(2,912)**	(2,953)	(2,566)	**(5,865)**	(5,219)
Income before income taxes	**1,429**	1,192	1,313	**2,621**	2,683
Provision for income taxes	**(283)**	(151)	(216)	**(434)**	(503)
Net income	**1,146**	1,041	1,097	**2,187**	2,180
EPS ($)	**1.71**	1.53	1.63	**3.24**	3.24

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 (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) 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, 17 and 19.

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

(4) Primarily due to restructuring to drive operational efficiencies. Also includes the settlement of a legacy legal matter from an acquired entity.

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, tax 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 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 Second Quarter 2015 Report to Shareholders.

Economic Review and Outlook

After picking up last year, the Canadian economy weakened in early 2015 due to a sharp reduction in energy investment. However, a weaker currency, stronger U.S. demand and recovering oil prices should encourage an upturn in growth in the remainder of the year. Exports should continue to lead activity, despite a lacklustre global expansion. While China's economy will likely slow further this year, the Eurozone economy is improving despite Greece's ongoing debt problems. Canadian consumer spending remains moderately strong, with motor vehicle sales at record highs, and will be supported by low interest rates and cheaper gasoline this year. Home sales have weakened in the oil-producing provinces, but remain strong in Vancouver and Toronto. Housing market activity is expected to stabilize in most regions, consistent with moderate growth in residential mortgages. Business spending is weak because of the downturn in the energy industry, contributing to slower business loan growth. GDP growth is expected to moderate from 2.5% in 2014 to approximately 1.7% in 2015, before improving to 2.2% in 2016 on firmer oil prices. While the oil-producing provinces of Alberta, Newfoundland and Labrador, and Saskatchewan will likely weaken this year, the other provinces are expected to strengthen in response to firmer exports. After reducing policy rates earlier this year, the Bank of Canada is expected to hold interest rates steady as the economy recovers. The Canadian dollar should weaken modestly in response to higher U.S. interest rates, but it is expected to strengthen next year as oil prices recover. Job growth has slowed, but should improve later this year, returning the unemployment rate to a downward course.

The U.S. economy also had a challenging start to the year owing to severe weather in some heavily-populated regions, shipping disruptions along the West Coast, and the rising value of the U.S. dollar. Oil companies also slashed drilling activity. Nonetheless, the economic fundamentals remain supportive, and activity is expected to rebound strongly this year. Improved household finances, and low interest rates and gasoline prices, will encourage spending and consumer loan growth. Record low mortgage rates and easier credit conditions will support home sales and a pickup in demand for residential mortgages. Despite rising home prices, housing affordability remains healthy. Although a weaker energy sector will slow investment, business loan growth should remain solid due to low borrowing costs. For the first time in five years, fiscal policy is expected to support growth, with many states increasing spending and reducing taxes, and with the federal budget balance now on a more sustainable course. The largest headwind for the economy is the strong U.S. dollar, which has risen about 12% on a trade-weighted basis in the past year. GDP growth is expected to improve from 2.4% in 2014 to approximately 2.5% in 2015 and 2.6% in 2016. With the unemployment rate headed below 5%, the Federal Reserve will likely begin raising policy rates in the fall, for the first time in nine years.

The U.S. Midwest region, which includes the six contiguous states in BMO's U.S. footprint, is expected to grow 2.1% in 2015 and 2.4% in 2016 in response to increased automotive production, recovering housing markets and generally 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 April 30, 2015, were 8.5%, 15.2% and 9.3%, 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 first quarter of 2015 and the second 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 4% from the first quarter of 2015 and increased by 13% from a year ago. 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. The average rate for the year to date increased by 11% from a year ago.

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 $5 million after tax gain in the second 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**

	Q2-2015		YTD-2015
(Canadian $ in millions, except as noted)	vs Q2-2014	vs Q1-2015	vs YTD-2014
Canadian/U.S. dollar exchange rate (average)			
Current period	1.2412	1.2412	1.2163
Prior period	1.1029	1.1923	1.0913
Effects on U.S. segment reported results			
Increased net interest income	82	29	156
Increased non-interest revenue	72	26	125
Increased revenues	154	55	281
Increased recovery of (provision for) credit losses	2	1	(3)
Increased expenses	(123)	(44)	(225)
Increased income taxes	(7)	(3)	(9)
Increased reported net income before impact of hedges	26	9	44
Hedging gains (losses) in current period, after tax	5	5	(10)
Increased reported net income	31	14	34
Effects on U.S. segment adjusted results			
Increased net interest income	82	29	156
Increased non-interest revenue	72	26	125
Increased revenues	154	55	281
Increased provision for credit losses	(2)	(1)	(5)
Increased expenses	(115)	(41)	(214)
Increased income taxes	(7)	(2)	(11)
Increased adjusted net income before impact of hedges	30	11	51
Hedging gains (losses) in current period, after tax	5	5	(10)
Increased adjusted net income	35	16	41

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

Net Income

Q2 2015 vs Q2 2014

Net income was $999 million for the second quarter of 2015, down $77 million or 7% from the prior year due to a $106 million charge taken in the quarter primarily due to restructuring to drive operational efficiencies. Adjusted net income was $1,146 million, up $49 million or 5% from the prior year. EPS was $1.49, down $0.11 or 7% from the prior year and adjusted EPS was $1.71, up $0.08 or 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 due to higher balances across most products and increased non-interest revenue in our personal business, partially offset by higher expenses and provisions for credit losses. Wealth Management had strong results in traditional wealth with growth of 23%, including good organic growth as well as growth from the acquired F&C business. Insurance net income increased due to the impact of favourable movements in long-term interest rates relative to the prior year and benefits from changes in our investment portfolio to improve asset-liability management. BMO Capital Markets results were good, but down slightly as higher revenue was offset by the impact of a less favourable tax rate. U.S. P&C adjusted net income was up on a U.S. dollar basis due to lower provisions for credit losses. Corporate Services results were lower primarily due to lower revenue from the purchased loan portfolio.

Q2 2015 vs Q1 2015
Net income decreased $1 million and adjusted net income increased $105 million or 10%. EPS increased $0.03 or 2% and adjusted EPS increased $0.18 or 12%.

Net income declined in Canadian P&C primarily due to three fewer days in the current quarter. Adjusted net income increased 9% in traditional wealth and there was strong net income in insurance. BMO Capital Markets results improved 34% driven by significantly higher revenues from Trading Products. U.S. P&C adjusted net income increased primarily driven by lower provisions for credit losses, partly offset by the impact of three fewer days in the current quarter. Corporate Services results were lower primarily due to lower revenue, partially offset by lower expenses.

Q2 YTD 2015 vs Q2 YTD 2014
Net income decreased $138 million or 6% to $1,999 million. EPS was $2.95, down $0.23 or 7% from a year ago. Adjusted net income was $2,187 million, up $7 million from a year ago. Adjusted EPS was $3.24, unchanged from a year ago. On an adjusted basis, there was growth in Wealth Management and the P&C businesses and a decline in BMO Capital Markets. Adjusted net income in Corporate Services was lower relative to the same period a year ago.

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

Revenue (1)
Q2 2015 vs Q2 2014
Total revenue of $4,526 million increased $157 million or 4% from the second quarter a year ago. On a basis that nets insurance claims, commissions and policy benefit liabilities (CCPB) against insurance revenue (net revenue), revenue increased $461 million or 11%, including a 3% impact of the stronger U.S. dollar. Canadian P&C revenue increased due to higher balances across most products and increased non-interest revenue in our personal business. Wealth Management had strong growth on a net revenue basis, with traditional wealth revenue up 29% due to the benefit from the acquired F&C business and higher fee-based revenue from strong growth in client assets. Reported insurance revenue declined $240 million from a year ago, primarily due to the change in fair value of insurance investments resulting from the increase in interest rates in the quarter. The decrease in insurance revenue was more than offset by a $304 million decrease in CCPB. Net insurance revenue increased due to the impact of favourable movements in long-term interest rates relative to a year ago and benefits from changes in our investment portfolio to improve asset-liability management. BMO Capital Markets revenue increased as there was improved client activity in Trading Products, while Investment and Corporate Banking revenue was consistent. U.S. P&C revenue decreased modestly on a U.S. dollar basis as higher loan and deposit volume growth and mortgage banking revenue was more than offset by lower net interest margin and other fee revenue. Corporate Services revenue was lower primarily due to lower revenue on the purchased loan portfolio, partially offset by a lower group teb adjustment.

Net interest income of $2,112 million increased $49 million or 2% from a year ago, due to the impact of the stronger U.S. dollar and volume growth, partially offset by lower net interest margin and lower revenue from the purchased performing loan portfolio. BMO's overall net interest margin decreased by 8 basis points to 1.51%. Average earning assets increased $41.4 billion or 8% to $572.0 billion, including a $27.4 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue increased $412 million or 21% on a net revenue basis to $2,390 million primarily due to higher mutual fund revenues and investment management and custodial fees, partially due to the acquisition of F&C, as well as higher trading business and insurance revenue.

Q2 2015 vs. Q1 2015
Total revenue decreased $529 million or 10% from the first quarter. On a net revenue basis, revenue increased $194 million or 4%, including a 1% impact of the stronger U.S. dollar. Canadian P&C revenue declined due to the impact of three fewer days partially offset by higher net interest margin. Traditional wealth revenue increased despite fewer days, reflecting higher fee-based revenue from growth in client assets. Insurance revenue increased, on a net basis, primarily due to the factors mentioned above. BMO Capital Markets had revenue growth of 10% driven by higher revenues from Trading Products and the impact of a negative credit and funding valuation adjustment in the prior quarter. Investment and Corporate Banking revenue was unchanged from the prior quarter. U.S. P&C revenue decreased on a U.S. dollar basis as the benefits from higher mortgage banking revenue were more than offset by the impact of fewer days. Corporate Services revenue was lower primarily due to lower treasury-related revenue and lower revenue on the purchased loan portfolio, offset by a lower group teb adjustment.

Net interest income decreased $107 million or 5%, due to the impact of three fewer days in the current quarter, lower net interest margin and lower revenue from the purchased performing loan portfolio, partially offset by the impact of the stronger U.S. dollar. BMO's overall net interest margin decreased 4 basis points from the first quarter. BMO's overall net interest margin (excluding trading) decreased 6 basis points from the first quarter primarily due to lower corporate net interest income, excluding the impact of the group teb adjustment. Average earning assets increased $4.7 billion or 1% from the first quarter, including a $9.7 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue increased $301 million or 14% from the first quarter on a net revenue basis primarily due to higher trading business and insurance revenue.

Q2 YTD 2015 vs Q2 YTD 2014

Year-to-date total revenue increased $733 million or 8% to $9,581 million. On a net revenue basis, revenue increased $647 million or 8%, including a 4% impact of the stronger U.S. dollar.

Net interest income increased $155 million or 4% to $4,331 million, 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 declined by 8 basis points to 1.53%. Average earning assets increased by $46.5 billion or 9% to $569.6 billion, of which $25.0 billion was due to the stronger U.S. dollar.

Non-interest revenue increased $492 million or 12% year to date to $4,479 million, on a net revenue basis, primarily due to higher mutual fund revenues and investment management and custodial fees, partially due to the acquisition of F&C.

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

(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)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Canadian P&C	**261**	258	259	**259**	261
U.S. P&C	**346**	345	366	**346**	370
Personal and Commercial Banking	**286**	284	288	**285**	290
Wealth Management	**260**	278	264	**269**	268
BMO Capital Markets	**48**	65	59	**57**	54
Corporate Services, including T&O**	**nm**	nm	nm	**nm**	nm
Total BMO net interest margin	**151**	155	159	**153**	161
Total BMO net interest margin (excluding trading)	**185**	191	196	**188**	199
Total Canadian Retail***	**256**	255	251	**255**	253

* 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

Q2 2015 vs Q2 2014

The total provision for credit losses (PCL) was $161 million, consistent with the prior year. There was no net change to the collective allowance in the quarter.

Canadian P&C provisions increased by $12 million to $143 million due to higher provisions in both the commercial and consumer portfolios. U.S. P&C provisions of $18 million decreased by $34 million mainly due to lower commercial provisions. BMO Capital Markets provisions of $5 million increased by $9 million reflecting higher provisions compared with net recoveries in the prior year. Corporate Services recoveries of $6 million decreased by $13 million, due to lower reimbursements on FDIC covered loans.

Q2 2015 vs. Q1 2015

Total PCL was consistent with the prior quarter. Canadian P&C provisions increased by $11 million mainly due to higher provisions in the consumer portfolio. U.S. P&C provisions decreased by $22 million due to lower commercial and consumer provisions. BMO Capital Markets provisions were $4 million lower than the prior quarter. Corporate Services recoveries decreased by $14 million due to lower reimbursements on FDIC covered loans.

Provision for Credit Losses by Operating Group **Table 5**

(Canadian $ in millions)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Canadian P&C	**143**	132	131	**275**	270
U.S. P&C	**18**	40	52	**58**	73
Personal and Commercial Banking	**161**	172	183	**333**	343
Wealth Management	**1**	2	2	**3**	1
BMO Capital Markets	**5**	9	(4)	**14**	(5)
Corporate Services, including T&O (1)	**(6)**	(20)	(19)	**(26)**	(78)
Provision for credit losses	**161**	163	162	**324**	261

(1) Corporate Services results include purchased credit impaired loan recoveries of $26 million in Q2-2015 ($16 million after tax); $29 million in Q1-2015 ($18 million after tax); and $45 million in Q2-2014 ($28 million after tax).

Changes to Provision for Credit Losses **Table 6**

(Canadian $ in millions, except as noted)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
New specific provisions	**318**	307	348	**625**	706
Reversals of previously established allowances	**(62)**	(42)	(47)	**(104)**	(95)
Recoveries of loans previously written-off	**(95)**	(102)	(139)	**(197)**	(350)
Provision for credit losses	**161**	163	162	**324**	261
PCL as a % of average net loans and acceptances (annualized)	**0.20**	0.21	0.22	**0.21**	0.18

Impaired Loans

Total gross impaired loans (GIL) were $2,047 million at the end of the current quarter, down from $2,195 million in the first quarter of 2015 and $2,325 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 $454 million, up from $424 million in the first quarter of 2015 and down from $509 million a year ago.

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

(Canadian $ in millions, except as noted)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
GIL, beginning of period	**2,195**	2,048	2,482	**2,048**	2,544
Classified as impaired during the period	**454**	424	509	**878**	1,151
Transferred to not impaired during the period	**(153)**	(115)	(244)	**(268)**	(398)
Net repayments	**(177)**	(143)	(185)	**(320)**	(631)
Amounts written-off	**(178)**	(173)	(149)	**(351)**	(352)
Recoveries of loans and advances previously written-off	**-**	-	-	**-**	-
Disposals of loans	**(22)**	(13)	(63)	**(35)**	(65)
Foreign exchange and other movements	**(72)**	167	(25)	**95**	76
GIL, end of period	**2,047**	2,195	2,325	**2,047**	2,325
GIL as a % of gross loans and acceptances	**0.65**	0.69	0.79	**0.65**	0.79

(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 $24 million, down $304 million from the second quarter a year ago and down $723 million from the prior quarter, mainly due to the decline in the fair value of investments backing our policy benefit liabilities due to higher long-term interest rates. The decline from both periods was largely offset in revenue.

Non-Interest Expense

Non-interest expense increased $518 million or 20% from the second quarter a year ago to $3,112 million including a $149 million charge taken in the quarter primarily due to restructuring to drive operational efficiencies. Adjusted non-interest expense increased $346 million or 13% to $2,912 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased by $231 million or 9%, due to the impact of the F&C acquisition which increased expenses by 4%, and higher employee-related expenses and increased technology and support costs related to a changing business and regulatory environment.

Reported non-interest expense increased by $106 million or 3% relative to the first quarter, and adjusted non-interest expense decreased by $41 million or 1%. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense decreased by $82 million or 3%, due to $87 million of stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year and the impact of three fewer days in the current quarter, partially offset by investments to support business growth.

Adjusted operating leverage was negative 0.4% year over year and positive 5.6% 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 64.3% in the second quarter of 2015 compared to 58.8% in the second quarter of 2014. 320 basis points of the increase is due to the decline in insurance revenue.

Non-interest expense for the year to date increased $840 million or 16% to $6,118 million. Adjusted non-interest expense increased $646 million or 12% to $5,865 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased $432 million or 8%, due to the impact of the F&C acquisition which increased expenses by 4%, and higher employee-related expenses and increased technology and support costs related to a changing business and regulatory environment.

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 $230 million increased $21 million from the second quarter of 2014 and $91 million from the first quarter of 2015. The effective tax rate for the quarter was 18.8%, compared with 16.2% a year ago and 12.2% in the first quarter of 2015.

The adjusted provision for income taxes of $283 million increased $67 million from a year ago and $132 million from the first quarter of 2015. The adjusted effective tax rate was 19.8% in the current quarter, compared with 16.5% a year ago and 12.6% in the first quarter of 2015. The higher adjusted tax rate in the current quarter relative to the second quarter of 2014 and the first quarter of 2015 was primarily due to lower tax-exempt income. On a teb basis, the adjusted effective tax rate for the quarter was 25.0%, compared with 24.4% a year ago and 24.7% in the first quarter of 2015.

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

Capital Management

Second Quarter 2015 Regulatory Capital Review

BMO's Basel III Common Equity Tier 1 (CET1) Ratio was 10.2 % at April 30, 2015.

The CET1 Ratio increased by approximately 10 basis points from 10.1% at the end of the first quarter due to lower risk-weighted assets (RWA), partially offset by a decrease in CET1 Capital. The CET1 Ratio increased by approximately 10 basis points from October 31, 2014, mainly due to higher CET1 Capital. The impact of foreign exchange movements on the CET1 Ratio was largely hedged, as outlined below.

CET1 Capital at April 30, 2015, was $23.6 billion, down $0.3 billion from January 31, 2015, mainly due to the impact of the weaker U.S. dollar on accumulated other comprehensive income (AOCI) and share repurchases during the quarter, partially offset by higher retained earnings. CET1 Capital was up $1.2 billion from October 31, 2014, mainly due to higher AOCI from a stronger U.S. dollar and higher retained earnings, partially offset by share repurchases.

RWA was $231 billion at April 30, 2015, down from $238 billion at January 31, 2015, largely due to foreign exchange movement and methodology changes, partially offset by business growth. RWA was up $9 billion from October 31, 2014, largely due to foreign exchange movement and business growth, partially offset by methodology changes.

The bank's Tier 1 and Total Capital Ratios were 11.4 % and 13.5 %, respectively, at April 30, 2015, compared with 11.4% and 13.4%, respectively, at January 31, 2015. These ratios are consistent with January 31, 2015, primarily due to the same factors that impacted the CET1 Ratio, described above, partially offset by the redemption of preferred shares. The Tier 1 and Total Capital Ratios were 12.0% and 14.3%, respectively, at October 31, 2014. These ratios are lower than October 31, 2014, mainly due to the redemption of capital trust securities and preferred shares.

BMO's Basel III Leverage Ratio was 3.8% at April 30, 2015, unchanged from 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 August 2014, Finance Canada issued its consultative paper on a Canadian bank resolution framework that would apply to Canadian domestic systemically important banks (D-SIBs). The paper proposes to permit the conversion of all or a portion of eligible long-term senior debt into common shares of a bank in resolution at the discretion of regulators, and introduces a Higher Loss Absorbency (HLA) requirement of 17% to 23% of RWA to be met through the combination of regulatory capital and eligible long-term debt. In its budget on April 21, 2015, the government provided further details on the Canadian bail-in regime, stating that it would apply to unsecured, tradable, transferable senior debt with an original term to maturity of greater than or equal to 400 days and that all securities subject to bail-in would be convertible into common shares. The government did not provide further detail on the planned timing for implementation of the regime, or on the period of time for banks to transition to meet the new HLA ratio target.

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.

As a bank holding company with total consolidated assets of US$50 billion or more, our U.S. subsidiary BMO Financial Corp. (BFC) was subject to the 2015 Comprehensive Capital Analysis and Review (CCAR) rules and processes, under which BFC participated in the annual stress testing and capital planning exercise conducted by the Board of Governors of the Federal Reserve System (FRB). In late March 2015, BFC received FRB's decision to not object, on either a quantitative or a qualitative basis, to the capital plan submitted in January 2015.

Other Capital Developments

During the quarter, we purchased 3 million common shares under the bank's normal course issuer bid (NCIB), for a total of 6 million shares year to date. 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 the Office of the Superintendent of Financial Institutions of Canada (OSFI) before making purchases under the bid.

During the quarter, 232,598 common shares were issued through the exercise of stock options.

On April 22, 2015, we redeemed all of our outstanding $500 million Subordinated Debentures, Series C Medium-Term Notes Second Tranche, at a redemption price of 100 per cent of the principal amount plus unpaid accrued interest to the redemption date.

On April 23, 2015, we announced our intention to redeem all of our Non-cumulative Perpetual Class B Preferred Shares Series 13 on May 25, 2015, at a redemption price of $25.25 per share plus all declared and unpaid dividends up to but excluding the date fixed for redemption.

On May 27, 2015, BMO announced that the Board of Directors had declared a quarterly dividend payable to common shareholders of $0.82 per common share, an increase of $0.02 per share or 2% from the preceding quarter and up $0.04 per share or 5% from a year ago.

The dividend is payable on August 26, 2015, to shareholders of record on August 3, 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)	Q2-2015	Q1-2015	Q4-2014
Gross Common Equity (2)	**33,276**	34,277	31,273
Regulatory adjustments applied to Common Equity	**(9,636)**	(10,335)	(8,852)
Common Equity Tier 1 Capital (CET1)	**23,640**	23,942	22,421
Additional Tier 1 Eligible Capital (3)	**3,197**	3,546	4,539
Regulatory adjustments applied to Tier 1	**(358)**	(358)	(358)
Additional Tier 1 Capital (AT1)	**2,839**	3,188	4,181
Tier 1 Capital (T1 = CET1 + AT1)	**26,479**	27,130	26,602
Tier 2 Eligible Capital (4)	**4,892**	4,842	5,375
Regulatory adjustments applied to Tier 2	**(50)**	(50)	(50)
Tier 2 Capital (T2)	**4,842**	4,792	5,325
Total Capital (TC = T1 + T2)	**31,321**	31,922	31,927
Risk-weighted assets (5)			
CET1 Capital risk-weighted assets	**231,243**	237,529	222,092
Tier 1 Capital risk-weighted assets	**231,584**	237,940	222,428
Total Capital risk-weighted assets	**231,876**	238,292	222,931
Capital Ratios (%)			
CET1 Ratio	**10.2**	10.1	10.1
Tier 1 Capital Ratio	**11.4**	11.4	12.0
Total Capital Ratio	**13.5**	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 are 64%, 71% and 77% respectively, for Q2-2015 and 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 May 20, 2015	Number of shares or dollar amount (in millions)
Common shares	644
Class B Preferred shares	
Series 13 (1)	$350
Series 14	$250
Series 15	$250
Series 16	$157
Series 17	$143
Series 25	$290
Series 27	$500
Series 29	$400
Series 31	$300
Medium-Term Notes	
Series H (2)	$1,000
Stock options	
– vested	7.6
– non-vested	5.3

(1) The Series 13 Preferred Shares were redeemed on May 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 11 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 second 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. Restructuring costs are also included in Corporate Services.

Commencing in the first quarter of 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.

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 second quarter of 2015 totalled $100 million, down from $190 million in the first quarter of 2015 and $138 million in the second quarter of 2014.

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

(Canadian $ in millions, except as noted)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income (teb)	**1,878**	1,898	1,764	**3,776**	3,565
Non-interest revenue	**605**	589	560	**1,194**	1,110
Total revenue (teb)	**2,483**	2,487	2,324	**4,970**	4,675
Provision for credit losses	**161**	172	183	**333**	343
Non-interest expense	**1,391**	1,395	1,280	**2,786**	2,593
Income before income taxes	**931**	920	861	**1,851**	1,739
Provision for income taxes (teb)	**239**	226	224	**465**	450
Reported net income	**692**	694	637	**1,386**	1,289
Amortization of acquisition-related intangible assets (1)	**14**	14	14	**28**	28
Adjusted net income	**706**	708	651	**1,414**	1,317
Net income growth (%)	**8.6**	6.5	11.0	**7.5**	7.2
Adjusted net income growth (%)	**8.4**	6.3	10.6	**7.4**	6.8
Revenue growth (%)	**6.8**	5.8	5.7	**6.3**	5.1
Non-interest expense growth (%)	**8.6**	6.2	4.6	**7.4**	5.5
Adjusted non-interest expense growth (%)	**8.8**	6.5	4.9	**7.6**	5.7
Return on equity (%)	**15.6**	15.7	16.2	**15.6**	16.3
Adjusted return on equity (%)	**15.9**	16.0	16.6	**16.0**	16.7
Operating leverage (%) (teb)	**(1.8)**	(0.4)	1.1	**(1.1)**	(0.4)
Adjusted operating leverage (%) (teb)	**(2.0)**	(0.7)	0.8	**(1.3)**	(0.6)
Efficiency ratio (%) (teb)	**56.0**	56.1	55.1	**56.1**	55.5
Adjusted efficiency ratio (%) (teb)	**55.3**	55.4	54.3	**55.3**	54.6
Net interest margin on average earning assets (%) (teb)	**2.86**	2.84	2.88	**2.85**	2.90
Average earning assets	**268,950**	265,408	250,881	**267,150**	247,895
Average current loans and acceptances	**265,165**	261,126	247,387	**263,112**	244,742
Average deposits	**207,511**	204,818	188,266	**206,142**	187,311

(1) Before tax amounts of: $18 million in Q2-2015, Q1-2015 and Q2-2014; $36 million for YTD-2015; and $38 million for YTD-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)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income	**1,194**	1,217	1,152	**2,411**	2,348
Non-interest revenue	**411**	411	386	**822**	768
Total revenue	**1,605**	1,628	1,538	**3,233**	3,116
Provision for credit losses	**143**	132	131	**275**	270
Non-interest expense	**813**	835	765	**1,648**	1,555
Income before income taxes	**649**	661	642	**1,310**	1,291
Provision for income taxes	**163**	159	162	**322**	326
Reported net income	**486**	502	480	**988**	965
Amortization of acquisition-related intangible assets (1)	**1**	1	1	**2**	2
Adjusted net income	**487**	503	481	**990**	967
Personal revenue	**1,071**	1,078	1,021	**2,149**	2,069
Commercial revenue	**534**	550	517	**1,084**	1,047
Net income growth (%)	**1.3**	3.6	13.8	**2.5**	11.1
Revenue growth (%)	**4.4**	3.1	5.8	**3.8**	6.2
Non-interest expense growth (%)	**6.2**	5.6	2.7	**5.9**	3.2
Operating leverage (%)	**(1.8)**	(2.5)	3.1	**(2.1)**	3.0
Efficiency ratio (%)	**50.6**	51.3	49.8	**51.0**	49.9
Net interest margin on average earning assets (%)	**2.61**	2.58	2.59	**2.59**	2.61
Average earning assets	**187,778**	187,185	182,323	**187,477**	181,474
Average current loans and acceptances	**192,510**	191,744	186,631	**192,120**	185,796
Average deposits	**131,213**	131,441	122,942	**131,329**	122,698

(1) Before tax amounts of: $1 million in Q2-2015, Q1-2015 and Q2-2014; and $2 million for YTD-2015 and YTD-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.

Q2 2015 vs Q2 2014

Canadian P&C net income of $486 million increased $6 million or 1% from a year ago. Revenue increased $67 million or 4% from the prior year due to higher balances across most products and increased non-interest revenue in our personal business. Net interest margin was 2.61%, up 2 basis points driven mainly by improved loan spreads.

In our personal banking business, revenue increased $50 million due to the impact of higher balances and volumes and higher loan spreads.

In our commercial banking business, revenue increased $17 million mainly due to the impact of higher balances across most products.

Provisions for credit losses increased $12 million or 9% due to higher provisions in both the commercial and consumer portfolios. Non-interest expense increased $48 million or 6% reflecting investments to support business growth, as well as higher costs associated with a changing business and regulatory environment.

Average current loans and acceptances increased $5.9 billion or 3% from a year ago. Total personal loan balances (excluding retail cards) increased 2% and commercial loan balances (excluding corporate cards) grew 6%. Deposits increased $8.3 billion or 7% from the prior year. Personal deposit balances increased 6% mainly due to growth in term deposits and chequing accounts, while commercial deposit balances grew 8%.

Q2 2015 vs Q1 2015

Net income declined by $16 million from the prior quarter primarily due to three fewer days in the quarter. Revenue declined by $23 million or 1% as the impact of fewer days was partially offset by higher net interest margin. Net interest margin improved by 3 basis points mainly as a result of improved loan spreads.

Personal revenue declined $7 million mainly due to fewer days, partially offset by higher loan spreads. Commercial revenue decreased $16 million mainly due to fewer days.

Provisions for credit losses increased $11 million from the prior quarter mainly due to higher provisions in the consumer portfolio. Non-interest expense decreased $22 million or 3% reflecting the impact of fewer days and stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year.

Average current loans and acceptances increased $0.8 billion compared to the prior quarter while deposits decreased $0.2 billion as a result of seasonal declines in our commercial business.

Q2 YTD 2015 vs Q2 YTD 2014

Net income increased $23 million or 2% year to date. Revenue increased $117 million or 4% due to higher balances and volumes across most products.

Provisions for credit losses increased $5 million as higher provisions in the consumer portfolio were partially offset by lower provisions in the commercial portfolio. Non-interest expense increased $93 million or 6% mainly due to investments to support business growth and higher costs associated with a changing business and regulatory environment.

Average current loans and acceptances increased $6.3 billion or 3%, while deposits increased $8.6 billion or 7%.

U.S. Personal and Commercial Banking (U.S. P&C)					Table 12
(US$ in millions, except as noted)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income (teb)	**551**	571	556	**1,122**	1,115
Non-interest revenue	**156**	149	158	**305**	313
Total revenue (teb)	**707**	720	714	**1,427**	1,428
Provision for credit losses	**14**	33	48	**47**	68
Non-interest expense	**466**	470	467	**936**	950
Income before income taxes	**227**	217	199	**444**	410
Provision for income taxes (teb)	**61**	56	57	**117**	114
Reported net income	**166**	161	142	**327**	296
Amortization of acquisition-related intangible assets (1)	**10**	11	12	**21**	24
Adjusted net income	**176**	172	154	**348**	320
Net income growth (%)	**16.5**	4.5	(4.8)	**10.3**	(10.8)
Adjusted net income growth (%)	**14.4**	3.3	(5.5)	**8.7**	(11.2)
Revenue growth (%)	**(0.8)**	0.8	(2.6)	**-**	(5.0)
Non-interest expense growth (%)	**(0.2)**	(2.8)	(0.5)	**(1.5)**	0.5
Adjusted non-interest expense growth (%)	**0.4**	(2.1)	0.2	**(0.9)**	1.4
Operating leverage (%) (teb)	**(0.6)**	3.6	(2.1)	**1.5**	(5.5)
Adjusted operating leverage (%) (teb)	**(1.2)**	2.9	(2.8)	**0.9**	(6.4)
Efficiency ratio (%) (teb)	**65.9**	65.2	65.5	**65.5**	66.6
Adjusted efficiency ratio (%) (teb)	**63.9**	63.2	63.2	**63.6**	64.2
Net interest margin on average earning assets (%) (teb)	**3.46**	3.45	3.66	**3.46**	3.70
Average earning assets	**65,403**	65,606	62,164	**65,506**	60,845
Average current loans and acceptances	**58,540**	58,185	55,089	**58,360**	53,999
Average deposits	**61,474**	61,548	59,232	**61,512**	59,212
(Canadian $ equivalent in millions)					
Net interest income (teb)	**684**	681	612	**1,365**	1,217
Non-interest revenue	**194**	178	174	**372**	342
Total revenue (teb)	**878**	859	786	**1,737**	1,559
Provision for credit losses	**18**	40	52	**58**	73
Non-interest expense	**578**	560	515	**1,138**	1,038
Income before income taxes	**282**	259	219	**541**	448
Provision for income taxes (teb)	**76**	67	62	**143**	124
Reported net Income	**206**	192	157	**398**	324
Adjusted net income	**219**	205	170	**424**	350
Average earning assets	**81,172**	78,223	68,558	**79,673**	66,421
Average current loans and acceptances	**72,655**	69,382	60,756	**70,992**	58,946
Average deposits	**76,298**	73,377	65,324	**74,813**	64,613

(1) Before tax amounts of: $14 million in Q2-2015 and Q1-2015; $16 million in Q2-2014; $28 million for YTD-2015; and $34 million for YTD-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.

Q2 2015 vs Q2 2014

Net income of $206 million increased $49 million or 31%. Adjusted net income of $219 million increased $49 million or 29%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $166 million increased $24 million or 16% from a year ago. Adjusted net income of $176 million increased $22 million or 14%, driven by lower provisions for credit losses.

Revenue of $707 million modestly decreased $7 million or 1% from the prior year as higher loan and deposit volume growth and mortgage banking revenue was more than offset by lower net interest margin and other fee revenue. Net interest margin decreased by 20 basis points to 3.46%, 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 $14 million, down $34 million mainly due to lower commercial provisions. Non-interest expense of $466 million and adjusted non-interest expense of $452 million were relatively unchanged due to disciplined expense management.

Average current loans and acceptances increased $3.5 billion or 6% from the prior year to $58.5 billion. Commercial loan balances grew $4.4 billion or 14% to $35.3 billion, mainly due to core C&I loan growth of $4.5 billion or 17% from a year ago to $30.9 billion. In addition, our indirect auto and commercial real estate loans grew 2% and 11%, respectively.

Average deposits of $61.5 billion increased $2.2 billion or 4% from the prior year. Continued deposit growth in our commercial deposits and personal chequing volume was partially offset by declines in higher-cost time deposit balances.

Q2 2015 vs Q1 2015

Net income increased $14 million or 8%, and adjusted net income increased $14 million or 7%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income increased $5 million or 4%, and adjusted net income increased $4 million or 3% from the prior quarter, primarily driven by lower provisions for credit losses, partly offset by the impact of three fewer days in the current quarter.

Revenue decreased $13 million or 2% from the prior quarter as the benefits from higher mortgage banking revenue were more than offset by fewer days. Net interest margin was relatively stable due to the benefit of a decline in low spread assets, partially offset by a continued decline in loan spreads as a result of competitive pressures.

Provisions for credit losses decreased by $19 million due to lower commercial and consumer provisions. Non-interest expense and adjusted non-interest expense each decreased $4 million mainly due to lower employee-related costs, including the impact of fewer days and stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year, partly offset by investments to support business growth.

Average current loans and acceptances increased by $0.4 billion or 1% from the prior quarter, due mainly to core C&I loan volume growth. Average deposits remained stable, as growth in personal chequing volumes was offset by declines in commercial deposits.

Q2 YTD 2015 vs Q2 YTD 2014

Net income increased $74 million or 23%, and adjusted net income increased $74 million or 21%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income increased $31 million or 10% and adjusted net income increased $28 million or 9%, primarily driven by lower provisions for credit losses and lower expenses, as revenue remained stable.

Revenue of $1,427 million was consistent with the prior year due to strong commercial loan growth and higher mortgage banking revenue, offset by a decline in net interest margin and lower other fee revenue. Net interest margin decreased by 24 basis points to 3.46%, largely driven by competitive loan pricing, changes in mix including loans growing faster than deposits and a low-rate environment.

Provisions for credit losses of $47 million decreased $21 million due to lower commercial provisions. Non-interest expense of $936 million decreased $14 million or 2%. Adjusted non-interest expense of $908 million decreased $8 million or 1%, due to disciplined expense management.

Average current loans and acceptances of $58.4 billion increased $4.4 billion or 8% from the prior year, while deposits of $61.5 billion increased $2.3 billion or 4%.

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)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income	**150**	160	135	**310**	275
Non-interest revenue (1)	**1,038**	1,622	1,072	**2,660**	2,155
Total revenue (1)	**1,188**	1,782	1,207	**2,970**	2,430
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**24**	747	328	**771**	685
Revenue, net of CCPB	**1,164**	1,035	879	**2,199**	1,745
Provision for credit losses	**1**	2	2	**3**	1
Non-interest expense	**836**	828	631	**1,664**	1,276
Income before income taxes	**327**	205	246	**532**	468
Provision for income taxes	**89**	46	54	**135**	102
Reported net income	**238**	159	192	**397**	366
Acquisition integration costs (2)	**10**	10	-	**20**	-
Amortization of acquisition-related intangible assets (3)	**17**	17	6	**34**	14
Adjusted net income	**265**	186	198	**451**	380
Net income growth (%)	**24.0**	(8.7)	38.3	**8.5**	21.7
Adjusted net income growth (%)	**33.9**	2.3	35.9	**18.8**	21.0
Revenue growth (%) (1)	**(1.5)**	45.6	9.0	**22.2**	19.1
Revenue growth, net of CCPB	**32.5**	19.3	15.1	**26.0**	13.2
Non-interest expense growth (%)	**32.6**	28.3	7.2	**30.4**	10.0
Adjusted non-interest expense growth (%)	**29.1**	24.9	7.4	**27.0**	10.0
Return on equity (%)	**17.0**	11.5	23.7	**14.3**	22.1
Adjusted return on equity (%)	**19.0**	13.4	24.4	**16.2**	23.0
Operating leverage (%) (1)	**(34.1)**	17.3	1.8	**(8.2)**	9.1
Adjusted operating leverage, net of CCPB (%)	**3.4**	(5.6)	7.7	**(1.0)**	3.2
Efficiency ratio (%) (1)	**70.4**	46.5	52.3	**56.0**	52.5
Adjusted efficiency ratio, net of CCPB (%)	**69.0**	76.7	70.8	**72.6**	72.0
Net interest margin on average earning assets (%)	**2.60**	2.78	2.64	**2.69**	2.68
Average earning assets	**23,596**	22,780	20,876	**23,181**	20,651
Average current loans and acceptances	**14,151**	13,805	12,804	**13,976**	12,680
Average deposits	**27,308**	26,595	24,755	**26,946**	24,987
U.S. Select Financial Data (US$ in millions)					
Total revenue	**185**	185	176	**370**	354
Non-interest expense	**163**	169	148	**332**	305
Reported net income	**15**	12	19	**27**	36
Adjusted net income	**20**	17	24	**37**	46
Average earning assets	**3,196**	3,186	2,970	**3,191**	2,952
Average current loans and acceptances	**2,901**	2,829	2,592	**2,864**	2,559
Average deposits	**6,110**	6,296	5,666	**6,205**	5,766

(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 $11 million in Q2-2015; $13 million in Q1-2015; and $24 million for YTD-2015 are included in non-interest expense.

(3) Before tax amounts of: $22 million in each Q2-2015 and Q1-2015; $9 million in Q2-2014; $44 million for YTD-2015; and $19 million for YTD-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.

Q2 2015 vs Q2 2014

Net income of $238 million increased $46 million or 24% from a year ago. Adjusted net income of $265 million increased $67 million or 34% from a year ago. Adjusted net income in traditional wealth of $169 million increased $32 million or 23% with good organic growth as well as growth from the acquired F&C business. Adjusted net income in insurance was $96 million, up $35 million from a year ago primarily due the impact of favourable movements in long-term interest rates relative to a year ago and benefits from changes in our investment portfolio to improve asset-liability management.

Revenue was $1,188 million compared to $1,207 million a year ago. Wealth Management revenue growth was 33% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities (CCPB) with insurance revenue. Revenue in traditional wealth of $998 million, increased $221 million or 29% due to the benefit from the acquired F&C business and higher fee-based revenue from strong growth in client assets. Insurance revenue, net of CCPB was $166 million, up $64 million or 63% due to the factors mentioned above. The stronger U.S. dollar increased revenue by $25 million.

Non-interest expense was $836 million, up $205 million or 33% from a year ago. Adjusted non-interest expense was $803 million, up $181 million or 29% mainly due to the impact of the F&C acquisition, higher revenue-based costs, the impact of the stronger U.S. dollar and higher costs associated with a changing business and regulatory environment. The stronger U.S. dollar increased adjusted expenses by $22 million.

Assets under management and administration grew by $221 billion or 36% from a year ago to $833 billion, with the acquired F&C business contributing $137 billion to the increase. Excluding F&C, assets under management and administration grew by 14%, driven by the stronger U.S. dollar, market appreciation and growth in new client assets.

Q2 2015 vs Q1 2015

Net income of $238 million increased $79 million from the prior quarter. Adjusted net income of $265 million increased $79 million or 43% from the prior quarter. Adjusted net income in traditional wealth increased $14 million or 9% due to good organic growth. Adjusted net income in insurance increased $65 million due to favourable movements in long-term interest rates relative to the prior quarter.

Wealth Management revenue increased 12% on a basis that nets CCPB with insurance revenue. Revenue in traditional wealth increased $32 million or 3% despite three fewer days in the current quarter, reflecting higher fee-based revenue from growth in client assets. Insurance revenue, net of CCPB, increased $97 million or 141% primarily due to the interest rate impact discussed above. The stronger U.S. dollar increased revenue by $9 million.

Non-interest expense increased $8 million from the prior quarter. Adjusted non-interest expense increased $10 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased $2 million, as higher revenue-based and other costs in the current quarter were mostly offset by the impact of stock-based compensation for employees eligible to retire that is expensed in the first quarter of each year and fewer days.

Assets under management and administration decreased by $19 billion due to unfavourable foreign exchange movements offset in part by market appreciation.

Q2 YTD 2015 vs Q2 YTD 2014

Net income was $397 million, up $31 million or 8% from a year ago. Adjusted net income was $451 million, up $71 million or 19%. Adjusted net income in traditional wealth was $324 million, up $65 million or 25% due to good organic growth as well as growth from the acquired F&C business. Adjusted net income in insurance was $127 million up $6 million or 5%.

Revenue was $2,199 million, up $454 million or 26% on a basis that nets CCPB with insurance revenue. Revenue in traditional wealth was $1,964 million, up $419 million or 27% due to the benefit from the acquired F&C business and higher fee-based revenue from strong growth in client assets. Insurance revenue, net of CCPB, was $235 million, up $35 million or 17% due to the factors mentioned above. The stronger U.S. dollar increased revenue by $46 million.

Non-interest expense was $1,664 million, an increase of $388 million or 30%. Adjusted non-interest expense of $1,596 million, increased $339 million or 27% mainly due to the impact of the F&C acquisition, higher revenue-based costs, higher costs associated with a changing business and regulatory environment and the impact of the stronger U.S. dollar. The stronger U.S. dollar increased adjusted expenses by $40 million.

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)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income (teb)	**274**	388	327	**662**	587
Non-interest revenue	**738**	533	624	**1,271**	1,337
Total revenue (teb)	**1,012**	921	951	**1,933**	1,924
Provision for (recovery of) credit losses	**5**	9	(4)	**14**	(5)
Non-interest expense	**617**	623	581	**1,240**	1,189
Income before income taxes	**390**	289	374	**679**	740
Provision for income taxes (teb)	**94**	68	69	**162**	159
Reported net income	**296**	221	305	**517**	581
Amortization of acquisition-related intangible assets (1)	**-**	-	1	**-**	1
Adjusted net income	**296**	221	306	**517**	582
Trading Products revenue	**660**	569	599	**1,229**	1,190
Investment and Corporate Banking revenue	**352**	352	352	**704**	734
Net income growth (%)	**(2.7)**	(20.1)	17.4	**(11.0)**	4.3
Revenue growth (%)	**6.3**	(5.2)	13.8	**0.5**	11.2
Non-interest expense growth (%)	**6.1**	2.5	13.5	**4.3**	14.9
Return on equity (%)	**17.9**	13.7	20.7	**15.8**	19.7
Operating leverage (%) (teb)	**0.2**	(7.7)	0.3	**(3.8)**	(3.7)
Efficiency ratio (%) (teb)	**60.9**	67.6	61.0	**64.1**	61.8
Net interest margin on average earning assets (%) (teb)	**0.48**	0.65	0.59	**0.57**	0.54
Average earning assets	**235,156**	237,186	226,120	**236,188**	220,935
Average assets	**289,891**	287,666	264,036	**288,760**	259,014
Average current loans and acceptances	**36,068**	34,526	30,367	**35,284**	29,074
Average deposits	**136,372**	138,979	137,172	**137,697**	133,828
U.S. Select Financial Data (US$ in millions)					
Total revenue (teb)	**297**	265	287	**562**	629
Non-interest expense	**221**	220	221	**441**	447
Reported net income	**51**	29	59	**80**	145
Average earning assets	**74,226**	76,161	81,511	**75,209**	78,019
Average assets	**83,504**	85,228	90,929	**84,380**	87,837
Average current loans and acceptances	**10,455**	10,184	9,540	**10,317**	9,262
Average deposits	**54,394**	58,603	60,348	**56,533**	57,645

(1) Before tax amounts of: $nil in each of Q2-2015 and Q1-2015; $1 million in Q2-2014; $nil for YTD-2015; and $2 million for YTD-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.

Q2 2015 vs Q2 2014

Net income of $296 million decreased $9 million or 3% from a year ago as higher revenue was offset by the impact of a less favourable tax rate. Return on equity of 17.9% was down from 20.7% in the prior year, largely due to higher allocated capital.

Revenue increased $61 million or 6% from the prior year. There was improved client activity in Trading Products, while Investment and Corporate Banking revenue was consistent with the prior year. The stronger U.S. dollar increased revenue by $43 million or 4%.

Provisions for credit losses increased $9 million reflecting higher provisions compared with net recoveries in the prior year. Non-interest expense increased $36 million or 6% from the prior year. Excluding the impact of the stronger U.S. dollar, non-interest expense increased $6 million or 1%.

Q2 2015 vs Q1 2015

Net income increased $75 million or 34% from the prior quarter driven by significantly higher revenues from Trading Products and lower employee-related expenses.

Revenue increased $91 million or 10% driven by higher revenues from Trading Products and the impact of a negative credit and funding valuation adjustment in the prior quarter. Investment and Corporate Banking revenue was unchanged from the prior quarter. The stronger U.S. dollar increased revenue by $43 million or 5%.

Provisions for credit losses were $4 million lower than the prior quarter. Non-interest expense decreased $6 million or 1%. Excluding the impact of the stronger U.S. dollar, non-interest expense decreased $17 million or 3% primarily due to stock-based compensation for employees eligible to retire which is expensed in the first quarter of each year.

Q2 YTD 2015 vs Q2 YTD 2014

Net income of $517 million decreased $64 million or 11% from the prior year due to lower source currency revenue and higher provisions for credit losses.

Revenue increased $9 million. Revenues from Trading Products increased, partially offset by a negative credit and funding valuation adjustment in the first quarter. Revenue decreased in our Investment and Corporate Banking business due to lower net securities gains and lower investment banking client activity, which more than offset higher corporate banking revenue. The stronger U.S. dollar increased revenue by $62 million or 3%.

Provisions for credit losses were $19 million higher due to higher provisions compared with net recoveries in the prior year. Non-interest expense increased $51 million or 4% due to the impact of the stronger U.S. dollar.

Corporate Services, Including Technology and Operations					Table 15
(Canadian $ in millions, except as noted)	**Q2-2015**	Q1-2015	Q2-2014	**YTD-2015**	YTD-2014
Net interest income before group teb offset	**(90)**	(37)	(25)	**(127)**	(28)
Group teb offset	**(100)**	(190)	(138)	**(290)**	(223)
Net interest income (teb)	**(190)**	(227)	(163)	**(417)**	(251)
Non-interest revenue	**33**	92	50	**125**	70
Total revenue (teb)	**(157)**	(135)	(113)	**(292)**	(181)
Recovery of credit losses	**(6)**	(20)	(19)	**(26)**	(78)
Non-interest expense	**268**	160	102	**428**	220
Loss before income taxes	**(419)**	(275)	(196)	**(694)**	(323)
Recovery of income taxes (teb)	**(192)**	(201)	(138)	**(393)**	(224)
Reported net loss	**(227)**	(74)	(58)	**(301)**	(99)
Restructuring costs (1)	**106**	-	-	**106**	-
Adjusted net loss	**(121)**	(74)	(58)	**(195)**	(99)
Corporate Services Provision for (Recovery of) Credit Losses					
Impaired real estate loans	**18**	5	(3)	**23**	11
Interest on impaired loans	**5**	4	8	**9**	18
Purchased credit impaired loans	**(26)**	(29)	(45)	**(55)**	(162)
Purchased performing loans	**(3)**	-	21	**(3)**	55
Recovery of credit losses, reported basis	**(6)**	(20)	(19)	**(26)**	(78)
Average loans and acceptances	**261**	300	487	**281**	525
Period-end loans and acceptances	**206**	256	399	**206**	399
U.S. Select Financial Data (US$ in millions)					
Total revenue (teb)	**(75)**	(43)	(18)	**(118)**	(41)
Recovery of credit losses	**(33)**	(1)	(23)	**(34)**	(71)
Non-interest expense	**43**	46	50	**89**	62
Recovery of income taxes (teb)	**(44)**	(46)	(27)	**(90)**	(30)
Reported net loss	**(41)**	(42)	(18)	**(83)**	(2)
Adjusted total revenue (teb)	**(75)**	(43)	(18)	**(118)**	(41)
Adjusted recovery of credit losses	**(4)**	(18)	(18)	**(22)**	(75)
Adjusted non-interest expense	**2**	46	50	**48**	62
Adjusted net loss	**(33)**	(31)	(21)	**(64)**	-

(1) Primarily due to restructuring to drive operational efficiencies. Also includes the settlement of a legacy legal matter from an acquired entity. Before tax amount of $149 million 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.

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

Q2 2015 vs Q2 2014

Corporate Services reported net loss for the second quarter of 2015 was $227 million, compared with a reported net loss of $58 million a year ago. The current quarter included a $106 million charge primarily due to restructuring to drive operational efficiencies. The charge also includes the settlement of a legacy legal matter from an acquired entity. Corporate Services adjusted net loss for the second quarter of 2015 was $121 million, compared with an adjusted net loss of $58 million a year ago. Excluding the impact of the group teb adjustment on revenue and taxes, results were lower due to lower revenue on the purchased performing portfolio, lower recoveries on purchased credit impaired loans and higher regulatory and employee expenses.

Q2 2015 vs Q1 2015

Corporate Services adjusted net loss for the second quarter of 2015 was $121 million, compared with an adjusted net loss of $74 million in the first quarter of 2015. Results were lower primarily due to lower treasury-related revenue and lower revenue on the purchased performing portfolio, partially offset by lower expenses, excluding the impact of the group teb adjustment.

Q2 YTD 2015 vs Q2 YTD 2014

Corporate Services adjusted net loss for the year to date was $195 million, compared with an adjusted net loss of $99 million a year ago. Results were lower primarily due to lower revenues, higher regulatory expenses and lower recoveries on the purchased credit impaired loan portfolio, excluding the impact of the group teb adjustment

Summary Quarterly Earnings Trends								**Table 16**
(Canadian $ in millions, except as noted)	**Q2-2015**	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Total revenue (1)	**4,526**	5,055	4,640	4,735	4,369	4,479	4,319	4,088
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**24**	747	300	520	328	357	181	88
Revenue, net of CCPB	**4,502**	4,308	4,340	4,215	4,041	4,122	4,138	4,000
Provision for credit losses – specific (see below)	**161**	163	170	130	162	99	189	56
Provision for credit losses – collective	**-**	-	-	-	-	-	-	20
Non-interest expense	**3,112**	3,006	2,887	2,756	2,594	2,684	2,580	2,526
Income before income taxes	**1,229**	1,139	1,283	1,329	1,285	1,339	1,369	1,398
Provision for income taxes	**230**	139	213	203	209	278	295	275
Reported net income (see below)	**999**	1,000	1,070	1,126	1,076	1,061	1,074	1,123
Adjusted net income (see below)	**1,146**	1,041	1,111	1,162	1,097	1,083	1,088	1,122
Basic earnings per share ($)	**1.49**	1.47	1.57	1.68	1.61	1.58	1.60	1.67
Diluted earnings per share ($)	**1.49**	1.46	1.56	1.67	1.60	1.58	1.60	1.66
Adjusted diluted earnings per share ($)	**1.71**	1.53	1.63	1.73	1.63	1.61	1.62	1.66
Net interest margin on average earning assets (%)	**1.51**	1.55	1.60	1.58	1.59	1.62	1.69	1.78
Adjusted net interest margin on average earning assets (%)	**1.51**	1.55	1.60	1.58	1.59	1.62	1.60	1.65
Effective income tax rate (%)	**18.8**	12.2	16.6	15.3	16.2	20.8	21.6	19.7
Adjusted effective income tax rate (%)	**19.8**	12.6	16.8	15.6	16.5	20.9	21.5	19.2
Canadian/U.S. dollar exchange rate (average)	**1.24**	1.19	1.11	1.08	1.10	1.08	1.04	1.04
Provision for credit losses – specific								
Canadian P&C	**143**	132	129	129	131	139	164	122
U.S. P&C	**18**	40	47	57	52	21	98	43
Personal and Commercial Banking	**161**	172	176	186	183	160	262	165
Wealth Management	**1**	2	(1)	(3)	2	(1)	1	(1)
BMO Capital Markets	**5**	9	(7)	(6)	(4)	(1)	(17)	2
Corporate Services, including T&O	**(6)**	(20)	2	(47)	(19)	(59)	(57)	(110)
BMO Financial Group provision for credit losses – specific	**161**	163	170	130	162	99	189	56
Operating group reported net income:								
Canadian P&C	**486**	502	526	525	480	485	458	486
U.S. P&C	**206**	192	169	161	157	167	104	152
Personal and Commercial Banking	**692**	694	695	686	637	652	562	638
Wealth Management	**238**	159	225	189	192	174	310	216
BMO Capital Markets	**296**	221	191	305	305	276	216	267
Corporate Services, including T&O	**(227)**	(74)	(41)	(54)	(58)	(41)	(14)	2
BMO Financial Group net income	**999**	1,000	1,070	1,126	1,076	1,061	1,074	1,123
Operating group adjusted net income:								
Canadian P&C	**487**	503	527	526	481	486	460	488
U.S. P&C	**219**	205	182	174	170	180	117	165
Personal and Commercial Banking	**706**	708	709	700	651	666	577	653
Wealth Management	**265**	186	252	211	198	182	317	223
BMO Capital Markets	**296**	221	191	305	306	276	217	268
Corporate Services, including T&O	**(121)**	(74)	(41)	(54)	(58)	(41)	(23)	(22)
BMO Financial Group adjusted net income	**1,146**	1,041	1,111	1,162	1,097	1,083	1,088	1,122

(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 third quarter of fiscal 2013 through the second 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 net income continues to grow, driven by revenue growth that has exceeded 4% in five of the last six quarters. Over that period, revenue growth has been driven by higher balances and 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 investments to support business growth, as well as higher costs associated with a changing business and regulatory environment. Provisions for credit losses have remained relatively low and consistent over the past eight 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 and net interest margin has generally declined primarily due to lower loan spreads as a result of competitive pricing and changes in mix. Provisions for credit losses have remained relatively consistent over that time with a decline in the second quarter of 2015 due to higher recoveries.

Wealth Management

Wealth Management operating results grew significantly in 2014. Traditional wealth operating results have benefited from the acquired F&C business in the second half of 2014 and the first half of 2015, as well as good organic growth in client assets. Excluding a large security gain in the fourth quarter of 2013, traditional wealth recorded double-digit revenue growth for the past eight 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 delivered good performance in the first three quarters of 2014, leveraging our consistent and diversified strategy, and benefiting from favourable market conditions. In the fourth quarter of 2014 and the first quarter of 2015, we experienced slower activity and were unfavourably affected by credit and funding valuation adjustments. The current quarter reflects improvement to revenue performance, particularly in our Trading Products 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.

Corporate Services

Adjusted quarterly net income can vary from quarter to quarter but has generally decreased since the second quarter of 2013 due to reduced benefits from purchased loan portfolios.

Foreign Exchange

Fluctuations in exchange rates in 2013 were subdued. The U.S. dollar strengthened significantly in 2014, with the exception of a slight weakening in the third quarter of 2014 and continued to strengthen in the first quarter of 2015 followed by weakening in the second quarter. 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 $633.3 billion at April 30, 2015, increased $44.6 billion from October 31, 2014, including a $17.4 billion increase as a result of a stronger U.S. dollar excluding the impact on derivative financial assets. Derivative financial assets increased $7.2 billion and derivative financial liabilities increased $10.6 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, in the first half of the year.

The following discussion excludes changes due to the stronger U.S. dollar. Cash and cash equivalents and interest bearing deposits with banks increased $9.3 billion primarily due to increased balances held with central banks. Securities borrowed or purchased under resale agreements increased $8.6 billion driven by increased client activity. Net loans and acceptances increased $5.9 billion primarily due to loans to businesses and governments in the operating groups. Securities decreased by $4.2 billion primarily due to lower trading securities.

Liabilities increased $43.6 billion from October 31, 2014, including a $17.1 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 $10.6 billion as discussed above.

The following discussion excludes changes due to the stronger U.S. dollar. Deposits increased $16.7 billion driven by a $9.3 billion increase in deposits by banks and a $5.4 billion increase in business and government deposits reflecting higher levels of wholesale and customer deposits and a $1.9 billion increase in deposits by individuals.

Total equity increased $1.0 billion from October 31, 2014. Total shareholders' equity increased $1.6 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 $1.3 billion net of hedging impacts primarily due to the strengthening U.S. dollar, and accumulated other comprehensive income on cash flow hedges increased $0.3 billion primarily due to the decline in interest rates. Retained earnings increased by $528 million.

Contractual obligations by year of maturity are outlined in Note 17 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 April 30, 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.

We expect to adopt IFRS 9 Financial Instruments (IFRS 9) effective November 1, 2017. IFRS 9 addresses classification and measurement, impairment and hedge accounting. We are currently assessing the impact of this new standard on our future financial results.

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 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.

Other 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. In respect of our investments in and relationships with certain non-U.S. investment funds in place after December 31, 2013, we are continuing discussions with regulators and others in the industry to clarify how the Volcker Rule applies to those funds.

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.

Federal Budget Proposal. The 2015 Federal budget proposed tax rules for synthetic equity arrangements that, in certain circumstances, would deny any deduction for dividends that are paid or become payable after October 31, 2015. If enacted, these changes would have the potential to increase our effective tax rate for 2016 and subsequent taxation years.

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 17 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 17**

	As at April 30, 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	**40,403**	**-**	**40,403**	**-**	28,386	-	28,386	-	Interest rate
Interest bearing deposits with banks	**7,256**	**330**	**6,926**	**-**	6,110	930	5,180	-	Interest rate
Securities									
Trading	**82,031**	**74,531**	**7,500**	**-**	85,022	78,997	6,025	-	Interest rate, credit spread
Available-for-sale	**49,340**	**-**	**49,340**	**-**	46,966	-	46,966	-	Interest rate, credit spread
Held-to-maturity	**10,015**	**-**	**10,015**	**-**	10,344	-	10,344	-	Interest rate
Other	**1,060**	**-**	**1,060**	**-**	987	-	987	-	Equity
Securities borrowed or purchased under resale agreements	**64,576**	**-**	**64,576**	**-**	53,555	-	53,555	-	Interest rate
Loans and acceptances (net of allowance for credit losses)	**315,856**	**-**	**315,856**	**-**	303,038	-	303,038	-	Interest rate, foreign exchange
Derivative instruments	**39,831**	**37,493**	**2,338**	**-**	32,655	31,627	1,028	-	Interest rate, foreign exchange
Other assets	**22,907**	**-**	**8,129**	**14,778**	21,596	-	7,787	13,809	Interest rate
Total Assets	**633,275**	**112,354**	**506,143**	**14,778**	588,659	111,554	463,296	13,809	
Liabilities Subject to Market Risk									
Deposits	**424,231**	**8,246**	**415,985**	**-**	393,088	7,639	385,449	-	Interest rate, foreign exchange
Derivative instruments	**44,237**	**41,810**	**2,427**	**-**	33,657	32,312	1,345	-	Interest rate, foreign exchange
Acceptances	**11,453**	**-**	**11,453**	**-**	10,878	-	10,878		Interest rate
Securities sold but not yet purchased	**25,908**	**25,908**	**-**	**-**	27,348	27,348	-	-	
Securities lent or sold under repurchase agreements	**42,039**	**-**	**42,039**	**-**	39,695	-	39,695	-	Interest rate
Other liabilities	**44,569**	**-**	**44,170**	**399**	43,676	-	43,263	413	Interest rate
Subordinated debt	**4,435**	**-**	**4,435**	**-**	4,913	-	4,913	-	Interest rate
Total Liabilities	**596,872**	**75,964**	**520,509**	**399**	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) decreased over the period mainly due to a reduction in equity exposures. There was a partially offsetting decrease in overall diversification. The available-for-sale (AFS) VaR effectively was unchanged over the period. Total Trading Stressed VaR decreased 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.

Structural economic value exposure to rising interest rates primarily reflects a lower market value for fixed-rate loans. Structural economic value sensitivity to falling interest rates changed from an exposure to a benefit owing to lower floating rate asset sensitivity and higher interest rates at the end of the second quarter relative to the first quarter. Structural earnings exposure 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 benefit to rising interest rates primarily reflects the benefit of widening deposit spreads as interest rates rise. The earnings benefit to rising interest rates declined owing to lower floating rate asset sensitivity.

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 18

(Pre-tax Canadian $ equivalent in millions)	For the quarter ended April 30, 2015 Quarter-end	Average	High	Low	As at January 31, 2015 Quarter-end	As at October 31, 2014 Quarter-end
Commodity VaR	**(0.4)**	**(0.5)**	**(0.6)**	**(0.4)**	(0.5)	(0.5)
Equity VaR	**(5.5)**	**(7.5)**	**(12.4)**	**(5.0)**	(12.0)	(3.2)
Foreign exchange VaR	**(0.9)**	**(1.1)**	**(3.0)**	**(0.4)**	(1.0)	(0.5)
Interest rate VaR	**(5.7)**	**(7.4)**	**(9.3)**	**(4.4)**	(5.6)	(5.8)
Credit VaR	**(6.8)**	**(6.7)**	**(7.4)**	**(6.3)**	(6.8)	(5.5)
Diversification	**9.4**	**10.6**	**nm**	**nm**	11.3	7.4
Total Trading VaR	**(9.9)**	**(12.6)**	**(16.7)**	**(9.0)**	(14.6)	(8.1)
Total AFS VaR	**(10.8)**	**(10.6)**	**(11.8)**	**(9.6)**	(10.6)	(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 19

(Pre-tax Canadian $ equivalent in millions)	For the quarter ended April 30, 2015 Quarter-end	Average	High	Low	As at January 31, 2015 Quarter-end	As at October 31, 2014 Quarter-end
Commodity SVaR	**(0.7)**	**(1.0)**	**(1.2)**	**(0.7)**	(1.0)	(3.2)
Equity SVaR	**(11.7)**	**(11.8)**	**(15.5)**	**(8.0)**	(14.5)	(14.0)
Foreign exchange SVaR	**(1.1)**	**(2.1)**	**(4.6)**	**(1.0)**	(1.6)	(0.7)
Interest rate SVaR	**(11.2)**	**(12.6)**	**(15.7)**	**(10.9)**	(7.9)	(11.2)
Credit SVaR	**(18.9)**	**(17.8)**	**(20.5)**	**(15.5)**	(20.3)	(13.6)
Diversification	**21.1**	**22.4**	**nm**	**nm**	20.2	20.6
Total Trading SVaR	**(22.5)**	**(22.9)**	**(27.6)**	**(19.4)**	(25.1)	(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 20

(Canadian $ equivalent in millions)	Economic value sensitivity (Pre-tax) April 30, 2015	January 31, 2015	October 31, 2014	Earnings sensitivity over the next 12 months (After tax) April 30, 2015	January 31, 2015	October 31, 2014
100 basis point increase	**(853.8)**	(545.9)	(715.1)	**103.4**	116.8	64.7
100 basis point decrease	**346.1**	(61.5)	405.2	**(25.9)**	(39.1)	(62.6)
200 basis point increase	**(2,142.8)**	(1,614.3)	(1,579.4)	**110.3**	152.6	85.8
200 basis point decrease	**96.8**	(258.3)	320.5	**(48.8)**	(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 April 30, 2015, results in an increase in earnings after tax of $68 million and an increase in before tax economic value of $504 million ($76 million and $572 million, respectively, at January 31, 2015; $71 million and $385 million, respectively, at October 31, 2014). A 100 basis point decrease in interest rates at April 30, 2015, results in a decrease in earnings after tax of $65 million and a decrease in before tax economic value of $562 million ($72 million and $623 million, respectively, at January 31, 2015; $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 21.

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 $189.4 billion at April 30, 2015, compared with $191.2 billion at January 31, 2015. The decrease in unencumbered liquid assets was primarily due to the impact of a lower 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 22 provides a summary of total encumbered and unencumbered assets.

Liquid Assets **Table 21**

	As at April 30, 2015					As at January 31, 2015
(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	**40,403**	**-**	**40,403**	**1,678**	**38,725**	42,321
Deposits with other banks	**7,256**	**-**	**7,256**	**-**	**7,256**	6,597
Securities and securities borrowed or purchased under resale agreements						
Sovereigns / Central banks / Multilateral development banks	**98,670**	**16,774**	**115,444**	**71,571**	**43,873**	44,264
Mortgage-backed securities and collateralized mortgage obligations	**18,779**	**1,066**	**19,845**	**3,888**	**15,957**	17,205
Corporate debt	**18,161**	**5,826**	**23,987**	**1,531**	**22,456**	24,117
Corporate equity	**71,412**	**15,526**	**86,938**	**43,165**	**43,773**	40,745
Total securities and securities borrowed or purchased under resale agreements	**207,022**	**39,192**	**246,214**	**120,155**	**126,059**	126,331
NHA mortgage-backed securities (reported as loans at amortized cost) (4)	**21,335**	**-**	**21,335**	**4,011**	**17,324**	15,912
Total liquid assets	**276,016**	**39,192**	**315,208**	**125,844**	**189,364**	191,161
Other eligible assets at central banks (not included above) (5)	**107,569**	**-**	**107,569**	**781**	**106,788**	106,367
Undrawn credit lines granted by central banks	**-**	**-**	**-**	**-**	**-**	-
Total liquid assets and other sources	**383,585**	**39,192**	**422,777**	**126,625**	**296,152**	297,528

(1) The carrying values outlined in this table are consistent with the carrying values in BMO's balance sheet as at April 30, 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 22**
		Encumbered (2)		**Net unencumbered**	
As at April 30, 2015	**Total gross assets (1)**	**Pledged as collateral**	**Other encumbered**	**Other unencumbered (3)**	**Available as collateral (4)**
Cash and deposits with other banks	**47,659**	**-**	**1,678**	**478**	**45,503**
Securities (5)	**267,549**	**94,477**	**29,689**	**8,430**	**134,953**
Loans and acceptances	**294,521**	**40,900**	**1,615**	**145,218**	**106,788**
Other assets					
Derivative instruments	**39,831**	**-**	**-**	**39,831**	**-**
Premises and equipment	**2,274**	**-**	**-**	**2,274**	**-**
Goodwill	**5,646**	**-**	**-**	**5,646**	**-**
Intangible assets	**2,136**	**-**	**-**	**2,136**	**-**
Current tax assets	**596**	**-**	**-**	**596**	**-**
Deferred tax assets	**3,174**	**-**	**-**	**3,174**	**-**
Other assets	**9,081**	**-**	**-**	**9,081**	**-**
Total other assets	**62,738**	**-**	**-**	**62,738**	**-**
Total assets	**672,467**	**135,377**	**32,982**	**216,864**	**287,244**

		Encumbered (2)		Net unencumbered	
As at January 31, 2015	Total gross assets (1)	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	3,437	-	-	3,437	-
Other assets	9,110	-	-	9,110	-
Total other assets	86,563	-	-	86,563	-
Total assets	714,441	145,173	37,257	243,606	288,405

(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 $8.9 billion as at April 30, 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).

BMO's Liquidity Coverage Ratio (LCR) is summarized in Table 23. The average month-end LCR for the quarter ended April 30, 2015 of 136% is calculated as the ratio of the stock of High-Quality Liquid Assets (HQLA) to total net stressed cash outflows over the next 30 calendar days. While banks are required to maintain an LCR greater than 100% in normal conditions, banks are expected to be able to utilize their HQLA in a period of stress which may result in an LCR below 100% during that period. BMO's HQLA is primarily composed of cash, highly-rated government issued or backed debt, highly-rated covered bonds and non-financial corporate debt and non-financial equities that are part of a major stock index. Net cash flows include outflows from deposits, secured and unsecured wholesale funding, commitments and potential collateral requirements offset by permitted inflows from loans, securities lending activities and other non-HQLA debt maturing over a 30 day horizon. OSFI prescribed weights are applied to cash flows and HQLA to arrive at the weighted values and LCR. The LCR is only one measure of a bank's liquidity position and does not fully capture all of the bank's liquid assets or funding alternatives that may be pursued in a period of stress. BMO's total liquid assets are shown in Table 21.

Additional information on Liquidity and Funding Risk Governance can be found on page 95 of BMO's 2014 Annual Report.

Liquidity Coverage Ratio (Canadian $ in billions)		Table 23
For the quarter ended April 30, 2015	Total unweighted value (average) (1) (2)	Total weighted value (average) (2) (3)
High-Quality Liquid Assets		
Total high-quality liquid assets (HQLA)	*	124.9
Cash Outflows		
Retail deposits and deposits from small business customers, of which:	173.2	7.8
Stable deposits	118.9	2.4
Less stable deposits	54.3	5.4
Unsecured wholesale funding, of which:	122.8	63.8
Operational deposits (all counterparties) and deposits in networks of cooperative banks	52.7	13.1
Non-operational deposits (all counterparties)	68.6	49.2
Unsecured debt	1.5	1.5
Secured wholesale funding	*	15.7
Additional requirements, of which:	114.3	30.0
Outflows related to derivatives exposures and other collateral requirements	14.0	4.9
Outflows related to loss of funding on debt products	11.7	11.7
Credit and liquidity facilities	88.6	13.4
Other contractual funding obligations	0.7	-
Other contingent funding obligations	276.1	5.1
Total cash outflows	*	122.4
Cash Inflows		
Secured lending (e.g. reverse repos)	54.6	17.5
Inflows from fully performing exposures	10.3	8.4
Other cash inflows	4.7	4.7
Total cash inflows	69.6	30.6
		Total Adjusted Value (4)
Total HQLA		124.9
Total net cash outflows		91.8
Liquidity Coverage Ratio (%)		136

* Not disclosed based on the LCR disclosure standard.

(1) Unweighted values are calculated at market value (for HQLA) or as outstanding balances maturing or callable within 30 days (for inflows and outflows).

(2) Average calculated based on month-end values during the quarter.

(3) Weighted values are calculated after the application of OSFI Liquidity Adequacy Requirements (LAR) Guideline prescribed weights for HQLA and cash inflows and outflows.

(4) Adjusted values are calculated based on total weighted values after applicable caps as defined by LAR.

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 $250.7 billion at April 30, 2015, down from $254.2 billion at January 31, 2015, primarily due to the impact of a lower U.S. dollar. 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 $30.6 billion as at April 30, 2015.

Total wholesale funding outstanding, largely consisting of negotiable marketable securities, was $172.4 billion at April 30, 2015, with $39.5 billion sourced as secured funding and $132.9 billion sourced as unsecured funding. Wholesale funding outstanding decreased from $175.7 billion at January 31, 2015, primarily due to the impact of the lower U.S. dollar offset by deposit growth. The mix and maturities of BMO's wholesale term funding are outlined in Table 24. Additional information on deposit maturities can be found in Note 17 of the unaudited interim consolidated financial statements. BMO maintains a sizeable portfolio of unencumbered liquid assets, totalling $189.4 billion as at April 30, 2015, that can be monetized to meet potential funding requirements, as described on page 27.

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 April 30, 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)	16,380	4,762	959	12	22,113	-	-	22,113
Certificates of deposit and commercial paper	13,140	19,648	12,091	10,474	55,353	1,466	-	56,819
Bearer deposit notes	225	1,167	1,005	21	2,418	-	-	2,418
Asset-backed commercial paper (ABCP)	992	1,450	1,666	-	4,108	-	-	4,108
Senior unsecured medium-term notes	-	880	5,836	4,133	10,849	11,562	21,286	43,697
Senior unsecured structured notes (3)	25	9	132	534	700	112	1,111	1,923
Covered bonds and securitizations								
Mortgage securitizations	-	343	259	789	1,391	2,435	12,947	16,773
Covered bonds	-	2,413	-	1,810	4,223	2,413	3,989	10,625
Credit card securitizations	-	-	957	437	1,394	2,620	1,101	5,115
Subordinated debt (4)	-	344	-	-	344	563	5,050	5,957
Other (5)	-	-	-	-	-	-	2,865	2,865
Total	30,762	31,016	22,905	18,210	102,893	21,171	48,349	172,413
Of which:								
Secured	992	4,206	2,882	3,036	11,116	7,468	20,902	39,486
Unsecured	29,770	26,810	20,023	15,174	91,777	13,703	27,447	132,927
Total (6)	30,762	31,016	22,905	18,210	102,893	21,171	48,349	172,413

(1) Wholesale funding excludes repo transactions and bankers' acceptances, which are disclosed in the contractual maturity table in Note 17 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 $51.9 billion and U.S.-dollar and other foreign-denominated funding of $120.5 billion as at April 30, 2015.

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 April 30, 2015, were as follows: DBRS (AA); Fitch (AA-); Moody's (Aa3); and Standard & Poor's (A+). Fitch has a stable outlook on BMO's long-term credit ratings, while Moody's and Standard & Poor's have a negative outlook on the ratings of BMO and other Canadian banks in response to the federal government's proposed bail-in regime for senior unsecured debt. On May 20, 2015, DBRS changed the trend on six Canadian Banks, including BMO, to negative from stable due to their evolving view on government support.

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 April 30, 2015, the bank would be required to provide additional collateral to counterparties totalling $197 million, $847 million and $1,035 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 April 30, 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 January 31, 2015, and October 31, 2014.

European Exposure by Country and Counterparty (1) (Canadian $ in millions) **Table 25**

As at April 30, 2015

Country	Funded lending (2)	Securities (3)(4)				Repo-style transactions and derivatives (5)(6)				Total Net
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Exposure
GIIPS										
Greece	-	-	-	-	-	-	-	-	-	-
Ireland (7)	8	-	-	-	-	5	27	-	32	40
Italy	64	-	-	-	-	3	-	-	3	67
Portugal	1	-	-	-	-	-	-	-	-	1
Spain	54	-	-	-	-	3	-	-	3	57
Total – GIIPS	**127**	**-**	**-**	**-**	**-**	**11**	**27**	**-**	**38**	**165**
Eurozone (excluding GIIPS)										
Germany	84	17	19	1,204	1,240	410	1	14	425	1,749
Netherlands	223	723	11	122	856	10	15	-	25	1,104
Finland	1	19	-	412	431	1	-	-	1	433
Other (8)	165	52	-	67	119	66	18	5	89	373
Total – Eurozone (excluding GIIPS)	**473**	**811**	**30**	**1,805**	**2,646**	**487**	**34**	**19**	**540**	**3,659**
Rest of Europe										
Denmark	14	575	-	143	718	2	-	-	2	734
Norway	17	984	-	-	984	7	-	-	7	1,008
Sweden	36	386	-	-	386	1	-	-	1	423
United Kingdom	487	87	72	215	374	696	24	67	787	1,648
Other (8)	97	-	-	-	-	42	-	-	42	139
Total – Rest of Europe	**651**	**2,032**	**72**	**358**	**2,462**	**748**	**24**	**67**	**839**	**3,952**
Total – All of Europe (9)	**1,251**	**2,843**	**102**	**2,163**	**5,108**	**1,246**	**85**	**86**	**1,417**	**7,776**

As at January 31, 2015

Country	Funded lending (2)	Securities (3)				Repo-style transactions and derivatives (5)(6)				Total Net
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Exposure
Total – GIIPS	128	-	-	-	-	12	23	-	35	163
Total – Eurozone (excluding GIIPS)	592	873	117	2,277	3,267	269	103	22	394	4,253
Total – Rest of Europe	958	2,226	58	376	2,660	627	36	66	729	4,347
Total – All of Europe (9)	1,678	3,099	175	2,653	5,927	908	162	88	1,158	8,763

As at October 31, 2014

Country	Funded lending (2)	Securities (3)				Repo-style transactions and derivatives (5)(6)				Total Net
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	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 (9)	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 (1) (Canadian $ in millions) **Table 26**

	Lending (2)								
	Funded lending as at April 30, 2015			As at April 30, 2015		As at January 31, 2015		As at October 31, 2014	
Country	Bank	Corporate	Sovereign	Commitments	Funded	Commitments	Funded	Commitments	Funded
GIIPS									
Greece	-	-	-	-	-	-	-	-	-
Ireland (7)	-	8	-	23	8	21	8	103	8
Italy	64	-	-	64	64	64	64	69	69
Portugal	1	-	-	1	1	1	1	-	-
Spain	54	-	-	65	54	67	55	62	52
Total – GIIPS	**119**	**8**	**-**	**153**	**127**	**153**	**128**	**234**	**129**
Eurozone (excluding GIIPS)									
Germany	68	16	-	97	84	96	87	99	85
Netherlands	29	194	-	367	223	426	221	559	239
Finland	1	-	-	1	1	1	1	-	-
Other (8)	74	91	-	380	165	524	283	517	227
Total – Eurozone (excluding GIIPS)	**172**	**301**	**-**	**845**	**473**	**1,047**	**592**	**1,175**	**551**
Rest of Europe									
Denmark	14	-	-	14	14	12	12	12	12
Norway	17	-	-	17	17	15	15	15	15
Sweden	23	13	-	156	36	163	34	198	93
United Kingdom	179	308	-	761	487	809	535	701	497
Other (8)	23	74	-	165	97	664	362	846	545
Total – Rest of Europe	**256**	**395**	**-**	**1,113**	**651**	**1,663**	**958**	**1,772**	**1,162**
Total – All of Europe (9)	**547**	**704**	**-**	**2,111**	**1,251**	**2,863**	**1,678**	**3,181**	**1,842**

(1) BMO has the following indirect exposures to Europe as at April 30, 2015:
– Collateral of €1,014 million to support trading activity in securities (€6 million from GIIPS) and €355 million of cash collateral being held.
– Guarantees of $1,070 million ($9 million to GIIPS).
(2) Funded lending includes loans (primarily trade finance).
(3) Securities include cash products, insurance investments and traded credit.
(4) BMO's total net notional CDS exposure (embedded as part of the securities exposure table) to Europe was $549 million, with no net single-name* CDS exposure to GIIPS countries as at April 30, 2015 (*includes a net position of $313 million (bought protection) on a CDS Index, of which 23% is comprised of GIIPS domiciled entities).
(5) Repo-style transactions are primarily with bank counterparties for which BMO holds collateral ($12 billion for Europe as at April 30, 2015).
(6) 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.
(7) Does not include Irish subsidiary reserves we are required to maintain with the Irish Central Bank of $88 million as at April 30, 2015.
(8) Includes countries with less than $300 million net exposure, with $29 million exposure to the Russian Federation as at April 30, 2015.
(9) Of our total net direct exposure to Europe, approximately 94% was to counterparties in countries with a rating of Aaa/AAA from at least one of Moody's and S&P.

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					For the six months ended	
	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	**April 30, 2015**	April 30, 2014
Interest, Dividend and Fee Income							
Loans	**$ 2,685**	$ 2,809	$ 2,799	$ 2,708	$ 2,670	**$ 5,494**	$ 5,402
Securities	**461**	516	470	492	446	**977**	900
Deposits with banks	**77**	76	67	67	69	**153**	136
	3,223	3,401	3,336	3,267	3,185	**6,624**	6,438
Interest Expense							
Deposits	**664**	712	720	727	701	**1,376**	1,418
Subordinated debt	**44**	44	40	37	37	**88**	73
Other liabilities	**403**	426	398	396	384	**829**	771
	1,111	1,182	1,158	1,160	1,122	**2,293**	2,262
Net Interest Income	**2,112**	2,219	2,178	2,107	2,063	**4,331**	4,176
Non-Interest Revenue							
Securities commissions and fees	**237**	237	232	238	236	**474**	464
Deposit and payment service charges	**262**	259	262	260	239	**521**	480
Trading revenues	**319**	193	198	231	246	**512**	520
Lending fees	**181**	170	171	169	171	**351**	340
Card fees	**114**	106	118	116	116	**220**	228
Investment management and custodial fees	**379**	367	351	343	279	**746**	552
Mutual fund revenues	**355**	322	305	301	238	**677**	467
Underwriting and advisory fees	**182**	171	166	238	149	**353**	340
Securities gains, other than trading	**70**	39	41	12	47	**109**	109
Foreign exchange, other than trading	**33**	62	47	40	38	**95**	92
Insurance revenue	**210**	822	489	614	441	**1,032**	905
Other	**72**	88	82	66	106	**160**	175
	2,414	2,836	2,462	2,628	2,306	**5,250**	4,672
Total Revenue	**4,526**	5,055	4,640	4,735	4,369	**9,581**	8,848
Provision for Credit Losses	**161**	163	170	130	162	**324**	261
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**24**	747	300	520	328	**771**	685
Non-Interest Expense							
Employee compensation	**1,843**	1,791	1,575	1,595	1,491	**3,634**	3,072
Premises and equipment	**533**	500	532	469	452	**1,033**	907
Amortization of intangible assets	**100**	96	98	104	90	**196**	180
Travel and business development	**138**	142	165	136	122	**280**	241
Communications	**83**	75	70	73	78	**158**	146
Business and capital taxes	**10**	12	11	8	10	**22**	20
Professional fees	**149**	152	188	159	140	**301**	275
Other	**256**	238	248	212	211	**494**	437
	3,112	3,006	2,887	2,756	2,594	**6,118**	5,278
Income Before Provision for Income Taxes	**1,229**	1,139	1,283	1,329	1,285	**2,368**	2,624
Provision for income taxes	**230**	139	213	203	209	**369**	487
Net Income	**$ 999**	$ 1,000	$ 1,070	$ 1,126	$ 1,076	**$ 1,999**	$ 2,137
Attributable to:							
Bank shareholders	**993**	986	1,057	1,110	1,062	**1,979**	2,110
Non-controlling interest in subsidiaries	**6**	14	13	16	14	**20**	27
Net Income	**$ 999**	$ 1,000	$ 1,070	$ 1,126	$ 1,076	**$ 1,999**	$ 2,137
Earnings Per Share (Canadian $)							
Basic	**$ 1.49**	$ 1.47	$ 1.57	$ 1.68	$ 1.61	**$ 2.96**	$ 3.19
Diluted	**1.49**	1.46	1.56	1.67	1.60	**2.95**	3.18

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					For the six months ended	
	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	**April 30, 2015**	April 30, 2014
Net income	**$ 999**	$ 1,000	$ 1,070	$ 1,126	$ 1,076	**$ 1,999**	$ 2,137
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)	**(6)**	(2)	(37)	76	27	**(8)**	(11)
Reclassification to earnings of (gains) in the period (2)	**(22)**	(14)	(22)	(17)	(16)	**(36)**	(38)
	(28)	(16)	(59)	59	11	**(44)**	(49)
Net change in unrealized gains (losses) on cash flow hedges							
Gains (losses) on cash flow hedges arising during the period (3)	**(282)**	595	83	53	(31)	**313**	111
Reclassification to earnings of (gains) on cash flow hedges (4)	**(9)**	(25)	(25)	(25)	(23)	**(34)**	(48)
	(291)	570	58	28	(54)	**279**	63
Net gain (loss) on translation of net foreign operations							
Unrealized gains (losses) on translation of net foreign operations	**(1,128)**	2,484	578	(98)	(278)	**1,356**	898
Unrealized gains (losses) on hedges of net foreign operations (5)	**103**	(178)	(120)	-	(25)	**(75)**	(295)
	(1,025)	2,306	458	(98)	(303)	**1,281**	603
Items that will not be reclassified to net income							
Remeasurement of pension and other employee future benefit plans (6)	**212**	(226)	(73)	(98)	21	**(14)**	46
Remeasurement of own credit risk on financial liabilities designated at fair value (Note 1) (7)	**(17)**	18	-	-	-	**1**	-
	195	(208)	(73)	(98)	21	**(13)**	46
Other Comprehensive Income (Loss)	**(1,149)**	2,652	384	(109)	(325)	**1,503**	663
Total Comprehensive Income (Loss)	**$ (150)**	$ 3,652	$ 1,454	$ 1,017	$ 751	**$ 3,502**	$ 2,800
Attributable to:							
Bank shareholders	**(156)**	3,638	1,441	1,001	737	**3,482**	2,773
Non-controlling interest in subsidiaries	**6**	14	13	16	14	**20**	27
Total Comprehensive Income (Loss)	**$ (150)**	$ 3,652	$ 1,454	$ 1,017	$ 751	**$ 3,502**	$ 2,800

(1) Net of income tax (provision) recovery of $13, $(13), $8, $(30), $(12) for the three months ended, and $nil, $nil for the six months ended, respectively.
(2) Net of income tax provision of $3, $11, $10, $6, $9 for the three months ended, and $14, $21 for the six months ended, respectively.
(3) Net of income tax (provision) recovery of $105, $(207), $(37), $(14), $15 for the three months ended, and $(102), $(28) for the six months ended, respectively.
(4) Net of income tax provision of $0, $6, $8, $6, $5 for the three months ended, and $6, $14 for the six months ended, respectively.
(5) Net of income tax (provision) recovery of $(40), $64, $42, $(2), $9 for the three months ended, and $24, $104 for the six months ended, respectively.
(6) Net of income tax (provision) recovery of $(84), $92, $49, $32, $(11) for the three months ended, and $8, $(21) for the six months ended, respectively.
(7) Net of income tax (provision) recovery of $6, $(6), for the three months ended, and $0, $nil for the six months ended, respectively.

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 Balance Sheet

(Unaudited) (Canadian $ in millions)

	As at				
	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014
Assets					
Cash and Cash Equivalents	**$ 40,403**	$ 44,162	$ 28,386	$ 38,250	$ 35,082
Interest Bearing Deposits with Banks	**7,256**	6,597	6,110	5,800	7,069
Securities					
Trading	**82,031**	88,991	85,022	90,459	82,426
Available-for-sale	**49,340**	50,711	46,966	47,673	51,883
Held-to-maturity	**10,015**	10,586	10,344	10,420	9,318
Other	**1,060**	1,084	987	989	983
	142,446	151,372	143,319	149,541	144,610
Securities Borrowed or Purchased Under Resale Agreements	**64,576**	66,086	53,555	49,452	51,981
Loans					
Residential mortgages	**101,839**	102,073	101,013	99,484	97,632
Consumer instalment and other personal	**64,273**	65,301	64,143	64,286	64,571
Credit cards	**7,896**	7,924	7,972	7,976	7,953
Businesses and governments	**132,153**	133,193	120,766	115,812	116,492
	306,161	308,491	293,894	287,558	286,648
Customers' liability under acceptances	**11,453**	10,986	10,878	9,651	9,906
Allowance for credit losses	**(1,758)**	(1,847)	(1,734)	(1,768)	(1,850)
	315,856	317,630	303,038	295,441	294,704
Other Assets					
Derivative instruments	**39,831**	62,989	32,655	26,825	28,859
Premises and equipment	**2,274**	2,334	2,276	2,174	2,172
Goodwill	**5,646**	5,900	5,353	5,253	3,994
Intangible assets	**2,136**	2,214	2,052	2,020	1,554
Current tax assets	**596**	579	665	770	800
Deferred tax assets	**3,174**	3,437	3,019	2,962	2,927
Other	**9,081**	9,110	8,231	8,344	8,293
	62,738	86,563	54,251	48,348	48,599
Total Assets	**$ 633,275**	$ 672,410	$ 588,659	$ 586,832	$ 582,045
Liabilities and Equity					
Deposits					
Banks	**$ 28,864**	$ 24,310	$ 18,243	$ 22,865	$ 22,607
Businesses and governments	**254,738**	262,272	239,139	243,808	238,915
Individuals	**140,629**	143,196	135,706	132,550	132,485
	424,231	429,778	393,088	399,223	394,007
Other Liabilities					
Derivative instruments	**44,237**	63,701	33,657	28,151	30,279
Acceptances	**11,453**	10,986	10,878	9,651	9,906
Securities sold but not yet purchased	**25,908**	30,013	27,348	28,366	24,350
Securities lent or sold under repurchase agreements	**42,039**	49,551	39,695	40,606	46,125
Current tax liabilities	**211**	262	235	255	146
Deferred tax liabilities	**188**	161	178	185	71
Other	**44,170**	45,279	43,263	42,147	39,871
	168,206	199,953	155,254	149,361	150,748
Subordinated Debt	**4,435**	4,964	4,913	3,948	3,965
Equity					
Share capital	**14,970**	15,413	15,397	15,194	14,686
Contributed surplus	**303**	303	304	310	313
Retained earnings	**17,765**	17,489	17,237	16,724	16,155
Accumulated other comprehensive income	**2,878**	4,027	1,375	991	1,100
Total shareholders' equity	**35,916**	37,232	34,313	33,219	32,254
Non-controlling interest in subsidiaries	**487**	483	1,091	1,081	1,071
Total Equity	**36,403**	37,715	35,404	34,300	33,325
Total Liabilities and Equity	**$ 633,275**	$ 672,410	$ 588,659	$ 586,832	$ 582,045

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 Changes in Equity

(Unaudited) (Canadian $ in millions)	For the three months ended		For the six months ended	
	April 30, 2015	April 30, 2014	**April 30, 2015**	April 30, 2014
Preferred Shares				
Balance at beginning of period	**$ 3,040**	$ 2,265	**$ 3,040**	$ 2,265
Issued during the period	**-**	500	**-**	500
Redeemed during the period	**(400)**	(150)	**(400)**	(150)
Balance at End of Period	**2,640**	2,615	**2,640**	2,615
Common Shares				
Balance at beginning of period	**12,373**	12,033	**12,357**	12,003
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**-**	-	**57**	-
Issued under the Stock Option Plan	**15**	38	**31**	68
Repurchased for cancellation	**(58)**	-	**(115)**	-
Balance at End of Period	**12,330**	12,071	**12,330**	12,071
Contributed Surplus				
Balance at beginning of period	**303**	316	**304**	315
Stock option expense/exercised	**(1)**	(3)	**1**	(2)
Other	**1**	-	**(2)**	-
Balance at End of Period	**303**	313	**303**	313
Retained Earnings				
Balance at beginning of period	**17,489**	15,617	**17,237**	15,087
Net income attributable to bank shareholders	**993**	1,062	**1,979**	2,110
Dividends – Preferred shares	**(31)**	(27)	**(64)**	(55)
– Common shares	**(515)**	(490)	**(1,033)**	(980)
Common shares repurchased for cancellation	**(171)**	-	**(354)**	-
Share issue expense	**-**	(7)	**-**	(7)
Balance at End of Period	**17,765**	16,155	**17,765**	16,155
Accumulated Other Comprehensive Income on Available-for-Sale Securities				
Balance at beginning of period	**140**	145	**156**	205
Unrealized gains (losses) on available-for-sale securities arising during the period (1)	**(6)**	27	**(8)**	(11)
Reclassification to earnings of (gains) in the period (2)	**(22)**	(16)	**(36)**	(38)
Balance at End of Period	**112**	156	**112**	156
Accumulated Other Comprehensive Income on Cash Flow Hedges				
Balance at beginning of period	**711**	109	**141**	(8)
Gains (losses) on cash flow hedges arising during the period (3)	**(282)**	(31)	**313**	111
Reclassification to earnings of (gains) in the period (4)	**(9)**	(23)	**(34)**	(48)
Balance at End of Period	**420**	55	**420**	55
Accumulated Other Comprehensive Income on Translation of Net Foreign Operations				
Balance at beginning of period	**3,674**	1,311	**1,368**	405
Unrealized gains (losses) on translation of net foreign operations	**(1,128)**	(278)	**1,356**	898
Unrealized gains (losses) on hedges of net foreign operations (5)	**103**	(25)	**(75)**	(295)
Balance at End of Period	**2,649**	1,008	**2,649**	1,008
Accumulated Other Comprehensive (Loss) on Pension and Other Post-Employment Plans				
Balance at beginning of period	**(516)**	(140)	**(290)**	(165)
Remeasurement of pension and other post-employment plans (6)	**212**	21	**(14)**	46
Balance at End of Period	**(304)**	(119)	**(304)**	(119)
Accumulated Other Comprehensive Income on Own Credit Risk on Financial Liabilities Designated at Fair Value				
Balance at beginning of period	**18**	-	**-**	-
Remeasurement of own credit risk on financial liabilities designated at fair value (7)	**(17)**	-	**1**	-
Balance at End of Period	**1**	-	**1**	-
Total Accumulated Other Comprehensive Income	**2,878**	1,100	**2,878**	1,100
Total Shareholders' Equity	**$ 35,916**	$ 32,254	**$ 35,916**	$ 32,254
Non-controlling Interest in Subsidiaries				
Balance at beginning of period	**483**	1,059	**1,091**	1,072
Net income attributable to non-controlling interest	**6**	14	**20**	27
Dividends to non-controlling interest	**-**	-	**(27)**	(26)
Capital trust redemption (Note 11)	**-**	-	**(600)**	-
Other	**(2)**	(2)	**3**	(2)
Balance at End of Period	**487**	1,071	**487**	1,071
Total Equity	**$ 36,403**	$ 33,325	**$ 36,403**	$ 33,325

(1) Net of income tax (provision) recovery of $13, $(12), $nil, $nil for the three and six months ended, respectively.
(2) Net of income tax provision of $3, $9, $14, $21 for the three and six months ended, respectively.
(3) Net of income tax (provision) recovery of $105, $15, $(102), $(28) for the three and six months ended, respectively.
(4) Net of income tax provision of $0, $5, $6, $14 for the three and six months ended, respectively.
(5) Net of income tax (provision) recovery of $(40), $9, $24, $104 for the three and six months ended, respectively.
(6) Net of income tax (provision) recovery of $(84), $(11), $8, $(21) for the three and six months ended, respectively.
(7) Net of income tax (provision) recovery of $6, $0, for the three and six months ended, respectively.

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 Cash Flows

(Unaudited) (Canadian $ in millions)	For the three months ended		For the six months ended	
	April 30, 2015	April 30, 2014	**April 30, 2015**	April 30, 2014
Cash Flows from Operating Activities				
Net Income	**$ 999**	$ 1,076	**$ 1,999**	$ 2,137
Adjustments to determine net cash flows provided by (used in) operating activities				
Impairment write-down of securities, other than trading	**4**	1	**5**	1
Net (gain) on securities, other than trading	**(74)**	(48)	**(114)**	(110)
Net (increase) decrease in trading securities	**5,817**	3,221	**4,277**	(6,524)
Provision for credit losses (Note 3)	**161**	162	**324**	261
Change in derivative instruments – (increase) decrease in derivative asset	**26,250**	8,814	**(7,875)**	1,073
– increase (decrease) in derivative liability	**(22,356)**	(6,694)	**11,086**	(1,473)
Amortization of premises and equipment	**96**	92	**188**	181
Amortization of intangible assets	**100**	90	**196**	180
Net decrease in deferred income tax asset	**133**	21	**8**	226
Net increase (decrease) in deferred income tax liability	**30**	(44)	**7**	(36)
Net (increase) decrease in current income tax asset	**(69)**	238	**103**	369
Net (decrease) in current income tax liability	**(48)**	(240)	**(26)**	(296)
Change in accrued interest – (increase) decrease in interest receivable	**30**	(56)	**76**	(3)
– increase (decrease) in interest payable	**30**	76	**(65)**	38
Changes in other items and accruals, net	**(2,902)**	(244)	**2,042**	512
Net increase (decrease) in deposits	**6,713**	(1,236)	**14,175**	15,718
Net (increase) in loans	**(3,544)**	(5,862)	**(5,830)**	(10,073)
Net increase (decrease) in securities sold but not yet purchased	**(3,601)**	(2,194)	**(1,729)**	1,640
Net increase (decrease) in securities lent or sold under repurchase agreements	**(5,934)**	1,756	**25**	16,132
Net (increase) decrease in securities borrowed or purchased under resale agreements	**(771)**	1,073	**(8,004)**	(10,682)
Net Cash Provided by Operating Activities	**1,064**	2	**10,868**	9,271
Cash Flows from Financing Activities				
Net (decrease) in liabilities of subsidiaries	**(9)**	(4)	**(18)**	(31)
Proceeds of Covered Bonds	**-**	-	**2,748**	-
Repayment of subordinated debt (Note 10)	**(500)**	-	**(500)**	-
Proceeds from issuance of preferred shares (Note 11)	**-**	500	**-**	500
Redemption of preferred shares (Note 11)	**(400)**	(150)	**(400)**	(150)
Redemption of securities of a subsidiary (Note 11)	**-**	-	**(600)**	-
Share issue expense	**-**	(7)	**-**	(7)
Proceeds from issuance of common shares	**14**	38	**32**	68
Common shares repurchased for cancellation (Note 11)	**(229)**	-	**(469)**	-
Cash dividends paid	**(550)**	(518)	**(1,039)**	(1,023)
Cash dividends paid to non-controlling interest	**-**	-	**(27)**	(26)
Net Cash (Used in) Financing Activities	**(1,674)**	(141)	**(273)**	(669)
Cash Flows from Investing Activities				
Net (increase) in interest bearing deposits with banks	**(949)**	(599)	**(744)**	(316)
Purchases of securities, other than trading	**(4,108)**	(10,018)	**(8,387)**	(17,782)
Maturities of securities, other than trading	**937**	5,195	**2,056**	8,760
Proceeds from sales of securities, other than trading	**3,102**	7,069	**6,438**	8,552
Premises and equipment – net disposals (purchases)	**(93)**	14	**(103)**	(51)
Purchased and developed software – net (purchases)	**(74)**	(100)	**(153)**	(182)
Net Cash Provided by (Used in) Investing Activities	**(1,185)**	1,561	**(893)**	(1,019)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,964)**	(452)	**2,315**	1,410
Net increase in Cash and Cash Equivalents	**(3,759)**	970	**12,017**	8,993
Cash and Cash Equivalents at Beginning of Period	**44,162**	34,112	**28,386**	26,089
Cash and Cash Equivalents at End of Period	**$ 40,403**	$ 35,082	**$ 40,403**	$ 35,082
Represented by:				
Cash and non-interest bearing deposits with Bank of Canada and other banks	**$ 38,952**	$ 32,963	**$ 38,952**	$ 32,963
Cheques and other items in transit, net	**1,451**	2,119	**1,451**	2,119
	$ 40,403	$ 35,082	**$ 40,403**	$ 35,082
Supplemental Disclosure of Cash Flow Information				
Net cash provided by operating activities includes:				
Amount of interest paid in the period	**$ 1,091**	$ 1,048	**$ 2,344**	$ 2,215
Amount of income taxes paid in the period	**$ 134**	$ 152	**$ 340**	$ 171
Amount of interest and dividend income received in the period	**$ 3,259**	$ 3,115	**$ 6,646**	$ 6,380

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

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

Notes to Consolidated Financial Statements

April 30, 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 May 27, 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"): the own credit provisions of IFRS 9 financial instruments, amendments to IAS 36 *Impairment of Assets* and IAS 32 *Financial Instruments: Presentation* and IFRS Interpretation Committee Interpretation 21 *Levies*. Refer to page 36 of our First Quarter 2015 Report to Shareholders for a description of these new and amended accounting pronouncements. The adoption of these new and amended accounting pronouncements did not have a significant impact on our interim consolidated financial statements.

Note 2: Securities

Unrealized Gains and Losses

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

(Canadian $ in millions)				**April 30, 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	**10,326**	**109**	**8**	**10,427**	10,420	82	1	10,501
Canadian provincial and municipal governments	**4,415**	**90**	**24**	**4,481**	4,063	44	3	4,104
U.S. federal government	**1,846**	**20**	**1**	**1,865**	1,094	2	3	1,093
U.S. states, municipalities and agencies	**6,349**	**62**	**7**	**6,404**	5,761	57	3	5,815
Other governments	**5,643**	**26**	**2**	**5,667**	6,116	17	1	6,132
Mortgage-backed securities and collateralized mortgage obligations – Canada (1)	**2,809**	**45**	**3**	**2,851**	3,031	24	1	3,054
Mortgage-backed securities and collateralized mortgage obligations – U.S.	**7,678**	**39**	**7**	**7,710**	6,872	35	12	6,895
Corporate debt	**8,088**	**117**	**5**	**8,200**	7,577	95	6	7,666
Corporate equity	**1,677**	**118**	**60**	**1,735**	1,582	129	5	1,706
Total	**48,831**	**626**	**117**	**49,340**	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 April 30, 2015, there was a $220 million ($248 million as at April 30, 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	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014
Impairment Allowances (Specific ACL), beginning of period	**114**	105	**73**	75	**268**	335	**-**	-	**455**	515
Amounts written off	**(15)**	(21)	**(172)**	(158)	**(87)**	(55)	**-**	-	**(274)**	(234)
Recoveries of amounts written off in previous periods	**8**	8	**40**	38	**47**	93	**-**	-	**95**	139
Charge to income statement (Specific PCL)	**13**	16	**137**	131	**11**	15	**-**	-	**161**	162
Foreign exchange and other movements	**(9)**	(6)	**6**	(7)	**(50)**	8	**-**	-	**(53)**	(5)
Specific ACL, end of period	**111**	102	**84**	79	**189**	396	**-**	-	**384**	577
Collective ACL, beginning of period	**86**	99	**697**	630	**827**	780	**28**	24	**1,638**	1,533
Charge to income statement (Collective PCL)	**(3)**	(11)	**(18)**	12	**13**	(4)	**8**	3	**-**	-
Foreign exchange and other movements	**(3)**	(1)	**(11)**	(2)	**(30)**	(9)	**-**	-	**(44)**	(12)
Collective ACL, end of period	**80**	87	**668**	640	**810**	767	**36**	27	**1,594**	1,521
Total ACL	**191**	189	**752**	719	**999**	1,163	**36**	27	**1,978**	2,098
Comprised of: Loans	**168**	169	**752**	719	**802**	935	**36**	27	**1,758**	1,850
Other credit instruments	**23**	20	**-**	-	**197**	228	**-**	-	**220**	248

(Canadian $ in millions)	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the six months ended	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014
Impairment Allowances (Specific ACL), beginning of period	**113**	99	**74**	71	**237**	315	**-**	-	**424**	485
Amounts written off	**(32)**	(41)	**(342)**	(309)	**(161)**	(165)	**-**	-	**(535)**	(515)
Recoveries of amounts written off in previous periods	**11**	21	**79**	80	**107**	249	**-**	-	**197**	350
Charge to income statement (Specific PCL)	**24**	31	**272**	246	**28**	(16)	**-**	-	**324**	261
Foreign exchange and other movements	**(5)**	(8)	**1**	(9)	**(22)**	13	**-**	-	**(26)**	(4)
Specific ACL, end of period	**111**	102	**84**	79	**189**	396	**-**	-	**384**	577
Collective ACL, beginning of period	**83**	88	**678**	622	**754**	756	**27**	19	**1,542**	1,485
Charge to income statement (Collective PCL)	**(8)**	(3)	**(22)**	16	**21**	(21)	**9**	8	**-**	-
Foreign exchange and other movements	**5**	2	**12**	2	**35**	32	**-**	-	**52**	36
Collective ACL, end of period	**80**	87	**668**	640	**810**	767	**36**	27	**1,594**	1,521
Total ACL	**191**	189	**752**	719	**999**	1,163	**36**	27	**1,978**	2,098
Comprised of: Loans	**168**	169	**752**	719	**802**	935	**36**	27	**1,758**	1,850
Other credit instruments	**23**	20	**-**	-	**197**	228	**-**	-	**220**	248

Interest income on impaired loans of $17 million and $42 million was recognized for the three and six months ended April 30, 2015, respectively ($28 million and $64 million for the three and six months ended April 30, 2014, respectively).

Renegotiated Loans

The carrying value of our renegotiated loans was $756 million as at April 30, 2015 ($728 million as at October 31, 2014). Renegotiated loans of $313 million were classified as performing as at April 30, 2015 ($291 million as at October 31, 2014). Renegotiated loans of $5 million and $11 million were written off in the three and six months ended April 30, 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 and six months ended April 30, 2015, we recorded net provisions for credit losses of $21 million and $32 million, respectively (net provisions for credit losses of $2 million and $1 millon, respectively, for the three and six months ended April 30, 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 and six months ended April 30, 2015 was $7 million and $15 million, respectively ($9 million and $17 million for the three and six months ended April 30, 2014, respectively). 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 and six months ended April 30, 2015 was $4 million and $8 million, respectively ($11 million and $25 million, respectively, for the three and six months ended April 30, 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 and six months ended April 30, 2015 was $5 million and $28 million, respectively ($44 million and $89 million, respectively, for the three and six months ended April 30, 2014).

The impact of the re-measurement of incurred credit losses for performing loans for the three and six months ended April 30, 2015 was $2 million recovery and $15 million expense, respectively, in provision for credit losses and $nil and $nil in net interest income, respectively ($4 million and $4 million in provision for credit losses and $nil and $6 million in net interest income, respectively, for the three and six months ended April 30, 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 recovery of specific provision for credit losses for purchased performing loans for the three and six months ended April 30, 2015 was $3 million and $3 million, respectively ($21 million and $55 million specific provision for credit losses, respectively, for the three and six months ended April 30, 2014).

As at April 30, 2015 the amount of purchased performing loans on the balance sheet was $10,710 million ($11,703 million as at October 31, 2014). As at April 30, 2015, the credit mark remaining on performing term loans, revolving loans and other performing loans was $248 million, $81 million and $nil, respectively ($279 million, $94 million and $2 million, respectively, as at October 31, 2014). Of the total credit mark for performing loans of $329 million, $178 million represents the credit mark that will be amortized over the remaining life of the portfolio. The remaining $151 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 and six month periods ended April 30, 2015 was $26 million and $55 million recovery of specific provision for credit losses ($45 million and $162 million of recovery for the three and six months ended April 30, 2014).

As at April 30, 2015, the amount of PCI loans remaining on the balance sheet was $420 million ($488 million as at October 31, 2014). We have no remaining credit mark related to the PCI loans ($nil at October 31, 2014).

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.

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)		**April 30, 2015 (1)**		October 31, 2014
	Carrying amount of assets	**Associated liabilities**	Carrying amount of assets	Associated liabilities
Residential mortgages	**8,890**		9,569	
Other related assets (2)	**8,389**		8,382	
Total	**17,279**	**16,931**	17,951	17,546

(1) The fair value of the securitized assets is $17,441 million and the fair value of the associated liabilities is $17,451 million, for a net position of $(10) 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 and six months ended April 30, 2015, we sold $1,398 million and $2,799 million, respectively, of loans to third-party securitization programs ($856 million and $2,016 million for the three and six months ended April 30, 2014).

Note 6: Structured Entities

The bank consolidates those structured entities over which it exercises control. Our exposure to loss on our consolidated structured entities was $1,704 million related to our bank securitization vehicles, $6,132 million related to our U.S. customer securitization vehicle, $256 million related to our credit protection vehicle and $27,556 million related to our capital and funding vehicles as at April 30, 2015 ($2,012 million, $5,385 million, $266 million and $26,052 million, respectively, as at October 31, 2014).

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

(Canadian $ in millions)			**April 30, 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**	**62**	**-**	11	39	-
Trading securities	**2**	**16**	**5,157**	2	10	10,414
Available-for-sale securities	**-**	**805**	**-**	-	652	-
Derivatives	**-**	**7**	**154**	-	-	42
	11	**890**	**5,311**	13	701	10,456
Deposits	**1,264**	**62**	**2,903**	1,265	39	5,853
Derivatives	**-**	**-**	**721**	-	-	1,115
Other	**20**	**-**	**1,671**	21	-	3,447
	1,284	**62**	**5,295**	1,286	39	10,415
Exposure to loss						
Securities held	**2**	**821**	**5,157**	2	662	10,414
Drawn facilities	**12**	**-**	**-**	12	-	-
Undrawn facilities	**43**	**5,195**	**na**	43	5,214	na
Derivative assets	**-**	**7**	**154**	-	-	42
	57	**6,023**	**5,311**	57	5,876	10,456
Total assets of the entities	**1,284**	**4,139**	**5,311**	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 April 30, 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 $302 million at April 30, 2015 ($513 million at October 31, 2014).
Our exposure to non-BMO managed funds was $6,713 million at April 30, 2015 ($12,007 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. During the second quarter 2015 we finalized the purchase price allocation. No adjustments were recorded as a result of the finalization. For additional information refer to Note 12 of our consolidated financial statements for the year ended October 31, 2014 on pages 153 and 154 of our 2014 Annual Report.

Note 8: Goodwill

There were no write-downs of goodwill due to impairment during the three and six months ended April 30, 2015 and the year ended October 31, 2014.

A continuity of our goodwill by group of CGUs for the quarter ended April 30, 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)	**-**	**206**	**206**	**76**	**-**	**76**	**11**	**293**
Balance - April 30, 2015	**68** (2)	**3,128** (3)	**3,196**	**2,226** (4)	**2** (5)	**2,228**	**222** (6)	**5,646**

(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							
	April 30, 2015	October 31, 2014	**April 30, 2015**	October 31, 2014	**April 30, 2015**	October 31, 2014	**April 30, 2015**	October 31, 2014	**April 30, 2015**	October 31, 2014
Deposits by:										
Banks	**1,102**	997	**1,023**	993	**2,615**	2,412	**24,124**	13,841	**28,864**	18,243
Businesses and governments	**16,346**	14,958	**34,968**	28,001	**53,380**	57,165	**150,044**	139,015	**254,738**	239,139
Individuals	**2,788**	2,524	**13,820**	12,900	**79,333**	75,529	**44,688**	44,753	**140,629**	135,706
Total (1) (2)	**20,236**	18,479	**49,811**	41,894	**135,328**	135,106	**218,856**	197,609	**424,231**	393,088
Booked in:										
Canada	**18,563**	16,753	**31,989**	28,832	**74,038**	77,232	**118,797**	111,193	**243,387**	234,010
United States	**1,089**	1,191	**17,743**	12,972	**60,562**	57,314	**74,393**	66,664	**153,787**	138,141
Other countries	**584**	535	**79**	90	**728**	560	**25,666**	19,752	**27,057**	20,937
Total	**20,236**	18,479	**49,811**	41,894	**135,328**	135,106	**218,856**	197,609	**424,231**	393,088

(1) Includes structured notes designated at fair value through profit or loss.
(2) As at April 30, 2015 and October 31, 2014, total deposits payable on a fixed date included $29,921 million and $18,183 million, respectively, of federal funds purchased and commercial paper issued and other deposit liabilities. Included in deposits as at April 30, 2015 and October 31, 2014 are $220,048 million and $191,155 million, respectively, of deposits denominated in U.S. dollars, and $10,815 million and $8,204 million, respectively, of deposits denominated in other foreign currencies.
(3) Includes $197,112 million of deposits, each greater than one hundred thousand dollars, of which $101,221 million were booked in Canada, $70,230 million were booked in the United States and $25,661 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 $101,221 million of deposits booked in Canada, $36,353 million mature in less than three months, $7,550 million mature in three to six months, $7,765 million mature in six to twelve months and $49,553 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 $189,364 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 April 30, 2015, we had borrowed $1,872 million of federal funds ($651 million as at October 31, 2014).
- Commercial paper, which totalled $5,891 million as at April 30, 2015 ($4,294 million as at October 31, 2014).
- Covered bonds, which totalled $10,650 million as at April 30, 2015 ($7,683 million as at October 31, 2014).

Note 10: Subordinated Debt

During the quarter ended April 30, 2015, we redeemed all of our outstanding $500 million Subordinated Debentures, Series C Medium-Term Notes Second Tranche, at a redemption price of 100 percent of the principal amount plus unpaid accrued interest to the redemption date.

Note 11: Equity

Preferred and Common Shares Outstanding (1)

(Canadian $ in millions, except as noted)	April 30, 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	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)
		2,640		3,040		
Common Shares (4)	**644,255,593**	**12,330**	649,050,049	12,357		
Share Capital		**14,970**		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 12,898,606 common shares as at April 30, 2015 (13,337,765 common shares as at October 31, 2014).

Preferred Shares

On April 23, 2015 we announced our intention to redeem all 14 million Non-Cumulative, Perpetual Class B Preferred Shares Series 13 on May 25, 2015, at a redemption price of $25.25 per share, for an expected gross redemption of $353 million.

On February 25, 2015 we redeemed all 16 million Non-Cumulative, 5-year Rate Reset Class B Preferred Shares Series 23 at a redemption price of $25.00 per share, for gross redemption of $400 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, for a gross redemption of $425 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.

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 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.

Common Shares

During the three and six months ended April 30, 2015, we repurchased 3 million and 6 million common shares at an average cost of $76.12 and $78.07 per share, totalling $229 million and $469 million, respectively. No shares were repurchased for the three and six months ended April 30, 2014.

On February 1, 2015, we renewed our normal course issuer bid effective for one year. Under this bid, we may repurchase up to 15 million of our common shares for cancellation. 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 periodically consult with OSFI before making purchases under the bid.

Capital Trust Securities

On December 31, 2014, 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 12: 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 April 30, 2015. Our capital position as at April 30, 2015 is detailed in the Capital Management section on pages 11 to 12 of Management's Discussion and Analysis of the Second Quarter 2015 Report to Shareholders.

Note 13: Employee Compensation

Stock Options

We did not grant any stock options during the three months ended April 30, 2015 and 2014. During the six months ended April 30, 2015, we granted a total of 641,875 stock options (1,618,223 stock options during the six months ended April 30, 2014). The weighted-average fair value of options granted during the six months ended April 30, 2015 was $7.45 per option ($6.36 per option for the six months ended April 30, 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 six months ended	**April 30, 2015**	April 30, 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	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014
Benefits earned by employees	**70**	59	**7**	7
Net interest (income) expense on net defined benefit (asset) liability	**(2)**	(3)	**12**	12
Administrative expenses	**1**	2	**-**	-
Benefits expense	**69**	58	**19**	19
Canada and Quebec pension plan expense	**23**	23	**-**	-
Defined contribution expense	**2**	2	**-**	-
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**94**	83	**19**	19

(Canadian $ in millions)

	Pension benefit plans		Other employee future benefit plans	
For the six months ended	**April 30, 2015**	April 30, 2014	**April 30, 2015**	April 30, 2014
Benefits earned by employees	**140**	119	**14**	13
Net interest (income) expense on net defined benefit (asset) liability	**(3)**	(5)	**25**	25
Administrative expenses	**2**	3	**-**	-
Benefits expense	**139**	117	**39**	38
Canada and Quebec pension plan expense	**44**	39	**-**	-
Defined contribution expense	**5**	4	**-**	-
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**188**	160	**39**	38

Note 14: 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		For the six months ended	
	April 30, 2015	April 30, 2014	**April 30, 2015**	April 30, 2014
Net income attributable to bank shareholders	**993**	1,062	**1,979**	2,110
Dividends on preferred shares	**(31)**	(27)	**(64)**	(55)
Net income available to common shareholders	**962**	1,035	**1,915**	2,055
Average number of common shares outstanding (in thousands)	**645,504**	644,881	**646,938**	644,654
Basic earnings per share (Canadian $)	**1.49**	1.61	**2.96**	3.19

Diluted earnings per share

(Canadian $ in millions, except as noted)	For the three months ended		For the six months ended	
	April 30, 2015	April 30, 2014	**April 30, 2015**	April 30, 2014
Net income available to common shareholders adjusted for dilution effect	**962**	1,035	**1,915**	2,055
Average number of common shares outstanding (in thousands)	**645,504**	644,881	**646,938**	644,654
Stock options potentially exercisable (1)	**9,522**	11,281	**9,654**	11,285
Common shares potentially repurchased	**(7,171)**	(8,954)	**(7,144)**	(8,979)
Average diluted number of common shares outstanding (in thousands)	**647,855**	647,208	**649,448**	646,960
Diluted earnings per share (Canadian $)	**1.49**	1.60	**2.95**	3.18

(1) In computing diluted earnings per share we excluded average stock options outstanding of 1,994,844 and 1,892,106 with a weighted-average exercise price of $183.86 and $189.63, respectively, for the three and six months ended April 30, 2015 (1,793,254 and 1,805,965 with a weighted-average exercise price of $235.33 and $235.28 for the three and six months ended April 30, 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.

Note 15: Operating and Geographic Segmentation

Operating Groups

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

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.

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 April 30, 2015	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	**1,194**	**684**	**150**	**274**	**(190)**	**2,112**
Non-interest revenue	**411**	**194**	**1,038**	**738**	**33**	**2,414**
Total Revenue	**1,605**	**878**	**1,188**	**1,012**	**(157)**	**4,526**
Provision for credit losses	**143**	**18**	**1**	**5**	**(6)**	**161**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**-**	**-**	**24**	**-**	**-**	**24**
Amortization	**36**	**44**	**39**	**11**	**66**	**196**
Non-interest expense	**777**	**534**	**797**	**606**	**202**	**2,916**
Income before taxes and non-controlling interest in subsidiaries	**649**	**282**	**327**	**390**	**(419)**	**1,229**
Provision for income taxes	**163**	**76**	**89**	**94**	**(192)**	**230**
Reported net income	**486**	**206**	**238**	**296**	**(227)**	**999**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**6**	**6**
Net Income attributable to bank shareholders	**486**	**206**	**238**	**296**	**(233)**	**993**
Average Assets	**195,128**	**87,947**	**29,173**	**289,891**	**59,301**	**661,440**

For the three months ended April 30, 2014	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	1,152	612	135	327	(163)	2,063
Non-interest revenue	386	174	1,072	624	50	2,306
Total Revenue	1,538	786	1,207	951	(113)	4,369
Provision for credit losses	131	52	2	(4	(19)	162
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	-	-	328	-	-	328
Amortization	34	44	23	12	68	181
Non-interest expense	731	471	608	569	34	2,413
Income before taxes and non- controlling interest in subsidiaries	642	219	246	374	(196)	1,285
Provision for income taxes	162	62	54	69	(138)	209
Reported net income	480	157	192	305	(58)	1,076
Non-controlling interest in subsidiaries	-	-	-	-	14	14
Net Income attributable to bank shareholders	480	157	192	305	(72)	1,062
Average Assets	188,940	74,623	23,589	264,036	43,572	594,760

(Canadian $ in millions)

For the six months ended April 30, 2015	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	**2,411**	**1,365**	**310**	**662**	**(417)**	**4,331**
Non-interest revenue	**822**	**372**	**2,660**	**1,271**	**125**	**5,250**
Total Revenue	**3,233**	**1,737**	**2,970**	**1,933**	**(292)**	**9,581**
Provision for credit losses	**275**	**58**	**3**	**14**	**(26)**	**324**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**-**	**-**	**771**	**-**	**-**	**771**
Amortization	**72**	**87**	**76**	**21**	**128**	**384**
Non-interest expense	**1,576**	**1,051**	**1,588**	**1,219**	**300**	**5,734**
Income before taxes and non-controlling interest in subsidiaries	**1,310**	**541**	**532**	**679**	**(694)**	**2,368**
Provision for income taxes	**322**	**143**	**135**	**162**	**(393)**	**369**
Reported net income	**988**	**398**	**397**	**517**	**(301)**	**1,999**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**20**	**20**
Net Income attributable to bank shareholders	**988**	**398**	**397**	**517**	**(321)**	**1,979**
Average Assets	**194,684**	**86,310**	**28,482**	**288,760**	**57,853**	**656,089**

For the six months ended April 30, 2014	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	2,348	1,217	275	587	(251)	4,176
Non-interest revenue	768	342	2,155	1,337	70	4,672
Total Revenue	3,116	1,559	2,430	1,924	(181)	8,848
Provision for credit losses	270	73	1	(5)	(78)	261
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	-	-	685	-	-	685
Amortization	71	90	44	24	132	361
Non-interest expense	1,484	948	1,232	1,165	88	4,917
Income before taxes and non- controlling interest in subsidiaries	1,291	448	468	740	(323)	2,624
Provision for income taxes	326	124	102	159	(224)	487
Reported net income	965	324	366	581	(99)	2,137
Non-controlling interest in subsidiaries	-	-	-	-	27	27
Net Income attributable to bank shareholders	965	324	366	581	(126)	2,110
Average Assets	188,090	72,496	23,340	259,014	44,397	587,337

(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 April 30, 2015	Canada	United States	Other countries	Total
Net interest income	**1,331**	**736**	**45**	**2,112**
Non-interest revenue	**1,437**	**647**	**330**	**2,414**
Total Revenue	**2,768**	**1,383**	**375**	**4,526**
Provision for credit losses	**180**	**(19)**	**-**	**161**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**(94)**	**-**	**118**	**24**
Amortization	**107**	**70**	**19**	**196**
Non-interest expense	**1,692**	**1,037**	**187**	**2,916**
Income before taxes and non-controlling interest in subsidiaries	**883**	**295**	**51**	**1,229**
Provision for income taxes	**165**	**57**	**8**	**230**
Reported net income	**718**	**238**	**43**	**999**
Non-controlling interest in subsidiaries	**5**	**-**	**1**	**6**
Net Income attributable to bank shareholders	**713**	**238**	**42**	**993**
Average Assets	**405,677**	**228,596**	**27,167**	**661,440**

For the three months ended April 30, 2014	Canada	United States	Other countries	Total
Net interest income	1,322	702	39	2,063
Non-interest revenue	1,566	575	165	2,306
Total Revenue	2,888	1,277	204	4,369
Provision for credit losses	138	25	(1)	162
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	258	-	70	328
Amortization	107	70	4	181
Non-interest expense	1,418	904	91	2,413
Income before taxes and non-controlling interest in subsidiaries	967	278	40	1,285
Provision for income taxes	172	55	(18)	209
Reported net income	795	223	58	1,076
Non-controlling interest in subsidiaries	14	-	-	14
Net Income attributable to bank shareholders	781	223	58	1,062
Average Assets	370,243	202,955	21,562	594,760

(Canadian $ in millions)

For the six months ended April 30, 2015	Canada	United States	Other countries	Total
Net interest income	**2,726**	**1,519**	**86**	**4,331**
Non-interest revenue	**3,382**	**1,206**	**662**	**5,250**
Total Revenue	**6,108**	**2,725**	**748**	**9,581**
Provision for credit losses	**290**	**34**	**-**	**324**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**558**	**-**	**213**	**771**
Amortization	**209**	**138**	**37**	**384**
Non-interest expense	**3,336**	**2,047**	**351**	**5,734**
Income before taxes and non-controlling interest in subsidiaries	**1,715**	**506**	**147**	**2,368**
Provision for income taxes	**262**	**81**	**26**	**369**
Reported net income	**1,453**	**425**	**121**	**1,999**
Non-controlling interest in subsidiaries	**20**	**-**	**-**	**20**
Net Income attributable to bank shareholders	**1,433**	**425**	**121**	**1,979**
Average Assets	**403,548**	**224,914**	**27,627**	**656,089**

For the six months ended April 30, 2014	Canada	United States	Other countries	Total
Net interest income	2,667	1,431	78	4,176
Non-interest revenue	3,196	1,153	323	4,672
Total Revenue	5,863	2,584	401	8,848
Provision for credit losses	269	(6)	(2)	261
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	556	-	129	685
Amortization	213	140	8	361
Non-interest expense	2,963	1,782	172	4,917
Income before taxes and non-controlling interest in subsidiaries	1,862	668	94	2,624
Provision for income taxes	351	150	(14)	487
Reported net income	1,511	518	108	2,137
Non-controlling interest in subsidiaries	27	-	-	27
Net Income attributable to bank shareholders	1,484	518	108	2,110
Average Assets	368,628	197,597	21,112	587,337

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

Note 16: 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.

		April 30, 2015		October 31, 2014
	Carrying value	**Fair value**	Carrying value	Fair value
Securities				
Held to maturity	**10,015**	**10,149**	10,344	10,490
Other (1)	**594**	**2,112**	510	1,829
	10,609	**12,261**	10,854	12,319
Securities purchased under resale agreements (2)	**51,554**	**51,197**	33,141	33,095
Loans				
Residential mortgages	**101,839**	**102,373**	101,013	101,273
Consumer instalment and other personal	**64,273**	**63,406**	64,143	63,280
Credit cards	**7,896**	**7,652**	7,972	7,706
Businesses and governments	**132,153**	**130,750**	120,766	119,399
	306,161	**304,181**	293,894	291,658
Deposits	**424,231**	**424,514**	393,088	393,242
Securities sold under repurchase agreements (3)	**35,597**	**35,675**	25,485	25,505
Other liabilities (4)	**23,335**	**23,951**	23,546	23,927
Subordinated debt	**4,435**	**4,688**	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 $466 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 $13,022 million of securities borrowed for which carrying value approximates fair value ($20,414 million as at October 31, 2014).

(3) Excludes $6,442 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 $23 million and $126 million in non-interest revenue, trading revenue and a decrease of $19 million and an increase of less than $1 million before tax recorded in other comprehensive income related to changes in our credit spread, respectively, for the three and six months ended April 30, 2015 (a decrease of $13 million and $25 million recorded in non-interest revenue, trading revenue, of which $39 million and $37 million related to changes in our own credit spread, respectively, for the three and six months ended April 30, 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 April 30, 2015 were $8,246 million and $8,219 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 April 30, 2015 of $7,069 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 a decrease of $231 million and an increase of $304 million in non-interest revenue, insurance revenue, respectively, for the three and six months ended April 30, 2015 (an increase of $71 million and $227 million, respectively, for the three and six months ended April 30, 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 April 30, 2015 of $507 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 a decrease of $13 million and an increase of $16 million in insurance claims, commissions, and changes in policy benefit liabilities, respectively, for the three and six months ended April 30, 2015 (an increase of $5 million and $13 million, respectively, for the three and six months ended April 30, 2014). For the three and six months ended April 30, 2015 a decrease of $4 million and an increase of $1 million, respectively, 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 April 30, 2015 of $139 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 and less than $1 million in non-interest revenue, trading revenues, respectively, for the three and six months ended April 30, 2015 (an increase of $1 million and $1 million, respectively, for the three and six months ended April 30, 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 April 30, 2015 of $466 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 $4 million and $20 million, respectively, for the three and six months ended April 30, 2015 (an increase of $14 million and $8 million, respectively, for the three and six months ended April 30, 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)			**April 30, 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	**7,796**	**2,020**	**-**	8,737	1,725	-
Canadian provincial and municipal governments	**3,904**	**3,832**	**-**	3,134	4,062	-
U.S. federal government	**4,641**	**448**	**-**	5,725	440	-
U.S. states, municipalities and agencies	**-**	**999**	**90**	-	626	85
Other governments	**383**	**89**	**-**	124	99	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**726**	**-**	-	702	-
Corporate debt	**292**	**8,966**	**457**	1,974	9,319	538
Corporate equity	**42,179**	**5,209**	**-**	37,221	10,511	-
	59,195	**22,289**	**547**	56,915	27,484	623
Available-for-Sale Securities						
Issued or guaranteed by:						
Canadian federal government	**5,234**	**5,193**	**-**	4,946	5,555	-
Canadian provincial and municipal governments	**2,316**	**2,165**	**-**	1,679	2,425	-
U.S. federal government	**1,865**	**-**	**-**	1,093	-	-
U.S. states, municipalities and agencies	**-**	**6,403**	**1**	-	5,814	1
Other governments	**1,993**	**3,674**	**-**	2,136	3,996	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**10,561**	**-**	-	9,949	-
Corporate debt	**5,918**	**2,275**	**7**	5,687	1,971	8
Corporate equity	**349**	**135**	**1,251**	422	146	1,138
	17,675	**30,406**	**1,259**	15,963	29,856	1,147
Other Securities	**-**	**-**	**466**	10	-	467
Fair Value Liabilities						
Securities sold but not yet purchased	**23,164**	**2,744**	**-**	23,615	3,733	-
Structured note liabilities and other note liabilities	**-**	**8,393**	**-**	-	7,785	-
Annuity liabilities	**-**	**507**	**-**	-	407	-
	23,164	**11,644**	**-**	23,615	11,925	-
Derivative Assets						
Interest rate contracts	**9**	**19,738**	**-**	23	18,241	-
Foreign exchange contracts	**39**	**17,868**	**-**	32	12,649	-
Commodity contracts	**1,248**	**53**	**-**	653	30	-
Equity contracts	**43**	**757**	**-**	51	896	-
Credit default swaps	**-**	**73**	**3**	-	68	12
	1,339	**38,489**	**3**	759	31,884	12
Derivative Liabilities						
Interest rate contracts	**33**	**18,021**	**-**	33	16,983	-
Foreign exchange contracts	**31**	**20,947**	**-**	33	12,110	-
Commodity contracts	**1,929**	**456**	**-**	1,101	233	-
Equity contracts	**40**	**2,655**	**-**	38	3,002	-
Credit default swaps	**-**	**125**	**-**	-	116	8
	2,033	**42,204**	**-**	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 April 30, 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	**1,251**	Net Asset Value	Net Asset Value	**na**	**na**
			EV/EBITDA	Multiple	**5.5x**	**9.5x**
Collateralized loan obligations securities (3)	Corporate debt	**464**	Discounted Cash Flow Model	Yield/Discount Margin	**1.25%**	**1.25%**
Merchant banking securities	Other	**466**	Net Asset Value	Net Asset Value	**na**	**na**
			EV/EBITDA	Multiple	**4.4x**	**8.7x**

(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 $642 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 April 30, 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 $452 million related to securities that are hedged with credit default swaps that are also considered to be Level 3 instruments. As at April 30, 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 April 30, 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 and six months ended April 30, 2015.

During the three and six months ended April 30, 2015, $6 million and $139 million, respectively, 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 and six months ended April 30, 2015, $60 million and $67 million, respectively, of trading securities, and $180 million and $180 million, respectively, of available-for-sale securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in active markets.

During the three and six months ended April 30, 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 April 30, 2015, including realized and unrealized gains (losses) included in earnings and other comprehensive income.

		Change in fair value								
For the three months ended April 30, 2015	Balance January 31, 2015	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 April 30, 2015	Unrealized gains (losses) (2)
Trading Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	95	**(5)**	-	-	-	-	-	-	**90**	**(5)**
Corporate debt	544	**(28)**	-	-	-	**(59)**	-	-	**457**	**(28)**
Total trading securities	639	**(33)**	-	-	-	**(59)**	-	-	**547**	**(33)**
Available-for-Sale Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	-	-	-	-	-	-	-	**1**	-
Corporate debt	8	-	-	-	**(1)**	-	-	-	**7**	-
Corporate equity	1,289	**(13)**	**(47)**	**34**	**(12)**	-	-	-	**1,251**	**(47)**
Total available-for-sale securities	1,298	**(13)**	**(47)**	**34**	**(13)**	-	-	-	**1,259**	**(47)**
Other Securities	488	**35**	-	**13**	**(70)**	-	-	-	**466**	**35**
Derivative Assets										
Credit default swaps	3	-	-	-	-	-	-	-	**3**	**(1)**
Derivative Liabilities										
Credit default swaps	-	-	-	-	-	-	-	-	-	-

(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 April 30, 2015 are included in earnings in the period. For available-for-sale securities, the unrealized gains or losses on securities still held on April 30, 2015 are included in Accumulated Other Comprehensive Income.

		Change in fair value								
For the six months ended April 30, 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 April 30, 2015	Unrealized gains (losses) (2)
Trading Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	85	**5**	-	-	-	-	-	-	**90**	**5**
Corporate debt	538	**25**	-	-	-	**(106)**	-	-	**457**	**25**
Total trading securities	623	**30**	-	-	-	**(106)**	-	-	**547**	**30**
Available-for-Sale Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	-	-	-	-	-	-	-	**1**	-
Corporate debt	8	-	-	-	**(1)**	-	-	-	**7**	-
Corporate equity	1,138	**(20)**	**90**	**74**	**(31)**	-	-	-	**1,251**	**90**
Total available-for-sale securities	1,147	**(20)**	**90**	**74**	**(32)**	-	-	-	**1,259**	**90**
Other Securities	467	**45**	-	**84**	**(130)**	-	-	-	**466**	**41**
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 April 30, 2015 are included in earnings in the period. For available-for-sale securities, the unrealized gains or losses on securities still held on April 30, 2015 are included in Accumulated Other Comprehensive Income.

Note 17: 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)										April 30, 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	39,576	-	-	-	-	-	-	-	827	40,403
Interest bearing deposits with banks	4,905	1,704	546	54	47	-	-	-	-	7,256
Securities										
Trading	524	1,461	1,186	1,016	2,109	4,361	7,153	16,833	47,388	82,031
Available-for-sale	1,236	608	882	1,637	1,444	8,020	19,803	13,974	1,736	49,340
Held-to-maturity	4	81	225	284	376	962	3,849	4,234	-	10,015
Other	4	3	-	-	-	-	58	-	995	1,060
Total securities	1,768	2,153	2,293	2,937	3,929	13,343	30,863	35,041	50,119	142,446
Securities borrowed or purchased under resale agreements	47,485	11,582	4,039	968	485	17	-	-	-	64,576
Loans										
Residential mortgages	1,586	2,314	3,945	4,486	4,673	18,483	56,525	9,827	-	101,839
Consumer instalment and other personal	421	869	1,100	1,372	1,515	5,127	20,161	10,169	23,539	64,273
Credit cards	-	-	-	-	-	-	-	-	7,896	7,896
Businesses and governments	8,313	11,173	3,617	3,495	13,875	13,997	38,567	7,178	31,938	132,153
Customers' liability under acceptances	9,373	1,989	81	1	9	-	-	-	-	11,453
Allowance for credit losses	-	-	-	-	-	-	-	-	(1,758)	(1,758)
Total loans and acceptances, net of allowance	19,693	16,345	8,743	9,354	20,072	37,607	115,253	27,174	61,615	315,856
Other Assets										
Derivative instruments	3,682	3,541	1,481	2,072	744	4,236	10,239	13,836	-	39,831
Premises and equipment	-	-	-	-	-	-	-	-	2,274	2,274
Goodwill	-	-	-	-	-	-	-	-	5,646	5,646
Intangible assets	-	-	-	-	-	-	-	-	2,136	2,136
Current tax assets	-	-	-	-	-	-	-	-	596	596
Deferred tax assets	-	-	-	-	-	-	-	-	3,174	3,174
Other	1,488	329	127	-	2	-	39	3,779	3,317	9,081
Total other assets	5,170	3,870	1,608	2,072	746	4,236	10,278	17,615	17,143	62,738
Total Assets	118,597	35,654	17,229	15,385	25,279	55,203	156,394	79,830	129,704	633,275

(Canadian $ in millions)										April 30, 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	**15,005**	**6,840**	**1,192**	**556**	**531**	**-**	**-**	**-**	**4,740**	**28,864**
Businesses and governments	**28,257**	**27,923**	**24,366**	**12,843**	**6,691**	**16,542**	**23,519**	**9,903**	**104,694**	**254,738**
Individuals	**1,541**	**3,174**	**6,121**	**4,426**	**4,852**	**7,919**	**14,940**	**1,715**	**95,941**	**140,629**
Total deposits	**44,803**	**37,937**	**31,679**	**17,825**	**12,074**	**24,461**	**38,459**	**11,618**	**205,375**	**424,231**
Other liabilities										
Derivative instruments	**2,871**	**4,210**	**2,537**	**3,399**	**1,411**	**6,563**	**11,283**	**11,963**	**-**	**44,237**
Acceptances	**9,373**	**1,989**	**81**	**1**	**9**	**-**	**-**	**-**	**-**	**11,453**
Securities sold but not yet purchased	**25,908**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,908**
Securities lent or sold under repurchase agreements	**41,096**	**752**	**69**	**-**	**122**	**-**	**-**	**-**	**-**	**42,039**
Current tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**211**	**211**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**188**	**188**
Securitization and liabilities related to structured entities	**1**	**437**	**1,205**	**788**	**437**	**5,040**	**9,777**	**4,535**	**-**	**22,220**
Other	**7,120**	**502**	**9**	**-**	**10**	**1,125**	**2,875**	**1,816**	**8,493**	**21,950**
Total other liabilities	**86,369**	**7,890**	**3,901**	**4,188**	**1,989**	**12,728**	**23,935**	**18,314**	**8,892**	**168,206**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**4,335**	**-**	**4,435**
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36,403**	**36,403**
Total Liabilities and Equity	**131,172**	**45,827**	**35,580**	**22,013**	**14,063**	**37,289**	**62,394**	**34,267**	**250,670**	**633,275**

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

(Canadian $ in millions)										April 30, 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)	**971**	**4,144**	**3,231**	**8,369**	**7,210**	**13,674**	**54,542**	**3,521**	**-**	**95,662**
Operating leases	**26**	**54**	**81**	**78**	**76**	**285**	**621**	**604**	**-**	**1,825**
Financial guarantee contracts (1)	**5,494**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,494**
Purchase obligations	**63**	**125**	**183**	**163**	**164**	**612**	**877**	**206**	**-**	**2,393**

(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 Second 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 Wednesday, May 27, 2015, at 2:00 p.m. (EDT). 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 Monday, August 24, 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
February 2015: $77.68
March 2015: $75.77
April 2015: $80.47

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
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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.