BMO Financial Group

Third Quarter 2015 Report to Shareholders

BMO Financial Group Reports Net Income of $1.2 Billion for the Third Quarter of 2015

Financial Results Highlights:

Third Quarter 2015 Compared with Third Quarter 2014:

- **Net income of $1,192 million, up 6%; adjusted net income[1] of $1,230 million, up 6%**
- **EPS[2] of $1.80, up 8%; adjusted EPS[1,2] of $1.86, up 8%**
- **ROE of 13.6%, compared with 14.4%; adjusted ROE[1] of 14.0%, compared with 14.9%**
- **Provisions for credit losses of $160 million, compared with $130 million**
- **Basel III Common Equity Tier 1 Ratio of 10.4%**

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

- **Net income of $3,191 million, down 2%; adjusted net income[1] of $3,417 million, up 2%**
- **EPS[2] of $4.75, down 2%; adjusted EPS[1,2] of $5.10, up 3%**
- **ROE of 12.3%, compared with 14.3%; adjusted ROE[1] of 13.2%, compared with 14.7%**
- **Provisions for credit losses of $484 million, compared with $391 million**

Toronto, August 25, 2015 – For the third quarter ended July 31, 2015, BMO Financial Group reported net income of $1,192 million or $1.80 per share on a reported basis and net income of $1,230 million or $1.86 per share on an adjusted basis.

"BMO delivered very good results in the third quarter, with adjusted net income of $1.2 billion, up 6% from good results a year ago and up 7% from the second quarter," said Bill Downe, Chief Executive Officer, BMO Financial Group.

"These results were driven by good operating group performance, particularly in our combined Personal and Commercial Banking business which posted adjusted earnings of $792 million, up 13% from last year, and in Wealth Management where adjusted net income was up 10%. Credit provisions continued to be stable.

"Our performance reflects the benefit of BMO's diversified business mix and confirms that the investments we have made are generating growth while ensuring that we keep pace with a new generation of banking customers," concluded Mr. Downe.

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

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

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

Note: All ratios and percentage changes in this document are based on unrounded numbers.

Total Bank Overview

Net income was $1,192 million for the third quarter of 2015, up $66 million or 6% from the prior year.

Adjusted net income was $1,230 million, up $68 million or 6% from the prior year with good income growth in the P&C businesses and higher results in Wealth Management. BMO Capital Markets income declined compared to the strong performance of a year ago. Adjusted EPS was up 8% year-over-year. Return on equity was 13.6% and adjusted return on equity was 14.0%. The Basel III Common Equity Tier 1 Ratio remains strong at 10.4%. Book value per share increased 19% from the prior year to $55.36 per share.

Operating Segment Overview

Canadian P&C

Net income was $556 million, up $31 million or 6% from a year ago. Adjusted net income of $557 million increased $31 million or 6% from the prior year driven by higher revenue and good credit performance, partially offset by higher expenses. Revenue was up $60 million or 4% from the prior year due to higher balances across most products and increased non-interest revenue. Expenses increased $37 million or 5% reflecting continued investment in the business. Year-over-year loan growth was 3% and deposit growth was 6%.

In our personal banking business, year-over-year loan and deposit growth was 2% and 5%, respectively. During the quarter, we launched our new BMO CashBack World Elite MasterCard and BMO AIR MILES World Elite MasterCard products, diversifying our premium product offerings to provide customers with a wider range of rewards. Our Spring Home Financing Campaign and Summer Campaign have attracted new customers to BMO, with 5% more new customers than last year. We further enhanced our Canadian mobile banking application for iPhone with *Touch ID*, allowing mobile banking features to be securely accessed with the touch of a button, becoming the first major Canadian financial institution to offer this technology to their customers.

In our commercial banking business, year-over-year loan and deposit growth was 7% and 8%, respectively. We continue to develop products and services to better meet our customers' needs. During the quarter, we launched the BMO Biz Basic ™ Plan, to help small business owners easily manage their daily banking in a simple and cost-effective manner. We also expanded our payment product offers by enabling Interac® e-Transfers for our business banking clients. We remain second in Canadian business banking loan market share for small and medium-sized loans.

U.S. P&C

Net income of $222 million increased $61 million or 38% from the prior year. Adjusted net income of $235 million increased $61 million or 36%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $175 million increased $25 million or 17% from a year ago. Adjusted net income of $186 million increased $24 million or 15%, reflecting stable revenue, good expense management and lower credit losses.

Revenue of $727 million was consistent with the prior year as higher loan and deposit volume, mortgage banking revenue and commercial lending fees were offset by lower net interest margin. Adjusted non-interest expense of $464 million increased $8 million or 2% primarily due to higher employee-related costs, and remains well controlled.

Year-over-year loan growth was $2.5 billion or 4%, led by good growth in core commercial and industrial (C&I) loans of $3.9 billion or 14%.

During the quarter, BMO Harris Bank was awarded the Corporate Citizen of the Year award by The Executives' Club of Chicago. This award recognizes our track record on employee diversity and inclusion programs, our Clear Blue Skies environmental strategy, and the work we have done to build community partnerships to contribute to the growth and vitality of communities where we do business.

BMO Harris Bank also enhanced its mobile banking application with the addition of *Touch ID* and *Passcode*, simplifying the user experience for our mobile banking customers.

Wealth Management

Net income was $210 million, up $21 million or 11% from a year ago. Adjusted net income of $233 million increased $22 million or 10%. Adjusted net income in traditional wealth was $177 million, up $14 million or 8%, due to good growth in client assets. Adjusted net income in insurance was $56 million, up $8 million or 16% from a year ago primarily due to the impact of unfavourable movements in long-term interest rates in the prior year.

Assets under management and administration grew by $103 billion or 13% from a year ago to $879 billion, driven by favourable foreign exchange movements and market appreciation.

This past quarter, BMO Wealth Management was named Best Wealth Management Bank Canada 2015 by *International Finance Magazine* (IFM). The IFM Awards celebrate excellence in the international finance industry, and in selecting BMO Wealth Management the IFM noted our compelling offer and high standards of innovation and performance.

BMO Global Asset Management was named one of the Top 100 Money Managers by Pensions & Investments for the fifth consecutive year. We were ranked 50th based on worldwide assets under management (as of December 31, 2014) – up from 75th last year.

During the quarter, we entered into an agreement to sell BMO's Milwaukee-based U.S. retirement services business. Subject to the satisfaction of all regulatory and other conditions, the transaction is expected to close during the fourth quarter of 2015.

BMO Capital Markets

Net income of $273 million decreased $32 million or 11% from strong results a year ago, primarily due to higher expenses and higher provisions for credit losses. Excluding the impact of the stronger U.S. dollar, non-interest expense decreased $7 million or 1% primarily due to lower employee-related expenses.

During the quarter, BMO Capital Markets was named a 2015 Greenwich Share Leader in Canadian Equity Trading Share and in Canadian Equity Research/Advisory Vote Share, as well as a 2015 Greenwich Quality Leader in Canadian Equity Sales and Corporate

Access Quality. We were also recognized by *Trade Finance Magazine* as the Best Supply Chain Finance Bank in North America for the second consecutive year.

BMO Capital Markets participated in 352 new global issues in the quarter, comprised of 156 corporate debt deals, 138 government debt deals and 58 equity transactions, raising $918 billion.

During the quarter, we entered into an agreement to sell BMO Capital Markets GKST Inc., our municipal bond sales, trading and origination business. Subject to the satisfaction of all regulatory and other conditions, the transaction is expected to close during the fourth quarter of 2015.

Corporate Services

Corporate Services adjusted net loss for the third quarter of 2015 was $69 million, compared with an adjusted net loss of $54 million a year ago.

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

Capital

BMO's Common Equity Tier 1 (CET1) Ratio was 10.4% at July 31, 2015. The CET1 Ratio increased by approximately 20 basis points from 10.2% at the end of the second quarter due to an increase in CET1 Capital, partially offset by higher risk-weighted assets.

Provision for Credit Losses

The total provision for credit losses (PCL) was $160 million, an increase of $30 million from the prior year primarily due to lower loan recoveries in Corporate Services and higher provisions in BMO Capital Markets, partially offset by lower provisions in the P&C businesses. PCL was consistent with the prior quarter.

Caution

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

Regulatory Filings

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

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

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) commentary is as of August 25, 2015. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the period ended July 31, 2015, as well as the audited consolidated financial statements for the year ended October 31, 2014, and the MD&A for fiscal 2014 in BMO's 2014 Annual Report. The material that precedes this section comprises part of this MD&A.

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

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

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

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

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

Summary Data					Table 1
(Canadian $ in millions, except as noted)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Summary Income Statement					
Net interest income	**2,272**	2,112	2,107	**6,603**	6,283
Non-interest revenue (1)	**2,554**	2,414	2,628	**7,804**	7,300
Revenue (1)	**4,826**	4,526	4,735	**14,407**	13,583
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**218**	24	520	**989**	1,205
Revenue, net of CCPB	**4,608**	4,502	4,215	**13,418**	12,378
Specific provision for credit losses	**160**	161	130	**484**	391
Collective provision for (recovery of) credit losses	**-**	-	-	**-**	-
Total provision for credit losses	**160**	161	130	**484**	391
Non-interest expense	**2,971**	3,112	2,756	**9,089**	8,034
Provision for income taxes	**285**	230	203	**654**	690
Net income	**1,192**	999	1,126	**3,191**	3,263
Attributable to bank shareholders	**1,185**	993	1,110	**3,164**	3,220
Attributable to non-controlling interest in subsidiaries	**7**	6	16	**27**	43
Net income	**1,192**	999	1,126	**3,191**	3,263
Adjusted net income	**1,230**	1,146	1,162	**3,417**	3,342
Common Share Data ($ except as noted)					
Earnings per share	**1.80**	1.49	1.67	**4.75**	4.85
Adjusted earnings per share	**1.86**	1.71	1.73	**5.10**	4.97
Earnings per share growth (%)	**7.8**	(6.9)	0.6	**(2.1)**	6.1
Adjusted earnings per share growth (%)	**7.5**	4.9	4.2	**2.6**	8.3
Dividends declared per share	**0.82**	0.80	0.78	**2.42**	2.30
Book value per share	**55.36**	51.65	46.69	**55.36**	46.69
Closing share price	**72.98**	78.82	81.27	**72.98**	81.27
Total market value of common shares ($ billions)	**46.9**	50.8	52.5	**46.9**	52.5
Dividend yield (%)	**4.5**	4.1	3.8	**4.4**	3.8
Financial Measures and Ratios (%)					
Return on equity	**13.6**	11.4	14.4	**12.3**	14.3
Adjusted return on equity	**14.0**	13.2	14.9	**13.2**	14.7
Net income growth	**5.9**	(7.1)	0.4	**(2.2)**	4.5
Adjusted net income growth	**5.7**	4.6	3.7	**2.2**	6.6
Revenue growth (1)	**2.0**	3.6	15.8	**6.1**	8.5
Adjusted revenue growth, net of CCPB	**9.4**	11.4	9.7	**8.4**	8.9
Non-interest expense growth	**7.9**	19.9	9.0	**13.1**	5.1
Adjusted non-interest expense growth	**8.0**	13.4	10.8	**10.9**	9.0
Efficiency ratio (1)	**61.6**	68.7	58.2	**63.1**	59.1
Adjusted efficiency ratio (1)	**60.5**	64.3	57.2	**61.0**	58.4
Adjusted efficiency ratio, net of CCPB	**63.4**	64.7	64.2	**65.5**	64.0
Operating leverage (1)	**(5.9)**	(16.3)	6.8	**(7.0)**	3.4
Adjusted operating leverage, net of CCPB	**1.4**	(2.0)	(1.1)	**(2.5)**	(0.1)
Net interest margin on average earning assets	**1.55**	1.51	1.58	**1.54**	1.60
Effective tax rate	**19.3**	18.8	15.3	**17.0**	17.5
Adjusted effective tax rate	**19.4**	19.8	15.6	**17.6**	17.7
Return on average assets	**0.71**	0.62	0.74	**0.64**	0.73
Provision for credit losses-to-average loans and acceptances (annualized)	**0.20**	0.20	0.18	**0.20**	0.18
Balance Sheet (as at $ millions, except as noted)					
Assets	**672,442**	633,275	586,832	**672,442**	586,832
Net loans and acceptances	**329,179**	315,856	295,441	**329,179**	295,441
Deposits	**447,617**	424,231	399,223	**447,617**	399,223
Common shareholders' equity	**35,560**	33,276	30,179	**35,560**	30,179
Cash and securities-to-total assets ratio (%)	**29.3**	30.0	33.0	**29.3**	33.0
Capital Ratios (%)					
Common Equity Tier 1 Ratio	**10.4**	10.2	9.6	**10.4**	9.6
Tier 1 Capital Ratio	**11.7**	11.4	11.4	**11.7**	11.4
Total Capital Ratio	**13.7**	13.5	13.3	**13.7**	13.3
Foreign Exchange Rates					
As at Cdn./U.S. dollar	**1.3080**	1.2064	1.0904	**1.3080**	1.0904
Average Cdn./U.S. dollar	**1.2671**	1.2412	1.0807	**1.2334**	1.0877

(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)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Reported Results					
Revenue (1)	**4,826**	4,526	4,735	**14,407**	13,583
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**(218)**	(24)	(520)	**(989)**	(1,205)
Revenue, net of CCPB	**4,608**	4,502	4,215	**13,418**	12,378
Provision for credit losses	**(160)**	(161)	(130)	**(484)**	(391)
Non-interest expense	**(2,971)**	(3,112)	(2,756)	**(9,089)**	(8,034)
Income before income taxes	**1,477**	1,229	1,329	**3,845**	3,953
Provision for income taxes	**(285)**	(230)	(203)	**(654)**	(690)
Net Income	**1,192**	999	1,126	**3,191**	3,263
EPS ($)	**1.80**	1.49	1.67	**4.75**	4.85
Adjusting Items (Pre-tax)					
Amortization of acquisition-related intangible assets (2)	**(40)**	(40)	(39)	**(120)**	(98)
Acquisition integration costs (3)	**(9)**	(11)	(9)	**(33)**	(9)
Restructuring costs (4)	**-**	(149)	-	**(149)**	-
Adjusting items included in reported pre-tax income	**(49)**	(200)	(48)	**(302)**	(107)
Adjusting Items (After tax)					
Amortization of acquisition-related intangible assets (2)	**(32)**	(31)	(29)	**(94)**	(72)
Acquisition integration costs (3)	**(6)**	(10)	(7)	**(26)**	(7)
Restructuring costs (4)	**-**	(106)	-	**(106)**	-
Adjusting items included in reported net income after tax	**(38)**	(147)	(36)	**(226)**	(79)
Impact on EPS ($)	**(0.06)**	(0.22)	(0.06)	**(0.35)**	(0.12)
Adjusted Results					
Revenue (1)	**4,826**	4,526	4,735	**14,407**	13,583
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**(218)**	(24)	(520)	**(989)**	(1,205)
Revenue, net of CCPB	**4,608**	4,502	4,215	**13,418**	12,378
Provision for credit losses	**(160)**	(161)	(130)	**(484)**	(391)
Non-interest expense	**(2,922)**	(2,912)	(2,708)	**(8,787)**	(7,927)
Income before income taxes	**1,526**	1,429	1,377	**4,147**	4,060
Provision for income taxes	**(296)**	(283)	(215)	**(730)**	(718)
Net income	**1,230**	1,146	1,162	**3,417**	3,342
EPS ($)	**1.86**	1.71	1.73	**5.10**	4.97

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 15,16,17,19 and 21.

(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 Third Quarter 2015 Report to Shareholders.

Economic Review and Outlook

The Canadian economy weakened in the first half of the year, largely due to a sharp reduction in investment in the oil-producing provinces of Alberta, Saskatchewan, and Newfoundland and Labrador. Growth is steadier in other provinces, notably British Columbia, Ontario and Québec, even though exports were held back by temporary weakness in the U.S. economy and continued sluggish global demand. China's economic growth is expected to slow to below 7% this year, while the Eurozone economy is expected to grow only modestly due to fiscal policy restraint. Stronger U.S. demand and a weaker Canadian dollar should encourage an upturn in Canadian exports. In addition, Canadian households should support the economic expansion amid current healthy job growth and low interest rates. While consumer spending has moderated due to elevated debt, it continues to expand, led by record sales of motor vehicles. Home sales remain very strong in Vancouver and Toronto, and the decline in demand in the oil-producing regions earlier this year is beginning to stabilize. Growth in residential mortgages is expected to remain steady near 5% this year, while consumer credit should grow close to 3%. Despite the downturn in the energy industry, growth in business loans has held above 8% this year, though some slowing is anticipated as a result of weaker resource prices. While GDP growth is expected to rebound in the second half of the year, average annual growth will likely slow to 1.2% in 2015 from 2.4% in 2014, before improving to 2.1% in 2016 as investment stabilizes on an expected partial recovery in oil prices. After reducing policy rates twice this year, the Bank of Canada is expected to hold interest rates steady as the economy improves, before shifting to a tightening stance in 2017. The Canadian dollar is projected to weaken modestly in response to expected higher U.S. interest rates, but should strengthen in 2016 as oil prices recover.

The U.S. economy stumbled at the start of the year largely due to several temporary factors, including severe winter weather, shipping disruptions and a sharp decline in oil drilling. However, the economic fundamentals remain supportive, and activity is expected to rebound moderately this year. Improved household finances, together with low interest rates and easier credit conditions, should sustain consumer spending and housing market activity, resulting in firmer demand for consumer loans and residential mortgages. Despite rising home prices, affordability remains healthy and the millennial generation is driving household formation. Business loan growth should remain strong due to low borrowing costs and improved confidence in the expansion. After several years of budget cuts, fiscal policy is expected to support growth, with many states increasing spending and reducing taxes. Though restrained by the U.S. dollar's sharp appreciation in the past year, exports are expected to expand as global demand improves. GDP growth is expected to strengthen from approximately 2.3% in 2015 to 2.6% in 2016. With the unemployment rate projected to fall below 5% later this year, the Federal Reserve will likely begin to raise policy rates for the first time in almost a decade.

The U.S. Midwest region, which includes the six contiguous states in BMO's U.S. footprint, is expected to grow 1.8% in 2015 and 2.1% in 2016 in response to increased automotive production, recovering housing markets and generally expansionary fiscal policies, though restrained by weakness in exports.

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

Other Value Measures

BMO's total shareholder return for the one-year period ending July 31, 2015, was negative 6.6%. Our average annual total shareholder returns for the three-year and five-year periods ending July 31, 2015, were 13.0% and 7.7%, 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 second quarter of 2015 and the third 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 2% from the second quarter of 2015 and increased by 17% from a year ago. The average rate for the year to date 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.

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 $10 million after-tax loss in the third 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**

	Q3-2015		YTD-2015
(Canadian $ in millions, except as noted)	vs Q3-2014	vs Q2-2015	vs YTD-2014
Canadian/U.S. dollar exchange rate (average)			
Current period	1.2671	1.2671	1.2334
Prior period	1.0807	1.2412	1.0877
Effects on U.S. segment reported results			
Increased net interest income	120	17	276
Increased non-interest revenue	89	12	214
Increased revenues	209	29	490
Increased provision for credit losses	(7)	(1)	(10)
Increased expenses	(163)	(23)	(388)
Increased income taxes	(8)	(1)	(16)
Increased reported net income before impact of hedges	31	4	76
Hedging losses in current period, after tax	(10)	(10)	(20)
Increased (decreased) reported net income	21	(6)	56
Effects on U.S. segment adjusted results			
Increased net interest income	120	17	276
Increased non-interest revenue	89	12	214
Increased revenues	209	29	490
Increased provision for credit losses	(8)	(1)	(13)
Increased expenses	(159)	(22)	(373)
Increased income taxes	(8)	(1)	(19)
Increased adjusted net income before impact of hedges	34	5	85
Hedging losses in current period, after tax	(10)	(10)	(20)
Increased (decreased) adjusted net income	24	(5)	65

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

Net Income

Q3 2015 vs Q3 2014

Net income was $1,192 million for the third quarter of 2015, up $66 million or 6% from the prior year. Adjusted net income was $1,230 million, up $68 million or 6% from the prior year. EPS of $1.80 and adjusted EPS of $1.86 were both up $0.13 or 8% from the prior year.

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, increased non-interest revenue and good credit performance, partially offset by higher expenses. Wealth Management adjusted results increased 10% with traditional wealth growth of 8% from good growth in client assets, and insurance net income increasing primarily due to the impact of unfavourable movements in long-term interest rates in the prior year. BMO Capital Markets results decreased due to higher expenses and higher provisions for credit losses. U.S. P&C adjusted net income reflects stable revenue, good expense management and lower credit losses. Corporate Services adjusted results were lower primarily due to lower loan recoveries, partly offset by below-trend expenses.

Q3 2015 vs Q2 2015
Net income increased $193 million or 19%, due to a $106 million charge taken in the prior quarter primarily due to restructuring to drive operational efficiencies, and improved business performance in the current quarter. Adjusted net income increased $84 million or 7%. EPS increased 21% or $0.31 and adjusted EPS increased 8% or $0.15.

Net income increased in Canadian P&C due to good revenue growth and lower credit losses. Traditional wealth adjusted net income increased due to growth in client assets. Adjusted net income in insurance was down from a strong second quarter that included above-trend benefits from changes in our investment portfolio to improve asset-liability management and favourable movements in long-term interest rates. BMO Capital Markets results decreased due to higher provisions for credit losses, the loss on the U.S. dollar net income hedge and the impact of a less favourable tax rate. U.S. P&C adjusted net income increased due to the impact of three more days in the current quarter. Corporate Services adjusted results improved due to below-trend expenses and higher treasury-related revenue, partially offset by lower loan recoveries.

Q3 YTD 2015 vs Q3 YTD 2014
Net income was $3,191 million, down $72 million or 2%. Adjusted net income was $3,417 million, up $75 million or 2% from a year ago. EPS was $4.75, down $0.10 or 2%, and adjusted EPS was $5.10, up $0.13 or 3% from a year ago. On an adjusted basis, there was growth in Wealth Management and in both P&C businesses. Adjusted net income in BMO Capital Markets and Corporate Services were 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)]

Q3 2015 vs Q3 2014
Total revenue of $4,826 million increased $91 million or 2% from the third quarter a year ago. On a basis that nets insurance claims, commissions and policy benefit liabilities (CCPB) against insurance revenue (net revenue), revenue increased $393 million or 9%, including a 4% impact of the stronger U.S. dollar. Canadian P&C revenue increased due to higher balances across most products and increased non-interest revenue. Wealth Management results increased on a net revenue basis, with traditional wealth revenue growth of 12% due to higher fee-based revenue from good growth in client assets and the impact of the stronger U.S. dollar. Net insurance revenue increased by 30% mainly due to the impact of unfavourable movements in long-term interest rates in the prior year. BMO Capital Markets revenue was up modestly due to the stronger U.S. dollar. U.S. P&C revenue was consistent with the prior year on a U.S. dollar basis as higher loan and deposit volume, mortgage banking revenue and commercial lending fees were offset by lower net interest margin. Corporate Services revenue improved primarily due to a lower group teb adjustment and higher treasury-related revenue.

Net interest income of $2,272 million increased $165 million or 8% from a year ago, due to the impact of the stronger U.S. dollar and volume growth, partially offset by lower net interest margin. BMO's overall net interest margin decreased by 3 basis points to 1.55%. Average earning assets increased $52.1 billion or 10% to $580.8 billion, including a $37.5 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue increased $228 million or 11% on a net revenue basis to $2,336 million. There were increases in all types of non-interest revenue except underwriting and advisory fees, securities commissions and fees and card fees.

Gross insurance revenue declined $272 million from a year ago, when lower long-term interest rates increased the fair value of insurance investments. The decrease in insurance revenue was more than offset by a $302 million decrease in CCPB.

Q3 2015 vs. Q2 2015
Total revenue increased $300 million or 7% from the second quarter. On a net revenue basis, revenue increased $106 million or 2%, including an $8 million impact of the stronger U.S. dollar. Canadian P&C revenue improved due to the impact of three more days in the current quarter, increased non-interest revenue and higher balances. Traditional wealth revenue increased due to higher fee-based revenue from growth in client assets. Net insurance revenue decreased due to both the impact of benefits from changes in our investment portfolio to improve asset-liability management and favourable movements in long-term interest rates in the prior quarter. BMO Capital Markets revenue was modestly lower. Increases in Investment and Corporate Banking revenue were more than offset by lower trading revenues, reduced net securities gains and the loss on the U.S. dollar net income hedge. U.S. P&C revenue increased due to the impact of three more days. Corporate Services revenue was better primarily due to higher treasury-related revenue.

Net interest income increased $160 million or 8%, primarily due to the impact of three more days in the current quarter, higher net interest margin and volume growth. BMO's net interest margin increased 4 basis points from the second quarter and net interest margin (excluding trading) increased 3 basis points from the second quarter. Average earning assets increased $8.8 billion or 2% from the second quarter, including a $5.2 billion increase as a result of the stronger U.S. dollar.

Non-interest revenue decreased $54 million or 2% on a net revenue basis due to lower insurance and trading revenues and reduced securities gains.

Gross insurance revenue increased $132 million from the prior quarter, when higher long-term interest rates decreased the fair value of insurance investments. The increase in insurance revenue was more than offset by a $194 million increase in CCPB.

Q3 YTD 2015 vs Q3 YTD 2014

Year-to-date total revenue increased $824 million or 6% to $14,407 million. On a net basis, revenue increased $1,040 million or 8%, including a 3% impact of the stronger U.S. dollar.

Net interest income increased $320 million or 5% to $6,603 million primarily due to volume growth, as the impact of the stronger U.S. dollar was largely offset by lower net interest margin and lower revenue from the purchased performing loan portfolio. BMO's overall net interest margin declined by 6 basis points to 1.54%. Average earning assets increased by $48.4 billion or 9% to $573.4 billion, of which $29.1 billion was due to the stronger U.S. dollar.

Non-interest revenue increased $720 million or 12% year to date to $6,815 million on a net revenue basis. There were significant increases in mutual fund revenues and investment management and custodial fees, partially due to the inclusion of F&C results for two additional quarters relative to a year ago.

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 largely 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) (1) **Table 4**

(In basis points)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Canadian P&C	**261**	261	260	**260**	261
U.S. P&C	**345**	346	362	**345**	367
Personal and Commercial Banking	**287**	286	287	**286**	289
Wealth Management	**271**	260	262	**270**	266
BMO Capital Markets	**51**	48	58	**55**	55
Corporate Services, including T&O (2)	**nm**	nm	nm	**nm**	nm
Total BMO net interest margin	**155**	151	158	**154**	160
Total BMO net interest margin (excluding trading)	**188**	185	196	**188**	198
Total Canadian Retail (3)	**257**	256	257	**256**	252

(1) 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.

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

(3) 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

Q3 2015 vs Q3 2014

The total provision for credit losses (PCL) was $160 million, an increase of $30 million from the prior year primarily due to lower loan recoveries in Corporate Services and higher provisions in BMO Capital Markets, partially offset by lower provisions in the P&C businesses. There was no net change to the collective allowance in the quarter.

Canadian P&C provisions decreased by $20 million to $109 million due to lower provisions and higher recoveries in the consumer portfolio, in part due to a gain on sale of charged-off accounts. U.S. P&C provisions of $19 million decreased by $38 million mainly due to lower provisions and higher recoveries in the commercial portfolio. Wealth Management provisions increased by $6 million mainly due to higher recoveries in the prior year. BMO Capital Markets provisions of $14 million increased by $20 million reflecting higher provisions compared with net recoveries in the prior year. Corporate Services provisions of $15 million increased by $62 million, due to lower loan recoveries.

Q3 2015 vs. Q2 2015

Total PCL was consistent with the prior quarter. Canadian P&C provisions decreased by $34 million mainly due to lower provisions and higher recoveries in the consumer portfolio, including a gain on sale of charged-off accounts, compared to elevated consumer provisions in the prior quarter. U.S. P&C and Wealth Management provisions were relatively stable compared with the prior quarter. BMO Capital Markets provisions increased by $9 million. Corporate Services provisions increased by $21 million due to lower loan recoveries, partially offset by lower reimbursements on FDIC covered loans in the prior quarter.

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

(Canadian $ in millions)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Canadian P&C	**109**	143	129	**384**	399
U.S. P&C	**19**	18	57	**77**	130
Personal and Commercial Banking	**128**	161	186	**461**	529
Wealth Management	**3**	1	(3)	**6**	(2)
BMO Capital Markets	**14**	5	(6)	**28**	(11)
Corporate Services, including T&O	**15**	(6)	(47)	**(11)**	(125)
Provision for credit losses	**160**	161	130	**484**	391

Changes to Provision for Credit Losses					Table 6
(Canadian $ in millions, except as noted)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
New specific provisions	**323**	318	395	**948**	1,101
Reversals of previously established allowances	**(49)**	(62)	(83)	**(153)**	(178)
Recoveries of loans previously written-off	**(114)**	(95)	(182)	**(311)**	(532)
Provision for credit losses	**160**	161	130	**484**	391
PCL as a % of average net loans and acceptances (annualized)	**0.20**	0.20	0.18	**0.20**	0.18

Impaired Loans

Total gross impaired loans (GIL) were $2,165 million at the end of the current quarter, up from $2,047 million in the second quarter of 2015 and $1,975 million a year ago, primarily due to the impact of the stronger U.S. dollar.

Factors contributing to the change in GIL are outlined in Table 7 below. Loans classified as impaired during the quarter totalled $559 million, up from $454 million in the second quarter of 2015 and up from $457 million a year ago, mainly due to higher formations in oil and gas.

Changes in Gross Impaired Loans (GIL) and Acceptances (1)					Table 7
(Canadian $ in millions, except as noted)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
GIL, beginning of period	**2,047**	2,195	2,325	**2,048**	2,544
Classified as impaired during the period	**559**	454	457	**1,437**	1,608
Transferred to not impaired during the period	**(153)**	(153)	(142)	**(421)**	(540)
Net repayments	**(213)**	(177)	(269)	**(533)**	(900)
Amounts written-off	**(175)**	(178)	(235)	**(526)**	(587)
Recoveries of loans and advances previously written-off	**-**	-	-	**-**	-
Disposals of loans	**(8)**	(22)	(155)	**(43)**	(220)
Foreign exchange and other movements	**108**	(72)	(6)	**203**	70
GIL, end of period	**2,165**	2,047	1,975	**2,165**	1,975
GIL as a % of gross loans and acceptances	**0.66**	0.65	0.67	**0.66**	0.67

(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 (CCPB) were $218 million, down $302 million from the third quarter a year ago when lower long-term interest rates increased the fair value of investments backing our policy benefit liabilities. CCPB increased $194 million from the second quarter when higher long-term interest rates decreased the fair value of investments backing our policy benefit liabilities and there were also higher benefits from changes in our investment portfolio to improve asset-liability management. The changes from both periods were largely offset in revenue.

Non-Interest Expense

Non-interest expense increased $215 million or 8% from the prior year to $2,971 million. Adjusted non-interest expense increased $214 million or 8% to $2,922 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased by $55 million or 2%.

Reported non-interest expense decreased by $141 million or 4% from the prior quarter due to a $149 million charge primarily due to restructuring to drive operational efficiencies. Adjusted non-interest expense increased by $10 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense was well controlled, down $12 million, despite an increase from three more days in the current quarter.

On a net revenue basis, adjusted operating leverage was positive 1.4% year over year and positive 2.0% quarter over quarter. On a net revenue basis and excluding the impact of the stronger U.S. dollar, adjusted operating leverage was positive 2.7% year over year and positive 2.5% quarter over quarter.

The adjusted efficiency ratio on a net revenue basis improved to 63.4% in the third quarter of 2015 compared to 64.7% in the prior quarter.

Non-interest expense for the year to date increased $1,055 million or 13% to $9,089 million. Adjusted non-interest expense increased $860 million or 11% to $8,787 million. Excluding the impact of the stronger U.S. dollar, adjusted non-interest expense increased $487 million or 6%, due to the inclusion of F&C results for two additional quarters relative to a year ago, 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 $285 million increased $82 million from the third quarter of 2014 and increased $55 million from the second quarter of 2015. The effective tax rate for the quarter was 19.3%, compared with 15.3% a year ago and 18.8% in the second quarter of 2015.

The adjusted provision for income taxes of $296 million increased $81 million from a year ago and $13 million from the second quarter of 2015. The adjusted effective tax rate was 19.4% in the current quarter, compared with 15.6% a year ago and 19.8% in the second quarter of 2015. The higher adjusted tax rate in the current quarter relative to the third quarter of 2014 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 24.0% a year ago and 25.0% in the second 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

Third Quarter 2015 Regulatory Capital Review

BMO's Basel III Common Equity Tier 1 (CET1) Ratio was 10.4% at July 31, 2015.

The CET1 Ratio increased by approximately 20 basis points from 10.2% at the end of the second quarter due to an increase in CET1 Capital, partially offset by higher risk-weighted assets (RWA). The CET1 Ratio increased by approximately 30 basis points from October 31, 2014, mainly due to higher CET1 Capital partially offset by higher RWA. The impact of foreign exchange movements on the CET1 Ratio was largely hedged, as outlined below.

CET1 Capital at July 31, 2015, was $25.0 billion, up $1.4 billion from April 30, 2015, mainly due to higher retained earnings and the impact of the stronger U.S. dollar on accumulated other comprehensive income (AOCI), partially offset by share repurchases during the quarter. CET1 Capital was up $2.6 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 $240 billion at July 31, 2015, up from $231 billion at April 30, 2015, largely due to foreign exchange movement, business growth and higher market risk RWA, partially offset by changes in methodology and book quality. RWA was up $18 billion from October 31, 2014, largely due to foreign exchange movement, business growth and higher market risk RWA, partially offset by changes in methodology and book quality.

The bank's Tier 1 and Total Capital Ratios were 11.7% and 13.7%, respectively, at July 31, 2015, compared with 11.4% and 13.5%, respectively, at April 30, 2015. The July 31, 2015 ratios are higher compared with April 30, 2015, primarily due to the same factors that impacted the CET1 Ratio, described above, and the issuance of preferred shares. The Tier 1 and Total Capital Ratios were 12.0% and 14.3%, respectively, at October 31, 2014. The July 31, 2015 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 3.9% at July 31, 2015, approximately 10 bps higher than April 30, 2015 due mainly to higher CET1 Capital and $350 million Preferred Share issuances, partly offset by higher leverage exposures.

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 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. The paper also proposes that the new regime will only apply to liabilities that are issued, originated or renegotiated after an implementation date determined by the government. 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, on the amount, 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 a standardized approach for credit, market and operational risk including the fundamental review of the trading book, and new capital floors based on revised standardized approaches. BCBS has also recently released another consultative paper that discusses the appropriate capital to be held for Interest Rate Risk in the Banking Book. Such changes if implemented, along with certain future accounting changes, could have the effect of increasing the capital that we are required to hold.

Other Capital Developments

During the quarter, we purchased 2 million common shares under the bank's normal course issuer bid (NCIB), for a total of 8 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, 62,000 common shares were issued through the exercise of stock options.

On June 5, 2015, we completed our offering of Non-cumulative 5-Year Rate Reset Class B Preferred Shares Series 33. We issued 8 million shares for aggregate proceeds of $200 million.

On July 29, 2015, we completed our offering of Non-cumulative Perpetual Class B Preferred Shares Series 35. We issued 6 million shares for aggregate proceeds of $150 million.

On August 25, 2015, BMO announced that the Board of Directors had declared a quarterly dividend payable to common shareholders of $0.82 per common share, unchanged from the preceding quarter and up $0.04 per share or 5% from a year ago.

The dividend is payable on November 26, 2015, to shareholders of record on November 2, 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)	Q3-2015	Q2-2015	Q4-2014
Gross Common Equity (2)	**35,560**	33,276	31,273
Regulatory adjustments applied to Common Equity	**(10,558)**	(9,636)	(8,852)
Common Equity Tier 1 Capital (CET1)	**25,002**	23,640	22,421
Additional Tier 1 Eligible Capital (3)	**3,546**	3,197	4,539
Regulatory adjustments applied to Tier 1	**(358)**	(358)	(358)
Additional Tier 1 Capital (AT1)	**3,188**	2,839	4,181
Tier 1 Capital (T1 = CET1 + AT1)	**28,190**	26,479	26,602
Tier 2 Eligible Capital (4)	**4,928**	4,892	5,375
Regulatory adjustments applied to Tier 2	**(50)**	(50)	(50)
Tier 2 Capital (T2)	**4,878**	4,842	5,325
Total Capital (TC = T1 + T2)	**33,068**	31,321	31,927
Risk-weighted assets (5)			
CET1 Capital risk-weighted assets	**239,934**	231,243	222,092
Tier 1 Capital risk-weighted assets	**240,265**	231,584	222,428
Total Capital risk-weighted assets	**240,549**	231,876	222,931
Capital Ratios (%)			
CET1 Ratio	**10.4**	10.2	10.1
Tier 1 Capital Ratio	**11.7**	11.4	12.0
Total Capital Ratio	**13.7**	13.5	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 Q3-2015 and Q2-2015 (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 August 19, 2015	Number of shares or dollar amount (in millions)
Common shares	642
Class B Preferred shares	
Series 14	$250
Series 15	$250
Series 16	$157
Series 17	$143
Series 25	$290
Series 27	$500
Series 29	$400
Series 31	$300
Series 33	$200
Series 35	$150
Medium-Term Notes	
Series H (1)	$1,000
Stock options	
– vested	7.5
– non-vested	5.2

(1) 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 third 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 third quarter of 2015 totalled $114 million, up from $100 million in the second quarter of 2015 and down from $154 million in the third quarter of 2014.

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

(Canadian $ in millions, except as noted)	Q3-2015	Q2-2015	Q3-2014	YTD-2015	YTD-2014
Net interest income (teb)	**1,974**	1,878	1,836	**5,750**	5,401
Non-interest revenue	**643**	605	589	**1,837**	1,699
Total revenue (teb)	**2,617**	2,483	2,425	**7,587**	7,100
Provision for credit losses	**128**	161	186	**461**	529
Non-interest expense	**1,450**	1,391	1,318	**4,236**	3,911
Income before income taxes	**1,039**	931	921	**2,890**	2,660
Provision for income taxes (teb)	**261**	239	235	**726**	685
Reported net income	**778**	692	686	**2,164**	1,975
Amortization of acquisition-related intangible assets (1)	**14**	14	14	**42**	42
Adjusted net income	**792**	706	700	**2,206**	2,017
Net income growth (%)	**13.3**	8.6	7.5	**9.6**	7.3
Adjusted net income growth (%)	**13.1**	8.4	7.2	**9.4**	7.0
Revenue growth (%)	**7.9**	6.8	5.9	**6.9**	5.4
Non-interest expense growth (%)	**10.1**	8.6	4.2	**8.3**	5.0
Adjusted non-interest expense growth (%)	**10.2**	8.8	4.5	**8.5**	5.3
Return on equity (%)	**16.7**	15.6	17.2	**16.0**	16.6
Adjusted return on equity (%)	**17.0**	15.9	17.5	**16.3**	17.0
Operating leverage (%) (teb)	**(2.2)**	(1.8)	1.7	**(1.4)**	0.4
Adjusted operating leverage (%) (teb)	**(2.3)**	(2.0)	1.4	**(1.6)**	0.1
Efficiency ratio (%) (teb)	**55.4**	56.0	54.3	**55.8**	55.1
Adjusted efficiency ratio (%) (teb)	**54.7**	55.3	53.6	**55.1**	54.3
Net interest margin on average earning assets (%) (teb)	**2.87**	2.86	2.87	**2.86**	2.89
Average earning assets	**273,060**	268,950	253,369	**269,141**	249,740
Average current loans and acceptances	**269,341**	265,165	249,512	**265,211**	246,350
Average deposits	**210,886**	207,511	190,329	**207,741**	188,328

(1) Before tax amounts of: $17 million in Q3-2015, $18 million in each of Q2-2015 and Q3-2014; $53 million for YTD-2015; and $56 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). The combined P&C Banking business net income of $778 million and adjusted net income of $792 million both increased $92 million or 13% from the prior year. 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)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Net interest income	**1,255**	1,194	1,210	**3,666**	3,558
Non-interest revenue	**443**	411	428	**1,265**	1,196
Total revenue	**1,698**	1,605	1,638	**4,931**	4,754
Provision for credit losses	**109**	143	129	**384**	399
Non-interest expense	**845**	813	808	**2,493**	2,363
Income before income taxes	**744**	649	701	**2,054**	1,992
Provision for income taxes	**188**	163	176	**510**	502
Reported net income	**556**	486	525	**1,544**	1,490
Amortization of acquisition-related intangible assets (1)	**1**	1	1	**3**	3
Adjusted net income	**557**	487	526	**1,547**	1,493
Personal revenue	**1,121**	1,071	1,072	**3,270**	3,141
Commercial revenue	**577**	534	566	**1,661**	1,613
Net income growth (%)	**5.8**	1.3	8.1	**3.6**	10.0
Revenue growth (%)	**3.7**	4.4	6.2	**3.7**	6.2
Non-interest expense growth (%)	**4.8**	6.2	4.2	**5.5**	3.5
Operating leverage (%)	**(1.1)**	(1.8)	2.0	**(1.8)**	2.7
Efficiency ratio (%)	**49.8**	50.6	49.3	**50.6**	49.7
Net interest margin on average earning assets (%)	**2.61**	2.61	2.60	**2.60**	2.61
Average earning assets	**190,409**	187,778	184,706	**188,465**	182,563
Average current loans and acceptances	**195,288**	192,510	189,069	**193,188**	186,899
Average deposits	**132,950**	131,213	125,698	**131,875**	123,709

(1) Before tax amounts of: $1 million in each of Q3-2015, Q2-2015 and Q3-2014; $3 million for YTD-2015 and 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.

Q3 2015 vs Q3 2014

Canadian P&C net income of $556 million increased $31 million or 6% from a year ago. Revenue increased $60 million or 4% from the prior year due to higher balances across most products and increased non-interest revenue. Net interest margin was 2.61%, up 1 basis point from the prior year.

In our personal banking business, revenue increased $49 million due to the impact of higher balances across most products and increased non-interest revenue.

In our commercial banking business, revenue increased $11 million mainly due to the impact of higher balances across most products.

Provisions for credit losses decreased by $20 million to $109 million due to lower provisions and higher recoveries in the consumer portfolio, in part due to a gain on sale of charged-off accounts. Non-interest expense increased $37 million or 5% reflecting continued investment in the business.

Average current loans and acceptances increased $6.2 billion or 3% from a year ago. Total personal loan balances (excluding retail cards) increased 2% and commercial loan balances (excluding corporate cards) grew 7%. Deposits increased $7.3 billion or 6% from the prior year. Personal deposit balances increased 5% mainly due to growth in chequing accounts and term deposits, while commercial deposit balances grew 8%.

Q3 2015 vs Q2 2015

Net income increased by $70 million from the prior quarter due to good revenue growth and lower credit losses. Revenue improved by $93 million or 6% as a result of three more days in the current quarter, increased non-interest revenue and higher balances. Net interest margin of 2.61% was consistent with the prior quarter.

Personal revenue increased $50 million mainly due to three more days, as well as higher balances across most products and higher non-interest revenue. Commercial revenue increased $43 million mainly due to increased non-interest revenue, as well as three more days and higher balances.

Provisions for credit losses decreased $34 million from the prior quarter due mainly to lower provisions and higher recoveries in the consumer portfolio, in part due to a gain on sale of charged-off accounts, compared to elevated consumer provisions in the prior quarter. Non-interest expense increased $32 million or 4% reflecting the impact of three more days and continued investment in the business.

Average current loans and acceptances increased $2.8 billion or 1% compared to the prior quarter while deposits were $1.7 billion or 1% higher.

Q3 YTD 2015 vs Q3 YTD 2014

Net income increased $54 million or 4% year to date. Revenue increased $177 million or 4% mainly due to higher balances and non-interest revenue across most products.

Provisions for credit losses decreased $15 million mainly due to lower commercial provisions. Non-interest expense increased $130 million or 5%.

Average current loans and acceptances increased $6.3 billion or 3%, while deposits increased $8.2 billion or 7%.

U.S. Personal and Commercial Banking (U.S. P&C)					Table 12
(US$ in millions, except as noted)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Net interest income (teb)	**568**	551	579	**1,690**	1,694
Non-interest revenue	**159**	156	149	**464**	462
Total revenue (teb)	**727**	707	728	**2,154**	2,156
Provision for credit losses	**15**	14	52	**62**	120
Non-interest expense	**478**	466	473	**1,414**	1,423
Income before income taxes	**234**	227	203	**678**	613
Provision for income taxes (teb)	**59**	61	53	**176**	167
Reported net income	**175**	166	150	**502**	446
Amortization of acquisition-related intangible assets (1)	**11**	10	12	**32**	36
Adjusted net income	**186**	176	162	**534**	482
Net income growth (%)	**17.2**	16.5	1.6	**12.6**	(7.0)
Adjusted net income growth (%)	**15.3**	14.4	0.7	**10.9**	(7.5)
Revenue growth (%)	**(0.5)**	(0.8)	1.2	**(0.2)**	(3.0)
Non-interest expense growth (%)	**1.1**	(0.2)	0.1	**(0.6)**	0.4
Adjusted non-interest expense growth (%)	**1.7**	0.4	0.9	**-**	1.2
Operating leverage (%) (teb)	**(1.6)**	(0.6)	1.1	**0.4**	(3.4)
Adjusted operating leverage (%) (teb)	**(2.2)**	(1.2)	0.3	**(0.2)**	(4.2)
Efficiency ratio (%) (teb)	**65.8**	65.9	64.8	**65.6**	66.0
Adjusted efficiency ratio (%) (teb)	**63.9**	63.9	62.6	**63.7**	63.6
Net interest margin on average earning assets (%) (teb)	**3.45**	3.46	3.62	**3.45**	3.67
Average earning assets	**65,229**	65,403	63,538	**65,413**	61,753
Average current loans and acceptances	**58,442**	58,540	55,931	**58,387**	54,650
Average deposits	**61,494**	61,474	59,806	**61,506**	59,412
(Canadian $ equivalent in millions)					
Net interest income (teb)	**719**	684	626	**2,084**	1,843
Non-interest revenue	**200**	194	161	**572**	503
Total revenue (teb)	**919**	878	787	**2,656**	2,346
Provision for credit losses	**19**	18	57	**77**	130
Non-interest expense	**605**	578	510	**1,743**	1,548
Income before income taxes	**295**	282	220	**836**	668
Provision for income taxes (teb)	**73**	76	59	**216**	183
Reported net Income	**222**	206	161	**620**	485
Adjusted net income	**235**	219	174	**659**	524
Net income growth (%)	**38.0**	30.9	5.7	**27.8**	(0.2)
Adjusted net income growth (%)	**35.6**	28.6	4.8	**25.8**	(0.8)
Revenue growth (%)	**16.7**	11.6	5.3	**13.2**	3.8
Non-interest expense growth (%)	**18.5**	12.3	4.1	**12.6**	7.4
Adjusted non-interest expense growth (%)	**19.2**	12.9	4.9	**13.3**	8.2
Average earning assets	**82,651**	81,172	68,663	**80,676**	67,177
Average current loans and acceptances	**74,053**	72,655	60,443	**72,023**	59,451
Average deposits	**77,936**	76,298	64,631	**75,866**	64,619

(1) Before tax amounts of: $14 million in each of Q3-2015 and Q2-2015; $17 million in Q3-2014; $42 million for YTD-2015; and $51 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.

Q3 2015 vs Q3 2014

Net income of $222 million increased $61 million or 38%. Adjusted net income of $235 million increased $61 million or 36%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $175 million increased $25 million or 17% from a year ago. Adjusted net income of $186 million increased $24 million or 15%, reflecting stable revenue, good expense management and lower credit losses.

Revenue of $727 million was consistent with the prior year as higher loan and deposit volume, mortgage banking revenue and commercial lending fees were offset by lower net interest margin. Net interest margin decreased by 17 basis points to 3.45%, primarily driven by a decline in loan spreads due to competitive pricing and changes in mix, including loans growing faster than deposits.

Provisions for credit losses were $15 million, down $37 million mainly due to lower provisions and higher recoveries in the commercial portfolio. Non-interest expense of $478 million increased $5 million or 1%. Adjusted non-interest expense of $464 million increased $8 million or 2% primarily due to higher employee-related costs, and remains well controlled.

Average current loans and acceptances increased $2.5 billion or 4% from the prior year to $58.4 billion. Commercial loan growth was good with core C&I loan growth of $3.9 billion or 14% and core commercial real estate loan growth of $0.5 billion or 14%.

Average deposits of $61.5 billion increased $1.7 billion or 3% from the prior year. Growth in commercial and personal chequing volumes was partially offset by declines in money market and higher-cost time deposit balances.

Q3 2015 vs Q2 2015

Net income and adjusted net income both increased $16 million or 8% from the prior quarter. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income increased $9 million or 5% and adjusted net income increased $10 million or 5% from the prior quarter, due to the impact of three more days in the current quarter.

Revenue increased $20 million or 3% from the prior quarter due to the impact of three more days. Net interest margin was relatively stable.

Provisions for credit losses were consistent with the prior quarter. Non-interest expense and adjusted non-interest expense both increased $12 million or 3% largely due to the impact of three more days.

Average current loans and acceptance were stable as growth in the commercial business was offset by declines in the mortgage and home equity portfolios. Average deposits were also stable, as growth in commercial and personal chequing volumes was offset by declines in money market and higher-cost time deposits.

Q3 YTD 2015 vs Q3 YTD 2014

Net income of $620 million increased $135 million or 28%, and adjusted net income of $659 million increased $135 million or 26%. All amounts in the remainder of this section are on a U.S. dollar basis.

Net income of $502 million increased $56 million or 13% and adjusted net income of $534 million increased $52 million or 11%, primarily due to lower provisions for credit losses.

Revenue of $2,154 million was consistent with the prior year due to strong commercial loan and chequing deposit growth and higher mortgage banking revenue, offset by a decline in net interest margin and fees on credit cards and deposits. Net interest margin decreased by 22 basis points to 3.45%, 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 $62 million decreased $58 million mainly due to lower commercial provisions. Non-interest expense of $1,414 million declined modestly from the prior year. Adjusted non-interest expense of $1,372 million was unchanged due to disciplined expense management.

Average current loans and acceptances of $58.4 billion increased $3.7 billion or 7% from the prior year, while deposits of $61.5 billion increased $2.1 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)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Net interest income	**164**	150	141	**474**	416
Non-interest revenue (1)	**1,172**	1,038	1,367	**3,832**	3,522
Total revenue (1)	**1,336**	1,188	1,508	**4,306**	3,938
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**218**	24	520	**989**	1,205
Revenue, net of CCPB	**1,118**	1,164	988	**3,317**	2,733
Provision for credit losses	**3**	1	(3)	**6**	(2)
Non-interest expense	**839**	836	748	**2,503**	2,024
Income before income taxes	**276**	327	243	**808**	711
Provision for income taxes	**66**	89	54	**201**	156
Reported net income	**210**	238	189	**607**	555
Acquisition integration costs (2)	**6**	10	7	**26**	7
Amortization of acquisition-related intangible assets (3)	**17**	17	15	**51**	29
Adjusted net income	**233**	265	211	**684**	591
Net income growth (%)	**10.6**	24.0	(12.3)	**9.2**	7.5
Adjusted net income growth (%)	**9.5**	33.9	(4.9)	**15.5**	10.3
Revenue growth (%) (1)	**(11.4)**	(1.5)	57.9	**9.3**	31.5
Revenue growth, net of CCPB	**13.1**	32.5	13.9	**21.3**	13.5
Non-interest expense growth (%)	**12.3**	32.6	27.2	**23.7**	15.8
Adjusted non-interest expense growth (%)	**12.6**	29.1	24.2	**21.7**	14.8
Return on equity (%)	**14.4**	17.0	14.7	**14.3**	18.9
Adjusted return on equity (%)	**16.0**	19.0	16.5	**16.2**	20.2
Operating leverage (%) (1)	**(23.7)**	(34.1)	30.7	**(14.4)**	15.7
Adjusted operating leverage, net of CCPB (%)	**0.5**	3.4	(10.3)	**(0.4)**	(1.3)
Efficiency ratio (%) (1)	**62.8**	70.4	49.6	**58.1**	51.4
Adjusted efficiency ratio, net of CCPB (%)	**72.3**	69.0	72.7	**72.5**	72.3
Net interest margin on average earning assets (%)	**2.71**	2.60	2.62	**2.70**	2.66
Average earning assets	**24,026**	23,596	21,373	**23,466**	20,888
Average current loans and acceptances	**14,709**	14,151	12,971	**14,223**	12,778
Average deposits	**27,571**	27,308	24,458	**27,156**	24,809
U.S. Select Financial Data (US$ in millions)					
Total revenue	**188**	185	185	**558**	539
Non-interest expense	**160**	163	157	**492**	462
Reported net income	**20**	15	24	**47**	60
Adjusted net income	**24**	20	29	**61**	75
Average earning assets	**3,281**	3,196	3,081	**3,221**	2,995
Average current loans and acceptances	**2,992**	2,901	2,687	**2,907**	2,602
Average deposits	**5,880**	6,110	5,708	**6,095**	5,747

(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 $9 million in Q3-2015; $11 million in Q2-2015; $9 million in Q3-2014; $33 million for YTD-2015; and $9 million for YTD-2014 are included in non-interest expense.
(3) Before tax amounts of: $22 million in each of Q3-2015 and Q2-2015; $21 million in Q3-2014; $66 million for YTD-2015; and $40 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.

Q3 2015 vs Q3 2014

Net income was $210 million, up $21 million or 11% from a year ago. Adjusted net income of $233 million increased $22 million or 10% from a year ago. Adjusted net income in traditional wealth was $177 million, up $14 million or 8%, resulting from good growth in client assets. Adjusted net income in insurance was $56 million, up $8 million or 16% from a year ago primarily due to the impact of unfavourable movements in long-term interest rates in the prior year.

Revenue was $1,336 million compared to $1,508 million a year ago. Wealth Management revenue growth was 13% on a basis that nets insurance claims, commissions and changes in policy benefit liabilities (CCPB) with insurance revenue. Revenue in traditional wealth of $1,011 million, increased $106 million or 12% due to higher fee-based revenue from good growth in client assets. Insurance revenue, net of CCPB, was $107 million, up $24 million or 30% primarily due to the impact of unfavourable movements in long-term interest rates in the prior year. The stronger U.S. dollar increased revenue by $35 million.

Non-interest expense was $839 million, up $91 million or 12% from a year ago. Adjusted non-interest expense was $808 million, up $90 million or 13% mainly due to higher revenue-based costs and continued investment in the business. The stronger U.S. dollar increased adjusted expenses by $29 million.

Assets under management and administration grew by $103 billion or 13% from a year ago to $879 billion driven by favourable foreign exchange movements and market appreciation.

Q3 2015 vs Q2 2015

Net income and adjusted net income were down 12% from the second quarter. Adjusted net income in traditional wealth increased $8 million or 5% from growth in client assets. Adjusted net income in insurance was down $40 million from a strong second quarter that included above-trend benefits from changes in our investment portfolio to improve asset-liability management and favourable movements in long-term interest rates.

Wealth Management revenue decreased 4% on a basis that nets CCPB with insurance revenue. Revenue in traditional wealth increased $13 million or 1% due to higher fee-based revenue from growth in client assets. Insurance revenue, net of CCPB, decreased $59 million due to the factors mentioned above.

Non-interest expense increased $3 million from the prior quarter. Adjusted non-interest expense increased $5 million mainly due to the impact of three more days in the current quarter.

Assets under management and administration increased by $46 billion or 6% due to favourable foreign exchange movements and growth in new client assets, partly offset by market depreciation.

Q3 YTD 2015 vs Q3 YTD 2014

Net income was $607 million, up $52 million or 9% from a year ago. Adjusted net income was $684 million, up $93 million or 16%. Adjusted net income in traditional wealth was $501 million, up $79 million or 19% due to good organic growth in client assets as well as the benefit from the acquired F&C business. Adjusted net income in insurance was $183 million, up $14 million or 8%.

Revenue was $3,317 million, up $584 million or 21% on a basis that nets CCPB with insurance revenue. Revenue in traditional wealth was $2,975 million, up $525 million or 21% due to the benefit from the acquired F&C business and higher fee-based revenue from organic growth in client assets. Insurance revenue, net of CCPB, was $342 million, up $59 million or 20% largely due to the benefits from changes in our investment portfolio to improve asset-liability management and favourable movements in long-term interest rates. The stronger U.S. dollar increased revenue by $81 million.

Non-interest expense was $2,503 million, an increase of $479 million or 24%. Adjusted non-interest expense of $2,404 million, increased $429 million or 22% mainly due to the impact of the F&C acquisition, higher revenue-based costs and continued investment in the business. The stronger U.S. dollar increased adjusted expenses by $68 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)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Net interest income (teb)	**308**	274	328	**970**	915
Non-interest revenue	**694**	738	657	**1,965**	1,994
Total revenue (teb)	**1,002**	1,012	985	**2,935**	2,909
Provision for (recovery of) credit losses	**14**	5	(6)	**28**	(11)
Non-interest expense	**623**	617	589	**1,863**	1,778
Income before income taxes	**365**	390	402	**1,044**	1,142
Provision for income taxes (teb)	**92**	94	97	**254**	256
Reported net income	**273**	296	305	**790**	886
Amortization of acquisition-related intangible assets (1)	**1**	-	-	**1**	1
Adjusted net income	**274**	296	305	**791**	887
Trading Products revenue	**619**	660	597	**1,848**	1,787
Investment and Corporate Banking revenue	**383**	352	388	**1,087**	1,122
Net income growth (%)	**(10.7)**	(2.7)	14.3	**(10.9)**	7.6
Revenue growth (%)	**1.7**	6.3	14.7	**0.9**	12.4
Non-interest expense growth (%)	**5.8**	6.1	12.7	**4.8**	14.2
Return on equity (%)	**15.6**	17.9	22.4	**15.8**	20.6
Operating leverage (%) (teb)	**(4.1)**	0.2	2.0	**(3.9)**	(1.8)
Efficiency ratio (%) (teb)	**62.2**	60.9	59.8	**63.5**	61.1
Net interest margin on average earning assets (%) (teb)	**0.51**	0.48	0.58	**0.55**	0.55
Average earning assets	**238,671**	235,156	222,549	**237,025**	221,431
Average assets	**287,468**	289,891	257,568	**288,324**	258,527
Average current loans and acceptances	**37,518**	36,068	31,143	**36,037**	29,772
Average deposits	**141,841**	136,372	133,061	**139,093**	133,569
U.S. Select Financial Data (US$ in millions)					
Total revenue (teb)	**265**	297	272	**827**	901
Non-interest expense	**222**	221	228	**663**	675
Reported net income	**23**	51	39	**103**	184
Average earning assets	**77,802**	74,226	83,201	**76,083**	79,766
Average assets	**85,101**	83,504	91,576	**84,623**	89,097
Average current loans and acceptances	**10,727**	10,455	10,022	**10,455**	9,518
Average deposits	**55,586**	54,394	58,469	**56,214**	57,923

(1) Before tax amounts of: $1 million in Q3-2015, $nil in each of Q2-2015 and Q3-2014; $1 million in 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.

Q3 2015 vs Q3 2014

Net income of $273 million decreased $32 million or 11% from strong results a year ago primarily due to higher expenses and higher provisions for credit losses. Return on equity of 15.6% was down from 22.4% in the prior year largely due to higher allocated capital.

Revenue increased $17 million or 2% from the prior year. The stronger U.S. dollar increased revenue by $34 million or 4%. Excluding this impact, revenue decreased due to lower investment banking client activity.

Provision for credit losses increased $20 million reflecting higher provisions compared with net recoveries in the prior year. Non-interest expense increased $34 million or 6%. Excluding the impact of the stronger U.S. dollar, non-interest expense decreased $7 million or 1% primarily due to lower employee-related expenses.

Q3 2015 vs Q2 2015

Net income decreased $23 million or 8% from the prior quarter due to higher provisions for credit losses, the loss on the U.S. dollar net income hedge and the impact of a less favourable tax rate.

Revenue decreased $10 million or 1%. Increases in Investment and Corporate Banking revenue were more than offset by lower trading revenues, reduced net securities gains and the loss on the U.S. dollar net income hedge.

Provision for credit losses was $9 million higher than the prior quarter. Excluding the impact of the stronger U.S. dollar, non-interest expense was unchanged.

Q3 YTD 2015 vs Q3 YTD 2014

Net income of $790 million decreased $96 million or 11% from the prior year.

Revenue increased $26 million or 1%. The stronger U.S. dollar increased revenue by $97 million or 3%. Excluding this impact, revenue decreased due to lower investment banking client activity.

Provision for credit losses were $39 million higher due to higher provisions compared with net recoveries in the prior year. Non-interest expense increased $85 million or 5%. Excluding the impact of the stronger U.S. dollar, non-interest expense decreased $12 million or 1%, largely due to lower employee-related expenses.

Corporate Services, including Technology and Operations **Table 15**

(Canadian $ in millions, except as noted)	**Q3-2015**	Q2-2015	Q3-2014	**YTD-2015**	YTD-2014
Net interest income before group teb offset	**(60)**	(90)	(44)	**(187)**	(72)
Group teb offset	**(114)**	(100)	(154)	**(404)**	(377)
Net interest income (teb)	**(174)**	(190)	(198)	**(591)**	(449)
Non-interest revenue	**45**	33	15	**170**	85
Total revenue (teb)	**(129)**	(157)	(183)	**(421)**	(364)
Provision for (recovery of) credit losses	**15**	(6)	(47)	**(11)**	(125)
Non-interest expense	**59**	268	101	**487**	321
Loss before income taxes	**(203)**	(419)	(237)	**(897)**	(560)
Recovery of income taxes (teb)	**(134)**	(192)	(183)	**(527)**	(407)
Reported net loss	**(69)**	(227)	(54)	**(370)**	(153)
Restructuring costs (1)	**-**	106	-	**106**	-
Adjusted net loss	(69)	(121)	(54)	(264)	(153)
Corporate Services Provision for (Recovery of) Credit Losses					
Impaired real estate loans	**2**	18	8	**25**	19
Interest on impaired loans	**4**	5	5	**13**	23
Purchased credit impaired loans	**(19)**	(26)	(57)	**(74)**	(219)
Purchased performing loans	**28**	(3)	(3)	**25**	52
Provision for (recovery of) credit losses	**15**	(6)	(47)	**(11)**	(125)
Average loans and acceptances	**218**	261	402	**260**	484
Period-end loans and acceptances	**209**	206	359	**209**	359
U.S. Select Financial Data (US$ in millions)					
Total revenue (teb)	**(57)**	(75)	(61)	**(175)**	(102)
Provision for (recovery of) credit losses	**11**	(33)	(26)	**(23)**	(97)
Non-interest expense	**12**	43	45	**101**	107
Recovery of income taxes (teb)	**(30)**	(44)	(28)	**(120)**	(58)
Reported net loss	**(50)**	(41)	(52)	**(133)**	(54)
Adjusted total revenue (teb)	**(57)**	(75)	(61)	**(175)**	(102)
Adjusted provision for (recovery of) credit losses	**13**	(4)	(44)	**(9)**	(119)
Adjusted non-interest expense	**12**	2	45	**60**	107
Adjusted net loss	**(51)**	(33)	(39)	**(115)**	(39)

(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 in Q2-2015 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

Q3 2015 vs Q3 2014

Corporate Services adjusted net loss for the third quarter of 2015 was $69 million, compared with an adjusted net loss of $54 million a year ago. Excluding the impact of the group teb adjustment on revenue and taxes, results were lower mainly due to lower loan recoveries, partly offset by below-trend expenses.

Q3 2015 vs Q2 2015

Corporate Services reported and adjusted net loss for the third quarter of 2015 was $69 million, compared with a reported net loss of $227 million and an adjusted net loss of $121 million in the second quarter of 2015. The prior quarter reported results included a $106 million charge, primarily due to restructuring to drive operational efficiencies. Adjusted results were improved primarily due to below-trend expenses and higher treasury-related revenue, partially offset by lower loan recoveries.

Q3 YTD 2015 vs Q3 YTD 2014

Corporate Services reported net loss for the year to date was $370 million and adjusted net loss for the year to date was $264 million, compared with a reported and adjusted net loss of $153 million a year ago. Reported results in 2015 included a $106 million charge, primarily due to restructuring to drive operational efficiencies. Adjusted results year to date were lower primarily due to lower loan recoveries.

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

Summary Quarterly Earnings Trends								Table 16
(Canadian $ in millions, except as noted)	**Q3-2015**	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013
Total revenue (1)	**4,826**	4,526	5,055	4,640	4,735	4,369	4,479	4,319
Insurance claims, commissions and changes in policy benefit liabilities (CCPB) (1)	**218**	24	747	300	520	328	357	181
Revenue, net of CCPB	**4,608**	4,502	4,308	4,340	4,215	4,041	4,122	4,138
Provision for credit losses – specific (see below)	**160**	161	163	170	130	162	99	189
Provision for credit losses – collective	**-**	-	-	-	-	-	-	-
Non-interest expense	**2,971**	3,112	3,006	2,887	2,756	2,594	2,684	2,580
Income before income taxes	**1,477**	1,229	1,139	1,283	1,329	1,285	1,339	1,369
Provision for income taxes	**285**	230	139	213	203	209	278	295
Reported net income (see below)	**1,192**	999	1,000	1,070	1,126	1,076	1,061	1,074
Adjusted net income (see below)	**1,230**	1,146	1,041	1,111	1,162	1,097	1,083	1,088
Basic earnings per share ($)	**1.81**	1.49	1.47	1.57	1.68	1.61	1.58	1.60
Diluted earnings per share ($)	**1.80**	1.49	1.46	1.56	1.67	1.60	1.58	1.60
Adjusted diluted earnings per share ($)	**1.86**	1.71	1.53	1.63	1.73	1.63	1.61	1.62
Net interest margin on average earning assets (%)	**1.55**	1.51	1.55	1.60	1.58	1.59	1.62	1.69
Adjusted net interest margin on average earning assets (%)	**1.55**	1.51	1.55	1.60	1.58	1.59	1.62	1.60
Effective income tax rate (%)	**19.3**	18.8	12.2	16.6	15.3	16.2	20.8	21.6
Adjusted effective income tax rate (%)	**19.4**	19.8	12.6	16.8	15.6	16.5	20.9	21.5
Canadian/U.S. dollar exchange rate (average)	**1.27**	1.24	1.19	1.11	1.08	1.10	1.08	1.04
Provision for credit losses – specific								
Canadian P&C	**109**	143	132	129	129	131	139	164
U.S. P&C	**19**	18	40	47	57	52	21	98
Personal and Commercial Banking	**128**	161	172	176	186	183	160	262
Wealth Management	**3**	1	2	(1)	(3)	2	(1)	1
BMO Capital Markets	**14**	5	9	(7)	(6)	(4)	(1)	(17)
Corporate Services, including T&O	**15**	(6)	(20)	2	(47)	(19)	(59)	(57)
BMO Financial Group provision for credit losses – specific	**160**	161	163	170	130	162	99	189
Operating group reported net income:								
Canadian P&C	**556**	486	502	526	525	480	485	458
U.S. P&C	**222**	206	192	169	161	157	167	104
Personal and Commercial Banking	**778**	692	694	695	686	637	652	562
Wealth Management	**210**	238	159	225	189	192	174	310
BMO Capital Markets	**273**	296	221	191	305	305	276	216
Corporate Services, including T&O	**(69)**	(227)	(74)	(41)	(54)	(58)	(41)	(14)
BMO Financial Group net income	**1,192**	999	1,000	1,070	1,126	1,076	1,061	1,074
Operating group adjusted net income:								
Canadian P&C	**557**	487	503	527	526	481	486	460
U.S. P&C	**235**	219	205	182	174	170	180	117
Personal and Commercial Banking	**792**	706	708	709	700	651	666	577
Wealth Management	**233**	265	186	252	211	198	182	317
BMO Capital Markets	**274**	296	221	191	305	306	276	217
Corporate Services, including T&O	**(69)**	(121)	(74)	(41)	(54)	(58)	(41)	(23)
BMO Financial Group adjusted net income	**1,230**	1,146	1,041	1,111	1,162	1,097	1,083	1,088

(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 fourth quarter of fiscal 2013 through the third 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 delivered strong net income performance throughout 2014, moderating in the first half of 2015, with higher income growth seen in the current quarter. Net income growth has been driven by higher balances and non-interest revenue, with relatively stable net interest margins. Expenses have grown as a result of continued investment in the business net of a continued focus on expense management. 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 lower provisions for credit losses and expense control in a challenging revenue environment.

Wealth Management

Wealth Management operating results continue to grow driven by double-digit revenue growth in traditional wealth for the past nine quarters. Traditional wealth operating results have benefited from the acquired F&C business since the third quarter of 2014 as well as good organic growth in client assets. The fourth quarter of 2014 included costs related to the settlement of a legal matter and the fourth quarter of 2013 included a large security gain.

Quarterly results in the insurance businesses have been subject to variability, resulting primarily from changes in long-term interest rates, equity markets, and methodology and actuarial assumption 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 and prior quarter reflect improved performance in both our Trading Products and Investment and Corporate Banking businesses.

Provisions for Credit Losses

BMO's PCL measured as a percentage of loans and acceptances has generally been declining since 2012 and has stabilized in recent quarters.

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 and continued to strengthen in 2015, with the exception of 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 $672.4 billion at July 31, 2015, increased $83.8 billion from October 31, 2014, including a $39.1 billion increase as a result of a stronger U.S. dollar excluding the impact on derivative financial assets. Derivative financial assets increased $15.4 billion and derivative financial liabilities increased $16.4 billion, primarily due to the increase in the fair value of interest rate and foreign exchange contracts resulting from the decline in interest rates and the strengthening U.S. dollar, respectively.

The following discussion excludes changes due to the stronger U.S. dollar. Cash and cash equivalents and interest bearing deposits with banks increased $13.9 billion primarily due to increased balances held with central banks. Securities borrowed or purchased under resale agreements increased $15.3 billion driven by increased client activity. Net loans and acceptances increased $10.3 billion primarily due to loans to businesses and governments. Securities decreased by $10.3 billion primarily due to lower trading securities.

Liabilities increased $80.5 billion from October 31, 2014, including a $38.4 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 $16.4 billion as discussed above.

The following discussion excludes changes due to the stronger U.S. dollar. Deposits increased $22.4 billion driven by a $10.5 billion increase in business and government deposits and a $9.5 billion increase in deposits by banks, reflecting higher levels of wholesale and customer deposits, and a $2.4 billion increase in deposits by individuals.

Total equity increased $3.3 billion from October 31, 2014. Total shareholders' equity increased $3.9 billion, partly offset by a decrease in non-controlling interest in subsidiaries of $0.6 billion. Total shareholders' equity increased primarily due to the increase in accumulated other comprehensive income. Accumulated other comprehensive income on translation of net foreign operations increased $2.8 billion net of hedging impacts primarily due to the strengthening U.S. dollar, and accumulated other comprehensive income on cash flow hedges increased $0.4 billion primarily due to the decline in interest rates. Retained earnings increased by $1.0 billion.

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 July 31, 2015.

Accounting Policies and Critical Accounting Estimates

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

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

Future Changes in Accounting Policies

BMO monitors the potential changes proposed by IASB, and analyzes the effect that changes in the standards may have on BMO's financial reporting and accounting policies. New standards and amendments to existing standards, which are effective for the bank in the future, can be found in Note 1 to the unaudited interim consolidated financial statements for the quarter ended July 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 conformance date for the Volcker Rule, which prohibits banking entities active in the U.S. and their affiliates from certain proprietary trading and specified relationships with private investment funds, was July 21, 2015. U.S. regulators previously 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. BMO completed a significant review of our operations and developed policies and procedures to meet the July 21, 2015 deadline. We now have systems in place to assess, monitor, and report on Volcker Rule compliance across the Enterprise.

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.

Federal Budget Proposal. The 2015 Federal budget and the July 31, 2015 technical release 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 2015, unless the arrangement is grandfathered in which case the proposed tax rules would apply to dividends paid or that become payable after April 2017. The Bank is currently assessing the impact of this proposal which has the potential to increase our effective tax rate.

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

Caution

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

Risk Management

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

Market Risk

Linkages between Balance Sheet Items and Market Risk Disclosures

Table 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 July 31, 2015				As at October 31, 2014				
		Subject to market risk				Subject to market risk			
(Canadian $ in millions)	**Consolidated Balance Sheet**	**Traded risk (1)**	**Non-traded risk (2)**	Not subject to market risk	Consolidated Balance Sheet	Traded risk (1)	Non-traded risk (2)	Not subject to market risk	Main risk factors for non-traded risk balances
Assets Subject to Market Risk									
Cash and cash equivalents	**48,722**	**-**	**48,722**	**-**	28,386	-	28,386	-	Interest rate
Interest bearing deposits with banks	**8,022**	**314**	**7,708**	**-**	6,110	930	5,180	-	Interest rate
Securities									
Trading	**81,286**	**73,486**	**7,800**	**-**	85,022	78,997	6,025	-	Interest rate, credit spread
Available-for-sale	**47,981**	**-**	**47,981**	**-**	46,966	-	46,966	-	Interest rate, credit spread
Held-to-maturity	**9,830**	**-**	**9,830**	**-**	10,344	-	10,344	-	Interest rate
Other	**1,012**	**-**	**1,012**	**-**	987	-	987	-	Equity
Securities borrowed or purchased under resale agreements	**74,684**	**-**	**74,684**	**-**	53,555	-	53,555	-	Interest rate
Loans and acceptances (net of allowance for credit losses)	**329,179**	**-**	**329,179**	**-**	303,038	-	303,038	-	Interest rate, foreign exchange
Derivative instruments	**48,068**	**45,531**	**2,537**	**-**	32,655	31,627	1,028	-	Interest rate, foreign exchange
Other assets	**23,658**	**-**	**8,365**	**15,293**	21,596	-	7,787	13,809	Interest rate
Total Assets	**672,442**	**119,331**	**537,818**	**15,293**	588,659	111,554	463,296	13,809	
Liabilities Subject to Market Risk									
Deposits	**447,617**	**8,789**	**438,828**	**-**	393,088	7,639	385,449	-	Interest rate, foreign exchange
Derivative instruments	**50,011**	**47,384**	**2,627**	**-**	33,657	32,312	1,345	-	Interest rate, foreign exchange
Acceptances	**10,796**	**-**	**10,796**	**-**	10,878	-	10,878		Interest rate
Securities sold but not yet purchased	**27,813**	**27,813**	**-**	**-**	27,348	27,348	-	-	
Securities lent or sold under repurchase agreements	**47,644**	**-**	**47,644**	**-**	39,695	-	39,695	-	Interest rate
Other liabilities	**45,444**	**-**	**45,250**	**194**	43,676	-	43,263	413	Interest rate
Subordinated debt	**4,433**	**-**	**4,433**	**-**	4,913	-	4,913	-	Interest rate
Total Liabilities	**633,758**	**83,986**	**549,578**	**194**	553,255	67,299	485,543	413	

(1) Primarily comprised of BMO's balance sheet items that are subject to the trading and underwriting risk management framework and fair valued through profit or loss.

(2) Primarily comprised of BMO's balance sheet items that are subject to the structural balance sheet and insurance risk management framework, or are available-for-sale securities.

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

Total Trading Value at Risk (VaR) increased over the period mainly due to market movements and incremental interest rate, foreign exchange and credit risk exposures from client facilitation activities. There was a partially offsetting increase in overall diversification. The available-for-sale (AFS) VaR decreased as a result of lower interest rates and asset sales. Total Trading Stressed VaR increased over the period broadly reflecting changes in Trading VaR over the quarter.

There were no significant changes in our structural market risk management framework during the quarter.

Structural economic value exposure to rising interest rates primarily reflects a lower market value for fixed-rate loans. Structural economic value sensitivity to rising interest rates decreased owing to higher floating rate asset sensitivity. Structural economic value sensitivity to falling rates changed due to higher floating rate asset sensitivity and the reduced ability to price mortgages, loans and deposits lower in the low-rate environment. 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 sensitivities increased owing to higher 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) **Table 18**

	For the quarter ended July 31, 2015				As at April 30, 2015	As at October 31, 2014
(Pre-tax Canadian $ equivalent in millions)	**Quarter-end**	**Average**	**High**	**Low**	Quarter-end	Quarter-end
Commodity VaR	**(0.7)**	**(0.5)**	**(0.7)**	**(0.3)**	(0.4)	(0.5)
Equity VaR	**(5.3)**	**(6.1)**	**(15.8)**	**(5.0)**	(5.5)	(3.2)
Foreign exchange VaR	**(3.2)**	**(2.0)**	**(3.5)**	**(0.5)**	(0.9)	(0.5)
Interest rate VaR	**(9.3)**	**(6.8)**	**(9.3)**	**(5.3)**	(5.7)	(5.8)
Credit VaR	**(8.2)**	**(7.5)**	**(8.2)**	**(6.8)**	(6.8)	(5.5)
Diversification	**13.8**	**11.5**	**nm**	**nm**	9.4	7.4
Total Trading VaR	**(12.9)**	**(11.4)**	**(17.7)**	**(9.0)**	(9.9)	(8.1)
Total AFS VaR	**(9.7)**	**(11.0)**	**(12.2)**	**(9.2)**	(10.8)	(7.9)

(1) 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**

	For the quarter ended July 31, 2015				As at April 30, 2015	As at October 31, 2014
(Pre-tax Canadian $ equivalent in millions)	**Quarter-end**	**Average**	**High**	**Low**	Quarter-end	Quarter-end
Commodity SVaR	**(0.9)**	**(0.8)**	**(1.0)**	**(0.5)**	(0.7)	(3.2)
Equity SVaR	**(13.6)**	**(12.5)**	**(22.4)**	**(7.3)**	(11.7)	(14.0)
Foreign exchange SVaR	**(4.8)**	**(3.2)**	**(6.4)**	**(1.0)**	(1.1)	(0.7)
Interest rate SVaR	**(13.0)**	**(10.1)**	**(13.0)**	**(8.4)**	(11.2)	(11.2)
Credit SVaR	**(24.5)**	**(21.8)**	**(24.5)**	**(19.5)**	(18.9)	(13.6)
Diversification	**27.6**	**24.2**	**nm**	**nm**	21.1	20.6
Total Trading SVaR	**(29.2)**	**(24.2)**	**(29.3)**	**(17.4)**	(22.5)	(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**

	Economic value sensitivity (Pre-tax)			Earnings sensitivity over the next 12 months (After tax)		
(Canadian $ equivalent in millions)	**July 31, 2015**	April 30, 2015	October 31, 2014	**July 31, 2015**	April 30, 2015	October 31, 2014
100 basis point increase	**(693.3)**	(853.8)	(715.1)	**138.8**	103.4	64.7
100 basis point decrease	**75.7**	346.1	405.2	**(62.8)**	(25.9)	(62.6)
200 basis point increase	**(1,837.2)**	(2,142.8)	(1,579.4)	**185.6**	110.3	85.8
200 basis point decrease	**(396.2)**	96.8	320.5	**(92.5)**	(48.8)	(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 50 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 18) 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 July 31, 2015, results in an increase in earnings after tax of $66 million and an increase in before tax economic value of $516 million ($68 million and $504 million, respectively, at April 30, 2015; $71 million and $385 million, respectively, at October 31, 2014). A 100 basis point decrease in interest rates at July 31, 2015, results in a decrease in earnings after tax of $64 million and a decrease in before tax economic value of $598 million ($65 million and $562 million, respectively, at April 30, 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 $199.4 billion at July 31, 2015, compared with $189.4 billion at April 30, 2015. The increase in unencumbered liquid assets was primarily due to the impact of the stronger U.S. dollar. Net unencumbered liquid assets are primarily held at the parent bank level, in our U.S. legal entity BMO Harris Bank, and in BMO's broker/dealer operations in Canada and internationally. In addition to liquid assets, BMO retains access to the Bank of Canada's lending assistance program, the Federal Reserve Bank discount window in the United States and European Central Bank standby liquidity facilities. BMO does not consider central bank facilities as a source of available liquidity when assessing its liquidity position.

In addition to cash and securities holdings, BMO may also pledge other assets, including mortgages and loans, to raise long-term secured wholesale funding. Table 22 provides a summary of total encumbered and unencumbered assets.

Liquid Assets **Table 21**

(Canadian $ in millions)	As at July 31, 2015 Carrying value/on balance sheet assets (1)	Other cash & securities received	Total gross assets (2)	Encumbered assets	Net unencumbered assets (3)	As at April 30, 2015 Net unencumbered assets (3)
Cash and cash equivalents	**48,722**	**-**	**48,722**	**2,047**	**46,675**	38,725
Deposits with other banks	**8,022**	**-**	**8,022**	**-**	**8,022**	7,256
Securities and securities borrowed or purchased under resale agreements						
Sovereigns / Central banks / Multilateral development banks	**108,591**	**17,827**	**126,418**	**80,838**	**45,580**	43,873
Mortgage-backed securities and collateralized mortgage obligations	**20,498**	**1,358**	**21,856**	**4,287**	**17,569**	15,957
Corporate debt	**17,077**	**6,601**	**23,678**	**1,821**	**21,857**	22,456
Corporate equity	**68,627**	**17,398**	**86,025**	**44,224**	**41,801**	43,773
Total securities and securities borrowed or purchased under resale agreements	**214,793**	**43,184**	**257,977**	**131,170**	**126,807**	126,059
NHA mortgage-backed securities (reported as loans at amortized cost) (4)	**21,445**	**-**	**21,445**	**3,536**	**17,909**	17,324
Total liquid assets	**292,982**	**43,184**	**336,166**	**136,753**	**199,413**	189,364
Other eligible assets at central banks (not included above) (5)	**110,871**	**-**	**110,871**	**605**	**110,266**	106,788
Undrawn credit lines granted by central banks	**-**	**-**	**-**	**-**	**-**	-
Total liquid assets and other sources	**403,853**	**43,184**	**447,037**	**137,358**	**309,679**	296,152

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

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

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

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

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

Asset Encumbrance (Canadian $ in millions) **Table 22**

As at July 31, 2015	Total gross assets (1)	Encumbered (2)		Net unencumbered	
		Pledged as collateral	Other encumbered	Other unencumbered (3)	Available as collateral (4)
Cash and deposits with other banks	**56,744**	**-**	**2,047**	**430**	**54,267**
Securities (5)	**279,422**	**103,596**	**31,110**	**8,446**	**136,270**
Loans and acceptances	**307,734**	**40,505**	**2,261**	**154,702**	**110,266**
Other assets					
Derivative instruments	**48,068**	**-**	**-**	**48,068**	**-**
Premises and equipment	**2,279**	**-**	**-**	**2,279**	**-**
Goodwill	**6,111**	**-**	**-**	**6,111**	**-**
Intangible assets	**2,227**	**-**	**-**	**2,227**	**-**
Current tax assets	**600**	**-**	**-**	**600**	**-**
Deferred tax assets	**3,248**	**-**	**-**	**3,248**	**-**
Other assets	**9,193**	**-**	**-**	**9,193**	**-**
Total other assets	**71,726**	**-**	**-**	**71,726**	**-**
Total assets	**715,626**	**144,101**	**35,418**	**235,304**	**300,803**

As at April 30, 2015	Total gross assets (1)	Encumbered (2)		Net unencumbered	
		Pledged as collateral	Other encumbered	Other unencumbered (3)	Available as collateral (4)
Cash and deposits with other banks	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

(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 July 31, 2015, which include securities held in BMO's insurance subsidiary and credit protection vehicle, significant equity investments, and certain investments held in our merchant banking business. Other unencumbered assets also include mortgages and loans that may be securitized to access secured funding.
(4) Loans included as available as collateral represent loans currently lodged at central banks that could potentially be used to access central bank funding. Loans available for pledging as collateral do not include other sources of additional liquidity that may be realized from the loan portfolio, including incremental securitization, covered bond issuances and FHLB advances.
(5) Includes securities, securities borrowed or purchased under resale agreements and NHA mortgage-backed securities (reported as loans at amortized cost).

BMO's Liquidity Coverage Ratio (LCR) is summarized in Table 23. The average month-end LCR for the quarter ended July 31, 2015, of 128% 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. Average LCR ratio is down from 131% from last quarter mainly due to higher net cash outflows driven by client activity. While banks are required to maintain an LCR greater than 100% in normal conditions, they 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. The Office of the Superintendent of Financial Institutions of Canada (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 starting on page 95 of BMO's 2014 Annual Report.

Liquidity Coverage Ratio (Canadian $ in billions)			**Table 23**
	For the quarter ended July 31, 2015		For the quarter ended April 30, 2015
	Total unweighted value (average) (1) (2)	**Total weighted value (average) (2) (3)**	Total weighted value (average) (2) (3)
High-Quality Liquid Assets			
Total high-quality liquid assets (HQLA)	*	**125.8**	124.9
Cash Outflows			
Retail deposits and deposits from small business customers, of which:	**139.2**	**8.0**	7.8
Stable deposits	**83.8**	**2.5**	2.4
Less stable deposits	**55.4**	**5.5**	5.4
Unsecured wholesale funding, of which:	**137.3**	**79.3**	76.6
Operational deposits (all counterparties) and deposits in networks of cooperative banks	**57.1**	**14.2**	13.1
Non-operational deposits (all counterparties)	**47.8**	**32.7**	33.1
Unsecured debt	**32.4**	**32.4**	30.4
Secured wholesale funding	*	**8.7**	15.7
Additional requirements, of which:	**107.1**	**22.0**	20.9
Outflows related to derivatives exposures and other collateral requirements	**13.3**	**5.1**	4.9
Outflows related to loss of funding on debt products	**3.1**	**3.1**	2.6
Credit and liquidity facilities	**90.7**	**13.8**	13.4
Other contractual funding obligations	**1.0**	**-**	-
Other contingent funding obligations	**277.3**	**5.1**	5.1
Total cash outflows	*	**123.1**	126.1
Cash Inflows			
Secured lending (e.g. reverse repos)	**92.0**	**12.5**	17.5
Inflows from fully performing exposures	**9.3**	**7.4**	8.4
Other cash inflows	**4.8**	**4.8**	4.7
Total cash inflows	**106.1**	**24.7**	30.6
		Total Adjusted Value (4)	Total Adjusted Value (4)
Total HQLA		**125.8**	124.9
Total net cash outflows		**98.4**	95.5
Liquidity Coverage Ratio (%)		**128**	131

* Not disclosed based on the LCR disclosure standard.
Results for prior period have been restated to conform to the current presentation.
(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 $262.7 billion at July 31, 2015, up from $250.7 billion at April 30, 2015, primarily due to the impact of the stronger 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 $49.4 billion as at July 31, 2015.

Total wholesale funding outstanding was $165.2 billion at July 31, 2015, with $39.4 billion sourced as secured funding and $125.8 billion sourced as unsecured funding. Wholesale funding outstanding increased from $157.3 billion at April 30, 2015, primarily due to the impact of the stronger U.S. dollar. The mix and maturities of BMO's wholesale term funding are outlined in Table 24. 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 $199.4 billion at July 31, 2015, that can be monetized to meet potential funding requirements, as described on page 29.

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)(2)								**Table 24**
As at July 31, 2015	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Subtotal less than 1 year**	**1 to 2 years**	**Over 2 years**	**Total**
Deposits from banks	**493**	**394**	**330**	**582**	**1,799**	**569**	**-**	**2,368**
Certificates of deposit and commercial paper	**12,137**	**21,913**	**20,467**	**8,887**	**63,404**	**678**	**-**	**64,082**
Bearer deposit notes	**297**	**1,708**	**1,886**	**125**	**4,016**	**-**	**-**	**4,016**
Asset-backed commercial paper (ABCP)	**1,364**	**2,161**	**1,812**	**-**	**5,337**	**-**	**-**	**5,337**
Senior unsecured medium-term notes	**-**	**6,192**	**3,439**	**6,604**	**16,235**	**10,377**	**20,523**	**47,135**
Senior unsecured structured notes (3)	**99**	**35**	**523**	**70**	**727**	**202**	**1,565**	**2,494**
Covered bonds and securitizations								
Mortgage securitizations	**-**	**259**	**789**	**983**	**2,031**	**2,107**	**12,774**	**16,912**
Covered bonds	**-**	**-**	**1,962**	**-**	**1,962**	**2,616**	**4,255**	**8,833**
Credit card securitizations	**-**	**1,038**	**-**	**1,976**	**3,014**	**1,135**	**1,101**	**5,250**
Subordinated debt (4)	**-**	**-**	**-**	**-**	**-**	**605**	**5,050**	**5,655**
Other (5)	**-**	**-**	**-**	**-**	**-**	**-**	**3,107**	**3,107**
Total	**14,390**	**33,700**	**31,208**	**19,227**	**98,525**	**18,289**	**48,375**	**165,189**
Of which:								
Secured	**1,364**	**3,458**	**4,563**	**2,959**	**12,344**	**5,858**	**21,237**	**39,439**
Unsecured	**13,026**	**30,242**	**26,645**	**16,268**	**86,181**	**12,431**	**27,138**	**125,750**
Total (6)	**14,390**	**33,700**	**31,208**	**19,227**	**98,525**	**18,289**	**48,375**	**165,189**

(1) Wholesale unsecured funding refers to funding through the issuance of marketable, negotiable instruments. 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 and excludes ABCP issued by certain ABCP conduits that are not consolidated for financial reporting purposes.
(2) Commencing in the current quarter, wholesale funding is reported excluding certain non-marketable, non-negotiable deposits.
(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 $48.3 billion and U.S.-dollar and other foreign-denominated funding of $116.9 billion as at July 31, 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 July 31, 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 July 31, 2015, the bank would be required to provide additional collateral to counterparties totalling $146 million, $613 million and $810 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 July 31, 2015, is set out in the tables that follow. Our net portfolio exposures are summarized in Table 25 and 26 for funded lending, securities (inclusive of credit default swaps (CDS) activity), repo-style transactions and derivatives. There has been a modest decline in our exposures compared with April 30, 2015, and October 31, 2014.

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

As at July 31, 2015

Country	Funded lending (2)	Securities (3)(4)				Repo-style transactions and derivatives (5)(6)				
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Total Net Exposure
GIIPS										
Greece	-	-	-	-	-	-	-	-	-	-
Ireland (7)	12	-	-	-	-	4	6	-	10	22
Italy	2	-	-	-	-	-	7	-	7	9
Portugal	-	-	-	-	-	-	-	-	-	-
Spain	99	-	-	-	-	8	-	-	8	107
Total – GIIPS	**113**	**-**	**-**	**-**	**-**	**12**	**13**	**-**	**25**	**138**
Eurozone (excluding GIIPS)										
Germany	75	12	29	1,350	1,391	62	-	3	65	1,531
Netherlands	251	555	8	133	696	8	2	-	10	957
Finland	-	16	-	458	474	-	-	-	-	474
Other (8)	124	12	-	172	184	37	32	5	74	382
Total – Eurozone (excluding GIIPS)	**450**	**595**	**37**	**2,113**	**2,745**	**107**	**34**	**8**	**149**	**3,344**
Rest of Europe										
Denmark	15	395	-	361	756	-	-	-	-	771
Norway	24	956	-	-	956	32	-	2	34	1,014
Sweden	28	396	-	-	396	4	-	-	4	428
United Kingdom	478	96	48	227	371	565	17	-	582	1,431
Other (8)	108	-	-	-	-	27	5	-	32	140
Total – Rest of Europe	**653**	**1,843**	**48**	**588**	**2,479**	**628**	**22**	**2**	**652**	**3,784**
Total – All of Europe (9)	**1,216**	**2,438**	**85**	**2,701**	**5,224**	**747**	**69**	**10**	**826**	**7,266**

As at April 30, 2015

Country	Funded lending (2)	Securities (3)				Repo-style transactions and derivatives (5)(6)				
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Total Net Exposure
Total – GIIPS	127	-	-	-	-	11	27	-	38	165
Total – Eurozone (excluding GIIPS)	473	811	30	1,805	2,646	487	34	19	540	3,659
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 October 31, 2014

Country	Funded lending (2)	Securities (3)				Repo-style transactions and derivatives (5)(6)				
	Total	Bank	Corporate	Sovereign	Total	Bank	Corporate	Sovereign	Total	Total Net Exposure
Total – GIIPS	129	-	-	-	-	55	7	-	62	191
Total – Eurozone (excluding GIIPS)	551	711	53	1,872	2,636	379	49	7	435	3,622
Total – Rest of Europe	1,162	2,254	44	537	2,835	714	14	2	730	4,727
Total – All of Europe (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 July 31, 2015			As at July 31, 2015		As at April 30, 2015		As at October 31, 2014	
Country	Bank	Corporate	Sovereign	Commitments	Funded	Commitments	Funded	Commitments	Funded
GIIPS									
Greece	-	-	-	-	-	-	-	-	-
Ireland (7)	-	12	-	27	12	23	8	103	8
Italy	2	-	-	2	2	64	64	69	69
Portugal	-	-	-	-	-	1	1	-	-
Spain	89	10	-	113	99	65	54	62	52
Total – GIIPS	**91**	**22**	**-**	**142**	**113**	**153**	**127**	**234**	**129**
Eurozone (excluding GIIPS)									
Germany	38	37	-	94	75	97	84	99	85
Netherlands	27	224	-	362	251	367	223	559	239
Finland	-	-	-	-	-	1	1	-	-
Other (8)	78	46	-	348	124	380	165	517	227
Total – Eurozone (excluding GIIPS)	**143**	**307**	**-**	**804**	**450**	**845**	**473**	**1,175**	**551**
Rest of Europe									
Denmark	15	-	-	15	15	14	14	12	12
Norway	24	-	-	24	24	17	17	15	15
Sweden	23	5	-	165	28	156	36	198	93
United Kingdom	118	360	-	598	478	761	487	701	497
Other (8)	23	85	-	213	108	165	97	846	545
Total – Rest of Europe	**203**	**450**	**-**	**1,015**	**653**	**1,113**	**651**	**1,772**	**1,162**
Total – All of Europe (9)	**437**	**779**	**-**	**1,961**	**1,216**	**2,111**	**1,251**	**3,181**	**1,842**

(1) BMO has the following indirect exposures to Europe as at July 31, 2015:
– Collateral of €562 million to support trading activity in securities (€21 million from GIIPS) and €59 million of cash collateral being held.
– Guarantees of $1.2 billion ($16 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 $368 million, with no net single-name* CDS exposure to GIIPS countries as at July 31, 2015 (*includes a net position of $334 million (bought protection) on a CDS Index, of which 20% is comprised of GIIPS domiciled entities).

(5) Repo-style transactions are primarily with bank counterparties for which BMO holds collateral ($17 billion for Europe as at July 31, 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 $87 million as at July 31, 2015.

(8) Includes countries with less than $300 million net exposure, with $28 million exposure to the Russian Federation as at July 31, 2015.

(9) Of our total net direct exposure to Europe, approximately 93% 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 nine months ended	
	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	**July 31, 2015**	July 31, 2014
Interest, Dividend and Fee Income							
Loans	**$ 2,820**	$ 2,685	$ 2,809	$ 2,799	$ 2,708	**$ 8,314**	$ 8,110
Securities	**462**	461	516	470	492	**1,439**	1,392
Deposits with banks	**69**	77	76	67	67	**222**	203
	3,351	3,223	3,401	3,336	3,267	**9,975**	9,705
Interest Expense							
Deposits	**664**	664	712	720	727	**2,040**	2,145
Subordinated debt	**42**	44	44	40	37	**130**	110
Other liabilities	**373**	403	426	398	396	**1,202**	1,167
	1,079	1,111	1,182	1,158	1,160	**3,372**	3,422
Net Interest Income	**2,272**	2,112	2,219	2,178	2,107	**6,603**	6,283
Non-Interest Revenue							
Securities commissions and fees	**238**	237	237	232	238	**712**	702
Deposit and payment service charges	**276**	262	259	262	260	**797**	740
Trading revenues	**269**	319	193	198	231	**781**	751
Lending fees	**195**	181	170	171	169	**546**	509
Card fees	**114**	114	106	118	116	**334**	344
Investment management and custodial fees	**384**	379	367	351	343	**1,130**	895
Mutual fund revenues	**357**	355	322	305	301	**1,034**	768
Underwriting and advisory fees	**207**	182	171	166	238	**560**	578
Securities gains, other than trading	**50**	70	39	41	12	**159**	121
Foreign exchange, other than trading	**46**	33	62	47	40	**141**	132
Insurance revenue	**342**	210	822	489	614	**1,374**	1,519
Other	**76**	72	88	82	66	**236**	241
	2,554	2,414	2,836	2,462	2,628	**7,804**	7,300
Total Revenue	**4,826**	4,526	5,055	4,640	4,735	**14,407**	13,583
Provision for Credit Losses	**160**	161	163	170	130	**484**	391
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**218**	24	747	300	520	**989**	1,205
Non-Interest Expense							
Employee compensation	**1,726**	1,843	1,791	1,575	1,595	**5,360**	4,667
Premises and equipment	**519**	533	500	532	469	**1,552**	1,376
Amortization of intangible assets	**105**	100	96	98	104	**301**	284
Travel and business development	**148**	138	142	165	136	**428**	377
Communications	**76**	83	75	70	73	**234**	219
Business and capital taxes	**10**	10	12	11	8	**32**	28
Professional fees	**141**	149	152	188	159	**442**	434
Other	**246**	256	238	248	212	**740**	649
	2,971	3,112	3,006	2,887	2,756	**9,089**	8,034
Income Before Provision for Income Taxes	**1,477**	1,229	1,139	1,283	1,329	**3,845**	3,953
Provision for income taxes	**285**	230	139	213	203	**654**	690
Net Income	**$ 1,192**	$ 999	$ 1,000	$ 1,070	$ 1,126	**$ 3,191**	$ 3,263
Attributable to:							
Bank shareholders	**1,185**	993	986	1,057	1,110	**3,164**	3,220
Non-controlling interest in subsidiaries	**7**	6	14	13	16	**27**	43
Net Income	**$ 1,192**	$ 999	$ 1,000	$ 1,070	$ 1,126	**$ 3,191**	$ 3,263
Earnings Per Share (Canadian $)							
Basic	**$ 1.81**	$ 1.49	$ 1.47	$ 1.57	$ 1.68	**$ 4.76**	$ 4.86
Diluted	**1.80**	1.49	1.46	1.56	1.67	**4.75**	4.85

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 nine months ended	
	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	**July 31, 2015**	July 31, 2014
Net income	**$ 1,192**	$ 999	$ 1,000	$ 1,070	$ 1,126	**$ 3,191**	$ 3,263
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**	(6)	(2)	(37)	76	**(2)**	65
Reclassification to earnings of (gains) in the period (2)	**(27)**	(22)	(14)	(22)	(17)	**(63)**	(55)
	(21)	(28)	(16)	(59)	59	**(65)**	10
Net change in unrealized gains (losses) on cash flow hedges							
Gains (losses) on cash flow hedges arising during the period (3)	**168**	(282)	595	83	53	**481**	164
Reclassification to earnings of (gains) on cash flow hedges (4)	**(13)**	(9)	(25)	(25)	(25)	**(47)**	(73)
	155	(291)	570	58	28	**434**	91
Net gain (loss) on translation of net foreign operations							
Unrealized gains (losses) on translation of net foreign operations	**1,866**	(1,128)	2,484	578	(98)	**3,222**	800
Unrealized gains (losses) on hedges of net foreign operations (5)	**(349)**	103	(178)	(120)	-	**(424)**	(295)
	1,517	(1,025)	2,306	458	(98)	**2,798**	505
Items that will not be reclassified to net income							
Gains (losses) on remeasurement of pension and other employee future benefit plans (6)	**106**	212	(226)	(73)	(98)	**92**	(52)
Gains (losses) on remeasurement of own credit risk on financial liabilities designated at fair value (7)	**46**	(17)	18	-	-	**47**	-
	152	195	(208)	(73)	(98)	**139**	(52)
Other Comprehensive Income (Loss)	**1,803**	(1,149)	2,652	384	(109)	**3,306**	554
Total Comprehensive Income (Loss)	**$ 2,995**	$ (150)	$ 3,652	$ 1,454	$ 1,017	**$ 6,497**	$ 3,817
Attributable to:							
Bank shareholders	**2,988**	(156)	3,638	1,441	1,001	**6,470**	3,774
Non-controlling interest in subsidiaries	**7**	6	14	13	16	**27**	43
Total Comprehensive Income (Loss)	**$ 2,995**	$ (150)	$ 3,652	$ 1,454	$ 1,017	**$ 6,497**	$ 3,817

(1) Net of income tax (provision) recovery of $1, $13, $(13), $8, $(30) for the three months ended, and $1, $(30) for the nine months ended, respectively.
(2) Net of income tax provision of $9, $3, $11, $10, $6 for the three months ended, and $23, $27 for the nine months ended, respectively.
(3) Net of income tax (provision) recovery of $(60), $105, $(207), $(37), $(14) for the three months ended, and $(162), $(42) for the nine months ended, respectively.
(4) Net of income tax provision of $5, $0, $6, $8, $6 for the three months ended, and $11, $20 for the nine months ended, respectively.
(5) Net of income tax (provision) recovery of $124, $(40), $64, $42, $(2) for the three months ended, and $148, $102 for the nine months ended, respectively.
(6) Net of income tax (provision) recovery of $(34), $(84), $92, $49, $32 for the three months ended, and $(26), $11 for the nine months ended, respectively.
(7) Net of income tax (provision) recovery of $(17), $6, $(6) for the three months ended, and $(17) for the nine 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.

Interim Consolidated Financial Statements

Consolidated Balance Sheet

(Unaudited) (Canadian $ in millions)				As at						
		July 31, 2015		April 30, 2015		January 31, 2015		October 31, 2014		July 31, 2014
Assets										
Cash and Cash Equivalents	**$**	**48,722**	$	40,403	$	44,162	$	28,386	$	38,250
Interest Bearing Deposits with Banks		**8,022**		7,256		6,597		6,110		5,800
Securities										
Trading		**81,286**		82,031		88,991		85,022		90,459
Available-for-sale		**47,981**		49,340		50,711		46,966		47,673
Held-to-maturity		**9,830**		10,015		10,586		10,344		10,420
Other		**1,012**		1,060		1,084		987		989
		140,109		142,446		151,372		143,319		149,541
Securities Borrowed or Purchased Under Resale Agreements		**74,684**		64,576		66,086		53,555		49,452
Loans										
Residential mortgages		**104,547**		101,839		102,073		101,013		99,484
Consumer instalment and other personal		**65,702**		64,273		65,301		64,143		64,286
Credit cards		**8,004**		7,896		7,924		7,972		7,976
Businesses and governments		**141,941**		132,153		133,193		120,766		115,812
		320,194		306,161		308,491		293,894		287,558
Customers' liability under acceptances		**10,796**		11,453		10,986		10,878		9,651
Allowance for credit losses		**(1,811)**		(1,758)		(1,847)		(1,734)		(1,768)
		329,179		315,856		317,630		303,038		295,441
Other Assets										
Derivative instruments		**48,068**		39,831		62,989		32,655		26,825
Premises and equipment		**2,279**		2,274		2,334		2,276		2,174
Goodwill		**6,111**		5,646		5,900		5,353		5,253
Intangible assets		**2,227**		2,136		2,214		2,052		2,020
Current tax assets		**600**		596		579		665		770
Deferred tax assets		**3,248**		3,174		3,437		3,019		2,962
Other		**9,193**		9,081		9,110		8,231		8,344
		71,726		62,738		86,563		54,251		48,348
Total Assets	**$**	**672,442**	$	633,275	$	672,410	$	588,659	$	586,832
Liabilities and Equity										
Deposits										
Banks	**$**	**30,216**	$	28,864	$	24,310	$	18,243	$	22,865
Businesses and governments		**272,549**		254,738		262,272		239,139		243,808
Individuals		**144,852**		140,629		143,196		135,706		132,550
		447,617		424,231		429,778		393,088		399,223
Other Liabilities										
Derivative instruments		**50,011**		44,237		63,701		33,657		28,151
Acceptances		**10,796**		11,453		10,986		10,878		9,651
Securities sold but not yet purchased		**27,813**		25,908		30,013		27,348		28,366
Securities lent or sold under repurchase agreements		**47,644**		42,039		49,551		39,695		40,606
Current tax liabilities		**195**		211		262		235		255
Deferred tax liabilities		**177**		188		161		178		185
Other		**45,072**		44,170		45,279		43,263		42,147
		181,708		168,206		199,953		155,254		149,361
Subordinated Debt		**4,433**		4,435		4,964		4,913		3,948
Equity										
Share capital		**14,936**		14,970		15,413		15,397		15,194
Contributed surplus		**302**		303		303		304		310
Retained earnings		**18,281**		17,765		17,489		17,237		16,724
Accumulated other comprehensive income		**4,681**		2,878		4,027		1,375		991
Total shareholders' equity		**38,200**		35,916		37,232		34,313		33,219
Non-controlling interest in subsidiaries		**484**		487		483		1,091		1,081
Total Equity		**38,684**		36,403		37,715		35,404		34,300
Total Liabilities and Equity	**$**	**672,442**	$	633,275	$	672,410	$	588,659	$	586,832

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 nine months ended	
	July 31, 2015	July 31, 2014	**July 31, 2015**	July 31, 2014
Preferred Shares				
Balance at beginning of period	**$ 2,640**	$ 2,615	**$ 3,040**	$ 2,265
Issued during the period	**350**	700	**350**	1,200
Redeemed during the period	**(350)**	(275)	**(750)**	(425)
Balance at End of Period	**2,640**	3,040	**2,640**	3,040
Common Shares				
Balance at beginning of period	**12,330**	12,071	**12,357**	12,003
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**-**	47	**57**	47
Issued under the Stock Option Plan	**4**	36	**35**	104
Repurchased for cancellation	**(38)**	-	**(153)**	-
Balance at End of Period	**12,296**	12,154	**12,296**	12,154
Contributed Surplus				
Balance at beginning of period	**303**	313	**304**	315
Stock option expense/exercised	**-**	(3)	**1**	(5)
Other	**(1)**	-	**(3)**	-
Balance at End of Period	**302**	310	**302**	310
Retained Earnings				
Balance at beginning of period	**17,765**	16,155	**17,237**	15,087
Net income attributable to bank shareholders	**1,185**	1,110	**3,164**	3,220
Dividends – Preferred shares	**(23)**	(28)	**(87)**	(83)
– Common shares	**(527)**	(504)	**(1,560)**	(1,484)
Common shares repurchased for cancellation	**(111)**	-	**(465)**	-
Preferred shares repurchased for cancellation	**(3)**	-	**(3)**	-
Share issue expense	**(5)**	(9)	**(5)**	(16)
Balance at End of Period	**18,281**	16,724	**18,281**	16,724
Accumulated Other Comprehensive Income on Available-for-Sale Securities				
Balance at beginning of period	**112**	156	**156**	205
Unrealized gains (losses) on available-for-sale securities arising during the period (1)	**6**	76	**(2)**	65
Reclassification to earnings of (gains) in the period (2)	**(27)**	(17)	**(63)**	(55)
Balance at End of Period	**91**	215	**91**	215
Accumulated Other Comprehensive Income on Cash Flow Hedges				
Balance at beginning of period	**420**	55	**141**	(8)
Gains on cash flow hedges arising during the period (3)	**168**	53	**481**	164
Reclassification to earnings of (gains) in the period (4)	**(13)**	(25)	**(47)**	(73)
Balance at End of Period	**575**	83	**575**	83
Accumulated Other Comprehensive Income on Translation of Net Foreign Operations				
Balance at beginning of period	**2,649**	1,008	**1,368**	405
Unrealized gains (losses) on translation of net foreign operations	**1,866**	(98)	**3,222**	800
Unrealized gains (losses) on hedges of net foreign operations (5)	**(349)**	-	**(424)**	(295)
Balance at End of Period	**4,166**	910	**4,166**	910
Accumulated Other Comprehensive (Loss) on Pension and Other Post-Employment Plans				
Balance at beginning of period	**(304)**	(119)	**(290)**	(165)
Gains (losses) on remeasurement of pension and other post-employment plans (6)	**106**	(98)	**92**	(52)
Balance at End of Period	**(198)**	(217)	**(198)**	(217)
Accumulated Other Comprehensive Income on Own Credit Risk on Financial Liabilities Designated at Fair Value				
Balance at beginning of period	**1**	-	**-**	-
Gains on remeasurement of own credit risk on financial liabilities designated at fair value (7)	**46**	-	**47**	-
Balance at End of Period	**47**	-	**47**	-
Total Accumulated Other Comprehensive Income	**4,681**	991	**4,681**	991
Total Shareholders' Equity	**$ 38,200**	$ 33,219	**$ 38,200**	$ 33,219
Non-controlling Interest in Subsidiaries				
Balance at beginning of period	**487**	1,071	**1,091**	1,072
Net income attributable to non-controlling interest	**7**	16	**27**	43
Dividends to non-controlling interest	**(10)**	(26)	**(37)**	(52)
Capital trust redemption	**-**	-	**(600)**	-
Acquisitions	**-**	22	**-**	22
Other	**-**	(2)	**3**	(4)
Balance at End of Period	**484**	1,081	**484**	1,081
Total Equity	**$ 38,684**	$ 34,300	**$ 38,684**	$ 34,300

(1) Net of income tax (provision) recovery of $1, $(30), $1, $(30) for the three and nine months ended, respectively.
(2) Net of income tax provision of $9, $6, $23, $27 for the three and nine months ended, respectively.
(3) Net of income tax (provision) recovery of $(60), $(14), $(162), $(42) for the three and nine months ended, respectively.
(4) Net of income tax provision of $5, $6, $11, $20 for the three and nine months ended, respectively.
(5) Net of income tax (provision) recovery of $124, $(2), $148, $102 for the three and nine months ended, respectively.
(6) Net of income tax (provision) recovery of $(34), $32, $(26), $11 for the three and nine months ended, respectively.
(7) Net of income tax (provision) recovery of $(17), $(17) for the three and nine 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 nine months ended	
	July 31, 2015	July 31, 2014	**July 31, 2015**	July 31, 2014
Cash Flows from Operating Activities				
Net Income	**$ 1,192**	$ 1,126	**$ 3,191**	$ 3,263
Adjustments to determine net cash flows provided by (used in) operating activities				
Impairment write-down of securities, other than trading	**3**	6	**8**	7
Net (gain) on securities, other than trading	**(53)**	(18)	**(167)**	(128)
Net (increase) decrease in trading securities	**2,447**	(8,038)	**6,724**	(14,562)
Provision for credit losses	**160**	130	**484**	391
Change in derivative instruments – (increase) decrease in derivative asset	**(8,644)**	2,400	**(16,519)**	3,473
– increase (decrease) in derivative liability	**6,409**	(2,926)	**17,495**	(4,399)
Amortization of premises and equipment	**94**	87	**282**	268
Amortization of intangible assets	**105**	104	**301**	284
Net (increase) decrease in deferred income tax asset	**132**	(3)	**140**	223
Net (decrease) in deferred income tax liability	**(21)**	(1)	**(14)**	(37)
Net decrease in current income tax asset	**91**	28	**194**	397
Net increase (decrease) in current income tax liability	**(21)**	92	**(47)**	(204)
Change in accrued interest – decrease in interest receivable	**18**	138	**94**	135
– increase (decrease) in interest payable	**(112)**	(34)	**(177)**	4
Changes in other items and accruals, net	**3,612**	1,535	**5,654**	2,047
Net increase in deposits	**6,522**	6,316	**20,697**	22,034
Net (increase) in loans	**(5,228)**	(1,603)	**(11,058)**	(11,676)
Net increase (decrease) in securities sold but not yet purchased	**1,299**	4,004	**(430)**	5,644
Net increase (decrease) in securities lent or sold under repurchase agreements	**2,963**	(5,359)	**2,988**	10,773
Net (increase) decrease in securities borrowed or purchased under resale agreements	**(6,471)**	2,393	**(14,475)**	(8,289)
Net Cash Provided by Operating Activities	**4,497**	377	**15,365**	9,648
Cash Flows from Financing Activities				
Net (decrease) in liabilities of subsidiaries	**(365)**	(9)	**(383)**	(40)
Proceeds (maturities) of Covered Bonds	**(2,538)**	-	**210**	-
Repayment of subordinated debt	**-**	-	**(500)**	-
Proceeds from issuance of preferred shares	**350**	700	**350**	1,200
Redemption of preferred shares	**(353)**	(275)	**(753)**	(425)
Redemption of securities of a subsidiary	**-**	-	**(600)**	-
Share issue expense	**(5)**	(9)	**(5)**	(16)
Proceeds from issuance of common shares	**4**	37	**36**	105
Common shares repurchased for cancellation	**(149)**	-	**(618)**	-
Cash dividends paid	**(546)**	(471)	**(1,585)**	(1,494)
Cash dividends paid to non-controlling interest	**(10)**	(26)	**(37)**	(52)
Net Cash (Used in) Financing Activities	**(3,612)**	(53)	**(3,885)**	(722)
Cash Flows from Investing Activities				
Net (increase) decrease in interest bearing deposits with banks	**(282)**	1,247	**(1,026)**	931
Purchases of securities, other than trading	**(4,643)**	(3,817)	**(13,030)**	(21,599)
Maturities of securities, other than trading	**1,847**	1,949	**3,903**	10,709
Proceeds from sales of securities, other than trading	**7,168**	4,840	**13,606**	13,392
Premises and equipment – net disposals (purchases)	**10**	(156)	**(93)**	(207)
Purchased and developed software – net (purchases)	**(84)**	(87)	**(237)**	(269)
Acquisitions	**-**	(956)	**-**	(956)
Net Cash Provided by Investing Activities	**4,016**	3,020	**3,123**	2,001
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**3,418**	(176)	**5,733**	1,234
Net increase in Cash and Cash Equivalents	**8,319**	3,168	**20,336**	12,161
Cash and Cash Equivalents at Beginning of Period	**40,403**	35,082	**28,386**	26,089
Cash and Cash Equivalents at End of Period	**$ 48,722**	$ 38,250	**$ 48,722**	$ 38,250
Represented by:				
Cash and non-interest bearing deposits with Bank of Canada and other banks	**$ 46,844**	$ 36,795	**$ 46,844**	$ 36,795
Cheques and other items in transit, net	**1,878**	1,455	**1,878**	1,455
	$ 48,722	$ 38,250	**$ 48,722**	$ 38,250
Supplemental Disclosure of Cash Flow Information				
Net cash provided by operating activities includes:				
Amount of interest paid in the period	**$ 1,172**	$ 1,196	**$ 3,516**	$ 3,411
Amount of income taxes paid in the period	**$ 150**	$ 111	**$ 490**	$ 282
Amount of interest and dividend income received in the period	**$ 3,326**	$ 3,325	**$ 9,972**	$ 9,705

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

July 31, 2015 (Unaudited)

Note 1: Basis of Presentation

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

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. We also comply with interpretations of International Financial Reporting Standards ("IFRS") by our regulator, the Office of the Superintendent of Financial Institutions of Canada ("OSFI"). These condensed interim consolidated financial statements should be read in conjunction with the notes to our annual consolidated financial statements for the year ended October 31, 2014 as set out on pages 128 to 189 of our 2014 Annual Report.

These interim consolidated financial statements were authorized for issue by the Board of Directors on August 25, 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.

In July 2015 the IASB voted to defer the adoption of IFRS 15 Revenue from Contracts with Customers by one year. As a result of this deferral, IFRS 15 will now be effective for our fiscal year beginning on November 1, 2018. We are currently assessing the impact of the standard on our future results.

Note 2: Securities

Unrealized Gains and Losses

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

(Canadian $ in millions)				**July 31, 2015**				October 31, 2014
	Amortized cost	**Gross unrealized gains (2)**	**Gross unrealized losses (2)**	**Fair value**	Amortized cost	Gross unrealized gains (2)	Gross unrealized losses (2)	Fair value
Issued or guaranteed by:								
Canadian federal government	**8,895**	**124**	**4**	**9,015**	10,420	82	1	10,501
Canadian provincial and municipal governments	**4,210**	**95**	**11**	**4,294**	4,063	44	3	4,104
U.S. federal government	**1,218**	**7**	**2**	**1,223**	1,094	2	3	1,093
U.S. states, municipalities and agencies	**6,539**	**56**	**7**	**6,588**	5,761	57	3	5,815
Other governments	**5,553**	**19**	**1**	**5,571**	6,116	17	1	6,132
Mortgage-backed securities and collateralized mortgage obligations – Canada (1)	**2,983**	**50**	**2**	**3,031**	3,031	24	1	3,054
Mortgage-backed securities and collateralized mortgage obligations – U.S.	**9,283**	**36**	**20**	**9,299**	6,872	35	12	6,895
Corporate debt	**7,135**	**85**	**6**	**7,214**	7,577	95	6	7,666
Corporate equity	**1,646**	**122**	**22**	**1,746**	1,582	129	5	1,706
Total	**47,462**	**594**	**75**	**47,981**	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 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 July 31, 2015, there was a $242 million ($243 million as at July 31, 2014) allowance for credit losses related to other credit instruments included in other liabilities.

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

(Canadian $ in millions)	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the three months ended	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014
Impairment Allowances (Specific ACL), beginning of period	**77**	89	**118**	92	**189**	396	**-**	-	**384**	577
Amounts written off	**(16)**	(24)	**(168)**	(178)	**(85)**	(129)	**-**	-	**(269)**	(331)
Recoveries of amounts written off in previous periods	**10**	28	**63**	47	**42**	107	**-**	-	**115**	182
Charge to income statement (Specific PCL)	**16**	14	**116**	130	**28**	(14)	**-**	-	**160**	130
Foreign exchange and other movements	**(3)**	(9)	**(8)**	2	**14**	(57)	**-**	-	**3**	(64)
Specific ACL, end of period	**84**	98	**121**	93	**188**	303	**-**	-	**393**	494
Collective ACL, beginning of period	**80**	87	**668**	640	**810**	767	**36**	27	**1,594**	1,521
Charge (recovery) to income statement (Collective PCL)	**(2)**	(1)	**(31)**	(5)	**29**	7	**4**	(1)	**-**	-
Foreign exchange and other movements	**5**	-	**16**	(1)	**45**	(3)	**-**	-	**66**	(4)
Collective ACL, end of period	**83**	86	**653**	634	**884**	771	**40**	26	**1,660**	1,517
Total ACL	**167**	184	**774**	727	**1,072**	1,074	**40**	26	**2,053**	2,011
Comprised of: Loans	**142**	158	**773**	727	**856**	857	**40**	26	**1,811**	1,768
Other credit instruments	**25**	26	**1**	-	**216**	217	**-**	-	**242**	243

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

(Canadian $ in millions)	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the nine months ended	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014
Impairment Allowances (Specific ACL), beginning of period	**88**	89	**99**	81	**237**	315	**-**	-	**424**	485
Amounts written off	**(48)**	(65)	**(510)**	(487)	**(246)**	(294)	**-**	-	**(804)**	(846)
Recoveries of amounts written off in previous periods	**21**	49	**142**	127	**149**	356	**-**	-	**312**	532
Charge to income statement (Specific PCL)	**40**	45	**388**	376	**56**	(30)	**-**	-	**484**	391
Foreign exchange and other movements	**(17)**	(20)	**2**	(4)	**(8)**	(44)	**-**	-	**(23)**	(68)
Specific ACL, end of period	**84**	98	**121**	93	**188**	303	**-**	-	**393**	494
Collective ACL, beginning of period	**83**	88	**678**	622	**754**	756	**27**	19	**1,542**	1,485
Charge (recovery) to income statement (Collective PCL)	**(10)**	(4)	**(53)**	11	**50**	(14)	**13**	7	**-**	-
Foreign exchange and other movements	**10**	2	**28**	1	**80**	29	**-**	-	**118**	32
Collective ACL, end of period	**83**	86	**653**	634	**884**	771	**40**	26	**1,660**	1,517
Total ACL	**167**	184	**774**	727	**1,072**	1,074	**40**	26	**2,053**	2,011
Comprised of: Loans	**142**	158	**773**	727	**856**	857	**40**	26	**1,811**	1,768
Other credit instruments	**25**	26	**1**	-	**216**	217	**-**	-	**242**	243

Interest income on impaired loans of $21 million and $63 million was recognized for the three and nine months ended July 31, 2015, respectively ($28 million and $92 million for the three and nine months ended July 31, 2014, respectively).

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

Renegotiated Loans

The carrying value of our renegotiated loans was $975 million as at July 31, 2015 ($728 million as at October 31, 2014). Renegotiated loans of $424 million were classified as performing as at July 31, 2015 ($291 million as at October 31, 2014). Renegotiated loans of $6 million and $17 million were written off in the three and nine months ended July 31, 2015, respectively ($25 million in the year ended October 31, 2014).

FDIC Covered Loans

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

For the three and nine months ended July 31, 2015, we recorded net recoveries of $3 million and net provisons for credit losses of $29 million, respectively (net recoveries of $9 million and $8 millon, respectively, for the three and nine months ended July 31, 2014). These amounts are net of the amounts expected to be reimbursed by the FDIC on the covered loans.

Purchased Performing Loans

For performing loans with fixed terms, the future credit mark is fully amortized to net interest income over the expected life of the loan using the effective interest method. The impact to net interest income for the three and nine months ended July 31, 2015 was $6 million and $21 million, respectively ($8 million and $25 million, respectively, for the three and nine months ended July 31, 2014). The incurred credit losses are re-measured at each reporting period, with any increases recorded in the collective allowance and the provision for credit losses. Decreases in incurred credit losses will be recorded as a decrease in the collective allowance and in the provision for credit losses until the accumulated collective allowance is exhausted. Any additional decrease will be recorded in net interest income.

For performing loans with revolving terms, the incurred and future credit marks are amortized into net interest income on a straight line basis over the contractual terms of the loans. The impact to net interest income of such amortization for performing loans with revolving terms for the three and nine months ended July 31, 2015 was $5 million and $13 million, respectively ($6 million and $31 million, respectively, for the three and nine months ended July 31, 2014).

As performing loans are repaid, the related unamortized credit mark remaining is recorded as net interest income during the period in which the cash is received. The impact on net interest income of such repayments for the three and nine months ended July 31, 2015 was $18 million and $46 million, respectively ($31 million and $120 million, respectively, for the three and nine months ended July 31, 2014).

The impact of the re-measurement of incurred credit losses for performing loans for the three and nine months ended July 31, 2015 was $9 million recovery and $6 million expense, respectively, in provision for credit losses and $nil and $nil in net interest income, respectively ($2 million recovery and $2 million in provision for credit losses, respectively, and $nil and $6 million in net interest income, respectively, for the three and nine months ended July 31, 2014).

Actual specific provisions for credit losses related to these performing loans will be recorded as they arise in a manner that is consistent with our policy for loans we originate. The total specific provision for credit losses for purchased performing loans for the three and nine months ended July 31, 2015 was $28 million and $25 million, respectively ($3 million recovery and $52 million specific provision for credit losses, respectively, for the three and nine months ended July 31, 2014).

As at July 31, 2015 the amount of purchased performing loans on the balance sheet was $10,737 million ($11,703 million as at October 31, 2014). As at July 31, 2015, the credit mark remaining on performing term loans, revolving loans and other performing loans was $241 million, $78 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 $319 million, $172 million represents the credit mark that will be amortized over the remaining life of the portfolio. The remaining $147 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 nine month periods ended July 31, 2015 was $19 million and $74 million recovery of specific provision for credit losses, respectively ($57 million and $219 million of recovery, respectively, for the three and nine months ended July 31, 2014).

As at July 31, 2015, the amount of PCI loans remaining on the balance sheet was $424 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)		**July 31, 2015 (1)**		October 31, 2014
	Carrying amount of assets	**Associated liabilities**	Carrying amount of assets	Associated liabilities
Residential mortgages	**8,120**		9,569	
Other related assets (2)	**9,335**		8,382	
Total	**17,455**	**17,025**	17,951	17,546

(1) The fair value of the securitized assets is $17,611 million and the fair value of the associated liabilities is $17,664 million, for a net position of $(53) 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 nine months ended July 31, 2015, we sold $1,860 million and $5,052 million, respectively, of loans to third-party securitization programs ($1,422 million and $3,929 million, respectively, for the three and nine months ended July 31, 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 $1,503 million related to our bank securitization vehicles, $7,355 million related to our U.S. customer securitization vehicle, $256 million related to our credit protection vehicle and $27,636 million related to our capital and funding vehicles as at July 31, 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)			**July 31, 2015**			October 31, 2014
	Capital and funding vehicles	**Canadian customer securitization vehicles**	**Structured finance vehicles**	Capital and funding vehicles	Canadian customer securitization vehicles	Structured finance vehicles
Interests recorded on the balance sheet						
Cash and cash equivalents	**10**	**54**	**-**	11	39	-
Trading securities	**2**	**111**	**4,865**	2	10	10,414
Available-for-sale securities	**-**	**564**	**-**	-	652	-
Derivatives	**-**	**12**	**186**	-	-	42
	12	**741**	**5,051**	13	701	10,456
Deposits	**1,264**	**54**	**2,848**	1,265	39	5,853
Derivatives	**-**	**-**	**782**	-	-	1,115
Other	**20**	**-**	**1,431**	21	-	3,447
	1,284	**54**	**5,061**	1,286	39	10,415
Exposure to loss						
Securities held (1)	**2**	**675**	**4,865**	2	662	10,414
Drawn facilities (2)	**12**	**-**	**-**	12	-	-
Undrawn facilities (2)	**43**	**5,754**	**na**	43	5,214	na
Derivative assets	**-**	**12**	**186**	-	-	42
	57	**6,441**	**5,051**	57	5,876	10,456
Total assets of the entities	**1,284**	**4,994**	**5,051**	1,286	3,783	10,456

(1) 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.
(2) 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 July 31, 2015 and October 31, 2014.

Our exposure to BMO managed funds was $274 million at July 31, 2015 ($513 million at October 31, 2014).
Our exposure to non-BMO managed funds was $6,379 million at July 31, 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 nine months ended July 31, 2015 and the year ended October 31, 2014.

A continuity of our goodwill by group of cash generating units for the quarter ended July 31, 2015 and the year ended October 31, 2014 is as follows:

(Canadian $ in millions)	Personal and Commercial Banking			Wealth Management			BMO Capital Markets	Total
	Canadian P&C	U.S. P&C	Total	Traditional Wealth Management	Insurance	Total		
Balance - October 31, 2013	69	2,702	2,771	847	2	849	199	3,819
Acquisitions during the year	-	-	-	1,268	-	1,268	-	1,268
Other (1)	(1)	220	219	35	-	35	12	266
Balance - October 31, 2014	68	2,922	2,990	2,150	2	2,152	211	5,353
Other (1)	**-**	**469**	**469**	**265**	**-**	**265**	**24**	**758**
Balance - July 31, 2015	**68** (2)	**3,391** (3)	**3,459**	**2,415** (4)	**2** (5)	**2,417**	**235** (6)	**6,111**

(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 plc.
(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							
	July 31, 2015	October 31, 2014	**July 31, 2015**	October 31, 2014	**July 31, 2015**	October 31, 2014	**July 31, 2015**	October 31, 2014	**July 31, 2015**	October 31, 2014
Deposits by:										
Banks	**1,112**	997	**1,100**	993	**4,685**	2,412	**23,319**	13,841	**30,216**	18,243
Businesses and governments	**17,583**	14,958	**36,275**	28,001	**57,540**	57,165	**161,151**	139,015	**272,549**	239,139
Individuals	**3,050**	2,524	**14,620**	12,900	**82,644**	75,529	**44,538**	44,753	**144,852**	135,706
Total (1) (2)	**21,745**	18,479	**51,995**	41,894	**144,869**	135,106	**229,008**	197,609	**447,617**	393,088
Booked in:										
Canada	**19,824**	16,753	**33,469**	28,832	**76,226**	77,232	**121,091**	111,193	**250,610**	234,010
United States	**1,295**	1,191	**18,424**	12,972	**67,877**	57,314	**79,304**	66,664	**166,900**	138,141
Other countries	**626**	535	**102**	90	**766**	560	**28,613**	19,752	**30,107**	20,937
Total	**21,745**	18,479	**51,995**	41,894	**144,869**	135,106	**229,008**	197,609	**447,617**	393,088

(1) Includes structured notes designated at fair value through profit or loss.
(2) As at July 31, 2015 and October 31, 2014, total deposits payable on a fixed date included $30,476 million and $18,183 million, respectively, of federal funds purchased and commercial paper issued and other deposit liabilities. Included in deposits as at July 31, 2015 and October 31, 2014 are $232,427 million and $191,155 million, respectively, of deposits denominated in U.S. dollars, and $13,538 million and $8,204 million, respectively, of deposits denominated in other foreign currencies.
(3) Includes $207,417 million of deposits, each greater than one hundred thousand dollars, of which $103,813 million were booked in Canada, $74,998 million were booked in the United States and $28,606 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 $103,813 million of deposits booked in Canada, $37,838 million mature in less than three months, $8,372 million mature in three to six months, $9,803 million mature in six to twelve months and $47,800 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 $199,413 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 July 31, 2015, we had borrowed $304 million of federal funds ($651 million as at October 31, 2014).
- Commercial paper, which totalled $7,796 million as at July 31, 2015 ($4,294 million as at October 31, 2014).
- Covered bonds, which totalled $8,844 million as at July 31, 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)	**July 31, 2015**		October 31, 2014			
	Number of shares	**Amount**	Number of shares	Amount	Convertible into...	
Preferred Shares - Classified as Equity						
Class B – Series 13	**-**	**-**	14,000,000	350		
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)
Class B – Series 33	**8,000,000**	**200**	-	-	preferred shares - class B - series 34	(2)(3)
Class B – Series 35	**6,000,000**	**150**	-	-		(3)
		2,640		3,040		
Common Shares (4)	**642,317,593**	**12,296**	649,050,049	12,357		
Share Capital		**14,936**		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, or is about to become, 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 12,740,509 common shares as at July 31, 2015 (13,337,765 common shares as at October 31, 2014).

Preferred Shares

On July 29, 2015, we issued 6 million Non-Cumulative Perpetual Class B Preferred Shares, Series 35, at a price of $25 per share, for gross proceeds of $150 million. The shares pay quarterly cash dividends, if declared, at a rate of 5.00% per annum. The shares are redeemable at the bank's option beginning on August 25, 2020 for $25 per share plus, if redeemed before August 25, 2024, a premium, in each case together with all declared and unpaid dividends to the date fixed for redemption.

On June 5, 2015, we issued 8 million Non-Cumulative, 5-Year Rate Reset Class B Preferred Shares Series 33, at a price of $25 per share, for gross proceeds of $200 million. For the initial five year period to the earliest redemption date of August 25, 2020, the shares pay quarterly cash dividends, if declared, at a rate of 3.80% per annum. The dividend rate will reset on the earliest redemption date and every fifth year thereafter at a rate equal to the 5-year Government of Canada bond yield plus a premium of 2.71%. Holders have the option to convert their shares into an equal number of Non-Cumulative Floating Rate Class B Preferred Shares Series 34, subject to certain conditions, on the earliest redemption date and every fifth year thereafter. Holders of the Preferred Shares Series 34 will be entitled to receive non-cumulative preferential floating rate quarterly dividends, as and when declared equal to the 3-month Government of Canada Treasury Bill yield plus 2.71%.

The Class B Preferred Shares, Series 33 and Series 35, include a non-viability contingent capital provision, necessary for the shares to qualify as regulatory capital under Basel III. As such, the shares are convertible into a variable number of our common shares if OSFI announces that the bank is, or is about to become, no longer viable or if the bank accepts a capital injection or equivalent support from the government to avoid non-viability.

On May 25, 2015 we redeemed all 14 million Non-Cumulative, Perpetual Class B Preferred Shares Series 13, at a redemption price of $25.25 per share, for 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 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 nine months ended July 31, 2015, respectively, we repurchased for cancellation 2 million and 8 million common shares at an average cost of $74.77 and $77.25 per share, totalling $149 million and $618 million. No shares were repurchased for the three and nine months ended July 31, 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 July 31, 2015. Our capital position as at July 31, 2015 is detailed in the Capital Management section on pages 13 to 14 of Management's Discussion and Analysis of the Third Quarter 2015 Report to Shareholders.

Note 13: Employee Compensation

Stock Options

We did not grant any stock options during the three months ended July 31, 2015 and 2014. During the nine months ended July 31, 2015, we granted a total of 641,875 stock options (1,618,223 stock options during the nine months ended July 31, 2014). The weighted-average fair value of options granted during the nine months ended July 31, 2015 was $7.45 per option ($6.36 per option for the nine months ended July 31, 2014).

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

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

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

Pension and Other Employee Future Benefit Expenses

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

(Canadian $ in millions)

	Pension benefit plans		Other employee future benefit plans	
For the three months ended	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014
Benefits earned by employees	**75**	66	**7**	6
Net interest (income) expense on net defined benefit (asset) liability	**(1)**	(2)	**13**	13
Administrative expenses	**1**	-	**-**	-
Benefits expense	**75**	64	**20**	19
Canada and Quebec pension plan expense	**17**	16	**-**	-
Defined contribution expense	**4**	4	**-**	-
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**96**	84	**20**	19

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

(Canadian $ in millions)

	Pension benefit plans		Other employee future benefit plans	
For the nine months ended	**July 31, 2015**	July 31, 2014	**July 31, 2015**	July 31, 2014
Benefits earned by employees	**215**	185	**21**	19
Net interest (income) expense on net defined benefit (asset) liability	**(4)**	(7)	**38**	38
Administrative expenses	**3**	3	**-**	-
Benefits expense	**214**	181	**59**	57
Canada and Quebec pension plan expense	**61**	55	**-**	-
Defined contribution expense	**15**	8	**-**	-
Total pension and other employee future benefit expenses recognized in the Consolidated Statement of Income	**290**	244	**59**	57

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

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 nine months ended	
	July 31, 2015	July 31, 2014	**July 31, 2015**	July 31, 2014
Net income attributable to bank shareholders	**1,185**	1,110	**3,164**	3,220
Dividends on preferred shares	**(23)**	(28)	**(87)**	(83)
Net income available to common shareholders	**1,162**	1,082	**3,077**	3,137
Average number of common shares outstanding (in thousands)	**643,451**	645,892	**645,763**	645,071
Basic earnings per share (Canadian $)	**1.81**	1.68	**4.76**	4.86

Diluted earnings per share

(Canadian $ in millions, except as noted)

	For the three months ended		For the nine months ended	
	July 31, 2015	July 31, 2014	**July 31, 2015**	July 31, 2014
Net income available to common shareholders adjusted for dilution effect	**1,162**	1,082	**3,077**	3,137
Average number of common shares outstanding (in thousands)	**643,451**	645,892	**645,763**	645,071
Stock options potentially exercisable (1)	**9,389**	10,683	**9,565**	11,082
Common shares potentially repurchased	**(7,242)**	(7,960)	**(7,177)**	(8,616)
Average diluted number of common shares outstanding (in thousands)	**645,598**	648,615	**648,151**	647,537
Diluted earnings per share (Canadian $)	**1.80**	1.67	**4.75**	4.85

(1) In computing diluted earnings per share we excluded average stock options outstanding of 1,982,171 and 1,922,330 with a weighted-average exercise price of $183.17 and $187.18, respectively, for the three and nine months ended July 31, 2015 (1,754,283 and 1,788,675 with a weighted-average exercise price of $235.35 and $235.29, respectively, for the three and nine months ended July 31, 2014) as the average share price for the period did not exceed the exercise price.

Basic Earnings per Share

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

Diluted Earnings per Share

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

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 the bank’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 July 31, 2015	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	**1,255**	**719**	**164**	**308**	**(174)**	**2,272**
Non-interest revenue	**443**	**200**	**1,172**	**694**	**45**	**2,554**
Total Revenue	**1,698**	**919**	**1,336**	**1,002**	**(129)**	**4,826**
Provision for credit losses	**109**	**19**	**3**	**14**	**15**	**160**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**-**	**-**	**218**	**-**	**-**	**218**
Amortization	**60**	**55**	**58**	**26**	**-**	**199**
Non-interest expense	**785**	**550**	**781**	**597**	**59**	**2,772**
Income before taxes and non-controlling interest in subsidiaries	**744**	**295**	**276**	**365**	**(203)**	**1,477**
Provision for income taxes	**188**	**73**	**66**	**92**	**(134)**	**285**
Reported net income	**556**	**222**	**210**	**273**	**(69)**	**1,192**
Non-controlling interest in subsidiaries	**-**	**-**	**1**	**-**	**6**	**7**
Net Income attributable to bank shareholders	**556**	**222**	**209**	**273**	**(75)**	**1,185**
Average Assets	**198,007**	**89,783**	**29,452**	**287,468**	**57,955**	**662,665**

For the three months ended July 31, 2014	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	1,210	626	141	328	(198)	2,107
Non-interest revenue	428	161	1,367	657	15	2,628
Total Revenue	1,638	787	1,508	985	(183)	4,735
Provision for credit losses	129	57	(3)	(6)	(47)	130
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	-	-	520	-	-	520
Amortization	56	54	55	26	-	191
Non-interest expense	752	456	693	563	101	2,565
Income before taxes and non- controlling interest in subsidiaries	701	220	243	402	(237)	1,329
Provision for income taxes	176	59	54	97	(183)	203
Reported net income	525	161	189	305	(54)	1,126
Non-controlling interest in subsidiaries	-	-	1	-	15	16
Net Income attributable to bank shareholders	525	161	188	305	(69)	1,110
Average Assets	191,404	74,564	26,244	257,568	43,638	593,418

(Canadian $ in millions)

For the nine months ended July 31, 2015	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	**3,666**	**2,084**	**474**	**970**	**(591)**	**6,603**
Non-interest revenue	**1,265**	**572**	**3,832**	**1,965**	**170**	**7,804**
Total Revenue	**4,931**	**2,656**	**4,306**	**2,935**	**(421)**	**14,407**
Provision for credit losses	**384**	**77**	**6**	**28**	**(11)**	**484**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**-**	**-**	**989**	**-**	**-**	**989**
Amortization	**173**	**165**	**173**	**72**	**-**	**583**
Non-interest expense	**2,320**	**1,578**	**2,330**	**1,791**	**487**	**8,506**
Income before taxes and non-controlling interest in subsidiaries	**2,054**	**836**	**808**	**1,044**	**(897)**	**3,845**
Provision for income taxes	**510**	**216**	**201**	**254**	**(527)**	**654**
Reported net income	**1,544**	**620**	**607**	**790**	**(370)**	**3,191**
Non-controlling interest in subsidiaries	**-**	**-**	**1**	**-**	**26**	**27**
Net Income attributable to bank shareholders	**1,544**	**620**	**606**	**790**	**(396)**	**3,164**
Average Assets	**195,804**	**87,480**	**28,809**	**288,324**	**57,887**	**658,304**

For the nine months ended July 31, 2014	Canadian P&C	U.S. P&C	Wealth Management	BMO CM	Corporate Services (1)	Total
Net interest income	3,558	1,843	416	915	(449)	6,283
Non-interest revenue	1,196	503	3,522	1,994	85	7,300
Total Revenue	4,754	2,346	3,938	2,909	(364)	13,583
Provision for credit losses	399	130	(2)	(11)	(125)	391
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	-	-	1,205	-	-	1,205
Amortization	173	166	135	78	-	552
Non-interest expense	2,190	1,382	1,889	1,700	321	7,482
Income before taxes and non- controlling interest in subsidiaries	1,992	668	711	1,142	(560)	3,953
Provision for income taxes	502	183	156	256	(407)	690
Reported net income	1,490	485	555	886	(153)	3,263
Non-controlling interest in subsidiaries	-	-	1	-	42	43
Net Income attributable to bank shareholders	1,490	485	554	886	(195)	3,220
Average Assets	189,207	73,193	24,318	258,527	44,141	589,386

(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 July 31, 2015	Canada	United States	Other countries	Total
Net interest income	**1,404**	**814**	**54**	**2,272**
Non-interest revenue	**1,597**	**609**	**348**	**2,554**
Total Revenue	**3,001**	**1,423**	**402**	**4,826**
Provision for credit losses	**112**	**49**	**(1)**	**160**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**106**	**-**	**112**	**218**
Amortization	**110**	**70**	**19**	**199**
Non-interest expense	**1,569**	**1,033**	**170**	**2,772**
Income before taxes and non-controlling interest in subsidiaries	**1,104**	**271**	**102**	**1,477**
Provision for income taxes	**212**	**57**	**16**	**285**
Reported net income	**892**	**214**	**86**	**1,192**
Non-controlling interest in subsidiaries	**6**	**-**	**1**	**7**
Net Income attributable to bank shareholders	**886**	**214**	**85**	**1,185**
Average Assets	**397,008**	**237,374**	**28,283**	**662,665**

For the three months ended July 31, 2014	Canada	United States	Other countries	Total
Net interest income	1,375	696	36	2,107
Non-interest revenue	1,818	519	291	2,628
Total Revenue	3,193	1,215	327	4,735
Provision for credit losses	110	20	-	130
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	449	-	71	520
Amortization	107	67	17	191
Non-interest expense	1,505	907	153	2,565
Income before taxes and non-controlling interest in subsidiaries	1,022	221	86	1,329
Provision for income taxes	140	47	16	203
Reported net income	882	174	70	1,126
Non-controlling interest in subsidiaries	15	-	1	16
Net Income attributable to bank shareholders	867	174	69	1,110
Average Assets	369,151	201,365	22,902	593,418

(Canadian $ in millions)

For the nine months ended July 31, 2015	Canada	United States	Other countries	Total
Net interest income	**4,130**	**2,333**	**140**	**6,603**
Non-interest revenue	**4,979**	**1,815**	**1,010**	**7,804**
Total Revenue	**9,109**	**4,148**	**1,150**	**14,407**
Provision for credit losses	**402**	**83**	**(1)**	**484**
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	**664**	**-**	**325**	**989**
Amortization	**319**	**208**	**56**	**583**
Non-interest expense	**4,905**	**3,080**	**521**	**8,506**
Income before taxes and non-controlling interest in subsidiaries	**2,819**	**777**	**249**	**3,845**
Provision for income taxes	**474**	**138**	**42**	**654**
Reported net income	**2,345**	**639**	**207**	**3,191**
Non-controlling interest in subsidiaries	**26**	**-**	**1**	**27**
Net Income attributable to bank shareholders	**2,319**	**639**	**206**	**3,164**
Average Assets	**401,343**	**229,113**	**27,848**	**658,304**

For the nine months ended July 31, 2014	Canada	United States	Other countries	Total
Net interest income	4,042	2,127	114	6,283
Non-interest revenue	5,014	1,672	614	7,300
Total Revenue	9,056	3,799	728	13,583
Provision for credit losses	379	14	(2)	391
Insurance Claims, Commissions and Changes in Policy Benefit Liabilities	1,005	-	200	1,205
Amortization	320	207	25	552
Non-interest expense	4,468	2,689	325	7,482
Income before taxes and non-controlling interest in subsidiaries	2,884	889	180	3,953
Provision for income taxes	491	197	2	690
Reported net income	2,393	692	178	3,263
Non-controlling interest in subsidiaries	42	-	1	43
Net Income attributable to bank shareholders	2,351	692	177	3,220
Average Assets	368,804	198,867	21,715	589,386

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.

		July 31, 2015		October 31, 2014
	Carrying value	**Fair value**	Carrying value	Fair value
Securities				
Held to maturity	**9,830**	**9,960**	10,344	10,490
Other (1)	**653**	**2,011**	510	1,829
	10,483	**11,971**	10,854	12,319
Securities purchased under resale agreements (2)	**60,696**	**60,922**	33,141	33,095
Loans				
Residential mortgages	**104,547**	**105,087**	101,013	101,273
Consumer instalment and other personal	**65,702**	**65,000**	64,143	63,280
Credit cards	**8,004**	**7,582**	7,972	7,706
Businesses and governments	**141,941**	**140,212**	120,766	119,399
	320,194	**317,881**	293,894	291,658
Deposits	**447,617**	**447,969**	393,088	393,242
Securities sold under repurchase agreements (3)	**40,551**	**40,939**	25,485	25,505
Other liabilities (4)	**23,351**	**24,083**	23,546	23,927
Subordinated debt	**4,433**	**4,608**	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 $359 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 $13,988 million of securities borrowed for which carrying value approximates fair value ($20,414 million as at October 31, 2014).
(3) Excludes $7,093 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 structured entity 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 an increase of $140 million and $14 million in non-interest revenue, trading revenue and an increase of $59 million and $59 million recorded in other comprehensive income related to changes in our credit spread, respectively, for the three and nine months ended July 31, 2015 (a decrease of $46 million and $71 million recorded in non-interest revenue, trading revenue, of which $1 million and $55 million related to changes in our own credit spread, respectively, for the three and nine months ended July 31, 2014). The impact of changes in our credit spread is measured based on movements in the bank's credit spread quarter over quarter.

The fair value and notional amount due at contractual maturity of these structured notes as at July 31, 2015 were $8,789 million and $8,963 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 July 31, 2015 of $7,130 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 $34 million and an increase of $270 million in non-interest revenue, insurance revenue, respectively, for the three and nine months ended July 31, 2015 (an increase of $146 million and $373 million, respectively, for the three and nine months ended July 31, 2014).

We designate the obligation related to certain investment contracts at fair value through profit or loss, which eliminates a measurement inconsistency that would otherwise arise from measuring the investment contract liabilities and offsetting changes in the fair value of the investments supporting them on a different basis. The fair value of these investment contract liabilities as at July 31, 2015 of $516 million ($407 million as at October 31, 2014) is recorded in other liabilities in our Consolidated Balance Sheet. The change in fair value of these investment contract liabilities resulted in an increase of $6 million and $22 million in insurance claims, commissions, and changes in policy benefit liabilities, respectively, for the three and nine months ended July 31, 2015 (an increase of $20 million and $33 million, respectively, for the three and nine months ended July 31, 2014). For the three and nine months ended July 31, 2015 an increase of $4 million and $5 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 investment contract liabilities are 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 July 31, 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 nine months ended July 31, 2015 (an increase of $1 million and $2 million, respectively, for the three and nine months ended July 31, 2014).

We designate certain investments held in our merchant banking business at fair value through profit or loss, which aligns the accounting result with the way the portfolio is managed. The fair value of these investments as at July 31, 2015 of $359 million ($477 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 $12 million and $32 million, respectively, for the three and nine months ended July 31, 2015 (a decrease of $31 million and $22 million, respectively, for the three and nine months ended July 31, 2014).

Fair Value Hierarchy

We use a fair value hierarchy to categorize financial instruments according to the inputs we use in valuation techniques to measure fair value. The extent of our use of actively quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of securities, fair value liabilities, derivative assets and derivative liabilities was as follows:

(Canadian $ in millions)			**July 31, 2015**			October 31, 2014
	Valued using quoted market prices	**Valued using models (with observable inputs)**	**Valued using models (without observable inputs)**	Valued using quoted market prices	Valued using models (with observable inputs)	Valued using models (without observable inputs)
Trading Securities						
Issued or guaranteed by:						
Canadian federal government	**9,954**	**2,087**	**-**	8,737	1,725	-
Canadian provincial and municipal governments	**3,632**	**4,090**	**-**	3,134	4,062	-
U.S. federal government	**4,272**	**449**	**-**	5,725	440	-
U.S. states, municipalities and agencies	**-**	**1,042**	**98**	-	626	85
Other governments	**349**	**81**	**-**	124	99	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**528**	**-**	-	702	-
Corporate debt	**604**	**8,783**	**348**	1,974	9,319	538
Corporate equity	**40,092**	**4,877**	**-**	37,221	10,511	-
	58,903	**21,937**	**446**	56,915	27,484	623
Available-for-Sale Securities						
Issued or guaranteed by:						
Canadian federal government	**4,622**	**4,393**	**-**	4,946	5,555	-
Canadian provincial and municipal governments	**2,298**	**1,996**	**-**	1,679	2,425	-
U.S. federal government	**1,223**	**-**	**-**	1,093	-	-
U.S. states, municipalities and agencies	**-**	**6,587**	**1**	-	5,814	1
Other governments	**2,016**	**3,555**	**-**	2,136	3,996	-
Mortgage-backed securities and collateralized mortgage obligations	**-**	**12,330**	**-**	-	9,949	-
Corporate debt	**5,399**	**1,809**	**6**	5,687	1,971	8
Corporate equity	**334**	**127**	**1,285**	422	146	1,138
	15,892	**30,797**	**1,292**	15,963	29,856	1,147
Other Securities	**-**	**-**	**359**	10	-	467
Fair Value Liabilities						
Securities sold but not yet purchased	**25,211**	**2,602**	**-**	23,615	3,733	-
Structured note liabilities and other note liabilities	**-**	**8,937**	**-**	-	7,785	-
Annuity liabilities	**-**	**516**	**-**	-	407	-
	25,211	**12,055**	**-**	23,615	11,925	-
Derivative Assets						
Interest rate contracts	**4**	**20,892**	**-**	23	18,241	-
Foreign exchange contracts	**15**	**24,744**	**-**	32	12,649	-
Commodity contracts	**1,376**	**58**	**-**	653	30	-
Equity contracts	**62**	**888**	**-**	51	896	-
Credit default swaps	**-**	**28**	**1**	-	68	12
	1,457	**46,610**	**1**	759	31,884	12
Derivative Liabilities						
Interest rate contracts	**27**	**18,888**	**-**	33	16,983	-
Foreign exchange contracts	**17**	**25,862**	**-**	33	12,110	-
Commodity contracts	**2,264**	**569**	**-**	1,101	233	-
Equity contracts	**42**	**2,286**	**-**	38	3,002	-
Credit default swaps	**-**	**56**	**-**	-	116	8
	2,350	**47,661**	**-**	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 July 31, 2015 (Canadian $ in millions, except as noted)	Reporting line in fair value hierarchy table	Fair value of assets	Valuation techniques	Significant unobservable inputs	Range of input values (1) Low	Range of input values (1) High
Securities						
Private equity (2)	Corporate equity	**1,285**	Net Asset Value	Net Asset Value	**na**	**na**
			EV/EBITDA	Multiple	**5.5x**	**10.1x**
Collateralized loan obligations securities (3)	Corporate debt	**354**	Discounted Cash Flow Model	Yield/Discount Margin	**1.40%**	**1.40%**
Merchant banking securities	Other	**359**	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 $627 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 July 31, 2015 for significant Level 3 instruments, that is securities which represent greater than 10% of Level 3 instruments, is provided below.

Within Level 3 trading securities is corporate debt of $343 million related to securities that are hedged with credit default swaps that are also considered to be Level 3 instruments. As at July 31, 2015, the derivative assets and derivative liabilities were valued at $1 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 July 31, 2015, the impact of assuming a 10 basis point increase or decrease in the discount margin would be a less than $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 nine months ended July 31, 2015.

During the three and nine months ended July 31, 2015, $nil 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 nine months ended July 31, 2015, $23 million and $90 million, respectively, of trading securities, and $nil 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 nine months ended July 31, 2015, no available-for-sale securities or trading securities were transferred into or out of Level 3.

Changes in Level 3 Fair Value Measurements

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

		Change in fair value								
For the three months ended July 31, 2015	Balance April 30, 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 July 31, 2015	Change in unrealized gains (losses) (2)
Trading Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	90	-	8	-	-	-	-	-	98	-
Corporate debt	457	2	38	-	-	(149)	-	-	348	2
Total trading securities	547	2	46	-	-	(149)	-	-	446	2
Available-for-Sale Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	-	-	-	-	-	-	-	1	na
Corporate debt	7	-	-	-	(1)	-	-	-	6	na
Corporate equity	1,251	-	93	40	(99)	-	-	-	1,285	na
Total available-for-sale securities	1,259	-	93	40	(100)	-	-	-	1,292	na
Other Securities	466	18	-	32	(157)	-	-	-	359	(31)
Derivative Assets										
Credit default swaps	3	(2)	-	-	-	-	-	-	1	(2)
Derivative Liabilities										
Credit default swaps	-	-	-	-	-	-	-	-	-	-

(1) Includes cash settlement of derivative assets and derivative liabilities.
(2) Change in unrealized gains or losses on trading securities, derivative assets and derivative liabilities still held on July 31, 2015 are included in earnings in the period.

		Change in fair value								
For the nine months ended July 31, 2015	Balance October 31, 2014	Included in earnings	Included in other compre-hensive income	Purchases	Sales	Maturities/ Settlement (1)	Transfers into Level 3	Transfers out of Level 3	Fair Value as at July 31, 2015	Change in unrealized gains (losses) (2)
Trading Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	85	-	13	-	-	-	-	-	98	-
Corporate debt	538	(14)	79	-	-	(255)	-	-	348	(14)
Total trading securities	623	(14)	92	-	-	(255)	-	-	446	(14)
Available-for-Sale Securities										
Issued or guaranteed by:										
U.S. states, municipalities and agencies	1	-	-	-	-	-	-	-	1	na
Corporate debt	8	-	-	-	(2)	-	-	-	6	na
Corporate equity	1,138	(20)	183	114	(130)	-	-	-	1,285	na
Total available-for-sale securities	1,147	(20)	183	114	(132)	-	-	-	1,292	na
Other Securities	467	63	-	116	(287)	-	-	-	359	10
Derivative Assets										
Credit default swaps	12	(11)	-	-	-	-	-	-	1	(11)
Derivative Liabilities										
Credit default swaps	8	(8)	-	-	-	-	-	-	-	(8)

(1) Includes cash settlement of derivative assets and derivative liabilities.
(2) Change in unrealized gains or losses on trading securities, derivative assets and derivative liabilities still held on July 31, 2015 are included in earnings in the period.

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)										July 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
On-Balance Sheet Financial Instruments										
Assets										
Cash and cash equivalents	47,843	-	-	-	-	-	-	-	879	48,722
Interest bearing deposits with banks	5,618	1,649	635	61	41	13	2	3	-	8,022
Securities										
Trading	742	1,270	704	822	5,088	4,120	8,155	15,416	44,969	81,286
Available-for-sale	954	830	1,540	1,152	684	7,043	18,502	15,530	1,746	47,981
Held-to-maturity	10	94	239	375	319	632	4,071	4,090	-	9,830
Other	3	-	-	-	-	-	54	13	942	1,012
Total securities	1,709	2,194	2,483	2,349	6,091	11,795	30,782	35,049	47,657	140,109
Securities borrowed or purchased under resale agreements	52,664	17,465	3,393	528	617	17	-	-	-	74,684
Loans										
Residential mortgages	1,224	1,911	4,032	4,432	4,855	18,953	59,172	9,968	-	104,547
Consumer instalment and other personal	425	663	1,180	1,440	1,636	4,426	21,623	10,801	23,508	65,702
Credit cards	-	-	-	-	-	-	-	-	8,004	8,004
Businesses and governments	5,770	9,235	6,612	4,549	17,426	15,029	42,748	8,254	32,318	141,941
Customers' liability under acceptances	8,133	2,479	184	-	-	-	-	-	-	10,796
Allowance for credit losses	-	-	-	-	-	-	-	-	(1,811)	(1,811)
Total loans and acceptances, net of allowance	15,552	14,288	12,008	10,421	23,917	38,408	123,543	29,023	62,019	329,179
Other Assets										
Derivative instruments	7,121	6,628	3,145	929	1,860	4,012	10,409	13,964	-	48,068
Premises and equipment	-	-	-	-	-	-	-	-	2,279	2,279
Goodwill	-	-	-	-	-	-	-	-	6,111	6,111
Intangible assets	-	-	-	-	-	-	-	-	2,227	2,227
Current tax assets	-	-	-	-	-	-	-	-	600	600
Deferred tax assets	-	-	-	-	-	-	-	-	3,248	3,248
Other	1,531	231	173	1	-	-	24	4,242	2,991	9,193
Total other assets	8,652	6,859	3,318	930	1,860	4,012	10,433	18,206	17,456	71,726
Total Assets	132,038	42,455	21,837	14,289	32,526	54,245	164,760	82,281	128,011	672,442

(Canadian $ in millions)										July 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Liabilities and Equity										
Deposits (1)										
Banks	**14,066**	**4,020**	**3,648**	**730**	**855**	**-**	**-**	**-**	**6,897**	**30,216**
Businesses and governments	**27,205**	**35,598**	**30,606**	**8,619**	**10,666**	**15,298**	**24,297**	**8,862**	**111,398**	**272,549**
Individuals	**2,669**	**3,710**	**4,902**	**4,787**	**4,217**	**7,895**	**14,750**	**1,608**	**100,314**	**144,852**
Total deposits	**43,940**	**43,328**	**39,156**	**14,136**	**15,738**	**23,193**	**39,047**	**10,470**	**218,609**	**447,617**
Other Liabilities										
Derivative instruments	**5,153**	**6,105**	**3,941**	**1,492**	**3,557**	**5,632**	**11,933**	**12,198**	**-**	**50,011**
Acceptances	**8,133**	**2,479**	**184**	**-**	**-**	**-**	**-**	**-**	**-**	**10,796**
Securities sold but not yet purchased	**27,813**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27,813**
Securities lent or sold under repurchase agreements	**45,809**	**1,274**	**336**	**121**	**104**	**-**	**-**	**-**	**-**	**47,644**
Current tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**195**	**195**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**177**	**177**
Securitization and liabilities related to structured entities	**1**	**1,311**	**817**	**436**	**2,519**	**3,221**	**9,489**	**4,718**	**-**	**22,512**
Other	**7,810**	**153**	**25**	**11**	**32**	**671**	**3,699**	**2,227**	**7,932**	**22,560**
Total other liabilities	**94,719**	**11,322**	**5,303**	**2,060**	**6,212**	**9,524**	**25,121**	**19,143**	**8,304**	**181,708**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**4,333**	**-**	**4,433**
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,684**	**38,684**
Total Liabilities and Equity	**138,659**	**54,650**	**44,459**	**16,196**	**21,950**	**32,817**	**64,168**	**33,946**	**265,597**	**672,442**

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

(Canadian $ in millions)										July 31, 2015
	0 to 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No maturity	Total
Off-Balance Sheet Commitments										
Commitments to extend credit (1)	**1,200**	**2,059**	**8,180**	**3,843**	**9,736**	**15,308**	**62,079**	**2,102**	**-**	**104,507**
Operating leases	**27**	**55**	**82**	**79**	**77**	**290**	**627**	**597**	**-**	**1,834**
Financial guarantee contracts (1)	**5,741**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,741**
Purchase obligations	**64**	**125**	**165**	**166**	**164**	**593**	**723**	**183**	**-**	**2,183**

(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	5,898	7,232	5,401	5,128	12,030	10,328	37,525	6,294	30,930	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	16,439	11,138	10,338	11,047	17,766	37,316	114,031	24,362	60,601	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	92,970	26,946	16,184	16,071	21,813	56,247	158,036	72,629	127,763	588,659

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

(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 Third Quarter 2015 Earnings Release and Report to Shareholders, presentation materials and supplementary financial information package online.

Quarterly Conference Call and Webcast Presentations

Interested parties are also invited to listen to our quarterly conference call on Tuesday, August 25, 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, November 30, 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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Ronald Monet, Montreal, ronald.monet@bmo.com, 514-877-1873

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Christine Viau, Director, Investor Relations, christine.viau@bmo.com, 416-867-6956

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
May 2015: $78.10
June 2015: $75.47
July 2015: $72.43

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

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

For further information on this report, please contact
Bank of Montreal
Investor Relations Department
P.O. Box 1, One First Canadian Place, 10th Floor
Toronto, Ontario M5X 1A1

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

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

Annual Meeting 2016
The next Annual Meeting of Shareholders will be held on Tuesday, April 5, 2016, in Toronto, Ontario.