BANK OF MONTREAL
CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Canadian $ in millions, except as noted)	For the three months ended				
	January 31, 2006	October 31, 2005	July 31, 2005	April 30, 2005	January 31, 2005
Interest, Dividend and Fee Income					
Loans	**$ 2,242**	$ 2,098	$ 1,989	$ 1,843	$ 1,798
Securities	**509**	457	484	461	428
Deposits with banks	**167**	164	170	160	112
	2,918	2,719	2,643	2,464	2,338
Interest Expense					
Deposits	**1,213**	1,074	961	875	793
Subordinated debt	**42**	47	56	52	47
Preferred shares and capital trust securities	**25**	25	21	26	25
Other liabilities	**456**	379	391	330	275
	1,736	1,525	1,429	1,283	1,140
Net Interest Income	**1,182**	1,194	1,214	1,181	1,198
Provision for credit losses (Note 3)	**52**	57	73	6	43
Net Interest Income After Provision for Credit Losses	**1,130**	1,137	1,141	1,175	1,155
Non-Interest Revenue					
Securities commissions and fees	**252**	272	255	299	266
Deposit and payment service charges	**180**	187	188	180	179
Trading revenues	**221**	169	83	60	101
Lending fees	**78**	76	89	73	75
Card fees	**91**	60	98	88	88
Investment management and custodial fees	**76**	77	79	74	75
Mutual fund revenues	**115**	116	113	106	102
Securitization revenues	**20**	34	26	33	20
Underwriting and advisory fees	**98**	101	92	77	87
Investment securities gains	**18**	79	37	12	37
Foreign exchange, other than trading	**43**	48	42	45	45
Insurance income	**46**	38	44	39	41
Other	**61**	169	51	130	97
	1,299	1,426	1,197	1,216	1,213
Net Interest Income and Non-Interest Revenue	**2,429**	2,563	2,338	2,391	2,368
Non-Interest Expense					
Employee compensation (Note 6)	**965**	962	933	925	926
Premises and equipment	**288**	334	315	312	303
Amortization of intangible assets	**11**	22	24	24	24
Travel and business development	**50**	69	68	60	50
Communications	**25**	33	29	32	28
Business and capital taxes	**27**	28	29	26	24
Professional fees	**58**	65	58	59	61
Other	**121**	123	123	141	117
Total Non-Interest Expense	**1,545**	1,636	1,579	1,579	1,533
Income Before Provision for Income Taxes and Non-Controlling Interest in Subsidiaries	**884**	927	759	812	835
Income taxes	**235**	254	204	198	219
	649	673	555	614	616
Non-controlling interest in subsidiaries	**19**	16	14	14	14
Net Income	**$ 630**	$ 657	$ 541	$ 600	$ 602
Preferred share dividends	**$ 8**	$ 8	$ 6	$ 8	$ 8
Net income available to common shareholders	**$ 622**	$ 649	$ 535	$ 592	$ 594
Average common shares (in thousands)	**501,374**	500,383	499,152	499,415	501,268
Average diluted common shares (in thousands)	**511,600**	510,378	509,384	510,237	512,941
Earnings Per Share (Canadian $)					
Basic	**$ 1.24**	$ 1.30	$ 1.07	$ 1.19	$ 1.18
Diluted	**1.22**	1.27	1.05	1.16	1.16
Dividends Declared Per Common Share	**0.49**	0.49	0.46	0.46	0.44

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

BANK OF MONTREAL
CONSOLIDATED BALANCE SHEET

(Unaudited) (Canadian $ in millions)	As at				
	January 31, 2006	October 31, 2005	July 31, 2005	April 30, 2005	January 31, 2005
Assets					
Cash Resources	**$ 19,933**	$ 20,721	$ 20,402	$ 21,141	$ 20,292
Securities					
Investment	**12,032**	12,936	14,175	15,698	15,174
Trading	**49,644**	44,309	43,146	43,717	38,009
Loan substitutes	**11**	11	11	11	11
	61,687	57,256	57,332	59,426	53,194
Loans					
Residential mortgages	**62,652**	60,871	59,737	57,703	57,038
Consumer instalment and other personal	**28,206**	27,929	27,241	26,714	25,728
Credit cards	**4,709**	4,648	4,717	4,557	4,525
Businesses and governments	**48,289**	47,803	48,181	47,716	45,886
Securities borrowed or purchased under resale agreements	**29,853**	28,280	27,259	31,357	24,487
	173,709	169,531	167,135	168,047	157,664
Customers' liability under acceptances	**5,988**	5,934	5,683	5,814	4,475
Allowance for credit losses (Note 3)	**(1,115)**	(1,128)	(1,200)	(1,220)	(1,314)
	178,582	174,337	171,618	172,641	160,825
Other Assets					
Derivative financial instruments	**30,664**	31,517	26,174	23,031	22,778
Premises and equipment	**1,818**	1,847	1,863	1,875	2,012
Goodwill	**1,109**	1,091	1,604	1,632	1,602
Intangible assets	**186**	196	426	462	486
Other (Note 2)	**11,786**	10,567	10,970	12,148	32,905
	45,563	45,218	41,037	39,148	59,783
Total Assets	**$ 305,765**	$ 297,532	$ 290,389	$ 292,356	$ 294,094
Liabilities and Shareholders' Equity					
Deposits					
Banks	**$ 25,940**	$ 25,473	$ 25,265	$ 23,536	$ 24,488
Businesses and governments	**90,783**	92,437	87,462	89,698	81,306
Individuals	**76,536**	75,883	76,023	77,811	76,538
	193,259	193,793	188,750	191,045	182,332
Other Liabilities					
Derivative financial instruments	**28,810**	28,868	24,972	21,862	21,913
Acceptances	**5,988**	5,934	5,683	5,814	4,475
Securities sold but not yet purchased	**14,161**	16,142	14,703	13,674	11,783
Securities lent or sold under repurchase agreements	**31,005**	22,657	26,159	28,694	23,425
Other (Note 2)	**14,299**	12,203	11,826	12,887	32,579
	94,263	85,804	83,343	82,931	94,175
Subordinated Debt (Note 7)	**2,456**	2,469	3,099	3,420	2,909
Preferred Share Liability (Note 8)	**450**	450	450	450	450
Capital Trust Securities	**1,150**	1,150	1,150	1,150	1,150
Shareholders' Equity					
Share capital (Note 8)	**4,716**	4,618	4,585	4,512	4,492
Contributed surplus	**23**	20	18	15	12
Net unrealized foreign exchange loss	**(740)**	(612)	(483)	(380)	(432)
Retained earnings	**10,188**	9,840	9,477	9,213	9,006
	14,187	13,866	13,597	13,360	13,078
Total Liabilities and Shareholders' Equity	**$ 305,765**	$ 297,532	$ 290,389	$ 292,356	$ 294,094

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

BANK OF MONTREAL
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) (Canadian $ in millions)	For the three months ended	
	January 31, 2006	January 31, 2005
Preferred Shares		
Balance at beginning of period	**$ 596**	$ 1,046
Impact of adopting new accounting requirements for liabilities and equity	**-**	(450)
Balance at beginning of period (as restated)	**596**	596
Balance at End of Period	**596**	596
Common Shares		
Balance at beginning of period	**4,022**	3,857
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**19**	18
Issued under the Stock Option Plan	**83**	35
Issued on the exchange of shares of a subsidiary corporation	**-**	2
Repurchased for cancellation (Note 8)	**(4)**	(16)
Balance at End of Period	**4,120**	3,896
Contributed Surplus		
Balance at beginning of period	**20**	10
Stock option expense	**3**	2
Balance at End of Period	**23**	12
Net Unrealized Foreign Exchange Gain (Loss)		
Balance at beginning of period	**(612)**	(497)
Unrealized gain (loss) on translation of net investments in foreign operations	**(347)**	180
Hedging gain (loss)	**335**	(176)
Income taxes	**(116)**	61
Balance at End of Period	**(740)**	(432)
Retained Earnings		
Balance at beginning of period	**9,840**	8,773
Cumulative impact of adopting new accounting requirements for Variable Interest Entities, net of applicable income taxes (Note 2)	**-**	(42)
	9,840	8,731
Net income	**630**	602
Dividends - Preferred shares	**(8)**	(8)
- Common shares	**(246)**	(220)
Common shares repurchased for cancellation (Note 8)	**(28)**	(99)
Balance at End of Period	**10,188**	9,006
Total Shareholders' Equity	**$ 14,187**	$ 13,078

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

BANK OF MONTREAL
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) (Canadian $ in millions)	For the three months ended **January 31, 2006**	January 31, 2005
Cash Flows from Operating Activities		
Net income	**$ 630**	$ 602
Adjustments to determine net cash flows provided by (used in) operating activities		
Write-down of investment securities	**8**	7
Net gain on investment securities	**(26)**	(44)
Net (increase) in trading securities	**(5,992)**	(2,273)
Provision for credit losses	**52**	43
Gain on sale of securitized loans (Note 4)	**(14)**	(19)
Change in derivative financial instruments		
Decrease in derivative asset	**971**	2,656
(Decrease) in derivative liability	**(142)**	(2,096)
Amortization of premises and equipment	**88**	95
Amortization of intangible assets	**11**	24
Future income tax expense	**42**	51
Net decrease in current income taxes	**(98)**	(279)
Change in accrued interest		
(Increase) in interest receivable	**(6)**	(38)
Decrease in interest payable	**(84)**	(5)
Changes in other items and accruals, net	**657**	(1,773)
Net Cash Used in Operating Activities	**(3,903)**	(3,049)
Cash Flows from Financing Activities		
Net increase in deposits	**2,001**	4,887
Net increase (decrease) in securities sold but not yet purchased	**(1,951)**	1,312
Net increase in securities lent or sold under repurchase agreements	**8,868**	1,799
Net increase (decrease) in liabilities of subsidiaries	**328**	(237)
Proceeds from issuance of subordinated debt	**-**	500
Proceeds from issuance of common shares	**102**	53
Common shares repurchased for cancellation (Note 8)	**(32)**	(115)
Dividends paid	**(254)**	(228)
Net Cash Provided by Financing Activities	**9,062**	7,971
Cash Flows from Investing Activities		
Net (increase) decrease in interest bearing deposits with banks	**922**	(1,374)
Purchases of investment securities	**(2,172)**	(4,311)
Maturities of investment securities	**1,897**	2,118
Proceeds from sales of investment securities	**862**	2,468
Net increase in loans, customers' liability under acceptances and loan substitute securities	**(4,264)**	(2,208)
Proceeds from securitization of loans (Note 4)	**496**	743
Net increase in securities borrowed or purchased under resale agreements	**(2,010)**	(1,629)
Premises and equipment - net purchases	**(76)**	(49)
Acquisitions (Note 5)	**(75)**	(194)
Net Cash Used in Investing Activities	**(4,420)**	(4,436)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(94)**	83
Net Increase in Cash and Cash Equivalents	**645**	569
Cash and Cash Equivalents at Beginning of Period	**2,412**	2,606
Cash and Cash Equivalents at End of Period	**$ 3,057**	$ 3,175

The accompanying notes to consolidated financial statements are an integral part of these statements.
Certain comparative figures have been reclassified to conform with the current period's presentation.

BANK OF MONTREAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended January 31, 2006
(Unaudited)

1. Basis of Presentation

These consolidated financial statements should be read in conjunction with the notes to our consolidated financial statements for the year ended October 31, 2005 as set out on pages 96 to 133 of our 2005 Annual Report. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") using the same accounting policies and methods of computation as were used for our consolidated financial statements for the year ended October 31, 2005.

2. Changes in Accounting Policy

Variable Interest Entities

On November 1, 2004, we adopted the Canadian Institute of Chartered Accountant's ("CICA") new accounting requirements on the consolidation of variable interest entities ("VIEs"). As a result, we consolidated our customer securitization vehicles as of November 1, 2004. The impact on our Consolidated Balance Sheet on November 1, 2004, was an increase in other assets of $21,160 million, a decrease in derivative financial instrument assets of $67 million, an increase in other liabilities of $21,150 million, a decrease in derivative financial instrument liabilities of $15 million and a decrease in opening retained earnings of $42 million.

The impact on opening retained earnings arose because interest rate swaps held by our VIEs to hedge their exposure to interest rate risk did not qualify for hedge accounting prior to consolidation. Since the new rules required us to reflect the results of the consolidated VIEs as if they had always been consolidated, without restatement of prior periods, the amount of mark to market losses prior to November 1, 2004 was recognized through our opening retained earnings. These derivatives qualified for hedge accounting while the VIEs were consolidated.

On April 29, 2005, we completed the restructuring of our customer securitization VIEs and as a result they no longer met the criteria for consolidation. The impact on the Consolidated Statement of Income of deconsolidating these entities on April 29, 2005, was an increase in non-interest revenue, other, of $44 million, an increase in income taxes of $7 million and an increase in net income of $37 million, representing the reversal of the unamortized mark to market losses on swaps that had been charged against retained earnings.

Our involvement with these and other VIEs is summarized in Note 8 to our consolidated financial statements for the year ended October 31, 2005, as set out on pages 105 and 106 of our 2005 Annual Report.

3. Allowance for Credit Losses

The allowance for credit losses recorded in our Consolidated Balance Sheet is maintained at a level which we consider adequate to absorb credit-related losses on our loans, customers' liability under acceptances and other credit instruments. The portion related to other credit instruments is recorded in other liabilities in our Consolidated Balance Sheet. As at January 31, 2006 and January 31, 2005 there was no 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)	For the three months ended					
	Specific allowance		General allowance		Total	
	January 31, 2006	January 31, 2005	**January 31, 2006**	January 31, 2005	**January 31, 2006**	January 31, 2005
Balance at beginning of period	**$ 169**	$ 298	**$ 959**	$ 1,010	**$ 1,128**	$ 1,308
Provision for credit losses	**52**	43	**-**	-	**52**	43
Recoveries	**20**	16	**-**	-	**20**	16
Write-offs	**(71)**	(72)	**-**	-	**(71)**	(72)
Foreign exchange and other	**-**	12	**(14)**	7	**(14)**	19
Balance at end of period	**$ 170**	$ 297	**$ 945**	$ 1,017	**$ 1,115**	$ 1,314

4. **Securitization**

During the quarter ended January 31, 2006, we securitized residential mortgages totalling $500 million for total cash proceeds of $496 million. The key weighted average assumptions used to value the deferred purchase price for these securitizations was an average term of 4.9 years, a prepayment rate of 14.20%, an interest rate of 4.99% and a discount rate of 3.70%. There were no expected credit losses as the mortgages are guaranteed by third parties. We retained responsibility for servicing these mortgages. We recorded $1 million of gains in non-interest revenue, securitization revenues, $14 million of deferred purchase price in other assets and $3 million of servicing liability in other liabilities related to the securitization of those loans.

In addition, gains on sales of loans sold to all revolving securitization vehicles were $13 million, for the quarter ended January 31, 2006.

5. **Acquisition**

Villa Park Trust and Savings Bank

On December 1, 2005, we completed the acquisition of Chicago-based Villa Park Trust and Savings Bank ("Villa Park"), a community bank, for total cash consideration of $75 million. The results of Villa Park's operations have been included in our consolidated financial statements since that date. The acquisition of Villa Park provides us with the opportunity to expand our banking services in the Chicago, Illinois market. As part of this acquisition, we acquired a core deposit intangible asset, which will be amortized on an accelerated basis over 10 years. Goodwill related to this acquisition is not deductible for tax purposes. Villa Park is part of our Personal and Commercial Client Group - Chicagoland Banking reporting segment.

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

(Canadian $ in millions)		Villa Park
Cash resources	$	16
Securities		56
Loans		247
Premises and equipment		4
Goodwill		43
Core deposit intangible asset		7
Other assets		2
Total assets		375
Deposits		296
Other liabilities		4
Total liabilities		300
Purchase price	$	75

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

During the quarter ended January 31, 2005, we acquired Mercantile Bancorp, Inc., a community bank, for total cash consideration of $194 million.

6. **Employee Compensation**

Stock Options

During the quarter ended January 31, 2006, we granted a total of 1,367,700 stock options. The weighted-average fair value of these options was $10.17 per option and was determined using a trinomial option pricing model, based on the following weighted-average assumptions:

For stock options granted during the three months ended January 31, 2006	
Expected dividend yield	3.1%
Expected share price volatility	20.2%
Risk-free rate of return	4.0%
Expected period until exercise	7.2 years

6. Employee Compensation (continued)

Pension and Other Employee Future Benefit Expenses
We recorded pension and other employee future benefit expenses as follows:

(Canadian $ in millions)	Pension benefit plans		Other employee future benefit plans	
	For the three months ended		For the three months ended	
	January 31, 2006	January 31, 2005	**January 31, 2006**	January 31, 2005
Benefits earned by employees	**$ 34**	$ 31	**$ 5**	$ 4
Interest cost on accrued benefit liability	**52**	51	**11**	11
Actuarial loss recognized in expense	**21**	16	**4**	3
Amortization of plan amendment costs	**1**	1	**(2)**	(1)
Expected return on plan assets	**(62)**	(57)	**(1)**	(1)
Benefits expense	**46**	42	**17**	16
Canada and Quebec pension plan expense	**13**	12	**-**	-
Defined contribution expense	**3**	3	**-**	-
Total pension and other employee future benefit expenses	**$ 62**	$ 57	**$ 17**	$ 16

7. Subordinated Debt

On February 2, 2006, we announced our intention to redeem all of our 7.40% Debentures, Series 19, due 2011, on March 14, 2006, totalling $125 million. The debentures will be redeemed at a redemption price of 100 percent of the principal amount plus unpaid accrued interest to the redemption date.

8. Share Capital

During the quarter ended January 31, 2006, we repurchased 538,200 common shares at an average cost of $60.33 per share, totalling $32 million. During the quarter ended January 31, 2005, we repurchased 2,046,500 common shares at an average cost of $56.16 per share, totalling $115 million. There have been 1,354,500 common shares repurchased under the existing normal course issuer bid that expires on Septembe 5, 2006 and pursuant to which we are permitted to repurchase up to 15,000,000 common shares.

Share Capital Outstanding (a)

(Canadian $ in millions, except as noted)	**January 31, 2006**		
	Number	Principal Amount	Convertible into…
Preferred Shares - classified as liabilities			
Class B – Series 4	8,000,000	$ 200	common shares (b)
Class B – Series 6	10,000,000	250	common shares (b)
Preferred Shares - classified as liabilities		450	
Preferred Shares - classified as equity			
Class B – Series 5	8,000,000	200	-
Class B – Series 10 (c)	12,000,000	396	common shares (b)
Preferred Shares - classified as equity		596	
Common Shares	502,676,228	4,120	-
Total outstanding share capital - classified as equity		$ 4,716	
Stock options issued under stock option plan		n/a	25,622,756 common shares

(a) For additional information refer to Notes 20 and 21 to our consolidated financial statements for the year ended October 31, 2005 on pages 118 to 120 of our 2005 Annual Report.
(b) The number of shares issuable on conversion is not determinable until the date of conversion.
(c) Face value is US$300 million.
n/a – not applicable

9. United States Generally Accepted Accounting Principles

Reporting under United States GAAP would have resulted in the following:

(Canadian $ in millions, except earnings per share figures)	For the three months ended January 31, 2006	January 31, 2005
Net Income - Canadian GAAP	**$ 630**	$ 602
United States GAAP adjustments	**(61)**	(52)
Net Income - United States GAAP	**$ 569**	$ 550
Earnings Per Share		
Basic - Canadian GAAP	**$ 1.24**	$ 1.18
Basic - United States GAAP	**1.12**	1.08
Diluted - Canadian GAAP	**1.22**	1.16
Diluted - United States GAAP	**1.10**	1.06

During the quarter ended January 31, 2006, we adopted the new United States accounting standard on stock-based compensation. Under United States GAAP, stock-based compensation granted to employees eligible to retire should be expensed at the time of grant. The impact of adopting this standard was to increase non-interest expense by $42 million ($29 million after tax) in the quarter ended January 31, 2006. Under Canadian GAAP, stock-based compensation is expensed over the vesting period.

10. Operating and Geographic Segmentation

Operating Groups

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

Beginning in the quarter ended January 31, 2006, we have amended our segment information to include both Personal and Commercial Client Group - Canada and Personal and Commercial Client Group - Chicagoland Banking as reporting segments. Prior period information has been restated to reflect this new reporting basis.

Personal and Commercial Client Group

Personal and Commercial Client Group is comprised of two operating segments - Personal and Commercial Client Group - Canada and Personal and Commercial Client Group - Chicagoland Banking.

Personal and Commercial Client Group - Canada

Personal and Commercial Client Group - Canada ("P&C Canada") offers a full range of products and services to personal and business clients in Canada through branches and direct banking channels such as telephone banking, online banking and a network of automated banking machines.

Personal and Commercial Client Group - Chicagoland Banking

Personal and Commercial Client Group - Chicagoland Banking ("P&C Chicagoland Banking") offers a full range of products and services to personal and business clients in the United States, primarily in the Chicago area and Northwest Indiana, through branches and direct banking channels such as telephone banking, online banking and a network of automated banking machines.

Private Client Group

Private Client Group ("PCG") brings together all of our wealth management businesses. Operating primarily in Canada and the United States, PCG serves a full range of North American client segments, from mainstream to ultra-high net worth, as well as select institutional market segments. PCG offers its clients a broad range of wealth management products and services, including full-service and direct investing, private banking and investment products, providing the tools they need to accumulate, protect and grow their financial assets.

10. **Operating and Geographic Segmentation** (continued)

Investment Banking Group
Investment Banking Group ("IBG") combines all of our businesses serving corporate, institutional and government clients. In Canada, its client base comprises large corporations and institutions across a broad range of industry sectors. In the United States, it serves middle-market and institutional clients in selected sectors. IBG also serves institutional and government clients in the United Kingdom, Europe and Asia. It offers clients complete financial solutions across the entire balance sheet, including public and private debt and equity underwriting, cash management, corporate lending, securitization, foreign exchange and trade finance. The group also offers financial advisory services in mergers and acquisitions and restructurings, while providing investing clients with research, sales and trading services.

Corporate Support
Corporate Support includes Technology and Solutions ("T&S") and the Corporate units that provide expertise and governance support in areas such as strategic planning, law, finance, internal audit, risk management, corporate communications, economics, corporate marketing, human resources and learning. Operating results for Corporate Support include revenues and expenses associated with certain securitization activities, the hedging of foreign-source earnings and activities related to the management of certain balance sheet positions and our overall asset liability structure.

T&S manages, maintains and provides governance over information technology, real estate, operations services and sourcing for the Bank. The unit focuses on enterprise-wide priorities that improve quality and efficiency.

Operating results for T&S are included with Corporate Support for reporting purposes. However, costs of T&S services are transferred to P&C, PCG, and IBG and only minor amounts are retained in T&S's results. As such, results for Corporate Support largely reflect operating results of Corporate units.

Corporate Support also includes residual revenues and expenses representing the differences between actual amounts earned or incurred and the amounts allocated to operating groups.

Basis of Presentation
The results of these operating groups are based on our internal financial reporting systems. The accounting policies used in these groups are generally consistent with those followed in the preparation of the consolidated financial statements as disclosed in Notes 1 and 2. Notable accounting measurement differences are the taxable equivalent basis adjustment and the provision for credit losses, as described below.

Taxable Equivalent Basis
We analyze net interest income on a taxable equivalent basis ("teb"). This basis includes an adjustment which increases GAAP revenues and the GAAP provision for income taxes by an amount that would raise revenues on certain tax-exempt securities to a level that would incur tax at the statutory rate.

Analysis on a teb basis neutralizes the impact of investing in tax-exempt or tax-advantaged securities rather than fully taxable securities with higher yields. It reduces distortions in net interest income related to the choice of tax-advantaged and taxable investments.

Provisions for Credit Losses
Provisions for credit losses are generally allocated to each group based on expected losses for that group over an economic cycle. Differences between expected loss provisions and provisions required under GAAP are included in Corporate Support.

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

Geographic Information
We operate primarily in Canada and the United States but 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.

Prior periods have been restated to give effect to the current period's organization structure and presentation changes.

10. **Operating and Geographic Segmentation** (continued)

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

(Canadian $ in millions)

For the three months ended **January 31, 2006**	P&C Canada	P&C Chicagoland Banking	PCG	IBG	Corporate Support (1)	Total (teb basis) (2)	Teb adjustments	Total (GAAP basis)
Net interest income	**$ 726**	**$ 185**	**$ 138**	**$ 207**	**$ (43)**	**$ 1,213**	**$ (31)**	**$ 1,182**
Non-interest revenue	**370**	**40**	**326**	**536**	**27**	**1,299**	**-**	**1,299**
Total Revenue	**1,096**	**225**	**464**	**743**	**(16)**	**2,512**	**(31)**	**2,481**
Provision for credit losses	**78**	**8**	**1**	**20**	**(55)**	**52**	**-**	**52**
Non-interest expense	**618**	**160**	**322**	**411**	**34**	**1,545**	**-**	**1,545**
Income before taxes and non-controlling interest in subsidiaries	**400**	**57**	**141**	**312**	**5**	**915**	**(31)**	**884**
Income taxes	**134**	**23**	**47**	**84**	**(22)**	**266**	**(31)**	**235**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**19**	**19**	**-**	**19**
Net Income	**$ 266**	**$ 34**	**$ 94**	**$ 228**	**$ 8**	**$ 630**	**$ -**	**$ 630**
Average Assets	**$ 111,467**	**$ 21,625**	**$ 6,428**	**$ 161,100**	**$ 4,557**	**$ 305,177**	**$ -**	**$ 305,177**
Goodwill (As At)	**$ 93**	**$ 591**	**$ 325**	**$ 98**	**$ 2**	**$ 1,109**	**$ -**	**$ 1,109**

For the three months ended January 31, 2005	P&C Canada	P&C Chicagoland Banking	PCG	IBG	Corporate Support (1)	Total (teb basis) (2)	Teb adjustments	Total (GAAP basis)
Net interest income	$ 699	$ 174	$ 140	$ 276	$ (63)	$ 1,226	$ (28)	$ 1,198
Non-interest revenue	370	42	342	432	27	1,213	-	1,213
Total Revenue	1,069	216	482	708	(36)	2,439	(28)	2,411
Provision for credit losses	67	7	1	25	(57)	43	-	43
Non-interest expense	606	156	368	372	31	1,533	-	1,533
Income before taxes and non-controlling interest in subsidiaries	396	53	113	311	(10)	863	(28)	835
Income taxes	133	22	40	74	(22)	247	(28)	219
Non-controlling interest in subsidiaries	-	-	-	-	14	14	-	14
Net Income	$ 263	$ 31	$ 73	$ 237	$ (2)	$ 602	$ -	$ 602
Average Assets	$ 103,609	$ 19,330	$ 7,042	$ 161,141	$ 5,032	$ 296,154	$ -	$ 296,154
Goodwill (As At)	$ 93	$ 578	$ 825	$ 103	$ 3	$ 1,602	$ -	$ 1,602

For the three months ended **January 31, 2006**	Canada	United States	Other Countries	Total (2)
Net interest income	**$ 866**	**$ 309**	**$ 38**	**$ 1,213**
Non-interest revenue	**939**	**314**	**46**	**1,299**
Total Revenue	**1,805**	**623**	**84**	**2,512**
Provision for credit losses	**49**	**3**	**-**	**52**
Non-interest expense	**1,089**	**422**	**34**	**1,545**
Income before taxes and non-controlling interest in subsidiaries	**667**	**198**	**50**	**915**
Income taxes	**199**	**66**	**1**	**266**
Non-controlling interest in subsidiaries	**14**	**5**	**-**	**19**
Net Income	**$ 454**	**$ 127**	**$ 49**	**$ 630**
Average Assets	**$ 199,732**	**$ 79,539**	**$ 25,906**	**$ 305,177**

For the three months ended January 31, 2005	Canada	United States	Other Countries	Total (2)
Net interest income	$ 888	$ 312	$ 26	$ 1,226
Non-interest revenue	831	334	48	1,213
Total Revenue	1,719	646	74	2,439
Provision for credit losses	52	(2)	(7)	43
Non-interest expense	1,089	417	27	1,533
Income before taxes and non-controlling interest in subsidiaries	578	231	54	863
Income taxes	202	69	(24)	247
Non-controlling interest in subsidiaries	8	6	-	14
Net Income	$ 368	$ 156	$ 78	$ 602
Average Assets	$ 203,395	$ 71,219	$ 21,540	$ 296,154

(1) Corporate Support includes Technology and Solutions.
(2) Taxable equivalent basis - see Basis of Presentation section.