BANK OF MONTREAL
CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Canadian $ in millions, except as noted)	For the three months ended					For the six months ended	
	April 30, 2006	January 31, 2006	October 31, 2005	July 31, 2005	April 30, 2005	**April 30, 2006**	April 30, 2005
Interest, Dividend and Fee Income							
Loans	**$ 2,340**	$ 2,242	$ 2,098	$ 1,989	$ 1,843	**$ 4,582**	$ 3,641
Securities	**473**	509	457	484	461	**982**	889
Deposits with banks	**172**	167	164	170	160	**339**	272
	2,985	2,918	2,719	2,643	2,464	**5,903**	4,802
Interest Expense							
Deposits	**1,308**	1,213	1,074	961	875	**2,521**	1,668
Subordinated debt	**41**	42	47	56	52	**83**	99
Preferred shares and capital trust securities	**25**	25	25	21	26	**50**	51
Other liabilities	**498**	456	379	391	330	**954**	605
	1,872	1,736	1,525	1,429	1,283	**3,608**	2,423
Net Interest Income	**1,113**	1,182	1,194	1,214	1,181	**2,295**	2,379
Provision for credit losses (Note 3)	**66**	52	57	73	6	**118**	49
Net Interest Income After Provision for Credit Losses	**1,047**	1,130	1,137	1,141	1,175	**2,177**	2,330
Non-Interest Revenue							
Securities commissions and fees	**292**	252	272	255	299	**544**	565
Deposit and payment service charges	**179**	180	187	188	180	**359**	359
Trading revenues	**180**	221	169	83	60	**401**	161
Lending fees	**77**	78	76	89	73	**155**	148
Card fees	**94**	91	60	98	88	**185**	176
Investment management and custodial fees	**69**	76	77	79	74	**145**	149
Mutual fund revenues	**126**	115	116	113	106	**241**	208
Securitization revenues	**4**	20	34	26	33	**24**	53
Underwriting and advisory fees	**113**	98	101	92	77	**211**	164
Investment securities gains	**30**	18	79	37	12	**48**	49
Foreign exchange, other than trading	**49**	43	48	42	45	**92**	90
Insurance income	**51**	46	38	44	39	**97**	80
Other	**96**	61	169	51	130	**157**	227
	1,360	1,299	1,426	1,197	1,216	**2,659**	2,429
Net Interest Income and Non-Interest Revenue	**2,407**	2,429	2,563	2,338	2,391	**4,836**	4,759
Non-Interest Expense							
Employee compensation (Note 6)	**943**	965	962	933	925	**1,908**	1,851
Premises and equipment	**296**	288	334	315	312	**584**	615
Amortization of intangible assets	**12**	11	22	24	24	**23**	48
Travel and business development	**63**	50	69	68	60	**113**	110
Communications	**31**	25	33	29	32	**56**	60
Business and capital taxes	**25**	27	28	29	26	**52**	50
Professional fees	**72**	58	65	58	59	**130**	120
Other	**129**	121	123	123	141	**250**	258
Total Non-Interest Expense	**1,571**	1,545	1,636	1,579	1,579	**3,116**	3,112
Income Before Provision for Income Taxes and Non-Controlling Interest in Subsidiaries	**836**	884	927	759	812	**1,720**	1,647
Income taxes	**173**	235	254	204	198	**408**	417
	663	649	673	555	614	**1,312**	1,230
Non-controlling interest in subsidiaries	**19**	19	16	14	14	**38**	28
Net Income	**$ 644**	$ 630	$ 657	$ 541	$ 600	**$ 1,274**	$ 1,202
Preferred share dividends	**$ 8**	$ 8	$ 8	$ 6	$ 8	**$ 16**	$ 16
Net income available to common shareholders	**$ 636**	$ 622	$ 649	$ 535	$ 592	**$ 1,258**	$ 1,186
Average common shares (in thousands)	**502,502**	501,374	500,383	499,152	499,415	**501,929**	500,357
Average diluted common shares (in thousands)	**512,743**	511,600	510,378	509,384	510,237	**512,146**	511,611
Earnings Per Share (Canadian $)							
Basic	**$ 1.27**	$ 1.24	$ 1.30	$ 1.07	$ 1.19	**$ 2.51**	$ 2.37
Diluted	**1.24**	1.22	1.27	1.05	1.16	**2.46**	2.32
Dividends Declared Per Common Share	**0.53**	0.49	0.49	0.46	0.46	**1.02**	0.90

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				
	April 30, 2006	January 31, 2006	October 31, 2005	July 31, 2005	April 30, 2005
Assets					
Cash Resources	**$ 19,560**	$ 19,933	$ 20,721	$ 20,402	$ 21,141
Securities					
Investment	**13,075**	12,032	12,936	14,175	15,698
Trading	**45,850**	49,644	44,309	43,146	43,717
Loan substitutes	**11**	11	11	11	11
	58,936	61,687	57,256	57,332	59,426
Loans					
Residential mortgages	**63,055**	62,652	60,871	59,737	57,703
Consumer instalment and other personal	**28,873**	28,206	27,929	27,241	26,714
Credit cards	**4,874**	4,709	4,648	4,717	4,557
Businesses and governments	**52,121**	48,289	47,803	48,181	47,716
Securities borrowed or purchased under resale agreements	**33,116**	29,853	28,280	27,259	31,357
	182,039	173,709	169,531	167,135	168,047
Customers' liability under acceptances	**6,639**	5,988	5,934	5,683	5,814
Allowance for credit losses (Note 3)	**(1,117)**	(1,115)	(1,128)	(1,200)	(1,220)
	187,561	178,582	174,337	171,618	172,641
Other Assets					
Derivative financial instruments	**31,523**	30,664	31,517	26,174	23,031
Premises and equipment	**1,841**	1,818	1,847	1,863	1,875
Goodwill	**1,098**	1,109	1,091	1,604	1,632
Intangible assets	**172**	186	196	426	462
Other	**11,719**	11,786	10,567	10,970	12,148
	46,353	45,563	45,218	41,037	39,148
Total Assets	**$ 312,410**	$ 305,765	$ 297,532	$ 290,389	$ 292,356
Liabilities and Shareholders' Equity					
Deposits					
Banks	**$ 23,394**	$ 25,940	$ 25,473	$ 25,265	$ 23,536
Businesses and governments	**94,234**	90,783	92,437	87,462	89,698
Individuals	**76,860**	76,536	75,883	76,023	77,811
	194,488	193,259	193,793	188,750	191,045
Other Liabilities					
Derivative financial instruments	**30,413**	28,810	28,868	24,972	21,862
Acceptances	**6,639**	5,988	5,934	5,683	5,814
Securities sold but not yet purchased	**15,653**	14,161	16,142	14,703	13,674
Securities lent or sold under repurchase agreements	**31,467**	31,005	22,657	26,159	28,694
Other	**14,713**	14,299	12,203	11,826	12,887
	98,885	94,263	85,804	83,343	82,931
Subordinated Debt (Note 7)	**3,025**	2,456	2,469	3,099	3,420
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)	**4,741**	4,716	4,618	4,585	4,512
Contributed surplus	**26**	23	20	18	15
Net unrealized foreign exchange loss	**(806)**	(740)	(612)	(483)	(380)
Retained earnings	**10,451**	10,188	9,840	9,477	9,213
	14,412	14,187	13,866	13,597	13,360
Total Liabilities and Shareholders' Equity	**$ 312,410**	$ 305,765	$ 297,532	$ 290,389	$ 292,356

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		For the six months ended	
	April 30, 2006	April 30, 2005	**April 30, 2006**	April 30, 2005
Preferred Shares				
Balance at beginning of period	**$ 596**	$ 596	**$ 596**	$ 596
Balance at End of Period	**596**	596	**596**	596
Common Shares				
Balance at beginning of period	**4,120**	3,896	**4,022**	3,857
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**21**	17	**40**	35
Issued under the Stock Option Plan	**19**	28	**102**	63
Issued on the exchange of shares of a subsidiary corporation	**-**	-	**-**	2
Repurchased for cancellation (Note 8)	**(15)**	(25)	**(19)**	(41)
Balance at End of Period	**4,145**	3,916	**4,145**	3,916
Contributed Surplus				
Balance at beginning of period	**23**	12	**20**	10
Stock option expense	**3**	3	**6**	5
Balance at End of Period	**26**	15	**26**	15
Net Unrealized Foreign Exchange Loss				
Balance at beginning of period	**(740)**	(432)	**(612)**	(497)
Unrealized gain (loss) on translation of net investments in foreign operations	**(177)**	137	**(524)**	317
Hedging gain (loss)	**169**	(131)	**504**	(307)
Income taxes	**(58)**	46	**(174)**	107
Balance at End of Period	**(806)**	(380)	**(806)**	(380)
Retained Earnings				
Balance at beginning of period	**10,188**	9,006	**9,840**	8,773
Cumulative impact of adopting new accounting requirements for Variable Interest Entities, net of applicable income taxes (Note 2)	**-**	-	**-**	(42)
	10,188	9,006	**9,840**	8,731
Net income	**644**	600	**1,274**	1,202
Dividends - Preferred shares	**(8)**	(8)	**(16)**	(16)
- Common shares	**(266)**	(230)	**(512)**	(450)
Common shares repurchased for cancellation (Note 8)	**(107)**	(155)	**(135)**	(254)
Balance at End of Period	**10,451**	9,213	**10,451**	9,213
Total Shareholders' Equity	**$ 14,412**	$ 13,360	**$ 14,412**	$ 13,360

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		For the six months ended	
	April 30, 2006	April 30, 2005	**April 30, 2006**	April 30, 2005
Cash Flows from Operating Activities				
Net income	**$ 644**	$ 600	**$ 1,274**	$ 1,202
Adjustments to determine net cash flows provided by (used in) operating activities				
Write-down of investment securities	**-**	-	**8**	7
Net gain on investment securities	**(30)**	(12)	**(56)**	(56)
Net (increase) decrease in trading securities	**3,474**	(5,390)	**(2,518)**	(7,663)
Provision for credit losses	**66**	6	**118**	49
Loss (gain) on sale of securitized loans (Note 4)	**2**	(23)	**(12)**	(42)
Change in derivative financial instruments				
(Increase) decrease in derivative asset	**(1,670)**	(563)	**(699)**	2,093
Increase (decrease) in derivative liability	**2,445**	259	**2,303**	(1,837)
Amortization of premises and equipment	**89**	90	**177**	185
Amortization of intangible assets	**12**	24	**23**	48
Future income tax (benefit) expense	**(34)**	(11)	**8**	40
Net decrease in current income taxes	**(137)**	(65)	**(235)**	(344)
Change in accrued interest				
Increase in interest receivable	**(32)**	(113)	**(38)**	(151)
Increase (decrease) in interest payable	**74**	89	**(10)**	84
Changes in other items and accruals, net	**806**	1,812	**1,463**	39
Net Cash Provided by (Used in) Operating Activities	**5,709**	(3,297)	**1,806**	(6,346)
Cash Flows from Financing Activities				
Net increase in deposits	**2,481**	7,386	**4,482**	12,273
Net increase (decrease) in securities sold but not yet purchased	**1,515**	1,868	**(436)**	3,180
Net increase in securities lent or sold under repurchase agreements	**758**	5,047	**9,626**	6,846
Net increase in liabilities of subsidiaries	**395**	734	**723**	497
Repayment of subordinated debt (Note 7)	**(125)**	-	**(125)**	-
Proceeds from issuance of subordinated debt (Note 7)	**700**	500	**700**	1,000
Proceeds from issuance of common shares	**40**	45	**142**	98
Common shares repurchased for cancellation (Note 8)	**(122)**	(180)	**(154)**	(295)
Dividends paid	**(274)**	(238)	**(528)**	(466)
Net Cash Provided by Financing Activities	**5,368**	15,162	**14,430**	23,133
Cash Flows from Investing Activities				
Net (increase) decrease in interest bearing deposits with banks	**(31)**	(1,299)	**891**	(2,673)
Purchases of investment securities	**(4,203)**	(4,011)	**(6,375)**	(8,322)
Maturities of investment securities	**1,472**	1,742	**3,369**	3,860
Proceeds from sales of investment securities	**1,530**	1,909	**2,392**	4,377
Net increase in loans, customers' liability				
under acceptances and loan substitute securities	**(7,776)**	(5,121)	**(12,040)**	(7,329)
Proceeds from securitization of loans (Note 4)	**1,279**	695	**1,775**	1,438
Net increase in securities borrowed or purchased under resale agreements	**(3,457)**	(6,649)	**(5,467)**	(8,278)
Proceeds from sales of land and buildings	**-**	148	**-**	148
Premises and equipment - net purchases	**(122)**	(90)	**(198)**	(139)
Acquisitions (Note 5)	**(1)**	-	**(76)**	(194)
Net Cash Used in Investing Activities	**(11,309)**	(12,676)	**(15,729)**	(17,112)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(75)**	125	**(169)**	208
Net Increase (Decrease) in Cash and Cash Equivalents	**(307)**	(686)	**338**	(117)
Cash and Cash Equivalents at Beginning of Period	**3,057**	3,175	**2,412**	2,606
Cash and Cash Equivalents at End of Period	**$ 2,750**	$ 2,489	**$ 2,750**	$ 2,489

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 six months ended April 30, 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.

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

(Canadian $ in millions)	For the three months ended						For the six months ended					
	Specific allowance		General allowance		Total		Specific allowance		General allowance		Total	
	April 30, 2006	April 30, 2005	**April 30, 2006**	April 30, 2005	**April 30, 2006**	April 30, 2005	**April 30, 2006**	April 30, 2005	**April 30, 2006**	April 30, 2005	**April 30, 2006**	April 30, 2005
Balance at beginning of period	**$ 170**	$ 297	**$ 945**	$ 1,017	**$ 1,115**	$ 1,314	**$ 169**	$ 298	**$ 959**	$ 1,010	**$ 1,128**	$ 1,308
Provision for credit losses	**66**	46	**-**	(40)	**66**	6	**118**	89	**-**	(40)	**118**	49
Recoveries	**35**	15	**-**	-	**35**	15	**55**	31	**-**	-	**55**	31
Write-offs	**(91)**	(107)	**-**	-	**(91)**	(107)	**(162)**	(179)	**-**	-	**(162)**	(179)
Foreign exchange and other	**(2)**	3	**(6)**	6	**(8)**	9	**(2)**	15	**(20)**	13	**(22)**	28
Balance at end of period	**$ 178**	$ 254	**$ 939**	$ 983	**$ 1,117**	$ 1,237	**$ 178**	$ 254	**$ 939**	$ 983	**$ 1,117**	$ 1,237
Comprised of:												
Loans	**$ 178**	$ 237	**$ 939**	$ 983	**$ 1,117**	$ 1,220	**$ 178**	$ 237	**$ 939**	$ 983	**$ 1,117**	$ 1,220
Other credit instruments	**-**	17	**-**	-	**-**	17	**-**	17	**-**	-	-	17

4. Securitization

During the quarter ended April 30, 2006, we securitized residential mortgages totalling $1,304 million for total cash proceeds of $1,279 million ($1,804 million and $1,775 million respectively, for the six months ended April 30, 2006). The key weighted average assumptions used to value the deferred purchase price for these securitizations was an average term of 4.2 years, a prepayment rate of 8.00%, an interest rate of 4.64% and a discount rate of 4.26% (4.4 years and 9.72%, 4.74% and 4.10% respectively, for the six months ended April 30, 2006). There were no expected credit losses as the mortgages are guaranteed by third parties. We retained responsibility for servicing these mortgages. We recorded $11 million of losses in non-interest revenue, securitization revenues, $36 million of deferred purchase price in other assets and $10 million of servicing liability in other liabilities related to the securitization of those loans ($10 million, $50 million and $13 million respectively, for the six months ended April 30, 2006).

In addition, gains on sales of loans sold to all revolving securitization vehicles were $9 million, for the quarter ended April 30, 2006 (gains of $22 million for the six months ended April 30, 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 $76 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	54
Loans	247
Premises and equipment	4
Goodwill	44
Core deposit intangible asset	7
Other assets	4
Total assets	376
Deposits	296
Other liabilities	4
Total liabilities	300
Purchase price	$ 76

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 six months ended April 30, 2006, we granted a total of 1,379,100 stock options. The weighted-average fair value of these options was $10.18 per option and was determined using a trinomial option pricing model, based on the following weighted-average assumptions:

For stock options granted during the six months ended April 30, 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

Future Change in Accounting Policy
During the quarter ended April 30, 2006, the CICA issued proposed requirements for comment on stock-based compensation. Under these proposed requirements, stock-based compensation granted to employees eligible to retire should be expensed at the time of grant. Stock-based compensation granted to employees eligible to retire during the vesting period, should be expensed over the period from the grant date to the date that the employee is eligible to retire. Currently, these amounts are expensed over the vesting period. The effective date has not been finalized; however, we expect to adopt these new requirements in the year ended October 31, 2006 on a retroactive basis. We do not expect this change to have a material impact on our Consolidated Statement of Income for the year ending October 31, 2006.

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	
	April 30, 2006	April 30, 2005	**April 30, 2006**	April 30, 2005
Benefits earned by employees	**$ 35**	$ 31	**$ 5**	$ 4
Interest cost on accrued benefit liability	**52**	50	**11**	11
Actuarial loss recognized in expense	**21**	17	**3**	3
Amortization of plan amendment costs	**2**	1	**-**	(2)
Expected return on plan assets	**(64)**	(57)	**(1)**	(1)
Benefits expense	**46**	42	**18**	15
Canada and Quebec pension plan expense	**15**	14	**-**	-
Defined contribution expense	**3**	3	**-**	-
Total pension and other employee future benefit expenses	**$ 64**	$ 59	**$ 18**	$ 15

(Canadian $ in millions)	Pension benefit plans		Other employee future benefit plans	
	For the six months ended		For the six months ended	
	April 30, 2006	April 30, 2005	**April 30, 2006**	April 30, 2005
Benefits earned by employees	**$ 69**	$ 62	**$ 10**	$ 8
Interest cost on accrued benefit liability	**104**	101	**22**	22
Actuarial loss recognized in expense	**42**	33	**7**	6
Amortization of plan amendment costs	**3**	2	**(2)**	(3)
Expected return on plan assets	**(126)**	(114)	**(2)**	(2)
Benefits expense	**92**	84	**35**	31
Canada and Quebec pension plan expense	**28**	26	**-**	-
Defined contribution expense	**6**	6	**-**	-
Total pension and other employee future benefit expenses	**$ 126**	$ 116	**$ 35**	$ 31

7. Subordinated Debt

On March 14, 2006, we redeemed all of our 7.40% Debentures, Series 19, due 2011, totalling $125 million. The debentures were redeemed at a redemption price of 100 per cent of the principal amount plus unpaid accrued interest to the redemption date.

On April 21, 2006, we issued $700 million of subordinated debt under our Canadian Medium-Term Note Program. The issue, Series D Medium-Term Notes, First Tranche, is due April 2021. Interest on this issue is payable semi-annually at a fixed rate of 5.10% until April 21, 2016, and at a floating rate equal to the rate on three month Bankers' Acceptances plus 1.00%, paid quarterly, thereafter to maturity.

On May 9, 2006, we redeemed all of our 8.15% Debentures, Series 21, due 2011, totalling $300 million. The debentures were redeemed at a redemption price of 100 per cent of the principal amount plus unpaid accrued interest to the redemption date.

8. Share Capital

During the quarter ended April 30, 2006, we repurchased 1,861,300 common shares at an average cost of $65.63 per share, totalling $122 million. During the quarter ended April 30, 2005, we repurchased 3,252,800 common shares at an average cost of $55.48 per share, totalling $180 million. During the six months ended April 30, 2006, we repurchased 2,399,500 common shares at an average cost of $64.45 per share, totalling $154 million. During the six months ended April 30, 2005, we repurchased 5,299,300 common shares at an average cost of $55.74 per share, totalling $295 million.

There have been 3,215,800 common shares repurchased under the existing normal course issuer bid that expires on September 5, 2006 and pursuant to which we are permitted to repurchase up to 15,000,000 common shares.

8. **Share Capital** (continued)

Share Capital Outstanding (a)

(Canadian $ in millions, except as noted)	April 30, 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	501,652,267		4,145	-
Total outstanding share capital - classified as equity		$	4,741	
Stock options issued under stock option plan			n/a	25,068,526 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				For the six months ended			
	April 30, 2006		April 30, 2005		**April 30, 2006**		April 30, 2005	
Net Income - Canadian GAAP	**$**	**644**	$	600	**$**	**1,274**	$	1,202
United States GAAP adjustments		**5**		(34)		**(56)**		(86)
Net Income - United States GAAP	**$**	**649**	$	566	**$**	**1,218**	$	1,116
Earnings Per Share								
Basic - Canadian GAAP	**$**	**1.27**	$	1.19	**$**	**2.51**	$	2.37
Basic - United States GAAP		**1.27**		1.12		**2.39**		2.20
Diluted - Canadian GAAP		**1.24**		1.16		**2.46**		2.32
Diluted - United States GAAP		**1.25**		1.09		**2.35**		2.15

During the quarter ended January 31, 2006, we adopted the new United States accounting standard on stock-based compensation prospectively, beginning with grants issued in the quarter. 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 decrease non-interest expense by $4 million ($2 million after tax) in the quarter ended April 30, 2006 and increase non-interest expense by $38 million ($27 million after tax) in the six months ended April 30, 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.

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.

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

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, are as follows:

(Canadian $ in millions)

For the three months ended **April 30, 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	**$ 700**	**$ 187**	**$ 138**	**$ 174**	**$ (56)**	**$ 1,143**	**$ (30)**	**$ 1,113**
Non-interest revenue	**397**	**40**	**349**	**552**	**22**	**1,360**	**-**	**1,360**
Total Revenue	**1,097**	**227**	**487**	**726**	**(34)**	**2,503**	**(30)**	**2,473**
Provision for credit losses	**79**	**7**	**-**	**20**	**(40)**	**66**	**-**	**66**
Non-interest expense	**628**	**174**	**337**	**409**	**23**	**1,571**	**-**	**1,571**
Income before taxes and non-controlling interest in subsidiaries	**390**	**46**	**150**	**297**	**(17)**	**866**	**(30)**	**836**
Income taxes	**131**	**19**	**54**	**52**	**(53)**	**203**	**(30)**	**173**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**19**	**19**	**-**	**19**
Net Income	**$ 259**	**$ 27**	**$ 96**	**$ 245**	**$ 17**	**$ 644**	**$ -**	**$ 644**
Average Assets	**$ 113,878**	**$ 21,936**	**$ 6,428**	**$ 167,056**	**$ 4,788**	**$ 314,086**	**$ -**	**$ 314,086**
Goodwill (As At)	**$ 93**	**$ 581**	**$ 324**	**$ 98**	**$ 2**	**$ 1,098**	**$ -**	**$ 1,098**

For the three months ended April 30, 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	$ 672	$ 185	$ 143	$ 272	$ (60)	$ 1,212	$ (31)	$ 1,181
Non-interest revenue	371	43	360	408	34	1,216	-	1,216
Total Revenue	1,043	228	503	680	(26)	2,428	(31)	2,397
Provision for credit losses	68	8	1	25	(96)	6	-	6
Non-interest expense	611	170	382	359	57	1,579	-	1,579
Income before taxes and non-controlling interest in subsidiaries	364	50	120	296	13	843	(31)	812
Income taxes	101	20	43	90	(25)	229	(31)	198
Non-controlling interest in subsidiaries	-	-	-	-	14	14	-	14
Net Income	$ 263	$ 30	$ 77	$ 206	$ 24	$ 600	$ -	$ 600
Average Assets	$ 104,408	$ 21,287	$ 7,068	$ 172,977	$ 5,122	$ 310,862	$ -	$ 310,862
Goodwill (As At)	$ 93	$ 599	$ 834	$ 103	$ 3	$ 1,632	$ -	$ 1,632

For the six months ended **April 30, 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	**$ 1,426**	**$ 372**	**$ 276**	**$ 381**	**$ (99)**	**$ 2,356**	**$ (61)**	**$ 2,295**
Non-interest revenue	**767**	**80**	**675**	**1,088**	**49**	**2,659**	**-**	**2,659**
Total Revenue	**2,193**	**452**	**951**	**1,469**	**(50)**	**5,015**	**(61)**	**4,954**
Provision for credit losses	**157**	**15**	**1**	**40**	**(95)**	**118**	**-**	**118**
Non-interest expense	**1,246**	**334**	**659**	**820**	**57**	**3,116**	**-**	**3,116**
Income before taxes and non-controlling interest in subsidiaries	**790**	**103**	**291**	**609**	**(12)**	**1,781**	**(61)**	**1,720**
Income taxes	**265**	**42**	**101**	**136**	**(75)**	**469**	**(61)**	**408**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**38**	**38**	**-**	**38**
Net Income	**$ 525**	**$ 61**	**$ 190**	**$ 473**	**$ 25**	**$ 1,274**	**$ -**	**$ 1,274**
Average Assets	**$ 112,653**	**$ 21,778**	**$ 6,428**	**$ 164,029**	**$ 4,670**	**$ 309,558**	**$ -**	**$ 309,558**
Goodwill (As At)	**$ 93**	**$ 581**	**$ 324**	**$ 98**	**$ 2**	**$ 1,098**	**$ -**	**$ 1,098**

For the six months ended April 30, 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	$ 1,371	$ 359	$ 283	$ 548	$ (123)	$ 2,438	$ (59)	$ 2,379
Non-interest revenue	741	85	702	840	61	2,429	-	2,429
Total Revenue	2,112	444	985	1,388	(62)	4,867	(59)	4,808
Provision for credit losses	135	15	2	50	(153)	49	-	49
Non-interest expense	1,217	326	750	731	88	3,112	-	3,112
Income before taxes and non-controlling interest in subsidiaries	760	103	233	607	3	1,706	(59)	1,647
Income taxes	234	42	83	164	(47)	476	(59)	417
Non-controlling interest in subsidiaries	-	-	-	-	28	28	-	28
Net Income	$ 526	$ 61	$ 150	$ 443	$ 22	$ 1,202	$ -	$ 1,202
Average Assets	$ 104,001	$ 20,293	$ 7,055	$ 166,961	$ 5,076	$ 303,386	$ -	$ 303,386
Goodwill (As At)	$ 93	$ 599	$ 834	$ 103	$ 3	$ 1,632	$ -	$ 1,632

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

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

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

(Canadian $ in millions), Taxable equivalent basis(1)

For the three months ended **April 30, 2006**	Canada	United States	Other Countries	Total
Net interest income	$ **817**	$ **296**	$ **30**	$ **1,143**
Non-interest revenue	**995**	**319**	**46**	**1,360**
Total Revenue	**1,812**	**615**	**76**	**2,503**
Provision for credit losses	**56**	**11**	**(1)**	**66**
Non-interest expense	**1,119**	**417**	**35**	**1,571**
Income before taxes and non-controlling interest in subsidiaries	**637**	**187**	**42**	**866**
Income taxes	**137**	**69**	**(3)**	**203**
Non-controlling interest in subsidiaries	**13**	**6**	**-**	**19**
Net Income	$ **487**	$ **112**	$ **45**	$ **644**
Average Assets	$ **211,779**	$ **77,501**	$ **24,806**	$ **314,086**

For the three months ended April 30, 2005	Canada	United States	Other Countries	Total
Net interest income	$ 857	$ 331	$ 24	$ 1,212
Non-interest revenue	854	326	36	1,216
Total Revenue	1,711	657	60	2,428
Provision for credit losses	32	(15)	(11)	6
Non-interest expense	1,056	491	32	1,579
Income before taxes and non-controlling interest in subsidiaries	623	181	39	843
Income taxes	199	47	(17)	229
Non-controlling interest in subsidiaries	9	5	-	14
Net Income	$ 415	$ 129	$ 56	$ 600
Average Assets	$ 208,314	$ 75,576	$ 26,972	$ 310,862

For the six months ended **April 30, 2006**	Canada	United States	Other Countries	Total
Net interest income	$ **1,683**	$ **605**	$ **68**	$ **2,356**
Non-interest revenue	**1,934**	**633**	**92**	**2,659**
Total Revenue	**3,617**	**1,238**	**160**	**5,015**
Provision for credit losses	**105**	**14**	**(1)**	**118**
Non-interest expense	**2,208**	**839**	**69**	**3,116**
Income before taxes and non-controlling interest in subsidiaries	**1,304**	**385**	**92**	**1,781**
Income taxes	**336**	**135**	**(2)**	**469**
Non-controlling interest in subsidiaries	**27**	**11**	**-**	**38**
Net Income	$ **941**	$ **239**	$ **94**	$ **1,274**
Average Assets	$ **205,656**	$ **78,537**	$ **25,365**	$ **309,558**

For the six months ended April 30, 2005	Canada	United States	Other Countries	Total
Net interest income	$ 1,745	$ 643	$ 50	$ 2,438
Non-interest revenue	1,685	660	84	2,429
Total Revenue	3,430	1,303	134	4,867
Provision for credit losses	84	(17)	(18)	49
Non-interest expense	2,145	908	59	3,112
Income before taxes and non-controlling interest in subsidiaries	1,201	412	93	1,706
Income taxes	401	116	(41)	476
Non-controlling interest in subsidiaries	17	11	-	28
Net Income	$ 783	$ 285	$ 134	$ 1,202
Average Assets	$ 205,814	$ 73,361	$ 24,211	$ 303,386

(1) Taxable equivalent basis - see Basis of Presentation section.