Management's Discussion and Analysis

MD&A commentary is as of November 27, 2007. Unless otherwise indicated, all amounts are in Canadian dollars and have been derived from financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP). The MD&A should be read in conjunction with the unaudited consolidated financial statements for the period ended October 31, 2007, included in this document, and the annual MD&A for the year ended October 31, 2006, included in BMO's 2006 Annual Report. The material that precedes this section comprises part of this MD&A.

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.

Summary Data

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs. Fiscal-2006	
Revenue per financial statements	**2,200**	(261)	(11%)	(355)	(14%)	**9,349**	(636)	(6%)
Taxable equivalent basis (teb) adjustment	**44**	11	33%	(10)	(19%)	**180**	53	42%
Revenue (teb) (1)	**2,244**	(250)	(10%)	(365)	(14%)	**9,529**	(583)	(6%)
Specific provision for credit losses	**101**	50	+100%	10	11%	**303**	92	44%
Increase in the general allowance	**50**	85	+100%	50	+100%	**50**	85	+100%
Total provision for credit losses	**151**	135	+100%	60	66%	**353**	177	+100%
Non-interest expense	**1,631**	18	1%	(28)	(2%)	**6,442**	89	1%
Restructuring charge	**24**	24	+100%	24	+100%	**159**	159	+100%
Total non-interest expense	**1,655**	42	3%	(4)	-	**6,601**	248	4%
Income taxes per financial statements	**(77)**	(194)	(+100%)	(204)	(+100%)	**189**	(528)	(+100%)
Taxable equivalent basis adjustment	**44**	11	33%	(10)	(19%)	**180**	53	42%
Income taxes (teb) (1)	**(33)**	(183)	(+100%)	(214)	(+100%)	**369**	(475)	(56%)
Non-controlling interest in subsidiaries	**19**	-	-	1	5%	**75**	(1)	(1%)
Net income	**452**	(244)	(35%)	(208)	(32%)	**2,131**	(532)	(20%)
Amortization of intangible assets (after tax)	**9**	-	-	(1)	(10%)	**38**	2	6%
Cash net income (1)	**461**	(244)	(35%)	(209)	(31%)	**2,169**	(530)	(20%)
Earnings per share – basic ($)	**0.89**	(0.48)	(35%)	(0.41)	(32%)	**4.18**	(1.07)	(20%)
Earnings per share – diluted ($)	**0.87**	(0.48)	(36%)	(0.41)	(32%)	**4.11**	(1.04)	(20%)
Cash earnings per share – diluted ($) (1)	**0.89**	(0.48)	(35%)	(0.41)	(32%)	**4.18**	(1.05)	(20%)
Return on equity (ROE)	**12.2%**		(7.2%)		(5.8%)	**14.4%**		(4.8%)
Cash ROE (1)	**12.5%**		(7.1%)		(5.7%)	**14.7%**		(4.8%)
Productivity ratio	**75.2%**		9.7%		10.3%	**70.6%**		7.0%
Productivity (teb) ratio (1)	**73.7%**		9.1%		10.2%	**69.3%**		6.5%
Cash productivity (teb) ratio (1)	**73.3%**		9.1%		10.1%	**68.8%**		6.4%
Net interest margin on earning assets	**1.47%**		(0.31%)		(0.14%)	**1.59%**		(0.22%)
Net interest margin on earning assets (teb) (1)	**1.53%**		(0.30%)		(0.15%)	**1.65%**		(0.21%)
Effective tax rate	**(19.3%)**		(33.4%)		(35.0%)	**7.9%**		(12.9%)
Effective tax rate (teb) (1)	**(7.4%)**		(24.8%)		(28.4%)	**14.3%**		(9.2%)
Capital Ratios								
Tier 1 Capital Ratio	**9.51**		(0.71%)		0.22%	**9.51%**		(0.71%)
Total Capital Ratio	**11.74**		(0.02%)		0.56%	**11.74%**		(0.02%)
Net income:								
Personal and Commercial Banking	**316**	20	7%	(60)	(16%)	**1,364**	107	9%
P&C Canada	**284**	12	4%	(66)	(19%)	**1,250**	108	9%
P&C U.S.	**32**	8	35%	6	22%	**114**	(1)	(1%)
Private Client Group	**107**	23	27%	2	1%	**408**	53	15%
BMO Capital Markets	**48**	(140)	(74%)	(148)	(75%)	**425**	(435)	(51%)
Corporate Services, including Technology and Operations (T&O)	**(19)**	(147)	(+100%)	(2)	(11%)	**(66)**	(257)	(+100%)
BMO Financial Group Net Income	**452**	(244)	(35%)	(208)	(32%)	**2,131**	(532)	(20%)

(1) These are non-GAAP amounts or non-GAAP measures. Please see footnote 2 to the preceding Operating Highlights and the Non-GAAP Measures section that follows, which outline the use of non-GAAP measures in this document.

Management's Responsibility for Financial Information

BMO's Annual Report will contain a statement signed by the President & Chief Executive Officer (CEO) and the Executive Vice-President Finance and Treasurer and Acting Chief Financial Officer (Acting CFO) outlining management's responsibility for financial information contained in the report. In addition, BMO's CEO and Acting CFO are expecting to sign certifications relating to the appropriateness of the financial disclosures in our annual filings and the design and effectiveness of our disclosure controls and procedures and internal control over financial reporting.

BMO's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of BMO; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with Canadian generally accepted accounting principles and the requirements of the Securities and Exchange Commission in the United States, as applicable, and that receipts and expenditures of BMO are being made only in accordance with authorizations of management and directors of BMO; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of BMO's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with BMO Financial Group's review of its losses in its commodities business, BMO determined at the end of the second quarter that a more appropriate market-based methodology should be used for valuing the commodities portfolio and that the independent price verification processes previously performed by BMO failed to identify price discrepancies. These factors, together with increased concerns with the reliability of quotes from BMO's principal broker used in the first quarter valuation resulted in the restatement of BMO's previously reported financial statements for the quarter ended January 31, 2007.

In light of the foregoing, BMO made the following changes in the second, third and fourth quarters:

- placed two of our commodities professionals on leave. Those individuals are no longer employed by BMO;
- changed reporting lines within BMO Capital Markets for the commodities business, appointed a new head of energy trading and hired additional key personnel;
- suspended our business relationship with the principal broker used in the first quarter valuation;
- changed our independent price verification process to incorporate a more appropriate market-based valuation methodology for determining ongoing mark-to-market valuation of the commodities portfolio; and
- increased management oversight, implemented new risk limits and reduced existing risk limits.

Except for the above changes, there were no changes in our internal control over financial reporting in fiscal 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. BMO Financial Group's management, including the CEO and Acting CFO, has evaluated the effectiveness of our internal control over financial reporting using the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management is expecting to conclude that internal control over financial reporting was effective as of October 31, 2007.

BMO will file the applicable Canadian and U.S. CEO and Acting CFO certifications with the Canadian Securities Administrators and the SEC in the United States in December 2007 when we file our Annual Report and other annual disclosure documents.

As in prior quarters, BMO's audit committee reviewed this document, including the attached unaudited interim consolidated financial statements, and BMO's Board of Directors approved the document prior to its release.

A comprehensive discussion of our businesses, strategies and objectives can be found in Management's Discussion and Analysis in BMO's 2006 Annual Report, which can be accessed on our web site at www.bmo.com/investorrelations. Readers are also encouraged to visit the site to view other quarterly financial information.

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 2007 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 and U.S. 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; interest rate and currency value fluctuations; changes in monetary policy; the degree of competition in the geographic and business areas in which we operate; changes in laws; 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; critical accounting estimates; operational and infrastructure risks; general political conditions; global capital market activities; the possible effects on our business of war or terrorist activities; disease or illness that impacts on local, national or international economies; disruptions to public infrastructure, such as transportation, communications, power or water supply; and technological changes.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect our results. For more information, please see the discussion on pages 28 and 29 of BMO's 2006 Annual Report, which outlines in detail certain key factors that may affect BMO'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, 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 statement, whether written or oral, that may be made, from time to time, by the organization or on its behalf.

Assumptions about the performance of the Canadian and U.S. economies in 2008 and how that will affect our businesses are material factors we consider when setting our strategic priorities and objectives, and in determining our financial targets, including provision for credit losses. Key assumptions include that the Canadian economy will expand at a moderate pace in 2008 while the U.S. economy expands modestly, and that inflation will remain low in North America. We also have assumed that interest rates in 2008 will decline slightly in Canada and the United States, and that the Canadian dollar will trade at approximately parity to the U.S. dollar at the end of 2008. 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. Assumptions about the terms of any agreement we enter to transfer our liability for future customer redemptions, or to change the cost structure, relating to our customer credit card loyalty rewards program are material factors we considered in assessing expected changes in the run-rate costs of the program. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining our sustainable effective tax rate.

Regulatory Filings

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

Non-GAAP Measures

BMO uses both GAAP and certain non-GAAP measures to assess performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies. The following table reconciles the non-GAAP measures, which management regularly monitors, to their GAAP counterparts.

Management discloses amounts on a basis that adjusts for certain significant items. Amounts and measures stated on a basis that excludes the significant items are considered useful as they would be expected to be more reflective of ongoing operating results. These significant items included: losses in our commodities business in 2007 and related performance-based compensation; charges related to deterioration in capital markets in the fourth quarter of 2007; restructuring charges recorded in the first and fourth quarters; and changes in the general allowance for credit losses. Since such charges tend to be irregular, adjusting for them is helpful in assessing quarterly trends in results.

Cash earnings and cash productivity measures may enhance comparisons between periods when there has been an acquisition, particularly because the purchase decision may not consider the amortization of intangible assets to be a relevant expense. Cash EPS measures are also disclosed because analysts often focus on this measure, and cash EPS is used by Thomson First Call to track third-party earnings estimates that are frequently reported in the media. Cash measures add the after-tax amortization of intangible assets to GAAP earnings to derive cash net income (and associated cash EPS) and deduct the amortization of intangible assets from non-interest expense to derive cash productivity measures.

BMO, like many banks, analyzes revenue, and ratios computed using revenue, on a taxable equivalent basis (teb). This basis includes an adjustment that 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 equivalent to amounts that would incur tax at the statutory rate. The effective income tax rate is also analyzed on a taxable equivalent basis for consistency of approach. Analysis on a taxable equivalent basis neutralizes the impact on ratios of investing in tax exempt or tax-advantaged securities rather than fully-taxable securities with higher yields. It reduces distortions in ratios between periods and between institutions related to the choice of tax-advantaged and taxable investments. In this MD&A, all revenues and tax amounts and related ratios are stated on a taxable equivalent basis, unless indicated otherwise.

Net economic profit represents cash net income available to common shareholders, less a charge for capital, and is considered an effective measure of economic value added.

GAAP and Related Non-GAAP Measures used in the MD&A

(Canadian $ in millions, except as noted)	**Q4-2007**	Q3-2007	Q4-2006	**Fiscal-2007**	Fiscal-2006
Net interest income per financial statements (a)	**1,196**	1,247	1,215	**4,843**	4,744
Non-interest revenue	**1,004**	1,308	1,246	**4,506**	5,241
Revenue per financial statements (b)	**2,200**	2,555	2,461	**9,349**	9,985
Taxable equivalent basis (teb) adjustment (c)	**44**	54	33	**180**	127
Net interest income (teb) (a+c) (d) (1)	**1,240**	1,301	1,248	**5,023**	4,871
Non-interest revenue	**1,004**	1,308	1,246	**4,506**	5,241
Revenue (teb) (e) (1)	**2,244**	2,609	2,494	**9,529**	10,112
Provision for income taxes per financial statements (f)	**(77)**	127	117	**189**	717
Taxable equivalent basis adjustment	**44**	54	33	**180**	127
Provision for income taxes (teb) (g) (1)	**(33)**	181	150	**369**	844
Non-interest expense (h)	**1,631**	1,659	1,613	**6,442**	6,353
Restructuring charge (i)	**24**	-	-	**159**	-
Total non-interest expense (j)	**1,655**	1,659	1,613	**6,601**	6,353
Amortization of intangible assets	**(11)**	(11)	(11)	**(46)**	(44)
Cash-based expense (k) (1)	**1,644**	1,648	1,602	**6,555**	6,309
Net income (l)	**452**	660	696	**2,131**	2,663
Amortization of intangible assets, net of income taxes	**9**	10	9	**38**	36
Cash net income (m) (1)	**461**	670	705	**2,169**	2,699
Preferred share dividends	**(12)**	(9)	(8)	**(43)**	(30)
Charge for capital (1)	**(378)**	(381)	(372)	**(1,523)**	(1,439)
Net economic profit (1)	**71**	280	325	**603**	1,230
Restructuring charge (i)	**24**	-	-	**159**	-
Income taxes thereon	**9**	-	-	**56**	-
Net impact of restructuring (n)	**15**	-	-	**103**	-
Commodities losses (o)	**24**	149	-	**853**	-
Performance – based compensation (p)	**-**	-	-	**(120)**	-
Related income taxes	**8**	52	-	**293**	-
Net impact of Commodities losses (q)	**16**	97	-	**440**	-
Charges related to deterioration in capital markets environment (t)	**318**	-	-	**318**	-
Income taxes thereon	**107**	-	-	**107**	-
Net impact of charges related to capital markets environment (r)	**211**	-	-	**211**	-
Increase (decrease) in general allowance	**50**	-	(35)	**50**	(35)
Income taxes thereon	**17**	-	12	**17**	12
Net impact of change in general allowance (s)	**33**	-	(23)	**33**	(23)
Net impact of significant items (n+q+r+s) (2)	**275**	97	(23)	**787**	(23)

GAAP and Related Non-GAAP Measures used in the MD&A

(Canadian $ in millions, except as noted)	**Q4-2007**	Q3-2007	Q4-2006	**Fiscal-2007**	Fiscal-2006
Productivity ratio (%) ((j/b) x 100)	**75.2**	64.9	65.5	**70.6**	63.6
Productivity (teb) ratio (1) (%) ((j/e) x 100)	**73.7**	63.6	64.6	**69.3**	62.8
Cash productivity (teb) ratio (1) (%) ((k/e) x 100)	**73.3**	63.2	64.2	**68.8**	62.4
Net interest margin annualized (%) ((a/average earning assets) x 100)	**1.47**	1.61	1.78	**1.59**	1.81
Net interest margin (teb) annualized (1) (%) ((d/average earning assets) x 100)	**1.53**	1.68	1.83	**1.65**	1.86
EPS (uses net income) ($)	**0.87**	1.28	1.35	**4.11**	5.15
Cash EPS (1) (uses cash net income) ($)	**0.89**	1.30	1.37	**4.18**	5.23
Effective tax rate (%) (f/income before income taxes)	**(19.3)**	15.7	14.1	**7.9**	20.7
Effective tax rate (teb) (%) (1) (g/income before income taxes plus teb adjustment)	**(7.4)**	21.0	17.4	**14.3**	23.6
Measures on a basis that excludes the impact of significant items (1)					
Revenue (teb) (e+o+t) (3)	**2,586**	2,758	2,494	**10,700**	10,112
Expenses (j-i-p) (4)	**1,631**	1,659	1,613	**6,562**	6,353
Cash-based expense (k-i-p) (5)	**1,620**	1,648	1,602	**6,516**	6,309
Net income (l+2)	**727**	757	673	**2,918**	2,640
Cash net income (m+2)	**736**	767	682	**2,956**	2,976
Productivity ratio (teb) (%) (4/3) x 100	**63.1**	60.2	64.6	**61.3**	62.8
Cash productivity ratio (teb) (%) (5/3) x 100	**62.7**	59.7	64.2	**60.9**	62.4
EPS (uses net income excluding significant items)	**1.42**	1.47	1.31	**5.66**	5.11
Cash EPS (uses cash net income excluding significant items)	**1.44**	1.49	1.33	**5.73**	5.19
ROE (%) (uses net income excluding significant items)	**19.9**	20.6	18.8	**19.8**	19.2
Effective tax rate (teb) (%) (g + tax on significant items)/(income before income tax + teb adjustment + impact of significant items excluding tax)	**12.6**	23.1	16.7	**22.0**	23.5

1) These are non-GAAP amounts or non-GAAP measures.

Foreign Exchange

The average Canadian/U.S. dollar exchange rate strengthened by 7% in the fourth quarter after having strengthened by close to that level in the third quarter. By October 31, 2007 the Canadian dollar had strengthened further, trading at $0.945 per U.S. dollar. The following table indicates the relevant average Canadian/U.S. dollar exchange rates and the impact of changes in the rates. At the start of each quarter, BMO enters into hedging transactions that are expected to partially offset the pre-tax effects of exchange rate fluctuations in the quarter on our U.S. dollar net income for that quarter. As such, these activities partially mitigate the impact of exchange rate fluctuations within a single quarter; hedging transactions are not, however, designed to offset the impact of year-over-year fluctuations in exchange rates.

The gain or loss from hedging transactions in future periods will be determined by both future currency fluctuations and the amount of underlying future hedging transactions, since the transactions are entered into each quarter in relation to expected U.S. dollar denominated net income for the next three months. The effect of currency fluctuations on our investments in foreign operations is discussed in the Income Taxes section.

Effects of U.S. Dollar Exchange Rate Fluctuations on BMO's Results

(Canadian $ in millions, except as noted)	Q4-2007 vs. Q4-2006	vs. Q3-2007	Fiscal-2007 vs. Fiscal-2006
Canadian/U.S. dollar exchange rate (average)			
Current period	0.9986	0.9986	1.0926
Prior period	1.1153	1.0673	1.1322
Decreased revenue	(67)	(39)	(87)
Decreased expense	45	27	57
Decreased provision for credit losses	7	4	9
Decreased income taxes	6	3	5
Decreased net income before hedging gains	(9)	(5)	(16)
Hedging gains	13	13	21
Income taxes thereon	(4)	(4)	(7)
Increased (decreased) net income	-	4	(2)

Net Income

Q4 2007 vs Q4 2006

Reported net income of $452 million for the fourth quarter of 2007 decreased $244 million from a year ago. Earnings per share were $0.87, compared with $1.35. Results included after tax losses of $275 million in respect of charges related to deterioration in capital markets, losses in our commodities business, an increase in the general allowance and a restructuring charge. Excluding these significant items, net income was $727 million, an increase of $54 million from a year ago after adjusting for a reduction in the general allowance in the prior year.

P&C Canada net income increased $12 million. There was good volume growth in a number of product areas. Revenues were affected by lower net interest margin, while expenses increased. Results in P&C Canada also included $6 million of net income arising from three items: a $107 million ($83 million after tax) gain on sale of MasterCard International Inc. shares and a $43 million recovery of prior years income taxes; less a $185 million ($120 million after tax) adjustment to increase the liability for future customer redemptions related to our credit card loyalty rewards program.

P&C U.S. net income increased US$11 million or 51% due to the First National Bank & Trust acquisition, reduced acquisition integration costs and effective cost control. Results in the quarter were encouraging, reflecting stability in net interest margin. Excluding acquisition integration costs, net income improved for the fourth successive quarter, with a cash productivity of less than 70% in the fourth quarter, on that basis. The benefits of volume growth were largely offset by lower net interest margin.

Private Client Group net income increased $23 million or 27%. Broad-based revenue growth was only partially offset by higher revenue-based costs and costs of investing to drive future revenue growth.

BMO Capital Markets net income fell by $140 million. BMO Capital Markets results were affected by a $318 million ($211 million after tax) charge for certain trading activities and valuation adjustments related to deterioration in capital markets and a $24 million ($16 million after tax) loss in our commodities business. The losses are discussed in more detail on page 4 in the Economic Outlook and Market Environment section. Excluding these significant items, there was favourable performance in a number of areas including lending, foreign exchange trading and commission revenues.

Corporate Services net income declined $147 million. Results in Corporate Services include a $24 million ($15 million after tax) net restructuring charge, and a $50 million ($33 million after tax) increase in the general allowance for credit losses. Results in the fourth quarter of 2006 included a $35 million ($23 million after tax) reduction in the general allowance for credit losses and tax benefits from the resolution of tax matters and a large number of small initiatives. Results in the current quarter also included $18 million of prior years' income tax recoveries.

The $24 million net restructuring charge comprises a $40 million charge and a recovery of $16 million in respect of the $135 million restructuring charge recorded in the first quarter. Costs of achieving the planned reductions in non-customer-facing positions were lower than anticipated mostly due to higher redeployment of staff.

Q4 2007 vs Q3 2007

Reported net income decreased $208 million or 32% from the third quarter, due largely to the deterioration in capital markets. Results in our underlying businesses were generally weaker than in the third quarter, reflecting deteriorating capital markets conditions and the softer banking environment. Net interest margins were lowered in P&C Canada by rising funding costs for variable rate loans, where there is limited opportunity to pass on the higher costs to customers. Weak capital market conditions affected activities in BMO Capital Markets although there were higher investment securities gains in the group. Private Client Group results were essentially flat relative to the third quarter because of lower commission revenue.

Fiscal 2007 vs Fiscal 2006

In fiscal 2007, net income totalled $2,131 million, a decrease of $532 million from $2,663 million a year ago. Full year results were affected by $787 million of after-tax losses in respect of the charges related to deterioration in capital markets, losses in our commodities business, an increase in the general allowance and restructuring charges. Excluding these significant items, net income was $2,918 million, an increase of $278 million or 10.5%, after adjusting for the reduction in the general allowance in the prior year.

Our commodities business incurred $853 million of losses ($440 million net of income taxes after also adjusting $120 million for reduced performance-based compensation). We recorded a $318 million ($211 million after tax) charge in the fourth quarter related to deterioration in capital market, $50 million ($33 million after tax) in the fourth quarter for an increase in the general allowance and also recorded $159 million ($103 million after-tax) in restructuring charges. In 2006, we recorded a $35 million ($23 million after tax) reduction in the general allowance.

P&C Canada achieved strong improvement, earning record net income with solid volume growth in a number of product areas, while net interest margin was unchanged as better volumes in more profitable products were offset by increased funding costs. Private Client Group net income also increased strongly as it too earned record net income. All its lines of business contributed higher revenues, with particularly strong contributions from full-service investing and mutual funds. P&C U.S. net income improved slightly on a U.S. dollar basis with results improving each quarter excluding acquisition integration costs. There was good volume growth and active management of expenses. Revenue was affected by reduced net interest margin. BMO Capital Markets was down sharply because of the commodities losses and the charges in the fourth quarter related to deterioration in the capital markets environment. Excluding those significant items, results were up strongly. A number of its businesses performed extremely well with strong growth in mergers and acquisitions fees, equity underwriting, commissions and other businesses. Corporate Services net income was down significantly due to higher provisions for credit losses, restructuring charges, reduced securitization revenues and lower income tax benefits. Higher provisions for credit losses were in part due to an increase in the general allowance in 2007 compared with a reduction in 2006.

Revenue

As explained in the preceding Non-GAAP Measures section, BMO, like many banks, analyzes revenue on a taxable equivalent basis (teb) and all revenues and ratios computed using revenue in this MD&A are stated on that basis. Changes in net interest income and non-interest revenue are reviewed in the sections that follow.

Net Interest Margin (teb) *

(In basis points)	Q4-2007	Increase (Decrease) vs. Q4-2006	Increase (Decrease) vs. Q3-2007	Fiscal-2007	Increase (Decrease) vs. Fiscal-2006
P&C Canada	**260**	(6)	(13)	**266**	-
P&C U.S.	**334**	(23)	(3)	**337**	(30)
Personal and Commercial Client Group	**271**	(9)	(12)	**277**	(5)
Private Client Group	**912**	(68)	(45)	**966**	(33)
BMO Capital Markets	**52**	(5)	(9)	**60**	(2)
Corporate Services, including Technology and Operations (T&O)	**nm**	nm	nm	**nm**	nm
BMO Financial Group	**153**	(30)	(15)	**165**	(21)
Total Canadian Retail**	**296**	(5)	(12)	**302**	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.
** Total Canadian retail margin represents the net interest margin of the combined Canadian business of P&C Canada and Private Client Group.
nm- not meaningful

Net Interest Income

Q4 2007 vs Q4 2006

Net interest income decreased $8 million or 0.7% from a year ago to $1,240 million. There was strong growth in BMO Capital Markets with reduced income in Corporate Services, related to lower interest refunds on tax recoveries and lower securitization revenues. Average earning assets increased $51 billion or 19% to $322 billion, primarily due to growth in lower-spread trading products assets and corporate loans in BMO Capital Markets as its average earning assets increased $46 billion. P&C Canada average earning assets increased $5 billion due to loan growth across all products except mortgages, which declined as expected.

BMO's overall net interest margin on average earning assets for the fourth quarter of 2007 was 1.53%, or 30 basis points lower than in the fourth quarter of the prior year. The two main drivers of the change in total bank margin are the individual group margins and the changes in the magnitude of each operating group's assets. The year-over-year decrease of 30 basis points was mainly due to growth in lower-spread assets in BMO Capital Markets. Both P&C U.S. and Private Client Group had significant margin declines but they are relatively smaller groups and their effect on the total bank margin change was minimal.

P&C Canada net interest margin declined due to increased funding costs and competitive pressures on personal and commercial loans, partially offset by increased mortgage spreads and positive mix as deposit growth improved. Net interest margin in P&C U.S. has been affected by the continued shifting of customers' preferences from higher-spread to lower-spread loan and deposit products and by competitive pressures. BMO Capital Markets net interest margin declined due to growth in low-spread assets including increased levels of high quality, highly liquid assets.

Q4 2007 vs Q3 2007

Relative to the third quarter, net interest income decreased $61 million or 4.8%, due to lower net interest margin. Average earning assets increased $14 billion primarily due to growth in fixed income assets in BMO Capital Markets. The addition of high quality and highly liquid assets was in response to the difficult capital markets environment. The net interest margin decreased by 15 basis points. Lower net interest margin in P&C Canada was primarily attributable to increased funding costs, with limited opportunity to pass on cost increases on variable rate loans as well as lower mortgage refinancing fees and competitive pressures in personal and commercial loans. The reduction in BMO Capital Markets net interest margin was due to lower spreads on corporate loans and the corporate portfolio, and growth in lower-spread fixed income assets.

Fiscal 2007 vs Fiscal 2006

Net interest income increased $152 million or 3.1%, driven by volume growth in the operating groups partly offset by lower earnings in Corporate Services. Corporate Services net interest income declined as a result of lower credit card earnings from the card loans securitization in the fourth quarter of 2006 and lower interest earned on tax refunds and reserves.

Average earning assets increased $43 billion or 16%, rising $38 billion in BMO Capital Markets and $5 billion in P&C Canada. In P&C Canada there was strong asset growth in all business lines except mortgages. There were increases in trading assets and corporate loans in BMO Capital Markets.

BMO's overall net interest margin fell 21 basis points to 1.65%. The overall decline was mainly due to the mix impact of growth in BMO Capital Markets and reduced earnings in Corporate Services. Net interest margin was stable in P&C Canada as improved mortgage spreads were offset by increased funding costs. Net interest margin was lower in P&C U.S., which has been affected by the continued shifting of customers' preferences from higher-spread to lower-spread loan and deposit products and by competitive pressures. Net interest margin also decreased in Private Client Group, primarily due to lower loan spread.

Non-Interest Revenue

Non-interest revenue decreased $242 million from a year ago to $1,004 million. In the quarter, we recorded $318 million of charges related to the deterioration in the capital markets environment, of which $310 million was recorded in non-interest revenue. This was comprised of a $295 million reduction in non-interest trading revenues and a $15 million reduction in investment securities gains. Trading non-interest revenue decreased $255 million from a year ago. Card services fees decreased $210 million due to the $185 million adjustment to increase the liability for future customer redemptions related to our credit card loyalty rewards program and the $1.5 billion cards securitization in the fourth quarter of 2007. Investment securities gains increased $102 million due to the $107 million gain on sale of MasterCard shares. There were also increases in securities commissions, lending fees, mutual fund fees and foreign exchange revenues.

Relative to the third quarter, non-interest revenue decreased $304 million. Trading revenues decreased $205 million and card services fees were $184 million lower, reflecting the factors discussed previously. Commodities losses recorded in non-interest revenue were $22 million, significantly better than the $147 million of losses in the third quarter. Securities commissions, mergers and acquisitions fees and equity underwriting fees were also appreciably lower. Investment securities gains increased $142 million, reflecting the gain on sale of MasterCard shares and the realization of a merchant banking investment. Foreign exchange revenues increased amid heightened volatility in currency markets.

Year to date, non-interest revenue decreased $735 million or 14%. The $853 million of commodities losses was comprised of $841 million charged to trading non-interest revenue and $12 million charged to trading net interest income. Trading revenues included in non-interest revenue decreased $1,205 million, largely due to the $841 million of commodities losses and the $295 million of charges in the fourth quarter. Card services fees fell $289 million due to the adjustment to increase the liability for future customer redemptions in our credit card loyalty rewards program and a credit card loan securitization in the fourth quarter of 2006, resulting in card fee revenue being subsequently recognized as securitization revenue. The remaining components of non-interest revenue increased $759 million. There were significant increases in securitization revenue, mutual fund fees, lending fees and securities commissions as well as equity underwriting and mergers and acquisitions fees, which were at particularly robust levels. Insurance revenues also increased.

Non-Interest Expense

Non-interest expense increased $42 million or 2.6% from a year ago to $1,655 million. The increase was due to the $24 million net restructuring charge and increases in professional fees, computer costs and promotion, partially offset by reduced performance-based costs. There was an increase in front-line sales and service staff in P&C Canada and Private Client Group but increased salary and benefits costs in those groups were offset by lower costs in Corporate Services. BMO's productivity ratio was 73.7% in the quarter, compared with 64.6% a year ago and 63.6% in the third quarter. The cash productivity ratio was 73.3%, compared with 64.2% a year ago. The ratios were affected by the write-downs and adjustments in the quarter.

The net restructuring charge relates to a new expense of $40 million while adding back into earnings $16 million from the original first quarter $135 million restructuring charge, mostly due to higher than anticipated staff redeployment within the organization.

Relative to the third quarter, non-interest expense decreased $4 million or 0.3%. There was a $98 million reduction in performance-based compensation, in keeping with weaker results. This was largely offset by the net restructuring charge and increases in professional fees, computer costs and business promotion.

In fiscal 2007, non-interest expense increased $248 million or 3.9%. The increase was largely attributable to the $159 million of restructuring charges and increased salary costs in respect of added front-line sales and service staff in P&C Canada and Private Client Group as well as increased staffing costs in our other businesses. There were significant increases in computer costs and depreciation as well as business promotion and communications.

Performance-based compensation was down, as a significant reduction in BMO Capital Markets was only partially offset by higher revenue-based costs in Private Client Group. BMO's productivity ratio was 69.3% for the year, compared with 62.8% a year ago.

Excluding significant items, the cash productivity ratio was 62.7% in the current quarter, compared with 59.7% in the third quarter and 64.2% a year ago. On a similarly-adjusted basis, the cash productivity ratio was 60.9% for the year and 62.4% in the comparable period of 2006.

Risk Management

Credit conditions have deteriorated somewhat from the highly favourable conditions of 2006. The provision for credit losses totalled $151 million in the fourth quarter of 2007, comprised of $101 million of specific provisions and a $50 million increase in the general allowance for credit losses. The provision for credit losses totalled $16 million in the fourth quarter of 2006, comprised of $51 million of specific provisions net of a $35 million reduction in the general allowance. Specific provisions totalled $91 million in the third quarter of 2007 and there was no change in the general allowance that quarter.

In fiscal 2007, the provision for credit losses totalled $353 million, comprised of $303 million of specific provisions and a $50 million increase in the general allowance. In fiscal 2006, the provision for credit losses totalled $176 million, comprised of $211 million of specific provisions net of a $35 million reduction in the general allowance.

Specific provisions in the fourth quarter were at their highest level in some time, representing an annualized 19 basis points of average net loans and acceptances, including securities borrowed or purchased under resale agreements. However, almost half of the provision related to a single credit that was designated as impaired in the quarter, most of which has been written off. In fiscal 2007, specific provisions represented 15 basis points of average net loans and acceptances, up from 11 basis points in the prior year, and continue to be appreciably lower than the 23 basis point average of the past five fiscal years. The components of the specific provision are outlined in the Provisions for Credit Losses table.

The increase in the general allowance in the quarter was attributable to portfolio growth and risk migration. Last year's $35 million reduction in the general allowance was primarily attributable to a $1.5 billion credit card receivables securitization. The general allowance is maintained to absorb impairment in the existing credit portfolio that cannot yet be associated with specific credit assets and remains adequate.

New impaired loan formations totalled $238 million in the quarter, up $152 million from a year ago and $132 million from the third quarter. Formations are in line with expectations at this stage of the economic cycle. Gross impaired loans and acceptances were up from a year ago and the third quarter. Factors contributing to the changes are outlined in the accompanying table.

BMO has no material exposure to U.S. subprime mortgages and we are comfortable with the level of our exposure. Please see the preceding Economic Outlook & Market Environment section.

BMO's market risk and liquidity and funding management practices and key measures are outlined on pages 69 to 72 of the 2006 Annual Report. Trading and Underwriting Market Value Exposure and Earnings Volatility exposure has decreased year-over-year, mainly due to reduced exposure in the commodity portfolios coupled with reduced interest rate exposure in the mark-to-market and accrual accounted, money market portfolios. During the second and third quarters, we changed our independent price verification process to incorporate a more appropriate market-based valuation methodology for determining ongoing mark-to-market valuation of the commodities portfolio and implemented new risk limits and reduced previously existing limits for the portfolio. Otherwise, there have been no significant changes to our market risk management practices during the quarter, or since last year.

There have been no significant changes to levels of structural market risk and liquidity and funding risk over the quarter. We remain satisfied that our liquidity and funding management framework provides us with a sound position despite recent market developments. There was no significant change in our structural market risk management practices during the quarter, or since last year.

Specific provisions in fiscal 2007, at $303 million, were slightly above our estimate of $300 million at the end of the second quarter, but below our 2007 target of $400 million that was established at the beginning of the year. We expect the credit environment to be somewhat weaker in fiscal 2008, given current concerns in capital markets, high energy prices, more sluggish economic growth and the impact of the high Canadian dollar on exporters. Overall for fiscal 2008, we expect new specific provisions to be higher and reversals and recoveries to be lower than in fiscal 2007. We anticipate specific provisions in fiscal 2008 to be $475 million or less, up from $303 million in 2007 and the fiscal 2007 target of $400 million or less established at the beginning of the year.

This Risk Management section and the following Income Taxes section contain forward-looking statements. Please see the Caution Regarding Forward-Looking Statements.

Provisions for Credit Losses (PCL)

(Canadian $ in millions, except as noted)	**Q4-2007**	Q3-2007	Q4-2006	**Fiscal-2007**	Fiscal-2006
New specific provisions	**152**	129	96	**460**	410
Reversals of previously established allowances	**(27)**	(14)	(21)	**(66)**	(87)
Recoveries of loans previously written-off	**(24)**	(24)	(24)	**(91)**	(112)
Specific provision for credit losses	**101**	91	51	**303**	211
Increase in (reduction in) the general allowance	**50**	-	(35)	**50**	(35)
Provision for credit losses	**151**	91	16	**353**	176
Specific PCL as a % of average net loans and acceptances (annualized)	**0.19%**	0.18%	0.11%	**0.15%**	0.11%
PCL as a % of average net loans and acceptances (annualized)	**0.29%**	0.18%	0.03%	**0.17%**	0.09%

Changes in Gross Impaired Loans and Acceptances (GIL)

(Canadian $ in millions, except as noted)	**Q4-2007**	Q3-2007	Q4-2006	**Fiscal-2007**	Fiscal-2006
GIL, Beginning of Period	**618**	688	663	**666**	804
Additions to impaired loans & acceptances	**238**	106	86	**588**	420
Reductions in impaired loans & acceptances (1)	**(19)**	(60)	3	**(143)**	(220)
Write-offs	**(117)**	(116)	(86)	**(391)**	(338)
GIL, End of Period	**720**	618	666	**720**	666
GIL as a % of gross loans & acceptances	**0.36%**	0.30%	0.35%	**0.36%**	0.35%
GIL as a % of equity and allowances for credit losses	**4.07%**	3.49%	3.81%	**4.07%**	3.81%

(1) Includes impaired amounts returned to performing status, loan sales, repayments, the impact of foreign exchange fluctuations and offsets for consumer write-offs which have not been recognized as formations (Q4-07 $73MM; Q3-07 $76MM; Q4-06 $69MM; Fiscal-2007 $216MM; and Fiscal-2006 $267MM).

Aggregate Market Value Exposure and Earnings Volatility for Trading and Underwriting and Structural Positions ($ millions)*

(After-tax Canadian equivalent)	Market value exposure (MVE)			12-month earnings volatility		
	Oct. 31 2007	Jul. 31 2007	Oct. 31 2006	**Oct. 31 2007**	Jul. 31 2007	Oct. 31 2006
Trading and Underwriting	**(18.2)**	(22.5)	(23.4)	**(12.6)**	(17.1)	(17.5)
Structural	**(249.9)**	(258.6)	(267.0)	**(24.2)**	(28.7)	(24.1)
BMO Financial Group	**(268.1)**	(281.1)	(290.4)	**(36.8)**	(45.8)	(41.6)

* Measured at a 99% confidence interval. Losses are in brackets.

Total Trading and Underwriting MVE Summary ($ millions)*

	For the quarter ended October 31, 2007				As at July 31, 2007	As at October 31, 2006
(Pre-tax Canadian equivalent)	Quarter-end	Average	High	Low	Quarter-end	Quarter-end
Commodities Risk	(2.7)	(4.7)	(6.2)	(2.7)	(3.3)	(8.4)
Equity Risk	(9.5)	(11.2)	(15.9)	(6.9)	(12.6)	(9.8)
Foreign exchange Risk	(0.9)	(0.7)	(2.0)	(0.3)	(1.0)	(3.3)
Interest rate Risk (Mark-to-Market)	(4.7)	(5.2)	(10.2)	(3.7)	(3.9)	(7.1)
Correlation	3.8	5.2	9.3	2.8	4.3	10.4
Comprehensive Risk	(14.0)	(16.6)	(20.1)	(13.1)	(16.5)	(18.2)
Interest rate Risk (accrual)	(9.1)	(10.4)	(11.9)	(8.8)	(9.2)	(12.0)
Issuer Risk	(4.9)	(5.9)	(8.4)	(4.2)	(8.9)	(5.8)
Total MVE	(28.0)	(32.9)	(36.3)	(28.0)	(34.6)	(36.0)

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

Structural Balance Sheet Earnings and Value Sensitivity to Changes in Interest Rates ($ millions)*

(After-tax Canadian equivalent)	Economic value sensitivity			Earnings sensitivity over the next 12 months		
	Oct. 31 2007	Jul. 31 2007	Oct. 31 2006	**Oct. 31 2007**	**Jul. 31 2007**	Oct. 31 2006
100 basis point increase	**(241.1)**	(252.8)	(237.4)	**6.6**	**12.3**	10.9
100 basis point decrease	**180.1**	197.5	181.6	**(15.4)**	**(26.7)**	(10.5)
200 basis point increase	**(516.6)**	(535.0)	(508.0)	**0.4**	**7.9**	12.1
200 basis point decrease	**318.6**	333.7	318.3	**(17.0)**	**(52.3)**	(4.1)

* Losses are in brackets and benefits are presented as positive numbers

Income Taxes

As explained in the Non-GAAP Measures section, BMO adjusts revenue to a taxable equivalent basis for analysis in this MD&A, with an offsetting adjustment to the provision for income taxes. As such, the provisions for income taxes and associated rates are stated on a taxable equivalent basis in the MD&A.

The provision for income taxes declined $183 million from the fourth quarter a year ago and $214 million from the third quarter, to a recovery of $33 million. The effective tax rate for the quarter was a recovery rate of 7.4%, compared with an income tax rate of 17.4% in the fourth quarter a year ago and 21.0% in the third quarter. The effective rate for the year to date was 14.3%, compared with 23.6% a year ago. The decreases in the quarterly and year-to-date tax rates were largely attributable to favourable resolution of income tax audits resulting in the recovery of prior period income taxes and a relatively higher proportion of income from lower-tax-rate jurisdictions. We expect a current sustainable tax rate of 21% to 24% in fiscal 2008 on a non-teb basis. In fiscal 2008, management expects to continue to assess the performance of the operating groups on a teb basis and report accordingly; for BMO's consolidated results, we expect to assess performance on a non-teb basis.

BMO hedges the foreign exchange risk arising from its investments in U.S. operations by funding the investments in U.S. dollars. Under this program, the gain or loss from hedging and the unrealized gain or loss from translation of the investments in U.S. operations are charged or credited to shareholders' equity. For income tax purposes, the gain or loss on the hedging activities attracts an income tax charge or credit in the current period, which is charged or credited to shareholders' equity, while the associated unrealized gain or loss on the investments in U.S. operations does not attract income taxes until the investments are liquidated. The income tax charge/benefit arising from a hedging gain/loss is a function of the fluctuation in U.S. rates from period to period. Hedging of the investments in U.S. operations has given rise to an income tax charge in shareholders' equity of $397 million for the quarter and $575 million for the year to date. Refer to the Consolidated Statement of Changes in Shareholders' Equity included in the unaudited consolidated financial statements for further details.

Capital Management

BMO's Tier 1 Capital Ratio was 9.51%, up from 9.29% at the end of the third quarter but down from 10.22% at the end of 2006. The ratio remains strong and is well above our minimum target of 8.0%.

BMO's Total Capital Ratio was 11.74%, up from 11.18% at the end of the third quarter but marginally down from 11.76% at the end of 2006.

The quarter-over-quarter increase in the Tier 1 Capital Ratio was primarily attributable to growth in Tier 1 capital and lower risk-weighted assets. Tier 1 capital increased due to the $250 million issuance of Class B Preferred Shares, Series 14 and the reclassification of preferred shares of a subsidiary from Tier 2 to innovative Tier 1 capital as approved by OSFI, partially offset by foreign exchange adjustments due to the strengthening of the Canadian dollar. Risk-weighted assets were lower primarily due to lower mortgage risk-weighted assets in P&C Canada as a result of the execution of initiatives to manage regulatory capital requirements on a cost-effective basis and lower P&C U.S. risk-weighted assets due to the stronger Canadian dollar.

The quarter-over-quarter increase in the Total Capital Ratio was primarily the result of lower risk-weighted assets and growth in total capital. Total capital grew as a result of the Series 14 preferred share issuance, and the issuance of $800 million of BMO Trust Subordinated Notes – Series A by BMO Subordinated Notes Trust, a non-consolidated closed-end trust wholly owned by BMO, partially offset by foreign exchange adjustments.

The decrease in the Tier 1 Capital Ratio relative to the end of 2006 was largely attributable to risk-weighted asset growth, partially offset by growth in Tier 1 capital. The Total Capital Ratio was relatively unchanged, as growth in risk-weighted assets was largely offset by growth in Total capital.

During the quarter, we repurchased 1,406,300 Bank of Montreal common shares under our common share repurchase program at an average cost of $64.83 per share, for a total cost of $91 million. There have been 8,087,400 common shares repurchased under the normal-course issuer bid that expired on September 5, 2007 and pursuant to which BMO was permitted to repurchase for cancellation up to 15 million common shares, representing approximately 3% of BMO's public float. On August 31, 2007, we announced that the Toronto Stock Exchange had accepted BMO's notice of intention to make a new normal course issuer bid under which we may purchase up to 25 million common shares, being approximately 5% of the public float, between September 6, 2007 and September 5, 2008. We increased the program from a maximum 15 million to 25 million shares to provide greater flexibility in the management of BMO's capital levels.

On November 27, 2007, BMO's Board of Directors declared a quarterly dividend payable to common shareholders of $0.70 per share, unchanged from the fourth quarter's dividend.

Eligible Dividends Designation

For the purposes of the *Income Tax Act* (Canada) and any similar provincial and territorial legislation, BMO designates all dividends paid on both its common and preferred shares in the 2006 calendar year, and all dividends (including deemed dividends) paid thereafter, as "eligible dividends" unless BMO indicates otherwise.

Review of Operating Groups' Performance

Operating Groups' Summary Income Statements and Statistics for Q4-2007

(Canadian $ in millions, except as noted)	Q4-2007 P&C	Q4-2007 PCG	Q4-2007 BMO CM	Q4-2007 Corporate including T&O	Q4-2007 Total BMO	FISCAL-2007 P&C	FISCAL-2007 PCG	FISCAL-2007 BMO CM	FISCAL-2007 Corporate including T&O	FISCAL-2007 Total BMO
Net interest income (teb)	942	155	233	(90)	**1,240**	3,795	613	974	(359)	**5,023**
Non-interest revenue	390	355	188	71	**1,004**	1,856	1,441	995	214	**4,506**
Total revenue (teb)	1,332	510	421	(19)	**2,244**	5,651	2,054	1,969	(145)	**9,529**
Provision for (recovery of) credit losses	89	1	19	42	**151**	358	3	77	(85)	**353**
Non-interest expense	857	352	397	25	**1,631**	3,366	1,427	1,565	84	**6,442**
Restructuring charge	-	-	-	24	**24**	-	-	-	159	**159**
Total non-interest expense	857	352	397	49	**1,655**	3,366	1,427	1,565	243	**6,601**
Income before income taxes and non-controlling interest in subsidiaries	386	157	5	(110)	**438**	1,927	624	327	(303)	**2,575**
Income taxes (teb)	70	50	(43)	(110)	**(33)**	563	216	(98)	(312)	**369**
Non-controlling interest in subsidiaries	-	-	-	19	**19**	-	-	-	75	**75**
Net income Q4-2007	316	107	48	(19)	**452**	1,364	408	425	(66)	**2,131**
Net income Q3-2007	376	105	196	(17)	**660**					
Net income Q4-2006	296	84	188	128	**696**	1,257	355	860	191	**2,663**
Other statistics										
Net economic profit	133	75	(96)	(41)	**71**	672	286	(133)	(222)	**603**
Return on equity	17.8%	35.8%	3.0%	nm	**12.2%**	20.5%	35.1%	7.8%	nm	**14.4%**
Cash return on equity	18.3%	36.1%	3.0%	nm	**12.5%**	21.0%	35.4%	7.8%	nm	**14.7%**
Productivity ratio (teb)	64.3%	68.9%	94.3%	nm	**73.7%**	59.6%	69.4%	79.4%	nm	**69.3%**
Cash productivity ratio (teb)	63.7%	68.6%	94.3%	nm	**73.3%**	58.9%	69.2 %	79.4%	nm	**68.8%**
Net interest margin on earning assets (teb)	2.71%	9.12%	0.52%	nm	**1.53%**	2.77%	9.66%	0.60%	nm	**1.65%**
Average common equity	6,775	1,162	5,074	nm	**14,273**	6,461	1,146	4,972	nm	**14,506**
Average earning assets ($ billions)	137.8	6.8	178.1	(1)	**321.7**	136.8	6.4	162.3	(1)	**304.5**
Full-time equivalent staff	20,294	4,362	2,365	8,806	**35,827**					

nm – not meaningful

The following sections review the financial results of our operating segments and operating groups for the fourth quarter of 2007.

Periodically, certain business lines and units within the business lines are transferred between operating groups to more closely align BMO's organizational structure and its strategic priorities. All comparative figures are reclassified to reflect these transfers.

Note 14 to the attached unaudited interim consolidated financial statements outlines how income statement items requiring allocation are distributed among the operating groups, including the allocation of the provision for credit losses. Corporate Services is generally charged (or credited) with differences between the periodic provisions for credit losses charged to the client groups under our expected loss provisioning methodology and the periodic provisions required under GAAP.

Personal and Commercial Banking

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs.Fiscal-2006	
Net interest income (teb)	**942**	3	-	(39)	(4%)	**3,795**	114	3%
Non-interest revenue	**390**	(54)	(12%)	(109)	(22%)	**1,856**	51	3%
Total revenue (teb)	**1,332**	(51)	(4%)	(148)	(10%)	**5,651**	165	3%
Provision for credit losses	**89**	3	4%	(1)	-	**358**	14	4%
Non-interest expense	**857**	4	1%	10	1%	**3,366**	88	3%
Income before income taxes and non-controlling interest in subsidiaries	**386**	(58)	(13%)	(157)	(29%)	**1,927**	63	3%
Income taxes (teb)	**70**	(78)	(53%)	(97)	(58%)	**563**	(44)	(7%)
Non-controlling interest in subsidiaries	**-**	-	-	-	-	**-**	-	-
Net income	**316**	20	7%	(60)	(16%)	**1,364**	107	9%
Amortization of intangible assets (after tax)	**7**	(1)	-	(2)	(9%)	**33**	1	7%
Cash net income	**323**	19	7%	(62)	(16%)	**1,397**	108	8%
Return on equity	**17.8%**		(1.4%)		(4.3%)	**20.5%**		-
Cash return on equity	**18.3%**		(1.4%)		(4.3%)	**21.0%**		-
Productivity ratio (teb)	**64.3%**		2.6%		7.1%	**59.6%**		(0.2%)
Cash productivity ratio (teb)	**63.7%**		2.7%		7.1%	**58.9%**		(0.2%)
Net interest margin on earning assets (teb)	**2.71%**		(0.09%)		(0.12%)	**2.77%**		(0.05)
Average earning assets	**137,765**	4,946	4%	180	-	**136,805**	6,229	5%

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

Personal and Commercial Banking Canada (P&C Canada)

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs. Fiscal-2006	
Net interest income (teb)	**770**	15	2%	(30)	(4%)	**3,065**	124	4%
Non-interest revenue	**344**	(59)	(15%)	(110)	(24%)	**1,678**	39	2%
Total revenue (teb)	**1,114**	(44)	(4%)	(140)	(11%)	**4,743**	163	4%
Provision for credit losses	**81**	2	3%	-	-	**323**	9	3%
Non-interest expense	**696**	21	3%	26	4%	**2,670**	73	3%
Income before income taxes and non-controlling interest in subsidiaries	**337**	(67)	(17%)	(166)	(33%)	**1,750**	81	5%
Income taxes (teb)	**53**	(79)	(60%)	(100)	(65%)	**500**	(27)	(5%)
Non-controlling interest in subsidiaries	**-**	-	-	-	-	**-**	-	-
Net income	**284**	12	4%	(66)	(19%)	**1,250**	108	9%
Amortization of intangible assets (after tax)	**2**	(1)	(8%)	1	-	**8**	-	-
Cash net income	**286**	11	4%	(65)	(19%)	**1,258**	108	9%
Personal, Insurance & Other revenue	**597**	-	-	(42)	(7%)	**2,463**	93	4%
Commercial revenue	**336**	15	5%	(12)	(3%)	**1,352**	78	6%
Cards revenue	**181**	(59)	(25%)	(86)	(32%)	**928**	(8)	(1%)
Productivity ratio (teb)	**62.5%**		4.2%		9.0%	**56.3%**		(0.4%)
Cash productivity ratio (teb)	**62.3%**		4.2%		9.0%	**56.1%**		(0.5%)
Net interest margin on earning assets (teb)	**2.60%**		(0.06%)		(0.13%)	**2.66%**		-
Average earning assets	**117,325**	4,915	4%	1,315	1%	**115,147**	4,714	4%

Q4 2007 vs Q4 2006

Net income increased $12 million or 4.2% to $284 million. Results included a $6 million increase to net income arising from three items: a $107 million ($83 million after tax) gain on sale of MasterCard International Inc. shares as we chose to realize on the value inherent in our investment, and a $43 million recovery of prior years income taxes; less a $185 million ($120 million after tax) adjustment to increase the liability for future customer redemptions related to our credit card loyalty rewards program. In order to minimize future volatility in earnings, we are exploring options to transfer the liability and change the cost structure going forward to eliminate our exposure to changing redemption patterns. We expect no significant change in run-rate costs as a result of the charge or change in cost structure.

Revenue fell $44 million or 3.8%. The MasterCard gain and the adjustment to the loyalty rewards program liability lowered revenue by $78 million or 6.7%.

In our personal banking business, revenue growth was flat as volume growth in personal loans and branch-originated mortgages, increased securitization revenue and growth in sales of term investments and mutual funds were offset by increased cost of funds and competitive pressures on our premium savings accounts. Personal loans increased 14.5% and we increased market share 70 basis points from a year ago to 11.10%. Due to our decision to focus on relationship-based branch-originated mortgages over our third-party mortgage portfolio and broker balances, which are declining, mortgage market share declined 136 basis points from a year ago to 12.17%. We anticipate market share stabilizing and growing over time as we increase the size of our specialized sales force. Personal deposits remained basically flat, resulting in a 66 basis point loss of market share from the prior year to 11.52%. We are targeting growth in personal deposits through simplified products, streamlined account opening and an improved customer experience. Our AIR MILES debit card initiative is proving popular with new and existing customers as the number of personal deposit customers has significantly increased in the fourth quarter.

In our commercial banking segment, revenues increased $15 million or 4.5% as there was growth in both commercial loans and deposits, partially offset by increased cost of funds and competitive pressures. Commercial loans grew 11.0% from a year ago. BMO ranks second in Canadian business banking lending market share and we increased our market share by 63 basis points from a year ago to 19.17%. Our objective is to be the market leader. In the $1 to $5 million loan segment, there was loan growth of 8.1% while market share increased 81 basis points.

Cards and payment service revenues declined $59 million, but increased by $19 million or 8.0% excluding the MasterCard share gain and loyalty reward program liability adjustment, due to volume growth.

Net interest margin was 6 basis points lower. In the current quarter, margins were affected by an increased cost of funds and by competitive pressures. Margins were also affected by competitive pressures on personal and commercial loans, partially offset by improved mortgage spreads, as we exit from third-party and broker products, and positive mix as deposit growth improved.

Non-interest expense was up $21 million or 3.2% due to higher employee-related costs primarily related to the expansion of the front-line sales and service staff, higher promotional costs including the AIR MILES debit card initiative, and bcpbank Canada costs, partially offset by lower allocated costs related to P&C Canada's share of capital tax and efficiency improvements. The cash productivity ratio deteriorated 424 basis points to 62.3%. The adjustment to the loyalty rewards program liability net of the MasterCard gain negatively affected cash productivity by 408 basis points.

Average loans and acceptances, including securitized loans, increased $6.8 billion or 5.7% from a year ago, while personal and commercial deposits increased $2.8 billion or 6.2%.

Q4 2007 vs Q3 2007

Net income decreased $66 million or 19%.

Revenue decreased $140 million or 11%. The MasterCard share gain and the adjustment to the loyalty rewards program liability lowered revenue by $78 million or 6.2% with revenue also impacted by lower net interest margin and lower securitization revenue. Net interest margin fell by 13 basis points to 2.60%, five basis points of which was attributable to increased funding costs, with limited opportunity to pass on cost increases on variable rate loans. Lower mortgage refinancing fees and competitive pressures on our personal and commercial loans also contributed to the decline.

Non-interest expense increased $26 million or 3.8%, primarily due to higher promotional costs including the AIR MILES debit card initiative and higher employee-related costs as the front-line workforce expanded.

Average loans and acceptances, including securitized loans, increased $2.1 billion or 1.7% from the third quarter, while personal and commercial deposits increased $0.3 billion or 0.6%.

Personal loan market share increased 32 basis points from the third quarter, while mortgage market share declined 52 basis points. Personal deposits market share decreased by 21 basis points. Business banking loan market share decreased by 3 basis points, while in the $1 to $5 million loan segment there was a market share decline of 10 basis points.

Fiscal 2007 vs Fiscal 2006

Net income increased $108 million or 9.4% to a record $1,250 million. We achieved volume growth and increased market share in our priority markets such as personal loans and credit cards as well as commercial loans and deposits. There is good momentum and we will continue to invest in future growth.

Results in 2007 and 2006 included notable items that increased earnings in both years by comparable amounts. Results in 2007 were increased $52 million by: the $6 million impact of the three items noted in the fourth quarter, a $14 million recovery of prior years' income taxes in the third quarter, a $26 million ($23 million after tax) insurance gain and a $14 million ($9 million after tax) investment security gain in the second quarter. Results in 2006 were increased $51 million by a $38 million ($25 million after tax) gain on the MasterCard IPO and a $26 million recovery of prior years' income taxes.

Revenue rose $163 million or 3.6%. The notable items above reduced revenue growth by $76 million or 1.7%. There was volume-based growth in personal and commercial loans, commercial deposits and cards. There were also higher revenues from securitization, as well as increased sales of term investment products and mutual funds. Net interest margin was unchanged at 2.66%, as improved mortgage spreads were offset by increased funding costs.

Non-interest expense increased $73 million or 2.8% due to higher employee-related expense as the front-line sales and service staff expand, bcpbank Canada costs and higher promotional costs including the AIR MILES debit card initiative. These cost increases were partially offset by lower allocated costs related to a share of capital taxes and efficiency improvements. The cash productivity ratio improved 41 basis points to 56.1%, but would have improved by 132 basis points excluding the notable items. This follows a 65 basis point improvement in 2006, as revenue growth outpaced expense growth in both periods.

Personal and Commercial Banking U.S. (P&C U.S.)

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease)	vs. Q4-2006	Increase/(Decrease)	vs. Q3-2007	Fiscal-2007	Increase/(Decrease)	vs. Fiscal-2006
Net interest income (teb)	**172**	(12)	(6%)	(9)	(5%)	**730**	(10)	(1%)
Non-interest revenue	**46**	5	12%	1	3%	**178**	12	7%
Total revenue (teb)	**218**	(7)	(3%)	(8)	(3%)	**908**	2	-
Provision for credit losses	**8**	1	14%	(1)	(4%)	**35**	5	18%
Non-interest expense	**161**	(17)	(10%)	(16)	(9%)	**696**	15	2%
Income before income taxes and non-controlling interest in subsidiaries	**49**	9	24%	9	21%	**177**	(18)	(9%)
Income taxes (teb)	**17**	1	7%	3	20%	**63**	(17)	(21%)
Non-controlling interest in subsidiaries	**-**	-	-	-	-	**-**	-	-
Net income	**32**	8	35%	6	22%	**114**	(1)	(1%)
Amortization of intangible assets (after tax)	**5**	-	-	(3)	(38%)	**25**	1	4%
Cash net income	**37**	8	30%	3	9%	**139**	-	-
Productivity ratio (teb)	**73.8%**		(5.4%)		(4.5%)	**76.7%**		1.4%
Cash productivity ratio (teb)	**70.4.%**		(5.6%)		(4.4%)	**73.2%**		1.2%
Net interest margin on earning assets (teb)	**3.34%**		(0.23%)		(0.03%)	**3.37%**		(0.30%)
Average earning assets	**20,440**	31	-	(1,135)	(5%)	**21,658**	1,515	8%
U.S. Select Financial Data (US$ in millions)								
Net interest income (teb)	**173**	9	5%	4	2%	**669**	16	2%
Non-interest revenue	**47**	11	26%	5	11%	**164**	18	12%
Total revenue (teb)	**220**	20	9%	9	3%	**833**	34	4%
Non-interest expense	**161**	1	1%	(4)	(3%)	**637**	35	6%
Net Income	**32**	11	51%	8	31%	**105**	3	3%
Average assets	**22,194**	2,360	12%	218	1%	**21,524**	2,183	11%

Q4 2007 vs Q4 2006

Net income increased $8 million or 35% from a year ago. On a U.S. dollar basis, net income was US$32 million, up US$11 million or 51%. Excluding acquisition integration costs, net income was US$33 million. On this basis, net income increased for the fourth consecutive quarter, growing US$9 million or 38% from US$24 million in the fourth quarter of 2006.

Revenue fell $7 million or 2.9%. On a U.S. dollar basis, revenue increased US$20 million or 8.5%. The acquisition of First National Bank & Trust (FNBT) added US$13 million to revenues. The benefits of improved loan and deposit growth were partially offset by the effects of the continued customer shift to higher cost deposits and competitive pressures on commercial loan pricing. The impact of a 23 basis point reduction in net interest margin largely offset the effects of 11% growth in loans (8.2% excluding FNBT) and 9.3% growth in deposits (3.5% excluding FNBT).

Non-interest expense decreased $17 million or 9.5%, but increased US$1 million, or 1.1% on a U.S. dollar basis. Excluding FNBT operating costs of US$9 million and integration costs, expense decreased US$5 million or 3% and reflects active and disciplined core expense management. Our cash productivity ratio improved 560 basis points to 70.4%. Excluding the impact of integration costs in the current period, the cash productivity ratio was 69.7% and reflects management's continued focus on controlling expense growth through reducing personnel costs, slowing branch expansion and other initiatives.

Q4 2007 vs Q3 2007

Net income rose $6 million or 22%. On a U.S. dollar basis, excluding acquisition integration costs in both periods, net income increased $4 million or 15%.

Revenue decreased $8 million or 3.4% from the third quarter, but increased $9 million or 3.3% on a U.S. dollar basis. The increase was due to volume growth and increased service charge fees. Net interest margin fell by 3 basis points but has been stable for most of 2007 after declining over much of fiscal 2006.

Non-interest expense decreased $16 million or 9.0%. On a U.S. dollar basis, non-interest expense decreased US$4 million or 2.7%, primarily due to a $5 million reduction in acquisition-integration costs.

Fiscal 2007 vs Fiscal 2006

Net income decreased $1 million or 1.2%. On a U.S. dollar basis, net income improved $3 million or 3.0%. We have continued to achieve volume growth over the year and margins have stabilized over most of 2007. Management has focused on actively managing expenses in the difficult operating environment.

Revenue rose $2 million or 0.3%. On a U.S. dollar basis, revenue increased $34 million or 4.1%. Acquisitions contributed US$39 million to increased revenue. In the rest of our business, the effects of loan and deposit growth and higher service charge fees were more than offset by the impact of lower net interest margins. Excluding FNBT, loans grew US$1.7 billion or 10.3% and deposits grew US$0.7 billion or 4.4%. Net interest margin was down 30 basis points due to competitive pressures on pricing and the continued shift of customers' preferences from higher-spread to lower-spread deposit products. The overall decline in net interest margin was mitigated by pricing actions in certain deposit categories. Net interest margin has been stable for most of 2007.

Non-interest expense increased $15 million or 2.2%. On a U.S. dollar basis, expense increased US$35 million or 5.9%. Excluding acquisitions, which contributed US$28 million to our costs, expense growth was 2.3%. The remaining increase reflected operating costs of our new branch technology platform, increased costs associated with branches opened during fiscal 2006 and higher business volumes. These factors were partially offset by the impact of expense management initiatives. As a result of expense growth exceeding revenue growth, our cash productivity ratio deteriorated by 120 basis points to 73.2%. Excluding acquisition-integration costs, our cash productivity ratio was 71.6%.

Our Retail Net Promoter Score, a measure of the strength of customer loyalty, was 41, up from 39 in 2006.

Private Client Group (PCG)

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs. Fiscal-2006	
Net interest income (teb)	**155**	10	7%	1	2%	**613**	44	8%
Non-interest revenue	**355**	35	11%	(11)	(3%)	**1,441**	117	9%
Total revenue (teb)	**510**	45	10%	(10)	(2%)	**2,054**	161	8%
Provision for credit losses	**1**	-	-	-	-	**3**	-	-
Non-interest expense	**352**	17	5%	(5)	(1%)	**1,427**	85	6%
Income before income taxes	**157**	28	22%	(5)	(2%)	**624**	76	14%
Income taxes (teb)	**50**	5	12%	(7)	(9%)	**216**	23	11%
Net income	**107**	23	27%	2	1%	**408**	53	15%
Amortization of intangible assets (after tax)	**1**	-	-	-	-	**4**	-	-
Cash net income	**108**	23	26%	2	1%	**412**	53	15%
Return on equity	**35.8%**		7.2%		0.1 %	**35.1%**		4.6%
Cash return on equity	**36.1%**		7.1%		0.1 %	**35.4%**		4.5%
Productivity ratio (teb)	**68.9%**		(3.1%)		0.2%	**69.4%**		(1.4%)
Cash productivity ratio (teb)	**68.6%**		(3.0%)		0.2%	**69.2 %**		(1.3%)
Net interest margin on earning assets (teb)	**9.12%**		(0.68%)		(0.45%)	**9.66%**		(0.33%)
Average earning assets	**6,770**	875	15%	417	7%	**6,352**	649	11%
U.S. Select Financial Data (US$ in millions)								
Total revenue (teb)	**62**	4	6%	-	-	**243**	-	-
Non-interest expense	**65**	7	13%	6	12%	**240**	1	-
Net Income	**(2)**	(2)	(+100%)	(4)	(+100%)	**2**	(1)	(41%)
Cash net income	**(2)**	(2)	(+100%)	(5)	(+100%)	**4**	(1)	(27%)
Average assets	**2,210**	151	7%	107	5.1%	**2,108**	8	0.4%

Q4 2007 vs Q4 2006

Net income was $107 million, up $23 million or 27%, as our continued momentum contributed to outstanding results.

Revenue increased $45 million or 9.7% and $53 million or 11% excluding the impact of the weaker U.S. dollar. Non-interest revenue increased 11%, primarily due to higher fee-based revenue in Full-Service Investing, higher mutual fund revenue and higher trust & investment revenue in North American Private Banking. Strong growth in transaction volumes in BMO InvestorLine also contributed to the growth. Net interest income increased 7.0% primarily due to higher deposit balances and spreads in the brokerage businesses.

Non-interest expense increased $17 million or 5.0% and $24 million or 7.2% excluding the impact of the weaker U.S. dollar, primarily due to higher investment spending in our client-facing sales force and supporting technology and higher revenue-based costs. The cash productivity ratio improved 301 basis points over the prior year.

The Group's $275 billion of assets under management and administration and term deposits were affected by the weaker U.S. dollar and softer market conditions. Assets increased $19 billion or 6.9% year-over-year, excluding the impact of foreign exchange and the transfer of our U.S. Institutional Trust and Custody business to P&C U.S. in the third quarter of 2007.

Q4 2007 vs Q3 2007

Net income increased $2 million or 1.4%.

Revenue decreased $10 million or 1.7% and $4 million or 0.8% excluding the impact of the weaker U.S. dollar. This decline was primarily due to lower commission revenue in Full-Service Investing, partially offset by higher mutual fund revenue

Non-interest expense decreased $5 million or 1.5% and $1 million or 0.2% excluding the impact of the weaker U.S. dollar. Revenue-based costs declined in line with lower revenue, and our businesses continued to invest for the future.

Results for the quarter benefited from a lower effective tax rate. The cash productivity ratio deteriorated 18 basis points over the prior quarter.

Fiscal 2007 vs Fiscal 2006

Net income was a record $408 million, up $53 million or 15 % from 2006. Private Client Group continues to innovate and invest in growing for the future.

Revenue increased $161 million or 8.4% and $172 million or 9.1% excluding the impact of the weaker U.S. dollar, with all lines of business contributing to the growth. Non-interest revenue increased 8.8%, primarily driven by higher fee-based revenue in Full-Service Investing and in the mutual fund businesses, and higher trust & investment revenue in North American Private Banking. Strong growth in assets and transaction volumes in BMO InvestorLine was offset by pricing changes resulting from competitive pricing pressures in the industry. Net interest income increased 7.7% primarily due to increased deposit balances and spreads in the brokerage businesses and term investment products.

Non-interest expense increased $85 million or 6.3% and $94 million or 7.0% excluding the benefit of the weaker U.S. dollar, primarily due to higher revenue-based costs and increased investment spending to drive future revenue growth.

The cash productivity ratio improved by 136 basis points over the prior year.

BMO Capital Markets

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs. Fiscal-2006	
Net interest income (teb)	**233**	42	22%	(21)	(8%)	**974**	201	26%
Non-interest revenue	**188**	(254)	(57%)	(249)	(57%)	**995**	(1,012)	(50%)
Total revenue (teb)	**421**	(212)	(34%)	(270)	(39%)	**1,969**	(811)	(29%)
Provision for credit losses	**19**	-	-	-	-	**77**	(2)	(3%)
Non-interest expense	**397**	6	1%	(48)	(11%)	**1,565**	(37)	(2%)
Income before income taxes	**5**	(218)	(98%)	(222)	(98%)	**327**	(772)	(70%)
Income taxes (recovery) (teb)	**(43)**	(78)	(+100%)	(74)	(+100%)	**(98)**	(337)	(+100%)
Net income	**48**	(140)	(74%)	(148)	(75%)	**425**	(435)	(51%)
Amortization of intangible assets (after tax)	**-**	-	-	-	-	**-**	-	-
Cash net income	**48**	(140)	(74%)	(148)	(75%)	**425**	(435)	(51%)
Trading Products revenue	**(2)**	(278)	(+100%)	(276)	(+100%)	**281**	(1,090)	(80%)
Investment and Corporate Banking and Other revenue	**423**	66	18%	6	1%	**1,688**	278	20%
Return on equity	**3.0%**		(13.1%)		(11.8%)	**7.8%**		(10.9%)
Cash return on equity	**3.0%**		(13.1%)		(11.8%)	**7.8%**		(10.9%)
Productivity ratio (teb)	**94.3%**		32.5%		29.8%	**79.4%**		21.8%
Cash productivity ratio (teb)	**94.3%**		32.5%		29.9%	**79.4%**		21.8%
Net interest margin on earning assets (teb)	**0.52%**		(0.05%)		(0.09%)	**0.60%**		(0.02%)
Average earning assets	**178,100**	46,078	35%	13,143	8%	**162,309**	37,527	30%
U.S. Select Financial Data (US$ in millions)								
Revenue	**353**	98	38%	206	+100%	**481**	(675)	(58%)
Non-interest expense	**191**	44	30%	29	18%	**641**	-	-
Net Income	**111**	41	59%	112	+100%	**(56)**	(362)	(+100%)
Average assets	**81,427**	19,666	32%	5,558	7%	**74,109**	19,972	37%

Q4 2007 vs Q4 2006

Net income was $48 million, down $140 million or 74% from a year ago, reflecting the after-tax impact of $211 million of charges related to deterioration in capital markets and $16 million of losses in our commodities business. Excluding these significant items, net income was $275 million, up $87 million or 47% from a year ago.

Revenue fell $212 million or 34%. Revenue in the quarter was affected by the $318 million charge related to deterioration in capital markets and losses of $24 million in our commodities businesses. The $318 million charge included $169 million of losses related to trading and structured-credit related positions and preferred shares, a $134 million write-down related to Canadian ABCP holdings, and a $15 million write-down booked in securities gains in the Other segment, related to investments in capital notes of the Links Finance Corporation (Links) and Parkland Finance Corporation SIVs. Excluding the significant items noted above, revenue increased $130 million or 20%. Revenue was negatively affected by the $26 million or 4.1 percentage point impact of the weaker US dollar.

Trading Products revenue fell $278 million or 101%, but increased $49 million or 18% excluding the trading revenue related items noted above. Our foreign exchange trading business benefited from volatility as currency markets experienced increased demand and wider spreads. There were improvements in interest-rate-sensitive businesses and increased commissions revenues.

Investment and Corporate Banking and Other revenue increased by $66 million or 18%, and by $81 million or 22% excluding the $15 million write-down in SIVs noted above. There were higher lending revenues due to increased corporate banking assets and higher investment securities gains, including a $41 million gain on the sale of a merchant banking investment. Debt underwriting and merger and acquisition fees improved slightly while equity underwriting activity declined slightly.

Net interest income improved primarily due to increased revenues in our interest-rate-sensitive businesses, with a relatively smaller increase in corporate banking assets. Net interest margin deteriorated 5 basis points due to growth in our lower-spread trading assets including increased levels of high quality, highly liquid assets.

Non-interest expense increased $6 million or 1.3%. Higher professional fees were partially offset by lower performance-based compensation, which was down due to reductions in revenue. The weaker U.S. dollar lowered the translated value of U.S. expenses by $19 million. The income tax recovery in the current quarter was due to a high proportion of the Group's income being attributable to lower-tax-rate jurisdictions.

Q4 2007 vs Q3 2007

Net income decreased $148 million or 75%. Third quarter results were affected by $149 million of commodities losses ($97 million after tax). Adjusted for the net impact of commodity losses in both periods and write-downs and valuation adjustments in the current quarter, net income decreased $18 million or 6.2%.

Revenue decreased $270 million or 39% on a reported basis, due to lower trading revenues. Excluding the commodities losses in both periods and the write-downs and valuation adjustments in the current quarter, revenue fell by $77 million or 9.1%. Capital markets activities slowed significantly in the fourth quarter. There were reductions in merger and acquisition fees, underwriting activities and commission revenues. Our market share in debt and equity underwriting, measured using each syndicate member's allocated portion of the issue amount corresponding to its underwriting percentage on the deal, decreased from the previous quarter. The aggregate amount raised from our deals increased. Net investment securities gains increased as results included a $41 million gain on sale of a merchant banking investment.

Non-interest expense was $48 million or 11% lower, mainly due to lower performance-based compensation, in line with weaker fee-based revenues.

Fiscal 2007 vs Fiscal 2006

Net income decreased $435 million or 51%. Adjusted for the net impact of $318 million ($211 million after tax) of write-downs and valuation adjustments in the fourth quarter of 2007 and $853 million of losses in our commodities business ($440 million after tax and associated performance-based compensation), net income rose $216 million or 25%.

Revenue fell $811 million or 29%, but increased $360 million or 13% excluding fourth quarter write-downs, valuation adjustments and full year commodities losses. There were significant increases in mergers and acquisitions fees, underwriting activity, lending fees and commissions. Although trading revenues were down because of commodities losses and write-downs in interest rate trading, equity and foreign exchange trading revenues increased.

Net interest income increased due to higher trading net interest income and higher revenues in our interest-rate-sensitive businesses. Higher corporate banking assets also contributed to the increase in net interest income, partially offset by reduced spreads on corporate loans in the competitive environment.

Non-interest expense decreased $37 million or 2.4%, due to lower performance-based compensation. The productivity ratio deteriorated because of the reduced trading revenue.

The group earned income before income taxes for the year; however, results include an income tax recovery since a high proportion of the group's income was attributable to lower-tax-rate jurisdictions.

Corporate Services, Including Technology and Operations

(Canadian $ in millions, except as noted)	Q4-2007	Increase/(Decrease) vs. Q4-2006		Increase/(Decrease) vs. Q3-2007		Fiscal-2007	Increase/(Decrease) vs. Fiscal-2006	
Net interest income (teb)	**(90)**	(63)	(+100%)	(2)	(6%)	**(359)**	(207)	(+100%)
Non-interest revenue	**71**	31	81%	65	+100%	**214**	109	+100%
Total revenue (teb)	**(19)**	(32)	(+100%)	63	75%	**(145)**	(98)	(+100%)
Provision for (recovery of) credit losses	**42**	132	+100%	61	+100%	**(85)**	165	66%
Non-interest expense	**25**	(9)	(26%)	15	+100%	**84**	(47)	(35%)
Restructuring charge	**24**	24	+100%	24	+100%	**159**	159	+100%
Total non-interest expense	**49**	15	47%	39	+100%	**243**	112	87%
Income before income taxes and non-controlling interest in subsidiaries	**(110)**	(179)	(+100%)	(37)	(56%)	**(303)**	(375)	(+100%)
Income taxes (recovery) (teb)	**(110)**	(32)	(43%)	(36)	(52%)	**(312)**	(117)	(60%)
Non-controlling interest in subsidiaries	**19**	-	-	1	5%	**75**	(1)	(1%)
Net income (loss)	**(19)**	(147)	(+100%)	(2)	(11%)	**(66)**	(257)	(+100%)
U.S. Select Financial Data (US$ in millions)								
Revenue	**(24)**	-	-	7	23%	**(96)**	(10)	(12%)
Provision for (recovery of) credit losses	**44**	69	+100%	35	+100%	**17**	101	+100%
Non-interest expense	**(11)**	(9)	(+100%)	(1)	(10%)	**(26)**	(41)	(+100%)
Restructuring charge	**8**	8	+100%	8	+100%	**26**	26	+100%
Total non-interest expense	**(3)**	(1)	(50%)	7	65%	**-**	(15)	(+100%)
Income taxes	**(19)**	(20)	(+100%)	(6)	(46%)	**(31)**	8	20%
Net income (loss)	**(50)**	(48)	(+100%)	(28)	(+100%)	**(100)**	(104)	(+100%)

Corporate Services

Corporate Services includes the corporate units that provide expertise and governance support to BMO Financial Group in areas such as strategic planning, law, finance, internal audit, risk management, corporate communications, human resources and learning. Operating results 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 BMO's overall asset-liability structure.

Corporate Services is generally charged (or credited) with differences between the periodic provisions for credit losses charged to the client groups under our expected loss provisioning methodology and the required periodic provisions charged by the consolidated organization under GAAP.

Technology and Operations

Technology and Operations (T&O) manages, maintains and provides governance over information technology, operations services, real estate and sourcing for BMO Financial Group. T&O focuses on enterprise-wide priorities that improve service quality and efficiency to deliver an excellent customer experience.

Financial Performance Review

Technology and Operations operating results are included with Corporate Services for reporting purposes. Costs of T&O's services are transferred to the client groups (P&C, PCG and BMO CM) and only relatively minor variance amounts are retained within T&O. As such, results in this section largely reflect the other corporate units outlined above.

The net loss in the quarter was $19 million, compared with net income of $128 million in the fourth quarter a year ago. Reduced earnings were primarily due to: a securitization gain last year of $23 million and other reductions in securitization-related revenues; higher provisions for credit losses including a $50 million increase in the general allowance for credit losses this year and a $35 million reduction last year; and the $24 million ($15 million after tax) net restructuring charge, partially offset by lower corporate costs.

Net income decreased $2 million from the third quarter. Higher provisions, including the increase in the general allowance, and higher expenses due to the net restructuring charge were largely offset by better securitization-related revenues and tax benefits.

The net loss for the year was $66 million, compared with net income of $191 million for 2006. Excluding the $159 million of restructuring charges ($103 million after tax), net income fell by $154 million, mostly due to reduced revenues and higher provisions for credit losses including the impact of changes in the general allowance, partially offset by lower corporate expenses.

INVESTOR AND MEDIA PRESENTATION

Investor Presentation Materials

Interested parties are invited to visit our web site at www.bmo.com/investorrelations to review this quarterly news release, presentation materials and a supplementary financial information package online. Copies of these documents are also available at BMO Financial Group's offices at 100 King Street West, 18th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

Quarterly Conference Call and Webcast Presentations

Interested parties are also invited to listen to our quarterly conference call on Tuesday, November 27, 2007 at 2:00 p.m. (EST). At that time, senior BMO executives will comment on results for the quarter and respond to questions from the investor community. The call may be accessed by telephone at 416-695-9753 (from within Toronto) or 1-888-789-0089 (toll-free outside Toronto). A replay of the conference call can be accessed until Monday, March 3, 2008 by calling 416-641-2196 (from within Toronto) or 1-888-742-2491 (toll-free outside Toronto) and entering passcode 7581.

A live webcast of the call can be accessed on our web site at www.bmo.com/investorrelations. A replay can be accessed on the site until Monday, March 3, 2008.

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Chief Financial Officer

Tom Flynn, Executive Vice-President, Finance & Treasurer and Acting Chief Financial Officer
tom.flynn@bmo.com, 416-867-4649

Corporate Secretary

Blair Morrison, Vice-President & Corporate Secretary
corp.secretary@bmo.com, 416-867-6785

Shareholder Dividend Reinvestment and Share Purchase Plan
Average market price
August 2007 $ 65.90
September 2007 $ 63.43
October 2007 $ 61.01

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, please contact
Bank of Montreal
Shareholder Services
Corporate Secretary's Department
One First Canadian Place, 19th Floor
Toronto, Ontario M5X 1A1
Telephone: (416) 867-6785
Fax: (416) 867-6793
E-mail: corp.secretary@bmo.com

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

To review financial results online, please visit our web site at www.bmo.com

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Annual Meeting 2008
The next Annual Meeting of Shareholders will be held on Tuesday, March 4, 2008 in Quebec City, Quebec.