Consolidated Statement of Income

(Unaudited) (Canadian $ in millions, except as noted)	For the three months ended					For the twelve months ended	
	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008	**October 31, 2009**	October 31, 2008
Interest, Dividend and Fee Income							
Loans	**$ 1,835**	$ 1,920	$ 1,955	$ 2,250	$ 2,554	**$ 7,960**	$ 10,614
Securities	**448**	494	665	820	744	**2,427**	3,191
Deposits with banks	**19**	23	48	96	182	**186**	930
	2,302	2,437	2,668	3,166	3,480	**10,573**	14,735
Interest Expense							
Deposits	**672**	789	1,097	1,483	1,590	**4,041**	7,341
Subordinated debt	**32**	24	30	49	61	**135**	222
Capital trust securities and preferred shares	**20**	20	19	21	23	**80**	91
Other liabilities	**136**	138	187	286	397	**747**	2,009
	860	971	1,333	1,839	2,071	**5,003**	9,663
Net Interest Income	**1,442**	1,466	1,335	1,327	1,409	**5,570**	5,072
Provision for credit losses (Note 3)	**386**	417	372	428	465	**1,603**	1,330
Net Interest Income After Provision for Credit Losses	**1,056**	1,049	963	899	944	**3,967**	3,742
Non-Interest Revenue							
Securities commissions and fees	**250**	240	235	248	270	**973**	1,105
Deposit and payment service charges	**205**	206	204	205	203	**820**	756
Trading revenues	**163**	273	63	224	435	**723**	546
Lending fees	**149**	140	148	119	120	**556**	429
Card fees	**29**	35	33	24	58	**121**	291
Investment management and custodial fees	**87**	85	84	88	87	**344**	339
Mutual fund revenues	**128**	119	106	114	140	**467**	589
Securitization revenues	**201**	202	262	264	167	**929**	513
Underwriting and advisory fees	**116**	101	103	77	66	**397**	353
Securities gains (losses), other than trading	**14**	(12)	(42)	(314)	(252)	**(354)**	(315)
Foreign exchange, other than trading	**14**	1	25	13	(4)	**53**	80
Insurance income	**86**	85	64	60	56	**295**	237
Other	**105**	37	35	(7)	58	**170**	210
	1,547	1,512	1,320	1,115	1,404	**5,494**	5,133
Net Interest Income and Non-Interest Revenue	**2,603**	2,561	2,283	2,014	2,348	**9,461**	8,875
Non-Interest Expense							
Employee compensation (Note 9)	**1,047**	1,122	1,129	1,087	1,007	**4,385**	3,976
Premises and equipment (Note 2)	**302**	313	339	327	338	**1,281**	1,241
Amortization of intangible assets (Note 2)	**50**	48	54	51	48	**203**	183
Travel and business development	**81**	73	73	82	95	**309**	328
Communications	**58**	55	57	51	57	**221**	202
Business and capital taxes	**(3)**	19	13	15	11	**44**	42
Professional fees	**97**	91	82	92	113	**362**	384
Other	**147**	162	141	136	157	**586**	546
	1,779	1,883	1,888	1,841	1,826	**7,391**	6,902
Restructuring Reversal (Note 10)	**-**	(10)	-	-	(8)	**(10)**	(8)
Income Before Provision for (Recovery of) Income Taxes and Non-Controlling Interest in Subsidiaries	**824**	688	395	173	530	**2,080**	1,981
Provision for (Recovery of) Income taxes	**158**	112	18	(71)	(49)	**217**	(71)
	666	576	377	244	579	**1,863**	2,052
Non-controlling interest in subsidiaries	**19**	19	19	19	19	**76**	74
Net Income	**$ 647**	$ 557	$ 358	$ 225	$ 560	**$ 1,787**	$ 1,978
Preferred share dividends	**$ 38**	$ 33	$ 26	$ 23	$ 25	**$ 120**	$ 73
Net income available to common shareholders	**$ 609**	$ 524	$ 332	$ 202	$ 535	**$ 1,667**	$ 1,905
Average common shares (in thousands)	**550,495**	547,134	543,634	520,020	503,004	**540,294**	502,062
Average diluted common shares (in thousands)	**554,151**	549,968	544,327	523,808	506,591	**542,313**	506,697
Earnings Per Share (Canadian $)							
Basic	**$ 1.12**	$ 0.97	$ 0.61	$ 0.39	$ 1.06	**$ 3.09**	$ 3.79
Diluted	**1.11**	0.97	0.61	0.39	1.06	**3.08**	3.76
Dividends Declared Per Common Share	**0.70**	0.70	0.70	0.70	0.70	**2.80**	2.80

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

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

Consolidated Balance Sheet

(Unaudited) (Canadian $ in millions)	As at				
	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008
Assets					
Cash and Cash Equivalents	**$ 9,955**	$ 10,758	$ 10,247	$ 16,951	$ 9,134
Interest Bearing Deposits with Banks	**3,340**	3,809	3,985	9,439	11,971
Securities					
Trading	**59,071**	66,152	66,704	61,752	66,032
Available-for-sale	**50,303**	42,559	39,295	35,189	32,115
Other	**1,439**	1,436	1,501	1,517	1,991
	110,813	110,147	107,500	98,458	100,138
Securities Borrowed or Purchased Under Resale Agreements	**36,006**	45,250	38,521	32,283	28,033
Loans					
Residential mortgages	**45,524**	48,760	48,052	50,107	49,343
Consumer instalment and other personal	**45,824**	44,466	44,316	44,355	43,737
Credit cards	**2,574**	2,383	2,100	2,105	2,120
Businesses and governments	**68,169**	70,705	77,271	84,557	84,151
	162,091	166,314	171,739	181,124	179,351
Customers' liability under acceptances	**7,640**	9,042	9,736	10,716	9,358
Allowance for credit losses (Note 3)	**(1,902)**	(1,798)	(1,825)	(1,741)	(1,747)
	167,829	173,558	179,650	190,099	186,962
Other Assets					
Derivative instruments	**47,898**	59,580	77,473	81,985	65,586
Premises and equipment (Note 2)	**1,634**	1,642	1,684	1,709	1,721
Goodwill	**1,569**	1,551	1,670	1,706	1,635
Intangible assets (Note 2)	**660**	647	671	676	710
Other	**8,754**	8,419	10,844	9,868	10,160
	60,515	71,839	92,342	95,944	79,812
Total Assets	**$ 388,458**	$ 415,361	$ 432,245	$ 443,174	$ 416,050
Liabilities and Shareholders' Equity					
Deposits					
Banks	**$ 22,973**	$ 23,211	$ 27,874	$ 31,422	$ 30,346
Businesses and governments	**113,738**	122,269	118,205	133,388	136,111
Individuals	**99,445**	99,473	101,090	99,770	91,213
	236,156	244,953	247,169	264,580	257,670
Other Liabilities					
Derivative instruments	**44,765**	58,570	75,070	77,764	60,048
Acceptances	**7,640**	9,042	9,736	10,716	9,358
Securities sold but not yet purchased	**12,064**	12,717	14,131	16,327	18,792
Securities lent or sold under repurchase agreements	**46,312**	48,816	46,170	36,012	32,492
Other	**15,938**	16,149	14,708	12,969	14,071
	126,719	145,294	159,815	153,788	134,761
Subordinated Debt (Note 11)	**4,236**	4,249	4,379	4,389	4,315
Capital Trust Securities	**1,150**	1,150	1,150	1,150	1,150
Preferred Share Liability (Note 12)	**-**	-	-	-	250
Shareholders' Equity					
Share capital (Note 12)	**8,769**	8,626	8,099	7,676	6,454
Contributed surplus	**79**	78	77	76	69
Retained earnings	**11,748**	11,525	11,391	11,434	11,632
Accumulated other comprehensive income (loss)	**(399)**	(514)	165	81	(251)
	20,197	19,715	19,732	19,267	17,904
Total Liabilities and Shareholders' Equity	**$ 388,458**	$ 415,361	$ 432,245	$ 443,174	$ 416,050

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

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

Consolidated Statement of Comprehensive Income

(Unaudited) (Canadian $ in millions)	For the three months ended		For the twelve months ended	
	October 31, 2009	October 31, 2008	**October 31, 2009**	October 31, 2008
Net income	**$ 647**	$ 560	**$ 1,787**	$ 1,978
Other Comprehensive Income				
Net change in unrealized gains (losses) on available-for-sale securities	**200**	(133)	**554**	(109)
Net change in unrealized gains (losses) on cash flow hedges	**(100)**	230	**(244)**	424
Net gain (loss) on translation of net foreign operations	**15**	696	**(458)**	967
Total Comprehensive Income	**$ 762**	$ 1,353	**$ 1,639**	$ 3,260

Consolidated Statement of Changes in Shareholders' Equity

(Unaudited) (Canadian $ in millions)	For the three months ended		For the twelve months ended	
	October 31, 2009	October 31, 2008	**October 31, 2009**	October 31, 2008
Preferred Shares				
Balance at beginning of period	**$ 2,571**	$ 1,746	**$ 1,746**	$ 1,196
Issued during the period (Note 12)	**-**	-	**825**	550
Balance at End of Period	**2,571**	1,746	**2,571**	1,746
Common Shares				
Balance at beginning of period	**6,055**	4,712	**4,773**	4,411
Issued during the period (Note 12)	**-**	-	**1,000**	-
Issued under the Shareholder Dividend Reinvestment and Share Purchase Plan	**107**	35	**338**	122
Issued under the Stock Option Plan	**36**	26	**87**	60
Issued on the acquisition of a business	**-**	-	**-**	180
Balance at End of Period	**6,198**	4,773	**6,198**	4,773
Treasury shares (Note 12)	**-**	(65)	**-**	(65)
Contributed Surplus				
Balance at beginning of period	**78**	68	**69**	58
Stock option expense/exercised	**1**	1	**8**	11
Premium on treasury shares	**-**	-	**2**	-
Balance at End of Period	**79**	69	**79**	69
Retained Earnings				
Balance at beginning of period	**11,525**	11,471	**11,632**	11,166
Net income	**647**	560	**1,787**	1,978
Dividends – Preferred shares	**(38)**	(25)	**(120)**	(73)
– Common shares	**(386)**	(355)	**(1,530)**	(1,410)
Share issue expense	**-**	-	**(32)**	(10)
Treasury shares	**-**	(19)	**11**	(19)
Balance at End of Period	**11,748**	11,632	**11,748**	11,632
Accumulated Other Comprehensive Income (Loss) on Available-for-Sale Securities				
Balance at beginning of period	**280**	59	**(74)**	35
Unrealized gains (losses) on available-for-sale securities arising during the period (net of income tax (provision) recovery of $(92), $112, $(253) and $137)	**213**	(226)	**491**	(280)
Reclassification to earnings of (gains) losses in the period (net of income tax (provision) recovery of $5, $(47), $(26) and $(84))	**(13)**	93	**63**	171
Balance at End of Period	**480**	(74)	**480**	(74)
Accumulated Other Comprehensive Income on Cash Flow Hedges				
Balance at beginning of period	**114**	28	**258**	(166)
Gains (losses) on cash flow hedges arising during the period (net of income tax (provision) recovery of $31, $(102), $64 and $(173))	**(61)**	222	**(153)**	363
Reclassification to earnings of (gains) losses on cash flow hedges (net of income tax (provision) recovery of $18, $(6), $44 and $(31))	**(39)**	8	**(91)**	61
Balance at End of Period	**14**	258	**14**	258
Accumulated Other Comprehensive Loss on Translation of Net Foreign Operations				
Balance at beginning of period	**(908)**	(1,131)	**(435)**	(1,402)
Unrealized gain (loss) on translation of net foreign operations	**42**	1,926	**(1,331)**	2,726
Impact of hedging unrealized gain (loss) on translation of net foreign operations (net of income tax (provision) recovery of $12, $629, $(382) and $881)	**(27)**	(1,230)	**873**	(1,759)
Balance at End of Period	**(893)**	(435)	**(893)**	(435)
Total Accumulated Other Comprehensive Loss	**(399)**	(251)	**(399)**	(251)
Total Shareholders' Equity	**$ 20,197**	$ 17,904	**$ 20,197**	$ 17,904

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

Consolidated Statement of Cash Flows

(Unaudited) (Canadian $ in millions)	For the three months ended October 31, 2009	For the three months ended October 31, 2008	For the twelve months ended October 31, 2009	For the twelve months ended October 31, 2008
Cash Flows from Operating Activities				
Net income	**$ 647**	$ 560	**$ 1,787**	$ 1,978
Adjustments to determine net cash flows provided by (used in) operating activities				
Impairment write-down of securities, other than trading	**19**	189	**301**	324
Net (gain) loss on securities, other than trading	**(33)**	63	**53**	(9)
Net (increase) decrease in trading securities	**9,536**	(1,235)	**7,207**	8,275
Provision for credit losses	**386**	465	**1,603**	1,330
(Gain) on sale of securitized loans (Note 4)	**(146)**	(132)	**(700)**	(420)
Change in derivative instruments - (Increase) decrease in derivative asset	**11,777**	(20,421)	**14,010**	(29,370)
- Increase (decrease) in derivative liability	**(13,804)**	19,174	**(9,510)**	20,645
Amortization of premises and equipment	**60**	65	**269**	252
Amortization of intangible assets	**50**	48	**203**	183
Net (increase) decrease in future income taxes	**347**	(309)	**186**	(157)
Net (increase) decrease in current income taxes	**(211)**	554	**296**	(314)
Change in accrued interest – (Increase) decrease in interest receivable	**(150)**	(130)	**387**	303
– Increase (decrease) in interest payable	**(71)**	22	**(492)**	(351)
Changes in other items and accruals, net	**(2,455)**	3,525	**(2,796)**	1,590
(Gain) on sale of land and buildings	**(4)**	-	**(10)**	(13)
Net Cash Provided by Operating Activities	**5,948**	2,438	**12,794**	4,246
Cash Flows from Financing Activities				
Net (decrease) in deposits	**(9,550)**	(7,336)	**(11,149)**	(1,412)
Net increase (decrease) in securities sold but not yet purchased	**(660)**	711	**(6,446)**	(7,251)
Net increase (decrease) in securities lent or sold under repurchase agreements	**(2,596)**	1,155	**17,467**	(3,731)
Net increase (decrease) in liabilities of subsidiaries	**1**	(9)	**(113)**	2,045
Repayment of subordinated debt (Note 11)	**-**	-	**(140)**	(150)
Proceeds from issuance of subordinated debt (Note 11)	**-**	-	**-**	900
Redemption of preferred share liability (Note 12)	**-**	-	**(250)**	-
Proceeds from issuance of preferred shares (Note 12)	**-**	-	**825**	550
Proceeds from issuance of common shares (Note 12)	**36**	26	**1,087**	60
Share issue expense	**-**	-	**(32)**	(10)
Cash dividends paid	**(317)**	(345)	**(1,312)**	(1,361)
Net Cash (Used in) Financing Activities	**(13,086)**	(5,798)	**(63)**	(10,360)
Cash Flows from Investing Activities				
Net decrease in interest bearing deposits with banks	**469**	8,153	**8,656**	10,077
Purchases of securities, other than trading	**(10,377)**	(4,436)	**(41,041)**	(21,303)
Maturities of securities, other than trading	**1,740**	2,796	**10,800**	16,984
Proceeds from sales of securities, other than trading	**5,191**	1,301	**18,917**	8,268
Net (increase) in loans	**(748)**	(12,799)	**(3,107)**	(28,507)
Proceeds from securitization of loans (Note 4)	**798**	5,677	**6,796**	11,448
Net (increase) decrease in securities borrowed or purchased under resale agreements	**9,276**	8,333	**(10,985)**	14,665
Proceeds from sales of land and buildings	**5**	-	**17**	19
Premises and equipment – net purchases	**(39)**	(110)	**(204)**	(285)
Purchased and developed software – net purchases	**(36)**	(57)	**(176)**	(164)
Acquisitions (Note 8)	**(12)**	(2)	**(328)**	(155)
Net Cash Provided By (Used in) Investing Activities	**6,267**	8,856	**(10,655)**	11,047
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**68**	394	**(1,255)**	551
Net Increase (Decrease) in Cash and Cash Equivalents	**(803)**	5,890	**821**	5,484
Cash and Cash Equivalents at Beginning of Period	**10,758**	3,244	**9,134**	3,650
Cash and Cash Equivalents at End of Period	**$ 9,955**	$ 9,134	**$ 9,955**	$ 9,134
Represented by:				
Cash and non-interest bearing deposits with Bank of Canada and other banks	**$ 8,656**	$ 6,936	**$ 8,656**	$ 6,936
Cheques and other items in transit, net	**1,299**	2,198	**1,299**	2,198
	$ 9,955	$ 9,134	**$ 9,955**	$ 9,134
Supplemental Disclosure of Cash Flow Information				
Amount of interest paid in the period	**$ 929**	$ 2,001	**$ 5,507**	$ 9,900
Amount of income taxes paid (refunded) in the period	**$ 17**	$ (284)	**$ (232)**	$ 456

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

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

Notes to Consolidated Financial Statements

October 31, 2009 (Unaudited)

Note 1: Basis of Presentation

These interim consolidated financial statements should be read in conjunction with the notes to our annual consolidated financial statements for the year ended October 31, 2008 as set out on pages 108 to 151 of our 2008 Annual Report. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") using the same accounting policies and methods of computation as were used for our annual consolidated financial statements for the year ended October 31, 2008, except as described in Note 2.

Note 2: Change in Accounting Policy

On November 1, 2008, we adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting requirements for goodwill and intangible assets. We have restated prior periods' financial statements for this change. The new rules required us to reclassify certain computer software from premises and equipment to intangible assets.

The impact of this change in accounting policy on the current and prior periods is as follows:

(Canadian $ in millions)

	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008
Consolidated Balance Sheet					
(Decrease) in Premises and Equipment	**$ (513)**	$ (510)	$ (510)	$ (515)	$ (506)
Increase in Intangible Assets	**513**	510	510	515	506
Consolidated Statement of Income					
(Decrease) in Premises and Equipment	**$ (40)**	$ (36)	$ (42)	$ (41)	$ (37)
Increase in Amortization of Intangible Assets	**40**	36	42	41	37

The following table outlines the restated software intangible assets for the current and prior periods:

(Canadian $ in millions)

	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008
Intangible Assets					
Purchased Software (1)	**$ 546**	$ 1,021	$ 1,006	$ 1,009	$ 1,003
Developed Software (1) (2)	**815**	771	774	743	696
Software Intangible Assets	**1,361**	1,792	1,780	1,752	1,699
Accumulated Amortization	**(848)**	(1,282)	(1,270)	(1,237)	(1,193)
Carrying Value	**$ 513**	$ 510	$ 510	$ 515	$ 506

(1) Amortized on a straight-line basis over its useful life up to a maximum of five years.

(2) Includes $nil as at October 31, 2009, $67 million as at July 31, 2009, $55 million as at April 30, 2009, $58 million as at January 31, 2009, and $55 million as at October 31, 2008 of software in development which is not subject to amortization.

Note 3: Allowance for Credit Losses

The allowance for credit losses recorded in our Consolidated Balance Sheet is maintained at a level which we consider adequate to absorb credit-related losses on our loans, customers' liability under acceptances and other credit instruments. The portion related to other credit instruments is recorded in other liabilities in our Consolidated Balance Sheet. As at October 31, 2009 and 2008, there was no allowance for credit losses related to other credit instruments included in other liabilities.

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

(Canadian $ in millions)

	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the three months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Specific Allowance at beginning of period	**$ 29**	$ 15	**$ 45**	$ 1	**$ 426**	$ 411	**$ -**	$ -	**$ 500**	$ 427
Provision for credit losses	**9**	2	**163**	113	**209**	200	**5**	-	**386**	315
Recoveries	**-**	-	**27**	21	**15**	2	**-**	-	**42**	23
Write-offs	**(5)**	(4)	**(184)**	(133)	**(146)**	(250)	**-**	-	**(335)**	(387)
Foreign exchange and other	**-**	-	**-**	-	**3**	48	**-**	-	**3**	48
Specific Allowance at end of period	**33**	13	**51**	2	**507**	411	**5**	-	**596**	426
General Allowance at beginning of period	**19**	8	**247**	349	**983**	661	**54**	49	**1,303**	1,067
Provision for credit losses	**(1)**	-	**19**	(107)	**(18)**	265	**-**	(8)	**-**	150
Foreign exchange and other	**-**	-	**-**	-	**3**	104	**-**	-	**3**	104
General Allowance at end of period	**18**	8	**266**	242	**968**	1,030	**54**	41	**1,306**	1,321
Total Allowance	**$ 51**	$ 21	**$ 317**	$ 244	**$ 1,475**	$ 1,441	**$ 59**	$ 41	**$ 1,902**	$ 1,747

	Residential mortgages		Credit card, consumer instalment and other personal loans		Business and government loans		Customers' liability under acceptances		Total	
For the twelve months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Specific Allowance at beginning of period	**$ 13**	$ 14	**$ 2**	$ 1	**$ 411**	$ 142	**$ -**	$ -	**$ 426**	$ 157
Provision for credit losses	**26**	5	**624**	332	**888**	733	**5**	-	**1,543**	1,070
Recoveries	**-**	-	**104**	91	**41**	23	**-**	-	**145**	114
Write-offs	**(6)**	(6)	**(679)**	(422)	**(807)**	(542)	**-**	-	**(1,492)**	(970)
Foreign exchange and other	**-**	-	**-**	-	**(26)**	55	**-**	-	**(26)**	55
Specific Allowance at end of period	**33**	13	**51**	2	**507**	411	**5**	-	**596**	426
General Allowance at beginning of period	**8**	11	**242**	327	**1,030**	517	**41**	43	**1,321**	898
Provision for credit losses	**10**	(3)	**24**	(85)	**13**	350	**13**	(2)	**60**	260
Foreign exchange and other	**-**	-	**-**	-	**(75)**	163	**-**	-	**(75)**	163
General Allowance at end of period	**18**	8	**266**	242	**968**	1,030	**54**	41	**1,306**	1,321
Total Allowance	**$ 51**	$ 21	**$ 317**	$ 244	**$ 1,475**	$ 1,441	**$ 59**	$ 41	**$ 1,902**	$ 1,747

Note 4: Securitization

The following tables summarize our securitization activity related to our assets and its impact on our Consolidated Statement of Income for the three and twelve months ended October 31, 2009 and 2008:

(Canadian $ in millions)

	Residential mortgages		Credit card loans		Total	
For the three months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Net cash proceeds (1)	**$ 795**	$ 4,097	**$ -**	$ 1,500	**$ 795**	$ 5,597
Investment in securitization vehicles (2)	**-**	-	**-**	119	**-**	119
Deferred purchase price	**28**	138	**-**	35	**28**	173
Servicing liability	**(4)**	(27)	**-**	(8)	**(4)**	(35)
	819	4,208	**-**	1,646	**819**	5,854
Loans sold	**798**	4,198	**-**	1,622	**798**	5,820
Gain on sale of loans from new securitizations	**$ 21**	$ 10	**$ -**	$ 24	**$ 21**	$ 34
Gain on sale of loans sold to revolving securitization vehicles	**$ 22**	$ 18	**$ 103**	$ 80	**$ 125**	$ 98

	Residential mortgages		Credit card loans		Total	
For the twelve months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Net cash proceeds (1)	**$ 6,761**	$ 8,330	**$ -**	$ 3,024	**$ 6,761**	$ 11,354
Investment in securitization vehicles (2)	**-**	-	**-**	190	**-**	190
Deferred purchase price	**189**	331	**-**	73	**189**	404
Servicing liability	**(29)**	(55)	**-**	(14)	**(29)**	(69)
	6,921	8,606	**-**	3,273	**6,921**	11,879
Loans sold	**6,823**	8,524	**-**	3,219	**6,823**	11,743
Gain on sale of loans from new securitizations	**$ 98**	$ 82	**$ -**	$ 54	**$ 98**	$ 136
Gain on sale of loans sold to revolving securitization vehicles	**$ 146**	$ 72	**$ 456**	$ 212	**$ 602**	$ 284

(1) Net cash proceeds represent cash proceeds less issuance costs.

(2) Includes credit card securities retained on-balance sheet by the bank.

The key weighted-average assumptions used to value the deferred purchase price for securitizations were as follows:

	Residential mortgages		Credit card loans	
For the three months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009(1)**	October 31, 2008
Weighted-average life (years)	**3.09**	4.71	**-**	0.27
Prepayment rate (%)	**16.00**	14.00	**-**	39.99
Interest rate (%)	**4.34**	5.34	**-**	21.37
Expected credit losses (2)	**-**	-	**-**	2.53
Discount rate (%)	**1.89**	3.83	**-**	10.21

	Residential mortgages		Credit card loans	
For the twelve months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009(1)**	October 31, 2008
Weighted-average life (years)	**3.12**	4.43	**-**	0.36
Prepayment rate (%)	**23.73**	13.74	**-**	40.34
Interest rate (%)	**4.31**	5.38	**-**	21.32
Expected credit losses (2)	**-**	-	**-**	2.43
Discount rate (%)	**2.18**	4.04	**-**	10.23

(1) There were no credit card securitization transactions in the three and twelve months ended October 31, 2009.

(2) As the residential mortgages are fully insured, there are no expected credit losses.

Note 5: Variable Interest Entities

Canadian Customer Securitization Vehicles

Customer securitization vehicles (also referred to as bank-sponsored multi-seller conduits) assist our customers with the securitization of their assets to provide them with alternate sources of funding.

Assets held by our unconsolidated Canadian customer securitization vehicles amounted to $5,674 million as at October 31, 2009 ($11,106 million as at October 31, 2008). Our exposure to losses relates to our investment in commercial paper issued by the vehicles, derivative contracts we have entered into with the vehicles and the liquidity support we provide through backstop liquidity facilities. As at October 31, 2009, we had an exposure of $328 million from commercial paper held ($2,139 million as at October 31, 2008) classified as trading securities. The total undrawn backstop liquidity facilities were $5,819 million as at October 31, 2009 ($11,040 million as at October 31, 2008). No amounts have been drawn against the facilities as at October 31, 2009 and 2008. The fair value of derivative assets outstanding with these Variable Interest Entities ("VIEs") was recorded in our Consolidated Balance Sheet as $44 million as at October 31, 2009 (derivative asset of $55 million as at October 31, 2008).

Included in our Consolidated Balance Sheet as at October 31, 2009, were a loan of $560 million and $159 million of other assets relating to three VIEs ($265 million of other assets relating to two VIEs as at October 31, 2008) we consolidate as we absorb the majority of the expected losses.

U.S. Customer Securitization Vehicle

Assets held by our unconsolidated U.S. customer securitization vehicle amounted to $4,943 million (US$4,569 million) as at October 31, 2009 ($7,993 million or US$6,636 million as at October 31, 2008). Our exposure to losses in our U.S. customer securitization vehicle relates to liquidity support we provide through liquidity facilities. As at October 31, 2009, our exposure related to undrawn backstop liquidity facilities amounted to $6,214 million (US$5,744 million) ($10,015 million or US$8,315 million as at October 31, 2008). During the year ended October 31, 2008, we provided funding of US$851 million in accordance with the terms of these liquidity facilities. No funding was provided for the year ending October 31, 2009. The amount outstanding related to this funding as at October 31, 2009 was $158 million (US$146 million) ($538 million or US$447 million as at October 31, 2008). The fair value of derivative assets outstanding with this vehicle was recorded in our Consolidated Balance Sheet as $2 million (US$2 million) as at October 31, 2009 (derivative asset of $1 million or US$1 million as at October 31, 2008). We are not required to consolidate our U.S. customer securitization vehicle.

Bank Securitization Vehicles

We use bank securitization vehicles to securitize our Canadian mortgage loans and Canadian credit card loans to obtain alternate sources of funding. Total assets held by these vehicles amounted to $9,719 million as at October 31, 2009 and 2008, all of which relate to assets in Canada. We are not required to consolidate our bank securitization vehicles.

We provide liquidity support to our Canadian mortgage bank securitization vehicles for the face value of the commercial paper outstanding. The total contract amount of the liquidity support was $5,100 million as at October 31, 2009 and 2008. No amounts were drawn as at October 31, 2009 and 2008. As at October 31, 2009, we held $55 million of the commercial paper issued by these vehicles ($509 million as at October 31, 2008) which was classified as trading securities.

The fair value of derivative assets we have outstanding with these vehicles was recorded in our Consolidated Balance Sheet at $94 million as at October 31, 2009 (derivative asset of $121 million as at October 31, 2008).

Credit Protection Vehicle

We sponsor a credit protection vehicle, Apex Trust ("Apex"), a VIE that provides credit protection to investors on investments in corporate debt portfolios through credit default swaps. Assets held by Apex were $2,322 million as at October 31, 2009 ($2,794 million as at October 31, 2008). A senior funding facility of $1,130 million is available to Apex, of which we provide $1,030 million. As at October 31, 2009, $112 million had been drawn against our facility ($553 million as at October 31, 2008). We have also authorized a senior demand facility for Apex of $1 billion. No amounts have been drawn against this facility. We have entered into credit default swaps with swap counterparties and offsetting swaps with Apex. The fair value of the swaps with Apex was $1,236 million as at October 31, 2009 ($2,744 million as at October 31, 2008).

As at October 31, 2009, we hold mid-term notes ("MTNs") with a face value of $1,415 million classified as trading securities. The fair value of these notes was $833 million as at October 31, 2009 ($1,083 million as at October 31, 2008). A third party holds its exposure to Apex through a total return swap with us on $600 million of these MTNs as at October 31, 2009 and 2008. As at October 31, 2009 we have hedged our exposure to the remaining $815 million of MTNs as well as the first $515 million of exposure under the senior funding facility with credit default swaps. These derivatives are classified as trading securities. We are not required to consolidate Apex.

Structured Investment Vehicles

Structured investment vehicles ("SIVs") provide investment opportunities in customized, diversified debt portfolios in a variety of asset and rating classes. We hold interests in two SIVs and act as asset manager. The fair value of assets held by these SIVs were US$5,513 million and €631 million as at October 31, 2009 (US$6,824 million and €698 million as at October 31, 2008).

Our exposure to loss relates to our investments in these vehicles, derivative contracts we have entered into with the vehicles and senior funding we provide through a liquidity facility in order to fund the repayment of senior notes. Our investment in the capital notes of the SIVs was recorded in available-for-sale securities in our Consolidated Balance Sheet, and was written down to $nil as at October 31, 2009 and 2008. Amounts drawn on the liquidity facility provided to the SIVs were US$5,804 million and €597 million as at October 31, 2009 (US$3,716 million and €477 million as at October 31, 2008). Liquidity facilities were US$5,988 million and €627 million as at October 31, 2009 (US$7,672 million and €672 million as at October 31, 2008). The fair value of the derivative assets we have outstanding with the SIVs was recorded in our Consolidated Balance Sheet at $12 million as at October 31, 2009 (derivative asset of $57 million as at October 31, 2008). We are not required to consolidate these SIVs.

Note 6: Financial Instruments

Change in Accounting Policy

On August 20, 2009, the CICA released new accounting requirements relating to the classification and measurement of financial assets. The new standard redefined loans and receivables to include all non-derivative financial assets with fixed or determinable repayment terms which are not quoted in an active market. The standard also permits reclassification of available-for-sale securities to loans when there is no active market. Impairment on the reclassified debt securities will be calculated in a manner consistent with our loan portfolio, based on our assessment of the recoverability of principal and interest.

This change in accounting does not have any impact on our results of operations or financial position since we were not required to and did not elect to transfer any available-for-sale securities to loans.

On August 1, 2008, we elected to transfer securities from trading to available-for-sale for which we had a change in intent caused by current market circumstances to hold the securities for the foreseeable future rather than to exit or trade them in the short term.

A continuity of the transferred securities is as follows:

(Canadian $ in millions)	For the three months ended				For the twelve months ended	
	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	**October 31, 2009**	October 31, 2008
Fair value of securities at beginning of period	**$ 1,493**	$ 1,732	$ 1,737	$ 1,955	**$ 1,955**	$ 2,078
Net (sales/maturities) purchases	**(162)**	(175)	(54)	(222)	**(613)**	(52)
Fair value change recorded in Other Comprehensive Income	**46**	62	93	31	**232**	(183)
Other than temporary impairment recorded in income	**(18)**	(23)	(8)	(50)	**(99)**	(29)
Impact of foreign exchange	**19**	(103)	(36)	23	**(97)**	141
Fair value of securities at end of period	**$ 1,378**	$ 1,493	$ 1,732	$ 1,737	**$ 1,378**	$ 1,955

Fair Value Measurement

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

(Canadian $ in millions)							Derivative Instruments			
	Available-for-sale securities		Trading securities		Fair value liabilities		Asset		Liability	
	October 31, 2009	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Valued using quoted market prices	**$ 35,590**	$ 14,560	**$ 55,401**	$ 62,294	**$ 12,064**	$ 18,792	**$ 1,881**	$ 6,170	**$ 813**	$ 2,096
Valued using internal models (with observable inputs)	**12,271**	14,655	**3,184**	3,258	**2,473**	2,493	**45,438**	58,131	**43,779**	57,821
Valued using internal models (without observable inputs)	**2,442**	2,900	**486**	480	**-**	-	**579**	1,285	**173**	131
Total	**$ 50,303**	$ 32,115	**$ 59,071**	$ 66,032	**$ 14,537**	$ 21,285	**$ 47,898**	$ 65,586	**$ 44,765**	$ 60,048

Sensitivity analysis for the most significant items valued using internal models without observable inputs is described below.

Within trading securities as at October 31, 2009 was $165 million (face value $323 million) of notes related to the Montreal Accord. The valuation of these notes has been determined by management based on expected discounted cash flows. The determination of the discount rate used in the discounted cash flow model has the most significant impact on the valuation of the notes and is impacted by changes in credit spreads and the rating of the notes. The impact of assuming the discount rate increased or decreased by 50 basis points would result in a change in fair value of $(5) million and $5 million, respectively. Included in available-for-sale securities is deferred purchase price of $727 million related to our off-balance sheet securitization activities. The valuation of the deferred purchase price has been determined by management based on expected discounted cash flows that are determined by prepayment rate and interest rate assumptions. The determination of the interest rate (excess spread) used in the discounted cash flow model has the most significant impact on the valuation of the deferred purchase price. The impact of assuming a 10 percent increase or decrease in the interest rate would result in a change in fair value of $101 million and $(101) million, respectively.

Within derivative assets and derivative liabilities as at October 31, 2009 was $568 million and $76 million, respectively, related to the mark-to-market of credit default swaps and total return swaps on structured products. The valuation of these derivatives has been determined by management based on estimates of current market spreads for similar structured products. The impact of assuming a 10 basis point increase or decrease in that spread would result in a change in fair value of $(4) million and $4 million, respectively.

Financial Liabilities Designated as Held for Trading

A portion of our structured note liabilities have been designated as trading under the fair value option and are accounted for at fair value, which better aligns the accounting result with the way the portfolio is managed. The change in fair value of these structured notes was a decrease in non-interest revenue, trading revenues of $39 million for the quarter ended October 31, 2009, including a charge of $16 million attributable to changes in our credit spread (an increase in non-interest revenue, trading revenues of $53 million and a charge of $158 million, respectively for the twelve months ended October 31, 2009). We recognized offsetting amounts on derivatives and other financial instrument contracts that are held to hedge changes in the fair value of these structured notes.

The change in fair value related to changes in our credit spread that has been recognized since they were designated as held for trading to October 31, 2009 was an unrealized loss of $42 million. In 2009, we hedged the exposure to changes in our credit spreads and have recorded $155 million of gains on these hedging instruments since inception.

The fair value and amount due at contractual maturity of structured notes accounted for as held for trading as at October 31, 2009 were $3,073 million and $3,377 million, respectively ($2,576 million and $3,075 million, respectively, as at October 31, 2008).

Note 7: Guarantees

In the normal course of business we enter into a variety of guarantees. The most significant guarantees are as follows:

Standby Letters of Credit and Guarantees

Standby letters of credit and guarantees represent our obligation to make payments to third parties on behalf of another party if that party is unable to make the required payments or meet other contractual requirements. The maximum amount payable under standby letters of credit and guarantees totalled $11,384 million as at October 31, 2009 ($15,270 million as at October 31, 2008). Collateral requirements for standby letters of credit and guarantees are consistent with our collateral requirements for loans. A large majority of these commitments expire without being drawn upon. As a result, the total contractual amounts may not be representative of the funding likely to be required for these commitments.

No amount was included in our Consolidated Balance Sheet as at October 31, 2009 and 2008 related to these standby letters of credit and guarantees.

Backstop and Other Liquidity Facilities

Backstop liquidity facilities are provided to Asset-Backed Commercial Paper ("ABCP") programs administered by either us or third parties as an alternative source of financing in the event that such programs are unable to access ABCP markets or when predetermined performance measures of the financial assets owned by these programs are not met. The terms of the backstop liquidity facilities do not require us to advance money to these programs in the event of bankruptcy of the borrower. The facilities' terms are generally no longer than one year, but can be several years.

The maximum amount payable under these backstop and other liquidity facilities totalled $19,108 million as at October 31, 2009 ($32,806 million as at October 31, 2008). As at October 31, 2009, $185 million was outstanding from facilities drawn in accordance with the terms of the backstop liquidity facilities ($656 million as at October 31, 2008), of which $158 million (US$146 million) ($538 million or US$447 million as at October 31, 2008) related to the U.S. customer securitization vehicle discussed in Note 5.

Credit Enhancement Facilities

Where warranted, we provide partial credit enhancement facilities to transactions within ABCP programs administered by either us or third parties. Credit enhancement facilities are included in backstop liquidity facilities. These facilities include amounts that relate to our U.S. customer securitization vehicle discussed in Note 5.

Senior Funding Facilities

We also provide senior funding support to our SIVs and our credit protection vehicle. The majority of these facilities support the repayment of senior note obligations of the SIVs. As at October 31, 2009, $7,342 million was drawn ($5,761 million as at October 31, 2008), in accordance with the terms of the funding facilities related to the SIVs and credit protection vehicle discussed in Note 5.

In addition to our investment in the notes subject to the Montreal Accord, we have provided a senior loan facility of $300 million. No amounts were drawn as at October 31, 2009.

Note 8: Acquisitions

We account for acquisitions of businesses using the purchase method. This involves allocating the purchase price paid for a business to the assets acquired, including identifiable intangible assets, and the liabilities assumed, based on their fair values at the date of acquisition. Any excess is then recorded as goodwill. The results of operations of acquired businesses are included in our consolidated financial statements beginning on the date of acquisition.

Integra GRS

On June 11, 2009, we announced that we had reached a definitive agreement to purchase the record keeping business of Integra GRS ("Integra"), a wholly owned subsidiary of Integra Capital Management Corporation for cash consideration of $17 million, subject to a post-closing adjustment. The acquisition of Integra will extend our existing wealth management offering. The acquisition of Integra closed on November 23, 2009. Integra will be part of our Private Client Group reporting segment.

Stoker Ostler Wealth Advisors, Inc.

On September 9, 2009, we completed the acquisition of all outstanding voting shares of Stoker Ostler Wealth Advisors, Inc. ("SOWA"), for cash consideration of $12 million, plus contingent consideration of up to $9 million based on revenue to be generated in the future. The acquisition of SOWA provides us with the opportunity to expand our presence in the U.S. wealth advisory market. As part of this acquisition, we acquired a customer relationship intangible asset which is being amortized using an accelerated amortization method over a period of five years. Goodwill related to this acquisition is deductible for tax purposes. SOWA is part of our Private Client Group reporting segment.

AIG Life Insurance Company of Canada

On April 1, 2009, we completed the acquisition of AIG Life Insurance Company of Canada ("BMO Life Assurance"), for cash consideration of $330 million, subject to a post-closing adjustment based on net assets. The acquisition of BMO Life Assurance will provide our clients with a wider range of investment, financial planning and insurance solutions. As part of this acquisition, we acquired a customer relationship intangible asset that is being amortized on a straight-line basis over five years, a non-compete agreement that is being amortized on a straight-line basis over two years, a computer software intangible asset which is being amortized on a straight-line basis over five years, and other existing computer software intangible assets which are being amortized on a straight-line basis over five years. Goodwill related to this acquisition is not deductible for tax purposes. BMO Life Assurance is part of our Private Client Group reporting segment.

Future Acquisitions

Paloma Securities L.L.C.

On November 16, 2009, we announced that we had reached a definitive agreement to purchase Paloma Securities L.L.C. ("Paloma") for cash consideration of approximately $6 million, subject to a post-closing adjustment. The acquisition of Paloma will provide us with the opportunity to expand our securities lending operation. The acquisition of Paloma is expected to close during the quarter ending January 31, 2010, subject to regulatory approval. Paloma will be part of our BMO Capital Markets reporting segment.

Diners Club

On November 24, 2009, we announced that we had reached a definitive agreement to purchase the net cardholder receivables of the Diners Club North American franchise from Citigroup for total cash consideration of approximately US$1 billion. The acquisition of the net cardholder receivables of Diners Club will give us rights to issue Diners Club cards to corporate and professional clients in the United States and Canada and is expected to close before March 31, 2010, subject to regulatory approval. Diners Club will be part of our Personal and Commercial Banking Canada reporting segment.

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

(Canadian $ in millions)

	SOWA	BMO Life Assurance
Cash resources	$ -	$ 352
Securities	-	2,638
Loans	-	54
Premises and equipment	-	18
Goodwill	13	1
Intangible assets	8	15
Other assets	-	142
Total assets	21	3,220
Other liabilities	9	2,890
Total liabilities	9	2,890
Purchase price	$ 12	$ 330

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

Note 9: Employee Compensation

Stock Options

During the twelve months ended October 31, 2009, we granted a total of 2,220,027 stock options. The weighted-average fair value of options granted during the twelve months ended October 31, 2009 was $5.57 per option. The following weighted-average assumptions were used to determine the fair value of options on the date of grant:

For stock options granted during the twelve months ended October 31, 2009	
Expected dividend yield	5.9%
Expected share price volatility	23.8%
Risk-free rate of return	2.6%
Expected period until exercise (in years)	6.5

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

Pension and Other Employee Future Benefit Expenses

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

(Canadian $ in millions)

	Pension benefit plans		Other employee future benefit plans	
For the three months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Benefits earned by employees	**$ 18**	$ 27	**$ 4**	$ 5
Interest cost on accrued benefit liability	**64**	65	**12**	12
Actuarial loss recognized in expense	**20**	2	**-**	4
Amortization of plan amendment costs	**6**	6	**(3)**	(4)
Expected return on plan assets	**(62)**	(80)	**(1)**	(2)
Benefits expense	**46**	20	**12**	15
Canada and Quebec pension plan expense	**9**	9	**-**	-
Defined contribution expense	**3**	(2)	**-**	-
Total pension and other employee future benefit expenses	**$ 58**	$ 27	**$ 12**	$ 15

	Pension benefit plans		Other employee future benefit plans	
For the twelve months ended	**October 31, 2009**	October 31, 2008	**October 31, 2009**	October 31, 2008
Benefits earned by employees	**$ 115**	$ 141	**$ 13**	$ 19
Interest cost on accrued benefit liability	**259**	236	**50**	51
Actuarial loss recognized in expense	**76**	10	**-**	12
Amortization of plan amendment costs	**16**	14	**(8)**	(8)
Expected return on plan assets	**(245)**	(298)	**(5)**	(6)
Benefits expense	**221**	103	**50**	68
Canada and Quebec pension plan expense	**58**	56	**-**	-
Defined contribution expense	**8**	9	**-**	-
Total pension and other employee future benefit expenses	**$ 287**	$ 168	**$ 50**	$ 68

Note 10: Restructuring Charge

The continuity of our 2007 restructuring charge is as follows:

(Canadian $ in millions)		Severance-related charges
Balance as at November 1, 2007	$	96
Paid in the year ended October 31, 2008		(45)
Reversal in the year ended October 31, 2008		(8)
Balance as at October 31, 2008		43
Paid in the quarter ended January 31, 2009		(13)
Balance as at January 31, 2009		30
Paid in the quarter ended April 30, 2009		(7)
Balance as at April 30, 2009		23
Paid in the quarter ended July 31, 2009		(5)
Reversal in the quarter ended July 31, 2009		(10)
Balance as at July 31, 2009		8
Paid in the quarter ended October 31, 2009		(4)
Balance as at October 31, 2009	$	4

Note 11: Subordinated Debt

During the quarter ended January 31, 2009, our $140 million 10.85% Debentures, Series 12 matured.

During the quarter ended April 30, 2008, we issued $900 million of subordinated debt under our Canadian Medium-Term Note Program. The issue, Series F Medium-Term Notes, First Tranche, is due March 2023. Interest on this issue is payable semi-annually at a fixed rate of 6.17% until March 28, 2018, and at a floating rate equal to the rate on three month Bankers' Acceptances plus 2.50%, paid quarterly, thereafter to maturity.

During the quarter ended April 30, 2008, we redeemed all of our 5.75% Series A Medium-Term Notes, Second Tranche, due 2013, totalling $150 million. The notes were redeemed at a redemption price of 100 percent of the principal amount plus unpaid accrued interest to the redemption date.

Note 12: Share Capital

During the quarter ended July 31, 2009, we issued 16,000,000 5.4% Non-Cumulative 5-year Rate Reset Class B Preferred shares, Series 23, at a price of $25.00 per share, representing an aggregate issue price of $400 million.

During the quarter ended April 30, 2009, we issued 11,000,000 6.5% Non-Cumulative 5-year Rate Reset Class B Preferred shares, Series 21, at a price of $25.00 per share, representing an aggregate issue price of $275 million.

During the quarter ended January 31, 2009, we issued 33,340,000 common shares at a price of $30.00 per share, representing an aggregate issue price of $1.0 billion.

During the quarter ended January 31, 2009, we issued 6,000,000 6.5% Non-Cumulative 5-year Rate Reset Class B Preferred shares, Series 18, at a price of $25.00 per share, representing an aggregate issue price of $150 million.

During the quarter ended January 31, 2009, we redeemed all of our 10,000,000 Non-Cumulative Class B Preferred shares, Series 6 that were classified as preferred share liabilities, at a price of $25.00 per share plus any declared and unpaid dividends to the date of redemption. This represents an aggregate redemption price of approximately $253 million.

During the quarter ended July 31, 2008, we issued 12,000,000 5.2% Non-Cumulative Rate Reset Class B Preferred shares, Series 16, at a price of $25.00 per share, representing an aggregate issue price of $300 million.

During the quarter ended April 30, 2008, we issued 10,000,000 5.8% Non-Cumulative Perpetual Class B Preferred shares, Series 15, at a price of $25.00 per share, representing an aggregate issue price of $250 million.

On November 19, 2009, we announced that we had obtained all required approvals from the Office of Superintendent of Financial Institutions ("OSFI") and the Toronto Stock Exchange to renew our normal course issuer bid. This will allow us to repurchase up to 15,000,000 of our common shares during the period from December 2, 2009 to December 1, 2010.

We did not repurchase any common shares under the existing normal course issuer bid that expired on September 7, 2009 and pursuant to which we were permitted to purchase up to 15,000,000 common shares.

Treasury Shares

When we purchase our common shares as part of our trading business, we record the cost of those shares as a reduction in shareholders' equity. If those shares are resold at a value higher than their cost, the premium is recorded as an increase in contributed surplus. If those shares are resold at a value below their cost, the discount is recorded as a reduction first to contributed surplus and then to retained earnings for any amounts in excess of total contributed surplus related to treasury shares.

Share Capital Outstanding (a)

(Canadian $ in millions, except as noted)			October 31, 2009
	Number of shares	Amount	Convertible into…
Preferred Shares – Classified as Equity			
Class B – Series 5	8,000,000	$ 200	–
Class B – Series 10 (c)	12,000,000	396	common shares (b)
Class B – Series 13	14,000,000	350	–
Class B – Series 14	10,000,000	250	–
Class B – Series 15	10,000,000	250	–
Class B – Series 16	12,000,000	300	–
Class B – Series 18	6,000,000	150	–
Class B – Series 21	11,000,000	275	–
Class B – Series 23	16,000,000	400	–
		2,571	
Common Shares	551,715,904	6,198	
Share Capital		$ 8,769	
Stock options issued under stock option plan		n/a	18,578,613 common shares

(a) For additional information refer to Notes 21 and 23 to our consolidated financial statements for the year ended October 31, 2008 on pages 135 to 138 of our 2008 Annual Report.
(b) The number of shares issuable on conversion is not determinable until the date of conversion.
(c) Face value is US$300 million.
n/a – not applicable

Note 13: Capital Management

Our objective is to maintain a strong capital position in a cost-effective structure that: meets our target regulatory capital ratios and internal assessment of risk-based capital; is consistent with our targeted credit ratings; underpins our operating groups' business strategies; and builds depositor confidence and long-term shareholder value.

We have met our capital targets as at October 31, 2009. Our capital position as at October 31, 2009 is detailed in the Capital Management section on pages 13 and 14 of Management's Discussion and Analysis of the Fourth Quarter Report to Shareholders.

Note 14: Risk Management

We have an enterprise-wide approach to the identification, measurement, monitoring and management of risks faced across the organization. The key financial instrument risks are classified as credit and counterparty, market, liquidity and funding risk.

Credit and Counterparty Risk

We are exposed to credit risk from the possibility that counterparties may default on their financial obligations to us. Credit risk arises predominantly with respect to loans, over-the-counter derivatives and other credit instruments. This is the most significant measurable risk that we face.

Market Risk

Market risk is the potential for a negative impact on the balance sheet and/or statement of income resulting from adverse changes in the value of financial instruments as a result of changes in certain market variables. These variables include interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities, as well as credit spreads, credit migration and default. We incur market risk in our trading and underwriting activities and structural banking activities.

Liquidity and Funding Risk

Liquidity and funding risk is the potential for loss if we are unable to meet financial commitments in a timely manner at reasonable prices as they fall due. It is our policy to ensure that sufficient liquid assets and funding capacity are available to meet financial commitments, including liabilities to depositors and suppliers, and lending, investment and pledging commitments, even in times of stress. Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

Key measures as at October 31, 2009 are outlined in the Risk Management section on pages 10 to 12 of Management's Discussion and Analysis of the Fourth Quarter Report to Shareholders.

Note 15: United States Generally Accepted Accounting Principles

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

(Canadian $ in millions, except earnings per share figures)	For the three months ended		For the twelve months ended	
	October 31, 2009	October 31, 2008	**October 31, 2009**	October 31, 2008
Net Income – Canadian GAAP	**$ 647**	$ 560	**$ 1,787**	$ 1,978
United States GAAP adjustments	**(8)**	(133)	**120**	(110)
Net Income – United States GAAP	**$ 639**	$ 427	**$ 1,907**	$ 1,868
Earnings Per Share				
Basic – Canadian GAAP	**$ 1.12**	$ 1.06	**$ 3.09**	$ 3.79
Basic – United States GAAP	**1.10**	0.79	**3.31**	3.57
Diluted – Canadian GAAP	**1.11**	1.06	**3.08**	3.76
Diluted – United States GAAP	**1.10**	0.79	**3.30**	3.54

Other-than-Temporary Impairment

During the quarter ended July 31, 2009, we adopted new United States guidance issued by the Financial Accounting Standards Board which amended the impairment assessment guidance and recognition principles of other-than-temporary impairment for debt securities and enhanced the presentation and disclosure requirements for debt and equity securities. Under the new guidance, if a debt security is determined to be other-than-temporarily impaired, the amount of the impairment equal to the credit loss will be recorded in income and the remaining impairment charge will be recorded in other comprehensive income. Under Canadian GAAP, all impairment is recorded in income.

As a result of the adoption of this new guidance, we recorded a cumulative-effect adjustment to reclassify $28 million before tax ($19 million after tax) from retained earnings to other comprehensive income as of May 1, 2009 for United States GAAP reporting purposes. There were no impairment charges recorded in other comprehensive income subsequent to adoption.

Note 16: Operating and Geographic Segmentation

Operating Groups

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

Personal and Commercial Banking

Personal and Commercial Banking ("P&C") is comprised of two operating segments: Personal and Commercial Banking Canada and Personal and Commercial Banking U.S.

Personal and Commercial Banking Canada

Personal and Commercial Banking Canada ("P&C Canada") offers a full range of consumer and business products and services, including: everyday banking, financing, investing and credit cards, as well as a full suite of commercial and capital market products and financial advisory services, through a network of branches, telephone banking, online banking, mortgage specialists and automated banking machines. Effective in the third quarter of 2009, the results of our term deposits business are included in P&C Canada rather than Private Client Group, where the business is now better aligned with P&C Canada's retail product strategy. Prior periods have been restated to reflect this reclassification.

Personal and Commercial Banking U.S.

Personal and Commercial Banking U.S. ("P&C U.S.") offers a full range of products and services to personal and business clients in select U.S. Midwest markets through branches and direct banking channels such as telephone banking, online banking and a network of automated banking machines.

Private Client Group

Private Client Group ("PCG") brings together all of our wealth management businesses. Operating under the BMO brand in Canada and Harris in the United States, PCG serves a full range of client segments, from mainstream to ultra-high net worth, as well as select institutional market segments. We offer our clients a broad range of wealth management products and solutions, including full-service, online brokerage and insurance in Canada, and private banking and investment products in Canada and the United States. Effective in the third quarter of 2009, all of our insurance operations are included within PCG, bringing our insurance capabilities and skill sets together as part of our wealth management offering. Prior periods have been restated to reflect this reclassification.

BMO Capital Markets

BMO Capital Markets ("BMO CM") combines all of our businesses serving corporate, institutional and government clients. In Canada and the United States, its clients span a broad range of industry sectors. BMO CM also serves clients in the United Kingdom, Europe, Asia and Australia. It offers clients complete financial solutions, including equity and debt underwriting, corporate lending and project financing, mergers and acquisitions, advisory services, merchant banking, securitization, treasury and market risk management, debt and equity research and institutional sales and trading.

Corporate Services

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

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

Operating results for T&O are included with Corporate Services for reporting purposes. However, costs of T&O services are transferred to the three operating groups. As such, results for Corporate Services largely reflect the other corporate units outlined above.

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

Basis of Presentation

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

Taxable Equivalent Basis

We analyze net interest income on a taxable equivalent basis ("teb") at the operating group level. This basis includes an adjustment which increases GAAP revenues and the GAAP provision for income taxes by an amount that would raise revenues on certain tax-exempt securities to a level that would incur tax at the statutory rate. The operating groups' teb adjustments are eliminated in Corporate Services.

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

Provisions for Credit Losses

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

Inter-Group Allocations

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

Geographic Information

We operate primarily in Canada and the United States but we also have operations in the United Kingdom, Europe, the Caribbean and Asia, which are grouped in Other countries. We allocate our results by geographic region based on the location of the unit responsible for managing the related assets, liabilities, revenues and expenses, except for the consolidated provision for credit losses, which is allocated based upon the country of ultimate risk.

Our results and average assets, grouped by operating segment, are as follows:

(Canadian $ in millions)

For the three months ended **October 31, 2009** (2)	P&C Canada	P&C U.S.	PCG	BMO CM	Corporate Services (1)	Total (GAAP basis)
Net interest income	**$ 981**	**$ 209**	**$ 88**	**$ 338**	**$ (174)**	**$ 1,442**
Non-interest revenue	**404**	**61**	**457**	**556**	**69**	**1,547**
Total Revenue	**1,385**	**270**	**545**	**894**	**(105)**	**2,989**
Provision for credit losses	**102**	**15**	**1**	**41**	**227**	**386**
Amortization	**28**	**18**	**8**	**10**	**46**	**110**
Non-interest expense	**681**	**197**	**388**	**425**	**(22)**	**1,669**
Income before taxes and non-controlling interest in subsidiaries	**574**	**40**	**148**	**418**	**(356)**	**824**
Income taxes	**180**	**15**	**38**	**129**	**(204)**	**158**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**19**	**19**
Net Income	**$ 394**	**$ 25**	**$ 110**	**$ 289**	**$ (171)**	**$ 647**
Average Assets	**$ 125,825**	**$ 27,460**	**$ 13,189**	**$ 227,013**	**$ 15,293**	**$ 408,780**
Goodwill (As At)	**$ 119**	**$ 984**	**$ 358**	**$ 106**	**$ 2**	**$ 1,569**

For the three months ended October 31, 2008 (2)	P&C Canada	P&C U.S.	PCG	BMO CM	Corporate Services (1)	Total (GAAP basis)
Net interest income	$ 895	$ 212	$ 101	$ 362	$ (161)	$ 1,409
Non-interest revenue	390	58	405	360	191	1,404
Total Revenue	1,285	270	506	722	30	2,813
Provision for credit losses	89	12	1	30	333	465
Amortization	33	22	6	11	41	113
Non-interest expense	681	221	388	440	(25)	1,705
Income before taxes and non-controlling interest in subsidiaries	482	15	111	241	(319)	530
Income taxes	158	3	27	(49)	(188)	(49)
Non-controlling interest in subsidiaries	-	-	-	-	19	19
Net Income	$ 324	$ 12	$ 84	$ 290	$ (150)	$ 560
Average Assets	$ 127,856	$ 30,438	$ 9,220	$ 239,380	$ 2,165	$ 409,059
Goodwill (As At)	$ 105	$ 1,070	$ 349	$ 109	$ 2	$ 1,635

For the twelve months ended **October 31, 2009** (2)	P&C Canada	P&C U.S.	PCG	BMO CM	Corporate Services (1)	Total (GAAP basis)
Net interest income	**$ 3,738**	**$ 892**	**$ 353**	**$ 1,798**	**$ (1,211)**	**$ 5,570**
Non-interest revenue	**1,525**	**241**	**1,659**	**1,668**	**401**	**5,494**
Total Revenue	**5,263**	**1,133**	**2,012**	**3,466**	**(810)**	**11,064**
Provision for credit losses	**387**	**68**	**5**	**170**	**973**	**1,603**
Amortization	**133**	**79**	**31**	**44**	**185**	**472**
Non-interest expense	**2,710**	**816**	**1,505**	**1,831**	**47**	**6,909**
Income before taxes and non-controlling interest in subsidiaries	**2,033**	**170**	**471**	**1,421**	**(2,015)**	**2,080**
Income taxes	**641**	**61**	**90**	**361**	**(936)**	**217**
Non-controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**76**	**76**
Net Income	**$ 1,392**	**$ 109**	**$ 381**	**$ 1,060**	**$ (1,155)**	**$ 1,787**
Average Assets	**$ 124,313**	**$ 30,894**	**$ 11,594**	**$ 258,974**	**$ 12,773**	**$ 438,548**
Goodwill (As At)	**$ 119**	**$ 984**	**$ 358**	**$ 106**	**$ 2**	**$ 1,569**

For the twelve months ended October 31, 2008 (2)	P&C Canada	P&C U.S.	PCG	BMO CM	Corporate Services (1)	Total (GAAP basis)
Net interest income	$ 3,436	$ 748	$ 376	$ 1,207	$ (695)	$ 5,072
Non-interest revenue	1,442	242	1,770	1,233	446	5,133
Total Revenue	4,878	990	2,146	2,440	(249)	10,205
Provision for credit losses	341	43	4	117	825	1,330
Amortization	133	74	23	42	163	435
Non-interest expense	2,603	728	1,508	1,709	(89)	6,459
Income before taxes and non-controlling interest in subsidiaries	1,801	145	611	572	(1,148)	1,981
Income taxes	592	49	159	(139)	(732)	(71)
Non-controlling interest in subsidiaries	-	-	-	-	74	74
Net Income	$ 1,209	$ 96	$ 452	$ 711	$ (490)	$ 1,978
Average Assets	$ 125,343	$ 26,924	$ 8,658	$ 233,873	$ 2,811	$ 397,609
Goodwill (As At)	$ 105	$ 1,070	$ 349	$ 109	$ 2	$ 1,635

(1) Corporate Services includes Technology and Operations.
(2) Operating groups report on a taxable equivalent basis – see Basis of Presentation section.

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

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

(Canadian $ in millions)

For the three months ended **October 31, 2009**	Canada	United States	Other countries	Total
Net interest income	**$ 1,047**	**$ 352**	**$ 43**	**$ 1,442**
Non-interest revenue	**1,135**	**319**	**93**	**1,547**
Total Revenue	**2,182**	**671**	**136**	**2,989**
Provision for credit losses	**125**	**260**	**1**	**386**
Amortization	**79**	**29**	**2**	**110**
Non-interest expense	**1,174**	**456**	**39**	**1,669**
Income before taxes and non-controlling interest in subsidiaries	**804**	**(74)**	**94**	**824**
Income taxes	**177**	**(33)**	**14**	**158**
Non-controlling interest in subsidiaries	**15**	**4**	**-**	**19**
Net Income	**$ 612**	**$ (45)**	**$ 80**	**$ 647**
Average Assets	**$ 259,419**	**$ 121,983**	**$ 27,378**	**$ 408,780**
Goodwill (As At)	**$ 436**	**$ 1,109**	**$ 24**	**$ 1,569**

For the three months ended October 31, 2008	Canada	United States	Other countries	Total
Net interest income	$ 968	$ 365	$ 76	$ 1,409
Non-interest revenue	1,051	313	40	1,404
Total Revenue	2,019	678	116	2,813
Provision for credit losses	155	269	41	465
Amortization	78	34	1	113
Non-interest expense	1,239	432	34	1,705
Income before taxes and non-controlling interest in subsidiaries	547	(57)	40	530
Income taxes	4	(32)	(21)	(49)
Non-controlling interest in subsidiaries	14	5	-	19
Net Income	$ 529	$ (30)	$ 61	$ 560
Average Assets	$ 243,736	$ 134,035	$ 31,288	$ 409,059
Goodwill (As At)	$ 424	$ 1,192	$ 19	$ 1,635

For the twelve months ended **October 31, 2009**	Canada	United States	Other countries	Total
Net interest income	**$ 3,683**	**$ 1,582**	**$ 305**	**$ 5,570**
Non-interest revenue	**4,031**	**1,238**	**225**	**5,494**
Total Revenue	**7,714**	**2,820**	**530**	**11,064**
Provision for credit losses	**517**	**1,065**	**21**	**1,603**
Amortization	**335**	**132**	**5**	**472**
Non-interest expense	**4,895**	**1,857**	**157**	**6,909**
Income before taxes and non-controlling interest in subsidiaries	**1,967**	**(234)**	**347**	**2,080**
Income taxes	**351**	**(145)**	**11**	**217**
Non-controlling interest in subsidiaries	**55**	**21**	**-**	**76**
Net Income	**$ 1,561**	**$ (110)**	**$ 336**	**$ 1,787**
Average Assets	**$ 266,649**	**$ 142,478**	**$ 29,421**	**$ 438,548**
Goodwill (As At)	**$ 436**	**$ 1,109**	**$ 24**	**$ 1,569**

For the twelve months ended October 31, 2008	Canada	United States	Other countries	Total
Net interest income	$ 3,659	$ 1,110	$ 303	$ 5,072
Non-interest revenue	3,952	1,182	(1)	5,133
Total Revenue	7,611	2,292	302	10,205
Provision for credit losses	340	942	48	1,330
Amortization	312	119	4	435
Non-interest expense	4,699	1,591	169	6,459
Income before taxes and non-controlling interest in subsidiaries	2,260	(360)	81	1,981
Income taxes	197	(195)	(73)	(71)
Non-controlling interest in subsidiaries	55	19	-	74
Net Income	$ 2,008	$ (184)	$ 154	$ 1,978
Average Assets	$ 236,495	$ 129,260	$ 31,854	$ 397,609
Goodwill (As At)	$ 424	$ 1,192	$ 19	$ 1,635

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