BMO Financial Group

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

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We caution that the foregoing list is not exhaustive of all possible factors. Other factors and risks could adversely affect our results. For more information, please see the Enterprise-Wide Risk Management section on pages 86 to 117 of BMO's 2015 Annual Report, which outlines certain key factors and risks that may affect Bank of Montreal's future results. When relying on forward-looking statements to make decisions with respect to Bank of Montreal, investors and others should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Bank of Montreal does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the performance of the Canadian and U.S. economies, as well as overall market conditions and their combined effect on our business, are material factors we consider when determining our strategic priorities, objectives and expectations for our business. In determining our expectations for economic growth, both broadly and in the financial services sector, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies. See the Economic Review and Outlook section of our Third Quarter 2016 Report to Shareholders.

Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned 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. Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found on page 5 of Bank of Montreal's Third Quarter 2016 Report to Shareholders and on page 33 of BMO's 2015 Annual Report all of which are available on our website at www.bmo.com/investorrelations.

Examples of non-GAAP amounts or measures include: efficiency and leverage ratios; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable
taxes; results and measures that exclude the impact of Canadian/U.S. dollar exchange rate movements, adjusted net income, revenues, non-interest expenses, earnings per share, effective tax rate, ROE, efficiency ratio, pre-provision pre-tax earnings, and other adjusted measures which exclude the impact of certain items such as, acquisition integration costs, amortization of acquisition-related intangible assets, decrease (increase) in collective allowance for credit losses and restructuring costs.
Bank of Montreal provides supplemental information on combined business segments to facilitate

PRESENTATION

John Aiken – *Barclays – Equity Research Analyst*

Okay. Ladies and gentlemen, if we can get started with the next session. I'm pleased to have Tom Flynn, Chief Financial Officer of BMO Financial Group here. Before we begin, I've been asked to tell you that Tom Flynn's comments may include forward-looking statements. Actual results could differ materially from forecasts, projections, conclusions in these statements and obviously, whatever we forecast here at Barclays. Listeners can find additional details in public filings of BMO Financial Group.

Tom, thank you very much for coming. We do really appreciate it.

Tom Flynn *- Bank of Montreal - CFO*

Good to be here. Thank you.

John Aiken – *Barclays – Equity Research Analyst*

I was hoping that could you let us know what the impact of the Canadian economy is on BMO's outlook. We're seeing slower growth than out of the U.S. and most of the G7. In particular, how does this affect your planning, and your capital allocations in terms of BMO's international strategy?

Tom Flynn *- Bank of Montreal - CFO*

So, I'll address the question both as it relates to Canada and how it impacts our international view. First, a little context, we buy into the notion that we're in a new normal growth environment. So, our growth expectations for Canadian GDP next year are about 2% growth and in the U.S., our numbers are a little bit higher, about 2.4%. So, the economy is growing. It's new normal growth, and we are in essence resigned to and recalibrated to new normal growth. And we don't view it as a negative, and we're happy to have the economy growing.

There is some noise in the Canadian GDP numbers, as you would know, this year because of the fires that we had in the western part of the country. Fundamentally, we would view the activity level in Canada this year as not being that dissimilar from what we're expecting next year, when you take out the noise in the numbers. So, reasonable tone and positive growth, and lower growth than we've seen at points over time.

And so with that, from an operating perspective, we're looking to manage expenses in a reasonable and in a diligent way as you would expect. You saw that in our most recent quarterly numbers, where we've posted strong operating leverage. And in the year-to-date, as a bank, we are at around 2% operating leverage. So we're focused on managing the relationship between revenues and expenses in an environment where, in places, revenue opportunities are lower. But importantly, we're a diversified business and the U.S. bank that we've got is an important part of our growth strategy, and we do think that being diversified helps us earn through environments that aren't as conducive to growth in different parts of the business. So, being diversified, first and foremost, is a core part of our strategy.

On the U.S. side, the U.S. represents around 25% of our business. We had good results in our U.S. operations in the third quarter and in the year-to-date. U.S. banking, in particular, was up strong, in part because of an acquisition that we closed in our first quarter, and our capital markets business had a good quarter in the third quarter. Over time, we have grown our U.S. business through acquisition and we would consider that going forward. And as always, we try to balance strategic intent to grow with financial discipline and also ensuring that we have a good cultural fit with any organization that becomes a part of our Company.

John Aiken – *Barclays – Equity Research Analyst*

Fantastic. Bank of Montreal earlier in the year took a restructuring charge to obviously flatten your expense base. How do you see the operations changing over the next five years? And what do you see in terms of the necessary changes to the structural cost base over that time period?

Tom Flynn *- Bank of Montreal - CFO*

So we've been working very hard on managing expenses and investing in technology and our channel strategy, and we're focusing on expenses and operating leverage in part given the lower growth rate that we've got in the environment. We're very focused on deploying technology in our business in customer-facing areas so that we are relevant to customers and we're doing business in the way they want to do business, and internally to reduce our cost base.

I think our numbers this year point to having good success on the costs and operating leverage side. Again, our operating leverage for the year-to-date is about 2 percent. If you go back over the last five or six quarters, our expense growth in constant currency and excluding the impact of both acquisitions and divestitures is a little below 2% in each of the last five quarters. So we've had good expense containment. Looking out over the next five years, which is a long time, I would expect continued deployment of technology, a continual shift to, what we call new branch formats, which basically means having smaller branches, smaller square footage, a lighter touch, and with that lower cost and something that's more in keeping with the way that our business is being done.

Our digital volumes are up quite materially over time. We're now doing about 40% of our transactions in our Canadian retail business digitally and that's up about 20% year-over-year. So, very high growth in digital adoption, which is driving a lower cost to serve. We are investing in technology in order to enable all of that, but I'd say we're doing it in a way that allows us to continue to generate positive operating leverage.

Our mid-term goal is to have 2% operating leverage as a bank. We'll get there in different ways in different years, but I would expect us to continue to shoot for that number over a five-year horizon and over time to have increasing transactions done digitally and to reduce the square footage, more than the branch count, that we have on the physical distribution side.

John Aiken – *Barclays – Equity Research Analyst*

And then, in terms of the transformation of the branch network, I mean, I know I framed it in the five-year time horizon, but I'm assuming that the full transformation of the branch network might take a little bit longer than that. How long, on average, do you think this will take and how far along in the process is Bank of Montreal?

Tom Flynn *- Bank of Montreal - CFO*

That's a hard question. Five years is a long time frame to look out. And looking out beyond five is that much harder, but our expectation is that branches will continue to be a core part of our offer. We do believe that individuals and corporations, particularly commercial accounts, want to go into branches for significant transactions.

And so, we expect a larger decline in the square footage in our branch footprint than in the number of branches. Our new branches are very materially smaller than the existing legacy branches and they also have a light, nice high energy feel to them, which resonates with our customers. So, over, say, a 10-year time frame, our branch count might come down by something like 25%. The square footage, we would expect to come down by a larger percentage, and it does take time as you've said.

I think right now, we're running at a place where we're well into the game on digital adoption and not as far into the game on reducing the branch network. And that's in part, because the truth is right now, we have parts of our customer base that really like to do things digitally and we have parts that like to do things physically in the branches. We're running both platforms, and over time, we'll have more people doing things in a digital way and we'll take down the branch square footage.

John Aiken – ***Barclays – Equity Research Analyst***

All right. Tom, before we open the questions to the floor, can we start with the first polling question please? What's the most undervalued aspect of BMO's operations? One, its U.S. business; two, Domestic Retail; three, Capital Markets; four, Wealth Management; and five, North American Commercial Banking, which includes Transportation Finance?

So, the U.S. business is key, but also we have interest in Wealth Management as well as the North American Commercial. So Tom, now you touched upon the U.S. business in terms of my opening question, but can you take -- give us a little bit of drill down in terms of where you expect to see the growth coming from and what you can do to leverage the bottom line.

Tom Flynn ***- Bank of Montreal - CFO***

Our U.S. business has had a very good year again aided by the acquisition of the GE Transportation Finance business. And with that, growth rates are around 20%. But importantly, in each of the last two quarters, excluding the benefit of the acquisition, we've had good performance. Revenue growth sort of bumping into 5% and in the most recent quarter, double-digit pre-tax pre-provision growth and negative expense growth.

So, we're focused on growing the business in a variety of ways, acquisitions and organically. The biggest business in our U.S. banking business by far is commercial. Our commercial strength comes from our legacy Harris business, which we've owned since the early 1980s. And M&I had a very strong commercial banking business in the upper Midwest. And so, together we've got a real powerhouse commercial business in the upper Midwest. And off of that, we've driven, I think, excellent growth, about 15% year-over-year growth in the commercial loan portfolio for the last two years, excluding the benefit of acquisitions.

The business is nicely profitable. We've got strong leadership and we expect that business to continue to do well. We've guided to growth rates coming down from 15%, because that's a very high number, more to in the neighborhood of 10% and that was actually the guidance we gave at the beginning of this year. And so, we've outperformed that. And with that business representing a little over 60% of the loan book, it is the engine of the overall business. So, we feel very good about the prospects for continued growth there. Pricing is a little tough, but we've managed to earn through that with volumes.

On the personal side of the business, which is the smaller of the two, our portfolios have not shown growth in recent times. We are expecting the portfolio to turn to positive growth, excluding a part of the auto portfolio we're winding down in relation to the acquisition of Transportation Finance, sometime in the first bit of next year. So we expect the transition in that portfolio with that coming from growth in our mortgage book and less of a run-off in parts of the portfolio that had higher risk characteristics.

And then away from growth in the loan portfolio, similar to some of my earlier comments, we're focused on operating leverage. We've had good positive operating leverage in the business this year and as we look out to next year, we will absolutely be looking to grow the expense line at a lower rate than revenues. And given all the excitement in the air around what the Fed might or might not do, I would be remiss if I didn't add that we do have a rate sensitivity that would benefit from higher rates. So we're hopeful that we'll have that at some point over the balance of the year.

John Aiken – ***Barclays – Equity Research Analyst***

Well, the previous presenter wasn't willing to give her view on when the Fed might raise rates. Are you willing to give us yours?

Tom Flynn ***- Bank of Montreal - CFO***

Well, I would say that given the unemployment level that we see in the U.S., given the stimulative level rates are at and the benefit that would exist in having some incremental firing power for the next downturn, we hope and think it makes sense to have a rate increase later this year.

QUESTION AND ANSWER

John Aiken – *Barclays – Equity Research Analyst*

Do we have any questions from the audience at this point? We have one in the middle.

Unidentified Audience Member

With regards to your U.S. business, you mentioned acquisitions -- so how do you balance the strategic intent for growth in the U.S. with acquisitions versus organically growing within the business?

Tom Flynn - *Bank of Montreal - CFO*

So the way we think about that, the first use of capital that we have in our hierarchy is good organic growth. And so we allocate capital to our business groups and they are not constrained for business that is good business. That's the function of the return on equity we've got in the business and the growth in the market. So we're looking for, in effect, all of the good from both the return and our risk return perspective business that we can get organically, and we do expect to generate net incremental capital on top of -- or with that growth.

Then in terms of balancing, if this was part of your question, the strategic desire for growth against sort of financial disciplines and capital allocation generally, we have through times tried to keep those two things very much in balance and we talk about that a lot. To me the best example of that is, we did express a strategic desire to grow our U.S. banking business through a larger acquisition pre-downturn and talked about that for probably 2.5 years, maybe 3 years prior to the downturn.

We talked about the screen that includes strategic fit, financial fit and cultural fit, which is a screen that we continue to use and it really does have full meaning. And pre-downturn, we came across opportunities that were good strategic fits, good cultural fits and we passed on transactions because of the financial fit and we thought value was stretched and came out at the tail end of the downturn with the acquisition of M&I at a price that was quite favorable, relative to where it would have been pre-downturn. So that's the best tangible example I can give you of our willingness to, both have intent and patience.

The sort of relief valve on capital, subject to the capital that's consumed through organic growth and acquisitions, is share buybacks. If the ratio was higher than otherwise made sense, we would activate the share buyback. And over the last 3-ish years, we've done two acquisitions, the acquisition of Transportation Finance, which closed in December of last year and then the acquisition of F&C Asset Management, which closed about two years ago.

Prior to both of those acquisitions, the capital ratio was a little above 10.5 and approaching 10.5. And we were active with the buyback before each of those acquisitions, bought back I think it was 12 million shares in the three quarters or four quarters before announcing the acquisition of F&C, and 8 million shares before the acquisition of Transportation Finance. So if the capital structure is at risk of becoming inefficient, we'll use that to relieve the pressure.

John Aiken – *Barclays – Equity Research Analyst*

Tom, in terms of the use of the buyback, how important is the relative valuation of Bank of Montreal in using that? I mean, if that is really the safety valve and you're trying to temper your capital ratio, do you even care what valuation of Bank of Montreal is trading at?

Tom Flynn ***- Bank of Montreal - CFO***

Well, we care about that for all sorts of reasons. We have a view on value when we're active with the buyback and our pricing tends to be price sensitive, so we run a grid and at lower prices we buy more when we're active and at higher prices we buy less within our range. And so it is one of the considerations that factors into it. I wouldn't say it's probably one of the -- it's not the number one and I don't think it would be the number 2, but it is part of this discussion.

John Aiken – ***Barclays – Equity Research Analyst***

Any other questions?

Unidentified Audience Member

Two of the trends that came out at third quarter earnings were, to me, capital markets better than expected and credit cost better than expected. The question is, is that something you expect to continue or is it a little bit tougher from here forward? And I guess secondarily, if the revenue environment is a little bit tougher, what can you do to kind of defend that 2% operating leverage target?

Tom Flynn ***- Bank of Montreal - CFO***

So a few things, agree with both the perspectives; on capital markets, we had a very good quarter in the third quarter, best quarter of the year. It was a good environment and the results reflected the benefit of that, and we have very good expense management. So I think revenue was up 9%, expenses were up about 1%, so fantastic operating leverage and the net income reflected the benefit of good revenue and good expense management.

We do think the number that we had in third quarter is reflective of the potential of the Capital Markets business in a good environment. And clearly results can be better or worse in any quarter depending on both the environment and our performance in it, but I wouldn't call that an outlier number, I'd say, it's reflective of our potential in a good constructive environment. Markets are generally continuing to be reasonable since our quarter ended and so we'll see what the fourth quarter holds and into next year. But we do think that's reflective of our potential.

I think it's significant and interesting that the performance was driven, again, both by good revenue and good expense management. And in our Capital Markets, year-to-date expense growth is de minimis, low single digits, and the revenue growth is pretty good. And that reflects a lot of focus on the part of the Capital Markets team driving the operating leverage.

On Credit, losses came in within our guidance in the quarter. We had guided to 25 basis points to 30 basis points, we came in at about 29. We held that guidance for sort of the near-term, the next quarter or two. And so we're not expecting with that a significant move up or really down in credit, and we think we're sort of in the zone of what we'd expect in the near term.

John Aiken – ***Barclays – Equity Research Analyst***

Before going to the next question, can we have the second polling question, please? How big of a threat to growth for the Canadian banking industry does FinTech represent over the next five years? One is significant headwind; two is modest headwind; three, no impact, modest tailwind or a significant tailwind.

I think that's basically neutral. Maybe a little bit on the headwind. So Tom, what's your personal opinion in terms of FinTech?

Tom Flynn ***- Bank of Montreal - CFO***

I hate to disagree with our audience here. It would have been interesting to see the answer to that question a year ago. And we think that views around FinTech have evolved and matured a bit over the last year. We're looking to invest in technology, like I talked about earlier, we're looking to partner with technology firms that are doing new interesting and innovative things and think there is opportunity to do that. And we're really vigilant around FinTech and technology, and are not for a second complacent, but do think that we are in an advantaged competitive position given the large customer base that we've got. The fact that we think we're meeting the demands and the wants and the wishes of our clients in the high security networks that we operate, and the very significant technology budgets that we've got.

So we feel good about our ability to compete. We're open to working with others and we're looking to innovate so that we stay relevant. So the answer there that shows up, a pretty neutral response, and that make sense to us. And the neutral-ish impact number doesn't speak to the level of activity that's going on beneath the surface and there's a lot of very hard paddling to do, lots of good things on the technology side so that we keep the position that we've got in the marketplace.

John Aiken – ***Barclays – Equity Research Analyst***

And that leads into a follow on question for me, I know that we're still really in early days when it comes to FinTech, but what has Bank of Montreal's experience been in terms of the investment in terms of payback, and what is your expected timeframe for payback before, however you want to categorize it, breakeven or actual contribution to bottom line? And have you been able to meet that with these evolving, I guess, issues that are coming up with FinTech?

Tom Flynn ***- Bank of Montreal - CFO***

That's a tricky question, because there's a range of payback depending on the investment as you would expect. So you can have some product features that have very short in-year paybacks. And then we have done, as part of our technology work of the last few years, a lot of work related to re-wiring our core infrastructure, and changing the underlying technology architecture so that it is more efficient and will allow us to change at lower cost through time. We've leveraged some of the regulatory changes that we've had over the last few years to basically change our systems in a way that allows us to meet the regulatory requirements and also re-wire our systems and aggregate our data into large data lakes, so that we're better equipped to evolve over time. That activity, which is kind of infrastructure related, has a nice payback, but it's a longer-term payback.

So, there is a mix in the portfolio and I take it back to our consolidated results. We have increased our technology spending quite significantly over the last five years, and we've done that at the same time that we've produced pretty good operating leverage, and we've talked about the numbers this year. So, I would expect us to continue to invest in technology, advance our agenda on that side, manage costs is a general matter, and shoot for the 2% operating leverage number. And in the revenue environment that we've got, that speaks to expense growth that's in the lower-single-digits.

John Aiken – ***Barclays – Equity Research Analyst***

Do we have any questions at this stage? One right here.

Unidentified Audience Member

Could you elaborate a bit more on the asset sensitivity in the U.S. business and whether the recent rise we've seen in the one and three month LIBOR should have an impact on yield to the commercial portfolio, and I guess furthermore any impacts on credit quality as well?

Tom Flynn ***- Bank of Montreal - CFO***

Okay. So our commentary around rate increase is that a 100 basis points parallel shift in both Canada and the U.S. would be, with a lot of assumptions in it, something like $175 million to $200 million of revenue in the first year. And the U.S. short sensitivity would be something in the range of 70 to 100 basis points and again lots of assumptions about the competitive market and how it evolves. And so, the number reflects our assumptions. I would say, we had very good retention on the one increase that we had from the Fed.

In terms of LIBOR, we haven't seen at the bank level yet a noticeable impact, I would say, from the higher LIBOR. As CFO, I'm hoping to see it, but it hasn't been visible yet. We manage our interest rate risk so that we basically match fund our book, in effect. But given that LIBOR is up and a good portion of our U.S. loan portfolio is funded with customer deposits, intuitively, you would expect some increase, but I have not seen it yet in the numbers that I'm looking at. And then on the credit side, our view is that rates are just so low. The kind of move that we've seen, or even some incremental move on top of that, isn't big enough from a cash flow perspective to actually cause pressure from a credit perspective. And so, that's our starting spot. Obviously, there is a point at which that ceases to be the case, but rates are so low, we do think the government would move up before we'd see a negative impact on the credit side.

John Aiken – ***Barclays – Equity Research Analyst***

And then, before we go back to the audience, can we have our third polling question please. Where can BMO deploy capital to achieve greatest valuation impact? One, expand U.S. retail banking footprint beyond the U.S. Midwest; two, broaden Wealth Management capabilities in Europe and Asia; three, greater diversification through other avenues similar to Transportation Finance; four, run a payout ratio above 50%; or five, build capital levels?

Expand retail banking. I'm sure that the investment bankers in the room are going to be happy to hear that. And then a little bit of mix with broaden Wealth Management and greater diversification through Transportation Finance.

Tom Flynn ***- Bank of Montreal - CFO***

I've nothing to add.

John Aiken – ***Barclays – Equity Research Analyst***

You are not going to give us specific target?

Tom Flynn ***- Bank of Montreal - CFO***

No, I think that we've talked about wanting to continue our strategy of periodically growing the business through acquisition. And as we look at deploying capital, our first use of capital is organic growth as I was talking about earlier, and we would expect some capital build after that is done.

As we think about growing through acquisition, we think about U.S. banking and that could be in the form of banks or in the form of something like Transportation Finance, so with your questions, question one or question three. And then, we do like the wealth business, and the wealth business represents close to 20% of our overall bank. It has had very good growth through time, growth in excess of the rate of growth of the overall bank. It's a more capital-light business in terms of its capital requirements and we think our business is very well managed. And so, we've grown that from time-to-time through acquisition and we would look at things that made sense there.

And so, those are some of the points that we talked about in the context of thinking about our acquisition strategy. And again, we would view that as being consistent with what we've said through time. Over the last three years, we've done the two acquisitions and we've managed the capital ratio, as we talked about earlier, in a way that allowed us to build up capital in anticipation of that. If we didn't find opportunities that made sense to activate the buyback to relieve the excess capital that would otherwise be there.

John Aiken – *Barclays – Equity Research Analyst*

It's obvious that because I had full control over the polling questions that I seeded them with a bit of my bias, but in terms of Wealth Management, when you look at Bank of Montreal's operations, I think that the North American banking model is fairly well understood. But I think something that gets lost in the observation is the global Wealth Management strategy that you have in place. And as you said, you mentioned you have done some acquisitions in the past to grow that business. Do you think that you're at scale, do you need more scale on the global side, and what can you do to grow this business considering it's a very competitive landscape?

Tom Flynn *- Bank of Montreal - CFO*

It's a competitive business, but a really good business. So again it represents close to 20% of our revenues as a bank. In Canada, we are basically a universal Wealth Management firm, I would say. We have institutional asset management, full service brokerage, direct brokerage, private banking and mutual funds. And we have a robo product. And so we've innovated and we've been in traditional businesses. We're the number 2 ETF family in the Canadian market with about $25 billion of AUM. So, a large mature business that has good share positions across the board.

In the U.S., and really outside of Canada, our focus is on asset management and private banking. In the U.S., it's both in about equal measure and in Europe, with the acquisition of F&C a few years ago, we really significantly strengthened, and established in effect, our European asset management capability. With that acquisition, we moved into a top 50 global AUM position. So we're in the top 50 asset managers in terms of AUM globally with the acquisition of the F&C, which we feel good about.

We do think we have scale and so we don't feel in a sense compelled to do a transaction in order to bulk up, but as we look at the business outside of Canada and particularly in the U.S., we would look at asset management and private banking transactions again with a good and pretty strict lens on strategic, financial and cultural fit. And those two businesses are businesses we've been in the U.S. for a long, long time. So they're mature businesses for us and we think that they will have good performance through time.

John Aiken – *Barclays – Equity Research Analyst*

We'll open up to questions for anyone.

Unidentified Audience Member

Actually I have two questions. The first one is a follow-up to your comments about the increase in LIBOR and not yet seeing that impact. I'm curious as to why you think that might be -- if there's floors in place that's causing that to manifest itself or what other reasons you might have for not seeing that impact yet?

Tom Flynn *- Bank of Montreal - CFO*

I think the biggest reason is, it's relatively early days and it's a big balance sheet, it's a big book and that can take a while for things to come through. So that's what I think the biggest reason is at this point.

Unidentified Audience Member

Then second question -- and this more on the Canadian retail side of things -- is loan growth generally slower than it had been in the past? We have the same number of banks looking for growth, are you seeing anything on the competitive front, whether it be pricing or structure that you care to comment on?

Tom Flynn ***- Bank of Montreal - CFO***

Short answer would be no. The market is competitive, it has been competitive and is rationally competitive, and margins have held up and we're not seeing discernible margin erosion given the potential for some people to quote "reach for growth". And on the risk appetite side, certainly at our bank, we're not looking to shift our risk appetite in order to generate growth, so we're trying to stick with the good fundamentals that we've had to-date.

John Aiken – ***Barclays – Equity Research Analyst***

Anything else from the last couple of minutes that we have? Tom, I think that -- I'm surprised that we actually haven't had any real questions on credit and I'm not going to ask you about Canadian housing or the energy side, but I think it's fair to ask you, since BMO has had historically very strong credit adjudication metrics in place. Is there any reason to be concerned about Canadian consumer household debt level?

Tom Flynn ***- Bank of Montreal - CFO***

Well, I would say we are vigilant around Canadian consumer credit. We're underwriting in what we think is a reasonable way. We've tightened our underwriting standards in places over the last few years, given the performance we've seen in the housing market and Canadian consumer leverage levels.

So we're not uncomfortable and we're vigilant given the level that consumer leverage is at. And we do expect, to one of the earlier questions that were asked, in that part of our business somewhat lower growth over the next 5 years to 10 years, than we've had over the prior 10 years, and we think that's a good thing given where we are at.

John Aiken – ***Barclays – Equity Research Analyst***

Fantastic. Well, Tom, thank you very much. We really do appreciate it.