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Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for fiscal 2017 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of or outlook for our operations or for the Canadian, U.S. and international economies.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

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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 79 to 112 of BMO’s 2016 Annual Report, which outlines certain key factors and risks that may affect Bank of Montreal’s future results. 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 First Quarter 2017 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 4 of BMO’s First Quarter 2017 Report to Shareholders and on page 33 of BMO’s 2016 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 comparisons to peers.
Gabriel Dechaine - National Bank Financial - Analyst

I would like to welcome you back to the session here and our next presenter, Darryl White, BMO's Chief Operating Officer. Darryl joined BMO in June 1994. He became group head of Capital Markets in 2014 and was named to his most recent post in November of last year. I'm glad to have you here. I think you've got an interesting background and a new role that will allow us to have a much broader discussion for BMO.

So with that, I'd like to ask you a question on your initial impressions in your new role. You've got the background in capital markets and now you've got much broader responsibilities. What have been the biggest impressions, what have you learned, and also what do you think you bring to the mix as COO?

Darryl White - Bank of Montreal - COO

Well, that's a good place to start, isn't it? I would say that the impressions are positive. The impressions are of momentum and you've seen the operating leverage in our various businesses, but I think more importantly, as I look across the businesses and as I think about some of the history that you've kindly just described, one of the things that is not any different is the way we think about strategy. We haven't thought about strategy at the bank as a series of idiosyncratic strategies that happened to add up to whatever they add up to. It's always been set as a coordinated strategy. I've been on the executive committee of the bank for seven years and I've been a part of the team looking at all of the strategies and all of the businesses.

So there really isn't anything new or anything surprising there. There's a lot of consistency – I would say that first and foremost. One of the things that I've spent a very significant portion of my career on, and it's a passionate part of what I do, is the client experience. And so is that consistent? Absolutely. We've staked our brand on advice and guidance over the long term and I think I've done that consistently, not every day perfectly, but a very consistent approach over the course of my career. So that's been a portable set of beliefs and talents, and something that I've engaged in broadly over the course of the other businesses that we've got and all of the geographies that we are in.

When you look at that and you wrap it all together and ask yourself the question - what do you think of the strategy, what do you think of the delivery on the customer experience? I think it is very good. I don't have the perspective that we are done, that we have finished running the play, or that we are perfect. We have a ways to go on some of the businesses that we are working on, but we are absolutely trending in the right direction in almost every part of the business or functions that I look at.

We are enjoying some of the benefits of that in the results that we've shown you and I would expect that we will continue to look and we will continue to focus, but I don't think you should expect any pivot on strategy. I don't think you should expect any pivot on the focus on the customer and all of the things that we're trying to do to deliver that. We're going to continue to stay pretty solidly in the course that we've set for many years.

Gabriel Dechaine - National Bank Financial - Analyst

While you were head of capital markets - I think the two-ish year period – a lot of structural changes, efficiency improvements were taking place under your leadership. What did you learn during that process and how is that helping you in your current role? I know the customer focus is a primary one, but obviously efficiency is a big theme in the sector.

Darryl White - Bank of Montreal - COO

If you think back, I think I sat on this stage with your predecessor two or three years ago and I talked about this. I haven't actually gone back and listened to the tapes on that; maybe we should, but I certainly had a point of view at the time that I liked the strategy that we were on and we didn't fundamentally change the strategy. But you're quite right, we did actually do several things to operationalize the strategy more efficiently.

And so when I looked at it, we didn't have a lot of customer impact, but we certainly looked at where we were, for example, in our U.S. business. We looked hard at whether we were at the point where we could generate, over the fulcrum, greater operating leverage in that business relative to the investments that we had been making and we thought the investments we had been making were good, but we had to set a bit of a pause on the rate of growth of our expenses relative to the rate of growth of our revenues.

And if you look at what you've seen now in the last two, three or four quarters, the operating leverage has been very good. It's been as a result of some of those pivots that we made, not strategic pivots but operational pivots. So that would be an example.
We also moved really hard at integrating many of our practices across the border and if you look at that business now, and you look at the bank overall, there are a lot of parallels. We've got about 35% of our revenues in the United States; we've got about 25% of our income coming out of the United States and that's growing at a faster pace than our Canadian income is. Although that's growing as well.

So the mix I like and I think your question is relevant because I think there are good opportunities in those businesses and they're not that different. We look at these businesses from the outside sometimes and we think that they are very, very different businesses, but there are more similarities than there are differences.

Gabriel Dechaine  - National Bank Financial - Analyst

I know I wanted to have a broader discussion with you, but you did touch on the strides you've made in the U.S. Capital Markets business, which my view has been a bit of an uncovered, flying under the radar success story. And if we go back many years, Canadian banks have pushed into the U.S. in that business, and some unsuccessfully. What did you learn from history and how did you apply that to your U.S. Capital Markets expansion story?

Darryl White  - Bank of Montreal - COO

I would say the biggest learning is that you have to pick your spot in a market that's really big where you are not a really big player and you have to stick with it, and you have to stick with it, and you have to stick with it. When you go into the Canadian markets that we participate in, whether it is capital markets, commercial lending, personal wealth businesses, in some way shape or form you become all things to everybody because it's a small market and you have a big presence and a big marketshare.

When you decide to set your growth vector in a market outside of your homeland and you have a small marketshare in a much bigger market, you have to be really clear on what your identity is and where you're going to be relevant to the client base.

I would say that's the biggest thing we learned looking at some of the things that we had done if you go back 15 or 20 years and what others had done if you go back 15 or 20 years, and when we reset that strategy we were dead-focused on the seven sectors that we chose to participate in, not the 16 that are theoretically available - the mid-market relative to Canada where we participate across the entire market. And by the way, that box that I just described is a fee pool that is 3 times bigger than Canada. So when we had people come to us and say, well, you have some pretty good people, why don't you play outside of that box, we said because it is 3 times bigger than Canada and we have a small marketshare in that, so don't you think we have a lot more to do inside of that box.

We just kept really steady and consistent the strategy that we had chosen and what you see now is the operating leverage that's coming out of the consistency and the focus that we have had. I think that's the biggest thing. If you allow yourself to get an identity crisis in a market where you are building, you'll probably get into trouble pretty fast. So I think we've tried pretty hard to avoid that.

Gabriel Dechaine  - National Bank Financial - Analyst

How important has the balance sheet been to the U.S. Capital Markets expansion? I know traditionally some banks, they lead with the balance sheet and then the advisory revenues are expected to follow. I think yours is a little bit different in that regard.

Darryl White  - Bank of Montreal - COO

Yes, it's part of the package. It's important and it's been an important part of our strategy in all of our businesses, but the question on lead or follow with balance sheet is an interesting one because it depends on the circumstance. Every circumstance boils down to a client conversation and what's important to that client may not exactly be important to the next client.

We have grown our balance sheet overall in our wholesale business, in our commercial businesses as well I might add, and that's been an important part of the strategy, but it's not a strategy unto itself. What you have is a cluster of clients who consume a cluster of products, this being one of them and for some of them, it's critically important and for others, it's less important because they may just want the advice product. So you boil it down and you say when you look at it as a portfolio in aggregate, has it been an important part of the strategy? Sure, it has.

Gabriel Dechaine  - National Bank Financial - Analyst

On the capital front, BMO has, in the past, clearly defined its goalposts around what its target capital level is and above which level it could start becoming more aggressive on deployment. But by the same token, the industry sector capital levels keep moving higher and higher. So where do those goalposts lie today? What's the target and what's the level at which you can become more externally focused on deployment?
Darryl White - Bank of Montreal - COO

That’s a good question and a topical one for all of us, isn't it? We've said that we feel good above 10.5% in terms of thinking about our degrees of freedom and our flexibility. We are solidly above that today. We are at 11.1% as at the end of the first quarter and growing. So I think we are in that zone of thinking about capital deployment.

The first place I would go is to say we think we have a lot of opportunity in the businesses that we've chosen. We've just talked about balance sheet a moment ago. We think there's a lot of opportunity to continue to grow our client franchises -- Canada, U.S., Europe, a little bit in Asia -- and there will be some consumption of capital in order to grow the business, the client franchise, the P&L there.

It leads you to the next question. I'm sure you are scratching around the edges of the M&A question, so I'll just go there. You have a circumstance, at least as far as we are concerned, where I think the conditions are good. I think we've got a good capital base and you can lean on that conversation that we just had on capital into whether it's available for inorganic growth. We've got a good regulatory track record, a good risk and compliance infrastructure. We've got a reasonable currency, and we've got some good muscle memory in terms of how to grow by acquisition, but the circumstances have to be on strategy for us. They have to be on strategy; we're not interested in deploying that capital because we have a good capital ratio, because we're going to lurch into growing in an area that we are not already interested in or already good at.

If something like that were available and it were priced reasonably, we would look at that as a vector for growth as well, but I can't sit here and tell you that there's anything on the table now that fits those criteria. That could change in time. And then, as you know, we've also reinitiated our NCIB, which would be effective should we choose to execute on it in May. So those are the levers; we look at all of them all the time.

Gabriel Dechaine - National Bank Financial - Analyst

I guess to put it in a historical context, because, yes, M&A is always topical today as well --.

You bought Harris in 1984, and then the next big U.S. deal was in 2010. So you are obviously patient. Is that the – for the next deal in the U.S., will you maybe not be as patient?

Darryl White - Bank of Montreal - COO

Are you asking me if they are staged 16 years apart? So you are quite right; your homework is good. We did buy the Harris Bank in 1984. We did do the M&I acquisition in 2010. I do believe with the benefit of hindsight that we proved to be fairly disciplined buyers in each of those cases.

If you then fast forward to December of last year, we closed the acquisition of the GE Transportation Finance business and that was an example of where we had been thinking about whether we could deploy our balance sheet, but that came up opportunistically because of the various divestitures that GE undertook in its finance business.

So we were ready and able and in a position, that perhaps not everybody was, to take advantage of that. So that was a good transaction for us and it's showing nicely in our results today.

What should you expect going forward? We will continue to think about things like that. There isn't anything that's particularly obvious right now, but I suspect there would've been a point in time where somebody might have said that the GE Transportation Finance business wasn't particularly obvious either.

The trend you've seen, I think, is the important thing. The trend is on discipline, on strategy and we certainly like the valuations at which we've bought.

Gabriel Dechaine - National Bank Financial - Analyst

I was going to say value orientation as well. We did touch upon some of the efficiency stuff earlier, but the performance that BMO delivered in Q1 was phenomenal. I think, was it 6% operating leverage at the total bank level? While I can applaud that performance, I also have to ask myself how you view the sustainability of that performance. 6% is very high.
Darryl White  -  Bank of Montreal - COO

So here's the way I think you should think about it. By the way, you have to be fair and you've done that; you have to strip out -- we had a gain as did RBC in the Moneris sale in the first quarter. If you strip away that gain, yes, we had 6% operating leverage in the first quarter after that gain. We had pretty good operating leverage in the fourth quarter of last year and over the course of the full year last year, we had just a snick over 2% operating leverage where, if you stack that up against the peer sets, I think we compare very favourably.

You are asking the forward question. We have said that we are targeting 2% operating leverage going forward. Is 6% a sustainable number? We think 2% is the right number going forward, so you can imply from that. The first quarter had some pretty healthy conditions in it and we were performing well in a well-performing market in the first quarter.

So expecting 6% on 6% on 6% is not what anybody should be putting in their model. But if you think about the goal that we set for ourselves of 2% over time, we feel pretty good about that.

Gabriel Dechaine  -  National Bank Financial - Analyst

And one thing, on the whole theme of expense management, it's been a few years we've been talking about it, and as it advanced the generic view is that bigger banks would have more opportunity to deliver efficiency improvements because they've got scale. But that's not necessarily what we've seen.

Some of the bigger banks haven't always done as expected on efficiency and some of the smaller banks -- I say smaller; you're a very large bank, but relatively speaking -- have done very well. What's been missed in that generic perspective on the expectation that bigger banks would do better? Is it that you are more nimble, you have fewer sacred cows that you can make tougher decisions on cost than some of the other banks?

Darryl White  -  Bank of Montreal - COO

Well, it's a complicated algorithm, isn't it, because I can't tell you exactly how the levers work in banks in which I don't work. So it's difficult for me to benchmark and compare for you. Some of the things that you've talked about I think are relevant. I think those are relevant inputs into the algorithm and I think to be fair, you have to look at the starting place. When you have an efficiency ratio as we have had that hasn't been as attractive as the pack, you've got some opportunity there relative to the others and I think we've taken advantage of that opportunity and will continue to look for ways to do that.

Then you look at the mix of businesses. You look at the mix of businesses, whether it's the mix by business line or whether the mix is by geography and they are not consistent one to the next to the next, and that's, I think, what makes your job and everyone in the room's decisions exciting, and you can think about whether the opportunities are different one to the next weighed by mix.

We've made some good strides and we're going to continue to work on it. But it's a complicated algorithm, including where are you on your investment spend relative to where you think you need to be on your investment spend going forward and people may be at different points on that spectrum as well. It's a tricky benchmark.

Gabriel Dechaine  -  National Bank Financial - Analyst

So in the U.S., there's an expectation that regulation is going to be lightened for banks. The expectation is changing day to day it seems on the likelihood of that outcome. But let's just say it plays out and we do see regulatory burdens lessen, what would be on your wish list of where you'd like to see some relief?

Darryl White  -  Bank of Montreal - COO

We've never been on the stump suggesting that the increased regulation that we've seen over the last while has been overly burdensome or has been necessarily a bad thing. So net-net, I actually think we are in a much better place today than we were some time ago from a safety and soundness perspective. So I'd start there.

But time does fly, doesn't it? We are now almost a decade post-global financial crisis era and so when you look at policies that were put in place in reaction to a certain set of events, and you ask yourself is it an appropriate time to have a relook, my view, our view is that it is. But I would put in the category of regulation tailoring as opposed to - is it a reasonable thing to suggest that you would repeal Dodd Frank, for example? I don't think so.

I think the right thing to do is to look at whether there are inefficiencies in terms of the way the law is written, whether that's causing inefficiency at the end of the day is not in the protection of the consumer necessarily and in fact, may be at the detriment of the consumer because the costs aren't reasonable, particularly for smaller players in the ecosystem. I think that's absolutely timely.
You can go on and look at the Durbin amendment and have the same conversation. The Volcker rule -- the Volcker rule is probably not a terrible rule to have in place to be candid. That might not be the most popular opinion on Wall Street, but it is mine.

Having said that, there are challenges underneath it that you should probably have a look at. When you look at the definition of the securities that are captured under the Volcker rule, was it all intended? When you are holding highly rated government securities, when you look at the market maker rule that is very efficient for the capital markets, was that really the intent of it?

I think the right way to look at regulatory reform from my own view is to think about intent and then to really ask yourself the question as you go through it, are there provisions within the respective legislation that are not consistent with intent and in fact are unintended consequences as we've been talking about for the last 10 years and I think there are.

So I think regulatory reform in the sense of tailoring is probably a more intelligent construct than a construct of repeal and let's go back to where we were a decade ago.

**Gabriel Dechaine - National Bank Financial - Analyst**

How about growth in the U.S. and specifically on the commercial side of the business, which is obviously important, and you can layer in the capital markets as well. Around the U.S. election, we did see commercial volumes decelerate because businesses need a certainty on outcomes before they make investments and then they got their outcome, but it's not exactly like we are in a stable environment where decisions are made easily.

How is the current environment affecting the commercial business and the discussions that you are having with your clients in the U.S.?

**Darryl White - Bank of Montreal - COO**

In the U.S., okay.

**Gabriel Dechaine - National Bank Financial - Analyst**

And even if you want to touch on the Canadian commercial client base as well, that would be good.

**Darryl White - Bank of Montreal - COO**

The Canadian commercial client base is fairly steady. We see ebbs and flows over time, but it's fairly steady. I think the dynamics that you're talking about are particularly germane to the U.S. market and there are some interesting trends there. We've had really attractive growth in our U.S. commercial business for some time now and that's been a good business for us and we like it and we've enjoyed the growth profile that it has had.

The interesting thing that I think has happened is if you look at the environment as you just pointed out, Gabriel, around November 9 and the inauguration subsequent, the animal spirits that took hold in the retail markets and in the consumer markets have had real benefit -- you know, somebody feels a lot better about the wealth effect if they were thinking prior to all that as to whether or not they were going to -- as I said in a conversation earlier -- they were going to buy a new car or renovate their basement, they are going to probably buy a new car or renovate their basement.

If you are in a commercial environment and you're trying to make the decision as to whether you're going to invest in project A or project B, what we are finding -- if you look, there have been a couple of journal articles recently quoting Fed source data that you are seeing that moderation that you're referring to in the commercial lending business in the U.S. If you pause and think about it, it's not an illogical conclusion that people would come to because if they are looking at project A or project B, they will say am I more -- this is what our clients are telling us -- am I more optimistic today than I was on November 8 as a result of everything that could happen from the perspective of the legislative agenda? Yes, I absolutely am more optimistic.

Do I understand the particularities and the timing of the advantages that might accrue to me on tax reform, on rates, on regulation, whatever business that you might be in on infrastructure spend? No. And many will say I have the luxury to wait, given that I don't understand the particularities -- so I think we are in that optimism to action lag to some extent.

So some of that data that you're seeing externally I would say to you we're seeing a little bit of it too in our book.
Gabriel Dechaine - National Bank Financial - Analyst

Okay. And then in Canada, I guess a different type of a question. You're one of the biggest commercial lenders in Canada. Competition is always intense and it's intense today. How are you managing the growth? And this is a bit more philosophical question, how is the growth that we've seen in commercial lending in Canada possible? And I mean that in the sense that we've got GDP growth around 1.5% or 2%. Expectations are for high single digit commercial growth and we've seen it delivered. Those are asset growth to GDP multiples that you see in vastly different markets in Canada. How do you square that circle?

Darryl White - Bank of Montreal - COO

Yes, so I think it's a good question. I think that I'll start with the first part of your question, how do we feel about our position in that business. I think that's a fantastic business. We have really experienced bankers, we have people who have been dealing with the full customer service high touch and have had really good customers in that business for a very long time. So it's been a real hallmark of success for us and we have a great team executing against that and that's not going to change.

To go to the second part of your question on the market, I think one of the things that happens in Canada that could be underestimated is that when you see shifts in the economy, there's a reaction in the small to medium size businesses that is quite productive, isn't it? If you take yourself back two years ago, and you look at the impact of oil prices having come off and the currency having retreated, the ability for example for a Quebec-based mid-size company or a southern Ontario manufacturer to take advantage of that and manufacture faster if there is capacity and drive productivity out of that system because the environment and the weather patterns are better for them in that case than it would've been otherwise, I think what you're seeing is some of that.

The economists predicted that would happen quickly, that there's a lag effect in terms of the ability to ramp up, particularly with respect to manufacturers, and to some extent servicers and exporters. So I think what we're seeing right now is some of that. I don't have a crystal ball; I don't know exactly what those growth rates look like going forward. Maybe they moderate a little bit, but it's pretty good, it's a pretty steady business.

Gabriel Dechaine - National Bank Financial - Analyst

Given the competitive nature of the industry, are there any sectors where you're hearing from Dave or Cam - or what you are seeing even - we are shying away from commercial real estate - I don't know?

Darryl White - Bank of Montreal - COO

No. Short answer is no. We aren't looking at our portfolio right now and saying please give me less of that. We like the way the portfolio is positioned overall. As you know, it ebbs and flows over time from asset class to asset class and customer segment to customer segment. But by and large, there isn't an area where we feel overly nervous like we want to put the brakes on the salesforce. We feel pretty good about it.

Gabriel Dechaine - National Bank Financial - Analyst

On credit quality, have you been surprised at the anti-climactic outcome of, what last year was a big source of worry, oil & gas and this year, we saw it in your numbers, recoveries are coming back? Let's just start with that actually.

Darryl White - Bank of Montreal - COO

I'm personally not surprised. I can understand fully why people might be surprised, but in the roles that I've had, I've had a pretty close front row seat to the credit exposures because in order to get to the point where you say you're comfortable or you're not comfortable, you actually have to look at credit by credit by credit. The largest variation that you'll see in an energy book - if you go back to the conversations that I assume happened on this stage last year and perhaps the year before - are in the capital markets area and the commercial area. What you see in the personal book is a pretty steady credit performance and it's very low - very low loss rates, as you know.

The commercial book and the capital markets book is where you see lumpiness and it can be all-around -- if you look back at all the banks over the last year or two, when you saw spikes, if you actually double-clicked into that, what you would see is there would be a very limited number of credits causing a spike in a particular quarter. Not hundreds, like very few.
Gabriel Dechaine - National Bank Financial - Analyst

One or two kind of thing.

Darryl White - Bank of Montreal - COO

And it can do it, right? And that's what was happening over the course of the last couple of years. You asked me if I am surprised. I wasn't surprised because I had a pretty good line of sight into those credits. When you come out the back end of it, in our case, we had and have a roughly $7 billion portfolio in the energy business and we recorded losses of just a little bit over $100 million.

So provisions, by the way -- who knows, there could be recoveries against that. So it's pretty good performance when you skate right through it. Is that story over? I think we are in a pretty steady state right now. If we were to return to an environment of much lower pricing on WTI, the more important question is the duration of lower pricing than it is whether we have a dip.

I'm not overly concerned by this right now. We are watching closely, we always watch closely. I think the more important concern would be if we got into an environment where we dipped back down and stayed down for a long time. That's where the stress starts to come in, but that's not what we're seeing right now.

Gabriel Dechaine - National Bank Financial - Analyst

So even though the outcome was much better than anticipated for some of us, does that mean there's no significant change to how Canadian banks lend to the energy sector? I assume the answer is there is a change or maybe there's not. How has this recent experience adjusted your approach to lending in the sector and what are you seeing from your peers as well?

Darryl White - Bank of Montreal - COO

One of the lessons I think that this last couple years taught us is that the Canadian banking system is a pretty good lender to the energy sector. If you step back for a minute and you look at the loan loss experience that I just talked about for ourselves and compare it to others, I think you come to a conclusion that there was a reasonable assessment of risk; there are always going to be circumstances where if you have a borrower who has the combination of a high cost structure and a leveraged capital structure and then gets clipped by a commodity price, well, that can end badly.

But even in the cases where stress was put on those particular borrowers, what you found was the relationship with the borrower that the Canadian bank has, and I can speak for ours certainly, is one where the beginning of the conversation is how are we going to work through this. The beginning of the conversation isn't let's make this end badly for you and well for us because if you begin with how are we going to work through this, you tend to make it work well for both of you.

So when I look back and I think about lessons learned and would that change our lending standards in any material way, the short answer is no because the experience was actually a very good experience for the borrowers, as well as the lenders.

Gabriel Dechaine - National Bank Financial - Analyst

Do you see any other outcomes potentially like we've seen it on the consumer side where alternative lenders come in at the fringes to develop new markets or serve under catered markets? Do you see that potentially happening in the Canadian corporate landscape whether it's the junior energy or junior mining or anything of that nature?

Darryl White - Bank of Montreal - COO

I think you could, Gabriel; I think you could. Inevitably we will see a little bit of it, but the challenge I think for them is that the roomful of engineers and risk specialists and client relationship managers and the multi-product approach to dealing with a customer relationship is pretty difficult for them to replicate. It's a very different formula, isn't it, when you compare it to the digitization of the consumer experience relative to the corporate experience.

I think there will be efficiencies. I think we will see more efficiencies in terms of how we go to market on the corporate side, but fundamentally I think the barrier is higher because of the way the service is delivered with those disciplines wrapped together as opposed to delivered uniquely.
Gabriel Dechaine - National Bank Financial - Analyst

Are there any questions from the crowd before I ask my last one?

QUESTION AND ANSWER

Unidentified Participant

Can you comment on your BMO Asset Management business and what’s going on there?

Darryl White - Bank of Montreal - COO

BMO Asset Management, for people who don't follow it, is one of the top 50 asset managers globally. It is a global business for us. We've got centres of excellence in London, in Toronto and in Chicago and it's a business that we like. We like the geographic diversity of that business. The performance of the business is good. It will move with markets naturally as it has and it will move with local markets as well depending on how we're managing in those local markets.

That's a good client business. We like that business. We're continuing to work hard on that business and it fits really nicely in our overall wealth portfolio.

Unidentified Participant

My question concerns the merger and acquisition -- did you lead the acquisition of Greene Holcomb Fisher?

Darryl White - Bank of Montreal - COO

That is us, yes.

Unidentified Participant

I would be interested to know how you feel that's going to contribute to your merger and acquisition business -- if I have that right?

Darryl White - Bank of Montreal - COO

You do have it right. So thank you for the question. That's right on strategy for us when I talked earlier about the business that we have in the United States in our capital markets business. So that resides squarely in our capital markets business. The Greene Holcomb Fisher team is based in Minneapolis, so they are kind of in our geographic sweet spot as well.

They focused on -- we identified them and started conversations with them a couple of years ago because they were focusing squarely on the mid-market and perhaps even the lower end of the mid-market in the United States and when we looked at the intersection between our commercial clientele in the Midwest and our capital markets clientele across the United States, the sectors that they were focusing on overlapped really well with what we were doing as well and they had a really, really strong cultural fit with everything that we were trying to do.

So that was an acquisition that we consummated in the middle of last year. I think we closed in August, so it's just begun to contribute because we've only had it in the fold for less than a year at this point in time. We already had an M&A business operating in the U.S. prior to this, so it is not our entry into the U.S. It's a continuation of the strategy and it adds to it in a fairly material way relative to our M&A business in the U.S., but when you roll it all up in the entirety of the fee pool and the revenue pool that we have in the United States, it's a reasonably small portion.

Unidentified Participant

(Inaudible)
Yes, so the way I think about that is whether you asked me the question on mergers and acquisitions or whether you asked me the question on leveraged finance or equity capital markets, I'd come at it the same way, which is we focus on clusters of clients in that size range that I talked about earlier and in the industries that I talked about earlier.

Where the competitors are, do we compete with the names that you've just mentioned in that niche that we are attacking? Yes, we do occasionally, but the reality is they are generally focused on the higher end of the market and where we compete more actively, we see very good competitors, but it's a fragmented competitor set. So think of names there that are good investment banks, like Cowen, Stifel, Piper, Bayer and Baird and the list actually goes on quite long with folks who have 1% or less marketshare in those businesses, and we like our chances because relative to them, we have a much more complete offering. There are so many things on our shelf that don't exist on their shelves so the clients do appreciate that.

I'm afraid we are out of time now. Darryl, I'd like to thank you for coming to Montreal and attending our conference and answering the questions. I just learned yesterday Montreal is your hometown.

Merci beaucoup.