BMO Financial Group

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CORPORATE PARTICIPANTS

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Our first quarter 2013 regulatory capital, risk-weighted assets and regulatory capital ratios have been calculated pursuant to the Capital Adequacy Requirement (CAR) Guideline released by the Office of the Superintendent of Financial Institutions (OSFI) in December 2012 to implement the Basel III Accord in Canada. When calculating the pro-forma impact of Basel III on our regulatory capital, risk-weighted assets (including Counterparty Credit Risk and Market Risk) and regulatory capital ratios in prior periods, we assumed that our interpretation of OSFI's draft implementation guideline of rules and amendments announced by the Basel Committee on Banking Supervision (BCBS), and our models used to assess those requirements, were consistent with the final requirements that would be promulgated by OSFI. We also assumed that the proposed changes affecting capital deductions, risk-weighted assets, the regulatory capital treatment for non-common share capital instruments (i.e. grandfathered capital instruments) and the minimum regulatory capital ratios would be adopted by OSFI as proposed by BCBS, unless OSFI had expressly advised otherwise. We also assumed that existing capital instruments that are non-Basel III compliant but are Basel II compliant can be fully included in the relevant pro-forma calculations. We have not recalculated our pro-forma Basel III regulatory capital, risk-weighted assets or capital ratios based on the CAR Guideline and references to Basel III pro-forma items referred to these items as previously estimated. In setting out the expectation that we will be able to refinance certain capital instruments in the future, as and when necessary to meet regulatory capital requirements, we have assumed that factors beyond our control, including the state of the economic and capital markets environment, will not impair our ability to do so.

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 Outlook and Review section in BMO's First Quarter 2013 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 in Bank of Montreal's First Quarter 2013 Report to Shareholders and Bank of Montreal's 2012 Management's Discussion and Analysis, 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; adjusted net income, revenues, provision for credit losses, specific provision for credit losses, expenses, earnings per share, effective tax rate, ROE, efficiency ratio and other adjusted measures which exclude the impact of certain items such as credit-related items on the acquired M&I performing loans, run-off structured credit activities, M&I integration costs, amortization of acquisition-related intangibles, 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.

PRESENTATION

Peter Routledge - *National Bank Financial - Analyst*

All right, everybody. We are with Mark Furlong. Mark is President and Chief Executive Officer of the Personal and Commercial Banking business in the United States for Bank of Montreal, more commonly known as BMO Harris Bank. Mark joined Marshall and Ilsley Corporation in 2001 as Chief Financial Officer. In July 2004, he became President of Marshall and Ilsley and then Chief Executive Officer in 2007. Prior to joining Marshall and Ilsley, Mark was Executive Vice President and Chief Financial Officer at Old Kent Financial Corporation. He is active in his community, sits on the boards of Northwestern Memorial Hospital, the Museum of Science and Industry, and schools in Canton and Milwaukee. So, Mark, thanks for joining.

Before we start, I just want to remind you that Mark's comments may include forward-looking statements that are subject to certain risks and uncertainties. Please consult BMO's public filings for more info and there is a slide up here as well.

Mark, before we start, we're going to have a little commercial interruption. So I'm going to ask Jonathan, my friend behind the stage here, to throw something up.

(Video Play)

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

Story has it that you guys have a hockey team in town, so we just naturally thought you would be interested in the other hockey team.

Peter Routledge - *National Bank Financial - Analyst*

And they won last night, I think.

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

And they won last night. Actually the night we flew up here, they got beat, but fortunately they won last night with a shutout.

But that ad's just really only about 48 hours old now. It was just shown two nights ago for the first time. So that’s just one of the branding mechanisms we use in the United States.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Mark, what key messages would you like to leave investors here today?

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

So I have short comments and then I'll take some questions. So, first, thanks for the introduction. Glad to be here. The first time I've spoken in Montreal and certainly at this conference.

So a few key messages I'd like to share. I'll do it just in the course of talking a little bit about our business and then, very briefly, about the first quarter.

So in Personal and Commercial Banking in the US, which is what I am responsible for, we have 630 branches and about 1400 ABMs, an enviable footprint in a six state area surrounding the Great Lakes region, which is the Illinois, Indiana, Wisconsin, Minnesota, Missouri, and Kansas market, a total population of about 39 million and a GDP of $1.8 trillion. The area has a wide range of industries and is home to 78 Fortune 500 companies and thousands of small and medium-sized businesses. Looking ahead, I feel good about the Midwest economy, which I'm sure you'll have some questions about, and really the improved growth in the second half of fiscal 2013.

We have a strong deposit market share position. We are number two in Chicago at about 12%. We are number two in Milwaukee at about 19%. Over time, we expect to have a top five deposit share in all of our major markets.

Our large Commercial business is strong. It positions us well for a business-led recovery in the US. We are solidifying BMO Harris as the leading Midwest commercial bank through both local access, sector and product expertise, and, as well, excellent treasury management services. The segments of focus include corporate finance, diversified industries, financial institutions, food and consumer, auto dealership, equipment finance, healthcare, Ag., and we recently entered aviation. We have a top three commercial lending share position in Chicago, in Wisconsin, and in Minneapolis.

Importantly, we have got a clearly defined strategy for the business that aligns BMO's strategic priorities.

First, our teams are relentlessly focused on helping our customers succeed and making decisions with confidence and clarity. We know that drives customer loyalty and generates new business. Second, we are targeting customer segments with the largest opportunity for profitable relationships. That means selling every aspect of the Bank to our customers and deepening their relationships with us, rolling out focused teams and products for targeted customer segments like we've been doing effectively with our Premier Services business. And, finally, it means competing in our markets with the expanded capabilities and a high caliber, energized workforce.

The combination of Harris and M&I had meaningful impact beyond simply adding the two organizations together. BMO Harris Bank has greater scale in new markets, expanded distribution capabilities, and new product offerings in areas like lease financing and credit cards.

Our large systems conversion was completed in October and I can't say enough about how well our employees served our customers and represented our bank. We made a commitment to our customers that we would be relentlessly proactive to help manage them through change and resolve issues. It's what customers expected of us, and I am proud it's the standard to which we held each other to.

So briefly, some first-quarter highlights. The P&C US business had very good adjusted earnings and loan growth in the first quarter. Adjusted net income[1] was $197 million, up 25% quarter-over-quarter and 13% ahead of last year. Our total loan book had very good growth, up $800 million, or 1.5% quarter-over-quarter.

Credit performance was strong with a lower level of provisions for credit losses benefiting in part from recoveries.

Expenses were well-managed. The adjusted efficiency ratio[1] was 57.9% [sic]. Total average deposits increased $1.3 billion from a year ago. Personal and checking balances were up $1.2 billion, or 10%, in the last 12 months.

I'd like to highlight briefly our success in Commercial Banking. We recorded significant new business across sectors in all geographies, which reflects our long-term efforts on sustained customer focus. Q1 was the fifth sequential quarter of core C&I growth. We are up $3.3 billion, or 18%, from last year. Just in the quarter, we added over 125 new customer relationships. Commercial checking balances grew to $3.3 billion, or 23%, in the same period that we grew the loan portfolio by 18%. So we are bringing in full relationships.

Another area of focus is on brand. You just saw that commercial, our recent BMO Harris Bank ad campaigns are bringing a lot of energy to our markets. Results have exceeded expectations with customer recognition more than doubling in our key markets.

Looking ahead, we see plenty of opportunity. In Personal banking, our mass affluent strategy is our biggest opportunity to grow revenues. Partnering with our US colleagues in our Wealth Management businesses, we have rolled out Premier Services, which brings a financial advisor and a banker together throughout our footprint. Customer response has been very, very positive.

1 – Reported net income was $183MM, up 30% Q/Q and 17% Y/Y; adjusted efficiency ratio of 57.1% compared to reported efficiency ratio of 59.8%

Our indirect auto business continues to build momentum with good growth over the last few quarters, with a Company record for production set in November of last year. First-quarter new originations increased 47% from last year. And, based on our distribution network, we think there's a good opportunity to increase our share of the mortgage market. Over time, BMO Harris should be a leading mortgage lender in Chicago, but we have a long way to go to get there.

And as I've touched on already, we are well positioned for business expansion with a proven strength in Commercial Banking. We have already moved the needle on translating the competitive edge we have into success for our customers and growth for BMO.

Core C&I lending has been strong over a sustained period of time. We added a seasoned team of bankers and launched a Franchise Finance specialty lending group with the expectation of capturing a portion of this growing sector of the US economy.

We've accomplished a great deal in the last 20 months, but there is much more work ahead of us. We are in great markets, we have a well-defined brand, and have dedicated professionals with integrated solutions to meet our customers' needs. We are executing against our goals with a continued focus on our strategy and a path forward for sustained quality growth.

So before I open it for questions, I'm learning, just from the background of where I came from and what I am doing in the US, just to give you a little piece about my background. I started in public accounting the last 20 years and now I'm in banking. What I've done and where I am coming from in this bank was, as you heard, I started as the CFO of M&I Bank, became their President, and then became CEO right before that little financial crisis that we had in the US. So, we engineered the merger with Harris Bank, moved to Chicago from Milwaukee, and have been in Chicago a couple of years now and run the P&C US businesses. So that just gives you some perspective. And our business is really outward focused in the market strategy to build the products kind of in combination with our partners in Toronto, but really focused on being out in the markets and serving the customers in the areas we do business.

So, with that, let me turn it over to you.

Peter Routledge - ***National Bank Financial - Analyst***

Okay. Well, you're actually the perfect person to ask this first question I had, which is, when you do a merger as big and as significant as the Harris and M&I merger, there is bound to be, from your perspective, you are bound to see the best and worst or the strengths and weaknesses of both organizations. So just looking back over the last couple of years, where has M&I and the M&I folks improved Harris' competencies, and then where have Harris' strengths complemented M&I?

Mark Furlong - ***BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.***

You know, in our businesses, we had some common focus. Harris is predominantly in Chicago with a real small presence in Indiana and in Wisconsin. And M&I did really everything but Chicago. If you look at the network, worked all the way around Indianapolis and St. Louis, but really didn't go into Chicago. So it's interesting that the footprint is very complementary. The customer base and the industry is very similar. We both had sector expertise, and so we brought a couple of common sectors that became larger, but we actually complemented each other by bringing additional expertise the other one didn't have.

What M&I got out of it was BMO has a very, very good risk management culture, kind of in the tolerance level of the extended portfolio size you'll get in different sectors, and manages it really well. I don't think it at all impedes being able to grow the business.

The additional piece that the BMO Harris side brought to M&I was they were a very strong capital markets business that we've been able to bring into the M&I customer base and provide additional investment banking, counseling, and capital markets access that just didn't exist at M&I. We would go out, we would seek some of the biggest banks in the country to provide that expertise to our customers. And, as you know, what happens is they start with investment banking and they begin to encroach on the rest of their banking relationships.

M&I had a card business, so that gave us a chance to kind of reinvigorate the card business at Harris. We brought equipment finance expertise into the mix. And, yes, I think kind of the cultures of both organizations -- we are very, very similar. So, I think it's been interesting that we were so complementary that I would tell you that that probably has a lot to do with why retention levels have been so high. Why team leaders and why market leaders have stayed and felt like they belonged to the organization. They can feel this same outward focus in the market, the same outward focus with customers. Incentive plans were similar, and they feel like the magic in banking is to hold your people, hold your customers. And if you have decent bankers and you treat them well and they feel they can accumulate wealth over the course of their career, they can build and develop their expertise. Then I think you have a great shot at holding them. And I think, over a couple years, the former M&I folks that came into BMO Harris have seen that and they can see there is plenty of opportunity. So I mean, it's amazing how complementary the two organizations are and really the differences are the normal things you see when you are doing an integration as opposed to the stark reality of organizations that are run very, very differently.

Peter Routledge - *National Bank Financial - Analyst*

I'll go briefly out to the audience and see if we have any questions. Yes, we've got one here.

>>Unidentified Audience Member

You're probably the best person here to ask about the small and medium enterprise business lending in the US. So my question is what are you seeing there now in 2013 as far as opportunities go and being able to translate that into loan growth? In 2012, across many of the Canadian banks that have operations in the US, we saw strong growth in large corporate loans. And how is that different than the opportunities that present themselves in SME?

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

Okay. So our business is broken into small business, which would be sales under $3 million; what we call business banking, which is the $3 million to $20 million in sales; and then corporate which is $20 million and above and it could be as high as a couple billion, but the heart of it would be the $20 million or $25 million to maybe $1 billion in revenues. So, obviously, the recovery in the US has been very strong at the high end. The liquidity of those organizations has been very strong. The commonality in those customer segments that I just went through on the business side is that they are for our base, even the commercial side, predominantly privately owned. There are certainly some private equity businesses in there, but predominantly privately owned, run for multiple generations. Liquidity was probably higher than maybe a public company would run at because the aspirations are to move the business to the next generation. So I'd say our opportunities are pretty good. I'd say their access to credit generally is pretty good. The smaller you go, the more it's based on personal credit scores. The higher you go, it's based on collateral and company performance and kind of over the same period of time.

In our footprint, we have enormous opportunity. In Wisconsin, we'd be number one in the small to medium-sized businesses, not even a close competitor at number two, although a lot would like to be that. In Chicago, we'd probably be number two or three, but probably number three. In Commercial, we are number three. Huge opportunity there, again, as well, I think the businesses, by and large, are doing pretty well. As you know, businesses came through this cycle in better shape than the consumer in the US. And I expect us to get more than our fair share. The heart and soul of the organization from a growth standpoint right now is being driven by the Commercial side of the business, so small as well as large, and we're seeing pretty good momentum in all of it. We have small, kind of wind-down portfolios from the two combined organizations we put together where I think that probably doesn't fit the future focus, but overall I have really high expectations and expect to cross-sell deeply into those portfolios.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Any other questions?

>>Unidentified Audience Member

Just curious, how would you describe the competitive landscape in terms of the Commercial lending. How competitive is it these days?

Mark Furlong - ***BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.***

You know, I'd probably split it into two pieces. So the sector we are in, the one I referred to on the Commercial side as I'd say, even whether it's a business banking down to $3 million or $4 million in sales; but certainly the Commercial sector at $20 million to $25 million to, say, over $1 billion, it's pricing competitive, but the structure hasn't changed a lot yet. You'll find every now and then one of the larger banks will come in with a big hold, like a $100 million to $200 million hold, which used to be that could get a deal done. Now, there is some reticence because customers have seen that when you take the big hold, they are at a different level of risk than when they have four or five banks in it.

But pricing competition has been pretty tough. When you get above the, let's say, $1 billion or $2 billion in sales, that's where we have seen some change in structure. And the P&C US business that I am responsible for with our management team, we are not really in that sector. So that sector has seen some loss of structure and that segment, the larger deals have seen some loss of structure. Pricing is very, very competitive in that area. And it's almost, maybe to some extent, like have you forgotten what took place four or five years ago.

The EBITDA multiples have now crept up higher in that area whereas, in the area we are in, the EBITDA multiples have stayed reasonable. The senior debt multiples to EBITDA have been reasonable. They've stayed in that 3 to 4 range or something like that, and that makes sense to us. But it's competitive. I mean, the asset growth in the US, as you know, hasn't been robust. You can see it coming. We can see it in our pipelines. You can see in some of our quarterly numbers. The C&I business, of course, has felt it very, very much, this growth in the last year and a half or so.

But there's more appetite. There is still a lot of liquidity. We have a lot of liquidity. There is still a lot of liquidity in the US, and it's got to go somewhere. And I think some of that is some probably overheated price competition.

Peter Routledge - ***National Bank Financial - Analyst***

Just a question on your footprint in the Midwest. Right now, it's 630 branches, you said. Bank of Montreal's Canadian branch footprint is roughly 933. BMO has stated its intention to have as many branches in the US as in Canada. So, where are you going to get branch growth and how are you going to get it?

Mark Furlong - ***BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.***

So, this is the artful way of saying, tell me your acquisition strategy.

Peter Routledge - ***National Bank Financial - Analyst***

Right, you figured me out.

Mark Furlong - ***BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.***

The focus of the business that I'm here to talk about, P&C US, is really internal right now. And, while we have kind of gone through the matrix of opportunities in other markets, which I'll come to in a minute, it's really how do we build and grow the business based on a $4 billion investment today. And that is where we are focused. And it means intensifying cross-sell, intensifying the product mix we have inside that customer base. And we are absolutely laser focused on that.

If we looked at the likelihood of where we would like to be next, the market share we have in Wisconsin and in Chicago is such that when we do advertising, we get great name recognition. We have several hundred locations. People can easily get to us. And that's the magic of doing branding, is they have to then be able to find you after they recognize and we create some awareness.

So, clearly, our focus would be getting bigger in Indianapolis, Minneapolis, St. Louis, and Kansas City so that we can grow name recognition and grow share of market there, as there are plenty of opportunities there over a period of time.

Those opportunities will come when they come. In the near term though, it's really building out what we have today. And so I suspect, over time, we'll do some de novo branches. In some of those markets I mentioned, we will have to do some acquisitions to augment what we have. But the focus is on the core business.

You guys know as well as I do that opportunities never sequence themselves perfectly. I described the perfect sequence. And then sometimes opportunities come up in other markets. And when they come up, we will just confront them and address them when they come up, but that isn't the focus of the business now. It's really in the core markets where we are at today.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Another question just related to the prior one on competitive intensity in Commercial Industrial lending. A lot of credit unions and small community banks in the Midwest, clearly they got hampered and hammered by the financial crisis. And that my perception is they sort of pulled back a bit and weren't as competitive on price, but as they rebuild their capital positions, how rational will they be in your market? Will they continue to really drive down spreads as they sort of get back into lending mode?

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

So, again, coming back in places where we are at. So we are in the larger MSAs. The only place where we have really a rural presence of sorts would be Wisconsin. I think it's not likely that we would create rural presence elsewhere. So I think, Peter, the organizations you talk about, I think when you get in the rural markets, I think they're really important and I think they fulfill a need. It's hard for us to create the same kind of awareness and fulfill all the things that they can fulfill in many, many small communities.

When you get into the larger MSAs, the staying power and the ability to compete when the requirement to have significant commitment to communities, to have a branding and advertising campaign that draws customers in, to have the expertise we have to do targeted segment marketing so that we really use resources appropriately to price products and have access to capital markets, it's really a different game where you have the density in the MSAs that we are in.

So I -- and then the regulatory burden, while it's heavier for the largest organizations and a little bit lighter for the smaller ones, the smaller ones have a failure rate in numbers that is a big, big multiple relative to the few large organizations who have failed.

So I think the rationality of that was proven out in this cycle, and while we will always find a community of little organizations in maybe a suburb of one of the MSAs are in, is a little more price competitive, when you look broadly at it I think we can be as price competitive as anyone. And that doesn't mean go into the dirt, but I think we can stay with anyone. We have access to capital markets to do financing at almost any point in the cycle, and we have enough reach in the markets that the products have to be priced competitively. If you want to add a new fee to an old product, you have to be very careful how you do it. And the customer has to really see the value in what we are doing. And it's our job to explain to the customer what that is. And if we do all that really well, then we should compete and be just a terrific competitor, whether they are a large international bank or whether it's a community bank. And we don't necessarily see that they bring different things to the table. We don't see one more troublesome than the other for us.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Any other questions out there? All right.

You talked earlier in your opening comments just about the mass affluent strategy. And at the investor day, your partners in the Private Client group at BMO also were focused on that segment. Maybe you could just flush out that strategy a bit more, help us understand how big an opportunity it is.

And I'd just preface the question by noting, with M&I, you had this reasonably strong asset management capability. You pair that with Harris, which has a pretty good branch footprint in more affluent areas of Chicago, in particular. Can you sort of talk about, flesh that opportunity out a bit?

Mark Furlong - ***BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.***

Okay. So when we put the two organizations together, again, I talked about how there were more comparisons and more similarities than there were differences. The customer base for both Harris and M&I were very similar in that 20% of each customer base fit with what we call the mass affluent strategy, which would be investable assets from $250,000 to $1 million. And then a few percent of that additional part of the customer base was what we would call Private Banking, over $1 million of investable assets.

At the combined organization, we had 3% or 4% of those -- of that 20% were already customers in both sides of the bank. So the opportunity that sat in front of us was, just within our own customers now, the prospect base is several hundred thousand. If you looked at Chicago in this band, it's almost 250,000 households. If you go to St. Louis, Minneapolis, Milwaukee, you get to about 100,000 households or so, give or take a little bit, that are in the prospect base. But the focus initially was just our own customers, people that do business with us today, not someone we have to convince to give us a shot.

What we do is we bring a financial advisor to the table with the banker. The banker is the one that was responsible for bringing the customer in and pursuing the customer. And we don't try and sell anything. What we do is introduce them to the expertise we have on the financial advisor side, show them the financial counseling we can do, show them the plan we can put together. We don't ask them to move $1 of assets from anywhere, but put the plan together, give them some ideas, listen to the risk tolerances they have, and based on age and based on their plans, whether it's education for their kids or whether it's long-term retirement planning. And then what the result has been, in the absence of trying to sell so hard to sell units, we've had tremendous uptake of the offer. The financial advisors have actually sold over 40% more product year-over-year on the banking side.

We worked with Mckinsey on this strategy and what the models would say is that, in the banking side, if I have a customer, that the assets will come down and then about 18 months later, they begin to go up, meaning the customer will say, I'll give you some assets to invest for a period of time. I'll see how you do. I'll see if the financial planning you have done really meets my needs. And then, as you earn your way in, you'll get more assets. Well, on the banking side, we count loans and deposits as the balance. On the investor side, they just count investable assets, whatever they invest for the benefit of the customer.

It turned out, on the banking side, we went up. We didn't go down. The result was we had not done enough needs-based counseling with this customer base. So, it turned out they had a lot of other needs, so instead of going down for 18 months and coming up, we are up over 30% in total balances on the bank side only, just by working with customers to fulfill the needs they have today. So the reaction has been great.

What the challenge every bank has when they do this is that everyone has something like this. And the challenge you have is that the banker who brought in the business ultimately might have that relationship shift into the financial advisors realm as the primary relationship manager. It's how do we make sure the banker feels like they didn't lose. And what we have done is made them indifferent as to where those assets sit, that if we let the customer direct the activity, we end up with a good answer for the bank. If it is a good answer for the bank, we have to make sure it's a good answer for the banker. And so by neutralizing anything negative that would happen, we've been able to actually incentivize the banker to get the higher level of expertise to the table to give the customer a chance to see what maybe a better financial future would look like if they had some thoughtful planning. And it's been very successful. It's interesting. What it has done is brought the P&C US business and the PCG -- the Private Client Group business together very, very closely as partners and nothing but good things happen when you put a customer in the middle of that.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Just last question would be on just efficiency in BMO Harris. I think this quarter, first time ever, you fell below 60% on the efficiency ratio in the segment. And I think you've said that mid to low 50s is your goal. What is a realistic time frame for achieving it, given the margin pressures that are out there? And how are those margins pressures impacting that time line?

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

To get to the mid to low 50s%, it's probably a couple of years although there is intense focus. It's both sides, so it's revenues and expenses. You have seen that we have beaten all the projections on synergies, and we have done it without taking out any front-line people. In fact, we have continued to add front-line people.

We've got to grow the revenue line. We moved into number one in Wisconsin in home equity lending. We are number three in Chicago, which is good. We should always be in the top two or three. But in mortgage, we are 10 in Wisconsin; we are 10 in Chicago. We've got to be in the top five. So a piece of this equation is going to be driven on the revenue side.

As you mentioned, on the margin side, there will be some margin compression in the US. We're not any different than any other banks. There is certainly a piece coming from the deposit side as we continue to bring spreads down on the deposit side. Long-term, those deposits are very, very valuable.

Then, on the lending side, there's a little bit of a squeeze to it. In the near term, that's going to hurt revenues a little bit. We continue to look for a lot of opportunity between Canada and the United States to streamline what we do so we can invest once, use it many times, that we don't build duplicative everything. And, as a result, we've been able to take our channel focus and run north and south. In that case, it's a gentleman that resides in the US and so he runs the channel strategy, which would be mobile banking, online banking, where and how we put branches, and why they are there. We have a woman in Toronto that runs our call centers, so both our Canadian call centers and our US call centers so we can bring the same kind of technology and the same kind of process management and services and sales strategy so it looks very, very similar for customers.

And we have a variety of other initiatives underway -- the point being that Frank Techar and I aren't hung up where that executive is. We are more hung up on how do we get the most efficient process in place so that we can really execute well across the entire North American platform. And so that will provide efficiencies on the expense side and give us a chance to invest in some other technologies. But we've got to do it, as I mentioned at the beginning. We've got to do it in both places. We've got to drive revenue growth too and there's intense focus on that in the management team.

Peter Routledge - *National Bank Financial - Analyst*

That's all the time we have, Mark. Thank you for joining us. Thank you for sharing the commercial and all the best the rest of the day.

Mark Furlong - *BMO Financial Group - President and CEO, Personal and Commercial Banking U.S.*

Go Blackhawks. Thanks.