Bank of Montreal at the 2025 Scotiabank Financials Summit

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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 refer to the discussion in the Risks That May Affect Future Results section, and the sections related to credit and counterparty, market, insurance, liquidity and funding, operational non-financial, legal and regulatory, strategic, environmental and social, and reputation risk, in the Enterprise-Wide Risk Management section of BMO's 2024 Annual Report, and the Risk Management section in our Third Quarter 2025 Report to Shareholders, all of which outline certain key factors and risks that may affect our 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. We do 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 shareholders and analysts 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.

Material economic assumptions underlying the forward-looking statements contained in this document include those set out in the Economic Developments and Outlook section of BMO's 2024 Annual Report, as updated in the Economic Developments and Outlook section in our Third Quarter 2025 Report to Shareholders, as well as in the Allowance for Credit Losses section in our Third Quarter 2025 Report to Shareholders. 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, we primarily consider historical economic data, past relationships between economic and financial variables, changes in government policies, and the risks to the domestic and global economy.

Non-GAAP Measures and Other Financial Measures

Results and measures in this document are presented on a generally accepted accounting principles (GAAP) basis. Unless otherwise indicated, all amounts are in Canadian dollars and have been derived from our audited annual consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. References to GAAP mean IFRS. We use a number of financial measures to assess our performance, as well as the performance of our operating segments, including amounts, measures and ratios that are presented on a non-GAAP basis, as described below. We believe that these non-GAAP amounts, measures and ratios, read together with our GAAP results, provide readers with a better understanding of how management assesses results.

Management considers both reported and adjusted results and measures to be useful in assessing underlying ongoing business performance. Adjusted results and measures remove certain specified items from revenue, non-interest expense and income taxes. Adjusted results and measures presented in this document are non-GAAP. Presenting results on both a reported basis and an adjusted basis permits readers to assess the impact of certain items on results for the periods presented, and to better assess results excluding those items that may not be reflective of ongoing business performance. As such, the presentation may facilitate readers' analysis of trends. Except as otherwise noted, management's discussion of changes in reported results in this document applies equally to changes in the corresponding adjusted results.

Non-GAAP amounts, measures and ratios do not have standardized meanings under GAAP. They are unlikely to be comparable to similar measures presented by other companies and should not be viewed in isolation from, or as a substitute for, GAAP results.

Examples of non-GAAP amounts, measures or ratios include: pre-provision pre-tax income, tangible common equity, amounts presented net of applicable taxes, adjusted net income, revenues, non-interest expenses, earnings per share, return on equity, return on tangible common equity, and adjusted efficiency, operating leverage, growth rates and other measures calculated using adjusted results, which exclude the impact of certain items, such as acquisition and integration costs and amortization of acquisition-related intangible assets. BMO provides supplemental information on combined operating segments to facilitate comparisons to peers.

Certain information contained in BMO's Management's Discussion and Analysis (MD&A) as at August 25, 2025 for the period ended July 31, 2025 ("Third Quarter 2025 MD&A") is incorporated by reference into this document. Quantitative reconciliations of non-GAAP and other financial measures to the most directly comparable financial measures in BMO's financial statements for the period ended July 31, 2025, an explanation of how non-GAAP and other financial measures provide useful information to investors and any additional purposes for which management uses such measures, can be found in the Non-GAAP and Other Financial Measures section of the Third Quarter 2025 MD&A. For further information regarding the composition of our supplementary financial measures, refer to the Glossary of Financial Terms section of Third Quarter 2025 MD&A, which is available online at www.bmo.com/investorrelations and at www.sedarplus.ca.

PRESENTATION

Mike Rizvanovic - Scotiabank Global Banking and Markets

To start with, your high-level outlook on some of the macroeconomic headwinds. It seems that it's been a very volatile period for all of the banks. How are you feeling in terms of your outlook?

Darryl White – Bank of Montreal – CEO

I think we're at a really interesting place on the macro, Mike. I have spent time with some shareholders and one-on-ones having this conversation this morning. I think I probably have one of the unique positions to do a little bit of a juxtaposition for you – 40% of our bank is in the United States and 50% or so is here in Canada.

There have been headwinds in both places, but I talked about this a little bit on the call that we had last week. I actually think my uncertainty meter, as I've come to call it, is actually improving in a pretty meaningful way in the United States. If you think about it, setting aside the 24/7 news cycle, if you actually get down to the facts and you consider where we were six or eight months ago, and the number of uncertainties – including all the trade balls that were in the air – while I accept the fact that we haven't caught all those balls yet, we have a better idea than we did then about where they're landing.

If you look at the tax policy, in particular, under the Big Beautiful Bill, there was a lot of uncertainty as to whether it was going to pass and even if it did pass, what was going to be in it? Well, now we know all that. If you're one of our clients in the United States, you know what your tax rate is, you know what your accelerated depreciation is, and you have a better idea of where trade balls are falling. So, you get on with it and you get on with life. We're seeing a bit of a resurgence in the U.S. and a pickup.

In Canada, I think there's a lag in the sense that, if you use that uncertainty meter, I think we have less uncertainty than we did. If I go back six or eight months ago, we didn't know who our government was going to be, and if it was going to be a Liberal government, we didn't even know who the leader was going to be. We do know those things now and we have some indication of the policy direction, but we don't have a full understanding yet as to whether we're going to preserve USMCA. I think the probability is that we do, but I can't put a high probability on that because you don't know. It depends on a lot of things and that's really important to do.

On fiscal policy, supporting business growth investments, supporting, the most important of all, attracting international and domestic investment in the Canadian economy to take advantage of this moment. Lots of good narrative, but we haven't yet seen the term sheet in order to get the action. I think what we're seeing in Canada as a consequence of that is just a little bit of a pause, which is a natural thing to do. You might think interest rates are coming down, so I'll wait to buy the house. Or you might think I'm running a portfolio as a corporate treasurer – I've got to think about whether today is the day to push go on the capital formation button or whether I just wait another quarter. I think as those uncertainties clear up in Canada, we'll then see the pickup that we're now seeing in the U.S., but I think there's a bit of a lag.

Mike Rizvanovic - Scotiabank Global Banking and Markets

Thank you for that. It dovetails into the ROE question. Obviously, the PCL environment was challenging for BMO and the industry more broadly. It tends to be volatile from quarter to quarter; things have gotten a lot better there. Your outlook seems to be better than it was a quarter ago which I'm guessing, gives you more confidence in your ROE trajectory at the all-bank level. Remind investors the pathway of getting to that 15% level; obviously there's still more room to go, but you've made some strides.

Darryl White – Bank of Montreal – CEO

I'll tell you why I have a lot of confidence, Mike. In order to do that, you have to go back to the end of the fourth quarter last year, which was a bit of a seminal moment for us. When we looked at our full year performance and we said the credit outcome isn't what we wanted it to be and a couple of other smaller things in general, it all laddered up to an ROE for the year, which was 9.8%. We called it out, we said it's unacceptable. The target is going to be 15%; we reiterated that target. We also came forward and said it's the number one imperative in the bank and we know exactly how we're going to hold ourselves accountable against four key metrics.

I think the best way to answer your question is to give you an update on where we are on the four key metrics so you can understand why we've got confidence. Number one was the U.S. P&C business improvement. Number two, was the credit that you referred to, at the total bank level. Number three was the operating leverage that we have to drive and committed to drive at the total bank. And number four was capital allocation.

My update for shareholders after three quarters is that on U.S. P&C, we've seen really nice returns and a pickup in that business. We've got 6% PPPT growth in U.S. P&C year-to-date, we've got 3.2% operating leverage. The ROE which in that business on that day when I pinned it and called the shot, we were below 7% on the ROE. In the quarter we showed you last week, we're at 8.7%. So, we've made quite a bit of progress on lever one.

Lever two, when we look at total bank credit, we were at 66 basis points on the impaired credit. We told the world that we thought that was the high point and we walked down from 66 to 50 to 46 to 45 and we're sitting at 45 today on the impaired credit. That's real value between 66 and 45 by the way; like that's \$300 million of P&L in the quarter. And so that's really important on lever number two.

Lever number three, all-bank operating leverage, we're at 4.7% year-to-date. Relative to the peer set that's relatively distinguished. Teams are doing a really good job, positive PPPT growth across all lines of business.

Number four, on capital allocation, you've seen some decisions that we've made. We exited a card portfolio that was single serve and low value in the ROE in the U.S. We had a normal course issuer bid, which executed 16 million shares bought back. We announced last week and were approved last night on a new program for another 30 million shares; that would bring it to 46 million by this time next year. That capital allocation work is going on off of a 13.5% CET1 ratio, tons of capital to execute as we go forward.

So, we've done that. We're nowhere near end of job, but point-to-point 9.8% ROE for '24 was 12% in our quarter announced last week. That's 220 basis points of improvement in only three quarters with 300 basis points to go. The momentum we've got there doesn't consider some of the other changes that we've made, including reorganization and business strategy. I'm pretty encouraged that we'll get there. We called our shot and we tend to make it when we call it.

Mike Rizvanovic - Scotiabank Global Banking and Markets

On the credit – and you might hate this question – I know you've gotten this question before on the calls. Given the headwinds that you saw on the credit side, did it change how you sort of operate?

Darryl White – Bank of Montreal – CEO

Oh, I don't hate this question.

Mike Rizvanovic – Scotiabank Global Banking and Markets

You don't hate this question. Okay, perfect. Maybe it's an opportunity to remind investors why nothing changes, that it was in fact a blip, it's in the past, and it doesn't really impact your ability to grow the commercial loan book, particularly the U.S.; that's where the question usually emanates from. And why you're still excited about your long-term growth?

Darryl White – Bank of Montreal – CEO

If you look at our credit, we've talked for decades about superior credit management. If you look at our track record, there's a slide in our investor deck that showed you literally decades of superior credit performance. There's only two exceptions to that. One was in the global financial crisis and one was last year. So, I think we've got a pretty good track record that over the course of time it's very, very infrequent that our credit is anything but outperforming.

Last year we spent a lot of time with investors on this. We've got tens of thousands of commercial wholesale credits, both in Canada and the U.S. We had a very small number of them that ended up being regretful underwritings that we did three or four or five years prior to that. A lot of work was done to come to that conclusion. The analytics behind that conclusion were clear. We used that analytic to say, at the end of the fourth quarter, we feel very confident that we've got an isolated issue. It's not a forest fire; it's a small brush fire that we contained.

The evidence over the last three quarters has proven, and if you see the deceleration, when I talk about 66 down to 45, we've got an even faster deceleration on that curve in our U.S. business, in particular. So the outcomes today are what we thought it would be when we contained the issue, but we didn't have to make wholesale changes across tens of thousands of credits in order to contain the issue. We feel pretty good about where we are.

Mike Rizvanovic - Scotiabank Global Banking and Markets

Moving on to some of the business lines, starting with the U.S. With the new leadership, Aron Levine coming in and running the business, are there any changes that investors should expect to see?

Darryl White – Bank of Montreal – CEO

I think the most important change investors should focus on is the fact that we made the decision to change our go-to-market structure, to accelerate the strategy on the ROE rebuild in the U.S. It's wonderful that we've taken it from sub 7% to 8.7%, but we've got to take it from 8.7% to 12%. I want the U.S. business to deliver for you 12% so that the total bank can deliver 15% or more.

When you look at the way we had organized the bank for 10 or 15 years, I think right thing, right time. All of the business lines at our bank were organized under the leadership of someone who would have a North American mandate. If you ran Commercial – whether you sat in the U.S. or Canada – you ran North America. If you ran Personal, North America, Wealth, and so on.

We came to the point of view that that was the right strategy at the time. When you have a smaller bank in the United States, if you have US\$100 billion of assets, US\$200 billion of assets, how do you synergize that? You take the synergies where you can get them, in our case, North America. We got a lot of them and we're going to keep them. TPS is an example, we run North-South rails. The lending platform for Commercial is the same in Canada as it is in the U.S. Things as you might think mundane, but I can tell you they're strategic and they keep you in good shape, like the compliance regime and the regulatory regime. We have a North American matrix on that. We preserve that on technology, on it goes.

But, what we were missing in the meantime was the strategy as you go to market on the customer and the demand imperative in the U.S. itself. If you imagine those decisions are being made in four silos, as opposed to an integrated in-country management system that says, you are a personal banker, you want to do business in this geography – we're not going to do that unless we're doing it with Commercial, and we're doing it with Wealth, we're doing it all together. And early returns are good. I want to caution people that we have this change effective on the 7th of July, so none of the benefits of this are in any of our numbers. But I can also tell you there are early returns: balance sheet optimization, One Client imperative, choice on geography, choice on capital allocation across those lines of business.

We're all grown up now. We have a bank in the U.S. that has almost USD\$500 billion of assets in our U.S. segment, and that's top 10 in the country relative to the other banks. This is the way to go-to-market and to take advantage of not just improving – you asked earlier about credit outcomes – this isn't about credit outcomes; this is about taking advantage of our ability to take share and grow the revenue line, and the capital allocation more efficiently in-country, and preserve the synergies that we've gotten ourselves so we can get the best of both worlds. So that was the reason for the change. You asked about Aron. Aron was the choice of the person and he's going to work with Darrel Hackett and our management team to operationalize against that imperative across those three lines of business and we're delighted to have him on board.

Mike Rizvanovic - Scotiabank Global Banking and Markets

You touched on my next question, which was around the connectivity U.S. P&C, Wealth, Capital Markets. How does that all tie in from your perspective? Where do you see opportunities on that client outreach and deeper relationships and doing more for the same client?

Darryl White – Bank of Montreal – CEO

I ground the answer to this question in where is our power alley in the United States. I think you all understand our various power alleys in Canada for us and the other banks that come up here. In the United States for BMO for 40 years, we've effectively been building business strategies around business owners. If you look at our Commercial business, which is one of the largest on the continent, the vast, vast majority of those relationships are sole or lead relationships with who? With the business owner – private businesses for the most part.

You can see under the new structure that I described to you, the connectivity that you're referring to in your question, across from the Wealth Management offering where our Wealth Management offering was doing a good job, but probably not integrated enough because of the structural point I made earlier. Yet within it, it's got the full range from mass to affluent and high net worth to ultra-high net worth to family office – business owner.

Capital Markets, there are a whole bunch of those credits in the commercial book that have a need for a foreign exchange or a derivative or maybe some help on advisory. The Capital Markets can come in. And even Consumer, we've got a Bank at Work program that works really well.

Even though we've been talking about it for a long time, I don't think we had the right structure to enable it. I think today we do. And I think we're just scratching the surface on the opportunity, on the connectivity. We wake up to this connectivity every day in Canada. All the banks do because you're in every single community, on every street corner. You have to be more deliberate about it when you're competing in the U.S. and that's what we're doing now. We think we'll be able to lean in and we'll be able to show really good growth through that.

Mike Rizvanovic - Scotiabank Global Banking and Markets

One more follow up on the U.S. Just want to talk a little bit about Bank of the West; that deal – obviously very big, transformational deal for BMO. Now that you look at the U.S. market, has anything changed versus when you purchased Bank of the West from a competitive perspective? Has it become more competitive, less? I know you were excited about, probably still are, the California market which has a GDP bigger than Canada's. A lot of opportunity there. Maybe talk about the dynamics of the competitive environment if anything has in fact changed post-COVID and pre-COVID?

Darryl White – Bank of Montreal – CEO

Net-net, a lot of things have changed. But net, not much. After we bought Bank of the West, six weeks later Silicon Valley Bank happened and then First Republic happened, and you had that disruption in the marketplace, which short-term was disruptive for us. But longer-term is good because we've been able to slowly creep in and take market share and adjust pricing well, accordingly.

You've got movement in terms of G-SIBs who have asset caps, G-SIBs who don't have asset caps. We get asked these questions all the time, but when you net it all out, it's the biggest economy in the world. If California were its own country, it would be the fourth largest economy in the world; it's bigger than France; and it's got 70% more GDP than Canada. That says something about Canada because it's the same population.

But the competitive environment has always been such. What you've seen over time in the United States is the top 25 banks over the last 10 years have pretty gradually taken share, and they've taken share from about 4,000 banks that aren't in the top 25. You want to start with the premise that it's good to be in that top 25. It's even better to be in the top 10 where we are. Then I layer on the way we're enforcing the strategic decisions that we're making now on a more integrated basis, and I like our chances. Things come in and things come out, super competitive, always has been super competitive. Net-net, we'll just continue to press ahead against that competitive set and I like our chances today better than I ever have, frankly.

Mike Rizvanovic - Scotiabank Global Banking and Markets

Switching over to Canada and staying on that theme of the competitive landscape, how do you see Canada evolving going forward? It's fair to say, it's less competitive than the U.S.?

Darryl White – Bank of Montreal – CEO

Well, I don't want to pick on you, you're the host, but there isn't a bank that's going to come up on the stage that's not really competitive; they're all really competitive. And then there are a whole bunch of providers outside the core bank ecosystem that are very competitive and I think we do a hell of a job keeping each other honest. I can speak to our agenda within that.

I get asked questions all the time about the reorganization and its implications for the U.S., but it also has really positive implications for Canada, because I've got now really focused business leaders in Canada who have Canada as their strategic imperative and have Canada as their competitive imperative. Competing with all the other players isn't easy and they've done a really good job.

If I look at my P&C performance in Canada, it's stacked up really well year-to-date. I look at the consumer side of the business, we're in net customer acquisition mode. Our benchmarking shows that we're top tier in net acquisition, top tier in net attrition, therefore, top tier in net customer growth. We're really focusing on retail operating deposits, mutual funds, home financing; those we think are our power allies for growth going forward on the consumer side.

On the Commercial side, you guys know our story. We're the number two commercial lender in that space of \$1 million to \$100 million. We've got to defend that, and we defend that every day. That again, is our strength in business owners, and that's a really good business for us. If I was on the stage three or four years ago and said to your predecessor, we've got a position in that business that will defend the number two market share on the lending book, but we had opportunity in the deposit side of that equation given our focus and our strategies. I'll bring that comment forward to you today. Over the last three years, if you look at the CAGR on our deposit growth in Canada Commercial, third-party data shows that we've grown faster than anybody. The balancing of that book now is even better. I think that sets us up for some really good returns going forward.

I haven't talked about Wealth. Wealth is our highest return business; it's got a higher ROE than many of our competitors. It's smaller than I would like it to be because we've got a little bit of an underweight position there. So, we're going to invest in Wealth. You saw that through the acquisition we announced for Burgundy, which should close later this year, and we'll continue to think about ways to invest in that business.

I may be for the time being, hopefully a short period of time, a little less bullish on the macro in Canada, but I'm really bullish on our competitive positioning in Canada.

Mike Rizvanovic - Scotiabank Global Banking and Markets

You mentioned the lag with the U.S., so you would expect Canada to catch up at some time?

Darryl White – Bank of Montreal – CEO

I don't know, six months, something like that.

Mike Rizvanovic - Scotiabank Global Banking and Markets

What about the cost side in Canada? We hear banks talk a lot about optimization of the branch network. I'm guessing that you're also actively doing that. You mentioned that you've talked about that in the past as well. Remind investors where your priorities are on whether it's branch count or not necessarily the number of branches, but how you're looking to cut costs within your physical infrastructure?

Darryl White – Bank of Montreal – CEO

In consumer retail banking in Canada?

Mike Rizvanovic – Scotiabank Global Banking and Markets

In retail banking.

Darryl White – Bank of Montreal – CEO

I think that the narrative has really changed. We've delivered positive operating leverage in all years but one over the last six or seven years. We've got six consecutive quarters of operating leverage; that doesn't happen by accident. We've got very clearly defined strategies against revenues and costs. In the retail banking in Canada, I don't think it's so much how do you think about getting cost out, as it is how do you think about the most efficient channel delivery for the customer.

If you look at the digital side, we've had top-tier digital acquisition and we've anchored all that digital acquisition around our value proposition to the customer which is to make real financial progress. That's really resonated with customers, so you get this rare combination where you can get top-tier digital performance and really good branch performance. These are validated, J.D. Power, all the rest of it. At the same time, the productivity in the branch and the digital acquisition strategies, that's how those flywheels start to turn.

Ten years ago, the knock on us would have been, you have the smaller branch network and digital isn't fully operationalized yet, so therefore you're really disadvantaged in consumer banking in Canada. Well, the world's changed. The equalizer has been the pace of the digital investment. I think our teams have done it just about as well as anybody and I'm proud of them for it.

Mike Rizvanovic - Scotiabank Global Banking and Markets

Any comments on the mortgage business? I know that's always topical for investors, not from a direct loss perspective. I think people are comfortable with the risk side, but what about on the growth side? We've seen sales volumes come in relatively weak this entire spring, summer lending season. It hasn't really been the rebound that many were expecting.

Darryl White – Bank of Montreal – CEO

I don't know why many were expecting otherwise because if you think about my comment earlier, we're in this phase of people trying to figure out what their financial outlook is going to look like in three months, six months, nine months on a couple of fronts. Are we going to protect the trade agreement? Is my job safe? By the way, everybody tells me the interest rate is coming down. So why would I step into the housing market today if I can wait three months or six months?

To me it's actually a very natural market reaction to where we are on the macro inputs and we're starting to see, if you look at the very recent data, there's a little bit of a perk up in housing demand in Canada. I think we've got a little bit of a ways to go. I think you have to check off some of those uncertainties before people will lag back into the housing market in Canada, but I think that'll happen. As I said before, I don't know if it's three months, six months, nine months. In the meantime, the business is really good, it's just not growing at the pace that you want it to.

But you can imagine a day, if you lag out further into 2026, I'm not promising this day, but you can imagine a day where we have lower interest rates; we've got an economic development growth plan in Canada that is attracting capital; the GDP growth rate in Canada is not 1%, but rather 3%; and unemployment is not 7%, but it's 5%. That's pretty interesting from a growth perspective for bank P&Ls. But you've got to wait to find out if those boxes are going to be checked by, I would say, end of this year in order to put that in your model for the middle of 2026.

Mike Rizvanovic - Scotiabank Global Banking and Markets

Switching over to Capital Markets, your pre-tax pre-provision guidance of \$625MM. You sort of crushed that number the last three quarters. I think there is obviously an expectation that trading, which has been a big part of that...

Darryl White – Bank of Montreal – CEO

Thank you for using the word crush. I hope that shows up on word searches.

Mike Rizvanovic - Scotiabank Global Banking and Markets

It's certainly been a very, very good setup for BMO as well as your peers. As that maybe moderates, perhaps volatility comes down in the market, we get a bit less client activity, how do you look at that \$625MM?

Darryl White – Bank of Montreal – CEO

I'm not going to guide that number down. I think that \$625MM was a number we set that we want to be consistently above through the cycle. It doesn't mean it's not going to be a dollar below it in some quarter at some point. In the main, I think we've invested well in that business. If I look at the Canadian outcomes, most measures we look at, league tables, we are very solidly positioned in the top three in almost every product, every day. We have tough conversations when we're not – I can assure you. I ran that business, so I have some idea of what kind of questions to ask. And I'm very pleased with the development of the I&CB business in the U.S. You saw a really good quarter from us in I&CB in the U.S. I go back to this positioning in the mid-market across from business owners and the teams have started to do a really good job there.

The Global Markets business has been a really steady performer for us. We don't look to shoot the lights out in any particular quarter and take advantage of some aberration because we know nobody will give anybody credit for that anyway. If we can have a really consistent delivery above that \$625MM level that you highlighted, the ROE in that business for us is 14%, which is as good as any of our peers. That's a good outcome. If I go into 2026, if the markets are constructive through 2026, should actually expect more from us than that and not less.

Mike Rizvanovic – Scotiabank Global Banking and Markets

On the advisory side in the U.S., I think it's clear that BMO has been very focused on how it's invested in Capital Markets in the U.S. Very sort of structured, not looking to be all things to everyone. If we do get an M&A rebound in the U.S., how are you positioned for that? Or are you looking to deploy more?

Darryl White – Bank of Montreal – CEO

We're positioned really well, if there's a strong M&A rebound in the mid-market in the core sectors where we are really, really deep in our knowledge base in our coverage. Think industrials, food and consumer, sort of mid-market America, we are really well placed, and it also goes back to that connectivity with the Commercial bank as well and Capital Markets.

Don't expect if an M&A boom is all around \$25B technology mergers that we're going to play a large part in that. We may peck around the edges, but that's not our game, that's not where we play. In that mid-market, in those deals of those size, if we see a market surgance, we're not going to let that market get away. We're going to be in it.

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What about the cross-border dynamic in terms of transactions? Has that been, sort of, still being impacted by the geopolitical?

Darryl White – Bank of Montreal – CEO

I think it is now. Given where we are on the uncertainty around USMCA, it's difficult for a business owner or a CEO to make a decision that they're going to double down on their investment one way or the other. You'll see some of that. I think until we see clarity on USMCA, it would be a natural place for folks to say we'll wait and see what my trade agreement is before I start buying on either side of the border very much.

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Switching over to capital, BMO has been a very acquisitive bank over time, some sizable transactions in the past. You've got a pretty good track record of making them work, over time. Given that we're now well past the closing of Bank of the West, are you starting to think about that now that your capital level is so strong and you're accreting capital quarter-over-quarter? How do you think about M&A from the perspective of whether it's size, business line or geography? Any thoughts?

Darryl White – Bank of Montreal – CEO

You never turn off. A good management team should never turn off the M&A antenna because you need to know what's going on and you need to know where the flows are and you need to make your decisions as to where you're going to play. But I did make this point before. I mean, there isn't much that goes on in the market in either country that we don't see. The really important thing is to be disciplined; you don't swing at every pitch. Some of those pitches are in the dirt or they're over the backstop or whatever. Once in a while, they're closer to the plate and we'll take a hard look.

In the meantime, while that antenna is always on, I would say our priority right now is the organic rebuild on the ROE that we talked about at the beginning of this conversation. The U.S. ROE is a hell of a lot better than it was three quarters ago and it's now pushing up closer to 9% than 7%. But the goal is 12%, and we'll move along. If we do something on the M&A front on our journey between 9% and 12%, it will only happen if I'm able to say it's not going to interrupt that journey. If it's going to interrupt that journey, we're not going to do it. Otherwise, we'll just continue to push on it organically as we go forward.

Mike Rizvanovic - Scotiabank Global Banking and Markets

On buybacks, obviously the NCIB, I think it's about 4% now, gives you a lot of optionality and maybe in the context of getting to that ultimate destination, CET1, I'm not going to ask you for a timeline, but I know you've been very vocal about 12.5% is a really solid number where BMO could operate at very comfortably. You'd be good with 12.5%; you're about 100 basis points above that right now.

Darryl White – Bank of Montreal – CEO

We're stubbornly 100 basis points above that. I've been very clear on this, and Tayfun has been really clear on this, that 12.5% is the number. I think it is actually important to shareholders to call it out that that's the destination, so I stand by that. That's where we seek to go. You saw the announcement last week of the share buyback. It was really smart on behalf of our finance and treasury teams as they don't wait till a buyback expires and then apply for a new one; then you have a lag where you can't go into the market. Why would we do that? We just said we bought 16 million shares to date. The mechanic is you terminate that program, you launch a new one, that's 30 million shares. I think of it as a continuous program, it's 46 million shares at the end of the day.

Our intent is to keep at it while the capital levels are as high as they are. They're not the highest among our peer group, but they're higher than the average of our peer group. The first priority is where the demand is. If there's good demand business, we're going to put the assets out to clients at the ROE thresholds that we've reestablished. If it's not there and the loan books aren't growing and there isn't good demand, we'll be in the market buying back those shares until we get to 12.5%. That's the goal and we stand by that.

Mike Rizvanovic - Scotiabank Global Banking and Markets

As we get to the end here, any key messages you want to convey to investors in the room today and online?

Darryl White – Bank of Montreal – CEO

First of all, thanks for the opportunity. Thanks for hosting the conference; it's a really good one. You guys do a good job at a good time of year so that people can get tuned in to what we're all thinking and what we're talking about.

For us, it's dead simple. If I look at the last three quarters, I think we're having a really good play against everything we said we were going to do in December of last year. I talked earlier about the rebuild of the ROE. 12% is nowhere near good enough, but it's a hell of a lot better than 9.8% and we're on the trajectory to get to 15%, good. Inside of that, we've got the operating leverage that I talked about earlier is 4.7% year-to-date, which is bloody good relative to most. That's good.

Inside of that, the credit performance is also normalizing as we thought it would going forward. I think Piyush said on the call, we've gone from 66 to 45. We think we probably level out here for a couple of quarters as this Canadian uncertainty settles. Then hopefully we resume some trajectory to the positive after that as well. So that's good.

One of the things that probably doesn't get enough play is, we like to talk about walking and chewing gum. Everything gets a lot of airplay when you call out a number one imperative around ROE rebuild. We're also growing our earnings. In the quarter we put up the fastest ROE improvement, but we also had 22% EPS growth year-over-year, which is the highest among our peer group. There's a lot of good things going on and yet we haven't captured the benefit of some of the changes that I talked about earlier either. As we go forward, we'll do all those things and if the CET1 ratio is stubbornly high, we'll also be in the market with the share repurchase as well. It's a pretty good package as I think about the outlook, despite the uncertainties, I'm very optimistic.

Mike Rizvanovic - Scotiabank Global Banking and Markets

With that, we'll end the conversation. Thank you very much, Darryl, for your insights. Thanks for joining us today. Very happy to have you join us.