Bank of Montreal at Morgan Stanley U.S. Financials, Payments and CRE Conference

June 14, 2021

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Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Hi. Good afternoon. Thank you for joining us. And also for important disclosures, please see the Morgan Stanley Research Disclosure website at www.morganstanley.com/researchdisclosures. And if you have any questions, please reach out to your Morgan Stanley sales representative.

We're pleased to have with us today Darryl White, CEO of BMO Financial Group. Darryl was appointed CEO of BMO in 2017. He chairs the bank's executive committee and serves as Director of BMO Financial Group as well as a U.S. subsidiary, BMO Financial Corp. Darryl joined BMO's investment in corporate banking business in 1994. And in 2014, he was named CEO and Group Head of BMO Capital Markets. And in 2016, was appointed as BMO's Chief Operating Officer.

Darryl's going to start with a presentation about BMO and its business and strategy, and I will lead the Q&A session after that. Darryl, thanks so much for joining us. Over to you.

Darryl White - *Bank of Montreal - CEO*

Well, thank you, Manan, and thank you for hosting us at the conference today. I understand there may be some folks who are a little less familiar with our story, so what I'll do is I'll start at the top of the house, and I'll give you an overview of our strategy, our key areas of focus, with a little bit of a drill down on our North American platform and our areas of differentiation as we've repositioned our business for sustained performance.

So on the first slide, you'll see we are the eighth largest bank in North America with about $950 billion of assets. We are Canada's first bank. We've been in business for 204 years, which would put us among the top two or three oldest banks in North America. And we've been in the United States for a very long time. In fact, our first entry in the United States was in 1818, the year after we were founded. We talk about our bank being anchored on our purpose, which makes commitments to thriving economy, sustainable future and inclusive society driven by our strategic priorities, which are focused on building a future-ready, digitally-enabled bank with leading efficiency, customer loyalty and profitability. And of course, powered by our values, which you can see at the bottom side of the page. We've got our medium-term financial objectives on the right-hand side of the slide, and I'll talk about them a little bit as we go through here.

Next slide, please. We talk about our mix as being advantaged, and we'd say that because of two things. One, our lines of business. We've got diversification through our lines of business. You can see on the left-hand side of this page that no particular line of business represents more than 1/3 of our total and no line of business represents less than 20% of our total. We've got a focused strategy on North America. And geographically, we like our mix as well, coming up on 40% of our income out of the U.S., a little above 50% coming out of Canada. And importantly, every one of the four lines of business are operated and run on a North American basis, integrated across brands, management spine and customer strategies.

Next slide, please. The U.S. is really important as a share of our story. The U.S. is about $275 billion of assets in our total U.S. segment. It represents 40% of BMO Financial Group's earnings, and the adjusted efficiency ratio of our U.S. segment is 55%. I say that because when we look at how that complements our overall mix, we have an interesting nexus of the meeting place between the fastest-growing market for us, which is the U.S. given our market share in the U.S., and bringing a contribution to our overall mix that's consistent with our Canadian efficiency ratio and ROE profile. So it's quite an attractive position for us.

It, too, as you can see on the bottom right-hand side of this slide, is diversified by business and it is diversified by geography. About 50% of our business comes from our core Midwest footprint. We acquired the Harris Bank in 1984 and continued to build from there. The other 50% of our business in the U.S. is from outside of that core U.S. footprint in Commercial, in Personal, in Capital Markets and in Wealth. And in Personal, we have built out our digital bank, which is now collecting actively deposits in all 50 states.

On the next slide, I talk about our financial performance, which we describe as strong and consistent. Why? Because we had very good momentum going into the crisis, and that has served us well through the crisis. We have three consecutive years of 7% or higher PPNR growth. And that's driven a reduction in our efficiency ratio of 550 basis points, and an improvement in our ROE of almost 200 basis points.

We've done this in a number of ways, including having made decisions to exit or wind down certain businesses that were not positioned to deliver strong returns over the long run. Secondly, allocating capital and resources to the areas where we are well positioned for profitable growth over the long run. And thirdly, with a disciplined expense management structure that has really changed the way we operate through disciplined decisions as well as digitization and streamlining, which I'll speak to a little bit more as we go forward. The ROE, as a result of all this, is above our target, which is 15% as you saw on the first page, in all of our lines of business, and we believe these results are peer leading.

On the next page, we talk about shareholder value creation. Here, you might be interested to know that BMO has the longest-running dividend payout record of any company in Canada at 192 years and counting. And there are very few, I think 5 or less in that category if you include all U.S. companies as well. And we take that track record very seriously.

On the bottom left, we show that we have beat the S&P broadly on total shareholder return over a 1-year, 3-year and 5-year. So we have a strong history of creating value for shareholders, and we think that we're very well positioned to continue to do so, particularly in light of the restrictions on share buybacks and dividends, which continue to be in place in Canada, and therefore, we're continuing to build excess capital.

On the next page, we talk about our track record of risk management. This, I would say, is a hallmark of our company and has been for decades, the consistently lower than peers' performance on realized specific credit losses is something that we take a lot of pride in. And it's important to note that we've done so in many periods while delivering above-market loan growth. And so that's very important to us. And in the current environment, we've built up over $2.8 billion of allowances against performing provisions, which we think is far more than sufficient as we look forward. This is a track record that has served us well in both stressed environments as well as in more benign environments.

On the next page, we talk about our capital. The story here is dead simple. It's a cornerstone of our resilience, it always has been. But currently, the build of our capital at 13% CET1 is well above our established industry minimums. It's never been stronger. And on a relative basis, we've got a little bit more excess capital than most of our peers.

On the very next page, we give you a bit of a tour of the investments that we're making for growth in each of our businesses. From left to right, our Canadian Personal and Commercial business. Here, we've got the #2 position in Canada in commercial, the #4 position in retail, and we are the leader in digital sales in Canada.

In U.S. Personal and Commercial, we're adding clients. We've continued to add clients, and we've grown and opened offices in outer markets in commercial through the crisis. We opened a new commercial office in Denver just last Friday, as an example. As I mentioned earlier, we've got a digital bank that's collecting deposits in all 50 states.

In our Wealth Management business, this has been a very stable performer for us over time. We've got digital offerings. And we've got hybrid offerings. And we've got full-service offerings. Our asset management business in Canada has been the leader in ETF net flows for 10 years running.

In the BMO Capital Markets business, on the bottom right-hand side, here, this has been a great source of diversified earnings for us. And we've repositioned our business for growth. About half of the business comes from our U.S. Capital Markets and half comes from Canada and others. And our profitability metrics in that business are similar in each geography.

In the next pages, I'm just going to spotlight for you two areas of particular strength for us. The first is a quick touch on a power play for us, which is our Commercial business. Our Commercial business drives about 39% of total company revenues in Canada. As I mentioned, it's got #2 market share. When I roll it up to North America, it's a top 10 bank. Very importantly, our business model choice is a relationship model. 90% of our customer relationships are sole or lead relationships, which helps us manage our customers better, helps us manage our risk better through the cycle and helps us drive more consistent growth through the cycle. The commercial portfolio is 84% secured. We really like this business. And as the economy opens up again, we expect to grow this business at a faster rate than the market.

On the next page, we switch gears and we talk a little bit about our digital journey. Here, we have adopted a digital-first approach to business, which means that digital is not just a channel, it's not just a product, but it's how we operate everywhere in the company, built off of our data and analytics set on the cloud, migrating to the cloud. You see some of the trends in the middle of the page. A third of all of our new sales are now digital. We are a leader in Canada. And we're able to digitally do deposits everywhere in the United States. We don't do it all by ourselves. We're a big believer in partners. And you can see some of them on the right-hand side of the page, including recently, having been selected by Google on Google Pay for their Plex, which we expect to drive a lot of scale and innovation. And last week, we announced our partnership with AWS on our cloud transformation journey as well.

Next slide talks about our Purpose. I talked about it upfront. We're fully committed to it. I would say, for us, this is not a fad. We've been here for a very long time. The three pillars are here, and the proof points are below it.

And then the very last slide talks about some reasons to invest in our company. Here, I think it's a pretty exciting time to consider us. We've got a business that's diversified, as I pointed out earlier, for long-term value. We're focused on North America. We've got an exceptional foundation. We think we have best-in-class risk management and capital. And so far, we've got best-in-class operating performance in our business over the last several quarters.

So Manan, I was going to leave it at that. That's a rapid-fire tour at the top level of who we are, and I'll turn it over to you to run the Q&A.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Perfect. That's a great high-level introduction. And I'm sure a lot of investors on this call will appreciate that.

Maybe to start off Q&A, let's start off with return on capital. That's been a big question on investors' minds. You mentioned that you have 13% CET1. On a relative basis, you have higher capital than your peers. Talk a little bit about your philosophy around returning capital to shareholders and how you might deploy excess capital. And maybe if I can add to that, if you can also touch on your thoughts on M&A as you talk about capital deployment?

Darryl White - *Bank of Montreal - CEO*

So there's a lot in that question, I'll try to decompose it for you. The first place I would start is that we've always been committed on our capital return strategies, Manan, to moving our dividend at a similar rate to our earnings. So we've got a commitment over time to a 40% to 50% payout ratio. Clearly, we're well below that today given the restrictions that were put on us. I would expect that, over time, we will return to that range, and we'll keep in that range when our restrictions come off.

Which by the way, some of your investors may be wondering, when does that happen? We don't know is the answer. I expect that we could see something fairly imminently that might be effective later this year. When that happens, I think what you'll see us do is look to the dividend first. We'll bring you back to what we owe you for the last couple of years, and I expect that we'll do that fairly quickly. And then we'll still have quite a bit of excess capital to turn to share repurchases, which would be probably available at an accelerated pace than it has been in the past given the excess that has built up, which I guess leads me to the second part of your question, which is the inorganic.

I talk a lot about tools and discipline. In terms of tools, we think we have lots of them. We've got excess capital, we just talked about. We've got a little bit better currency than we have in a while. We think we've been effective acquirers in terms of how we have run businesses after we bought them. We bought the M&I Bank in 2010, which was a very strategic acquisition for us in Wisconsin. So we were able to get a #2 market share there, which is consistent with our #2 market share in Illinois. We bought the GE Transportation Finance business a few years later and instantly became the leading transportation finance provider in North America. That's run out of Dallas, Fort Worth. And we've made some smaller acquisitions in the last few years in our Capital Markets business and otherwise.

So we've got a muscle that we think works, but the disciplined part, Manan, is the one I think you really have to watch in markets like this. It's a pricey market, and we're quite disciplined if you look at that track record on entry point and on the quality of assets. So you see a track record for us that is North America first, U.S. probable, but discipline, non-negotiable. So if you don't see us do anything on the M&A front, it will be because we couldn't find something that respected that discipline. And if you do see us do something, it will probably be because it's right in that sort of sweet spot. Otherwise, we'll return to buybacks and dividends at accelerated basis.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

And then also organic growth as well?

Darryl White - *Bank of Montreal - CEO*

Yes. And organically, there, we've been growing quite nicely on the fee businesses in Wealth Management and in Capital Markets in particular. I think we'll reach a point here in the next few quarters where we'll start to see some moderation in those businesses, hopefully, at the same time that we see a pickup in loan growth. It's conceivable you could see a gap between those two, but I don't think that gap is particularly long. And the loan growth has been fairly muted. So organic growth, yes, for sure. We had about 2% organic growth in our loan book in our last quarter that we released, so it's still pretty muted. But at some point, when we do see that coiled spring release, our track record has been -- particularly in our wholesale businesses, that when that releases, think back to 2018, 2019, for example, we tend to grow faster than market when it does in both Canada and the U.S., so I would expect that as well. We want to make sure we preserve lots of capital to do that, but we think there's plenty to go around for all of these sources.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

So maybe expand on that comment on loan growth a little bit. That's been a big focus of U.S. investors. Loan growth here has been hard to come by for the U.S. banks. Deposits are -- deposit flow has been pretty strong, so loan-to-deposit ratios are at all-time lows right now. So can you expand on what you're seeing from clients in terms of loan growth and what you're hearing from your bankers and when loan growth will resume?

Darryl White - *Bank of Montreal - CEO*

Yes. I think it's coming a little later than certainly I had forecasted. If you looked me up a couple of quarters ago, I would have thought we'd be here by now. I think one of the reasons we're not is the third wave has had a clear impact on confidence, and the pace of vaccination distributions, I think, is quite natural. What we're seeing from our commercial borrowing clients is they're sort of just now at the phase, as opposed to 3 months ago or 6 months ago, looking at their ability to redeploy their capital programs, increase their CapEx program. So we'll see formation that way. There's an acceleration of M&A dialogue at the same time. So probably 3, maybe 6 months later than I had anticipated it to be, layer on the supply chain issues that we all know well.

So we're sort of saying, at this point, look to the back end of this year before we see an acceleration beyond this sort of very low single digits that we saw in the last quarter and then look into next year before you can get to some point where you start to see an acceleration that's greater than that. That's the best we can give you right now.

It could come faster. And when it does come, I expect it will come quite quickly, but it does take time for that flywheel to turn. It takes a long time between when you push the button on your capital formation program to get through the excess liquidity, to get through the supply chain and then to get the capital formation and to pull down the utilization. So that's what drives the time frame that I described to you.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

And is that similar across your business in Canada as well as in the U.S.?

Darryl White - *Bank of Montreal - CEO*

It is. I get asked that question a lot. There are some marginal differences region to region. There's an argument that Canada might be a couple of months behind the U.S. just because the pace of reopening itself has been a couple of months behind the U.S. with the pace of vaccine distributions. But on the other hand, the take-up on the vaccines first dose has been much higher than it is in the U.S. We're at about 74% take-up on first dose already, and we think we'll get to 85% by the end of the summer. So over time, if you look at commercial loan growth in those two markets and you look at good markets, soft markets, you really don't see a very big difference. Sometimes there's some things that are idiosyncratic by sector. But in general, you see a similar theme over time.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Great. And then maybe expand on your comments on your presence in the U.S. You mentioned you've done a few acquisitions here in the U.S. Do you feel like you have the scale you need in the U.S.? I mean it sounds like you do. But do you expect to expand on your footprint in the U.S. and expand your share of U.S. earnings as a proportion of total?

Darryl White - *Bank of Montreal - CEO*

Yes. We do expect to do that, Manan, increase our share of U.S. earnings even if I don't go to the M&A file because we're able to grow -- you just think about our businesses, right, we've got business in Canada where we have anywhere between 10% and 35% market share depending on the product that I'm talking about. And in the U.S., it might be between 1% and 5% market share. And the businesses that we're competing against, we do think we have plenty of scale because at -- somewhere around $275 billion of assets in the U.S., you think about the banks that are in that category. We compete very well with them. We compete very well with the banks that are smaller than them. And we do it off of the scale of our global balance sheet.

So in the first page of our presentation today, I said we have a $950 billion balance sheet. That's Canadian dollars, so say around USD 800 billion round numbers. That's the balance sheet which would -- with which we build things. We build new products, we build sales, we build balance sheet and we use that across border in most cases. So we're certainly able to compete with most players in the U.S. And then at the same time, we can grow that business faster than the one we can in Canada. And that's before we look to layer anything on the M&A front.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Got it. Let's shift gears. You spoke about growing Wealth Management and fees. Talk about -- what are your key revenue growth opportunities in this environment? What's the outlook for stuff like NIM, Capital Markets and fees?

Darryl White - *Bank of Montreal - CEO*

So you covered a lot of real estate there. So I would say, on NIM, here if I had to pick between NIM expansion, NIM contraction and stability, my word would be stability. Our teams have done a remarkable job, actually, managing NIM through this cycle. And so as I look out over the year and I look at the total bank level, I think we could see some of our businesses will have a little bit of pressure, some will have a little bit of relief. On balance, I think it's pretty stable within a narrow band of a couple of basis points, I guess, on NIM.

The fee businesses in Wealth and Capital Markets continue to be quite strong. In Wealth, I'll go there first and then I'll come back to Capital Markets. Wealth we've really done an interesting job, I think, our teams there in repositioning our business in Wealth. That's an example of where -- you heard me say earlier, we've made some strategic decisions on our portfolio. So we had a private banking business in Hong Kong and Singapore, which we sold earlier this year. We've announced the sale of our non-Canadian asset management business in EMEA. The only thing those two decisions had in common is that the businesses in question weren't scaled in the markets that they were in, in order to be able to give the returns that we need overall. We've done similar things in other businesses. And so now having made those changes in Wealth, we've re-platformed our business effectively for a lot of profitability and growth. Our Wealth ROE is now solidly above 20%, somewhere between 20% and 25%. So we'd like to add to that if we can.

In Capital Markets, we've repositioned in other ways. We have exited businesses there as well that have had difficult return profiles where we announced in December that we're in the process of exiting our non-Canadian energy business. But on the other hand, we've been adding businesses. We bought a business in New York, KGS-Alpha, which accelerated by five years or so where we would have been in some of our trading asset classes. We bought the Clearpool high-frequency trade business, also in New York. And there, we've repositioned the business pretty substantially as well.

So I expect -- I hope my leaders are listening because I tell them I expect great things in those two businesses. And I recognize that the markets may not be as constructive in a month from now or 3 months from now or 6 months from now, so if that happens, we'll see a little bit of moderation, for sure, in those businesses. But if you take the Capital Markets business itself, for example, you might see a moderation of what we call our global markets trading businesses, but you'll see a pickup likely in our corporate banking businesses and our investment banking businesses. The M&A pipelines, for example, are about as robust as we've seen in a very long time. So -- in total, I think that's a great diversified asset base that we have, and you can kind of see how those trends might move over time.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

And maybe if I can ask the same question again, is that similar across Canada and the U.S.? Or are there any differences there?

Darryl White - *Bank of Montreal - CEO*

Very similar, except for us, those businesses are a little different for us, Canada versus U.S. Capital Markets, we're about equally sized, Canada versus U.S. Wealth Management pro forma, the restructurings that we've done is much more of a Canadian business, so I can't give you the juxtaposition of Canada, U.S. I will say to you over time, we think in traditional wealth management and digital wealth management, we would like to grow further in the U.S. But today, it's become a business that's more centric on Canada with some growth aspirations in the U.S.

But all the way back to your question on Capital Markets, every trend that I just described to you would be very similar on each side of the border.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Great. That's helpful colour. Let's move on to expenses and efficiency. Is that going to be part of your focus going forward? Or have you already reached your targets? And maybe add to that, what role does digitization play in how you think about efficiency?

Darryl White - *Bank of Montreal - CEO*

So excellent question, -- will it play a role going forward? And have we reached our targets? Yes and yes. A couple of years ago, we had an Investor Day where we announced a destination on our efficiency ratio, which was the first time that we actually declared some guidance or a target as it were. And then we said we would be at 58% on our efficiency ratio by fiscal 2021. We achieved it effectively a year ahead of time. We were there in the last 2 quarters of fiscal 2020. We now think about 55% or lower as a destination. We're sitting a little above 56% today. So we've been pretty transparent in our commitments, and we've met those commitments.

And we think we've got more to do based on some programs that are in flight. And those do include the digitization. I'd say not a lot of the benefit that I've just described to you, so far, has been the digitization program. Today, I would expect a lot of the remaining benefits to be there. I said earlier that we don't really think about digital as a product or a channel, it's going to permeate everything that we've done. We've had a little bit of catch-up to play there, including our announcement with our friends at Amazon and AWS for our cloud transformation. So I do have a lot more arrows in the quiver as we go forward on the efficiency ratio.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Got it. And then that's including maybe some increase that you might see on the travel and entertainment costs as things start to open up?

Darryl White - *Bank of Montreal - CEO*

Well, the reason I'm laughing is because I hope so, to some extent. But I do think there, we'll see some moderation relative -- if you just do point-to-point to 2019, I think we'll be lower than we were in 2019 because we have figured out all these efficiencies that we've got. But certainly, our frontline businesses, our salespeople in Commercial and Capital Markets, in Wealth, there's a pretty serious amount of pent-up demand to get out and be on the road and be with our clients, and that's what we're going to do. And there will be some other things that we've reduced travel and entertainment expenses where we'll be able to keep a lid on it going forward as well.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Great. I do want to get to credit quality because that's another debate here in the U.S., but I do have a question that's come online. Can you discuss the interest rate profile of the bank? Are you positioning for asset sensitivity in this kind of an environment?

Darryl White - *Bank of Montreal - CEO*

Are we positioning for asset sensitivity? I guess we're always positioning for asset sensitivity. But when we look out -- we review this on a weekly basis, as everybody does, and we think we're fairly well positioned right now. We've disclosed in our investor deck, for people who want to go and look at it, what our interest rate sensitivities are, so that you can see them in both Canada and U.S., you can see them on parallel shifts as well. I gave you my outlook earlier on NIMs. So if you put all that together, I think you get a pretty good answer to your question.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Got it. On the credit side, credit for BMO has been pretty strong. Do you think we've seen peak loan losses already? And also maybe on the reserving side -- I know reserving is a little bit different in Canada versus the U.S. But can you talk about your outlook for reserve releases from here?

Darryl White - *Bank of Montreal - CEO*

Sure. So I do think that the tide has gone out on credit, so I do think we have seen the peak. The risk to that comment, of course, is that everything that goes on around the world affects all of us in some way, shape or form. So if we get some kind of violent setback on the virus and therefore, either supply chains or even worse, the reversal of the reopening trend that we're seeing here, that could change my answer. But based on everything we see now as well as our models, yes, we do believe that we've seen the peak of credits. We have begun, I would say slowly and conservatively, if you look at us in the last couple of quarters to release some of the reserves. And absent the tide going the other way, as I say, I think you should expect that to continue.

The trend isn't really different for your investors who are comparing U.S. banks to Canadian banks. By and large, it's the same. There's a little bit of a difference in accounting treatment between CECL and IFRS. The Canadian banks are on IFRS. I would think about it this way. CECL, of course, asks you to look at the lifetime of all of your exposures over time. There's a little bit of a subtlety in IFRS that says we're going to take a staged approach, which is we're going to look at impaired likelihood as stage 1. And then if it gets seriously likely, we move it into the lifetime bucket. The difference tends to be that CECL will produce a higher outcome and IFRS will produce a lower outcome, a slightly lower outcome in some cases, depending on your mix and your asset class, but more volatility.

In any event, I think the theme that you've seen from U.S. banks that your investors are following this right now will be very similar to Canada. You've seen the peak. You're starting to see the releases. And again, absent a reversal in the tide, I do expect that to be the case for Canadian banks, and I can tell you, I expect it to be the case for us.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Great. Let's move on to maybe fintech and disruption. What are you seeing in terms of disruption in the digital banking space as new players such as neobanks and fintechs coming into the picture? And will there be major threats for you and other Canadian banks? Or will the competition just force banks to adapt and innovate?

Darryl White - *Bank of Montreal - CEO*

Yes, all of the above. I mean -- I think anybody who's not worried about this isn't doing their job. I mean we're not immune. I don't think anybody in the world is immune. So we work hard on this question. We think about it in different categories, Manan. We think about competing in some cases. We think about participating in others. In some cases, those very fintechs are clients of ours, just like they are clients of yours. And in many cases, we think about partnering.

So I think this is a really important question, you have to pick your spots. Some of our businesses, I think you'll see more and more threats for us and everybody else in the payments ecosystem than you might in some of the advisory practices. But in any event, it's a pervasive theme that we're laser-focused on. We pick our spots depending on the line of business and the geography, but it's not much different. And I don't expect it will be much different in Canada versus what you experienced in the U.S.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Got it. Great. We're almost out of time. So maybe to wrap up, what is the biggest misconception that investors might have about BMO? Put another way, what's sort of the biggest strength that investors here in the U.S. should be focused on?

Darryl White - *Bank of Montreal - CEO*

A year ago, I would have said to you that there was a myth -- in fact, I did publicly say that there was a myth that because of our wholesale -- we're a little overweight wholesale relative to our peers. We think that's a great advantage over time. And because of that mix, we were, therefore, exposed to greater loan losses in a shock. Well, we've had our shock, and we've actually proven that even in that environment, we've managed our credit better than our peers on average. So that would have been a real misconception that I think we've been in a position now to say it's asked and answered.

If you allow me to slip in a second one before you close off, I think it would just be full -- if I could call it this, the full appreciation of our U.S. business and what it brings to our overall franchise. Most people are frankly surprised when I tell them that it's a $275 billion bank that delivers 40% of our total profits, and it's got a high ROE, above 15%. And it's got an efficiency ratio of 55%. And we love the business, and we're going to continue to invest in that business. And that's a misconception that we're straightening out a little bit here as well.

Manan Gosalia - *Morgan Stanley, Research Division - Equity Analyst*

Okay. Great. With that, we're out of time. Darryl, thank you so much for joining us.

Darryl White - *Bank of Montreal - CEO*

Thank you for having us.
