Bank of Montreal at the 2026 Scotiabank Financials Summit

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Mike Rizvanovic *Scotiabank GBM*

PRESENTATION

Mike Rizvanovic – *Scotiabank GBM – Analyst*

We'll have Bank of Montreal's Chief Executive Officer, Darryl White.

And Darryl, I'd love to start on just the ROE journey. You've obviously proven a lot of people wrong, myself included. I was one of those skeptics a couple years ago on getting to that 15%, but you're not too far off from that as of the latest quarter. Just talk about that journey and what's the next leg to get you past that.

Darryl White – *Bank of Montreal – CEO*

Yeah, it is a good place to start, Mike, and thanks for the question. Thanks for hosting. I think the punchline is we are 80% of the way there in 60% of the time. If you go back to when we called our shot at the end of 2024, we were running at 10% ROE. We said it is going to be 15%. We didn't say by when. At a conference at one of your competitors earlier this year, I said it would be timestamped by the end of 2027. We were running a little over 11% then. We are at 14% today. So the teams have done an excellent job responding to the challenge as our number one imperative. I have been fond of saying I declared war on the ROE, and we are actually winning the war, and we are winning it for the benefit of shareholders.

If you put it together with, Mike, the commitments that we have made at our Investor Day where we said it was about both, not just driving the ROE, but accelerating the returns while we accelerate the growth, I am very proud of what the teams have done. In that same seven quarters that I have just talked about, if we look at those quarters in their entirety, our bank relative to our peers is at the number one rate of accretion to ROE and the number one rate of EPS growth. And that is important because you can make decisions that do too much, as you know well in your models, but in reality, to trade off one for the other, and we are holding ourselves accountable for doing both at the same time.

I guess last point on the ROE rebuild, and this is something that gives me a lot of confidence that we'll hit the destination that we have put out there on time, is when you decompose where it is coming from, there may be a little bit of a myth that it sort of all comes from the fee businesses, wealth, and capital markets. When you look at, for example, let us use this year-to-date, we are up 220 basis points on the ROE year-to-date. And when I look at the decomposition of where that has come from by line of business, it's 50 basis points Canadian P&C, 60 from US Banking, 80 from Capital Markets, and 40 from Wealth. So Wealth and Capital Markets are 120 basis points, they are about half of the contribution. The P&C businesses, north and south, are about half of the contribution. And so it's very equally distributed in terms of the challenges we have put in delivering all of the businesses against that.

And when we had record PPPT for all four businesses in the third quarter, it is kind of evidence as we are driving that, not just with our PCL improvement, but also with the core business performance. So look, it's a good story. It's a very important one for us, and the teams have done really well delivering it.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Thanks for that. Just in terms of once you get to that 15%, I'm sure you're going to have broader ambitions to get it even higher. And just if you do see some sort of pullback in market-sensitive businesses and some of the fees that have been generated the last few quarters, what's the next leg of growth? Is it a cost story? Is it something else? Is it just more optimization, better efficiency on how you utilize capital to get that primacy? What's the longer-term?

Darryl White – *Bank of Montreal – CEO*

As I mentioned a moment ago, it's very broad-based where we're seeing the improvements coming from. So we're not relying on one-trick ponies to get ourselves there. When I look at the composition of businesses in the portfolio, there are different roles that they play. The US business, for example, in US Banking, we started this journey at a sub-7% ROE. We're at 9.8% today, which, by the way, is 17.3% on the ROTCE. We think tangible is very important comparison in the United States. When we get to 12% in the US on the ROE, that gets me to 18%, 19% on the ROTCE that's best in class, or at least it's in the top quartile, which I should say about among our peer set in the United States.

Then I'm at a point where I've got pretty close to indifferent capital allocation decisions from a return perspective. And then you can therefore say, where can I get that magic combination of good return and high growth? And we've got really good optionality in the portfolio of businesses that we've built. Over the course of time across the portfolio of businesses, there will be variations in terms of how they perform, but the diversification at BMO, both by line of business and by geography, give us a lot of optionality in terms of when one thing softens, another can pick up. And we've seen that in living color, in the last three or four quarters, and it's benefited us well.

Last point, the capital is absolutely there to feed all of the above. And I heard somebody using that reference earlier. Remember our 13% CET1 published ratio is really 13.5% pro forma the divestitures that we've announced. One of them closed on Friday. The next two we're expecting to close in the next couple few months. So 13.5% going into 2027 fiscal gives us a lot of flexibility to drive all of that.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Just switching over to credit, obviously, some volatility out there in the market right now. Investors do want to have a bit of a sense of comfort from hearing what the guidance looks like. I'm not trying to pin you on next year's number, but, the credit story has gotten a lot better for BMO since Q4 of 2024. It's just been progressively getting better, and you've been clear that you're not expecting any hiccups there. Any colour in light of CUSMA, like are you worried about anything? Are you hearing anything from clients that would concern you?

Darryl White – *Bank of Montreal – CEO*

Yeah, and I don't mind you trying to pin on 2027 either because our story hasn't changed. So we're very consistent in what we've said. We said we would come through 2026 fiscal in the mid-40s. That's exactly what we're doing. In fact, we saw a step down in the third quarter from 45% to 41%. The best impaired credit performance that we've had in 10 quarters, to your reference just a moment ago. That's great.

I think our CRO has guided that that should be somewhat plus or minus flat as we go into the fourth quarter. And then as we look through 2027, we do expect a little bit of a walk down, I think we've said into the mid-30s, mid to high 30s as we go into 2027, and I stand by that today because yes, there are uncertainties and there are overhangs in the environment, but at the same time, it's remarkable how adaptable the commercial and capital markets customer base has become as we've seen the way they work through the tariff environment.

And when we look fundamentally at our key indicators and our forward indicators, if you look at our watch list, if we look at our formations, the trend is pretty clear, particularly in wholesale, that we'll continue to see a little bit of a walkdown. And we don't need a big walkdown at this point. Having come from 41%, whether we settle at 36%, 37%, 38%, the walkdown from 41% to there is pretty reasonable in terms of our expectations. And none of that has changed. We've said that over the last couple of quarters, and that's consistent with what we said on the third quarter.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

In terms of the US, there has been, again, a very good trend the last few quarters, last couple years. It does not seem to be any residual risk on some of the losses you took a couple years ago. Has anything changed on the underwriting? Have you changed anything structurally? Are you just looking at things differently since that period?

Darryl White – *Bank of Montreal – CEO*

From a credit perspective?

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Yes.

Darryl White – *Bank of Montreal – CEO*

We made a couple of tuck-ins around underwriting, names that were new to BMO, size of hold when you're new to BMO, how we deal with core customers versus participants. And those tuck-ins have served us, I would say, very well. When we look at the quality of underwriting that we're putting on the books today, we have an overall unchanged risk appetite, but we've certainly changed the way we run some of our processes to drive better outcomes on client selection, on core client growth.

When we unified our structure, five quarters ago now, in terms of looking at a unified go-to-market strategy across our businesses, that was useful as well as far as client selection is concerned because then you can look at full client relationships through the course of whether it's commercial, personal, or wealth management. And that's all driving better results. And that's before I get to the portfolio change, right. We've made some portfolio changes as well. So on the core operating business, we're driving better results on that, and that's driven the 17% ROTCE that I talked about earlier, and we think that'll continue to get a little bit better over the course of 2027.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Awesome. And then what about on the card portfolio in Canada? That's something that a lot of investors have asked about, and it is interesting that as you move into that mass affluent push within that portfolio, I guess the expectation is that you would have a perpetually lower loss ratio on a go-forward basis?

Darryl White – *Bank of Montreal – CEO*

There's two things going on at the same time. I'm glad you brought this up. So there's two things going on at the same time. In the lower end of the card portfolio, we've been pretty clear with investors over the last several quarters, we've been very actively risk managing that portion of the portfolio, credit limit decreases, and making sure that there's some portions of that book that otherwise we would prefer to have contained, and we've done a really nice job containing that.

At the same time, we've been adding to the premium portfolio in a variety of ways. You saw what we did with the Porter portfolio. That is very high FICO. That is very good net new acquisition in the cards book. You saw we made an announcement yesterday with the Blue Rewards. Remember, Blue Rewards is the vestiges of the old AIR MILES, which we bought years ago, and we had kept more or less separate. Now we have integrated it into a loyalty offering that combines into the overall mass affluent that you are talking about in the app.

So on the one hand, you've got better risk management at the lower end of the portfolio, and on the other hand, you are actually adding good growth at the higher and the premium end of the portfolio. And I think this quarter that we put up for you all a couple of weeks ago was an inflection point. We actually started to see some really nice growth as we are managing down. We have said it will take us a couple of more quarters to be really clear that we are in the clear on that, but we are ahead of schedule, and all the signs on the actions we have taken have been really positive.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Switching over to the US P&C banking business, a big part of your growth story on a go-forward basis. You're allocating capital there. A lot of big plans for BMO's US business. And I just wanted to ask about, post-optimization, you've gotten to where you want it to be. And under Aron's leadership, you've got a lot of ambition to grow 150 stores in the California market. But just in terms of that trajectory, what should investors expect? Is it just going to be a continuation of commercial volumes picking up and staying strong? Or where will we see, in the fee-based revenue? Maybe touch on that.

Darryl White – *Bank of Montreal – CEO*

So there, it's important to kind of take us back a bit to take us forward. So when we announced the restructuring of how we're going to go to market with those businesses five quarters ago in July of 2025, what we said was we wanted to drive a unified go-to-market strategy and a unified balance sheet integration strategy in the United States in what is a top 10 bank in the United States and through that we were going to drive that ROTCE 17%, 18%, 19%. The team has done an exceptional job driving that and it is not just a commercial loan growth led strategy.

We told you all that we would have an optimization program that would conclude at the end of the second quarter of this year. It did, right on time. At the second quarter, we showed sequential growth in the commercial loan book after we'd come through. And then in the third quarter, it was 4% sequential. And so we are seeing that growth in the commercial loan book.

The more important point though, Mike, is the full client relationship that we're driving around the integrated strategy is really what is driving the improved fee business, the improved ROE, the lower credit losses, and the durability of the trajectory that we're on right now.

Example, in the TPS business. We're up 15% year over year in TPS fees in our US Banking business, which is on top of the 23% we were up the year prior. We exposed a little bit of this at our Investor Day. You should keep us honest on this as we go forward. This is a really key thrust to our performance. We've got a differentiated offering, and now it's completely integrated into the client offering, inclusive of how we do consumer banking, Bank at Work programs, how we do wealth to consumer mass affluent, and we don't do it in every single corner of the United States. We pick our spots right down to the node, right down to the MSA.

Last point, you referred to a buildout of 150 new financial centers, mostly in California. That's a piece of the equation, but in and of itself, it's not the story. It's the story because it drives those full customer relationships. We took some investors, some of you might have been there, out to see a couple of these last week where you see a full financial center offering that has been deeply researched to be in the right neighbourhood, where the right clients are, where we can be competitive relative to others that are in the neighbourhood, and we can bring that three in the box model and drive a full client relationship model over time. So that's a symbol of the strategy, and it's the coming to life, the physical coming to life of the strategy. And we got a really good chance.

And I'll give you one last data point, just to things that we get excited about as nerdy bankers. The deposit market in California is $1.7 trillion, $1.8 trillion. It's bigger than Canada, right. We have a 9% deposit market share in the Midwest. We have 2% in California. If I can take 2% to 4%, which I am very confident we can do over time with the strategies that we have got in place, that is $20 billion of funding before you even get into how we drive the full relationship with the client that I can use to spin the flywheel with commercial lending, for example. So it's a very effective strategy. It's only been rolling for five quarters now, but it's just going to get better.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

So maybe touch on that a little bit more. So you talked about moving that market share in California in what a lot of people would consider a very competitive market. What is going to drive that? Like what does BMO do? What can you do differently to win those clients versus your peers in a generally competitive market?

Darryl White – *Bank of Montreal – CEO*

It's a good question. And if anybody would like to see this in living colour, give us a call, and we'll take you down there and see our teams in action in this market. It's pretty impressive. That three-in-the-box model that I talked about earlier is actually quite unique. We have very good competitors in California. We have large competitors who are doing a really good job, who are taking notice of the really good job that we're doing and they're talking about us so we know that we've got their attention, which is interesting.

But we also have a lot of competitors in California who just suffer from an incomplete offering. Their shelf isn't as complete. Their tech isn't as complete. Their offering or their talent may not be as complete as ours. And market is very fragmented outside of the largest players in the market. And you look at the story of what we've done over the course of a long period of time in the Midwest driving to a 9% market share. When I look at the industry structure against our capabilities in California relative to many in that segment of the market that we can move pretty aggressively against if we choose to.

We're seeing it in living colour. We're getting the talent. We're getting the customers, and then you get the full relationship, and you get the returns. And it's all being driven as a combined ecosystem with the management team that's there.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

And what about the Wealth business in the US? Obviously, there's a pretty close tie-in between Commercial and Wealth, and I guess it's fair to say BMO is not at the scale it wants to be. What does that build out look like in the next few years?

Darryl White – *Bank of Montreal – CEO*

Yeah, look, Wealth is a very high return business. I get asked the question often, would you increase the share of your US pie that is Wealth through acquisition? That's a tougher thing to do in Wealth because the quality of the asset or the retention probabilities as you go through that. I wouldn't say we wouldn't do it, but it's tough to find the right thing that fits.

In the meantime, what the teams have done a really nice job of is better and better and better client segmentation across the mass affluent channel. So, if you go and you figure out cost to serve, you've got a client who deserves to be served in the Personal and Consumer business. You've got another one that deserves to be served in the Wealth business, and if they're properly allocated, and you've got the right to win and not just do their banking business for them but also do the investment management business, we'll grow this one client at a time for the time being, but it'll be a completely integrated part of the mass affluent strategy that we're running as opposed to we're just going to build a Wealth business and see what happens.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

So it's fair to say that that is the plan. You want to get it to a more meaningful place?

Darryl White – *Bank of Montreal – CEO*

It will get there. Yeah.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Switching to Canadian P&C banking. Would love to get your thoughts on just the competitive environment. I know it's a competitive market, but it's also an oligopoly. It's a bit of an interesting dynamic that you don't see in other jurisdictions. But what is the competitive dynamic like right now in terms of the, maybe split that into the lending side and the deposit side?

Darryl White – *Bank of Montreal – CEO*

It's an interesting -- I had somebody say to me, boy, the Canadian market's getting really competitive these days. I've been in this business over 30 years. It's always been competitive. It's always been competitive. The competitors that are in this market, whether it's the big six that you're hosting today or the others that you have or the credit unions, the market is very competitive, and it just depends from time to time, quarter to quarter, year to year, where those pressures come from, whether it's pushing assets, whether it's pricing on deposits, whether it's different offerings. We made an announcement today that we're going to move to a very attractive offer in our InvestorLine business on fees. This has forever been true, that it's a very competitive market, despite the attributes that people put against it. And we're happy to compete in this market. It's been serving us well.

By the way, I should say in the Canadian P&C business, what maybe has been a little bit unnoticed, if you look at where we're gaining share, despite how competitive it is, and I just described, it is completely consistent with the objectives that we put out in March 26 at our Investor Day. We've been gaining share in Canada, in P&C banking, in retail operating deposits, in mutual fund sales, in commercial deposits, and in home financings this year. We're number one or two in all of those categories. So while you choose your spots, and you may say there's some, I talked earlier about unsecured cards, you were asking me, we may choose to give up a little bit there. But we'll pick up here and that'll drive better outcomes over time in the market in Canada, and we're obviously never going to forget that.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

What about the cost dynamic? Obviously, in a very mature market, investors would probably look to some element of cost control or cost moderation to be a potential driver of earnings if the revenue environment starts to slow.

Darryl White – *Bank of Montreal – CEO*

It's more sophisticated, frankly, than cost because it's about the discipline and the forcing mechanisms that you have against positive operating leverage. If you have somebody come to you with a business plan that says, I'm going to grow my revenues at 15%, you should probably say, no, show me a business plan where you're going to grow your revenues at 7% and deliver positive operating leverage. Then you get your cost outcome. You get your cost answer out of that.

And so over time, if you've seen, I think we've had 10 consecutive quarters of delivering positive operating leverage. That's what we focus on. Cost is an element to that, but if you want to just run a cost play, you can get pretty dangerous if you're going to do that, and you're going to under-invest in the business over the long-term. We think there's plenty of capacity to continue to invest in the business and drive positive operating leverage.

We put out in the window at our Investor Day a 54% or lower efficiency ratio. We're not far away from that now. And we can get there by just continuing to do what I'm telling you on the positive operating leverage mantra that we have across all of our businesses, not just this one or that one. And that's before we get to the AI question and the efficiencies of AI. So I'm pretty confident that we're in the right zone there.

Mike Rizvanovic – *Scotiabank GBM – Analyst*
What about the growth opportunity with the infrastructure spending, the Build Canada dynamic? Can you talk about that? Obviously, BMO being a more focused sort of commercial lender versus some of the peers, is this something -- I'm guessing it's probably impossible to scale at this point, but just in terms of that incremental, like how much of a push could it be? I feel like the banks have not been capital starved. It's not like they don't want to lend, but this sort of brings in a new dynamic of demand, and then you're obviously able to supply that. Where does BMO fit in that?

Darryl White – *Bank of Montreal – CEO*

Bottom line is it's net positive. There may be a lag, there may be a delay before the demand pull that you're talking about is evident on the P&Ls and on the revenue lines, in particular, of the banks. But this is a great question to remind us that there are a couple of things that are differentiated at the Bank of Montreal.

One is that we're overweight US, and in that US business, we'll drive an 18%, 19% ROTCE, which means we're investing the marginal dollar of capital at that rate, which is not far away from where it is in Canada, but it comes at a higher growth rate. That's thing one.

Thing two is what you've talked about, which is we are overweight, over-indexed relative to peers in wholesale, and that's commercial in Canada, commercial in the US, and it's in I&CB and Capital Markets in the places that we think are really going to matter for the theme that you're talking about. We have the number one metals and mining bank in the world. We've got the number two market share in energy banking in Canada, power, infrastructure, utilities. We're very well set up from a mix perspective against the themes that you're talking about.

The only caution I would give, while I think the direction of travel is absolutely the right one for the country, the implication on the trickle-down effect to demand on banks for loans, for fees, for advice, for servicing takes time because announcements are one thing. Business plans are another. Shovels in ground are another. You have to fund that. When that all starts to occur, I think it's good for the banking complex for all of your guests here today, but I think it's particularly good for us given our mix setup. And it'll come.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Got it. And maybe just pivoting to the Wealth business in Canada. Some of your peers have talked about the tie-in with the retail, the branch channel, and Wealth. What does that look like for BMO? What's the evolution there? What stage are you at right now? Is there a good amount of cross-sell and referral business that comes in? Where's BMO on that?

Darryl White – *Bank of Montreal – CEO*

Yeah, increasingly so. I’ve got to tip my hat to our colleagues in Wealth. Deland and team have done an excellent job repositioning that business over the last three or four years. If you look at the complex of assets within Wealth, if you look at asset management itself, many of you know it well, I think our absolute fund performance at a point in time was not where we wanted it to be. It's solidly second or first quartile across the board, and we're able then to distribute that product both through our channels and other people's channels really well.

The private bank is perennially ranked as the best or next best in this country, and that's a really important asset for us. The Nesbitt channel is really important. Insurance is really important where we're driving really interesting automation changes through AI and otherwise. And of course, the complex of assets when you put them together are delivering the highest ROE of any of the assets within the bank and very competitive with all of our peers and is growing at a rate that's attractive. And I think it will continue to.

Markets may moderate, but some of the changes that we put in place are structural. So we think there's a new level of normal in those businesses that we can continue to deliver. And that includes your point about how we run one client servicing through the retail channels and through our P&BB business because from my seat, I'm indifferent as to where the activity, as long as you're able to serve the client, retain the client, and make sure that you get the most for the client and from the client as you go through it, I think that business has just done a terrific job.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

And it's trending in a positive direction in terms of the referrals. They're growing over time.

Darryl White – *Bank of Montreal – CEO*

Absolutely, they are.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

On the Cap Markets business, I'd love to ask you because you do have a background in Capital Markets. Are we in a super cycle here?

Darryl White – *Bank of Montreal – CEO*

I think we are in a super cycle. There'll be moderations through time and through quarters on the super cycle. But I do think that we are, and I'll tell you why. If you go back to several quarters ago when the Capital Markets revenue lines were pretty muted for all the banks, it's important to remind ourselves of what that world was like. We had a world that was pretty benign in terms of extraterritorial shocks. We didn't have a war in the Middle East. We had a U.S. administration that was quiet.

And now we have a world that's pretty volatile, and our clients are repositioning themselves every day, sometimes every hour. And that's a conducive environment, as you know well, for capital markets. I'm not sure why that changes as we look forward in the next couple of years, for better or for worse for society, but for capital markets businesses, that presents a lot of opportunity.

And then on the other side, on the I&CB business, we just talked about it. I mean, the ability to service the way the market comes to us with respect to demand for energy, infrastructure, AI ecosystem, and metals and mining is hard to convince yourself that there's a negative there, and it's very positive. Now, should you flatline the rate of PPPT delivery that we've had over the last three quarters for the rest of time? That may be hard to do, but I do think there's definitely a structural step up relative to where we were a couple of years ago.

Last point, and we made this point on our third quarter call, if you look at the diversification of our Capital Markets business, both by product and by geography, it sets us up to be able to take advantage of opportunities in different places when they present. So we've been pretty close to $900 million of PPPT in the last three quarters consecutively, but if you dissect each quarter individually, there were key drivers in Q1 that were different from Q2 that were different from Q3, and that's good because that was the market presenting something to us that we were able to step in and take advantage of because of the breadth of products that we're talking about.

We're the top three provider of agency CMBS on Wall Street. We're a top provider of leverage finance. We're a top provider in the US of liquidity for US treasuries. We've got the businesses that we have in Canada that are top three in almost everything every single day. And different things are firing at different points in time in a volatile environment like this. And the geography diversification is important, too. Our Capital Markets business is about 48% US, 41% Canada, and 11% international. So I can look across this business and realize that there are a lot of levers that we can pull depending on the speed of market variability, which is only increasing. So I think we're set up pretty well for it.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

And that diversification, it sounds like you're suggesting it provides a bit more stability. So even if the markets do turn, it's not the same deceleration that might have been the case 10, 15 years.

Darryl White – *Bank of Montreal – CEO*

Yeah, unless you believe in a world where everything decelerates at the same time. I mean, that could happen, but that would be a dark place, I think, for all of us. I think the more realistic world is one where you get some deceleration in certain asset classes, but you're set up to pick up the activity in another asset class, and that's where we are.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

I'd love to ask you about capital deployment. I know it's very topical for BMO because you have made a lot of acquisitions over time, and I think the obvious questions that investors ask is a lot of excess capital right now. Valuation levels are amazing, never been this elevated. Maybe they're not elevated. Maybe it's the new normal. Time will tell.

Darryl White – *Bank of Montreal – CEO*

Well, that's your job.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

You've obviously got a very good dynamic on the excess capital. Your valuation is strong if you issue equity for a deal. The question that a lot of investors ask is, is BMO going to do something larger in the US outside of a tuck-in? I think you've been pretty clear, but I thought I'd just give you the floor to maybe reiterate.

Darryl White – *Bank of Montreal – CEO*

The answer to that is no. Let me unpack that for you. When we look at our capital planning a year or two years out, you're absolutely right to say I kind of go in with a pro forma 13.5% CET1 ratio. What does that mean? When I work with my business leaders and we build the business plans, there is plenty of capital to satisfy what we forecast is good loan demand in all of the businesses. We look at that. We look at our dividend policy, which we don't expect to change, and then we look at our investments, and then the last thing we do is we say is there anything left over within our target CET1 ratio, and that goes to buybacks.

You saw us announce our NCIB for 25 million shares last week. That number is not out of the blue. It's a number that satisfies that formula that I just described on the parado, and that lands us in a CET1 range of somewhere between 12.5% and 13%, which is not new. That's a range we've been talking about for quite some time. So somewhere in there as we go through 2027 is a place that we're really comfortable.

And as far as M&A is concerned, we don't need M&A to satisfy the targets that we've set out for investors at Investor Day. Everything that we built into our assumptions then is consistent today. And I've been really clear that the focus in the meantime is very organic. Organic first, deliver on the targets that we've set out for all of you. If something that fits right in our wheelhouse comes along, we'll execute on it. We always get the question, Mike, on U.S. M&A, so you're not wrong to ask it. But in the meantime, we should pay attention. It's not like we've closed all doors.

We made the acquisition of Burgundy a year ago, which is going very well and ahead of expectations here in Canada. We made an announcement of a small investment bank in Australia in metals and mining. Why did we do that? We've got the biggest metals and mining investment bank in the world. Canada's the biggest investment banking market in the world. Number two is Australia. Number three is the United States. We're participating very actively in number one and number three markets. And number two market, we're trying to build that up. It's consistent with our global strategy in metals and mining.

So we'll pick our spots, but I wouldn't expect, I think the words you used were large-scale M&A in the United States. That's not on our radar right now.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

I'll just turn it over to you, Darryl, just for some final key messages you want to leave with investors.

Darryl White – *Bank of Montreal – CEO*

The key messages would be that we're absolutely, completely committed to the plan that we set out seven quarters ago. You were good to say upfront that you were a bit of a skeptic on some of it. I know there were others, but I wasn't and neither was anybody on our team. We're delivering against that plan every day. We will continue to deliver against it. It's balanced across all lines of business.

And when we get there, we have a really interesting value proposition for shareholders, which is we're spinning the US ROTCE at a rate that is comparable and close to Canada's at a higher growth rate because we've got market share opportunity in the markets that we've chosen with a new strategy that's fully integrated. And we continue to drive that Canadian business at a high ROE and a lower growth rate.

The combination of those two things spells out better returns for shareholders than most will be able to provide when particularly you factor in the macro environment and the Build Canada agenda that I think we're particularly well set up for. None of that is new. None of that is a change. We're going to execute against all those things as we go through the next few quarters.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

With that, we'll stop here. Thanks very much, Darryl, for the insights. It's great to have you here, and thank you for joining us.

Darryl White – *Bank of Montreal – CEO*

Thanks for hosting. Appreciate it.

Mike Rizvanovic – *Scotiabank GBM – Analyst*

Thank you, Darryl.