Bank of Montreal at the RBC Canadian Banks CEO Conference

CORPORATE PARTICIPANTS

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PRESENTATION

Darko Mihelic – *RBC Capital Markets – Analyst*

We've had a few discussions this morning, and as I talked about in my opening remarks, we've been diving into ROE a little bit. I think you've been very clear, and a lot of investors have been telling me that there's a lot of clarity on achieving a 15% ROE. The question is timing. I think that's the one thing that I got bombarded with after the fourth quarter conference call is, Darko, what do you think is the most reasonable time frame for Bank of Montreal to hit its 15% ROE target? So, I'll just leave it wide open at this stage just to kick it off. Maybe you can talk a little bit about your aspirations and give us a sense of timing?

Darryl White – *Bank of Montreal – CEO*

It's a good place to start. As I've said for a year now, it's our number one imperative. We committed ourselves pretty clearly to it a year ago, and I do have an update for you all here and to your question, Darko, on timing.

I think it's important to put it in the frame of what's happened on our execution since we identified it, and we put out our waterfall in the window, as our number one priority over the course of the last year. I've got to tell you, I'm very proud of our teams for the execution that we delivered in the last year.

Just to remind us, we increased our ROE by 150 basis points year-over-year last year, which was the fastest rate among our peers. We sometimes get asked, are you too obsessed with ROE at the expense of growth at the same time, you might have even asked that at one point. So, I remind people that we also delivered 26% EPS growth last year, which was also the fastest among our peers. We're in pretty distinguished company, all biases aside, as far as our disciplined execution over the course of 2025. We did that while delivering 4.3% operating leverage and 18% growth in PPPT in 2025. The ROE improvement in '25 did not benefit from credit, which I'm sure we'll talk about at this point, because impaired PCLs were roughly flat '25 over '24. It was driven by operating performance, three of the four levers that we've talked about.

I come to the view, and the update I have for folks on timing has a lot of conviction with respect to the momentum that we have delivered in '25, as well as the plans that we're executing against right now as we enter '26, which are good and picking up pace. So as far as a specific answer to when do we get to 15%, our view is that we will exit 2027 at 15%, which might be a little bit earlier than some folks have modelled or assumed. So, exiting '27, very comfortable in that when I look at the levers that get us there.

We are recommitting to positive operating leverage this year at the total bank level. We have an amazing opportunity to continue to deliver better performance through our U.S. banking segment, and so we can talk about that a little bit more today, Darko, if you want. The third lever on capital, no change there. We're committed to continuing to meet loan demand where it is, but we've also got lots of capital to continue to buy back stock. We bought back 22 million shares last year, which is about 3% of the market cap, we're still in the market and we're still active on that. And we've got the rest of our capital optimization continuing, which we think starts to come to a conclusion in the second quarter of this year.

When I put it all together, we see ourselves exiting '27 at 15%. Then a really important point related to it is not just touching that number and then going back. The actions that we're working through right now, whether it be the way we're running deposits, whether it be the way we're running the integrated franchise now in the U.S. under the new model, are all designed to get there and then to sustain it.

So, exit '27 at 15%, make sure we're 15% or higher in 2028 and beyond; really high conviction on that. The evidence is real as we currently operate and currently execute in the early part of 2026.

Darko Mihelic – *RBC Capital Markets – Analyst*

That's a great answer; there's a lot of things there we can unpack. Maybe we'll start with the U.S. business which is an important lever. Is it safe to say that if you're exiting '27 at 15% at the all-bank, are you also exiting in the U.S. bank at 12%?

Darryl White – *Bank of Montreal – CEO*

That's the objective. The most important objective is the 15% for total bank, and the objective is to also exit the U.S. at 12%. If you go back on the performance of our U.S. banking segment it's not like we haven't been there before; we have been there before. We're now at the stage where, reminder to folks, we reorganized our structure in July of last year, and this is a really important unlock to revisit, because we reorganized the structure in July of last year to put our personal and business banking, our commercial banking, and our wealth businesses in the U.S. under one leadership spine in-country. What that is allowing us to do is optimize not only the synergies between the businesses themselves, whether they be cost or revenue, but also the balance sheet synergies in country, which prior to, we had some limitations given the way we were structured. I remind folks that that change occurred on July 7 last year, so we're really only starting to see the benefit now. Point one.

Point two, the optimization work that we've done around the lending book in particular, I think we said on the fourth quarter call we're about 80% complete on that so we've only got 20% to finish. We think by sometime in the second quarter of this year that we're in a position to say we've got the full benefit of the optimized structure, plus the balance sheet restructuring, plus what I believe will be an improving macro environment in the United States as we go through 2026. So that's a convenient coincidence relative to the way we set the business up and the foundation now that we go into that improving macro is about as solid and as complete as I've ever seen it at our bank. I'm very confident that we're going to continue to execute on that U.S. rebuild path, towards the 12% at the end of '27.

Darko Mihelic – *RBC Capital Markets – Analyst*

You step back and look at that, you say in '26 you more or less guided to similar credit experience as in '25. How much is that a factor as we reach towards the goal of exiting '27? How much of a factor is credit improvement in getting there and especially for the U.S. business?

Darryl White – *Bank of Montreal – CEO*

Ultimately, we will continue to work to normalizing our impaired PCL experience to somewhere in the mid-30s. I've said that before and I stand by it today. We don't think there's an environment that will produce that outcome in 2026. We think for at least the next couple of quarters here we'll be flattish on credit. Within flattish we continue to experience improvement in the U.S., pretty stable in Canadian commercial and then a little bit of an increase in impairments in Canadian retail; rounds out to flattish for us for the next couple of quarters.

If we see the macro improve in the back half of 2026, which I think is a reasonable assumption today. In fact economies are a lot more resilient today than I would have expected myself three months ago, then you'll start to see some grinding down in the back half of '26 and into '27. The fullness of the benefit of the ROE from credit normalization is less than 100 basis points. We're not dependent on 200 or 300 basis points of ROE benefit from credit normalization to get to the 15%. We're only dependent on it to a smaller extent which should start to come in the back half of '26 and '27.

Darko Mihelic – *RBC Capital Markets – Analyst*

So that's less than 100 basis points at all-bank level, but in the U.S. business it's more material, right?

Darryl White – *Bank of Montreal – CEO*

We've already experienced some benefit there and we will continue to experience more and it'll be more material.

Darko Mihelic – *RBC Capital Markets – Analyst*

Can we flush out this optimization and it's going to sort of end here in terms of the balance sheet in the U.S. There's sort of two parts to this, right? There's deposit growth and loan growth, and what we're all wondering about is what kind of loan growth should we expect after this is complete and pushing into '27?

Darryl White – *Bank of Montreal – CEO*

I hate to be glib about it, it obviously depends on demand and it's a hard call on the demand side, but we've said we expect net-new loan growth to be visible for us starting somewhere in the middle of the second quarter of this year. Based on the macro that I just described, I think you can expect mid-single-digit loan growth from us after that, assuming the macro is as I surmised it, which I think is a reasonable assumption.

Maybe there's upside to that if we in fact see an even better demand side to the equation, but in our U.S. bank we've got lots of capital. I mentioned that we've got the sales forces in place and restructured in a way that really starts to take advantage of that opportunity around density and regional scale.

While we've been optimizing, I've got to tell you we're not sitting around just worrying about what the balance sheet looks like, we're also building capacity. We've added 100 bankers, personal bankers, commercial bankers, and consolidating, and go-to-market strategies where we have all three business lines in the region where we have rights to win. When you put that all together it adds up to a pretty good formula for the improvement in the U.S.

Darko Mihelic – *RBC Capital Markets – Analyst*

Can you touch on deposits because we had an interesting chat this morning with a couple other CEOs about deposit growth in the U.S. and how it's expected to be sort of elevated. What's your view on the deposit growth in your franchise?

Darryl White – *Bank of Montreal – CEO*

It's been really good after the wobbles around Silicon Valley in the early part of '23. '24, '25 has been really good; the fees that we've been able to then produce on the TPS franchise have been terrific; I expect that to continue going forward.

As I look at deposit growth in the U.S., we should see deposit growth in keeping with loan growth as I look forward in the U.S. Even more importantly, you're going to continue to see us adjust the mix of those deposits on the retail side, and this is one of the core benefits of this integrated strategy, Darko, that I've been talking about. When you look across from mass to mass affluent to high-net-worth, ultra-high-net-worth, family office, we've now got not only a business line synergy, but we have a balance sheet synergy and a pricing synergy to consider how do we best and most effectively attract that low-cost, efficient retail deposit and also make sure that we're shifting our mix in the commercial business more towards the operating deposits as opposed to the temporary deposits. All that work is mostly complete, we've got a little bit more work to do, so you put together that sort of growth itself and then the quality of the deposits at the same time and it gets pretty efficient.

Darko Mihelic – *RBC Capital Markets – Analyst*

Was it a product gap? When I think of the deposit growth, pricing is the obvious feature that gets you deposit growth.

Darryl White – *Bank of Montreal – CEO*

It's a full client relationship. At the retail side it's targeting that mass affluent chequing deposit and retaining the customer, not just bringing them in with great price and seeing them fall out of the funnel three months later, but making sure they're in full relationship. That is a bit of a shift in our strategy in the U.S. retail business, which I think is really encouraging.

On the commercial side, it is a great commercial business built around business owners that we have in the United States, where we for the most part do have a full product relationship. Therefore, pricing is important, yes, but they value the full relationship and you can price accordingly.

Darko Mihelic – *RBC Capital Markets – Analyst*

I look forward to the details on the investor day on the U.S. business so that should be fun.

Maybe switching gears to Canada, loan growth was tough. What makes you optimistic here? For Canada there's a lot of mortgages renewing, how do you see that playing out for your bank?

Darryl White – *Bank of Montreal – CEO*

It's been a tough environment for loan growth for all of us for the last year or so. I pin that entirely on the economic uncertainty related to tariffs and geopolitics. As I sit here today, compared to three months ago, I think the economy is a lot more resilient than I even predicted three months ago. Most of the conversations we're having with our clients today, we advise clients not to rely on a resolution of the USMCA in the early part of this year. To think that we're going to all of a sudden wake up to a new deal in June or July I think is a bad assumption.

That said, the environment isn't bad for most clients. For most clients who are USMCA compliant, business goes on. There's uncertainty, yes, but there's less uncertainty than there was a year ago. The conversations we're having with them, they're explaining to us that it's time to get out of the back seat and start driving the car again, which I think is encouraging for loan demand in Canada.

The trickle down is similar on the retail side of the business. There what we have to watch for is unemployment and that will be the trigger as to whether we've got real loan growth. In Canada we're saying, I think we said on our call, low single-digit loan growth for the year. That depends on that macro that I just described and that uncertainty persisting for a while longer. If we're wrong about that and then there's a release and there's stronger demand related to effectively comfort around business plans and not the obsession around the trade file there could be some upside to that, but at this point that's what we're budgeting for.

Darko Mihelic – *RBC Capital Markets – Analyst*

One of the things that you've really committed to, apart from a very strong view on ROE, is PPPT growth. Cost control has been a very good focus for you; you've ended the year talking about a restructuring. I wonder if you can touch on and expand for us here in the room, what it is that you intend to do and is there possibly more restructuring in your near future? Maybe just touch on your efficiency goals generally.

Darryl White – *Bank of Montreal – CEO*

I can give you an update on that, so you know it's interesting, Darko, when I look back five years ago our efficiency ratio gap to our peer average was 400 basis points. At the end of last year, it's 160 basis points. I'd like to see that gap continue to narrow and that's relative operating performance improvement that I think benefits us.

We did say in our fourth quarter call that we expected in the first quarter to take an expense in the range of $225 million in this particular quarter and not adjust for it. At this point, the update is that number will be a little bit lower; I think in fact it'll be around $200 million in the quarter. We do expect the benefit of that to be about $250 million annual run rate. We think we get about half of that in 2026 and we get 100% of it into 2027. It's one piece of the puzzle, it's not the puzzle, but it should help us continue to grind away at that gap relative to our peers as we deliver positive operating leverage and we move that efficiency ratio down, as we have for all but one of the last six or seven years.

Darko Mihelic – *RBC Capital Markets – Analyst*

That's pretty clear and so it doesn't sound like there's really much more restructuring; it's more just a typical grind on expenses as long as you're keeping below revenue growth, which I wanted to touch on. When we think about the commitment to operating leverage and where we expect expenses to grow this year, it kind of gives us a mid-single-digit view of revenue growth. Is that a fair assumption?

Darryl White – *Bank of Montreal – CEO*

I think mid-single-digits is a reasonable framing but when I decompose it, I think it's important to think about what the sensitivity around that is because if you look at it, it presumes, I'll call it moderate loan growth. I've been saying low single-digits on the loan growth side. It presumes higher fee growth; we've had some really good outcomes and we expect we will continue to, think TPS, wealth, capital markets. It includes slightly better margin performance, particularly we talked earlier, on the deposit side of the equation, so I would see a faster NIR growth in that outcome.

So, what does that leave you open to? It leaves you open to the question, if that loan growth is better than I'm forecasting it will be at low single-digits, yeah, you could adjust your view to our revenue outcome this year being somewhere from mid-single-digits to higher single-digits but still single-digits.

Darko Mihelic – *RBC Capital Markets – Analyst*

The idea would be that that would just widen out the operating leverage, or would you take the opportunity there if revenue comes in stronger than anticipated to further press and further invest for future efficiencies? How should we think about that?

Darryl White – *Bank of Montreal – CEO*

We always look to do both, as we've been doing. I would take the opportunity to further invest in the key businesses that we've got for growth, particularly you look at the wealth business, for example, you look at the TPS fee businesses, you look at the commercial bankers that we've been hiring. If I've got room to continue to make those investments and deliver some positive operating leverage, we'll take advantage of that. We should watch for that at the back half of this year.

Darko Mihelic – *RBC Capital Markets – Analyst*

Let's go back and talk a little bit about credit, you touched on it. You mentioned that essentially, you're expecting some improvement in the U.S., but a little bit of deterioration in consumer and so you're flat PCL guidance in '26 over '25. Maybe just touch on the consumer side, I always thought that your consumer book was smaller and shouldn't really factor into the overall view. Is there conservatism somewhere else in there, or how should I think about that?

Darryl White – *Bank of Montreal – CEO*

I think the way you should think about it is, just to remind, we see U.S. getting better which is, for us, mostly wholesale. We see Canada wholesale roughly flat, and we see Canada retail having a little bit more impairment as we go through this year.

You're not wrong to point out we have a smaller retail book anyway, so why does it matter? It matters because, at the same time as it's smaller, it skews a little bit more mass than some of the other books do; so it would be natural in a higher unemployment environment that we could end up with unsecured — I'm not talking about mortgages here, I'm talking about unsecured credit — we could end up with a little bit more of a loss rate on that book; but as you point out, it's a smaller book relative to others anyway. It'll matter but it shouldn't be that consequential.

By the way, we didn't talk about performing, but I do want to say that in my forecast that I've been giving here I'm not assuming anything on performing. We get asked sometimes, is it going to be a big performing release? We assume roughly flat in our performing, so no big build, no big release.

Darko Mihelic – *RBC Capital Markets – Analyst*

It's fair to say you're probably assuming flat when you think about that 15% objective exiting '27?

Darryl White – *Bank of Montreal – CEO*

Yeah, we're not depending on a big performing release to get us there; that would be pretty artificial.

Darko Mihelic – *RBC Capital Markets – Analyst*

So capital deployment, I'm interested in a couple of things on capital deployment. The first is, I get a lot of questions on your ability to generate capital; so maybe you can talk a little bit about what your expectations are there. Then the question is, at what point do you see deployment really picking up organically?

Darryl White – *Bank of Montreal – CEO*

I think you'll remember we generated 90 basis points of capital last year, and then we would grind away at it through the combination of RWA growth and share buybacks. We ended the year with 13.3% CET1. I feel like we're in a pretty good place there to continue exactly what I just said, which is have lots of capacity to satisfy that organic demand and continue in the buyback game as we are right now, so really no change there.

When do we see that demand side really kicking in? I think we're going to gradually see that increase through the course of the year which is very good timing for us because in Canada we're ready to catch any balls particularly on the commercial side when they come our way and continue to defend that position that we've got and just slowly take share.

By the way, we're also taking share pretty meaningfully in Canada in the deposit side of that lending business, but you asked about deployment on the asset side, so I'd go back to the U.S. as the last part of that puzzle. If we do see the combination of lower interest rates in the U.S., which I think we will see; we see a manageable level of inflation, 2.5%; and we see the unemployment rate stay below 5% as we go through the fiscal stimulus kicking in; and the grow over on the last bit of the tariff effect — there might be some pass through to the consumer here in the next quarter or two — you start to set the scene pretty well ahead of the U.S. midterms for some strong economic performance; and we're ready there to take advantage of it with the organic deployment of capital, and we've got lots of capital in our U.S. bank to do that.

Darko Mihelic – *RBC Capital Markets – Analyst*

A question I often get with your bank is, U.S. is on the mend, we're going to have a higher ROE, you've got the balance sheet being optimized; it's a hot market for M&A in the U.S. so can you touch on inorganic opportunities? Do you see gaps? Do you see things that you would love to do with the business in an environment where it seems like there are some banks that are willing to sell?

Darryl White – *Bank of Montreal – CEO*

A hot environment for M&A is not a reason to do M&A. When I look back at the projections I just gave you, there's a great opportunity for us to continue to build that ROE in the United States without any M&A at all. So, I just want to make sure that's really clear.

I look at last year, total bank we grew ROE at 150 basis points; in the U.S. we grew at 170 basis points, and we improved our efficiency in the U.S. by 180 basis points; and we increased our margin in the U.S. by 15 basis points, all in the same year, unaffected by M&A. So, just continuing to do that and taking share in that consolidation game that we're talking about within our own house on densification and local scale is priority number one and making sure we've got lots of capital to meet the loan demand as it comes. Great play and we're more set up, the foundation is set up better for us than I would say it ever has been to take advantage of that market environment, so I'm pretty bullish about that.

I think, Darko, I was about as clear as I could be on our fourth quarter call that M&A for us — you don't ever completely close the door, that would be a foolish thing I think for anybody to do — but the door opens only a sliver for something that has very specific conditions, which is it's a tuck in; it accelerates the progress around the strategy that I just described, i.e. densification and local scale, not de novo; and it doesn't delay for one second the ROE rebuild timeline that I described to you. Something that looks like that, we'll take the call; otherwise, we don't swing at the pitch. Pretty clear.

Darko Mihelic – *RBC Capital Markets – Analyst*

You sold some branches, is it safe to say that dispositions are also off the table?

Darryl White – *Bank of Montreal – CEO*

I don't get married to any of our businesses. If there's something that has a low return profile and doesn't fit in the total client return, we'll take those calls too. In the meantime, it's important to focus on why we sold those branches. There's 138 branches that we're in the process of selling; we haven't closed yet, but we've announced it. They are in nine states where we are not doing wealth business, we are not doing commercial business, a bunch of historical reasons for that as a result of historical smaller acquisitions, and we set out to see if we could find a buyer for those branches which have a productivity rate of approximately half of what the productivity rate is in our core markets in the Midwest and in California in particular, and we were able to do that. This is just an example of liberating that capital and moving that capital into the places where we have right to win and densification, and if anybody wants to talk to us about any of our businesses where we have low returns and not full relationships, we'll be happy to take those calls, but those are getting fewer and further between as we continue to optimize the portfolio.

Darko Mihelic – *RBC Capital Markets – Analyst*

So, it's about getting a call rather than actively seeking anything else?

Darryl White – *Bank of Montreal – CEO*

I mean you always answer the phone.

Darko Mihelic – *RBC Capital Markets – Analyst*

Okay, but you're not actually actively looking at anything in the current portfolio.

Darryl White – *Bank of Montreal – CEO*

We're always looking at the portfolio, but we don't have anything to announce today.

Darko Mihelic – *RBC Capital Markets – Analyst*

I wasn't thinking today, but fair enough. Let me take a look at the questions that are coming in the Q&A..

It is slow coming in here, I apologize Darryl, there's only a couple on here and they haven't even been voted on so why don't we go back to my questions and hopefully there's another one that comes in from the crowd.

One of the things that's happening in the U.S. is there's a potential for interest rates to fall. How's that going to affect your business? How do you think about the rate environment generally and the negative and positive impact, especially for the U.S.

Darryl White – *Bank of Montreal – CEO*

For us, the most important knock-on effect of a falling interest rate environment is the demand stimulation in the commercial business and the next most important is the demand stimulation in the capital markets business. We don't look at it as a huge margin opportunity. I think as you know, we try to manage to a stable margin; I'll remind us that I said that a year ago sitting on the stage and we built 15 basis points of margin through the year anyway. When we look at how we manage the balance sheet, we try to manage to a stable margin environment on the NIM side. Maybe there's a little bit of upside to that as a result of the deposit strategies in the mix that I talked about earlier; then you've got the impact of ladders, which is also a net positive impact but that's a completely separate issue as we're refinancing them at better rates than we had five years ago. If we have a stimulative environment really it's a business question, it's not a balance sheet management question and it's the opportunity to then be front footed for those clients who are getting more interested in taking on more risk and taking on more business activity, and we're ready to serve them when they are ready. I reemphasize tons of capacity both human and capital in order to do that.

Darko Mihelic – *RBC Capital Markets – Analyst*

You mentioned the capital markets businesses, maybe we can just touch upon your outlook there because it was a really hot 2025. I mean we're sitting here in '26, the vibe I'm getting from everybody is so far into ‘26 it's still hot and pipelines are building. Maybe you can talk to your outlook and then talk to maybe some risks around this business.

Darryl White – *Bank of Montreal – CEO*

Look, I'm pretty bullish. You'll recall that we used to say that our target in our capital markets business was to get above $625 million of PPPT per quarter. We did that four for four last year, so it's time to rethink that, and notably higher would be the place I would go in terms of the expectation for that business. It's been a good environment, and it continues to be a good environment, you don't want to get too far ahead of yourself, but we continue to perform pretty well in the quarter that we're in.

We used to talk about when is the day when you get both an attractive global markets environment and an attractive investment banking environment while you have the underpinning of the corporate banking revenues. It's starting to feel like those are actually coming together because we're continuing to have a pretty good go here on the global markets side and we're seeing some pick up in the investment banking business, particularly in the U.S.

Our market shares in Canada and investment banking are very high, I mean they're top three in most products and services, so therefore that's good and we want to continue to take advantage of a good market in Canada and investment banking. For us the beta comes from the U.S. If the U.S. continues to pick up as it is there, and we continue to have a buoyant global markets outcome, this should be a pretty good market for capital markets.

Darko Mihelic – *RBC Capital Markets – Analyst*

That's been a pretty consistent theme so far that I'm hearing from CEOs today, the U.S. capital markets business is really the area of growth. Is it because it's simply a smaller part of the business or maybe you can speak to the specific businesses where you see some outsized growth in the U.S.

Darryl White – *Bank of Montreal – CEO*

Within capital markets?

Darko Mihelic – *RBC Capital Markets – Analyst*

Yes

Darryl White – *Bank of Montreal – CEO*

No, it's not that. Remember for us, the U.S. share of our capital markets business is almost the size of our Canadian capital markets business so we're pretty hedged on the environment. But, the market share of our U.S. business is much lower, so we've got opportunities and capabilities that some of the smaller players don't have. We're taking advantage of that; we've invested pretty heavily. If you look at the metals business, if you look at the rates business, you look at some of the investment banking sectors that we've tried to lean into, and then I guess the last leg of the stool was, I think we can do a better job, and the teams are doing a much better job, integrating across capital markets businesses for us at BMO.

What are we uniquely differentiated in? It's actually our commercial business. If you compare us to many of the capital markets folks that we compete with in the United States, it's the ability to bring that capital markets service to the commercial business and I talked about the integrated strategies that we now have in the U.S. and that should be another source of synergy.

It's been a tougher environment in capital markets overall, as we all know, prior to 2025 a little bit more persistently tough than I would have liked and anybody else, but '25 was really good and '26 is starting out to be pretty good as well and we should get the benefits of those investments that I've talked about as we continue to go through the year. The U.S. is a big part of that; it's a very important part of that.

Darko Mihelic – *RBC Capital Markets – Analyst*

What we're hearing generally from everyone is the U.S. market is very good and so on. There is some hiring going on in the U.S. and it's been a difficult thing to do; there's a big war for talent in the U.S. Can you touch on your aspirations with respect to growing the business?

Darryl White – *Bank of Montreal – CEO*

I think we continue to just grow at the margin, right? We think we're fairly developed in our product shelf, we don't think we have big gaps to fill, but in the places where we're winning, we want to get more dense and we want to continue to build those businesses. In some cases, that's technology, and in some cases that's human capital. If you watch carefully, you see us continue to add in those places, but no big swings. On the one hand it's a good market, on the other hand it's an expensive market, so you’ve got to be careful as to how you extend yourself in a market like that. So, marginal growth in human capital to drive even better than marginal growth on revenues. That's the game, we've been pretty consistent at that for a while.

Darko Mihelic – *RBC Capital Markets – Analyst*

We've got some questions upvoted here; there's a couple that are tied. We talked about PCL so I'm going to go with this next question which is, BMO has a strong commodity mining transaction presence, we just talked about that, with mining capital markets hot and resource projects prioritized how are you positioned to benefit? And is it both sides of the border, or is there a specific area?

Darryl White – *Bank of Montreal – CEO*

It's a good question, thanks to whomever asked it. Our mining franchise is an extraordinarily strong, storied and powerful franchise. We've been a leader in this business globally for decades. If you look at, for example in M&A and the gold market, we've got pretty close to the highest market share in the world, and I think the question was kind of scratching at the CapEx cycle on major build requiring minerals. At the end of the day, the mix of our business at BMO, overweight wholesale, overweight some resource sectors and wholesale including metals and mining, I don't really think about that as a geography question because we run that business globally and that should be a net benefit to us.

The only caution I would give on it is, I'm very encouraged by the shift in tone and the fiscal policy and the open for business and the build, which is all great, but when you talk to our clients that doesn't necessarily mean everything happens this minute. Am I more encouraged than I was a year ago, you bet. I'm more encouraged than I was a year ago, but it does take a little bit of time to get through the steps that require the draw of that capital or the draw of that advice or the need for that equity. We're starting to see that pick up, but I just caution people to say you don't switch policy and then all of a sudden see trillions of dollars of capital flow the next minute. I do think over the next 10 years as I compare to what I would have said a year ago, the policy shift will be very beneficial and that will be very beneficial to us.

Darko Mihelic – *RBC Capital Markets – Analyst*

We're at the stage now where I hand it over to you for last words and key takeaways that you want investors to know.

Darryl White – *Bank of Montreal – CEO*

It's very much what we just talked about. On the macro, I'm finding that we're more resilient than I expected we would be; I think that's a good thing going into the year. We're looking at 2.3%, 2.4% GDP growth in the United States; less than that in Canada, because for the time being it's going to take a while for that to ramp up, but maybe we're around 1.7% in Canada, which is not as good as the United States, but it's not bad.

Against that macro, I talked about the operating improvements that we have delivered in 2025, which I expect to continue into 2026, and I think we're very well set up to deliver on that. I'm as optimistic as I've been in a while, I would say.

Then lastly to reiterate, the ROE rebuild remains the number one priority for us, and we're making the statement today that we expect to exit 2027 at 15% and stay there sustainably and we say that with a lot of conviction. From my perspective, this is a really positive update, and the teams have done a really good job executing.

Darko Mihelic – *RBC Capital Markets – Analyst*

All right, with that, we'll end the session. Thank you very much, Darryl.