



One Lasting Impression from the Canadian Bank CEO Conference

Description

Last week, RBC Capital Markets hosted its annual Canadian bank CEO conference. The big Canadian banks are obviously at the core of this country's financial industry and we were lucky enough to be in attendance.

A great summary by my fellow *Stock Advisor Canada* analyst Karen Thomas about some of the big picture issues that were discussed by all participants can be found [here](#). We also took a closer look at a potentially uplifting theme for the banks [here](#).

In this post however we're going to take more of a scuttle-butt approach and try to convey an overall "feel" for the day. This is the kind of stuff that wasn't explicitly discussed during the full day event but left an impression that's worth sharing.

True professionals

Impression number one is that every one of the CEOs that was trotted up in front of this gathering of largely institutional investors is in the position they're in for a very good reason. They're smooth, well spoken, and incredibly knowledgeable.

The conference format was conversational with RBC's bank analyst Darko Mihelic posing the questions. This is not a knock against Darko, but at least partially contributing to the polished impression was the fact that although the questions weren't exactly puff-balls, to be sure, each CEO has answered them hundreds (thousands?) of times before.

With that said, because the level of difficulty was relatively similar across the board, and many touched on similar issues, it provided an opportunity to evaluate these leaders and the message they wanted conveyed on a reasonably level playing field. This became one of the great takeaways of the day.

The way forward

In my mind, a very clear indication became apparent as to which banks have a locked-down, well developed strategy in place and are committed to running with it. To be clear, this is entirely opinion

based but it seemed to me that **RBC** ([TSX:RY](#)), **Scotia** ([TSX:BNS](#)), **TD** ([TSX:TD](#)), and **National Bank** ([TSX:NA](#)) know exactly what they are, and what they want to become. Definitive answers were given to strategic questions and it was very clear what the banks will consider strategically in the years ahead, and what they might not.

An example was TD's Ed Clark firmly, and convincingly indicating that a U.S. acquisition is not imminent. Even though he's resigning in 2014, it was apparent that the bank's remaining executive has arrived at this decision together and are united.

On the other hand **BMO** ([TSX:BMO](#)) and **CIBC** ([TSX:CM](#)) didn't leave this Fool with nearly the same level of conviction or dedication to a well thought out plan.

For instance, CIBC indicated a desire to grow its wealth management division to 15% of the bank's earnings from the current 11% level. Acquisitions are required to get there, but that's as definitive as CEO McCaughey would be. It's not clear if this meant lot's of small acquisitions or one or two big one's, or even what area of the wealth management industry they might target.

Foolish Bottom Line

Regardless of the industry, whenever we hear from an executive team, we rarely get the full picture. For this reason it's important to remain skeptical at all times. The best we can do is take the information provided and use as many of our senses as possible to interpret it. Though our ears may have heard a more or less homogenous message from all of the CEOs, there were subtleties behind each that may point towards which of this country's banks are going to be the long-term winners.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TD (The Toronto-Dominion Bank)

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