

FEDERAL RESERVE BANK
OF CHICAGO

March 31, 2022

VIA ELECTRONIC MAIL ONLY

Rosemary Spaziani
Wachtell, Lipton, Rosen & Katz
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Dear Ro:

The following relates to a request for additional information for the application filed by Bank of Montreal, Montreal, Canada, and BMO Financial Corp. (“BFC”, and together with Bank of Montreal, “Applicants”), Wilmington, Delaware, the parent companies of BMO Harris Bank National Association (“BHB” collectively “Applicants”), Chicago, Illinois, to acquire 100 percent of BancWest Holding Inc. (“BW Holding”), San Francisco, California, and thereby indirectly acquire Bank of the West (“BOTW”), San Francisco, California, pursuant to section 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended (“BHC Act”). Please provide a complete, detailed response to each of the following additional information items. Supporting documentation should be provided, as appropriate.

To the extent the information requested below is not yet available, provide a date by which the requested information is expected to be made available to the Board of Governors of the Federal Reserve System (“Board”).

Convenience and Needs

1. Please provide a list of organizations and community groups, if any, with which BHB engaged since 2020 to help reach African American and Latino borrowers as well as borrowers residing in majority-minority census tracts. In your response, please provide detailed information about the partnerships that BHB engaged in with these organizations and community groups since 2020.
2. Please provide information about BHB’s efforts to reach African American and Latino borrowers and borrowers residing in majority-minority census tracts, including any specialized products and marketing campaigns, since 2020.
3. Please provide a list of organizations and community groups, if any, with which BOTW engaged since 2020 to help reach African American and Latino borrowers. In your response, please provide detailed information about the partnerships that BOTW engaged in with these organizations and community groups since 2020.
4. Please provide information about BOTW’s efforts to reach African American and Latino borrowers, including any specialized products and marketing campaigns, since 2020.

Section 4 of the BHC Act

Exhibit 1 of the March 9, 2022, additional information response provides information regarding the permissibility of certain BOTW subsidiaries following the acquisition of BW Holding and prior to the merger of BOTW with and into BHB (the “Intermediate Period”).

Board and Reserve Bank staff notes that additional limitations apply to investments by financial holding companies made indirectly through state-chartered bank subsidiaries. *See* 12 CFR 225.22(e)(2)(i) (permitting a bank holding company, through its state-chartered bank subsidiary, “to acquire or retain securities . . . of the kinds and amounts *explicitly eligible by federal statute* for investment by a national bank” (emphasis added)); 12 CFR 225.22(e)(2)(ii) (permitting a bank holding company, through its state-chartered bank subsidiary, “to acquire or retain *all (but, except for directors’ qualifying shares, not less than all)* of the securities of a company” engaged in certain activities permissible for the bank to conduct directly (emphasis added)); 12 CFR 225.85(a)(1) (permitting a financial holding company to acquire shares of certain companies “*other than a depository institution or a subsidiary of a depository institution*” engaged in certain activities that are financial in nature (emphasis added)).

In light of the above, please respond to the following items:

5. Discuss whether Applicants could retain less than all the voting shares of CLAAS Financial Services LLC, San Francisco, California (“CLAAS JV”), indirectly through BOTW during the Intermediate Period under section 225.22 of the Board’s Regulation Y, 12 CFR 225.22. Include in your response a discussion of whether there is express statutory authority for a national bank to acquire or retain voting shares of the kinds and amounts of a company engaged in the same activities as CLAAS JV (*see* 12 CFR 225.22(e)(2)(i)). If not, discuss whether Applicants must provide notice pursuant to sections 4(c)(8) and (j) of the BHC Act and subpart C of the Board’s Regulation Y to retain less than all the voting shares of CLAAS JV during the Intermediate Period.
6. Discuss whether Applicants could retain the voting shares of BancWest Investment Services, Inc., Omaha, Nebraska (“BWIS”), indirectly through BOTW during the Intermediate Period under section 225.22 of the Board’s Regulation Y, 12 CFR 225.22. Include in your response a discussion of whether BWIS engages solely in activities in which BOTW may engage, at locations at which BOTW may engage in the activity, and subject to the same limitations as BOTW were engaging in the activity directly (*see* 12 CFR 225.22(e)(2)(ii)). If not, discuss whether Applicants must provide notice pursuant to sections 4(c)(8) and (j) of the BHC Act and subpart C of the Board’s Regulation Y to retain the voting shares of BWIS during the Intermediate Period.
7. Discuss whether Applicants could retain the voting shares of First Santa Clara Corporation, San Francisco, California (“FSCC”), indirectly through BOTW during the Intermediate Period under section 225.22 of the Board’s Regulation Y, 12 CFR 225.22. In your response, clarify whether FSCC (i) engages solely in servicing activities for BOTW and its affiliates in connection with their activities as authorized by law; (ii) complies with the Board’s published interpretations; and (iii) does not act as principal in dealing with third parties (*see* 12 CFR 225.22(b)(1)). If not, discuss whether Applicants must provide notice pursuant to sections 4(c)(8) and (j) of the BHC Act and subpart C of the Board’s Regulation Y to retain the voting shares of FSCC during the Intermediate Period.
8. Discuss whether Applicants could retain less than all the voting shares of Bank of the West Business Park Association, L.L.C., Omaha, Nebraska (“BOTWBPA”), indirectly through BOTW during the Intermediate Period under section 225.22 of the Board’s Regulation Y, 12 CFR 225.22. Include in your response a clarification whether BOTWBPA holds or operates property “used wholly or substantially” by a subsidiary of BW Holding in its operations or for its future use (*see* 12 CFR 225.22(b)(2)(vi)). Provide BOTW’s share of total occupancy of each property owned or operated by BOTWBPA and share of total occupancy of the properties in the aggregate. Describe whether the activities of BOTWBPA are limited to managing Bank of the West Business Park; if not, describe other activities conducted by BOTWBPA.

Provide your response via E-Apps Record 46624 within eight business days, or by April 12, 2022, and to the attention of Lead Examiner Lisa Smith. Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with section 261.17 of the Board's Rules Regarding Availability of Information. Please send a copy of your response to the Office of the Comptroller of the Currency Senior Licensing Analyst Anne Fernandez at anne.fernandez@occ.treas.gov. Send a copy of the public portion of your response to the commenters copied below.

If you have any questions, please contact Lead Examiner Lisa Smith (515) 241-1477 or via email at lisa.a.smith@chi.frb.org.

Respectfully,

A handwritten signature in black ink that reads "Colette A. Fried". The signature is written in a cursive, flowing style.

Colette A. Fried
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