February 23, 2022

VIA ELECTRONIC MAIL ONLY

Rosemary Spaziani
Wachtell, Lipon, Rosen & Katz
51 West 52nd Street
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Dear Rosemary:

The following relates to the application filed by Bank of Montreal, Montreal, Canada, and BMO Financial Corp. ("BFC", and together with Bank of Montreal, collectively "Applicants"), Wilmington, Delaware, the parent companies of BMO Harris Bank National Association ("BHB"), 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, including those in the confidential section. 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"). Financial data are requested as of December 31, 2021 unless otherwise indicated.

Regulation L and Regulation Y

1) With respect to the Transitional Services and Reverse Transitional Services Agreements ("Agreements"):
   a. Provide copies of the draft and final Agreements when available. To the extent that drafts of the Agreements are not yet available, provide an update on when the Agreements will be available and a detailed summary of the anticipated services that will be provided pursuant to each Agreement.
   b. Discuss how the Agreements comply with sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and the Board's Regulation W, 12 CFR part 223. In your discussion, clarify whether BHB or BOTW may be required to pay for, or will be liable for, services received by an affiliate pursuant to the Agreements.

2) Clarify whether any management official (as defined in 12 CFR 212.2) of BFC, BHB, BOTW or any *affiliate* of BFC, BHB, or BOTW is or would be a management official of an unaffiliated depository institution, depository institution holding company, or any *affiliate* thereof. If so, discuss the permissibility of that management official's simultaneous service under the Depository Institution Management Interlocks Act, 12 U.S.C. § 3201 et seq., and the Board's Regulation L, 12 CFR part 212.

Comprehensive Supervision

3) In 2011, the Board determined that Bank of Montreal is subject to comprehensive supervision on a consolidated basis by its home country supervisor. See Bank of Montreal (order dated June 20, 2011), 97 Fed. Res. Bull. 24 (Oct. 2011). Confirm that Bank of Montreal is currently supervised by its home country supervisor on substantially the same terms and conditions. If not, detail in what ways it has changed.

Section 4 of the BHC Act

4) Provide a list of the subsidiaries of BOTW that the Applicants propose to acquire. Describe the activities of each subsidiary, and identify the authorities under section 4 of the BHC Act and the Board's Regulation Y the Applicants intend to use to hold the voting shares of each subsidiary during the following periods: (i) the period beginning from the time of the merger between BFC and BW Holding until the time immediately before the merger of BHB and BOTW; and (2) the period on and after the merger of BHB and BOTW.

Financial Stability

5) Provide a list of activities and products in which Bank of Montreal either plans to initiate new operations or expand existing operations, subsequent to the closing of the acquisition.

6) For Bank of Montreal's consolidated U.S. operations ("BMO-CUSO"), provide the total amount for each of the following FR Y-15 line items. If the values cannot be provided, please provide approximations, along with a description of the method used to formulate the approximations:
   a. Average risk-weighted assets (Y895)
   b. Short-term wholesale funding metric (Y896)

7) Provide an estimate of BMO-CUSO's Method 2 score, calculated pursuant to the Board's GSIB surcharge rule (see 12 CFR part 217, subpart H).

8) For each of BMO-CUSO and BW Holding, provide the five largest counterparties rolled up to the parent company and their corresponding amounts:
   a. Total exposure (Y832)
   b. Total intra-financial system assets (M362)
   c. Total intra-financial system liabilities (M370)
   d. Total securities outstanding (M376)
   e. Payments activity (M390)
   f. Assets held as a custodian on behalf of customers (M405)
   g. Total underwriting activity (M408)
   h. OTC derivative contracts settled bilaterally (M410)
   i. Total notional amount of OTC derivatives (M411)
   j. Total adjusted trading and AFS securities (N255)
   k. Assets valued using Level 3 measurement inputs (G506)
   l. Foreign claims on an ultimate-risk basis (M422)
   m. Total cross-jurisdictional liabilities (M426)

n. Total short-term wholesale funding, by maturity (Y890, Y891, Y892, Y893)
o. Total short-term wholesale funding (Y894)
p. Average risk-weighted assets (Y895)
q. Total short-term wholesale funding metric (Y894)

9) For each of BMO-CUSO and BW Holding, provide the five largest counterparties, rolled up to the parent company, and the corresponding amounts of each component of intra-financial system assets and liabilities (as defined by the FR Y-15 codes listed below) for the most recent quarter:
   a. For intra-financial system assets:
      i. Funds deposited with or lent to other financial institution (M351)
      ii. Unused portion of committed lines extended to other financial institution (J458)
      iii. Holdings of securities issued by other financial institution (M352 + M353 + M354 + M345 + M356 - M357)
      iv. Net positive current exposure of securities financing transactions ("SFTs") with other financial institution (M358)
      v. Over-the-counter ("OTC") derivative contracts with other financial institutions that have a net positive fair value (M359 + M360)
   b. For intra-financial system liabilities:
      i. Deposits due to other financial institutions (M363 + M364)
      ii. Borrowings obtained from other financial institutions (Y833)
      iii. Unused portion of committed lines obtained from other financial institutions (M365)
      iv. Net negative current exposure of SFTs with other financial institution (M366)
      v. OTC derivative contracts with other financial institutions that have a net negative fair value (M367 + M368)

10) For BW Holding, provide the corresponding amount of the following indicators:
   a. For intra-financial system assets:
      i. Funds deposited with or lent to other financial institution (M351)
      ii. Unused portion of committed lines extended to other financial institution (J458)
      iii. Holdings of securities issued by other financial institution (M352 + M353 + M354 + M345 + M356 - M357)
      iv. Net positive current exposure of SFTs with other financial institution (M358)
      v. OTC derivative contracts with other financial institutions that have a net positive fair value (M359 + M360)
   b. For intra-financial system liabilities:
      i. Deposits due to other financial institutions (M363 + M364)
      ii. Borrowings obtained from other financial institutions (Y833)
      iii. Unused portion of committed lines obtained from other financial institutions (M365)
      iv. Net negative current exposure of SFTs with other financial institution (M366)
      v. OTC derivative contracts with other financial institutions that have a net negative fair value (M367 + M368)

11) Provide the dollar amounts for the five largest categories of trading securities and available-for-sale securities, for both BMO-CUSO and BW Holding.

12) Provide the dollar amounts for the five largest categories of held-to-maturity securities for both BMO-CUSO and BW Holding.

13) Provide the current market exposure - gross, and net of collateral and other risk mitigants - for the five largest counterparties, rolled up to the parent company, of OTC derivatives of both BMO-CUSO and BW Holding's U.S. operations, as measured by:
   a. Positive current exposure after netting arrangements.
   b. Negative current exposure after netting arrangements.

14) To the extent not already provided, identify whether BMO-CUSO and BW Holding are involved in each of the following activities, discuss the nature of this involvement, and provide a brief listing of other firms that engage in the same activity in the United States. For each of BMO-CUSO and BW Holding provide measures of the scale of each activity specified, for both the most recent quarter and the most recently completed year. Measures should be stated both in U.S. dollars and as a percentage of overall U.S. activity; derivatives should be stated as notional dollar amounts. Responses may be confined to information maintained in the regular course of business:
   a. Short-term lending
      i. Reverse bilateral repurchase agreements (volume)
      ii. Reverse tri-party repurchase agreements (volume)
      iii. Fed funds (volume)
      iv. Tri-party repo dealing (volume)

   b. Commercial lending
      i. Syndicated lending (volume)
      ii. Syndicated pipeline commitments (volume)
      iii. Lending to small and medium-sized enterprises (volume)
      iv. Unfunded commitments (volume)

   c. Underwriting services
      i. Issuance of new equities (volume)
      ii. Corporate bonds (volume)
      iii. Commercial paper (volume)
      iv. Asset backed securities (volume)
      v. Other debt securities (volume)

   d. Total provisions of services in the following sectors:
      i. Prime brokerage (number of funds and fund sponsors, and total assets under management)

ii. Securities lending (report value of securities lent as a custodian and securities lent from trading book)
iii. Corporate trust
iv. Correspondent banking
v. Wealth management (total assets under management)
vi. Insurance (by segment, including reinsurance)

15) How, if at all, would the proposed transaction increase financial stability risks of the United States banking or financial system? What steps does Bank of Montreal plan to take to mitigate such risks and vulnerabilities?

16) How, if at all, would the proposed acquisition promote financial stability of the United States banking or financial system?

17) Please provide summary materials on Bank of Montreal's due diligence of BW Holding and its affiliates in connection with the proposed transaction.

18) In 2016, the Federal Deposit Insurance Corporation adopted a rule requiring institutions with at least 2 million deposit accounts to improve the quality of their deposit data and make changes to their information systems so that regulators could make a rapid and accurate deposit insurance determination in the event of failure (see Final Rule: Recordkeeping for Timely Deposit Insurance Determination, 81 Fed. Reg. 87734, 87746, Dec. 5, 2016). Provide a description of the extent to which the applicants have either complied or intend to comply with this rule, voluntarily or otherwise.

19) Provide the volume of total deposits, core deposits, brokered deposits, and uninsured deposits for both BMO-CUSO and BW Holding.

20) Provide the size of the matched book for BMO Capital Markets (RSSD ID: 3206401) and BMO Chicago Branch (RSSD ID: 525839).

<u>Consumer Compliance</u>

21) Confirm whether BHB plans on retaining consumer compliance program and staff from BOTW following the merger. If so, identify what parts of BOTW's consumer compliance program and which staff BHB will retain.

22) Provide further information on how BHB plans to adjust its fair lending program to accommodate the merger and anticipated expansion of the bank's customer base.

23) Confirm whether BHB plans on retaining Community Reinvestment Act ("CRA") program and staff from BOTW following the merger. If so, identify what parts of BOTW's CRA program and which staff BHB will retain.

24) Identify any community development activities of either bank that are expected to be discontinued.

25) Indicate any community development activities not currently undertaken by BOTW that would be provided in the markets of BOTW after the merger.

26) Indicate any products and services to be made available to BOTW customers that are not currently made available by BOTW.

Financial considerations

27) Please provided actual and pro forma balance sheets, income statements, and capital ratios as of December 31, 2021, for each of Bank of Montreal, BFC, and BHB. All statements should be accompanied by detailed explanatory footnotes. Pro forma statements should clearly show each step of the proposed transaction and include goodwill and/or other intangibles.

28) Please provide proforma asset quality information, including total allowance for loan losses for BFC and BHB, as of December 31, 2021. Include a discussion of why the proposed level of capital and loan loss reserves would be adequate to support the level of nonperforming assets following consummation of the proposed transaction.

29) Please provide actual and pro forma risk-based capital ratios (and supporting documentation) calculated according to CECL as of December 31, 2021.

30) The proposed financing of the transaction includes common equity to be raised and the issuance of additional tier 1capital instruments/subordinated notes. Please provide an update as to when the funding will be available.

Please provide your response via E-Apps Record 46624 by March 7, 2022, eight business days of the date of this letter. 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, 12 CFR 261.17. Please also send a copy of your response to the regulators listed below, and please provide a copy of the public portion of your response (together with any attachments) directly to the commenters listed below. The addresses of these parties are listed below.

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

Respectfully,

Colette A. Fried

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