

BMO Financial Group  
2015 Corporate  
Responsibility Report

Here's how  
we help.



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**Who We Are**

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America. With total assets of \$633 billion and more than 47,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers.

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Cover: Cloyd Bathan,  
Relationship Manager,  
Commercial Banking and  
Doug Bourque, Director of  
Aboriginal Banking, British  
Columbia and the Yukon.

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Being a responsibly managed bank means helping everyone whose success contributes to our own. It's a commitment we take personally. Because we're bankers, but we're people first.

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We work constantly to  
make a difference, often  
in unexpected ways.



Jason Cameron, Director,  
Aboriginal Banking,  
Ontario Division, and  
Chief Jim Bob Marsden of  
Alderville First Nation.

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And as we pursue new opportunities, we have one guiding purpose:

ere to help.™

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To find the right balance between what will grow our business and what's best for our stakeholders.

Kory M. Fox, Senior  
Manager, Design &  
Construction - Corporate  
Real Estate, U.S. and  
Leonardo Olvera, Personal  
Banker, BMO Harris Bank,  
Chicago, IL.

This is how we help.



Cassandra Lane,  
Administrative Specialist,  
BMO Private Bank,  
Chicago, IL.

## A Message from the Chief Executive Officer

We have a responsibility to all BMO stakeholders. Our social licence to operate depends on the ability to address people's diverse needs and points of view – today and over the long term.



Bill Downe at the kick-off of the 2014 BMO Employee Giving Campaign.

**A COMMITMENT TO ACTING RESPONSIBLY**, to doing the right thing, is integral to the business of our bank. BMO's strategic priorities are grounded in a fundamental sense of responsibility that includes all stakeholders – customers, employees, communities and shareholders – whose support is essential for our continued success.

Inclusiveness is a guiding principle of this Corporate Responsibility Report, just one component in the comprehensive suite of reporting components (see page 19) by which we account for the bank's sustainability performance. This is not simply pro forma compliance – an annual box-ticking exercise. The stories showcased here, and the tangible metrics of responsibility that support them, speak to the values that guide every aspect of how we do our work and frame every decision we make for the future.

True corporate responsibility entails far more than giving back. It's our dedication to providing products and services of the highest quality. It's our drive to develop new platforms and applications that give people greater control over their financial lives. It's the resilient yet flexible networks that enable them to conduct transactions, manage their investments and plan ahead, securely, wherever they happen to be. It's everything we deliver, enhance and invent to fulfill BMO's defining promise – not just to customers, but to all of our stakeholders: We're here to help.

But most fundamentally, managing responsibly – and earning the right to guide financial interests of more than 12 million customers, ranging from young couples saving for their first home to leading corporations with a global presence – is first a matter of trust. And this is reinforced both in how we do business and how we



Bill Downe at the Governor General's Canadian Leadership Conference.

contribute to the stability of the financial system. It means maintaining appropriate levels of capital and liquidity. Taking a prudent and disciplined approach to risk. Practising sound corporate governance. Ensuring openness and transparency in all communications. And working always to protect the security and privacy of customer information.

To gauge our performance in all areas of corporate responsibility, we look first to our own high standards, which are grounded in our core values and supported by a rigorous governance framework. But we also appreciate the recognition of external organizations with expertise in this area. For example, in 2015 we were proud to be ranked among the Best 50 Corporate Citizens in Canada for the 14th consecutive year by Corporate Knights, the media and investment research organization that is dedicated to promoting sustainability.

#### A Question of Balance

In order to manage our bank responsibly, we're constantly balancing commitments – to the customers whose loyalty sustains our success, to the 47,000 engaged employees who help our customers pursue their goals, to the communities that rely on us to help drive prosperity and growth, and to the shareholders who benefit most directly from our overall contribution to the economy.

BMO's first responsibility has always been to our customers. As we help them

launch ventures, support the people they care about and build long-term security, we foster relationships grounded in fairness, integrity and respect.

Our customers see that we understand their priorities and provide the help they need to turn aspirations into realities. By the same token, we're committed to providing BMO employees with opportunities for growth, and to helping them advance along their career paths in an environment that treats everyone equitably, while respecting diversity. As our people work to meet customers' high expectations, we expect a lot of them. Our job is to ensure they have the knowledge and skills, plus the necessary coaching and support, to achieve their potential.

Our bank is also responsible to the communities where we live, work and do business. Right across the company, we take the opportunity to come together each year to help fight poverty and even the odds. Generosity runs deep at BMO. It's part of a long-standing tradition – one that is reinforced each November. Our giving campaign represents something to which we attach a great deal of importance – we all believe that giving back is something market leaders have always done. In 2014 we achieved unprecedented generosity on the part of people who work here: Our Employee Giving Campaign, one of the largest such programs in North America (see page 26), had a remarkable 89.3% participation rate as over 42,000 employees contributed



22,000 hours

BMO employees contributed more than 22,000 volunteer hours to not-for-profit organizations across the United States and Canada in 2014.



50 best

In 2015, for the fourteenth consecutive year, BMO was named one of the Best 50 Corporate Citizens in Canada by *Corporate Knights* magazine.

more than \$17 million to community-based charities. This emphasis on local impact is equally evident in how we operate as a bank, helping community and regional enterprises invest in business growth, job creation, innovation strategies and expansion into new markets. We facilitate the funding of public infrastructure, including schools, health-care facilities and cultural institutions, all of which contribute to general social well-being.

And we participate in government led initiatives to foster economic redevelopment and renewal. In 2014, BMO Harris Bank extended 208 community development loans totalling more than \$879.2 million under the Community Reinvestment Act (CRA), which provides a framework of economic development, affordable housing, revitalization and community services to low and moderate-income neighbourhoods across the United States.

#### This Is How We Help

Many of the commitments we balance are complementary. In meeting more rigorous regulatory requirements around anti-money laundering, for example, we've come to know our customers better while improving the efficiency and security of our information systems. And as we mark BMO's fifth consecutive year of carbon neutrality\*, we complement ongoing conservation efforts within the bank by promoting responsible

lending practices in support of environmentally sustainable ventures.

But one of the challenges of corporate responsibility is also understanding when we have to weigh what may be desirable against what is possible, recognizing our obligation to another key stakeholder group – the bank's shareholders, who count on us to deliver sustainable growth and a reasonable return on their investment.

What ensures that we get the balance right, with performance that is both profitable and responsible, is a commitment to doing things better that starts with customers and ultimately extends to all of our stakeholders. From a simple transaction on our mobile app to a video chat with a financial advisor – from our support for a new community centre to the financing of a complex, multi-partner venture that will drive an entire regional economy – this is how we help. And we're committed to doing it responsibly.

Bill Downe  
Chief Executive Officer

\*In two key areas: energy use in the buildings we occupy, and employees' travel for business purposes.



Jackson Rosario, Commercial  
Service Coordinator,  
Vancouver, B.C.

## Our commitment

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We're here to help. This is a promise we make to BMO's customers. In fact, it's a promise we make to all our stakeholders.

Our business is fundamentally about helping people achieve their goals. Everything else flows from that.

Creating opportunities and leading by example. Sharing our energy and ideas with people who need our support. Considering the environmental impact of everything we do. Finding strength in our diversity. Learning from difference. And doing our work with integrity. Transparency. A disciplined approach to risk. All in the belief that doing the right thing is not just a matter of following the rules – it's about earning and sustaining trust.

As we balance many responsibilities, large and small, we drive BMO's future performance while furthering the success of all our stakeholders. Any way we can help.

## How we look at corporate governance

“Governance is core to everything,” says Dr. Martha Piper, former President and Vice-Chancellor of The University of British Columbia and a member of BMO’s Board of Directors since 2006. “The things you want to achieve don’t happen unless you have a shared value system – and that starts at the board level.” As Chair of the Governance and Nominating Committee and a member of the Human Resources Committee, Dr. Piper brings the insights of a distinguished career in higher education leadership to her perspective on corporate responsibility.

For a full discussion of stakeholder engagement at BMO, please see our 2014 Environmental, Social and Governance Report and Public Accountability Statement.

### **What is the Board of Directors’ role in establishing good governance?**

The board is ultimately responsible for determining the direction of the bank. We have to figure out strategically who’s doing what, who’s accountable, and what expectations we’re working to meet. We’re also responsible to regulators, and for deciding how risk is managed. You can’t do any of this in isolation. To be a well-governed organization, you need to have an overarching view of where you want to be – and it all comes back to the core values that drive the bank.

### **How do stakeholders see that our actions reflect those core values?**

If we were only interested in the bottom line, this bank wouldn’t be getting ready to celebrate its 200th anniversary. What we stand for is clear from what we say to customers: “We’re here to help.” We make that promise not just because we think it will sell, but because it really does reflect what the board, management – what all of us think is important. That focus on the customer drives every decision we make.

### **What are customers telling us they care about most?**

They want ease of access to information. And hand-in-hand with that, they’re concerned about privacy and cyber-security. Money is personal for all customers – individuals, companies, organizations or communities – and it’s a measure of their

confidence in us that they’re willing to share their financial details. We have to respect the trust that customers place in us and ensure that our people and systems are doing everything necessary to continue earning it. Every day.

### **Does a bank’s approach to governance differ from that of other businesses?**

In retail or natural resources or manufacturing or transportation – in any of the major sectors that drive the North American economy – there are many companies that play important roles in local job creation, growth and prosperity. But a bank’s role is central for all sectors. We help to create economic well-being, both regionally and across the entire continent. So yes, maintaining proper governance in a financial institution is different, simply because of the scope and scale of our potential impact.

### **How do we ensure we have our priorities right?**

For BMO, it always comes back to the customer. One of the board’s key responsibilities is to put ourselves in the customers’ shoes and understand what our bank has to do to make them feel comfortable, to prove that we really are here to help with their life-changing decisions. Because banking is not just about numbers. It’s about people – people who expect us to treat them with respect. Making them our first priority is the cornerstone of good governance. 🌟

Dr. Martha C. Piper.

## Responsibility is built into our business

Our approach to corporate responsibility is grounded in BMO's defining values and integrated into our overall business strategy. In complying with regulatory requirements and adhering to an internationally recognized sustainability framework, we affirm a more fundamental commitment to act responsibly in all of our decision-making and weigh the potential impact of every choice we make.

▼  
In the governance framework overseen by BMO's Board of Directors, environmental, social and governance (ESG) issues fall within the mandates of the board and several of its committees. In addition to the activities of the board and its committees is the bank-wide Sustainability Council, established by the CEO and comprised of senior leaders from across the bank. The Council provides insights and guidance on a range of current and emerging issues, within the banking sector and in the economy generally.

In addition to the sustainability work we do within BMO, we also pursue outside perspectives through regular consultations with key stakeholders. Over the past year we've refined our engagement strategy, reaching out more systematically to solicit stakeholders' views. We also participate in many industry groups, deepening the conversation around sustainability with our peers. In all of this work, our goal is to ensure that BMO's leaders have a thorough understanding of material issues and are well positioned to make decisions, even when the best course of action is not always obvious. Identifying the choices that will bring the most good to the most people – for us this is the heart of corporate responsibility.

Go to [www.bmo.com/corporate\\_governance](http://www.bmo.com/corporate_governance) for further information on BMO's governance structure.

Opposite: BMO's flagship branch in Toronto, Ontario.



## How we report on our progress

Openness and accountability, in the form of rigorous and comprehensive reporting, are critical to building trust. This Corporate Responsibility Report represents one dimension of BMO's commitment to producing readily accessible communications on all of our activities as a responsibly managed business. The information presented here complements the detailed analysis of our sustainability performance set out in the 2014 Environmental, Social and Governance (ESG) Report and Public Accountability Statement.

The stakeholder stories featured in the following pages show our corporate responsibility principles in action. Where relevant, we've linked these stories to the 12 material sustainability issues identified in the ESG Report that reflect the most significant ESG issues for us and our stakeholders:



### 12 Material Issues

Access to banking  
Business conduct  
Customer feedback  
Data security  
Diversity and inclusion  
Employee engagement

Contributing to our communities  
Cost of banking services  
Employee training  
Reducing our environmental footprint  
Responsible banking  
Talent retention

## Key Reporting Components

BMO's sustainability reporting structure helps us speak more clearly to customers, employees, suppliers, community groups, investors, government regulators and non-governmental organizations. We report on BMO's sustainability performance through four channels:



Michael Bronson,  
Director, Financial Products,  
Chicago, IL.

Additional specialized reports are available at [bmo.com/corporateresponsibility](http://bmo.com/corporateresponsibility).

# Human interest



Sister Edna Lonergan and her team on a tour at the site of St. Ann Center for Intergenerational Care's new North Side facility, Milwaukee, WI.





## Sharing Strength

Children, the elderly and people with disabilities thrive together at Milwaukee's St. Ann Center for Intergenerational Care, a unique community resource devoted to a growing need.



### Contributing to our communities

**"I REMEMBER THE EXACT MOMENT,"** Sister Edna Lonergan recalls, "when I saw how we could add a whole other dimension to caring for the elderly." A gerontologist by training, Sister Edna founded an adult daycare facility in 1983 in the basement clinic operated by her religious order, the Sisters of St. Francis of Assisi. Initially serving four elderly clients, the facility quickly expanded to meet a growing need in the community. Many of the staff members were working mothers, and when they faced childcare challenges, Sister Edna suggested they bring their kids to

work. "That," she says, "is when magic happened."

The adults visibly perked up when young visitors arrived, and the children clearly enjoyed the attention and interaction. Then one day, as Sister Edna noticed that a man with neurological problems was about to have one of his frequent seizures, a three-year-old girl ran over and gave him a reassuring hug – and his symptoms stopped. In that moment, the sister saw that her efforts to help elderly people avoid being institutionalized prematurely could evolve into



Opposite and above: Children take part in an intergenerational art program at the Center.

a more inclusive community resource. “I didn’t know much about childcare,” she says, “but you kind of learn as you go along.” Today Sister Edna and her team manage a Milwaukee landmark that is seen as a model of multifaceted social services delivery: St. Ann Center for Intergenerational Care.

#### **Caring at the Center**

Reflecting the convictions of its Franciscan founders, St. Ann Center strives to meet the spiritual, psychological, social and physical needs of everyone who can benefit from its services (see sidebar), regardless of faith, cultural background or ability to pay. Welcoming children as young as three weeks of age alongside adults who’ve passed their 100th birthday, the Center offers a wide range of programs designed to bring the generations together. Children benefit from positive, one-to-one relationships with caring adults, and their elders gain a renewed sense of purpose through passing along their wisdom and skills. The facility currently serves 150 adults and even more children, along with many community members who take advantage of specific services such as bathing assistance or massage therapy.

But even with a staff of 130 supported by 600 volunteers, this widely admired

## St. Ann Center for Intergenerational Care

#### **Founded:**

# 1983

#### **Mission:**

To provide Franciscan inspired, intergenerational, community-based health and educational services for children, adults, the elderly and those with disabilities as well as to serve as a resource and support for caregivers

#### **Values:**

Compassion, care and dignity

#### **Services include:**

- children’s daycare, after-school care and summer camp
- buddy program pairing youth with elderly people
- aquatic centre, rehabilitation programs
- music therapy and arts programs
- bathing services, dental care, hair and nail salon
- massage therapy, including “benevolent touch” – Sister Edna’s pioneering approach to gentle, nurturing non-verbal communication for older adults and people with chronic diseases or developmental difficulties
- respite care, providing temporary relief to family caregivers
- Shepherd House for Alzheimer’s and dementia patients
- spirituality services



Milwaukee institution is constantly trying to keep up with demand. So after more than 30 years of steady growth, including seven major expansions, St. Ann Center has taken a bold new step – the construction of a second facility on the city’s North Side. And that’s where BMO has been able to provide critical support.

#### A Collaboration for Good

Carrying on a relationship established by M&I (Marshall & Ilsley Corp.), BMO Harris Bank provides a full range of banking services to St. Ann Center, including an operating line of credit. The bank also financed the facility’s last major expansion in 1999.

“We had a long history with M&I,” Sister Edna says, “and I wondered what it would be like when they became part of BMO. As it turned out, our banker, Chuck Roedel [VP, Business Banking], worked beautifully with us on the transition. It’s clear that BMO, too, has a great concern for neighbourhoods, and everyone has shown they want to come together for the greater good.”

Continuing that spirit of collaboration, BMO has provided US\$8.2 million in financing for St. Ann Center’s new North Side development, the Bucyrus Campus, with the first phase slated for completion in the fall of 2015. The bank is working with partners such as IFF, the Midwest not-for-profit specializing in development projects for low-income areas and persons with disabilities. Together they have helped St. Ann Center leverage federal New Markets Tax Credits, which provide incentives to businesses investing in projects that create jobs in disadvantaged areas and target groups with specific needs.



## #2 in market share

BMO has strong deposit market share positions, ranking second in both the Chicago area, with 12.1% market share, and Wisconsin, with 13.6% in 2014.

“St. Ann Center is a very special place,” says BMO banker Chuck Roedel. “It’s inspiring to work with Sister Edna and her team, and with the larger group of volunteers, who are all so passionate about what they do.”

#### A Vision for All Ages

St. Ann Center’s new North Side facility is situated on a 7.5-acre site covering two blocks. It was purchased for \$1 from the City of Milwaukee as part of the municipal government’s efforts to encourage renewal in an area where the poverty rate, at 47%, is nearly four times the state average. Local residents, 97% of whom are African-Americans, face many socio-economic challenges, including low education levels, inadequate healthcare and chronic unemployment.

In addition to the construction jobs associated with development, the new campus will initially employ about 200 people – with more positions to come as the second phase of expansion unfolds. “This is a community that needs good jobs,” Sister Edna explains. “People want to keep their families together, and that means being in a place where they

can make a living, send their kids to school and feel safe – and where they can see some beauty in the world. They want what everybody wants.”

When it opens, the North Side complex will accommodate 60 adults and about 200 children. Offering the same range of services as the original facility (see page 23), it will also have a medical clinic and specialized dental care for people with severe disabilities. Once phase two is complete, its centerpiece will be a 7,000-square-foot, glass-enclosed green space designed for a range of special needs. For instance, people with Alzheimer’s (African-Americans are at a higher risk for the disease) will be able to stroll quiet walkways, enjoying gardens filled with edible herbs, and always return to a familiar starting point.

The same level of thoughtful design is reflected in the new children’s area, where adults with dementia will be encouraged to interact with young people, teaching them crafts and other skills still preserved in their longer-term memory. And the entire facility will reflect the St. Ann commitment to being “a caring place for all ages,” as children

Diane Beckley, Chief Operating Officer, Bucyrus Campus and Sister Edna Lonergan.

Opposite: Chuck Roedel.



embrace the traditions and insights of an older generation and their elders regain a sense of purpose through teaching what they know and sharing a bit of their lives.

“The way that everyone involved has worked together on this has been truly

inspirational,” Sister Edna sums up. “What we’ve accomplished has certainly not all been done by me – I just steer the ship. I’ve surrounded myself with a bright, talented staff, as well as very dedicated volunteers, and I learn a lot from all of them. I’ve been blessed.” ☺



**\$57.7 million**

Contributed by BMO to non-profit organizations across North America in 2014.



## We're Here to Give

BMO people lend a helping hand to our communities in three main ways: BMO Volunteer Day, the Employee Giving Campaign and the annual family walk in support of Kids Help Phone / Jeunesse, J'écoute.



### Contributing to our communities

**WHEN OUR BANK SAYS,** “We’re here to help,” that commitment extends well beyond making transactions easier and guiding customers toward the right financial choices. As one of North America’s largest banks, we have a responsibility to contribute to social well-being in the communities where we live and work. And as individuals, we want to make a

difference in other people’s lives while having a positive impact on the planet. Helping is what we do – and what brings us together as an organization.

All BMO employees are encouraged to participate in community-building activities, and we have regular opportunities to volunteer our time during business hours. There’s a strong sense



Above: BMO employees volunteer at a food bank in Montreal, Quebec.

Opposite: BMO employee Kathryn Van Eden participates in the Kids Help Phone/Jeunesse, J'écoute Walk so Kids Can Talk in Halifax, Nova Scotia.

of affirmation that comes from working side by side on initiatives that matter. When each of us donates what we can, inspiring others to do the same, we all grow personally. The experience makes us better leaders, stronger teammates and more creative thinkers – and that in turn makes everyone feel more engaged, drawn together by the shared values underlying everything we do.

BMO's overall employee giving philosophy is reflected through our three complementary pillars:

### Volunteering

Every year employees across North America are invited to leave their desks and collectively invest some time to help make a difference in the lives of others on BMO Volunteer Day. It's an opportunity to take time away from the branch or office – during regular business hours – and participate in thousands of volunteer activities arranged with local charities throughout our footprint. In 2014, over 5,300 employees contributed more than 15,000 hours to 221 not-for-profit organizations across the U.S. and Canada. The nearly 400 projects we chose to support had diverse aims but shared a common purpose: to give people and communities facing tough challenges an extra boost to help even the odds.

Many BMO employees also participate in United Way/Centraide Days of Caring, donating their time to special events and projects spearheaded by locally run charities in their communities. From September through December 2014, more than 1,350 employees contributed 6,790 hours to over 150 organizations.

### Contributing

BMO's Employee Giving Campaign makes it easy to provide financial support to organizations we care about – many of them affiliated with the United Way. In 2014, more than 42,000 employees donated to the campaign – a remarkable 89.3% participation rate. Through employee and corporate donations to our Employee Giving Campaign, BMO made a total charitable contribution of over \$26 million.

### Helping Others

The third pillar of BMO employees' commitment is our support for Kids Help Phone, Canada's only 24/7 counselling and information service for young people. Anonymous and confidential, the free service works to ensure that kids across the country – in big cities, small towns and remote communities – can reach out for help day or night, by phone or online, in English or in French. Whether young people are dealing with bullying, peer pressure, sadness, grief, identity questions, social stigma, abuse or any other life challenges, they can reach Kids Help Phone counsellors anytime for guidance.

The organization's largest annual fundraising initiative – and the focal point for our support – is Walk So Kids Can Talk, a 5K walk held in communities nationwide. At the May 2015 event, more than 6,800 BMO employees and their families and friends raised over \$1.3 million. ☺



89.3%

Participation rate in BMO's 2014 Employee Giving Campaign. A record 42,118 people contributed.

\$26.3 million

Total raised by BMO's 2014 Employee Giving Campaign, including direct donations, related fundraisers and corporate gifts to the United Way and other charities.

### Winning Campaign

In 2014, the charitable efforts of BMO employees in Montreal earned a Solidaire award for Best Employee Campaign of 1000+ Employees from Centraide, the French-language arm of the United Way. The award recognizes employee workplace campaigns that exemplify leadership commitment, effective awareness building, organizational best practices and other success factors.



The production area at United Alloy, Inc.

## Unalloyed Success

United Alloy has refocused its business, retrained its workforce and helped to revitalize a regional economy as part of the advanced manufacturing renaissance in the U.S. Midwest.



### Access to banking

**IN 2009, AS THE GLOBAL RECESSION** took its toll on the U.S. economy, one of the areas hardest hit was the manufacturing sector, particularly in the heartland. When a large auto plant closed in Janesville, Wisconsin, about an hour's drive southwest of Milwaukee, it was a tough blow for this small city of just over 60,000 people. And the immediate prospects for those who lost their jobs did not look good, given the broader unemployment trend across the Midwest.

A half-dozen years on, however, things are looking up in Janesville. And helping to lead the hopeful trend is United Alloy, Inc., a metal fabricator

that has transformed itself from a strong regional player to an innovative leader in advanced manufacturing. "We're a creative, entrepreneurial company," says Tom Baer, United Alloy's founder and chairman of the board. "We're strategically focused on developing our systems and processes to constantly improve product design, quality and delivery – and we're doing that across an expanding spectrum of markets, nationally and internationally."

Founded in 1999 primarily as a supplier of components for generators, United Alloy today manufactures fuel tanks, frames, trailers and a range of

other products for use in power equipment and off-highway construction equipment. The company's sales have doubled since 2011, and they're expected to double again in the next five years.

To keep pace with this growth, United Alloy has significantly increased its manufacturing capacity, expanding the Janesville facility's total footprint from about 30,000 square feet a decade ago to more than 200,000 square feet today. The workforce has grown accordingly, to 170 full-time employees. And as the company progresses to more advanced forms of manufacturing, it is recruiting more skilled people across the board, from engineers to quality control specialists to sales representatives with expertise in specific industries.

"Our most important asset is not on the balance sheet," Tom Baer says. "It's human capital. We believe in constantly fostering development across the organization, and we offer each employee opportunities to advance in their careers." The company extends the same kinds of opportunities to the surrounding community, partnering with a local technical college to train or retrain workers in the latest welding techniques and other skills.

#### Global Vision, Local Roots

To meet the various banking needs that arise as strategy turns into action, United Alloy counts on BMO Harris Bank (continuing a relationship established with Marshall & Ilsley Corp., the Wisconsin-based bank acquired by BMO in 2011).

BMO's Scott Bordwell, Senior Relationship Manager, Business Banking, provides support at the strategic level – for example, arranging the financing for an additional 135,000 square feet of manufacturing space – and works closely with the company's finance team to help ensure that shorter-term initiatives are executed as efficiently as possible.

"Scott has always been incredibly responsive and supportive, because he truly understands our business," Tom Baer says of a relationship that goes back nearly three decades, predating United Alloy. "Over the years, BMO has always helped us look to the future with optimism. The bank has been there step-for-step as a true business partner."

Moving forward, United Alloy will continue to invest in people while complementing their skills with new technologies. "Automating systems will give us the scalability and sustainability to meet our aggressive global growth plans," Tom says.

At the same time, the company remains true to its Wisconsin roots – even when other states are showing keen interest in its growth plans. "We have world-class manufacturing talent right here in our own home town," Stephan Achs, United Alloy's president, commented during a recent visit from the state governor celebrating the company's latest plant expansion. "We decided that it was wisest to go with the people who helped us achieve our success in the first place." ☺



Tom Baer and  
Scott Bordwell.

# Helping in unexpected ways



Students learning new skills  
at an improv class at the  
iO Theater, Chicago, IL.





## Serious Business

At the iO Theater, epicentre of American improv comedy and a hub of Chicago culture, people from all walks of life learn to trust, share ideas and bring out the best in each other.



### Access to banking

**"IMPROV ISN'T JUST ABOUT COMEDY,"** explains Charna Halpern. "It's a high-level form of collaboration."

A driving force in North American entertainment since the early 1980s, Charna is the co-founder of Chicago's iO Theater (originally the ImprovOlympic Theater), the famed performance space and school where everyone from Tina Fey and Amy Poehler to Mike Myers and the late Chris Farley honed their improvisational craft. A cultural landmark and mainstay of the city's legendary nightlife, the venue is also a kind of

comedy graduate school, with alumni going on to write and perform on *Saturday Night Live*, *CONAN*, *Late Night with Seth Meyers*, *The Daily Show* and many other TV comedy showcases.

At the same time, the iO Theater's teaching role extends far beyond the many aspiring performers who come to develop their skills and make connections. It offers education programs aimed at people of all backgrounds, including improv-based corporate training in everything from creative brainstorming and presentation skills to team-building

Opposite: Dave Zimmer, U.S. Business Market Manager, Jim Mirallegro and Charna Halpern.

Right: An improv class at the iO Theater.

and conflict resolution. The common theme is a concept that's fundamental to improv: always say yes. Whatever a fellow performer chooses to add to a scene, you should go with that idea and build on it, rather than trying to change it to something you may want to do.

As Charna sums up the programs' broader social relevance: "We're not teaching comedy, we're teaching agreement." It's an idea that clearly resonates with a wide audience: the iO Theater has grown steadily over the past three decades, and with the opening of a multi-stage facility in 2014 is now the largest venue of its kind in the world. That success reflects the growing demand for what's on offer, as well as the business acumen of Charna and her team. Building a respected entertainment centre and learning institution – and a global comedy brand – requires management skill backed by sound financial planning. And that's where BMO proudly plays a supporting role.

### Playing the Long Game

Born and raised on the North Side of Chicago, Charna Halpern started out as a high school teacher in the late 1970s. One night at a party she found herself doing comedy bits with members of The Second City, the first and most influential improv troupe in the U.S. (and later Canada). Bitten by the comedy bug and encouraged by her new friends, Charna

began looking for places to perform. Then in 1981 she took the bold step of opening a performance space devoted to improvisational games – the original ImprovOlympic Theater. Soon afterward she began collaborating with Del Close, a director at The Second City who would go on to train and mentor an entire generation of American comics before his death in 1999. Together they pioneered a style of long-form improvisation whose structure and rules have since been adopted by improv troupes worldwide.

As improv became increasingly popular, demand for both performances and



### Smart Banking

We're always looking for ways to deliver great customer experience. Our first smart branch, located in Chicago, is different from a regular branch:

People can complete transactions on their own, and bankers are always nearby – not behind a counter but moving around the floor. From video ABMs with live tellers to machines that issue debit cards on the spot, these innovations give our staff more time for deeper conversations and our customers more control of their banking experience. "It's powerful," says Jose Garcia, Branch Manager. "We get to focus more on the customer interaction, as opposed to the transaction. And everything we're doing in our smart branch will find its way to all our locations."



A portrait of Del Close at the iO Theater.

classes rose steadily. In the mid-1990s, Charna bought a North Side Chicago building to house the growing enterprise. That fit the bill for a decade or so, but as business continued to expand, eventually all available space was stretched to the limits. Once again the solution – in the spirit of improv – was to embrace the momentum and take it up a notch.

In September 2014 the iO Theater moved to a new 40,000-square-foot complex housing four performance venues, two bars, a beer garden and special event areas – plus enough teaching space to go from offering two classes daily to as many as 14 theatrical and corporate training sessions throughout the day. Acquiring and renovating the former warehouse required US\$6.3 million in financing, but the investment is already paying off. “Business is really good,” Charna says. “People come from all over the world, because there’s nothing like this anywhere.”

#### Working Together

“I really enjoy working with Charna, because her business is so different from those of most clients,” says Jim Mirallegro, Senior Relationship Manager, BMO Harris Bank, who manages the iO Theater’s financing and banking needs. “I love hearing her stories about all that she’s accomplished. And it’s very

## Just Say Yes

“Improv skills are hugely beneficial in life,” says Charna Halpern, co-founder of Chicago’s iO Theater. “The kind of brilliance you get when you’re working as a team and saying yes to new ideas is incredible. If we all learned how to celebrate each other’s differences instead of judging, things would be so much better.”

The growing appreciation that there’s more to improv than simply going for laughs is evident in the number of companies – including BMO – that have embraced the iO Theater’s novel approach to team-building, communications and other areas of talent development. Last year Charna led an improv-based sales training workshop for about 80 BMO employees, and further programming is in the works for the latter part of 2015.

“I see myself as a facilitator more than a teacher,” Charna says. “I try to create an environment where people feel brave enough to share what they’re thinking. One idea might not work, but it leads to the next one. We don’t shoot down anything. It’s all about building on each other’s ideas to find something that works.”



**Champion of the Arts**

BMO received the 2014 Canadian Corporate Champion of the Arts Award from Business for the Arts.

satisfying to help make the financial part of her business more intuitive while building the kind of trusting relationship she’s never really had with a bank.”

For Charna, working with BMO has been a revelation: “Other banks acted like they were doing me a favour. They said no to most of my financing ideas. Jim said, ‘We can try’ – and then he made it work. He’s been fantastic.”

As Charna has evolved into a successful businesswoman, it’s been important to have a banker who’s a trusted ally. “Jim told me, ‘I’m your business partner.’ And any time I needed him, if the city was raising problems or the architect was making progress difficult, he’d be there. That was the only good part of the building experience. He was so positive about the project; he was a cheerleader. Whenever something good happened, I felt like I could call my mother or I could call Jim, and they would both care equally.”

As an experienced commercial banker, Jim also sees the value that the iO Theater brings to Chicago – not just as a cultural beacon, but as a thriving business that

creates its own economic impact, from the vendors that supply its bars to the casting directors and other entertainment-related businesses that work with its students and performers.

“The iO Theater is part of life in Chicago,” Jim says. “It keeps things vibrant and exciting, both for those of us who live here and for people who come to visit. Like Charna herself, it personifies what Chicago is all about: hard-working, with a great sense of humour.”

As for his celebrated client, after more than 30 years in a stimulating but often challenging business, Charna sums up her achievements simply: “Success to me is waking up every morning and going to a job you love doing and hanging out with the funniest people in the world – and not having to worry about finances.” And what makes it even more rewarding is the knowledge that developing the collaborative skills to keep others amused is in fact serious business: “We’re teaching people to listen, to agree, and to work on ideas and make them brilliant. The by-product just happens to be laughter.” ☺

Below: Charna Halpern, Dave Zimmer and Jim Mirallegro.

Right: An improv performance at the iO Theater.





## All the Way Home

For Rosa Ortiz of Minneapolis, a new immigrant's long journey to home ownership took drive, determination – and a little help from the BMO banker who embraced her dream.



### Access to banking

**WHEN ROSA ORTIZ ARRIVED** in the U.S. from Ecuador, she was carrying only a backpack. A single mother with children to support, Rosa was soon balancing two jobs and riding three buses each way to get from one to the other. And at night she took English classes.

There were plenty of challenges, but Rosa managed to build a life for herself and her kids in Northeast Minneapolis – known as “Nordeast” – a hard-working community with a diverse mix of immigrants from all over the world. For Rosa, the ultimate goal was clear: “I wanted the American dream – to own a home of my own.”

Over the years, through careful saving, she managed to set aside enough for a down payment. But there was one problem: she had no credit history.

### A Meeting of Minds

Fernando Cortez is a manager with BMO Harris Bank in Minneapolis. He helps customers with low to moderate incomes buy homes, guiding them to mortgage products that fit the standards set out by the federal Community Reinvestment Act (CRA). Fernando has a deep understanding of the needs of recent immigrants – so when Rosa Ortiz arrived at his door two years ago, he was ready to help.

“I remember it was the end of the day,” he recalls, “and I was about to leave when Rosa walked in. She was on a work break and had exactly 17 minutes to talk. She was worried that she’d never be able to buy a home if she didn’t establish a credit rating. But the process was so overwhelming she didn’t know where to



**\$701.6 million**

BMO has provided US\$701.6 million in community development loans to support economic development, community service and affordable housing in the communities where we operate in the United States.

start. I told her, ‘We’ll walk you through it step by step. It’ll take some time, but together we’re going to make this happen. Are you in?’ And Rosa said, ‘Yes, I’m in!’”

Fernando offered tips on saving money and explained how a credit history is built. With his guidance, Rosa set up various automated payments and ensured that her account balance could always cover them. And after 10 months of following the plan, Fernando called with good news: she had established a solid credit profile and could now start house hunting. A month later, she’d bought her first home.

**The Human Factor**

“When we came to the U.S.,” Rosa says, “I never expected that one day we’d be able to afford a place of our own.” She speaks with pride of the life she’s created for her boys, aged 4 and 18, and how her older son now has his own room where he can study as he prepares for college, hoping one day to become a

pilot. “For us,” she says, “this is not just a house – it’s a home.”

Rosa still drops by the bank branch regularly, updating Fernando on any improvements she’s made – another piece of furniture, a newly painted room – since he was at the housewarming. “Fernando told me if I followed the right steps, I could become a homeowner,” she says. “And he came through. I’m so grateful for everything he’s done for us.”

“My passion comes from helping others,” Fernando says, “and Rosa’s story is a great example of how we can make a difference. I can’t really know what it’s like to struggle the way she has, but I see that she’s a happier, more confident person. And I know it’s because we try to bring an extra human touch to everything we do. That’s true right across this underserved community, as we take the powerful knowledge we have and pay it forward, helping people like Rosa succeed. We’re not just arranging their mortgages, we’re touching their lives.” ☺



Opposite: Rosa Ortiz and her son at home.  
Left: Rosa Ortiz and Fernando Cortez.

## Section 3

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# Sharing one purpose



An aerial view of  
Nanaimo Harbour,  
close to Snuneymuxw  
Territory in B.C.





## First Served

The Aboriginal Banking unit, founded more than 20 years ago, reflects in microcosm how we work as one bank to deliver the best possible experience to all BMO customers.



### Access to banking

### Cost of banking services

### Responsible banking

### Employee engagement

### Diversity and inclusion

**WHEN WE FORMALLY** established the BMO Bank of Montreal Aboriginal Banking Unit in 1992, we brought together various ongoing initiatives and relationships around a clearly defined commitment: to contribute to the economic self-sufficiency of Aboriginal communities, businesses and individuals across Canada. While the new unit was designed to better serve a specific group of customers, it was built on the fundamentals that define BMO's approach in every business area: we connect with people to better understand their financial needs,

and then we come together as one bank to help them achieve their goals.

Today the Aboriginal Banking unit works with nearly 200 communities across Canada. We serve customers through 13 dedicated branches and a community banking outlet. In addition, we have more than 70 off-reserve branches in areas with large Aboriginal populations. As of early 2015, the total value of our commercial Aboriginal banking relationships (commercial, corporate finance division and housing loans) in Canada was \$1.7 billion. We also provide



**74 communities** participate in BMO's On-Reserve Housing Loan Program.

trust services, investment management and financing for Aboriginal clients through BMO Capital Markets.

BMO is unique among Canada's financial institutions in having created a national Aboriginal banking office to provide strategic direction, evaluate risk and nurture customer relationships across the country. The headquarters team supports six regional managers who work directly with First Nations and other Aboriginal customers, assessing their needs and drawing on the best resources throughout the bank to help meet them.

"It's a real team approach," explains Jason Cameron, Director, Aboriginal Banking, Ontario and a member of the Madawaska Maliseet First Nation. "Aboriginal banking collaborates with our retail and commercial teams, as well as other BMO Financial Group partners, to serve the unique needs of each First Nation community."

Aboriginal Banking is consciously not managed from the top down. Mirroring its customers' preferred way of doing business, the unit empowers its people to push new ideas from the bottom up as they respond to grassroots input. In the same spirit, BMO works in partnership with Aboriginal communities nationwide to foster economic self-sufficiency and social well-being. By improving Aboriginal customers' access to the products and services they need, by ensuring our own workforce

Opposite: Doug Bourque and Cloyd Bathan with members of the Snuneymuxw First Nation during a site visit in Nanaimo, B.C.

Right: Chief Jim Bob Marsden of Alderville First Nation and Jason Cameron.

Below: A work site at Snuneymuxw First Nation.



## Responsible Power

For the Alderville First Nation in Ontario, a major renewable energy venture is about smart economics, community building, self-sufficiency and respect for the earth.



### Responsible banking

"**WE PUSHED AND PUSHED** for our solar-panel project until we made it work," recalls Chief Jim Bob Marsden. "And in the process we educated a lot of people on how a First Nation can be successful when it has the opportunities and the right tools."

Alderville First Nation's vision of creating a sustainable energy solution first took shape six years ago. To the 300 or so members of the reserve along the shores of Rice Lake, a two-hour drive northeast of Toronto, the idea of producing clean solar energy to benefit the community was attractive in economic terms. But equally important was the green dimension. Many community members were uncomfortable depending on the nearby nuclear plants of the provincial electrical utility; they wanted a source of power that reflected the First Nation's traditional sense of environmental stewardship.

After a series of traditional, consensus-building discussions facilitated by Chief Marsden, who has led the community since 2003, it was agreed that a move to solar power would best fit everyone's priorities. The local terrain could easily accommodate a solar farm – and it avoided the concerns raised by another green



Above: Doug Bourque and Mike Grounds, Site Supervisor, Snuneymuxw First Nation.

Below: A team meeting at Alderville First Nation's solar farm.

reflects the communities we serve, and by promoting transparency and open dialogue in all of our interactions, we forge relationships built on trust and mutual respect.

The return from these efforts is measured in the success of our customers, which drives our own performance; serving Aboriginal communities well is the right thing to do, and it's also good for the bank. This win-win has been applauded by the Canadian Council for Aboriginal Business, which in 2003 awarded BMO the first gold-level certification for Progressive Aboriginal Relations. We're the only Canadian bank to have consistently retained this designation, which recognizes our commitment as a good business partner and employer working to advance the prosperity of Aboriginal communities.

"We've built a unique model within our industry, and it's a big success story for our bank," says Doug Bourque, who directs BMO's Aboriginal Banking activities in British Columbia and the Yukon. "Like the customers we're here to help, our bank is a community of many people, all learning from one another and all committed to the same goals. That's why we exceed expectations every year – and so do our customers." ☺

alternative, wind turbines, which many residents felt would create too much noise and disrupt the area's abundant birdlife.

The plan developed for the solar farm called for an installation of 2,300 panels covering about 45 acres of land and generating 5 MW of electricity – enough to power as many as 600 homes. The sophisticated technology supporting it reflected the recommendations of several experts hired to advise the community. "We spent the necessary money," Chief Marsden says, "to do things the best way when it comes to solar."

The project could produce more than \$56 million in revenue for the Alderville First Nation over the next 20 years. Equally important, the venture is 100% owned by local members of Alderville – the only solar energy project in Ontario fully controlled by an Aboriginal community. It's also a source of employment: many community members worked on the construction phase, and several have been trained for ongoing operations and maintenance roles. And over the long term, a significant portion of revenue will go to funding Alderville's five pillars of sustainability: community development, economic development, health, education and culture.

### Banking on the Sun

The Alderville solar farm began generating power commercially in October 2013 and within two months was producing beyond its rated capacity. Looking back on the multi-year journey to bring the project to life, Chief Marsden says, "Our relationship with BMO helped us right from the beginning."

The community's total investment was just over \$28 million. BMO provided equity financing of \$8 million to cover the solar panels and other technology, as well as initial operating costs. The balance of financing, most of it directed toward construction, was





## 200 events

BMO's Employee Resource Groups held over 200 events in 2014, reaching an audience of more than 10,000 people.

provided by a private investment firm. BMO's portion of the financing, which is backed by the Ontario government's Aboriginal Loan Guarantee Program, has been structured to sustain Alderville First Nation directly, even in the event of changes to the provincial government's FIT (Feed-In Tariff) program in support of renewable energy.

"This community counts on our industry-leading expertise in financing First Nations communities," says Jason Cameron, an Ontario regional manager with BMO's Aboriginal Banking unit (see "First Served," page 40). Jason also coordinates support for Alderville's other banking needs, from housing construction and mortgages to social services and local

infrastructure development, bringing in specialized help as needed from across the bank.

"Jason and his team have been excellent to deal with," says Chief Marsden. "It can be hard for First Nations to get financing, but BMO made it happen."

A few years on, all of the project's stakeholders have seen their belief in its value rewarded. Alderville First Nation is now looking at forming a hydroelectric utility to ensure greater control of its energy future. In the meantime, the community has founded a trust company to direct electricity revenues toward its sustainability priorities – and to the people whose vision of responsible power made it all possible. ☺



Doug Bourque.

## Sharing Wisdom

Doug Bourque, Director of Aboriginal Banking in British Columbia and the Yukon, knows the value his customers place on relationships – and brings that insight to mentoring his own team.



Access to banking

Responsible banking

Diversity and inclusion

Employee engagement

"**ECONOMIC DEVELOPMENT** creates hope for a community," Doug Bourque explains. "Many more people have jobs, which means they have their own money and can do what they want with it. And then they build on that hope to actually begin creating change."

Doug has seen a lot of change since starting out as a teller at a credit union in

the late 1970s. And after three decades as a respected leader in the Aboriginal banking field, he knows that progress is measured not by the deals you make, but by the trust you build: "Of course, customer relationships are at the heart of all banking. But in this area especially, everything depends on making a human, emotional connection. When we



A site meeting at  
S'neymuxw First Nation.

↑  
**Top  
50**

socially responsible  
corporations in  
Canada as ranked by  
*Maclean's*, *L'actualité*  
and Sustainalytics.

approach a community we haven't worked with before, we may spend two years, even five years, getting to know them before they open the door and offer us some business."

What's more, as an Aboriginal person himself, Doug knows that he's not just doing good business development. "I'm very aware that I'm helping to open minds while also providing a positive role model."

BMO encourages its bankers to regularly visit Aboriginal communities, sharing thoughts on priority issues such as job creation and the need for quality housing – or simply taking part in special events and celebrations. And when it's time to talk business, our Aboriginal Banking unit (see "First Served," page 40) sends in a team of specialists who work together to meet customers' specific needs.

"I'm not an expert in everything we do," says Doug, who works with customers across British Columbia and as far north as the Yukon. "So when it's appropriate, I'll bring in everyone from a branch manager to commercial bankers to private banking advisors so they can meet customers personally and get to know the community. We introduce the full BMO family to show people all the ways we're here to help."

### Passing On the Knowledge

The relationship-building that is so critical in gaining customers' loyalty is equally important within the bank. Doug Bourque places particular emphasis on mentoring younger members of the team: "Every time I go to a community, I take a commercial account manager with me, because it's educational. Plus, when we're driving to these remote places, we have a lot of time to discuss their work, any concerns about their customers – all the things that matter. I'm there to listen and offer advice, and also to make sure we focus on the positive successes, not just the challenges. I want to help younger colleagues take responsibility for their roles and their careers – not just because I'm relying on them to get the puck in the net, but because I truly believe this bank's greatest asset is the people who work here."

One of the beneficiaries of Doug's mentoring is Cloyd Bathan, a BMO commercial banker whose mid-market lending portfolio is comprised of 80% Aboriginal accounts. When he took on his current role in the summer of 2014, Cloyd had a dozen years of experience in banking but hadn't worked with many Aboriginal customers. Doug has helped him better appreciate local perspectives in the communities that BMO serves along the west coast of Vancouver Island



**\$2.8  
billion**

BMO raised \$2.8 billion in equity and debt renewable energy financing in 2014.

– and where to look for opportunities. He’s also taught Cloyd how to connect at the personal level: what to wear, how to show respect to a Chief, the protocol followed at council meetings and so on.

“Going with Doug on those early visits, I gained immediate credibility,” Cloyd recalls. “He helped me see how each community is unique and requires a different point of view. And he challenged me to think more creatively about how we can align our credit practices with Aboriginal customers’ needs.”

### A Big Difference

One such customer is the Snuneymuxw First Nation, whose reserves on the eastern shore of Vancouver Island lie at the heart of an area rich in resources and treasured for its natural beauty. When Chief John Wesley and his council approached several banks about financing a multi-purpose community centre, Cloyd could build on the Snuneymuxw’s four-decade relationship with BMO, as well as the high regard for Doug Bourque shared by Aboriginal leaders throughout the region.

“BMO’s done a lot for my community, and that continues to build every time Doug and I meet,” Chief Wesley says. “We have a vision, and so does BMO – and knowing that they’re willing to back us makes a huge difference. Partnerships are really important to my nation.”

In that spirit, Cloyd saw an opportunity to further strengthen the partnership: “Doug helped me put together a package that stood out from the crowd. We exceeded expectations with a solution that not only provided \$4 million in construction financing, but also improved overall cash flow from various community-run enterprises.”

“You can measure it financially,” Doug adds, “and show how we’re surpassing targets. But the human side of what we do is even more important – the number of jobs we’ve created by virtue of our work, the number of homes we’ve provided, how many people we’ve affected in a positive way. As individuals, as an organization and working together with our customers, we’re helping to make a difference and having a huge impact on the future of these communities.” ☺

## Carbon neutrality



### Reducing our environmental footprint

BMO continues to maintain enterprise-wide carbon neutrality, reflecting our cumulative efforts in three areas:

- 1 Reduced energy consumption in our facilities and for employees’ business-related travel
- 2 Investment in electricity from renewable sources. In 2014 we purchased 115,186 MWh of renewable energy
- 3 Purchase of high-quality voluntary carbon credits to offset any remaining emissions

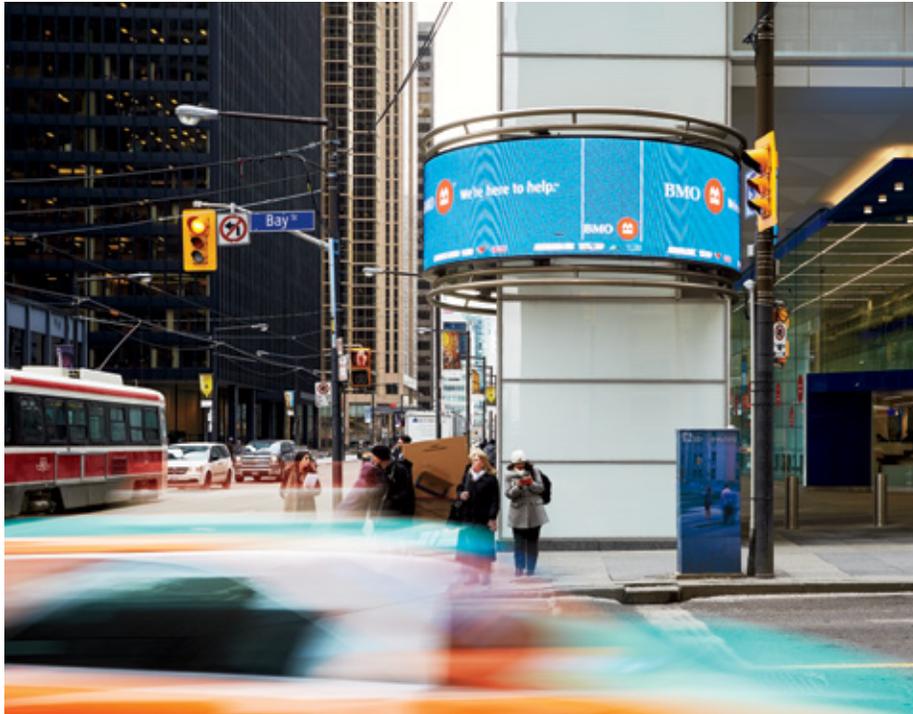
Currently we have two emissions-related reduction targets, both established in 2013:

#### ABSOLUTE EMISSIONS TARGET

To reduce absolute enterprise carbon emissions by 10% versus fiscal 2012 baseline levels by the end of fiscal 2017

#### INTENSITY-BASED EMISSIONS TARGET

To reduce enterprise carbon emissions by 0.5 tonnes per employee versus a fiscal 2012 baseline level of 4.76 tCO<sub>2</sub>e/FTE by the end of fiscal 2017



## Inspiring Confidence

Through our anti-money laundering efforts, we're thwarting criminal and terrorist activities, promoting stronger teamwork and getting to know our customers better.



### Employee training Business conduct

**"UNFORTUNATELY, THERE ARE SOME** really bad people out there," says Stuart Davis, BMO's Chief Anti-Money Laundering Officer. "Not just terrorists, but organized crime rings, drug dealers... you name it. And one of the keys to catching them is the fact that they need liquidity – they have to be able to move money around."

Banks' ability to "follow the money" has proven critical for investigations into a wide range of illegal activities, from rigged lotteries, Ponzi schemes and senior fraud to human trafficking, drug dealing and sales of counterfeit goods. Our mandate also includes identifying and assisting in the capture of those financing terrorist groups. The common thread is money laundering, an umbrella term for various strategies aimed at turning the proceeds of crime into seemingly legitimate assets whose origins can't easily be traced.

Around the world, financial institutions are working closely with governments, regulators and law enforcement agencies to coordinate and intensify anti-money laundering (AML) efforts. "AML is an important part of protecting our bank and our customers," Stuart says. "As criminal organizations become increasingly sophisticated, so do the skills we're able to deploy – leveraging techniques from financial engineering, big data analytics and applied statistics – to stop what these people are doing and ultimately help the authorities catch them."

BMO's vigilance around AML is vital to keeping our bank secure while bolstering the overall safety of the financial system. But for Stuart, whose decision to focus in this area was a direct response to the events of September 11, 2001, the work that he and his team passionately

pursue has a broader impact: “You don’t need to look back very far to recall the terrorist attacks in Paris, or the home-grown threats we’ve seen everywhere from Boston to Ottawa – not to mention the constant violence in volatile parts of the globe. The dangers we’re trying to avert are very real.”

Worldwide, AML regulations have become increasingly complex, reflecting heightened societal expectations. As the demands of compliance have grown more rigorous, banks have had to keep pace – in BMO’s case, more than doubling the size of our Financial Investigations Unit (FIU) in the past year. And as in all areas of corporate responsibility, the challenge is to ensure that upholding a clear moral imperative is also sustainable.

“Everything in AML is about balance,” Stuart says. “We have to balance the needs of our organization with those of our regulators and our customers. There’s a high price for getting AML wrong, as we’ve seen over the past few years. But at BMO we have a strong focus on doing it the right way. From our people and our processes to the data we gather and the technology we use, we’re concentrating on what’s essential to protect our customers, our colleagues, our families and friends, our communities – all of society.”

### Protecting Our Future

Without an effective AML regime in place, a bank cannot gain regulatory approval to grow its existing business or expand into new markets. “Compliance is an integral part of our growth strategy,” says Peter Warrack, BMO’s Director of Risk Intelligence. “It starts with strong governance. And from there it’s a matter of combining good technology, good data and good judgment as we match potential warning signs to the bank’s tolerance for risk.”

As we’ve worked to instill a deeper awareness of AML issues across the organization, a key factor has been training. FIU staff in Canada and the United States are regularly assessed to ensure their skills are current and on-target. Through the BMO Institute for Learning, we provide AML training to employees in areas such as data analytics and market intelligence, as well as to front-line employees. Indeed, the tellers, account managers, wealth advisors and corporate finance specialists who interact with customers every day are ideally positioned to detect suspicious behaviour. And in paying attention to the details of each transaction, they make more meaningful connections with millions of people engaged in normal banking activities, who appreciate that we’re so focused on understanding their needs.



#1

BMO was ranked first place overall in *Report on Business Board Games 2014*, which assesses the quality of governance practices at 247 companies.



### Award-Winning Compliance

In 2014, BMO won the Innovation Award for best practices in compliance systems – large department.



Opposite: BMO’s flagship branch in Toronto, Ontario.

Left: Stuart Davis.



Peter Warrack.

  
**\$96.5**  
**million**

BMO invested \$96,522,687 in employee training in 2014.

Another important factor in strengthening AML awareness is collaboration among various functions and disciplines, both within and outside BMO. “Relationships are critical,” Peter says. “We fight a common threat – criminal behaviour, and the undermining of the economy that it causes.”

The bank’s AML team works with regulators and law enforcement officials, complementing their expertise with our own. As well, FIU employees are encouraged to join professional associations so they can share insights with industry colleagues on emerging trends and the latest investigative techniques. “AML is not just a function that sits in the back office,” Stuart explains. “It brings together all areas of our company. Everyone at BMO plays a role.”

#### Attracting Global Talent

AML initiatives only achieve true impact if they inspire collaboration across the banking sector. To that end, we take every opportunity to share best practices through industry conferences and professional development sessions. We also partner with academic institutions on AML-related continuing education. For example, we’ve worked with Seneca College in Toronto to develop a program in financial crime analysis, as well

as internship opportunities within the financial services industry. So far, 15 Seneca graduates have come to work at BMO.

Our reputation attracts talent from beyond Canada’s borders: several FIU employees are recent immigrants who bring a wealth of relevant experience from as far afield as Ghana and Kuwait.

“Our culture, combined with the body of technical knowledge we’ve accumulated, makes BMO a great place to stay and grow as an AML professional,” Peter sums up. “That’s why I joined the bank – because we go over and above the regulations by having the best people, a collaborative atmosphere and a robust training program. Rather than just doing what’s required, we’re doing the right thing. We live our values.”



#### Top Employer

BMO was named one of Universum’s 2014 Top 100 Most Attractive Employers in Canada.

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A rendering of the BMO Youth Campus Amphitheatre in Calgary, Alberta.

## The Heart of a Great City

In October 2014, BMO announced a \$2.5 million donation to the Calgary Stampede Foundation to build the BMO Youth Campus Amphitheatre, an open-air entertainment and performance space in the heart of Canada's fourth-largest city. BMO is a long-time partner of the Calgary Stampede, Alberta's annual celebration of its Western heritage and agricultural roots. In addition to the BMO Centre trade and convention facility, we sponsor the BMO Farm Family Awards, as well as BMO Kids' Day.

The new 800-seat amphitheatre is the centrepiece of the Stampede Youth Campus, part of a \$100 million plan to transform riverside Stampede Park into a year-round attraction. "The BMO Youth Campus Amphitheatre will further develop our relationships with local arts groups," says Ann McCaig, Chair of the Calgary Stampede Foundation. "The shared space will become a destination for Calgarians who wish to enjoy the talents of our youth."

For Susan Brown, BMO's Senior Vice-President for the Alberta and Northwest Territories division, the bank's largest-ever community investment in Alberta reflects the strength of a partnership that dates back to 1899: "This is a city where relationships matter, and our long collaboration with the Calgary Stampede is a great example of that. The new amphitheatre will be a centre of innovation and inspiration for young people to create and experience the arts. And it will help ensure that Stampede Park remains the heartbeat of Calgary."

### Contact Us

BMO Financial Group's 2015 Corporate Responsibility Report is available for viewing or printing on our website. If you have any questions regarding our corporate responsibility activities, contact us at [corporate.responsibility@bmo.com](mailto:corporate.responsibility@bmo.com).



THE EQUATOR  
PRINCIPLES



FTSE4GOOD

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