

# BMO COMMUNITY BENEFITS PLAN - A PLAN INFORMED BY COMMUNITY ENGAGEMENT

BMO Harris Bank, N.A. (BMO) is proud to build on its strong history of community support with a **more than \$40 billion Community Benefits Plan** supporting organizations in communities across the United States, with over \$16 billion of the plan commitment targeted for the State of California. BMO is a subsidiary of Bank of Montreal, the 8th largest bank in North America by assets. This plan outlines commitments to local communities across BMO's expanded footprint in the United States after the approval and closing of its proposed acquisition of Bank of the West (BOTW), announced on December 20, 2021. The acquisition remains subject to regulatory approval and other customary closing conditions.

This five-year plan was developed with input from over 85 community groups from across the country through listening sessions facilitated by the National Community Reinvestment Coalition (NCRC), as well as from the California Reinvestment Coalition (CRC), the Alliance to Close the Racial Wealth Gap and through a public meeting and written comments submitted to the regulators. The plan reinforces BMO's focus on increasing home ownership and supporting the growth of small businesses in low-to-moderate income (LMI) neighborhoods and communities of color. It also strengthens these communities through investments and lending to support affordable housing and economic development as well as philanthropic giving.

We believe a Community Benefits Plan requires more than just a one-time financial commitment to create sustainable change. Under the banner of BMO EMpower 2.0, this plan will go beyond providing a financial commitment. It includes strategic partnerships and fosters deep community engagement in markets across our expanded footprint in the United States. Through this combination of financial and community-driven investment, we believe that together with our partners we can create meaningful change at the local level.

This new Community Benefits Plan is an expansion of, and is incremental to, the BMO EMpower initiative, a \$5 billion commitment which was launched by BMO Financial Group in 2020 to advance an inclusive economic recovery in the United States through a series of long-term initiatives designed to drive meaningful change and champion racial equity. As of October 1, 2022, BMO EMpower had exceeded its goal, investing and lending over \$5.5 billion in underserved communities to address key barriers faced by minority businesses, communities, and families.

## BMO COMMUNITY BENEFITS PLAN FRAMEWORK

### Increased Convenience

Our plan starts with the increased convenience that customers will enjoy after the acquisition has closed, including an expanded network of more than 1,000 branches in over 32 states, and fee-free access to over 42,000 ATMs. Our branches and valuable front-line employees are often the first step in meeting the needs of our customers. And that's why BMO has committed to maintaining all BOTW branches with no planned closures related to this transaction. In addition to these existing branches, BMO will open five new financial services offices in underserved communities in California.

In addition to an expanded branch network, new customers will have access to an enhanced digital platform and an array of innovative new products including our Savings Builder Account that pays customers for saving; our Credit Builder Account that helps customers increase their credit score; as well as a host of affordable mortgage options including a self-funded down payment assistance program.

## A Historic Investment

The cornerstone of our plan is a more than \$40 billion commitment that includes:

- **Advancing Home Ownership:** \$7.5 billion in home mortgage lending, including \$5.1 billion for the State of California, to support LMI and minority homeowners. Key commitments and programs include:
  - More than 25 percent increase over the combined banks' historical home mortgage lending to LMI and minority individuals and communities
  - More than 75 percent of home mortgage lending under the plan to people and communities of color
  - An expansion of BMO's low-down payment and LMI portfolio home mortgage lending products across our new footprint
  - The launch of a new Welcome Home Grant program in San Francisco and San Jose with over \$125 million in home mortgage lending
  - The creation of a \$3 million Native Community Housing Fund to support affordable housing on tribal trust lands
  - The expansion of BMO's financial literacy and education programs to support affordable homeownership
  - \$15 million in philanthropic support targeted to affordable homeownership and housing
  - Doubling the number of our CRA mortgage bankers and increasing our CRA relationship managers by 50 percent over current levels, providing greater outreach and better service to LMI borrowers and communities of color
- **Growing Small Businesses:** \$16.5 billion in small business lending, including \$5.3 billion for the State of California, that will help jumpstart the growth of small businesses in underserved communities across BMO's footprint. Key commitments include:
  - Close to 60 percent of small business lending targeted to minority communities
  - A \$200 million commitment to expand BMO's small business programs that support women, Black and Latinx-owned businesses, and a new program for Native American-owned businesses
  - \$5 million in philanthropic support for non-profits, Community Development Financial Institutions (CDFIs) and other organizations that provide training and support for these small businesses
- **Strengthening Communities:** \$17.5 billion, including \$6.1 billion for the State of California, in community development loans, investments, and other support for underserved communities to create greater opportunity for success. This commitment:
  - Includes \$12 billion in lending for affordable housing and economic development and \$3 billion in investments in low-income housing and new market tax credits, CDFIs, CRA-qualified private equity and other loan funds
  - Represents an increase of 50 percent compared to prior level of qualified community development investments made by the combined banks
  - Targets \$150 million of investments to funds or CDFIs led by women or people of color
  - Creates a \$200 million "BMO Community Impact Fund" that will focus on providing funding and/or financing to CDFIs and other community development borrowers to support their work in LMI communities including climate resiliency initiatives.

- **Creating a More Equitable Society:** Over 50 percent of the plan is expected to benefit communities and borrowers of color to help close the racial wealth gap and advance a more inclusive society. Key commitments include:
  - More than \$15 billion in small business and home mortgage lending to minority borrowers or in minority communities
  - \$100 million of philanthropic giving committed to serve minority-led organizations and/or organizations serving minority communities
  - \$5 million to support Native American communities, including a \$3 million fund to support affordable homeownership on tribal trust land
  - \$325 million in special purpose credit programs for mortgage and small business lending designed for women and borrowers of color, including BMO's newly launched small business program for Native Americans
  - \$150 million of investments to funds or CDFIs led by women or people of color
- We've also committed to more diversity in our own business by:
  - Growing our diverse spend by 40 percent over the course of the plan
  - Targeting 30 percent or more of BMO Financial Group's U.S. senior leadership roles to be filled by people of color and between 40 percent and 60 percent to be filled by women under our Zero Barriers to Inclusion policy
  - Doubling our current utilization of diverse owned media and increasing the number of strategic partnerships with outlets owned by or serving people of color
  - Expanding our workforce development program BMORE and tripling our hiring goals, focused on career development of diverse talent in coordination with various community partners

### Creating A More Sustainable Future

As part of BMO's Purpose, to Boldly Grow the Good in Business and in Life, we are taking steps to help build a sustainable future. BMO has been recognized for its sustainability efforts and is a member of financial sector sustainability initiatives, including the United Nations Principles for Responsible Banking, the Net-Zero Banking Alliance, the Partnership for Carbon Accounting Financials, and was a founding signatory of the Net Zero Asset Managers Initiative.

In 2021, BMO announced our Climate Ambition to be our clients' lead partner in the transition to a net zero world. The BMO Climate Institute was established to accelerate our climate work and provide thought leadership at the intersection of climate change and finance, allowing us to better advise clients and partners on climate risk and opportunity. Under its Climate Justice Pillar and aligned with BMO's Purpose to empower entrepreneurs facing systemic barriers, the Climate Institute will support strategies to provide access to affordable capital for underserved groups and communities for the acceleration of climate solutions. The Climate Institute is also working closely with BMO's Fair and Responsible Lending team to assess the extent to which marginalized communities are disproportionately impacted by climate change.

BMO has also committed \$300 million CAD to the BMO Impact Investment Fund, deploying capital for sustainability impact in both the United States and Canada. Since 2019, Bank of Montreal has mobilized \$176 billion CAD, including \$71 billion in support of green objectives such as clean transportation, low-carbon energy, green buildings, waste management, and sustainable agriculture, with a goal to mobilize \$300 billion CAD by 2025.

## Increased Community Engagement

BMO has a proud history of giving back and being a strong partner to our communities. Our plan builds on that tradition to:

- Commit \$135 million in philanthropic giving to our communities over the course of the plan, a 50 percent increase over current levels
- Create the bank's first Community Advisory Council comprised of members of the community with input from our community partners who helped formulate our plan
- Form working groups to help focus and guide the bank's work in responding to the needs of communities of color and to tackle affordable housing issues in rural and low- income communities and communities of color
- Form a Native Land Advisory Group to help the bank better understand and serve the needs of Native Americans which will comprise a greater share of the bank's footprint post-closing.
- Expand our network of strategic partners
- Increase outreach through diverse media outlets and partners for greater connectivity to diverse communities
- Expand our strategic partnerships, committing to at least 75 new philanthropic partners over the plan

Our plan is just the start. With a focus on collaboration, learning, and innovation, we intend to work along side our community partners to achieve sustainable solutions and shape the future together.