Hello - My name is Horacio Mendez, and I’m the President and CEO of the Woodstock Institute, a consumer financial protection research and advocacy organization based in Chicago.

We took this opportunity to examine areas where a combined entity could be a stronger and better performer in low- and moderate-income communities and communities of color than they may currently be individually. While each institution has its strengths, the purpose of this testimony is to highlight areas where a clear and well-defined strategy can be developed, communicated and implemented that addresses areas of deficient performance.

As opposed to going through every market area for both institutions, we picked a few that would give us a relevant and appropriate snapshot. We picked one where we assumed they would do their best not to suck, and then another that should be important, but was geographically distant from their headquarters. As such, for BMO we looked at Chicago and Minneapolis, and for Bank of the West, we looked at San Francisco and Denver.

The first thing that struck us was the shortfall in both banks’ performance in single-family purchase loans.

- In Chicago, BMO received 5.1% of its applications from black borrowers compared with 8.2% for peer institutions. In addition, BMO’s origination rate for Black applications in Chicago was 9% lower than its peers ... 44% vs 53%. In Minneapolis, BMO received 1.5% of its applications from Black borrowers, compared with 6.3% by peers, and had an origination rate 7% lower than its peers ... 57% vs 64%.

- In Denver, BOTW received a total of 3 applications from Black borrowers in the region over a 3 year period (2018,19,20) ... or less than ½%. Peer banks aren’t doing that much better at 1.4% ... but asking for an internal benchmark of not sucking 3x more than everyone else doesn’t seem like a tall ask. In SF, the bank had a higher percentage of applications from Black borrowers than its peers ... but its origination rate was 12% lower than peers ... 57% vs 69%.

To their credit, BMO executives have been transparent about this deficiency and have asked for help in finding ways to improve these numbers. We commend them on their intent, but will need to be Reaganesque in trusting but verifying improvement through implementation and better performance.
Finally ... BOTW’s record of closing branches is appalling ... over the last 7 years they have closed more branches in LMI areas than in non-LMI areas, and more in Majority Minority communities than in Majority White communities ... and yet, no comments from the agencies and stellar CRA ratings.

Approval of this merger should be made conditional on the measurable improvement in these areas and others that time won’t allow for me to include, like displacement and overdraft fees.

Thank you.