

## Enhanced Disclosure Task Force

On October 29, 2012, the Enhanced Disclosure Task Force (EDTF) of the Financial Stability Board published its first report, *Enhancing the Risk Disclosures of Banks*. We support the recommendations issued by EDTF for the provision of high-quality, transparent risk disclosures.

Disclosures related to EDTF recommendations are detailed below.

General	
1	<p><b>Present all risk-related information in the Annual Report, Supplementary Financial Information and Supplementary Regulatory Capital Disclosure, and provide an index for easy navigation.</b></p> <p><b>2015 Annual Report:</b> Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 86 to 117.</p> <p><b>Q2 2016 Report to Shareholders:</b> An index is provided on page 3.</p> <p><b>Q2 2016 Supplementary Financial Information:</b> An index is provided in Supplementary Financial Information.</p>
2	<p><b>Define the bank's risk terminology and risk measures and present key parameters used.</b></p> <p><b>2015 Annual Report:</b> Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 94 to 117.</p> <p>A glossary of financial terms (including risk terminology) can be found on pages 202 to 203.</p> <p><b>Q2 2016 Report to Shareholders:</b> An update is provided on page 28.</p>
3	<p><b>Discuss top and emerging risks for the bank.</b></p> <p><b>2015 Annual Report:</b> BMO's top and emerging risks are discussed on pages 87 to 89.</p> <p><b>Q2 2016 Report to Shareholders:</b> An update is provided on pages 6 and 28 to 33.</p>
4	<p><b>Outline plans to meet new key regulatory ratios once the applicable rules are finalized.</b></p> <p><b>2015 Annual Report:</b> We outline BMO's plans to meet new regulatory ratios on pages 71 to 73 and 110.</p> <p><b>Q2 2016 Report to Shareholders:</b> An update is provided on pages 12 to 13.</p>
Risk Governance	
5	<p><b>Summarize the bank's risk management organization, processes, and key functions.</b></p> <p><b>2015 Annual Report:</b> BMO's risk management organization, processes and key functions are summarized on pages 89 to 93.</p> <p><b>Q2 2016 Report to Shareholders:</b> An update is provided on page 28.</p>
6	<p><b>Describe the bank's risk culture.</b></p> <p><b>2015 Annual Report:</b> BMO's risk culture is described on page 90.</p>
7	<p><b>Describe key risks that arise from the bank's business model and activities.</b></p> <p><b>2015 Annual Report:</b> A diagram of BMO's risk exposure by operating segment is provided on page 74.</p>
8	<p><b>Describe the use of stress testing within the bank's risk governance and capital frameworks.</b></p> <p><b>2015 Annual Report:</b> BMO's stress testing process is described on page 93.</p>

## Capital Adequacy and Risk-Weighted Assets (RWA)

- 9 Provide minimum Pillar 1 capital requirements.**
- 2015 Annual Report:** Basel III Pillar 1 capital requirements are described on page 70 to 72.
- Q2 2016 Supplementary Financial Information:** Basel III regulatory capital is disclosed on page 35.
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- 10 Summarize information contained in the composition of capital templates adopted by the Basel Committee.**
- Q2 2016 Report to Shareholders:** An abridged version of the Basel III Regulatory Capital template is provided on page 13.
- Q2 2016 Supplementary Financial Information:** Basel III Pillar 3 disclosure is provided on pages 35 to 37 and 39. A Main Features template can be found on BMO's website at [www.bmo.com](http://www.bmo.com) under Investor Relations and Regulatory Filings.
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- 11 Present a flow statement of movements in regulatory capital, including changes in Common Equity Tier 1, Additional Tier 1, and Tier 2 capital.**
- Q2 2016 Supplementary Financial Information:** Regulatory capital flow statement is provided on page 40.
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- 12 Discuss capital planning within a more general discussion of management's strategic planning.**
- 2015 Annual Report:** BMO's capital planning process is discussed under Capital Management Framework on page 70.
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- 13 Provide granular information to explain how RWA relate to business activities.**
- 2015 Annual Report:** A diagram of BMO's risk exposure, including RWA by operating group, is provided on page 74.
- Q2 2016 Supplementary Financial Information:** RWA by operating group is provided on page 40.
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- 14 Present a table showing the capital requirements for each method used for calculating RWA.**
- 2015 Annual Report:** Regulatory capital requirement, as a percentage of RWA, is outlined on page 71.
- Information about significant models used to determine RWA is provided on pages 95 to 96.
- Q2 2016 Supplementary Financial Information:** A table showing RWA by model approaches and by risk type is provided on page 39.
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- 15 Tabulate credit risk in the banking book for Basel asset classes.**
- Q2 2016 Supplementary Financial Information:** Wholesale and retail credit exposures by internal rating grades are provided on page 47.
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- 16 Present a flow statement that reconciles movements in RWA by credit risk and market risk.**
- Q2 2016 Supplementary Financial Information:** RWA flow statements are provided on page 41, with a reconciliation on page 38.
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- 17 Describe the bank's Basel validation and back-testing process.**
- 2015 Annual Report:** BMO's Basel validation and back-testing process for credit and market risk is described on page 113.
- Q2 2016 Supplementary Financial Information:** A table showing Exposure at Default and RWA by model approaches and asset class is provided on page 39. A table showing estimated and actual loss parameters is provided on page 49.

## Liquidity

- 18 Describe how the bank manages its potential liquidity needs and the liquidity reserve held to meet those needs.**
- 2015 Annual Report:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on pages 105 to 106.
- Q2 2016 Report to Shareholders:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on page 30 to 33.

## Funding

- 19 **Summarize encumbered and unencumbered assets in a table by balance sheet category.**  
**Q2 2016 Report to Shareholders:** An Asset Encumbrance table is provided on page 31.  
**Q2 2016 Supplementary Financial Information:** The Asset Encumbrance table by currency is provided on page 34.
- 20 **Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity.**  
**Q2 2016 Report to Shareholders:** A Contractual Maturity table is presented in Note 15 on pages 55 to 58 of the interim financial statements.
- 21 **Discuss the bank's sources of funding and describe the bank's funding strategy.**  
**2015 Annual Report:** BMO's sources of funding and funding strategy are described on pages 108 to 109.  
A table showing the composition and maturity of wholesale funding is provided on page 109.  
**Q2 2016 Report to Shareholders:** An update is provided on pages 32 to 33.

## Market Risk

- 22 **Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.**  
**Q2 2016 Report to Shareholders:** A table linking balance sheet items to market risk measures is provided on page 28.
- 23 **Provide qualitative and quantitative breakdowns of significant trading and non-trading market risk factors.**  
**2015 Annual Report:** Trading market risk exposures are described and quantified on pages 100 to 102.  
Structural (non-trading) market risk exposures are described and quantified on pages 103 to 104.  
**Q2 2016 Report to Shareholders:** An update is provided on pages 29.
- 24 **Describe significant market risk measurement model validation procedures and back-testing and how these are used to enhance the parameters of the model.**  
**2015 Annual Report:** Market risk measurement model validation procedures and back-testing for trading market risk and structural (non-trading) market risk are described on page 113.
- 25 **Describe the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures.**  
**2015 Annual Report:** The use of stress testing, scenario analysis and stressed VaR for market risk management is described on pages 100 to 101.  
**Q2 2016 Report to Shareholders:** An update to trading VaR and SVar is provided on page 29.

## Credit Risk

- 26 **Provide information about the bank's credit risk profile.**  
**Q2 2016 Report to Shareholders:** Information on BMO's credit risk profile is provided on pages 10, pages 34 to 35, and Note 3 on pages 41 to 43 of the interim financial statements.  
**Q2 2016 Supplementary Financial Information:** Tables detailing credit risk information is provided on pages 20 to 30 and 43 to 50.
- 27 **Describe the bank's policies related to impaired loans and renegotiated loans.**  
**2015 Annual Report:** Impaired and renegotiated loan policies are described in Note 4 on pages 148 and 150 of the financial statements.  
**Q2 2016 Report to Shareholders:** An update on renegotiated loans is provided in Note 3 to the interim financial statements on page 42.
- 28 **Provide reconciliations of impaired loans and the allowance for credit losses.**  
**Q2 2016 Report to Shareholders:** Continuity schedules for gross impaired loans and allowance for credit losses are provided on page 10 and Note 3 on page 42 of the interim financial statements, respectively.

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**29 Provide a quantitative and qualitative analysis of the bank's counterparty credit risk that arises from its derivative transactions.**

**2015 Annual Report:** Quantitative disclosures on collateralization agreements for over-the-counter (OTC) derivatives are provided on page 99 and qualitative disclosures are provided on page 94.

**Q2 2016 Supplementary Financial Information:** Quantitative disclosures for over-the-counter (OTC) derivatives are provided on page 33.

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**30 Provide a discussion of credit risk mitigation.**

**2015 Annual Report:** A discussion of BMO's credit and counterparty risk management is provided on pages 94 to 95. Collateral management discussion is provided on page 94 and in Notes 8 and 26 on pages 161 and 193, respectively, of the financial statements.

**Q2 2016 Supplementary Financial Information:** The Exposures Covered by Credit Risk Mitigation table is provided on page 43.

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**Other Risks**

**31 Describe other risks and discuss how each is identified, governed, measured and managed.**

**2015 Annual Report:** A diagram illustrating the risk governance process that supports BMO's risk culture is provided on page 89. Other risks are discussed on pages 111 to 117.

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**32 Discuss publicly known risk events related to other risks, where material or potentially material loss events have occurred.**

**2015 Annual Report:** Other risks are discussed on pages 111 to 117.