

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>Present all risk-related information in the Annual Report, Supplementary Financial Information and Supplementary Regulatory Capital Disclosure, and provide an index for easy navigation.</p> <p>2015 Annual Report: Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 86 to 117.</p> <p>Q3 2016 Report to Shareholders: An index is provided on page 3.</p> <p>Q3 2016 Supplementary Financial Information: An index is provided in Supplementary Financial Information.</p>
2	<p>Define the bank's risk terminology and risk measures and present key parameters used.</p> <p>2015 Annual Report: 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>Q3 2016 Report to Shareholders: An update is provided on page 29.</p>
3	<p>Discuss top and emerging risks for the bank.</p> <p>2015 Annual Report: BMO's top and emerging risks are discussed on pages 87 to 89.</p> <p>Q3 2016 Report to Shareholders: An update is provided on pages 6 and 29 to 34.</p>
4	<p>Outline plans to meet new key regulatory ratios once the applicable rules are finalized.</p> <p>2015 Annual Report: We outline BMO's plans to meet new regulatory ratios on pages 71 to 73 and 110.</p> <p>Q3 2016 Report to Shareholders: An update is provided on pages 13 to 14.</p>
Risk Governance	
5	<p>Summarize the bank's risk management organization, processes, and key functions.</p> <p>2015 Annual Report: BMO's risk management organization, processes and key functions are summarized on pages 89 to 93.</p> <p>Q3 2016 Report to Shareholders: An update is provided on page 29.</p>
6	<p>Describe the bank's risk culture.</p> <p>2015 Annual Report: BMO's risk culture is described on page 90.</p>
7	<p>Describe key risks that arise from the bank's business model and activities.</p> <p>2015 Annual Report: A diagram of BMO's risk exposure by operating segment is provided on page 74.</p>
8	<p>Describe the use of stress testing within the bank's risk governance and capital frameworks.</p> <p>2015 Annual Report: 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.
- Q3 2016 Supplementary Financial Information:** Basel III regulatory capital is disclosed on page 35.
-
- 10 Summarize information contained in the composition of capital templates adopted by the Basel Committee.**
- Q3 2016 Report to Shareholders:** An abridged version of the Basel III Regulatory Capital template is provided on page 14.
- Q3 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 under Investor Relations and Regulatory Filings.
-
- 11 Present a flow statement of movements in regulatory capital, including changes in Common Equity Tier 1, Additional Tier 1, and Tier 2 capital.**
- Q3 2016 Supplementary Financial Information:** Regulatory capital flow statement is provided on page 40.
-
- 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.
-
- 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.
- Q3 2016 Supplementary Financial Information:** RWA by operating group is provided on page 40.
-
- 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 pages 71 to 72.
- Information about significant models used to determine RWA is provided on pages 95 to 96.
- Q3 2016 Supplementary Financial Information:** A table showing RWA by model approaches and by risk type is provided on page 39.
-
- 15 Tabulate credit risk in the banking book for Basel asset classes.**
- Q3 2016 Supplementary Financial Information:** Wholesale and retail credit exposures by internal rating grades are provided on page 47.
-
- 16 Present a flow statement that reconciles movements in RWA by credit risk and market risk.**
- Q3 2016 Supplementary Financial Information:** RWA flow statements are provided on page 41, with a reconciliation on page 38.
-
- 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.
- Q3 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.
- Q3 2016 Report to Shareholders:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on page 31 to 34.

Funding

- 19 **Summarize encumbered and unencumbered assets in a table by balance sheet category.**
Q3 2016 Report to Shareholders: An Asset Encumbrance table is provided on page 32.
Q3 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.**
Q3 2016 Report to Shareholders: A Contractual Maturity table is presented in Note 14 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.
Q3 2016 Report to Shareholders: An update is provided on pages 33 to 34.

Market Risk

- 22 **Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.**
Q3 2016 Report to Shareholders: A table linking balance sheet items to market risk measures is provided on page 29.
- 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.
Q3 2016 Report to Shareholders: An update is provided on pages 30.
- 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.
Q3 2016 Report to Shareholders: An update to trading VaR, SVar, structural balance sheet earnings and economic value sensitivities are provided on page 30.

Credit Risk

- 26 **Provide information about the bank's credit risk profile.**
Q3 2016 Report to Shareholders: Information on BMO's credit risk profile is provided on pages 11, pages 35 to 36, and Note 3 on pages 42 to 44 of the interim financial statements.
Q3 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.
Q3 2016 Report to Shareholders: An update on renegotiated loans is provided in Note 3 to the interim financial statements on page 43.
- 28 **Provide reconciliations of impaired loans and the allowance for credit losses.**
Q3 2016 Report to Shareholders: Continuity schedules for gross impaired loans and allowance for credit losses are provided on page 11 and Note 3 on page 43 of the interim financial statements, respectively.

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.

Q3 2016 Supplementary Financial Information: Quantitative disclosures for over-the-counter (OTC) derivatives are provided on page 33.

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.

Q3 2016 Supplementary Financial Information: The Exposures Covered by Credit Risk Mitigation table is provided on page 43.

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.

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.