

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 the 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>2017 Annual Report: Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 78 to 112.</p> <p>Q1 2018 Report to Shareholders: An index for the MD&A is provided on page 3.</p> <p>Q1 2018 Supplementary Financial Information: An index is provided in our Supplementary Financial Information.</p>
2	<p>Define the bank's risk terminology and risk measures and present key parameters used.</p> <p>2017 Annual Report: Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 86 to 112.</p> <p>A glossary of financial terms (including risk terminology) can be found on pages 202 to 203.</p> <p>Q1 2018 Report to Shareholders: An update is provided on page 25.</p>
3	<p>Discuss top and emerging risks for the bank.</p> <p>2017 Annual Report: BMO's top and emerging risks are discussed on pages 79 to 81.</p> <p>Q1 2018 Report to Shareholders: An update is provided on pages 6 and 25 to 29.</p>
4	<p>Outline plans to meet new key regulatory ratios once the applicable rules are finalized.</p> <p>2017 Annual Report: We outline BMO's plans to meet new regulatory ratios on pages 69 to 72 and 105.</p> <p>Q1 2018 Report to Shareholders: An update is provided on page 11.</p>
Risk Governance	
5	<p>Summarize the bank's risk management organization, processes, and key functions.</p> <p>2017 Annual Report: BMO's risk management organization, processes and key functions are summarized on pages 81 to 86.</p> <p>Q1 2018 Report to Shareholders: An update is provided on page 25.</p>
6	<p>Describe the bank's risk culture.</p> <p>2017 Annual Report: BMO's risk culture is described on page 83.</p>
7	<p>Describe key risks that arise from the bank's business model and activities.</p> <p>2017 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>2017 Annual Report: BMO's stress testing process is described on pages 85 to 86.</p>

Capital Adequacy and Risk-Weighted Assets (RWA)

- 9 Provide minimum Pillar 1 capital requirements.**
- 2017 Annual Report:** Pillar 1 capital requirements are described on pages 69 to 72.
- Q1 2018 Supplementary Financial Information:** Regulatory capital is disclosed on page 36.
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- 10 Summarize information contained in the composition of capital templates adopted by the Basel Committee.**
- Q1 2018 Report to Shareholders:** An abridged version of the regulatory capital template is provided on page 12.
- Q1 2018 Supplementary Financial Information:** Pillar 3 disclosure is provided on pages 36 to 38 and 40. A Main Features template can be found on BMO's website at 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.**
- Q1 2018 Supplementary Financial Information:** Regulatory capital flow statement is provided on page 41.
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- 12 Discuss capital planning within a more general discussion of management's strategic planning.**
- 2017 Annual Report:** BMO's capital planning process is discussed under Capital Management Framework on page 69.
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- 13 Provide granular information to explain how RWA relate to business activities.**
- 2017 Annual Report:** A diagram of BMO's risk exposure, including RWA by operating group, is provided on page 74.
- Q1 2018 Supplementary Financial Information:** RWA by operating group is provided on page 41.
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- 14 Present a table showing the capital requirements for each method used for calculating RWA.**
- 2017 Annual Report:** Regulatory capital requirement, as a percentage of RWA, is outlined on page 70.
- Information about significant models used to determine RWA is provided on pages 87 to 90.
- Q1 2018 Supplementary Financial Information:** A table showing RWA by model approach and by risk type is provided on page 40.
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- 15 Tabulate credit risk in the banking book for Basel asset classes.**
- Q1 2018 Supplementary Financial Information:** Wholesale and retail credit exposures by internal rating grades are provided on pages 48 to 49.
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- 16 Present a flow statement that reconciles movements in RWA by credit risk and market risk.**
- Q1 2018 Supplementary Financial Information:** RWA flow statement is provided on page 41, with reconciliations on page 39.
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- 17 Describe the bank's Basel validation and back-testing process.**
- 2017 Annual Report:** BMO's Basel validation and back-testing process for credit and market risk is described on pages 108 to 109.
- Q1 2018 Supplementary Financial Information:** A table showing Exposure at Default and RWA by model approach and asset class is provided on page 40. A table showing estimated and actual loss parameters is provided on page 50.
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- Liquidity**
- 18 Describe how the bank manages its potential liquidity needs and the liquidity reserve held to meet those needs.**
- 2017 Annual Report:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on pages 99 to 101.
- Q1 2018 Report to Shareholders:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on pages 26 to 29.

Funding

- 19 **Summarize encumbered and unencumbered assets in a table by balance sheet category.**
Q1 2018 Report to Shareholders: An Asset Encumbrance table is provided on page 27.
Q1 2018 Supplementary Financial Information: The Asset Encumbrance table by currency is provided on page 35.
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- 20 **Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity.**
Q1 2018 Report to Shareholders: A Contractual Maturity table is presented in Note 14 on pages 53 to 54 of the interim financial statements.
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- 21 **Discuss the bank's sources of funding and describe the bank's funding strategy.**
2017 Annual Report: BMO's sources of funding and funding strategy are described on pages 103 to 104.
A table showing the composition and maturity of wholesale funding is provided on page 104.
Q1 2018 Report to Shareholders: An update is provided on pages 28 to 29.

Market Risk

- 22 **Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.**
Q1 2018 Report to Shareholders: A table linking balance sheet items to market risk measures is provided on page 25.
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- 23 **Provide qualitative and quantitative breakdowns of significant trading and non-trading market risk measures.**
2017 Annual Report: Trading market risk exposures are described and quantified on pages 94 to 96.
Structural (non-trading) market risk exposures are described and quantified on pages 97 to 98.
Q1 2018 Report to Shareholders: An update is provided on pages 25 to 26.
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- 24 **Describe significant market risk measurement model validation procedures and back-testing and how these are used to enhance the parameters of the model.**
2017 Annual Report: Market risk measurement model validation procedures and back-testing for trading market risk and structural (non-trading) market risk are described on pages 107 to 109.
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- 25 **Describe the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures.**
2017 Annual Report: The use of stress testing, scenario analysis and stressed VaR for market risk management is described on pages 94 to 96.
Q1 2018 Report to Shareholders: An update to trading VaR, SVaR, structural balance sheet earnings and economic value sensitivities are provided on pages 25 to 26.

Credit Risk

- 26 **Provide information about the bank's credit risk profile.**
Q1 2018 Report to Shareholders: Information about BMO's credit risk profile is provided on page 9, pages 30 to 31, and Note 3 on pages 40 to 42 of the interim financial statements.
Q1 2018 Supplementary Financial Information: Tables detailing credit risk information are provided on pages 20 to 31 and 44 to 51.
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- 27 **Describe the bank's policies related to impaired loans and renegotiated loans.**
2017 Annual Report: Impaired and renegotiated loan policies are described in Note 4 on pages 153 and 155, respectively of the financial statements.
Q1 2018 Report to Shareholders: An update on renegotiated loans is provided in Note 3 to the interim financial statements on page 42.
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- 28 **Provide reconciliations of impaired loans and the allowance for credit losses.**
Q1 2018 Report to Shareholders: Continuity schedules for gross impaired loans acceptances, and allowance for credit losses are provided on page 9 and Note 3 on page 41 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.

2017 Annual Report: Quantitative disclosures on collateralization agreements for over-the-counter (OTC) derivatives are provided on page 93 and qualitative disclosures are provided on page 87.

Q1 2018 Supplementary Financial Information: Quantitative disclosures for OTC derivatives are provided on page 34.

30 Provide a discussion of credit risk mitigation.

2017 Annual Report: A discussion of BMO's credit and counterparty risk management is provided on pages 86 to 87. Collateral management discussions are provided on page 87 and in Note 8 on pages 162 and 164 and in Note 25 on page 193 of the financial statements.

Q1 2018 Supplementary Financial Information: The exposure covered by Credit Risk Mitigation table is provided on page 44.

Other Risks

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

2017 Annual Report: A diagram illustrating the risk governance process that supports BMO's risk culture is provided on page 81. Other risks are discussed on pages 105 to 112.

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

2017 Annual Report: Other risks are discussed on pages 105 to 112.