# Supplementary Regulatory Capital Information

For the Quarter Ended – April 30, 2018

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This report is unaudited and all amounts are in millions of Canadian dollars, unless otherwise indicated.

ва	EL III REGULATORY CAPITAL (All-in basis) (1) (2)						BMC	Finano	cial Group
		Cross	2018	2018	2017	2017	2017	2017	2016
(\$ m	ions exceptes noted) Common Equity Tier 1 Capital: instruments and reserves	reference (3)	Q2	Q1	Q4	Q3	Q2	Q1	Q4
1	Directly issued qualifying common share capital plus related stock surplus	a+b	13,230	13,326	13,339	13,349	13,379	13,094	12,833
2	Retained earnings	c d	24,119	23,902	23,709	23,183	22,703	22,077	21,205
6	Accumulated other comprehensive income (and other reserves) Common Equity Tier 1 Capital before regulatory adjustments	u	2,157 39,506	1,360 38,588	3,066 40,114	2,162 38,694	4,491 40,573	3,446 38,617	4,426 38,464
	Common Equity Tier 1 Capital: regulatory adjustments								
7	Prudential valuation adjustments Goodwill (net of related tax liability)	e+p1-f	146 6 175	112 5.981	107 6.085	103 5 896	99 6 397	109 6 094	110 6 240
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	g-h	1,893	1,826	1,800	1,777	1,844	1,778	1,800
10	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	Ϊij	976	1,011	1,405	1,313	1,456	1,372	1,443
11 12	Cash flow hedge reserve Shortfall of provisions to expected losses	k k1	(768)	(746)	(182)	(191)	174	205	596
14	Gains or losses due to changes in own credit risk on fair valued liabilities (4)	N1	(168)	(217)	(136)	(94)	(147)	(26)	5
15	Defined benefit pension fund net assets (net of related tax liability)	I-m	459	456	402	286	195	253	98
16 22	Investments in own shares (if not already netted off paid-in capital on reported balance sheet) Amount exceeding the 15% threshold	n	-	-	-	-	-	-	13
23	of which: significant investments in the common stock financials	h1	-	-	-	-	-	-	
24	of which: mortgage servicing rights	j1	-	-	-	-	-	-	-
25 28	of which: deferred tax assets arising from temporary differences Total regulatory adjustments to Common Equity Tier 1 Capital	i1	- 8,713	- 8,423	- 9,481	- 9,090	- 10,018	- 9,785	- 10.305
29	Common Equity Tier 1 Capital (CET1)		30,793	30,165	30,633	29,604	30,555	28,832	28,159
	Additional Tier 1 Capital: instruments								
30 33	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus Directly issued capital instruments subject to phase out from Additional Tier 1 (5)	o1 p	3,650 1.040	3,650 1.040	3,650 1,040	3,650 1,040	3,250 1.040	2,750 1,540	2,750 1,540
34	Additional Tier 1 instruments (and CET1 instruments not otherwise included) issued by subsidiaries and held by third	Ч	1,040	1,040	1,040	1,040	1,040	1,040	1,540
	parties (amount allowed in group AT1)	s	-	-	-	-	-	-	-
35 36	of which: instruments issued by subsidiaries subject to phase out Additional Tier 1 Capital before regulatory adjustments		- 4,690	- 4,690	- 4,690	- 4,690	- 4,290	- 4,290	4,290
	Additional Tier 1 Capital: regulatory adjustments				-,080	4,030	7,230		7,290
37	Investments in own Additional Tier 1 instruments	n1	56	39	2	-	4	2	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	t	213	213	213	213	213	213	213
41	Other deductions from Tier 1 Capital as determined by OSFI	· ·	-	- 215	-	- 215	-	-	- 215
41b	of which: Valuation adjustment for less liquid positions		-	-	-		-	-	
43	Total regulatory adjustments applied to Additional Tier 1 Capital Additional Tier 1 Capital (AT1)		269 4,421	252 4,438	215 4,475	213 4,477	217 4,073	215 4,075	213 4,077
	Tier 1 Capital (T1 = CET1 + AT1)		35,214	34,603	35,108	34,081	34,628	32,907	32,236
	Tier 2 Capital: instruments and provisions								
46	Directly issued qualifying Tier 2 instruments plus related stock surplus Directly issued capital instruments subject to phase out from Tier 2 Capital	m1 u	5,511 116	5,442 1.021	3,976 1.053	4,011 1,852	3,258 1.860	3,207 1,863	3,266 1,873
48	Tier 2 Capital instruments (and CET1 and AT1 instruments not included) issued by subsidiaries and held by third	ŭ	110	1,021	1,000	1,032	1,000	1,000	1,075
	parties (amount allowed in group Tier 2 Capital)	v	-	-	-	-	-	-	-
49 50	of which: instruments issued by subsidiaries subject to phase out General allowances (8)	w	- 222	273	- 509	476	603	443	538
51	Tier 2 Capital before regulatory adjustments		5,849	6,736	5,538	6,339	5,721	5,513	5,677
52	Tier 2 Capital: regulatory adjustments Investments in own Tier 2 instruments		70	70					
52	Significant investments in the capital of banking, financial and insurance entities that are	q1	72	79	-	6	-	2	1
	outside the scope of regulatory consolidation, net of eligible short positions	x	50	50	50	50	50	50	50
57	Total regulatory adjustments to Tier 2 Capital		122	129	50	56	50	52	51
59	Tier 2 Capital (T2) Total Capital (TC = T1 + T2)		5,727 40,941	6,607 41,210	5,488 40,596	6,283 40,364	5,671 40,299	5,461 38,368	5,626 37,862
60	Total Risk-Weighted Assets								
60a	Common Equity Tier 1 (CET 1) Capital RWA (6) (7)		273,011	270,577	269,466	264,819	270,791	260,795	277,562
60c	Tier 1 Capital RWA (6) (7) Total Capital RWA (6) (7)		273,184 273,357	270,577 270,577	269,466 269,466	264,819 264,819	270,791 270,791	261,075 261,299	277,562 277,562
	Capital Ratios								
61 62	Common Equity Tier 1 ratio (as percentage of risk-weighted assets) (7) Tier 1 ratio (as percentage of risk-weighted assets) (7)		11.3% 12.9%	11.1% 12.8%	11.4% 13.0%	11.2% 12.9%	11.3% 12.8%	11.1% 12.6%	10.1% 11.6%
63	Total Capital ratio (as percentage of risk-weighted assets) (7)		12.9%	15.2%	15.1%	12.9%	12.8%	12.0%	13.6%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus D-								
65	SIB buffer requirement, expressed as a percentage of risk-weighted assets) of which: capital conservation buffer requirement		8.0% 3.5%	8.0% 3.5%	8.0% 3.5%	8.0% 3.5%	8.0% 3.5%	8.0% 3.5%	8.0% 3.5%
66	of which: bank specific countercyclical buffer requirement		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5% n.a.
68	Common Equity Tier 1 available to meet buffers (as a % of risk weighted assets)		11.3%	11.1%	11.4%	11.2%	11.3%	11.1%	10.1%
69	OSFI all-in target Common Equity Tier 1 all-in target ratio		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	Amounts below the thresholds for deduction								
72 73	Non-significant investments in the capital of other financials	y - z	575	411	359	325	274 1 422	259	292
73	Significant investments in the common stock of financials Mortgage servicing rights (net of related tax liability)	a1 b1	1,635 49	1,568 47	1,481 48	1,461 46	1,422	1,337 47	1,325 47
75	Deferred tax assets arising from temporary differences (net of related tax liability)	c1 - d1	1,597	1,579	1,952	1,913	2,122	1,985	2,043
	Applicable caps on the inclusion of provisions in Tier 2								
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)		204	204	221	216	245	247	260
77	Cap on inclusion of provisions in Tier 2 under standardised approach		204	204	221	216	245	247	260
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings based approach (prior to								
	application of cap) Cap on inclusion of provisions in Tier 2 under internal ratings-based approach		1,255 18	1,237	1,516 287	1,483 260	1,605 357	1,495 196	1,501 278
70			10	09	20/	200	307	190	276
79				1	1	1			
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)								
82	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) Current cap on AT1 instruments subject to phase out arrangements	e1 + f1	1,729	1,729	2,161	2,161	2,161	2,161	2,593
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)	e1 + f1	1,729 - 2,054	1,729 - 2,054	2,161 - 2,567	2,161	2,161 - 2,567	2,161	2,593 - 3,080

\*Al-in\* regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.
 Row numbering, as per OSFI July 2013 advisory, is provided for consistency and comparability in the disclosure of elements of capital among banks and across jurisdictions. Banks are required to maintain the same row numbering per OSFI advisory, however certain rows are removed because there are no values in such rows.
 Oross reference to Consolidated Balance Sheet under regulatory scope (page 2).
 For regulatory capital purposes only. Not included in consolidated balance sheet.
 StoSMM capital rules consolidated modifier IRFS but sittle.
 Hoder OSFI's Capital Adequacy Requirements (CAR) Guideline, which governs advanced approaches, the bank calculates a Basel Capital Floor and increases its risk-weighted assets to the extent such floor applies.
 During the fourth quarter of 2016, ratios and RWA were amended for Q3016.
 Pror to Q1 2018, this was Collective allowances. OSFI uses the term General allowances in its guidance dealing with IFRS 9.

#### CONSOLIDATED BALANCE SHEET

	LINE	Balance sheet as in Report to Shareholders	Under regulatory scope of consolidation (1)	
(\$ millions except as noted)	#	Q2 2018	Q2 2018	
Assets				
Cash and Cash Equivalents	1	35.922	35.537	
Interest Bearing Deposits with Banks	2	7.637	7.637	
Securities	3	165.380	157.524	
Investments in own shares CET1 (if not already netted off paid-in capital on reported balance sheet)	4	100,000	101,024	n
Investments in own Additional Tier 1 instruments not derecognized for accounting purposes	5		56	n1
Investments in own Tier 2 instruments not derecognized for accounting purposes	6		72	q1
Non-significant investments in the capital of other financials below threshold (3)	7		20.326	v
Significant investments in deconsolidated subsidiaries and other financial institutions (4)	8		1.898	t+x+a1
Significant investments in capital of other financial institutions reflected in regulatory capital	-		,	
Amount exceeding the 15% threshold	9		-	h1
Significant investment in common stock of financials below threshold	10		487	
Goodwill embedded in significant investments	11		89	p1
Securities Borrowed or Purchased Under Resale Agreements	12	94,681	94,681	
Loans				
Residential mortgages	13	117,770	117,770	
Consumer installment and other personal	14	61,733	61,733	
Credit cards	15	8,175	8,175	
Business and governments	16	182,870	182,698	
Allowance for credit losses	17	(1,647)	(1,647)	
Allowance reflected in Tier 2 regulatory capital	18		222	w
Shortfall of provisions to expected loss	19		-	k1
Total net loans and acceptances	20	368,901	368,729	
Other Assets				
Derivative instruments	21	26,588	26,583	
Customers' liability under acceptances	22	16,385	16,385	
Premises and equipment	23	1,966	1,814	
Goodwill	24	6,263	6,263	е
Intangible assets	25	2,190	2,190	g
Current tax assets	26	2,108	2,108	
Deferred tax assets (5)	27	2,159	2,163	
Deferred tax assets excluding those arising from temporary differences	28		1,178	i
Deferred tax assets arising from temporary differences	29		1,927	c1
of which Deferred tax assets arising from temporary differences below the threshold	30		1,927	
of which amount exceeding 15% threshold	31			i1
Other	32	13,389	12,436	
Defined-benefit pension fund net assets	33		586	1
Mortgage servicing rights	34		49	
of which Mortgage servicing rights under the threshold	35		49	b1
of which amount exceeding the 15% threshold	36			i1
Total Assets	37	743.569	734.050	,'

(1) Balance sheet under regulatory scope does not include the following entities: BMO Life Insurance Company and BMO Reinsurance Limited. BMO Life Insurance Company (\$9,148 million assets and nominal equity) covers the development and marketing of individual and group life, accident and health

insurance and annuity products in Canada. BMO Reinsurance Limited (\$371 million assets and nominal equity) covers the reinsurance of life, health and disability insurance risks as well as property & casualty insurance risks, including catastrophe risks. The business reinsured is written by insurers and reinsurers principally in North America and Europe.

Cross Reference to Basel III Regulatory Capital (All-in basis) (page 1).
 Includes synthetic holdings of non-significant capital investments in banking, financial and insurance entities.

(4) Under Basel III, significant investments in financial services entities that are outside the scope of regulatory consolidation are deducted from a bank's capital using the corresponding deduction approach (e.g. investments in non-common Tier 1 are deducted from a bank's non-common Tier 1 capital) except that investments in common equity capital of a significant investment which represents less than 10% of the bank's CET1 are risk weighted at 250% and are not deducted provided the sum of such investments, deferred tax assets related to timing differences and mortgage servicing rights are less than 15% of the Bank's CET1. Goodwill embedded in significant investments is separated and is shown in the corresponding line below.

(5) Deferred tax assets and liabilities are presented on the balance sheet net by legal jurisdiction.

			Under regulatory scope	Cross
	LINE	Report to Shareholders	of consolidation (1)	Reference (2)
		Q2 2018	Q2 2018	
(\$ millions except as noted)	#	QZ 2010	QZ 2010	
Liabilities and Equity	38	404 400	404 407	
Total Deposits	38	491,198	491,197	
Other Liabilities	20	04 770	04 500	
Derivative instruments	39 40	24,770	24,598	
Acceptances	40 41	16,385	16,385	
Securities sold but not yet purchased Non-significant investments in the capital of other financials	41 42	25,414	25,414 19,751	z
Securities lent or sold under repurchase agreement	42	78,782	78,782	2
Securitization and structured entities' liabilities	43	23.565	23,565	
Current tax liabilities	44	23,303	23,303	
Deferred tax liabilities (5)	46	185	185	
related to goodwill	47	100	177	f
related to intangibles	48		297	'n
related to deferred tax assets excluding those arising from temporary differences	49		202	i
related to defined-benefit pension fund net assets	50		127	'n
related to deferred tax assets arising from temporary differences,	20			
excluding those realizable through net operating loss carryback	51		330	d1
Other	52	33,850	24,504	
of which: liabilities of subsidiaries, other than deposits	53		-	
Less: amount (of liabilities of subsidiaries) phased out	54		-	
Liabilities of subsidiaries after phase out	55		-	v
Total other liabilities	56	202,998	193,480	
Subordinated Debt				
Subordinated debt	57	5,627	5,627	
Qualifying subordinated debt	58		5,511	m1
Non qualifying subordinated debt	59		116	
of which redemption has been announced (in the last month of the quarter)	60		-	
Less: regulatory amortization	61		-	
Non qualifying subordinated debt subject to phase out	62		116	
Less: amount phased out	63		-	
Non qualifying subordinated debt after phase out	64		116	u
Equity				
Share capital	65	17,166	17,166	
Preferred shares		,	,	
Directly issued qualifying Additional Tier 1 instruments	66		3.650	01
Non-qualifying preferred shares for accounting purposes	67		0,000	0.
Non-qualifying preferred shares subject to phase out	68		590	
Less amount (of preferred shares) phased out	69		350	e1
	70		590	
Non qualifying preferred shares after phase out Common shares	70		590	р
	74		40.000	_
Directly issued qualifying CET1	71		12,926	a
Contributed surplus	72	304	304	b
Retained earnings	73	24,119	24,119	c
Accumulated other comprehensive income	74	2,157	2,157	d
of which: Cash flow hedges	75		(768)	k
Other AOCI	76	40 7 40	2,925	
Total shareholders' equity	77	43,746	43,746	
Non-controlling interests in subsidiaries	78	-	-	
of which portion allowed for inclusion into Tier 1 capital	79		-	
less amount phased out	80		-	f1
Other additional Tier 1 issued by subs after phase out	81		-	s
Total equity	82	43,746	43,746	
Total Liabilities and Equity	83	743,569	734,050	

#### SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE (1)

BMO 😩 Financial Group

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Item	Q2 2018	Q1 2018	Q4 2017	Q3 2017
1 Total consolidated assets as per published financial statements	743,569	727,909	709,580	708,617
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(9,175)	(9,094)	(8,882)	(8,583)
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-
4 Adjustments for derivative financial instruments	1,775	(5,606)	(1,923)	(9,873)
5 Adjustment for securities financing transactions (i.e. repo assets and similar secured lending)	2,930	6,694	6,715	6,184
6 Adjustment for off balance-sheet items (i.e. credit equivalent amounts of off-balance sheet exposures)	101,147	97,832	99,327	94,194
7 Other adjustments	(9,152)	(8,892)	(9,832)	(9,398)
8 Leverage Ratio Exposure	831,094	808,843	794,985	781,141

#### LEVERAGE RATIO COMMON DISCLOSURE (1)

(\$ millions except as noted)

		Leverage ratio	framework	
Item	Q2 2018	Q1 2018	Q4 2017	Q3 2017
On-balance sheet exposures				
1 On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	613,128	603,873	596,701	591,108
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(9,152)	(8,892)	(9,832)	(9,398)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	603,976	594,981	586,869	581,710
Derivative exposures				
4 Replacement cost associated with all derivative transactions (i.e., net of eligible cash variation margin)	7,332	6,067	7,084	7,212
5 Add-on amounts for PFE associated with all derivative transactions	24,214	23,736	23,937	22,135
6 Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-	-
7 (Deductions of receivables assets for cash variation margin provided in derivative transactions)	(2,436)	(3,217)	(2,700)	(3,998)
8 (Exempted CCP-leg of client cleared trade exposures)	(751)	(444)	(1,294)	(224)
9 Adjusted effective notional amount of written credit derivatives	123	116	1,638	846
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(123)	(116)	(1,638)	(846)
11 Total derivative exposures (sum of lines 4 to 10)	28,359	26,142	27,027	25,125
Securities financing transaction exposures				
12 Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	95,313	88,298	86,037	81,498
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	(3,636)	(4,455)	(9,192)	(7,037)
14 Counterparty credit risk (CCR) exposure for SFTs	5,935	6,045	4,917	5,651
15 Agent transaction exposures	-	-	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	97,612	89,888	81,762	80,112
Other off-balance sheet exposures				
17 Off-balance sheet exposure at gross notional amount	322,633	312,044	314,442	299,248
18 (Adjustments for conversion to credit equivalent amounts)	(221,486)	(214,212)	(215,115)	(205,054)
19 Off-balance sheet items (sum of lines 17 and 18)	101,147	97,832	99,327	94,194
Capital and Total Exposures				
20 Tier 1 capital	35,214	34,603	35,108	34,081
21 Total Exposures (sum of lines 3, 11, 16 and 19)	831,094	808,843	794,985	781,141
Leverage Ratios				,
22 Basel III leverage ratio	4.2%	4.3%	4.4%	4.4%

(1) Pursuant to revision by OSFI to the "Public Disclosure Requirements related to Basel III Leverage Ratio" published in December 2017, effective Q1 2018, the information is on all-in basis only.

## RECONCILIATION OF RETAIL AND WHOLESALE DRAWN BALANCES TO BALANCE SHEET

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(\$ millions except as noted)

			Q2 2018									
	LINE		AIRB Credit Risk		Standardized	Total Credit	Trading Book					
Description	#	Retail	Wholesale	Repo	Credit Risk	Risk	and other (1)	Balance Sheet				
Cash, Cash Equivalents and Interest Bearing Deposits with Banks	1	-	40,222	-	205	40,427	3,132	43,559				
Securities	2	-	63,834	-	58	63,892	101,488	165,380				
Securities Borrowed or Purchased under Resale Agreements	3	-	-	75,030	-	75,030	19,651	94,681				
Net Loans	4	122,136	202,027	-	29,643	353,806	15,095	368,901				
Customers' Liability Under Acceptances	5	-	16,370	-	15	16,385	-	16,385				
Derivative Instruments	6	-	-	-	-	-	26,588	26,588				
Other	7	-	8,503	3	799	9,305	18,770	28,075				
	8	122,136	330,956	75,033	30,720	558,845	184,724	743,569				

#### **RECONCILIATION OF TOTAL CREDIT RISK TO BALANCE SHEET**

(\$ millions except as noted)

(\$ millions except as noted)				
			Q2 2018	
			Trading Book	
		<b>Total Credit Risk</b>	and other (1)	Balance Sheet
Cash, Cash Equivalents and Interest Bearing Deposits with Banks	9	40,427	3,132	43,559
Securities	10	63,892	101,488	165,380
Securities Borrowed or Purchased under Resale Agreements	11	75,030	19,651	94,681
Net Loans	12	353,806	15,095	368,901
Customers' Liability Under Acceptances	13	16,385	-	16,385
Derivative Instruments	14	-	26,588	26,588
Other	15	9,305	18,770	28,075
Total on balance sheet	16	558,845	184,724	743,569
Undrawn Commitments	17	131,810		
Other Off Balance Sheet	18	18,688		
Off Balance Sheet Derivatives	19	2,221		
Off Balance Sheet Repo	20	108,724		
Total Off Balance Sheet	21	261,443		
Total Credit Risk	22	820,288		

(1) Includes trading book assets, securitized assets and other assets such as non significant investments, goodwill, deferred tax assets and intangibles.

RISK-WEIGHTED ASSETS (RWA)													ВМ	O 😫 Finar	ncial Group
				Bas	el III						Bas				
			Q2 2018						Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
		Expo	sure at Default (E	AD)		RWA		RWA	RWA						
	LINE	Standardized	Advanced		Standardized	Advanced									
(\$ millions except as noted)	#	approach	approach	Total	approach	approach	Total	Total							
Credit Risk															
Wholesale															
Corporate including specialized lending	1	20,151	278,414	298,565	20,159	84,403	104,562	98,113	100,421	96,905	106,087	101,494	104,488	101,300	98,764
Corporate small and medium enterprises (SMEs)	2	-	71,428	71,428	-	37,138	37,138	35,019	35,246	34,882	35,953	35,155	33,755	33,878	33,731
Sovereign	3	155	124,416	124,571	21	3,634	3,655	1,721	1,627	1,771	1,909	2,234	1,976	1,959	1,788
Bank	4	234	91,572	91,806	47	4,287	4,334	5,475	5,892	6,266	5,318	4,877	4,486	4,312	4,455
Retail															
Residential mortgages excluding home equity line of credits (HELOCs)	5	4,209	100,868	105,077	1,755	7,655	9,410	9,156	7,984	7,816	8,302	7,874	8,115	8,360	8,177
HELOCs	6	262	44,065	44,327	185	5,155	5,340	5,370	5,426	5,565	5,940	5,830	6,135	7,641	7,648
Qualifying revolving retail (QRR)	7	-	35,640	35,640	-	5,370	5,370	4,757	5,465	5,605	5,406	5,080	5,110	4,604	4,571
Other retail (excl. SMEs)	8	3,049	34,285	37,334	2,031	10,227	12,258	11,001	11,258	10,904	11,601	11,070	11,934	10,997	10,879
Retail SMEs	9	6,110	5,430	11,540	4,662	2,173	6,835	6,666	7,582	7,551	7,864	7,547	7,696	7,574	7,436
Equity	10	-	2,322	2,322	-	1,735	1,735	1,478	1,626	1,472	1,580	1,460	1,403	1,363	1,325
Trading book	11	98	88,679	88,777	75	9,862	9,937	10,032	9,542	9,605	10,970	10,267	9,675	9,758	9,754
Securitization	12	-	24,033	24,033	-	2,017	2,017	2,417	2,476	2,273	2,169	1,911	1,878	2,277	2,362
Other credit risk assets - non-counterparty managed assets	13	-	21,475	21,475	-	16,128	16,128	16,040	15,631	16,560	15,735	15,558	16,197	16,478	16,291
Scaling factor for credit risk assets under AIRB (1)	14	-	-	-	-	10,051	10,051	9,447	9,648	9,466	10,049	9,588	9,651	9,508	9,319
Total Credit Risk	15	34,268	922,627	956,895	28,935	199,835	228,770	216,692	219,824	216,641	228,883	219,945	222,499	220,009	216,500
Market Risk (2)	16	-	-	-	2,490	7,925	10,415	9,816	8,448	8,314	7,957	9,529	8,962	9,438	10,165
Operational Risk (3)	17	-	-	-	1,965	31,861	33,826	33,342	32,773	32,470	31,860	31,321	30,502	29,787	29,519
Common Equity Tier 1 (CET 1) Capital Risk-Weighted Assets before Capital floor (4)	18	34,268	922,627	956,895	33,390	239,621	273,011	259,850	261,045	257,425	268,700	260,795	261,963	259,234	256,184
Basel Capital Floor (4)	19	-	-	-	-	-	-	10,727	8,421	7,394	2,091	-	15,599	13,648	9,346
Common Equity Tier 1 (CET 1) Capital Risk-Weighted Assets (5)	20				33,390	239,621	273,011	270,577	269,466	264,819	270,791	260,795	277,562	272,882	265,530
Tier 1 Capital Risk-Weighted Assets before CVA and Capital floor	21					239,621	273,011	259,850	261,045	257,425	268,700	260,795	261,963	259,234	256,184
Additional CVA adjustment, prescribed by OSFI, for Tier 1 Capital (6)	22	-	-	-	-	173	173	166	290	293	296	280	380	380	369
Basel Capital Floor (4)	23	-	-	-	-	-	-	10,561	8,131	7,101	1,795	-	15,219	13,268	8,977
Tier 1 Capital Risk-Weighted Assets (5)	24				33,390	239,794	273,184	270,577	269,466	264,819	270,791	261,075	277,562	272,882	265,530
Total Capital Risk-Weighted Assets before CVA and Capital floor	25					239,621	273,011	259,850	261,045	257,425	268,700	260,795	261,963	259,234	256,184
Additional CVA adjustment, prescribed by OSFI, for Total Capital (6)	26	-	-	-	-	346	346	333	522	528	532	504	705	706	685
Basel Capital Floor (4)	27	-	-	-	-	-	-	10,394	7,899	6,866	1,559	-	14,894	12,942	8,661
Total Capital Risk Weighted Assets (RWA) (5)	28				33,390	239,967	273,357	270,577	269,466	264,819	270,791	261,299	277,562	272,882	265,530

	Q2 2018									
RWA CVA PHASE-IN CALCULATION (6)				Total RWA			RWA Net			
				Before CVA	CVA phase-in	Adjustment for	CVA			
		CVA	<b>OSFI Scalars</b>	phase-in	Adjustments	Capital Floor	phase-in			
		(A)	(B)	(C)	(D)=A*(100%-B)	(E)	(F)=C-D+E			
Common Equity Tier 1 (CET 1) Capital RWA	29	5,767	80%	274,164	1,153	-	273,011			
Tier 1 Capital RWA	30	5,767	83%	274,164	980	-	273,184			
Total Capital RWA	31	5,767	86%	274,164	807	-	273,357			

CAPITAL RATIOS FOR SIGNIFICANT BANK SUBSIDIARIES		2018	2018	2017	2017
		Q2	Q1	Q4	Q3
Bank of Montreal Mortgage Corporation - Basel III					
All-in Basis - Basel III (7)					
Common Equity Tier 1 ratio (5)	32	23.5%	20.3%	20.8%	21.7%
Tier 1 ratio (5)	33	23.5%	20.3%	20.8%	21.7%
Total capital ratio (5)	34	24.1%	20.7%	21.3%	22.2%
BMO Harris Bank N.A Basel I (8)					
Tier 1 ratio	35	12.8%	12.8%	13.0%	13.3%
Total capital ratio	36	14.0%	14.0%	14.2%	14.6%

(1) The scaling factor is applied to the risk-weighted asset amounts for credit risk under the AIRB approach.

(2) Standardized market risk is comprised of interest rate issuer risk.

(3) BMO uses the Advanced Measurement Approach (AMA), a risk sensitive model, along with the Standardized Approach under OSFI rules, to determine capital requirements for operational risk.

(4) Under OSFI's Capital Adequacy Requirements (CAR) Guideline, which governs advanced approaches, the bank calculates a Capital Floor and may be required to increase its risk-weighted assets if the Capital Floor applies. Effective Q2 2018, OSFI implemented the Basel II Capital Floor. Based on these requirements, there was no capital floor applicable for Q2 2018. The Basel I Floor was in effect and did apply in Q1 2018, Q4 2017, Q3 2017, Q2 2017, Q4 2016, Q3 2016 and Q2 2016.

(5) During the fourth quarter of 2016, ratios and RWA were amended for Q3 2016 and Q2 2016.

(6) Commencing Q1 2014, a new CVA regulatory capital charge has been applied to derivatives. For Q3 2014, OSFI introduced a new three tier capital approach with different scalars for each tier. See above for calculation and scalars percentages. CET1 CVA phase-in factors are

(a) Comminised of 1 2017 and 80% in 2018. (b) Calculated using Basel I guidelines currently in effect for U.S. regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013, continuing to January 1, 2022. OSFI required all institutions to have attained an article of 7% by the first quarter of 2013, and "all-in" target Tier 1 and Total Capital ratios of 8.5% and 10.5%, respectively, by Q1 2014. (8) Calculated using Basel I guidelines currently in effect for U.S. regulatory purposes and based on Harris N.A.'s calendar quarter-ends.

#### COMMON EQUITY TIER 1 (CET 1) CAPITAL RISK-WEIGHTED ASSETS BY OPERATING GROUPS

BMO 🖄 Financial Group

(\$ millions except as noted)	LINE #	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
				~ .			
Personal and Commercial Banking	1	170,545	163,039	165,005	160,839	168,788	163,604
Wealth Management	2	17,538	16,778	16,276	16,170	16,275	15,917
BMO Capital Markets	3	73,875	69,296	68,131	68,023	72,168	70,457
Corporate Services, including Technology and Operations, plus excess of Basel Capital Floor RWA over Basel III RWA	4	11,053	21,464	20,054	19,787	13,560	10,817
Total Common Equity Tier 1 Capital Risk-Weighted Assets	5	273,011	270,577	269,466	264,819	270,791	260,795

FLOW STATEMENT OF BASEL III REGULATORY CAPITAL							
		2018				2017	2017
(\$ millions except as noted)		Q2	Q1	Q4	Q3	Q2	Q1
Common Equity Tier 1 Capital							
Opening Balance	6	30,165	30,633	29,604	30,555	28,832	28,159
New capital issues	7	7	48	20,001	52	281	252
Redeemed capital	8	(488)	(294)	(91)	(349)		
		· · ·	· · · ·	( )	, ,		
Gross dividends (deduction)	9	(642)	(645)	(631)	(633)	(617)	(615)
Profit for the quarter (attributable to shareholders of the parent company)	10	1,246	973	1,227	1,387	1,247	1,487
Removal of own credit spread (net of tax)	11	(48)	80	42	(53)	121	31
Movements in other comprehensive income		( - /			()		-
- Currency Translation Differences	12	878	(959)	814	(2,158)	1,168	(686)
– Fair value through other comprehensive income securities (5)	13	(128)	(126)	10	(19)	118	(101)
– Other (1)	14	69	(2)	71	214	(211)	198
Goodwill and other intangible assets (deduction, net of related tax liability)	15	(262)	78	(212)	567	(368)	168
Other, including regulatory adjustments and transitional arrangements							
- Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)	16	35	394	(92)	143	(83)	71
– Prudential Valuation Adjustments	17	(34)	(5)	(4)	(5)	10	-
– Other (2)	18	(5)	(10)	(114)	(97)	57	(132)
Closing Balance	19	30,793	30,165	30,633	29,604	30,555	28,832
Other non-core Tier 1 (Additional Tier 1) Capital							
Opening Balance	20	4,438	4,475	4,477	4,073	4,075	4,077
New non-core tier 1 (Additional Tier 1) eligible capital issues	20	-,+30	-,+75		400	4,073 500	-,077
Redeemed capital	22	-	-	-	-	(500)	-
Other, including regulatory adjustments and transitional arrangements (3)	23	(17)	(37)	(2)	4	(2)	(2)
Closing Balance	24	4,421	4,438	4,475	4,477	4,073	4,075
Total Tier 1 Capital	25	35,214	34,603	35,108	34,081	34,628	32,907
Tier 2 Capital							
Opening Balance	26	6,607	5,488	6,283	5,671	5,461	5,626
New Tier 2 eligible capital issues	20		1,538	5,200	850		
Redeemed capital	28	(900)	-,000	(800)	-	-	-
Amortization adjustments	29	(300)	-	(000)	-	-	-
Other, including regulatory adjustments and transitional arrangements (4)	30	20	(419)	5	(238)	210	(165)
Closing Balance	31	5,727	6,607	5,488	6,283	5,671	5,461
Total Regulatory Capital	32	40,941	41,210	40,596	40,364	40,299	38,368

(1) Includes: AOCI on pension and other post-employment benefits and on own credit risk financial liabilities designated at fair value.

(2) Includes: Capital deductions for expected loss in excess of allowances, defined benefit pension assets (net of related deferred tax liability) and investment in own shares, changes in contributed surplus and threshold deductions.

(3) Includes: Corresponding deductions from Additional Tier 1 Capital and transitional arrangements (phased-out amount).

(4) Includes: Eligible allowances, transitional arrangements (phased-out amount) and corresponding deductions from Tier 2 Capital.

(5) Q4 2017 and prior periods represent available-for-sale securities.

#### CREDIT RISK RISK-WEIGHTED ASSETS (RWA) MOVEMENT BY KEY DRIVERS

BMO 🗭 Financial Group

		20	18	2018	2017	2017	2017	2017
		G	2	Q1	Q4	Q3	Q2	Q1
			Of which					
	LINE		counterparty credit					
(\$ millions except as noted)	#	Credit Risk	risk <i>(5)</i>	Credit Risk				
Opening Credit RWA, beginning of quarter	1	216,692	13,473	219,824	216,641	228,883	219,945	222,499
Book size (1)	2	6,225	(201)	3,105	735	1,816	2,902	314
Book quality (2)	3	169	(141)	(647)	(1,483)	(2,765)	(740)	780
Model updates (3)	4	23	-	(527)	(110)	(1,005)	(838)	-
Methodology and policy (4)	5	727	-	(127)	-	256	934	147
Acquisitions and disposals	6	-	-	-	-	-	-	-
Foreign exchange movements	7	4,934	97	(4,936)	4,041	(10,544)	6,680	(3,795)
Other	8	-	-	-	-	-	-	-
Closing Credit RWA, end of quarter	9	228,770	13,228	216,692	219,824	216,641	228,883	219,945

(1) Book size includes organic changes in book size and composition (including new business and maturing loans).

(2) Book quality captures the quality of book changes caused by experience such as underlying customer behaviour or demographics, including changes through model calibrations/realignments.

(3) Model updates includes model implementation, change in model scope or any change to address model malfunctions.

(4) Methodology and policy includes methodology changes to the calculations driven by regulatory policy changes, such as new regulation.

(5) Counterparty credit risk includes RWA for derivatives, repo-style transactions, trades cleared through central counterparties and CVA adjustment.

MARKET RISK RISK-WEIGHTED ASSETS (RWA) MOVEMENT BY K	EY DRIVERS					
	2018	2018	2017	2017	2017	2017
(\$ millions except as noted)	Q2	Q1	Q4	Q3	Q2	Q1
Market Risk RWA, beginning of quarter 1	9,816	8,448	8,314	7,957	9,529	8,962
Movement in risk levels (1) 1	569	1,208	152	350	(1,572)	1,096
Model updates (2) 1	2 -	-	-	-	-	
Methodology and policy (3) 1	3 30	160	(18)	7	-	(529
Acquisition and disposals 1	4 -	-	-	-	-	· ·
Foreign exchange movement and others 1	5 -	-	-	-	-	-
Market Risk RWA, end of quarter 1	6 10,415	9,816	8,448	8,314	7,957	9,529

(1) Movement in risk levels includes changes in exposures and market movements.

(2) Model updates includes updates to risk models to reflect recent experience and changes in model scope.

(3) Methodology and policy includes changes to the calculations driven by regulatory guidance and/or policy changes.

EQUITY SECURITIES EXPOSURE AMOUNT (1)														
(\$ millions except as noted)	LINE	2018	2018	2017	2017	2017	2017							
	#	Q2	Q1	Q4	Q3	Q2	Q1							
Equity investments used for capital gains (Merchant Banking)	1	565	542	529	503	525	497							
Equity investments used for mutual fund seed capital	2	48	44	13	10	34	23							
Equity used for other (including strategic investments)	3	1,709	1,450	1,663	1,527	1,650	1,583							
Total Equity Exposure	4	2,322	2,036	2,205	2,040	2,209	2,103							

(1) BMO's non-trading equity exposures are at a level that represents less than the 10% of the Bank's materiality threshold of the Bank's combined Tier 1 and Tier 2 Capital. As a result, the Bank uses

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OSFI-prescribed risk weights to calculate RWA on non-trading equity exposures.

(\$ millions except as noted)			Q2 2018			Q1 2018			Q4 2017			Q3 2017	
		Book	Market	Unrealized									
		Value	Value	Gain (Loss)									
Grandfathered													
Public	5	-	-	-	-	-	-	6	6	-	6	6	
Private													
Direct funds	6	-	-	-	-	-	-	124	124	-	119	119	
Indirect funds	7	-	-	-	-	-	-	29	29	-	30	30	
Total Grandfathered	8	-	-	-	-	-	-	159	159	-	155	155	
Non-grandfathered													
Public	9	11	11	-	15	15	-	10	10	-	10	10	
Private													
Direct funds	10	482	482	-	248	248	-	249	249	-	245	245	
Indirect funds	11	494	494	-	471	471	-	436	436	-	419	419	
Other	12	1,335	1,002	(333)	1,302	986	(316)	1,351	1,040	(311)	1,211	910	(3
Fotal Non-grandfathered	13	2,322	1,989	(333)	2,036	1,720	(316)	2,046	1,735	(311)	1,885	1,584	(3
Total Equities	14	2,322	1,989	(333)	2,036	1,720	(316)	2,205	1,894	(311)	2,040	1,739	(3

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1

reporting period

(3) (2) The schedule consists of corporate equity securities in the banking book only. Excluded are investments in deconsolidated subsidiaries and substantial investments, which are deducted (voluntarily in the case of merchant banking specialized financing entity investments)

from capital for regulatory capital calculation purposes.

#### BMO 🕋 Financial Group

EXPOSURE COVERED BY CREDIT RISK MITIGATION (1)			Q2 20	18			Q1 :	2018			Q4	2017	
(\$ millions except as noted)		Standard	lized	AIR	В	Standar	dized	AIR	B	Standa	rdized	AIR	В
			Exposure		Exposure		Exposure		Exposure		Exposure		Exposure
			Amount		Amount		Amount		Amount		Amount		Amount
			Covered By		Covered By		Covered By		Covered By		Covered By		Covered By
			Guarantees		Guarantees		Guarantees		Guarantees		Guarantees		Guarantees
	LINE	Gross	Or Credit	Adjusted	Or Credit	Gross	Or Credit	Adjusted	Or Credit	Gross	Or Credit	Adjusted	Or Credit
	#	Exposure (2)	Derivatives	EAD	Derivatives	Exposure (2)	Derivatives	EAD	Derivatives	Exposure (2)	Derivatives	EAD	Derivatives
Corporate (incl specialized lending and SMEs treated as corporate)	1	20,151	121	351,079	25,821	18,649	-	344,721	24,948	19,422	-	337,182	26,006
Sovereign	2	155	-	173,936	50,046	161	-	161,355	51,659	148	-	153,164	52,899
Bank	3	234	-	92,094	2,134	367	-	86,781	2,662	314	-	79,129	3,260
Total Corporate, Sovereign and Bank	4	20,540	121	617,109	78,001	19,177	-	592,857	79,269	19,884	-	569,475	82,165
Residential mortgages excluding home equity line of credits (HELOCs)	5	4,209	26	51,728	-	4,195	29	49,268	-	1,865	33	48,575	-
HELOCs	6	262	-	44,065	-	271	-	43,127	-	306	-	40,895	-
Other retail excl. SMEs and QRR	7	3,049	439	32,146	-	2,661	425	29,421	-	2,292	401	29,624	-
Qualifying revolving retail	8	-	-	35,640	-	-	-	34,465	-	-	-	34,826	-
Retail SMEs	9	6,110	-	5,430	-	6,013	-	5,196		6,854	-	4,112	-
Total Retail	10	13,630	465	169,009	-	13,140	454	161,477	-	11,317	434	158,032	-
Total Bank Banking Book Portfolios	11	34,170	586	786,118	78,001	32,317	454	754,334	79,269	31,201	434	727,507	82,165

 Total Bank Banking Book Portfolios
 11
 34,170
 586
 786,118

 (1) Credit risk mitigants herein include only credit derivatives and guarantees. Includes \$51.3 billion NHA or other mortgage insurance guarantees.
 51.3 billion NHA or other mortgage insurance guarantees.

Commercial collateral is reflected in the risk parameters (PDs, LGDs) for AIRB exposures and risk weights for exposures under the Standardized approach. None of the Standardized exposures have eligible financial collateral.

(2) Gross exposure means gross of all allowance for credit losses.

CREDIT RISK EXPOSURE BY GEOGRAPHIC REGION (3)													
(\$ millions except as noted)			Q2 20	18			Q1 2	018			Q4 2	017	
		Canada	U.S.	Other	Total	Canada	U.S.	Other	Total	Canada	U.S.	Other	Total
Corporate (incl specialized lending and SMEs treated as corporate)	12	161,289	192,523	16,181	369,993	158,651	189,749	13,281	361,681	162,961	178,342	13,607	354,910
Sovereign	13	39,345	70,132	15,094	124,571	35,564	61,141	13,597	110,302	39,691	51,675	9,582	100,948
Bank	14	18,649	42,501	30,656	91,806	20,577	37,147	28,862	86,586	15,193	33,415	30,279	78,887
Total Corporate, Sovereign and Bank	15	219,283	305,156	61,931	586,370	214,792	288,037	55,740	558,569	217,845	263,432	53,468	534,745
Residential mortgages excluding home equity line of credits (HELOCs)	16	94,326	10,751	-	105,077	94,302	10,404	-	104,706	94,498	8,307	-	102,805
HELOCs	17	37,368	6,959	-	44,327	36,567	6,831	-	43,398	33,913	7,288	-	41,201
Other retail excl. SMEs and QRR	18	28,542	8,288	504	37,334	28,483	5,380	441	34,304	28,540	5,251	374	34,165
Qualifying revolving retail	19	35,583	57	-	35,640	34,409	56	-	34,465	34,770	56	-	34,826
Retail SMEs	20	5,457	6,083	-	11,540	5,213	5,996	-	11,209	4,194	6,772	-	10,966
Total Retail	21	201,276	32,138	504	233,918	198,974	28,667	441	228,082	195,915	27,674	374	223,963
Total Bank	22	420,559	337,294	62,435	820,288	413,766	316,704	56,181	786,651	413,760	291,106	53,842	758,708

CREDIT RISK EXPOSURE BY INDUSTRY (3)															
(\$ millions except as noted)				Q2 2018	}					Q1 2	2018		Ĩ	Q4 2017	Q3 2017
					Other Off						Other Off				
			Commitments		Balance	Repo Style			Commitments		Balance	Repo Style			
		Drawn	(Undrawn) (4)	OTCs	Sheet Items	Transactions	Total	Drawn	(Undrawn) (4)	OTCs	Sheet Items	Transactions	Total	Total	Total
Agriculture	23	10,887	1,770	-	18	-	12,675	10,552	1,709	-	13	-	12,274	12,568	12,493
Communications	24	553	998	-	296	-	1,847	555	1,002	-	288	-	1,845	1,871	1,810
Construction	25	3,918	2,887	-	1,232	-	8,037	3,344	2,682	-	1,131	-	7,157	7,619	7,567
Financial (5)	26	94,038	21,084	2,018	4,669	176,842	298,651	97,489	20,248	2,092	4,671	165,718	290,218	253,937	276,839
Government	27	40,007	2,203	-	703	6,915	49,828	35,495	2,123	-	683	5,091	43,392	50,380	46,108
Manufacturing	28	21,426	12,014	8	1,330	-	34,778	19,478	11,819	9	1,320	-	32,626	33,364	30,772
Mining	29	1,457	3,646	-	1,020	-	6,123	1,239	3,143	-	1,022	-	5,404	5,566	5,425
Other	30	7,594	108	190	253	-	8,145	7,732	61	(197)	452	-	8,048	10,270	7,259
Real estate	31	29,035	6,867	1	786	-	36,689	27,327	6,401	-	789	-	34,517	34,292	32,499
Retail trade	32	19,750	3,062	-	553	-	23,365	17,854	3,272	-	532	-	21,658	22,175	21,219
Service industries	33	37,037	11,393	3	2,446	-	50,879	35,121	11,093	1	2,402	-	48,617	48,762	46,579
Transportation	34	6,631	2,125	-	917	-	9,673	6,148	1,934	-	849	-	8,931	8,823	8,469
Utilities	35	3,215	4,572	-	2,178	-	9,965	3,081	4,474	-	2,110	-	9,665	9,895	9,479
Wholesale trade	36	12,520	4,185	1	442	-	17,148	11,609	4,381	1	485	-	16,476	16,597	15,345
Individual	37	186,961	46,829	-	130	-	233,920	182,127	45,830	-	126	-	228,083	223,962	221,088
Oil and Gas	38	8,025	7,660	-	1,649	-	17,334	7,562	7,351	-	1,665	-	16,578	17,387	16,498
Forest products	39	758	407	-	66	-	1,231	750	348	-	64	-	1,162	1,240	1,108
Total	40	483,812	131,810	2,221	18,688	183,757	820,288	467,463	127,871	1,906	18,602	170,809	786,651	758,708	760,557

 Total
 40
 483,812
 131,810
 2.221
 18,688
 183,757
 820,288
 467,463

 (3) Credit exposure excluding Equity, Securitization, Trading Book and other assets such as non-significant investments, goodwill, defered tax assets and intangibles.
 (4) This includes credit exposures on committed undrawn amounts of loans, derived a sextimated drawdown under the Advanced thermal Rating Based approach to by application of Credit Conversion Factors under the Standardized approach.
 (5) Includes \$40.5 billion of deposits with Financial Institutions as at April 30, 2018 (\$45.4 billion as at January 31, 2018, \$34.9 billion as at October 31, 2017, and \$35.0 billion as at July 31, 2017).
 Standardized approach.

(\$ millions except as noted)											
				Q2 2	2018					Q1 2	018
					Other Off				i .	,	
	LINE		Commitments		Balance	Repo Style			Commitments		1
	#	Drawn	(Undrawn)	OTCs	Sheet Items	Transactions	Total	Drawn	(Undrawn)	OTCs	Ş
Basel III Asset Classes											
Corporate (incl specialized lending and SMEs treated as corporate)	1	180,108	77,303	87	15,026	97,469	369,993	176,843	74,608	49	
Sovereign	2	97,121	3,694	-	1,805	21,951	124,571	84,532	3,416	-	
Bank	3	19,621	3,987	2,134	1,727	64,337	91,806	23,963	4,016	1,857	
Total Corporate, Sovereign and Bank Exposure	4	296,850	84,984	2,221	18,558	183,757	586,370	285,338	82,040	1,906	
Residential mortgages excluding home equity line of credits (HELOCs)	5	104,900	97	-	80	-	105,077	104,551	76	-	
HELOCs	6	30,667	13,660	-	-	-	44,327	30,065	13,333	-	

2,221

34,640

7,615

9,140

186,962

483,812

7

8

10

11

2,689

28,025

2,355

46,826

131,810

#### CREDIT RISK EXPOSURE BY MAJOR ASSET CLASS (1)

Other retail excl. SMEs and QRR

Total Gross Credit Exposures

Qualifying revolving retail

Total Retail Exposures

Retail SMEs

CREDIT RISK BY RESIDUAL CONTRACT MATURITY BREAKDOWN Q2 2018 Q1 2018 Q4 2017 Q3 2017 (\$ millions except as noted) Other Off Other Off Commitments Balance Repo Style Commitments Balance Repo Style (Undrawn) OTCs (Undrawn) Total Drawn Sheet Items Transactions Total Drawn OTCs Sheet Items Transactions Total Total 232 1,084 590 12 13 14 Up to 1 year 161,156 76,679 369 13,892 183,608 435,704 162,541 75,925 12,786 170,809 422,293 387,092 395,852 1 to 5 years 259,537 63,119 49,843 1,302 4,639 149 315,470 246,173 47,685 4,261 5,675 300,617 304,560 67,056 301,651 Greater than 5 years 5,288 550 157 69,114 58,749 141 63,741 63.054 15 183,757 170,809 Total 483,812 131,810 2,221 18,688 820,288 467,463 127,871 1,906 18,602 786,651 758,708 760,557

183,757

37,334

35,640

11,540

233,918

820,288

31,770

6,803

8,936

182,125

467,463

2,529

27,662

2,231

45,831

127,871

PORTFOLIO BREAKDOWN BY BASEL APPROACHES													
(\$ millions except as noted)			Q2 20	18			Q1 2	2018			Q4 20	17	
		Standa	rdized	AIF	В	Standa	rdized	AIF	RB	Standa	rdized	All	RB
			Credit		Credit		Credit		Credit		Credit		Credit
			Equivalent		Equivalent		Equivalent		Equivalent		Equivalent		Equivalent
			Amount		Amount		Amount		Amount		Amount		Amount
		Drawn	on Undrawn	Drawn	on Undrawn	Drawn	on Undrawn	Drawn	on Undrawn	Drawn	on Undrawn	Drawn	on Undrawn
Corporate (incl specialized lending and SMEs treated as corporate)	16	16,863	2,857	163,245	74,446	15,478	2,750	161,365	71,858	15,876	2,943	163,188	72,577
Sovereign	17	145	10	96,976	3,684	148	12	84,384	3,404	122	25	75,252	3,086
Bank	18	165	21	19,456	3,966	203	115	23,760	3,901	145	119	26,767	4,387
Total Corporate, Sovereign & Bank	19	17,173	2,888	279,677	82,096	15,829	2,877	269,509	79,163	16,143	3,087	265,207	80,050
Residential mortgages excluding home equity line of credits (HELOCs)	20	4,129	-	100,771	97	4,116	-	100,435	76	1,778	-	100,855	86
HELOCs	21	262	-	30,405	13,660	271	-	29,794	13,333	306	-	29,674	11,221
Other retail excl. SMEs and QRR	22	3,045	-	31,595	2,689	2,656	-	29,114	2,529	2,287	-	29,410	2,463
Qualifying revolving retail	23	-	-	7,615	28,025	-	-	6,803	27,662	-	-	7,271	27,555
Retail SMEs	24	6,111	-	3,029	2,355	6,013	-	2,923	2,231	6,854	-	2,178	1,898
Total Retail	25	13,547	-	173,415	46,826	13,056	-	169,069	45,831	11,225	-	169,388	43,223
Total Bank	26	30,720	2,888	453,092	128,922	28,885	2,877	438,578	124,994	27,368	3,087	434,595	123,273

-5

45

130

18,688

(1) Credit exposure excluding Equity, Securitization, Trading Book and other.

BMO 🖄 Financial Group

Total

354,910

100,948

78,887

534,745

102.805

41,201

34,165

34,826

10,966

223,963

758,708

Other Off Balance

Sheet Item

1,906

14,958 1,754 1,764

18,476

79

5

42

126

18,602

Repo Style Transactions

95,223

20,600

54,986

170,809

170,809

Total

361,681

110,302

86,586

558,569

104.706

43,398

34,304

34,465

11,209

228,082

786,651

Q4 2017 Q3 2017

Total

355,150

93.890

90,429

539,469

101.784

40,560

33,154

34,640

10,950

221,088

760,557

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CREDIT EXPOSURE OF PORTFOLIOS UNDER STANDARDIZED APPROACH BY RISK WEIGHT (1) (2)

						• • • • • • • • • • • • • • • • • • • •			
(\$ millions)	LINE				Q2 :	2018			
Risk Weights	#	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios									
Corporate (incl SMEs treated as Corporate)	1	-	199	-	17	-	19,465	430	20,111
Sovereign	2	52	103	-	-	-	-	-	155
Bank	3	-	234	-	-	-	-	-	234
Total Wholesale portfolios	4	52	536	-	17	-	19,465	430	20,500
Total Retail portfolios									
Retail residential mortgages (including HELOCs)	5	-	26	3,555	-	798	93	-	4,472
Other retail	6	438	2	-	-	2,491	1	108	3,040
SME treated as retail	7	-	-	-	-	5,991	-	113	6,104
Total Retail portfolios	8	438	28	3,555	-	9,280	94	221	13,616
Total	9	490	564	3,555	17	9,280	19,559	651	34,116

					Q1 2	2018			
Risk Weights		0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios Corporate (incl SMEs treated as Corporate)	10	-	76		16	-	18.270	250	18.612
Sovereign	11	-	-	-	156	-	4	-	160
Bank	12	-	-	-	-	-	367	-	367
Total Wholesale portfolios	13	-	76	-	172	-	18,641	250	19,139
Total Retail portfolios Retail residential mortgages (including HELOCs)	14	-	29	3,534	-	816	86	-	4,465
Other retail	15	424	1	-	-	2,115	1	108	2,649
SME treated as retail	16	-	-	-	-	5,894	-	111	6,005
Total Retail portfolios	17	424	30	3,534	-	8,825	87	219	13,119
Total	18	424	106	3,534	172	8,825	18,728	469	32,258

					Q4 2	2017			
Risk Weights		0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios									
Corporate (incl SMEs treated as Corporate)	19	-	71	-	18	-	19,010	310	19,409
Sovereign	20	-	-	-	143	-	5	-	148
Bank	21	-	-	-	-	-	314	-	314
Total Wholesale portfolios	22	-	71	-	161	-	19,329	310	19,871
Total Retail portfolios									
Retail residential mortgages (including HELOCs)	23	-	33	1,117	-	927	94	-	2,171
Other retail	24	392	8	-	-	1,765	10	117	2,292
SME treated as retail	25	-	-	-	-	6,718	-	128	6,846
Total Retail portfolios	26	392	41	1,117	-	9,410	104	245	11,309
Total	27	392	112	1,117	161	9,410	19,433	555	31,180

					Q3 2	2017			
Risk Weights		0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios									
Corporate (incl SMEs treated as Corporate)	28	-	1,125	-	18	-	18,163	291	19,597
Sovereign	29	-	-	-	113	-	5	-	118
Bank	30	-	-	-	-	-	308	-	308
Total Wholesale portfolios	31	-	1,125	-	131	-	18,476	291	20,023
Total Retail portfolios									
Retail residential mortgages (including HELOCs)	32	-	34	1,167	-	995	102	-	2,298
Other retail	33	403	40	-	-	1,635	-	126	2,204
SME treated as retail	34	-	-	-	-	6,746	-	121	6,867
Total Retail portfolios	35	403	74	1,167	-	9,376	102	247	11,369
Total	36	403	1,199	1,167	131	9,376	18,578	538	31,392

					Q2 2	2017			
Risk Weights		0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios									
Corporate (incl SMEs treated as Corporate)	37	-	55	-	20	-	20,535	367	20,977
Sovereign	38	-	-	-	103	-	6	-	109
Bank	39	-	-	-	-	-	339	-	339
Total Wholesale portfolios	40	-	55	-	123	-	20,880	367	21,425
Total Retail portfolios									
Retail residential mortgages (including HELOCs)	41	-	40	1,366	-	1,190	118	-	2,714
Other retail	42	420	76	-	-	1,732	10	143	2,381
SME treated as retail	43	-	-	-	-	7,092	-	123	7,215
Total Retail portfolios	44	420	116	1,366	-	10,014	128	266	12,310
Total	45	420	171	1,366	123	10,014	21,008	633	33,735

(1) Exposure amounts are net of all allowance for credit losses. Exposures reflect the risk weights of the guarantors, where applicable.
 (2) Credit assessments by external credit rating agencies, including S&P and Moody's, are used to determine standardized risk weights based on guidelines issued by OSFI.

#### CORPORATE, SOVEREIGN AND BANK CREDIT EXPOSURE BY RISK CATEGORY UNDER AIRB APPROACH (1)

### BMO 😩 Financial Group

Corporate Sovereign Bank Exposures				Q2 2018					Q1 2018					Q4 2017					Q3 2017		
(\$ millions)			Total		То	tal		Total		To	tal		Total		То	tal		Total		Тс	otal
					Exposure Weighted	Exposure Weighted															
L L L L L L L L L L L L L L L L L L L	LINE			Total	Average	Average Risk			Total	Average	Average Risk			Total	Average	Average Risk			Total	Average	Average Risk
Risk Profile	#	Drawn	Undrawn	Exposure	LGD%	weight	Drawn	Undrawn	Exposure	LGD%	weight	Drawn	Undrawn	Exposure	LGD%	weight	Drawn	Undrawn	Exposure	LGD%	weight
Total investment grade	1	246,173	60,458	306,631	23.12%	15.99%	243,007	58,051	301,058	22.66%	15.07%	240,776	58,778	299,554	22.82%	15.54%	242,510	55,768	298,278	23.12%	15.40%
Non-investment grade	2	80,658	20,953	101,611	34.21%	64.42%	75,941	20,444	96,385	33.98%	63.25%	74,745	20,586	95,331	34.60%	64.41%	70,841	19,603	90,444	34.35%	65.47%
Watchlist	3	3,043	471	3,514	31.44%	117.21%	2,925	429	3,354	31.90%	120.16%	3,204	525	3,729	31.77%	119.13%	3,171	542	3,713	31.01%	118.83%
Default	4	1,082	214	1,296	39.18%	282.67%	1,101	239	1,340	39.18%	272.60%	1,096	161	1,257	40.95%	283.76%	1,091	193	1,284	40.24%	279.47%
	5	330,956	82,096	413,052			322,974	79,163	402,137			319,821	80,050	399,871			317,613	76,106	393,719		

			Q2 2018					Q1 2018					Q4 2017					Q3 2017		
		Total		Το	tal		Total		To	tal		Total		Tota	al		Total		To	tal
	Drawn	Undrawn	Total Exposure	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure	Exposure Weighted Average LGD%	Exposure Weighted Average Ris weight
6	17 635	12 651	30.286	25.03%	2 76%	17 125	12 312	29.437	24.88%	2 74%	16 628	10 357	26 985	23.88%	2 72%	14 825	9 986	24 811	24 37%	2.76
7																	558			4.8
8	11.860	143	12.003	21.00%		10.805	141	10.946	22.10%	17.78%	10,734	147		19.93%	15.81%	11,212		11.362		14.9
9	12 137	142	12 279	19.68%		12 019	143	12 162	19.62%	39.46%		115		18.96%	37.89%	12 423		12,550		37.5
10	828	160		30.44%						163.44%	879	154				864				157.4
11	575	2	577	38.91%	257.18%	575	2	577		251.05%	588	1	589	35.70%	274.01%	594	1	595	36.42%	277.85
12	82.036	13 757	95 703			78 087	13 / 09	02 306			78 163	11 307	89.470			76 475	10 947	87 422		
12	02,000	10,707	33,133			10,301	13,403	32,330			70,105	11,507	03,470			10,415	10,341	07,422		
		15,945	16,200	73.14%					73.38%		267	15,811	16,078		1.69%	296	15,212	15,508		1.6
																				4.72
																				53.54
																				53.54
		190										160					1/5			769.44
10	13	9	02	51.34%	299.09%	12		63	50.06%	320.69%	67	9	70	01.72%	771.54%	65	9	74	01.55%	/09.44
19	7,615	28,025	35,640			6,803	27,662	34,465			7,271	27,555	34,826			7,397	27,243	34,640		
													1	1						
20	1,502	1,538	3,040	42.19%	4.74%	1,461	1,497	2,958	42.33%	4.75%	1,440	1,359	2,799	41.63%	4.77%	1,260	1,291	2,551	42.72%	4.88
	11,381	1,790	13,171	31.53%	8.95%					8.89%	9,608		11,011			9,257				9.04
	9,798	1,308	11,106	60.90%	33.63%					34.27%			11,044						63.86%	36.26
	8,659	267	8,926	48.48%			270			54.31%		270		48.74%					49.13%	59.16
24	912	140	1,052	66.75%	131.77%	836	113	949	68.40%	135.37%	795	109	904	78.00%	154.42%	772	99	871	78.07%	154.81
25	233	1	234	47.34%	295.71%	208	1	209	48.00%	341.81%	187	1	188	49.07%	555.19%	165	1	166	48.35%	538.10
26	32,485	5.044	37.529			29.814	4.760	34.574			29.340	4.361	33.701			28.501	4.182	32.683		
	11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	6         17,635           7         331,8001           8         11,802           9         12,137           10         828           11         575           12         82,036           13         255           14         544           15         3,294           16         2,795           17         654           18         73           19         7,615           20         1,502           21         11,302           23         8,659           24         9,798           25         2233	6         17.635         12.651           7         39.001         659           8         11.800         143           9         12.137         142           10         828         160           11         575         2           12         82.036         13.757           13         255         15.945           14         5.44         5.449           15         3.294         4.220           16         2.795         1.706           17         654         196           18         73         9           19         7.615         28.025           20         1.502         1.538           21         11.381         1.700           23         8.659         267           24         9.798         1.308           23         8.659         267           25         233         1	Drawn         Undrawn         Exposure           6         17.635         12.651         30.286           7         39.001         659         39.660           8         11.860         143         12.003           9         12.137         142         12.203           11         575         2         577           12         82.036         13.757         95.793           13         255         15.945         16.200           14         5.449         6.433           15         3.244         4.220         7.514           16         2.795         1.706         4.501           18         73         9         822           19         7.615         28.025         35.640           20         1.502         1.538         3.040           21         9.788         1.706         4.501           22         1.502         1.308         1.106           23         8.659         267         8.926           24         9.798         1.308         1.106           23         8.659         267         8.926           24         9.789<	Drawn         Undrawn         Total Exposure         Weighted Nrggo LG9%           6         17,835         12,651         30,286         25,03%           7         39,001         659         39,660         17,72%           8         11,800         143         12,033         21,00%           9         12,137         142         12,203         21,00%           10         828         160         988         30,44%           11         575         2         577         38,91%           12         82,036         13,757         95,793         -           13         255         15,945         16,200         73,14%           14         5449         6,433         70,42%           15         3,294         4,220         7,514         86,64%           16         2,795         1,706         4,501         76,697           17         654         1,706         4,501         76,978           18         73         9         82         51,34%           19         7,615         28,025         35,640         -           20         1,502         1,538         3,040         42,19%	Drawn         Undrawn         Total Exposure         Weighted LGD%         Weighted Average Risk, weight           6         17,635         12,651         30,286         25,03%         2.76%           7         39,001         659         39,660         17,72%         5.03%           8         11,860         143         12,003         21,00%         16,87%           9         12,137         142         12,203         21,00%         16,87%           11         575         2         577         38,91%         257.18%           12         82,036         13,757         95,793         -         -           13         255         15,945         16,200         7,314%         1.67%           14         544         5,499         6,493         70,42%         4,88%           15         3,294         4,220         7,514         68,64%         21,07%           16         2,795         1,706         4,501         76,87%         22,099%           19         7,615         28,025         35,640         -         -           20         1,502         1,538         3,040         42,19%         8,474%           21	Drawn         Undrawn         Total Exposure         Weighted LGD%         Weighted weight         Drawn           6         17,635         12,651         30,286         25,03%         2.76%         17,125           7         39,001         659         39,660         17,72%         5.03%         37,604           8         11,860         143         12,003         21,00%         16,97%         12,013           9         12,137         142         12,203         21,00%         16,97%         12,019           10         528         150         988         30,44%         159,05%         559           12         62,036         13,757         95,793         -         -         78,987           13         2255         15,945         16,200         73,14%         1.67%         117           14         544         5,949         6,493         70,42%         4,86%         492           17         664         196         850         69,11%         12,07%         3,190           18         73         9         82         51,34%         29,09%         72           19         7,615         28,025         35,640	Drawn         Undrawn         Total Exposure         Weighted LGD%         Weighted Weighted LGD%         Drawn         Undrawn           6         17,635         12,651         30,286         25,03%         2.76%         17,125         12,312           7         39,001         659         39,660         17,72%         5.03%         37,604         144           9         12,137         142         12,203         21,00%         16,97%         10,805         141           9         12,137         142         12,203         30,44%         159,05%         859         170           11         675         2         577         38,91%         257,18%         575         2           12         62,036         13,757         95,793         -         -         78,987         13,409           13         255         15,945         16,200         73,14%         1,67%         411         16,003           14         544         5,949         6,433         70,42%         4,868         492         5,700           15         3,224         4,220         7,514         86,84%         12,07%         3,230         1,602         187           <	Image: Constraint of the synthesis of the synthesynthesis of the synthesis of the synthesis of the syn	Image: Drawn         Total Undrawn         Weighted Exposure         Weighted LGD%         Weighted Weighted Weighted         Drawn         Total Undrawn         Total Exposure         Weighted LGD%           6         17,635         12,651         30,266         25,03%         2,76%         17,125         12,312         29,437         24,88%           7         39,001         659         39,660         17,72%         5,03%         37,604         641         38,245         17,51%           9         12,137         142         12,203         21,00%         16,97%         12,019         143         12,162         19,62%           10         828         1100         988         39,79%         12,019         143         12,162         19,62%           11         675         2         577         38,91%         257,18%         575         2         577         38,15%           12         62,036         13,757         95,793         -         78,987         13,409         92,396         -           13         2255         15,945         16,200         73,14%         14,77%         41,98         7,349         99,95%           16         2,795         1,706	Image: Constraint of the system of	Image: Constraint of the system         Weighted LGD%         Weighted LGD%	Image: Problem         Total Log 2         Weighted Log 2         <	Image: Drawn         Total         Weighted LGD%         Weighted Weighted LGD%         Weighted Drawn         Weighted LGD%         Total Weighted LGD%         Weighted Weighted Weighted LGD%         Total Weighted Weighte	Drawn         Total         Weighted Exposure         Weighted Weight         Total Drawn         Weighted Weight         Weighted Weight <th< td=""><td>Image: Drawn         Total         Weighted Exposure         Weighted Weighted Brown         Total Undrawn         Weighted Exposure         Weighted Weighted Exposure         Weighted Weighted Brown         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Weighted Exposure         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted           6         17.635         12.651         30.286         25.035 30.600         2.765 77         17.725 50.33         57.794         18.937 16.875         11.055 17.75         2.0437         12.498 17.01         12.019         11.375         10.734         14.203 11.5         11.2075         30.755 17.03         11.007         30.618 15.81%         10.337 164.00%         28.985 30.70%         12.019 164.00%         11.409         9.236 16.00%         10.785 30.81%         11.007         89.470        </td><td>Drawn         Total         Weighted Average Risk unight         Weighted Drawn         Weighted LOD%         Weighted Weight         Weighted Weight         Weighted Weight         Weighted Weight         Total Drawn         Weighted Undrawn         Weighted Weight         Weighted Weighted         Weighted         Weighted</td><td>Drawn         Total         Weighted Average Risk velight         Total         Weighted Average Risk velight         Total         Weighted Average Risk velight         Weighted Kerright Risk velight         Weighted Risk velight         Weighted Kerright Risk velight         Weighted Risk velight         Weighted Risk         Weighted Risk         Weighted Risk         <th< td=""><td>Drawn         Undrawn         Total         Weighted Average Risk velgth         Total         Weighted Average Risk velgth         Drawn         Total Exposure         Weighted Average Risk velgth         Drawn         Total Exposure           6         17.635         12.651         30.366         25.038         27.098         17.055         12.312         28.437         27.488         17.265         10.357         22.988         22.888         27.298         14.322         9.986         28.811           7         30.001         52.903         27.098         17.055         12.312         28.437         27.888         17.285         37.784         18.985         42.888         42.888         42.888         42.888         42.888         42.888         42.888         42.888         18.985         44.828         9.986         28.811         11.12         19.828         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         12.073         145         13.896         12.273         14.58         18.989         12.273         14.989         18.989         12.273         14.600%         27.491%         12.252         19.891         16.800%         27.491%</td><td>Drawn         Undrawn         Total Nerges LGDV         Weighted weight         Total Undrawn         Weighted LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Nor Nerges LGDV         Nor Nerges LGDV        Nor Nerges LGDV&lt;</td></th<></td></th<>	Image: Drawn         Total         Weighted Exposure         Weighted Weighted Brown         Total Undrawn         Weighted Exposure         Weighted Weighted Exposure         Weighted Weighted Brown         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Weighted Exposure         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted Weighted         Drawn         Undrawn         Total Exposure         Weighted Weighted           6         17.635         12.651         30.286         25.035 30.600         2.765 77         17.725 50.33         57.794         18.937 16.875         11.055 17.75         2.0437         12.498 17.01         12.019         11.375         10.734         14.203 11.5         11.2075         30.755 17.03         11.007         30.618 15.81%         10.337 164.00%         28.985 30.70%         12.019 164.00%         11.409         9.236 16.00%         10.785 30.81%         11.007         89.470	Drawn         Total         Weighted Average Risk unight         Weighted Drawn         Weighted LOD%         Weighted Weight         Weighted Weight         Weighted Weight         Weighted Weight         Total Drawn         Weighted Undrawn         Weighted Weight         Weighted Weighted         Weighted         Weighted	Drawn         Total         Weighted Average Risk velight         Total         Weighted Average Risk velight         Total         Weighted Average Risk velight         Weighted Kerright Risk velight         Weighted Risk velight         Weighted Kerright Risk velight         Weighted Risk velight         Weighted Risk         Weighted Risk         Weighted Risk <th< td=""><td>Drawn         Undrawn         Total         Weighted Average Risk velgth         Total         Weighted Average Risk velgth         Drawn         Total Exposure         Weighted Average Risk velgth         Drawn         Total Exposure           6         17.635         12.651         30.366         25.038         27.098         17.055         12.312         28.437         27.488         17.265         10.357         22.988         22.888         27.298         14.322         9.986         28.811           7         30.001         52.903         27.098         17.055         12.312         28.437         27.888         17.285         37.784         18.985         42.888         42.888         42.888         42.888         42.888         42.888         42.888         42.888         18.985         44.828         9.986         28.811         11.12         19.828         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         12.073         145         13.896         12.273         14.58         18.989         12.273         14.989         18.989         12.273         14.600%         27.491%         12.252         19.891         16.800%         27.491%</td><td>Drawn         Undrawn         Total Nerges LGDV         Weighted weight         Total Undrawn         Weighted LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Nor Nerges LGDV         Nor Nerges LGDV        Nor Nerges LGDV&lt;</td></th<>	Drawn         Undrawn         Total         Weighted Average Risk velgth         Total         Weighted Average Risk velgth         Drawn         Total Exposure         Weighted Average Risk velgth         Drawn         Total Exposure           6         17.635         12.651         30.366         25.038         27.098         17.055         12.312         28.437         27.488         17.265         10.357         22.988         22.888         27.298         14.322         9.986         28.811           7         30.001         52.903         27.098         17.055         12.312         28.437         27.888         17.285         37.784         18.985         42.888         42.888         42.888         42.888         42.888         42.888         42.888         42.888         18.985         44.828         9.986         28.811         11.12         19.828         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         17.785         12.073         145         13.896         12.273         14.58         18.989         12.273         14.989         18.989         12.273         14.600%         27.491%         12.252         19.891         16.800%         27.491%	Drawn         Undrawn         Total Nerges LGDV         Weighted weight         Total Undrawn         Weighted LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Weighted Nerges LGDV         Nor Nerges LGDV         Nor Nerges LGDV        Nor Nerges LGDV<

 Other retail and Retail SME
 30
 32.485
 5.044

 Total Standardzed portfolio
 31
 30.720
 2.888

 Total Portfolio
 32
 433.812
 131.810

 (1) Figures are adjusted exposure at default amounts (Post Credit Risk Mitigation) and Risk Weights are prior to the application of the Basel Capital Floor.
 16.812

WHOLESALE CREDIT EXPO	OSUR	E BY PORTFOLIO AI	ND RISK CATEGO	RY UNDER AIRB	APPROACH (1)	(2)							вмо 🗳	Financia	l Group
								Q2 2018					Q1 2018		
Risk Profile (\$ millions except as noted)	LINE #	BMO Rating	PD Range	Moody's Investors Service implied equivalent	Standard & Poor's implied equivalent	Exposure at Default	Average PD (%)	Exposure Weighted Average LGD%	RWA (3)	Exposure Weighted Average Risk weight	Exposure at Default	Average PD (%)	Exposure Weighted Average LGD%	RWA (3)	Exposure Weighted Average Ris weight
Investment Grade															
	1	l-1	≤0.02%	Aaa	AAA	63,033	0.01%	0.27%	33	0.05%	65,253	0.01%	0.26%	32	0.05
	2	I-2	>0.02% to ≤0.03%	Aaa/ Aa1	AAA/AA+	14,671	0.03%	20.19%	1,205	8.21%	14,085	0.03%	19.12%	1,040	7.38
	3	I-3	>0.03% to ≤0.07%	Aa2/Aa3	AA/AA-	31,770	0.05%	19.01%	3,507	11.04%	29,436	0.05%	21.03%	3,518	11.95
	4	I-4		A1/A2/A3	A+/A/A-	30,643	0.07%	29.18%	4,364	14.24%	29,558	0.07%	29.72%	4,324	14.63
	5	I-5		Baa1	BBB+	28,617	0.12%	33.51%	6,614	23.11%	28,431	0.12%	32.24%	6,190	21.77
	6	I-6	>0.19% to ≤0.32%		BBB	40,618	0.20%	35.27%	13,902	34.23%	38,111	0.20%	35.49%	12,872	33.78
	7	1-7	>0.32% to ≤0.54%	Baa3	BBB-	46,000	0.32%	35.24%	19,038	41.39%	42,718	0.32%	34.57%	17,022	39.85
	8					255,352			48,663		247,592			44,998	
Non-investment grade															
	9	S-1	>0.54% to ≤0.91%		BB+	47,641	0.66%	32.86%	25,533	53.59%	46,857	0.65%	32.62%	24,579	52.46
		S-2	>0.91% to ≤1.54%		BB	33,795	1.02%	35.12%	23,296	68.93%	29,890	1.02%	35.45%	20,613	68.96
		S-3	>1.54% to ≤2.74%		BB-	13,993	1.83%	37.17%	11,649	83.25%	13,479	1.83%	35.75%	10,710	79.46
		S-4	>2.74% to ≤5.16%	B1	B+	6,182	2.74%	32.89%	4,978	80.51%	6,159	2.74%	33.27%	5,058	82.12
Watchlist	13					101,611			65,456		96,385			60,960	
watchiist	14	P-1	>5.16% to ≤9.70%	<b>D</b> 2	P. C.	1.878	6.05%	31.52%	1.915	101.98%	1.715	6.18%	31.27%	1.712	99.90
1		P-1 P-2	>5.16% to ≤9.70% >9.70% to ≤18.23%		в В-	1,878	13.92%	31.52%	1,915	101.98%	1,715	13.93%	31.27%	1,712	139.03
		P-2 P-3	>18.23% to <100%		CCC/CC	272	20.07%	29.69%	396	145.62%	313	20.05%	30.68%	473	151.09
	10	P-3	<10.23% t0 <100%	Gaa I/Gaa2/Gaa3	000/00	3.514	20.07%	29.69%	4.118	145.62%	313	20.05%	30.68%	4/3	151.09
Default						0,014			4,110		0,004			4,025	
Deladit	18	T-1. D-1 to D-2	100%			1.296	100.00%	39.18%	3.661	282.67%	1.340	100.00%	39.18%	3,653	272.60
	19	,				1,296		50.1070	3.661		1,340		50.1070	3.653	272.00
Total	20					361,773			121,898		348,671			113,640	

 Total
 20

 (1) Figures are adjusted exposure at default amounts.
 (2) External rating groups reflect the most predominant alignment of groups to PD Band.

 (3) Prior to the application of the Basel Capital Floor.
 (3) Prior to the application of the Basel Capital Floor.

CREDIT QUALITY OF AIR	RB EXPO	SURE - RETAIL POR	TFOLIOS (1)																	
						Q2 20	018									Q1 2018				
Risk Profile (\$ millions except as noted)		PD Range	EAD	Notional of undrawn commitments	Exposure weighted- average EAD %	Exposure weighted- average PD (%)	Exposure weighted- average LGD%	Exposure weighted- average risk weight %	RWA (7)	Expected Losses (EL)	EL adjusted Average Risk weight % (2)	EAD	Notional of undrawn commitments	Exposure weighted- average EAD %	Exposure weighted- average PD (%)	Exposure weighted- average LGD%	Exposure weighted- average risk weight %	RWA (7)	Expected Losses (EL)	EL adjust Average Risk weig % (2)
Canadian Residential Mortga	iges and	HELOCs			5			5											,	
Insured Drawn and Undrawn	(3)																			
Exceptionally low	21	=<0.05%	46,716	-	100.00%	0.00%	26.49%	0.00%	-	-	0.00%	48,009	-	100.00%	0.00%	26.25%	6 0.00%	-	-	0.00
Very low	22	>0.05% to =<0.20%	2,509	-	100.00%	0.08%	38.13%	14.24%	357	-	14.26%	2,563	-	100.00%	0.08%	38.129		367	-	14.30
Low	23	>0.20% to =<0.75%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	-	-	0.00%	0.00%	0.00%		-	-	0.00
Medium	24	>0.75% to =<7.0%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	-	-	0.00%	0.00%	0.00%		-	-	0.00
High	25	>7.0% to =<99.9%	-	-	0.00%		0.00%	0.00%	-	-	0.00%	-	-	0.00%	0.00%			-	-	0.00
Default		100%	3		100.00%	100.00%	29.45%	368.15%	13		368.15%	3	-	100.00%	100.00%	29.64%		12		370.52
	27		49,228	-	100.00%	0.01%	24.99%	0.75%	370		0.75%	50,575	-	100.00%	0.01%	24.75%	6 0.75%	379	-	0.75
Uninsured Undrawn (4)																				1
Exceptionally low	28	=<0.05%	9,430	24,135	39.08%		16.33%	1.92%	181	1	2.00%	9,259	23,723	39.03%	0.04%	16.329		178	1	2.00
Very low	29	>0.05% to =<0.20%	589	1,691	34.82%	0.15%	18.97%	5.87%	35	-	6.21%	586	1,693	34.61%	0.15%			34		6.22
Low	30	>0.20% to =<0.75%	19	25	73.85%	0.61%	21.94%	19.72%	4	-	21.40%	18	25	72.76%	0.61%	21.56%		4	-	21.03
Medium	31 32	>0.75% to =<7.0% >7.0% to =<99.9%	116	563 36	20.54% 24.58%	1.20% 18.45%	16.46% 17.57%	22.27% 83.93%	26	-	24.73% 122.09%	121	594 40	20.45% 21.26%	1.27% 21.23%	16.479 16.219		28	-	25.66
High Default		>7.0% to =<99.9%	9	36	24.58%	18.45%	17.57%	211.73%	<i>'</i>	-	211.73%	8	40	21.26%	100.00%	16.219	6 1.66% 195.52%	4	-	124.44
Default	33	100%	10,165	26.462	38.41%	0.09%	18.70%	211.73%	257	- 1	211.73%	9,994	26.088	38.31%	0.10%	16.489		255	1	
Uninsured Drawn (5)	- 34		10,105	20,402	30.41%	0.09%	10.50%	2.52%	257	I	2.00%	9,994	20,000	30.31%	0.10%	10.407	0 2.55%	200	· · · · ·	2.12
Exceptionally low	35	=<0.05%	16,146			0.04%	17.19%	2.19%	353	1	2.29%	16,325			0.04%	16.52%	2.09%	341	1	2.18
Very low	36	>0.05% to =<0.20%	34,715			0.04%	16.12%	4.24%	1,471	6	4.47%	33,592			0.11%	15.95%		1,413	6	
Low	37	>0.20% to =<0.75%	10,541			0.61%	15.05%	13.31%	1,403	9	14.44%	9,635			0.60%	15.859		1,349	9	
Medium	38	>0.75% to =<7.0%	10,302			3.49%	15.06%	34.37%	3.541	50	40.44%	10,199			3.44%	15.039		3,470	49	
High	39	>7.0% to =<99.9%	406			33.37%	16.64%	80.82%	328	19	140.16%	357			37.45%		6 73.47%	262	18	
Default	40	100%	163			100.00%	14.34%	153.55%	250	11	240.63%	163			100.00%	14.949		240	12	
	41		72,273			1.06%	16.05%	10.17%	7,346	96	11.86%	70,271			1.07%	15.93%	6 10.07%	7,075	95	11.77
Qualifying Revolving Credit														•						
Exceptionally low		=<0.05%	16,200	30,259	53.09%		73.14%	1.67%	270	4	1.96%	16,120	30,080	53.38%	0.03%			269		
Very low	43	>0.05% to =<0.20%	6,493	8,720	70.08%	0.11%	70.42%	4.68%	304	5	5.68%	6,191	8,362	69.93%	0.11%			286	5	
Low	44	>0.20% to =<0.75%	7,514	10,494	54.50%	0.37%	68.64%	12.07%	907	19	15.27%	7,349	10,376	54.18%	0.36%	59.95%	10.56%	776	16	
Medium	45	>0.75% to =<7.0%	4,501	2,294	88.45%		76.97%	52.96%	2,384	81	75.36%	3,934	2,172	87.34%	2.31%	74.28%		2,016	68	
High	46	>7.0% to =<99.9%	850	289	90.15%	19.68%	69.11%	148.35%	1,261	110	310.72%	787	279	89.63%	19.60%	67.98%		1,143	98	
Default	47	100%	82 35.640	22 52.078	85.81% 59.71%		51.34% 72.04%	299.09%	244 5.370	33 252	800.23%	84 34,465	27 51.296	83.93% 59.32%	100.00%			266	30	774.03
Other Retail (6)	48		35,640	52,078	59.71%	1.10%	72.04%	15.07%	5,370	252	23.91%	34,465	51,296	59.32%	1.07%	69.75%	13.80%	4,750	221	21.82
			1 1			,		<u>г т</u>	1				1		1	1	1 1		1	1
Exceptionally low	49	=<0.05%	9.875	8.699	71.48%	0.03%	49.63%	4.51%	445	1	4.69%	9,687	8,351	71.82%	0.03%	49.07%	4.44%	430	1	4.61
Very low	49 50	>0.05% to =<0.20%	17,541	2,520	96.38%	0.13%	49.03 %	9.53%	1,672	7	10.06%	15,805	2,411	96.10%	0.13%			1,501	7	
Low	51	>0.20% to =<0.75%	12,463	2,520	90.94%		61.73%	35.02%	4,365	27	37.73%	11,468	2,411	90.45%	0.41%			4.077	25	
Medium	52	>0.75% to =<7.0%	10,787	512	98.01%		47.95%	60.89%	6,568	103	72.81%	10,406	512	97.92%	1.96%			5.954	92	
High	53	>7.0% to =<99.9%	1,626	526	87.39%		57.45%	161.33%	2.623	197	312.54%	1,612	504	87.55%	21.90%			2.696	193	
Default	54	100%	643	3	99.76%	100.00%	48.31%	296.98%	1,910	251	784.30%	618	3	99.75%	100.00%	47.739		1,908	222	
	55		52,935	14,935	89.37%	2.43%	46.27%	33.21%	17,583	586	47.06%	49,596	14,280	89.04%	2.51%	46.00%	33.40%	16,566	540	
Total	56	1	220,241	93 475		1.12%	34.39%	14.04%	30,926	935	19.36%	214.901	91,664	82.31%	1.11%			29.031	857	

(1) Represents retail exposures under the AIRB approach. Amounts are before allowance for credit losses.
 (2) EL adjusted average risk weight is calculated as (RWA + 12.5 x EL) / EAD.
 (3) Includes insured drawn and undrawn Canadian residential mortgages and home equity lines of credit.
 (4) Includes only uninsured undrawn Canadian residential mortgages and home equity lines of credit.
 (6) Includes all other retail exposures, such as drawn and undrawn retail exposures.
 (7) Prior to the application of the Basel Capital Floor.

WHOLESALE CREDIT EXPOSURE BY Canadian \$ in millions)	( RISK RATING UNDER A		ACH <i>(1)</i>											BMO 🗳 Fi	nancial Group
					Q2 2018							Q1 2018			
	LINE		Drawn			Undrawn		Total		Drawn			Undrawn		Total
	#	Bank	Corporate	Sovereign	Bank	Corporate	Sovereign	Exposures	Bank	Corporate	Sovereign	Bank	Corporate	Sovereign	Exposures
otal investment grade	1	15,511	86,866	143,796	3,751	52,962	3,745	306,631	19,183	90,648	133,176	3,614	51,055	3,382	301,
on-investment grade	2	4,282	73,833	2,544	320	20,563	69	101,611	4,981	68,571	2,389	391	20,008	45	96,
atchlist	3	11	3,023	9	-	469	2	3,514	11	2,910	4	5	423	1	3.
efault	4	-	1,077	4	-	215	-	1,296	-	1,097	4	-	239	-	1
	5	19.804	164,799	146.353	4.071	74,209	3.816	413.052	24,175	163,226	135.573	4.010	71,725	3.428	402

(1) Figures are adjusted exposures at default amounts (Post Credit Risk Mitigation)

			Q2 :	2018			Q1	2018	
		Residential mortgages and home equity lines of credit	Qualifying revolving retail	Other retail and retail small and medium-sized enterprises	Total exposures	Residential mortgages and home equity lines of credit	Qualifying revolving retail	Other retail and retail small and medium-sized enterprises	Total
Risk profile (probability of default):									· ·
Exceptionally Low (≤ 0.05%)	6	30,286	16,200	3,040	49,526	29,437	16,120	2,958	48,5
Very low (> 0.05% to 0.20%)	7	39,660	6,493	13,171	59,324	38,245	6,192	11,723	56,1
Low (> 0.20% to 0.75%)	8	12,003	7,514	11,106	30,623	10,946	7,349	10,169	28,4
Medium (> 0.75% to 7.00%)	9	12,279	4,501	8,926	25,706	12,162	3,934	8,566	24,6
High (> 7.00% to 99.99%)	10	988	850	1,052	2,890	1,029	787	949	2,
Default (100%)	11	577	82	234	893	577	83	209	
	12	95,793	35,640	37.529	168,962	92,396	34,465	34,574	161,4

(2) Figures are adjusted exposures at default amounts (Post Credit Risk Mitigation)

		Q2 :	2018	Q1 :	2018	Q4 2	2017	Q3 :	2017
Basel III Asset Classes	LINE #	Actual loss rate (1) (2)	Expected loss rate (1) (2)	Actual loss rate (1) (2)	Expected loss rate (1) (2)	Actual loss rate (1) (2)	Expected loss rate (1) (2)	Actual loss rate (1) (2)	Expected los rate (1) (2)
Non-retail									
Total Corporate (incl specialized lending and corporate SMEs)	1	0.09%	0.53%	0.12%	0.58%	0.12%	0.60%	0.11%	0.62
Sovereign	2	0.00%	0.01%	0.00%	0.01%	0.00%	0.01%	0.00%	0.01
Bank	3	0.00%	0.05%	0.00%	0.07%	0.00%	0.07%	0.00%	0.06
Retail									
Residential retail incl. HELOCs	4	0.07%	0.25%	0.04%	0.26%	0.05%	0.26%	0.03%	0.24
Other retail incl. SBE	5	0.35%	0.81%	0.33%	0.94%	0.34%	0.87%	0.36%	1.22
Qualifying revolving retail	6	2.28%	2.79%	2.31%	2.95%	2.27%	3.09%	2.28%	3.04

#### General

Expected loss (EL) rates which represent the loss rate predicted at the beginning of the most recent four quarter period are calculated using "through the cycle" risk parameters while actual loss rates are determined at a "point in time" and reflect more current economic conditions. "Through the cycle" parameters are conservatively estimated to include a long time horizon and as a result, actual losses may exceed expected losses during an economic downturn and may fall below expected losses during times of economic growth.

#### 1. Non-retail actual and expected loss rates are measured as follows:

Actual loss rate represents the 'point in time' credit losses (change in allowance for credit losses on impaired loans plus write-offs) less recoveries for the current and last three quarters divided by the quarterly average of outstandings for the same period beginning 15 months ago.

Expected loss rate is calculated using Basel III 'through the business cycle' parameters (PDxLGDxEAD) plus Best Estimate of Expected Loss for defaulted assets (BEEL), divided by outstanding balances at the beginning of the applicable four-quarter period.

#### 2. Retail actual and expected loss rates are measured as follows:

Actual loss rate represents write-offs net of recoveries for the current and prior three quarters divided by the quarterly average of outstanding balances for the same period beginning 15 months ago.

Expected loss rate is calculated using Basel III parameters PDxLGDxEAD plus Best Estimate of Expected Losses for defaulted assets (BEEL) divided by outstanding balances at the beginning of the applicable four-quarter period.

For residential mortgages, actual loss rate also includes changes in allowance for credit losses on impaired loans for the applicable four-quarter period.

#### **Commentary**

#### Non-Retail

Corporate Portfolios - Overall EL rates are stable, reflective of a relatively benign economic environment.

Bank and Sovereign – Actual losses continued to be \$nil. EL remained stable.

#### Retail

Overall, the Actual Loss rates for all retail asset classes are below Expected Loss rates. Actual loss rates remain relatively stable for all asset classes.

Expected loss rate for Residential Mortgage remains stable. Decreases in Expected Loss rates for QRRE and Other Retail are due to the removal of collectively assessed allowances for impaired loans, as per OSFI instruction, in Q2'17.

#### ESTIMATED AND ACTUAL LOSS PARAMETERS UNDER AIRB APPROACH

#### BMO 🖄 Financial Group

				Q2 20	18			Q1 2018							
		PD (1)	(2)	LGD (3) (4)		EAD (5) (6)		PD (1)(2)		LGD (3) (4)		EAD (	5) (6)		
Risk Profile	ile LINE							Average		Average					
(\$ millions except as noted)	#	estimated %	Actual %	estimated %	Actual %	Estimated \$	Actual \$	estimated %	Actual %	estimated %	Actual %	Estimated \$	Actual \$		
Wholesale															
Corporate including specialized lending	1	0.84%	0.42%	34.67%	18.91%	285	219	0.93%	0.54%	34.72%	20.61%	352	261		
Corporate small and medium enterprises (SMEs)	2	1.29%	0.58%	39.04%	28.75%	45	45	1.28%	0.57%	38.79%	29.49%	64	62		
Sovereign	3	0.10%	0.00%	13.16%	0.00%	-	-	0.11%	0.00%	12.60%	0.00%	-	-		
Bank	4	0.33%	0.00%	17.87%	0.00%	-	-	0.34%	0.00%	16.89%	0.00%	-	-		
Retail															
Residential mortgages excluding home equity line of credits (HELOCs) - Uninsured only (7) (8)	5	1.00%	0.69%	25.88%	13.98%	242	242	1.05%	0.71%		15.76%	235	235		
HELOCs (8)	6	0.55%	0.52%	36.10%	19.69%	195	191	0.58%	0.55%		20.81%	215	209		
Qualifying revolving retail (QRR)	7	1.29%	1.22%	84.37%	77.89%	495	480	1.25%	1.22%		77.81%	492	477		
Other retail (excl. SMEs)	8	4.85%	4.57%	83.86%	78.62%	-	292	5.37%	4.94%		80.22%	290	290		
Retail SMEs	9	1.27%	0.85%	95.57%	79.15%	31	28	1.27%	0.91%	95.65%	78.93%	33	30		

(1) Wholesale PDs are based on a borrower weighted average. There have been no Bank or Sovereign defaults in the past 12 months.

(2) Retail PD is based on account weighted average.

(3) Wholesale LGDs are expressed as an exposure weighted average. The LGD figures include back-dated resolved facilities.

(4) Retail LGD is based on weighted average of LGD eligible accounts.

(5) Wholesale EAD represented predicted vs. realized comparison for defaults in the previous 12 months. Term products are not included. No defaults in the Bank and Sovereign asset classes within the past 12 months.

(6) Retail EAD represents predicted vs. realized comparison for defaults in the previous 12 months.

(7) Mortgages insured by Canada Mortgage And Housing Corporation and private mortgage insurers are primarily included in Sovereign.

(8) Investor-owned mortgages are included in the Other Retail asset class.

AIRB REGULATORY CAPITAL CHARGES FOR SECURITIZATION EXPOSURES RETAINED OR PURCHASED BY RISK WEIGHTS

(\$ millions) Q2 2018 Q1 2018 Q4 2017 Q3 2017 Q2 2017 Exposure Traditional Securitizations LINE Exposure Capital Exposure Capital Capital Exposure Capital Exposure Capital **Risk Weights** Required Required Amount (1) Required Required Required # Amount (1) Amount (1) Amount (1) Amount (1) Bank Assets 37 12,332 65 6,438 7% 1 6,718 11.242 62 68 11,594 36 7.01% - 25% 2 196 2 208 3 216 3 143 2 2,007 14 25.01% - 50% 3 97 3 102 3 65 1 26 Greater than 50% 4 333 18 331 28 349 31 292 23 41 7 Less amount excluded from capital requirements for exceeding maximum KIRB capital (2) 5 6 7,247 56 11,878 95 12,999 104 12,094 91 8,512 Total Exposures, net of deductions 58 Exposures Deducted: From Tier 1 Capital: 7 Credit Card Receivables (3) **Residential Mortgages** 8 From Total Capital: Residential Mortgages 9 Total Exposures Deducted 10 95 7,247 56 11,878 12,999 104 12,094 91 8,512 Bank Assets Total Exposures 11 58 Third Party Assets 7% 12 12,238 68 11,535 52 10,571 47 10,646 50 11,598 59 7.01% - 25% 13 4,548 36 5,009 41 5,631 45 5,031 41 5,819 48 25.01% - 50% 14 50.01% - 100% 15 114 9 Greater than 100% 16 1 Default 17 5 5 Total Exposures, net of deductions 18 16,786 104 16,550 98 16,202 92 15,677 91 17,531 116 Exposures Deducted: From Total Capital: 19 Collateralized Debt Obligations (AAA/R-1 (High) Securities) Montreal Accord Assets 20 Residential Mortgages (Uninsured) 21 Other Pool Type 22 Trading Securities Reclassified to Fair Value through OCI Securities (4) 23 Total Exposures Deducted 24 25 104 16,550 98 16,202 15,677 17,531 Third Party Assets Total Exposures 16,786 92 91 116 Total Exposures 26 24,033 160 28,428 193 29,201 196 27,771 182 26,043 174

(1) Exposure amounts are on balance sheet values and the credit equivalent amount for off-balance sheet exposures.

(2) KIRB - IRB capital, inclusive of EL, of underlying assets as though they had not been securitized.

(3) Since inception, no capital has been assessed for the Bank's early amortization provisions associated with the investors' interest in Master Credit Card Trust II because the excess spread of the underlying portfolio

has remained above the threshold at which capital charges would be incurred.

(4) Q4 2017 and prior periods represent available-for-sale securities.

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AIRB REGUL ATORY CAPITAL	CHARGES FOR RESECURITIZATION	N EXPOSURES RETAINED OR	PURCHASED BY RISK WEIGHTS

Q2 2018 Q1 2018 Q4 2017 Q3 2017 (\$ millions) Traditional Securitizations LINE Capital Required **Risk Weights** Capital Required Capital Required Exposure Amount (1) Capital Required # Exposure Amount (1) Exposure Amount (1) Exposure Amount (1) Bank Assets 7% 1 7.01% - 25% 2 25.01% - 50% 3 Greater than 50% 4 Less amount excluded from capital requirements for exceeding maximum KIRB capital (2) 5 Total Exposures, net of deductions 6 Exposures Deducted: From Tier 1 Capital: Credit Card Receivables (3) 7 Residential Mortgages 8 From Total Capital: Residential Mortgages 9 10 Total Exposures Deducted Bank Assets Total Exposures 11 Third Party Assets 12 7% 7.01% - 25% 13 25.01% - 50% 14 50.01% - 100% 15 Greater than 100% 16 Default 17 Total Exposures, net of deductions 18 Exposures Deducted: From Total Capital: Collateralized Debt Obligations (AAA/R-1 (High) Securities) 19 Commercial Mortgages 20 Montreal Accord Assets 21 Residential Mortgages (Uninsured) 22 Other Pool Type 23 Equipment Loans/Leases 24 Total Exposures Deducted 25 Third Party Assets Total Exposures 26 Total Exposures 27

(1) Exposure amounts are on balance sheet values and the credit equivalent amount for off-balance sheet exposures. Unrated positions and positions with ratings below investment-grade are deducted from capital.

(2) KIRB - IRB capital, inclusive of EL, of underlying assets as though they had not been securitized.

(3) Since inception, no capital has been assessed for the Bank's early amortization provisions associated with the investors' interest in Master Credit Card Trust II because the excess spread of the underlying portfolio

has remained above the threshold at which capital charges would be incurred.

BMO 🖄 Financial Group

## AIRB REGULATORY CAPITAL CHARGES FOR TRADING SECURITIZATION EXCLUDING RESECURITIZATION EXPOSURES RETAINED OR PURCHASED BY RISK WEIGHTS



		Q2 2	2018	Q1 :	2018	Q4 2	2017	Q3 2	017
		RBA/Inferred		RBA/Inferred		RBA/Inferred		RBA/Inferred	
		Rating/IAA		Rating/IAA		Rating/IAA		Rating/IAA	
(\$ millions)		Exposure		Exposure		Exposure		Exposure	
Trading Securitizations Excluding Resecuritization Exposures	LINE	Exposure		Exposure		Exposure		Exposure	
Risk Weights	#	Amount	Capital Required						
Exposures Included In Risk-Weighted Assets	"	Amount	Capital Required	Amount	Capital Nequileu	Amount	Capital Required	Amount	Capital Required
7%	1	161	1	312	2	307	2	258	1
7.01% - 25%	2	152	2	93	1	37	-	73	1
25.01% - 50%	3		-		-	-	-	-	-
50.01% - 100%	4	6	-	9	-	6	-	-	-
Greater than 100%	5	-	-	-	-	8	2	8	2
Default	6	-	-	-	-	-	-	-	-
Less amount excluded from capital requirements for exceeding maximum KIRB capital	7	-	-	-	-	-	-	-	-
Total Exposures excluding Resecuritization, net of deductions (1)	8	319	3	414	3	358	4	339	4
Exposures Deducted From Tier 1 Capital:									
Auto loans/leases	9	-	-	-	-	-	-	-	-
Credit card receivables	10	-	-	-	-	-	-	-	-
Residential mortgages (insured)	11	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	12	-	-	-	-	-	-	-	-
Commercial mortgages	13	-	-	-	-	-	-	-	-
Personal line of credit	14	-	-	-	-	-	-	-	-
Equipment loans/leases	15	-	-	-	-	-	-	-	-
Trade receivables	16	-	-	-	-	-	-	-	-
Corporate loans	17	-	-	-	-	-	-	-	-
Daily auto rental	18	-	-	-	-	-	-	-	-
Floorplan finance receivables Collateralized debt obligations (AAA/R-1 (high) securities)	19 20	-	-	-	-	-	-	-	-
Other pool type	20	-	-	-	-	-	-	-	-
Total Trading Exposures excluding Resecuritization Deducted from Tier 1 Capital	21	-	-		-		-	-	
Exposures Deducted from Total Capital:	~~	-	-		-	-	-	-	-
Auto loans/leases	23	_	_		-	-	-	_	_
Credit card receivables	23	-	_	-	_	_	-	_	-
Residential mortgages (insured)	25	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	26	-	-		-	-	-	-	-
Commercial mortgages	27	-	-	-	-	-	-	-	-
Personal line of credit	28	-	-	-	-	-	-	-	-
Equipment loans/leases	29	-	-	-	-	-	-	-	-
Trade receivables	30	-	-	-	-	-	-	-	-
Corporate loans	31	-	-	-	-	-	-	-	-
Daily auto rental	32	-	-	-	-	-	-	-	-
Floorplan finance receivables	33	-	-	-	-	-	-	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	34	-	-	-	-	-	-	-	-
Other pool type	35	-	-	-	-	-	-	-	-
Total Trading Exposures excluding Resecuritization Deducted from Total Capital	36	-	-	-	-	-	-	-	-
Total Trading Exposures Excluding Resecuritization	37	319	3	414	3	358	4	339	4

## AGGREGATE AMOUNT OF TRADING SECURITIZATION EXCLUDING RESECURITIZATION EXPOSURES RETAINED OR PURCHASED BY EXPOSURE TYPE

		Q2 2018	Q1 2018	Q4 2017	Q3 2017
(\$ millions except as noted)		Exposure	Exposure	Exposure	Exposure
Asset Classes					-
Auto loans/leases	38	178	121	71	107
Credit card receivables	39	43	166	194	147
Residential mortgages (insured)	40	2	30	15	5
Residential mortgages (uninsured)	41	19	-	-	-
Commercial mortgages	42	-	2	-	-
Personal line of credit	43	1	5	49	65
Equipment loans/leases	44	11	9	6	12
Trade receivables	45	-	-	-	-
Corporate loans	46	-	-	-	-
Daily auto rental	47	7	-	-	3
Floorplan finance receivables	48	15	28	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	49	-	-	-	-
Other pool type	50	43	53	23	-
Total Trading Securitization Excluding Resecuritization (1)	51	319	414	358	339

(1) The Resecuritization exposures are nil for all the periods.

DEBT ISSUED BY BANK SPONSORED VEHICLE	S FOR THIRD PARTY	ASSETS									вмо 🌥	Financia	l Group		
			Q2 2018			Q1 2018			Q4 2017		Q3 2017				
	LINE	Canadian	US												
(\$ millions except as noted)	#	Conduits (1)	Conduit (2)	Total											
Auto loans/leases	1	1,946	1,448	3,394	2,016	1,640	3,656	2,149	1,882	4,031	2,407	2,178	4,585		
Credit card receivables	2	150	-	150	150	-	150	-	-		-	-			
Residential mortgages (insured)	3	852	-	852	926	-	926	1,024	-	1,024	1,219	-	1,219		
Residential mortgages (uninsured)	4	966	-	966	920	-	920	430	-	430	383	-	383		
Commercial mortgages (uninsured)	5	-	15	15	-	15	15	-	16	16	-	15	15		
Commercial mortgages (insured)	6	62	-	62	54	-	54	54	-	54	63	-	63		
Equipment loans/leases	7	6	500	506	262	532	794	97	441	538	320	368	688		
Trade receivables	8	-	241	241	-	237	237	-	234	234	-	257	257		
Corporate loans	9	-	-	-	-	-	-	-	158	158	-	290	290		
Daily auto rental	10	155	410	565	120	76	196	192	215	407	350	381	731		
Floorplan finance receivables	11	214	323	537	294	320	614	294	316	610	289	284	573		
Collateralized debt obligations	12	-	-	-	-	-	-	-	-	-	-	-			
Other pool type	13	250	130	380	250	97	347	250	36	286	250	137	387		
Student loans	14	-	1,270	1,270	-	398	398	-	683	683	-	370	370		
Total	15	4,601	4,337	8,938	4,992	3,315	8,307	4,490	3,981	8,471	5,281	4,280	9,561		

 
 Output Hoals
 14
 12.10
 12.10
 12.10
 330
 360
 360
 600
 600
 370
 370

 Total
 15
 4.601
 4.337
 8.938
 4.992
 3.315
 8.307
 4.901
 3.981
 8.471
 5.281
 4.280

 (1) Canadian Conduit totals include amounts pertaining to a conduit that has been directly funded by the Bank (\$761.8 million as at Q2, 2018, \$801.5 million as at Q1, 2018, \$725.6 million as at Q4, 2017, and \$749.5 million as at Q3, 2017). External Credit Assessment Institutions used to rate the
 Asset Backed Commercial Paper of the market funded conduits in Canada are DBRS and Moody's.

(2) US Conduit totals include amounts that have been directly funded by the Bank (\$24.0 million as at Q2, 2018, \$23.0 million as at Q4, 2017, and \$24.1 million as at Q3, 2017). External Credit Assessment Institutions used to rate the Asset Backed Commercial Paper of the market funded conduit in the US are S&P and Moody's.

#### AGGREGATE AMOUNT OF SECURITIZATION EXPOSURES RETAINED OR PURCHASED BY EXPOSURE TYPE

			Q2 20	018			Q1 20	18		1	Q4 2	017		1	Q3 2017		
		Undrawn Committed Facilities and	Drawn Loan Facilities and			Undrawn Committed Facilities and	Drawn Loan Facilities and			Undrawn Committed Facilities and	Drawn Loan Facilities and			Undrawn Committed Facilities and	Drawn Loan Facilities and		
(\$ millions except as noted)		Notional Amounts	Securities Held (3)	First Loss Positions (4)	Total	Notional Amounts	Securities Held (3)	First Loss Positions (4)	Total	Notional Amounts	Securities Held (3)	First Loss Positions (4)	Total	Notional Amounts	Securities Held (3)	First Loss Positions (4)	Total
Bank Assets	l l	Y	Y							i i i i i i i i i i i i i i i i i i i				1	Y		
Auto loans/leases	16		-	- 1	-	-	2,152	-	2,152	-	2,657		2,657		3.009	-	3,009
Corporate loans	17	1,655	2,242	- 1	3,897	1,689	2,069	-	3,758	1,690	2,218		3,908	1,132	1,440	-	2,572
Credit card receivables (5)	18	-	1,873	-	1,873	-	1,873	-	1,873	-	2,255	I - ,	2,255	-	2,255	-	2,255
Residential mortgages (uninsured) (6)	19		1,451	- 1	1,451	-	1,565	-	1,565	-	1,649		1,649		1,738	-	1,738
Home equity lines of credit (7)	20		26	- 1	26	-	2,530	-	2,530	-	2,530		2,530		2,520	-	2,520
Total Bank Assets	21	1,655	5,592	-	7,247	1,689	10,189	-	11,878	1,690	11,309	-	12,999	1,132	10,962	-	12,094
Third Party Assets (8)		1	1	·	-						· · · · · ·	1		1	1		
Auto loans/leases	22	4,046	2,033	- 1	6,079	4,047	2,392	-	6,439	3,988	2,624		6,612	3,101	3,033	-	6,134
Credit card receivables	23	531	136	-	667	430	217	-	647	318	198	ı	516	291	207		498
Residential mortgages (insured)	24	1,275	-	- 1	1,275	1,275	-	-	1,275	1,303	- 1	ا	1,303	1,390	-	-	1,390
Residential mortgages (uninsured)	25	1,608	-	-	1,608	1,608	-	-	1,608	843	-	ı	843	843	-		843
Commercial mortgages (uninsured)	26		-	- 1	-	-	-	-	-	-	- 1	ا	- 1		-	-	-
Commercial mortgages (insured)	27		-	- 1	-	-	-	-	-	-	- 1	ا	- 1		-	-	-
Equipment loans/leases	28	849	341	-	1,190	667	614	-	1,281	762	557	ı	1,319	789	497		1,286
Trade receivables	29	55	351	- 1	406	49	340	-	389	48	327	ا	375	43	376	-	419
Corporate loans	30	101	222	- 1	323	161	238	-	399	149	222		371	117	133	-	250
Daily auto rental	31	413	410	- 1	823	726	76	-	802	635	230		865	453	395		848
Floorplan finance receivables	32	719	753	-	1,472	701	727	-	1,428	755	721	I - ,	1,476	828	662		1,490
Collateralized debt obligations	33	54	10	- 1	64	62	-	-	62	64	- 1	·	64		-	-	-
Other pool type	34	503	187	- 1	690	497	98	-	595	710	239	·	949	358	712	-	1,070
Student loans	35	918	1,270	- 1	2,188	1,227	398	-	1,625	824	683	ا	1,507	1,076	370	-	1,446
Credit protection vehicle	36		-	- 1	-	-	-	-	-	-	- 1		- 1		-	-	-
Trading securities reclassified to fair value through OCI securities (9)	37		1	- 1	1	-	-	-	-	-	2		2		3	-	3
Total Third Party Assets	38	11,072	5,714	-	16,786	11,450	5,100	-	16,550	10,399	5,803	-	16,202	9,289	6,388	-	15,677
Total	39	12,727	11,306	-	24,033	13,139	15,289	-	28,428	12,089	17,112		29,201	10,421	17,350	-	27,771

(3) External Credit Assessment Institutions (ECAIs) used for securitization notes are Fitch, S&P, Moody's and DBRS.

(4) First Loss Positions reflect deferred purchase price amounts for securitization of the Bank's own credit cards and conventional mortgages net of servicing liabilities and tax impacts. (5) The credit card receivable securities held from Bank asset securitizations represent the Bank's interest in investment grade notes issued by Master Credit Card Trust and Master Credit Card Trust II. The Securitization Capital Framework is applied.

(6) The residential mortgage backed securities held from Bank asset securitizations represent the Bank's interest in investment grade notes issued by Bicentennial Trust. The Securitization Capital Framework is applied.

(7) The HELOC securities held from Bank asset securitizations represent the Bank's interest in investment grade notes issued by Fortified Trust. The Securitization Capital Framework is applied.

(8) Third party asset securitizations that are externally rated and Montreal Accord assets are assessed under the RBA, with unrated and below BB- positions being deducted from capital. The Supervisory Formula (SF) has been applied for all other positions.

(9) Q4 2017 and prior periods represent available-for-sale securities.

AGGREGATE AMOUNT OF RESECURITIZATION EXPOSURES RETAINED OR PURCHASED BY EXPOSURE TYPE (1)

BMO 🖄 Financial Group

													7 Q3 2017						
			Q2 :	2018			Q1:	2018			Q4 :	2017			Q3	2017			
		Undrawn				Undrawn				Undrawn				Undrawn					
		Committed	Drawn Loan			Committed	Drawn Loan			Committed	Drawn Loan			Committed	Drawn Loan		i .		
		Facilities and	Facilities and			Facilities and	Facilities and			Facilities and	Facilities and			Facilities and	Facilities and				
	LINE	Notional	Securities	First Loss		Notional	Securities	First Loss		Notional	Securities	First Loss		Notional	Securities	First Loss	i .		
		Amounts (2)	Held (3)	Positions (4)	Total	Amounts (2)	Held (3)	Positions (4)	Total	Amounts (2)	Held (3)	Positions (4)	Total	Amounts (2)	Held (3)	Positions (4)	Total		
(\$ millions except as noted)	#	Amounts (2)	Held (3)	Positions (4)	Total	Amounts (2)	Heid (3)	Positions (4)	Total	Amounts (2)	Held (3)	Positions (4)	Total	Amounts (2)	Held (3)	Positions (4)	Total		
Bank Assets																			
Credit card receivables (5)	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Residential mortgages (uninsured)	2	-	-	-		-	-	-	-	-		-	-	-	-	-	-		
Total Bank Assets	3	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-		
Third Party Assets (6)										1	1	1			1				
Auto loans/leases	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Credit card receivables	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Residential mortgages (insured)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Residential mortgages (uninsured)	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Commercial mortgages	8	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-		
Personal line of credit	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Equipment loans/leases	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Trade receivables	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Corporate loans	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Daily auto rental	13	-	-	-		-	-	-	-		-	-		-	-		-		
Floorplan finance receivables	14	-	-	-		-	-	-		-	-	-	-	-	-	-	-		
Collateralized debt obligations (AAA/R-1 (high) securities)	15	-	-	-		-	-	-		-	-	-	-		-	-			
Other pool type	16	-	-	-		-	-	-	-	-	-	-	-	-	-	-			
Student loans	17		-	-															
SIV assets (financial institutions debt and securitized assets)	18	-					_												
Credit protection vehicle (7)	19		-	-															
Trading securities reclassified to fair value through OCI securities (8)	20																		
Montreal Accord Assets	21																1 []		
Total Third Party Assets	22			-							-		-		-	-	<u> </u>		
	23		-	-								-			-				
TOTAL	23	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-		

(1) No credit risk mitigations are applied to resecuritization exposures.

(2) ECAIs used for securitizations liquidity facility ratings are S&P, Moody's and Fitch.

(3) ECAIs used for securitization notes are S&P and Moody's.

(4) First Loss Positions reflect deferred purchase price amounts for securitization of the Bank's own credit cards and conventional mortgages net of servicing liabilities and tax impacts.

(5) The credit card receivable securities held from Bank asset securitizations represent the Bank's seller's interest in investment grade subordinated notes issued by Master Credit Card Trust and Master Credit Card Trust II. The Securitization Framework is applied.

(6) Third party asset securitizations that are externally rated and Montreal Accord assets are assessed under the RBA, with unrated and below BB- positions being deducted from capital. The Supervisory Formula (SF) has been applied for all other positions.

(7) Amounts reported for credit protection vehicle assets under Undrawn Committed Facilities and Notional Amounts represent aggregate notional amounts of the credit default swap exposures and do not represent committed funding obligations.

(8) Q4 2017 and prior periods represent available-for-sale securities.

																вмо 😫 г	inancial Group
			As at Ap	ril 30, 2018			As at Janu	ary 31, 2018			As at Octo	ber 31, 2017			As at Ju	ıly 31, 2017	
DERIVATIVE INSTRUMENTS					AIRB				AIRB				AIRB				AIRB
Basel	LINE	Notional	Replacement	Credit risk	<b>Risk-weighted</b>	Notional	Replacement	Credit risk	<b>Risk-weighted</b>	Notional	Replacement	Credit risk	<b>Risk-weighted</b>	Notional	Replacement	Credit risk	<b>Risk-weighted</b>
(\$ millions)	#	Amount	Cost	Equivalent	Assets (1)	Amount	Cost	Equivalent	Assets (1)	Amount	Cost	Equivalent	Assets (1)	Amount	Cost	Equivalent	Assets (1)
Interest Rate Contracts																	
Over-the-counter																	
Swaps	1	3,368,967	7,966	11,224		3,211,962	8,155	11,037		3,202,365	8,742	11,603		2,967,882	10,002	12,619	
Forward rate agreements	2	416,430	28	27		341,662	22	21		195,142	41	42		232,574	18	19	
Purchased options	3	27,640	455	330		26,573	432	326		29,107	440	381		29,079	417	408	
Written options	4	36,913		-		37,225	.02	020		37,247				39,448			
Witten Options	5	3,849,950	8,449	11,581	1,267	3,617,422	8,609	11,384	334	3,463,861	9,223	12,026	1,537	3,268,983	10,437	13,046	1,793
Exchange traded															-		
Futures	6	120,183	-	-		106,387	-	-		89,053	-	-		105,423	-	-	
Purchased options	7	21.099	-	-		16.641	-	-		10.407	-	-		5.493	-	-	
Written options	8	15,378	-	-		12,145	-	-		9,284	-	-		5,627	-	-	
	9	156,660	-	-		135,173	-	-		108,744	-	-		116,543	-	-	
Total Interest Rate Contracts	10	4,006,610	8,449	11,581	1,267	3,752,595	8,609	11,384	334	3,572,605	9,223	12,026	1,537	3,385,526	10,437	13,046	1,793
Foreign Exchange Contracts																	
Over-the-counter																	
Cross-currency swaps	11	88,607	4,420	9,028		84,535	4,652	9,022		85,586	3,727	8,345		82,155	3,683	8,053	
Cross-currency interest rate swaps	12	417,905	5,918	15,073		423,868	9,512	18,531		434,210	8,157	17,210		425,271	12,487	21,297	
Forward foreign exchange contracts	13	485,881	3,831	7,978		430.289	5,148	8,233		402,708	5.062	8,389		445.021	6,119	9,637	
Purchased options	14	26,952	213	437		29.822	305	525		23.812	250	420		21.376	370	527	
Written options	15	31.674	2.0			35.928	-	020		29,101	200	.20		23,152	-		
Whiteh options	16	1,051,019	14.382	32,516	2.618	1,004,442	19,617	36,311	2.780	975,417	17,196	34,364	2.701	996.975	22.659	39,514	2,605
Exchange traded		.,		0-10-10	_,	.,			_,	,		.,	_,				_,
Futures	17	1,080	-	-		3,190	-	-		794	-	-		1,919	-	-	
Purchased options	18	4,182	-	-		5,777	-	-		6,001	-	-		2,284	-	-	
Written options	19	1,744	-	-		1,472	-	-		1,249	-	-		920	-	-	
	20	7,006	-	-		10.439	-	-		8.044	-	-		5.123	-	-	
Total Foreign Exchange Contracts	21	1,058,025	14,382	32,516	2,618	1,014,881	19,617	36,311	2,780	983,461	17,196	34,364	2,701	1,002,098	22,659	39,514	2,605
Commodity Contracts		1				1. 1.			,				, -				
Over-the-counter																	
Swaps	22	20.424	1.701	4,106		20.341	1,459	3,847		18.713	726	2,971		15.781	594	2,456	
Purchased options	23	6,551	496	1,279		6,508	374	1,113		7,080	120	1,034		6,902	55	951	
Written options	24	4,655	-	· · ·		4.647	-	-		4.905	-	-		4.756	-	-	
	25	31,630	2,197	5,385	1,127	31,496	1,833	4,960	1,139	30,698	846	4,005	971	27,439	649	3,407	668
Exchange traded																	
Futures	26	29,068	-	-		28,518	-	-		28,139	-	-		24,369	-	-	
Purchased options	27	4,284	-	-		4,471	-	-		5,031	-	-		5,195	-	-	
Written options	28	5,872	-	-		6,149	-	-		6,896	-	-		6,936	-	-	
	29	39,224	-	-		39,138	-	-		40,066	-	-		36,500	-	-	
Total Commodity Contracts Equity Contracts	30	70,854	2,197	5,385	1,127	70,634	1,833	4,960	1,139	70,764	846	4,005	971	63,939	649	3,407	668
Over-the-counter	31	61,835	1,040	4,263		64,245	1,339	4,954		63,528	1,322	4,750		60,575	817	3,979	
Exchange traded	32	28,793	1,040	4,200		20,525		-,004		14.253	-	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		9,017	-		
Total Equity Contracts	33	90,628	1.040	4,263	545	84,770	1,339	4,954	525	77,781	1,322	4,750	461	69,592	817	3,979	388
Credit Default Swaps		00,020	1,040	.,200	040	0.,.70	.,000	.,004	525		1,022	.,. 00	401	00,002	517	0,010	500
Over-the-counter																	
Purchased	34	2,425	1	55		2,426	-	52		2,658	-	46		4,206	1	187	
Written	35	123	4	-		116	2	-		448	7			684	5	-	
Total Credit Default Swaps	36	2.548	5	55	38	2,542	2	52	35	3,106	. 7	46	27	4.890	6	187	177
Sub-total	37	5,228,665	26,073	53,800	5,595	4,925,422	31,400	57,661	4,813	4,707,717	28,594	55,191	5,697	4,526,045	34,568	60,133	5,631
Impact of master netting agreements	38	5,220,005 n.a.	(17,130)	(31,371)	0,000	4,323,422 n.a.	(21,066)	(34,786)	-,010	4,707,717 n.a.	(19,909)	(33,025)	0,001	4,320,043 n.a.	(25,590)	(38,562)	0,001
Total	39	5,228,665	8,943	22,429	5,595	4,925,422	10,334	22,875	4,813	4,707,717	8,685	22,166	5,697	4,526,045	8,978	21,571	5,631
(1) Risk-weighted Assets are reported after						1,020,722	10,004	22,010	-,010	.,. 01,111	0,000	22,100	0,001	.,520,040	0,070	21,071	0,001

(1) Risk-weighted Assets are reported after the impact of master netting agreements and application of prescaling factor.



#### **BASEL GLOSSARY**

Adjusted EAD: Represents EAD that has been redistributed to a more favourable PD band or a different Basel Asset Class as a result of collateral (Credit Risk Mitigation - CRM). All AIRB disclosures aggregated into PD (probability of default) bands use Adjusted EAD values.

AIRB (Advanced Internal Ratings Based approach): The AIRB approach is the most advanced of the range of options for determining the capital requirements for credit risk. This option allows banks to use their own internal model to measure credit risk capital requirements, subject to regulatory approval. OSFI has indicated that it expects the largest Canadian Banks to adopt the AIRB approach.

Basel I Capital Floor: A capital floor based on the Basel I standardized approach is calculated by banks using advanced approaches for credit risk or operational risk, as prescribed by OSFI in CAR.

Capital Adequacy Requirements (CAR): OSFI's Capital Adequacy Requirements guideline dated December 2016.

Commitments (Undrawn): The EAD on the difference between the authorized and drawn amounts (e.g., the unused portion of a line of credit) before adjustments for credit risk mitigation.

Credit Equivalent Amount (CEA) on Undrawn: An estimate of the amount of credit risk exposure on off-balance items under the Standardized Approach for credit risk.

Drawn: The amount of funds invested or advanced to a customer. Does not include adjustments for credit risk mitigation.

Exposure at Default (EAD): EAD for on-balance sheet amounts represents outstandings, grossed up by provisions for credit losses on impaired loans and write-offs. EAD for Off balance sheet and Undrawn are estimates.

Exposure at Default OTC Derivatives: Represent the net gross positive replacement costs plus the potential credit exposure amount.

Exposure Weighted Average LGD represents the ( $\Sigma$  (Adjusted EAD of each exposure x its LGD)) divided by the total Adjusted EAD.

Exposure Weighted Average Risk Weight is the ( $\Sigma$  pre-scaled RWA for each exposure/Total Adjusted EAD).

Grandfathered Equity Securities in the Banking Book: Under Basel II, OSFI exempts equity investments held as of October 31, 2007 from the AIRB approach for a period of 10 years starting November 1, 2007 to October 31, 2017. During that time, these "grandfathered" holdings will be risk weighted at 100%.

HELOCS: Home Equity Lines of Credit comprise lines of credit secured by equity in a residential property.

OSFI: Office of the Superintendent of Financial Institutions.

Other Off Balance Sheet Items: All off-balance sheet arrangements other than derivatives and undrawn commitments such as Standby Letters of Credit and Documentary Credits.

QRR (Qualifying Revolving Retail): Includes exposures that are revolving, unsecured and uncommitted to individuals up to a maximum amount of \$125,000 to a single individual.

Repo Style Transactions: Includes repurchase and reverse repurchase agreements and securities lending and borrowing.

Scaling Factor: The scaling factor is applied to the risk weighted assets amount for credit risk assessed under the AIRB approach. The objective of the scaling factor is to broadly maintain the aggregate level of Basel I minimum capital requirements, while also providing incentives to adopt the more advanced risk-sensitive approaches.

Standardized Approach: This approach is the least complicated of the range of options available to banks to measure credit risk capital requirements. This option allows banks to measure credit risk capital requirements by multiplying exposures by defined percentages based on the exposures product type and external credit rating (if applicable).