

Enhanced Disclosure Task Force

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

Disclosures related to the EDTF recommendations are detailed below.

General

- 1 Present all risk-related information in the Annual Report, Supplementary Financial Information and Supplementary Regulatory Capital Disclosure, and provide an index for easy navigation.**

2018 Annual Report: Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 78 to 116.

Q3 2019 Report to Shareholders: An index for the MD&A is provided on page 2.

Q3 2019 Supplementary Financial Information: A general index is provided in our Supplementary Financial Information.

Q3 2019 Regulatory Supplementary Capital Information: A general index is provided in our Supplementary Capital Information.

- 2 Define the bank's risk terminology and risk measures and present key parameters used.**

2018 Annual Report: Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 87 to 116.

A glossary of financial terms (including risk terminology) can be found on pages 210 to 211.

Q3 2019 Report to Shareholders: An update is provided on page 27.

- 3 Discuss top and emerging risks for the bank.**

2018 Annual Report: BMO's top and emerging risks are discussed on pages 79 to 81.

Q3 2019 Report to Shareholders: An update is provided on pages 6 and 27.

- 4 Outline plans to meet new key regulatory ratios once the applicable rules are finalized.**

2018 Annual Report: We outline BMO's plans to meet new regulatory ratios on pages 71 and 106.

Q3 2019 Report to Shareholders: An update is provided on page 11.

- Risk Governance**
- 5 Summarize the bank's risk management organization, processes, and key functions.**

2018 Annual Report: BMO's risk management organization, processes and key functions are summarized on pages 82 to 87.

Q3 2019 Report to Shareholders: An update is provided on page 27.

- 6 Describe the bank's risk culture.**

2018 Annual Report: BMO's risk culture is described on page 84.

- 7 Describe key risks that arise from the bank's business model and activities.**

2018 Annual Report: A diagram of BMO's risk exposure by operating segment is provided on page 74 and descriptions of key risks arising from the bank's business models and activities are provided on pages 82 to 83 and 85 to 87.

- 8 Describe the use of stress testing within the bank's risk governance and capital frameworks.**

2018 Annual Report: BMO's stress testing process is described on page 86.

Capital Adequacy and Risk-Weighted Assets (RWA)

- 9 Provide minimum Pillar 1 capital requirements.**
- 2018 Annual Report:** Pillar 1 capital requirements are described on pages 69 to 73.
- Q3 2019 Regulatory Supplementary Capital Information:** Regulatory capital is disclosed on pages 3 to 4 and 10.
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- 10 Summarize information contained in the composition of capital templates adopted by the Basel Committee.**
- Q3 2019 Report to Shareholders:** An abridged version of the regulatory capital template is provided on page 12.
- Q3 2019 Regulatory Supplementary Capital Information:** Pillar 3 disclosure is provided on pages 3 to 5. A Main Features template can be found on BMO's website at www.bmo.com under Investor Relations and Regulatory Filings.
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- 11 Present a flow statement of movements in regulatory capital, including changes in Common Equity Tier 1, Additional Tier 1, and Tier 2 capital.**
- Q3 2019 Regulatory Supplementary Capital Information:** Flow Statement of Basel III Regulatory Capital is provided on page 6.
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- 12 Discuss capital planning within a more general discussion of management's strategic planning.**
- 2018 Annual Report:** BMO's capital planning process is discussed under Capital Management Framework on page 69.
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- 13 Provide granular information to explain how RWA relate to business activities.**
- 2018 Annual Report:** A diagram of BMO's risk exposure, including RWA by operating group, is provided on page 74.
- Q3 2019 Regulatory Supplementary Capital Information:** RWA by operating group is provided on page 11.
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- 14 Present a table showing the capital requirements for each method used for calculating RWA.**
- 2018 Annual Report:** Regulatory capital requirement, as a percentage of RWA, is outlined on pages 70 to 71.
- Information about significant models used to determine RWA is provided on pages 88 to 91.
- Q3 2019 Regulatory Supplementary Capital Information:** A table showing RWA by model approach and by risk type is provided on page 11.
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- 15 Tabulate credit risk in the banking book for Basel asset classes.**
- Q3 2019 Regulatory Supplementary Capital Information:** Credit exposures by internal rating grades are provided on pages 21 to 28. Wholesale and retail credit exposures by model are provided on pages 31 to 32.
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- 16 Present a flow statement that reconciles movements in RWA by credit risk and market risk.**
- Q3 2019 Regulatory Supplementary Capital Information:** RWA flow statements are provided on pages 30 and 49.
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- 17 Describe the bank's Basel validation and back-testing process.**
- 2018 Annual Report:** BMO's Basel validation and back-testing process for credit and market risk is described on pages 111 to 112.
- Q3 2019 Regulatory Supplementary Capital Information:** A table showing estimated and actual loss parameters is provided on page 50.

Liquidity

- 18 Describe how the bank manages its potential liquidity needs and the liquidity reserve held to meet those needs.**
- 2018 Annual Report:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on pages 100 to 105.
- Q3 2019 Report to Shareholders:** BMO's potential liquidity needs and the liquidity reserve held to meet those needs are described on pages 28 to 31.

Funding

- 19 Summarize encumbered and unencumbered assets in a table by balance sheet category.**
Q3 2019 Report to Shareholders: An Asset Encumbrance table is provided on page 29.
Q3 2019 Supplementary Financial Information: The Asset Encumbrance table by currency is provided on page 33.
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- 20 Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity.**
Q3 2019 Report to Shareholders: Contractual Maturities information and tables are provided on pages 32 to 33.
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- 21 Discuss the bank's sources of funding and describe the bank's funding strategy.**
2018 Annual Report: BMO's sources of funding and funding strategy are described on pages 104 to 105.
A table showing the composition and maturity of wholesale funding is provided on page 105.
Q3 2019 Report to Shareholders: An update is provided on pages 30 to 31.

Market Risk

- 22 Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.**
Q3 2019 Report to Shareholders: A table linking balance sheet items to market risk measures is provided on page 27.
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- 23 Provide qualitative and quantitative breakdowns of significant trading and non-trading market risk measures.**
2018 Annual Report: Trading market risk exposures are described and quantified on pages 95 to 97.
Structural (non-trading) market risk exposures are described and quantified on pages 98 to 99.
Q3 2019 Report to Shareholders: An update is provided on pages 27 to 28.
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- 24 Describe significant market risk measurement model validation procedures and back-testing and how these are used to enhance the parameters of the model.**
2018 Annual Report: Market risk measurement model validation procedures and back-testing for trading market risk and structural (non-trading) market risk are described on pages 111 to 112.
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- 25 Describe the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures.**
2018 Annual Report: The use of stress testing, scenario analysis and stressed VaR for market risk management is described on pages 95 to 97.
Q3 2019 Report to Shareholders: An update to trading VaR, SVaR, structural balance sheet earnings and economic value sensitivities are provided on pages 27 to 28.

Credit Risk

- 26 Provide information about the bank's credit risk profile.**
Q3 2019 Report to Shareholders: Information about BMO's credit risk profile is provided on pages 9 to 10 and in Note 3 on pages 42 to 48 of the interim financial statements.
Q3 2019 Supplementary Financial Information: Tables detailing credit risk information are provided on pages 18 to 30.
Q3 2019 Regulatory Supplementary Capital Information: Tables detailing credit risk information are provided on pages 14 to 32.
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- 27 Describe the bank's policies related to impaired loans and renegotiated loans.**
2018 Annual Report: Impaired loan and renegotiated loan policies are described in Note 4 on pages 158 and 163, respectively of the consolidated financial statements.
Q3 2019 Report to Shareholders: An update on renegotiated loans is provided in Note 3 to the interim financial statements on page 48.

28	Provide reconciliations of impaired loans and the allowance for credit losses. Q3 2019 Report to Shareholders: Continuity schedules for gross impaired loans acceptances, and allowance for credit losses are provided on pages 9 to 10 and Note 3 on pages 44 to 47 of the interim financial statements, respectively.
29	Provide a quantitative and qualitative analysis of the bank's counterparty credit risk that arises from its derivative transactions. 2018 Annual Report: Quantitative disclosures on collateralization agreements for over-the-counter (OTC) derivatives are provided on page 94 and qualitative disclosures are provided on page 88. Q3 2019 Regulatory Supplementary Capital Information: Quantitative disclosures for derivative instruments are provided on pages 33 to 44.
30	Provide a discussion of credit risk mitigation. 2018 Annual Report: A discussion of BMO's credit and counterparty risk management is provided on pages 87 to 88. Collateral management discussions are provided on page 88 and in Note 8 on pages 168, 170 and 173 and in Note 24 on page 202 of the consolidated financial statements. Q3 2019 Regulatory Supplementary Capital Information: Information on credit risk mitigation techniques is provided on pages 16 to 18 and on collateral for counter-party credit risk is provided on page 41.
Other Risks	
31	Describe other risks and discuss how each is identified, governed, measured and managed. 2018 Annual Report: Diagrams illustrating the risk governance process that supports BMO's risk culture and the risk types are provided on pages 82 and 87. Other risks are discussed on pages 109 to 116.
32	Discuss publicly known risk events related to other risks, where material or potentially material loss events have occurred. 2018 Annual Report: Other risks are discussed on pages 109 to 116.