

## 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.

**2019 Annual Report:** Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 68 to 106.

**Q3 2020 Report to Shareholders:** An index for Management's Discussion & Analysis (MD&A) is provided on page 3.

**Q3 2020 Supplementary Financial Information:** A general index is provided in our Supplementary Financial Information.

**Q3 2020 Regulatory Supplementary Capital Information:** A general index is provided in our Supplementary Capital Information.

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

**2019 Annual Report:** Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 78 to 106.

A glossary of financial terms (including risk terminology) can be found on pages 208 to 209.

**Q3 2020 Report to Shareholders:** An update is provided on page 35.

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3 Discuss top and emerging risks for the bank.

**2019 Annual Report:** BMO's top and emerging risks are discussed on pages 68 to 71.

**Q3 2020 Report to Shareholders:** An update is provided on pages 5 and 35.

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

**2019 Annual Report:** We outline BMO's plans to meet new regulatory ratios on pages 61 and 97.

**Q3 2020 Report to Shareholders:** An update is provided on pages 15 to 17.

### Risk Governance

5 Summarize the bank's risk management organization, processes, and key functions.

**2019 Annual Report:** BMO's risk management organization, processes and key functions are summarized on pages 72 to 77.

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6 Describe the bank's risk culture and procedures applied to support the culture.

**2019 Annual Report:** BMO's risk culture is described on page 75.

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

**2019 Annual Report:** Descriptions of key risks arising from the bank's business models and activities are provided on pages 73 and 76.

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

**2019 Annual Report:** BMO's stress testing process is described on page 77.

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

9 **Provide minimum Pillar 1 capital requirements.**

**2019 Annual Report:** Pillar 1 capital requirements are described on pages 59 to 63.

**Q3 2020 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 and reconciliation of the accounting balance sheet to the regulatory balance sheet.**

**Q3 2020 Report to Shareholders:** An abridged version of the regulatory capital template is provided on page 17.

**Q3 2020 Regulatory Supplementary Capital Information:** Pillar 3 disclosures and reconciliations are provided on pages 3 to 5. A Main Features template can be found on BMO's website at [www.bmo.com](http://www.bmo.com) under Investor Relations and Regulatory Filings.

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11 **Present a flow statement of movements in regulatory capital, including changes in Common Equity Tier 1, Additional Tier 1, and Tier 2 capital.**

**Q3 2020 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.**

**2019 Annual Report:** BMO's capital planning process is discussed under Capital Management Framework on page 59.

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13 **Provide granular information to explain how RWA relate to business activities.**

**2019 Annual Report:** A diagram of BMO's risk exposure, including RWA by operating group, is provided on page 64.

**Q3 2020 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.**

**2019 Annual Report:** Regulatory capital requirement, as a percentage of RWA, is outlined on pages 60 to 61 and 63.

Information about significant models used to determine RWA is provided on pages 78 to 81.

**Q3 2020 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 and major portfolios.**

**Q3 2020 Regulatory Supplementary Capital Information:** Information on retail and wholesale credit risk in the banking book are provided on pages 17 to 30 and 33 to 35.

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16 **Present a flow statement that reconciles movements in RWA by credit risk and market risk.**

**Q3 2020 Regulatory Supplementary Capital Information:** RWA flow statement for credit risk is provided on page 32 and market risk RWA movement by key drivers is provided on page 58.

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17 **Describe the bank's Basel validation and back-testing process.**

**2019 Annual Report:** BMO's Basel validation and back-testing process for credit and market risk is described on page 102.

**Q3 2020 Regulatory Supplementary Capital Information:** Estimated and actual loss parameter information is provided on page 59.

**Liquidity**

18 **Describe how the bank manages its potential liquidity needs and the liquidity reserve held to meet those needs.**  
**2019 Annual Report:** BMO's potential liquidity needs, and the liquidity reserve held to meet those needs are described on pages 91 to 97.  
**Q3 2020 Report to Shareholders:** BMO's potential liquidity needs, and the liquidity reserve held to meet those needs are described on pages 38 to 41.

**Funding**

19 **Summarize encumbered and unencumbered assets in a table by balance sheet category.**  
**Q3 2020 Report to Shareholders:** An Asset Encumbrance table is provided on page 39.  
**Q3 2020 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 2020 Report to Shareholders:** Contractual Maturities information and tables are provided on pages 43 to 44.

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21 **Discuss the bank's sources of funding and describe the bank's funding strategy.**  
**2019 Annual Report:** BMO's sources of funding and funding strategy are described on pages 96 to 97.  
A table showing the composition and maturity of wholesale funding is provided on page 97.  
**Q3 2020 Report to Shareholders:** An update is provided on page 41.

**Market Risk**

22 **Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.**  
**Q3 2020 Report to Shareholders:** A table linking balance sheet items to market risk measures is provided on page 36.

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23 **Provide qualitative and quantitative breakdowns of significant trading and non-trading market risk measures.**  
**2019 Annual Report:** Trading market risk exposures are described and quantified on pages 86 to 88.  
Structural (non-trading) market risk exposures are described and quantified on pages 89 to 90.  
**Q3 2020 Report to Shareholders:** An update is provided on page 37.

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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.**  
**2019 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 86, 87, 89 and 102.

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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.**  
**2019 Annual Report:** The use of stress testing, scenario analysis and stressed VaR for market risk management is described on pages 86 to 87.  
**Q3 2020 Report to Shareholders:** An update to trading VaR, SVaR, structural balance sheet earnings and economic value sensitivities are provided on page 37.

## Credit Risk

### 26 Provide information about the bank's credit risk profile.

**Q3 2020 Report to Shareholders:** Information about BMO's credit risk profile is provided on pages 12 and 13 and in Note 3 on pages 55 to 59 of the interim consolidated financial statements.

**Q3 2020 Supplementary Financial Information:** Tables detailing credit risk information are provided on pages 18 to 30.

**Q3 2020 Regulatory Supplementary Capital Information:** Tables detailing credit risk information are provided on pages 14 to 35 and 59.

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### 27 Describe the bank's policies related to impaired loans and renegotiated loans.

**2019 Annual Report:** Impaired loan and renegotiated loan policies are described in Note 4 on pages 151 and 158, respectively of the consolidated financial statements.

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### 28 Provide reconciliations of impaired loans and the allowance for credit losses.

**Q3 2020 Report to Shareholders:** Continuity schedules for gross impaired loans acceptances, and allowance for credit losses are provided on pages 12 and 13 and Note 3 on pages 55 to 58 of the interim consolidated financial statements, respectively.

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

**2019 Annual Report:** Quantitative disclosures on collateralization agreements for over-the-counter (OTC) derivatives are provided on page 85 and qualitative disclosures are provided on pages 78 to 79.

**Q3 2020 Regulatory Supplementary Capital Information:** Quantitative disclosures for derivative instruments are provided on pages 36 to 49.

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

**2019 Annual Report:** A discussion of BMO's credit and counterparty risk management is provided on pages 78 to 79. Collateral management discussions are provided on pages 78 to 79 and in Note 8 on pages 163 and 168 and in Note 24 on page 199 of the consolidated financial statements.

**Q3 2020 Regulatory Supplementary Capital Information:** Information on credit risk mitigation techniques are provided on pages 16 and 17, 31 and 33. Composition of collateral for counter-party credit risk is provided on page 45.

## Other Risks

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

**2019 Annual Report:** A diagram illustrating the risk governance process that supports BMO's risk culture is provided on page 74. Other risks are discussed on pages 100 to 106.

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

**2019 Annual Report:** Other risks are discussed on pages 100 to 106.