

Enhanced Disclosure Task Force

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

Disclosures related to the EDTF recommendations are detailed below.

General	
1	<p>Present all risk-related information in the Annual Report, Supplementary Financial Information and Supplementary Regulatory Capital Disclosure, and provide an index for easy navigation.</p> <p>2019 Annual Report: Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 68 to 106.</p> <p>Q3 2020 Report to Shareholders: An index for Management's Discussion & Analysis (MD&A) is provided on page 3.</p> <p>Q3 2020 Supplementary Financial Information: A general index is provided in our Supplementary Financial Information.</p> <p>Q3 2020 Regulatory Supplementary Capital Information: A general index is provided in our Supplementary Capital Information.</p>
2	<p>Define the bank's risk terminology and risk measures and present key parameters used.</p> <p>2019 Annual Report: Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 78 to 106.</p> <p>A glossary of financial terms (including risk terminology) can be found on pages 208 to 209.</p> <p>Q3 2020 Report to Shareholders: An update is provided on page 35.</p>
3	<p>Discuss top and emerging risks for the bank.</p> <p>2019 Annual Report: BMO's top and emerging risks are discussed on pages 68 to 71.</p> <p>Q3 2020 Report to Shareholders: An update is provided on pages 5 and 35.</p>
4	<p>Outline plans to meet new key regulatory ratios once the applicable rules are finalized.</p> <p>2019 Annual Report: We outline BMO's plans to meet new regulatory ratios on pages 61 and 97.</p> <p>Q3 2020 Report to Shareholders: An update is provided on pages 15 to 17.</p>
Risk Governance	
5	<p>Summarize the bank's risk management organization, processes, and key functions.</p> <p>2019 Annual Report: BMO's risk management organization, processes and key functions are summarized on pages 72 to 77.</p>
6	<p>Describe the bank's risk culture and procedures applied to support the culture.</p> <p>2019 Annual Report: BMO's risk culture is described on page 75.</p>
7	<p>Describe key risks that arise from the bank's business model and activities.</p> <p>2019 Annual Report: Descriptions of key risks arising from the bank's business models and activities are provided on pages 73 and 76.</p>
8	<p>Describe the use of stress testing within the bank's risk governance and capital frameworks.</p> <p>2019 Annual Report: BMO's stress testing process is described on page 77.</p>

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 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.
- 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.
- 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.
- 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.
- 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.
- 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.
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- ## 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.