

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**. BMO supports 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.**
Annual Report: Risk-related information is presented in the Enterprise-Wide Risk Management section on pages 73 to 113.
Supplementary Financial Information: A general index is provided in our Supplementary Financial Information.
Regulatory Supplementary Capital Information: A general index is provided in our Supplementary Regulatory Capital Information.

- 2 Define the bank's risk terminology and risk measures and present key parameters used.**
Annual Report: Specific risk definitions and key parameters underpinning BMO's risk reporting are provided on pages 84 to 113.
A glossary of financial terms (including risk terminology) can be found on pages 212 to 213.

- 3 Discuss top and emerging risks for the bank.**
Annual Report: BMO's top and emerging risks are discussed on pages 73 to 75.

- 4 Outline plans to meet new key regulatory ratios once the applicable rules are finalized.**
Annual Report: BMO's plans to meet new regulatory ratios are outlined on pages 64, 67 to 68 and 103.

- Risk Governance**
- 5 Summarize the bank's risk management organization, processes, and key functions.**
Annual Report: BMO's risk management organization, processes and key functions are summarized on pages 78 to 83.

- 6 Describe the bank's risk culture and procedures applied to support the culture.**
Annual Report: BMO's risk culture is described on page 79.

- 7 Describe key risks that arise from the bank's business model and activities.**
Annual Report: Descriptions of key risks arising from the bank's business models and activities are provided on pages 80 and 82.

- 8 Describe the use of stress testing within the bank's risk governance and capital frameworks.**
Annual Report: BMO's stress testing process is described on page 83.

Capital Adequacy and Risk-Weighted Assets (RWA)

9 Provide minimum Pillar 1 capital requirements.

Annual Report: Pillar 1 capital requirements are described on pages 63 to 66.

Regulatory Supplementary Capital Information: Regulatory capital is disclosed on pages 3 to 4 and 10.

10 Summarize information contained in the composition of capital templates and reconciliation of the accounting balance sheet to the regulatory balance sheet.

Annual Report: An abridged version of the regulatory capital template is provided on page 67.

Regulatory Supplementary Capital Information: Pillar 3 disclosures 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.

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

Regulatory Supplementary Capital Information: Flow Statement of Basel III Regulatory Capital is provided on page 6.

12 Discuss capital planning within a more general discussion of management's strategic planning.

Annual Report: BMO's capital planning process is discussed under Capital Management Framework on page 63.

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

Annual Report: A diagram of BMO's risk exposure, including RWA by operating group, is provided on page 68.

Regulatory Supplementary Capital Information: RWA by operating group is provided on page 11.

14 Present a table showing the capital requirements for each method used for calculating RWA.

Annual Report: Information for RWA by Basel asset class is included on page 68.

Information about significant models used to determine RWA is provided on pages 85 to 87.

Regulatory Supplementary Capital Information: A table showing RWA by model approach and by risk type is provided on pages 11, 17, 18, 21 to 31 and 38 to 44.

15 Tabulate credit risk in the banking book for Basel asset classes and major portfolios.

Regulatory Supplementary Capital Information: Information on average probability of default (PD) and LGD as well as exposure at defaults (EAD), total RWAs and RWA density for major Basel asset classes and portfolios is provided on pages 17 to 30 and 38 to 44.

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

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.

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

Annual Report: BMO's Basel validation and back-testing process for credit and market risk is described on page 109.

Regulatory Supplementary Capital Information: Estimated and actual loss parameter information is provided on page 59. Back-testing information is provided on pages 60 to 63.

Liquidity

18 Describe how the bank manages its potential liquidity needs and the liquidity reserve held to meet those needs.

Annual Report: BMO's potential liquidity needs, and the liquidity reserve held to meet those needs are described on pages 97 to 103.

Funding

19 Summarize encumbered and unencumbered assets in a table by balance sheet category.

Annual Report: An Asset Encumbrance table is provided on page 100.

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.

Annual Report: Contractual Maturities information and tables are provided on pages 104 to 105.

21 Discuss the bank's sources of funding and describe the bank's funding strategy.

Annual Report: BMO's sources of funding and funding strategy are described on pages 101 to 102.

A table showing the composition and maturity of wholesale funding is provided on page 102.

Market Risk

22 Provide a breakdown of balance sheet positions into trading and non-trading market risk measures.

Annual Report: A table linking balance sheet items to market risk measures is provided on page 96.

23 Provide qualitative and quantitative breakdowns of significant trading and non-trading market risk measures.

Annual Report: Trading market risk exposures are described and quantified on pages 92 to 94.

Structural (non-trading) market risk exposures are described and quantified on pages 95 to 96.

24 Describe significant market risk measurement model validation procedures and back-testing and how these are used to enhance the parameters of the model.

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 92, 93, 95 and 109.

25 Describe the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures.

Annual Report: The use of stress testing, scenario analysis and stressed VaR for market risk management is described on pages 92 to 93.

Credit Risk

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

Annual Report: Information about BMO's credit risk profile is provided on pages 84 to 91 and in Note 4 on pages 159 to 164 of the consolidated financial statements.

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

Regulatory Supplementary Capital Information: Tables detailing credit risk information are provided on pages 11 to 57.

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

Annual Report: Impaired loan and renegotiated loan policies are described in Note 4 on pages 159 and 164, respectively of the consolidated financial statements.

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

Annual Report: Continuity schedules for gross impaired loans acceptances, and allowance for credit losses are provided on page 89 and Note 4 on page 162 of the consolidated financial statements, respectively.

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

Annual Report: Quantitative disclosures on collateralization agreements for over-the-counter (OTC) derivatives are provided on page 91 and qualitative disclosures are provided on pages 84 to 85.

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

30 Provide a discussion of credit risk mitigation.

Annual Report: A discussion of BMO's credit and counterparty risk management is provided on pages 84 to 85. Collateral management discussions are provided on pages 84 to 85 and in Note 8 on pages 169 and 175 and in Note 24 on page 205 to 206 of the consolidated financial statements.

Regulatory Supplementary Capital Information: Information on credit risk mitigation techniques is provided on pages 16, 31 and 33. Composition of collateral for counterparty credit risk is provided on page 45.

Other Risks

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

Annual Report: A diagram illustrating the risk governance process that supports BMO's risk culture is provided on page 80. Other risks are discussed on pages 106 to 113.

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

Annual Report: Other risks are discussed on pages 106 to 113.