

STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF BANKING

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**In the Matter of the Application of  
Bank of Montreal, Montreal, Quebec,  
Canada; Harris Financial Corp., Chicago,  
Illinois; Mike Merger Sub, LLC, Chicago,  
Illinois; and Harris Bankcorp, Inc.,  
Chicago, Illinois, to Acquire Marshall &  
Ilsley Corporation, Milwaukee, Wisconsin**

**FINDINGS OF FACT  
CONCLUSIONS OF LAW  
AND ORDER**

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The above entitled matter came before Division of Banking Administrator, Michael J. Mach (hereinafter "Administrator"), pursuant to an application to acquire a bank holding company located in this state by an out-of-state banking organization in accordance with Section 221.0901 of the Wisconsin Statutes.

Based upon all the submissions to the Division, the following Findings of Fact, Conclusions of Law and Order are issued.

**FINDINGS OF FACT**

1. Bank of Montreal, Montreal, Quebec, Canada, is a Canadian chartered bank under the Bank Act (Canada) and a financial holding company. Harris Financial Corporation, Chicago, Illinois, is a wholly owned subsidiary of Bank of Montreal and a financial holding company. Mike Merger Sub, LLC, is a Delaware limited liability company and wholly owned subsidiary of Harris Financial Corporation. Harris Bankcorp, Inc., Chicago, Illinois, is a financial holding company and wholly owned subsidiary of Harris Financial Corporation, and is a direct parent of Harris N.A., Chicago, Illinois, a national banking organization. Banking operations of Harris

Bankcorp, Inc., involved over \$36.5 billion in deposits as of December 31, 2010, with deposits of approximately \$26.8 billion in Illinois and \$1.4 billion in Wisconsin as of June 30, 2010.

2. Marshall & Ilsley Corporation is an in-state bank holding company located in Milwaukee, Wisconsin, whose subsidiaries include two Wisconsin state chartered banks, with deposits of approximately \$38.2 billion as of December 31, 2010, and an out-of-state federal savings bank. As of June 30, 2010, deposits in Wisconsin totaled \$24.2 billion and deposits in Illinois totaled \$0.098 billion.

3. Bank of Montreal, through its subsidiary holding companies, Harris Financial Corp., and Harris Bankcorp, Inc., desires to acquire 100% of the outstanding common stock of Marshall & Ilsley Corporation, Milwaukee, Wisconsin, and thereby indirectly acquire M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin, an in-state bank, M&I Bank of Mayville, Mayville, Wisconsin, a limited purpose cash management in-state bank, and M&I Bank, FSB, Las Vegas, Nevada, a federal savings bank.

4. Harris Bankcorp, Inc., currently operates three financial institutions, including national banks in Illinois and Arizona, and a limited purpose cash management national bank in Illinois.

5. On February 3, 2011, Applicant completed the filing of a written application with the Division of Banking in the format and on the forms provided, and paid the required filing fee.

6. A notice of the application was published in the Wisconsin State Journal, Madison, Wisconsin, and the opportunity for a public hearing inviting public comment was given for a period of not less than 30 days from publication. Proof of publication is on file with the Division of Banking.

7. Applicant meets the qualifications of an out-of-state bank holding company under Section 221.0901 of the Wisconsin statutes.

8. The Bank of Montreal (BMO) has filed financial information for the organization, including pro-forma balance sheets reflecting before and after the proposed acquisition, and based on year ended October 31, 2010 financial information for BMO and year ended December 31, 2010 financial information for Marshall & Ilsley Corporation. BMO reported total assets of \$411.6 billion, total liabilities of \$389.7 billion, and stockholders' equity of \$21.9 billion Canadian dollars pre-merger, and total assets of \$460.3 billion, total liabilities of \$434.5 billion, and stockholders' equity of \$25.8 billion Canadian dollars post-merger, based on an exchange rate of 0.9946. Pro-forma financial information for Harris Financial Corp., based on December 31, 2010, reflects pre-merger total assets of \$70.1 billion, total liabilities of \$64.0 billion, and stockholders equity of \$6.1 billion, and post-merger total assets of 123.4 billion, total liabilities of \$111.2 billion, and stockholders equity of \$12.2 billion.

9. The terms and conditions of the acquisition have been disclosed by the filing of the proposed agreement between Applicant and Marshall & Ilsley Corporation. At the effective time of the merger of Marshall & Ilsley Corporation with and into Mike Merger Sub, LLC, each issued and outstanding share of Marshall & Ilsley Corporation common stock will cease to be outstanding and will be exchanged for 0.1257 shares of Bank of Montreal common stock with fractional share interests being paid in cash. Subsequently, M&I Marshall & Ilsley Bank and M&I Bank, FSB, will be merged into Harris, N.A., Chicago, Illinois.

10. There were no comments filed with the division as a result of the publication of this application.

Based upon the Findings of Fact, the following conclusions are made:

### **CONCLUSIONS**

1. The financial condition of Applicant should not jeopardize the financial stability of the acquiree or prejudice the interests of the depositors of the acquiree.
2. Management personnel of the Applicant appear to have sufficient competence and experience such that it should not jeopardize the depositors of the acquiree or the public to permit change of control.
3. The acquisition will not result in undue concentration of resources or substantial lessening of competition in this state.
4. The Applicant has provided adequate and appropriate service required by the Community Reinvestment Act of 1977 in the communities in which the Applicant is located.
5. The application is complete with regard to information sought under Section 221.0901 of the Wisconsin Statutes.
6. The Applicant has provided to the Division of Banking a copy of its application seeking approval of the Board of Governors of the Federal Reserve System. The Federal Reserve Board approved the application on June 20, 2011.
7. The application procedure resulting in formal approval by all necessary regulatory authorities must be completed by June 20, 2012. Failure to complete the transaction will result in requiring the applicant to resubmit its application.
8. To the extent Findings of Fact are more appropriately considered Conclusions of Law, and vice versa, they should be deemed such for the purpose of this Order.

## ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that the application by Bank of Montreal, Montreal, Quebec, Canada; Harris Financial Corp., Chicago, Illinois; Mike Merger Sub, LLC, Chicago, Illinois; and Harris Bankcorp, Inc., Chicago, Illinois, to acquire 100% of Marshall & Ilsley Corporation, Milwaukee, Wisconsin, and to subsequently merge M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin, into Harris N.A., Chicago, Illinois, is hereby approved; and in the event the merger transaction does not close, approval is given for Bank of Montreal to acquire up to 19.7% of voting securities of Marshall & Ilsley Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused my official seal to be affixed. Done in the City of Madison, this 20<sup>th</sup> day of June 2011.

/s/ Michael J. Mach

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Michael J. Mach  
Administrator  
Division of Banking