

## Note 12: Acquisitions

We account for acquisitions of businesses using the purchase method. This involves allocating the purchase price paid for a business to the assets acquired, including identifiable intangible assets, and the liabilities assumed, based on their fair values at the date of acquisition. Any excess is then recorded as goodwill. The results of operations of acquired businesses are included in our consolidated financial statements beginning on the date of acquisition.

### Griffin, Kubik, Stephens & Thompson, Inc.

On May 1, 2008, we completed the acquisition of Chicago-based Griffin, Kubik, Stephens & Thompson, Inc. ("GKST") for cash consideration of \$31 million, subject to a post-closing adjustment based on net equity. The acquisition of GKST provides us with the opportunity to significantly expand our presence in the U.S. municipal bond market. Goodwill related to this acquisition is deductible for tax purposes. GKST is part of our BMO Capital Markets reporting segment.

### Merchants and Manufacturers Bancorporation, Inc.

On February 29, 2008, we completed the acquisition of Wisconsin-based Merchants and Manufacturers Bancorporation, Inc. ("Merchants and Manufacturers") for total cash consideration of \$135 million. The acquisition of Merchants and Manufacturers provides us with the opportunity to expand our banking network into Wisconsin. As part of this acquisition, we acquired a core deposit intangible asset, which is being amortized on an accelerated basis over a period not to exceed 10 years. Goodwill related to this acquisition is not deductible for tax purposes. Merchants and Manufacturers is part of our Personal and Commercial Banking U.S. reporting segment.

### Ozaukee Bank

On February 29, 2008, we completed the acquisition of Ozaukee Bank ("Ozaukee"), a Wisconsin-based community bank, for 3,283,190 shares of Bank of Montreal with a market value of \$54.97 per share for total consideration of \$180 million. The acquisition of Ozaukee provides us with the opportunity to expand our banking network into Wisconsin. As part of this acquisition, we acquired a core deposit intangible asset, which is being amortized on an accelerated basis over a period not to exceed 10 years. Goodwill related to this acquisition is not deductible

for tax purposes. Ozaukee is part of our Personal and Commercial Banking U.S. reporting segment.

### Pyrford International plc

On December 14, 2007, we completed the acquisition of Pyrford International plc ("Pyrford"), a London, U.K.-based asset manager, for total cash consideration of \$41 million, plus contingent consideration of up to \$10 million based on our retention of the assets under management one year from the closing date. The acquisition of Pyrford provides us with the opportunity to expand our investment management capabilities outside of North America. As part of this acquisition, we acquired a customer relationship intangible asset, which is being amortized on a straight-line basis over a period not to exceed 15 years. Goodwill related to this acquisition is not deductible for tax purposes. Pyrford is part of our Private Client Group reporting segment.

### First National Bank & Trust

On January 4, 2007, we completed the acquisition of First National Bank & Trust ("First National") for total cash consideration of \$345 million. The acquisition of First National provides us with the opportunity to expand our banking services into the Indianapolis, Indiana market. As part of this acquisition, we acquired a core deposit intangible asset, which is being amortized on an accelerated basis over a period not to exceed 10 years. Goodwill and other intangibles related to this acquisition are deductible for tax purposes. First National is part of our Personal and Commercial Banking U.S. reporting segment.

### bcpbank Canada

On December 4, 2006, we completed the acquisition of bcpbank Canada, a full-service chartered bank, for total cash consideration of \$41 million. The acquisition of bcpbank Canada expands our branch network and provides our customers with greater access to banking services across the greater Toronto area. As part of this acquisition, we acquired a core deposit intangible asset, which is being amortized on an accelerated basis over 10 years. Goodwill related to this acquisition is not deductible for tax purposes. bcpbank Canada is part of our Personal and Commercial Banking Canada reporting segment.

The estimated fair values of the assets acquired and the liabilities assumed at the dates of acquisition are as follows:

(Canadian \$ in millions)	2008				2007	
	GKST	Merchants and Manufacturers	Ozaukee	Pyrford	First National	bcpbank Canada
Cash resources	\$ –	\$ 47	\$ 54	\$ 1	\$ 110	\$ 47
Securities	63	133	115	–	317	23
Loans	–	1,013	517	–	1,009	293
Premises and equipment	1	34	14	1	30	9
Goodwill	8	100	120	20	175	13
Core deposit/Customer relationship intangible asset	–	39	24	17	37	5
Other assets	24	16	11	4	52	2
<b>Total assets</b>	<b>96</b>	<b>1,382</b>	<b>855</b>	<b>43</b>	<b>1,730</b>	<b>392</b>
Deposits	–	1,029	584	–	1,375	339
Other liabilities	65	218	91	2	10	12
<b>Total liabilities</b>	<b>65</b>	<b>1,247</b>	<b>675</b>	<b>2</b>	<b>1,385</b>	<b>351</b>
<b>Purchase price</b>	<b>\$ 31</b>	<b>\$ 135</b>	<b>\$ 180</b>	<b>\$ 41</b>	<b>\$ 345</b>	<b>\$ 41</b>

The allocations of the purchase price for GKST, Merchants and Manufacturers, Ozaukee and Pyrford are subject to refinement as we complete the valuation of the assets acquired and liabilities assumed.