



## Marshall & Ilsley Corporation Credit Quality Fourth Quarter 2008



### Forward-looking statements

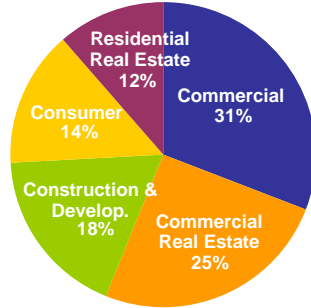
This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding expected financial and operating activities and results that are preceded by, followed by, or that include words such as "may," "expects," "anticipates," "estimates" or "believes." Such statements are subject to important factors that could cause M&I's actual results to differ materially from those anticipated by the forward-looking statements. These factors include: (i) M&I's exposure to the volatile commercial and residential real estate markets, which could result in increased charge-offs and increases in M&I's allowance for loan and lease losses to compensate for potential losses in its real estate loan portfolio, (ii) adverse changes in the financial performance and/or condition of M&I's borrowers, which could impact repayment of such borrowers' outstanding loans, (iii) M&I's ability to maintain required levels of capital, (iv) fluctuation of M&I's stock price, and (v) those factors referenced in Part II, Item 1A. Risk Factors in M&I's quarterly report on Form 10-Q for the quarter ended September 30, 2008, and as may be described from time to time in M&I's subsequent SEC filings, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect only M&I's belief as of the date of this press release. Except as required by federal securities law, M&I undertakes no obligation to update these forward-looking statements or reflect events or circumstances after the date of this press release.



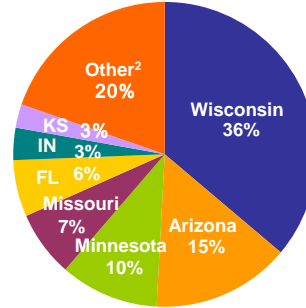
## Total loans

Loans outstanding at December 31, 2008: \$50.0 billion

By Loan Category



By State<sup>1</sup>



<sup>1</sup> Geography based on property zip code.

<sup>2</sup> Other category includes Illinois (5%) and states < 2% (15%).



## Credit quality ratios

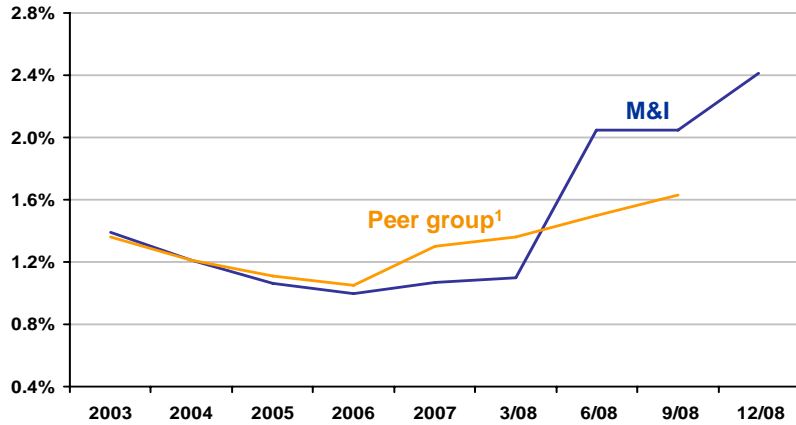
	4Q07	3Q08	4Q08
Net Charge-Offs / Average Loans	1.67%	1.21%	5.38%
Loan Loss Reserve / Period-End Loans	1.07%	2.05%	2.41%
Nonaccrual Loans / Period-End Loans	1.48%	2.50%	3.05%
Non-Performing Loans <sup>1</sup> / Period-End Loans	2.00%	2.70%	3.62%
Loan Loss Reserve / Nonaccrual Loans	72%	82%	79%
Loan Loss Reserve / Non-Performing Loans <sup>1</sup>	54%	76%	66%

<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.



## Enhanced reserve against credit loss

Loan & Lease Loss Reserve to Period-End Loans & Leases



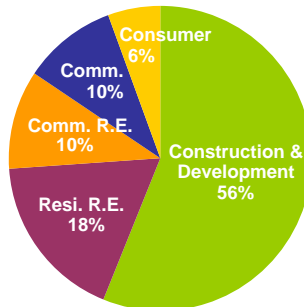
<sup>1</sup> Peer group consists of 16 U.S. banking companies with assets from \$22 - \$175 billion.



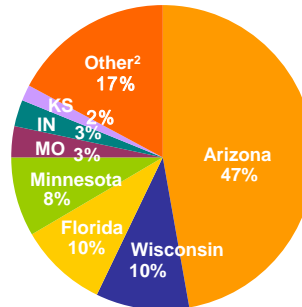
## Total non-performing loans

Non-performing loans at December 31, 2008: \$1.81 billion

By Loan Category



By State<sup>1</sup>



<sup>1</sup> Geography based on property zip code.

<sup>2</sup> Other category includes Illinois (6%) and states < 2% (11%).



## Total non-performing loans<sup>1</sup> – highlights

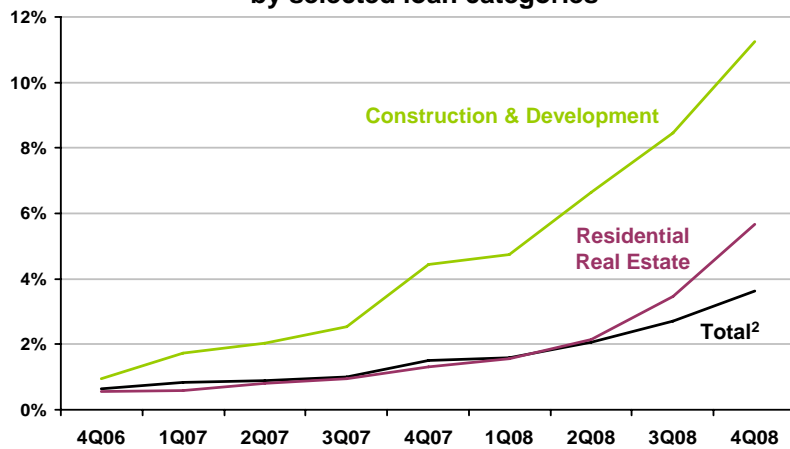
- Approximately 27% are past due less than 30 days; 35% are past due less than 90 days
- \$647 million in partial charge-offs taken against nonaccrual loans—approximately 30% of unpaid principal balance
- Average non-performing loan (\$315,000)
- Number of non-performing loans by dollar range
  - > Greater than \$10 million (11)
  - > \$5 - \$9.9 million (36)

<sup>1</sup> As of December 31, 2008.



## Total non-performing loans

Non-performing loans<sup>1</sup> / Period-end loans  
by selected loan categories



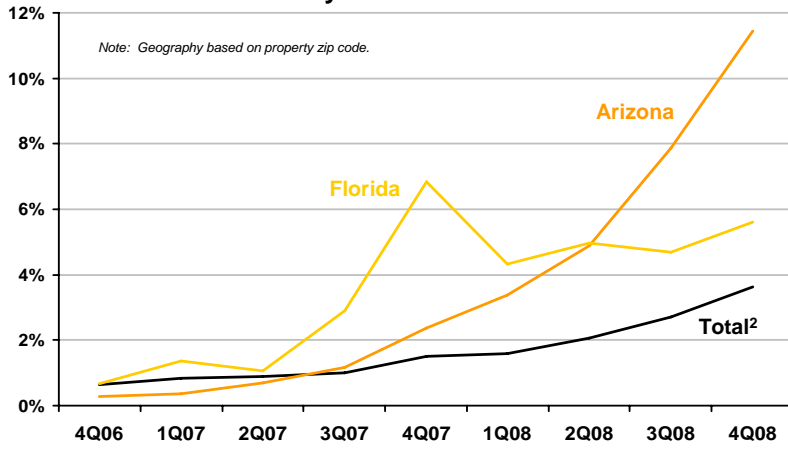
<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.

<sup>2</sup> Total non-performing loans exclude Franklin Credit Management Corp. (\$224 million) in 4Q07.



## Total non-performing loans

### Non-performing loans<sup>1</sup> / Period-end loans by selected states

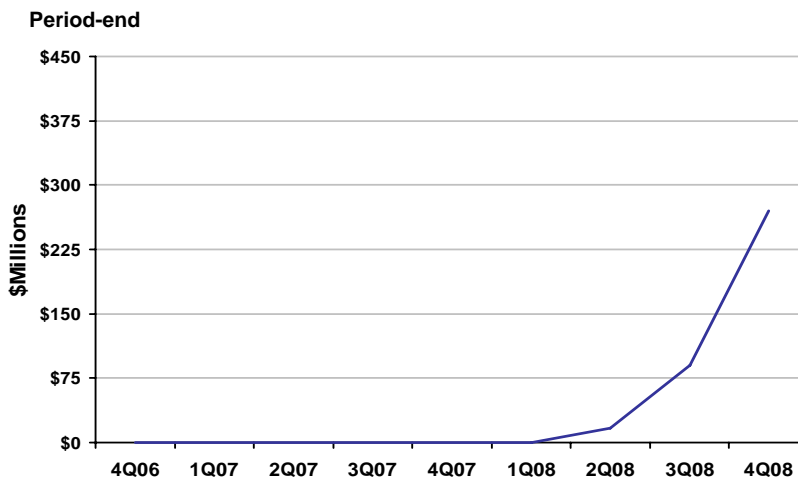


<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.

<sup>2</sup> Total non-performing loans exclude Franklin Credit Management Corp. (\$224 million) in 4Q07.



## Renegotiated loans



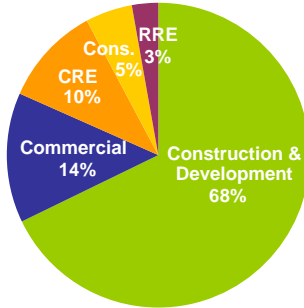
<sup>1</sup> Total renegotiated loans exclude Franklin Credit Management Corp. (\$224 million) in 4Q07.



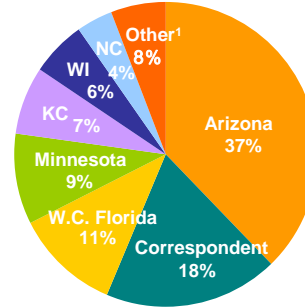
## Total net charge-offs

Net charge-offs for 2008 fourth quarter: \$679.8 million

By Loan Category



By M&I Business Unit

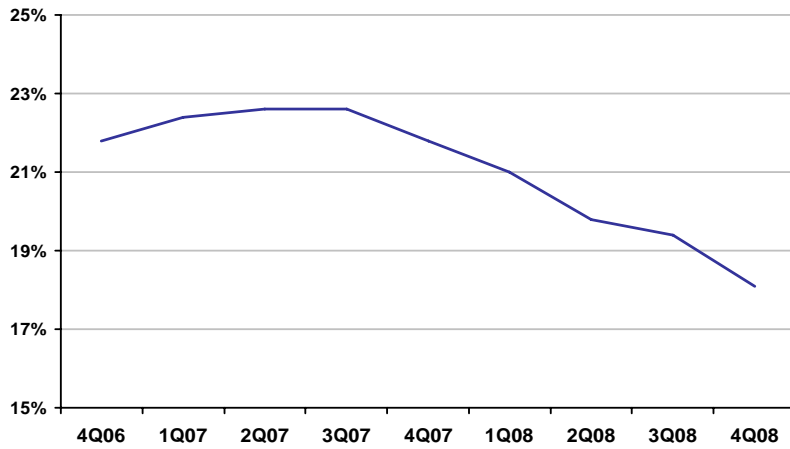


<sup>1</sup> Other category includes Indiana (3%) and M&I business units < 3% (5%).



## C&D loans are declining

C&D as a % total loans & leases



Note: C&D are construction and development loans.  
Based on period-end balances.

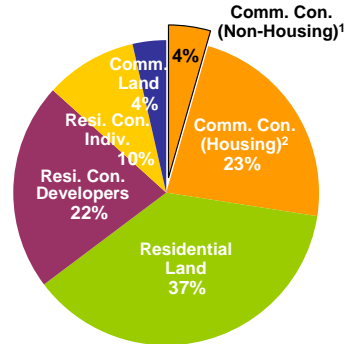
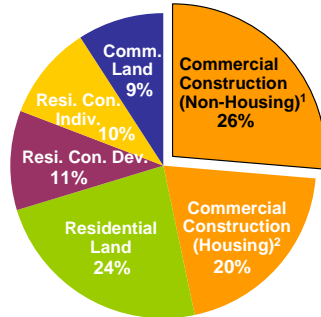


## C&D loans by asset class

December 31, 2008

Loans: \$9.0 billion

NPLs: \$1,017.3 million or 11.25% loans



<sup>1</sup> Includes commercial & industrial and agricultural real estate loans.  
<sup>2</sup> Includes land and residential property loans.

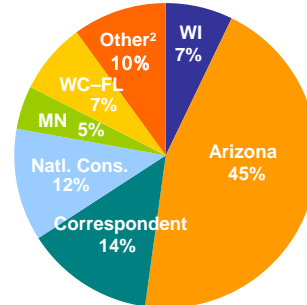
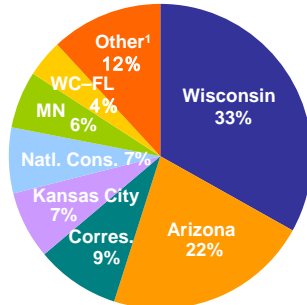


## C&D loans by M&I business unit

December 31, 2008

Loans: \$9.0 billion

NPLs: \$1,017.3 million or 11.25% loans



<sup>1</sup> Other category includes Indiana (4%), St. Louis (4%), Central Florida (3%), and Private Banking (1%).

<sup>2</sup> Other category includes Kansas City (3%), Central Florida (2%), Indiana (2%), St. Louis (2%), and Private Banking (1%).



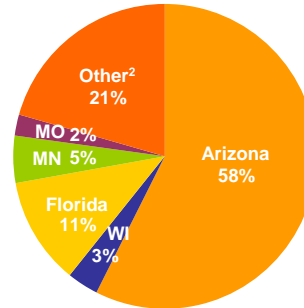
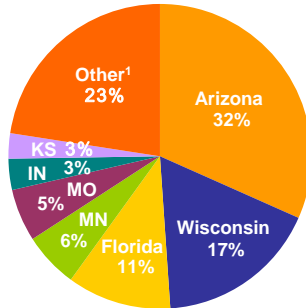
## C&D loans by state

December 31, 2008

Note: Geography based on property zip code.

Loans: \$9.0 billion

NPLs: \$1,017.3 million or 11.25% loans



<sup>1</sup> Other category includes Illinois (6%), California (3%), Texas (2%), and states < 2% (12%).

<sup>2</sup> Other category includes Illinois (8%), and states < 2% (13%).



## C&D loans<sup>1</sup> – highlights

\$ Millions	Commercial		Residential		
	Construction	Land	Constr. By Individuals	Land	Constr. By Developers
Total loan portfolio size	\$4,233.1	\$829.8	\$881.4	\$2,122.0	\$977.0
Average loan size	3.4	0.9	0.4	0.2	0.9
Total non-performing loans	279.1	35.6	99.2	379.3	224.1
Largest non-performing loan	16.3	6.9	4.4	17.6	17.0
Average non-performing loan	2.4	0.9	0.6	0.3	0.8
# NPLs > \$5 million by \$ range					
> \$10 million	5	0	0	2	1
\$5 - \$9.9 million	13	2	0	2	7
<b>Total</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>8</b>
# NPLs > \$5 million by state <sup>2</sup>					
Arizona	4	0	0	2	4
Florida	5	1	0	0	0
Illinois	4	1	0	1	1
Missouri	2	0	0	0	0
Wisconsin	1	0	0	0	1
Other states	2	0	0	1	2
<b>Total</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>8</b>

<sup>1</sup> As of December 31, 2008.

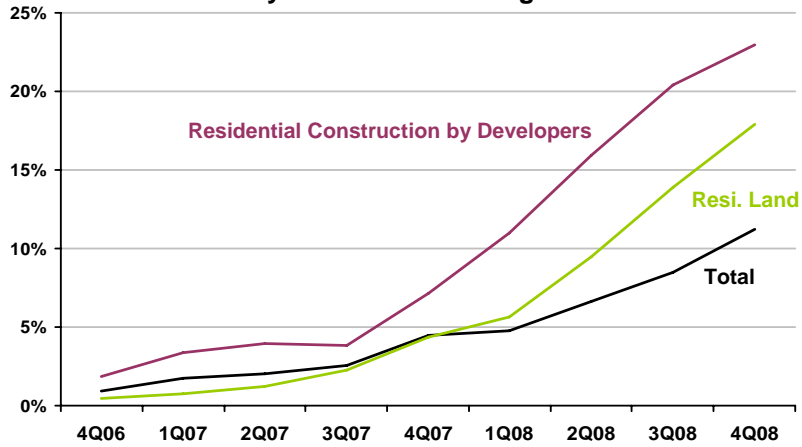
<sup>2</sup> Geography based on property zip code.





## C&D non-performing loans

Non-performing loans<sup>1</sup> / Period-end loans  
by selected loan categories

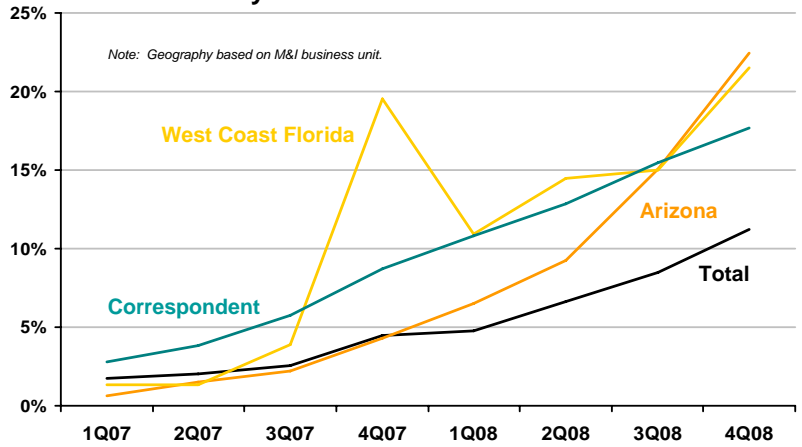


<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.



## C&D non-performing loans

Non-performing loans<sup>1</sup> / Period-end loans  
by selected M&I business unit



<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.



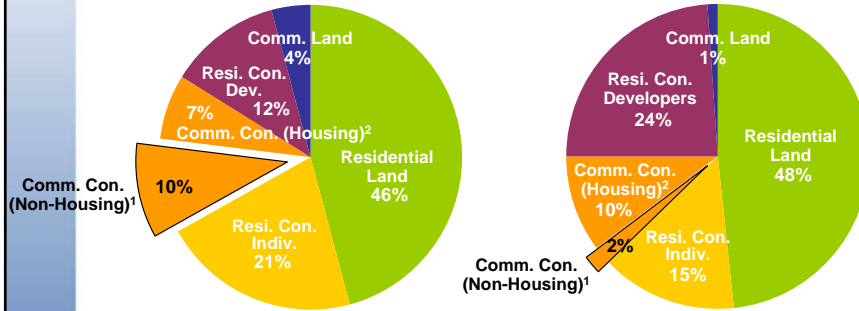
# Arizona C&D loans

December 31, 2008

Note: Geography based on property zip code; numbers include correspondent banking loans.

Loans: \$2.9 billion

NPLs: \$586 million or 20.42% loans



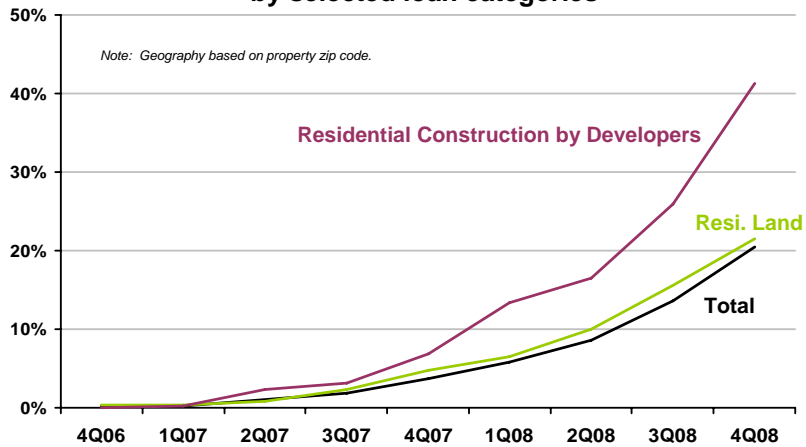
<sup>1</sup> Includes commercial & industrial and agricultural real estate loans.  
<sup>2</sup> Includes land and residential property loans.



# Arizona C&D non-performing loans

Non-performing loans<sup>1</sup> / Period-end loans by selected loan categories

Note: Geography based on property zip code.



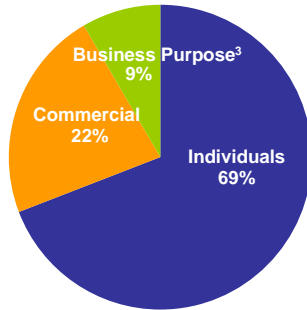
<sup>1</sup> Includes loans 90+ day past due and still accruing interest and renegotiated loans.



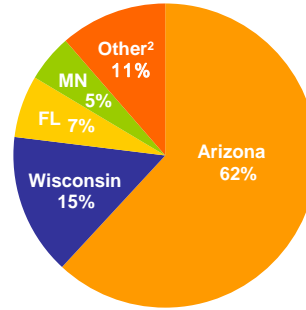
# Total residential land loans

Loans outstanding at December 31, 2008: \$2.1 billion

By Customer Type



By State<sup>1</sup>



<sup>1</sup> Geography based on property zip code.

<sup>2</sup> Other category includes Hawaii, (2%), Illinois (2%), Nevada (2%), and other states (5%).

<sup>3</sup> Loans to mid-sized local and regional builders to acquire and develop land for 1-4 family homes.

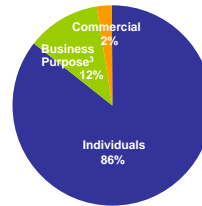


# Arizona residential land loans

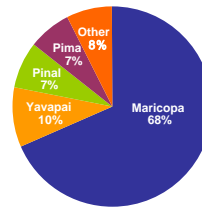
## Key Statistics at December 31, 2008<sup>1</sup>

- Total loans outstanding: \$1,314 million
- Total non-performing loans: \$283 million or 21.53%
- Loans to individuals
  - Loans outstanding: \$1,123 million
  - Average loan size: \$201,785
  - Non-performing loans: \$141 million or 12.54%
  - Original / updated FICO score: 733 / 704
  - Original / updated LTV<sup>1</sup>: 75% / 139%
- Loans to individuals (Maricopa County)
  - Loans outstanding: \$757 million
  - Average loan size: \$250,617
  - Non-performing loans: \$103 million or 13.63%
  - Original / updated FICO score: 732 / 702
  - Original / updated LTV<sup>1</sup>: 75% / 142%

By Customer Type



By County<sup>2</sup>



<sup>1</sup> Updated LTV based on market price trends.

<sup>2</sup> Geography based on property zip code.

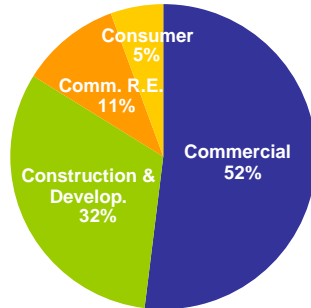
<sup>3</sup> Loans to mid-sized local and regional builders to acquire and develop land for 1-4 family homes.



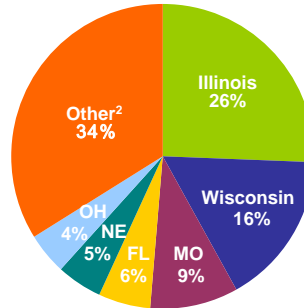
## Correspondent banking loans

Loans outstanding at December 31, 2008: \$2.5 billion

By Loan Category



By State<sup>1</sup>



<sup>1</sup> Geography based on property zip code.

<sup>2</sup> Other category includes California (4%), Texas (4%), Utah (4%), and states < 4% (22%).



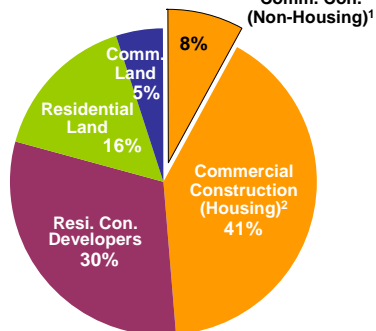
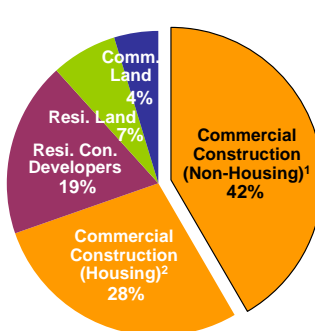
## Correspondent banking C&D loans

December 31, 2008

Note: Geography based on M&I business unit.

Loans: \$789.3 million

NPLs: \$139.5 million or 17.67% loans



<sup>1</sup> Includes commercial & industrial and agricultural real estate loans.

<sup>2</sup> Includes land and residential property loans.



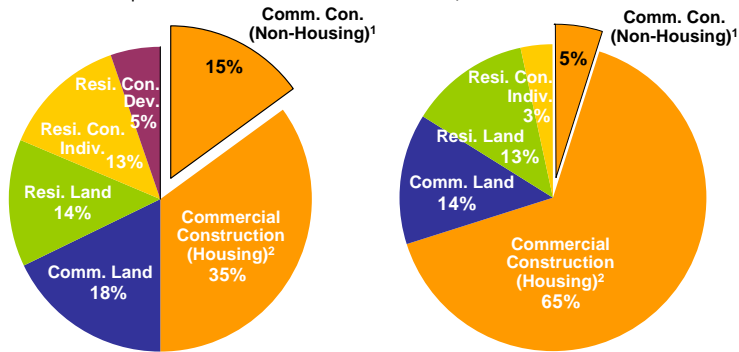
## West Coast Florida C&D loans

December 31, 2008

Note: Geography based on M&I business unit.

Loans: \$349.1 million

NPLs: \$75.1 million or 21.50% loans



<sup>1</sup> Includes commercial & industrial and agricultural real estate loans.

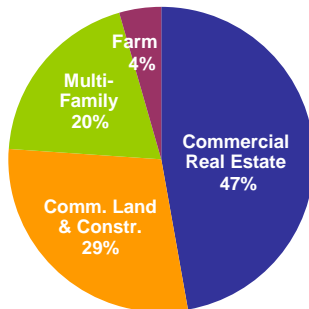
<sup>2</sup> Includes land and residential property loans.



## Total commercial real estate loans

Loans outstanding at December 31, 2008: \$17.6 billion

### By Loan Category



Note: 26% of CRE loans are owner-occupied.

Property Type	Total Commercial Real Estate Loans		
	\$ Millions	% Total	% NPL
<b>Commercial &amp; Industrial</b>			
Industrial	\$2,445.4	13.9	0.59
Retail	2,451.3	13.9	1.81
Office	2,349.8	13.3	1.71
Other <sup>1</sup>	3,207.9	18.2	1.16
<b>Total Commercial &amp; Industrial<sup>2</sup></b>	<b>\$10,454.4</b>	<b>59.4</b>	<b>1.30</b>
Land	1,579.7	9.0	8.71
Residential Property	4,590.3	26.1	4.89
Agricultural Real Estate	898.5	5.1	0.48
Other	81.5	0.5	0.09
<b>Total Commercial Real Estate</b>	<b>\$17,604.4</b>	<b>100.0</b>	<b>2.85</b>

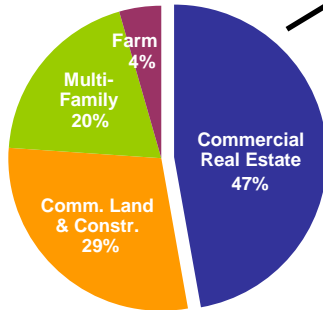
<sup>1</sup> Other category includes Lodging (6%), Medical (4%), Vehicle Dealership (2%), and other < 2% (6%).

<sup>2</sup> Geographic distribution is Wisconsin (34%), Minnesota (13%), Arizona (10%), Missouri (10%), Florida (8%), Illinois (5%), Kansas (3%), Indiana (3%), and other states <3% (14%).

# Total commercial real estate loans

Loans outstanding at December 31, 2008: \$17.6 billion

## By Loan Category



Property Type	Commercial Real Estate Loans		
	\$ Millions	% Total	% NPL
<b>Commercial &amp; Industrial</b>			
Industrial	\$2,140.4	25.7	0.58
Retail	1,678.1	20.1	1.35
Office	1,691.9	20.3	1.22
Other <sup>1</sup>	2,473.5	29.7	1.17
<b>Total Commercial &amp; Industrial<sup>2</sup></b>	<b>\$7,983.9</b>	<b>95.8</b>	<b>1.06</b>
Land	104.2	1.3	3.03
Residential Property	90.5	1.1	9.97
Agricultural Real Estate	116.1	1.4	0.61
Other	35.0	0.4	0.19
<b>Total Commercial Real Estate</b>	<b>\$8,329.7</b>	<b>100.0</b>	<b>1.17</b>

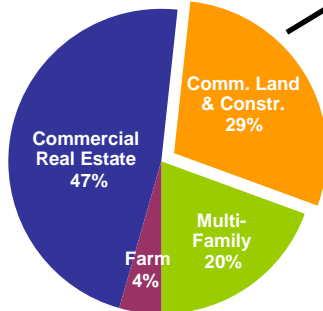
Note: 26% of CRE loans are owner-occupied.

<sup>1</sup> Other category includes Lodging (7%), Medical (7%), Vehicle Dealership (4%), Gas Station (4%), Restaurant (3%), and other < 2% (5%).

# Total commercial real estate loans

Loans outstanding at December 31, 2008: \$17.6 billion

## By Loan Category



Property Type	Comm. Land & Construction Loans		
	\$ Millions	% Total	% NPL
<b>Commercial &amp; Industrial</b>			
Industrial	\$297.5	5.9	0.68
Retail	764.1	15.1	2.84
Office	645.5	12.7	2.91
Other <sup>1</sup>	706.1	13.9	1.14
<b>Total Commercial &amp; Industrial</b>	<b>\$2,413.2</b>	<b>47.7</b>	<b>2.10</b>
Land	1,446.8	28.6	8.88
Residential Property	1,166.8	23.0	11.62
Agricultural Real Estate	8.4	0.2	1.78
Other	27.7	0.5	0.00
<b>Total Commercial Real Estate</b>	<b>\$5,062.9</b>	<b>100.0</b>	<b>6.22</b>

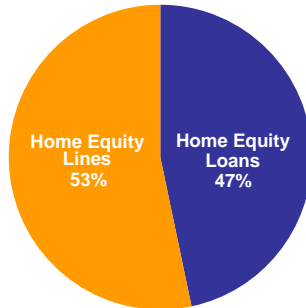
Note: 26% of CRE loans are owner-occupied.

<sup>1</sup> Other category includes Lodging (7%), Medical (3%), and other < 2% (4%).

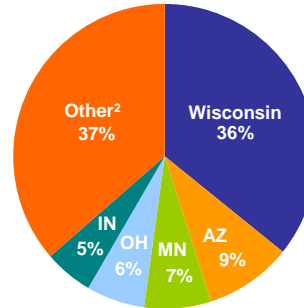
## Home equity lines and loans

Loans outstanding at December 31, 2008: \$5.1 billion

By Loan Category



By State<sup>1</sup>



<sup>1</sup> Geography based on property zip code.

<sup>2</sup> Other category includes Florida (4%), Missouri (4%), Illinois (3%), and states < 3% (26%).

## Home equity<sup>1</sup> – highlights

- Home equity loans
  - Original / updated FICO score (727 / 713)
  - Original / updated LTV<sup>2</sup> (85% / 92%)
  - % secured by first mortgage (82%)
  
- Home equity lines
  - Original / updated FICO score (735 / 712)
  - Original / updated LTV<sup>2</sup> (78% / 91%)
  - % secured by first mortgage (16%)
  - % drawn (56%)

<sup>1</sup> As of December 31, 2008.

<sup>2</sup> Updated LTV based on market price trends.



## C&D loans – definitions

- Commercial Construction – Loans primarily to mid-sized local and regional companies to construct a variety of commercial projects, including farmland, industrial, multi-family, office, retail, single-family and condominiums.
- Commercial Land – Loans primarily to mid-sized local and regional companies to acquire and develop land for a variety of commercial projects, including farmland, industrial, multi-family, office, retail, single-family, and condominiums.
- Residential Construction by Individuals – Loans to individuals to construct 1-4 family homes.
- Residential Land – Loans primarily to individuals and mid-sized local and regional builders to acquire and develop land for 1-4 family homes.
- Residential Construction by Developers – Loans primarily to mid-sized local and regional builders to construct 1-4 family homes in residential subdivisions.