

Bank of Montreal takes major step forward in U.S. expansion plan

TORONTO, April 18, 1994

Bank of Montreal is pleased to announce the next major step in its U.S. expansion strategy: a US\$246 million merger agreement with Suburban Bancorp, Inc. and a major branch expansion plan by Harris Bankcorp, Inc.

On Friday, the signing of a definitive merger agreement was announced that will see Harris and Suburban combine under the Harris name. Harris also announced today plans for 24 to 27 new branches in city and suburban communities in the greater Chicago area through 1996. Harris is wholly owned by Bank of Montreal.

"As I told shareholders at Bank of Montreal's annual meeting in January, our goal is to dramatically increase our presence in the U.S. market. With these announcements, Harris is well on its way to achieving the goals set out in Bank of Montreal's ten-year strategy to become the first truly North American bank," said Matthew W. Barrett, Chairman and Chief Executive Officer, Bank of Montreal.

In addition to Harris, Bank of Montreal has significant corporate and investment banking operations in the U.S., with U.S.-based assets of \$33 billion. Bank of Montreal plans to spend more than US\$700 million by the year 2002 to solidify its position in the U.S. With total assets of \$116 billion, Bank of Montreal already is one of the ten largest North American banks.

"Suburban is a premier banking institution - quality people, strong leadership and superb locations in dynamic, fast growing communities in the west and northwest suburbs. Suburban is the ideal partner to help us achieve our expansion goals," said Alan G. McNally, Chief Executive Officer of Harris.

The merger is a major step in Harris' aggressive expansion program, which calls for Harris to triple its distribution network, market share and earnings by the end of the decade. Harris intends to build and grow the business in which it is traditionally strong and expand two distribution-based businesses - small business and retail banking.

Founded in 1961, Suburban had 1993 year-end assets of US\$1.3 billion, net income of US\$14.7 million and a 15.3% return on equity. During the past three years, Suburban's assets have increased by 36%.

The merger will more than double the number of Harris community banks from 12 to 25 and increase its number of locations from 42 to 72, moving Harris from fifth largest community bank network to third. Suburban's branches are strategically located in Chicago-area communities that fit closely with Harris' expansion plans. The branching strategy announced today, combined with the Suburban merger, will bring Harris' distribution network to almost 100 locations throughout Chicagoland.

"Our partnership brings together shared philosophy under the value of the Harris name, which is the number one name in Chicago banking," said Gerald F. Fitzgerald Sr., Chairman of Suburban. "After nearly 35 years in community banking, I believe we have chosen the best organization to carry on Suburban's values and traditions. We are proud to be part of the Bank of Montreal family of companies."

As reported Friday, 100 percent of Suburban stock will be exchanged for Bank of Montreal (BMO) common shares based on the conversion rate of 3.9352 BMO shares per Suburban share, subject to adjustment. Based on the April 14 closing price of BMO stock, the value of the transaction would be US\$73.08 per share, an aggregate of approximately US\$246 million. At US\$73.08 per share, the agreed price is 2.42 times Suburban's March 31 book value, a multiple that is in line with recent transactions in the rapidly consolidating Chicago marketplace.

The agreement is subject to certain conditions, including approval by shareholders of Suburban and by regulators. Members of the Gerald F. Fitzgerald family, who own shares representing more than a majority of the voting power of Suburban, have agreed to vote their shares in favour of the transaction.

The deal is expected to close by the end of the year. As part of the transaction, Bank of Montreal will register its common stock with the U.S. Securities and Exchange Commission, making it the first Canadian bank to do so.

Nesbitt Thomson Inc. is acting as financial advisor to Bank of Montreal and Harris. Lazard Freres & Co. is serving as financial advisor to Suburban.

NOTE: This announcement does not constitute an offer of Bank of Montreal common stock to be exchanged, which will be offered only by means of a prospectus to be filed with the SEC.