

Bank of Montreal's Harris Bank subsidiary acquires 54 branches of Household Bank, creating a comprehensive chicagoland network

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Bank of Montreal's wholly-owned U.S. subsidiary Harris Bank has announced the signing of an agreement to buy 54 branches of Household Bank, f.s.b, a wholly owned subsidiary of Household International, Inc. with C\$3.9 billion (US \$2.9 billion) of deposits and C\$400 million (US \$300 million) of loans. The purchase price is C\$375 million (US \$277 million). The acquisition is subject to regulatory approvals and is expected to close this summer.

The acquisition significantly increases Harris' presence across Chicagoland. Harris' expansion program, announced in 1993, called for the bank to triple its distribution, market share and earnings over the next decade. With the strategic acquisition of Household Bank, and Suburban Bancorp in 1994, Harris will have grown from 42 to 140 locations when this transaction closes. The 54 Household Bank branches add a customer base of 250,000, increasing Harris' customer base to 750,000 retail and small business customers in Chicagoland.

"This acquisition gives Harris critical mass in the Chicagoland market in the face of the on-going consolidation that is taking place. Harris can now focus on further expanding its customer base with enhanced products and services," said Matthew Barrett, Chairman and Chief Executive Officer, Bank of Montreal.

"Furthermore, this acquisition is consistent with our objective of serving customers who need a financial partner capable of providing experience and expertise in all three NAFTA countries. As the economies of Canada, the United States and Mexico continue to integrate, we are expanding our capacity to provide seamless one-stop-shopping financial service."

The Household Bank transaction represents the fourth key strategic undertaking for the Bank of Montreal in recent years. In 1994, the Bank acquired Suburban Bancorp and combined it with Harris to provide a beachhead for expansion in the Chicagoland market. The same year, the merger of Nesbitt Thomson with Burns Fry addressed growing demand for sophisticated investment banking services and created a strong base from which to expand into the U.S. And last month, Bank of Montreal took an ownership position with Bancomer, Mexico's second largest bank, enabling Bank of Montreal to provide banking services in all three NAFTA countries.

Bank of Montreal is a highly diversified financial services institution that earns about half of its income outside Canada. It ranks as one of the 10 largest banks in North America with average assets of C\$150 billion. Together with Nesbitt Burns, Canada's largest full-service investment firm, and Harris Bank, a major U.S. mid-west corporate and private bank and one of the largest community bank networks in greater Chicago, and its alliance with Grupo Financiero Bancomer, the second largest Mexican financial institution, Bank of Montreal serves customers throughout North America and around the world.