

December 29, 2004  
Draft

**[VARTANA BANK OF CANADA]**

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**BY-LAW NO. 1**

A by-law relating generally to the transaction of the business and affairs of  
**[VARTANA BANK OF CANADA]**

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JANUARY ●, 2005



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**BY-LAW NO. 1**

A by-law relating generally to the transaction of the business and affairs of  
**[VARTANA BANK OF CANADA]**

**BE IT ENACTED** as a by-law of the Bank as follows:

**ARTICLE 1  
INTERPRETATION**

**Section 1.1 Definitions.**

(1) In the by-laws of the Bank, unless the context otherwise requires:

**“Act”** means the *Bank Act* (Canada), and any statute that may be substituted therefor, as from time to time amended.

**“appoint”** includes **“elect”** and vice versa.

**“Bank”** means the body corporate incorporated as a bank under the Act and named [**“Vartana Bank of Canada”**].

**“Board”** means the board of directors of the Bank.

**“by-laws”** means this by-law and all other by-laws of the Bank from time to time in force and effect.

**“cheque”** includes a draft.

**“Committee”** means the audit committee, the conduct review committee, the nominating committee, the charity review committee and any other committee established by the Board pursuant to Section 5.1.

**“letters patent”** means the letters patent by which the Bank was incorporated as a bank, and includes any amendment thereto or restatement thereof.

**“meeting of shareholders”** includes an annual meeting of shareholders and a special meeting of shareholders.

**“non-business day”** means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada).

**“ordinary resolution”** means a resolution passed by a majority of the votes cast by the shareholders who voted in respect of that resolution or signed by all of the shareholders entitled to vote on that resolution.

**“recorded address”** means in the case of a shareholder its address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a Committee, his or her latest address as recorded in the records of the Bank.

**“resident Canadian”** means an individual who is:

- (a) A Canadian citizen ordinarily resident in Canada;
- (b) A Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons; or
- (c) A permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which he or she first became eligible to apply for Canadian citizenship.

**“signing officer”** means, in relation to any instrument, any person authorized to sign the same on behalf of the Bank by Section 2.4 or by a resolution passed pursuant thereto.

**“special meeting of shareholders”** includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders.

**“special resolution”** means a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution.

- (2) Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular number include the plural and vice versa; and words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative.

## **ARTICLE 2 BUSINESS OF THE BANK**

### **Section 2.1 Head office.**

The head office of the Bank shall be at the place within Canada from time to time specified in the letters patent and at such location therein as the Board may from time to time determine.

### **Section 2.2 Corporate Seal.**

Until changed by the Board, the corporate seal of the Bank shall be in the form impressed hereon.

### **Section 2.3 Financial Year.**

Until changed by the Board, the financial year of the Bank shall end on the last day of October in each year.

### **Section 2.4 Banking Arrangements.**

The Bank's own banking arrangements, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

### **Section 2.5 Real Property.**

Real property or interests in real property owned by the Bank in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time to time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Bank in its own right with such maximum values as the Board may fix in its authorizing resolution.

### **Section 2.6 Senior Signing Powers.**

Subject to the exception provided in Section 2.5 any of the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Bank in its own right or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Bank thereto. In such instances as in the judgment of the Chairman of the Board, the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her function. Any officer of the Bank authorized in or pursuant

to "General Signing Powers" to have the powers set forth therein, other than the officer signing pursuant to "Senior Signing Powers", is authorized to attest to the seal of the Bank on any documents requiring such seal.

**Section 2.7 General Signing Powers.**

All acceptances; authentications; bills of exchange; bills of lading; bills receivable; certificates of deposit; certifications; cheques; disclosure notices required by law; drafts; endorsements; guarantees of signatures to assignments of stock bonds or other instruments; letters of credit; notes; documents of any type required for the prosecution or defense of judicial, regulatory or administrative proceedings; orders for the payment of money; receipts; and all accounts, petitions, schedules and verifications, may be accepted, endorsed or signed in the name of, or on behalf of, the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President. In such instances as in the judgment of the Chairman of the Board, the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing any other officer, employee or individual to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her function.

**Section 2.8 Rescission of Signing Powers.**

Any signing authority authorized by the Chairman of the Board, the President or any Executive Vice President may be rescinded at any time by any one of said officers and any signing power authorized in or pursuant to "Real Property", "Senior Signing Powers" or "General Signing Powers" shall terminate without necessity of further action when the officer or employee having such power leaves the employ of the Bank.

**ARTICLE 3  
BORROWING AND SECURITIES**

**Section 3.1 Borrowing Power.**

- (1) Without limiting the borrowing powers of the Bank as set forth in the Act, the Board may from time to time on behalf of the Bank, without authorization of the shareholders:
  - (a) Borrow money upon the credit of the Bank;
  - (b) Issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Bank, whether secured or unsecured;

- (c) To the extent permitted by the Act, give a guarantee on behalf of the Bank to secure performance of any present or future indebtedness, liability or obligation of any person; and
  - (d) To the extent permitted by the Act, mortgage, hypothecate, pledge or otherwise create a security interest in all or currently owned or subsequently acquired real or personal, movable or immovable, property of the Bank including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Bank.
- (2) Nothing in this section limits or restricts the borrowing of money by the Bank on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Bank.

### **Section 3.2 Delegation.**

The Board may from time to time delegate to a Committee, one or more directors or officers of the Bank or any other person as may be designated by the Board all or any of the powers conferred on the Board by Section 3.1 or by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

## **ARTICLE 4 DIRECTORS**

### **Section 4.1 Responsibilities of the Board**

- (1) The Board shall manage or supervise the management of the Bank. Without limitation of the foregoing, the Board will perform the functions and responsibilities as set out below. In addition to these, the Board shall perform such other duties as may be required by the *Bank Act* (Canada), any regulatory or any other applicable laws or regulations.
- (a) The Board will review and, if appropriate, approve the Bank's strategic planning process and the Bank's annual strategic plans.
  - (b) The Board will review and, if appropriate, approve the Bank's annual business and capital plans.
  - (c) The Board will monitor and assess the Bank's implementation of the Bank's annual strategic, business, and capital plans.
  - (d) The Board will, with the assistance of the Audit Committee, review the risk management programs of the Bank, including any material risks

associated with the activities or operations of the Bank, and any material deficiencies in these activities.

- (e) The Board will review and, if appropriate, approve the Bank's policies, guidelines, and delegation of authorities with respect to the granting and management of credit.
  - (f) The Board will review and, if appropriate, approve the Bank's policies, guidelines, and delegation of authorities with respect to the taking and management of market, liquidity, balance sheet, and operational risks.
  - (g) The Board will review the Bank's approach to human resource management, including executive compensation and succession planning.
  - (h) The Board will review, with the assistance of the Conduct Review Committee, the Bank's approach to corporate governance, and the effectiveness of the Board, the Committees, and the senior management.
  - (i) The Board will review with the assistance of the Audit Committee, the integrity of the Bank's financial information and systems, and the effectiveness of internal controls relating to the financial information and disclosures.
  - (j) The Board will establish the Committees, approve their composition and mandates, and delegate authorities to those Committees.
- (2) The Board will be ultimately responsible for the Bank's risk management policies and practices. In delegating its responsibility, the Board will charge management with developing and implementing risk management programs and ensuring that these programs remain adequate, comprehensive and prudent.

#### **Section 4.2 Number of Directors and Quorum.**

Until changed in accordance with the Act, the Board shall consist of not fewer than 7 directors and not more than 21 directors. Subject to Section 4.9, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors or such greater number of directors as the Board may from time to time determine.

#### **Section 4.3 Qualification.**

No person shall be qualified for election as a director if he or she is less than 18 years of age; if he or she is of unsound mind and has been so found by a court in Canada or elsewhere; if he or she is not an individual; or if he or she has the status of

a bankrupt. A director need not be a shareholder. A majority of the directors shall be resident Canadians, and so long as required by the Act, no more than two-thirds of the directors may be persons affiliated with the Bank.

#### **Section 4.4 Election and Term.**

The election of directors shall take place at the first meeting of shareholders and thereafter at each annual meeting of shareholders. Except as set forth below, all directors shall be elected for a term of three years, ending at the third annual meeting following the meeting at which they were elected. In the case of a director elected to replace another director, the term of that director shall end at the meeting at which the term of the replaced director would have ended. All directors shall be eligible for re-election, except that no director shall be elected to more than three full terms. In order that roughly equal numbers of directors will retire at each annual meeting, the secretary may specify, in respect of any election of directors, that one or more of the directors to be elected shall be elected for a term of one or two years. If at any election directors are to be elected for different terms, a separate election will be held in respect of each term. The number of directors to be elected at any meeting shall, if a minimum and maximum number of directors is authorized, be the number of directors retiring at that meeting unless the directors or the shareholders otherwise determine. Where the directors adopt an amendment to the by-laws to increase or, subject to the Act, decrease the number or minimum or maximum number of directors, the shareholders may, at the meeting at which they confirm the amendment of the by-law, elect the number of directors required to be elected so that the number of directors is that authorized by the amendment. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

#### **Section 4.5 Removal of Directors.**

Subject to the Act, the shareholders may by resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the Board.

#### **Section 4.6 Vacation of office.**

A director ceases to hold office when he or she dies; he or she is removed from office by the shareholders; he or she ceases to be qualified for election as a director or is ineligible to hold office pursuant to Section 208(2) of the Act, or his or her written resignation is sent or delivered to the Bank, or, if a time is specified in such resignation, at the time so specified, whichever is later.

#### **Section 4.7 Vacancies.**

Subject to the Act, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or minimum number of directors specified in the articles or from a failure of the shareholders to elect the

number or minimum number of directors required by the articles. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number or minimum number of directors, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If such directors fail to call such meeting or if there are no such directors then in office, any shareholder may call the meeting.

**Section 4.8 Action By The Board.**

Subject to Section 4.9 and Section 4.10, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office.

**Section 4.9 Canadian Majority.**

The Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless a majority of the directors present are resident Canadians, except where:

- (a) A resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
- (b) A majority of resident Canadians would have been present had that director been present at the meeting.

**Section 4.10 Meeting By Telephone.**

If all the directors of the Bank consent, a director may participate in a meeting of the Board or of a Committee by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of the Committees.

**Section 4.11 Place of Meetings.**

Meetings of the Board may be held at any place in or outside Canada.

**Section 4.12 Calling of Meetings.**

Meetings of the Board shall be held from time to time at such time and at such place as the Board, the Chairman of the Board, the Managing Director (if any), the President or any two Directors may determine.

**Section 4.13 Notice of Meeting.**

Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 12.1 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) Submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) Fill a vacancy among the directors or in the office of auditor;
- (c) Issue securities except in the manner and on the terms authorized by the Board;
- (d) Declare dividends;
- (e) Purchase, redeem or otherwise acquire shares issued by the Bank;
- (f) Pay a commission for the sale of shares;
- (g) Approve a management proxy circular;
- (h) Approve a take-over bid circular or directors' circular;
- (i) Approve any annual financial statements; or
- (j) Adopt, amend or repeal by-laws.

**Section 4.14 First Meeting of New Board.**

Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

**Section 4.15 Adjourned Meeting.**

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting are announced at the original meeting.

**Section 4.16 Regular Meetings.**

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any

such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

**Section 4.17 Chairman.**

The chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: Chairman of the Board, Managing Director (if any), President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman. If the secretary is absent, the chairman shall appoint some person, who need not be a director, to act as secretary of the meeting.

**Section 4.18 Votes to Govern.**

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

**Section 4.19 Conflict of Interest.**

A director or officer who is a party to, or who is a director or officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Bank or has a material interest in any person who is a party to a material contract with the Bank shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or proposed contract shall be referred to the Board or shareholders for approval even if such contract is one that in the ordinary course of the Bank's business would not require approval by the Board or shareholders. Such a director shall not be present at any meeting of directors while the contract is being considered, a vote on any resolution to approve the same.

**Section 4.20 Remuneration And Expenses.**

The directors shall not be entitled to be paid any remuneration for being a director per se, but shall be entitled to be paid such remuneration for their services in the discharge of their duties and responsibilities as set forth in Section 4.1 as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any Committee. Nothing herein contained shall preclude any director from serving the Bank in any other capacity and receiving remuneration therefor.

## ARTICLE 5 COMMITTEES

### **Section 5.1 Committee of Directors.**

The Board may appoint one or more committees of the Board, however designated, and delegate to any such committee any of the powers of the Board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise. A majority of the members of any such committee shall be resident Canadians.

### **Section 5.2 Transaction of Business.**

Subject to the provisions of Section 4.10, the powers of a Committee may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such Committee who would have been entitled to vote on that resolution at a meeting of the Committee. Meetings of such Committee may be held at any place in or outside of Canada.

### **Section 5.3 Audit Committee.**

- (1) The Board shall elect annually from among its number an audit committee (the "Audit Committee") to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Bank or its affiliates. The Audit Committee shall have the powers and duties provided in the Act and such other powers and duties as the Board may from time to time determine.
- (2) The principal functions of the Audit Committee will be to fulfill its oversight responsibilities in respect of integrity of the Bank's financial reporting; the Bank's internal controls and disclosure controls; the qualifications, independence and performance of the Bank's external auditors, the performance of the Bank's internal audit function and qualification and independence of the Bank's external auditors; and the Bank's compliance with legal and regulatory requirements.
- (3) The Audit Committee will perform, at minimum, the functions and responsibilities as set out below. In addition to these, the Audit Committee shall perform such duties as may be required of an audit committee by the *Bank Act* (Canada), any regulator or any other applicable laws or regulations.
  - (a) The Audit Committee will be responsible for review of the integrity of the Bank's financial statements and financial disclosure. Management will be responsible for the preparation, presentation, and integrity of the financial statements and financial disclosures, and the accounting principles and reporting policies used by the Bank.

- (b) The Audit Committee will review the annual audited financial statements of the Bank, the external auditors' report, and the related management discussion and analysis to determine whether they present fairly, in all material respects, and in accordance with Canadian generally accepted accounting principles (as modified by OSFI from time to time), the condition of the Bank. After review the Audit Committee will, if appropriate, recommend the financial statements and management discussion and analysis to the Board for review and approval.
- (c) The Audit Committee will review the interim financial statements, the external auditors' report, and the related management discussion and analysis to determine whether they present fairly, in all material respects, in accordance with Canadian generally accepted accounting principles (as modified by OSFI from time to time), the condition of the Bank. After review the Audit Committee will, if appropriate, recommend the financial statements and management discussion and analysis to the Board for review and approval.
- (d) The Audit Committee will be responsible for the oversight of the work of the external auditors in auditing the Bank's financial statements and internal controls over financial reporting, including appointment and compensation, annual report review, audit plan, independence, and pre-approval of non-audit services.
- (e) The Audit Committee will review the independence of the internal auditors from management, considering the function, budget, planned activities, and organization structure of the internal audit function.
- (f) The Audit Committee will assess and recommend to the Board the appointment of the Bank's external auditors, and will discuss and evaluate the performance of the Chief Auditor in the discharge of their duties.
- (g) The Audit Committee will monitor the system of internal controls established and implemented by the management of the Bank. The review will include the effectiveness of, or deficiencies in, the design of operation of the Bank's internal controls; any significant changes in internal controls over financial reporting; and any material issues raised by any applicable regulatory authority.
- (h) The Audit Committee will receive, review and approve when appropriate, reports and returns required of the Audit Committee, pursuant to applicable laws.

- (i) The Audit Committee will receive and review reports on the Bank's legal compliance management systems, the effectiveness of those systems, and material items of deficiencies or non-compliance.

**Section 5.4 Conduct Review Committee.**

- (1) The Board shall elect from among its member a conduct review committee (the "Conduct Review Committee") to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Bank or its affiliates. The Conduct Review Committee shall have the powers and duties provided in the Act and such other powers and duties as the Board may from time to time determine.
- (2) The principal functions of the Conduct Review Committee, in addition to those mandated by the *Bank Act* (Canada), will be to support the Board in fulfilling its corporate governance oversight responsibilities.
- (3) The Conduct Review Committee will perform, at minimum, the functions and responsibilities as set out below. In addition to these, the Conduct Review Committee shall perform such duties as may be required of a conduct review committee by the *Bank Act* (Canada) and all other applicable laws or regulations.
  - (a) The Conduct Review Committee will review and, if appropriate, recommend for the approval of the Board, the Bank's corporate governance framework designed and presented by management of the Bank.
  - (b) The Conduct Review Committee will periodically review the Bank's corporate governance management practices, and report to the Board on the state of the Bank's corporate governance activities.
  - (c) The Conduct Review Committee will prepare, in conjunction with management, and approve corporate governance disclosures for the Bank's annual reports and management proxy circulars.
  - (d) The Conduct Review Committee will oversee the design, implementation, and periodic review of a Director education and development program.
  - (e) The Conduct Review Committee will require management to establish procedures for complying with Part XI of the *Bank Act* (Canada) and identifying transactions with related parties of the Bank, and review the effectiveness of, and compliance with these procedures.
  - (f) The Conduct Review Committee will monitor the procedures established by the Board to resolve conflicts of interest, including

methods for the identification of potential conflicts, and for restricting the use of confidential information as required by the *Bank Act* (Canada).

- (g) The Conduct Review Committee will review and, if appropriate, recommend for the approval of the Board, the Bank's Code of Conduct and Ethical Behaviour Policy designed and presented by management of the Bank.
- (h) The Conduct Review Committee will receive, review, and approve when appropriate, reports and returns required of the Conduct Review Committee, pursuant to applicable laws.

### **Section 5.5 Nominating Committee.**

The Board shall appoint a nominating committee (the "Nominating Committee") to be composed of not fewer than three members (who may or may not be directors) of whom a majority shall not be officers or employees of the Bank or its affiliates. The Nominating Committee shall have the powers and duties delegated to it by the Board from time to time.

The Nominating Committee will be responsible for recommending to the shareholders of the Bank, annually or otherwise as required, a slate of candidates for their consideration for election to the Board. The Nominating Committee will also be responsible for recommending to the Board the appointment (in the case of vacancy), or removal of Directors from the Board or any Committee. It will also be responsible for establishing, and recommending for the approval of the Board, appropriate criteria for the selection of the members of the Board and of the Committees.

The Nominating Committee will be responsible for the periodic review of the mandates for the Committees, and CEO of the Bank, and recommend such mandates to the Board for approval.

The Nominating Committee will conduct an assessment of the performance of the Committees, and Directors against their respective mandates, or other corporate governance standards as the Nominating Committee sees fit.

### **Section 5.6 Charity Review Committee**

The Board will establish a charity review committee (the "Charity Review Committee"). The Charity Review Committee will be comprised of three or more directors of the Bank, including the Chief Executive Officer of the Bank as an ex officio but non-voting member thereof. The role of the Charity Review Committee will be to review and, if seen fit, to approve the provision of any credit product or financial advisory service proposed to be provided by the Bank to any potential customer of the Bank which is not a registered charity, either generally (with respect

to a particular product or service per se) or specifically (in connection with a proposed transaction with a specific customer or potential customer).

**Section 5.7 Advisory Bodies.**

The Board may from time to time appoint such advisory bodies at it may deem advisable.

**Section 5.8 Procedure.**

Unless otherwise determined by the Board, each Committee and advisory body shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

**ARTICLE 6  
OFFICERS**

**Section 6.1 Officers: Election.**

As soon as practicable after the annual meeting of shareholders in each year, the Board shall elect a President and Chief Executive Officer and a Secretary, and it may, if it so determines, elect from among its members a Chairman of the Board. The Board shall also appoint one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries or Assistant Treasurers, a Treasurer and such other officers as the Board may deem desirable or appropriate and may give any of them such further designations or alternate titles as it considers desirable. The President may appoint one or more Vice Presidents, Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers and such other officers as he or she shall deem necessary and appropriate and may give any of them such further designations or alternate titles as he or she considers desirable. Any number of offices may be held by the same person.

**Section 6.2 Term of Office, Resignation; Removal; Vacancies.**

Except as otherwise provided in the resolution of the Board electing any officer, each officer shall hold office until the first meeting of the Board after the annual meeting of shareholders next succeeding his or her election and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board, the President or the Secretary of the Bank. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Bank, but the election of any officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Bank by death, resignation, removal or otherwise may

be filled by the Board at any regular or special meeting or by the President, as authorized under Section 6.1.

**Section 6.3 Chairman of the Board.**

The Chairman of the Board, if any, shall preside at all meetings of the Board and of the shareholders at which he or she shall be present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board and as may be provided by law.

**Section 6.4 President.**

In the absence of the Chairman of the Board, the President shall preside at all meetings of the Board and of the shareholders at which he or she shall be present. The President shall be the chief executive officer of the Bank and shall have general charge and supervision of the business of the Bank and, in general, shall perform all duties incident to the office of the president of a bank and such other duties as may, from time to time, be assigned to him or her by the Board or as may be provided by law.

**Section 6.5 Executive Vice President.**

The Executive Vice President or Executive Vice Presidents, at the request or in the absence of the President or during the President's inability to act, shall perform the duties of the President, and when so acting shall have the powers of the President. If there is more than one Executive Vice President, the Board may determine which one or more of the Executive Vice Presidents shall perform any of such duties; or if such determination is not made by the Board, the President may make such determination; otherwise, any of the Executive Vice Presidents may perform any of such duties. The Executive Vice President or Executive Vice Presidents shall have other powers and shall perform such other duties as may, from time to time, be assigned to him or her or them by the Board or the President or as may be provided by law.

**Section 6.6 Senior Vice Presidents.**

The Senior Vice President or Senior Vice Presidents, at the request or in the absence of the President and Executive Vice Presidents or during the President's and Executive Vice Presidents' inability to act, shall perform the duties of the President, and when so acting shall have the powers of the President. If there by more than one Senior Vice President, the Board may determine which one or more of the Senior Vice Presidents shall perform any of such duties; or if such determination is not made by the Board, the President may make such determination; otherwise, any of the Senior Vice Presidents may perform any of such duties. The Senior Vice President or Senior Vice Presidents shall have such other powers and shall perform such other duties as may, from time to time, be assigned to him or her or them by the Board or the President or as may be provided by law.

**Section 6.7 Vice Presidents.**

The Vice President or Vice Presidents shall have such powers and shall perform such duties as may, from time to time, be assigned to him or her or them by the Board, the President, any Executive Vice President or any Senior Vice President or as may be provided by law.

**Section 6.8 Secretary.**

The Secretary shall have the duty to record the proceedings of the meetings of the shareholders, the Board and any Committees in a book to be kept for that purpose, shall see that all notices are duly given in accordance with the provisions of these by-laws or as required by law, shall be custodian of the records of the Bank, may affix the seal of the Bank to any document on behalf of the Bank, the execution of which is duly authorized, and when so affixed may attest the same, and, in general, shall perform all duties incident to the office of secretary of a bank and such other duties as may, from time to time, be assigned to him or her by the Board, the President, any Senior Vice President or as may be provided by law.

**Section 6.9 Treasurer.**

The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Bank and shall deposit or cause to be deposited, in the name of the Bank, all monies or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by or under authority of the Board. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties, with such surety or sureties as the Board may determine. The Treasurer shall keep or cause to be kept full and accurate records of all receipts and disbursements in the books of the Bank, shall render to the President and to the Board, whenever requested, an account of the financial condition of the Bank, and, in general, shall perform all the duties incident to the office of treasurer of a bank and such other duties as may, from time to time, be assigned to him or her by the Board, the President or as may be provided by law.

**Section 6.10 Other Officers.**

The other officers, if any, of the Bank shall have such powers and duties in the management of the Bank as shall be stated in a resolution of the Board which is not inconsistent with these by-laws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board. The Board may require any officer, agent or employee to give security for the faithful performance of his or her duties.

**ARTICLE 7**  
**PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

**Section 7.1     Limitation of Liability.**

Every director and officer of the Bank in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Bank and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Bank through the insufficiency or deficiency of title to any property acquired for or on behalf of the Bank, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Bank shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Bank shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

**Section 7.2     Indemnity.**

- (1) Subject to the limitations contained in the Act, the Bank shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Bank's request as a director or officer of a body corporate of which the Bank is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of the Bank or such body corporate, if:
  - (a) He or she acted honestly and in good faith with a view to the best interests of the Bank; and
  - (b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.
- (2) The Bank shall also indemnify such person in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**Section 7.3 Insurance.**

Subject to the Act, the Bank may purchase and maintain insurance for the benefit of any person referred to in Section 7.2 against any liability incurred by him or her in his or her capacity as a director or officer of the Bank or of another body corporate where he or she acts or acted in that capacity at the Bank's request and in such amounts as the Board may from time to time determine and as are permitted by the Act.

**ARTICLE 8  
SHARES**

**Section 8.1 Allotment.**

Subject to the Act and the articles, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Bank at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act. No voting or yield bearing share of the Bank may be issued to any person other than a registered charity.

**Section 8.2 Commissions.**

The Board may from time to time authorize the Bank to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase shares of the Bank, whether from the Bank or from any other person, or procuring or agreeing to procure purchasers for any such shares.

**Section 8.3 Registration of Transfers.**

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act made thereon or delivered therewith, duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, and upon payment of all applicable taxes and any reasonable fee, not to exceed \$3.00, prescribed by the Board. No voting or yield bearing share of the Bank may be transferred to any person other than a registered charity.

**Section 8.4 Transfer Agents and Registrars.**

The Board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Bank issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his or her functions and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

### **Section 8.5 Non-Recognition of Trusts.**

Subject to the provisions of the Act, the Bank shall treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

### **Section 8.6 Share Certificates.**

Every holder of one or more shares of the Bank shall be entitled, as its option, to a share certificate, or to a non-transferable written certificate of acknowledgement of its right, to obtain a share certificate, stating the number and class or series of shares held by it as shown on the securities register. Such certificates shall be in such form as the Board may from time to time approve. Any such certificate shall be signed in accordance with Section 2.4 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar, and in the case of a certificate which does not require a manual signature under the Act, the signatures of both signing officers may be printed or mechanically reproduced in facsimile thereon. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Bank. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

### **Section 8.7 Replacement of Share Certificates.**

The Board or any officer or agent designated by the Board may in its, his or her discretion direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated, or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee, not to exceed \$3.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

### **Section 8.8 Joint Shareholders.**

If two or more persons are registered as joint holders of any share, the Bank shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

**Section 8.9 Deceased Shareholders.**

In the event of the death of a holder or of one of the joint holders of any share, the Bank shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Bank and its transfer agents.

**Section 8.10 Shareholders to be Registered Charities**

If the holder of any voting or yield bearing share in the capital of the Bank ceases to be a registered charity, or transfer or purports to transfer any such share to a person who is not a registered charity, such share shall be deemed to be gifted to the Bank and the Bank shall have the right to, and shall, cancel such share without any payment therefor or any reduction in the capital of the Bank, and such shareholder or transferee shall immediately return any and all certificates in respect of such shares to the Bank. The terms of this Section 8.10 shall be set out on the face of each share certificate issued by the Bank in respect of any voting or yield bearing share.

**ARTICLE 9  
DIVIDENDS AND RIGHTS**

**Section 9.1 Dividends.**

Subject to the provisions of the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Bank. Dividends may be paid in money or property or by issuing fully paid shares of the Bank.

**Section 9.2 Dividend Cheques.**

A dividend payable in cash shall be paid by cheque drawn on the Bank's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at its, his or her recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Bank is required to and does withhold.

**Section 9.3 Non-Receipt of Cheques.**

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Bank shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and

evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

**Section 9.4 Record Date For Dividends And Rights.**

The Board may fix in advance a date, preceding by not more than fifty days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Bank, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Bank shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

**Section 9.5 Unclaimed Dividends.**

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Bank.

**ARTICLE 10  
MEETINGS OF SHAREHOLDERS**

**Section 10.1 Annual Meetings.**

The annual meeting of shareholders shall be held at such time in each year and, subject to Section 10.3, at such place as the Board, the Chairman of the Board, the Managing Director (if any) or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

**Section 10.2 Special Meetings.**

The Board, the Chairman of the Board, the Managing Director (if any) or the President shall have power to call a special meeting of shareholders at any time.

**Section 10.3 Place of Meetings.**

Meetings of shareholders shall be held at the registered office of the Bank or elsewhere in the municipality in which the registered office is situate or, if the Board shall so determine, at some other place in Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

#### **Section 10.4 Notice of Meetings.**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 12.1 not less than twenty-one nor more than fifty days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

#### **Section 10.5 List of Shareholders Entitled To Notice.**

For every meeting of shareholders, the Bank shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to Section 10.6, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Bank or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

#### **Section 10.6 Record Date For Notice.**

The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty days and not less than twenty-one days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

#### **Section 10.7 Meetings Without Notice.**

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting be held, so long as none of such shareholders, auditors or directors

present are attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Bank may transact at a meeting of shareholders. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

#### **Section 10.8 Chairman, Secretary And Scrutineers.**

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman of the Board, Managing Director (if any), the President, any Executive Vice President, any Senior Vice President, or any vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Bank is absent, the chairman shall appoint some person, who need not be a shareholder, to act a secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### **Section 10.9 Persons Entitled to be Present.**

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Bank and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### **Section 10.10 Quorum.**

Subject to the Act, a quorum for the transaction of business at any meeting of shareholders shall be one person present in person, being a shareholder entitled to vote thereat or a duly appointed proxyholder for an absent shareholder so entitled, and holding or representing by proxy not less than 51% of the outstanding shares of the Bank carrying voting rights at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

#### **Section 10.11 Right To Vote.**

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the

Bank has prepared the list referred to in Section 10.5, every person who has provided satisfactory evidence that it is a registered charity and who is named in such list shall be entitled to vote the shares shown opposite its name except to the extent that (a) where the Bank has fixed a record date in respect of such meeting pursuant to Section 10.6, such person has transferred any of its shares after such record date, or where the Bank has not fixed a record date in respect of the meeting, that person has transferred any of its shares after the date on which the list is prepared, and (b) the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that it owns such shares, has demanded not later than ten days before the meeting that its name be included in such list. In any such excepted case the transferee shall be entitled to vote the transferred shares at the meeting.

### **Section 10.12 Proxyholders And Representatives.**

- (1) Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act as its representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder and shall conform with the requirements of the Act.
- (2) Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and that individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by the deposit with the Bank of a certified copy of the resolution, or in such other manner as may be satisfactory to the Secretary of the Bank or the chairman of the meeting. Any such proxyholder or representative need not be a shareholder.

### **Section 10.13 Time For Deposit of Proxies.**

The Board may specify in the notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Bank or an agent thereof specified in such notice or if, no such having been specified in the notice, it has been received by the secretary of the Bank or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

### **Section 10.14 Joint Shareholders.**

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the

other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

**Section 10.15 Votes To Govern.**

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

**Section 10.16 Show of Hands.**

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried, and an entry to that effect in the minutes of the meeting, shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

**Section 10.17 Ballots.**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman of the meeting or any person who is present and entitled to vote, whether as shareholder or proxyholder, on such question at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman of the meeting shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which it is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

**Section 10.18 Adjournment.**

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or

more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.

**Section 10.19 Resolution In Writing.**

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

**ARTICLE 11  
DIVISIONS AND DEPARTMENTS**

**Section 11.1 Creation And Consolidation of Divisions.**

The Board may cause the business and operations of the Bank or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, types of businesses or operations, geographical territories, product lines or goods or services, as the Board may consider appropriate in each case. From time to time the Board or, if authorized by the Board, the President may authorize, upon such basis as may be considered appropriate in each case:

- (a) **Subdivision And Consolidation.** The further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;
- (b) **Name.** The designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Bank; provided that the Bank shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Bank; and
- (c) **Officers.** The appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's right under any employment contract or in law, provided that any such officers shall not, as such, be officers of the Bank, unless expressly designated as such.

## **ARTICLE 12 NOTICES**

### **Section 12.1 Method of Giving Notices.**

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a Committee shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to its, his or her recorded address or if mailed to it, him or her at its, his or her recorded address by prepaid ordinary or air mail or if sent to it, him or her at its, his or her recorded address by any means of prepaid transmitted or recorded communication.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a Committee in accordance with any information believed by it, him or her to be reliable.

### **Section 12.2 Notice to Joint Shareholders.**

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

### **Section 12.3 Computation of Time.**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

### **Section 12.4 Undelivered Notices.**

If any notice given to a shareholder pursuant to Section 12.1 is returned on three consecutive occasions because such shareholder cannot be found, the Bank shall not be required to give any further notices to such shareholder until such shareholder informs the Bank in writing of such shareholder's new address.

### **Section 12.5 Omissions And Errors.**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a Committee or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not

invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

**Section 12.6 Persons Entitled by Death or Operation of Law.**

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives its, his or her title to such share, prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Bank the proof of authority or evidence of such person's entitlement prescribed by the Act.

**Section 12.7 Waiver of Notice.**

Any shareholder, proxyholder, other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a Committee may at any time waive or abridge the time for any notice required to be given to it, him or her under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a Committee which may be given in any manner.

**ARTICLE 13  
EFFECTIVE DATE**

**Section 13.1 Effective Date.**

This by-law shall come into force on the date hereof.

**MADE** by the Board the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

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Secretary

**CONFIRMED** by the shareholders of the Bank in accordance with the Act  
the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

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Secretary