



BY – LAWS

As at December 12, 2013

CANADIAN WESTERN BANK

BY-LAW ONE (General By-law)

GENERAL AND DEFINITIONS

Section 1.01 General

By-law One is subject to the Act (as hereinafter defined). The provisions of the Act, and any regulations from time to time in force thereunder, shall govern the business and affairs of the Bank (as hereinafter defined), unless otherwise dealt with in this By-law One or by resolution of the board of directors or the shareholders in circumstances where the Bank is by by-law or resolution permitted to provide otherwise.

Section 1.02 Definitions

In By-law One of the Bank, unless the context otherwise requires, the following terms have the meanings specified:

"Act" means the Bank Act, as amended, and any regulations from time to time in force thereunder;

"Bank" means Canadian Western Bank;

"By-laws" means By-law One and all other By-laws of the Bank from time to time in force and effect;

"the directors", "board" and "board of directors" means the duly elected or appointed directors of the Bank for the time being.

SHAREHOLDERS

Section 2.01 Meetings

The directors shall call an annual meeting of shareholders to be held not later than six months after the end of each financial year and may at any time call a special meeting of shareholders to be held at such place within Canada and at such time as the directors shall determine.

Section 2.02 Quorum

The holders of not less than 25% of the shares entitled to vote at a meeting of shareholders present in person or by proxy shall constitute a quorum.

Section 2.03 Chairman of the Meeting

Subject to the provisions of any resolution of the directors, the Chairman of the board or, in his absence, the Vice-Chairman of the board (if one is in office) or, in his absence, the President or, in the absence of each of the foregoing officers, any officer who is also a director designated by the directors for that purpose shall preside at any meeting of the shareholders. If all of the foregoing officers be absent, the shareholders entitled to vote at said meeting may choose a chairman.

Section 2.04 Procedure at Meetings

The chairman of any meeting of shareholders shall conduct the procedure thereat in all respects and his decision on all matters or things, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy, shall be conclusive and binding upon the shareholders.

A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the shareholder or revocation of the proxy with respect to which the vote is given if the proxy is not revoked in accordance with the Act or if no notice in writing of the death of the shareholder shall have been received by the Bank or its agent at any time up to and including the last business day preceding the date of the meeting.

Section 2.05 Voting

Voting at every meeting of shareholders shall be by a show of hands except where, either before or after a show of hands, a ballot is required by the chairman of the meeting or is demanded by any person present and entitled to vote at the meeting.

DIRECTORS

Section 3.01 Number

The board of directors shall consist of such number of directors, not greater than the maximum of 25 nor less than the minimum of 7, as the directors may determine and the number of directors to be elected at any annual meeting of shareholders shall be such number as is fixed by the directors prior to the annual meeting.

Section 3.02 Election and Term of Office

At each annual meeting the shareholders shall elect directors to hold office until the next succeeding annual meeting or until their successors shall be elected. A retiring director shall not be ineligible for re-election unless such director has reached the age of 75 years at the time of such re-election.

Section 3.03 Appointment of Additional Directors

The directors of the Bank may appoint one or more additional directors, within the maximum number permitted by this by-law, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders of the Bank, provided that the total number of directors so appointed not exceed one-third of the number of directors elected at the previous annual meeting of shareholders of the Bank.

Section 3.04 Meetings of Directors and Notices

As soon as may be practicable after the annual meeting of shareholders in each year there shall be held, without notice, a meeting of such of the newly elected directors as are then present, provided they shall constitute a quorum, for the transaction of such business as may come before the meeting.

Meetings of the directors may be called at any time by or by order of the Chairman of the board, the Vice Chairman of the board if one is in office, the President or any two directors, and may be held at the registered office of the Bank, or at any other place determined by the directors. Notice specifying the place and time of each such meeting shall be delivered to each director or left at his usual residence or usual place of business, or shall be mailed, faxed, telexed, telegraphed or cabled prepaid, addressed to each director at his address as it appears on the books of the Bank at least 48 hours prior to the time fixed for such meeting. Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any director either before or after the meeting is held.

Section 3.05 Quorum

The directors may from time to time fix the quorum for meetings of directors, but unless so fixed a majority of the minimum number of directors required by the Act shall constitute a quorum and, to the extent required by the laws governing the Bank, no business shall be transacted unless a majority of the directors present are resident Canadians.

Section 3.06 Votes to Govern

At all meetings of the directors 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 3.07 Chairman

The directors shall elect from their number a Chairman of the board. Subject to the provisions of any resolution of the directors, the Chairman of the board or, in his absence, the Vice-Chairman of the board, if any, or, in the absence of each of the foregoing officers, the President shall preside at all meetings of the directors. If the Chairman of the board, the Vice-Chairman of the board, if any, and the President be absent, the directors present may choose a chairman for the meeting from among their number. The chairman at any meeting of directors may vote as a director.

COMMITTEES OF DIRECTORS

Section 4.01 Committees

In addition to the committees referred to in the Act, the directors may appoint from their number such other committees as they deem necessary, however designated, of not less than three (3) directors and delegate to any such committee any of the powers of the directors except those powers which pertain to matters which, under the Act, a committee of directors has no authority to exercise.

Section 4.02 Transaction of Business

Subject to the Act, the powers of a committee of directors may be exercised by a meeting at which a quorum is present. Meetings of any such committee may be held at any place in or outside Canada.

Section 4.03 Procedure

Unless otherwise determined by the directors or provided in the Act or the By-Laws each committee shall have power to fix its quorum and to regulate its procedure. The committee chairman shall be appointed by the board of directors.

CANADIAN WESTERN BANK

BY-LAW TWO

RESPECTING DIRECTORS' REMUNERATION

For each financial year of the Bank the aggregate of all amounts that may be paid to all directors as remuneration as directors shall not exceed \$2,000,000.

CANADIAN WESTERN BANK

BY-LAW THREE

CAPITAL

1. Authorized Capital

The authorized capital of the Bank shall consist of:

- 1.1 an unlimited number of common shares without nominal or par value;
- 1.2 an unlimited number of First Preferred shares, without nominal or par value, provided that the maximum aggregate consideration for all outstanding First Preferred shares at any time does not exceed \$1,000,000,000; and
- 1.3 33,964,324 Class A shares without nominal or par value.

The date on which the Bank comes into existence as specified in the Letters Patent of Amalgamation resulting in the creation of the Bank is referred to in this By-Law as the "Effective Date".

2. Common Shares

The common shares, as a class, shall carry and be subject to the rights, privileges, restrictions and conditions hereinafter set out:

- 2.1 each common share shall entitle the holder thereof to one vote at all meetings of shareholders except meetings at which only holders of a class or classes of shares other than common are entitled to vote;
- 2.2 the holders of the common shares shall be entitled to receive, as and when declared by the board of directors and from funds of the Bank available for the payment of dividends, dividends in such amounts and payable at such times as the board of directors shall determine; and
- 2.3 in the event of the liquidation, dissolution or winding-up of the Bank, after payment to the holders of the First Preferred Shares and the shares of any other class of shares of the Bank ranking in priority to the common shares, of the amounts they are entitled to receive in any such event, the remaining property of the Bank shall be distributed equally and rateably among the holders of the common shares.

3. First Preferred Shares

The Bank is authorized to issue an unlimited number of First Preferred shares, without nominal or par value, issuable in series (the "First Preferred Shares"), provided that the maximum aggregate consideration for all outstanding First Preferred Shares at any time does not exceed \$1,000,000,000. The rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class are as follows:

- 3.1 the First Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before issue, be determined by resolution of the board of directors of the Bank.
- 3.2 the board of directors of the Bank, shall, subject to the provisions contained herein, by resolution duly passed before the first issue of the First Preferred Shares of each series, fix the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the following: rate or amount of dividends; the frequency, dates and places of their payment; the date or dates from which such dividends shall accrue; the rights of the Bank to purchase and to redeem them pursuant to the applicable provisions of the Bank Act as now existing or as may be amended or replaced; the consideration and the terms and conditions of any such purchase or redemption; conversion rights, if any; the terms and conditions of any share purchase plan or sinking fund; and the restrictions, if any, respecting payment of dividends on any shares ranking junior to the First Preferred Shares; the whole subject to the passing of a resolution by the board of directors of the Bank setting forth the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series.
- 3.3 the First Preferred Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Bank, whether voluntary or involuntary, or any other distribution of the assets of the Bank among its shareholders for the purpose of winding up its affairs, be entitled to preference over the common shares of the Bank and over any other shares ranking junior to the First Preferred Shares (but not the Class A Shares) and the First Preferred Shares of each series may also be given such other preferences over the common shares and any other shares ranking junior to the First Preferred Shares (but not the Class A Shares) as may be determined in the case of such series of First Preferred Shares.
- 3.4 the First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and on a distribution of assets in the event of the liquidation, dissolution or winding up of the Bank, whether voluntary or involuntary, or any other

distribution of the assets of the Bank among its shareholders for the purpose of winding up its affairs.

- 3.5 the holders of the First Preferred Shares shall not, as such, be entitled as of right to subscribe for or to purchase or receive the whole or any part of any shares, bonds, debentures or other securities or any rights to acquire them which may from time to time be issued by the Bank except in accordance with any conversion rights set forth in the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of any series.
- 3.6 the holders of the First Preferred Shares shall only be entitled to vote if the board of directors of the Bank so determine in respect of any series of the First Preferred Shares.
- 3.7 the provisions of paragraphs 3.1 to 3.6, inclusive, of this paragraph 3.7 and of paragraph 3.8 of these First Preferred Share class provisions, or any of them, may be deleted, varied, modified, amended or replaced, but only with, in addition to the foregoing, the prior approval of the holders of the First Preferred Shares given as specified in paragraph 3.8 of these First Preferred Share class provisions.
- 3.8 the approval of the holders of the First Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the First Preferred Shares as a class (or series, if applicable) or any other matters requiring the consent of the holders of the First Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of the First Preferred Shares or passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of the First Preferred Shares duly called for that purpose and at which holders of not less than one-third of all First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the Bank Act, as now existing or as may be amended or replaced, or any applicable by-laws of the Bank; provided, however, that if at any such meeting, when originally held, the holders of at least one-third of all First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and at such time and place as may be fixed by the chairman of such meeting and, at such adjourned meeting, the holders of First Preferred Shares present in person or so represented by proxy, whether or not they hold more or less than one-third of all First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the First Preferred Shares. Notice of any such original meeting of the holder of the First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of such adjourned meeting shall be given not less than 10 days prior to the date fixed for

such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed by law or in any applicable by-law of the Bank with respect to meetings of shareholders. On every poll taken at such original meeting or adjourned meeting the holders of First Preferred Shares present in person or so represented by proxy shall be entitled to one vote in respect of each First Preferred Share held by each of such holders respectively.

4. Class A Shares

The Class A shares ("A Shares") shall carry and be subject to the rights, privileges, restrictions and conditions hereinafter set out:

- 4.1 the holders of A Shares shall have no right to vote for any purpose other than:
 - (a) any proposal respecting the voluntary winding up or amalgamation of the Bank,
 - (b) any proposal respecting a sale of substantially all of the assets of the Bank or,
 - (c) any proposal to change the rights, privileges, restrictions and conditions attached to the A Shares;
- 4.2 the holders of A Shares shall not be entitled to receive notice of, or to attend any meeting of the shareholders of the Bank unless the meeting has been expressly called for the purposes of dealing with any proposal of the type described in subparagraphs 4.1(a) through (c) above. In circumstances where the holder of an A Share is entitled to notice of, and to attend at a meeting of shareholders, a holder shall be entitled to one vote in respect of each A Share held on any resolution dealing with any proposal of the type described in subparagraph 4.1(a) through (c) above;
- 4.3 in the event of the liquidation, dissolution or winding-up of the Bank or any other distribution of its assets amongst its shareholders for the purpose of winding-up its affairs, the holder of each A Share shall be entitled to \$.40 per A Share held before any amount is paid or any property distributed to the holders of common shares or First Preferred Shares. After payment to the holders of A Shares of the amount stated they shall not participate in any further distribution of the property or assets of the Bank;
- 4.4 subject to the provisions of paragraph 4.5 below, the holder of an A Share shall have the right to require the Bank to redeem his A Share at a price of \$.40 per share ("Class A Redemption Price"). The right of retraction by the holder may be exercised by the holder:

- (a) depositing with a transfer agent for the A Shares at any of the offices where such share may be transferred, on or before the 20th business day following the later of the Effective Date and the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank, the certificates representing the A Shares the holder wishes to be redeemed, and
- (b) duly completing and executing the redemption form provided by the transfer agent.

Any deposit will be irrevocable except with respect to any shares deposited which the Bank does not ultimately redeem. The Bank will pay the Class A Redemption Price payable to a holder within 15 days of the later of the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank and the date of receipt of the certificates to be redeemed and the duly executed redemption forms. No interest shall be payable by the Bank on any Class A Redemption Price paid by the Bank within the 15-day period specified and any amount not paid by the Bank within such 15-day period will bear interest from and after such 15th day to the day prior to payment at 4% per annum;

- 4.5 the Bank shall not be required to effect any redemption of an A Share where either the redemption may be contrary to the Bank Act (Canada) or any other applicable law or the redemption has not received any regulatory approvals required and if the Bank is unable to effect any redemption of an A Share for such reason, such A Share shall be deemed to have been converted by the holder into common shares of the Bank on the basis described in paragraph 4.7 below;
- 4.6 at any time from and after the later of the Effective Date and the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank until the close of business on the 20th business day following the later of the Effective Date and the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank the holders of A Shares of the Bank may convert their A Shares of the Bank into common shares of the Bank on the basis of 0.035 common shares of the Bank for each one A Share. This conversion right may be exercised by the holder:
 - (a) depositing with a transfer agent for the A Shares at any of the offices where such shares may be transferred, on or before the 20th business day following the later of the Effective Date and the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank, the certificates representing the A Shares the holder wishes to be converted, and
 - (b) duly completing and executing the requisite conversion form (copies of which are included in the joint proxy circular sent to shareholders in connection with the meetings of shareholders of the predecessors to the Bank required to approve the amalgamation resulting in the creation of the

Bank; and copies of which are available from the transfer agent for the A Shares); and

the Bank will cause to be mailed to such holder certificates representing common shares of the Bank resulting from such conversion within 15 days of the date of such conversion;

- 4.7 if any of the A Shares are not retracted by the holder or converted by the holder by the date which is the 21st business day after the later of the Effective Date and the date of issuance of Letters Patent of Amalgamation resulting in the creation of the Bank, then, subject to paragraph 4.8 below, each A Share then remaining shall be deemed to have been converted by the holder into common shares of the Bank on the basis of 0.035 common shares of the Bank for each one A Share;
- 4.8 no fractional common shares shall be issued by the Bank as a result of any conversions referred to in paragraphs 4.6 or 4.7 above. Every shareholder who would otherwise be entitled to a fraction of a common share of the Bank as a result of the conversions referred to in paragraphs 4.6 or 4.7 shall be paid in lieu thereof, upon surrender of all certificates held by such shareholder resulting in the fractional interest, an amount equal to the product obtained by multiplying the fraction of the share to which he would have been entitled by \$11.43 and any such payment shall be made by the Bank within 30 days of the date of conversion made or deemed to have been made pursuant to paragraphs 4.6 or 4.7 above;
- 4.9 upon conversion of any A Share into a common share of the Bank, the holder of such common share shall be entitled to a share certificate evidencing ownership of common shares of the Bank and shall become entitled to receive dividends declared in relation to the common shares of the Bank since the Effective Date as though such holder had been a holder of the common share at all times after the Effective Date.

5. Odd Lots

At the written request, exercised within 180 days of the Effective Date, of a holder of common shares of the Bank issued on the conversion or deemed conversion of Class A shares pursuant to paragraph 4.7 and subject always to the Bank then being entitled to do so pursuant to the Bank Act (Canada) or any regulatory approval required or applicable, the Bank will purchase from the holder any lot of such common shares held by the holder which is less than 100 shares or which is that part of a lot (always being less than 100 shares) which is between multiples of 100 shares held by the holder, in either case at a price equal to the weighted average price for common shares of the Bank traded on the TSE in the last five (5) business days prior to the date of receipt of the request from the holder.