

Financial Statements

7. Capital Stock

Authorized:

Preferred shares

10,000,000 - Class A shares without nominal or par value provided that the aggregate consideration shall not exceed \$100,000,000.

10,000,000 - Class B shares without nominal or par value provided that the aggregate consideration shall not exceed \$100,000,000.

Common shares

10,000,000 - shares with par value of \$10 each.

Issued and fully paid:

	Shares		Amount	
	1984	1983	1984	1983
Class A preferred shares, Series 1				
Outstanding at beginning of year	—	—	\$ —	\$ —
Issued for cash	1,200,000	—	30,000	—
Outstanding at end of year	1,200,000	—	30,000	—
Common shares				
Outstanding at beginning of year	4,872,528	3,855,963	48,725	38,560
Issued during the year as:				
Stock dividends	39,356	29,260	393	292
Subscriptions received from rights issue	—	974,505	—	9,745
Proceeds from exercise of options	3,000	12,800	30	128
Outstanding at end of year	4,914,884	4,872,528	49,148	48,725
Total capital stock			\$ 79,148	\$ 48,725

a) The \$2.125 Class A Convertible Preferred Shares, Series 1 ("convertible preferred shares") have a stated value of \$25.00 per share and are entitled to fixed cumulative preferential cash dividends at the rate of \$2.125 per share per annum. The shares are convertible at the option of the holder at any time before February 7, 1991, or if called for redemption, the business day prior to the date fixed for redemption, into common shares of the Bank at a conversion price of \$21.00 per common share (approximately 1.1905 common shares for each convertible preferred share).

The convertible preferred shares will not be redeemable prior to February 7, 1987. On February 7, 1987 and prior to February 7, 1989, the shares will not be redeemable unless the Bank's common shares are listed on the Toronto Stock Exchange and have traded on a weighted average basis during a period of 20 consecutive trading days at a price not less than 125% of the conversion price in effect at that time. Subject to the foregoing and to the satisfaction of certain statutory requirements, the convertible preferred shares are redeemable at the option of the Bank at a price of \$26.25 per share during the period February 7, 1987, to February 6, 1989, and thereafter at a price decreasing annually to the issue price in 1993, plus accrued and unpaid preferential dividends.

b) Pursuant to various provisions 1,491,500 (1983 - 65,500) common shares have been reserved for issue as follows:

- i) 1,429,000 (1983 - Nil) on conversion of Class A Convertible Preferred Shares, Series 1.
- ii) 62,500 (1983 - 65,500) on the exercise of outstanding options, which are exercisable at \$11 per common share expiring June 17, 1991.