



**Northern Citadel Bancorp Inc.
Retirement Income Fund
Declaration of Trust**

1. Definitions. Whenever used in this declaration of trust or on the Application, any capitalized terms shall have the meanings given to them below:

“Agent” means Northern Citadel Bancorp Inc. and its successors and assigns;

“Annuitant” means the individual who has executed the Application to be the fund owner of the Fund within the meaning of Applicable Laws given to that word;

“Applicable Laws” means the Income Tax Act (Canada), relevant pension legislation and such other laws of Canada and of the provinces and territories applicable hereto;

“Application” means the Annuitant’s application to the Agent for the Fund;

“Estate Documents” means proof of the Annuitant’s death and such other documents including Letters Probate of the Annuitant’s Will as may be required by the Trustee in its sole discretion in connection with the transmission of the Property on the Annuitant’s death;

“Estate Representative” means an executor, an administrator, an administrator with the will annexed, a liquidator, or an estate trustee with a will or without a will, whether one or more than one is so appointed;

“Expenses” means all costs, charges, fees, commissions, investment management fees, brokerage fees, legal expenses and out-of-pocket expenses (together with any goods and services tax or other Taxes applicable to such expenses) incurred from time to time in relation to the Fund;

“Former Spouse” means the individual who is considered by Applicable Laws to be the Annuitant’s former spouse or common-law partner;

“Fund” means the retirement income fund the Annuitant and the Trustee has opened in the Annuitant’s name pursuant to his or her Application;

“Fund Proceeds” means the Property, less any Expenses and Taxes which may be required under Applicable Laws;

“Minimum Amount” means the minimum amount that, according to subsection 146.3(1) of the *Income Tax Act* (Canada), must be paid from the Fund in each year, subsequent to the year in which the Fund was opened;

“Property” means any property, including the income thereon the proceeds thereof and cash, held under the Fund from time to time;

“Qualified Investment” means any investment, which is a qualified investment for a registered retirement income fund according to Applicable Laws;

“Retirement Income” means a retirement income within the meaning of Applicable Laws;

“Spouse” means the individual who is considered by Applicable Laws to be the Annuitant’s spouse or common-law partner;

“Taxes” means any and all applicable taxes, assessments, interest and penalties; and

“Trustee” means The Royal Trust Company in its capacity as trustee and carrier of the Fund, and its successors and assigns.

2. Declaration of Trust. The Trustee agrees to act as trustee of a Retirement Income Fund for the Annuitant named in the Application and to administer the Property according to this Declaration of Trust.

3. Appointment of Agent. The Trustee has appointed Northern Citadel Bancorp Inc. (the "Agent") as its agent to perform certain duties relating to the operation of the Fund. The Trustee acknowledges and confirms that ultimate responsibility for the administration of the Fund remains with the Trustee.

4. Registration. The Trustee will apply for registration of the Fund as a retirement income fund pursuant to the Applicable Laws.

5. Tax Information. The Trustee shall provide the Annuitant with appropriate information slips for income tax purposes each year showing the total of the payments made from the Fund during the preceding calendar year and such other information regarding the Fund as may be required under Applicable Laws.

6. Delegation by Trustee. The Annuitant expressly authorizes the Trustee to delegate to the Agent the performance of the following duties and obligations of the Trustee under the Fund:

- (a) receiving transfers of property to the Fund;

- (b) investing and reinvesting the Property as directed by the Annuitant;
- (c) registering and holding the Property in the Trustee's name, the Agent's name, in the name of their respective nominees or in bearer form as determined by the Agent from time to time;
- (d) maintaining the records of the Fund, including designation of beneficiaries, where applicable;
- (e) providing to the Annuitant statements of account for the Fund at least annually;
- (f) preparing all government filings and forms;
- (g) paying all amounts to be paid out of the Fund in accordance with the terms hereof; and
- (h) such other duties and obligations of the Trustee under the Fund as the Trustee in its absolute discretion may from time to time determine.

The Annuitant acknowledges that, to the extent the Trustee delegates any such duties, the Trustee shall thereby be discharged from performing such duties.

7. Investment of the Property. The Property shall be invested and reinvested on the directions of the Annuitant without being limited to investments authorized by law for trustees. The Trustee, in its sole discretion, may require the Annuitant to provide such documentation in respect of any investment or proposed investment, as the Trustee deems necessary in the circumstances. The Trustee reserves the right to decline to make any particular investment if the proposed investment and related documentation do not comply with the Trustee's requirements at that time.

8. Segregated Funds. Segregated fund Property will be held in nominee name. The Annuitant agrees to designate the Trustee as the beneficiary under any segregated fund held under the Fund. Upon the death of the Annuitant, the proceeds of the segregated funds paid shall form part of the Property to be dealt with according to the terms of this Declaration of Trust. For greater certainty, upon the death of the Annuitant, the Trustee shall hold the segregated funds as Fund Proceeds for any beneficiary designated by the Annuitant under the Fund, in accordance with this Declaration of Trust.

9. Choice of Investments for the Fund. Without restricting the generality of the foregoing, it shall be the sole responsibility of the Annuitant to:

- a) select the investments of the Fund and to determine whether any such investment is or remains a Qualified Investment, and
- b) to determine whether any such investment would result in the imposition of any penalty under Applicable Laws and to determine whether any investments should be purchased, sold or retained by the Trustee as part of the Fund.

The Annuitant shall have the right to appoint the Agent as his or her agent for the purpose of giving investment directions as provided in this paragraph 9.

10. Uninvested Cash. Uninvested cash will be placed on deposit with the Trustee or an affiliate of the Trustee. The interest on such cash balances payable to the Fund will be determined by the Agent from time to time in their sole discretion with no obligation to pay a minimum amount or rate. The Trustee will pay interest to the Agent for distribution to the Fund and the Agent shall credit the Fund with appropriate interest. The Trustee shall have no liability for such payment of interest once it is paid to the Agent for distribution.

11. Right of Offset. The Trustee and the Agent shall have no right of offset with respect to the Property in connection with any obligation or debt owed by the Annuitant to the Trustee or the Agent, other than the Expenses payable by the terms of this Declaration of Trust.

12. Debit Balances. If the Fund has a cash deficit, the Annuitant authorizes the Trustee or the Agent, to determine which Property to select and to sell such Property to cover the cash deficit within the Fund.

13. Payments from the Fund. The Agent shall make the following payments to the Annuitant and, where the Annuitant has so elected as provided in paragraph 17, to the Annuitant's Spouse after the death of the Annuitant, each year, commencing not later than the first calendar year after the year in which the Fund is established, one or more payments the aggregate of which is not less than the Minimum Amount for the year, but not exceeding the value of the Fund immediately before the time of payment. The Annuitant shall instruct the Agent which investments of the Fund should be sold to provide any required cash.

The amount and frequency of the payment or payments referred to in this paragraph in respect of any year shall be as specified in writing by the Annuitant on the Application Form or on such other form as the Agent may provide for this purpose. The Annuitant may change the amount and frequency of the said payment or payments or request additional payments by instructing the Agent in writing on such form as may be provided for this purpose, such change to be effective in the next calendar year.

If the Annuitant does not specify the payment or payments to be made in a year or if the payment or payments specified are less than the Minimum Amount for a year, the Agent shall make such payment or payments out of the Property as it deems necessary so that the Minimum Amount for that year is paid to the Annuitant. In the event that the Property does not contain sufficient cash to make such payment or payments, the Annuitant authorizes the Trustee or Agent to determine which Property shall be sold in order to effect such payment or payments.

The Agent shall withhold from any payment any income tax or other amount required to be withheld by Applicable Laws. Payments to the Annuitant shall be made pursuant to the Annuitant's direction. Where no such direction is provided, the Agent shall make payment by cheque to the Annuitant at the Annuitant's last address on file.

14. Calculation of Minimum Amount. The Minimum Amount under the Fund for the year in which the Fund is established is nil. The Minimum Amount for a year after the year in which the Fund was opened will vary, depending on the year in which the Fund was opened and the Annuitant's age (or the age of the Annuitant's Spouse if elected to use the Annuitant Spouse's age on the Application form before any payment from the Fund has been made), and will be calculated as required by subsection 146.3(1) of the *Income Tax Act* (Canada).

An election made by the Annuitant to base the Minimum Amount on the age of the Annuitant's Spouse as provided above is thereafter binding and cannot be changed, revoked or amended after the first payment has been made from the Fund even if the Spouse dies or if the Annuitant and the Spouse cease to be married.

15. No Assignment. No payment under this Declaration of Trust may be assigned, either in whole or in part.

16. Valuation of the Fund. For the purposes of calculating the Minimum Amount for a year, the value of the Fund at the beginning of a year will be equal to the value of the Fund as at the close of business on the last business day of the Trustee in the immediately preceding year.

17. Election of Successor Annuitant. Subject to Applicable Laws, the Annuitant may elect that the Annuitant's Spouse become the Annuitant under the Fund after the Annuitant's death if the Spouse survives the Annuitant.

18. Designation of Beneficiary. Subject to Applicable Laws, and if the Annuitant has not elected a successor annuitant or the successor annuitant has predeceased the Annuitant, the Annuitant may designate a beneficiary to receive the Fund Proceeds on the Annuitant's death. A beneficiary designation may only be made, changed or revoked under the Fund by the Annuitant in a format required by the Agent for this purpose. Such designation must adequately identify the Fund and be delivered to the Agent prior to any payment by the Agent. The Annuitant acknowledges that it is his or her sole responsibility to ensure the designation is valid under the laws of Canada, its provinces or territories.

19. Death of Annuitant (Where Spouse Becomes the Annuitant). On the death of the Annuitant, where there has been an election of the Annuitant's Spouse as successor annuitant under the Fund, the Agent, upon receipt of Estate Documents, shall continue to make the payments, in accordance with this Declaration of Trust, to the Annuitant's Spouse after the death of the Annuitant. The Trustee and Agent shall be fully discharged upon making those payments to the Annuitant's Spouse, even though any election or designation made by the Annuitant may be invalid as a testamentary instrument.

20. Death of Annuitant (all other cases). If the Annuitant dies and the Annuitant's Spouse does not become the successor annuitant of the Fund, upon the receipt of Estate Documents by the Agent, which are satisfactory to the Trustee:

- (a) if the Annuitant has a designated beneficiary, the Fund Proceeds will be paid or transferred to the designated beneficiary, subject to the Applicable Laws. The Trustee and the Agent will be fully discharged by such payment or transfer, even though any beneficiary designation made by the Annuitant may be invalid as a testamentary instrument.
- (b) if the Annuitant's designated beneficiary has died before the Annuitant or if the Annuitant has not designated a beneficiary, the Trustee will pay the Fund Proceeds to the Annuitant's estate.

21. Release of Information. The Trustee and the Agent each are authorized to release any information about the Fund and the Fund Proceeds, after the Annuitant's death, to either the Annuitant's Estate Representative or the designated beneficiary, or both, as the Trustee deems advisable.

22. Payment into Court. If there is a dispute about who is legally authorized to apply for and accept receipt of the Fund Proceeds on the Annuitant's death, the Trustee and the Agent are entitled to either apply to the court for directions or pay the Fund Proceeds into court and, in either case, fully recover any legal costs they incur in this regard as Expenses from the Fund.

23. Account. The Agent shall maintain an account for the Annuitant which will record particulars of all investments, and transactions in the Fund and shall mail to the Annuitant, at least annually, a statement of account. The Agent shall also mail to the Annuitant, at least annually, a statement of the value of the Fund as at December 31 in each year and the Minimum Amount of the payments to be made to the Annuitant during the next calendar year.

24. No Benefit or Loan. No benefit or loan that is conditional in any way on the existence of the Fund may be extended to the Annuitant or to a person with whom the Annuitant does not deal at arm's length, other than those benefits or loans, which may be permitted from time to time under Applicable Laws.

25. Limitation on Liability.

The Trustee shall not be liable for any loss suffered by the Fund, by the Annuitant or by any beneficiary under the Fund as a result of the purchase, sale or retention of any investment including any loss resulting from the Trustee acting on the direction of the agent appointed by the Annuitant to provide investment direction.

26. Indemnity. The Annuitant agrees to indemnify the Trustee for Expenses, Taxes and compensation incurred or owing in connection with the Fund to the extent that such Expenses, Taxes or compensation cannot be paid out of the Property.

27. Self-Dealing. The Trustee's services are not exclusive and, subject to the limitations otherwise provided in this Declaration of Trust on the powers of the Trustee, the Trustee may, for any purpose, and is hereby expressly authorized from time to time in its sole discretion to, appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate, with which it may be directly or indirectly interested or affiliated with,

whether on its own account or on the account of another (in a fiduciary capacity or otherwise), and to profit therefrom, without being liable to account therefore and without being in breach of this Declaration of Trust.

28. Compensation, Taxes and Expenses. The Trustee and Agent will be entitled to such reasonable fees, taxes and other charges as each may establish from time to time for services rendered in connection with the Fund. All such fees, taxes and other charges (together with any goods and services tax or other Taxes applicable thereto) will, unless first paid directly to the Agent, be charged against and deducted from the Property in such manner as the Agent determines. All Expenses incurred and Taxes payable shall be paid from the Fund.

For greater certainty, in the event of any executions of third party demands or claims against the Fund, both the Trustee and the Agent are entitled to fully recover any Expenses incurred by them in this regard as Expenses.

29. Sale of Property. The Trustee and Agent may sell Property in their respective sole discretion for the purposes of paying Expenses, Taxes and compensation including for greater certainty, their own compensation.

30. Transfers into the Fund. Amounts may be transferred to the Fund from registered pension plans, other registered retirement income funds or registered retirement savings plans and such other sources as may be permitted from time to time under the *Income Tax Act* (Canada). In the case of such transfers, the Fund may be subject to additional terms and conditions, including the "locking-in" of amounts transferred from registered pension plans in order to complete the transfer in accordance with Applicable Laws. If there is any inconsistency between the terms and conditions of the Fund and any such additional terms and conditions which may apply as a result of transfer to the Fund of amounts from another source, the additional terms and conditions shall govern the manner in which funds so transferred are dealt with. The Annuitant acknowledges and expressly agrees to be bound by any such additional terms and conditions to which the Fund may be subject from time to time.

31. Transfers out of the Fund. Upon delivery to the Agent of a written direction from the Annuitant in a form satisfactory to the Trustee, the Agent shall transfer, in the form and manner prescribed by Applicable Laws, to another registered retirement income fund, registered retirement savings plan or registered pension plan of the Annuitant, all or such portion of the Property as is specified in the written directions, together with all necessary information for the continuance of the Fund to the trustee designated by the Annuitant in such direction except such transfer may be to a registered retirement savings plan or registered retirement income fund of

the Annuitant's Spouse or Former Spouse, if under a decree, order or judgement of a competent tribunal or under a written separation agreement, relating to a division of property between the Annuitant and the Annuitant's Spouse or Former Spouse in settlement of rights arising out of, or on the breakdown of their marriage or common law partnership.

For greater certainty, the Agent shall retain sufficient Property in order that the Minimum Amount for the year, as per paragraph 146.3(2)(e.1) or (e.2) of the *Income Tax Act* (Canada), may be retained and paid to the Annuitant. The Agent may, in its sole discretion, deduct applicable Expenses, including any transfer fee from the Property or the portion thereof being transferred. If only a portion of the property or value of the Fund is transferred, the Annuitant may instruct the Agent in the said notice as to which investments he or she wishes to be sold or transferred for the purpose of effecting the said transfer. If the Annuitant fails to so instruct the Agent, the Agent shall sell or transfer such investments as it in its sole discretion deems appropriate.

Such transfer shall take effect in accordance with Applicable Laws after all forms required by law and by the Trustee to be completed in respect of such transfer have been completed and forwarded to the Agent. Upon such transfer, the Trustee shall be subject to no further liability or duty with respect to the Fund, or the portion thereof so transferred, as the case may be.

32. Changes to Declaration of Trust. The Trustee may change this Declaration of Trust periodically. The Annuitant will be provided with an amended copy of the Declaration of Trust reflecting any such change. No change to this Declaration of Trust (including a change calling for the Trustee's resignation as trustee or the termination of the trust created by this Declaration of Trust) will be retroactive or result in the Fund not being acceptable as a registered retirement income fund under Applicable Laws.

33. Replacement of Trustee

- (a) The Trustee may resign by giving such written notice to the Agent as may be required from time to time under the terms of an agreement entered into between the Agent and the Trustee. The Annuitant will be given at least 30 days prior notice of such resignation. On the effective date of such resignation, the Trustee will be discharged from all further duties, responsibilities, and liabilities under this Declaration of Trust, except those incurred before the effective date.

The Trustee will transfer all Property, together with all information required to continue the administration of the Property as a registered retirement income fund under the Applicable Laws, to a successor trustee.

- (b) The Trustee has agreed to resign upon it being provided with notice in writing by the Agent if the Trustee is satisfied that the successor nominated by the Agent will properly assume and fulfill the Trustee's duties and liabilities hereunder in respect of the administration of the Fund.
- (c) In either event, the Agent shall forthwith nominate a person to replace the Trustee and the resignation of the Trustee shall not take effect until its replacement has been so nominated by the Agent and appointed as successor by the Trustee and approved by Canada Revenue Agency or its successor. Failing the nomination of a replacement by the Agent within 30 days after receipt by it of a notice of resignation, the Trustee shall be entitled to appoint a person as its own replacement.
- (d) Upon any such appointment and resignation of the Trustee, the person so appointed as replacement trustee shall, without further act or formality, be and become the Trustee hereunder. Such replacement trustee shall, without any conveyance or transfer, be vested with the same power, rights, duties and responsibilities as the Trustee and with the Property as if the replacement trustee had been the original Trustee. The Trustee shall execute and deliver to the replacement trustee all such conveyances, transfers and further assurances as may be necessary or advisable to give effect to the appointment of the replacement trustee.
- (e) Any person appointed as a replacement trustee shall be a corporation resident in Canada that is licensed or otherwise authorized under the laws of Canada or a province or territory to carry on in Canada the business of offering to the public its services as trustee.

Any trust company resulting from the merger or amalgamation of the Trustee with one or more trust companies and any trust company that succeeds to substantially all of the trust business of the Trustee shall thereupon become the successor to the Trustee without further act or formality. In all such cases, Canada Revenue Agency or its successor shall be notified.

34. Assignment by Agent. The Agent may assign its rights and obligation hereunder to any other corporation resident in Canada authorized to assume and discharge the obligations of the Agent under the Fund and Applicable Laws.

35. Notice. Any notice given by the Annuitant to the Agent shall be sufficiently given if delivered to the office of the Agent where the Annuitant's Fund is administered, or if mailed, postage prepaid and addressed to the Agent at such office, and shall be considered to have been given on the day that the notice is actually delivered or received by the Agent.

Any notice, statement or receipt given by the Trustee or the Agent to the Annuitant shall be sufficiently given if delivered personally to the Annuitant, or if mailed, postage prepaid and addressed to the Annuitant at the address shown on the annuitant's application or at the Annuitant's last address given to the Trustee or the Agent, and any such notice, statement or receipt shall be considered to have been given at the time of delivery to the Annuitant personally or, if mailed, on the third day after mailing to the Annuitant.

36. Date of Birth. The Annuitant's statement of his or her date of birth in the Annuitant's application and, where applicable, that of his or her Spouse, shall be deemed to be a certification as to the Annuitant's age and his or her Spouse's age and an undertaking to provide any further evidence of proof of age as may be required by the Trustee.

37. Address of Annuitant. The Trustee shall be entitled to rely upon the Agent's records as to the current address of the Annuitant as establishing his or her residency and domicile for the operation of the Fund and its devolution on the death of the Annuitant subject to any written notice to the contrary respecting the Annuitant's domicile on death.

38. Heirs, Representatives and Assigns. The terms of this Declaration of Trust shall be binding upon the heirs, Estate Representatives, attorneys, committees, guardians of property, other legal and personal representatives and assigns of the Annuitant and upon the respective successors and assigns of the Trustee and the Agent and their directors, officers, employees and agents, as well as their respective estates, Estate Representatives, heirs, attorneys, committees, guardians of property, other legal and personal representatives and assigns.

39. Language. The Annuitant has expressly requested that this Declaration of Trust and all related documents, including notices, be in the English language. Le rentier a expressément demandé que cette Déclaration de fiducie et tous documents y afférents, y compris tout avis, soient rédigés en langue anglaise. (Quebec only/Québec seulement)

40. Governing Law. This Declaration of Trust and the Fund shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

The Annuitant expressly agrees that any action arising out of or relating to this Declaration of Trust or the Fund shall be filed only in a court located in Canada and the Annuitant irrevocably consents and submits to the personal jurisdiction of such court for the purposes of litigating any such action.

RIF Declaration of Trust - CRA Approval - November 27, 2007

Northern Citadel Bancorp Inc.

FSCO Licence Numbers 11756 & 11757

First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C7

Phone: 416.864.1200 | Fax: 416.864.1201

reception@northerncitadel.com | www.northerncitadel.com