

# Articles of Incorporation and Bylaws of Exchange Bank

This document constitutes the Articles of Incorporation and Bylaws of Exchange Bank, organized as a corporation under the laws of the Commonwealth of Redmont, effective as of May 22, 2025.

## Definitions

1. **Articles of Incorporation:** A legal document filed with a government body to legally document the creation of a corporation. It includes the company's name, address, purpose, share structure, and other foundational details.
2. **Bylaws:** Internal rules and procedures adopted by a corporation to govern its operations and management, including the roles of directors and officers, meetings, and voting processes.
3. **Board of Directors:** A governing body elected by shareholders to oversee the strategic direction and governance of the Company.
4. **Chairperson:** The leader of the board of directors, responsible for facilitating board meetings and ensuring effective board governance.
5. **Vice-Chairperson:** A board member who acts as a deputy to the Chairperson and may assume their responsibilities in their absence.
6. **Independent Members:** Directors who are not affiliated with the company's management or significant shareholders, ensuring unbiased oversight and governance.
7. **Executive Officers:** Individuals appointed by the board to manage daily operations. Examples include the CEO, COO, CFO, and CTO.
8. **Chief Executive Officer (CEO):** The highest-ranking executive in the corporation, responsible for executing the board's vision, setting strategic goals, and managing overall operations.
9. **Shares:** Units of ownership in the Company that confer voting rights and potential dividends, depending on the class structure.
10. **Dividends:** Distributions of profits to shareholders as determined by the Board of Directors.
11. **Voting Rights:** The ability of shareholders to vote on corporate matters, such as electing directors or approving mergers.
12. **Dissolution:** The process of closing down the corporation, including settling debts, liquidating assets, and distributing remaining funds to shareholders.
13. **Amendments:** Changes or additions made to the Articles of Incorporation or bylaws, requiring approval by the shareholders or board.

14. **Governing Law:** The legal framework that regulates the corporation, determined by the jurisdiction in which the company is incorporated.
15. **Transparency:** The obligation of the corporation to provide accurate, timely, and accessible information to shareholders and the public to ensure accountability.
16. **Drag-Along Rights:** The right of majority shareholders to force minority shareholders to join in the sale of a company.
17. **Tag-Along Rights:** The right of minority shareholders to join a transaction if majority shareholders sell their shares.
18. **Pre-Emptive Rights:** The right of existing shareholders to purchase new shares before they are offered to external parties.

## Article I: Name and Incorporation Details

1. **Name:** The name of the corporation is **Exchange Bank**
  2. **Registered Agent:** The corporation's registered agent is **Stoppers (Discord: JoshTheNerd)**.
  3. **Principal Office:** The principal office of the corporation is located at **av-m016 in Aventura, Redmont**.
  4. **Incorporation:** The Company is incorporated under the laws of the Commonwealth of Redmont and is authorized to engage in all lawful banking activities.
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## Article II: Purpose

The purpose of the Company is to operate as a commercial bank serving exclusively financial institutions. The Company provides core banking services including, but not limited to:

- Institutional deposit accounts
- Payment and settlement infrastructure
- Secured commercial lending
- Liquidity support
- Custody and safekeeping of client funds
- Inter-institutional financing

The Company may engage in any other lawful banking and financial activities as approved by the Board of Directors.

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## Article III: Capital Contributions

1. **Share Structure:** The Company shall have a single class of shares:
    - **Common Shares:** 1,000,000 authorized shares, each carrying full voting rights and economic interest
  2. **Transferability:** Shares are transferable in accordance with applicable laws and regulations, subject to any restrictions outlined in this document or future shareholder agreements.
  3. **Pre-Emptive Rights:** Existing shareholders shall have the right to purchase new shares proportionally to their current holdings before external parties.
  4. **Transfer of Shares:**
    - **Right of First Refusal (ROFR):** Shareholders must first offer their shares to existing shareholders at fair market value before transferring them externally.
    - **Valuation Methodology:** Share price during transfers shall be determined by an independent third-party appraisal or the most recent Board-approved valuation.
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## Article IV: Management Structure

### Board of Directors

1. **Composition:** The corporation shall be governed by a Board of Directors consisting of:
  - 1 Chairman
  - 1 additional director
2. **Election and Terms:** Directors are elected or appointed by shareholders and may serve for up to three months before requiring a shareholder vote to confirm their continuation. Additionally, any Director may be terminated from the Board upon an agreement of  $\frac{2}{3}$  or greater of the Board.
3. **Responsibilities:** The Board of Directors is responsible for:
  - Overseeing the corporation's strategic initiatives and corporate governance.
  - Approving major decisions and monitoring the company's financial health.
  - Ensuring compliance with applicable laws and regulations.
4. **Compensation:** Each Director is entitled to a monthly pay of \$1,000.

5. **Reserved Matters:** The following decisions require unanimous approval of all shareholders:
  - Amendments to the Articles of Incorporation.
  - Mergers, acquisitions, or dissolution.
  - Changes to share class rights.

### **Executive Officers**

1. **Appointment:** Executive officers are appointed by the Board of Directors and include:
    - **Chief Executive Officer (CEO):** Responsible for implementing the Board's vision and overseeing daily operations.
    - Additional roles such as COO or CFO may be established based on the company's needs.
  2. **Authority:** Officers act under the supervision of the Board and within the scope of their designated roles.
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## **Article V: Dividends and Profits**

1. **Dividend Policy:** Dividends may be declared by the Board of Directors based on the Company's financial position, legal requirements, and strategic needs.
  2. **Distribution Guidelines:** Dividends shall be distributed proportionally to all shareholders of record at the time of declaration.
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## **Article VI: Amendments**

1. Amendments to these Articles of Incorporation or the Bylaws require approval by shareholders representing at least 75% of the outstanding voting shares.
  2. Notice of proposed amendments must be delivered at least one week prior to any vote.
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## **Article VII: Dissolution**

1. **Approval:** Dissolution requires approval by at least 75% of voting shares.
  2. **Asset Distribution:** Upon dissolution, all debts and obligations shall be settled before remaining assets are distributed to shareholders in proportion to their holdings.
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## Article VII: Miscellaneous Provisions

1. **Governing Law:** This document and all corporate affairs shall be governed by the laws of the Commonwealth of Redmont.
  2. **Compliance:** The corporation shall comply with all relevant financial, securities, and corporate governance regulations applicable to publicly traded companies.
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## Article VIII: Share Issuance and Buybacks

### Financing Arrangements

All funding activities (e.g., debt issuance, equity financing) must be disclosed to shareholders, including impacts on ownership dilution and voting rights.

### Share Issuance

The Board of Directors may authorize the issuance of additional shares of the Company, subject to the following conditions:

1. **Fair Market Value:**  
All shares must be issued at or above fair market value, as determined by:
  - The most recent valuation accepted by the Board, or
  - An independent third-party appraisal if no current valuation exists.
2. **Shareholder Notification:**  
The Company must disclose all new issuances to existing shareholders, including:
  - Number and class of shares issued
  - Identity of the recipient(s)
  - Valuation basis and consideration received
3. **Voting Dilution Protections:**  
Any issuance that results in more than **10% dilution** of existing voting power must be approved by shareholders holding at least **75% of the Company's voting shares**.

### Buybacks

The Company may repurchase its own shares, provided the following conditions are met:

1. **Solvency:**  
The Company must retain sufficient capital after the buyback to meet its operational and legal obligations.
2. **Regulatory Compliance:**  
All buybacks must comply with applicable corporate and securities laws.

3. **Shareholder Disclosure:**

Buyback terms must be disclosed to all shareholders, including:

- Number and class of shares repurchased
- Repurchase price and valuation basis
- Intended use or retirement of repurchased shares

4. **Approval for Significant Buybacks:**

Any buyback that affects more than **10% of total outstanding shares** requires approval by shareholders holding at least **75% of the Company's voting shares**.

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## Article IX: Dispute Resolution and Exit Strategies

1. **Dispute Resolution:**

- a. Any disputes arising between shareholders or between shareholders and the corporation shall first be addressed through good faith negotiations.
- b. If negotiations fail, disputes shall be resolved through mediation conducted by a neutral third-party mediator agreed upon by the parties involved.

2. **Exit Strategies:**

a. **Voluntary Exit:**

- i. Shareholders must notify the Company before transferring shares privately.

b. **Drag-Along/Tag-Along Rights:** Activated during a sale of >50% of shares.

c. **Buy-Sell Provisions:** Shareholders may trigger a buyout in cases of incapacitation or misconduct.

d. **Forced Sale:**

- i. If a shareholder's actions harm the corporation, the Board may, with **75% of the Company's voting shares**, recommend a forced sale of the shareholder's shares.
- ii. Such a sale may only proceed in compliance with applicable regulations, ensuring transparent disclosure and adherence to insider trading laws.
- iii. The forced sale may be executed through negotiated purchase by other shareholders or the corporation, subject to securities regulations.

e. **Dissolution Trigger:**

- i. In the event the corporation becomes unable to meet its obligations or operate effectively, the dissolution process will require the approval of **75% of the Company's voting shares**.
  - ii. Dissolution must comply with the regulations governing publicly listed companies, including public disclosures, settlement of outstanding liabilities, and orderly liquidation of assets.
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## Article X: Confidentiality and Non-Compete

1. Shareholders and directors shall not disclose proprietary information.
  2. Shareholders are prohibited from engaging in competing banking activities during their tenure and for 3 months post-exit.
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## Article XI: Shareholder Roles and Responsibilities

1. Shareholders shall actively participate in governance (e.g., voting, strategic input).
  2. Major contributors (e.g., institutional investors) may be required to provide liquidity support during crises.
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## Article XII: Shareholder Information and Meetings

1. Quarterly updates on financial performance and governance must be provided to shareholders.
  2. Annual shareholder meetings shall be held virtually or at the principal office, with 30 days' prior notice.
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## Article XII: Parties

**This Agreement is entered into between:**

1. **The Exchange Inc.** ("Parent Company"), a corporation organized under the laws of the Commonwealth of Redmont, acting through its CEO, Stoppers, in the capacity of:
  - a. Chairman of the Board of Directors of The Exchange Inc.
  - b. Chief Executive Officer (CEO) of The Exchange Inc.
  - c. Majority Shareholder of The Exchange Inc. (owning 80% of its voting shares).
2. **Exchange Bank** ("Subsidiary"), a wholly-owned subsidiary of The Exchange Inc., represented by its Board of Directors, chaired and governed by:
  - a. Stoppers, in the capacity of:
    - i. Chairman of the Board of Directors of Exchange Bank
    - ii. Chief Executive Officer (CEO) of Exchange Bank.
3. **Shareholder Register:**
  - a. The Parent Company (The Exchange Inc.) is the sole shareholder of Exchange Bank, holding 100% of its issued and outstanding shares.

- b. Any future shareholders of Exchange Bank must be approved by unanimous consent of the Parent Company's Board of Directors.
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**EXECUTED ON May 22, 2024**, by the Board of Directors and shareholders of **Exchange Bank**.

Acknowledgment

**By:** *Stoppers*

**Name:** Stoppers

**Title:** Chairman of the Board of Directors

**Date:** 5/24/25