

*This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Maxam Offer, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. Inquiries concerning the information in this document should be directed to Kingsdale Shareholder Services Inc., the Information Agent retained by C.A. Bancorp, at the telephone numbers listed on the back page of this Directors' Circular.*



## **DIRECTORS' CIRCULAR**

recommending

# **REJECTION**

**of the Offer by Maxam Acquisition Corporation  
dated December 7, 2009  
to purchase all of the issued and outstanding Common Shares of  
C.A. Bancorp Inc.**

### **DIRECTORS' RECOMMENDATION**

**This Directors' Circular contains a unanimous recommendation by the  
Board of Directors of C.A. Bancorp Inc. that Shareholders**

**REJECT and NOT TENDER  
their Common Shares to the Maxam Offer.**

### **NO NEED FOR IMMEDIATE ACTION**

There is no need for Shareholders to do anything immediately. The Maxam Offer is currently open until January 12, 2010. **C.A. Bancorp's Board of Directors intends to communicate further with Shareholders prior to the expiry of the Maxam Offer.**

If you have already tendered your Common Shares to the Maxam Offer, you should **WITHDRAW** them.

### **NOTICE TO UNITED STATES HOLDERS**

**The tender offer referred to herein is made for securities of a Canadian issuer and while the issuer and the Maxam Offer are subject to Canadian disclosure requirements, security holders should be aware that these requirements are different from those of the United States. The enforcement by United States security holders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the issuer is established under the laws of, and its business offices are located in, a foreign country and that all of its directors and officers are residents of a foreign country.**

**December 21, 2009**

December 21, 2009

Dear Fellow Shareholder:

**Re: Unsolicited Take-over Bid by Maxam Acquisition Corporation (“Maxam”)**

You should have recently received an offer from Maxam to purchase all of your common shares of C.A. Bancorp Inc. (“**C.A. Bancorp**”) for Cdn.\$1.22 per share.

Your Board of Directors, after receiving the recommendation of its Special Committee and the advice of its financial and legal advisors, has unanimously determined that Maxam’s offer is not in the best interests of C.A. Bancorp or its shareholders, and that the consideration offered to you thereunder is inadequate. **The Board recommends that you REJECT Maxam’s offer and NOT tender your shares.**

In reaching its conclusion, your Board of Directors, assisted by its financial and legal advisors, carefully considered all aspects of Maxam’s offer, including the factors described in the enclosed Directors’ Circular. In making your decision regarding Maxam’s offer, you should consider that:

- Maxam’s offer is inadequate, as it significantly undervalues C.A. Bancorp’s assets and business.
  - Maxam’s offer price represents a **49.9%** discount to net asset value as of September 30, 2009.
  - C.A. Bancorp’s cash, public investments (including Charter REIT and C.A. Bancorp Canadian Realty Finance Corporation) and marketable securities alone have an aggregate value of \$1.03 per share.
  - Maxam’s offer materially undervalues C.A. Bancorp’s private investment portfolio, which has achieved an implied internal rate of return (“**IRR**”) of approximately 20% from inception to September 30, 2009.
  - Additionally, Maxam’s offer does not reflect the value of C.A. Bancorp’s other assets, such as its management agreements, regulatory licences and tax loss carryforwards.
- CIBC World Markets Inc. (“**CIBC**”), C.A. Bancorp’s independent financial advisor, has delivered a written opinion dated December 21, 2009 stating that, as of such date and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered by Maxam to C.A. Bancorp shareholders pursuant to Maxam’s offer is inadequate, from a financial point of view, to such shareholders.
- The timing of Maxam’s offer is opportunistic and is prejudicial to C.A. Bancorp and its shareholders.
  - Maxam’s offer attempts to take advantage of C.A. Bancorp’s temporarily depressed share price.
  - C.A. Bancorp recently completed the internalization of its administration and management functions, which is only starting to benefit C.A. Bancorp and its shareholders.
  - C.A. Bancorp enjoys a very solid financial position, with virtually no long-term debt or capital lease obligations and minimal other long-term obligations.
  - Maxam’s offer has been made during the winter holiday season and is only open for acceptance for the legal minimum of 35 days, denying shareholders the opportunity to make a reasoned and informed decision.
- The Board of Directors has initiated a process under which superior proposals, delivering greater value for shareholders, may emerge.
- Maxam’s offer is extremely conditional, to the point where it is not a firm offer.
- Maxam’s offer is at a discount to current trading prices. Maxam itself has made purchases since the announcement of its offer at a premium to the offer price.

You are encouraged to read the full explanation of the reasons for our recommendation in the enclosed Directors’ Circular, including the opinion from our independent financial advisor, CIBC, described above.

C.A. Bancorp, with the assistance of its financial and legal advisors, is actively pursuing all alternatives to maximize value, and discussions with numerous interested parties are underway. As Maxam’s offer is open for acceptance

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

until at least January 12, 2010 (unless extended or withdrawn), you are advised to delay making any decision with respect to Maxam's offer or any other offer that may arise until the results of this process have been determined.

None of the directors or officers of C.A. Bancorp has accepted or intends to accept Maxam's offer.

Please read the enclosed material carefully. If you have any questions concerning our recommendation that you **REJECT** Maxam's offer, please call Kingsdale Shareholder Services Inc., the information agent retained by your Board of Directors, toll free at 1-888-518-1556 from anywhere in Canada or the United States.

Sincerely,

On behalf of the Board of Directors:

John F. Driscoll  
Chairman of the Board of Directors

Timothy Unwin  
Chairman of the Special Committee of the Board of Directors

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

## QUESTIONS AND ANSWERS ABOUT THE INADEQUATE OFFER FROM MAXAM

### Should I accept or reject the Maxam Offer?

The C.A. Bancorp Board unanimously recommends that Shareholders **REJECT** the Maxam Offer and **NOT TENDER** their Common Shares. Each of the Directors and officers of C.A. Bancorp is **NOT** tendering his or her Common Shares to the Maxam Offer, which the C.A. Bancorp Board views as offering inadequate consideration to Shareholders.

### How do I reject the Maxam Offer?

You do not need to do anything. **DO NOT** tender your Common Shares.

### Can I withdraw my Common Shares if I have already tendered?

YES. Under the Maxam Offer, you can withdraw your Common Shares:

- (a) at any time before your Common Shares have been taken up and paid for by Maxam;
- (b) at any time before the expiration of 10 days from the date upon which either:
  - (i) a notice of change relating to a change which has occurred in the information contained in the Maxam Offer or the Maxam Circular, each as may be varied or amended from time to time, which change would reasonably be expected to affect the decision of a Shareholder to accept or reject the Maxam Offer (other than a change that is not within the control of Maxam or an affiliate of Maxam) in the event that such change occurs prior to the expiry of the Maxam Offer or after such time but before the expiry of all rights to withdraw the Common Shares under the Maxam Offer; or
  - (ii) a notice of variation concerning a variation in the terms of the Maxam Offer (other than a variation consisting solely of an increase in the consideration offered for the Common Shares and an extension of the time for deposit to not later than 10 days after the date of notice of variation or a variation in the terms of the Maxam Offer consisting solely of a waiver of one or more of the conditions of the Maxam Offer;is distributed, but only if such deposited Common Shares have not been taken up by Maxam before the date of the notice of change or notice of variation, as the case may be, and subject to abridgement of that period pursuant to such order or orders as may be granted by the courts or applicable securities regulatory authorities; or
- (c) if your Common Shares have not been paid for by Maxam within three business days after having been taken up.

### How do I withdraw my Common Shares?

We recommend you contact your broker or Kingsdale Shareholder Services, the Information Agent retained by C.A. Bancorp, at the number listed at the end of this Q&A for information on how to withdraw your Common Shares.

### Why does the C.A. Bancorp Board believe that the Maxam Offer should be rejected?

The C.A. Bancorp Board unanimously believes that the Maxam Offer fails to provide full value for C.A. Bancorp and is an attempt by Maxam to acquire C.A. Bancorp without offering adequate consideration to Shareholders. The C.A. Bancorp Board identified a number of factors set out below as being the most relevant to its recommendation to Shareholders to **REJECT** the Maxam Offer:

- The Maxam Offer is inadequate, as it significantly undervalues C.A. Bancorp's assets and business.
  - Maxam's offer price represents a **49.9%** discount to net asset value as of September 30, 2009.
  - C.A. Bancorp's cash, public investments (including Charter REIT and C.A. Bancorp Canadian Realty Finance Corporation) and marketable securities alone have an aggregate value of \$1.03 per Common Share.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

- Maxam's offer materially undervalues C.A. Bancorp's private investment portfolio, which has achieved an implied IRR of approximately 20% from inception to September 30, 2009.
- Additionally, Maxam's offer does not reflect the value of C.A. Bancorp's other assets, such as its management agreements, regulatory licences and tax loss carryforwards.
- CIBC, C.A. Bancorp's independent financial advisor, has delivered a written opinion dated December 21, 2009 (the "**Opinion**") stating that, as of such date and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered by Maxam to Shareholders pursuant to the Maxam Offer is inadequate, from a financial point of view, to Shareholders.
- The timing of the Maxam Offer is opportunistic and is prejudicial to C.A. Bancorp and its Shareholders.
  - Maxam's offer attempts to take advantage of C.A. Bancorp's temporarily depressed share price.
  - C.A. Bancorp recently completed the internalization of its administration and management functions, which is only starting to benefit C.A. Bancorp and its Shareholders.
  - C.A. Bancorp enjoys a very solid financial position, with virtually no long-term debt or capital lease obligations and minimal other long-term obligations.
  - Maxam's offer has been made during the winter holiday season and is only open for acceptance for the legal minimum of 35 days, denying Shareholders the opportunity to make a reasoned and informed decision.
- The Board of Directors has initiated a process under which superior proposals, delivering greater value for Shareholders, may emerge.
- Maxam's offer is extremely conditional, to the point where it is not a firm offer.
- Maxam's offer is at a discount to current trading prices. Maxam itself has made purchases since the announcement of its offer at a premium to the offer price.

A more detailed description of the reasons for the unanimous recommendation of the C.A. Bancorp Board is included on pages 3 to 10 of this Directors' Circular.

Each of the Directors and officers of C.A. Bancorp (who, together with their associates and affiliates, hold or exercise control or direction over an aggregate of approximately 14.2 % of the Common Shares) has indicated to C.A. Bancorp his or her intention not to accept the Maxam Offer.

### **What is C.A. Bancorp doing in response to the Maxam Offer?**

The C.A. Bancorp Board has established a Special Committee, which is pursuing and evaluating strategic opportunities to maximize value. C.A. Bancorp has been solicited by, and has initiated contact with, a number of third parties who have expressed an interest in pursuing alternative transactions.

### **Isn't this a "friendly" transaction?**

**NO.** In a friendly transaction, the two companies work together to come to an agreement that would enhance shareholder value. The Maxam Offer, however, was initiated on an unsolicited basis without Maxam first approaching the Company to discuss transaction structure, consideration or alternatives. This bid employs the minimum time frames permitted under Canadian securities legislation and reduces the Company's ability to consider strategic alternatives that may enhance shareholder value. Accordingly, the Maxam Offer should be considered a "hostile" take-over bid.

### **Do I have to decide now?**

**NO.** You do not have to take any action at this time. The Maxam Offer is scheduled to expire at 4:00 p.m. (Vancouver time) on January 12, 2010, and is subject to a significant number of conditions. The C.A. Bancorp Board recommends that you not take any action until closer to the expiry date of the Maxam Offer to ensure that you are able to consider all of the options available to you. In addition, the C.A. Bancorp Board has adopted a shareholder rights plan (defined herein as the "**Rights Plan**"). The purpose of the Rights Plan is not to deter control transactions; its primary purposes are to ensure that the Company and its Shareholders have sufficient time to consider and properly respond to an unsolicited take-over bid (such as the Maxam Offer) and to provide additional protection for the interests of the Company

#### **TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

and its Shareholders in the context of a proposed control transaction. The Maxam Offer is not a “permitted bid” under the terms of the Rights Plan, which may result in an extension or withdrawal of the Maxam Offer.

If you have already tendered your Common Shares to the Maxam Offer and you decide to withdraw these Common Shares from the Maxam Offer, you must allow sufficient time to complete the withdrawal process prior to the expiry of the Maxam Offer. For more information on how to withdraw your Common Shares, you should contact your broker or Kingsdale Shareholder Services, the Information Agent retained by C.A. Bancorp, at the number listed below.

**Who do I ask if I have more questions?**

The C.A. Bancorp Board recommends that you read the information contained in this Directors’ Circular. You should contact Kingsdale Shareholder Services, the Information Agent retained by C.A. Bancorp, with any questions or requests for assistance that you might have.

**CONTACT INFORMATION FOR KINGSDALE SHAREHOLDER SERVICES, INFORMATION AGENT FOR C.A. BANCORP**

**North American Toll-Free Number: .....1-888-518-1556**  
**Banks and Brokers call collect:.....416-867-2272**  
**Email:.....contactus@kingsdaleshareholder.com**

**REJECT THE MAXAM OFFER AND DO NOT TENDER YOUR SHARES**

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**  
If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

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**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale at the telephone numbers listed on the back page.

## FORWARD-LOOKING INFORMATION

Certain information in this Directors' Circular (including, for the purposes of this "Forward-Looking Information" disclaimer, the accompanying letter to the holders of Common Shares (the "**Shareholders**")) constitutes "forward-looking information" (within the meaning of applicable Canadian securities laws) regarding the business and affairs of C.A. Bancorp Inc. ("**C.A. Bancorp**" or the "**Company**"). Such information ("**forward-looking statements**") is generally identifiable by the terminology used, such as "anticipate", "believe", "intend", "potential", "plan", "expect", "estimate", "budget", "may", "might", "will", "outlook" or other similar words.

These statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Factors which could cause actual results to differ materially from those set forth in the forward-looking statements include (but are not limited to): risks associated with general economic conditions; the nature of the Company's investments; the Company's dependence on management of portfolio companies; the Company's limited operating history; the available opportunities and competition for investments; the concentration of the Company's investments; the Company's access to capital for fund management; the Company's dependence on key personnel; leverage of the businesses in which the Company invests; the market for the Company's securities and volatility of trading price; the trading price of the Company's common shares relative to the net book value (net asset value); risks affecting the Company's investments; risks affecting the Company's investments in capital pool companies; the need for the Company to make follow-on investments in portfolio companies; investments by the Company in private issuers and illiquid securities; joint investments with third parties; conflicts of interest; no guaranteed returns; the potential loss of investment in common shares; the Company's additional financing requirements; the management of the growth of the Company; shifts in target exit dates and IRR for investments in private entities, and other risks detailed from time to time in the Company's continuous disclosure documents. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Unless otherwise stated, all forward-looking statements speak only as of the date of this Directors' Circular. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information, future events or other such factors which affect this information, except as required by law. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## GLOSSARY OF TERMS

Certain terms used in this Directors' Circular have the meanings set forth in Appendix B hereto, unless such terms are defined elsewhere in this Directors' Circular.

## CURRENCY

Unless otherwise specified, all dollar amounts contained in this Directors' Circular are expressed in Canadian dollars and references to "dollars" or "\$" are to Canadian dollars.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

## SUMMARY

The information set out below is intended as a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. This Directors' Circular should be read carefully and in its entirety by Shareholders as it provides important information regarding C.A. Bancorp, Maxam and the Maxam Offer. All capitalized terms in this summary have the meanings ascribed to such terms elsewhere in this Directors' Circular.

### DIRECTORS' RECOMMENDATION

**The C.A. Bancorp Board UNANIMOUSLY recommends that Shareholders REJECT and NOT TENDER their Common Shares to the Maxam Offer.**

**Each of the Directors and officers of C.A. Bancorp has indicated his or her intention not to accept the Maxam Offer.**

#### Reasons for Rejection:

The board of directors of C.A. Bancorp (the "C.A. Bancorp Board") has carefully reviewed and evaluated the Maxam Offer and believes that the Maxam Offer is inadequate and opportunistic and substantially undervalues the assets and business of C.A. Bancorp. The principal factors considered by the C.A. Bancorp Board in concluding to recommend that Shareholders REJECT the Maxam Offer and NOT TENDER their Common Shares to the Maxam Offer are as follows:

- The Maxam Offer is inadequate, as it significantly undervalues C.A. Bancorp's assets and business.
  - Maxam's offer price represents a **49.9%** discount to net asset value as of September 30, 2009.
  - C.A. Bancorp's cash, public investments (including Charter REIT and C.A. Bancorp Canadian Realty Finance Corporation) and marketable securities alone have an aggregate value of \$1.03 per Common Share.
  - Maxam's offer materially undervalues C.A. Bancorp's private investment portfolio, which has achieved an implied IRR of approximately 20% from inception to September 30, 2009.
  - Additionally, Maxam's offer does not reflect the value of C.A. Bancorp's other assets, such as its management agreements, regulatory licences and tax loss carryforwards.
- CIBC, C.A. Bancorp's independent financial advisor, has delivered a written opinion dated December 21, 2009 (the "**Opinion**") stating that, as of such date and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered by Maxam to Shareholders pursuant to the Maxam Offer is inadequate, from a financial point of view, to Shareholders.
- The timing of the Maxam Offer is opportunistic and is prejudicial to C.A. Bancorp and its Shareholders.
  - Maxam's offer attempts to take advantage of C.A. Bancorp's temporarily depressed share price.
  - C.A. Bancorp recently completed the internalization of its administration and management functions, which is only starting to benefit C.A. Bancorp and its Shareholders.
  - C.A. Bancorp enjoys a very solid financial position, with virtually no long-term debt or capital lease obligations and minimal other long-term obligations.
  - Maxam's offer has been made during the winter holiday season and is only open for acceptance for the legal minimum of 35 days, denying Shareholders the opportunity to make a reasoned and informed decision.
- The Board of Directors has initiated a process under which superior proposals, delivering greater value for Shareholders, may emerge.
- Maxam's offer is extremely conditional, to the point where it is not a firm offer.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale at the telephone numbers listed on the back page.

- Maxam’s offer is at a discount to current trading prices. Maxam itself has made purchases since the announcement of its offer at a premium to the offer price.

See “Reasons for Rejection” on pages 3 - 10 of this Directors’ Circular.

**Rejection by Directors and Officers:** As of the date of this Directors’ Circular, each of the Directors and officers of C.A. Bancorp has indicated his or her intention **NOT TO ACCEPT** the Maxam Offer.

**Alternatives to the Maxam Offer:** C.A. Bancorp is pursuing various initiatives with the objective of maximizing value to all Shareholders. See “Reasons for Rejection - 4. Superior proposals delivering greater value for Shareholders may emerge” on page 8 of this Directors’ Circular.

The Maxam Offer is open until 4:00 p.m. (Vancouver time) on January 12, 2010 (unless extended or withdrawn). **There is no need for Shareholders to take any action with respect to the Maxam Offer at this time. Shareholders who, notwithstanding the C.A. Bancorp Board’s recommendation to REJECT the Maxam Offer, decide to tender their Common Shares to the Maxam Offer, should only do so immediately prior to the Expiry Time.**

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

**If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale.**

**CONTACT INFORMATION FOR KINGSDALE SHAREHOLDER SERVICES, INFORMATION AGENT FOR C.A. BANCORP**

**North American Toll-Free Number: ..... 1-888-518-1556**  
**Banks and Brokers call collect: ..... 416-867-2272**  
**Email: ..... contactus@kingsdaleshareholder.com**

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| <p><b><u>TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.</u></b><br/>         If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.</p> |
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**C.A. BANCORP INC.  
DIRECTORS' CIRCULAR**

This Directors' Circular is issued by the C.A. Bancorp Board in connection with the unsolicited Maxam Offer made by Maxam Acquisition Corporation to purchase, at a price of \$1.22 in cash per Common Share, all of the outstanding Common Shares, including Common Shares that may become issued and outstanding after December 7, 2009 but prior to the expiry time of the Maxam Offer upon the conversion, exchange or exercise of any securities of C.A. Bancorp that are convertible into or exchangeable or exercisable for Common Shares, upon the terms and subject to the conditions of the Maxam Offer set forth in the Maxam Circular dated December 7, 2009. Certain information included herein has been provided to the C.A. Bancorp Board by the officers of C.A. Bancorp.

**THE MAXAM OFFER**

The consideration under the Maxam Offer consists of \$1.22 in cash for each Common Share. The Maxam Offer is subject to the minimum condition that at least 66 $\frac{2}{3}$ % of the Common Shares, on a fully-diluted basis, be tendered to the Maxam Offer, and that 15 other conditions, several of which include numerous sub-conditions and are based entirely on Maxam's discretion, be satisfied.

The Maxam Offer also includes a proposal to combine the businesses of Maxam and C.A. Bancorp by way of a compulsory acquisition, should the conditions for such acquisition be met. If a compulsory acquisition transaction is unavailable or Maxam elects not to proceed in that manner, the Maxam Offer contemplates a subsequent acquisition transaction or another transaction to permit Maxam to acquire 100% of the Common Shares.

The expiry time of the Maxam Offer is 4:00 p.m. (Vancouver time) on January 12, 2010, unless the Maxam Offer is withdrawn or extended. Reference is made to the Maxam Circular for details of additional terms and conditions of the Maxam Offer. **There is no need for Shareholders to take any action with respect to the Maxam Offer at this time. Shareholders who, notwithstanding the C.A. Bancorp Board's recommendation to REJECT the Maxam Offer, decide to tender to the Maxam Offer, should only do so immediately prior to the Expiry Time.**

**DIRECTORS' UNANIMOUS RECOMMENDATION**

**The C.A. Bancorp Board believes that the Maxam Offer is inadequate, fails to recognize the full value of C.A. Bancorp and is an opportunistic attempt by Maxam to acquire C.A. Bancorp without offering fair value to Shareholders.**

**THE C.A. BANCORP BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE MAXAM OFFER AND NOT TENDER THEIR COMMON SHARES TO THE MAXAM OFFER.**

**Each of the Directors and officers of C.A. Bancorp has indicated his or her intention not to accept the Maxam Offer.**

**REASONS FOR REJECTION**

The C.A. Bancorp Board believes that the Maxam Offer to purchase all of the issued and outstanding Common Shares is neither in the best interests of C.A. Bancorp nor is it fair to Shareholders. In making its recommendation, the C.A. Bancorp Board received the recommendation of the Special Committee of Directors established by the C.A. Bancorp Board, comprised of Mr. Timothy Unwin (Chairman), Mr. John F. Driscoll and Mr. Paul Haggis, consulted with its legal advisors and financial advisors and carefully considered all aspects of the Maxam Offer. The C.A. Bancorp Board identified a number of factors set out below as being most relevant to its recommendation to Shareholders to REJECT the Maxam Offer.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

**1. THE MAXAM OFFER IS INADEQUATE, AS IT SIGNIFICANTLY UNDERVALUES C.A. BANCORP'S ASSETS AND BUSINESS.**

The Maxam Offer is inadequate, as it does not reflect C.A. Bancorp's current value nor the value of the expected growth of its assets.

- As reflected in the following table, the Maxam offer price represents a **49.9% discount** to the net asset value of C.A. Bancorp of \$2.43 as of September 30, 2009, the date of C.A. Bancorp's last financial quarter.

| Company  | Description   | Value          |                |
|--|---|----------------|----------------|
|  |   | Total (\$M)    | Per Share      |
| <b>Portfolio of Private Investments</b>              |   |                |                |
| Birmingham Foundation Solutions                      | Pile Driving Equipment Manufacturer and Operator<br>(Preferred and Common Shares)                             | \$10.00        | \$0.37         |
| Digital Payment Technologies                         | Electronic Parking Payment Systems Manufacturer and Distributor<br>(Debenture, PIK Interest and Warrants)     | 6.35           | 0.24           |
| High Fidelity HDTV                                   | Specialty TV Channel Provider<br>(Debenture, Convertible Debenture, PIK Interest, Common Shares and Warrants) | 6.18           | 0.23           |
| Kingswood Estates                                    | Multi-Residential Real Estate Property<br>(Equity)  | 6.00           | 0.22           |
| Salbro Bottle Group                                  | Glass and Plastic Bottle Manufacturer and Distributor<br>(Debenture, Warrants)                                | 4.10           | 0.15           |
| Everus Communications Inc. <sup>(1)</sup>            | Rural Broadband Service Provider<br>(DIP Facility, Debenture and PIK Interest)                                | 3.67           | 0.14           |
| Windward Telecom                                     | Caribbean Wholesale Telecom Provider<br>(Promissory Note, Preferred and Common Shares)                        | 0.83           | 0.03           |
| Barlow Capital Management Inc.                       | High net worth Investment Counsellor and Portfolio Manager<br>(Common Shares)                                 | 0.35           | 0.01           |
| <b>Total Private Investments</b>                     |   | <b>\$37.48</b> | <b>\$1.40</b>  |
| <b>Portfolio of Public Investments<sup>(2)</sup></b> |   |                |                |
| C.A. Bancorp Canadian Realty Finance Corporation     | Commercial Real Estate Mortgage Structured Product<br>(Class A Shares)  | \$7.34         | \$0.27         |
| Charter Real Estate Investment Trust                 | Retail and Mixed Use Retail REIT<br>(Units)   | 7.70           | 0.29           |
| Other Investments                                    |   | 1.37           | 0.05           |
| <b>Total Public Investments</b>                      |   | <b>\$16.41</b> | <b>\$0.61</b>  |
| Implied net asset value ("NAV")                      |   | <b>\$53.89</b> | <b>\$2.01</b>  |
| Cash   |   | 11.19          | 0.42           |
| <b>Implied NAV (Incl. Cash)</b>                      |   | <b>\$65.08</b> | <b>\$2.43</b>  |
| Maxam's Offer  |   | 32.62          | 1.22           |
| <b>Percent Discount of Maxam's Offer to NAV</b>      |   | <b>(49.9%)</b> | <b>(49.9%)</b> |

**Notes:**

- Shown as carrying value of investments in Canadian dollars as of September 30, 2009. On December 14, 2009 the Company stated that the carrying value of Everus Communications Inc. ("Everus") was materially lower than \$0.14 per C.A. Bancorp share.
- Value in Canadian dollars, based on volume weighted average price of the 30-day period ended December 18, 2009, except for "Other Investments", which is shown as carrying value of investments as of September 30, 2009. C.A. Bancorp owns 29% of the Class A shares of C.A. Bancorp Canadian Realty Finance Corporation ("CRFC"), and 33% of the units of Charter Real Estate Investment Trust ("Charter REIT").

- As shown in the table below, Maxam is attempting to use the Company's net cash, public investments (including the Company's investments in Charter REIT and CRFC), which have an aggregate market value of \$1.03 per Common Share, to effectively finance the Offer price of \$1.22 per Common Share.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

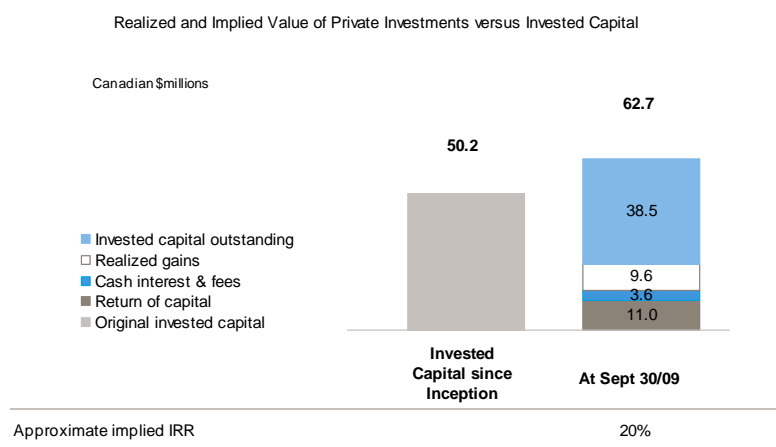
If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

| <b>Assets</b>  | <b>Value (\$M)<sup>(1)</sup></b> | <b>Value per Share</b> |
|--|----------------------------------|------------------------|
| Cash <sup>(2)</sup>  | \$11.19                          | \$0.42                 |
| Charter REIT   | 7.70                             | 0.29                   |
| CRFC   | 7.34                             | 0.27                   |
| Other public investments                                       | 1.37                             | 0.05                   |
| <b>Total</b>   | <b>\$27.60</b>                   | <b>\$1.03</b>          |
| Maxam Offer  | \$32.62                          | \$1.22                 |
| <b>Implied value offered by Maxam for all remaining assets</b> | <b>\$5.02</b>                    | <b>\$0.19</b>          |

**Notes:**

- (1) Value in Canadian dollars, based on volume weighted average price of the 30-day period ended December 18, 2009, except for “Other Investments”, which is shown as carrying value of investments as of September 30, 2009. C.A. Bancorp owns 29% of the Class A shares of CRFC and 33% of the units of Charter REIT.
- (2) As at September 30, 2009.

- The balance of the consideration under the Maxam Offer, being \$0.19 per Common Share, represents the only contribution by Maxam and the only value Shareholders who tender to the Maxam Offer will receive in respect of all of C.A. Bancorp’s remaining assets, most notably its entire portfolio of private investments, and all other strategic off-balance assets which have a net asset value of \$1.40 per Common Share.
- The Maxam Offer does not reflect the current fair value of the Company’s private investments nor the expected increase in the fair value of the private investments, all of which are expected to mature within the next three years. The Company’s private investments generate investment returns by way of interest or dividend payments, scheduled repayments of invested capital and capital gains from growth in the equity values of these investee companies. As at September 30, 2009, the Company reported an implied IRR of approximately 20% across its entire private investment portfolio since inception (including the previously exited investment in AgriFinancial Canada Corp. (“**AgriFinancial**”)).



- The Maxam Offer claims that the net book value of C.A. Bancorp’s private investments is not representative of their fair value, asserting that the portfolio must have suffered more significant losses during the financial crisis of late 2008. This greatly oversimplifies and misrepresents the valuation of C.A. Bancorp’s private investments. It should be noted that the Company’s position

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in AgriFinancial was carried on the Company's consolidated financial statements at a net carrying value of approximately \$10.5 million as at December 31, 2008<sup>1</sup> and sold for \$18.5 million on January 30, 2009. The Maxam Offer chooses to selectively ignore this piece of information in its analysis. The fair value of each investment is determined by the Company through comprehensive valuation techniques, including market-based and income-based approaches. The Company has access to the investee companies' financial statements and other confidential information that Maxam and other third parties do not and is uniquely positioned to perform the valuations. Many of the Company's investee companies exhibit growth rates which are significantly above averages of publicly traded companies and therefore blanket generalizations on the portfolio as a whole by the Maxam Offer are inappropriate. The results of C.A. Bancorp's valuation analysis are examined and tested by C.A. Bancorp's independent external auditors at year-end as part of the annual audit and are reviewed each quarter. A careful review of C.A. Bancorp's private investment valuations shows that some investments have been written-down, some held at cost, and others written-up. In every case, the fair value of each private investment is based on the health of the underlying portfolio company business, conservative market-based multiples and discounts where appropriate. The net book value of C.A. Bancorp's private investments is representative of fair value.

- In addition to the Company's investments, the Maxam Offer does not reflect the value of the following assets:
  - **Management Agreements:** The Company has entered into management agreements with Charter REIT and CRFC (together, the "**Management Agreements**"). The Company has the ability to increase the value of the Management Agreements by increasing the assets of Charter REIT and CRFC while adding no overhead to the Company, which increases the net annual stream of management and acquisition fees. The Maxam Offer does not reflect the existing present value of future cash flows from the Management Agreements or the potential for future growth.
  - **Regulatory Licenses:** The Company (or its wholly-owned subsidiaries) is licensed as: (i) an Investment Counsel/Portfolio Manager (ICPM) with the Ontario Securities Commission ("**OSC**"); (ii) an Exempt Market Dealer (formerly Limited Market Dealer) with the OSC; and (iii) a Mortgage Broker with the Financial Services Commission of Ontario. These are non-capital intensive assets that can generate fees for the Company.
  - **Future Tax Loss Carryforwards:** The Company has approximately \$7.5 million in tax loss carryforwards that expire no later than 2026 with a future cash savings of approximately \$2.3 million (assuming an effective corporate tax rate of 30%).
- The Maxam Offer does not reflect the best value reasonably available to Shareholders in the circumstances, either as a going concern over the next three years or in an immediate liquidation scenario. The C.A. Bancorp Board expects that, if the Maxam Offer is successful, Maxam could dispose of the Company's assets and realize a very significant premium to its offer price, and believes that the difference represents value that properly belongs to the Shareholders.

**THE MAXAM OFFER IS INADEQUATE, AS IT SIGNIFICANTLY UNDERVALUES  
C.A. BANCORP'S ASSETS AND BUSINESS**

See cautionary note regarding forward-looking information on page (i) of this Directors' Circular.

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<sup>1</sup> AgriFinancial was consolidated for financial reporting purposes but was considered part of the private equity portfolio by the Company.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

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**2. CIBC, C.A. BANCORP'S INDEPENDENT FINANCIAL ADVISOR, HAS DELIVERED A WRITTEN OPINION STATING THAT THE CONSIDERATION OFFERED PURSUANT TO THE MAXAM OFFER IS INADEQUATE, FROM A FINANCIAL POINT OF VIEW, TO SHAREHOLDERS.**

- The consideration offered by Maxam does not reflect the underlying value of C.A. Bancorp's assets, business and prospects and provides inadequate value to Shareholders.
- CIBC, the independent financial advisor to the C.A. Bancorp Board, has delivered to the Special Committee of the C.A. Bancorp Board, the Opinion dated December 21, 2009 that, as of such date and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered pursuant to the Maxam Offer is inadequate, from a financial point of view, to Shareholders. The Opinion, which sets forth the assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken, is attached as Appendix A to this Directors' Circular and should be reviewed and considered in its entirety in conjunction with the review of this Directors' Circular. The Opinion is not a recommendation to Shareholders as to whether they should tender their Common Shares to the Maxam Offer.

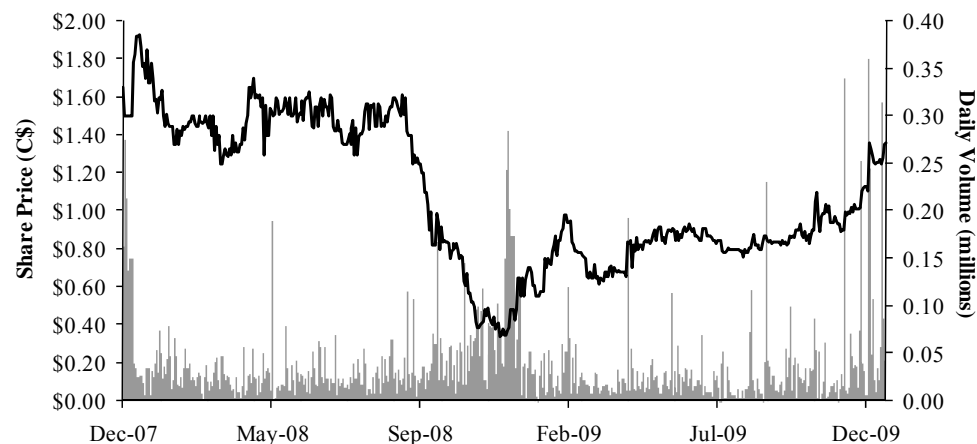
**CIBC HAS DELIVERED AN OPINION THAT THE CONSIDERATION OFFERED PURSUANT TO THE MAXAM OFFER IS INADEQUATE, FROM A FINANCIAL POINT OF VIEW, TO SHAREHOLDERS**

**3. THE TIMING OF THE MAXAM OFFER IS OPPORTUNISTIC AND IS PREJUDICIAL TO C.A. BANCORP AND ITS SHAREHOLDERS.**

*The timing of the Maxam Offer is opportunistic.*

The C.A. Bancorp Board believes that the timing of the Maxam Offer is opportunistic for the following reasons:

- The Maxam Offer attempts to take advantage of C.A. Bancorp's temporarily depressed share price. The Company's share price lowered significantly during the recent global financial crisis and has been steadily recovering, but has not yet returned to pre-financial crisis levels. The current market price of the Common Shares is not indicative of their underlying value. Maxam is proposing to appropriate this value for itself.



- C.A. Bancorp has recently completed the internalization of its administration and management functions, which is expected to benefit the Company and its Shareholders by, among other things, simplifying the Company's operating and corporate structure, permitting the Company to make strategic and operational decisions without the uncertainty of variable management fees and performance fees, and providing an efficient and straightforward solution to achieving the objectives of independence and longer-term financial and operating flexibility, in addition to

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eliminating the prospect of having to pay material performance fees in the future. The Company has only just begun to benefit from these changes.

- The focus of the Maxam Offer on the performance of the Company's public investments during the recent financial crisis is in itself misleading. Even more significantly, Maxam states, without providing any basis for doing so, that the performance of public market investments should be applied when evaluating the Company's private investments, the latter representing the substantial majority of the Company's value. In effect, the Maxam Offer is implying that the recent challenging experience in the public markets should be treated as representative of enduring value and as being applicable to the Company's other lines of business. The Company has largely liquidated its public portfolio and is focusing on its core business of private investments, which the Maxam Offer ignores.
- Maxam does not recognize C.A. Bancorp's successful private investments such as AgriFinancial, which was sold for approximately two times C.A. Bancorp's invested capital and generated an IRR of 75%, and other performing private investments, which are a source of mark-to-market gains, including High Fidelity HDTV Inc. and Digital Payment Technologies Corp. The Company's private portfolio, as a whole, was returning an implied IRR of 20% as at September 30, 2009. The Maxam Offer makes no mention of this, focusing selectively and misleadingly only on two investments.
- The Company enjoys a very solid financial position. The Company has no long-term debt or capital lease obligations and minimal other long-term obligations at the parent-company level (other than the repayment of the note payable to CRFC, which is expected to be satisfied by management fees earned on CRFC, and certain operating lease payments). Through the simplification of its operations, renewed focus on its core business and its capital resources and financial flexibility, the Company is well-positioned to maximize the value of its holdings.

*The timing of the Maxam Offer is prejudicial to C.A. Bancorp and its Shareholders and is an attempt to expropriate shareholder value.*

- The Maxam Offer has been made during the winter holiday season presumably to hinder the process of quickly accessing staff, Directors, officers, advisors and potential competing bidders on a timely basis. The Maxam Offer is only open for acceptance for the legal minimum of 35 days. This time frame denies Shareholders the opportunity to consider the developing circumstances of C.A. Bancorp and to make a reasoned and informed decision, and is insufficient to permit the C.A. Bancorp Board to consider and develop value-maximizing alternatives to the Maxam Offer. This time frame is inadequate under normal circumstances, and is particularly so given the time of year that Maxam has selected to commence the Maxam Offer.
- C.A. Bancorp's assets include complex management arrangements as well as structured investments in private entities in different industries. The nature of these assets requires interested parties to conduct extensive evaluations of C.A. Bancorp's confidential proprietary information. Accordingly, in order for C.A. Bancorp and its Shareholders to achieve the best proposals, structured in the most effective manner, a longer period of time is required than is provided for by the Maxam Offer.

**THE TIMING OF THE MAXAM OFFER IS OPPORTUNISTIC AND IS PREJUDICIAL  
TO C.A. BANCORP AND ITS SHAREHOLDERS**

**4. SUPERIOR PROPOSALS DELIVERING GREATER VALUE FOR SHAREHOLDERS MAY EMERGE.**

- The C.A. Bancorp Board is pursuing alternatives to the Maxam Offer in order to identify the best opportunity for maximizing value. C.A. Bancorp and CIBC are broadly canvassing parties who

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may be interested in a value maximizing transaction with C.A. Bancorp. They have contacted, and have been contacted by, numerous parties who have expressed a potential interest in such transactions.

- As of the date of this Directors' Circular, it is premature to predict whether any transaction will emerge; however, the C.A. Bancorp Board believes that C.A. Bancorp and its assets are attractive to other parties in addition to Maxam and tendering Common Shares to the Maxam Offer before C.A. Bancorp and CIBC have had an opportunity to fully explore all available alternatives to the Maxam Offer may preclude the possibility of financially superior alternative transactions emerging.

**C.A. BANCORP AND CIBC ARE ACTIVELY SOLICITING SUPERIOR ALTERNATIVES TO THE INADEQUATE MAXAM OFFER**

**5. THE MAXAM OFFER IS EXTREMELY CONDITIONAL AND IS NOT A FIRM OFFER.**

- The extremely conditional nature of the Maxam Offer effectively provides Maxam with the right not to proceed with the Maxam Offer. The Maxam Offer is effectively a "free option" in favour of Maxam.
- The Maxam Offer contains sixteen subjective conditions, several of which include numerous sub-conditions, which must be satisfied or waived before Maxam is obligated to take up and pay for any Common Shares deposited under the Maxam Offer. Certain of the conditions and sub-conditions provide broad discretion in favour of Maxam and are not subject to any materiality thresholds or other objective criteria, and include language such as "the Offeror shall have determined in its sole discretion" and similar phrases, in many cases without any requirement for reasonableness in these determinations.
- The subjective nature of many of the conditions contained in the Maxam Offer permits Maxam to proceed or not proceed without restriction. It is not a firm offer.

**THE SIXTEEN HIGHLY SUBJECTIVE CONDITIONS OF THE MAXAM OFFER EFFECTIVELY CONVERT THE MAXAM OFFER INTO A DISCRETIONARY OPTION**

**6. THE MAXAM OFFER OF \$1.22 PER COMMON SHARE IS AT A DISCOUNT TO CURRENT TRADING PRICES.**

*The Maxam Offer represents a discount to the current trading price of the Common Shares; trading prices indicate investors believe that \$1.22 does not represent the full value of the Common Shares.*

- Since the announcement of the Maxam Offer on December 7, 2009, the Common Shares have traded consistently above the price offered in the Maxam Offer, and investors have demonstrated by their actions that Maxam's \$1.22 Offer price does not reflect the full value of the Common Shares. Since the date of the Maxam Offer, approximately 747,530 Common Shares have traded on the Toronto Stock Exchange ("TSX") at a volume weighted average price of \$1.30. The Maxam Offer represents a 6.2% discount to such weighted average trading price. The closing price of the Common Shares on December 18, 2009, was \$1.36, and as of that date the price offered under the Maxam Offer represented a 10.3% discount to the closing price of the Common Shares on the TSX. Maxam itself has made purchases since the announcement of its offer at a premium to the offer price.

*The implied premium of the Maxam Offer is lower than premiums typically paid in Canadian take-over offers.*

- The Maxam Offer represents only a 16.8% premium to the volume weighted average trading price of the Common Shares over the 10 trading days immediately prior to December 3, 2009, the date

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on which Maxam announced its intention to make the Maxam Offer. Premiums paid in recent similar unsolicited transactions involving Canadian corporations or trusts have averaged approximately 35.8%, calculated on the same basis. The Maxam Offer falls significantly short of this benchmark.

- C.A. Bancorp's value is not reflected in its current trading price. The Maxam Offer represents a 49.9% discount to net asset value as at September 30, 2009.
- The C.A. Bancorp Board believes the Maxam Offer provides an inadequate premium for control of C.A. Bancorp.

**STEADY TRADING AT PRICES ABOVE \$1.22 DEMONSTRATES THAT INVESTORS INCLUDING MAXAM BELIEVE THE MAXAM OFFER DOES NOT REFLECT FULL VALUE FOR C. A. BANCORP**

**THE IMPLIED PREMIUM OF THE MAXAM OFFER IS SUBSTANTIALLY LESS THAN PREMIUMS TYPICALLY PAID IN CANADIAN TAKE-OVER OFFERS**

**FOR THE FOREGOING REASONS, THE C.A. BANCORP BOARD UNANIMOUSLY RECOMMENDS THAT HOLDERS OF COMMON SHARES REJECT AND NOT TENDER THEIR COMMON SHARES TO THE MAXAM OFFER.**

#### **HOW TO WITHDRAW TENDERED COMMON SHARES**

Shareholders who have already tendered their Common Shares to the Maxam Offer can withdraw them at any time until Maxam takes up and pays for them. Shareholders holding their Common Shares through a brokerage firm can contact their broker to withdraw the Common Shares on their behalf or contact Kingsdale Shareholder Services at the telephone numbers on the back page of this Directors' Circular.

#### **RESPONSE TO THE MAXAM OFFER AND RECENT DEVELOPMENTS**

Following the issuance by the Maxam Funds of a press release on December 3, 2009 announcing their intention to make the Maxam Offer, the C.A. Bancorp Board met on December 3, 4 and 7, 2009. At its December 4 meeting the C.A. Bancorp Board engaged Goodmans LLP, which advised the C.A. Bancorp Board with respect to its duties and responsibilities in the context of the Maxam Offer.

The C.A. Bancorp Board announced on December 4, 2009 that it would consider and evaluate the Maxam Offer and would pursue the course of action that is in the best interests of C.A. Bancorp and its Shareholders. On December 7, 2009, the Maxam Offer was formally commenced by advertisement.

On December 11, 2009, after numerous informal meetings and discussions, the C.A. Bancorp Board met with the executive team of C.A. Bancorp, its independent financial advisor and independent legal counsel to review and discuss the Maxam Offer and to consider the circumstances of C.A. Bancorp in light of the Maxam Offer. At that meeting, among other things, the C.A. Bancorp Board received a presentation from CIBC with respect to the Maxam Offer and related matters, authorized the creation of a Special Committee, comprised of Mr. Timothy Unwin (Chairman), Mr. Paul Haggis and Mr. John F. Driscoll, and approved the adoption of the Rights Plan. The purpose of the Rights Plan is not to deter control transactions; its primary purposes are to ensure that the Company and its Shareholders have sufficient time to consider and properly respond to an unsolicited take-over bid (such as the Maxam Offer) and to provide additional protection for the interests of the Company and its Shareholders in the context of a proposed control transaction.

The C.A. Bancorp Board also confirmed the commencement of a process to review all available alternatives in an effort to maximize value. In conjunction with the consideration of alternatives to maximize value and the response to the Maxam Offer, the Company has commenced the creation of a data room containing public and non-public operating, asset and financial information of C.A. Bancorp to which qualified interested parties that

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have entered into appropriate confidentiality agreements with C.A. Bancorp would be permitted access in order to evaluate possible transactions that would be in the best interests of C.A. Bancorp and the Shareholders. The C.A. Bancorp Board also instructed CIBC to commence contacting qualified third parties in Canada and internationally for the purpose of determining their interest in pursuing a value-enhancing transaction.

Each of the Special Committee and the C.A. Bancorp Board had several meetings and discussions with CIBC and legal counsel between December 11 and December 18, 2009, to review and evaluate the terms of the Maxam Offer and to discuss other strategic alternatives regarding C.A. Bancorp (including potential alternative transactions that could provide superior value to Shareholders).

On December 21, 2009 the Special Committee, having reviewed and evaluated the Maxam Offer and the Maxam Circular and having received advice from legal counsel and CIBC in this regard and based on such advice, review and evaluation, recommended to the C.A. Bancorp Board that it recommend that the holders of Common Shares reject the Maxam Offer and not tender their Common Shares to the Maxam Offer. At that meeting the Special Committee received the formal inadequacy Opinion of CIBC and, after reviewing the same with legal counsel, determined to recommend to the C.A. Bancorp Board that the Maxam Offer was not in the best interests of C.A. Bancorp and the Shareholders, following which, and based upon such recommendation, the C.A. Bancorp Board unanimously recommended that Shareholders reject the Maxam Offer and approved the contents and delivery of this Directors' Circular.

### **DIRECTORS AND OFFICERS OF C.A. BANCORP AND OWNERSHIP OF SECURITIES OF C.A. BANCORP**

The following tables set out the names of each of the Directors and officers of C.A. Bancorp and the number of outstanding Common Shares and Options beneficially owned as at December 18, 2009, directly or indirectly, or over which control or direction may be exercised by each such person and, where known after reasonable enquiry, by each associate or affiliate of C.A. Bancorp, any insider of C.A. Bancorp and such insider's associates and affiliates, and any person or company acting jointly or in concert with C.A. Bancorp.

#### **Securities of C.A. Bancorp Beneficially Owned, Directly or Indirectly<sup>(1)</sup>**

| <u>Director's Name</u> | <u>Position with C.A. Bancorp</u> | <u>Common Shares</u> | <u>% Common Shares Outstanding</u> | <u>Options</u> | <u>% Options Outstanding</u> |
|------------------------|-----------------------------------|----------------------|------------------------------------|----------------|------------------------------|
| John F. Driscoll       | Chairman of Board of Directors    | 3,467,176            | 12.97%                             | 347,500        | 30%                          |
| Timothy Unwin          | Director                          | 30,000               | 0.11%                              | —              | —                            |
| Richard Zarzeczny      | Director                          | 5,000                | 0.02%                              | 60,000         | 5.18%                        |
| Frank Potter           | Director                          | 10,000               | 0.04%                              | 60,000         | 5.18%                        |
| Paul Haggis            | Director                          | —                    | —                                  | —              | —                            |

| <u>Officer's Name</u> | <u>Position with C.A. Bancorp</u>      | <u>Common Shares</u> | <u>% Common Shares Outstanding</u> | <u>Options</u> | <u>% Options Outstanding</u> |
|-----------------------|--|----------------------|------------------------------------|----------------|------------------------------|
| Mark Gardhouse        | President                              | 59,100               | 0.22%                              | 270,000        | 23.32%                       |
| Michael Lovett        | Managing Director, Real Estate Capital | 15,000               | 0.06%                              | 80,000         | 6.91%                        |
| Paolo De Luca         | Chief Financial Officer                | 155,000              | 0.58%                              | 110,000        | 9.50%                        |
| Kurt Brands           | Vice President, Corporate Development  | 21,100               | 0.08%                              | 50,000         | 4.31%                        |
| Helen Martin          | General Counsel                        | —                    | —                                  | 20,000         | 1.72%                        |
| Greg Walker           | Manager of Equity Investments          | 5,000                | 0.02%                              | 65,000         | 5.61%                        |

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| <b>Other Insider's Name<sup>(2)</sup></b> | <b>Position with C.A. Bancorp</b> | <b>Common Shares</b> | <b>% Common Shares Outstanding</b> | <b>Options</b> | <b>% Options Outstanding</b> |
|---|-----------------------------------|----------------------|------------------------------------|----------------|------------------------------|
| Richard D'Archivio                        | N/A                               | 5,000                | 0.02%                              | —              | —                            |
| Sean Driscoll                             | N/A                               | 7,040                | 0.03%                              | —              | —                            |
| Garfield Emerson                          | N/A                               | —                    | —                                  | —              | —                            |
| Michael Meighen                           | N/A                               | —                    | —                                  | —              | —                            |
| Simon Scott                               | N/A                               | —                    | —                                  | —              | —                            |
| Donald Worth                              | N/A                               | —                    | —                                  | —              | —                            |

**Notes:**

- (1) The information as to securities of C.A. Bancorp beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of C.A. Bancorp, has been furnished by the respective Directors and officers.
- (2) Directors and officers of Sentry Select Capital Inc. who are deemed insiders of C.A. Bancorp.

### **INTENTION WITH RESPECT TO MAXAM OFFER**

Each of the Directors and officers of C.A. Bancorp has indicated that he or she has not tendered and does not currently intend to tender any of his or her Common Shares to the Maxam Offer. To the knowledge of the Directors and officers of C.A. Bancorp, after making reasonable enquiries, no associate or affiliate of C.A. Bancorp, no insider of C.A. Bancorp nor any of such insider's associates or affiliates, and no person or company acting jointly or in concert with C.A. Bancorp, has indicated that they have tendered or currently intend to tender any of their Common Shares to the Maxam Offer.

### **OWNERSHIP OF SECURITIES OF MAXAM**

None of C.A. Bancorp, the Directors or the officers of C.A. Bancorp, and to the knowledge of the Directors and officers of C.A. Bancorp, after reasonable enquiry, no associate or affiliate of C.A. Bancorp, no insider of C.A. Bancorp nor any of such insider's associates or affiliates, and no person or company acting jointly or in concert with C.A. Bancorp, owns, or exercises control or direction over, any securities of Maxam or of the Maxam Funds.

### **ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH MAXAM**

There are no agreements, commitments or understandings made or, to the knowledge of the Directors or the officers of C.A. Bancorp, proposed to be made between Maxam and any of the Directors or the officers of C.A. Bancorp including any agreement, commitment or understanding pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to any such person remaining in or retiring from office if the Maxam Offer is successful. No Director or officer of C.A. Bancorp is a director or officer of Maxam or of the Maxam Funds or of any affiliate or subsidiary of Maxam or of the Maxam Funds.

### **ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH C.A. BANCORP**

Except as set forth below, there are no material agreements, commitments or understandings made or proposed to be made between C.A. Bancorp and any of its Directors or officers including any agreement, commitment or understanding pursuant to which payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to any such person remaining in or retiring from office if the Maxam Offer is successful. In the case of each plan or agreement discussed below in which the term "change of control" applies, the consummation of the Maxam Offer would constitute a change of control.

If the Directors and officers of C.A. Bancorp were to tender any Common Shares they own to the Maxam Offer, they would receive cash consideration on the same terms and conditions as the other Shareholders. As at December 18, 2009, the Directors and officers of C.A. Bancorp owned an aggregate of 3,767,376 Common Shares (excluding Common Shares underlying unexercised Options). For a chart detailing the ownership of Common

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

Shares and other securities of C.A. Bancorp held by the Directors and officers of C.A. Bancorp see the section of this Directors' Circular entitled "*Directors and Officers of C.A. Bancorp and Ownership of Securities of C.A. Bancorp*".

On December 21, 2009, the C.A. Bancorp Board, on the unanimous recommendation of its Corporate Governance, Compensation and Nominating Committee, resolved to implement the following for senior management of C.A. Bancorp and its managed entities, Charter REIT and CRFC: (i) to accelerate payment of bonuses due to management for fiscal 2009 to prior to the occurrence of a change of control if such change of control takes place before the time when such 2009 bonuses would normally be paid; (ii) to amend the employment agreements of management of the senior team members, which agreements include entitlements in the event of termination without cause, to provide that such entitlements be triggered following a change of control if the manager is constructively dismissed; and (iii) that if the strategic process initiated by the unsolicited Maxam Offer continues after the payment of bonuses for fiscal 2009 in the normal course, that members of management continuing to be employed shall receive an additional retention bonus of one-third of annual base salary to be paid on the date of a change of control or on the eight month anniversary of the date of the unsolicited Maxam Offer. The Board determined that such measures were in the best interests of the Company, in order to provide reasonable and customary protection for, and incentive to remain, to key members of the management group. The Board considered the proposed changes individually and in the aggregate in light of the Maxam Offer, the Board's strategic process and the range of potential outcomes, and determined that the steps taken were in the best interests of C.A. Bancorp. The Board will continue to monitor issues concerning retention and matching compensation incentives to the Company's interests, and may from time to time make additional changes to compensation arrangements for employees of the Company and its managed entities.

#### **INTERESTS OF DIRECTORS AND OFFICERS IN MATERIAL TRANSACTIONS WITH MAXAM**

No Director or officer of C.A. Bancorp or any associate thereof, and to the knowledge of the Directors and the officers of C.A. Bancorp, after reasonable enquiry, no person or company who owns more than 10% of any class of equity securities of C.A. Bancorp for the time being outstanding has any interest in any material transaction to which Maxam or the Maxam Funds is a party.

#### **TRADING IN SECURITIES OF C.A. BANCORP**

During the six months preceding the date hereof, none of C.A. Bancorp, the Directors or the officers of C.A. Bancorp or other insiders of C.A. Bancorp nor, to the knowledge of the Directors and the officers of C.A. Bancorp, after reasonable enquiry, any of their respective associates or affiliates, or any person or company acting jointly or in concert with C.A. Bancorp, has traded any Common Shares, except as follows:

| <b>Director's Name and<br/>Position</b>               | <b>Nature of Trade</b>           | <b>Date of Trade</b> | <b>Number of<br/>Common Shares</b> | <b>Price Per<br/>Common<br/>Share (\$)</b> |
|---|----------------------------------|----------------------|------------------------------------|--|
| John F. Driscoll<br>Chairman of Board of<br>Directors | Acquisition in the public market | September 17, 2009   | 4,500                              | 0.84                                       |
|   | Acquisition in the public market | September 17, 2009   | 1,500                              | 0.85                                       |
|   | Acquisition in the public market | September 18, 2009   | 5,500                              | 0.84                                       |
|   | Acquisition in the public market | September 18, 2009   | 6,000                              | 0.87                                       |
|   | Acquisition in the public market | September 18, 2009   | 10,000                             | 0.86                                       |
|   | Acquisition in the public market | September 22, 2009   | 10,000                             | 0.86                                       |
|   | Acquisition in the public market | September 25, 2009   | 10,000                             | 0.90                                       |
|   | Acquisition in the public market | September 28, 2009   | 10,000                             | 0.90                                       |
|   | Acquisition in the public market | September 29, 2009   | 5,500                              | 0.88                                       |
|   | Acquisition in the public market | September 30, 2009   | 5,500                              | 0.86                                       |
|   | Acquisition in the public market | September 30, 2009   | 4,500                              | 0.88                                       |
|   | Acquisition in the public market | October 1, 2009      | 4,000                              | 0.89                                       |
|   | Acquisition in the public market | October 2, 2009      | 500                                | 0.89                                       |
|   | Acquisition in the public market | October 2, 2009      | 10,000                             | 0.86                                       |
|   | Acquisition in the public market | October 5, 2009      | 500                                | 0.86                                       |
|   | Acquisition in the public market | October 6, 2009      | 9,500                              | 0.87                                       |
|   | Acquisition in the public market | October 7, 2009      | 10,000                             | 0.85                                       |
|   | Acquisition in the public market | October 7, 2009      | 10,000                             | 0.87                                       |

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

| <b>Director's Name and Position</b> | <b>Nature of Trade</b>           | <b>Date of Trade</b> | <b>Number of Common Shares</b> | <b>Price Per Common Share (\$)</b> |
|-------------------------------------|----------------------------------|----------------------|--------------------------------|------------------------------------|
|                                     | Acquisition in the public market | October 8, 2009      | 19,000                         | 0.87                               |
|                                     | Acquisition in the public market | October 9, 2009      | 1,000                          | 0.87                               |
|                                     | Acquisition in the public market | November 19, 2009    | 7,100                          | 1.00                               |
|                                     | Acquisition in the public market | November 19, 2009    | 2,100                          | 1.02                               |
|                                     | Acquisition in the public market | November 19, 2009    | 4,000                          | 1.07                               |
|                                     | Acquisition in the public market | November 19, 2009    | 5,000                          | 1.09                               |
|                                     | Acquisition in the public market | November 19, 2009    | 3,200                          | 1.10                               |
|                                     | Acquisition in the public market | November 20, 2009    | 10,000                         | 1.00                               |
|                                     | Acquisition in the public market | November 23, 2009    | 3,000                          | 1.00                               |
|                                     | Acquisition in the public market | November 24, 2009    | 17,000                         | 1.00                               |
| Timothy Unwin                       | Acquisition in the public market | August 27, 2009      | 20,000                         | 0.85                               |
| Director                            | Acquisition in the public market | November 17, 2009    | 10,000                         | 1.04                               |

| <b>Officer's Name and Position</b> | <b>Nature of Trade</b>           | <b>Date of Trade</b> | <b>Number of Common Shares</b> | <b>Price Per Common Share (\$)</b> |
|------------------------------------|----------------------------------|----------------------|--------------------------------|------------------------------------|
| Paolo De Luca                      | Acquisition in the public market | August 12, 2009      | 12,800                         | 0.80                               |
| Chief Financial Officer            | Acquisition in the public market | October 1, 2009      | 5,000                          | 0.88                               |
|                                    | Acquisition in the public market | November 17, 2009    | 10,000                         | 1.01                               |
|                                    | Acquisition in the public market | November 19, 2009    | 10,000                         | 1.01                               |
|                                    | Acquisition in the public market | November 24, 2009    | 800                            | 1.01                               |
|                                    | Acquisition in the public market | November 25, 2009    | 2,000                          | 1.03                               |
|                                    | Acquisition in the public market | November 26, 2009    | 12,200                         | 1.09                               |
| Kurt Brands                        | Acquisition in the public market | November 18, 2009    | 5,100                          | 1.00                               |
| Vice President, Corporate          | Acquisition in the public market | November 18, 2009    | 3,000                          | 1.01                               |
| Development                        | Acquisition in the public market | November 18, 2009    | 2,000                          | 1.04                               |

| <b>Other Insider's Name</b> | <b>Nature of Trade</b>           | <b>Date of Trade</b> | <b>Number of Common Shares</b> | <b>Price Per Common Share (\$)</b> |
|-----------------------------|----------------------------------|----------------------|--------------------------------|------------------------------------|
| Sean Driscoll               | Acquisition in the public market | October 16, 2009     | 3,000                          | 0.98                               |
| C.A. Bancorp <sup>(1)</sup> | Repurchase and cancellation      | June 18, 2009        | 30,000                         | 0.91                               |
|                             | Repurchase and cancellation      | June 25, 2009        | 32,500                         | 0.89                               |
|                             | Repurchase and cancellation      | June 30, 2009        | 13,000                         | 0.90                               |

**Notes:**

(1) Common shares were repurchased for cancellation by C.A. Bancorp pursuant to its mandatory market purchase plan.

### ISSUANCES OF SECURITIES OF C.A. BANCORP

No Common Shares or other securities convertible or exchangeable into Common Shares have been issued by C.A. Bancorp to the Directors or officers of C.A. Bancorp or other insiders of C.A. Bancorp during the two-year period preceding the date of this Directors' Circular.

### OTHER TRANSACTIONS

Except as disclosed herein, C.A. Bancorp is not aware of any negotiations currently being undertaken by C.A. Bancorp that relate to or would result in: (i) an extraordinary transaction such as a merger or reorganization involving C.A. Bancorp or any of its subsidiaries; (ii) the purchase, sale or transfer of a material amount of assets by C.A. Bancorp or any of its subsidiaries; (iii) a competing take-over bid; (iv) a bid by C.A. Bancorp for its own securities or for those of another issuer; or (v) any material change in the present capitalization of C.A. Bancorp.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

Notwithstanding the foregoing, the C.A. Bancorp Board and the Special Committee may engage in negotiations in response to the Maxam Offer that could have one or more of the effects specified in the preceding paragraph. The C.A. Bancorp Board has determined that disclosure with respect to the parties to, and the possible terms of, any transactions or proposals of the type referred to in the preceding paragraph might jeopardize any discussions or negotiations that C.A. Bancorp may conduct. Accordingly, C.A. Bancorp does not intend to disclose the possible terms of any such transaction or proposal until an agreement relating thereto has been reached or as otherwise may be required by law.

### **MATERIAL CHANGES IN THE AFFAIRS OF C.A. BANCORP**

On December 14, 2009, the Company provided an update on its investment in Everus. The Company carried its investments in private entities at an aggregate carrying value of \$37.1 million as at September 30, 2009. Included in that amount was its investment in Everus carried at \$3.7 million (or \$0.14 per Common Share). As previously disclosed in the Company's third quarter 2009 unaudited consolidated financial statements, a receiver was appointed by the courts on July 31, 2009 to monitor the Everus business and manage a sales process. As at the date hereof, the Company believes that the value of its investment in Everus is materially less than \$3.7 million. The Company is unable to provide a revised valuation at this time. Accordingly, investors should use caution in relying on previously disclosed valuation information regarding Everus.

Except as publicly disclosed or otherwise described above or elsewhere in this Directors' Circular, none of the Directors or officers of C.A. Bancorp is aware of any information that indicates any material change in the affairs or prospects of C.A. Bancorp since the date of its last published financial statements, being its interim unaudited consolidated financial statements for the three months ended September 30, 2009, and management's discussion and analysis thereon, each of which is available on [www.sedar.com](http://www.sedar.com).

### **ENGAGEMENT OF INDEPENDENT FINANCIAL ADVISOR**

CIBC was engaged by C.A. Bancorp as independent financial advisor effective December 9, 2009, to provide the C.A. Bancorp Board with various financial advisory services including, without limitation, financial advice with respect to: (i) the structuring and implementation of potential strategic alternatives regarding C.A. Bancorp; (ii) the value maximization process currently being undertaken by C.A. Bancorp; (iii) the preparation for and response to unsolicited approaches to acquire or influence control of C.A. Bancorp or the C.A. Bancorp Board; (iv) market analysis; and (v) the development and evaluation of marketing materials, communication strategies and other proposals involving C.A. Bancorp.

In consideration of the provision of these services, C.A. Bancorp has agreed to pay CIBC a work fee payable whether or not the Maxam Offer or another change of control transaction is completed, and certain additional fees, a portion of which are contingent upon the consummation of a change of control of C.A. Bancorp or certain other events. C.A. Bancorp has also agreed to indemnify CIBC against certain liabilities, including under applicable securities laws, and to reimburse CIBC for reasonable expenses incurred by CIBC in performing the financial advisory services, including, without limitation, travel and communication expenses, courier charges and the reasonable fees and disbursements of counsel and other advisors retained by CIBC.

CIBC is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. In the ordinary course of these activities, CIBC and its affiliates may at any time hold long or short positions in securities or instruments (including bank loans and other obligations) of C.A. Bancorp, for their own account or for the accounts of their customers. CIBC and its affiliates may have in the past provided, and/or may in the future provide, banking, financial advisory and investment banking services to C.A. Bancorp or any of its associates or affiliates.

### **LEGAL MATTERS**

Certain Canadian legal matters relating to this Directors' Circular have been reviewed by Goodmans LLP, Toronto, independent legal counsel to C.A. Bancorp.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

## **OTHER INFORMATION AND MATTERS**

There is no information or matter not disclosed in this Directors' Circular but known to the C.A. Bancorp Board that would reasonably be expected to affect the decision of Shareholders to accept or reject the Maxam Offer.

The Maxam Circular contains numerous statements and claims which the Company regards as misleading or inaccurate. The Company has not addressed each of those inaccuracies or insinuations as in the view of C.A. Bancorp and its Board those matters are not material and the factors that should influence Shareholders' decisions are outlined herein under "Reasons for Rejection."

## **STATUTORY RIGHTS**

Securities legislation in the provinces and territories of Canada provides security holders of C.A. Bancorp with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

## **APPROVAL OF DIRECTORS' CIRCULAR**

The contents of this Directors' Circular have been approved and the delivery thereof has been authorized by the C.A. Bancorp Board.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

**CONSENT OF CIBC WORLD MARKETS INC.**

Dated: December 21, 2009

To the Special Committee of the Board of Directors of C.A. Bancorp Inc.

We hereby consent to the references in the Directors' Circular (the "**Circular**") of C.A. Bancorp Inc. (the "**Company**") dated December 21, 2009 to our firm's name and to our opinion letter dated December 21, 2009 (the "**Opinion**") addressed to the Special Committee (the "**Special Committee**") of the Company's board of directors (the "**Board of Directors**"), and to the inclusion of a copy of our Opinion as Appendix "A" to the Circular. In providing our consent, we do not intend or permit that any person other than the Special Committee or the Board of Directors may rely upon the Opinion.

(Signed) CIBC WORLD MARKETS INC.

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

**CERTIFICATE**

Dated: December 21, 2009

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Directors of C.A. Bancorp Inc.

(Signed) "*John F. Driscoll*"

(Signed) "*Timothy Unwin*"

**TO REJECT THE MAXAM OFFER, YOU SHOULD DO NOTHING.**

If you have already tendered Common Shares to the Maxam Offer, you can withdraw your Common Shares by contacting your broker or Kingsdale Shareholder Services at the telephone numbers listed on the back page.

## APPENDIX A

### OPINION OF CIBC WORLD MARKETS INC.

December 21, 2009

The Special Committee of the Board of Directors of C.A. Bancorp Inc.  
The Exchange Tower  
130 King Street West, Suite 2810  
Toronto, Ontario M5X 1A4

To the Special Committee:

CIBC World Markets Inc. (“CIBC”, “we” or “us”) understands that Maxam Acquisition Corporation (the “Offeror”) has made an offer (the “Offer”) to purchase all of the outstanding common shares (the “Shares”) of C.A. Bancorp Inc. (“CAB” or the “Company”) in consideration for \$1.22 in cash per Share (the “Consideration”). The terms and conditions of the Offer are described in the Offeror’s offer and take-over bid circular dated December 7, 2009 (the “Take-over Bid Circular”). We also understand that the Company’s board of directors (the “Board of Directors”) has appointed a special committee (the “Special Committee”) to consider the implications of the Offer and to make recommendations to the Board of Directors concerning the Offer and responses thereto, including considering potential transactions that might be pursued by the Company as an alternative to the Offer.

#### *Engagement of CIBC*

By letter agreement dated December 9, 2009 (the “Engagement Agreement”), the Company retained CIBC to act as financial advisor to the Company and its Board of Directors in connection with the Offer and any alternative transaction. Pursuant to the Engagement Agreement, the Company has requested that we prepare and deliver to the Special Committee our written opinion (the “Opinion”) as to the adequacy, from a financial point of view, of the Consideration offered pursuant to the Offer to the shareholders (the “Shareholders”) of the Company other than the Offeror.

CIBC will be paid a fee for rendering the Opinion and will be paid an additional fee that is contingent upon the completion of the Offer or any alternative transaction. The Company has also agreed to reimburse CIBC for its reasonable out-of-pocket expenses and to indemnify CIBC in respect of certain liabilities that might arise out of our engagement.

#### *Credentials of CIBC*

CIBC is one of Canada’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Opinion expressed herein is the opinion of CIBC and the form and content herein have been approved for release by a committee of its managing directors and internal counsel, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

#### *Scope of Review*

In conjunction with the preparation of the fairness opinion, CIBC has reviewed and relied upon:

- i) the draft CAB Directors’ Circular;
- ii) the Take-over Bid Circular dated December 7, 2009;
- iii) the annual reports, including the comparative audited financial statements and management’s discussion and analysis, of CAB for the fiscal years ended December 31, 2006, 2007, and 2008;
- iv) the interim reports, including the comparative unaudited financial statements and management’s discussion and analysis, of CAB for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009;

- v) the annual information form of the Company for the year ended December 31, 2008 dated March 31, 2009;
- vi) the management information circular of the Company dated May 15, 2009 relating to the annual meeting of shareholders held on June 25, 2009;
- vii) selected press releases of CAB;
- viii) the Company's Q3 2009 Investment Valuations presentation dated October 31, 2009;
- ix) the Company's 2010 Strategy Discussion presentation dated November 2, 2009;
- x) selected public market trading statistics and relevant financial information of CAB and other public entities;
- xi) selected financial statistics and relevant financial information with respect to relevant precedent transactions;
- xii) selected relevant reports published by equity research analysts and industry sources regarding CAB and other comparable public entities;
- xiii) a certificate addressed to us, dated as of the date hereof, from two senior officers of CAB as to the completeness and accuracy of the information; and
- xiv) such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In addition, CIBC has participated in discussions with members of the senior management of CAB regarding past and current business operations, financial condition and future prospects.

CIBC has also participated in discussions with Goodmans LLP (legal counsel to CAB) regarding the Offer and related matters.

### ***Assumptions and Limitations***

Our Opinion is subject to the assumptions, explanations and limitations set forth below.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of any of the assets or securities of the Company, the Offeror or any of their respective affiliates and our Opinion should not be construed as such.

With your permission, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Company in connection with preparing this Opinion and with your permission, we have assumed the accuracy and fair presentation of, and relied upon, the Company's audited financial statements and the reports of the auditors thereon.

With respect to the historical financial data, operating and financial forecasts and budgets provided to us concerning the Company and relied upon in our financial analyses, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgements of management of the Company, having regard to the Company's business, plans, financial condition and prospects.

The Company has represented to us, in a certificate of two senior officers of the Company dated the date hereof, among other things, that the information, data and other material (financial or otherwise) provided to us by or on

behalf of the Company, including the written information and discussions concerning the Company referred to above under the heading “Scope of Review” (collectively, the “Information”), are complete and correct at the date the Information was provided to us and that, since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Offer or the sufficiency of this letter for your purposes.

Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the Information and as they were represented to us in our discussions with management of the Company and its affiliates and advisors. In our analyses and in connection with the preparation of our Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Offer.

The Opinion is being provided to the Special Committee of the Board of Directors for its exclusive use only in considering the Offer and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of CIBC. Our Opinion is not intended to be and does not constitute a recommendation to any Shareholder to accept or reject the Offer.

CIBC believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry out such could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

### ***Opinion***

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion, as of the date hereof, that the Consideration offered to Shareholders pursuant to the Offer is inadequate, from a financial point of view, to Shareholders other than the Offeror.

Yours very truly,

## APPENDIX B

### GLOSSARY OF TERMS

**In the Directors' Circular, the following terms shall have the meanings set forth below, unless the subject matter or context is inconsistent therewith or such terms are otherwise defined in the Directors' Circular:**

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**affiliate**” has the meaning ascribed to that term in MI 62-104;

“**associate**” has the meaning ascribed to that term in MI 62-104;

“**C.A. Bancorp**” or the “**Company**” means C.A. Bancorp Inc., a corporation amalgamated under the ABCA;

“**C.A. Bancorp Board**” means the board of directors of C.A. Bancorp, comprised of Mr. John F. Driscoll, Mr. Paul Haggis, Mr. Frank Potter, Mr. Timothy Unwin and Mr. Richard Zarzeczny;

“**CIBC**” means, CIBC World Markets Inc., independent financial advisor to C.A. Bancorp;

“**Common Shares**” means all of the issued and outstanding common shares of C.A. Bancorp together with the associated SRP Rights;

“**CRFC**” means C.A. Bancorp Canadian Realty Finance Corporation;

“**Director**” means a director of C.A. Bancorp;

“**Directors' Circular**” means this directors' circular of C.A. Bancorp;

“**Everus**” means Everus Communications Inc.;

“**Expiry Time**” means 4:00 p.m. (Vancouver time) on January 12, 2010, unless the Maxam Offer is withdrawn or is extended (pursuant to Section 5 of the Offer, “Extension, Variation or Change in the Offer or Circular”), in which case the Expiry Time shall mean the latest date and time on which the Offer as so extended expires;

“**Information Agent**” means Kingsdale, the information agent retained by C.A. Bancorp in connection with the Maxam Offer;

“**Kingsdale**” or “**Kingsdale Shareholder Services**” means Kingsdale Shareholder Services Inc.;

“**Maxam**” or the “**Offeror**” means Maxam Acquisition Corporation, a company jointly owned by the Maxam Funds, as offeror under the Maxam Offer;

“**Maxam Circular**” means the Offer and the accompanying take-over bid circular of Maxam dated December 7, 2009;

“**Maxam Funds**” means, collectively, Maxam Opportunities Fund Limited Partnership and Maxam Opportunities Fund (International) Limited Partnership;

“**Maxam Offer**” or “**Offer**” means the formal take-over bid by Maxam dated December 7, 2009, as set forth in and forming part of the Maxam Circular, for all of the Common Shares at a price of \$1.22 in cash for each Common Share;

“**MI 62-104**” means *Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids*;

“**Opinion**” means the opinion of CIBC dated December 21, 2009, a copy of which is attached as Appendix “A” to this Directors’ Circular;

“**Option Plan**” means the stock option plan of C.A. Bancorp, as amended from time to time;

“**Options**” means options to purchase Common Shares granted pursuant to the Option Plan;

“**Rights Plan**” means the shareholder rights plan agreement dated as of December 14, 2009, between C.A. Bancorp and Computershare Investor Services Inc., as may be amended from time to time;

“**Shareholder**” means a holder of Common Shares;

“**Special Committee**” means the special committee established by the C.A. Bancorp Board, comprised of Mr. Timothy Unwin (Chairman), Mr. John F. Driscoll and Mr. Paul Haggis;

“**SRP Rights**” means the rights issued pursuant to the Rights Plan;

“**TSX**” means the Toronto Stock Exchange.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

**QUESTIONS OR REQUESTS FOR ASSISTANCE CONCERNING THE INFORMATION  
IN THIS DOCUMENT SHOULD BE DIRECTED TO THE INFORMATION AGENT:**

**Any questions and requests for assistance may be directed to  
Kingsdale Shareholder Services Inc.  
at the telephone numbers and location set out below:**



**The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
M5X 1E2  
North American Toll Free Phone:  
1-888-518-1556  
Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)  
Facsimile: 416-867-2271  
Toll Free Facsimile: 1-866-545-5580  
Banks and Brokers Call Collect: 416-867-2272**

**THIS DIRECTORS' CIRCULAR CONTAINS A UNANIMOUS  
RECOMMENDATION BY THE BOARD OF DIRECTORS OF C.A. BANCORP INC.  
THAT SHAREHOLDERS REJECT THE  
MAXAM OFFER AND NOT TENDER THEIR COMMON SHARES TO  
THE MAXAM OFFER.**