

IN THE GRAND COURT OF THE CAYMAN ISLANDS

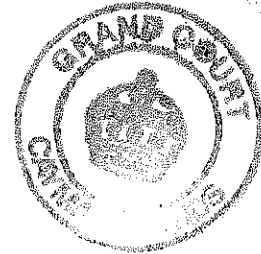
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CAUSE NO: of 2002

IN THE MATTER OF THE COMPANIES LAW (2002 REVISION)

AND IN THE MATTER OF BANCO DE GALICIA (CAYMAN) LTD



PETITION



TO THE GRAND COURT OF THE CAYMAN ISLANDS

The Humble Petition of **BANCO DE GALICIA (CAYMAN) LTD** of Bank of Nova Scotia Trust, P. O. Box 501, Bank of Nova Scotia Building, George Town, Grand Cayman, Cayman Islands shows that:

1. BANCO DE GALICIA (CAYMAN) LTD (hereinafter called "the Company") was incorporated under the name BANCO DE GALICIA (CAYMAN) LIMITED on 25<sup>th</sup> January, 1988. It was incorporated as an Exempted Company limited by shares under the Companies Law (2002 Revision) ("the Companies Law") of the Cayman Islands.
2. The registered office of the Company is situated at Bank of Nova Scotia Trust, P.O. Box 501, Bank of Nova Scotia Building, George Town, Grand Cayman, Cayman Islands. The objects for which the company was established are not restricted in the Company's Memorandum of Association and this permits the carrying on of unlimited general business.
3. The authorised share capital of the Company at the date of its incorporation was US\$900,000 divided into 900,000 ordinary shares of US \$1.00 each. 75,000,000

shares of US \$1.00 have been issued and are fully paid up and are held. The Company holds a category B banking licence subject to the provisions of the Banks and Trust Companies Law (2002 Revision) of the Cayman Islands.

4. The Company was formed to operate as a bank and is a subsidiary of the Banco de Galicia banking group that operates principally out of Argentina and Uruguay. The objects for which the company was established are not restricted in the Company's Memorandum of Association and this permits the carrying on of unlimited general business.
5. The Company has assets with a face value of US \$95.5m. Of this sum, approximately US \$79.5m represents a deposit with Banco Galicia Uruguay. Additionally, the Company has a loan asset portfolio valued at \$7.1m, less a provision of \$1.9m. Loans without guarantee total \$4.2m, loans backed by mortgage total \$1.4m, loans with cash collateral total \$700,000 and other loans total \$800,000. All of the asset portfolio was originally denominated in dollars. Further, there are securities valued at \$3.2m and other investments of \$5.5m.
6. The Company has approximately 503 depositors, with total deposits of \$79.3m. The majority are Argentine individuals. There are small numbers of Uruguayan depositors. All of the Company's obligations to its depositors are denominated in dollars.
7. As set out above, a substantial asset of the Petitioner is a deposit with a related company, Banco Galicia Uruguay in the amount of approximately US\$79.3 million. Banco Galicia Uruguay was placed into intervention on 13<sup>th</sup> February, 2002. Banco Galicia Uruguay and the Central Bank of Uruguay have proposed a compromise with its creditors, the details of which are set out below:
  - (i) An initial cash payment of 3% of the debt following acceptance of the proposal;

(ii) The remaining balance to be paid according to the following options to be determined by the depositors:

a) A Transferable Certificate of deposit of Banco Galicia Uruguay payable in nine annual installments according to the following schedule:

- First installment: 15% of principal due on 1<sup>st</sup> September, 2003
- Second installment: 15% of principal due on 1<sup>st</sup> September, 2004
- Third to ninth annual installment: 10% of principal commencing on 1<sup>st</sup> September, 2005

Interest will be paid annually in arrears at a rate of 2% p.a; or

b) Bond debt issued by Banco Galicia Uruguay payable in nine annual installments according to the same schedule established for option (a) above.

Interest will be paid annually in arrears at a rate of 2% p.a.

Subject to the authorization of the Bank, the bonds can be used to repay loans granted by Banco Galicia Uruguay up to 13<sup>th</sup> February, 2002.

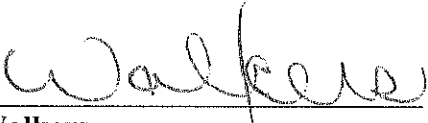
8. Finally, Banco Galicia Uruguay has the option to redeem in whole or in part at any time the certificates of deposit or the bonds.
9. To conclude, and on the basis that the substantive asset of the Petitioner is subject to the compromise set out above, the Company is unable to pay its debts as they fall due and is insolvent.

**AND YOUR PETITIONER THEREFORE HUMBLY PRAYS** as follows:

1. That at such time as the Petition is listed for hearing, if so moved by the Company, the Petition be adjourned or alternatively the Company be wound up by the Court under the provisions of Part V of the Companies Law (2002 Revision).
2. That should the Court make an Order winding up the Company, that Simon Whicker and Theo Bullmore of KPMG, Cayman Islands, (to hold their offices jointly and severally) be appointed joint official liquidators of the company;
3. That the joint official liquidators be authorized to do any actual things considered by them to be necessary or desirable in connection with the liquidation of the company and the winding up of its affairs;
4. That the joint official liquidators be authorized to exercise all the powers set out in section 109 of the Companies Law (2002 Revision) without further sanction or intervention of this Honourable Court;
5. That the joint official liquidators do file with the clerk of the court a report in writing of the position of and the progress made with the winding up of the company with the realization of the assets thereof and as to any other matters connected to the winding up of the company, every six calendar months or as the Court may from time to time direct;
6. That the joint official liquidators be at liberty to appoint attorneys, counsel, professional advisors, whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit;

7. That the joint official liquidators and their staff be remunerated out of the assets of the company at their usual customary rates, such fees and expenses to be approved by the Court;
8. Such further and/or other relief as this Honourable Court deems appropriate.

DATED this 18<sup>th</sup> day of July 2002

  
Walkers  
Attorneys for the Company

NOTE: This Petition is intended to be served on the Company, the Registrar of Companies and on the Cayman Islands Monetary Authority.

#### INDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the 18<sup>th</sup> day of July, 2002 will be heard at the Grand Court of the Cayman Islands on:

DATE:

TIME:

(or as soon thereafter as the petition can be heard).

This Petition is filed by Walkers, Attorneys-at-Law, P.O. Box 265GT, Walker House, Mary Street, George Town, Grand Cayman, Attorneys-at-Law.