

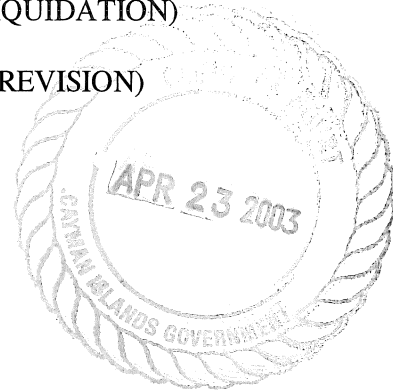
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO.: 271 OF 2003

IN THE MATTER OF EURO BANK CORPORATION (IN LIQUIDATION)

AND IN THE MATTER OF THE COMPANIES LAW (2002 REVISION)

PETITION



To: THE GRAND COURT OF THE CAYMAN ISLANDS

THE HUMBLE PETITION OF EURO BANK CORPORATION (IN LIQUIDATION), P.O.

Box 1792 GT, 2nd Floor, Cardinal Plaza, Cardinal Avenue, George Town, Grand Cayman, Cayman Islands (hereinafter called the "Bank") SHEWETH as follows:-

1. The object of this Petition is to seek the sanction of the Court under Section 86 of the Companies Law (2002 Revision) to a proposed Scheme of Arrangement between the Bank, its Scheme Participants (as defined in the Scheme) and its shareholders (the "Scheme"). The definitions and abbreviations used in the Scheme are adopted herein.
2. The Bank was incorporated as an exempt company limited by shares under the Companies Law Cap. 22 in 1981. It was established inter alia to carry on banking business in the Cayman Islands. At all material times up to and including 16th June, 1999 it has had a "Class B" or "Class A" Banking Licence (the latter subject to certain restrictions), and it carried on its banking business from its offices in George Town, Grand Cayman.
3. The registered office of the Company has at all material times been P.O. Box 1792 GT, Grand Cayman, Cayman Islands.

4. The authorised share capital of the Bank is US\$900,000 divided into 1,800,000 ordinary shares of US\$0.50 each (the “Shares”). As at 16th June, 1999 1,206,000 of the Shares had been issued to various individuals and corporations (the “Shareholders”). All the issued shares are fully paid or credited as fully paid. There are no outstanding options or warrants to subscribe for Shares or any securities convertible into new Shares to be issued by the Bank.
5. On 11th May, 1999 the Governor-in-Council appointed Ian Wight and Michael Pilling, partners of Deloitte & Touche, Grand Cayman, as Controllers of the Bank pursuant to s. 14(1)(v) of the Banks and Trust Companies Law (1995 Revision).
6. On 16th June, 1999 the shareholders of the Bank resolved to wind up the Bank and appointed Ian Wight and Michael Pilling as liquidators. On the same day the Grand Court ordered that the winding up of the Bank be subject to the supervision of the Court, and the Governor-in-Council discharged the appointment of Ian Wight and Michael Pilling as Controllers.
7. Since June 2000 the administration of the liquidation of the Bank has been carried out from the Bank’s offices at 2nd Floor, Cardinal Plaza, Cardinal Avenue, George Town, Grand Cayman.
8. As at 16th June, 1999 there were 1,613 persons recorded as depositors of the Bank with a net credit balance and the aggregate recorded deposit liabilities were US\$131,008,421.15.
9. As at the same date the Bank also had liabilities to trade creditors who were not depositors in the amount of US\$55,404.71, and there were 18 such trade creditors. The said persons recorded as depositors and the trade creditors as at 16th June, 1999 are collectively defined as the “Scheme Participants”.

10. The Bank's recorded deposits consisted of a variety of different type of accounts including current accounts, call accounts, fixed deposit accounts and MasterCard accounts. As at 16th June, 1999 approximately 90% of the Bank's recorded deposit liabilities were denominated in US\$; ca 7% were denominated in Can\$; ca 2% in £, and ca 1% in seven other currencies. The Bank's liabilities to its trade creditors were overwhelmingly denominated in CI\$.

11. On 23rd November, 1999 the Court authorised the Liquidators to declare and to pay to admitted depositors by way of preference dividend up to US\$24,390.24 (equivalent to CI\$20,000) (the "Preference Dividend") pursuant to s. 162 and the Second Schedule of the Companies Law. For the majority of the Bank's depositors this represented payment by the Bank of its principal liabilities in full. The terms of section 162 and the Second Schedule excluded a small number of admitted depositors from receiving a Preference Dividend. At the same time the Court directed pursuant to Rule 4.91 of the English Insolvency Rules (as modified) that the functional currency of the Bank was US\$ and accordingly that the currency of the Liquidation shall be US\$.

12. The payment of the Preference Dividend thereby reduced (and in many cases extinguished) the liability of the Bank to the relevant depositors for the principal amount (including accrued pre-liquidation interest, if any) owing as at 16th June, 1999. On or about 16th December, 1999 the Liquidators sent cheques in respect of the Preference Dividend to depositors whose claims had been admitted at that time.

13. On 4th December, 2002 the Court authorised the Liquidators to pay a First Interim Dividend of 80 cents in the dollar. On or about 3rd May, 2002 the Liquidators sent cheques in respect of the First Interim Dividend to Scheme Participants whose claims had been admitted at that time. Accordingly:
 - (a) admitted qualifying depositors whose net deposit as at 16th June, 1999 was less than US\$24,390.24 have received only a Preference Dividend;

- (b) admitted qualifying depositors whose net deposit as at 16th June, 1999 was greater than US\$24,390.24 have received a Preference Dividend of US\$24,390.24 plus a First Interim Dividend of 80 cents in the dollar on the amount by which their deposits as at 16th June, 1999 exceeded US\$24,390.24;
 - (c) admitted non-qualifying depositors and trade creditors have each received a First Interim Dividend of 80 cents in the dollar on their deposits or the admitted amount of their claim as at 16th June, 1999 as appropriate.
14. The Liquidators have determined that the Bank is solvent. They have issued an application in the Bank's winding-up proceedings (Cause 379 of 1999) for authority to declare and pay a Final Ordinary Dividend of 20 cents in the dollar. The application is expected to be heard on 1st May immediately prior to the application for directions herein seeking leave to convene the relevant meetings.
15. If the Court accepts the Liquidators' determination that the Bank is solvent then the Bank's creditors' pre-liquidation contractual rights will be re-instated. A creditor will have a right to claim interest for the period since 16th June, 1999 if his contract with the Bank expressly or impliedly gave him a right to receive interest.
16. The Bank's creditors' precise rights to post-liquidation interest as a matter of common law will necessarily depend on a case-by-case analysis of complex matrices of fact and law. The purpose of the proposed Scheme is to replace the Scheme Participants' common-law rights to interest with those set out in the Scheme, and thereby to determine who is entitled to receive post-liquidation interest and to determine the rate(s) at which post-liquidation interest should be paid.
17. The Bank intends to make an application herein for an order that it should convene a meeting of the Shareholders and of the Scheme Participants (the "Shareholders' Court Meeting" and the "Scheme Participants' Court Meeting" respectively) for the purpose of considering and if thought fit approving (with or without modification) the proposed Scheme and for the appointment of Chairmen of the Court Meetings and for directions

that the Chairmen should report the result of such Court Meetings to the Court.

18. The resolution to be submitted at each of the Court Meetings is intended to be:

“THAT this Court Meeting approves without modification the Scheme of Arrangement dated 1st May, 2003 a print of which has been submitted to this Court Meeting and for the purpose of identification signed by the Chairman of this Court Meeting.”

YOUR PETITIONER THE COMPANY THEREFORE HUMBLY PRAYS:-

1. That the Scheme be sanctioned by the Court so as to be binding on the Bank, the Scheme Participants and the Shareholders.
2. That such other directions, orders or further relief be granted as the Court shall deem meet.

AND YOUR PETITIONER WILL EVER PRAY, ETC.

Dated this 23rd day of April, 2003.


MAPLES and CALDER

ENDORSEMENT

This Petition has been presented to the Grand Court of the Cayman Islands on the 23rd April, 2003 and will be heard by the Grand Court of the Cayman Islands on the 10th day of June 2003 at 10 o'clock in the forenoon (or as soon thereafter as the Petition can be heard).

This Petition was presented by Maples and Calder, Ugland House, P.O. Box 309GT, George Town, Grand Cayman, attorneys-at-law for the Petitioner.