

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult an attorney-at-law or other professional adviser without delay.

EC 122/11

**A SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 192 OF THE COMPANIES ACT
BETWEEN
CENTURY NATIONAL BANK LIMITED
AND ITS
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

**A SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 192 OF THE COMPANIES ACT
BETWEEN
CENTURY NATIONAL BUILDING SOCIETY
AND ITS
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

**A SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 192 OF THE COMPANIES ACT
BETWEEN
CENTURY NATIONAL MERCHANT BANK
& TRUST COMPANY LIMITED
AND ITS
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

The meetings of Scheme Creditors to consider the Schemes of Arrangement will be held on Sunday 12 October 1997.
Notices of the Scheme Meetings are set out on pages 35 to 37 of this Document.

6 September 1997

Responsibility statement

Except in respect of information provided by NCB, the information contained in this document is given at the date of this document unless another time is specified, and to the best of their knowledge and belief, the Companies (as defined in this Document), the Temporary Manager, his agents and professional advisers (as appropriate) have taken all reasonable care to ensure that the information contained herein is correct.

The calculation of the size of a Scheme Amount (as defined in this Document) to be used in the Scheme Voting Forms will be of a preliminary nature and used for voting purposes only. It does not constitute the final size of a Scheme Amount for the purpose of payment.

Scheme Creditors (as defined in this Document) should not construe the contents of this Document as legal, tax, financial or other professional advice. Each Scheme Creditor should consult his own professional adviser as to the legal, tax, financial, or other matters relevant to the action he should take in connection with the Scheme.

The Companies, the Temporary Manager, his agents and professional advisers have no responsibility to any third party (i.e. a person who is not a Scheme Creditor of any of the Companies) other than NCB and FIS, in respect of any of the information contained in this Document or otherwise made available in relation to the Schemes.

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PART 1 EXPLANATORY STATEMENT

A. PRELIMINARY

1. Definitions

In this Document, unless the context otherwise requires or when otherwise expressly provided, the following capitalised terms shall have the meanings set out below:

"Act"	The Companies Act;
"Bank"	Century National Bank Limited;
"Building Society"	Century National Building Society;
"Business Day"	any day on which banks are open for business in Jamaica;
"Companies"	Bank, Building Society and Merchant Bank collectively;
"Company"	any of Bank, Building Society or Merchant Bank;
"Company Liability"	the amount owed by the Company to a Scheme Creditor as at the close of business on 10 July 1996 including where applicable interest accrued to that date and after taking into account any rights of set off exercised by the Company;
"Court"	the Courts of Jamaica or any of them, including without limitation any appellate court up to and including the Privy Council;
"Court Authorization Date"	the date upon which the Court orders that the Scheme Meeting be summoned to approve the Scheme;
"Court Sanction Date"	the date following the Scheme Meeting on which the Court sanctions the Scheme in accordance with section 192 of the Act;
"Creditors"	the creditors of the Company contingent or otherwise, whether present or future, and whether or not the amount of the Company Liability owing to them is present and ascertained;
"Document"	all of this document, including Part 1 (the Explanatory Statement), Part 2 (the Scheme of Arrangement) and Part 3 (Notices of the Scheme Meetings and Proxy Form);
"Effective Date"	the date upon which a copy of the Court Order approving the Scheme pursuant to Section 192 of the Act is delivered to the Registrar of Companies in Jamaica for registration;
"FIS"	Financial Institutions Services Limited;
"First Payment Scheme"	the payout scheme set out in a letter dated 5 October 1996 to Bank depositors from Bank, a letter dated 20 October 1996 to Building Society depositors from Building Society, a letter dated 16 September 1996 to Merchant Bank depositors from Merchant Bank, and otherwise set out in advertisements published in the press between 2 January and 31 January 1997, by which some payments were made by Bank and Merchant Bank, and the Government made an additional "topping up" offer to depositors of the Companies;

"Government"	The Government of Jamaica acting through the Ministry of Finance and Planning;
"Holdings"	CNB Holdings Limited;
"Merchant Bank"	Century National Merchant Bank & Trust Company Limited;
"Minister"	the person from time to time holding the office of the Minister of Finance of Jamaica;
"NCB"	National Commercial Bank Jamaica Limited;
"NCB Interest Rate"	the rate of interest paid by NCB from time to time on ordinary savings accounts;
"New Deposit Accounts"	the new bank accounts to be established in the names of each Scheme Creditor by NCB and to be credited with the Scheme Amount pursuant to the Scheme;
"Preferential Creditors"	Creditors in respect of and only to the extent of those debts owed to them by the Company which would be treated as preferential payments under section 294 of the Act in a winding up;
"Scheme"	the Scheme of Arrangement proposed in relation to the Company and its Scheme Creditors and set out herein;
"Scheme Amount"	In respect of each Scheme Creditor, the Company Liability, less the total amount of cheques issued to that Scheme Creditor under the First Payment Scheme and less other amounts paid, applied or satisfied between 10 July 1996 and the Effective Date;
"Scheme Creditor"	any Creditor including Secured Creditors but excluding Preferential Creditors, FIS, the Companies, and Creditors whose Company Liabilities have been paid, set off or otherwise extinguished prior to the Effective Date to the extent of the amount paid, set off or otherwise extinguished;
"Scheme Meeting"	the meeting of Scheme Creditors convened by the Company at the direction of the Court to consider and, if thought fit, to approve the Scheme;
"Secured Creditor"	a Creditor holding security in respect of his Company Liability, but only to the extent of the unsecured balance remaining after he has realized the security to its fullest extent, and after deducting the amount so realized from the Company Liability;
"Temporary Manager"	the Minister in his capacity as Temporary Manager of the Company.

In this Document wherever the context indicates, the singular includes the plural and vice versa, references to persons includes individuals, partnerships, bodies corporate, unincorporated associations or any state or agency thereof, and words importing any gender includes other genders, unless otherwise defined.

2. Letter from the Temporary Manager

To: The Scheme Creditors of Bank, Building Society and Merchant Bank

What is the Explanatory Statement?

The purpose of the Explanatory Statement is to provide Scheme Creditors with information relating to the Schemes of Arrangement and to provide details of the Scheme Meetings at which Scheme Creditors will have the opportunity to vote on whether to approve their respective Scheme.

The terms of the Schemes being proposed in respect of each of the Companies are identical and therefore one document has been prepared incorporating information on Bank, Building Society and Merchant Bank. However, a separate Scheme is proposed in respect of each Company, and the Scheme Creditors of each Company will vote separately on whether to approve their respective Scheme.

What is being offered to Scheme Creditors under the Schemes of Arrangement?

In summary, it is proposed that Scheme Creditors will receive the right to New Deposit Accounts at NCB at a value of 100% of the amount of their respective claims as at 10 July 1996, after the Companies have exercised any right of set-off, less the amount of any cheques issued to Creditors in respect of the First Payment Scheme and less any other amounts paid, applied or satisfied by the Companies prior to the Effective Date. The New Deposit Account will be credited with 65% of such sum on the opening of the account with the balance of 35% being credited to the account six months later. Scheme Creditors will not receive payment for any interest due after 10 July 1996.

Scheme Creditors will have the right to apply to open their New Deposit Accounts commencing 10 Business Days after the Scheme becomes effective, upon applying in person or through an agent at those branches of NCB listed in Part 1, Appendix E of this Document, or by writing to NCB, and by duly completing a mandate form and signatory card. Proof of identity must be provided by the Scheme Creditor in either instance. Full details of the procedure for opening New Deposit Accounts are set out in the Scheme at Part 2, Section B, paragraph 8 of this Document. Interest on the New Deposit Account will accrue from the date upon which the account is opened.

Under the Schemes, in return for receiving the right to New Deposit Accounts at NCB, Scheme Creditors will assign to FIS all their claims and rights against the Companies and will surrender all their rights against the Temporary Manager, his agents and the Government. Financing arrangements relating to the New Deposit Accounts have been agreed between NCB, FIS and the Government. If the Schemes are approved, FIS and the Companies in respect of each other will be the only known remaining Creditors of the Companies. Under the Schemes, all assets of the Companies will be assigned to FIS and applied in part satisfaction of FIS' claims against the Companies and in consideration of the obligations undertaken by FIS.

What are the options other than a Scheme?

The Temporary Manager, having reviewed the position, is required to reach a decision on the future of the Companies. The only other viable option to Schemes of Arrangement, is liquidation of the Companies, but under a liquidation Scheme Creditors would receive considerably less than is being proposed under the Schemes of Arrangement, and over a longer period.

What Is a Scheme of Arrangement and what Is the procedure?

A Scheme of Arrangement is a compromise or arrangement between a company and its creditors or any class of them. It requires approval by a majority in number representing 75% in value of those Scheme Creditors voting at the Scheme Meeting. The Scheme is then submitted to Court for approval and it becomes effective when the Court order sanctioning the Scheme is filed with the Registrar of Companies. In this instance, a separate vote will be held to approve the Scheme for each Company and you will only be entitled to vote in respect of that Company or those Companies of which you are a Scheme Creditor.

The Scheme Meeting will be held on Sunday, 12 October 1997, at Sabina Park, South Camp Road, Kingston, Jamaica, at 10:00 am. The registration process will commence at 7:00 am on that day, and Scheme Creditor or proxy holders are asked to arrive well in advance of the meeting and at the very latest by 9:00 am when the registration process will be closed.

Voting can be by means of attending in person or by appointing a proxy to attend and vote on your behalf. Proof of identification must be provided by the Scheme Creditor or proxy holder at the meeting. Proxy forms must be submitted at least 48 hours before the time when the Scheme Meeting is scheduled to begin. If you do not vote, this does not affect your right to a New Deposit Account under the Scheme. If the Scheme is approved at the Scheme Meeting and is sanctioned by the Court, it is binding on all Scheme Creditors, whether they voted or not. Instructions regarding voting procedures are set out in Section D, paragraph 25 of the Explanatory Statement (Part 1 of this Document).

Recommendation of the Temporary Manager

I believe that the Schemes are in the best interests of the Scheme Creditors of each Company. The Schemes will place them in a position to receive 100% of their claims as at 10 July 1996, which exceeds the amount I believe that they would recover out of the assets of the Companies in a liquidation. I therefore recommend that the Schemes be approved.

Provisional timetable

The following is a provisional timetable relating to the Scheme.

12 October 1997	Scheme Meetings are held for each of the Companies
17 October 1997	Court Sanction Date
20 October 1997	The Effective Date
3 November 1997	First date on which Scheme Creditors may apply to open their New Deposit Accounts

If you have any queries regarding the procedure for voting or otherwise regarding the terms of the Scheme, assistance is available on the following help line numbers:-

(876) 922-1272

(876) 967-0539

(876) 967-1887

The documents that follow this letter are:-

- Section B of the Explanatory Statement (Part 1 of this Document), containing background information on the Companies and NCB;
- Section C of the Explanatory Statement, containing a summary of the Scheme;
- Section D of the Explanatory Statement, containing an explanation of the procedures governing the Scheme Meetings;
- Section E of the Explanatory Statement, containing five Appendices, including financial statements relating to the Companies and to NCB;
- Part 2 of this Document, which is the Scheme of Arrangement, which sets out the legal terms of the arrangement; and
- Part 3 of this Document, which contains the Notices of the Scheme Meeting for each Company, and Proxy Form.

Yours sincerely,


.....
Temporary Manager

Century National Bank Limited

Century National Building Society

Century National Merchant Bank & Trust Company Limited

BACKGROUND INFORMATION

3. Appointment of the Temporary Manager

As at 10 July 1996, the Minister determined that the Companies were insolvent; that they were in breach of specific statutory regulations; that they had engaged in unsafe and unsound business practices; and that they had made false statements to the Bank of Jamaica regarding their affairs. The Minister accordingly, following consultation with the Bank of Jamaica as Supervisor of the Institutions, assumed temporary management of Bank, Building Society and Merchant Bank on 10 July 1996 under Part D of the Banking Act 1992, Part B of the Bank of Jamaica (Building Societies) Regulations 1995 and Part D of the Second Schedule to the Financial Institutions Act 1992 respectively. On 5 September 1996, the Supreme Court granted an Order vesting in the Minister full and exclusive powers of management over the Companies for a further six month period. The Order was renewed for a further 180 days from 28 February 1997 and for a further 120 days from 28 August 1997.

As Temporary Manager, the Minister assumed all the powers of management and control over the Companies. On 10 July 1996, the Minister appointed Richard L. Downer of Price Waterhouse as agent of the Temporary Manager. On the same day, all branch offices of the Companies were closed and deposits frozen. On the application of the Temporary Manager, on 31 July 1996, the Court imposed a stay on actions against the Companies, preventing creditors from enforcing their rights against the assets of the Companies. Since that date, Mr. Downer as agent of the Temporary Manager has been involved in managing the investments of the Companies (including the Bank's interest in Jamaica Grand Limited), realising the assets of the Companies including matters now subject to litigation, in investigating the affairs of the Companies, in dealing with depositors' queries and in assisting in distributing funds through the First Payment Scheme.

4. Current financial position of the Companies

Attached at Appendices A to C are Statements of Affairs for each of the Companies as at 31 March 1997, which show estimates of the potential recoveries and the returns for creditors in each Company, based upon the available financial information. These figures are summarised briefly below :-

	BANK J\$million	BUILDING SOCIETY J\$million	MERCHANT BANK J\$million
Net assets available for unsecured creditors	3,232	1,089	436
Unsecured Creditors	(9,145)	(3,568)	(809)
Net deficiency for unsecured creditors	(5,913)	(2,479)	(373)
Percentage of return to creditors	35%	31%	54%

The percentage of return to creditors is the percentage it is estimated that creditors in the respective Companies would receive on their claims if the Companies were to be placed into liquidation.

5. First Payment Scheme

On 17 August 1996 the Temporary Manager instructed that all things necessary should be done to make a first payment to depositors out of the liquid assets available in each Company.

Accordingly, by letters dated 5 October 1996 and 16 September 1996, Bank and Merchant Bank respectively offered depositors interim payments of 10.5% and 5% of their claims as at 10 July 1996 (excluding accrued interest), to be paid out of the liquid assets of those Companies. The offer of a 10.5% and 5% payment was subsequently made to other creditors of Bank and Merchant Bank by way of advertisements placed in the daily press between 2 January and 31 January 1997. Payments were not made to creditors where a dispute existed regarding their claim. An interim payment was not offered in respect of the creditors of Building Society, as there were insufficient liquid assets available in the Building Society to enable such a payment to be made.

A separate offer was made by FIS, acting on behalf of the Government, to depositors of Merchant Bank, Bank and Building Society by letters dated 16 September 1996, 5 October 1996, and 20 October 1996 respectively, in an effort to ensure that depositors had the opportunity to receive a minimum amount. The offer was made to those depositors who received less than \$40,000 under the interim payments made by Bank and Merchant Bank, and to all depositors of Building Society. Those depositors were entitled on application to receive 90% of the difference between their claim as at 10 July 1996, excluding accrued interest, and any interim payment made to them by the Companies, up to a maximum amount receivable of \$36,000. The payments were made by FIS and in return, the depositors assigned all their rights to FIS in respect of that proportion of their claims on which FIS had paid 90%. In order to obtain the amount offered by FIS, deposit creditors were required to indicate whether their balance as at 10 July 1996 as shown in the statement accompanying the aforementioned offer letter was correctly stated and to sign an assignment.

The position regarding payments made under the First Payment Scheme as at 31 March 1997 can be summarised as follows:-

	Bank J\$	Merchant Bank J\$	Building Society J\$
Total amount paid by :-			
Bank at 10.5%	81,950,000	-	-
Merchant Bank at 5%	-	425,000	-
Total amount paid by FIS:	67,821,000	752,000	82,708,000
Total amount of debt assigned to FIS	75,357,000	836,000	91,898,000
Total number of depositors paid under the First Payment Scheme	7,503	39	3,292

The offer from FIS terminated with effect from 30 June 1997. Under the terms of the Scheme, the offers from Bank and Merchant Bank of 10.5% and 5% respectively will terminate on the Effective Date.

Where Scheme Creditors have accepted the offers made under the First Payment Scheme but have not yet received their cheques or presented them for payment, such cheques will be reissued if necessary and/or honoured by or on behalf of the maker.

6. Litigation

Following investigations into the Companies' affairs, the Temporary Manager brought proceedings against various parties seeking a declaration from the Court as to which company (of Bank, Merchant Bank, Building Society and Holdings) owned an investment representing 49% of the shares in the Jamaica Grande Limited. In February 1997 the Court gave judgment that Bank was the true owner of the shares. This has been appealed by Holdings and it is expected that the appeal will be heard in early 1998. Attorneys acting on behalf of Bank have advised that in their opinion the appeal is unlikely to be successful. Accordingly, 49% of the shares in Jamaica Grande Limited are shown as an asset of Bank in the Statement of Affairs attached at Appendix A.

Bank and Building Society have also commenced actions against Holdings and others and have obtained judgment in respect of certain debts totalling approximately \$1.5 billion. Additional unquantified amounts have been claimed from certain directors and officers of the Companies in respect of alleged negligence and breach of duty. These claims are being disputed, but the attorneys advising Bank, Merchant Bank and Building Society have indicated that they believe that the actions will be successful.

The former Boards of Directors initiated actions, in the name of the Companies, against the Minister, Mr. Downer and Price Waterhouse alleging that the assumption of Temporary Management was invalid and should be set aside. The action was struck out in December 1996 and a subsequent appeal was dismissed on 2 June 1997. The directors have filed an appeal to the Privy Council and it is believed that this appeal will be heard in early 1998. The attorneys acting on behalf of the Companies advise that in their view the appeal is unlikely to succeed.

On 30 July 1997, the Supreme Court handed down judgment in favour of hotelier John Sinclair's companies Negril Investments Limited and Negril Holdings Limited and ruled that Bank must pay in excess of \$70 million to those companies by way of reimbursement and damages arising from loans to the borrowing companies. The attorneys for Bank advise that the stay of proceedings ordered under the Temporary Management covers the execution of this judgment.

In addition, there are approximately 83 further routine debt recovery actions commenced in the names of the Companies with a total amount claimed of \$100 million.

7. Alternatives to a Scheme

The Temporary Manager is required to formulate a course of action with regard to the future of the Companies. The statutory options are:

- a) to restore the Companies to their respective Boards of Directors or shareholders;
- b) to present petitions to place the Companies into liquidation; or
- c) to propose a compromise or arrangement between the Companies and their creditors under section 192 of the Companies Act, or a reconstruction under section 194 of the Companies Act.

The first option is not believed to be in the best interests of the Scheme Creditors given that the Companies are clearly insolvent. Under the second option, it is believed that Scheme Creditors of the Companies would receive less than under the proposed Scheme of Arrangement, as they would be dependent upon the realisable value of the assets of the Companies, and recovery would take place over a considerable period of time. Accordingly the third option of a scheme of arrangement has been selected.

8. Putting the Scheme into place

In formulating a Scheme by which funds would be paid to Scheme Creditors of the Companies, the Government indicated its willingness to assist in ensuring that Scheme Creditors received 100% of the amount owed as at 10 July 1996, inclusive of interest accrued to that date, over a 6 month period. Subsequently, agreement was reached with NCB as to the terms under which NCB would establish the New Deposit Accounts, subject to the approval of the Schemes by the Scheme Creditors and Court sanction.

9. Historical and financial information on NCB

Attached at Appendix D is a summary of the financial statements for NCB as at 30 June 1997. Also included is an estimation of the effect of the opening of the New Deposit Accounts and the financing arrangements in relation thereto on the financial position of NCB. It is estimated that if all three Schemes are approved, as many as 43,000 Scheme Creditors could open New Deposit Accounts with a total approximate value of \$6.2 billion. Given the agreement of the Government to provide matching assets to NCB and to contemporaneously increase NCB's capital base, it is not believed that the Scheme will have an adverse effect on NCB's balance sheet, as demonstrated in the summary below:-

	Unaudited Balance Sheet as at 30 June 1997	Pro Forma Unaudited Balance Sheet After Schemes
Assets	63,425,882,000	70,130,924,000
Liabilities	61,354,686,000	67,609,728,000
Shareholders' Equity	2,071,196,000	2,521,196,000

C. DETAILS OF THE SCHEME

This is intended only as a summary of the terms of the Scheme, and should be read in conjunction with the Scheme itself, which is set out in full in Part 2 of this Document.

10. Who is a Scheme Creditor?

A Scheme Creditor is defined as a Creditor of the Company but does not include FIS, Preferential Creditors, the Companies, and Creditors whose Company Liabilities have been paid, set-off or otherwise extinguished prior to the Effective Date. A Secured Creditor is a Scheme Creditor only to the extent of any unsecured balance remaining due after his security has been fully realised and the amount so realised has been deducted from the amount owed to such Secured Creditor as at 10 July 1996.

It is believed that those Creditors who would be preferential creditors under section 294 of the Act on a winding up of the Company have been, or will be before the Effective Date, paid in full. To the extent that it is subsequently proved that any such Creditor has not been paid in full, FIS has agreed to pay such claim in full to ensure that such Creditor receives no less than they would be entitled to recover if the Company were placed into liquidation.

FIS has also given an undertaking to offer to any Creditors of the Companies (other than itself) who for whatever reason are deemed not to be bound by the Scheme, the amount that they would have been entitled to, and in the same instalments, as if they had been included in the Scheme as Scheme Creditors, in settlement of any claims they may have against the Companies.

For the avoidance of doubt, the definition of a Scheme Creditor does include all depositors, including holders of B shares and C shares in the Building Society, payees of Certificates of Deposits, Demand Deposits and ordinary savings accounts. It also includes trade creditors of the Companies and the payees under managers cheques and bank drafts issued by the Companies. It does not include the holders of Preference Shares, Ordinary Shares or Proprietary Shares in any of the Companies.

11. To what is a Scheme Creditor entitled?

Under the Scheme, Scheme Creditors will receive the right to open a New Deposit Account at certain branches of NCB (set out in Part 1, Section E, Appendix E of this Document), and to have such account credited with their Scheme Amount in two instalments.

Scheme Creditors may apply to open their New Deposit Accounts after 10 Business Days have elapsed from the Effective Date. Due to confidentiality restrictions imposed on financial institutions, information regarding depositors' accounts at the Companies can only be released with the depositors' consent. Under the Schemes, the Scheme Creditors will duly authorise the Companies to release such information to NCB as is necessary to facilitate opening the New Deposit Accounts. The information cannot be released to NCB before this authorization goes into effect on the Effective Date, and a period of ten (10) Business Days thereafter has been provided to allow NCB to gain access to the information and to make necessary arrangements.

The New Deposit Accounts will be in the same currency as the Scheme Amount and will bear interest at the rate applicable to NCB's ordinary savings accounts from the day on which the New Deposit Account is opened. It is therefore in the best interests of Scheme Creditors to apply to NCB to open their New Deposit Account as soon as possible, once ten (10) Business Days from the Effective Date have passed.

Where there are third party rights attaching to the accounts held in the Companies (e.g. letters of hypothecation), under the terms of the Scheme, the Scheme Creditors will be required either to furnish proof that such third party rights have been released or to transfer such rights to the New Deposit Account.

12. Calculation of the Scheme Amount

The Scheme Amount is arrived at by first calculating the Scheme Creditor's claim as at 10 July 1996, including interest accrued to that date. Any set off rights that have been exercised by the Companies are then subtracted. Deductions are then made in respect of all cheques issued to the Scheme Creditor under the First Payment Scheme, and any other amounts paid, applied or satisfied prior to the Effective Date. The resulting balance is the Scheme Amount.

The Scheme Amount does not include interest accrued after 10 July 1996 to the Effective Date.

For illustrative purposes only

If a Scheme Creditor had a claim against the Bank for \$70,000 as at 10 July 1996, then the following would apply:

	<u>If accepted the First Payment Offer</u>	<u>If did <u>not</u> accept First Payment Offer</u>
Claim	\$70,000	\$70,000
Total payments under First Payment Scheme	(36,735)	NIL
Scheme Amount	33,265	70,000
Total amount received	\$70,000	\$70,000

Those Scheme Creditors who did not accept the offers made under the First Payment Scheme will ultimately receive the same amount as those who did. Under the terms of the Scheme, the offer under the First Payment Scheme of 10.5% from Bank and 5% from Merchant Bank will terminate on the Effective Date.

Where Scheme Creditors have already accepted the offer under the First Payment Scheme but have not yet received or presented for payment their cheques from the Company and/or FIS, they will for the purposes of calculating the Scheme Amount be treated as having received the payment. FIS and the Companies have undertaken that they will, for a period of six (6) years from the Effective Date, reissue (if necessary) and honour such cheques. Scheme Creditors who are affected by this are advised to present the cheques for payment as soon as possible or where the cheque has not been received or is more than six months old, to request a replacement. Such request should be directed to FIS at 9 Trinidad Terrace, Kingston 5.

13. How to obtain access to the New Deposit Accounts

The Companies have undertaken to provide NCB and FIS with a list of Scheme Creditors and their respective Scheme Amounts, together with details of any existing disputes or third party rights relating to the Scheme Amounts, on the Effective Date so as to enable NCB to open the New Deposit Accounts upon the Scheme being approved by the Court. The Companies will provide FIS with all necessary information relating to the Companies so as to enable FIS to implement the Scheme.

Scheme Creditors will be able to apply to open their New Deposit Accounts starting ten (10) Business Days after the Effective Date. Once the New Deposit Account is opened, NCB will credit it with 65% of the Scheme Amount not later than the next Business Day after the account is opened. Unless NCB is aware of a dispute relating to the Scheme Amount, the Scheme Creditor may have access to the New Deposit Account and the funds therein not later than the next Business Day after the account has been opened by NCB. The remaining 35% of the Scheme Amount will be credited to the New Deposit Account six months after the date on which the account is opened.

For Scheme Creditors to open a New Deposit Account in their name and thereby access the amounts they are due under the Scheme, they must attend at any one of the branches of NCB listed in Appendix E of Part 1 of this Document, either in person or by appointing an agent to attend, or they may apply in writing to NCB, The Atrium, 32 Trafalgar Road, Kingston 10. Proof of identity must be provided to NCB. More detailed information on how to open a New Deposit Account is available in Section B, paragraph 8 of the Scheme (Part 2 of this Document.)

Where the right to a New Deposit Account is held jointly, each of the parties concerned must comply with the requirements set out in the Scheme.

A list of the NCB branches at which Scheme Creditors may open and maintain New Deposit Accounts is attached at Appendix E of Part 1 of this Document.

14. Time limit

Where the right to a New Deposit Account at NCB remains unclaimed by the Scheme Creditor for a period of 6 years after the Effective Date, the Scheme Creditor will have lost the right to claim a New Deposit Account or to otherwise prosecute such a claim. The right to a New Deposit Account shall be deemed to be unclaimed if the Scheme Creditor has not applied to NCB for a New Deposit Account, supplying the information set out in Section 8, paragraph 8 of the Scheme (which forms Part 2 of this Document.)

15. Queries relating to Scheme Amounts or the opening of New Deposit Accounts

A Scheme Creditor who has a query regarding his Scheme Amount is entitled to refer the matter to FIS who will duly inspect the books and records of the Company. Where a request is made in writing, FIS must provide the Scheme Creditor with information as to the size of the Scheme Amount, based upon the information in the Company's books and records, within 30 days of the request being made. FIS is entitled to charge any Scheme Creditor for its reasonable costs and expenses incurred in preparing and providing the information so requested.

Notice must be given to FIS within 2 days of the submission of any matter relating to the Scheme to the Court or to any other dispute settlement mechanism agreed between the parties. Where NCB is made aware of a query or dispute by FIS or a Scheme Creditor, it will suspend all dealings in the New Deposit Account concerned where such account has already been opened or, where appropriate, NCB will suspend dealings only in relation to the disputed part of any balance, until

It is advised by FIS that the query or dispute has been resolved. Alternatively, if the New Deposit Account has not yet been opened, NCB will refrain from opening such account or, where appropriate, refrain from crediting such New Deposit Account with the disputed part of the balance until it is advised by FIS that the dispute or query has been resolved.

16. Notification to Scheme Creditors

FIS and NCB will, within seven (7) days following the Effective Date, jointly place a notice in the Gleaner, the Observer and overseas editions of the Gleaner, advising that the Scheme has become effective, summarizing the general terms of the New Deposit Accounts and the procedure by which such accounts may be opened, and setting out a telephone number where further information can be obtained.

Within one hundred and eighty (180) days of the Effective Date, FIS will send individual written statements to all those Scheme Creditors who have not yet exercised their right to open a New Deposit Account, advising them of the size of their Scheme Amounts and the procedure for opening a New Deposit Account.

During the fifth year following the Effective Date, FIS will write to all Scheme Creditors who have not exercised their right to open a New Deposit Account at that time, advising them as to how to open such an account and reminding them that the right to open a New Deposit Account expires 6 years after the Effective Date.

17. Assignment of claims and rights by Scheme Creditors to FIS

Under the Scheme, all Scheme Creditors shall be deemed to have automatically assigned all of their claims and rights against the Companies, to FIS on the Effective Date, including contingent and future claims and any claims in respect of principal sums or accrued interest. This is in recognition of the funding support being given by FIS to NCB to enable the New Deposit Accounts to be established. FIS will then stand in the shoes of the Scheme Creditors as a creditor of the Companies.

18. Assignment of the assets of the Companies to FIS

Under the Schemes, on the Effective Date, the Companies will assign all of their assets to FIS, in partial satisfaction of FIS' claims against the Companies and in consideration of the obligations to be undertaken by FIS. FIS will thereby become the only known Creditor of the Companies apart from the Companies in respect of sums owed to each other. The assets will only be applied in partial satisfaction of the liabilities of the Companies to FIS, as the extent of the liabilities of the Companies to FIS will be far greater than the estimated value of the assets being assigned to FIS.

19. Taxation

In some cases, a Scheme Creditor's Company Liability will include an element of interest accrued up to 10 July 1996, which is subject to withholding tax. In such cases, the Scheme Amount credited to the New Deposit Account will include such interest, less tax withheld.

20. Administration of the Scheme

FIS will administer the Scheme and is empowered to do all things necessary to carry out the terms of each Scheme.

21. Indemnities

Under the terms of the Scheme, Scheme Creditors shall surrender their rights to claim against the Temporary Manager, his agents, the Government or the Bank of Jamaica in relation to any matter directly or indirectly relating to the Company or in relation to any matter related to or arising out of the Temporary Management. This is in recognition of the funding support being provided by FIS to NCB to enable the New Deposit Accounts to be established.

22. Termination of the Scheme

The Scheme shall terminate on the later of either six (6) years from the Effective Date or on the resolution of all outstanding disputes relating to the Scheme, unless FIS decides that it would be beneficial to Scheme Creditors for the respective Scheme to continue. FIS will publish a notice of termination of the Scheme in at least one daily newspaper within seven (7) days of the termination of the Scheme.

23. Interests of the directors

It is not believed that any of the directors of the Companies have a material interest in the Scheme proposed for each Company, save and except for the following:

- In respect of Bank, Mr. Don Crawford, Mr. Balmain Brown, Mr. Ken Brown, Mr. Ray Hadeed, Rev. Cleve Grant, Mr. Neville Roche and Mr. V. Caple Williams are Scheme Creditors.
- In respect of Building Society, Mr. Don Crawford and Rev. Cleve Grant are Scheme Creditors.
- In respect of Merchant Bank, Holdings (which has directors in common with the Companies) is a Scheme Creditor.

D. PROCEDURES REGARDING THE SCHEME MEETING

Scheme Creditors are asked to read the following sections carefully. If you are in any doubt as to how to exercise your right to vote or have any queries regarding the terms of the Scheme, you may telephone the following help line numbers:-

(876) 929-1272

(876) 967-0539

(876) 967-1887

24. Where and when

Notices convening the Scheme Meeting in respect of each of the Companies are attached at Part 3 of this Document. The meetings will be held on Sunday, 12 October 1997 at Sabina Park, South Camp Road, Kingston, Jamaica at 10:00 am. The registration process will commence at 7:00 am on that day, and Scheme Creditors or proxy holders are asked to arrive well in advance of the meeting and at the very latest by 9:00 am, when the registration process will be closed.

All Scheme Creditors and proxy holders must bring proof of identity bearing a photograph to the meeting (i.e. a drivers licence, passport or a photograph certified by a Justice of the Peace or Notary Public).

It will be proposed that the Scheme Meetings in respect of the Companies will be held concurrently. The votes of the Scheme Creditors of each Company as to whether to approve their respective Scheme, will however be tabulated separately.

The Chairman of the Scheme Meetings will be the Honorable Justice W. Derrnot Marsh.

25. Voting at the Scheme Meeting

If you are a Scheme Creditor you are entitled to vote at the relevant Scheme Meeting either by attending in person (or, in the case of corporations, by a duly authorized representative) or by appointing a proxy to attend and vote on your behalf. Details of how to appoint a proxy are set out in paragraph 26 below. A Scheme Creditor may only vote in respect of that Company or those Companies of which he is a Scheme Creditor. Where a claim in the Scheme arises out of a savings or deposit account held in joint names, the first named person in respect of such an account will be deemed to be the Scheme Creditor, for voting purposes only.

Individualised Voting Forms will be available by Monday 8 September. On or before that day, the Temporary Manager will advertise details as to the availability and distribution of Voting Forms. Voting Forms not collected by Scheme Creditors in advance of the Scheme Meeting will be available upon registration on the date of the Scheme Meeting. All Voting Forms will have to be verified upon registration at the Scheme Meeting before they can be used to vote.

The Voting Form includes, for the purpose of valuing claims for voting purposes only, details of the Scheme Creditor's balance as at 10 July 1996 (including interest to that date if applicable), as indicated in the books and records of the Companies, less amounts paid out in the First Payment Scheme and amounts otherwise paid or applied since 10 July 1996. If a Scheme Creditor does not agree with the amount of total claim as shown on the Voting Form, he is entitled to propose on the Voting Form the amount which he believes to be the correct amount of the total claim, stating his reasons for the amendment. Any such proposed amendment will be subject to verification by the Chairman of the Scheme Meeting against the Company's records to ascertain if it is a fair and reasonable amount. If for any reason the Chairman believes that the proposed amount is not fair

or reasonable, he has the power to reject or amend the proposed figure, for voting purposes only. Acceptance by the Chairman of a Scheme Creditor's proposal for voting purposes will not constitute agreement for the purposes of final calculation of the Scheme Amount.

Before voting, Scheme Creditors should check the amounts shown on the Voting Form and should also check that the Voting Form relates to the correct Company.

26. How to appoint a proxy

Any Creditor who wishes to appoint a proxy holder to attend and vote on his behalf at the Scheme Meeting must complete and return the Proxy Form included at the back of this Document as Part 3, Section 4 of this Document. For the proxy to be valid, the Scheme Creditor must complete the Proxy Form relating to the Company of which he is a creditor. Please follow the instructions on the form carefully. If you are appointing someone other than the Chairman of the Meeting to be your proxy, please delete the words "Chairman of the Meeting" and insert the relevant person's name and address. The proxy holder need not be a Scheme Creditor but must be an individual who attends the Scheme Meeting in person. The Scheme Creditor's signature on the Proxy Form must be witnessed by a Justice of the Peace, a Notary Public, a minister of religion or an attorney at law.

Submission of a Proxy Form does not prevent you from attending the meeting in person and voting as you see fit. If you do so attend and vote, this will invalidate the vote of your proxy holder.

The Proxy Form must be returned to the Temporary Manager of the Companies at 14-20 Port Royal Street, Kingston not later than 48 hours before the time at which the meeting is scheduled to commence. Proxy Forms submitted after that deadline, including those presented at the Scheme Meeting, will not be accepted. A faxed copy of a Proxy Form will be accepted if faxed to (876) 922-8276, but subject to the original Proxy Form being received by the Temporary Manager not later than 48 hours after the time at which the meeting was scheduled to commence.

27. After the Scheme Meeting

After the meeting the votes in respect of each separate Scheme must be checked and verified and the outcome of the Scheme Meeting reported to the Court by the Chairman. It is anticipated that this will be completed within one week after the Scheme Meeting.

The Court must then decide whether to sanction the relevant Scheme. If the Court sanctions the Scheme, the Court Order sanctioning the Scheme must be delivered to the Registrar of Companies, and when this has been done the Scheme will be effective.

A notification to the effect that the Scheme or Schemes have become effective will be published in the Gleaner and the Observer within seven days of the Effective Date. In the event that one or more of the Schemes proposed in respect of the Companies is not approved by the Creditors or sanctioned by the Court, this will not affect the validity of any other Scheme.

If approved by the required majority at the Scheme Meeting and if sanctioned by the Court, upon recording with the Registrar of Companies, the Scheme will become binding in respect of all of that Company's Scheme Creditors, whether or not they exercised their right to vote and whether they voted for or against the Scheme.

28. Copies of this Document

Copies of this Document are available for collection by Scheme Creditors or their representatives free of charge from the following addresses:-

Jamaica: Offices of Century National Bank Limited
 14 - 20 Port Royal Street
 Kingston

United States: Embassy of Jamaica
 1520 New Hampshire Avenue, N.W.
 Washington, D.C. 20036

United Kingdom: High Commission of Jamaica
 1 - 2 Prince Consort Road
 London SW7 2B7

Canada: High Commission of Jamaica
 Standard Life Building
 275 Slater Street, Suite 402
 Ottawa, Ontario K1P 5H9

E. APPENDICES TO THE EXPLANATORY STATEMENT

Appendix A: Statement of Affairs of the Bank as at 31 March 1997

	Notes	Estimated to Realise J\$
ASSETS		
Liquid Assets	1	625,887,609
Investments	2	840,391,814
Due from Related Companies	3	663,857,507
Loans and Advances	4	1,013,054,676
Other Assets	5	110,618,527
Customer Liabilities under acceptance, guarantees and letters of credit	6	83,053,901
		<u>3,336,864,034</u>
Less assets to be utilised for the benefit of:		
Secured Creditors	6	(72,092,912)
Preferential Creditors	7	(33,115,857)
		<u>3,231,655,265</u>
Net assets available for Unsecured Creditors		
Unsecured Creditors:		
Customer Deposits	8	2,663,996,581
Term Loans	9	394,928,186
Due to Related Companies	3	190,774,466
Trade Creditors		19,317,174
Due to FIS	10	5,639,730,460
Managers Cheques/Drafts		224,866,326
Contingent Creditors under guarantees	6	10,960,989
		<u>9,144,574,182</u>
		<u>5,912,918,917</u>
Net deficiency for Unsecured Creditors		
Estimated % of dividend payable to Unsecured Creditors in a liquidation		35%

EXPLANATORY NOTES

- This includes cash deposits at the Bank of Nova Scotia, Nations Bank and investments in short term Government securities.
- Included in this figure are investments in real estate and the investment in Jamaica Grande Limited (JGL). On 13 February 1997, the Court confirmed Century National Bank Limited as the owner of JGL as a result of a claim brought by the Temporary Manager. The estimated value of the investment by Bank in 49.44% of the ordinary shares of JGL is determined after allowing for the incurring of costs that would be associated with the realisation of the investment and is based on market information. The valuation of the other investments is on the basis on their market value less any estimated realisation costs.
- Due from related companies is shown after allowing for provisions made, where it is anticipated that the related companies will be unable to pay their debts in full. Due to related companies is shown after setting off any amounts receivable by the Bank.
- This is inclusive of interest accrued to 31 March 1997 and is after deducting a substantial bad debt provision. The bad debt provision has been based upon a detailed review of the loan portfolio and on experience gained in managing the loan portfolio since 10 July 1996.
- This is inclusive of land, buildings, and furniture and fixtures. Land and buildings have been valued at their realisable values, and furniture and fixtures are stated at book value.

EXPLANATORY NOTES (continued)

- 6 Prior to temporary management, the Bank pledged assets to the extent indicated, in support of guarantees for a loan and a line of credit facility made by other financial institutions to their customers at a value of US\$2 million. All other contingent liabilities are in respect of guarantees given by the Bank to third parties on behalf of their customers.
- 7 This consists of withholding tax, GCT and statutory amounts due to employees which would be paid in full as preferential claims in a liquidation.
- 8 This includes interest to 31 March 1997.
Prior to temporary management, the Bank's Chairman provided titles to real estate owned by the Merchant Bank and Century National Development Limited to three customers, who are claiming that this action was intended to secure their deposits. The value of the properties covered by these titles is estimated at \$58,496,071 and it is possible that Customers' Deposits to this extent may not have to be paid from the resources of the Bank. Also included in Customers' Deposits is an amount of \$70,203,924 as a result of an award by the Court in July 1997, which is expected to be appealed by the Bank.
- 9 These are amounts advanced by the National Development Bank, Agricultural Credit Bank and USAID, which were on-lent to the Bank's customers. Interest has been accrued at the contracted rate to 31 March 1997.
- 10 This amount consists of claims assigned to FIS by Bank of Jamaica since 10 July 1996 together with interest thereon, and also claims assigned to FIS by depositors under the first Payment Scheme.
- 11 Interest accrued on interest-bearing liabilities for the period 10 July 1996 to 31 March 1997 amounting to \$1,384,503,395 has been included in the Statement of Affairs. If this amount had been excluded from the Statement of Affairs, the estimated percentage of dividend payable to unsecured creditors in a liquidation would be 42%.

Appendix B: Statement of Affairs of the Building Society as at 31 March 1997

	Notes	Estimated to Realise J\$
ASSETS		
Liquid Assets	1	42,885,189
Investments	2	11,543,402
Due from Related Companies	3	521,586,760
Loans & Advances	4	511,068,557
Other Assets	5	2,249,550
		<u>1,089,333,458</u>
Less assets to be utilised for the benefit of:		
Preferential Creditors	6	(293,836)
		<u>1,089,039,622</u>
Net assets available for Unsecured Creditors		
Unsecured Creditors:		
Customer Deposits	7	3,204,778,574
Due to Related Companies	8	271,303,198
Due to FIS	9	92,336,557
		<u>3,568,418,329</u>
Net deficiency for Unsecured Creditors		<u>2,479,378,707</u>
Estimated % of dividend payable to unsecured creditors in a liquidation		31%

EXPLANATORY NOTES

- 1 This includes cash deposits held at the Bank of Nova Scotia and short term Government securities.
- 2 This represents investments in companies quoted on the Jamaican Stock Exchange. These investments are valued at their market prices as at 31 March 1997.
- 3 The amount shown is also allowing for provisions made where it is anticipated that the related companies will be unable to pay their debts in full.
- 4 This is inclusive of interest accrued up to 31 March 1997 and is after deducting a substantial bad debt provision. The bad debt provision has been based on a detailed review of the loan portfolio and on experience gained in managing the loan portfolio since 10 July 1996.
- 5 This is inclusive of furniture and fixtures which have been stated at book values.
- 6 This represents withholding taxes payable which would be payable in full as a preferential claim in a liquidation.
- 7 This includes interest accrued to 31 March 1997. Prior to temporary management, the Building Society Chairman provided titles to real estate owned by the Merchant Bank to a customer who is claiming that this action was intended to secure his deposits. The value of the deposits covered by these titles is \$2,673,651 and it is possible that Customers' Deposits to this extent may not have to be paid from the resources of the Building Society.
- 8 This represents amounts due to the Bank, inclusive of interest accrued to 31 March 1997.
- 9 This amount represents claims assigned to FIS by depositors under the First Payment Scheme.
- 10 Interest accrued on interest-bearing liabilities for the period 10 July 1996 to 31 March 1997 amounting to \$625,675,644 has been included in the Statement of Affairs. If this amount had been excluded from the Statement of Affairs, the estimated percentage of dividend payable to unsecured creditors in a liquidation would be 37%.

Appendix C: Statement of Affairs of the Merchant Bank as at 31 March 1997

	Notes	Estimated to Realise J\$
ASSETS		
Liquid Assets	1	42,123,421
Investments	2	41,173,754
Due from Related Companies	3	165,494,197
Loans and Advances	4	190,348,470
		<u>439,139,842</u>
Less assets to be utilised for the benefit of:		
Secured Creditors	5	(2,804,705)
Preferential Creditors	6	(350,463)
		<u>435,984,674</u>
Net assets for Unsecured Creditors		
Unsecured Creditors:		
Customer Deposits	7	36,170,214
Term Loans	8	14,292,535
Due to Related Companies	7	757,472,682
Due to FIS	9	735,105
		<u>808,670,536</u>
Net deficiency for unsecured creditors		<u>372,685,862</u>
Estimated % of dividend payable to unsecured creditors in a liquidation		54%

EXPLANATORY NOTES

- 1 This includes cash deposits held at the Bank of Nova Scotia and short term Government securities.
- 2 This represents investment in companies quoted on the Jamaican Stock Exchange and real estate. Stocks are values at market values as at 31 March 1997 and real estate is stated at realisable values.
- 3 The amount shown is after allowing for provisions made where it is anticipated that the related companies will be unable to pay their debts in full.
- 4 This includes interest accrued to 31 March 1997 and is after deducting a substantial bad debt provision. The bad debt provision has been based on a detailed review of the loan portfolio and experience gained in managing the loan portfolio since 10 July 1996.
- 5 This represents real estate owned by the Merchant Bank which was pledged by the Chairman prior to temporary management, to a customer with deposits in the Bank and the Building Society, who is claiming that this action was intended to secure his deposits.
- 6 This represents withholding taxes which would be payable in full as a preferential claim in a liquidation.
- 7 This is inclusive of interest accrued up to 31 March 1997.
- 8 This amount was advanced by USAID and on-lent to customers. Interest has been accrued at the contracted rate to 31 March 1997.
- 9 The amount represents claims assigned to FIS by depositors under the First Payment Scheme.
- 10 Interest accrued on interest-bearing liabilities for the period 10 July 1996 to 31 March 1997 amounting to \$90,183,831 has been included in the Statement of Affairs. If this amount had been excluded from the Statement of Affairs, the estimated percentage of dividend payable to unsecured creditors in a liquidation would be 61%.

Appendix D Financial Position of NCB Before and After the Schemes

	Note	Unaudited 30 June 1997 \$'000	Pro Forma Unaudited (After Schemes) 30 June 1997 \$'000
ASSETS			
Cash Balances and Deposits	1	15,484,949	15,484,949
Investments	2	10,200,671	16,905,713
Loans and Advances	3	22,071,774	22,071,774
Customers' liability on acceptances, guarantees, indemnities and credit	4	11,006,314	11,006,314
Other assets	5	4,662,174	4,662,174
		<u>63,425,882</u>	<u>70,130,924</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Due to Deposit Customers		43,654,538	49,909,580
Due to Other Banks		4,015,558	4,015,558
Liability on acceptances, guarantees, indemnities and credits	4	11,006,314	11,006,314
Obligations under certificates of loan participation		339,547	339,547
Other liabilities		2,338,729	2,338,729
		<u>61,354,686</u>	<u>67,609,728</u>
Shareholders' Equity			
Ordinary Share Capital		201,000	201,000
Preference Share Capital	8	50,000	500,000
Share Premium		106,453	106,453
Capital Reserve		56,462	56,462
Banking Reserve Fund	6	342,000	342,000
Retained Earnings Reserve	7	1,361,897	1,361,897
Accumulated Deficit		(46,616)	(46,616)
		<u>2,071,196</u>	<u>2,521,196</u>
		<u>63,425,882</u>	<u>70,130,924</u>

EXPLANATORY NOTES

- 1 This amount includes \$8,470,000,000 held on a non-interest bearing basis at the Bank of Jamaica as cash reserve. Accordingly, it is not available for investment or other use by NCB.
- 2 This figure represents investments in Government of Jamaica and other securities.
- 3 This amount includes provision where it is anticipated that loans are not collectible.
- 4 This figure relates to contingent liabilities arising out of guarantees, letters of credits, indemnities and credit given by NCB to third parties on behalf of customers.
- 5 This amount includes fixed assets, and cheques and other instruments in the course of collection.
- 6 This fund is maintained in accordance with the Banking Act of 1992 which requires that a minimum of 15% of net profits, as defined by the Act, be transferred to the reserve fund of the bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid up capital of the bank.
- 7 This amount represents the portion of net profit transferred in accordance with section 2 of the Banking Act of 1992.
- 8 As a result of the Scheme, the preference share capital will be increased by \$450,000,000 by the issue of 450,000,000 preference shares with a par value of \$1.00, convertible into ordinary shares of NCB Group Limited.

Appendix E: List of NCB Branches Participating in Scheme

KINGSTON

Cross Roads

90 - 94 Slipe Road, Kgn. 5

Tel: 926-7420-1, 926-7428 - 9,
968-4560, 968-4563-5
968-1852 - 5,
Fax: 926-7463

Half Way Tree

94 Half Way Tree Road, Kgn. 10

Tel: 929-1922 - 3, 929-4280-2,
929-4284-6, 920-8309 - 10,
920-8312 - 9
Fax: 929-3861

Harbour St.

124-128 Harbor Street, Kgn.

Tel: 922-3980, 922-3986
Fax: 922-5029

King Street

54 King Street

Tel: 922-6250 - 9, 922-3940 - 9
Fax: 922-6107

ST. ANDREW

New Kingston

1-7 Knutsford Boulevard, Kgn. 5

Tel: 926- 9015 - 23, 926-1040 - 9
Fax: 926-4210

Manor Park

Manor Park Plaza, Kgn. 8

Tel: 924-1388, 924-1427, 925-9039
Fax: 925-6478

Matilda's Corner

133 Old Hope Road, Kgn. 6

Tel: 927-7780, 927-9412,
927-9454, 927-9418,
977-2534-5
Fax: 927-3580

Newport West

54 Second Street, Kgn. 11

Tel: 923-9004 - 5, 923- 9011 - 2
Fax: 923-5272

Oxford Place, Mutual Life Building

2 Oxford Road, Kgn. 5

Tel: 926-6623 - 4 & 8, 968-6615,
968- 2773 968-2765,
Fax: 929-4876

University

U.W.I. Campus, Mona, Kgn. 7

Tel: 927-1898, 927- 1057, 927- 0463,
977-1181,
Fax: 927-1523

Windward Road

**89-91 Windward Road,
PO Box 25, Kgn. 2**

Tel: 928-5418/928-2922, 928- 1167,
928-5201, 928-4230, 928- 4817
Fax: 928-5922/ 8839

ST. CATHERINE

Linstead, 29 King Street

Tel: 985-9295, 985-2257,
985- 9272 - 3
Fax: 985-2454

Old Harbour

Cnr. West & South Streets

Tel: 983-2279, 983- 2671
Fax: 983-2209

St. Jago Shopping Centre

**Burke Road, P.O. Box 88,
Spanish Town**

Tel: 984-0672 -6, 984-4235 -6,
984-/5430
Fax: 984-0667

ST. ANN

Brown's Town

17 Main Street P.O. Box 106

Tel: 975-2242, 975-2275; 975-2933
Fax: 975-2508

Ocho Rios

40 Main Street, P.O. Box 141

Tel: 974-2522, 974-2580,
974-9252 - 4, 974-0579,
974-0581-2
Fax: 974-2366

St. Ann's Bay

19-21 Main Street, P.O.Box 1

Tel: 972-2490 - 1, 972-0722,
972-0634, 972-1546,
Fax: 972-2462

ST. JAMES

St. James Street

41 St. James Street, Montego Bay

Tel: 952-6540 - 9, 952-6112,
952-6122, 952-6132,
952- 6212, 952- 6222,
952-1490
Fax: 952-6258

ST. MARY

Annotto Bay

Main Street

Tel: 996-2213, 996-2219
Fax: 996-2416

Port Maria

8 Main Street, P.O. Box 5

Tel: 994-2219, 994- 2551,
994- 2814, 994- 2817
Fax: 994-2830

ST. THOMAS

Morant Bay

39 Queen Street

Tel: 982-2272, 982- 2225, 982-1241,
982- 1217
Fax: 982-2480

CLARENDON

Christiana, Main Street

Tel: 964-2426, 964-2235, 964- 9120
Fax: 964-2454

May Pen

41 Main Street

Tel: 986-2343, 986-2411, 986-2630-1,
986-6125, 986-2592 - 3,
Fax: 986-2745

MANCHESTER

Mandeville

Mandeville Plaza

Tel: 962-2161, 962-3323, 962-2618,
962- 3669, 962- 6993 - 4

HANOVER

Lucea

**Hano Plaza, P.O. Box 30,
Main Street**

Tel: 956-2204, 956-2348 - 9
Fax: 956-2401

WESTMORELAND

Negril

Sunshine Village, West End

Tel: 957-4117, 957-4119, 957- 9585,
957- 4239, 957- 3133,
957-4021-2, 957-3103,
Fax: 957-4118

Savanna la Mar

68 Great George's Street

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PART 2 THE SCHEME OF ARRANGEMENT

A. PRELIMINARY

1. Recitals

- 1.1 On 10 July 1996, the Minister of Finance assumed temporary management of the Bank, Merchant Bank and Building Society, pursuant to his powers under the Banking Act 1992, the Financial Institutions Act 1992 and the Bank of Jamaica (Building Societies) Regulations 1995 respectively on the grounds that the Companies were insolvent and unable to meet their obligations to their depositors and creditors.
- 1.2 The Government, acting through the Ministry of Finance and Planning, in the interest of the Scheme Creditors and the public at large, has decided to facilitate and fund an arrangement by which National Commercial Bank Jamaica Limited will create New Deposit Accounts for the Scheme Creditors, on the terms and conditions set out herein.
- 1.3 Under the Scheme of Arrangement, in consideration of the Scheme Creditors receiving the right to have their respective Scheme Amounts credited to New Deposit Accounts at NCB, the Scheme Creditors would assign their rights, past, present and future, against the Companies to FIS.

2. Definitions

In this Scheme, unless the context otherwise requires or when otherwise expressly provided, capitalised terms and expressions shall have the meaning attributed to them in Section A, paragraph 1 of the Explanatory Statement contained in Part 1 of this Document.

3. Interpretation

In this Scheme:

- 3.1 Clauses, headings and the table of contents are for ease of reference only and shall not affect the interpretation of the provisions hereof.
- 3.2 Definitions, terms and conditions shall be interpreted as the definitions, terms and conditions of each of the three separate Schemes to the extent that they are approved by the Scheme Creditors of the Companies and subsequently sanctioned by the Court.
- 3.3 Unless inconsistent with the context or expressly otherwise provided:
 - (a) references to the Company shall, until such time as the temporary management comes to an end, be taken to mean the Company as represented and managed by the Temporary Manager and his agents, and thereafter, the Liquidator or Board of Directors as the case may be;
 - (b) reference to Scheme Creditors shall include references to:
 - (i) Scheme Creditors holding any Company Liability jointly; and
 - (ii) duly appointed personal representatives of the Scheme Creditors including but not limited to duly appointed executors, administrators and trustees;

AND PROVIDED THAT joint holders of any one Company Liability shall be deemed to be one Scheme Creditor in respect of that Company Liability;

- (c) references to any provision of legislation (including subordinate legislation and regulation) shall include a reference to any modification, substitution, replacement, re-enactment or extension thereof or therefor whether made or effected before or after the Effective Date, and shall include any subordinate legislation made under such provisions;
- (d) the singular includes the plural and vice versa, references to persons shall be construed as including individuals, partnerships, bodies corporate, unincorporated associations or any state or agency thereof, and words importing any gender include the other genders.

4. The Purpose of the Scheme

4.1 The purpose of the Scheme is to:

- (a) provide for each Scheme Creditor to acquire the right to open a New Deposit Account at NCB which shall, under the terms of the Scheme, be credited with the Scheme Amount;
- (b) effect assignments from the Scheme Creditors to FIS of 100% of the Scheme Creditors' rights past, present and future of whatever nature and howsoever arising against the Company; and
- (c) transfer all the assets of the Company to FIS in partial satisfaction of the amounts owed to FIS by the Company.

5. Parties to the Scheme

5.1 The parties to the Scheme are the Company and the Scheme Creditors.

5.2 The Company acting through the Temporary Manager has agreed to the Scheme.

5.3 NCB, FIS and the Government have each agreed to be bound by all the terms of the Scheme which impose obligations on them respectively.

B. OPERATION OF THE SCHEME

6. Commencement of the Scheme

The Scheme shall become operative on the Effective Date.

7. Entitlement of Scheme Creditors to New Deposit Accounts

7.1 Subject to the provisions of Clause 8, upon the expiry of ten (10) Business Days from the Effective Date, each Scheme Creditor shall be able to exercise his right to open a New Deposit Account in NCB and to have the said New Deposit Account credited with the amount of his respective Scheme Amount.

7.2 This entitlement to a New Deposit Account is in full satisfaction of the Company Liability owed to the Scheme Creditor at the Effective Date.

8. Opening of New Deposit Accounts

8.1 NCB shall, within two (2) Business Days of the conditions set out in Clauses 8.2 and 8.3 below being satisfied, and subject to Clause 9.3(b), open a New Deposit Account in the name of each Scheme Creditor (including, for the avoidance of doubt, in the name of each group of Scheme Creditors which at the close of business on 10 July 1996 held a Company Liability jointly) and credit it with sixty-five percent (65%) of the relevant Scheme Amount. The balance of thirty-five percent (35%) shall be credited to the New Deposit Account six months after the date it was opened.

8.2 As a condition precedent to NCB opening a New Deposit Account in the name of a Scheme Creditor, the Scheme Creditor, if an individual, shall attend in person or appoint an agent who shall attend in person at the branches of NCB set out in Appendix E of Part 1 of this Document or communicate in writing as follows:

(a) If attending in person, the Scheme Creditor shall:

- (i) sign a completed mandate form and signatory card; and
- (ii) present a form of identification bearing a photograph (acceptable forms of identification being in the first instance limited to a passport, driver's licence, or a photograph certified by a Justice of the Peace or Notary Public together with a letter of reference from a Justice of the Peace or Notary Public attesting to the Scheme Creditor's identity) and in the absence of such identification, any other form of identification acceptable in the course of ordinary banking business in Jamaica.

(b) If the Scheme Creditor is represented by an agent, the agent shall attend in person and:

- (i) present a written form of authorization, designating the agent by name, dated and signed by the Scheme Creditor, and witnessed by a Justice of the Peace or Notary Public;
- (ii) present a mandate form and signatory card completed by the Scheme Creditor;
- (iii) present a form of identification relating to the Scheme Creditor which would be acceptable under Clause 8.2(a)(ii) above, or a photocopy of such identification duly certified by a Justice of the Peace or a Notary Public as a true copy of the original; and
- (iv) present a form of identification relating to the agent which would be acceptable under Clause 8.2(a)(ii) above.

- (c) If the Scheme Creditor wishes to communicate with NCB in writing, he shall:
- (i) write to NCB at 32 Trafalgar Road, Kingston 10 and request a mandate form and signatory card;
 - (ii) complete and return the mandate form and signatory card, together with a letter requesting NCB to open a New Deposit Account, such letter to be dated and signed by the Scheme Creditor, and witnessed by a Justice of the Peace or Notary Public; and
 - (iii) enclose in the letter referred to above a photocopy of a form of identification which would be acceptable under Clause 8.2(a)(ii) above duly certified by a Justice of the Peace or a Notary Public as a true copy of the original.

8.3 As a condition precedent to NCB opening a New Deposit Account in the name of a Scheme Creditor who is a corporation or otherwise not a natural person, such entity shall have an authorized representative(s) or agent either attend in person at the branches of NCB set out in Appendix E of Part 1 of this Document, or communicate in writing with NCB as follows:

- (a) If in person, the authorized representative or agent shall:
- (i) present a completed mandate form and signatory card;
 - (ii) present a copy of a resolution of the board of directors or similar executive body of the entity, duly certified by the secretary or similar person on behalf of the entity, naming the person(s) who are authorized to open the New Deposit Account and otherwise conduct business in relation to it;
 - (iii) present a written form of authorization, designating the authorized representative or agent by name, dated and signed by the Scheme Creditor under seal; and
 - (iv) present a form of identification which would be acceptable under Clause 8.2(a)(ii) above.
- (b) If communicating in writing, the entity shall:
- (i) write to NCB at 32 Trafalgar Road, Kingston 10 and request a mandate form and signatory card;
 - (ii) complete and return the mandate form and signatory card;
 - (iii) present a copy of a resolution of the board of directors or similar executive body of the entity, duly certified by the secretary or similar person on behalf of the entity, naming the person(s) who are authorized to open the New Deposit Account and otherwise conduct business in relation to it; and
 - (iv) present a photocopy of a form of identification which would be acceptable under Clause 8.2(a)(ii) in respect of the persons authorized under Clause 8.3(b)(iii) above.

- 8.4 As a condition precedent to NCB opening a New Deposit Account in the name of a Scheme Creditor who had hypothecated or charged his Company Liability in favour of a third party, such Scheme Creditor will be required to present to FIS either:
- (a) a duly executed release from the entity or person in whose favour the Company Liability had been charged or hypothecated; or
 - (b) a new deed of hypothecation or charge over the New Deposit Account in favour of the entity or person to whom the Company Liability had been previously charged or hypothecated.
- Upon receipt thereof, FIS shall advise NCB accordingly.
- 8.5 Where there are joint holders of any one Company Liability who have the right to open a New Deposit Account, each such joint holder shall be required to satisfy the conditions of Clauses 8.2, 8.3 or 8.4 above as the case may be.
- 8.6 Subject to adjustments made under Clause 10.1, NCB shall not:
- (a) establish New Deposit Accounts in the name of persons other than the Scheme Creditors named in the list referred to in Clause 12.1;
 - (b) create New Deposit Accounts in amounts other than the Scheme Amount, which shall be set out in the list referred to in Clause 12.1;
 - (c) open a New Deposit Account where any one or more of the requirements set out in Clauses 8.2, 8.3 or 8.4 have not been met; or
 - (d) combine the New Deposit Account with any other account of the Scheme Creditor at NCB or otherwise set off any liability owed by the Scheme Creditor to NCB against balances in the New Deposit Account without the prior consent of the Scheme Creditor.
- 8.7 Apart from the actions and requirements set out in Clauses 8.2, 8.3 or 8.4 above, NCB shall not require Scheme Creditors to do anything else as a condition to NCB opening the New Deposit Accounts.
- 8.8 A Scheme Creditor shall lose his right to a New Deposit Account if he fails to request NCB to open such account within six (6) years of the Effective Date or fails to meet the requirements set out in Clauses 8.2, 8.3 or 8.4 above as the case may be.
- 8.9 All New Deposit Accounts shall:
- (a) be denominated in the same currencies as the Scheme Amounts to which they relate;
 - (b) be maintained at the branch at which the New Deposit Account was opened, except that Scheme Creditors may apply for their New Deposit Accounts to be moved to any other branch of NCB listed in Appendix E of Part 1 of this Document;
 - (c) be governed by the same terms and conditions as those applicable to ordinary savings accounts at NCB; and
 - (d) bear interest at the NCB Interest Rate from the date on which the New Deposit Account is opened.

- 8.10 A Scheme Creditor shall be entitled to have access to the New Deposit Account on the first Business Day after the day upon which the New Deposit Account is opened.
- 8.11 Where the Company or FIS advises NCB of hypothecations of deposits or rights arising in favour of third parties over Scheme Amounts, such third party rights shall be treated by NCB as attaching to the New Deposit Accounts, and NCB shall cooperate with the Company and such third parties to ensure that the third party rights are not extinguished or adversely affected in any way.

9. Queries relating to New Deposit Accounts

- 9.1 A Scheme Creditor who queries the size of the Scheme Amount to which he is entitled, or a person claiming to be a Scheme Creditor who is not on the list referred to in Clause 12.1 below, shall be entitled to refer the matter to FIS who will, based on a review of the books and records of the Company, provide the Scheme Creditor and NCB with information as to the size of the Scheme Amount and/or as to whether the person is entitled to be listed as a Scheme Creditor, within thirty (30) days of such query being made in writing.
- 9.2 In the event that NCB is put on actual notice of a query by a Scheme Creditor as to the size of the Scheme Amount to which he is entitled, NCB shall immediately refer the matter to FIS, who will, based on a review of the books and records of the Company, provide NCB and all other parties concerned with information as to the size of the Scheme Amount.
- 9.3 Where NCB has actual notice of a query as to the entitlement or identity of a Scheme Creditor or a person claiming to be a Scheme Creditor, it shall immediately:
- (a) if a New Deposit Account has been opened, suspend all dealings (save and except the accrual of interest) in the New Deposit Account concerned (or where appropriate suspend dealings only in relation to the disputed part of any balance); or
 - (b) if a New Deposit Account has not yet been opened, refrain from opening a New Deposit Account (or where appropriate refrain from opening a New Deposit Account only in relation to the disputed part of any balance);
- until such time as NCB has been advised by FIS that the query has been resolved.

- 9.4 Disputes as to interest payable by NCB on the Scheme Amount, or any other matter relating to the operation of a New Deposit Account after it has been opened shall be between NCB and the Scheme Creditor only.

10. Adjustments to New Deposit Accounts

- 10.1 Upon being provided with information by FIS as to the size of a Scheme Amount and/or the entitlement of a person to be listed as a Scheme Creditor consequent upon actions taken pursuant to Clauses 9.1 and 9.2, or upon being advised by FIS of the settlement of a dispute, NCB shall open or adjust the New Deposit Account as necessary so as to give effect to the resolution of the query or settlement of the dispute, and in the absence of such information or advice from FIS, NCB shall not make any adjustments to the New Deposit Accounts based on any matter existing or claimed to have been existing prior to the Effective Date.
- 10.2 Where NCB is required to adjust or open a New Deposit Account pursuant to Clause 10.1, interest on the amount by which the New Deposit Account is to be credited or debited shall be credited to or debited from (as the case may be) the New Deposit Account, effective as of the date on which the Scheme Creditor had or should have had access to his New Deposit Account, in accordance with the advice of FIS.

11. Notice of Proceedings

- 11.1 Notice of the submission of a matter relating to entitlements under the Scheme, to the Court or any other dispute settlement mechanism agreed by the parties, shall be given by the Scheme Creditors concerned to FIS within two (2) days of the submission, and FIS will so inform NCB.
- 11.2 Notice of an arbitral award or a judgment of the Court in a dispute which relates to the size of or entitlement to a New Deposit Account shall be given by the parties concerned within two (2) days of the award or judgment to FIS, who will inform NCB of it.
- 11.3 No proceeding or action relating to the size of the Scheme Amount or the entitlement of a Scheme Creditor or a person claiming to be a Scheme Creditor shall be brought unless FIS is made a party.

12. Provision of Information by the Company

- 12.1 In order to facilitate NCB's establishment of the New Deposit Accounts, the Company shall on the Effective Date or immediately thereafter provide NCB and FIS with a list of the Scheme Creditors and the Scheme Amounts to which each Scheme Creditor is entitled. The Company shall also provide NCB with addresses of Scheme Creditors, whether the deposits when held by the Company were held jointly, the number and nature of the deposit accounts (e.g., B Share, certificate of deposit) hypothecations or rights arising in favour of third parties over the deposit accounts, and any information known to the Company regarding any dispute or query relating to the Company Liability.
- 12.2 The Scheme Creditors hereby consent to the release of information by the Company to NCB and FIS pursuant to Clause 12.1 hereof.
- 12.3 Throughout the duration of the Scheme, the Company will extend general cooperation and assistance, so far as practicable, to NCB for the purpose of facilitating NCB's establishment of the New Deposit Accounts.
- 12.4 Upon the Scheme being approved by the Court, the Company shall provide to FIS all necessary information relating to the Company so as to enable FIS to implement the Scheme.

13. Notice to Scheme Creditors

- 13.1 Within seven (7) calendar days following the Effective Date, NCB and FIS shall jointly place a prominent advertisement in the Gleaner and the Observer, and the overseas Gleaners published in the United Kingdom and North America setting out the Effective Date, stating that the Scheme has become effective as of the Effective Date, advertising a telephone number where information on the Scheme can be obtained and summarizing the general terms of the New Deposit Accounts and the procedure by which such accounts may be opened.
- 13.2 Within one hundred and eighty (180) calendar days following the Effective Date, FIS shall send to each Scheme Creditor who has not opened a New Deposit Account, a written statement by ordinary post informing him of:
 - (a) his right to open a New Deposit Account and to have it credited with a Scheme Amount;
 - (b) the size of his Scheme Amount;
 - (c) the NCB Interest Rate to be applied to the New Deposit Account;
 - (d) what action he needs to take before his New Deposit Account will be opened;
 - (e) that he should contact FIS if he queries the size of the Scheme Amount or requires any further information relating to his entitlement to the New Deposit Account;
 - (f) any claim by third parties over, or any query or dispute relating to, the New Deposit Account of which FIS is aware, and that particulars can be sought from FIS;
 - (g) the fact that his right to a New Deposit Account will expire if he fails to request the opening of the account or fails to satisfy the requirements set out in Clauses 8.2, 8.3 or 8.4 above as the case may be within six (6) years after the Effective Date;
 - (h) any other pertinent information as FIS may think desirable for the purpose of facilitating persons with rights to New Deposit Accounts to open New Deposit Accounts.

13.3 During the fifth year following the Effective Date, FIS shall provide those Scheme Creditors who have not opened a New Deposit Account as at that time, with notice in writing of:

- (a) his right to open a New Deposit Account and to have it credited with the Scheme Amount;
- (b) what action he needs to take before his New Deposit Account will be opened;
- (c) the date on which his right to open a New Deposit Account will expire and the consequences of failing to request the opening of a New Deposit Account before that date; and
- (d) any other pertinent information as FIS may think desirable for the purpose of facilitating persons with rights to New Deposit Accounts to open New Deposit Accounts.

13.4 The obligation of FIS to provide the notices set out in clauses 13.2 and 13.3 shall be without prejudice to the provisions relating to the termination of the Scheme.

14. Assignment of Claims and Rights by Scheme Creditors

14.1 All the Scheme Creditors shall hereby be deemed to have assigned to FIS on the Effective Date all their rights to commence legal proceedings or otherwise make any claim or assert any right against the Company and/or its officers, agents or directors in relation to any transaction between the Scheme Creditor and the Company or any matter, contingent or future, directly or indirectly relating to the Company or in relation to any matter related to or arising out of the Temporary Management.

14.2 All the Scheme Creditors shall be deemed to have surrendered on the Effective Date all their rights to commence legal proceedings or otherwise to make any claim or assert any right against the Temporary Manager, his agents, the Government or the Bank of Jamaica in relation to any matter directly or indirectly relating to the Company or in relation to any matter related to or arising out of the Temporary Management.

14.3 Upon the Effective Date, FIS acting on behalf of all the Scheme Creditors is hereby appointed as the agent of the Scheme Creditors for the purpose of providing to each of the Temporary Manager, the Company and NCB written notice of the assignment referred to in Clause 14.1 above and otherwise meeting the requirements of section 49(f) of the Judicature (Supreme Court) Act.

15. Transfer of Assets by Company and Assumption of Liabilities

15.1 It is hereby acknowledged and agreed that, subject to a vesting order of the Court the Company shall transfer all of its assets to FIS in partial satisfaction of the amounts owed to FIS by the Company and in consideration of the several obligations and undertakings of FIS herein contained.

15.2 It is hereby acknowledged and agreed that, subject to a vesting order of the Court the Company shall assign to FIS all claims and rights whether present or future to recover debts, damages or other compensation from all persons liable to the Company, including but not limited to damages for breach of fiduciary duties or other responsibilities owed to the Company. In connection therewith, the Company shall give FIS the full right to institute or continue actions in the name of or on behalf of the Company or FIS and to execute judgments arising therefrom to the benefit of FIS.

15.3 The Company hereby agrees to execute all documents and do all other acts necessary to give effect to the Scheme, and for the aforesaid purposes shall give an irrevocable Power of Attorney to FIS.

16. FIS Undertakings

- 16.1 It is understood that all known Preferential Creditors have been paid in full, but to the extent that any Preferential Creditors are remaining, FIS has undertaken to pay such Preferential Creditors in full as soon as reasonably possible after the Effective Date.
- 16.2 If and to the extent that there are any Creditors who are not Scheme Creditors, Preferential Creditors or Creditors whose Company Liabilities have been paid, set off or otherwise extinguished prior to the Effective Date (to the extent of the amount paid, set off or otherwise extinguished), FIS has undertaken to offer to pay to such persons an amount equal to the Scheme Amount and in the same instalments to which they would have been entitled had they been included as Scheme Creditors in this Scheme, in settlement of their claims against the Company.
- 16.3 FIS has undertaken to pay the expenses associated with the Scheme, and with the Temporary Management as from the Effective Date.
- 16.4 FIS has undertaken to at all times abide by the terms of the Scheme and to perform its duties and exercise its powers in the best interests of the Scheme Creditors.

17. First Payment Scheme

- 17.1 The Company and FIS have undertaken that cheques issued by them under the First Payment Scheme but not presented or cleared as at the Effective Date will be reissued if necessary and/or will be honoured by or on behalf of the maker for a period of six (6) years after the Effective Date.
- 17.2 Except for cheques issued but not presented or cleared as of the Effective Date, the First Payment Scheme is hereby terminated.

18. Termination of the Scheme

- 18.1 Subject to the following provisions of this Clause 18, the Scheme shall cease to have effect after the expiry of six (6) years from the Effective Date or when all disputes under the Scheme have been settled, whichever date is the later.
- 18.2 FIS shall have a discretion to extend the Scheme beyond the time limit set out at Clause 18.1 if it is of the opinion that the purposes of the Scheme have not been fulfilled.
- 18.3 Upon the Scheme being terminated in accordance with Clause 18.1, FIS shall:
- (a) notify the Company, NCB, and the Minister of the termination in writing;
 - (b) place a notice in a national Jamaican newspaper within seven (7) days after termination; and
 - (c) place notices in such other newspapers as it considers appropriate within fourteen (14) days after termination.
- 18.4 For the avoidance of doubt:
- (a) the Scheme shall not automatically terminate if the Company is ordered to be wound up; and
 - (b) termination of the Scheme shall not prejudice the assignment of rights or the entitlement to New Deposit Accounts nor any other accrued right of any person acquired under or pursuant to the Scheme.

C. DUTIES AND POWERS OF FIS

19. Duties of FIS

19.1 FIS will:

- (a) administer the Scheme in accordance with its terms and conditions;
- (b) ensure, as far as possible, that the Company and NCB honour and abide by the terms and conditions of the Scheme insofar as they refer to matters to be carried out by those respective parties; and
- (c) cooperate with, and respond within thirty (30) days to any request in writing by a Scheme Creditor or a person claiming on reasonable grounds to be a Scheme Creditor for information relating to either any claimed or actual entitlement to a New Deposit Account or to the size of any Scheme Amount.

20. Powers of FIS

20.1 FIS will have vested in it those powers set out in the Scheme, and shall in addition have the power to do all such things as are necessary or desirable for implementing the Scheme.

20.2 FIS will be entitled without prejudice to the generality of the foregoing to:

- (a) take possession of all books and records of the Company;
- (b) inspect the books and records of the Company and, on the basis thereof, provide Scheme Creditors and NCB with information relating to either any claimed or actual right to a New Deposit Account or to the size of any Scheme Amount;
- (c) resolve disputes and agree compromises with Scheme Creditors in relation to their Scheme Amounts;
- (d) employ and remunerate any professional advisers or agents in relation to the administration of the Scheme and/or to advise or assist it in the exercise of its powers and duties hereunder;
- (e) modify, amend, or otherwise alter the terms and conditions of the Scheme in accordance with Clause 23.2; and
- (f) extend the Scheme in accordance with Clause 18.2.

21. Costs and Expenses

21.1 The reasonable costs, charges and expenses of FIS and its agents in the course of exercising or performing its functions, powers, duties, rights, authorities and discretions under the Scheme including but not limited to:

- (a) the fees of FIS by reference to the time properly spent by it and its staff;
 - (b) the costs incurred in employing professional advisers and agents to advise FIS in connection with and to assist FIS in implementing the Scheme; and
 - (c) loss or damage incurred by FIS;
- shall be paid by FIS.

21.2 FIS shall be entitled to charge any Scheme Creditor or other person for the reasonable costs and expenses incurred by FIS in obtaining, preparing and sending any information to those persons at their request.

D. MISCELLANEOUS

22. Validity of Acts and Indemnity

- 22.1 No Scheme Creditor shall be entitled to challenge by legal proceedings or in any other manner the validity of any act done or omitted to be done in good faith by either the Temporary Manager, FIS or any of their employees or agents in pursuance of the Temporary Management or the Scheme or the exercise or performance or purported exercise or performance by any such person in good faith and with reasonable care of any power, duty or function conferred upon or entrusted to such person for the purpose of the Scheme and no such person shall be liable for any loss unless such loss is attributable to his own negligence, wilful default, breach of duty, breach of trust, fraud or dishonesty.
- 22.2 No Scheme Creditor shall be entitled to seek by legal proceedings or otherwise to attribute any responsibility for any errors or omissions in the list of Scheme Creditors and Scheme Amounts referred to in Clause 12.1 either to the Temporary Manager or FIS or to any of their agents and employees and no such person shall be liable for any loss arising out thereof unless such loss is attributable to his own negligence, wilful default, breach of duty, fraud or dishonesty.

23. Modification of the Scheme

- 23.1 The Company acting through the Temporary Manager may consent to any modification or addition to these provisions in order to comply with any change or changes which the Court requires to be made before it will agree to sanction the Scheme pursuant to section 192 of the Act.
- 23.2 FIS shall have the power to correct any manifest error in the Scheme or to make any amendment to the Scheme of a minor or technical nature which does not materially affect the interests of the Scheme Creditors.

24. Governing Law and Jurisdiction

The Scheme shall in all respects be governed and construed in accordance with Jamaican law and all parties hereto hereby irrevocably submit to the nonexclusive jurisdiction of the Jamaican Court.

25. Validity of the Scheme

In the event that one (or more) Schemes are not approved by the Scheme Creditors or sanctioned by the Court, the validity of any other Scheme which is approved by the Scheme Creditors and sanctioned by the Court shall not be affected.

PART 3 NOTICES OF SCHEME MEETINGS

1. Bank

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE MATTER OF CENTURY NATIONAL BANK LIMITED
and
IN THE MATTER OF THE COMPANIES ACT**

NOTICE IS HEREBY GIVEN that by an Order dated 20 August 1997 made in the above matter, the Court has directed that a meeting ("the Scheme Meeting") of the above named Company's Scheme Creditors (as defined in the Scheme of Arrangement proposed in relation to the Company) be held on Sunday, 12th October 1997 at Sabina Park, South Camp Road, Kingston commencing at 10:00 am at which place and time all aforesaid Scheme Creditors are requested to attend. Registration for the meeting will commence at 7:00 am and will close at 9:00 am.

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its Scheme Creditors.

A copy of the proposed Scheme of Arrangement under Section 192 of the Companies Act and a copy of the Explanatory Statement required to be furnished pursuant to Section 193 of the Companies Act are incorporated in the Document of which this Notice forms part.

The Scheme Creditors may vote in person at the Scheme Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place. A Proxy Form is enclosed herewith. In order to vote at the Scheme Meeting, Scheme Creditors and proxy holders must produce at the meeting, proof of identity bearing a photograph (i.e. a driver's licence, passport or a photograph certified by a Justice of the Peace or Notary Public).

Proxy forms, witnessed by a Justice of the Peace, a Notary Public, a minister of religion or an attorney at law, must be lodged with the Temporary Manager, Century National Bank Limited, 14-20 Port Royal Street, Kingston, Jamaica not later than 48 hours before the time at which the Scheme Meeting is scheduled to commence. Proxy Forms submitted after that time will not be accepted. A faxed copy of the Proxy Form received 48 hours before the time set for the Scheme Meeting will be accepted, subject to receipt of the signed original within 48 hours after the time scheduled for commencement of the Scheme Meeting.

By the same Order, the Court has appointed the Honorable Justice W. Dermot Marsh to act as Chairman of the Scheme Meeting. The Court has also directed the Chairman to report to it the results of the Scheme Meeting.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 6th day of September 1997


The Temporary Manager

2. Building Society

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE MATTER OF CENTURY NATIONAL BUILDING SOCIETY
and
IN THE MATTER OF THE COMPANIES ACT**

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A copy of the proposed Scheme of Arrangement under Section 192 of the Companies Act and a copy of the Explanatory Statement required to be furnished pursuant to Section 193 of the Companies Act are incorporated in the Document of which this Notice forms part.

The Scheme Creditors may vote in person at the Scheme Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place. A Proxy Form is enclosed herewith. In order to vote at the Scheme Meeting, Scheme Creditors and proxy holders must produce at the meeting, proof of identity bearing a photograph (i.e. a drivers licence, passport or a photograph certified by a Justice of the Peace or Notary Public).

Proxy forms, witnessed by a Justice of the Peace, a Notary Public, a minister of religion or an attorney at law, must be lodged with the Temporary Manager, Century National Building Society, 14-20 Port Royal Street, Kingston, Jamaica not later than 48 hours before the time at which the Scheme Meeting is scheduled to commence. Proxy Forms submitted after that time will not be accepted. A faxed copy of the Proxy Form received 48 hours before the time set for the Scheme Meeting will be accepted, subject to receipt of the signed original within 48 hours after the time scheduled for commencement of the Scheme Meeting.

By the same Order, the Court has appointed the Honorable Justice W. Dermot Marsh to act as Chairman of the Scheme Meeting. The Court has also directed the Chairman to report to it the results of the Scheme Meeting.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 6th day of September 1997


The Temporary Manager

3. Merchant Bank

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE MATTER OF CENTURY NATIONAL MERCHANT
BANK & TRUST COMPANY LIMITED
and
IN THE MATTER OF THE COMPANIES ACT**

NOTICE IS HEREBY GIVEN that by an Order dated 20 August 1997 made in the above matter, the Court has directed that a meeting ("the Scheme Meeting") of the above named Company's Scheme Creditors (as defined in the Scheme of Arrangement proposed in relation to the Company) be held on Sunday, 12th October 1997 at Sabina Park, South Camp Road, Kingston commencing at 10:00 am at which place and time all aforesaid Scheme Creditors are requested to attend. Registration for the meeting will commence at 7:00 am and will close at 9:00 am.

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its Scheme Creditors.

A copy of the proposed Scheme of Arrangement under Section 192 of the Companies Act and a copy of the Explanatory Statement required to be furnished pursuant to Section 193 of the Companies Act are incorporated in the Document of which this Notice forms part.

The Scheme Creditors may vote in person at the Scheme Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place. A Proxy form is enclosed herewith. In order to vote at the Scheme Meeting, Scheme Creditors and proxy holders must produce at the meeting, proof of identity bearing a photograph (i.e. a drivers licence, passport or a photograph certified by a Justice of the Peace or Notary Public).

Proxy forms, witnessed by a Justice of the Peace, a Notary Public, a minister of religion or an attorney at law, must be lodged with the Temporary Manager, Century National Merchant Bank & Trust Company Limited, 14-20 Port Royal Street, Kingston, not later than 48 hours before the time at which the Scheme Meeting is scheduled to commence. Proxy Forms submitted after that time will not be accepted. A faxed copy of the Proxy Form received 48 hours before the time set for the Scheme Meeting will be accepted, subject to receipt of the signed original within 48 hours after the time scheduled for commencement of the Scheme Meeting.

By the same Order, the Court has appointed the Honorable Justice J. Dermot Marsh to act as Chairman of the Scheme Meeting. The Court has also directed the Chairman to report to it the results of the Scheme Meeting.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 6th day of September 1997


The Temporary Manager

4. PROXY FORM

To be used at the Scheme Meeting to be held at Sabina Park, South Camp Road, Kingston on Sunday, 12 October 1997 at 10:00 am

I/We
(please print)
of

being a Scheme Creditor of: Century National Bank Limited
(strike out the entities which Century National Building Society
do not apply) Century National Merchant Bank & Trust Company Limited

Voting Form Registration Number

This number is on the top right hand side
of the voting form.

HEREBY APPOINT the *Chairman of the Scheme Meeting; or

..... of
(please print)

to represent me/us at the Scheme Meeting to consider and, if acceptable, approve, with or without modification, the Scheme and at the Scheme Meeting or any adjournments thereof, and to vote for me/us and in my/our name for or against the Scheme, with or without modification, as indicated below.

* Please strike out the words "Chairman of the Scheme Meeting" if you name another person to act as your proxy.

PLEASE DO NOT TICK EITHER OF THE FOLLOWING BOXES IF YOU WISH TO GIVE YOUR PROXY A DISCRETION AS TO HOW TO VOTE.

- ☐ For the Scheme
☐ Against the Scheme

Signed: Dated:

Witnessed by: Capacity of
Witness:

Note: This Proxy Form must be witnessed by a Justice of the Peace, Notary Public, Minister of Religion or Attorney-at-Law. The witness must state which of these he is, in the space above marked "Capacity of Witness".

This form must be returned to the Temporary Manager, c/o Century National Bank Ltd, 14 - 20 Port Royal Street, Kingston, not later than 48 hours before the Scheme Meeting is scheduled to commence. Forms submitted after that time will not be accepted.

A faxed copy of this Proxy Form will be accepted if faxed to (876) 922-8276 and received within the time frame set out above, and if the signed original form is received within 48 hours after the time scheduled for commencement of the Scheme Meeting.