

9. This Law shall not affect the exercise of any powers conferred by any other Law on the Governor in Council, the Governor or any public officer, nor shall any order made under this Law affect the operation of any public instrument made or issued in exercise of any such powers under any such other Law. Saving.

No. 17 OF 1938.

A LAW TO RATIFY AND CONFIRM AN AGREEMENT ENTERED INTO BETWEEN THE GOVERNOR OF THE FIRST PART, THE OTTOMAN BANK OF THE SECOND PART AND THE AGRICULTURAL BANK OF CYPRUS LIMITED OF THE THIRD PART.

H. R. PALMER,
Governor.

[17th June, 1938.]

WHEREAS an Agreement was made on the tenth day of June, 1938, between the Governor of the first part, the Ottoman Bank of No. 26 Throgmorton Street in the City of London whose principal place of business in the Colony is situated in Nicosia in the Colony of the second part and the Agricultural Bank of Cyprus Limited, a company incorporated under the Companies (Limited Liability) Laws, 1922 to 1934, whose registered office is situated in Nicosia in the Colony of the third part, which Agreement is set out in the Schedule :

AND WHEREAS the said Agreement must in accordance with its provisions be ratified and confirmed by legislation :

AND WHEREAS it is desirable that the said Agreement and all its provisions should be so ratified and confirmed :

BE it therefore enacted by His Excellency the Governor and Commander-in-Chief of the Colony of Cyprus as follows :—

1. This Law may be cited as the Agricultural Bank of Cyprus Limited Agreement (Ratification) Law, 1938, Short title,

Ratification
of Agreement
and confer-
ment of
powers.

2. The Agreement set out in the Schedule and all its provisions are hereby ratified and confirmed and all rights and obligations purported to be conferred or imposed thereby are hereby declared valid any Law to the contrary notwithstanding and notwithstanding anything in any Law contained the Governor shall have power to do any act which the said Agreement may require or allow to be done in the name of the Governor.

Date of
commence-
ment.

3. This Law shall be deemed to have taken effect and come into operation as from the first day of January, 1938.

SCHEDULE.

AN AGREEMENT made the tenth day of June, 1938, BETWEEN Sir Herbert Richmond Palmer, K.C.M.G., C.B.E., His Majesty's Governor of the Colony of Cyprus (hereinafter referred to as "the Governor" which expression shall mean the holder for the time being of the office of Governor of the said Colony) of the first part, the Ottoman Bank of No. 26 Throgmorton Street in the City of London whose principal place of business in the Colony of Cyprus is situated in Nicosia in the said Colony (hereinafter referred to as "the Ottoman Bank") of the second part and the Agricultural Bank of Cyprus Limited a company incorporated under the Companies (Limited Liability) Laws, 1922 to 1934, of the said Colony of Cyprus whose registered office is situate in Nicosia in the said Colony (hereinafter referred to as "the Agricultural Bank") of the third part.

WHEREAS the primary object of the Agricultural Bank is to make advances or arrange for advances to be made either directly or indirectly to or for the benefit of agriculturists in the Colony of Cyprus.

AND WHEREAS the nominal capital of the Agricultural Bank is fifty thousand pounds divided into fifty thousand shares each of one pound the whole of which have been issued and are fully paid.

AND WHEREAS forty-nine thousand nine hundred and ninety-five shares of the Agricultural Bank are held by the Ottoman Bank.

AND WHEREAS the Agricultural Bank has raised additional capital by an issue of two hundred thousand pounds of Bonds carrying interest at the rate of five pounds per centum per annum of which the amount outstanding on the thirty-first day of December, 1937, was one hundred and ninety-one thousand six hundred pounds.

AND WHEREAS the said Bonds may be redeemed by the Agricultural Bank at any time after the thirty-first day of December, 1938, on six months' previous notice by advertisement.

AND WHEREAS under and by virtue of two Agreements dated respectively the seventeenth day of June, 1925, and the twenty-sixth day of January, 1929, the first made between His Majesty's Governor of the Colony of Cyprus of the one part and the Agricultural Bank of the other part and the second made between His Majesty's Governor of the Colony of Cyprus of the first part, the Agricultural Bank of the second part and the Ottoman Bank of the third part the Governor is under guarantee (1) to make up the annual profits of the Agricultural Bank to the minimum amount therein mentioned and (2) to provide the interest upon the said Bonds in case of default by the Agricultural Bank to do so and the Ottoman Bank is under guarantee to provide an annual sum of one thousand pounds towards a sinking fund for the redemption of the said Bonds in case of default by the Agricultural Bank to make a like provision.

AND WHEREAS sums amounting in all to a total of forty-five thousand three hundred and ten pounds thirteen shillings and two piastres have been paid by the Governor under the said guarantees but owing to differences of opinion as to the construction of the guarantee in paragraph (1) of the immediately preceding recital mentioned further sums amounting in all to forty thousand five hundred and six pounds sixteen shillings and eight piastres claimed by the Agricultural Bank thereunder are contested by the Governor such sum of forty thousand five hundred and six pounds sixteen shillings and eight piastres being represented in the books of the Agricultural Bank as a sum due from the Governor to the Agricultural Bank.

AND WHEREAS the sum of four thousand eight hundred and thirty pounds three shillings and seven piastres represented interest accrued but not due from Loan Debtors on the thirty-first day of December, 1937, and is so recorded in the books of the Agricultural Bank at that date.

AND WHEREAS the parties hereto have agreed that save as hereinafter provided the said Agreements should be cancelled and that the provisions of these presents should be substituted for the same.

Now it is hereby agreed and declared as follows:—

1. The said Agreements of the seventeenth day of June, 1925, and of the twenty-sixth day of January, 1929, shall save as hereinafter provided be deemed to have been cancelled as from the close of business on the thirty-first day of December, 1937, and the hereinbefore mentioned sums of forty-five thousand three hundred and ten pounds thirteen shillings and two piastres, and of forty thousand five hundred and six pounds sixteen shillings and eight piastres and of four thousand eight hundred and thirty pounds three shillings and seven piastres shall be dealt with as hereinafter provided,

2. The Agricultural Bank shall during the subsistence of this Agreement in continuation of the business heretofore carried on by it make advances on mortgage security on long-term credit (hereinafter called "agricultural advances") directly or indirectly to or for the benefit of agriculturists in the Colony of Cyprus upon such terms whether as to security or otherwise and upon such conditions as it may think fit and as may be in accordance with reasonable prudence and with the laws of the Colony of Cyprus in force for the time being :

Provided that (a) the rate of interest to be charged upon agricultural advances shall not exceed the rate of eight pounds per centum per annum and (b) the obligations of the Agricultural Bank under this Clause shall be limited to the amount of its actual resources for the time being and the Agricultural Bank shall not be bound to borrow for the purpose of making advances unless it shall think fit to do so and Provided further that the Agricultural Bank shall not at any time or for any purpose raise any money by way of loan except with the previous consent in writing of the Governor and upon such terms as shall have been approved by him.

3. The accounts of the Agricultural Bank shall be made up annually as on the thirty-first day of December in each year and all such accounts shall be audited by a Chartered Accountant or firm of Chartered Accountants approved annually in writing by the Governor.

4. Two special accounts shall be opened in the books of the Agricultural Bank as on the first day of January, 1938, that is to say,—

(a) a "General Surplus Account" and

(b) an "Arrears Account".

5. The "General Surplus Account" for each accounting period shall include (a) all items appropriate to an ordinary profit and loss account for the period except that nothing is to be brought into the account in respect of the value of unpaid interest and no allowance is to be made in the account by way of debits for bad debts (b) the current interest on the outstanding Bonds of the Agricultural Bank and the Annual Cumulative Sinking Fund payment as provided in the said Agreement of the twenty-sixth day of January, 1929, in respect of such Bonds until the redemption of the Bonds (c) all sums received by the Agricultural Bank during the period from loan debtors of the Agricultural Bank in respect of interest payments and (d) the balance (if any) standing at the end of the period to the credit of the "Arrears Account". The balances from time to time at the credit of the "General Surplus Account" shall be dealt with as in Clause 13 hereof provided. The deficiencies (if any) from time to time shall be transferred to an account to be known as the "Shareholders Suspense Account".

6.—(A) The items to be dealt with through the "Arrears Account" shall be the hereinbefore mentioned sum of forty thousand five hundred and six pounds sixteen shillings and eight piastres at present treated in the books of the Agricultural Bank as due to the Agricultural Bank from the Governor and the hereinbefore mentioned sum of four thousand eight hundred and thirty pounds three shillings and seven piastres in respect of interest accrued but not due from Loan Debtors on the thirty-first day of December, 1937, and any sums credited to this account under Clause 13 (b) hereof and all instalments of principal moneys falling due to the Agricultural Bank from its Loan Debtors in each accounting period and remaining unpaid at the close of each such period. As on the first day of January, 1938, the said sums of forty thousand five hundred and six pounds sixteen shillings and eight piastres and four thousand eight hundred and thirty pounds three shillings and seven piastres shall be transferred to the debit of the "Arrears Account" and at the close of the first and every subsequent accounting period the account shall be debited with the amount of all arrears of principal moneys which accrued during the period and shall be credited with all sums received in cash by the Agricultural Bank during the period in respect of arrears of principal moneys accrued during any prior accounting period. Any balance at the credit of the "Arrears Account" shall be transferred at the end of each accounting period to the credit of the "General Surplus Account" and after the "Account of the Deferred Noteholders Fund" shall have been opened as in Clause 10 hereof provided any balance at the debit of the "Arrears Account" at the date of such opening or subsequently at the end of any accounting period shall be transferred to the debit of the said "Account of the Deferred Noteholders Fund".

(B) For the purpose of giving effect to this Clause and to Clause 5 hereof all receipts from Loan Debtors in any accounting period shall be treated as paid in the first place in respect of interest due at or prior to the date of receipt and in the second place in respect of principal money.

7.—(A) If and whenever for any accounting period the current working of the "General Surplus Account" (no carry forward from any previous accounting period being taken into account) shall not show a net credit balance of at least the sum of two thousand pounds the Governor shall pay to the Agricultural Bank and the Agricultural Bank shall distribute among its members rateably in proportion to their respective holdings of shares such a sum as with the net balance of the account (if any) will make up a total of two thousand pounds: Provided that in respect of the year 1938 but not in respect of any later year the Governor shall pay such a further sum (if any) not exceeding a total of eleven thousand pounds

in respect of the said year as may be necessary with the said sum of two thousand pounds to balance the said account after charging to it (a) the sum of two thousand pounds beforementioned (b) the current interest on the outstanding Bonds of the Agricultural Bank and (c) the Annual Cumulative Sinking Fund payment as provided in the said Agreement of the twenty-sixth day of January, 1929, in respect of such Bonds. The said payments of two thousand pounds or of eleven thousand pounds and two thousand pounds, as the case may be, by the Governor are conditional upon the due payment by the Agricultural Bank for the year 1938 of the interest upon the Bonds and the said Annual Cumulative Sinking Fund payment. If for any period the "General Surplus Account" should be in debit the Governor shall not be required under this Clause to provide any sum in respect of the debit beyond the said sums of two thousand pounds or of eleven thousand pounds and two thousand pounds, as the case may be.

(B) Clauses 5, 6, 7 and 8 of the said Agreement of the twenty-sixth day of January, 1929, are expressly continued and are considered as embodied in the present Agreement for the benefit of the Bondholders so long as any of the Bonds are outstanding.

8. The Agricultural Bank shall as on the first day of January, 1939, redeem the said Bonds by means of moneys to be provided by the Governor for the purpose. The Governor will as soon as possible cause the necessary steps to be taken for raising the necessary moneys and will cause the same to be placed under the control of the Crown Agents for the Colonies upon trust to pay the same to the Ottoman Bank as agents for the Agricultural Bank for the purposes of such redemption not later than the fourth day before the same shall be payable to the Bondholders and the Ottoman Bank shall undertake the distribution thereof accordingly.

9. Upon the payment of the redemption moneys to the Ottoman Bank the Governor shall not become a creditor of the Agricultural Bank in respect of the amount so paid but shall be entitled to call upon the Agricultural Bank for the issue to the Governor or his nominees, such nominees to be subject to the approval in writing of the Agricultural Bank, of Deferred Notes of the Agricultural Bank in the form set out in the Schedule to this Agreement or in a form to the like effect for a total nominal principal sum equal to the amount of the redemption moneys so paid such Deferred Notes to be in such denominations as the Governor shall reasonably require and to carry during the life of the Deferred Notes or in the liquidation of the Agricultural Bank such rights as are defined by this Agreement. The Governor will not during the continuance of this Agreement transfer or part with the beneficial interest in the said Deferred Notes except with the consent in writing of the Agricultural

Bank which consent shall not be unreasonably withheld. Any expenses or duties on the issue of the said Deferred Notes shall be borne by the Governor.

10. Upon the payment to the Ottoman Bank of the said redemption moneys there shall be established by the Agricultural Bank a fund to be known as the "Deferred Noteholders Fund" and there shall be opened in the books of the Agricultural Bank a special account to be known as the "Account of the Deferred Noteholders Fund" to which shall be credited a sum equal to the redemption moneys provided by the Governor under this Agreement (which sum is hereinafter referred to as the "Standard Balance" of the said "Account of the Deferred Noteholders Fund"). All debit balances of the "Arrears Account" shall thereafter be discharged by transfer to the said "Account of the Deferred Noteholders Fund" as in Clause 6 hereof provided.

11. The "Deferred Noteholders Fund" shall be deemed notwithstanding any reduction in its amount by the said transfers as in Clause 10 hereof provided to carry interest at the rate of four pounds per centum per annum (payable only as in Clause 13 (f) hereof provided) on the whole "Standard Balance" less the non-interest bearing portion as below defined but so that every sum credited to the said Fund under Clause 13 (g) hereof or otherwise under the provisions of this Agreement shall be added to the interest bearing total until an aggregate sum equal to the whole of the non-interest bearing portion shall have been added and thereupon the said Fund shall be deemed to carry interest (payable as aforesaid) on the whole "Standard Balance" without regard to the actual balance standing to the credit of the "Account of the Deferred Noteholders Fund" except that after any part of the said Fund shall have been applied in reduction of the principal amount of the Deferred Notes the interest bearing total of the said Fund shall be reduced by deduction of the part so applied. If the debit balance of the "Arrears Account" at the thirty-first day of December, 1938, shall be equal to or greater than the sum of forty-five thousand three hundred and thirty-seven pounds and six piastres the non-interest bearing portion shall be the sum of twenty-four thousand pounds but if the said debit balance shall be less than the sum of forty-five thousand three hundred and thirty-seven pounds and six piastres by any amount the non-interest bearing portion shall be less than twenty-four thousand pounds by an equal amount.

12. The interest carried by the "Deferred Noteholders Fund" in accordance with the provisions of Clause 11 hereof and payable in accordance with Clause 13 (f) hereof from time to time shall be paid to the holders of the Deferred Notes rateably in proportion to the amount of their holdings by way of interest on the Deferred Notes held by them respectively.

13. The net balance at the credit of the "General Surplus Account" for each year shall be applied each year as soon as possible after completion of the annual audit to the following purposes and in the following order of priority, that is to say,—

In respect of the year 1938 :

- (a) In payment of a dividend at the rate of four pounds per centum per annum on the paid up share capital of the Agricultural Bank.
- (b) In reducing or cancelling the balance for the time being at the debit of the "Arrears Account".
- (c) In making repayment to the Governor of the sum of forty-five thousand three hundred and ten pounds thirteen shillings and two piastres hereinbefore referred to.

After the year 1938 :

- (d) In payment of a dividend at the rate of four pounds per centum per annum on the paid up share capital of the Agricultural Bank.
- (e) In payment to the Governor of interest at the rate of four pounds per centum per annum as from the first day of January, 1939, upon the sums (if any) paid by the Governor under Clause 7 (A) hereof and not for the time being repaid any such interest not paid in any year to be carried forward and added to the interest to be met in subsequent years under this sub-clause.
- (f) In payment of the interest carried by the "Deferred Noteholders Fund" any such interest not paid in any year to be carried forward and added to the interest to be met in subsequent years under this sub-clause.
- (g) In increasing the amount for the time being at the credit of the "Deferred Noteholders Fund" until the balance at the credit thereof shall be equal to the "Standard Balance".
- (h) In making payments to the Governor in repayment first of the said sum of forty-five thousand three hundred and ten pounds thirteen shillings and two piastres until the same shall have been discharged and then of the sums (if any) paid by the Governor under Clause 7 (A) hereof.
- (i) In reduction of the balance (if any) standing to the debit of the "Shareholders Suspense Account".

14. Any ultimate balance at the credit of the "General Surplus Account" for any year after exhausting the purposes provided for in Clause 13 hereof shall be applied by the Directors of the Agricultural Bank at their discretion in any manner authorized by the Memorandum and Articles of Association of the said Bank.

15. At any time after the purposes provided for by sub-clauses (e), (g) and (h) of Clause 13 hereof have been fully satisfied and if all interest provided for by sub-clause (f) thereof has been paid or provided for down to date (but not sooner or otherwise) the Agricultural Bank shall be at liberty on not less than three months' notice to the Deferred Noteholders to apply all or any part of the "Deferred Noteholders Fund" in or towards the discharge of the Deferred Notes for the time being outstanding and so that unless otherwise agreed if the Deferred Notes are not wholly discharged rateable payments in part discharge shall be made in respect of all the Deferred Notes so outstanding.

16. The Agricultural Bank shall not during the subsistence of this Agreement take any steps for altering the terms of its Memorandum and Articles of Association or (except as in Clause 18 hereof provided) for going into liquidation except with the consent in writing of the Governor, and the Ottoman Bank (a) shall not during the subsistence of this Agreement transfer or part with the beneficial interest in any of the shares of the Agricultural Bank at present belonging beneficially to the Ottoman Bank except with the consent in writing of the Governor which consent shall not be unreasonably withheld and (b) shall use its votes and influence to prevent the Agricultural Bank from taking any step in contravention of this Agreement.

17. If and when the Agricultural Bank shall be liquidated the assets shall in the first instance be applied in discharging the liabilities of the Agricultural Bank other than its liability to the Deferred Noteholders and to the Governor under this Agreement (the discharge of such liabilities other than its liability to the Deferred Noteholders and to the Governor under this Agreement being subject to the preferential payments prescribed in section 130 of the Companies (Limited Liability) Laws, 1922 to 1934, or in any Law amending or substituted for the same in force for the time being) and secondly in repaying to the shareholders the amount of the paid up capital on the shares held by them, and subject thereto there shall be paid out of the assets (a) to the Governor all interest charged or which should have been chargeable under Clause 13 (e) hereof down to the date of liquidation and not previously paid and so much of the sums mentioned in Clause 13 (h) hereof as shall not have been previously paid and (b) to the Deferred Noteholders the nominal amount of their Deferred Notes together with any interest chargeable or which should have been chargeable under Clause 13 (f) hereof down to the date of the liquidation and not previously paid. Any ultimate balance of the assets shall belong to the shareholders according to their rights.

18.—(A) This Agreement may be determined by either the Governor or the Agricultural Bank (but without prejudice to the rights of the Governor or of the Deferred Noteholders in respect of the several principal sums and interest payable to them hereunder) on the thirty-first day of December, 1971, or on any subsequent thirty-first day of December by not less than five years' notice in writing to the other. After the service of such a notice by either of the parties aforesaid the Agricultural Bank may at any time go into liquidation.

(B) At any time after the actual determination of this Agreement (if the Agricultural Bank shall not have gone into liquidation and if any of the Deferred Notes have not been wholly discharged) the Governor or any Deferred Noteholder may by notice in writing require the Agricultural Bank to go into liquidation and if the Agricultural Bank shall not within a period of three months after such notice either have gone into liquidation or (at its option) have discharged all the liabilities to the Governor and the Deferred Noteholders which would have to be met by its Liquidator if (being fully solvent) it had gone into liquidation at the expiration of the said period then and in that case at the expiration of that period all such liabilities shall become immediately enforceable against the Agricultural Bank as if the same had been present debts of the Agricultural Bank to the Governor and the Deferred Noteholders respectively.

19.—(A) Any notice to be given hereunder to the Governor may be given by sending the same by registered post addressed to the Colonial Secretary at Nicosia in the Colony of Cyprus.

(B) Any notice to be given hereunder to the Ottoman Bank may be given by sending the same by registered post addressed to the Ottoman Bank at their principal place of business in the Colony of Cyprus.

(C) Any notice to be given hereunder to the Agricultural Bank may be given by sending the same by registered post addressed to the Agricultural Bank at their registered office in the Colony of Cyprus.

(D) Any notice sent by registered post shall be deemed to have been given at the time it should have been received in due course of post.

20. For the purpose of giving effect to the provisions of this Agreement the Governor will enact legislation for the purpose of ratifying and confirming this Agreement and all the provisions hereof.

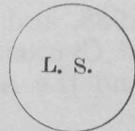
21. This Agreement shall be deemed to have taken effect as on the first day of January, 1938.

IN WITNESS whereof the Governor has hereunto set his hand and seal and Hugh Llewelyn Jones for and on behalf of the Ottoman Bank has hereunto set his hand and the Agricultural Bank has caused its Common Seal to be hereunto affixed the day and year first above written.

Signed, sealed and delivered by Sir Herbert Richmond Palmer, His Majesty's Governor of the Colony of Cyprus, in the presence of

H. R. PALMER.

W. H. COVINGTON,
Nicosia,
Cyprus.



The Seal of the Governor, Cyprus.

Signed and delivered for and on behalf of the Ottoman Bank by Hugh Llewelyn Jones duly authorized by a resolution of the Ottoman Bank made in London on the fifteenth day of December, 1937, in the presence of

H. LLEWELYN JONES.

J. PAPA ZOGLOU.

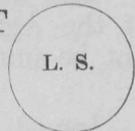
The Common Seal of the Agricultural Bank of Cyprus Limited was affixed hereto in the presence of

H. LLEWELYN JONES.

HUGH LLEWELYN JONES,
BEDROS GARABET AMIRAYAN,
JOSEPH PAPA ZOGLOU,

BEDROS GARABET AMIRAYAN.

J. PAPA ZOGLOU.



The Common Seal of the Agricultural Bank of Cyprus Limited.

two Directors and the Secretary of the said Bank and the said

HUGH LLEWELYN JONES,
BEDROS GARABET AMIRAYAN,
JOSEPH PAPA ZOGLOU,

H. LLEWELYN JONES.

B. G. AMIRAYAN.

signed these presents and the same were delivered in the presence of

J. PAPA ZOGLOU.

M. G. ZARIFI,
Nicosia,
Cyprus.

SCHEDULE.

Clause 9.

THE AGRICULTURAL BANK OF CYPRUS LIMITED.

No.....

ONE OF A SERIES OF DEFERRED NOTES issued pursuant to Clause 9 of an Agreement dated the tenth day of June, 1938, and made between His Majesty's Governor for the Colony of Cyprus of the first part, the Ottoman Bank of the second part and the Agricultural Bank of Cyprus Limited of the third part.

The maximum principal sum payable to the Registered Holder of this Note is

THIS IS TO CERTIFY that or other the registered holder of this note will become entitled to 1/100th part of the principal moneys referred to in the above Agreement (not exceeding.....) together with such interest at the rate of four pounds per centum per annum in respect thereof as is payable under the said Agreement, both principal and interest being payable at the times and in the manner and subject in all respects to the provisions and conditions contained in the said Agreement.

This note is not transferable, except with the consent in writing of the Agricultural Bank of Cyprus Limited, which consent shall not be unreasonably withheld.

Issued at on this day of, 19.....

Signature

Title.....

[Seal.]