

AGREEMENT

on Co-operation in Banking Supervision

concluded on the day of 7 December 2000, in Vilnius, between:

1. The Commission for Banking Supervision of the Republic of Poland (hereinafter referred to as 'Party of the Agreement'), represented by the President of the National Bank of Poland, acting as the Chairperson of the Commission for Banking Supervision,

and

2. The Bank of Lithuania (hereinafter referred to as 'Party of the Agreement') represented by the Chairman of the Board of the Bank of Lithuania.

The Parties of the Agreement due to the fact that on the basis of the law they both effect supervision of banks, which perform their activities on the territory, subject to their competence:

- recognize the need for the mutual exchange of information,

and

- expressing readiness to provide conditions for improving, to the extent defined herein and on a mutual basis, the supervision of branches or representative offices of banks with a seat in the country of one Party of the Agreement and being an establishment of a bank with a seat in the country of the other Party of the Agreement,
set forth the following:

I. General Provisions

Paragraph 1

For the purpose of this Agreement:

1. Bank – a legal entity incorporated according to the law of the home country, which performs its activities on the basis of licenses giving a bank the rights to perform banking activities and undertakes the risk to which the returnable resources entrusted to it are exposed.

2. Home country – country where the bank's seat is located.

3. Host country – country where the bank's branch or representative office is located.

4. The bank's branches or representative offices, which constitute the establishments of this bank – branches or representative offices established by this bank.

5. Subsidiary bank – a bank the controlling share in which is controlled or possessed by the other bank.

Controlling share is a directly or indirectly possessed or controlled block of shares of a bank enabling to exercise control over the subsidiary bank management.

6. Qualifying holding is a direct or indirect holding in a bank which represents 10 per cent or more of the capital or voting rights or which makes possible the exercise of significant influence over the management of the bank in which a holding exists.

II. Exchange of Information

Paragraph 2

The Parties of the Agreement express readiness for annual exchange of information in writing on the condition and development of their banking systems.

by

✓
[Signature]

Paragraph 3

The Parties of the Agreement shall exchange information on the obligatory standards, prudential regulations and other banking supervision requirements and the significant changes in this area.

Paragraph 4

If necessary, on the basis of a separate written arrangement concluded earlier, the Parties of the Agreement shall organize meetings of banking supervisory authorities' managers or banking supervision experts in order to discuss the issues, which are interesting to both Parties, including the issues connected with improving objectives and methodologies of effective banking supervision.

Paragraph 5

The Parties of the Agreement declare their willingness to exchange information on supervision of branches or representative offices of banks with a seat in the country of one Party of the Agreement and their establishments in the country of the other Party of the Agreement in order to increase the effectiveness of supervision. In broad understanding, it means that the exchange of documents and information shall be possible whenever the banking supervisory body from the home or host country considers it useful or necessary and connected with the supervision facts or aims.

Paragraph 6

1. The Parties of the Agreement declare their willingness to exchange information on any of the banks with a seat in the country of one Party of the Agreement, especially banks which are subsidiaries of banks with a seat in the country of the other Party of the Agreement, on condition that:

- the economic interest of the country of the respective Party of the Agreement and the bank secrecy shall not be breached,
- the use of the received information only for the purpose of banking supervision is ensured,
- it is forbidden to disclose the received information outside the banking supervisory body.

2. According to Point 1 and preserving all requirements contained therein, especially the following information can be disclosed:

- information on the extent and size of the activity of a bank which intends to establish a subsidiary bank on the territory of the country of the other Party of the Agreement,
- information on the extent and size of the activity of a bank, which intends to acquire shares or interest of a bank with a seat on the territory of the country of the other Party of the Agreement,
- the annual summary evaluation of the bank financial situation,
- information on candidates for managing staff of a subsidiary bank with a special consideration of the facts whether these people have not been convicted by the court sentence and according to the national laws of the Party of the Agreement, deprived of the right to conduct their own business, to act as a representative or a proxy of an entrepreneur, a member of collective management bodies or a general manager (chief administration officer) in a joint stock company or any other company,
- information on recommendations issued on the basis of the performed inspection.

3. The information mentioned above shall be immediately submitted upon the written request of the other Party of the Agreement.

Paragraph 7

The Parties of the Agreement immediately submit each other the information on a loss reflected in the balance-sheet or any situation of a danger to the solvency of banks with a seat on the territory of the country of one of the Parties of the Agreement and a branch or representative office on the territory of a country of the other Party of the Agreement.

K

MS ✓

Paragraph 8

The Parties of the Agreement immediately submit each other information on a branch or representative office of a bank, which is located in the country of one of the Parties of the Agreement and the bank that established it has got its seat in the country of the other Party of the Agreement, especially when the situation observed in a branch may lead to the insolvency of the whole bank.

Paragraph 9

The Parties of the Agreement declare their willingness to provide mutual help for banking supervisory bodies in the area of the assessment of risk resulting from crisis situations in their markets. Banking supervisory bodies of both Parties of the Agreement shall immediately inform each other on the emerging crisis, which could affect the whole financial market.

III. Granting licenses (permissions) to open a subsidiary bank, representative office or a branch

Paragraph 10

In the process of granting licenses (permissions) to open in the host country a subsidiary bank, representative office or a branch of a bank with a seat in the country of the other Party of the Agreement, the Parties of the Agreement agree as follows:

1. Before considering the application for a license (permission) in question, the Party of the Agreement may seek for the opinion and supervisory information from the banking supervisory body of the home country on the financial condition, management staff, shareholders possessing at least 10 per cent of the shares of a bank, which applies for the license (permission), and the information whether the home country body approval for opening a subsidiary bank, branch or a representative office being the subject of the application is required. The body requested for the opinion should give it within two months. The opinion is not binding.

2. The Parties of the Agreement inform each other in writing on granting of the license (permission) within one month starting from the acceptance of the application in question.

3. The Party of the Agreement, which receives this information, immediately confirms the receipt in writing.

4. In considering the application for the license (permission) in question, the Parties of the Agreement shall submit each other any additional information, which is necessary to take the final decision.

5. According to Point 4, especially the following information can be disclosed:

- information on candidates for managing staff of a subsidiary bank, branch or a representative office with a special consideration of the facts whether these people have not been convicted by the court sentence, and deprived of the right to conduct their own business, to act as a representative or a proxy of an entrepreneur, a member of collective management bodies or a general manager (chief administration officer) in a joint stock company or any other company,

- information on the extent and size of the activity of a bank.

6. As a result of the information submitting, the economic interest of the country of the Party of the Agreement, which submits the information, and the bank secrecy cannot be breached, and it is necessary to ensure the following:

- the use of the received information only for the purposes of banking supervision,

- it is forbidden to disclose the received information outside the banking supervisory body.

Paragraph 11

The notification defined in Paragraph 10 Point 2 should include the contents of the granted license (permission).

Paragraph 12

If in a branch of a bank operating in the host country, there have been changes related to:

- the type of banking activities to which a branch of a bank should be authorized,
- the seat of a branch,
- a change on the position of a director or a deputy director of a branch,

the notification of the changes should be immediately sent by the banking supervisory body of the host country to the banking supervisory body of the home country.

Paragraph 13

If in a representative office of a bank operating in the host country, there have been changes related to:

- the extent of its activity,
- the seat of a representative office,
- a change on the position of a bank representative,

the notification of the changes should be immediately sent by the banking supervisory body of the host country to the banking supervisory body of the home country.

IV. Qualifying holding and owner control

Paragraph 14

In case a bank or parent company of a bank authorized in the country of one Party of the Agreement or a natural or legal person controlling the bank authorized in the country of one Party of the Agreement proposes to acquire or manage a qualifying holding in a bank authorized in the country of the other Party of the Agreement, the Parties of the Agreement shall inform each other about the said and, upon request, provide the other Party of the Agreement with the necessary information within the framework of the laws applicable in each country. Prior consultations between the Parties of the Agreement shall be held in case the earlier mentioned person applies for a permission to increase the qualifying holding to the level when the national legislation of the respective Party of the Agreement provides for a notice to or a permission of the competent supervisory authority. Also a notification should be made between the authorities, if the holder of a qualifying holding intends to reduce the holding below the extent provided in the legislation of the respective country.

V. Effecting of the Supervision

Paragraph 15

The Parties of the Agreement agree to take joint measures aiming at supervising the activities of branches or representative offices of banks with a seat on the territory of the country of one of the Parties of the Agreement and branches or representative offices on the territory of the country of the other Party of the Agreement.

Paragraph 16

1. The home country supervisory authority shall perform off-site supervision of the bank branches established in the host country; it does not exclude the rights of the host country supervisory authority to this extent. The home country supervisory authority shall supervise the liquidity of the bank as a whole including its branches in the host country. The liquidity of a branch shall be subject to the host country supervision as well as to the home country supervision.

y

✓
ms

2. The host country supervisory authority shall perform off-site monitoring of the bank branches in accordance with the laws and other legal acts regulating the activities of the host country banks.

3. The host country supervisory authority, on identification of non-compliance by the cross-border branches with the laws and other legal acts regulating the activities of banks in the host country, shall advise these branches on violations made, notify them of the legal requirements and require compliance with appropriate legal acts, as well as inform the home country supervisory authority. The latter shall take adequate measures to ensure the compliance with the requirements and inform the host country supervisory authority on the nature of such measures. Notwithstanding the above mentioned, the host country supervisory authority shall preserve the power to take adequate measures vis-a-vis that cross-border branch.

4. The host country supervisory authority shall supervise cross-border subsidiary banks of foreign banks in conformity with the laws and other legal acts regulating the activities of the host country banks. The responsibility to supervise the subsidiary bank rests with the supervisory authority of the host country.

Paragraph 17

1. The home country supervisory institution shall notify the host country supervisory institution not less than one month in advance of any planned on-site inspection in a bank branch or representative office.

2. The host country supervisory institution shall not object to and, if necessary, (after prior consultations) shall participate and assist in organizing a bank branch or representative office on-site inspection.

3. After completing the on-site inspection, the home country supervisory institution shall inform the host country supervisory institution about the inspection results and, upon request or if they think it is necessary, they shall provide them with a copy of the inspection report or its summary in English.

4. Upon the necessity to organize a branch inspection, the host country supervisory institution shall inform the other Party of the Agreement about that one month prior to the inspection and, if necessary, discuss that with the home country supervisory institution. After the consultation, the host country supervisory institution shall independently or together with the home country supervisory institution perform the on-site inspection of a branch.

5. Costs of the inspection carried out in a branch or representative office by the home country supervisory authority, especially the costs of the stay in the host country of the representatives of the home country supervisory authority, are covered by the home country supervisory authority.

VI. Final Provisions

Paragraph 18

All the data on banks, their branches, representative offices and subsidiary banks that is received by one Party of the Agreement from the other upon execution of supervisory functions shall be strictly confidential, cannot be provided to third persons without prior consent of the other Party of the Agreement and shall be used by the supervisory authorities only for the purpose of execution of supervisory functions.

Paragraph 19

1. The Parties of the Agreement shall exchange the lists of employees who are responsible for mutual contacts.

2. The Parties of the Agreement shall correspond with each other in English.

Paragraph 20

Any misunderstandings or doubts resulting from observing the provisions of this Agreement shall be cleared up within the framework of consultations or negotiations between the Parties of the Agreement.

Paragraph 21

The Parties of the Agreement agree that, after prior consultations and by mutual approval, the changes can be included into the text of the Agreement in order to ensure its compliance with the regulations of the domestic law and other legislation regulating the activity of banks or expand mutual co-operation in banking supervision.

Paragraph 22

1. This Agreement becomes ineffective:
 - pursuant to the decision, taken jointly by the Parties of the Agreement, that the Agreement does not fulfil the objectives, which constituted the reason to conclude such an agreement,
 - if one of the Parties of the Agreement notifies the other Party of the Agreement about the termination of the Agreement six months prior to the date of termination.
2. The measures undertaken according to the Agreement shall be continued until they are completed, although the Agreement is terminated in the meantime.

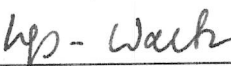
Paragraph 23

The Agreement has been prepared in six copies – two in Polish, two in Lithuanian and two in English. Each Party of the Agreement has obtained three copies – one copy in Polish, one in English and one in Lithuanian. In case of any doubt connected with the interpretation, the English version of the Agreement is the governing one.

Paragraph 24

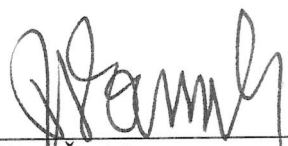
The Agreement becomes effective on the day it is signed by the Parties.

For the Commission for Banking
Supervision, President of the National Bank
of Poland acting as the Chairperson of the
Commission for Banking Supervision



Hanna Gronkiewicz-Waltz

For the Bank of Lithuania, Chairman of the
Board of the Bank of Lithuania



Reinoldijus Šarkinas

AGREEMENT
on the amendment to the Agreement on Co-operation in Banking Supervision
concluded on the day of December 7, 2000 in Vilnius

concluded on the day of July 22, 2002, in Vilnius, between:

1. The Commission for Banking Supervision of the Republic of Poland, represented by the President of the National Bank of Poland, acting as the Chairman of the Commission for Banking Supervision,
- and
2. the Bank of Lithuania, represented by the Chairman of the Board of the Bank of Lithuania.

The Parties of the Agreement, on the basis of Paragraph 21 of the Agreement on Co-operation in Banking Supervision concluded on the day of December 7, 2000 in Vilnius, set forth the following:

Article 1

I. The contents of Paragraph 1.3 are amended as follows:

3. Host country - country where the bank's branch, subsidiary bank or representative office is located.

II. The contents of Paragraph 6.1 are amended as follows:

1. The Parties of the Agreement declare their willingness to exchange information on activities of bank branches, subsidiary banks and representative offices with a seat in the country of one Party of the Agreement and the information on banks with a seat in the country of the other Party of the Agreement that own these branches, subsidiary banks and representative offices in the following areas:
 - process of licensing and issuing authorizations for the pursuit of the banking business,
 - supervision of their current activities,
 - situations raising banking supervision concerns.

The Parties shall exchange the above information primarily for the purpose of the effective consolidated supervision.

The Parties supplement Paragraph 6 with new Paragraphs 6.2 and 6.3.

2. Information referred to in Paragraphs 6.1 and 6.4 can be transmitted on condition that:
 - it shall not prejudice the economic interests of the country of a Party of the Agreement,
 - it is ensured that obtained information will be used exclusively for the purposes of banking supervision, subject to Paragraph 6.3.
3. The banking supervision agency, which obtained information on the basis of this Agreement may transmit this information to another entity only after previous approval of the banking supervision agency from which it received this information. The institutions, officials and circumstances under which the information may be disclosed to them without previous approval are given in Enclosures No.1 and No.2 to the Agreement. Any

amendments to the Enclosures by removing from or adding to the list of any institution or official to which, according to the national laws, the supervision agency must disclose information are not considered a change of this Agreement and become effective by way of a written notification to the other Party of the Agreement. Parties of the Agreement notify each other any time in writing about the extent of information disclosed to the institution or official specified in the Enclosures.

Former Paragraphs 6.2 and 6.3 shall be considered Paragraphs 6.4 and 6.5, respectively.

III. The contents of Paragraph 5 are amended as follows:

The Parties of the Agreement declare their willingness to exchange information on supervision of bank branches, representative offices and subsidiary banks with a seat in the country of one Party of the Agreement and owned by banks with a seat in the country of the other Party of the Agreement in order to increase the effectiveness of supervision. In broad understanding, it means that the exchange of documents and information will be possible whenever the banking supervisory agency from the home or host country considers it useful or necessary and connected with the supervision facts or aims.

IV. The contents of Paragraph 7 are amended as follows:

The Parties of the Agreement immediately submit each other the information on a loss reflected in the balance-sheet or any situation threatening the solvency of banks with a seat on the territory of the country of one of the Parties of the Agreement which possess a branch, subsidiary bank or representative office on the territory of the country of the other Party of the Agreement.

V. The contents of Paragraph 8 are amended as follows:

The Parties of the Agreement immediately submit each other information on bank branches, subsidiary banks and representative offices that are located in the country of one of the Parties of the Agreement and the bank that established them and that controls the branch, subsidiary bank or representative office and has its seat in the country of the other Party of the Agreement, especially when the situation observed in a branch may lead to the insolvency of the whole bank.

VI. The contents of Paragraph 10.2 are amended as follows:

2. The Parties of the Agreement inform each other in writing about the contents of a license (permission) within one month starting from the acceptance of the application in question.

VII. The Agreement is supplemented with Paragraphs 17a, 17b, 17c, and 17d that are inserted after Paragraph 17:

Paragraph 17a

The Parties of the Agreement can take joint measures in supervising banks operating in the country of one Party of the Agreement that are subsidiaries of banks with a seat in the country of the other Party of the Agreement, in particular through conducting joint on-site examinations in these entities. Joint on-site examinations shall be understood as on-site examinations conducted in accordance with the regulations of the host country, where the

leading role is played by examiners of the host country and with the presence of examiners of the home country if they wish to take part in such examination.

Paragraph 17b

1. Upon request of the banking supervision agency of the home country, the joint on-site examinations of subsidiary banks of the banks located in the country of one of the Parties of the Agreement shall be conducted by supervision agencies of the host country and the home country, in accordance with the laws of the host country. The request to conduct an on-site examination in a given calendar year should be submitted by the end of September of the previous year. In case of the following circumstances, it is permitted to submit such request later, however not later than 1 month before the planned examination:

- a real threat to the economic interest of the country,
- a threat of a liquidation or a bankruptcy of a bank,
- money laundering,
- financial frauds on a large scale.

2. The final date of the joint on-site examination shall be subject to arrangements by the banking supervision executive bodies of the home country and the host country, which are to conduct a joint on-site examination.

3. After setting the date of joint on-site examinations, the supervision agency of home country shall submit - no later than 2 months before the planned joint on-site examination - the list of examiners that will participate in the on-site examination in a given bank, including their personal data required for obtaining necessary permissions. In case of the situation referred to in paragraph 1 third sentence, the term specified above shall be shortened accordingly.

Paragraph 17c

The Parties of the Agreement agree that it shall be possible for the supervision examiners of one Party of the Agreement to participate in on-site examinations in banks having their seat on the territory of the other Party of the Agreement that have their branches, subsidiary banks and representative offices in the host country only upon the consent of the Party of the Agreement in the country of which the bank seat is located. The Parties of the Agreement shall grant each other such consent regarding the participation of examiners from the host country in an on-site inspection of a bank having its seat in the home country each time separately.

Paragraph 17 d

The Parties of the Agreement declare that visits of the representatives of the home country banking supervision in home country bank branches, subsidiary banks or representative offices located in the host country (being the country of one of the Parties of the Agreement), which are not related to examination, shall be carried out after previous notification to the supervision authorities of the host country.

VIII. The contents of Paragraph 18 in Final Provisions are amended as follows:

Paragraph 18

The necessary condition for the co-operation between banking supervision agencies of both Parties of the Agreement is the observance of the professional secrecy obligation, and in particular the banking secrecy and regulations concerning the protection of personal data, by all the employees who - in course of performing their responsibilities - receive confidential

information from the employees of the other Party of the Agreement. The Parties of the Agreement shall ensure that all persons who are currently employed or were employed in the past by the banking supervision agencies and who have or had the access to confidential information submitted to them by the employees of the other Party of the Agreement, are obliged to observe professional secrecy, and in particular banking secrecy. It means, that any confidential information, which the employees may obtain in course of performing their responsibilities, cannot be disclosed to any third party or any office, subject to Paragraph 6.3.

Article 2

This Agreement has been prepared in six copies – two in Polish, two in Lithuanian and two in English. Each Party has obtained three copies – one copy in Polish, one in English and one in Lithuanian. In case of any doubt with regard to its interpretation, the English version of the Agreement shall prevail.

Article 3

This Agreement is an integral part of the Agreement on Co-operation in Banking Supervision concluded on the day of December 7, 2000 in Vilnius.

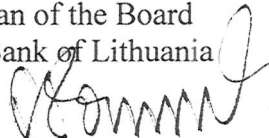
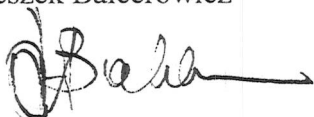
Article 4

This Agreement becomes effective on the day it is signed by the Parties:

For the Commission for Banking Supervision President of the National Bank of Poland acting as the Chairman of the Commission for Banking Supervision	For the Bank of Lithuania Chairman of the Board of the Bank of Lithuania
---	--

Leszek Balcerowicz

Reinoldijus Šarkinas



ENCLOSURE No. 1
to the Agreement
on the amendment to the Agreement on Co-operation in Banking Supervision
concluded on the day of December 7, 2000 in Vilnius

concluded on the day of July 22, 2002, in Vilnius, between:

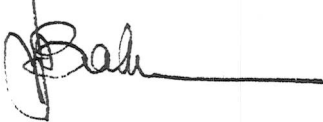
1. The Commission for Banking Supervision of the Republic of Poland, represented by the President of the National Bank of Poland, acting as the Chairman of the Commission for Banking Supervision,
and
2. the Bank of Lithuania, represented by the Chairman of the Board of the Bank of Lithuania.

The Commission for Banking Supervision is obliged to disclose information that may be subject to the banking secrecy if it is demanded by:

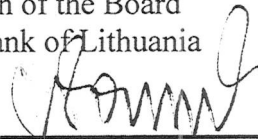
- The Chief of the National Centre of Criminal Information on the basis of art. 20 of the Act on collecting, processing and submitting of criminal information of July 6th 2001 (O.J. of 2001, no. 110, item 1189),
- General Inspector of Financial Information on the basis of art. 15 of the Act on preventing bringing into circulation illegal financial resources of November 16th 2000 (O.J. of 2000, no 116, item 1216).

For the Commission for Banking Supervision President of the National Bank of Poland acting as the Chairman of the Commission for Banking Supervision	For the Bank of Lithuania Chairman of the Board of the Bank of Lithuania
---	--

Leszek Balcerowicz



Reinoldijus Šarkinas



ENCLOSURE No. 2
to the Agreement
on the amendment to the Agreement on Co-operation in Banking Supervision
concluded on the day of December 7, 2000 in Vilnius

concluded on the day of July 22, 2002, in Vilnius, between:

1. The Commission for Banking Supervision of the Republic of Poland, represented by the President of the National Bank of Poland, acting as the Chairman of the Commission for Banking Supervision,
and
2. the Bank of Lithuania, represented by the Chairman of the Board of the Bank of Lithuania.

The Bank of Lithuania is obliged to disclose information received from the other Party of the Agreement to judicial, prosecution, inquiry bodies when it is necessary for criminal investigation or trial proceedings (Article 47 of the Law on the Bank of Lithuania (Official Gazette "Valstybės žinios", 1994, No. 99-1957; 2001, No. 28-890)).

For the Commission for Banking Supervision	For the Bank of Lithuania
President of the National Bank of Poland	Chairman of the Board
acting as the Chairman of the Commission for	of the Bank of Lithuania
Banking Supervision	

Leszek Balcerowicz

Reinoldijus Šarkinas

