

The Croatian National Bank, Zagreb, Trg hrvatskih velikana 3, represented by
Governor Dr Željko Rohatinski

and

The Croatian Financial Services Supervisory Agency, Zagreb, Bogovićeveva 1a,
represented by Ante Samodol, President of the Board,

pursuant to Article 16 of the Act on the Croatian Financial Services
Supervisory Agency (Official Gazette 140/2005) and Article 57 of the Banking
Act (Official Gazette 84/2002, hereby conclude an

AGREEMENT ON COOPERATION

1 Introductory Provisions

1.1 Under this Agreement on Cooperation (hereinafter: the Agreement), the Croatian National Bank and the Croatian Financial Services Supervisory Agency (hereinafter: Signatories to the Agreement) express their readiness to cooperate in the field of promotion and safeguarding of financial system stability and supervision of the legitimacy of business operations of supervised entities, as well as in other fields of their authorities and agree to base such cooperation on mutual trust and understanding. Signatories to the Agreement agree to determine in this document the contents and the manner of their mutual cooperation in the context of exercise of their authority.

1.2 As provided by the Croatian National Bank Act (Official Gazette 36/2001) and the Banking Act (Official Gazette 84/2002), the Croatian National Bank is within its sphere of authority authorised, among others, for issuing and revoking licenses of banks, savings banks and foreign bank branches, their supervision on an individual basis and supervision of banking groups on the basis of consolidated reports and for issuing implementing regulations within its sphere of authority. The Croatian National Bank is also responsible for payment system supervision and the handling of procedures and issuing of decisions which regulate market competition in the banking sector.

1.3 As provided by Article 15 of the Act on the Croatian Financial Services Supervisory Agency (Official Gazette 140/2005), the Croatian Financial Services Supervisory Agency is within its sphere of authority also responsible for issuing and withdrawing licenses of supervised entities, for exercising supervision over the operations of supervised entities and for adopting subordinate legislation which regulates business operations in connection with the provision of financial services.

2 Exchange of Information

2.1 Signatories to the Agreement agree that the exchange of information is an essential precondition for cooperation. Signatories to the Agreement agree to provide each other with the requested information upon written request as well as any other information within their respective authorities that is judged to be of importance to the other party. By way of exception, where Signatories to the Agreement find that it is necessary to impose specific measures, such request may also be submitted orally, provided it is followed by a confirmation in writing.

2.2 In addition to the exchange of information referred to in item 2.1, Signatories to the Agreement may also exchange other information important for their operations, based on a written request.

3 Licences and Approvals

3.1 Signatories to the Agreement agree to exchange information necessary for the issuing and revoking of operating licenses and approvals and other authorisations and for the carrying out of procedures related to market competition, in case of supervised entities associated with the supervised entities of the other Signatory to the Agreement.

4 Supervision

4.1 Signatories to the Agreement agree to exchange information in connection with planned on-site examinations, examination findings, imposed measures and their implementation by the supervised entities associated with the supervised entities of the other Signatory to the Agreement.

4.2 Signatories to the Agreement agree to inform each other about any planned on-site examinations within their authority which are associated with the supervised entities of the other Signatory to the Agreement.

4.3 Signatories to the Agreement agree to exchange information on those parts of examination findings which are relevant for the work of the other Signatory to the Agreement. Following examination completion, Signatories to the Agreement agree to exchange information relating to any unlawful activities and/or irregularities detected in the supervised entity, measures imposed and the time limits set to the supervised entity by the Signatory to the Agreement for their implementation as well as other important information, within 30 days from the date of the imposition of measures.

4.4 The manner and the frequency of the mutual exchange of information on planned on-sight examinations as well as the manner of the exchange of information regarding examination findings, unlawful activities and/or irregularities detected in a supervised entity, measures imposed and the time limits set for their implementation shall be governed by the Rules of Procedure of the Working Committee for Financial System Supervision.

5 Coordination in Launching Initiatives and the Adoption of Legislative and Implementing Regulations

5.1 Signatories to the Agreement agree to cooperate in launching initiatives for the adoption of laws and implementing regulations within the spheres of their activities and authorities, where these concern the sphere of activity of the other Signatory to the Agreement.

5.2 Signatories to the Agreement agree to cooperate in the procedure of launching initiatives for the adoption of laws or implementing regulations governing the supervision of financial groups.

5.3 Should it be necessary, during implementing regulations adoption procedure, the Signatories to the Agreement agree to set up joint working groups. Signatories to the Agreement shall issue a decision, signed by both Signatories to the Agreement, determining the contents, the objectives, the tasks, the time limits and the staff designated to the working groups.

6 Working Committee for Financial System Supervision

6.1 Signatories to the Agreement agree to cooperate also in the Working Committee for Financial System Supervision (hereinafter: the Committee). The purpose of this Committee is to achieve a coordination of the procedures and the activities of Signatories to the Agreement in the exercise of their authority.

6.2 The Committee shall be comprised of six members, three from each Signatory to the Agreement.

6.3 The Committee shall convene regularly, not less than once in every six months, to discuss the current state of the financial system and issues in connection with efficient conduct of supervision and regulation of financial institutions and financial groups. By way of exception, the Committee may agree to meet more often, where this is warranted by the circumstances.

6.4 For each individual financial group in the system the Committee shall, for the purpose of supervision of that financial group, designate one of the Signatories to the Agreement as the supervision coordinator.

6.5 The responsibility of the supervision coordinator shall be to coordinate all the activities related to the conduct of supervision over a financial group. For the purposes of this supervision, the other Signatory to the Agreement agrees to supply the coordinator with the information on the supervised entity within its authority.

6.6 The supervision coordinator shall inform the other Signatory to the Agreement about the findings of supervision of a financial group in a written form.

7 Confidential Information

7.1 Signatories to the Agreement agree to take all the necessary measures to safeguard the confidentiality of the exchanged information and to use the exchanged confidential information only for its intended purpose. Where a Signatory to the Agreement plans to use the exchanged information for purposes other than those for which the information was intended, the Signatory to the Agreement shall ask for a written approval therefor from the other Signatory to the Agreement.

7.2 Signatories to the Agreement agree to obligate their staff to keep the confidentiality of the information exchanged in the context of cooperation with the other Signatory to the Agreement. The obligation to keep the information exchanged under this Agreement confidential shall continue even after this Agreement has ceased to be valid.

7.3 Where a Signatory to the Agreement receives a request from a third party to disclose the confidential information obtained from the other Signatory to the Agreement, such a Signatory to the Agreement shall ask for a written approval from the Signatory to the Agreement which has provided the information, before disclosing the information to the third party. The Signatory to the Agreement which has been requested to give its approval may make the disclosure of information to the third party subject to fulfilment of certain conditions, such as the obligation to keep the obtained information confidential and its exclusive use for the purpose it has been given for.

8 Transitional and Final Provisions

8.1 The Governor of the Croatian National Bank and the President of the Board of the Croatian Financial Services Supervisory Agency shall, within thirty days from the date of signing of this Agreement appoint their members to the Committee and schedule its first meeting.

8.2 At its first meeting, the Committee shall issue the Rules of Procedure of the Working Committee for Financial System Supervision and appoint Committee President and Secretary from among its members for a two-year term.

8.3 The Rules of Procedure referred to in item 8.2 shall prescribe the rights and the obligations of the members of the Committee, the preparation and the convening of meetings as well as the manner in which professional and administrative tasks are to be conducted.

8.4 The Agreement shall remain in force until Signatories to the Agreement agree otherwise or until one of the Signatories to the Agreement delivers to the other Signatory to the Agreement a termination notice in writing. The Agreement shall be deemed terminated following expiry of 30 days upon receipt of a written termination notice. Obligations already assumed shall not be affected by termination.

8.5 The Agreement shall enter into force on the day of signature by both Signatories to the Agreement.

8.6 The Agreement has been done in two original copies, one for each Signatory to the Agreement.

on behalf of

CROATIAN NATIONAL BANK

Governor

Dr Željko Rohatinski

on behalf of

CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY

President of the Board

Ante Samodol

Done in Zagreb on 28 September 2006