MEMORANDUM OF UNDERSTANDING

between the

CHINA BANKING REGULATORY COMMISSION

and the

KOMISJA NADZORU FINANSOWEGO –
POLISH FINANCIAL SUPERVISION AUTHORITY ON COOPERATION
IN THE AREA OF BANKING SUPERVISION

The China Banking Regulatory Commission and the Komisja Nadzoru Finansowego – Polish Financial Supervision Authority (hereinafter referred to as "Authorities") express, through this understanding, their willingness to cooperate with each other on the basis of mutual trust and understanding in the supervision of cross-border establishments within their respective jurisdictions and taking into consideration, as appropriate, their particular supervisory needs. The Authorities will use their best endeavors to cooperate in routine supervisory procedure and to notify and provide to each other relevant information regarding any material supervisory concerns in respect of cross-border establishments.

I. Definitions for the purposes of this Memorandum:

1. "Authority" shall mean the China Banking Regulatory Commission (hereinafter referred to as "CBRC") and the Komisja Nadzoru Finansowego – Polish Financial Supervision Authority (hereinafter referred to as "KNF").

2. "Supervised institution" shall mean a bank within the meaning of the Polish banking law, incorporated in the Republic of Poland and being subject to the supervision of KNF and a financial institution incorporated in the People's Republic of China (hereinafter referred to as "PRC") authorized to take deposits from the public, issue loans, arrange settlement of accounts and engage in other business in accordance with the *Commercial Banking Law of the PRC* and the *Company Law of the PRC*.

3. "Cross-border establishment" shall mean a branch or a representative office or a subsidiary which are established in the jurisdiction of the Host Authority by the supervised institution or its dependent entity.

3a. "Dependent entity" shall mean an entity being a separate legal person controlled directly or indirectly by the supervised institution.

3b. "Branch" shall mean a legally dependent organizational unit of a supervised institution or of its dependent entity, established and conducting banking activity in the jurisdiction of the Host Authority.

3c. "Subsidiary" shall mean a supervised institution being a separate legal person established in the jurisdiction of the Host Authority, controlled directly or indirectly by a supervised institution established in the jurisdiction of the Home Authority.

3d. "Representative office" shall mean a legally dependent organizational unit of a supervised institution or of its dependent entity, other than branch, established in the jurisdiction of the Host Authority, and conducting business limited to activities consisting in advertising and promoting the banking activity of the supervised institution or its dependent entity, as stipulated in the relevant authorizations.

4. "Home Authority" shall mean an Authority responsible for the supervision of a supervised institution.

5. "Host Authority" shall mean an Authority in which jurisdiction the cross-border establishment has been established.

6. "Requested Authority" shall mean the authority to whom a request is made pursuant to this Memorandum; and

7. "Requesting Authority" shall mean the authority that makes a request pursuant to this Memorandum.

II. Cooperation and sharing of Information

8. The Authorities shall, subject to the laws and regulations applicable in the two countries, cooperate by sharing of information on material developments affecting either the PRC's or the Polish banking system, as well as views on bank regulatory and supervisory issues.

9. The Authorities should exchange information on cross-border establishments and cooperate in the supervision thereof. Without prejudice to relevant

regulations of both countries concerning the protection of information, the exchange of information and cooperation should encompass in particular:

- exchange of information on the supervised institutions and their dependent entities in case of the intention thereof to establish a cross-border establishment;
- exchange of information on cross-border establishments and groups to which they belong,
- possibility for Host Authority to participate in supervisory colleges of the supervised institutions having branches or subsidiaries;
- participation of Home Authority in on-site examinations of cross-border establishments;
- supervisory visits of Home Authority in cross-border establishments.

Rules and procedures for participation in the joint inspections and for the supervisory visits shall be determined as part of ongoing cooperation on case by case basis.

10. The exchange of any information stated in paragraphs 8, 9 and 13 shall be in English.

11. For the purpose of implementation of the Memorandum, the Authorities shall:

- exchange of copies of acts and other documents governing Authorities' activity in the areas stated in paragraph 8;
- organize periodically joint research projects, seminars, conferences, study tours and working meetings on issues interesting to both Parties;
- assist each other in training specialists; and
- assist each other in the establishment of contacts with commercial banks and other financial institutions of the two countries.

12. The Authority receiving a request should endeavour to acknowledge receipt, as soon as possible by mail, fax or e-mail and, to the extent possible, specify the estimated time period to provide a written response.

III. On-Site Examinations

13. The Host Authority may invite the Home Authority to conduct on-site examination of cross-border establishment in the host country. The Home Authority may also propose to participate the join on-examination in the host country.

14. The Host Authority, adequately to its possibilities and accessible resources, prepares an examination and invites the Home Authority to participate, informing of any subject matter in which it has a particular concern or interest. When the date of the joint on-site examination proposed by the Home Authority causes it impossible for the Host Authority to prepare such an examination or to participate in it, the Authorities should make best efforts to set the new date convenient for both of them.

15. In addition to the procedures outlined in chapter II, upon written request signed by an authorized official of the Requesting Authority, the Requested Authority may, to the extent permitted by law, provide the Requesting Authority with information contained in reports of examinations or inspections concerning the cross-border establishment that is obtained as part of the supervisory process. Such information normally would not include customer information unless this is of particular relevance only to the supervisory concern prompting the request.

    In any case the Requesting Authority requests any customer information, the Requested Authority may make decision of providing such information or not in the law framework and by its own supervisory consideration. In any case the Requested Authority agrees to provide any customer information, such information should be treated as confidential information of Part VI.

16. Subject to the provisions of p. 13-14, as may be mutually agreed between the Authorities, on-site examination may be carried out without the physical participation of the Host Authority. In such case, during the examination, the examination team should enhance information sharing with the Host Authority. Following the examination, an exchange of views may take place between the examination team and the Host Authority according to circumstances.

IV. Crisis Management

17. In connection with cross-border cooperation on crisis management for a cross-border establishment and its head office or parent banking organisation affected by crisis, the Home and Host Authorities should consider together possible issues and barriers that may arise in cross-border cooperation, and seek potential solutions. Detailed provisions on crisis management will be provided in the amendment to this Memorandum.

V. Facilitating bank licensing

18. In connection with the authorization process,

(a) the Host Authority should notify the Home Authority, without delay, of applications for approval to establish cross-border establishment in the host jurisdiction or of notifications of the intention to acquire a qualifying holding in thereof;

(b) upon request, the Home Authority should inform the host Authority whether the applicant or proposed acquirer being a supervised institution is in substantial compliance with banking laws and regulations and whether it may be expected, given its administrative structure and internal controls, to manage the cross-border establishment in an orderly manner. The Home Authority should also, upon request, assist the Host Authority by verifying or supplementing any information submitted by the applicant or proposed acquirer;

(c) the Home Authority should inform the Host Authority about the nature of its regulatory system and the extent to which it will conduct consolidated supervision over the applicant or proposed acquirer. Similarly, the Host Authority should indicate the scope of its/their supervision and indicate any specific features that might give rise to the need for special arrangements; and

(d) to the extent permitted by law, the Home Authority should share information on the fitness and properness of prospective directors, managers and relevant shareholders of the cross-border establishment.

19. When a supervised institution proposes to set up a cross-border establishment, the Host Authority shall seek the opinion of the Home Authority (or obtain a statement of "no-objection") before the authorization is granted. In its supervisory approach toward the establishment and development of the cross-border establishments Authorities shall take into account expectations of the other Authority with regard to the desirable legal form the cross-border establishments should be established and function.

VI. Protection of Information

20. Information shall be shared to the extent reasonable and subject to relevant statutory provisions, including those restricting disclosure. The request for information under this understanding may be denied on grounds of public interest or national security or when disclosure interferes with an ongoing investigation.

21. Any confidential information received from the other Authority shall be used exclusively for lawful supervisory purposes. To the extent permitted by law, each Authority will hold confidential all information obtained and shall not

disclose such information other than as necessary to carry out its lawful supervisory responsibilities. In this regard, employees of both supervisory authorities are generally bound to hold all information obtained in the course of their duties confidential.

22. In the case where the Authority is legally compelled to disclose confidential information received under this Memorandum, the Authority shall promptly notify the Authority that originated the information and cooperate in seeking to preserve the confidentiality of the information to the extent permitted by law.

23. In cases where an Authority receives a request for information from a third party, but disclosure is not legally compelled, or necessary to carry out the Authority's lawful supervisory responsibilities, the Authority receiving the request shall consult and obtain the prior consent from the Authority that originated the information in order to release it.

VII. Ongoing Coordination

24. Cooperation and assistance in accordance with this Memorandum shall continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue cooperation and assistance. If either Authority gives such a notice, cooperation and assistance in accordance with this Memorandum shall continue with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority withdraws the matter for which assistance was requested. In the event of termination of this Memorandum, information obtained under this Memorandum shall continue to be treated confidentially in accordance with the provisions of Article V.

25. The Authorities will set up principles for cooperation on consolidated supervision over cross-border establishments as soon as such establishments begin their activity.

26. The Memorandum shall be provided in two originals in English.

27. Annex A contains a list of designated contact officers, which shall be updated as necessary. An update of the list referred to in the preceding sentence shall not require, and shall not be understood as an amendment to the Memorandum.

This Memorandum is signed at Beijing on 2017.06.09.

For China Banking Regulatory Commission	For Komisja Nadzoru Finansowego – Polish Financial Supervision Authority
WANG Zhaoxing Vice Chairman DATE: 2017.6.9	Marek CHRZANOWSKI Chairman DATE: 2017.06.09