

# Terms and Conditions for the Payment System

## Table of content

### I. GENERAL INFORMATION

### II. CASHLESS PAYMENT SYSTEM

1. Payment Terms and Conditions
2. Domestic Payment Systems
3. Foreign Payment and Foreign Currency Payment System

### III. CASH PAYMENT SYSTEM

### IV. EXPLANATIONS OF TERMS

### V. DEADLINES AND CUT-OFF TIMES OF THE PAYMENT SYSTEM – Annex 1

### VI. CLOSING PROVISIONS

Terms and Conditions for the Payment System valid as of 1st January 2018.

## I. GENERAL INFORMATION

1. Industrial and Commercial Bank of China Limited, conducting its business in the Czech Republic through its branch Industrial and Commercial Bank of China Limited, Prague Branch, odštěpný závod, registered office at Na strži 1702/65, Nusle, 140 00 Praha 4, Identification Number: 056 38 216, incorporated in the Commercial Register administered by the Prague Municipal Court, Section A, File 77659 (hereinafter the **"Bank"**) hereby sets up the Terms and Conditions for the Payment System (hereinafter the **"PTC"**).

The Bank is assigned a Payment Service Provider code in the domestic payment system 8265. For performance of the international payment system, the Bank is assigned a SWIFT address, resp. BIC code ICBK CZPP.

2. These PTC set up the rules of providing Payment Services by the Bank and contains the information published under the provisions of the Act No. 370/2017 Coll., on Payment Systems, as amended (hereinafter the **"Payment Systems Act"**). The information herein is provided prior to the conclusion of an agreement on provision of any Payment Services to the Client and is available online on the website [www.icbc-cz.com](http://www.icbc-cz.com) (hereinafter the **"Bank's Website"**) and in the Bank's office at the address stated in paragraph 1 of this Article ("General Information"). By concluding a specific agreement on Payment Services (e. g. Contract on current account) the Client confirms, that he obtained the pre-contractual information in form of this document in certain and understandable form, in sufficient advance before the conclusion of the contract and in the language agreed between the Bank and the Client. This document is available on the Bank's Website and could be also sent to any interested party upon a request exercised by standard communication means. Every user of the Payment Services is entitled to obtain all the contractual conditions and information during the entire term of the concluded contract upon request.

3. The contact address for the communication with users of Payment Services in whatever form is the registered office stated in paragraph 1 of this Article ("General Information").

The electronic address for communication with the clients is: [client@cz.icbc.com.cn](mailto:client@cz.icbc.com.cn)

The contact telephone is: +420 237 762 888

4. The supervisory body in the issues of payment system is the Czech National Bank, registered office at Na Příkopě 28, 115 03 Praha 1 (hereinafter the **"CNB"**). The client is entitled to file a complaint with the CNB.

5. All the contracts on Payment Services are concluded in Czech or English language and are governed by laws of the Czech Republic, the communication in all the concerned matters will be proceeded in Czech or English language. The bank has the right to request the officially verified translation of all the documents supplied in other than Czech, Slovak or English language; the costs hereof are borne by the Client.

6. Information on framework agreement: The specific conditions of Payment Services provided by the Bank to the Client are specified in the individual contracts signed between the Bank and the Client. The entire contractual terms and conditions of Payment Services consist of the individual contract, these PTC, the General Terms and Conditions of the Bank (hereinafter the **"GTC"**) and the annexes to these PTC.

7. The Bank provides the Client with a proposal of any amendment to all the documents forming the terms of agreement among the Bank and the Client relating to provision of Payment Services on a durable media at least two months before the proposed date of effect, in particular as a part of account statement and on the Bank's website. If the Client does not reject the proposal as stated above prior to the proposed date of effect, the amendment is deemed to be accepted by the Client. The rejection of such a proposal by the Client constitutes his right to terminate with immediate effect and free of any charge all the contractual agreements relating to provision of Payment Services affected by the amendment proposal as specified above, provided that such termination is delivered to the Bank prior to the proposed date of effect.

## Terms and Conditions for the Payment System

In case the contractual relationship between the Bank and the Client relating to provision of Payment Services is terminated by the Bank, the notice period is one month and it ends on the day whose number is identical to the day when the written notice was delivered to the Client.

In case the contractual relationship between the Bank and the Client relating to provision of Payment Services is terminated by the Client, the notice period is one month and it ends on the day whose number is identical to the day when the written notice was delivered to the Bank.

8. The Bank is authorized to collect charges for its Payment Services under the Price List valid on the charge settlement day.

## II. CASHLESS PAYMENT SYSTEM

### 1. Payment Terms and Conditions

1.1. These PTC are the Technical Terms and Conditions within the meaning of the GTC and form an integral part of each individual agreement concluded between the Bank and the Client provided that such individual agreement refers to them. The Bank publishes the PTC at the Bank's office and on the Bank's Website.

1.2. The capitalized terms used in these PTC shall have the meaning defined below in Article IV ("Explanation of Terms") of these PTC or, if not defined in these PTC, the meaning defined in the GTC.

1.3. The Client presents Payment Orders to the Bank either in writing or, if requested by the Bank, using a designated form or a form agreed with the Client, and/or using a media or another communication means approved by the Bank (e.g. electronic payment order in accordance with the relevant contractual provisions via the Bank's electronic distribution channels, up to the disposable balance on the Payment Account provided that the conditions are met for cashless operations stated in the GTC). Payment Orders must be signed by the Client or an Authorized Person (if applicable, they must bear a stamp or show the corporation name) in accordance with Signature Specimens given to the Bank and/or in accordance with agreed verification codes. A signature on a written Payment Order may not be substituted by mechanical means.

#### 1.4. Execution of Payment Orders

1.4.1. A Payment Order must be delivered to the Bank within the Bank's Business Hours and no later than at the Cut-Off Time on the Maturity Day of the Payment Order. Information on the Bank's Business Hours and the Cut-Off Time is available at the Bank's office and posted on the Bank's Website. If no Maturity Day is specified in a Payment Order or if the Bank receives a Payment Order after the Cut-Off Time on the Maturity Day, the Bank makes the applicable payment in terms specified in Annex 1 to these PTC. On the Maturity Day of the Payment Order the Bank shall deduct Funds from the Client's account provided that all the conditions in these PTC and the GTC are met for making the Payment Order.

1.4.2. A Payment Order accepted by the Bank cannot be revoked by the Client.

1.4.3. The time of acceptance of a Payment Order is the time when the Payment Order reaches the Bank.

## Terms and Conditions for the Payment System

1.4.4. In the case of deferred Maturity Day, the time of acceptance of a Payment Order is the time specified as the Maturity Day. If the date specified as the Maturity Day is not a Working Day, the time of acceptance is the nearest following Working Day after the date specified as the Maturity Day.

1.4.5 If the Payment Order reaches the Bank at the moment which is outside of the Bank's Business Hours or after the Cut-Off Time, the time of acceptance of a Payment Order is the beginning of the Bank's Business Hours on the nearest following Working Day.

1.4.6. If the amount of a Payment Transaction is credited to the Bank's account at the moment which is outside of the Bank's Business Hours, the amount of the Payment Transaction is deemed to be credited to the Bank's account at the beginning of the Bank's Business Hours on the nearest following Working Day.

1.4.7. Cashless domestic payments in the Czech currency or within the EEA member states regardless of the currency of the transaction received in favour of the Client are credited to the Client's account immediately after the amount is credited to the Bank's account or where the Bank performs a currency conversion involving a currency other than the national currencies of EEA member states, no later than by the end of the following Working Day after the amount is credited to the Bank's account.

1.4.8. As to transactions or payments from foreign countries other than EEA member states denominated in currencies other than the national currencies of such states, cashless payments received in favour of the Client are credited to the Client's account according to Annex 1 to these PTC.

1.4.9. The Client must secure a sufficient balance of Funds fully covering submitted Payment Orders. If there is an insufficient balance of Funds for the execution of a standing Payment Order repeatedly over a period of two consecutive months, the Bank is entitled to cancel the standing Payment Order. The Bank informs the Client of cancelling a standing Payment Order in a suitable manner without undue delay.

1.4.10. The Bank may refuse to execute a Payment Order, if (a) the balance in the Client's account is not sufficient or in case of outstanding overdue claim(s) of the Bank against the Client, including Unauthorized Debit in any Client's account with the Bank, (b) the Payment Order does not meet the applicable requirements or is damaged or illegible, or (c) the payment is capable to violate applicable laws.

1.4.11. The Bank is not obliged to perform any partial execution of Payment Orders with the exception of the cases referred to in Article 12.3(h) of the GTC.

1.4.12. As to Payment Orders with the same Maturity Day and/or in cases where the Available Balance is insufficient for executing all Payment Orders, the Bank does not guarantee the execution of the Payment Orders in a certain order. The Bank subsequently executes Payment Orders, and Payment Orders for which there is an insufficient balance will not be executed. The Bank will inform the Client of such a situation and shall not be liable for damage that may be incurred as a result of such non-execution of Payment Orders. The Bank does not return non-executed Payment Orders to the Client.

1.4.13. Unless otherwise agreed upon with the Client, the Bank may determine the method for executing orders and use a Correspondent Bank at its discretion. The Bank assumes no liability for the time and manner of executing orders by the Recipient's bank or any intermediary bank.

## 1.5. Corrective Settlement

## Terms and Conditions for the Payment System

1.5.1. In the event the Bank does not perform a payment in the Czech currency in the Czech Republic in accordance with a Payment Order of the Client and thus causes an error in the settlement of the sum or in the bank details, the Bank corrects such an error by means of a corrective settlement.

1.5.2. The Bank may also carry out a corrective settlement at the request of another bank, if the Client is the unauthorized recipient of a payment incorrectly executed by the requesting bank. As to a corrective settlement requested by another bank, the Bank may debit the Client's account for the sum of the corrective settlement without the Client's permission retroactively as of the Value Date on which such an erroneous payment was credited. A demand for a corrective settlement may be made within 3 months after the date of the incorrect execution of a payment.

1.5.3. When correcting its own erroneous settlement, the Bank compensates the Client for loss consisting of interest that would have accrued on Funds in a Payment Account during the period for which such Funds were not available to the Client. Conversely, the Bank is entitled to debit the Client's Payment Account for interest accrued on the sum of a corrective settlement during the period for which such a sum was available to the Client in an unauthorized manner.

1.5.4. The Bank informs the Client of the performance of a corrective settlement in an account statement.

1.5.5. The Bank does not carry out a corrective settlement, if an error is caused by the correct settlement of a Payment Order erroneously given by the Client.

1.6. On the day it is presented, a Payment Order must not be older than 30 calendar days, unless otherwise agreed between the Bank and the Client.

1.7. The Bank is not liable for damage that the Client incurs by not making or making a Payment Transaction because of a Payment Order made on a form not approved by the Bank for such a purpose or on an incorrectly filled form.

1.8. The Client must inform the Bank of a Payment Order that needs to be executed as in an Express/Priority Payment. Such information must always be provided in writing together with the Payment Order. If the Bank is not informed of such a necessity, the Bank, excepting gross negligence on the Bank's part, is not liable for damage that may be incurred by the Client as a result of the payment being made in a standard manner.

1.9. The Bank is authorized to reject a Payment Order if all the conditions set hereby will not be fulfilled cumulatively.

1.10. If the Bank is, in accordance with the conditions in the PTC, the GTC, the Payment Systems Act or other applicable laws, authorized to reject a Payment Order, the Bank shall not be liable for damage incurred as a result of its rejection of a Payment Order.

1.11. The Bank shall inform the Client about its decision to reject or not to execute a Payment Order without undue delay. The Bank does not return non-executed Payment Orders to the Client.

1.12. If, in compliance with applicable laws, the Bank is obliged to block the Funds on the Payment Account of the Client because of the attachment of, or the execution against, such account based on the decision of the relevant authority, the Bank will accept a Payment Order from the blocked account only on risk of the Client and subject to the condition that on the day of delivery of the Payment Order there will be such amount of non-blocked Funds in the account enabling the execution of the Payment Order in full. The non-fulfilment of such condition shall cause that the Payment Order will be deemed not accepted pursuant to the Payment Systems Act.

## Terms and Conditions for the Payment System

1.13. In the case of a special agreement on electronic communication concluded with the Client, the Bank shall also not be liable for any damage incurred as a result of delivering a Payment Order either by the agreed electronic means (particularly telephone, fax, internet, e-mail, or SWIFT) or as an original delivered in person, by post or other service providing physical delivery, unless the Bank has requested delivery of the original.

1.14. The Client shall not be authorized to cancel a Payment Order without deferred Maturity Day. The Client shall be authorized to cancel a Payment Order with deferred Maturity Day at least one Working Day before the Maturity Day.

1.15. In case of standing Payment Orders, the Client shall be authorized to cancel a Payment Order despite the fact that such Payment Order had already been accepted by the Bank. The Client shall not be authorized to cancel a standing Payment Order in case of Payment Transactions which have already been executed; in case of Payment Transactions to be executed, the Client may only do so by the end of deadline for Payment Services on the Working Day on which the respective Payment Transaction is to be executed.

1.16. The Client (Payer) shall be authorized to request reimbursement of the amount of authorized Payment Transaction executed on the initiative of or by the Recipient within 8 weeks from the day on which the Funds were debited from the Client's Payment Account if a precise amount of Payment Transaction was not defined upon granting of consent with the Payment Transaction and if the amount of Payment Transaction exceeds the amount to be reasonably expected by the Client in view of all circumstances. This is without prejudice to exchange rate changes if a reference exchange rate agreed between the Client and the Bank was used. Client and the Bank shall agree that this rule does not apply if the consent with the Payment Transaction was directly granted to the Bank by Client and in cases when information on the precise amount of Payment Transaction was provided or made available to the Client by the Provider or the Recipient as agreed at least four weeks before acceptance of Payment Order. The Client is obliged to provide the Bank (upon its request) with information and documents attesting that the above mentioned conditions were met. The Bank shall reimburse the amount of Payment Transaction within ten Working Days from the receipt of the Client's request or shall refuse to reimburse the amount, giving the Client reasons for such rejection. The Bank may refuse to reimburse the amount of Payment Transaction also in the situation where the Client failed to provide the requested information and documents or the Bank did not receive the amount of Payment Transaction requested by the Client from the Recipient or Recipient's Provider in this period.

1.17. The Client (Recipient) to whose Payment Account Funds were credited as a result of a Payment Transaction executed on the initiative of or by the Recipient shall be obliged to provide the Bank upon the Bank's request with information and documents necessary to evaluate the fact whether conditions for reimbursement of the amount were fulfilled in accordance herewith. The Client (Recipient) to whose Payment Account Funds were credited as a result of a Payment Transaction executed on the initiative of or by the Recipient shall agree that the Bank debit Funds from this Payment Account or any other Payment Account which the Bank reimbursed or intends to reimburse to the Payer or Payer's Provider. If none of the Payment Accounts of the Client has sufficient Funds, the Bank shall ask the Client to pay the missing Funds within a reasonable period. If the Client fails to do so, the Bank shall be entitled to debit Funds from the Payment Account of the Client even if this debiting may result in a Debit Balance on the Payment Account of the Client. Such Debit Balance is an Unauthorized Debit in the Payment Account and the Bank shall be entitled to charge the Client interests according to the Interest Rate List valid on the day on which the Debit Balance was generated.

1.18. The form of cancellation of a Payment Order shall mean the e-mail message confirmed by a password unless agreed otherwise.

1.19. The Bank shall return to the Client the sum of a Payment Transaction in the event of an unauthorized Payment Transaction immediately and in any event no later than by the end of the following Working Day, after learning of this fact or being notified of this fact by the Client. Such a return means restoration of the Payment Account's balance to the status prior the execution of the unauthorized Payment Transaction.

## Terms and Conditions for the Payment System

1.20. The period provided for in paragraph 1.19 of this Article shall not commence for so long as the Bank has grounds to believe that the Client acted in a fraudulent manner provided that the Bank notifies of the same the CNB in writing.

1.21. The Client bears the full loss resulting from unauthorized Payment Transactions caused by (a) the use of a lost or stolen Payment Means, or (b) by misuse of Payment Means, occurred until the Client reported the loss, theft, misuse or unauthorized use of Payment Means.

1.22. The Client bears any loss up to a total amount of EUR 50 resulting from unauthorized Payment Transactions (if the Payment Transaction is in a currency other than Euro, the Payment Transaction shall be converted using the exchange rate issued by the CNB as of the day preceding the date the unauthorized Payment Transaction is cleared), provided such loss is caused

- a) by the use of a lost or stolen Payment Card, or
- b) by misuse of Payment Card.

1.23. The Client bears the full loss resulting from an unauthorized Payment Transaction if this loss is caused by the Client, or the Client having breached, wilfully or by gross negligence, any of the obligations resulting from the relevant agreement among the Bank and the Client relating to provision of Payment Services, the PTC, the GTC or generally applicable rules of law, especially Section 165 of the Payment Systems Act.

1.24. The provision of paragraph 1.22 of this Article shall not be applicable where it is proven that the Client did not act in a fraudulent manner and

- a) the Client could not detect the loss, theft or misuse of Payment Card prior to the execution of the payment, or
- b) the loss, theft or misuse of payment was caused by action of the Bank.

1.25. The provisions of paragraphs 1.22 and 1.23 of this Article shall not be applicable where it is proven that the Client did not act in a fraudulent manner and the loss occurred after

- c) the Client reported the loss, theft, misuse or unauthorized use of Payment Card,
- d) the Bank failed to ensure that the Client has available suitable means to report at any time the loss, theft, misuse or unauthorized use the Payment Card, or
- e) the Bank breached its duty to require strong customer authentication.

1.26. The Client shall report any unauthorized Payment Transaction to the Bank on a form provided by the Bank, without undue delay after the Client has learnt of such Payment Transaction, though not later than 13 months from the date the Funds (i.e. the amount of the relevant Payment Transaction) were debited from the Payment Account. The liability of the Bank for any unauthorized Payment Transaction shall cease to exist once any of the aforesaid time limits have lapsed.

#### 1.27. Rectification of Incorrect Payment Transactions

1.27.1. As the Provider of the Payer, the Bank shall rectify any incorrect Payment Transaction towards the Client, unless the Bank substantiates to the Client and, where applicable, the Payee's Provider that the amount of the incorrect Payment Transaction was credited to the account of the Payee's provider duly and in timely manner.

1.27.2. Paragraph 1.27.1. of this Article shall not be applicable to Payment Transactions initiated by the Payee if the Payee's Provider fails to satisfy his obligation to submit the Payment Order to the Payer's Provider in duly and timely manner.



## Terms and Conditions for the Payment System

1.27.3. If the Bank is obliged to rectify an incorrectly performed Payment Transaction towards the Client according to paragraph 1.27.1. of this Article and the Client informs the Bank that the Client does not insist on the execution of the Payment Transaction, the Bank shall by the end of the following Working Day:

- a) reinstate the proper balance in the Payment Account from which the amount of the Payment Transaction was debited, or
- b) refund the amount of the incorrect Payment Transaction, charges paid in connection with the incorrect Payment Transaction and lost interest to the Client, should the reinstatement specified in a) not be an option.

1.27.4. The practice provided under paragraph 1.27.3. of this Article shall only be employed with respect to an incorrect Payment Transaction amount that is not credited to the account of the Payee's Provider before the Client informed the Bank that the Client does not demand that the Payment Transaction be effected, provided that the Bank substantiates the crediting of such amount to the Client and, where applicable, the Payee's Provider.

1.27.5. If the Bank is obliged to rectify an incorrectly performed Payment Transaction towards the Client according to paragraph 1.27.1. of this Article and the Client does not inform the Bank that the Client does not insist that the Payment Transaction is executed, the Bank shall by the end of the following Working Day ensure that the amount of the incorrect Payment Transaction is credited to the account of the Payee's Provider.

1.27.6. The Bank is only obliged to the Client when the Client is the Payee for any incorrect Payment Transaction and the Payer's Provider is not liable to the Payer for this particular transaction. If the Bank as the Payee's Provider is obliged under the previous sentence to rectify the incorrect Payment Transaction towards the Payee, the Bank shall by the end of the following Working Day

- a) reinstate the balance that would have been shown in the Payment Account if no incorrect Payment Transaction had occurred, or
- b) refund the amount of the incorrect Payment Transaction, charges paid in connection with the incorrect Payment Transaction and lost interest to the Payee, should the reinstatement specified in a) not be an option.

1.27.7. If a Payment Transaction initiated by the Client is executed incorrectly, the Bank shall, upon the request of the Client, make effort that may be reasonably expected of the Bank to trace the Payment Transaction, and inform the Client on the results.

1.27.8. The Client shall report any incorrect Payment Transaction to the Bank without undue delay after the Client has learnt of this transaction, though not later than 13 months from the date the Funds were debited from the Payment Account. The liability of the Bank for an incorrect Payment Transaction shall cease to exist once any of the aforesaid time limits have lapsed.

1.27.9. The Bank shall not be liable for non-performance of a Payment Transaction, or an incorrectly performed Payment Transaction, including non-compliance with deadlines for the Payment Transaction, if the Bank is barred directly or indirectly from discharging its duty by causes outside its control due to acts of god, international sanctions within the meaning of applicable laws on the enforcement of international sanctions, natural disasters or other events outside the Bank's control.

1.27.10. In the event of breach of contractual duty, the Bank shall be liable solely to the Client (rather than the person for whose benefit the agreed obligation was to have inured).



## Terms and Conditions for the Payment System

1.28. If a contract on current account is terminated, the Bank will settle the liabilities related to the Payment Account and cancel such Payment Account. Upon cancellation of the Payment Account, the Bank will handle the residual balance of the Payment Account upon the written instructions of the Client, otherwise the residual balance will be registered on a technical account without the right to interest until the time of prescription.

**2. Domestic Payment System**

2.1. The domestic payment system for the purpose of these PTC shall mean Transfers of Funds in CZK from CZK Payment Accounts to CZK Payment Accounts within the Czech Republic.

2.2. The Bank operates the domestic payment system namely in the following form:

- a) one-off Payment Orders;
- b) bulk Payment Orders;
- c) standing Payment Orders with a fixed amount; and
- d) standing Payment Orders with a variable amount.

2.3. The Payment Order is the Client's instruction to the Bank to debit a payment from his Payment Account to credit the account of the Recipient with a payment. This is an order made at the instigation of the Payer. If the Payer's account does not have sufficient Funds or the Client has not settled any payables to the Bank on the Maturity Day, the Payment Order shall not be executed. The bulk Payment Order differs from the one-off Payment Order only in that the Client enters more than one Payment Order in one form.

2.4. Compulsory details of the Payment Order in the domestic payment system:

- a) the Payer's account number and the Payer provider's code (Payer's bank details), i.e. Payer's Unique Identifier;
- b) the Recipient's account number and the Recipient provider's code (Recipient's bank details), i.e. Recipient's Unique Identifier;
- c) the Transfer sum in CZK stated in numbers including decimal places (if the currency is not specified this shall mean CZK), the total Transfer sum in CZK in a bulk Payment Order must be equal to the sum total of individual sums;
- d) signature/s according to the Specimen Signature, or stamp on the relevant form, and/or other method of authorization agreed with the Bank or method of authorization specified by the Bank; and
- e) constant symbol if this is required by a special legal regulation.

2.5. Non-compulsory details of the Payment Order in the domestic payment system:

- a) Payment Order Maturity Day;
- b) variable symbol – maximum ten-digit numeric data without hyphens and slashes;
- c) specific symbol –maximum ten-digit numeric data without hyphens and slashes;
- d) place and date of issue of the Payment Order (unless stated otherwise the date of delivery of the written Payment Order to the Bank shall apply); and
- e) message for the Payer/Recipient – maximum of 140 characters.

## Terms and Conditions for the Payment System

2.6. The standing Payment Order is used for standing payment of an amount specified by the Client on a specified date to the account of the constant same Recipient. This order needs to be delivered in writing at least one Working Day prior to the Maturity Day of the first payment no later than by the fixed Cut-Off Time. The same applies to a change or cancellation of the standing Payment Order.

2.7. Compulsory details of the standing Payment Order in the domestic payment system:

- a) the Payer's account number and the Payer's Provider's code (Payer's bank details), i.e., Payer's Unique Identifier;
- b) the Recipient's account number and the Recipient's Provider's code (Recipient's bank details), i.e., the Recipient's Unique Identifier;
- c) the Transfer sum in CZK stated in numbers, including decimal places (if the currency is not specified this shall mean CZK) or the clearly stipulated conditions for calculating the Transfer amount in the case of a standing Payment Order with a variable amount;
- d) frequency of payments;
- e) first payment date or date of start of validity of the standing Payment Order;
- f) specification of whether the payment should be made on the closest preceding Working Day, closest following Working Day or not made at all if the Maturity Day falls on a non-existing calendar day or on a calendar day that is not a Working Day. If the Client does not make such specification, the Bank shall make the payment on the following Working Day;
- g) signature/s according to the Specimen Signature, or stamp on the relevant form, and/or other method of authorization agreed with the Bank or method of authorization specified by the Bank; and
- h) constant symbol if this is required by a special regulation.

2.8. Non-compulsory details of the standing Payment Order in the domestic payment system:

- a) variable symbol – maximum ten-digit numeric data without hyphens and slashes;
- b) specific symbol – maximum ten-digit numeric data without hyphens and slashes;
- c) date of issue of the Payment Order (unless stated otherwise, the date of delivery of the written Payment Order to the Bank shall apply);
- d) message for the Recipient –maximum of 140 characters;
- e) for standing Payment Orders with monthly, quarterly, half-yearly and yearly frequency, the Client may select whether it wants to make the payment at the end of the respective Payment Order validity period (if not specified, it holds that the Payment Order shall be made according to the specified frequency until rescinded); and
- f) date of issue of the standing Payment order.

2.10. The Client must select in the written standing Payment Order one of following payment frequencies: daily, weekly, monthly, quarterly, half-yearly or yearly. The Client may define a different frequency; the Bank, however, is entitled to refuse to comply.

2.11. Deadlines for operating the domestic payment system are stated in Annex 1 to these PTC.

### 3. Foreign Payment and Foreign Currency Payment System

## Terms and Conditions for the Payment System

3.1. The foreign payment and foreign currency payment system for the purpose of these PTC shall mean Transfers of Funds to and from abroad, in foreign currency to and from a domestic bank and any Transfers from foreign currency accounts or to foreign currency accounts.

### 3.2 Terms and Conditions of the Foreign Payment and Foreign Currency Payment System

3.2.1. The Bank shall make Transfers of Funds abroad and in foreign currency to a domestic bank in the form of:

- a) one-off Payment Orders;
- b) standing Payment Orders with a fixed amount; and
- c) standing Payment Orders with a variable amount.

3.2.2. Compulsory details of the Payment Order:

- a) the Client's Unique Identifier;
- b) recipient's identification;
  - i) for Transfer to EU/EEA member countries the Recipient's account number in the IBAN format;
  - ii) for Transfer outside the EU/EEA member countries, precise name and address of the Recipient, the Recipient's account number and BIC (SWIFT address) of the Recipient's Provider. Instead of BIC code it is possible to state the Recipient's Provider's precise name and address;
- c) the sum of the Transfer stated in numbers, including specification of decimal places, or clearly stipulated conditions for calculating the Transfer amount;
- d) designation of the Transfer currency (ISO currency code according to the Exchange Rate List);
- e) purpose of the Transfer – information for the Recipient;
- f) charges payment code: OUR, SHA or BEN (see Article IV ("Explanation of Terms") of these PTC);
- g) for Transfers from EU/EEA member countries regardless of the currency of the transaction the SHA charges payment code is compulsory;
- h) signature/s according to the Specimen Signature, or stamp on the relevant form, and/or other method of authorization agreed with the Bank or method of authorization specified by the Bank; and
- i) date of issue.

3.2.3. Non-compulsory details of the Payment Order:

- a) specification of whether this concerns a smooth payment or documentary payment (if not specified, the Payment Order shall be made as a smooth payment);
- b) specification of whether the payment is to be made in the standard manner, urgently (Express/Priority Payment) or by cheque (if not specified, the payment shall be made in the standard manner);
- c) Payment Order Maturity Day;
- d) payment title;
- e) variable symbol (only for payments made in CZK in the Czech Republic);
- f) constant symbol (only for payments made in CZK in the Czech Republic); and
- g) specific symbol (only for payments made in CZK in the Czech Republic).

## Terms and Conditions for the Payment System

3.2.4. For standing Payment Orders abroad and in foreign currency to a domestic bank, another compulsory detail of the written Payment Order is:

- a) to specify whether this is a standing Payment Order;
- b) to add the frequency of the Payment Order;
- c) to add the Maturity Day of the first Payment Transaction or the Standing Order validity start date;
- d) to add the Maturity Day of the last Payment Transaction or Maturity Day of the Standing Order (unless specified otherwise, the payment shall continue to be made until rescinded); and
- e) to specify whether the payment should be made on the nearest preceding Working Day, the nearest following Working Day, or not executed at all in the event that the Maturity Day of the standing Payment Order falls on a non-existing calendar day, or on a calendar that is not a Working Day. If no specification is made by the Client, the Bank shall make the payment on the following Working Day.

3.3. The Bank is authorized for Transfer abroad and in foreign currency to a domestic bank to determine the method of making the Transfer and use an intermediary bank according to own choice and consideration.

3.4. The Bank is authorized not to accept from the Client a Payment Order to the country on the list of countries suspected of supporting terrorism or through the Provider or his components even outside this territory in the event that the registration of the Provider's parent is in a country on the list of countries suspected of supporting terrorism.

3.5. The Bank is authorized not to accept from the Client in its own interest a Payment Order abroad and in foreign currency to a domestic bank if the Payment Order does not contain the Recipient's account number (i.e. if the required payment of cash is required by the Recipient), because the Client shall be exposing himself to potential risk of rejection of a Transfer made by Recipient's Provider or return of the Transfer after deduction of the necessary costs of the original Transfer sum by the Recipient's Provider.

3.6. The Bank shall execute Transfers only in the currency of the stipulated accounts maintained at the Correspondent Banks. A list of Correspondent Banks can be found on the Bank's Website.

3.7. To convert a currency the Bank uses the Exchange Rate List valid at the moment of processing the transaction. For a conversion from a foreign currency into CZK (e.g., incoming payment in a foreign currency into an account kept in CZK), the exchange rate is the Buy rate. For a conversion from CZK into a foreign currency (e.g., outgoing payment in a foreign currency from an account kept in CZK), the exchange rate is the Sell rate. To convert between two foreign currencies the Bank applies the rate Buy FC2 / Sell FC1 (for incoming payment) or Sell FC2 / Buy FC1 (for outgoing payment), where FC1 is the currency of a customer's account a FC2 is the currency of a Transfer. The Exchange Rate List can be found on the Bank's Website. The Bank and Client may agree on a different exchange rate.

### 3.8. Transfers to EU/EEA Member Countries in the Currencies of EU/EEA Member Countries

3.8.1. For Transfer to EU/EEA member countries regardless of the currency of the transaction the Recipient's IBAN account number and the SHA charges payment code is compulsory.

3.8.2. The Bank is authorized for Transfer to EU/EEA member countries regardless of the currency of the transaction to change the Client's specified OUR or BEN charges payment code to the compulsory SHA charges payment code, or reject the Payment Order if the above mentioned conditions for these Transfers are not met.

## Terms and Conditions for the Payment System

3.8.3. The intermediary providers in the EU/EEA member countries shall be authorized for Transfers to EU/EEA member countries regardless of the currency of the transaction to reject or return the Transfer of the Payer Provider should the Recipient's IBAN account number not be specified or should the SHA charge payment code not be specified.

### 3.9. Transfers from Abroad and Domestic Foreign Currency Transfers – Terms and Conditions

3.9.1. The Bank shall make Transfers from abroad and in foreign currency from a domestic bank based on the Payer Provider's payment order which must contain a clear identification of the Recipient, i.e. the Client's Unique Identifier.

3.9.2. The Bank shall credit Funds to a Payment Account according to the Client's Unique Identifier. The Bank shall not verify whether the Client's Unique Identifier fits the name of the account and/or other Recipient's data.

3.10. The Bank is authorized for Transfers from abroad not to process or reject the Payer Provider's payment order from a country on the list of countries suspected of supporting terrorism or through the Provider and his components even outside this territory in the event that the registration of the Provider's parent is in the country on the list of countries supporting terrorism.

3.11. The Bank is authorized for Transfers from abroad and in foreign currency from a domestic bank to reject or return the Payer Provider's Payment Transaction in the event that it does not contain sufficient identification of the Payer, i.e. without the Payer's account number (or the Payer's other identifier) and the Payer's name and address.

3.12. If the payment order from abroad is not complete and/or correctly filled in, the Bank shall credit the payment only after the data are verified from abroad. The Bank shall not bear any liability for any delays or other loss incurred by the Client due to incorrect or insufficient instructions.

3.13. The Bank is authorized for Transfers from EU/EEA member countries regardless of the currency of the transaction to reject or return the Payer Provider's Transfer in the event that the Recipient's account number is not stated as IBAN or there is no SHA charges payment code.

3.14. The Bank shall credit the Transfer sum to the Recipient's account according to Annex 1 to these PTC and when it received background documents from the Payer's Provider necessary for providing the Transfer sum to the Recipient provided it receives these background documents within the Bank's Business Hours.

3.15. The deadlines for the foreign payment and foreign currency payment system are specified in Annex 1 to these PTC.

## **III. CASH PAYMENT SYSTEM**

The Bank currently does not provide cash transaction services. This provision may be subject to a change.

#### IV. EXPLANATIONS OF TERMS

**"Bank's Business Hours"** shall mean such part of a Working Day when the Bank usually conducts activities necessary for execution of Payment Transactions. Information on the Bank's Business Hours is available at the Bank's office and posted on the Bank's Website.

**"D-Day"** shall mean the day on which the Bank receives a Payment Order containing all information necessary for crediting the payment to the Client.

**"D+X"** shall mean the "X"<sup>th</sup> Working Day following the D-Day.

**"Payment Transaction"** shall mean the Transfer of Funds.

**"Payment Account"** shall mean an account kept in CZK and in selected foreign currencies used for making Payment Transactions.

**"Funds"** shall mean cashless funds and electronic cash.

**"Payment Service"** shall mean the transfer of Funds within the cashless payment system at the instigation of the Payer (hereinafter referred to as the **"Transfer"**) or the transfer of Funds for which an instigation was made by a means of payment.

**"Payment Means"** shall mean the Bank's electronic distribution channel by which the user gives a Payment Order. The Client and the Bank can agree on the restriction of the total sum of the Payment Transactions made by the Bank's electronic distribution channel for a certain period.

**"Payment Card"** shall mean a credit or debit card by which money may be withdrawn or the cost of purchases paid from the holder's bank account. This payment mean is subject to a special agreement that may be concluded with the Client.

**"Payment Service Provider"** or hereinafter referred to also as the **"Provider"** shall mean the Bank, the CNB, other domestic banks, foreign banks and foreign financial institutions, savings and loan cooperatives, electronic money institutions, foreign electronic money institutions, small electronic money issuers, payment institutions, foreign payment institutions, small payment service providers, payment account information administrators, foreign payment account information administrators, holder of a postal license whose license explicitly includes service of delivery of moneys by postal money order, in each case under the terms and conditions set in the Payment Systems Act.

**"Payer"** shall mean the Client from whose account Funds are to be deducted for making Payment Transactions.

**"Recipient"** shall mean the Client to whose account Funds are to be credited under the Payment Order.

**"Payment Order"** shall mean an instruction to the Provider in which the Payer or the Recipient request that a Payment Transaction be made.

**"Payment / Transfer Order"** shall mean the Payer's instruction given to the Bank for making a Transfer on forms approved by the Bank or via electronic distribution channels (this applies to the domestic payment system and the foreign payment and foreign currency payment system).

**The moment of Payment Order acceptance** shall arise within the set deadline after delivery of the Payment Order to the Bank; for a Transfer Order Funds are deducted from the Bank Client's account the moment of the Payment Order acceptance, provided all the conditions set for making the Payment Order are met.

**"Conditions set by the Bank for a Payment Order"** within the meaning of these PTC, including (but not limited to) paragraphs 1.4.1. and/or 1.9. of Article II. ("Cashless Payment System") of these PTC shall mean:

- a) filling in the Payment Order in accordance with the GTC, these PTC, any other product terms and conditions and any other contractual terms and conditions;
- b) delivery of the Payment Order within the deadline set by the Bank;
- c) ensuring sufficient disposable Funds in the Client's Payment Account for making the Payment Transaction;
- d) the Client has paid all due Bank's receivables from the Client including Unauthorized Debits on any of the Client's accounts; and
- e) fulfilling any further terms and conditions set by applicable laws.

## Terms and Conditions for the Payment System

**"Maturity Day"** shall mean the day set by the Client when the Funds are to be deducted from his Payment Account; the Maturity Day cannot occur earlier than the moment of the Payment Order acceptance.

**"Working Day"** shall mean the day on which the Payer's Provider, the Recipient's Provider and intermediary banks making the Payment Transaction usually perform the activity necessary for making the relevant Payment Transaction.

**"Unique Identifier"** shall mean a combination of letters, numbers or symbols according to which the Provider's specification identifies the user or his account when making the Payment Services. Should the Payer state an incorrect Recipient's Unique Identifier resulting in an erroneous Transfer, the Payer's Provider shall exert maximum efforts to have the Funds returned to the Payer.

**"Client's Unique Identifier"** shall mean a Client's banking connection in the format IBAN (and, for Transfers outside the EU/EEA member countries, BIC) or account number and identity bank code according to the Directory of payment system participants in the Czech Republic kept by the CNB.

**"Payment Systems Act"** means the Act No. 370/2017 Coll., on Payment Systems.

**"IBAN"** is the International Bank Account Number which allows the clear identification of the user's account number at the relevant Recipient's Provider/bank in the country (this is the full identification of the account number including the code of the Provider/bank and country). The use of the Recipient's IBAN account number is compulsory for making Transfers within the European Union and European Economic Area member countries (i.e. EU and Lichtenstein, Iceland, Norway – hereinafter referred to as the **"EU/EEA"**).

**"BIC"** (Bank Identifier Code) is the SWIFT address of the Provider/bank allowing the clear identification of the relevant Provider/bank in the country. The use of the BIC of the Recipient's Provider/bank is compulsory when making Transfers outside the EU/EEA member countries.

The following charge payment codes can be used for Transfers to abroad and in foreign currency to domestic banks:

**"OUR"** – the Payer shall pay all charges (i.e. the Bank's Payer/Client shall pay the Bank's charges to the extent stated in the valid Price List and charges of the Recipient's provider; the Recipient/Client of the other Provider shall receive the original Transfer sum according to the instruction of the order party).

**"SHA"** – the Payer/Recipient shall pay the charges of his Provider (i.e. the Bank's Payer/Client shall pay the Bank's charges to the extent stated in the valid Price List; the Recipient/Client of the other Provider shall pay the charges of his Provider, or further intermediary Providers). The SHA must be used for Transfer to EU/EEA member countries regardless of the currency of the transaction and for Transfer in currencies of the EU/EEA member countries.

**"BEN"** – all charges shall be paid by the Recipient (i.e. the Bank's Payer/Client shall not pay any charges. The Recipient/Client of the other Provider shall receive the Transfer sum reduced by the Bank's charges to the extent stated in the valid Price List; the Recipient/Client of the other Provider shall pay the charges of his Provider, or further intermediary Providers).

The following charge payment codes can be used for Transfers made from abroad and in foreign currency made from domestic banks:

**"OUR"** – all the charges shall be paid by the Payer (i.e. the Bank's Recipient/Client shall not pay any charges; the Bank's Recipient/Client shall receive the full Transfer sum; the Payer/Client of the other Provider shall pay the Bank's charges to the extent stated in the valid Price List and the charges of his Provider).

**"SHA"** – the Payer/Recipient shall pay the charges of his Provider (i.e. the Bank's Recipient/Client shall pay the Bank's charges to the extent of the valid Price List; the Bank's Recipient/Client shall receive the original Transfer sum according to the Payer's instructions, or reduced by the charges of the intermediary Provider; the Payer/Client of the other Provider shall pay the charges of his Provider). The SHA must be used for Transfers from EU/EEA member countries regardless of the currency of the transaction and for Transfer in currencies of the EU/EEA member countries.

**"BEN"** – all the charges shall be paid by the Recipient (i.e. the Bank's Recipient/Client shall pay the Bank's charges to the extent stated in the valid Price List and the Payer Provider's charges; the Bank's Recipient/Client shall receive the Transfer sum reduced by the Payer Provider's charges, or reduced by the charges of the intermediary Providers; the Payer/Client of the other Provider shall not pay any charges).



**V. DEADLINES AND CUT-OFF TIMES OF THE PAYMENT SYSTEM**

The deadlines depend on the moment of order acceptance, i.e. on D-Day when all the contractual terms and conditions were met. The deadlines are fixed for Working Days in the Annex 1 to these PTC.

**VI. CLOSING PROVISIONS**

The matters not stipulated herein are governed by the GTC.

## Annexes: Annex 1 – "Deadlines and Cut-Off Times of the Payment System"

<b>1. Domestic Payment System (Payment Orders submitted in writing)</b>			
The domestic payment system for the purpose of these PTC shall mean Transfers/Collections of Funds in CZK from CZK Payment Accounts to CZK Payment Accounts within the Czech Republic.			
Type of Payment Order	Cut-Off Time (CET)	Payment Order Acceptance Time (i.e. debiting the client's account and processing payments)	Crediting Funds to the payee's bank
Payment Order from the Payment account to another Payment Account within the Bank	16:00	D-Day	D-Day
Standard Payment Order from the Clients to another bank	16:00	D-Day	D+1
Express/Priority Payment	10:30	D-Day	D-Day
<b>2. Foreign and Foreign Currency Payment System (Payment Orders submitted in writing)</b>			
<b>2.1 Transfers to Abroad and in Foreign Currency to Domestic Banks</b>			
Type of Payment Order	Cut-Off Time (CET)	Payment Order Acceptance Time (i.e. debiting the client's account and processing payments)	Crediting Funds to the payee's bank
Standard EUR transfers to EU/EEA countries	14:00	D-Day	D+1
Standard transfers to countries outside EU/EEA or in currencies other than EUR	14:00	D-Day	D+1
<b>2.2 Transfers from Payment Accounts in Foreign Currency or to Payment Accounts in Foreign Currency within the Bank</b>			
Type of Payment Order	Cut-Off Time (CET)	Payment Order Acceptance Time (i.e. debiting the client's account and processing payments)	Crediting Funds to the payee's bank
Standard Payment	16:00	D-Day	D-Day

## Terms and Conditions for the Payment System

2.3 Transfers in CZK from Payment Accounts in Foreign Currency to the Payment Account at Another Domestic Bank			
Type of Payment Order	Cut-Off Time (CET)	Payment Order Acceptance Time (i.e. debiting the client's account and processing payments)	Crediting Funds to the payee's bank
Standard Payment	14:00	D-Day	D+1
<b>Note:</b> Payment Orders received after the Cut-Off Time or not covered by sufficient credit balance within the Cut-Off Time are deemed to be accepted by the Bank at the beginning of the Bank's Business Hours on the nearest following Working Day.			