

## **Rules of Payment Processing, VÚB a.s., Prague Branch**

Effective from November 1, 2009

These rules complement the valid General Business Terms and Conditions issued by the Bank.

### **Definition of Terms**

**Opening hours** are the duration of time when the Client can submit payment orders; make cash transactions, or other bank transactions at the branch. Opening hours of the Bank are presented on the website [www.vub.cz](http://www.vub.cz) or directly at the branch, nevertheless these standard opening hours may be subject to change at some times of the year (e.g. Christmas holidays). Such a change is also communicated to Clients via our website.

**Value date** is the instance of receiving a payment order, i.e. the day when the funds are to be debited from the Client's account. The value date (deferred date) cannot be more than 30 days from the current day. In case the value date is set to a day when the Bank is closed, the payment order will be processed in the next possible day the bank is opened. If the value date is older than the current day, the Bank shall process the payment order with the value of the current working day. In case of express payments, the value date must be identical with the current working day.

### **Domestic Non-Cash Payment System**

**Domestic transfer** is a payment transaction, which is made in the Czech currency in the Czech Republic based on clear instructions provided by the Client to the Bank in the form of a payment order.

For the payment order to be executed, it must contain the following compulsory particulars:

- The payment service which is to be made (e.g. a payment order)
- Unique identification of the payer and the beneficiary (account number and bank code)
- Value date of the payment order
- Payment Currency; if the currency is not explicitly specified, the payment will be processed automatically in the Czech currency (Czech crowns = CZK)
- Payment Amount
- Place and issue date of the payment order; the date may not be higher than the date of submitting the payment order at the Bank
- **In case of express payments, the text "EXPRES" in the header of the payment order**

Optional particulars:

Symbols (variable, constant, specific) in a structure specified by the Bank, complementary information on the payment

If the value date is not specified in the payment order, the Bank shall process the payment order with the value of the current day.

Should the payment order fail to include all compulsory particulars, the Bank shall reject to process the payment order and shall return it to the Client as unexecutable. The Bank shall be held responsible neither for any losses incurred by a Client or any third persons as a result of returned unexecutable payment orders, nor for losses occurred as a result of incorrectly or insufficiently filled out payment orders or of counterfeited payment orders.

The Bank shall process the non-cash payment with a currency conversion with the exchange rate in line with the Exchange Rate List valid in time of payment order processing. In case of currency conversions above CZK 500.000 (or its equivalent in foreign currency), the Client may negotiate an individual exchange rate.

In case of insufficient funds on the Client's account, the submitted payment order is not settled and it is repeated for 3 working days, while the day of including the payment into the cycle is excluded. Unless funds become available on the Client's account within the specified number of days, the payment is automatically excluded from processing as unsettled, and a new payment order is to be submitted. The Bank charges a fee in line with the Price List for repeating the payment. The payments including currency conversion are not repeated.

**Standard domestic payments** are made by the Bank in such a way that the funds provided by the payer are credited to the account of the beneficiary's provider not later than at the end of the day following the day of submitting the payment order. If such a transaction includes conversion of foreign currency to Czech currency, the time limit extends to one more day. For standard domestic payments to be processed and executed, they must be submitted within the given time frame (see Time-limits below).

**Express domestic payments** are executed by the Bank in such a way that the funds provided by the payer are credited to the account of the beneficiary's provider on the day of submitting the payment order. The bank charges extra fee for the express payment in addition to a standard fee in such case. For express domestic payments to be processed and executed, they must be submitted within the given time frame (see Time-limits below).

## **Foreign Non-Cash Payment System**

Unless specified otherwise in this section, the rules of the domestic non-cash payments shall adequately apply to the foreign transfer of funds.

A foreign transfer is a payment transaction made:

- a) in the foreign currency in the Czech Republic
- b) in the foreign currency and in CZK going out or coming in from another country

Compulsory particulars of a foreign payment order are the following:

- Currency and amount
- Value date
- Payment Type
- Clear identification of the side that pays the costs of payment (BEN, SHA, OUR)
- The debited account number and bank code
- The credited account number – in case of payments in EUR into another EU or EEC country the account number in IBAN form must be provided.
- Beneficiary bank
- SWIFT (BIC CODE) – in addition to the beneficiary bank, the BIC code – swift code of the beneficiary bank – must be always provided as well.

In compliance with the Regulation of the European Parliament (EC) 2560/2001 in case of payments in EUR into another EU and EEC countries, the banks require the beneficiary account number in **IBAN** form. Account numbers not provided in such form will result in a delayed payment and extra costs charged by the beneficiary bank in accordance with its pricelist. If IBAN is not specified, such fees and costs shall be debited from the Client's account as the payer.

In order to accelerate the processing of foreign payments and in relation to the automatic processing of a foreign transfer, the Client must provide the Bank with the BIC code (SWIFT code of the beneficiary bank). Should a Client fail to specify the SWIFT code - BIC code of the beneficiary bank, extra charges apply and are debited from the Client's account in line with the Price List for the manual processing of the payment.

In case of canceling the payment order upon the Client's request after its execution, it is considered by the Bank a request of payment return from another country (or within the Czech Republic). In such a case the Bank asks the correspondent or beneficiary bank to return the funds. Upon acceptance of the request to return the funds in full or deducted amount, or, upon rejection of the request by the foreign (or domestic) bank, the Bank shall inform the Client who will be charged the costs entailed according to its Pricelist, together with any further charges of the foreign or domestic bank.

If the payment order cannot be executed due to a non-existent account number in the beneficiary bank in the currency provided on the payment order, the Bank is entitled to cancel the payment order without any further delay and with no fees charged to the Client.

The processing of a payment order requires sufficient funds on the Client's account, i.e. for the payment, for fees to the Bank, extra fees in case of express payments, and for any other fees of other banks in case of instruction of OUR or gOUR.

**Standard foreign payments** are made by the Bank in such a way that the funds provided by the payer are credited in case of a payment in EUR onto the account of the beneficiary's provider not later than 3 working days from the day of accepting the payment order, and, in case of other currencies not later than 4 working days from the day of accepting the payment order. For standard payments to be processed and executed, the payment order must be submitted within the given time frame (see Time-limits below).

**Express foreign payments** are made by the Bank in such a way that the funds provided by the payer are credited into the account of the beneficiary's provider, or the account of the correspondent bank on the day of accepting the payment order. In addition to the standard fees, the Bank charges the Client's account with extra fees for the express payment, even in case of the payment instruction of BEN. For express foreign payments to be processed and executed, they must be submitted within the given time frame (see Time-limits below).

The Client is entitled to identify in the payment order, which side pays the costs and charges of the Bank and foreign banks:

SHA – the payer pays the charges of the Bank; the beneficiary pays charges of the correspondent banks as well as of the beneficiary bank. Funds with the payment instruction of SHA may be decreased by the charges of the correspondent banks and the beneficiary bank.

OUR – the payer pays all charges - of the Bank, correspondent and beneficiary banks. Funds with the payment instruction of OUR will be credited into the beneficiary account in its full amount.

BEN – the beneficiary pays all charges - of the Bank, correspondent, and beneficiary bank. Funds with the payment instruction of BEN may be decreased by the charges of the Bank, correspondent and the beneficiary banks. In some cases the Bank is entitled to change the instruction of BEN to SHA.

In case of missing payment instructions of the charges, the payment will be processed with the payment instruction of SHA.

In the following cases, the payment instruction of BEN provided by the Client will automatically be changed to SHA:

- Payments in EEC currencies (EUR, CZK, DKK, GBP, HUF, NOK, PLN, SEK) into countries of EEC and Switzerland
- Payments in CHF sent into EEC countries

The following payments will be processed according to the Client's instruction (BEN):

- Payments in EEC currencies (EUR, CZK, DKK, GBP, HUF, NOK, PLN, SEK) sent into countries outside EEC
- Payments in CHF sent into countries outside EEC and to Switzerland
- Payments in currencies other than those of EEC and Switzerland (AUD, CAD, JPY and USD)

In the following cases with the payment instruction OUR provided by the Client, the so-called **guaranteed OUR (gOUR)** fee will be charged to the Client in line with the valid Price List with no additional costs charged by other banks:

- Payments in EEC currencies (EUR, CZK, DKK, GBP, HUF, NOK, PLN, SEK) and CHF sent into EEC countries and Switzerland

In the following cases the payment instructions of OUR provided by the Client may entail additional charges of other banks:

- Payments in EEC currencies (EUR, CZK, DKK, GBP, HUF, NOK, PLN, SEK) and CHF sent into countries outside EEC and Switzerland
- Payments in currencies other than those of EEC and Switzerland (AUD, CAD, JPY a USD)

## Time Limits for Submitting Payment Orders

The latest possible time of accepting the payment order from the Client with the guaranteed debiting of the payment from the Client's account and its processing is 3pm (15:00) for standard payments, and 10 am (10:00) for express payments during the opening hours of the Bank. These time limits apply to the submission of all payment orders, i.e. that of directly handed in at the branch and that of sent electronically.

If the Client submits the payment order during opening hours of the Bank before the time-limit, the funds will be debited from the Client's account and the payment will be processed and executed on the same day as the day of payment order submission.

If the Client submits the payment order during opening hours but after the time-limit, the funds will be debited from the Client's account and the payment will be processed and executed on the same day as the day of submission of payment order, not later than the following working day.

## IBAN and BIC

### The correct use of IBAN and BIC in case of foreign transactions within EEC

**IBAN - International Bank Account Number** is a standard international form of bank account number designed in compliance with the European Committee for Banking Standards enabling unique identification of the bank account, state, and the financial institution of the beneficiary.

#### Structure of IBAN:

IBAN is composed of capital letters and numbers in the following structure:

2 capital letters – country code (e.g. CZ – Czech Republic, SK – Slovakia, IT – Italy...etc)

2 digits – check digits enabling program check of the account number

up to 30 digits – bank code, account number – sort code and basic account number

IBAN can consist of up to a 34-digit combination of letters and numerals. In a printed form, IBAN is separated by spaces to a group of 4 digits; in electronic form, the spaces between digit groups are omitted.

IBAN in the Czech Republic always consists of 24 digits:

Example:

Country code	Check digits	Account number
<b>CZ</b>	<b>33</b>	<b>6700 0010 0710 9864 4406</b>
Two-digit country code	Two-digit code	Bank code, sort code, account number

Printed form: **CZ33 6700 0010 0710 9864 4406**

Electronic form: **CZ3367000010071098644406**

## List of countries of the European Economic Community:

Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Greece, Holland, Ireland, Island, Italy, Lichtenstein, Latvia, Lithuania, Luxemburg, Hungary, Malta, Germany, Norway, Poland, Portugal, Austria, Romania, Slovakia, Slovenia, Spain, Sweden, Great Britain