

**Business Conditions for the Use of Direct
Banking Services via the *LBBW Direct System*
LBBW Bank CZ a.s.**

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Article 1: Subject Matter and Scope of Application

1. To define mutual rights and obligations related to the use of the *LBBW Direct* system for Direct Banking, LBBW Bank CZ a.s. issues these Special Terms and Conditions ("Special Terms and Conditions") in accordance with the Bank's General Business Conditions ("GBC") and the Terms and Conditions for Making Payments ("Payment Conditions").
2. The Special Terms and Conditions supplement the Payment Conditions and the GBC and constitute a part of individual Agreements between the Client and the Bank concerning access to Direct Banking.
3. The provisions of an individual Agreement take precedence over the Special Terms and Conditions, the Payment Conditions, and the GBC where they differ from or contradict the provisions of the Special Terms and Conditions or the GBC. Any matter not defined under an individual Agreement between the Bank and the Client or under the Special Terms and Conditions is subject to the Payment Conditions and the GBC.

Article 2: Definitions

The terms used in these Special Terms and Conditions written starting with a capital letter have the following meaning:

1. **Authenticator** – A technical device that displays an authorization code for access to the *LBBW Direct* system for Direct Banking generated by a chip card after the insertion of the chip card and the selection of one of two functions (OTP, SIGN).
2. **Authorization Card** – A card in the form of a standard payment card issued by the Bank to the Client or an Authorized User serving for logging into (and, if applicable, other operations according to the type of access rights) the Direct Banking system. An Authorization Card may be issued with the payment function suppressed, where such a card only serves for identification for Internet banking or in the form of a regular payment card that provides access to *LBBW Direct* in addition to its standard function.
3. **Authorization Code (OTP)** – A sequence of characters generated for the Client as a confidential identifier for verifying the Client's identity.
4. **Bank** – LBBW Bank CZ a.s.
5. **Banking Data** – Data in digital form intended for transmission, where the exchange of such data is the subject of provided services.
6. **Bank's Website** – The website at <http://www.LBBW.cz>.
7. **Application Website** – <https://www.lbbwdirect.cz/direct/logon.htm>

Note: Make sure that the address starts with https:// (not http only); it is one of the application's security features.

8. **Client** – The holder of an LBBW Bank CZ a.s. account.
9. **Authorized User** – A natural person who is granted Access Rights to the Client's account(s) through the *LBBW Direct* system for Direct Banking based on the Client's request.
10. **PIN** – The Client's personal identification code that serves for verifying the identity of the person entering the code.
11. **Signature Code (SIGN)** – A sequence of characters generated for the Client as a measure for securing a transaction and identifying the Client.
12. **Order** – An order or a demand submitted by the Client to the Bank through *LBBW Direct*.
13. **Direct Banking** – An Internet banking service provided through *LBBW Direct*.
14. **Access Rights** – An ensemble of authorization rights defining the accounts that may be controlled through *LBBW Direct* and the persons authorized to dispose of such accounts, including the definition of the scope of and the method for using such disposal rights.
15. **Agreement** – The agreement on the use of Direct Banking services provided through the *LBBW Direct* system entered into by and between the Bank and the Client.
16. **Special Terms and Conditions** – The special business terms for the use of Direct Banking services provided through the *LBBW Direct* system issued to supplement the GBC.
17. **LBBW Direct system ("LBBW Direct" or "SmartOffice")** – An electronic banking system of the Internet

banking type through which the Client can use banking services, in particular, transfer the Client's Orders (such as domestic payment orders, foreign payment orders, and requests for opening term deposits) and obtain banking information (such as account statements, account balances, and unsettled transactions).

18. **LBBW Direct User Name** – The User Name under which the Client logs into the *LBBW Direct* system. The User Name is assigned to the Client by the Bank.
19. **GBC** – The Bank's General Business Conditions.

Article 3: **Access to the LBBW Direct System**

1. The Bank only provides Direct Banking services if the Client has an account allowing access through Direct Banking.
2. After an Agreement is signed and an application for establishing access to the *LBBW Direct* system is duly filled out and delivered to the Bank, the Bank assigns to the Client a User Name, and the Client receives an Authenticator that generates an access code enabling access to the *LBBW Direct* system. The Authenticator is sent to the Client by mail to the Client's mailing address.
3. Together with an Authenticator, the Client receives an ID Card. An ID Card that does not include the payment function (it is not a payment card) is sent to the Client by mail together with an Authenticator. An ID Card with the payment function (payment card) cannot be sent by mail. An ID Card with the payment function is not be mailed and must be collected in person by the Client or an Authorized User at the Client's Bank branch.
4. In addition, the Client/Authorized User receives the PIN by registered mail.
5. When logging into the Direct Banking system, the Client follows the procedure described in the operating manual for the Authenticator, which is enclosed with the Authenticator.
6. The use of ID Cards with the payment function (payment cards) is subject to the Bank's conditions for the use of payment cards.
7. The Agreement between the Client and the Bank is entered into in person at a Bank branch before a Bank officer with the exception of agreements entered into on a remote basis in accordance with Section 54a of the Civil Code. If the Bank has the Client's valid specimen signature for the account for which Access Rights are to be established, the Bank may enter into an Agreement with the Client even if the Client does not sign an Agreement before a Bank officer on condition that the Client's signature on the Agreement unmistakably identifies the person who signed the Agreement.
8. An integral part of the Agreement is a Request for Establishment or Modification of Access to *LBBW Direct* services. The Client must submit a duly filled out and signed Request to the Bank together with the signed Agreement. Based on a Request, the Bank establishes individual Access Rights for accounts specified by the Client to the specified extent as well as Access Rights for Authorized Persons. A Request also serves as a basis for making changes in Access Rights or establishing new Access Rights.

Article 4: **LBBW Direct System Technical Requirements**

1. Technical requirements for *LBBW Direct*:

Hardware requirements:

- Internet connection (modem, ISDN, landline, etc.)

Software requirements

- Internet browser (Internet Explorer 7.0 and higher) supporting JAVA scripting, cookies

2. By signing the Agreement, the Client guarantees to the Bank his compliance with the technical requirements for using access to the *LBBW Direct* system. The Client acknowledges that if he does not have the required software and/or hardware, the Bank cannot guarantee the problem-free functioning of access to Direct Banking.
3. The Bank reserves the right to change the technical requirements for *LBBW Direct* so that the Client will be able to use *LBBW Direct* to its full extent, if applicable, after an improvement or expansion of the scope of *LBBW Direct* services.

Article 5: Services Provided through the *LBBW Direct* System

1. Account statements showing the balance in the Client's accounts – The Bank prepares for transmission to the Client a data file containing the Client's current account balance (including foreign currencies if applicable) at the beginning of every accounting day.
2. Account statements showing transactions in the Client's accounts – The Bank prepares for transmission to the Client a data file containing transactions in the Client's current account during the previous accounting day.
3. Statement of received domestic payments – The Bank prepares for transmission to the Client a data file containing information on incoming domestic payments received the previous accounting day.
4. Statement of received foreign payments – The Bank prepares for transmission to the Client a data file containing information on incoming foreign payments received the previous accounting day.
5. Domestic payment orders – The Bank accepts domestic payment orders.
6. Foreign payment orders – The Bank accepts payment orders to foreign countries and orders in currencies other than Czech crowns.

Article 6: Procedure for Accepting Orders

1. The Client may use the *LBBW Direct* system 24 (twenty-four) hours per day. The Bank may reduce or suspend the operation of the *LBBW Direct* system for a necessary maintenance time.
2. The Bank processes submitted Orders only up to the end-of-day closing time. Closing times are announced by the Bank; the Client can obtain information on end-of-day closing times at branches, on the Technical Support Line, and on the Bank's Website.
3. If the Bank receives an Order on the day corresponding to the requested due date after the end-of-day closing time set for the applicable transaction type, the Bank may process the transaction on the following Bank Business Day.
4. The Bank provides the Client with information allowing the identification of transactions, sums in the applicable currency, and, if applicable, the Order currency and the pertinent exchange rate.
5. The Bank is only liable for received and confirmed data and assumes no liability for direct and indirect damage incurred as a result of erroneous or repeated transmission of data to the Bank, damage caused by errors in an employed telecommunication network or the Internet or a technical failure on the Client side, and damage caused by an act of God (Section 374 of the Commercial Code). Furthermore, the Bank assumes no liability for delays in the execution of foreign payment orders, where delay is caused by the Bank's request for documents demonstrating the legitimacy of an obligation for which a foreign payment is to be made (in particular, documents or their copies demonstrating the purpose of a payment as per the payment code specified in the payment order, such as an invoice, and a document certifying compliance with information duties set out in foreign-currency regulations). If the Client fails to provide the Bank with documents necessary for making a payment, the Bank is under no obligation to make such a payment.
6. The Bank may set a maximum daily limit for transfers of funds made by means of Direct Banking. This limit may be set based on an agreement with the Client or unilaterally by the Bank, where the Bank is authorized to change the limit unilaterally in consideration of legal restrictions or the Bank's security policy. A change in the limit, if applicable, is announced to the Client in a suitable manner in sufficient advance. The limit is specified in a Request for Establishment or Modification of Access to *LBBW Direct*.
7. Other aspects of executing payment orders submitted by the Client are subject to the Act on Payment System and the applicable provisions of the Payment Conditions and the GBC.

Article 7: Irregularities, *LBBW Direct* System Failures, Servicing

1. In the event of a failure of the *LBBW Direct* system, the Client must inform the Bank of the failure without undue delay together with its description by contacting the Technical Support Line by telephone or e-mail.
2. If the Client enters the wrong PIN six times consecutively or erroneously enters a generated code into the *LBBW Direct* application six times consecutively, the Client's access to the *LBBW Direct* system is

automatically blocked. (If the Client uses his payment card as an Authorization Card, the Client's access to the *LBBW Direct* system is blocked automatically after three erroneous entries of a generated code into the *LBBW Direct* system.) In the event the Client's card is blocked, the Client must inform the Technical Support Line about the erroneous entry, where the applicable employee will provide instructions regarding the subsequent course of action (depending on the card type).

3. The Bank may block the Client's access to the *LBBW Direct* system, if it suspects that the Client's security is endangered. In such a case, the Bank must inform the Client that his access has been blocked and the reasons immediately. The Client's access to *LBBW Direct* will be restored when the danger of misusing the system has passed or when appropriate measures have been taken.

Article 8: Client's Liability

1. The Client must keep the PIN confidential and protect it from misuse; in particular, the Client must refrain from disclosing it to any third party and ensure that Authorized Users for who Access Rights are established by the Bank based on the Client's request protect their PIN to the same extent.
2. The Client acknowledges that an assigned PIN serves for identifying the Client's identity by the system. Transactions authorized by an authorization code generated by an Authenticator after the entry of the PIN are considered transactions completed by the Client or an Authorized Person. The Client is fully liable for any and all transactions completed to the debit of the Client's account through remote access, which are duly verified by the entry of an authorization code generated by an Authenticator.
3. The Client must refrain from disclosing any facts pertaining to technical and organizational measures preventing the misuse of access to Direct Banking services.
4. The Client must inform the Bank immediately if the PIN of the Client or any Authorized Person is disclosed or if the Client suspects that his access has been misused.
5. The Bank blocks access to the Client's accounts through the *LBBW Direct* system, if the Client's access has been misused or if the Client reports a misuse of the PIN or a suspicion that misuse may have taken place. The Bank informs the Client without undue delay that his access has been blocked. The Client's access to *LBBW Direct* will be restored only when the danger of its misuse has passed.
6. The Client must immediately verify transactions completed by the Bank as to their conformity to submitted Orders. The Client must inform the Bank in writing of ascertained discrepancies immediately, no later than five (5) Bank Business Days after ascertaining such discrepancies. If the Client fails to do so, the Client bears partial responsibility for any damage incurred by the Client.
7. The Bank bears no liability for damage incurred due to a violation of these Special Terms and Conditions or the Agreement or a failure to comply with instructions given to the Client by the Bank.

Article 9: Complaints

Complaints concerning erroneously executed Orders are made by the Client in accordance with the procedures outlined in the Bank's Complaint Rules. The Bank processes claims and complaints by the deadlines set out in the Complaint Rules.

Article 10: Expiration of the Contractual Agreement

1. The business relationship between the Bank and the Client may be terminated unilaterally by the Bank or the Client at their discretion, unless otherwise mutually agreed.
2. The Agreement expires upon the closing of the Client's account for which Access Rights are established. If Access Rights are established for more than one account, the Agreement expires upon the closing of the last of these accounts.
3. The Bank may terminate the Agreement by cancellation where the notice period and the conditions set out in the GBC apply.
4. The Bank may cancel the Agreement effective immediately if the Client commits a violation or repeated violations of the provisions of the Agreement, the Special Terms and Conditions, the Payment Conditions, the GBC, the security principles set out in the Agreement, the Special Terms and Conditions, or instructions given by the Bank to the Client, and under other circumstances, as specified in the GBC. Furthermore, the Bank may cancel the Agreement effective immediately if the Client does not begin using Direct Banking within six months after being assigned a User Name.

Article 11: Miscellaneous

1. These Special Terms and Conditions apply to legal relations established after the date of effectiveness of these Special Terms and Conditions.
2. The Bank may amend these Special Terms and Conditions. The procedure for amending these Special Terms and Conditions is analogous to the procedure for amending the GBC.
3. The Bank may unilaterally change the telephone number of the Technical Support Line and the time during which the Technical Support Line is available to Clients. The Bank must inform the Client of such a change in a suitable manner (for example through *LBBW Direct*, the Bank's Website, account statements, etc.).

These Special Terms and Conditions come into effect on 1 November 2009.