

# Terms and Conditions for Issuing and Use of Credit Cards

## Volksbank CZ, a.s.



Effective from 31 October 2009

### I. Initial provisions

(1) These Terms and Conditions for Issuing and Use of Credit Cards of Volksbank CZ, a.s. (hereinafter just the “**Terms and Conditions**”) establish in accordance with the provisions of Section 273 of Act No. 513/1991 Coll., the Commercial Code, as subsequently amended (hereinafter just the “**Commercial Code**”), mutual rights and obligations of the Bank and the Client in provision of credit drawn by means of a payment instrument (hereinafter just the “**Credit Card**”) and in the issuing and use of a Credit Card on the basis of a Credit Card Contract (hereinafter just the “**Contract**”).

### II. Definitions

(1) Unless ensues otherwise from the context, the terms stated in this paragraph have the following meanings for the purposes of the Contract:

**Transaction Authorisation** – approval for executing a Transaction which the Client may grant in the following manner:

- for Cash Advances from ATMs, the Client grants his or her approval of the Transaction by entering the PIN;

- for a noncash payment for goods and services made at places of business by means of a payment terminal or an imprinter and for Cash Advances at the branches of banks and exchange offices, the Client grants his or her approval of the Transaction by entering the PIN or by signing his or her own name in accordance with the specimen signature on the Signature Strip (or by a combination of these methods depending on the type of the Credit Card);

- for a payment for goods and services made without the presence of the Credit Card, the Client grants his or her approval of the Transaction by entering the number of the Credit Card, name and surname of the Client as well as data on the validity of the Credit Card, and, as the case may be, also by entering at the same time the three-digit CVV2 security code.

**The Bank** – Volksbank CZ, a.s., having its registered office at Na Pankráci 129, 140 00 Prague 4, Company ID No. 25 08 33 25, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file 4353.

**Interest-free grace period** – period from the day of the respective drawing by Noncash Payment for Goods and Services to the Due Date in the calendar month following the month of such drawing. During the interest-free grace period the amount drawn in Noncash Payment for Goods and Services is not

charged interest. The interest-free grace period does not apply to Cash Advances.

**Total Amount Due** – the amount corresponding to the total amount charged by the Client from the Card Account under the Contract as at the day of issuing the Card Account statement (credit drawn including charged interest and fees) less payments made by the Client that were credited to the Card Account. However, the Total Amount Due does not include penalty interest debited from the Account. The Total Amount Due communicated to the Client by the Bank by way of notification in the Card Account statement is definitive.

**Total Weekly Limit** – maximum authorised drawing under the Contract within one calendar week. The Total Weekly Limit corresponds to the larger amount agreed as the Weekly Limit for Cash Advance or the Weekly Limit for Noncash Payments for Goods and Services. In the Contract, the Total Weekly Limit is also referred to as the Total Limit.

**Total Credit Limit** – an amount stated as the maximum drawn amount outstanding under the Contract. The Total Credit Limit represents the maximum amount of credit under the Contract. For purposes of calculating the Total Credit Limit, any charge debited from the Card Account (mainly interest and fees) is regarded as a credit drawing. The Total Credit Limit is fixed in the Protocol for Taking over a Credit Card, and the amount given in the Application is not binding.

**Due Date** – the 15th day of every calendar month. If this is a non-banking business day, the Due Date is the nearest following banking business day.

**Client** – a natural person with whom the Bank entered into a Contract.

**Minimum Mandatory Payment** – an amount communicated to the Client by means of a notification in the Card Account statement and due always as at the Due Date in the calendar month following the month for which the respective statement was issued. The Minimum Mandatory Payment corresponds to 5% of the Total Amount Due stated for the calendar month for which the statement is issued, except that its minimum amount is CZK 200. If the total relevant Minimum Mandatory Payment is smaller than CZK 200, then the Minimum Mandatory Payment will be stated in the amount of such Total Amount Due. The Minimum Mandatory Payment is always rounded up to the nearest whole crown. The Minimum Mandatory Payment stated by the Bank in the Card Account statement is definitive.

**Weekly Limits** – Weekly Limit for Cash Advance, Weekly Limit for Noncash Payments for Goods and Services and Total Weekly Limit. Amounts of

Weekly Limits are agreed in the Protocol for Taking over a Credit Card, and the amounts stated in the Application are not binding.

**Weekly Limit for Noncash Payments for Goods and Services** – an amount established as the maximum amount of both settled and outstanding drawing by Noncash Payment for Goods and Services within one calendar week. The Weekly Limit for Noncash Payments for Goods and Services is also referred to in the Contract as the POS Limit.

**Weekly Limit for Cash Advances** – an amount established as the maximum amount of both settled and outstanding drawing by Cash Advance within the period of one calendar week. The Weekly Limit for Cash Advances is also referred to in the Contract as the ATM Limit.

**Applicant** – a natural person who submitted the Application.

**Application** – application on issuing and use of a credit card, submitted on the Bank's form.

(2) If any terms other than those stated in paragraph 1 of this Article are used in these Terms and Conditions, such terms have the meaning in the entire Contract that is established in the respective provision of the Contract.

### III. Basic provisions

(1) The Contract is concluded on the basis of the Application upon signing the Protocol for Taking over a Credit Card by both the Client and the Bank on the Bank's form (hereinafter just the "**Protocol for Taking over a Credit Card**"). The Contract is a credit contract pursuant to Section 497 et seq. of the Commercial Code and is a contract on issuing and use of a payment instrument.

(2) The Contract consists of the Client's Application and the Protocol for Taking over a Credit Card. Moreover, the Terms and Conditions, the General Terms and Conditions of Volksbank CZ, a.s. (hereinafter just the "**General Terms and Conditions**") and the Price List for Providing Financial and Business Services (hereinafter just the "**Price List**") are integral parts of the Contract.

(3) In concluding the Contract, the Bank undertakes, under conditions stated hereinafter, to enable the Client to draw down the credit and to do so repeatedly, albeit only up to the maximum amount of the Total Credit Limit, and the Client undertakes to return the granted funds under agreed conditions and to pay interest and other costs associated with the Contract.

(4) Drawdown of credit under the Contract shall be carried out by the Client using the Credit Card issued by the Bank under the Contract. The Client executes cash and noncash transactions using the Credit Card to the debit of the Card Account. A Transaction is understood to be the execution of Cash Advances or Noncash Payments for Goods and Services (hereinafter just a "**Transaction**"). The Card Account is understood to be the internal account of the Bank specified in the Protocol for

Taking over a Credit Card and designated for records and payments of the Client's liabilities under the Contract (hereinafter just the "Card Account"). The Card Account is not the Client's current account, and the Client is not entitled to dispose with the Card Account.

(5) The Credit Card is issued by the Bank for a limited validity period that is indicated on the Credit Card. Unless otherwise stated hereinafter, the Credit Card's validity ends upon the lapse of the last day of the respective month and year indicated on the Credit Card. After receiving the Credit Card, the Client is entitled to use it during its validity period. Nevertheless, the Credit Card remains in the exclusive ownership of the Bank and is not transferable. The Client is obliged to return the Credit Card to the Bank within 15 days from the lapse of its validity period. This does not affect provisions of paragraph 2 of Article XIV of the Terms and Conditions.

(6) The Credit Card is fitted with identification and security data enabling identification of the Client and the Credit Card issuer. The Credit Card is provided with its own number, name and surname of the Client, validity details, and security elements (e.g. embossing and magnetic record, CVV2 and signature strip). The signature strip is understood to be the area on the reverse side of the Card designated for recording of the specimen signature of the Client (hereinafter just the "**Signature Strip**"). A CVV2 is a three-digit security code found on the signature strip (hereinafter just "**CVV2**").

(7) If the provision of other services is requested by the Client in the Application (travel insurance, insurance against loss/misuse of the Credit Card or D.A.S. legal expenses insurance for motor vehicle drivers), these additional services are agreed at the time of concluding the Contract under the respective conditions for those services and they are handed over to the Client no later than upon concluding the Contract.

### IV. Issuing of a Credit Card

(1) The Bank will evaluate the Applicant's Application and, as the case may be, prepare a Credit Card to issue at the Bank's branch specified in the Application (unless otherwise agreed).

(2) Upon taking possession of the Credit Card, the Client is obliged to sign (in such a way that is different from the specimen signature for the current account) the Credit Card on the Signature Strip in the presence of an authorised employee of the Bank and in such a way that the permanence of the signature made is ensured. The employee of the Bank is entitled to make a photocopy of the Credit Card with the signed Signature Strip.

(3) Upon taking possession of the Credit Card, the Client will receive a sealed envelope with the PIN (Personal Identification Number). A PIN is a four-digit code that is assigned to every Credit Card and by which the Client proves his or her right to use the Credit Card in taking Cash Advances from ATMs

and in making Noncash Payments for Goods and Services (hereinafter just the "PIN"). Upon taking over the envelope, the Client is obliged to check its integrity and in case of damage of any kind, the Client is obliged to alert an employee of the Bank as to this fact. If the envelope has been damaged, the Client is entitled to request in writing on the Bank's form that a new PIN and a new Credit Card be issued free of charge. Provided that the issued Credit Card is returned to the Bank, the Bank will prepare a new Credit Card and a new PIN within a reasonable period to issue at the Bank's branch specified by the Client in the Application, unless agreed otherwise.

(4) The Bank and the Client will confirm by signing the Protocol for Taking over a Credit Card that the Credit Card and the envelope with the PIN were collected and such signing will constitute the conclusion of the Contract in accordance with paragraph 1 of Article III of the Terms and Conditions.

(5) If the Client has not given notice in writing to the Bank no later than 6 weeks before the lapse of the validity period that he or she is not interested in being issued a new Credit Card, the Bank will automatically prepare a new Credit Card to be issued at the end of the validity of the issued Credit Card. The new Credit Card, along with the envelope with a new PIN, will be ready to be collected at the Bank's branch specified by the Client in the Application and will be held there for 60 calendar days from the end of the issued Credit Card's validity. If during this time the Client will not take possession of the Credit Card, then the card will be cancelled at the Client's expense. The Bank will not automatically issue a new Credit Card if the already issued Credit Card is blocked.

(6) The Client is entitled to request the Bank in writing on the Bank's form to issue a new Credit Card due to loss, damage, theft, suspicion of misuse of the issued Credit Card or for any other reason. The Bank will prepare the Credit Card in a reasonable period to be issued at the Bank's branch specified by the Client in the Application, unless otherwise agreed. The validity of an issued Credit Card will always end no later than upon the issue of a new Credit Card pursuant to the Contract.

(7) The Client is entitled to request the Bank in writing on the Bank's form to reissue his or her PIN to the issued Credit Card because he or she has forgotten it. The Bank will prepare the reissued PIN in a reasonable period to be collected at the Bank's branch specified in the Application (unless otherwise agreed). Should the Client request reissuing of the PIN due to loss or suspected misuse, the Bank will always prepare for the Client also a new Credit Card to be issued at the Bank's branch specified by the Client in the Application, unless otherwise agreed.

(8) The PIN will always be handed over exclusively to the Client; handing it over to another person is not permitted.

## V. Use of the Credit Card

(1) The Client may use the Credit Card to execute the following types of Transactions:

- Cash Advances from ATMs and Cash Advances at the branches of banks and exchange offices (hereinafter just "**Cash Advances**"),

- noncash payments for goods and services made at places of business by means of a payment terminal or an imprinter and payment for goods and services without the presence of the Credit Card (hereinafter just "**Noncash Payments for Goods and Services**").

The Client may enter data about the Credit Card only through web pages upon which the SSL (Secure Sockets Layer) protocol and the 3D-Secure protocol presented under the trademarks "Verified by Visa" are indicated as means of security. Breach of this provision, regardless of whether it occurred intentionally or due to negligence, is considered a serious breach of the Contract. The Client fully bears all losses and damages caused by such breach until he or she notifies the Bank of the misuse or unauthorised use of the Credit Card.

(2) When making noncash payments for goods and services at places of business, a place of business is always obliged to provide a sales receipt or, as the case may be, the Client is obliged to request it. The Client is obliged always to check the total amount and the completeness of the sales receipt. If the Client requests to execute a Transaction, he or she is obliged to sign the proper sales receipt, upon being requested to do so, in accordance with the signature specimen that is on the Credit Card and to keep the receipt in case of claim. In some places of business, the Client may be asked to enter his or her PIN code.

(3) When making Cash Advances from ATMs, it is necessary to enter the PIN code using the keypad and to follow the service instructions that are given on the ATM's screen or information panel. If the PIN code is incorrectly entered three times, the Credit Card is refused and automatically blocked temporarily for security reasons. The blocking will be automatically released within 8 days, at latest. The Client is obliged to prevent the PIN from being disclosed even when entering it, e.g. by covering the keypad with the other hand. Breach of this obligation, regardless of whether it occurred intentionally or due to negligence, is considered a serious breach of the Contract and the Client fully bears all losses incurred from possible subsequent unauthorised Transactions until the time of their notification to the Bank.

(4) The Client is entitled to draw down the credit under the Contract by means of a Credit Card only up to the amount of the Total Credit Limit and, at the same time, the credit drawing is limited by Weekly Limits. If the Client's drawdown exceeds the Total Credit Limit, he or she is obliged promptly to return the amount drawn down over the limit. This does not affect the provisions of the Terms and Conditions on

penalty interest.

## VI. Interest rate

(1) Credit amounts drawn down under the Contract are charged interest according to the rate specified in the Application.

(2) Should there be a change in conditions on financial and capital markets or should the regulatory bodies announce measures in the field of monetary or credit policy leading to a change in interest rates, the Bank reserves the right to adjust the interest rate appropriately.

(3) Interest pursuant to the Contract (interest on the drawn credit as well as penalty interest) is determined from the annual interest rate based on a 360-day year. Credit amounts bear interest from the day of their drawing until the day preceding the payment date.

(4) If the amount of the Noncash Payment for Goods and Services is paid to the Card Account in such a manner that the Total Amount Due for the calendar month in which the Noncash Payment for Goods and Services was carried out is fully settled as at the Due Date in the following calendar month, then the Bank will provide an interest-free grace period in relation to the respective drawing by Noncash Payment for Goods and Services.

(5) Except as provided otherwise hereinafter, the Client will be charged interest for every calendar month and it will be debited from the Card Account on the last banking business day of the respective calendar month. In case of drawing down the credit by Noncash Payment for Goods and Services, interest will be charged and debited from the Card Account on the banking business day following the Due Date which was decisive for provision of the interest-free grace period pursuant to the previous paragraph if the Client did not make payment by the Due Date.

(6) The following may be charged the penalty rate of interest stated in the Price List (hereinafter just the "**Penalty Rate of Interest**"):

- an amount drawn down over the Total Credit Limit or the Weekly Limits should the Client's drawing exceed the facility or the limits,

- Minimum Mandatory Payment unless it was paid on the respective Due Date,

- an amount drawn by the Client under the Contract if the Bank declares, in accordance with paragraph 4 of Article XIV of the Terms and Conditions, the drawn amount of credit, including appurtenances, to be immediately due and payable and this is not paid duly and on time;

Penalty interest is due monthly, always along with the Minimum Mandatory Payment.

## VII. Costs and payments

(1) All amounts payable by the Client under the Contract (drawn credit facilities, fees, interest, etc.) shall be debited by the Bank from the Card Account.

(2) The Bank shall charge fees related to issue and use of the Credit Card, as well as to any other services under the Contract, pursuant to the Price List effective at the time of carrying out the service or Transaction. The Bank charges fees in particular for the following services: charges for issuing and maintenance of the Credit Card, Cash Advances from ATMs, Cash Advances at bank cash desks, noncash payment for goods and services, other transactions using the Credit Card, establishing and maintenance of the card account, change to the contractual conditions, restricting the Credit Card's functionality for reasons other than loss/theft, travel insurance for foreign travel, insurance against loss/theft of the card, and D.A.S. legal expenses insurance for motor vehicle drivers.

(3) Unless established otherwise, fees associated with a certain circumstance are debited from the Card Account as at the day when such circumstance occurs; otherwise all other fees according to the Contract are charged as at the last banking business day of the respective month.

(4) The fee for Credit Card maintenance is charged by the Bank and debited from the Card Account even if the Applicant does not take possession of the Credit Card (in such case the fee is charged only for the period for which the Credit Card is prepared for collection at the Bank's branch, pursuant to these Terms and Conditions).

(5) All amounts are settled in Czech crowns upon receiving documents necessary for their settlement from the recipient's/payer's bank (VISA international association). If a Transaction with the Credit Card was made in a currency other than Czech crowns, the respective amount is converted by the exchange rate used by Československá obchodní banka, a.s., Company ID No. 00001350), or by the VISA international association, and exchange rate risk is always borne by the Client.

(6) Regarding the form of the granted credit, it is not possible to determine the annual percentage rate of costs pursuant to paragraph 2 of Section 5 of Act No. 321/2001 Coll., on Certain Conditions for the Conclusion of Consumer Loans, as subsequently amended. The Contract, in accordance with the given regulation, stipulates the maximum amount of credit, amount of payments associated with the credit, and conditions under which these payments can be changed.

## VIII. Payment

(1) The Client is obliged to pay the drawn credit amounts and other amounts payable under the Contract to the Card Account. Any of the Bank's receivables under the Contract are considered paid only upon being credited to the Card Account.

(2) The Client is entitled at anytime to pay, in part or

in full, the credit amounts and other amounts payable under the Contract. During the period from the commencement of a calendar month until the Due Date in such month, however, the Client must make at least the Minimum Mandatory Payment as established according to the Total Amount Due for the previous calendar month.

(3) The Client is obliged to pay the amounts due under the Contract in Czech crowns.

(4) If a collection account as specified in the Application (hereinafter just the "Collection Account") is maintained at Volksbank CZ, a.s., the Client is obliged, immediately after concluding the Contract, to establish collection to the Collection Account for the purpose of paying amounts payable under the Contract. If the Collection Account is not maintained at Volksbank CZ, a.s., the Client is obliged to establish such collection without undue delay at an appropriate bank. The Client undertakes not to withhold approval of the collection established according to this paragraph throughout the duration of the Contract nor to cancel the Collection Account during this period. The Client is obliged to ensure sufficient funds on the Collection Account to enable implementing the collection as at the collection date.

(5) The Client agrees that the Bank may implement the collection up to the amount of the Minimum Mandatory Payment stipulated for a respective calendar month from the Collection Account if the Minimum Mandatory Payment was not paid otherwise in the period from the commencement of the calendar month to the Due Date of the respective Minimum Mandatory Payment. The collection date is stipulated in such manner that the Bank may carry out collection as at the Due Date in case the Collection Account is maintained at the Bank, otherwise the collection will be required as at the Due Date from the Bank that maintains the Collection Account.

(6) If, for the respective period from the commencement of a calendar month until the collection date, or until the date of a requested collection pursuant to the previous paragraph, the collection was paid to the Card account but in an amount smaller than the respective Minimum Mandatory Payment, then collection is carried out for an amount equal to the difference between the Minimum Mandatory Payment and the amount of the partial payment credited to the Card Account.

(7) Should the Client breach his or her obligations under the Contract, the Bank is entitled to carry out collection up to the amount due and unpaid by the Client pursuant to the Contract. In accordance with the General Terms and Conditions, the provisions of these Terms and Conditions shall not affect the Bank's right to debit funds on the Client's current account maintained by the Bank to cover the Bank's receivables from the Client, if such account is maintained by the Bank.

(8) In fulfilling the Client's financial obligations to the Bank under the Contract, the Client's payments will be applied stepwise in the following order:

- penalty interest,
- an unauthorised amount drawn over the Total Credit Limit or over the Weekly Limits,
- costs associated with enforcing the Bank's receivables from the Client,
- interest from the credit drawn,
- fees,
- principal drawn by Noncash Payment for Goods and Services (from the oldest Transaction),
- principal drawn by Cash Advance (from the oldest Transaction).

(9) The Client is entitled to pay to the Card Account only an amount up to the amount payable under the Contract as at the due date. In case an amount larger than that payable is paid to the Card Account, interest will not be paid on such funds and the Bank is not obliged to return such funds to the Client throughout the duration of the Contract in any way other than by charging against the obligations arising from the subsequent drawdown of credit via the Credit Card.

#### **IX. Account statements and claims**

(1) The Bank informs the Client of individual Transactions carried out by the Client with the Credit Card within a respective period and billed to the Card Account by means of a Card Account statement. Transactions are shown there with a truncated Credit Card number and a detailed identification of the Transaction (truncated Credit Card number, date of the Transaction's execution, abbreviated identification of the place where the Transaction was executed, any exchange rate used by the Bank in processing the Transaction, any fee connected with the Transaction, amounts as well as currencies of the Transaction). The Total Amount Due, Minimum Mandatory Payment, and Due Date are always specified in the statement.

(2) The statement is issued once monthly and always on the last business day of a calendar month. It is sent by the Bank by ordinary post to the postal address specified in the Application. The address must be located within the Czech Republic.

(3) The Bank is not responsible for non-delivery of the Card Account statement. In such case, the Client is entitled and obliged to inform himself or herself of the amount of the Minimum Mandatory Payment at the telephone line +420 800 133 444 (hereinafter just the "Volksbank CZ Call Centre") or at any of the Bank's branches. If a Telephone Communication Contract is concluded between the Bank and the Client, the Client will be notified of the amount of the Minimum Mandatory Payment at the Volksbank CZ Call Centre. If such contract is not concluded, the

Bank will send the Client, on the basis of a request communicated to the Volksbank CZ Call Centre, a duplicate of the Card Account statement for a fee stipulated by the Price List.

(4) In case of making a claim regarding a disputed Transaction that relates to suspected misuse of the Credit Card, the Client is obliged always to submit to the Bank the respective Credit Card to which the disputed Transaction relates, and if it is not submitted such fact will be taken into account in the claim procedure. This does not apply in cases when the Bank was duly notified of the loss or theft of the respective Credit Card. The Bank is entitled to call upon the Client to provide further documentation relating to the Transaction under claim and the Client is obliged to provide the Bank with the necessary cooperation for the purpose of duly processing and resolving the claim procedure.

(5) If the Client discovers in the Card Account statement an item not corresponding to any Transaction that he or she carried out with the Credit Card, or if an incorrect Transaction amount is shown, he or she is entitled to file a claim in accordance with the Bank's Claims Procedure. The Client should fill out the Bank's claims report form and at the same time provide all available documents supporting the claim. The Bank will confirm receipt of the claims report form. In resolving a Transaction claim, the Bank will assess whether the Client has fulfilled all the conditions, i.e. especially whether he or she complied with the deadlines for asserting claims and the obligations arising under the Contract, including these Terms and Conditions (e.g. serious breach in protecting the Credit Card's security and identification elements). If during the course of the claim procedure the Bank discovers that the claim is unjustified, it will dismiss the claim. The Bank will always inform the Client of the result of the claim procedure.

(6) The Client is obliged to notify the Bank of any unauthorised Transaction without undue delay – in case of suspected misuse of the Credit Card at latest within 2 months and in justified cases 13 months from the date of the Transaction's billing to the Client's Card Account. The Client shall make notification at a branch of the Bank. If when assessing an allegedly unauthorised Transaction the Bank discovers that the Transaction was authorised, it will dismiss the claim.

(7) The Client may request the refund of an authorised Transaction executed on the recipient's initiative within 8 days from the date of the Transaction's billing to the Card Account on the condition that at the time of the Transaction's Authorisation no exact amount had been established and the debited amount exceeds the amount that the Client could reasonably have expected with regard to all circumstances (including, for example, payments at car rental agencies, hotels, etc.). Detailed conditions for the refund of an authorised Transaction are stipulated by the General Terms and Conditions.

(8) If it is apparent in view of the circumstances and

complexity of a given case that the statutory time limit for assessing the claim may be exceeded, the Bank will return to the Client the Transaction amount less the amount of the loss which the Client bears by law. In such case, the Bank may block this amount in his or her account until proper completion of the claim procedure. Once the claim procedure has ended, the Bank will release the amount in case of a justified claim or debit the amount from the account in case of an unjustified claim.

(9) If an erroneous transaction or any other reparation claimed in accordance with these Terms and Conditions has not been resolved satisfactorily, the Client has the right to appeal the claim to the financial arbiter, who settles disputes arising between the Bank and Clients that occur in issuing and using payment instruments pursuant to Act No. 229/2002 Coll., on the Financial Arbiter, as subsequently amended. Petitions for proceedings before the financial arbiter are submitted to the following address: Washingtonova 25, Prague 1, 110 00.

## **X. Information and other obligations of the Client**

(1) The Client is obliged to inform the Bank without delay of any change to data stated in the Application and of all circumstances that could in any way affect his or her ability to fulfil obligations arising under the Contract. Should the Bank call upon the Client to do so, he or she is obliged to provide the Bank with additional or current data regarding his or her financial situation.

(2) The Client is obliged to keep the Credit Card in a secure place, separate from personal documents, and to protect it against misuse by third parties. The Client is obliged regularly, on a daily basis, to check that he or she has possession of the Credit Card. In case of loss, theft or other suspicion of misuse of the Credit Card, the Client shall proceed in accordance with paragraph 7 of Article XII of the Terms and Conditions.

(3) The Client is not entitled to lend the Credit Card to anyone or to share with any third party information about the Credit Card that could be used to execute a Cash Advance or a Noncash Payment for Goods and Services. If he or she does so, he or she bears full responsibility for all associated costs and damages.

(4) The Client undertakes not to write the PIN either onto the Credit Card or onto any other object (and especially not an object that could be carried with the Credit Card). The Client is obliged to keep the PIN separate from the Credit Card, in secrecy, and protect it from its being disclosed to or detected by third parties.

## **XI. Breach of due payment obligation by the Client**

(1) If the Minimum Mandatory Payment will not be paid duly and on time as at the respective Due Date, the Volksbank CZ Call Centre will make a telephone call to the Client to request such payment. The Bank is also entitled to implement collection (or request it) from the collection account for the purpose of paying the outstanding Minimum Mandatory Payment (and to do so repeatedly in case of unsuccessful collection). If the Minimum Mandatory Payment still remains unpaid, the Client will be sent a written reminder, which does not, however, affect the Bank's right to temporarily block the Credit Card. The unpaid part of interest from the drawn credit and fees (however, in the maximum amount of the Minimum Mandatory Payment) become part of the principal on the respective Due Date and they may bear the Penalty Rate of Interest.

(2) In case the respective Minimum Mandatory Payment is not settled even as at the Due Date of the following calendar month, the Bank is entitled to carry out permanent blocking of the Credit Card and declare the credit to be immediately due and payable in accordance with paragraph 4 of Article XIV of the Terms and Conditions.

(3) Fees for collections, reminders and blocking pursuant to this Article are charged according to the Price List.

## **XII. Blocking**

(1) The Bank reserves the right, even without prior notice, to carry out temporary or permanent blocking of a Credit Card or refuse to consent to some types of Transactions carried out with the Credit Card, and it may communicate this decision to third parties, and particularly to places of business, financial institutions, card associations, and the like. Fees for both temporary and permanent blocking of a Credit Card for reasons other than loss, theft and misuse or unauthorised use by a third party are charged according to the Price List. The Bank is entitled to use this procedure, in particular for cases as described hereinafter. Notification will be made by telephone, e-mail or letter. The Bank will unblock the Credit Card or replace it with a new Credit Card as soon as the reasons for blocking the Credit Card no longer exist.

(2) **Temporary blocking** of a Credit Card is understood to be a measure consisting in a temporary suspension of the possibility to draw down credit with the Credit Card under the Contract.

(3) **Permanent blocking** of a Credit Card is understood to be a measure consisting in a permanent suspension of the possibility to draw down credit with the Credit Card under the Contract along with early termination of the validity of the issued Credit Card as at the day of permanent blocking.

(4) In particular, the Bank is entitled to carry out temporary blocking if:

- within the credit process the Client did not notify the Bank of facts that could cause the risk of the credit's repayment to increase or imparted to the Bank false, distorted or incomplete information,

- the Bank discovers facts that may endanger credit repayment under the Contract (especially substantial worsening of the Client's financial situation, initiation of an insolvency proceeding, criminal prosecution, handing down of a sentence, issue of a distress warrant, and the like),

- the Client breaches his or her obligations according to Article X of the Terms and Conditions,

- the Client exceeds the Total Credit Limit or the Weekly Limits,

- the Client does not pay the Minimum Mandatory Payment as at the respective Due Date,

- the conditions for permanent blocking of a Credit Card under the Contract have been met.

The Bank may cancel the temporary blocking based on a written request made by the Client on the Bank's form.

(5) The Client is entitled to request, for reasons other than specified in paragraph 7 of this Article, that a temporary or permanent blocking of his or her Credit Card be carried out (only for on-line authorised Transactions). Blocking shall be carried out no later than the first business day following the day when the request for blocking of the Credit Card is submitted to the Bank's branch.

(6) The Bank is in particular entitled to carry out permanent blocking of a Credit Card if:

- the Client shall repeatedly exceed the Total Credit Limit or the Weekly Limits,

- the Client shall not immediately pay the amount drawn over the Total Credit Limit or the Weekly Limits pursuant to the Contract,

- the respective Minimum Mandatory Payment is not paid even as at the Due Date of the following Minimum Mandatory Payment,

- a telephone report in accordance with paragraph 7 of this Article is made,

(7) In case that a loss or theft of a Credit Card should occur, or if a Credit Card is retained in an ATM, or should there arise a threat for any reason of the card's misuse, then the Client is obliged immediately to report that fact by telephone to the Call Centre of Československá obchodní banka, a.s. (hereinafter just the "**ČSOB Call Centre**") at tel. +420 495 800 111. Such reporting may also be done by a third party (the Client or a third party is referred to hereinafter just as the "**Reporting Person**"). An employee of the ČSOB Call Centre will communicate to the Reporting Person in the course of the telephone conversation an identification code serving as confirmation of the telephone report. If, for any reason, the Client is unable to report the aforementioned facts to the ČSOB Call Centre, he or she is obliged to do so without delay at any of the Bank's branches. The Bank will then ensure

reporting to the ČSOB Call Centre. Upon a telephone report under this paragraph, the Bank will permanently block the Credit Card.

(8) The telephone report must be confirmed in writing without undue delay at any of the Bank's branches by giving the assigned blocking identification code.

(9) When a telephone report is made under paragraph 7 of this Article, the Reporting Person must provide all such data as is needed to identify the given Credit Card (the Credit Card number or the Client's name and surname, and the like). Furthermore, it is necessary to report all the circumstances known to the Reporting Person about the loss/theft or suspicion of the Credit Card's misuse (such as whether a disclosure of the PIN has occurred, and the like).

### **XIII. Responsibility of the Bank**

(1) The Client's responsibility for Transactions carried out with a lost, stolen or misused Credit Card ends immediately upon reporting by telephone in accordance with paragraph 7 of Article XII of the Terms and Conditions. In no case, however, does the Bank bear responsibility for possible damages resulting from Transactions made by lost or stolen Credit Cards when the correct PIN has been used or the Client acted fraudulently.

(2) In the case of damages caused by possible misuse of a Credit Card blocked temporarily or permanently for reasons described in paragraph 5 of Article XII of the Terms and Conditions, the Bank assumes responsibility on the second business day following the day when the request for blocking the Credit Card was made at the Bank's branch.

(3) The Bank shall examine all cases of loss/theft or suspected fraudulent conduct. Without such examination the Bank does not automatically take upon itself responsibility for financial losses of the client, and especially in cases when the Credit Card was used without its physical presentation or without the electronic identification of the Credit Card. The very fact that the Credit Card was not present does not release the Client from responsibility for such Transactions without further examination.

(4) The Bank is not liable for damages that the Client incurred as a result of non-execution of requested Transactions which were either directly or indirectly due to causes beyond the control of the Bank or its partners (e.g. interruption in the supply of electricity, ATM malfunctions, a business establishment's or bank branch's refusal to accept a Credit Card, strike actions, and the like) or when the relevant Transactions were carried out on devices that were not approved for use with Credit Cards.

(5) The Bank does not inquire into the legitimacy of Transactions carried out by the Client, nor is it responsible for those.

(6) The Bank is liable to the Client for damages that he or she incurred due to the Bank's failure to uphold the Contract. The Bank is not liable, however, for damages that the Client incurred in the following cases:

- damages occurring in relation to an invalid Credit Card;
- the Client grossly violated the obligations established by the Contract; in particular, the Client violated the obligation to keep the PIN secret, or violated the obligation to give to the Bank without delay instructions for blocking of the Credit Card in case that a possibility of its unauthorised use has been indicated.

(7) Furthermore, the Bank is not liable to the Client for possible damages that he or she may incur:

- in relation to the Client's exceeding the Total Credit Limit or the Weekly Limits,
- due to misuse of the Credit Card if the Client fails duly to return it in accordance with the Contract,
- due to termination of the Contract,
- due to temporary or permanent blocking of a Credit Card should such blocking be made in accordance with the Contract.

### **XIV. Termination of the contractual relationship**

(1) Upon termination of the Contract, the Client's right to draw down the credit in accordance with the Contract terminates and the validity of the Credit Card ceases. The Contract terminates in the following cases:

- by termination notice under paragraph 2 of this Article,
- upon withdrawal from the Contract under paragraph 3 of this Article,
- upon the end of validity of the Credit Card unless a new Credit Card shall be issued for an additional period in accordance with paragraph 5 of Article IV of the Terms and Conditions and on the basis of the Contract,
- upon the Bank's obtaining confirmation of the Client's death,
- in another manner (e.g. by agreement of the contracting parties).

(2) The Bank and Client are entitled to withdraw from the Contract at any time and without giving reason by delivering a written termination notice to the other contracting party. Upon a notice given by the Client, the notice period is 1 month. In case of a termination notice given by the Bank, the notice period is 2 months and begins upon the first day of the calendar month following the month in which the written notice was delivered to the other party. The Client is obliged to return the Credit Card to the Bank before the beginning of the notice period.

(3) In case of a gross violation of the Contract on the part of the Client, the Bank is entitled to withdraw from the Contract with immediate effect. Gross violation of the Contract on the part of the Client is considered in particular to include the following:

- if the Client has presented false or distorted information,
- in case of non-payment of the amount by which the Total Credit Limit or the agreed Weekly Limits were exceeded, and immediately after such unauthorised drawdown,
- in case of non-payment of the Minimum Mandatory Payment or another amount payable pursuant to the Contract within the period of 30 days from the due date.

(4) The Bank is entitled to declare the entire drawn amount of credit, including appurtenances, immediately due and payable (with loss of the benefit of instalment payments), regardless of the agreed payments, if at least one of the following circumstances should occur:

- the conditions for temporary or permanent blocking of the Credit Card are met on the part of the Bank (with the exception of cases under paragraphs 5 and 7 of Article XII of the Terms and Conditions),
- the respective Minimum Mandatory Payment is not settled even as at the Due Date of the following calendar month,
- the Client shall breach the terms of another contract with the Bank and such breach may, in the view of the Bank, adversely influence the Client's ability to fulfil his or her commitments under the Contract.

The client is obliged to settle all amounts due under the Contract, including interest and fees, within 15 days from the delivery date of the declaration that obligations are immediately due and payable.

In case of the Contract's termination, the Client is obliged to (i) settle all amounts due under the Contract to the Bank, including interest and fees, at latest within 1 month from the termination of the Contract, and (ii) within the period of 15 days from the termination of the Contract to return the Credit Card to the Bank's branch where he or she took over the Credit Card (this does not affect the provisions of paragraph 2 of this Article of the Terms and Conditions). The Bank is entitled to debit to the Card Account those Transactions resulting from use of the Credit Card even after termination of the Contract. The Client is obliged to settle such drawdown immediately after its charging to the Card Account.

## **XV. Final provisions**

(1) The Contract is governed by Czech law. The Bank and Client further have expressly agreed that all disputes that could arise from or in connection with this Contract shall be, without recourse to the

competence of the common courts, settled decisively and with final validity before the Arbitration Court at the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in accordance with the Rules and Regulations of that Arbitration Court by a single arbitrator appointed by the Chairman of the Arbitration Court subject to Act No. 216/1994 Coll., on Arbitration Procedure and Execution of Arbitration Awards, as subsequently amended. The parties have also agreed that such arbitration proceeding will be conducted only on the basis of written documents and without pursuit of oral proceedings.

(2) Should any of the provisions of the Contract contradict a provision of the Terms and Conditions or General Terms and Conditions, the respective provision of the Contract shall prevail. In case of contradiction between the Terms and Conditions and the General Terms and Conditions, the provision of the Terms and Conditions shall prevail.

(3) Unless agreed otherwise, the Contract may be changed only on the basis of a written agreement between the Client and the Bank.

(4) The Bank is entitled to amend the Terms and Conditions from time to time. The Bank shall inform the Client of the proposal of a change to the Terms and Conditions at its business premises and on its website [www.volksbank.cz](http://www.volksbank.cz) no later than 2 months prior to the date upon which the change should become effective. The Bank informs about such changes within the same period by means of a notification in the Card Account statement. The Client is deemed to have accepted a proposed change to the Terms and Conditions if the Bank proposed the change to the Terms and Conditions 2 months before their effective date and the Client did not reject that proposal in writing at latest on the business day preceding the proposed effective date of the amended Terms and Conditions. If the Client rejects the proposal, he or she has the right to withdraw from the Contract without charge and with immediate effect prior to the day upon which the change should become effective. A termination notice must be made in writing and delivered to the Bank prior to the day upon which the change should become effective.

(5) In accepting these Terms and Conditions, the Client agrees to prolong the limitation period in relation to the Bank's receivables from him or her arising under the Contract, including future receivables due to the Bank, for the period of 10 years.

(6) If any provision of the Contract or its part is or becomes invalid or unenforceable, the remaining provisions of this Contract or their parts shall remain valid and enforceable.

(7) These Terms and Conditions become effective on 31 October 2009.