



Virtual Bank Service

Conditions

These terms and conditions are for products supplied by Corporate Markets to customers with an annual turnover of £15m or more. If you have any queries please contact your relationship manager.

1 Service Specific Conditions

1.1 The following Service Specific Conditions apply to the Virtual Bank Service in addition to the General Conditions.

2 Virtual Bank Service

2.1 The Virtual Bank Service provides the benefits of overseas banking without the cost and administration of setting up bank accounts overseas. The Virtual Bank Service is available only to customers of Lloyds TSB Bank plc.

3 Definitions and interpretation

3.1 For the purposes of the Virtual Bank Service Clauses 3.1 to 3.3 of the General Conditions shall not apply and in these Service Specific Conditions the term Service Administrator shall mean the primary contact person named in the Virtual Bank registration form as the Customer's main contact person for the Virtual Bank Service. The Service Administrator may also be a User if so appointed by the Customer.

3.2 For the purposes of the Virtual Bank Service as the term is used in the General Conditions and in these Service Specific Conditions, "User" means an employee of the Customer who is authorised by the Customer to have access to the Virtual Bank Service.

3.3 For the purpose of the Virtual Bank Service the term "Cheque(s)" means the US Dollar cheque(s) drawn on financial institutions in the US made payable to the Customer (or to an Acceptable Payee) and deposited at one of the Depositories.

4 Virtual Bank Service – General

4.1 In order to provide the Virtual Bank Service, the Bank has entered into arrangements with the Financial Institution to receive incoming funds by Electronic Funds Transfer and Cheque and to collect Receipts.

4.2 In order to use the Virtual Bank Service the Customer must open relevant Currency Account(s) and instruct the Bank to open relevant Collection Account(s) with the Financial Institution by completing the Virtual Bank Service registration form. The Customer's use of the Virtual Banking service is subject to the approval of Lloyds TSB and the Financial Institution.

4.3 If the Customer wishes to view the Currency Account(s) electronically, the Customer should contact its Relationship Manager to discuss the Bank's Cash Management Service.

4.4 The Customer acknowledges that it shall not be entitled to give any instructions (payments or otherwise) in relation to the funds held in the Collection Account(s). Such funds shall be credited by the Bank to the Customer's relevant Currency Account(s).

4.5 Receipt of funds by the Bank into the Collection Account(s) will be subject to the rules of the relevant clearing system in the relevant jurisdiction and to any operational delays to which such clearing systems may be subject.

4.6 If a Financial Institution reverses a credit entry on a Collection Account (for example, if it is required to do so by the rules of a relevant clearing system or by law or regulation in any jurisdiction) the Bank reserves the right to agree to such reversal, to reverse the corresponding credit entry on the Currency Account and to deduct related interest and reasonable costs. If the Customer's Currency Account becomes overdrawn as a result of such reversal, the relevant overdraft charges in relation to that Currency Account will apply.

4.7 If the Customer is registered for the US Dollar Lockbox service and wishes to view images of Cheques and relevant Receipts online, it may do so via the Online Image service. The Online Image service is administered by the Bank on behalf of the Financial Institution. The Customer shall provide the Bank with the relevant information for access to the Online Image service on the Virtual Bank Service registration form.

4.8 The Customer may perform its own reconciliations by matching the bulked credit with each individual Cheque transaction using the Online Image service. The Customer will not have access to account balance information on the Online Image service.

4.9 The Payment Services Regulations 2009 (SI 2009/209), as may be amended or superseded from time to time, shall apply to these Service Specific Conditions but only insofar as they are provided for herein and all other provisions contained in the said regulations are excluded to the fullest extent permitted by law.

5 International Receivables service

5.1 Funds received after the cut off times contained or referred to in the latest version of brochure number VB01 entitled "Virtual Bank Service" will be deemed to have been received, and credited to the Customer's Currency Account(s), on the following Business Day.

5.2 All times quoted are London times (either GMT or BST as applicable).

6 US Dollar Lockbox service

6.1 The Customer authorises the Bank to arrange for Cheques to be paid into the US cheque clearing system and for funds to be credited to the Collection Account(s).

6.2 Subject to Clauses 4.6 above, and 9.1 and 9.2 below, following the receipt of funds into the Collection Account(s) such funds will usually be available for withdrawal from the Currency Account within 3 Business Days.

7 Online Image service

7.1 Customers registered for the US Dollar Lockbox service may elect for photocopies of the Cheques and Receipts to be couriered to them (at the address set out in the Virtual Bank Service registration form) on a weekly basis by the Financial Institution. They will be provided to all Customers of the Online Image service by the Financial Institution for the first 45 days; after this date this part of the service will cease should the Customer remain an Online Image service customer.

7.2 The Financial Institution will send only one copy of each of the photocopied Cheques and Receipts to a single address indicated on the Virtual Bank Service registration form.

7.3 The Customer agrees to pay the Charges applicable to the Online Image service.

7.4 The Customer shall specify Users on the Virtual Bank Service registration form. The Bank reserves the right to reject such Users in its sole discretion. The Bank and/or the Financial Institution, each acting reasonably, may at any time restrict or prevent access by any User to the Online Image service.

7.5 The maximum number of Users authorised to use the Online Image service at any one time shall be 8.

7.6 The Online Image service may be used by the Customer to view the images of the Cheques but the information provided by the Cheque images should not be relied on by the Customer to make payments from the Currency Account(s).

7.7 The Customer is responsible for checking its Currency Account balance statement before making any payment or authorising any payments from its Currency Account(s). The Online Image service should be used for reconciliation and reference purposes only.

7.8 The Customer acknowledges that the images of the Cheques which may be accessed via the Online Image service are provided by the Financial Institution and that the Bank is not responsible for the content of the Online Image service. The Customer acknowledges that the Financial Institution provides and maintains the Online Image service and that there may be periods of time when the Online Image service is unavailable.

7.9 The Customer agrees that it will, and agrees to procure that each User will:

7.9.1 comply with the Online Image service User Guide and any other guidance or instructions received from Lloyds TSB and the Financial Institution with respect to the Image Online service;

7.9.2 not contact the Financial Institution for whom the Bank administers the Online Image service. The Customer should contact the relevant department of the Bank specified on the account details letter if the Customer or any Users require help or support with the Online Image service;

7.9.3 not transfer the access details for the Online Image service to any other person;

- 7.9. 4 not make any changes to the US Dollar Lockbox password on the Online Image service; and
- 7.9. 5 not make any changes to the digital certificate owned by the Financial Institution.

7.10 The Customer shall notify the Bank promptly in writing if any User ceases to be an employee of the Customer or if the Customer wishes to remove a User or if any User no longer requires access to the Online Image service.

8 Acceptable Payees:

8.1 The Customer warrants and represents that Acceptable Payees are recognised variations of the Customer's name and are not separate legal entities. The Customer agrees that the Bank and the Financial Institution may treat Cheques made payable to an Acceptable Payee (and any variation of the Acceptable Payee's name which the Financial Institution deems reasonable) in the same way as Cheques made payable to the Customer in its name. For the avoidance of doubt, the indemnity in Clause 5.7 of the General Conditions applies to any losses suffered by the Bank as a result of accepting Cheques made payable to an Acceptable Payee.

9 Returns Processing

- 9.1 If the Financial Institution informs the Bank that a Cheque has been returned for any reason, the Bank will debit the Customer's Currency Account in the amount of the returned Cheque together with related interest and reasonable costs. The Bank will inform the Customer that the Cheque has been returned and will send the returned Cheque to the Customer with supporting information and an explanation as to why the Cheque was returned. The Bank may make additional Charges in respect of returned Cheques and these will be payable on the date of the return.
- 9.2 The Customer acknowledges that the Bank may be required to reimburse the Financial Institution for irregular items, such as forged endorsements or material alterations, discovered after a Cheque has been paid. This liability may remain outstanding for at least 6 years. The Customer agrees that the Bank maintains a full right of recourse against the Customer in such cases, as well as in respect of Cheques returned for normal banking reasons.
- 9.3 The Bank reserves the right to charge the Customer for the Cheque returns processing described in Clause 9.1 above before the Customer uses the Virtual Bank Service. The Bank also reserves the right to charge the Customer if corrections must be made to payments to allow them to be made via the Virtual Bank Service. These Charges will be specified on the invoice submitted to the Customer.

10 Secure e-mail

10.1 Users of the Virtual Bank Service do not acquire automatic rights to the use of Secure e-mail. If the Secure e-mail service is required by Users, the Customer must register separately to use Secure e-mail.

11 Charges

- 11.1 The Bank will invoice the Customer each month for the Charges arising under or in connection with this agreement, and by way of settlement the Customer hereby authorises the Bank to debit the Charges shown on the invoice from the account identified in the Virtual Bank Service registration form. The Bank will debit the account in the relevant amount not less than 14 calendar days after the date of invoice.
- 11.2 If the said authority to the Bank to debit the Charges from the said account is cancelled, the Bank shall be entitled to suspend the supply of the Virtual Bank Service to the Customer or to terminate this agreement.

12 Limitation of liability

12.1 Without prejudice to any other provision of this agreement, the Bank shall not be liable for any loss, damage, interruption, delay or non-performance arising out of the acts or omissions of any third party including but not limited to the loss or destruction of any Cheques or Receipts by the Financial Institution or the refusal of the Financial Institution to accept or process an Electronic Funds Transfer or a Cheque for any reason.

13 Termination

- 13.1 Without prejudice to the General Conditions the Bank may without liability suspend or terminate the Virtual Bank Service and/or Online Image service (either generally or in relation to a particular Customer) if:
- 13.1.1 the Bank is instructed to do so by the Financial Institution;
- 13.1.2 the Financial Institution terminates or suspends its agreement with the Bank to facilitate the Virtual Bank Service and/or Online Image service; and/or
- 13.1.3 either or both of the Bank and the Financial Institution suspects that the Virtual Bank Service and/or Online Image service is being used by the Customer in contravention of any law or regulation.

14 Data Protection

14.1 Without prejudice to the General Conditions the Customer acknowledges and agrees that the Bank may disclose the Customer's employees' personal data to the Financial Institution to enable it to carry out its obligations to the Bank with respect to the Customer's Collection Account(s) and/or Online Image Access. The personal data disclosed by the Bank to the Financial Institution will be the minimum required for the Customer to participate in the Virtual Bank Service.

15 Disclosure of Customer information

15.1 The Customer agrees promptly to provide the Bank with all necessary information and assistance to ensure compliance with the instructions or requests of the Financial Institution and/or any governmental or regulatory bodies (either in the US or elsewhere) where such instructions or requests relate to the provision of the Virtual Bank Service. The Customer also consents to the disclosure by the Bank and/or by the Financial Institution of any information relating to the Customer (or individuals connected with the Customer) to such governmental or regulatory bodies insofar as the same may be requested from time to time.

16 No Contract with the Financial Institution

16.1 The Customer acknowledges and agrees that it is contracting with the Bank for the operation of the Collection Account(s) via the Virtual Bank Service and that it has no contractual relationship with the Financial Institution. The Customer agrees therefore that the Financial Institution is under no obligation (either expressed or implied) to the Customer.

17 Notices

17.1 Any notice to be given under this agreement shall be delivered, where the Bank is the receiving party, by first class post to LloydsLink Registrations, Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham Business Park, Kent ME8 0LS, United Kingdom or to such other address as shall be notified by the Bank to the Customer and where the Customer is the receiving party, by post or e-mail to the Service Administrator whose correspondence and e-mail address have been notified in the Virtual Bank Service registration form or such other correspondence or e-mail address of the Service Administrator as notified to the Bank. For the avoidance of doubt, any contact by the Bank with the Customer in relation to the Virtual Bank Service shall be with the Service Administrator who shall be responsible to communicate with the relevant personnel of the Customer. If there is any change to the Customer details or to the Service Administrator, the Customer (acting through its authorised signatories) shall notify such changes to the Bank in writing to the address set out in this clause (and, if applicable, provide a specimen signature of the replacement Service Administrator).