

Electronic Funds Transfer with Outsourced KYC Arrangement Product Terms and Conditions (PTC)

A. SCOPE OF SERVICE/S - RCBC offers the following **Electronic Funds Transfer (EFT) Services** to the CLIENT subject to the Product Terms and Conditions (PTC):

Electronic Funds Transfer (EFT) Services Via:

- AUTO-CREDIT ARRANGEMENT (ACA)
- ACA with corporate releaser
- BATCH CREDITING

1. RCBC has an automated system through RCBC Online Corporate (ROC) that shall facilitate CLIENT's disbursement of supplier payments, professional fees, allowances, remittances and other payments (the "EFT Services").

2. Through the ROC, the CLIENT may upload the payment file for the pertinent EFT transactions for processing, which file shall contain information on Receiving Institutions, Beneficiary Accounts, and all other information required by RCBC (the "Instruction").

3. Definitions

- BENEFICIARY** - the accountholder of Beneficiary Account.
- BENEFICIARY ACCOUNT** - the account number(s) indicated by CLIENT in the Instruction.
- CLIENT** - refers to RCBC customer enrolled under ROC who initiates and authorizes the electronic funds transfer transactions.
- FUNDING ACCOUNT** - refers to the deposit account/s enrolled under the ROC and designated in the Client Enrollment Form (CEF) which shall be used to fund the EFT transactions and must be sufficiently funded to cover the total amount of EFT transactions under said Funding Account. In case the funds in the Funding Account to be debited are not sufficient, the Instruction shall not be processed by RCBC.
- INSTACORE Implementation Form (IIF)** - refers to the document that contains operations details from the CLIENT necessary for the Service/s with bank releaser.
- ORIGINATING INSTITUTION** - refers to RCBC in this PTC, wherein the CLIENT maintains the Funding Account.
- RECEIVING INSTITUTION** - refers to the financial institution with which a Beneficiary's account is maintained.
- RCBC Online Corporate (ROC)** - refers to RCBC's internet banking channel, as defined in the CCM Master Terms and Conditions (MTC) and the use of which are provided in the CCM MTC.
- ACCOUNT OPENING REQUIREMENTS** - shall refer to RCBC's prescribed account opening requirements, in accordance with its prevailing Account Opening Policy.
- CUSTOMER RELATIONSHIP FORM (CRF)** - enrollment form of RCBC for a Beneficiary Account including the terms and conditions for opening and maintaining the same.

B. AVAILMENT OF THE SERVICES

1. This PTC shall take effect upon execution of the CMS enrollment form (CEF) and shall remain in force and in effect until terminated by either party pursuant to Section F (Term and Termination) of the CCM Master Terms and Conditions (MTC).

2. For its availment of the Service, the CLIENT shall open/nominate its RCBC CASA account (the "ACCOUNT/S") indicated in the CEF, which shall be used as settlement account where the disbursement amount is credited within the agreed settlement period.

C. CONSIDERATION

The CLIENT agrees to comply with the commercial and payment terms stated in the CEF, or its equivalent Enrollment/Maintenance Form.

D. ACCOUNT OPENING AND ISSUANCE OF A DEBIT/ATM CARD

- CLIENT may opt to cause their beneficiaries to open accounts in RCBC and apply for a debit/ATM card linked to such accounts.
- CLIENT agrees that, upon endorsement by the CLIENT of its beneficiaries to RCBC, RCBC shall conduct verification of the CRF and related documents to open a Beneficiary Account. The opening of Beneficiary Accounts hereunder for the beneficiaries of the CLIENT shall be for purposes of loan disbursements, commissions, etc., from and by the CLIENT to its beneficiaries.
- CLIENT acknowledges, and undertakes to inform its beneficiaries that a Beneficiary Account that has no transaction within four (4) months from account opening shall be automatically closed subject to RCBC's policies and procedures.

4. CLIENT agrees that all applications for the opening of a Beneficiary Account are subject to RCBC's prior approval and shall be evaluated and processed in accordance with RCBC's policies and procedures.

5. CLIENT may cause its beneficiaries to personally apply for a Beneficiary Account with RCBC Business Centers. CLIENT shall provide each beneficiary with a written endorsement letter, addressed to RCBC for this purpose.

6. CLIENT may opt to process account opening for its beneficiaries, in which case:

- CLIENT shall promptly submit all Account Opening Requirements and a duly-accomplished KYC Certification in the manner prescribed by RCBC and, where applicable, using RCBC-provided forms and templates.
- RCBC shall not be obliged to open a Beneficiary Account unless all Account Opening Requirements are submitted to RCBC.

RCBC shall (a) send such debit/ATM cards' corresponding Personal Identification Numbers (PINs) via SMS to each Beneficiary's mobile phone number, as nominated by them during account opening and (b) turn-over each debit/ATM card to CLIENT's authorized representative(s) for this purpose. CLIENT shall provide RCBC a written list of such authorized representative/s. Upon receipt of such debit/ATM cards, CLIENT shall ensure that they are promptly and securely delivered to the relevant Beneficiary. CLIENT agrees that upon turnover of any debit/ATM card to CLIENT's authorized representative(s), all liability for the same shall pass to CLIENT, and RCBC shall have no obligation to prevent the loss, theft, or unauthorized use of such debit/ATM card.

7. CLIENT agrees that it shall have no right to compel the surrender of any debit/ATM card in case of resignation, retirement, or termination of any Beneficiary.

E. OPERATIONS

1. Uploading of the Instruction for processing shall be subject to the validation, authentication, and authorization procedures set for RCBC ROC. The Instruction shall be based on RCBC's required format.

2. RCBC shall process an Instruction if it has completed the workflow approval (including releaser, if applicable) on or before RCBC's prescribed cut-off time. Should the Instruction be approved or released after the cut-off time, the same shall be processed on the next Banking Day.

3. The CLIENT acknowledges that RCBC shall process Instructions based on Banking Regulations and the policies and procedures of RCBC and the relevant Clearing System.

4. The CLIENT acknowledges that it shall be solely responsible for ensuring that all Instructions supplied to RCBC and authorized by its Authorized Representatives via ROC, including but not limited to Beneficiary Account(s), are accurate. Unless otherwise required by Banking Regulations or Clearing System, CLIENT acknowledges that (a) Instructions, once approved by its Authorized Representatives are deemed final; (b) approved Instructions shall be immediately transmitted by RCBC to Receiving Institution(s) through the Clearing System; (c) EFT transactions indicated in Instructions are processed by RCBC as Originating Institution and Receiving Institution(s) on the basis of transaction amount(s) and Beneficiary Account(s) indicated in the Instruction, without need of confirming Beneficiary account name(s); and (d) neither RCBC as Originating Institution nor Receiving Institution shall be obliged to verify Instructions, except to the extent required by Banking Regulations and Clearing System. In the event that CLIENT detects errors in any of its approved Instructions, CLIENT undertakes to settle the same directly with the concerned Beneficiary and, where applicable, coordinate requests for transaction reversal or cancellation directly with the relevant Receiving Institution.

5. The CLIENT understands that RCBC cannot disclose any information on Beneficiary Accounts with RCBC pursuant to Philippine banking laws and regulations without the written consent of the Beneficiary. Thus, RCBC shall have no obligation to answer any inquiry of the CLIENT on such accounts or those relating to the amounts credited to Beneficiary Account(s).

6. The CLIENT further understands that RCBC is not associated or a party to any agreement between the CLIENT and the Beneficiary in connection with Instructions. In case of any inquiry or question raised by the Beneficiary/ies about any EFT transaction or amounts credited in Beneficiary Account/s pursuant to this PTC, RCBC shall have no obligation to answer such inquiry and the CLIENT agrees to address the same.

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7. Crediting of the funds to Beneficiary Accounts shall depend on the Receiving Institution's cut-offs and policies for processing such transactions.

8. In addition, in case the transaction was rejected by Receiving Institution for incorrect account number or due to any other reason, the CLIENT will shoulder all the charges that may be imposed by the Receiving Institution, if any. RCBC may debit said charges from the CLIENT's Funding Account.

Terms applicable to EFT with bank releaser only

9. The CLIENT hereby agrees that EFT transactions (and the corresponding CWT Certificates, if availed of) shall be released only through RCBC's releasing centers identified in the Instacore Implementation Form (IIF). In case any Instruction specifies a releasing center that is not among the centers listed in the IIF, RCBC shall not process the Instruction except when that specified releasing center is included under a subsequent amendment to the IIF executed by the CLIENT and RCBC.

10. The CLIENT agrees that the EFT transactions (and the corresponding CWT Certificates, if availed of) shall be released in accordance with the terms of the pertinent IIF.

F. CLIENT'S KNOW-YOUR-CLIENT (KYC) OBLIGATIONS

1. CLIENT hereby agrees to strictly comply with the provisions of this Section. Failure to comply with this Section shall constitute an automatic breach of this Addendum and shall authorize RCBC to terminate the CCM Agreement, this Addendum, and all related agreement, as well as employ all remedies available to it under this Addendum, the CCM Agreement and under applicable law.
2. CLIENT shall do the following:
 - a. Conduct face-to-face interview on all Beneficiaries;
 - b. Obtain and keep a copy of a valid, authentic, photo-bearing government issued ID ("Valid ID") from all Beneficiaries;
 - c. Confirm the Beneficiary's identity, signature, nationality, and address based on Valid IDs;
 - d. Obtain and verify Beneficiary's:
 - i. true and full name
 - ii. complete date and place of birth;
 - iii. previous occupation/employer information;
 - iv. complete contact details;
 - v. present and permanent address;
 - vi. Other information as may be requested by RCBC from time to time for the purposes of this Addendum.
3. CLIENT warrants that all Account Opening Requirements, including the specimen signature cards, have been scrutinized for authenticity by the authorized personnel of CLIENT assigned to establish the Beneficiary's identities. The said documents shall be accompanied by a duly signed KYC Certification.
4. CLIENT hereby warrants to RCBC that it has established and verified the identity of all Beneficiaries who shall open a Beneficiary Accounts under this Addendum and that it shall not knowingly cause or enable any person to open a Beneficiary Account under a false, inaccurate, or unverified name and/or identity.
5. In case CLIENT is a non-covered institution, as defined in BSP Circular 706, CLIENT warrants and guarantees that the authorized personnel who shall perform its obligations under this Section have undergone or shall undergo an equivalent training program for Anti-Money Laundering similar to that of RCBC.
6. CLIENT shall cooperate with RCBC in the conduct of its monitoring activities and annual review of the performance of CLIENT's obligations under this Section. Upon RCBC's request, CLIENT shall supply all information requested by RCBC within the specified

period. Failure to comply with this Section shall authorize RCBC to decline any further requests for the processing of account opening.

G. RIGHT TO AUDIT AND OF ACCESS

1. From time to time and as may be required by law or regulation, CLIENT agrees to submit to and to participate in audits to be conducted by RCBC's internal and/or external auditor/s, and generally fulfill any and all requests for production of records by any governmental body having jurisdiction over or regulatory authority with respect to the services under this Addendum.
2. CLIENT understands that RCBC's internal and/or external auditor/s may make specific inquiries of CLIENT's management for information, including financial information. CLIENT understands that as part of the audit procedures, the auditor/s may request, and, if requested, CLIENT's management will provide to RCBC's auditor/s, a representation letter that acknowledges its management's responsibility for compliance with laws.
3. Upon request or authorization of BSP or its duly authorized representative, CLIENT shall provide access to its operations for the review of the same in relation to the Services provided hereunder. CLIENT likewise agrees to provide the BSP and/or its duly authorized representative/s with prompt, reasonable and adequate access to any records in its actual or constructive possession that are directly pertinent or reasonably related to the performance of the Services in this Addendum.
4. CLIENT agrees to immediately take the necessary measures to satisfy the findings and recommendations of BSP examiners and those of the internal and/or external auditors of RCBC.
5. RCBC or its duly authorized personnel is hereby authorized to disclose to any of the offices, branches, subsidiaries, affiliates, agents and representatives of RCBC and third parties selected by any of them, including access by internal and external auditors, as well as BSP, in order to review the outsourced KYC activity or the Services provided. In addition to the foregoing, RCBC and any branch, subsidiary, affiliate, agent, representative, or third party may transfer and disclose any such information as may be required by any law or regulation. CLIENT hereby holds RCBC and/or any of its directors, officers, employees or representatives free and harmless from any claim, suit, damages, costs, liabilities, obligations, expenses or charges whatsoever, and shall indemnify RCBC and/or any of its directors, officers, employees or representatives upon demand for all losses, damages or expenses, direct or indirect, that they may suffer or incur, arising out of its disclosure of information as authorized herein.

H. LIMITATION AND WARRANTIES

1. The CLIENT acknowledges that EFT transactions depend on the accessibility and network connection of the relevant Clearing System and of the relevant Receiving Institution(s), and that these are not within the control of RCBC. In such event that any of the foregoing becomes inaccessible or unavailable to RCBC during the processing of any EFT transaction, RCBC shall not be obliged to complete the processing of such transaction.
2. The CLIENT shall hold RCBC free and harmless from any and all liabilities, claims, suits, actions, losses, damages, costs and expenses as a result or by reason of:
 - a) Delays or failures in the processing of Instructions due to the CLIENT's breach of this PTC or non-adherence to operating processes, such as but not limited to delayed submission of the Instructions, lacking documentary requirements, and/or insufficient funds in Funding Account;
 - b) Any errors in or remarks written on the official receipt/invoice submitted by Beneficiaries to RCBC pursuant to the IIF, where applicable.