

TERMS AND CONDITIONS FOR DRAWING AND ACCEPTING CHEQUES AT ČSOB



Effective from 1 November 2023.

Československá obchodní banka, a. s., Radlická 333/150, 150 57 Prague 5, ID No. 00001350, registered in the Commercial Register maintained by the Municipal Court in Prague, file no: BXXXVI 46 (hereinafter referred to as "ČSOB") hereby issues the present Terms and Conditions for Drawing and Accepting Cheques at ČSOB (hereinafter, the "Terms and Conditions"), which contain a set of arrangements defining the preconditions to arranging for the payment of cheques drawn to ČSOB, or the collection of cheques drawn by drawers other than ČSOB (hereinafter, "Cheques") by ČSOB.

ČSOB draws attention to the fact that the provisions of the Terms and Conditions under points 15, 21, and 22 could be regarded as provisions the other party could not reasonably expect. By granting their consent to the Conditions, as in force, in any form the Client expressly accepts the aforementioned provisions.

General

1. Cheque is a security by which the drawer (account holder, Client) orders to the drawee (i.e., the financial institution with which the Client's account is kept) to pay the cheque amount to, or to the order of, the person indicated in the cheque or to the cheque bearer (cheque holder). For bank cheques, the drawer and the drawee are two different banks or two business units of the same bank.
2. In terms of the legal regime, cheques are governed by Act No. 191/1950 Coll., the Bill of Exchange, and Cheque Act, as amended Cheque operations and the use of cheques at ČSOB are governed by law, these Terms and Conditions and the Terms and Conditions Applicable to Private Cheques and, mutatis mutandis, by the relevant terms and conditions governing bank accounts and payment transactions.
3. During cheque operations (issuing, drawing), Clients' transaction accounts are used, except for savings accounts. ČSOB credits cheque amounts to the transaction accounts, including savings accounts. The supplementary and derogating provisions on savings accounts are laid down under the Terms and Conditions Applicable to Accounts and Payments.
4. The responsibility for completeness, material accuracy and truthfulness of the data indicated in cheques and in Client's instructions, including the intelligibility of the instructions, rests with the Client if the Client is the person requesting payment, or collection of the cheque. Incorrect or incomplete cheque instructions shall be returned to the Client and ČSOB shall not be liable for any damage and other harm incurred by the Client because of non-execution of the instructions. In addition, ČSOB shall not be liable for any damage and other harm incurred by the Client because of the non-execution of an incorrect, unclear or illegible instruction of the Client. Where the cheque drawer is a third party, their liability stems from the Bill of Exchange and Cheque Act.
5. ČSOB is entitled not to cash or clear in a cashless manner a cheque that has been submitted by a cheque bearer figuring in the so-called sanctions list and cannot be paid any funds in accordance with the Act on the implementation of international sanctions, i.e., Act No. 69/2006 Coll., as amended, or on the basis of any other law, decision, regulation or any agreement binding in the Czech Republic. At the same time ČSOB may determine the method of executing each cheque transaction and use the services of foreign banks with which they have established correspondence relationships. ČSOB will not be liable either for the times or methods in which the cheque is processed by other financial institutions.
6. All cheque-related account transactions shall be executed in the currency of the account; ČSOB shall execute any conversions of freely convertible currencies at the exchange rates given in the ČSOB exchange table. ČSOB may collect from the Client's account an amount corresponding to any exchange rate-related loss incurred in connection with the cheque clearance. ČSOB shall inform the Client on all transactions in their account via account statements, or debit or credit advice notes sent to the mailing address provided by the Client.
7. Any written notice from ČSOB shall be deemed delivered to the Client if sent by ČSOB to the address agreed upon beforehand. Clients' instructions shall be deemed delivered once they are accepted by any ČSOB branch.
8. Unless agreed otherwise, ČSOB shall not take out insurance for cheque consignments dispatched to Clients or their business partners.
9. ČSOB may obtain all information it deems necessary to execute a Client's instruction, including at the latter's expense.
10. The account holder or a person presenting a cheque for clearing shall claim any incorrectly debited/credited item with the ČSOB branch to which instruction has been presented. The claim must be lodged in writing, stating the identification data indicated in the instruction or in the cheque, as the case may be (i.e., date of delivery, cheque number, cheque amount and currency) within 6 months of the date of the faulty clearance.

11. ČSOB accepts and handles Client complaints and grievances in accordance with ČSOB Complaint Regulations available in paper format at any ČSOB branch and/or in electronic form at www.csob.cz.

Acceptance and forms of encashment of cheques

12. **Cheques payable by ČSOB** - both in cash and otherwise, are accepted if presented by cheque holders or persons authorized to present cheques. **Cheques payable by other financial institutions** are only accepted if presented by Clients holding an account with ČSOB - for cashless payment to Client's account after non-binding collection, for discounting, for remittance after final payment or for remittance within the Cash Letter System
13. Cheques must be presented as duly endorsed i.e., with the cheque holder's signature (and their stamp, where relevant) corresponding to the specimen signature at the back of the cheque, if the authorized cheque holder keeps an account with ČSOB, and in accordance with the indication in the "to the order of" line. Except for ČSOB private cheques presented by authorized cheque holders, cheques shall be presented for cash payment using the "Order to Clear Cheque" form duly completed and signed.
14. ČSOB may refuse to execute a Client's instruction or seize any forged or altered cheques.
15. Cheques payable by other financial institutions:
- the value of which is equal to, or exceeds CZK 300,000 (which does not apply to cheques assumed under the Cash Letter System agreement concluded between the Client and ČSOB),
 - transferred cheques, and bearer cheques shall be sent by ČSOB for payment always using the "After Final Payment" method (see point 25 of these Terms and Conditions)
16. The Cash Letter System (hereinafter, the "CLS") is a mechanism for the cashless advance payment of cheques subject to the reservation of cancellation which applies to cheques payable abroad and drawn in freely convertible currencies to the exclusion of cheques of at-risk territories, cheques drawn in the order of the drawer, those that fail to meet any of the essential requirements and those presented after the lapse of the presentation period This service is selective and provided to legal entities based on the outcome of the Client rating process.
17. Cheques are paid under the Cash Letter System in accordance with the "Agreement on the Advance Payments of Cheques Payable Abroad" and paid up to the CLS limit.
18. An instruction to pay a cheque provided in the "Order to Clear Cheque" includes the cheque number, currency, amount and date of drawing, or the order of the cheque, purpose of payment, method of cheque payment and the account number to which the amount should be credited; the name, address, identification details (ID card or passport number, or ID number for companies) of the cheque holder and their contact data, date of issue of the instruction and signature of the cheque holder corresponding to the specimen signatures attached to their account with ČSOB. (The purpose of payment is an obligatory part of the Client's instruction.)
19. ČSOB shall only cash cheques to authorized cheque holders provided that the latter may be authenticated. Cheque holder denotes the person to whom the cheque has been drawn or transferred by endorsement and who submits an acceptable proof of ID. For bearer cheques or cheques that have not been drawn to the name or to the order of a person, or cheques that have not been transferred by endorsement to the order of a certain person, the holder is the person who presents the check and produces a proof of ID.
20. A cheque holder who is a private individual shall be asked to produce an official proof of ID with a photo. For cheque holders that are legal entities without an account set up with ČSOB, it shall be verified whether the signatures of the persons authorized to act on behalf of the legal entity indicated in the cheque instruction correspond to the specimen signature attached to the account of the legal entity set up with ČSOB.
21. Cheques held by legal entities may only be paid in a cashless manner, to the transaction or savings account of the cheque holder/legal entity set up with ČSOB as per the instruction. The procedure to follow for cheques payable by ČSOB and presented by legal entities that do not have an account set up with ČSOB is defined under point 22.
22. **For cheques payable by ČSOB** where the holder is a legal entity **without an account** set up with ČSOB, i.e. ČSOB has no means to verify the signatures of the persons authorized to act on behalf of the legal entity in the instruction to the account and the endorsement via specimen signatures attached to an account kept by ČSOB, **the simplest procedure to follow is as follows**: present the cheque at a bank with which the legal entity has set up an account. After completing the authentication and other control protocols, the bank will send the cheque payable by ČSOB to ČSOB for collection. **A more complex procedure** – present the cheque payable by ČSOB where the holder is a legal entity with no account set up with ČSOB. In this case the cheque holder shall be obliged to meet ČSOB's authentication requirements for holders/legal entities and the authentication requirement (authentication and verification of the authorization to act on behalf of the legal entity) applicable to natural persons acting on behalf of a legal entity, including the requirement for documents to be notarized and the signatures to be officially certified.

23. Illegible and damaged cheques or cheques that have not been reimbursed by the drawee shall be returned by ČSOB to the Client. ČSOB is obliged to retain any forged and altered cheques and issue a receipt to the Client.
24. ČSOB honors checks subject to common reservations. This provision lays down the cheque holder's obligation to repay the countervalue of the honored cheques at any time if the drawee is authorized, under law or business practices applicable at the place of payment, to cancel the cheque payment or require the amount back if a forged or an altered cheque or a cheque with a false endorsement has been honored. In addition, the indication "subject to common reservations" covers situations that occur outside ČSOB's control, where ČSOB requires full co-operation of the cheque holder to ensure cheque collection.
25. Methods and terms for cashless cheque payments:
- CLS - in accordance with the terms and conditions for the advance payment of cheques payable abroad (see points 15 and 16 hereof), subject to the principles and limit amounts set out in the CLS agreement executed between the client and ČSOB.
 - Discounted cheque – cashless payment to the Client's account – within 3 business days of cheque acceptance by ČSOB.
 - After non-binding collection – cheques payable abroad are sent to an intermediary foreign bank, which pays the countervalue of the cheque amount to ČSOB as an advance payment and only then sends the cheques to the specific drawees for payment. The cheque is usually cleared 33 calendar days after it is accepted by ČSOB.
 - AFP ("After final payment"); i.e., after the cheque is honored by the bank – drawee. This is a special form of non-binding cheque collection. Cheques are sent directly to the drawee i.e., the bank with which the cheque is to be collected. This method of payment involves increased expenses on part of the foreign bank, which are borne by the Client. It is used for cheques collectable from another financial institution, where the cheque holder or the bank contests the authenticity or cover of the cheque, as well as for faulty checks and where the provision under point 15 hereof applies.
26. If the paying bank subsequently cancels the amount of accepted and collected cheques after the latter have been paid by ČSOB, the cheque holder undertakes to compensate ČSOB for the amounts paid, including any expenses, by authorizing ČSOB to debit the amount due to their account kept with ČSOB or by paying the amount due within 30 days of the date of dispatch of ČSOB's payment request.
27. ČSOB shall keep confidential all matters subject to bank secret under law. ČSOB shall keep this information confidential even after the respective contractual relationship is terminated. ČSOB shall only disclose information that is subject to bank secret to authorized persons and institutions as stipulated by law and under the relevant contractual provisions.

Conclusion

28. ČSOB reserves the right to amend, add to or cancel these Terms and Conditions by issuing new Terms and Conditions. The Client may request the Terms and Conditions, as in force, in documentary form from all ČSOB branches; the Terms and Conditions are also available in electronic format at www.csob.cz.
29. ČSOB shall communicate any proposed changes to the Terms and Conditions to the Client within the premises of ČSOB branches and at www.csob.cz at the latest 2 months before the proposed changes taking effect. At the same time, ČSOB shall communicate any changes to the Client in writing, through a notice in the account statement, subject to the same deadline. Unless the Client refuses the proposed change by its effective date, they shall be deemed to have accepted it. If the Client refuses the proposed change before its effective date, they shall have the right to terminate the contract affected by the change or all contracts comprising a framework agreement with immediate effect.
30. The Terms and Conditions shall take effect on 1 November 2023, superseding the Terms and Conditions for Drawing and Accepting Cheques of 1 November 2019.

Československá obchodní banka, a. s.