

TERMS AND CONDITIONS FOR DRAWING AND ACCEPTANCE OF CHEQUES AT ČSOB



Československá obchodní banka, a. s. (hereinafter referred to as "ČSOB") sets forth by these Terms and Conditions for Drawing and Acceptance of Cheques in ČSOB (hereinafter referred to as the "Terms and Conditions") the principles for drawing bank cheques and their acceptance for clearance.

General

1. The cheque is an instrument by which the drawer (account holder) orders the drawee (i.e. financial institution at which the drawer has established his account) to pay the cheque amount to the person stipulated on the cheque or drawn to his order or cheque bearer. As regards a bank cheque the drawer and the drawee are two different banks or two organisational units of the same bank.
2. The legal mode of cheques shall be governed by Law No. 191/1950 Coll. on Bills of Exchange and Cheques. Cheque transactions and their use shall be governed at ČSOB by the above-mentioned Law, these Terms and Conditions and the Terms and Conditions for Private Cheques.
3. Cheque transactions (issuance, drawing) shall be exclusively made in client current accounts; ČSOB credits with cheque amounts also savings deposit accounts.
4. The comprehensiveness, factual correctness and truthfulness of data given on cheques and client instructions, including intelligibility of the instruction is the responsibility of the client. Inaccurately or insufficiently filled-in cheques and instructions shall be returned to the client and ČSOB shall not be liable for damages incurred due to any non-execution. Furthermore, ČSOB shall bear no liability for damages the client may incur because of the non-execution of a defective, unclear or illegible client instruction.
5. ČSOB is entitled not to encash a cheque and not to clear a cheque cashless should the cheque be presented by a holder who is recorded on the list of entities suspected of financing terrorism. At the same time ČSOB is entitled to decide on the method of the execution of the respective cheque transaction and use the services of foreign banks, with which correspondence relationships are established. ČSOB shall not be responsible either for the deadlines or the method of cheque processing at other financial institutions.
6. All cheque-related transactions in accounts are made in the currency of the account; the conversion of freely convertible currencies shall be made by ČSOB at exchange rates given in the ČSOB exchange table. ČSOB is entitled to collect from client accounts the respective amounts to refund the exchange loses incurred in cheque clearing. ČSOB shall inform the ČSOB client about transactions made in the account in the form of an account statement, or a debit or credit advisory to the respective transaction which is sent to the mailing address given by the client.
7. Written notices of ČSOB to clients shall be deemed to have been delivered if they are sent by ČSOB to the address agreed upon in prior. Client instructions shall be deemed to have been delivered if they are accepted by any ČSOB branch.
8. ČSOB shall not insure packages of cheques sent to clients or their business partners unless it has been agreed upon otherwise.
9. ČSOB will be entitled to seek any and all information which is deemed to be necessary for the execution of the client's instructions, even at the client's expense. With regard to instructions for drawing a bank cheque ČSOB is entitled not to carry out an instruction if the recipient of the cheque (the entity stated on the line "to the order" of) is recorded on the list of entities suspected of financing terrorism.
10. The account holder or a person presenting a cheque for clearing shall make a claim for any incorrectly debited/credited items at the ČSOB branch at which the instruction has been presented. Claims shall have to be lodged in writing while the identification of data in the instruction and on the cheque as the case may be (date of delivery, cheque no., amount and currency of the cheque) is given within 6 months following the date of deficiency.

Drawing bank cheques

11. The client who asks for a bank cheque to be drawn (hereinafter referred to as the "payer") shall fill in an application form "Order for Drawing a Bank Cheque". Bank cheques are drawn by ČSOB only against the payer's account established with ČSOB and the instructions (Order for Drawing a Bank Cheque) have to be signed according to the signature specimen(s) to the account. The instruction may also be sent on electronic data carriers or by remote transfer in accordance with the respective agreement between the client and ČSOB. (The purpose of payment is a compulsory part of the client's instruction).

12. The instruction to draw a cheque shall include the currency and amount (both in words and figures), name and full address of the payer, payer's account number, "to the order" (i.e. whom the amount should be paid to); name and address of the recipient (unless it is identical to the order); method of cheque drawing and method of cheque delivery; requirement to cross the cheque; purpose of payment (as information for the recipient), data of instructions; contact to the payer and signature of the payer in accordance with the signature specimen to his account at ČSOB.
13. ČSOB draws cheques in a standard period of 5 business days; as for express drawing the cheque is drawn within three working days at the latest following the delivery of the instruction to ČSOB. Requirements for a short express period are accepted by ČSOB in accordance with an agreement with the client.
14. Should the payer require the check to be sent to a recipient who is not identical to that given in the order to draw a cheque in the field "to the order" he shall also be obliged to fill-in the field "recipient." Cheques are sent to the recipient's address according to the payer's requirement via Czech Post or a courier service. Should they be sent by a courier service, it is necessary to provide the name and telephone number of the contact person at the place of delivery. The cost of the cheque delivery as a consignment with a declared price and by a courier service is borne by the payer, the receipt of the cheque in person is charged with a fee in accordance with the ČSOB Price List. The delivery of cheques sent by registered mail is free of charge.
15. Should the cheque be sent via Czech Post or a courier service, ČSOB shall be responsible neither for the service of Czech Post, nor that of the courier service. Any potential loss of packages shall be handled by these institutions in accordance with their rules of complaint. ČSOB shall be obliged to accept the results of inspection of Czech Post and the courier service and follow the Law on Bills of Exchange and Cheques No. 191/1950 and the Law on Foreign Exchange as well as the respective legal regulations of the country of the respective drawee.
16. Crossing is recommended to be used as a protective element which restricts the negotiability of the cheque; the payee is the subject which is stated on the order.
17. Should the cheque be sent to the recipient, the payer may specify the purpose of payment in detail (e.g. the invoice no.) and ČSOB shall send, at the payer's request, concurrently with the cheque a copy of invoice or another document.
18. Instructions to draw a cheque from the payer's account shall be executed provided they are signed by the account holder or persons authorised to dispose of the account which should have to be debited and in which sufficient accounts should be disclosed (disposable balance).
19. ČSOB shall not be obliged to inform the payer about the non-execution of the instruction because of insufficient funds in his account. ČSOB shall not be liable for damage incurred due to the non-execution of an uncovered payment order or due to the client as the account holder not being aware of his insufficient credit balance.

Acceptance of Cheques and Encashment

20. Cheques are accepted from cheque holders or persons authorised to present cheques, both **cheques payable at ČSOB** cashless or in cash. **Cheques payable at another financial institution** are accepted only from clients holding an account at ČSOB for cashless payment to client's account after non-binding collection, discount (sale before due date), remittance after final payment or remittance within the Cash Letter System.
21. Cheques shall have to be submitted with proper endorsement i.e. signature (and also a stamp as the case may be) shall have to be given on the back side of the cheque in accordance with the cheque specimen, if the entitled cheque holder – private individual keeps his account at ČSOB, and in accordance with the data specifying the order to the cheque. In addition to ČSOB private cheques submitted by the entitled cheque holder cheques shall be submitted for encashment with properly filled in and signed form "Cheque Clearance Order".
22. ČSOB is entitled to refuse the execution of a client's instruction or retain either forged or altered cheques.
23. Cheques payable at another financial institution:
 - the value of which is identical to, or exceeding CZK 300,000 (which does not apply to the cheques accepted in accordance with the Cash Letter System Agreement between the client and ČSOB),
 - endorsed cheques,
 - bearer chequesshall be sent by ČSOB for encashment/payment exclusively by the "After Final Payment" method – after final payment (see Paragraph 33 hereof).

24. The Cash Letter System (hereinafter referred to as the "CLS") is a form of cashless advance payment of cheques except for cancellation which applies to cheques payable abroad and drawn in free convertible currencies except for the cheques of at-risk territories, cheques drawn on the order of the drawer, cheques with defective prerequisites and cheques submitted after the period for their presentation expires. This service is optional and is provided to legal entities after rating.
25. Cheques are eligible for the Cash Letter System in accordance with the "Contract for Advance Payment of Cheques Payable Abroad" and paid within the CLS limit.
26. Instructions to pay the cheque on the "Cheque Clearance Order" shall include the number of the cheque, currency, amount and date of drawing or order of the cheque, purpose of payment, method of cheque payment and number of the account which should be credited with the respective amount, name, address, identification (personal identification card or passport, or ID No.) of the cheque holder and contact, date of instruction and signature of the cheque holder given in accordance with signature specimens to his account at ČSOB. (The purpose of payment is a compulsory part of the client's instruction.)
27. Cheques are paid by ČSOB only to their entitled holders provided that the cheque holder can be verified. The entitled holder is a person to the order of whom the cheque is drawn or endorsed and who sufficiently proves his identity. As regards a bearer cheque or a cheque not to a name or to the order of a certain person, or a cheque which is not endorsed to the order of a certain person, the entitled holder shall be a person who presents the cheque and proves his identity.
28. Should the cheque holder be a private individual his identity shall be verified against his identification card with a photograph. Should the cheque holder be a legal entity whose account has been established at ČSOB, the signatures of persons authorised to act for the legal entity given in instructions to the cheque shall be verified whether they are in compliance with the signature specimen to the account of the legal entity kept at ČSOB.
29. Cheques whose authorised holder is a legal entity are only paid by cashless bank transfer while the account of the legal person kept at ČSOB is credited. The procedure applicable to cheques payable at ČSOB, presented by a legal entity who has not established any account at ČSOB, is stipulated in Paragraph 30.
30. **As for cheques payable at ČSOB** whose authorised holder is a legal entity the account of which **is not kept** at ČSOB, and thus the latter is not able to verify signatures of persons authorised to act on behalf of the legal entity on instruction to the account and endorsement against the signature specimens to the account kept at ČSOB, **the simplest way to proceed** is set out below: present the cheque at the bank which keeps the account of this legal entity. Having made the respective identification and other controls, this bank shall send the cheque payable at ČSOB to ČSOB. **A more complicated procedure:** present the cheque payable at ČSOB to ČSOB despite the fact that ČSOB does not keep the account of the authorised cheque holder, legal entity. In this case the authorised holder of the cheque shall be obliged to satisfy ČSOB requirements for identification (verification of identity and authorisation to act on behalf of the legal entity) applicable to private individuals representing this legal entity, including requirements to provide for verification of documents by a notary public and official verification of signatures.
31. Illegible and damaged cheques or those not paid by the drawee shall be returned by ČSOB to the client. ČSOB shall be obliged to retain any forged and altered cheques which shall be subject to a confirmation given to the client.
32. ČSOB shall honour cheques with common reservations. This clause stipulates the obligation of the cheque holder to return the countervalue of the honoured cheques any time provided the drawee is authorised, according to law or customs of the payment venue, to cancel the payment of the cheque or require the amount back should a forged or altered cheque or a cheque with false endorsement have been honoured. Furthermore, the clause "under common reservations" includes situations which occur independently of ČSOB's will and in such cases ČSOB requires the full co-operation of the cheque holder in order to ensure cheque collection.
33. Methods and deadlines of cheque cashless payments:
 - The Cash Letter System ("CLS"), in accordance with the terms and conditions for advance payment to cheques payable abroad (see Paragraphs 24 and 25 hereof), shall be governed by principles and the limit stipulated in the CLS contract made between and by the client and ČSOB.
 - Discounted cheque – cashless to the client's account – max. 3 business days following the date of cheque acceptance by ČSOB.
 - After non-binding collection – cheques payable abroad are sent to the intermediating foreign bank which will provide ČSOB with an advance payment for the cheque amount and

subsequently send cheques to drawees for payment. The cheque is usually cleared after 33 calendar days following the date of cheque acceptance by ČSOB

- AFP (“After final payment”) i.e. after the cheque is honoured by the bank – drawee. It is a special form of non-binding cheque collection. Cheques are sent directly to the drawee i.e. the bank at which the cheque is payable. This method of payment is connected with high expenses on part of the foreign bank, which is borne by the client. It is used for cheques payable at another financial institution particularly should the cheque holder or the bank challenge the authenticity or coverage of the cheque should it concern defective cheques or as stipulated in Paragraph 23 hereof.
34. Should the amount for accepted and collected cheques after the payment by ČSOB be subsequently cancelled by the paying bank the cheque holder undertakes to pay ČSOB the paid amount including the respective expenses so that he approves ČSOB’s authority to debit his account at ČSOB with the due amount or shall pay the due amount within 30 days following the date of dispatch of the debt notice sent by ČSOB.

Conclusion

35. These terms and conditions shall take effect on July 1, 2011. ČSOB reserves the right to modify, amend or cancel them by the issuance of new terms and conditions. Valid terms and conditions shall be available at all ČSOB branches.

Československá obchodní banka, a. s.