

When you open a personal or business deposit account with us, we will advise you how our “hold funds policy” will impact you in your day-to-day banking. “Holding funds” means that when you deposit cheques, or any bills of exchange, promissory notes, orders for payments of money, securities, notes or other payment instruments (each an Instrument) at a branch or when you make **any** deposit through the automated banking machine, you may not be able to access the full amount of the funds from that deposit immediately.

The reason we have a hold funds policy is that a cheque is not the same as cash - it is a promise to pay by one party to another party. If the first party doesn't have sufficient funds in their account at another financial institution, or if the cheque is fraudulent, that other financial institution can refuse to pay the item and return it unpaid to us. A hold period allows sufficient time for us to verify that the promise to pay can be carried out, i.e. that funds will be available from the other financial institution to pay the item.

Cheque cashing is essentially a credit decision - if we credit your account right away with the full amount of the cheque or other Instrument, we are granting you credit for that amount until we can verify that the promise to pay can be carried out. If the promise to pay is broken, we will need to recover the funds from you, as we would for any other loan given to you.

As it is a credit decision, **our hold funds policy is applied differently for each customer**. The first time you receive your First Nations Bank of Canada Access Card, your initial ‘deposit hold limits’ will be determined by us - deposit hold limits determine how much of any deposit will be subject to a hold. We will assess your creditworthiness in setting your deposit hold limits, by considering several factors including your credit history with us and with other financial institutions, the length of time you have banked with us, and the current status of your existing accounts with us. We will review and may adjust your deposit hold limits from time to time.

If your deposit is subject to a hold, the full amount of the deposit will be reflected in your account balance right away. However, your ability to access **all** of those funds (“full hold”), or a **portion** of them (“partial hold”), will be restricted. You will be unable to withdraw money from the funds being held, and we will not pay any of your cheques or pre-authorized debits from those funds, until the funds are released at the end of the hold period. If we determine that the promise to pay is broken, we will promptly proceed to debit the amount of the cheque or other Instrument from your account. Until you have established a satisfactory long-term relationship with us, it is likely that your deposits may be subject to a full or partial hold.

We may at any time advise you that we are placing a full or partial hold on a particular cheque or other Instrument presented by you, whether or not you have been given deposit hold limits. That decision will depend on the amount and the issuer of the cheque or other Instrument, the institution on which the cheque or other Instrument has been drawn, the characteristics of the cheque or other Instrument being presented, your deposit hold limits (if any), as well as the amount of funds already in your account.

We may also accept cheques or other Instruments from you on a “collection” basis only - this means that the funds will be credited to your account **only** if and when payment for the items has been received by us from the other financial institution. We would encourage you to enroll in Direct Deposit programs, where available, for funds being deposited to your account, as no hold is placed on the money deposited because it is credited directly to your account.

The duration of the hold period will be for the following number of business days¹:

The Maximum cheque hold periods shown in the table below does not include the day you deposit the cheque. As example, if you deposit a cheque in the amount of

Maximum Cheque Hold Periods		
Deposit Method		
Amount of Cheque	In Person (with an employee at a branch or point of service)	Any other way (such as at an ABM)
\$1,500 or less	4 business days	5 business days
More than \$1,500	7 business days	8 business days

\$1,500.00, in person, on Friday, the Bank can hold the cheque until the following Friday.

Access to First \$100

Subject to the exceptions as described within this document, the Bank must make the first \$100 of all funds deposited by cheque available to the consumer for withdrawal:

- immediately, if the cheque is deposited in person with an employee at one of the Bank's branches; or
- on the business day following the day of deposit, if the cheque is deposited in any other manner, such as at an automated banking machine.

If the value of the cheque is less than \$100 then the entire amount of the cheque shall be available to the customer in the same timeframe as mentioned within this section. Access to the first \$100 does not apply to businesses.²

Exceptions³

Cheques may be held longer than the maximum timelines as specified above when:

- an account has been open for less than 90 days;
- a cheque has been endorsed more than once;
- the date of the cheque deposited is six months or older;
- a cheque is issued in a currency other than Canadian dollars;³
- the cheque is issued from a bank outside of Canada; or
- the Bank has reasonable grounds to suspect that the cheque has been made for illegal or fraudulent reasons.

Business Account Exceptions³

Cheques deposited by a business² may be held for a longer period than the maximum timelines as specified above when the business has:

- a negative change in their credit score;
- an increase in their overdraft balance that is not being reduced by deposits received;
- an unexplained change in the history of cheques being deposited to the account;
- a high number of cheques that have been returned as dishonoured cheques, which may affect the account holder's available balance;
- commenced bankruptcy action; or
- a creditor action (garnishment, third party demand, CRA Requirement to Pay, etc.) against the business.

¹ Business day means Monday to Friday, excluding statutory holidays.

² A business, under this policy, means a customer with authorized credit of less than \$1 million; an annual return of less than \$50 Million and fewer than 500 employees.

³ All Exceptions shall have a maximum cheque hold period of 30 Business days.

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