



**NATIONAL
BANK**



Cardholder Agreement for Mastercard® Business Cards issued by National Bank of Canada

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* Fee Schedule

Cardholder Agreement for Mastercard® Business Cards issued by National Bank of Canada

The Mastercard® account and the credit cards you have requested are governed by this agreement, its amendments and its schedule which form an integral part of this agreement.

For more information, you may contact us at **1-800-363-3339** (toll free) or at **514-394-1410** (Montreal area) or visit nbc.ca/creditcard.

1. Your acceptance of this agreement

You accept the terms and conditions of this agreement when the credit card account is first used after receiving this agreement or a notice of amendment.

2. Cash advances and purchases

Purchase: the acquisition of goods and services from any person or merchant affiliated with the *Mastercard International Inc.* system at the time of purchase.

Cash Advance: an advance of funds made using a card (a) in one of our branches or via our automated services, (b) in a branch or at an ATM of another financial institution, (c) with cheques drawn from your credit card account (d) by transferring the balance of a credit card account to another credit card account, (e) by performing quasi-cash transactions (purchases made through a merchant that can be converted directly into cash such as casino chips), (f) with an overdraft protection on any type of account held with us or (g) by transferring funds from your account in any other authorized manner.

3. Use of credit card account

3.1 Permitted uses

The credit card account may be used:

- up to the credit limit to pay for purchases and to obtain cash advances
- for your business activities
- for legal purposes and
- only by cardholders.

3.2 Consent to transactions

Each transaction made using the card requires the consent of the cardholder. This consent may consist of the use of: (a) the card and his signature on paper or electronically, (b) the card and a personal

identification number (“PIN”) or other password, (c) the interaction of the card with any appropriate payment technology or (d) the card’s number for remote transactions (mail, telephone, internet).

3.3 Refusal by us

We may, for any reason and without prior notice, refuse to authorize purchases or cash advances, in particular, when the total amount of purchases or cash advances exceeds the credit limit or when the provisions of this agreement have not been respected. We reserve the right to refuse a transaction when we believe there is an increased financial risk.

3.4 Refusal by a merchant

The card may be used everywhere it is accepted. We cannot be held responsible if a merchant refuses the card.

3.5 Card Use Period

The credit card can be used for the period we determine. The validity date and expiration date are indicated on the card. Purchases or cash advances charged to your credit card account after the expiration date will be added to your account balance and must be reimbursed.

3.6 Overdraft protection

When using overdraft protection, the cash advance used to cover the overdraft will be rounded up to the closest **\$100**.

4. Credit limit

4.1 Notification

The credit card account can be used up to the credit limit specified initially on the card carrier upon issuance and, thereafter, indicated on the statement of account.

4.2 Overlimits

We may refuse any transaction that would result in an overlimit. At our discretion, we may authorize an overlimit but such an authorization does not constitute an increase of the credit limit.

Overlimit fees will be charged once per statement period if your balance exceeds your credit limit on the billing date. Please refer to the attached schedule, or any subsequent notice to this effect, for the amount of the overlimit fee.

If we allow an overlimit, you must repay the amount exceeding the credit limit at the latest by the due date indicated on the monthly statement.

4.3 Credit Limit Review

We may review the credit limit periodically. We may consider, in particular, any change in your financial situation and credit file and propose changes to the credit limit. The new credit limit will appear on your statement of account.

4.4 Cash Advances

When you benefit from cash advances, we may limit them to an amount lower than the credit limit. We may also impose withdrawals limits on cash advances when we deem it appropriate to protect our respective interests.

5. Cheques drawn from the credit card account

We can issue cheques which can be drawn from the credit card account. Such cheques will be treated as cash advances and do not benefit from a grace period. They are always issued in Canadian dollars and cannot be:

- used to repay the balance of the account;
- used to make a payment or transfer funds to yourself, an authorized signatory, a cardholder or us;
- used as a specimen;
- exchanged for cash or one of our products and
- subject to stop payments.

6. Interest

6.1 Applicable Interest Rates

Purchases and cash advances bear interest at the annual rates indicated on the card carrier when the card is issued and, thereafter, on your statement. However, these interest rates may be modified in accordance with sections 6.6, 6.7 and 14 of this agreement.

6.2 Calculation

Interest is calculated on the daily balance of your credit card account but is charged to your credit card account once a month. This daily balance is multiplied by the daily interest rate applicable to each category of transaction. The daily interest rate is the annual interest rate divided by **365** (or **366** for leap years).

6.3 Grace Period (Purchases)

You will not pay interest on the amount of new purchases charged to the account if you pay the entire account balance by the due date indicated on your statement. If you make a partial payment, interest will be calculated on the daily balance of the account from the date

the purchases are posted to your statement. Your payment is applied in accordance with section 9 of this agreement.

6.4 No Grace Period (Cash Advances)

Interest on cash advances accrues from the date of the cash advance until payment in full is received. There is no grace period on cash advances.

6.5 Credit Balance

No interest will be paid on a credit balance on the credit card account.

6.6 Variable Interest Rate

The interest rate on variable-rate cards is adjusted with each change in the prime rate. Changes in the prime rate are available on notices posted in our branches and on our website at nbc.ca.

The prime rate is the variable annual interest rate that we announce publicly from time to time as the reference rate used to determine the interest rate on demand loans in Canadian dollars that we grant in Canada.

6.7 Increased Rates

The annual interest rates will increase if the minimum payment is not made by the due date twice during any **12**-month period. Any missed payment which occurs during a **12**-month period is counted, even if the missed payment has already been counted to increase the rates in the past or has occurred during such a period. The increased rates are available in the fee schedule enclosed or any subsequent notice to this effect.

The increased rates will take effect on the **3**rd statement period following the **2**nd missed payment. Such rates will apply to the account balance until you make the minimum payment by the due date for **9** consecutive months. After this period, the regular interest rates appearing in the card-carrier or in any subsequent notice will apply.

7. Other charges

7.1 Annual Fees

Annual fees are indicated in the card carrier upon issuance. They appear on the **2**nd statement following the issuance of the card, whether or not activated, and once a year subsequently on the anniversary date of the **2**nd statement. These fees are non-refundable.

7.2 Other Fees

Other applicable fees are indicated in the schedule which forms an integral part of this agreement. These fees will be charged to the account on the day of the transaction and are non-refundable.

8. Payment of the account

8.1 Minimum Payment

You can make a full or partial payment of the account balance at any time. However, you must make the minimum payment by the due date indicated on your statement. The minimum payment due represents:

- **For a balance under \$10:** the entire credit card account balance.
- **For a balance of \$10 and more: 2.5%** of the credit card account balance plus any overdue payment or **\$10**, whichever amount is higher

If you exceed your credit limit, the amount of the minimum payment due will be the highest of the following amounts:

- (a) **2.5%** of the account balance or
- (b) the amount of the overlimit.

Exceptionally, for certain accounts with a corporate responsibility, the minimum payment may correspond to the total unpaid balance.

See your monthly statement for details.

8.2 Pre-authorized Debits to Pay your Account

When you agree to pay the balance of the account using pre-authorized debits, the amount of the monthly payment will be the one agreed upon with us in the pre-authorized debit authorization.

8.3 Payment Methods

Payments can be made at no charge via our teller services, our automated services and our electronic banking solutions. For payment by mail, please make your cheque or money order payable to National Bank of Canada and send it to P.O. Box 6024, Succursale Centre-Ville, Montreal, Quebec H3C 4L2.

8.4 Sufficient Time

When you make a payment, you must leave enough time for us to credit this amount to your account by the due date indicated on your statement. If a payment is made via another financial institution, the payment will be credited to the account on the date on which we receive it, not the date on which the amount is debited from your account with your other financial institution. You are responsible for any delay in the transmission of the payment by the other institution.

8.5 Credit Note

Any credit note issued by a merchant will be credited to the account on the date we receive it. The balance of the account remains payable until we receive the credit note.

8.6 Set-off

We can withdraw the amounts due from any other account you hold with us (including a foreign currency account) and apply these amounts to the account, without prior notice:

- if you do not make the minimum payment by the due date or
- if you do not respect any other condition of this agreement (ex. unpaid annual fees).

8.7 Pre-authorized Payments of Invoices

You must provide the merchant with the necessary information to set up pre-authorized payments charged to the credit card account, including any change in the credit card number or the expiration date. We are not responsible if a pre-authorized payment cannot be charged to the account. You must contact the merchant in writing to request that pre-authorized payments stop being charged to your credit card account.

9. How partial payments are applied

9.1 Payment Portion Corresponding to the Minimum Payment

If you do not benefit from a promotional rate, the minimum payment will be applied in the following order:

1. interest;
2. miscellaneous fees (ex. annual fees);
3. cash advances outstanding from the previous balance;
4. purchases outstanding from the previous balance and
5. cash advances and purchases appearing on your statement for the current period.

If you benefit from a promotional rate, the minimum payment will be applied in the following order:

1. interest;
2. miscellaneous fees;
3. purchases or cash advances bearing interest at the lowest rate, regardless of the order of their appearance on your statement.

9.2 Payment Portion that Exceeds the Minimum Payment

- **A single interest rate applies:** according to the order described in the previous section.
- **Different interest rates apply:** we will divide the remaining balance according to interest rate segments and apply the amount in accordance with the proportion each segment represents with respect to the remaining balance (prorated basis).

10. Liability of amounts charged to the account

10.1 Solidarily Responsible (the company and the authorized signatories are responsible)

As indicated in the credit card application, the company and the authorized signatories are solidarily (in Quebec) and jointly and severally (in the rest of Canada) liable for the obligations set out in this agreement. In particular, the company and authorized signatories are liable for all purchases, cash advances, interest and fees related to a card and charged to the account.

10.2 Corporate Responsibility (company alone is responsible)

As indicated in the credit card application, only the company is liable for the obligations set out in this agreement. In particular, the company is liable for all purchases, cash advances, interest and fees related to a card and charged to the account.

11. Unauthorized use

11.1 Duty to inform us

You must inform us immediately:

- in case of loss or theft of a card or cheque associated with your credit card account and
- if you suspect that a third party is using your credit card account.

11.2 Liability for Unauthorized Use

All amounts charged to the account must be repaid, even if the use of the account does not comply with your instructions or policies.

However, unauthorized charges do not have to be repaid starting from the time we receive a written or verbal notice.

Unauthorized purchases or cash advances charged to the account before we are notified do not have to be repaid if:

- a. the account is in good standing
- b. cardholders have exercised reasonable care to protect the card and
- c. you have not notified us of **2** or more unauthorized activities in the previous **12** months.

11.3 Cooperation in an investigation

You must cooperate fully in any investigation surrounding the circumstances of the unauthorized use of your credit card account and file a police report. You allow us to take any measures deemed necessary to recover the card and to report the loss or theft to the appropriate authorities.

11.4 Fraud by a Cardholder who is not an Authorized Signatory

Several cards offer a compensation plan in the event of fraud by a cardholder who is not also an authorized signatory. If this is the case, the plan entitles you to a reimbursement limited to the actual loss resulting from the fraudulent use of the credit card account by the cardholder. Compensation is limited to **\$10,000** per account for each **12**-month period. You are not covered if the cardholder was negligent and contributed to the unauthorized or fraudulent use by another person. You must cooperate with us and file a police report.

11.5 Preventative measures

Passwords (including a PIN) must remain confidential at all times. You must notify us immediately if the confidentiality of a password is compromised or if you suspect another person of knowing it.

12. Statements of account and notices

12.1 Frequency

Every month, you will receive a statement indicating the debits and credits posted to the account during the period covered by the statement unless no transaction was made using the account.

12.2 Communication method (notices and statements)

Notices and statements sent by mail are deemed to have been delivered to you at your last known address appearing in our records.

Notices and statements sent electronically are deemed received by you the moment they are sent from our systems.

You must notify us immediately if you have not received a statement within **10** days of the date you normally receive it.

12.3 Statement verification

You must check each statement of account within **60** days of the date of issuance and notify us of any error, irregularity or possible fraudulent transaction appearing on the statement. After this period, you will no longer be able to contest items posted on your statement. The balance will then be considered to be final and accurate.

12.4 Supporting documents

Within **30** days of the statement date, you may obtain, free of charge, a copy of supporting documents for each of the transactions on your statement.

13. Foreign currency transactions

A transaction made in a foreign currency will appear on your statement in Canadian dollars.

To convert the amount of a transaction in a foreign currency to Canadian dollars, we use the same daily exchange rate as *Mastercard Worldwide*. The conversion takes place on the date the transaction is completed or, at the latest, on the date the transaction is posted to your account. A fee of **2.5%** will then be charged on the amount converted in Canadian dollars.

Please note that a transaction includes a debit or a credit to your account. Therefore, the applicable exchange rate may be different depending on the date and time of the transaction.

14. Amendment to this agreement

At our discretion, we may amend the conditions of this agreement by giving you at least **30** days' prior notice. An amendment to the agreement does not create a new agreement and the unchanged provisions of the agreement remain in effect. You are deemed to have accepted the modifications mentioned in the notice when (i) you fail to inform us in writing that you refuse the amendments and wish to terminate the agreement prior to the end of the notice period or (ii) the cardholders continue to use the account after the notice period.

15. Settlement of disputes with third parties

We are not responsible for problems associated with purchases or the quality of goods or services purchased using the credit card account. Any dispute with a merchant, including any right to compensation, must be settled directly with the merchant. In the event of a dispute with a merchant, you remain responsible for the payment of the entire balance of the account. Certain advantages or services related to the credit card account may be offered by a third party. We are not responsible for such offers. Any dispute, including any right to compensation, must be settled directly with the third party.

16. Card ownership

The credit card remains our property and you cannot transfer the credit card to a third party. It must be returned to us on demand, in particular, if the terms and conditions set out in this agreement are not respected. We may issue, replace or cancel the credit card at our discretion or upon your request.

17. Assignment of rights

At any time and without your consent, we may assign to any person any amounts owing to us under the agreement and arising from the use of the account, with or without the benefit of the rights set out in the agreement or arising from any collateral. However, you cannot assign your rights under this agreement without obtaining our prior written authorization. This agreement is legally binding on our successors and assigns.

18. Transactions at an ATM using a credit card

If you have a bank account with us, you may access your bank account by using your credit card at an ATM. In this case, the contract you entered into when you opened your bank account will apply to this transaction.

If you do not have a bank account with us and use your credit card at an ATM to obtain cash advances, the cardholder agreement will apply to this transaction.

19. Duty to inform us

You confirm the accuracy of the information provided to us and you undertake to update it as needed. In particular, you must notify us of any change to the information, such as changes regarding the company's administrators and officers (name, surname, occupation, and function).

You must also notify us of a change of authorized signatory and cardholder as well as any change regarding their personal information.

20. Our instructions

You undertake to comply with our operational and legal guidelines pertaining to this agreement. You are responsible for ensuring that cardholders respect such guidelines.

21. Loyalty programs

Several of our cards offer loyalty programs. If you hold one of these cards, you are bound by the terms and conditions set out in the loyalty program upon the first use of the credit card account. These rules are available at nbc.ca.

22. Cancellation and payment on demand

22.1 Cancellation by us

The credit card account is made available at our discretion. We may, at any time, restrict in full or in part your right to use the card or the

account, for example, when provisions of this agreement are not respected. We may demand the immediate payment of the full or partial amount due under the agreement and exercise our recourses, including those resulting from a collateral. Any omission on our part to exercise any of these rights does not constitute a waiver to exercise such rights at a later date.

The total balance will become payable immediately if you or an authorized signatory responsible of repaying the balance under section 10.1:

- assign property for the benefit of creditors;
- submit a proposal to creditors or
- request bankruptcy protection under insolvency legislation.

22.2 Cancellation by you

You may cancel this agreement by providing us with a written notice. We will then close the account and cancel the card and the cheques linked to the credit card account. All the provisions of the agreement will remain in effect until payment in full of amounts due.

23. Applicable legislation and jurisdiction

This agreement is governed exclusively by the province or territory where the company is based. If the company is based outside Canada, the legislation in effect in the province of Quebec governs this agreement. You irrevocably acknowledge the exclusive competence of the courts in the above province or territory with respect to the application and interpretation of this agreement, to the exclusion of any other tribunal or court of law.

24. Other agreements

Other agreements entered into with us may also apply to the credit card account. In particular, the agreement governing the use of Automated Services and Electronic Banking Solutions, provided with the card and which you accepted when the credit card account was first used, applies to transactions made at an ATM using the credit card. In the event of conflict, the provisions of this agreement will prevail over other agreements.

25. Protection of personal information

You undertake to ensure that cardholders consent to the collection, use and communication of personal information for the purposes of the issuance of the card and to enable us to provide continued services. You also undertake to inform them of our policy pertaining to the protection of personal information available at nbc.ca.

26. Language

The parties have requested that the agreement be drawn up in English. *Les parties confirment leur volonté que le présent contrat soit rédigé en anglais.*

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FEE SCHEDULE

Rates in effect at the issuance (except if a promotional rate applies)

| Cards | Purchases | Balance Transfers and Cash Advances |
|---|---|--|
| Regular rates ⁽¹⁾ Business, PREMIA, Platinum Business | 20.99% | 22.99% |
| Business Line | Prime rate plus an adjustment rate, as indicated on your card carrier and, after, on your statement | |

Increased Rates

The annual interest rates will increase if the minimum payment is not made by the due date indicated on the statement twice during any **12**-month period. Any missed payment which occurs during a **12**-month period is counted, even if the missed payment has already been counted to increase the rates in the past or has occurred during such a period.

For all cards except the Business Line: the annual interest rates will be increased to **25.99%** for purchases and to **27.99%** for balance transfers and cash advances.

For the Business Line: the interest rate in effect when the **2nd** default occurred will be increased by **5%**.

These increased rates will take effect on the **3rd** statement period following the **2nd** missed payment. These increased rates will apply to your balance until you make the minimum payment by the due for a period of **9** consecutive months. After, the regular rates described above will apply, regardless of whether a promotional or reduced rate was in effect prior to the rate increase. For the Business Line, the rate in effect after this period will be the variable interest rates that applies to this card.

Annual fees: these fees are indicated in the card carrier at the issuance and after on the account statement.

Other fees

Posted to the account on the day of the transaction:

- Foreign currency conversion fee: see Section 13 of this agreement
- Fee for overlimit: **\$29**. ⁽¹⁾

⁽¹⁾ Fee charged once each statement period if the balance exceeds the credit limit on the billing date.