

Discretionary Overdraft Coverage Disclosure
(Applies to All Eligible Consumer and Commercial Accounts¹)

It is the policy of CoreFirst Bank & Trust (“CoreFirst,” “Bank,” “us” or “we”) to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards. The information in this document is intended to help customers (“you”) understand what happens if your account is overdrawn and explain our Discretionary Overdraft Coverage. This disclosure and the Bank’s Discretionary Overdraft Coverage apply to both eligible consumer and commercial accounts. Understanding the concepts of overdrafts and non-sufficient funds (NSF) can help you avoid being assessed fees or charges.

At times, unanticipated expenses or unforeseen problems can leave you with too little cash in your checking account. Having a check returned due to insufficient funds can be a costly, inconvenient and potentially embarrassing experience. We do not encourage overdrafts. As always, we encourage you to manage your finances responsibly and always be aware of how much money you have in your account, how much you write in checks, automatic withdrawals you have authorized, and how much you purchase with your debit card. Overdrafts should not be used to pay ordinary or routine expenses and you should not rely on overdrafts as a means to cover these expenses. However, we want to help you potentially avoid incurring additional merchant fees and possible damage to your credit history that might result if an item or transaction is returned unpaid. That’s why we provide a special overdraft service for Bank customers called Discretionary Overdraft Coverage.

What is an overdraft and how is an overdraft determined?

Generally, an overdraft occurs when there is not enough money in your account to pay for a transaction, but we pay (or cover), in our discretion, the transaction anyway. An NSF transaction is slightly different. In an NSF transaction, we do not cover the transaction. Instead, the transaction is rejected and the item or requested payment is returned to the merchant unpaid. In either situation, we can charge you an Overdraft Fee or a Returned Insufficient Item Fee, depending on whether the item is covered as an overdraft or returned unpaid. Please remember that we are not obligated to pay any item presented for payment if your account does not contain sufficient collected funds.

It is important to remember that your account has two balances: the **Available Balance** and the **Current or Ledger Balance** (sometimes also called the “actual” or “collected” balance). Importantly, your Available Balance may not be the same as your account’s Current or Ledger Balance. Your account’s Current or Ledger Balance only includes transactions that have settled up to that point in time, such as deposits and payments that have posted to your account. The Current or Ledger Balance does not include outstanding items (such as checks that have not yet cleared and electronic transactions, including debit card transactions, which have been authorized but which are still pending). The ending statement balance reflected on your periodic statement is the Current or Ledger Balance for your account as of the statement date. **The Bank uses your Current or Ledger Balance at the time of transaction posting or settlement when determining whether any transaction will cause your account to overdraw and for charging Overdraft and Returned Insufficient Item Fees.**

In contrast, your Available Balance takes transactions that have been authorized, but not yet settled (i.e., preauthorized holds), and subtracts them from the Current or Ledger Balance. When calculating your Available Balance, checks you have written that have been presented and not posted and any “holds” placed on deposits or transactions that have not yet cleared are also subtracted from the Current or Ledger Balance. **The Bank uses your Available Balance to authorize or decline ATM and everyday debit card transactions.**

The Bank will generally place a hold on your account for any ATM or everyday debit card transactions that are authorized until the transaction settles. ATM and everyday debit card transactions usually settle within three business days after the transaction is authorized, but may take longer. The amount of the hold will reduce your Available Balance (but not your Current or Ledger Balance) for the amount authorized, or as permitted under applicable payment network rules. Holds on authorized ATM and everyday debit card transactions will be removed prior to settlement where required by applicable payment network rules. For example, assume you have a Current or Ledger Balance of \$100 and an Available Balance of \$100. If you use your debit card at a merchant for \$30, that merchant may ask the Bank to pre-authorize the transaction. In that case, the Bank will reduce your Available Balance by \$30 because once the Bank authorizes the transaction, the Bank is obligated to pay. Your Current or Ledger Balance would still be \$100 because this transaction has not yet posted or settled to your account, but your Available Balance would be \$70 because you and the Bank have committed to pay the merchant \$30. When the merchant submits the transaction for payment (which could be several days later), the Bank will post or settle the transaction to your account and your Current or Ledger Balance will be reduced by \$30 at that time.

Please also note that on debit card purchases, merchants may request a temporary hold on your account for a specified sum of money when the merchant does not know the exact amount of the purchase at the time the card is authorized. The amount of the temporary hold may be more or less than the actual amount of your purchase. Some common transactions where this occurs involve purchases of gasoline, hotel rooms, or meals at restaurants. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your purchase,

¹ Applies to all eligible consumer and commercial account types, with the exception of accounts where the primary owner is a minor, fiduciary or escrow accounts.

but it could be seven business days, or even longer in some cases, before the adjustment is made. Until the adjustment is made, your Available Balance, but not your Current or Ledger Balance, will be reduced by the amount of the temporary hold.

Please remember that for all pre-authorizations or temporary holds, the fact that the Bank may put a hold on your Available Balance does not mean the authorization or hold is set aside and made available to pay the specific transaction authorized. Instead, the hold is simply a reduction in your Available Balance based on the fact that we have authorized a transaction and, therefore, you and the Bank are obligated to pay it when presented for posting or settlement.

Please remember that, for consumer accounts only, we will not charge fees for overdrafts caused by ATM or everyday debit card transactions if you have not opted-in to that additional service (described below). **For consumer accounts that have opted-in to this additional service and for all commercial accounts, please be aware that the fact that an ATM or everyday debit card transaction was authorized does not mean that you will not incur any fees for that same transaction at the time the transaction posts or settles to your account. Please remember that the Bank uses your Available Balance to authorize or decline ATM and everyday debit card transactions, however, the Bank uses the Current or Ledger Balance at the time all types of transactions post or settle to your account (not at transaction authorization) when determining whether any transaction will cause your account to overdraw and for charging Overdraft and Returned Insufficient Item Fees.** This means that you may be assessed Overdraft and/or Returned Insufficient Item Fees on each item, each time the item is presented to us for payment, based on your Current or Ledger Balance at the time of settlement (not authorization), even though your Available Balance may show a different balance amount at that time due to the inclusion of pending and hold items. Note that an item may be presented to us by the merchant for payment more than one time, resulting in multiple fees on the same item. We have no control over that. In addition, due to the delay between authorization of a transaction and posting or settlement of the transaction to your account, this also means that you may be assessed an Overdraft and/or Returned Insufficient Item Fee on each item, each time the item is presented to us for payment, based on your Ledger or Current Balance at the time of settlement, even though your account may have had a sufficient Available Balance at the time of authorization due to intervening transactions between authorization and settlement. Note again that an item may be presented to us by the merchant more than one time for payment, resulting in multiple fees on the same item. We have no control over that.

Keeping track of your balance is important. You can review your Available and Current or Ledger Balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches. The arrangement of balance and/or transaction alerts for your account is also available through online and mobile banking.

How are items posted to my account?

The Bank reserves the right to decide the posting order of items. The processing order of these items is important because if there is not enough money in the account to pay for the items in the order they are processed in accordance with the processing order, there may be an overdraft on your account which may result in Overdraft or Returned Insufficient Item Fees or an increase in the amount of these fees.

No posting order is neutral to all parties to a transaction and understanding this fact, the Bank has chosen to post items in the following general order: (1) real-time debits are posted immediately upon request, including (a) outgoing wire transfers, (b) items deposited to your account that are returned to us unpaid in order of amount, from smallest to largest, and (c) fund transfers to another CoreFirst account that are processed by a bank employee; (2) deposits (subject to our "[Funds Availability Policy](#)") and other credits to your account received prior to the cutoff time; (3) ATM card transactions and debit card transactions are posted in order of amount, from smallest to largest, in groups with other like transactions, including: (a) ATM cash withdrawals made at CoreFirst ATMs ("Telly"), (b) debit card transactions, (c) ATM cash withdrawals made at non-CoreFirst ATMs ("foreign ATMs"), and (d) other ATM debit transactions (e.g., transfers); (4) teller cash withdrawals (checks you write that are cashed at one of our branches) are posted in order of amount, from smallest to largest; (5) other electronic debits are posted in order of amount, from smallest to largest, in groups with other like transactions, including (a) internal automatic loan payment transfers, (b) internal automatic transfers, including recurring Automatic Transfer Requests, Online Banking transfers, and Telephone (CBIL) transfers, and (c) ACH debits, which may include checks that have been converted to electronic transactions; (6) checks presented against your account (including paper checks, substitute checks created from paper checks, and remotely-created drafts) are posted in check number order; and (7) Bank fees, with general account fees posted last and fees generated due to a transaction (e.g., ATM fees, Overdraft Fees, etc.) posted immediately following the transaction that caused the fee and prior to other transactions.

The Bank reserves the right to change the payment order if the Bank suspects fraud or possible illegal activity affecting the account. The Bank also reserves the right to post in any order, as permitted by law. Please note that account statements do not necessarily report debits and credits in the order that we posted them to an account.

Knowing when funds you deposit into your account will be made available is another important concept that can help you avoid being assessed fees or charges. Please see our "[Funds Availability Policy](#)" for information on when different types of deposits will be made available for withdrawal. For those accounts to which our Funds Availability Policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the Current or Ledger Balance in your account for the purpose of deciding whether to return an item for insufficient funds and assessing fees at any time between the times we receive the item and when we

return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the Current or Ledger Balance at the subsequent time will determine whether there are insufficient available funds.

What is Discretionary Overdraft Coverage?

The Bank's Discretionary Overdraft Coverage is a discretionary overdraft service available to eligible checking accounts. If your account qualifies and is in "good standing" (described below), we will consider, without obligation on our part, paying items for which your account has insufficient or unavailable funds up to an assigned overdraft limit ("Overdraft Coverage Limit"), instead of automatically returning those items to the merchant unpaid.

As a discretionary courtesy, eligible checking accounts (both consumer and commercial) may receive an Overdraft Coverage Limit of up to a negative balance of \$100 within one (1) business day of account opening. For eligible checking accounts (both consumer and commercial) that are (a) open at least thirty-five (35) days for new customers and (b) in "good standing" (described below), then the Overdraft Coverage Limit may be increased up to a negative balance of \$1,000. In addition, for eligible consumer accounts only that are (a) open at least thirty-five (35) days for new customers, (b) in "good standing," and (c) the account deposit totals in the current and previous statement cycle are at least \$3,000, then the Overdraft Coverage Limit may be increased up to a negative balance of \$1,500. The Overdraft Coverage Limit applicable to your account may be increased or decreased for certain eligible accounts at any time, in the Bank's sole discretion, including, but not limited to, due to consideration of the age of the account, deposit balances, deposit regularity, previous overdraft activity, account status relating to any legal or administrative order or levy, or status of loan obligations with the Bank.

Please note that the amount of any overdraft plus any and all fees and charges, including without limitation the Overdraft and Returned Insufficient Item Fees on each item, each time the item is presented to us for payment (as set forth in our Fee Schedules and Account Agreement), will be deducted from your Overdraft Coverage Limit. Note once again that an item may be presented to us by the merchant more than one time, resulting in multiple fees on the same item. We have no control over that. Please also note that it may be possible that your account will become overdrawn in excess of the Overdraft Coverage Limit as a result of the assessment of a fee. Of course, we can't promise to pay every overdraft and we are never obligated to pay your overdrafts, even if your account is in "good standing" and even though we may have previously paid overdrafts for you. **This service represents a purely discretionary privilege or courtesy that we may provide to you from time to time and which may be withdrawn or withheld by us at any time, without prior notice, reason or cause.**

The Bank's Discretionary Overdraft Coverage applies to a variety of transactions, including checks and other transactions made using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions. However, for consumer accounts, we will not include ATM and everyday debit card transactions within our consumer Discretionary Overdraft Coverage or the Overdraft Coverage Limit without first receiving your affirmative consent to do so (described below). Absent your affirmative consent, ATM and everyday debit card transactions generally will not be authorized under the Discretionary Overdraft Coverage for consumer accounts.

What does Discretionary Overdraft Coverage cost?

There are no additional costs associated with Discretionary Overdraft Coverage, unless you use it. Under the Bank's Discretionary Overdraft Coverage, you will be charged **on each item, each presentment** our standard Overdraft Fee or Returned Insufficient Item Fee set forth in our Fee Schedule (currently each fee is \$29.00 on each item, each presentment), depending on whether the item is covered or returned unpaid based on your Current or Ledger Balance at the time of posting or settlement.

There is no limit on the number of Overdraft and Returned Insufficient Item Fees we may charge to your account. However, for consumer accounts only, the Bank will not charge more than six (6) total Overdraft and Returned Insufficient Item Fees combined on a daily basis. There is no limit on the number of Overdraft and Returned Insufficient Item Fees that may be charged to commercial accounts on a daily basis. In addition, for both consumer and commercial accounts, the Bank will not charge an Overdraft Fee for items that overdraw an account by \$5.00 or less. No interest will be charged on the overdraft balance. To help you manage your account, the total fees you have paid for items (both paid and returned) during the current month and for the year-to-date will be reflected on your monthly account statement.

As explained above, please be aware that the same item or transaction may be presented and returned multiple times for payment, resulting in multiple fees. The Bank does not monitor or control the number of times an item is presented for payment and **there is no limit on the number of Returned Insufficient Item Fees that can be assessed for an item, if the same item is presented for payment multiple times**. The Bank may charge a Returned Insufficient Item Fee as set forth in our Fee Schedule each time an item is presented and returned if the Current or Ledger Balance in your account is not sufficient to cover the item at the time of posting or settlement, regardless of the number of times the item is presented and returned, or if the item is later covered by the Bank, in its discretion, as an overdraft. **This means that you could incur multiple Returned Insufficient Item Fees, as well as an Overdraft Fee, for the same item if it is presented and returned multiple times for payment.**

If there is more than one (1) owner on the signature card, each owner, and agent, if applicable, drawing/presenting the item creating the Overdraft or Returned Insufficient Item Fee(s) shall be jointly and severally liable for such fee(s). Each fee will be due and payable upon demand.

We may use subsequent deposits, including direct deposits of Social Security or other government benefits, to cover any overdrafts and Overdraft and Returned Insufficient Item Fees.

How does the Discretionary Overdraft Coverage work?

As long as you maintain your account in “good standing,” we may approve your overdraft items up to the Overdraft Coverage Limit as a non-contractual courtesy. Remember, whether your overdrafts will be paid or not is at our sole discretion and we reserve the right not to pay your overdraft items at all times. The fact that we may honor withdrawal requests that overdraw the Current or Ledger Balance of the account does not obligate us to do so later. So you can **NOT** rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past.

For consideration for Discretionary Overdraft Coverage and the Overdraft Coverage Limit, you must maintain your account in “good standing”, which includes at least the following:

- Bringing your account balance to a positive balance within a thirty-five (35) day period;
- Demonstrating consistent deposit activity and managing your account in a responsible manner;
- Not being in default on any loan or other obligation to the Bank;
- No outstanding balance is owed under Fresh Start or other overdraft repayment plans; and
- Not being subject to any legal or administrative order or levy, such as bankruptcy or tax lien.

If your account is not in “good standing,” we will typically return any items or transactions that would overdraw your account and assess a Returned Insufficient Item Fee on each item, each time the item is presented to us for payment. Note once again that an item may be presented to us by the merchant more than one time, resulting in multiple fees on the same item. We have no control over that. Please also note that the Bank reserves the right to limit participation in Discretionary Overdraft Coverage to one account per household or per taxpayer identification number, and to discontinue this service and return any overdrawn items at any time without prior notice.

What if I want the Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions for my consumer accounts?

For consumer accounts only, we will not charge fees for overdrafts caused by ATM withdrawals or everyday debit card transactions, if you have not also opted-in to that additional service. Please see our “[*Overdraft Services Disclosure & Consent Form*](#)” for information on how to opt-in or opt-out of that service. Absent your affirmative consent (opt-in), ATM and everyday debit card transactions generally will not be authorized if your Available Balance in your consumer account is insufficient. A consumer customer who does not affirmatively consent (opts-out) to overdraft protection for the payment of ATM and/or everyday debit card transactions, agrees to not overdraw their account for ATM and everyday debit card transactions (\$0 debit card overdraft limit).

If you would like access to Discretionary Overdraft Coverage for ATM withdrawals and everyday debit card purchases for your consumer account, you’ll need to opt-in to that additional service, called “Cover My Card”, by contacting your local branch, calling 800-280-0123, or visiting <http://www.corefirstbank.com/>. If you opt-in, you may cancel at any time. If you do not opt-in, you can do so later at any time.

How do I know when I have an overdraft or use my Overdraft Coverage Limit?

You will receive an Overdraft notice each time items are paid where there was an insufficient balance in your account, including notice of the Overdraft Fees charged against your account. You will need to subtract the total fees when balancing your checkbook.

What if I go beyond the Overdraft Coverage Limit?

Overdrafts that exceed the Overdraft Coverage Limit will typically be returned unpaid to the payee and a Returned Insufficient Item Fee will be charged on each item, each time the item is presented for payment to your account. Remember that we have no control over how many times a merchant presents an item for payment. A Non-Sufficient Funds (NSF) notice will be sent to notify you of any items that are returned unpaid. You will need to subtract the total fees when balancing your checkbook.

How quickly must I repay the items overdrawing my account?

You should make every attempt to bring your account to a positive end-of-day balance as soon as possible, and are required to bring your account to a positive balance within a thirty-five (35) day period to remain in “good standing”. If you are not able to bring your account to a positive balance within a thirty-five (35) day period, your Overdraft Coverage Limit may be suspended and you may receive notice from the Bank that any additional items will be returned unpaid and Returned Insufficient Item Fees will be assessed on each item, each time the item is presented for payment, until you bring your account to a positive balance.

What are some other ways I can cover overdrafts at the Bank?

The best way to avoid overdrafts and fees is to keep track of your Available Balance and your Current or Ledger Balance by entering all checks, debit card purchases, and ATM withdrawals in your check register, reconcile your checkbook regularly, and manage your finances responsibly. You can also take advantage of the Bank's account alerts. If you bank online or use our mobile banking services, you may establish an alert threshold to let you know when your balance is nearing your alert threshold. However, if a mistake occurs, the Bank offers additional ways to cover overdrafts in addition to Discretionary Overdraft Coverage, such as a link to another account or a line of credit (subject to credit approval). To learn more about these other ways to cover overdrafts, contact us at 800-280-0123 or visit one of our branches.

What if I do not want Discretionary Overdraft Coverage on my account?

The Bank's Discretionary Overdraft Coverage is always optional. If you prefer that the Bank not cover any items or transactions as overdrafts when there are not sufficient funds in your account, you can opt-out or remove Discretionary Overdraft Coverage from your account at any time by contacting your local branch or calling 800-280-0123. Please note that, if you opt-out or remove Discretionary Overdraft Coverage from your account, any items or transactions that would overdraw your account will generally be returned unpaid and a Returned Insufficient Item Fee of \$29.00 on each item, each time the item is presented for payment, will be imposed. An item may be presented to us by the merchant more than one time, resulting in multiple fees on the same item. We have no control over that.