



Time Deposit Accounts

Disclosure

Personal & Business

Effective February 22, 2022

INTRODUCTION

This Time Deposit Accounts Disclosure is provided as required by law in connection with your new and renewing time deposits. Your Time Deposit or Individual Retirement Account (IRA) Time Deposit Account is subject to terms and conditions contained in the receipt you receive at the time of opening and in the following documents as they may be applicable to your account. Copies may be obtained at any of our banking offices.

- *Personal Accounts & Services Disclosure and Agreement*
- *Personal Accounts Fee Schedule*
- *Business Accounts & Services Disclosure and Agreement*
- *Business Deposit Fee Schedule*
- *Union Bank® Individual Retirement Accounts & Services Disclosure and Agreement*
- *Individual Retirement Accounts & Small Business Retirement Plans Fee Schedule including Coverdell Education Savings Accounts*
- *Business Accounts & Services and Transaction Banking Services Disclosure and Agreement*
- *Business Deposit and Treasury Management Fee Schedule*

Union Bank IRA Disclosure Statements:

- *Traditional/SEP Individual Retirement Custodial Account Agreement*
- *Inherited Individual Retirement Custodial Account Agreement*
- *Roth Individual Retirement Custodial Account Agreement*
- *Inherited Roth Individual Retirement Custodial Account Agreement*
- *SIMPLE Individual Retirement Custodial Account Agreement*
- *Coverdell ESA Custodial Account Agreement*

DEFINITIONS

Annual Percentage Yield (APY)—The total amount of interest paid on an account, based on the interest rate and the frequency of compounding expressed as a percentage. Unless otherwise noted, it is for a 365-day period (366-day period in a leap year).

Business Days—Monday through Friday, excluding Federal holidays, even though we may be open on a Saturday or Sunday. Unless otherwise noted, time refers to Pacific Time.

Owner—For personal accounts, refers to the person or persons who hold an ownership interest in the Time Deposit Account. An Owner may be an individual or a joint tenant, or may be an individual acting only in a fiduciary capacity, such as a trustee, executor, administrator, or conservator. An Owner may also be a minor you have added to your account. An Owner acts individually or on behalf of all Owners when taking any actions with respect to the Time Deposit Account, including closing or converting an account. For business accounts, Owner refers to the legal entity owner of the Time Deposit Account, including any business entity, sole proprietorship, partnership, limited liability company, or public agency. Unless otherwise expressly provided in this document, any one Owner acts on behalf of and binds all Owners to an account action, including all transactions, withdrawals, and communications from an Owner. When this document discusses actions only Owners can take, we will use the term “Owner.”

We, our, us, and the Bank—Refers to MUFG Union Bank, N.A., including, without limitation, any branch, division, or other unit of MUFG Union Bank, N.A., and to Union Bank, a registered trademark and brand name of MUFG Union Bank, N.A.

You and your—Refers to an Owner of a Time Deposit Account and anyone authorized to act on your behalf or to appoint others who can act on your behalf.

MATURITY NOTICE FOR RENEWING ACCOUNTS

The Union Bank Time Deposit Maturity Notice, or IRA Time Deposit Account Maturity Notice (“Maturity Notice”) states the maturity date of your Time Deposit or IRA Time Deposit Account. If applicable, this notice also includes the new maturity date and grace period for a withdrawal.

The Maturity Notice gives you the date when the new rates will be available and a telephone number to call for the new interest rate and APY information.

We will send you a renewal notice with the new interest rate and APY after your Time Deposit or IRA Time Deposit Account renews.

DEPOSITS

Minimum Opening Deposit

- ***Time Deposit (Non-Retirement) Account***

| | | |
|--------------------------------------|----|-------|
| 7–31 Days Maturity Term..... | \$ | 2,500 |
| 32 Days–60 Months Maturity Term..... | \$ | 350 |

- ***IRA Time Deposit Account***

| | | |
|--|----|--------|
| Fixed Rate IRA Time Deposit (90 Days–60 Months)..... | \$ | 350 |
| Retirement Income IRA Time Deposit (12-Month) (Owner must be 59½ or older)..... | \$ | 25,000 |
| 18-Month Variable Rate IRA Time Deposit..... | \$ | 500 |
| Bonus Rate Rollover IRA Time Deposit..... | \$ | 25,000 |

Time Deposit Account (including Fixed Rate IRA Time Deposit)—After the Time Deposit Account is opened, you may not make additional deposits into the account until after the maturity date, and only during the grace period.

Variable Rate IRA Time Deposit Account—After a Retirement Income IRA Time Deposit (12-Month) or 18-Month Variable Rate IRA Time Deposit Account is established, you may continue to make additional deposits. Each additional electronic deposit must be at least \$10. Each additional non-electronic deposit must be at least \$25.

Bonus Rate Rollover IRA Time Deposit—The Bonus Rate Rollover IRA Time Deposit is a Fixed Rate IRA Time Deposit Account with a term of 36–60 months, which is available for a qualifying new deposit (i.e., new deposits are considered funds from a different financial institution, not from existing Union Bank accounts). If your account has a term of 36 months, you will be paid the initial “bonus” rate for the first 12 months of your Account’s term. After

the first 12 months of the initial term, the interest rate for the remainder of the term will be the rate shown on the supplement to the Time Deposit Account receipt. If the Time Deposit renews, the bonus rate does not apply; the terms and conditions for a Fixed Rate IRA Time Deposit Account will apply.

- The entire amount must be a new deposit with the Bank.
- After the account is opened, you may not make additional contributions into or withdrawals from the account until the maturity date.

WITHDRAWALS

When you invest in a Time Deposit, you agree to keep the principal amount on deposit with us for the maturity term you have selected. If you withdraw all or a portion of the principal prior to the maturity date of the deposit, we may assess an early withdrawal penalty or compensating penalty (described below), whichever is greater. A penalty of at least 7 days' interest will apply if any withdrawals are made within 6 days after the date of the initial deposit or within 6 days after the date of a partial withdrawal. It may be necessary to deduct all or a portion of the penalty from the principal amount of the Time Deposit Account if the interest earned on the account is insufficient to cover the entire penalty. Any portion of a Time Deposit Account withdrawn due to the death or legal incompetence of the Owner is not subject to an early withdrawal penalty or compensating penalty. For the purpose of this section, Owner does not include individuals acting only in a fiduciary capacity.

Withdrawals from IRA Time Deposit Accounts—

A withdrawal from a IRA Time Deposit Account is not subject to the early withdrawal penalty or compensating penalty if it is:

- Made after you have reached age 70½
- Made after you have reached age 59½ and are part of a prearranged schedule of systematic payments made at least annually
- Made after you have reached age 59½ and the funds are transferred to another Union Bank IRA Time Deposit Account, and the funds are transferred no more than once within a 12-month period
- Fully or partially made from an IRA account due to death, disability, or legal incompetence of the Owner
- Made from a Traditional IRA that is converted to a Roth IRA at Union Bank

Please note: The penalty for IRA closure within 6 days of opening will not be greater than actual interest earned on the account.

Early Withdrawal Penalty—We calculate the early withdrawal penalty on a 365-day basis as follows:

- For maturity terms of 7–31 days, the greater of 1) all interest earned on the amount withdrawn; 2) 7 days' interest on the amount withdrawn; or 3) the amount of interest that could have been earned on the amount withdrawn for one-half the term

- For maturity terms of 32 to 91 days, the greater of
 - 1) 31 days' simple interest at the rate being paid on the amount withdrawn; or
 - 2) the compensating penalty
- For maturity terms of 92 days to one year, the greater of
 - 1) 91 days' simple interest at the rate being paid on the amount withdrawn; or
 - 2) the compensating penalty
- For maturity terms of more than one year, the greater of
 - 1) 181 days' simple interest at the rate being paid on the amount withdrawn; or
 - 2) the compensating penalty

Compensating Penalty—We calculate the compensating penalty on a 365-day basis as follows:

- 1) We subtract the interest rate being paid on your original Time Deposit Account from the rate we would pay on a new Time Deposit Account in the amount of your original Time Deposit Account with a term equal to the number of days remaining in the term.
- 2) Using that interest rate difference, we calculate the amount of simple interest that could have been earned on the amount withdrawn for the number of days remaining in the current term of the original Time Deposit.

Example: A \$2,000 Time Deposit established for 36 months at 4% is withdrawn after 12 months. To calculate the compensating penalty, we first determine the rate for a new \$2,000, 24-month Time Deposit (the remaining term of the Time Deposit). If this rate were 7%, we would calculate a penalty equal to 24 months' simple interest on \$2,000 at 3% (the rate difference of 7% minus 4%). The compensating penalty is \$120. The early withdrawal penalty would be 181 days' simple interest on \$2,000 at 4%, or \$39.67. In this example, the \$120 compensating penalty is greater and would be assessed.

RENEWALS

Automatic Renewal at Maturity—All non-retirement time deposits with balances under \$10,000,000 and all IRA time deposits will automatically renew for the same term and interest rate in effect on the maturity date, unless the funds are withdrawn within the "grace period" designated for the account. For time deposits with a maturity term of 31 days or less, the grace period is 3 calendar days after the maturity date. For time deposits with a maturity term of 32 days or more, the grace period is 10 calendar days after the maturity date. These automatic renewal provisions apply to the first maturity date and all subsequent maturity dates.

You may renew your Time Deposit Account for an amount different from the balance in the account at maturity by contacting us. However, the amount required as a minimum opening deposit must remain in the account in order for the Time Deposit to be renewed. If you renew for a different balance, this is considered a withdrawal, and a new term begins on that date. Interest on your new Time Deposit Account will begin accruing on that day.

If you withdraw all or part of your funds during the grace period, your account will not earn interest after the maturity date. Interest will start accruing on the day of your new term.

If your Time Deposit Account has a maturity term of 32 days or more, we will notify you in writing before the first maturity date and all subsequent maturity dates. We reserve the right to close any Time Deposit Account on the first maturity date or any subsequent maturity date, or change the terms or the method of interest calculation on any of these maturity dates, after giving you written notice of our intention to do so. We also reserve the right to eliminate certain maturity terms at any time.

Non-retirement Time Deposit Accounts with a principal amount of \$10,000,000 or greater may not be automatically renewed. If you do not withdraw your funds at maturity, we will place the funds in your Time Deposit Account into a non-interest earning account.

INTEREST

The interest rate and corresponding APY for a Time Deposit Account are set at our sole discretion and are based on market conditions and other business factors, the account balance, and the maturity term of the Time Deposit. The interest rate and corresponding APY are shown on the Time Deposit/IRA Account Receipt, which is provided separately. Unless otherwise stated, you will be paid this interest rate through the maturity date shown on the receipt.

Unless otherwise stated, the interest rate and APY assume interest remains on deposit until the maturity date of the Time Deposit. Withdrawing interest before maturity will reduce earnings.

Interest begins to accrue on the Business Day you make a deposit. We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the balance in the account each day (365 days or 366 days in a leap year) and compounds interest as indicated below:

Non-IRA Time Deposits

| PRINCIPAL AMOUNT | DAILY PERIODIC RATE | COMPOUNDING FREQUENCY |
|--------------------------|---|------------------------------|
| \$350 – \$99,999.99 | 1/365 of the annual interest rate (1/366 in a leap year) | Daily |
| \$100,000 – \$999,999.99 | 1/360 of the annual interest rate | Daily |
| \$1,000,000 and over | 1/360 of the annual interest rate | None (simple interest) |

IRA Time Deposits

| PRINCIPAL AMOUNT | DAILY PERIODIC RATE | COMPOUNDING FREQUENCY |
|----------------------|---|-----------------------|
| Under \$1,000,000 | 1/365 of the annual interest rate (1/366 in a leap year) | Daily |
| \$1,000,000 and over | 1/365 of the annual interest rate (1/366 in a leap year) | Daily |

For non-retirement Time Deposit Accounts with maturity terms of 7 to 31 days, interest will be paid or credited only on the maturity date. For maturity terms of 32 days to one year, you may designate interest to be paid or credited monthly, quarterly, semiannually, annually, or on the maturity date. For terms greater than one year, interest must be paid or credited at least annually, but you may designate interest to be paid or credited monthly, quarterly, or semiannually. For IRA Time Deposit Accounts with terms of 90 Days to 60 Months, interest is paid or credited quarterly.

For non-IRA Time Deposit Accounts, you may designate the manner in which interest will be paid or credited. You may choose to have interest 1) added to the balance of the Time Deposit; 2) deposited into your Union Bank checking, savings, or money market account; or 3) paid by check. **Please note:** If the interest check is returned to us as undeliverable, we will deposit it back into your Time Deposit, or we may change the interest payment method to automatically reinvest into your Time Deposit.

For IRA Time Deposit Accounts, interest is added to the balance of the Time Deposit.

Additional Interest Provisions for IRA Time Deposit Accounts

- **Retirement Income IRA Time Deposit (12-Month)**—The interest rate on the **Retirement Income IRA Time Deposit (12-Month)** is variable and is tied to the Daily Treasury Yield Curve Rates 1 Mo (“1M Yield Curve”), commonly referred to as the U.S. Treasury securities 1-month or Constant Maturity Treasury rates, minus a margin. Specifically, the variable interest rate is based on the average of the 1M Yield Curve from the previous month minus a margin of 0.75%. The foregoing formula of the average of the 1M Yield Curve minus the margin is the floor (“Floor”). The word “average,” for purposes of the “average of the 1M Yield Curve from the previous month” means the sum of the 1M Yield Curve rates from the 1st calendar day of the prior month through the 3rd to last Business Day of the prior month, divided by the number of days in that timeframe. The number of days in the foregoing timeframe is the rate timeframe (“Rate Timeframe”). For each non-Business Day within the Rate Timeframe, or when the 1M Yield Curve is not available for one or more Business Days, we will use the rate, as set forth in the 1M Yield Curve, for the prior Business Day in order to calculate the average of the 1M Yield Curve.

The 1M Yield Curve can be accessed through the U.S. Department of Treasury Resource Center at: <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield> (select Daily Treasury Yield Curve Rates and select current year for Time Period). Also, we have the right, at our sole discretion, to set the variable interest rate each month higher than the Floor. However, the variable interest rate we set each month will never be less than the Floor and will always be greater than 0%.

- **18-Month Variable Rate Time Deposit**—The interest rate on the **18-Month Variable Rate Time Deposit** is variable and is tied to the Daily Treasury Yield Curve Rates 1 Mo (“1M Yield Curve”), commonly referred to as the U.S. Treasury securities 1-month or Constant Maturity Treasury rates, minus a margin. Specifically, the variable interest rate is based on the average of the 1M Yield Curve from the previous month minus a margin of 0.85%. The foregoing formula of the average of the 1M Yield Curve minus the margin is the floor (“Floor”). The word “average,” for purposes of the “average of the 1M Yield Curve from the previous month” means the sum of the 1M Yield Curve rates from the 1st calendar day of the prior month through the 3rd to last Business Day of the prior month, divided by the number of days in that timeframe. The number of days in the foregoing timeframe is the rate timeframe (“Rate Timeframe”). For each non-Business Day within the Rate Timeframe, or when the 1M Yield Curve is not available for one or more Business Days, we will use the rate, as set forth in the 1M Yield Curve, for the prior Business Day in order to calculate the average of the 1M Yield Curve. The 1M Yield Curve can be accessed through the U.S. Department of Treasury Resource Center at: <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield> (select Daily Treasury Yield Curve Rates and select current year for Time Period). Also, we have the right, at our sole discretion, to set the variable interest rate each month higher than the Floor. However, the variable interest rate we set each month will never be less than the Floor and will always be greater than 0%. The variable interest rate will remain in effect until the first Business Day of the next calendar month. We may change the interest rate on a Variable Rate Time Deposit Account monthly, effective on the first Business Day of the month.
- **Bonus Rate Rollover-IRA Time Deposit**—An IRA Time Deposit with a bonus rate is a Fixed Rate IRA Time Deposit with a bonus rate of interest that is only available for a portion of an IRA Time Deposit’s initial term. Example: If your account has a term of 36–59 months, you will be paid the initial “bonus” rate for the first 12 months of your account’s term. After the first 12 months of the initial term, the interest rate for the remainder of the term will be the rate shown on the supplement to the Time Deposit Account receipt. If the Time Deposit renews, the bonus rate does not apply—the terms and conditions for a Fixed Rate IRA Time Deposit Account will apply.

PROMOTIONAL RATE TIME DEPOSIT

From time to time, we may offer preferred rates on Time Deposit Accounts for specific maturity terms (“Promotional Rate Time Deposits”). Promotional Rate Time Deposits may have different minimum balance requirements, depending upon rates, which are disclosed at account opening. Except as described below, Promotional Rate Time Deposits are subject to the same terms and conditions of the Time Deposit Account.

- At the end of the maturity term, your Time Deposit Account will be automatically renewed for the same term. Unless specifically stated otherwise, any bonus or special promotion offered during the initial term will not apply to automatically renewing time deposits.

PAYMENT BOND TIME DEPOSIT

Payment Bond Time Deposit Accounts are available to individuals who are required to post a bond. Except as described below, Payment Bond Time Deposits are subject to the terms and conditions of the Time Deposit (non-retirement) Account.

Minimum Deposit to Open Account:

| <u>Maturity Term</u> | <u>Opening Deposit</u> |
|-----------------------------|-------------------------------|
| 7 to 31 days | \$ 2,500 |
| 32 to 364 days | \$ 1,000 |
| 1 to 5 years | \$ 500 |

- Interest on your Payment Bond Time Deposit Account is payable to you and may be deposited to your Union Bank checking, savings, or money market account, or may be paid by check. At the end of the maturity term, the principal amount is payable to the third person you designated on the payment bond certificate, unless that third person has reassigned the principal amount back to you by endorsing the certificate and you subsequently present it to us.
- Interest on a Payment Bond Time Deposit with a principal amount of \$1,000,000 or greater is compounded daily.
- You may designate a Payment Bond Time Deposit to have a “fixed maturity” and not automatically renew at maturity. If you do not designate “fixed maturity,” we will automatically renew your Time Deposit after the grace period. If you designate “fixed maturity” and do not withdraw your funds at maturity, we will place the funds from your Time Deposit Account into a non-interest earning account.

PUBLIC FUNDS TIME DEPOSIT

Public Funds Time Deposit Accounts are available to public agencies and are collateralized in accordance with the government codes applicable to the public agency. Except as described below, Public Funds Time Deposit Accounts are subject to the terms and conditions of the Time Deposit (non-retirement) Account.

Minimum Deposit to Open Account:

| <u>Maturity Term</u> | <u>Opening Deposit</u> |
|----------------------------------|-------------------------------|
| 7 days to 60 months | \$ 1,000 |

- The availability of maturities longer than 1 year, or balances of \$1,000,000 and over, is subject to market conditions and the Bank's policy.
- Interest is calculated on a simple interest basis (no compounding), using the number of days in a year as stipulated by state laws governing public funds accounts. Please refer to the laws in your state for more information.
- Interest may be paid by check or deposited to another Union Bank checking, savings, or money market account, and is paid quarterly or at maturity for terms of 3 months or less.
- Public Funds Time Deposit Accounts may not be automatically renewed.

DEPOSIT INSURANCE

Union Bank Deposit Accounts are insured to the regulatory limits by the Federal Deposit Insurance Corporation (FDIC). Any deposits (including time deposits) that you maintain in the same account ownership category directly with Union Bank PurePoint® Financial, or through an intermediary (such as with us or another broker) will be aggregated with deposits in your deposit accounts at Union Bank for purposes of the maximum applicable FDIC deposit insurance amount. You are responsible for monitoring the total amount of deposits that you have with Union Bank in order to determine the extent of FDIC deposit insurance coverage available to you.

If you would like more detailed information about FDIC insurance:

WRITE: FDIC

550 17th Street, N.W.
Washington, D.C. 20429

CALL: TTY: 800-877-8339

FDIC hours of operation:

Monday–Friday, 8:00 a.m.–6:00 p.m. (Eastern Time)

Saturday, 8:00 a.m.–1:00 p.m. (Eastern Time)

Closed Sunday

(Excluding Federal holidays)

VISIT: www.fdic.gov

