

Notification of Changes in Terms to your Deposit Agreement

*Effective June 1, 2020**

Please review this notification for important information regarding the following provisions in the Deposit Agreement which governs each account you maintain with us:

- Reordering and retitling sections regarding (i) Available Balance; (ii) Posting Order; (iii) Impacts of Holds; (iv) Non-Sufficient Funds and Overdrafts; and (v) Collections and Overdrafts. We further explain our existing processes by updating our Available Balance and Non-Sufficient Funds and Overdrafts sections by adding a definition of Ledger Balance. Information formerly included in the Collections and Overdrafts section of the Deposit Agreement have been incorporated into the new section of the Deposit Agreement entitled “Impact of Holds” that further explain our hold processes. We have also added the section “Posting Order,” formerly part of the section entitled Check Processing.

Please note that the changes referenced above are only clarifications relating to our processes; therefore, they do not reflect a change in our practices.



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- The VISA USA International Service Assessment on all international transactions has been modified.
- Changes to our Unauthorized Transfers section regarding non-consumer liability for commercial ACH transactions which requires non-consumer accounts 24 hours to notify us of an erroneous or unauthorized ACH entry.
- *Effective July 1, 2020, changes to Your Ability to Withdraw Funds section which will, in certain situations, provide you with increased availability to your check deposits.

Change in Terms to Deposit Agreement

You should retain this Change in Terms notice along with your Deposit Agreement for your records. Once effective, this Change in Terms becomes part of your Deposit Agreement and all other terms and conditions within your Deposit Agreement apply except as supplemented, revised or replaced by this Change in Terms.

Please note that continuing to maintain and use your account beyond the effective date of this Change in Terms constitutes your acceptance of the Deposit Agreement with this Change in Terms.

If you have any questions, visit your local branch or call our customer service professionals at 1-800-448-8812.

Change in Terms Relating to Available Balance

The section titled **Available Balance** beginning on page 11 will be replaced entirely by the following provisions:

Available Balance and Ledger Balance

The available balance in your account is the ending balance on the previous banking day after we have posted transactions, plus or minus pending transactions (such as deposits, debit card transactions or ATM withdrawals) that have not yet been posted to your account, and minus any holds that we have placed on your account. The available balance does not include (i) transactions that have not been presented for payment, such as checks that you have issued or debit card transactions that you have made that were not authorized by us for the merchant, or (ii) holds for debit card transactions that we authorized for a merchant but were released. Your available balance and your ledger balance are not the same. Your ledger balance is the balance of funds in your account based solely on deposits and withdrawals posted during nightly processing. Your ledger balance does not include amounts subject to a hold. Your ledger balance may be more than the amount of your available balance and may not be available for withdrawal or immediate use. For example, the balance reflected on your account statement for any given date is your ledger balance on that date. You are responsible for keeping accurate records concerning transactions in your account. For an explanation on how your available balance and your ledger balance may be impacted by non-sufficient funds and/or overdraft fees, please see the section entitled “Non-Sufficient Funds and Overdrafts.” The terms “available collected balance” and “available account balance” shall have the same meaning as available balance.

We use your available balance to determine whether to authorize transactions for payment. For example, assume that on Monday you have a ledger balance of \$50 and an available

balance of \$50. If you were to use your debit card at a merchant on Tuesday to buy groceries for \$20, then that merchant could ask us to immediately authorize the payment. If we do so, then we will reduce your available balance by the amount authorized, which is \$20. (And if we do so, please note that we are obligated to pay the merchant the \$20 at the time the merchant actually presents us with that debit card transaction for payment, which could be several days later, even if your ledger balance and available balance are negative at that later time). Your ledger balance would still be \$50 because this transaction has not yet posted to your account, but your available balance would be \$30 because you have a pending commitment to pay the merchant \$20. When the merchant presents the transaction for payment, your ledger balance will be reduced by the amount of the posted transaction (in this example, \$20) and both your ledger balance and available balance will be \$30 (assuming no other intervening transactions occurred).

Change in Terms Relating to Overdraft Practices

The section titled **Check Processing** beginning on page 26 through the section titled **Avoiding NSF's and Overdrafts** ending on page 28 will be replaced entirely by the following sections:

Check Processing

We may process items mechanically by relying on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and endorsed and you acknowledge that payment by this method is in accordance with reasonable banking standards and constitutes ordinary care in paying checks or items. We may

determine the available balance in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the time 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 available balance at the subsequent time will determine whether the available balance is sufficient to pay the item(s).

Posting Order

We use the available balance in your account to (i) pay an ATM or debit card transaction, or (ii) pay or return a check, ACH debit or other item. The Available Balance and Ledger Balance section of this Agreement explains the difference between your available balance and your ledger balance.

Your available balance may be reduced by pending transactions as described below. We post transactions to your available balance in a particular order. Generally, we post deposits and other credits received by us before the deposit cut-off time first, and then we post withdrawals and debits (such as checks and electronic debits) by categories and priorities within the category. The withdrawals are placed in categories defined by us based on the type of withdrawal. The following are examples of the types of withdrawals in the sequence in which the categories are posted:

- Debits we are obligated to pay or, that we want to ensure are paid ahead of other debits;
- Debits we are obligated to pay (such as debit card transactions and settlement for funds transfers that we have accepted or executed);

- Cash withdrawals and certain electronic transfers (such as teller paid checks, ATM debits);
- Other electronic debits (e-Banking, ACH debits, and recurring debit card transactions);
- Checks issued by you and certain internal debits;
- Bank fees (service charge, stop payment fees, wire transfer fees, etc.)**

**The list above includes examples of withdrawals or debits from your account but does not include every type of withdrawal or debit that may be posted to your account.

The priorities of posting debits within the categories listed above are based on the type of withdrawal and whether the withdrawal contains a check or serial number or whether we can determine the date and time of the authorization or initiation of an electronic debit. For example, debits, such as checks that you issue, are posted in check number sequence and certain electronic debits are posted based on the date and time they are authorized or initiated. Also note, the date and time of authorization or initiation of an electronic debit we receive for processing may differ from the date and time they are authorized or initiated by you due to many factors outside of our control, including the merchant's processes. If we cannot determine this information, we will generally post the debits each day in ascending order from the lowest amount to the highest amount. We reserve the right to change the categories, the posting order sequence, and the sequence of posting transactions within these categories at any time without notice to you.

Impact of Holds

When we determine that funds in your account are subject to a hold, dispute, or legal process, then those funds may not be included in your available balance. A hold includes, but is not limited to, holds placed on checks you have deposited and authorization holds (“Authorization Holds”) for pending debit card and ATM transactions that have not yet been presented for payment.

When you use your debit card for a one-time debit card or ATM transaction, generally, we authorize or decline the transaction based on your available balance. If you have a line of credit linked to your account for overdraft protection, we add the amount of funds available under the line of credit to your available balance. If we authorize the transaction, we then place an Authorization Hold on your account in the amount of the authorization request which immediately reduces your available balance by the amount of the request. During nightly processing, the amount of the Authorization Holds for the one-time debit card or ATM transactions that have not yet been presented for payment are temporarily added back to your available balance. This returns those funds to your available balance and allows only debit items that we are obligated to pay to post to your account. The amount of funds returned to the available balance are only available to pay debit items we are obligated to pay and are not available for debits we are not obligated to pay. After the debit items we are obligated to pay are posted to your account, the outstanding Authorization Holds are reapplied, reducing your account's available balance.

Outstanding Authorization Holds will generally expire after (a) three (3) business days or (b)

the business day that the debit card and ATM transaction is presented for payment and is paid by us, whichever occurs first. Sometimes the amount of Authorization Hold differs from the final charge presented by a merchant for payment (e.g., the addition of a tip, gas station authorizations). If any of the information provided to us for the authorization does not match the information provided to us for the final charge presented by the merchant, (such as debit card number, merchant number, authorization key number or transaction amount), our computer system may not be able to match the authorization with the final charge, and the Authorization Hold may remain on your account for up to three (3) business days, even if the amount presented for payment has already posted to your account. This means that the amount of the Authorization Hold will not be available for withdrawal, transfer or payment of your checks, ACH, and other debit items. You agree to maintain sufficient funds in your account for such transactions and you agree that we will not be liable to you for wrongful dishonor of any check, debit card transaction, ATM card transaction, ACH, transfer, withdrawal or other debit item on your account that is not paid by us or is returned by us unpaid due to an Authorization Hold during the period of time the hold is in place, even if the authorized transaction has posted to your account.

Non-Sufficient Funds and Overdrafts

We may determine the available balance in your account for the purpose of deciding whether to (i) return a check or other item for insufficient available funds or (ii) authorize an ATM or debit card transaction when your account does not contain a sufficient available balance (any and all of which may be referred to as an

“NSF item”) at any time between the time we receive the NSF item for payment and when we return it or send a notice in lieu of return (“NSF Returned Item”) or receive the NSF item for authorization and we decline it. We need only make one determination, but if we choose to make a subsequent determination, the available account balance at the subsequent time will determine whether there are sufficient available funds. For example, assume the same example listed in the section of this Agreement entitled Available Balance and Ledger Balance, but assume a check that you had previously written for \$40 that we are not obligated to pay posts to your account between the time when the \$20 debit card transaction at the grocery store is authorized and when it is presented for payment. Even though we authorized the \$20 debit card transaction, you may be assessed an overdraft fee because the check for \$40 exceeds your available balance of \$30 at the time the check is actually presented for payment and posts to your account. Further, when the \$20 debit card transaction is presented for payment, assuming you do not make any other intervening deposits, the available balance in your account will not be sufficient to pay the \$20 debit card transaction and (assuming you opted in for the authorization and payment of such NSF items as described more fully below) you would be assessed an overdraft fee.

Alternatively, at our discretion, we may honor the item rather than returning it unpaid and create an overdraft (i.e., negative available balance in your account). Whether we pay, permit, return, decline or reject an NSF item depends upon a number of factors, including the amount of the item and the past activity in your account. If we overdraw your account, you agree to repay us immediately, without notice or demand from us.

Furthermore, if we elect to pay your account in the overdraft on any of one or more occasions, it shall not be considered a waiver of our rights to refuse to do so at any other time, nor shall it be an agreement by us to pay other NSF items in the overdraft. We will exercise our discretion to pay an NSF item instead of returning it unpaid, create an overdraft, and assess a fee (“overdraft fee”), subject to special provisions relating to ATM and one-time debit card transactions (which are also referred to as “everyday” debit card transactions) discussed below.

As a general rule, we will not (i) authorize and pay items such as ATM transactions and one-time debit card transactions if your account does not have sufficient available funds to cover such transactions, (ii) create an overdraft, and (iii) charge you an overdraft fee, unless you tell us to do so, that is, you must opt-in to our authorization and payment of such NSF items, the creation of an overdraft and assessment of an overdraft fee (an “opt-in”). You may opt-in or revoke a previous opt-in of our authorization and payment of ATM or one-time debit card transactions by calling us at 1-800-448-8812 or visit your local branch. You may change your election at any time. For joint accounts, an instruction to opt-in or revoke a previous opt-in by one joint account holder will be treated as such an instruction by all joint holders of such account.

If you do not opt-in to our payment of NSF items such as ATM transactions and one-time debit card transactions and if you do not have adequate coverage under an overdraft protection service, then we may decline the charge and you will not be able to complete this ATM transaction or one-time debit card transaction such as a point of sale, online or telephone purchase or payment.

ATM and one-time debit card transactions may also be subject to an overdraft fee even when there were sufficient available funds in your account at the time of authorization, but insufficient available funds when the debit card transactions post to your account, due to other intervening activity occurring in your account. Generally, we will not authorize and pay ATM and one-time debit card transactions if your account does not have sufficient available funds to cover such transactions. If the available balance is not sufficient to authorize the transaction, the transaction will generally be declined at the ATM or point of sale. If a transaction is declined, no fee will be charged. We assess overdraft fees when a transaction posts, not when it is authorized. We will not create an overdraft and charge you an overdraft fee, unless you tell us to do so by opting in to discretionary overdraft consideration for payment of everyday debit card transactions. That is, you must specifically authorize us to pay these NSF items, create the overdraft and agree to pay the overdraft fee.

Sustained Overdrafts

For each time that your account remains overdrawn for at least nine (9) consecutive calendar days, you agree to pay one “Sustained Overdraft Fee.” This fee is separate from and may be charged in addition to NSF Returned Item and Overdraft Fees which are charged on no more than 5 NSF items each day (“Daily Limit”). We will not charge this fee if you pay us the total amount of the overdrawn balance on the ninth (9th) calendar day or the next banking day, if the 9th calendar day falls on a weekend or federal holiday that is not a banking day. We will also not charge this fee if:

- Your account is overdrawn by \$5.00 or less on the day on which we would otherwise

charge it (for consumer accounts only), or

- You have not opted-in to the payment of ATM and everyday debit card (point of sale) transactions and the amount overdrawn only includes amounts from ATM and point of sale transactions presented and paid against insufficient available funds (for consumer accounts only), or
- The amount overdrawn only includes bank fees and/or service charges, as described either in the Service Charges and Fees section of the Deposit Agreement or as set forth in the Deposit Account Information-Truth-in-Savings Disclosure (for consumer accounts) or the Business Services Information Disclosure Schedule of Fees (for business accounts).

Please note that we count as the first day of the nine consecutive calendar days, the day on which we post the items that create the overdraft in your account, regardless of whether we have provided you with notice of the overdraft(s). We post items to your account as part of our nightly processing of all items we receive during a banking day.

NSF, Overdraft and Sustained Overdraft Fees

Any time your account (including any coverage under an overdraft protection service) does not contain a sufficient available balance to pay items presented to us for payment, we will charge a fee to your account for each non-sufficient funds (“NSF”) item presented, even if we do not pay those items. You agree that since the balance reflected on your bank statement is the ledger balance and not the available balance, you may incur an NSF or overdraft fee even though the statement indicates that the ledger balance was sufficient to pay the item on

the day the item was presented. For each NSF item presented to us for payment, you agree to pay either the NSF charge or fee for each NSF Returned Item or the overdraft charge or fee for each NSF item paid and not returned (subject to special provisions relating to ATM and one-time debit card transactions), plus the Sustained Overdraft Fee, if applicable, to your account. You further agree that such fee or fees may be charged to your account without prior notice. You agree to immediately deposit sufficient funds to cover any overdraft, NSF or Sustained Overdraft Fees. You also agree that we may collect overdrafts and the related charges from subsequent deposits, including direct deposits of social security or other government benefits.

You also agree to reimburse us for any costs we incur in collecting an overdraft from you including, without limitation, reasonable attorney fees and the costs of litigation, to the extent permitted by law. “Overdraft protection service(s)” refers to specific services that we offer to pay or permit NSF items, for which you qualify and in which you must enroll. We do not send you prior notice on items returned for insufficient available funds. It is your responsibility to monitor your account and ensure that sufficient available funds are in your account and as otherwise required in this Agreement.

An insufficient available balance may result from, but not limited to, any of the following: (1) the payment of items; (2) payments and transfers authorized by you, including those made by written or verbal instruction to us or to others, and by ATM card, debit card, telephone, computer or other electronic means; (3) items deposited by you that are returned to us unpaid; (4) legal claims against your account; (5) the imposition of service fees; (6) our exercise of the

right of set off for debts owed to us; or (7) any delays placed on the availability of your funds (holds) as described in this Agreement.

Avoiding NSF and Overdrafts

In order to avoid NSF, overdraft and Sustained Overdraft Fees and the possibility of unauthorized items and returned checks or other items on your account, you must ensure that your account maintains a sufficient available balance for all your transactions, including, but not limited to, checks you've written, debit card transactions, ATM withdrawals, other electronic debits, etc. Banking services that may assist you in avoiding fees, and unauthorized or returned items include direct deposit, online banking, including activating the receipt of balance alerts, and mobile banking via tablet, smartphone or similar device. Please also inquire about our overdraft protection services as described below. The fees that apply to our overdraft protection services may be less expensive than NSF, overdraft and Sustained Overdraft Fees. Please note that some of the accounts that we offer have an overdraft protection option available, subject to approval under our normal credit criteria. In order to have overdraft protection for your account, you must apply, be approved and sign all the documents required to establish such protection. The agreement or other documents providing for overdraft protection will set forth the amount of overdraft protection available and the terms and conditions under which it will be provided. Certain savings or checking accounts that you have on deposit with us may be linked to your checking account for overdraft protection at posting. Lines of credit may be linked to your checking account for overdraft protection for ATM or debit card authorizations and at posting. You agree that our failure to pay any check or item that would create an overdraft in the

absence of an approved overdraft protection arrangement is not wrongful dishonor of any check or item we refuse to authorize or pay. You also agree that even if your account has been approved for an overdraft protection arrangement, items may be returned or your account may still become overdrawn if the available balance is not sufficient to pay all the presented checks or items because: (1) paying a check or item will exceed the available balance in the deposit account that provides overdraft protection or will exceed the credit limit on the credit account that provides overdraft protection; (2) the deposit account that provides overdraft protection is overdrawn or the credit limit on the credit account that provides overdraft protection has been exceeded; (3) the credit limit on the credit account that provides overdraft protection is reduced, suspended or terminated for any reason; (4) access to the credit account that provides overdraft protection is denied because the credit agreement is in default, including the fact that the required payments on that account are past due; or (5) the deposit account or credit account that provides overdraft protection is subsequently closed. **Please note that on any Banking Day, if some of the NSF items are covered by an overdraft protection arrangement and some are not, you may be charged (1) an account overdraft protection fee, if applicable, plus (2) one or more NSF or overdraft fees or both such fees.** The staff at any of our branches will be happy to provide additional information about our optional overdraft protection services.

To prevent NSF or overdrafts from occurring, you are reminded and agree not to withdraw or write checks against funds that are needed to pay ATM and one-time debit card transactions that have not yet posted against your account (such as writing checks or performing other

ATM withdrawals or point-of-sale purchase transactions) unless you have a sufficient available balance in your account or sufficient funds available under an overdraft protection service associated with your designated checking account. You are also reminded to use the various banking services available to you, such as online banking and mobile banking, to monitor your account's activity.

In the section titled **Collection and Overdrafts** on page 34, the second sentence of the first paragraph through the end of the section has been removed entirely and replaced with the following provisions:

See the sections of this Agreement entitled "Impact of Holds" "Posting Order" and "Non-Sufficient Funds and Overdrafts" for additional information on how ATM and Debit Card transactions may affect your available balance and/or result in additional changes on your account.

Change in Terms Relating to VISA charges

In the section titled **Currency Conversion and International Transactions** beginning on page 35, the second paragraph is replaced entirely by the following provisions:

Visa USA charges us a 1% International Service Assessment on all international transactions, regardless of whether there is a currency conversion. We pass this international transaction fee on to you. An international transaction is a transaction where the country of the merchant is outside the USA.

Change in Terms Relating to Unauthorized ACH

In the section titled **Unauthorized Transfers** beginning on page 37, the following new section (c) titled "Non-Consumer Liability Regarding Commercial ACH Transactions" is inserted as the last paragraph:

(c) Non-Consumer Liability Regarding Commercial ACH Transactions. Under the National Automated Clearing House Association (NACHA) rules that govern processing electronic funds transfers received through an automated clearing house or the funds transfer system of the Federal Reserve Banks (an "ACH Entry"), the Bank must submit instructions to return an erroneous or unauthorized ACH Entry affecting non-consumer accounts within two (2) business days. Therefore, you must notify the Bank of any erroneous or unauthorized ACH Entries affecting your non-consumer account within 24 hours from the date the ACH Entry first posts to your account. Such notice enables the Bank to submit a reversal of the ACH Entry on your behalf within the NACHA imposed two (2) business day time frame. If you do not notify us in a timely manner of the erroneous or unauthorized ACH Entry, any efforts to recover the funds must occur solely between you and the originator of the ACH Entry. You can use banking services such as business online banking and mobile banking to detect erroneous or unauthorized ACH Entries. Please visit your nearest branch or contact us at 1-800-448-8812 to notify us of any erroneous or unauthorized ACH Entry.

Change in Terms Relating to Your Ability to Withdraw Funds Effective July 1, 2020

In the section titled **Longer Delays May Apply. Case-by-case delays** beginning on page 39, the first paragraph has been removed entirely and replaced with the following provisions:

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$225 of your deposits, however, will be available on the first business day.

The section titled **Longer Delays May Apply, Safeguard Exceptions** beginning on page 40, has been removed entirely and replaced with the following provisions:

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

The section titled **Special Rules for New Accounts** beginning on page 40, has been removed entirely and replaced with the following provisions:

If you are a new customer, the following special rules will apply during the first 30 days your account is open. Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525 will be available no later than the seventh business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit. Funds from all other check deposits will normally be available on the seventh business day after the day of your deposit.