

## TERMS AND CONDITIONS OVERDRAFT ADDENDUM

It is the policy of Citizens Bank of Kansas (“the bank, we, us, or our, CBK”) to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards.

### 1. UNDERSTANDING AND AVOIDING OVERDRAFT AND NON-SUFFICIENT FUNDS (NSF) FEES

The information in this document is intended to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and non-sufficient funds (NSF) can help you avoid being assessed fees or charges.

An overdrawn account will typically result in you being charged an overdraft fee or an NSF fee (sometimes referred to as paid item charge or returned item charge). Generally, an overdraft occurs when there is not enough money in your account to pay for an item, but we may pay (or cover), in our discretion, the item anyway. For NSFs we do not cover, the item is rejected and returned. The fee applies to overdrafts by check, in-person withdrawal, ATM withdrawal, or other electronic means as applicable.

### 2. DETERMINING YOUR ACCOUNT BALANCE

We use the “ledger balance” method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for an item. Your account’s ledger balance (sometimes called the actual balance) only includes items that have settled up to the beginning of a business day, such as deposits and payments that have posted to your account. The 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).

Your ledger balance may be overdrawn (become negative) by:

- Payments authorized by checks, ACH/electronic items, ATM or debit card transactions, online banking and telephone banking transactions
- Payments authorized by you
- The return of unpaid items deposited by you or
- The imposition of bank service charges

### 3. PAYMENT ORDER OF ITEMS

The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. The payment order can affect the number of items overdrawn or returned unpaid and the amount of the fees you may have to pay.

Please note that items may not be processed in the order in which they occur or in the order in which you make them. In general, we will process and post items from the same business day in the following order:

1. All credits (deposits) post first during the nightly process
2. Card transactions, including ATM and debit card transactions, post next based on time stamp at transaction authorization
3. ACH (electronic automated clearing house) transactions post next in largest to smallest order by amount
4. Checks by check number order

Citizens Bank of Kansas reserves the right to change the payment order if the Bank suspects fraud or possible illegal activity affecting the account. Citizens Bank of Kansas also reserves the right to post in any order, as permitted by law. Account statements do not necessarily report debits and credits in the order that we posted them to an account. If you have questions about transaction posting order, you may contact your nearest CBK branch for information.

#### 4. FUNDS AVAILABILITY

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.

#### 5. NON-SUFFICIENT FUNDS (NSF) FEES

If an item drafted by you (such as a check) or set up by you (such as a preauthorized transfer) is presented for payment in an amount that is more than the ledger balance in your account, and we decide not to pay the item and instead return it, you agree that we can charge you an NSF.

#### 6. OVERDRAFT FEES

You understand that we may, at our discretion, honor withdrawal requests that overdraw your account for eligible account types. However, the fact that we may honor withdrawal requests that overdraw the ledger balance of the account does not obligate us to do so later. Therefore, 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. We may change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as a plan to sweep funds from another account you have with us. You agree that we may charge you an overdraft fee of \$28.00 for each overdrawn item, including a fee for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have opted-in to that service, and the fee will be due and payable upon demand.

A daily overdraft fee (sometimes called extended overdraft fee) of \$5.00 will be charged after an account is overdrawn for 3 business days. This fee applies to both consumer and business accounts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. Please see our “**What You Need to Know About Overdrafts and Overdraft Fees**” disclosure 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 ledger balance in your account is insufficient. A 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).

*Overdraft Privilege - Discretionary Service.* We are not obligated to pay any item presented for payment if your ledger balance does not contain sufficient funds. We may refuse to pay an overdraft at any time, even if your account is in good standing and even though we may have previously paid overdrafts for you. Overdraft coverage services offered by Citizens Bank of Kansas do not constitute an actual or implied agreement between you and Citizens Bank of Kansas, nor does it constitute an actual or implied obligation of Citizens Bank of Kansas. The overdraft coverage service represents a purely discretionary courtesy or privilege that Citizens Bank of Kansas may provide to you from time to time and which may be withdrawn or withheld by Citizens Bank of Kansas at any time without prior notice or reason or cause. Extension of overdraft coverage services is subject to approval. Some restrictions do apply.

To further explain, CBK uses a dynamic overdraft limit established based on a set of rules, which weigh numerous variables and customer behaviors, and the limit may change monthly. The limit may be suspended or reduced to zero when eligibility criteria are no longer met.

For Overdraft Privilege continuance, your account must be in “good standing.” This means that you must:

- Repay all overdraft and/or NSF fees within calendar 35 days
- You do not have a Fresh Start Loan with us during which your Overdraft Privileges have been suspended during the term of the agreement
- You do not have any garnishments, levies, or liens against your account(s)
- You do not have excessive NSF or overdraft fees assessed against your account
- Any type of account fraud

- Loans with CBK that are more than 30 days past due

*Declining Overdraft Privilege Coverage.* You may choose at any time to not participate in Citizens Bank of Kansas's discretionary overdraft service by calling or visiting any CBK branch. If you decline overdraft coverage, any items that would overdraw your account may be returned unpaid, and ATM/debit card transactions will not be authorized. An NSF fee of \$28 per item will be imposed.

*Overdraft Privilege Limit.* CBK's discretionary overdraft service may be subject to overdraft (negative) balance limits that may be increased or decreased for certain eligible accounts at any time, in bank's sole discretion, subject to applicable restrictions. All fees and charges, including without limitation, all NSF and overdraft fees, will be included in this overdraft (negative) balance limit and will apply to any item that overdraws your account including, but not limited to, payments authorized by check, ACH/electronic transactions, ATMs/debit cards, online banking and telephone banking transactions. We will not include ATM and everyday debit card transactions within your assigned overdraft (negative) balance limit without first receiving your affirmative consent (opt-in) to do so.

*Excessive Overdraft Use.* Please contact us right away if you find that you are using overdraft coverage more often than you intend, do not understand why your account becomes overdrawn, or experience difficulty bringing your account to a positive balance. We would like to discuss your situation with you. Following regulatory guidance, we will notify you if you are paying excessive overdraft fees. You may contact your local branch to discuss possible alternatives to overdraft coverage that may better meet your short-term credit needs.

## **7. BALANCE ALERTS**

You may wish to take advantage of CBK's account activity alerts. If you bank online or use our mobile banking services, you may establish an activity alert threshold to let you know when your account meets the criteria.

Alerts can be set not only to notify you when the account balance is lower than a threshold set by you (i.e., \$100), but it can also notify you if the account is overdrawn or if a check number clears your account. If your account meets the criteria you established, you will receive either a text message or email alert. You can then log on securely to your account for more information.