

Welcome to Liberty Bay Bank

BANNER BANK CONVERSION GUIDE



Liberty
Bay
Bank

Table of Contents

Welcome to Liberty Bay Bank	1
Important Dates and Times	1
DEPOSIT ACCOUNT CONVERSION	
Personal Accounts	4
Business Accounts	6
Miscellaneous Fee Schedule	8
Products & Services	9
Personal & Small Business Online Banking	11
Cash Management	12
DISCLOSURES	
Funds Availability Disclosure	15
Important Information About Your Checking Account	16
Electronic Funds Transfer	17
Terms and Conditions of Your Account	20
Privacy Notice	27

From Now Until the Closing Date

- You are still a client of Banner Bank through May 11, 2018.
- Please continue to use Banner checks, debit cards, online banking etc.
- For client support, please contact Banner Bank at your local branch, commercial banking center, or call their Client Contact Center at (800) 272-9933.

Client Support Contact Information

Banner Bank

Contact Banner Bank through Friday, May 11 at (800) 272-9933 or www.bannerbank.com/contact-us.

Liberty Bay Bank

Contact Liberty Bay Bank starting Monday, May 14 at (360) 779-4567 or toll free (855) 336-6043 or customerservice@libertybaybank.com or libertybaybank.com.

Hours beginning May 14: 9:00 a.m. to 5:00 p.m.

MAILING ADDRESS

Liberty Bay Bank
19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

Routing Number: 125108984

Effective Saturday, May 12, 2018, this Client Conversion Guide supersedes any provision to the contrary in any disclosure or agreement provided to you previously by Banner Bank.



Welcome to Liberty Bay Bank

On February 27, 2018 we jointly announced an agreement for Liberty Bay Bank to acquire the associated deposits of the Poulsbo location of Banner Bank.

We look forward to welcoming you to the Liberty Bay Bank (LBB) family and we commit to provide you with some of the best service in the banking industry.

We anticipate the acquisition will close on May 11, 2018, but if that changes we will notify you. Throughout the rest of this Client Conversion Guide, this date will be referred to as the "Closing Date."

Accounts not being acquired, such as credit cards, loan accounts and any accounts used as collateral for a loan, will continue to be accessible through Banner Bank's online, mobile, in branch or through the client contact center.

Questions? Stop in today or give us a call at (360) 779-4567

Important Dates & Times

TUESDAY, MAY 8

- New debit cards and PINs begin arriving in the mail.
- New checks begin arriving in the mail.

THURSDAY, MAY 10

- **5:00 p.m.** / Final Treasury Management ACH submission.

FRIDAY, MAY 11 / THE "CLOSING DATE"

- **4:00 p.m.** / Your Banner debit card is deactivated.
- **5:00 p.m.** / Your Banner online banking, mobile banking, Snapshot Check Deposit, and bill pay systems are inactive.
- **5:00 p.m.** / The Poulsbo Banner Bank branch and ATM will close.
- **6:00 p.m.** / Treasury Management and Remote Deposit Capture will be deactivated.

SATURDAY, MAY 12

- **12:00 p.m.** / You can begin activating and using your Liberty Bay Bank debit card
- To activate your new debit card, please call (888) 227-3096.
- Liberty Bay Bank will be closed for the system conversion.

MONDAY, MAY 14 / WELCOME WEEK

- The Poulsbo Banner Bank branch will not reopen.
- Liberty Bay Bank open Monday-Friday, 9:00 a.m.-5:00 p.m. 19917 Seventh Ave NE, Suite 101 Poulsbo WA 98370
- Stop by and pick up your goodie bag!

TUESDAY, MAY 15

- **8:00 a.m.** / Liberty Bay Bank's online banking and bill payment systems are active.

DEPOSIT ACCOUNT CONVERSION

Banner Bank to Liberty Bay Bank



How Does Your Liberty Bay Bank Account Compare to Banner Bank Account?

Personal Accounts

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
Banner's Best Checking or Rewards Plus Checking	Interest Checking
GoodStart Checking	Student Checking
Connected Checking	Essential Checking
Banner's Best Savings	Essential Savings
Connected Savings	Essential Plus Savings or Student Savings
Banner Money Market or Ultimate Money Market	Money Market
Banner IRA	At renewal, converts to 12-month fixed IRA CD
Certificate of Deposit	At renewal, converts to 12-month fixed CD
Health Savings Account	Health Savings Account

Business Accounts

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
Analyzed Business Checking	Analysis Checking
Basic Business Checking	Business Essential Checking
Best Business Savings or Business Savings	Business Essential Savings
Business Money Market or Ultimate Business Money Market	Business Money Market
Complete Business Checking	Premium Business Checking
IOLTA	IOLTA
RETA	IRETA
Investment Checking	Investment Checking (Grandfathered In)

For details on Liberty Bay Bank accounts, see the Account Feature Comparison tables on page 4.

The Miscellaneous Fee Schedule on page 8, and the Additional Disclosures starting on page 15.

Personal Accounts

Personal Checking & Savings Account Truth-in-Savings Disclosure*

	Essential Checking	Interest Checking ¹	Student Checking ²	Essential Plus Checking ³	Essential Savings	Money Market ⁵	Student Savings ²	Essential Plus Savings ³	Health Savings Account (HSA)
Minimum to open	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Earns Interest	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Tiered Rates	-	Yes	-	-	No	Yes	No	No	Yes ⁶
Interest Compounds & Paid	-	Monthly	-	-	Monthly	Monthly	Monthly	Monthly	Monthly
Monthly Service Fee	\$5	\$10	-	-	\$5	\$10	-	-	Annual Fee of \$15 ⁷
Minimum Average Monthly Balance to Waive Service Fee	\$100 or Direct Deposit	\$5,000	-	-	\$500	\$10,000	-	-	-
Withdrawal Limits	No	No	No	No	Yes*	Yes*	Yes*	Yes*	Yes, based on IRS rules ^{8,9}
Domestic ATM Surcharge	Waived	Waived	Waived	Waived	Waived	Waived	Waived	Waived	Waived
Online Banking and Bill Pay	Included	Included	Included	Included	Included	Included	Included	Included	Included
E-Statements, Check Images & Notices	Included ⁴	Included ⁴	Included ⁴	Included ⁴	Included ⁴	Included ⁴	Included ⁴	Included ⁴	Included
Additional Benefits	Unlimited Check Writing	Unlimited Check Writing	Unlimited Check Writing	Unlimited Check Writing 2 Boxes of LBB Checks Free/Year	Unlimited In-House Withdrawals	Unlimited In-House Withdrawals	Unlimited In-House Withdrawals	Unlimited In-House Withdrawals	Unlimited Check Writing

¹ Interest Checking: Tier 1 / \$0.01-\$4,999.99, Tier 2 / \$5,000-\$9,999.99, Tier 3 / \$10,000-\$24,999.99, Tier 4 / \$25,000 and up.
² Students under the age of 18 must have a legal guardian joint on the account. Students over 18 must provide proof of continued education.
³ Individual must be 55 or older.
⁴ Must be registered for online banking to access e-statements and notices.
⁵ Money Market: Tier 1 / \$0.01-\$9,999.99, Tier 2 / \$10,000-\$24,999.99, Tier 3 / \$25,000-\$74,999.99, Tier 4 / \$75,000 - \$149,999.99, Tier 5 / \$150,000-\$499,999.99, Tier 6 / \$500,000 and up.
⁶ Health Savings Account: Tier 1 - \$0.01-\$4,999.99, Tier 2 - \$5,000-\$9,999.99, Tier 3 - \$10,000-\$24,999.99, Tier 4 - \$25,000 and up.
⁷ HSA Annual Fee: Auto-deducted from account based on the anniversary date of the account opening.
⁸ Distributions: Non-Qualified distributions may impose tax penalties, visit www.irs.gov for more information.
⁹ Contributions: annual limits apply and subject to change, visit www.irs.gov for more information.
* No more than six transfers may be made by check, draft, debit card or similar order to a third party.

We consider the change from a Banner Bank personal checking or savings account to one at Liberty Bay Bank to be generally favorable to the client. For instance, our interest rates are generally higher than Banner's, our minimum balance required is based on the monthly average balance, and we do not limit the number of free bill payments for businesses.

However, the following are ways in which that change is considered either unfavorable or potentially unfavorable to the client:

- Banner generally compounds interest daily—we compound interest monthly;
- Banner's Best Checking and Rewards Plus Checking offer a \$0.05 reward on debit card transactions, our accounts do not;
- Banner's Best Checking offers bonus rates on certificates of deposit, discounts on check printing, safe deposit boxes, and consumer loans, and free cashier's checks and money orders—our accounts generally do not.
- Banner provides discounts on check printing for clients aged 65 and up—our account provides 2 boxes of LBB checks free each year for clients aged 55 and up.
- Banner Bank offers Bank by Phone—we currently do not offer an automated telephone banking system.
- Banner's minimum balance requirement maybe lower in some instances-we calculate the balance by the monthly average not the daily average.

Personal Accounts, continued

APY for Personal Accounts

Personal Interest Checking		
Balance Tiers	Interest Rate	APY
Up to \$24,999.99	0.10%	0.10%
\$25,000 and up	0.20%	0.20%

Personal Money Market		
Balance Tiers	Interest Rate	APY
Up to \$9,999.99	0.15%	0.15%
\$10,000-\$24,999.99	0.15%	0.15%
\$25,000-\$74,999.99	0.15%	0.15%
\$75,000-\$149,999.99	0.15%	0.15%
\$150,000-\$499,999.99	0.20%	0.20%
\$500,000.00 and up	0.45%	0.45%

Personal Savings		
Balance Tiers	Interest Rate	APY
\$0.01 and up	0.10%	0.10%

Health Savings Account		
Balance Tiers	Interest Rate	APY
\$0.01 and up	0.05%	0.05%

All Accounts: Rates subject to change daily. \$100 Minimum to open unless noted otherwise. CDs minimum balance is \$2500. Interests compounds monthly and credits monthly. Rates and APY's assume that all principal and interest remain on deposit for the entire term. Fees could reduce the earnings on the account. "APY" means Annual Percentage Yield. Please consult a Professional Banker for complete, current information on account fees, terms and conditions.

³ Penalty will be assessed for early withdrawal

⁵ Tax advantages may apply; see our "IRAs Guide" for account details. Consult your tax advisor for possible tax benefits.

Statement Cycles - Checking

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
1st day of the month	Last business day of month
3rd day of the month	Last business day of month
6th day of the month	6th day of the month
7th day of the month	6th day of the month
8th day of the month	6th day of the month
9th day of the month	10th day of the month
10th day of the month	10th day of the month
13th day of the month	10th day of the month
14th day of the month	10th day of the month
16th day of the month	Last business day of month
20th day of the month	Last business day of month
22nd day of the month	Last business day of month
25th day of the month	Last business day of month
31st day of the month	Last business day of month
3rd Tuesday of the month	Last business day of month
3rd Thursday of the month	Last business day of month

Statement Cycles - Savings

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
6th day of the month	6th day of the month
7th day of the month	6th day of the month
8th day of the month	10th day of the month
10th day of the month	10th day of the month
16th day of the month	Last business day of month
19th day of the month	Last business day of month
31st day of the month	Last business day of month
Quarterly	Quarterly
3rd Thursday of the month	Last business day of month

Business Accounts

Business Checking & Savings Account Truth-in-Savings Disclosure*

	Business Essential Checking ¹	Premium Business Checking ²	Analysis Checking ³	Community Checking ⁴	Business Money Market ⁵	Premium Business Money Market ⁶	Business Savings	IOLTA & IRETA ⁸
Minimum to open	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Earns Interest	No	No	No	Yes	Yes	Yes	Yes	Yes
Tiered Rates	-	-	-	Yes	Yes	Yes	No	No
Interest Compounds & Paid	-	-	-	Monthly	Monthly	Monthly	Monthly	Monthly
Monthly Service Fee	\$5	\$10	\$15	\$5	\$10	\$10	\$5	-
Minimum Average Monthly Balance to Waive Service Fee	\$500	\$2,500	Analyzed	\$500	\$10,000	\$10,000	\$500	-
Withdrawal Limits	Yes	Yes	Analyzed	Yes	Yes ⁷	Yes ⁷	Yes ⁷	Yes
Domestic ATM Surcharge	Waived	Waived	Waived	Waived	Waived	Waived	Waived	Waived
Online Banking & Bill Pay	Included	Included	Included	Included	Included	Included	Included	Included
E-Statements, Check Images & Notices	Included ⁹	Included ⁹	Included ⁹	Included ⁹	Included ⁹	Included ⁹	Included ⁹	Included ⁹
Additional Benefits	Unlimited ACH DB/CR	2 Domestic Wires/ Month Reduced Rate on RDC	Earnings Credit to Offset Any Fees	5 Incoming Wires/ Month Reduced Rate on RDC	Unlimited In-House Withdrawals	Unlimited In-House Withdrawals	Unlimited In-House Withdrawals	4 Domestic Wires/ Month

¹ Business Essential Checking: 200 combined debits & credits, then \$0.45/each. Unlimited ACH debits & credits.

² Premium Business Checking: 500 combined debits & credits, then \$0.45/each. Unlimited ACH debits & credits. Qualify for Premium Money Market.

³ Analysis Checking: \$0.08 per deposited item, \$0.12 per debit or credit. No fee for secondary account.

⁴ Community Checking: available to non-profit organizations only. Tier 1 / \$0.01-\$2,499.99, Tier 2 / \$2,500-\$24,999.99, Tier 3 / \$25,000—up.

⁵ Money Market: Tier 1 / \$0.01-\$9,999.99, Tier 2 / \$10,000-\$24,999.99, Tier 3 / \$25,000-\$74,999.99, Tier 4 / \$75,000-\$149,999.99, Tier 5 / \$150,000-\$499,999.99, Tier 6 / \$500,000 and up.

⁶ Premium Money Market: Tier 1 / \$0.01-\$9,999.99, Tier 2 / \$10,000-\$24,999.99, Tier 3 / \$25,000-\$74,999.99, Tier 4 / \$75,000-\$149,999.99 Tier 5 / \$150,000-\$500,000, Tier 6 / \$500,000.01 and up. Limit one per Tax ID. Must have open & active Premium Business Checking or Analysis Checking account.

⁷ No more than 6 transfers may be made by check, draft, debit card or similar 3rd party.

⁸ IOLTA/IRETA: This account requires the distribution of interest and does not allow interest to remain in the account. 50 combined transactions/month, then \$0.45 per item.

⁹ Must be registered for online banking to access e-statements and notices.

We consider the change from a Banner Bank business checking or savings account to one at Liberty Bay Bank to be generally favorable to the client. For instance, our interest rates are generally higher than Banner's, our minimum balance required is based on the monthly average balance, and we do not limit the number of free bill pays.

However, the following are ways in which that change is considered either unfavorable or potentially unfavorable to the client:

- Banner generally compounds interest daily—we compound interest monthly;
- Banner's Savings account is tiered interest—we currently do not offer tiered savings account rates.
- Banner Bank offers Bank by Phone—we currently do not offer an automated telephone banking system.
- Banner's minimum balance requirement maybe lower in some instances-we calculate the balance by the monthly average not the daily average.

Business Accounts, continued

APY for Business Accounts

Community Checking ¹		
Balance Tiers	Interest Rate	APY
Up to \$2,499.99	0.10%	0.10%
\$2,500-\$24,999.99	0.55%	0.55%
\$25,000 and up	1.25%	1.26%

Business Money Market		
Balance Tiers	Interest Rate	APY
Up to \$9,999.99	0.15%	0.15%
\$10,000-\$24,999.99	0.15%	0.15%
\$25,000-\$74,999.99	0.15%	0.15%
\$75,000-\$149,999.99	0.15%	0.15%
\$150,000-\$499,999.99	0.20%	0.20%
\$500,000-\$999,999.99	0.45%	0.45%
\$1,000,000 and up	1.29%	1.30%

Premium Business Money Market ²		
Balance Tiers	Interest Rate	APY
up to \$9,999.99	0.00%	0.00%
\$10,000-\$24,999.99	1.20%	1.21%
\$25,000-\$74,999.99	1.20%	1.21%
\$75,000-\$149,999.99	1.20%	1.21%
\$150,000-\$500,000	1.20%	1.21%
\$500,000.01 and up	0.15%	0.15%

Business Savings		
Balance Tiers	Interest Rate	APY
\$0.01 and up	0.10%	0.15%

Interest on Lawyer Trust Account ⁴		
Balance Tiers	Interest Rate	APY
\$0.01 and up	0.10%	0.10%

All Accounts: Rates subject to change daily. \$100 Minimum to open unless noted otherwise. CDs minimum balance is \$2500. Interests compounds monthly and credits monthly. Rates and APY's assume that all principal and interest remain on deposit for the entire term.

Fees could reduce the earnings on the account. "APY" means Annual Percentage Yield. Please consult a Professional Banker for complete, current information on account fees, terms and conditions.

¹ Available to non-profit organizations only.

² Business clients only. Must have an open and active Premium Business Checking account or Analysis Checking account. Limit one per TIN. Tiered Interest is calculated on the average daily balance method.

⁴ Requires distribution of interest and does not allow interest to remain in the account.

Statement Cycles - Checking

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
1st day of the month	Last business day of month
3rd day of the month	Last business day of month
6th day of the month	6th day of the month
7th day of the month	6th day of the month
8th day of the month	6th day of the month
9th day of the month	10th day of the month
10th day of the month	10th day of the month
13th day of the month	10th day of the month
14th day of the month	10th day of the month
16th day of the month	Last business day of month
20th day of the month	Last business day of month
22nd day of the month	Last business day of month
25th day of the month	Last business day of month
31st day of the month	Last business day of month
3rd Tuesday of the month	Last business day of month
3rd Thursday of the month	Last business day of month

Statement Cycles - Savings

If You Have This At Banner Bank	You Will Have This At Liberty Bay Bank
6th day of the month	6th day of the month
7th day of the month	6th day of the month
8th day of the month	10th day of the month
10th day of the month	10th day of the month
16th day of the month	Last business day of month
19th day of the month	Last business day of month
31st day of the month	Last business day of month
Quarterly	Quarterly
3rd Thursday of the month	Last business day of month

Miscellaneous Fee Schedule

Misc. Account Fees

Dormant Account	\$7.50
Early Account Closing (w/in 90 days)	\$25
Non-Sufficient Funds Item	\$30
Non-Sufficient Funds Daily Max	\$120
Recurring NSF (@10 days, then every 5 days)	\$30
Reg. D Violation—Excessive Transactions	\$7.50
Returned Deposited Item	\$6
Savings Transfer to Cover NSF (daily)	\$5
Cashier's Checks	\$5
Stop Payment	\$30
Stop Payment (Submitted Online)	\$5
Check Cashing Non-Cust (Government)	\$10
Replacement ATM/Debit Card	\$10
Rushed Replacement Debit Card (each)	\$50
Rushed Replacement PIN	\$50

Cash Management (Business Online Banking)

Monthly Basic Access	\$35
Monthly ACH Origination Access	\$5
Monthly Wire Transfer Access	\$5
Bill Pay Access	Free
ACH Cutoff Time Extension	\$15

Positive Pay

Per Account (Check)	\$25
Per Account (ACH)	\$25
Per Item	\$0.05
Exception Item Return	\$30

Merchant Deposit Capture

Scanner (Purchase)	Cost
Scanner (Rent per month)	\$20
Monthly Access Fee—1 to 4 Accounts	\$50
Monthly Access Fee—5 to 10 Accounts	\$60+
Monthly Access Fee—11 to 15 Accounts	\$110+
Monthly Access Fee—16 + Accounts	\$155+

Currency Services

Currency (per strap)	\$0.25
Rolled Coin (per Roll)	\$0.10
Rolled Coin (per whole box)	\$3

Foreign Currency / Drafts

Canadian Check Processing	\$15
Foreign Draft	\$25
Draft Stop Payment	\$50
Foreign Currency (Bank Buys)	\$15
Foreign Currency (Bank Sells)	\$15
Foreign Item Collections	\$40+

Legal

Levy / Garnishment Processing	\$75
-------------------------------	------

Night Drop

Vinyl Zipper Bags (1st Free)	\$5/each
Plastic Security Bags (25 Free/month)	\$0.44/each

Online Banking (Consumer/Small Business)

Consumer Online Banking	Free
Consumer Bill Pay	Free
Business Banking Online Banking	Free
Small Business Bill Pay	Free
Mobile Banking	Free

Research & Account Reconciliation

Research (per hour)	\$50
Account Reconciliation (per hour)	\$50
Statements—Copies (each)	\$2
Statements—Additional mailed (each)	\$2
Statements—Returned	\$5
Check Copies (each)	\$2
Statement & Checks on CD	\$15

Safe Deposit (Auto pay is required*)

3x5 Box Annual Rent*	\$35
5x5 Box Annual Rent*	\$45
3x10 Box Annual Rent*	\$50
5x10 Box Annual Rent*	\$75
10x10 Box Annual Rent*	\$100
Late Fee	\$20
Drilling (Scheduled)	\$150
Drilling (Rushed)	\$250
(1) Lost Key Replacement (w/o box move)	\$25

Sweep Accounts

Sweep to/from LOC	\$25/month
-------------------	------------

Wire Transfer

Outgoing—Domestic	\$20
Outgoing—Domestic (Cash Management)	\$8
Outgoing Foreign (US Dollars)	\$30
Outgoing Foreign (Foreign Currency)	\$25
Incoming—Domestic or Foreign	\$10
Wire Trace / Research / Recall	Cost
Wire Amendment	\$15
Phone / Fax Notification	\$2.50

Courier Service (Approval Required)

Monday and/or Thursday	Free
Tuesday and/or Friday	Free
Special Schedules	\$35-\$60/month
On Demand	\$20/each

Notary

Client	FREE
Non-client	N/A

Products & Services

Changes for Checks and Electronic Transactions

Immediately after the Closing Date, you should stop using your Banner Bank checks and begin to use your new Liberty Bay Bank checks, and you should notify third parties who send you electronic transactions that your bank is now Liberty Bay Bank. Those third parties will need the new routing number and transit number, which is 125108984.

Look for New Checks from Liberty Bay Bank in the Mail

We are mailing new LBB checks to arrive on approximately, Tuesday, May 8. Please look for them in the mail. If your checks do not arrive, or if you have any concerns or questions, please contact us at (360) 779-4567.

Look for Your New Debit Card in the Mail

If you have a Banner Bank debit card, we will send you a new LBB debit card to arrive between Tuesday, May 1 and Tuesday, May 8. Your current Banner debit card will stop working at 4 p.m. on Friday, May 11. Please destroy your Banner debit card at that time. Your new card can be activated by calling (888) 227-3096.

You will receive a PIN for your new debit card either a day before or after receiving your new card. This PIN can be changed by calling (888) 227-3096.

Your new debit card will have an EMV chip and will change from Mastercard® to Visa®.

Please note that your new debit card will have a new number, expiration date, and security code. This means that any scheduled and/or recurring payments you have set up with your Banner debit card will need to be changed to your new LBB debit card. Please make the necessary changes with those merchants whom you would like to have access to bill your debit card.

If at any time you need a replacement card, you can visit our branch during business hours or call our Professional Bankers to request a new card.

Your LBB debit card is globally accepted. Visa® charges an International Service Assessment Fee on all international transactions. Therefore, you will be charged 1.5% of the dollar amount of the transaction for each international transaction completed with your debit card. You should still notify us when traveling domestically and especially internationally to ensure an uninterrupted card experience. You can call LBB to add travel notes to your account.

Debit Card Withdrawal Limits

The following LBB debit card limits are effective beginning, Saturday, May 12, at 12:00 p.m. (PST). These limits may be adjusted both temporarily and permanently, within reason, based upon your need and the bank's discretion.

1. You may obtain ATM cash withdrawals from savings and checking that together total no more than \$510 per day. Access to your savings account with your debit card must be requested by contacting us.
2. You may not have more than \$1,500 in transactions per day.
3. Purchase in a foreign currency will be charged a 1.5% fee.

From Saturday, May 12 to Monday, May 14, regular debit card and transaction limits may be limited. If you have questions about this, please contact us at (360) 779-4567.

ATMs

You will have access to any ATM network for surcharge-free use. LBB does not own any ATMs which means we refund all the domestic ATM surcharge fees automatically on the following business day, no limit to the number of surcharges refunded.

Overdraft Protection

If you have an overdraft protection line of credit at Banner Bank it will not transfer to LBB. We encourage you to apply for a line of credit with us.

What happens when I write a check for more money than I have in my account?

HOW HAS IT WORKED IN THE PAST?

In the past, if you wrote a check that exceeded your available balance, Banner Bank might have returned that check unpaid and charged you a fee of \$30. The merchant you wrote the check to also may have charged you a fee. This would make you responsible for the bank fees, the merchant fees, and the amount written on the check.

At LBB, there are options to avoid having a check returned unpaid. Savings Sweeps and Lines of Credit. Both can help prevent overdraft situations.

SAVINGS SWEEP

One-way transfer, or "sweep", money from one account into another to cover transactions for which there are insufficient funds. When your account is going to fall below zero, if funds are available in another account, funds will sweep to cover the presented item. There is no fee to have a Savings Sweep and you will be charged \$5 per sweep, only when used. If funds are not available to sweep, then overdraft fees may also be charged. If you currently have a savings sweep attached to your Banner account, it will be converted to LBB as long as both accounts are at LBB.

LINE OF CREDIT

This is a line of credit that advances funds automatically to cover short-ages in your checking account. You pay interest on the amount that you use but there are no transaction fees. Credit approval is required. Line of credits will not be included in the conversion. We encourage you to apply with us.

Business Analyzed Accounts

Analyzed account fees for May 2018 will be waived. Banner Bank will not provide an April analyzed statement. Banner Bank will provide a final statement through May 13th, and LBB will provide a May statement for activity that takes place after May 13th.

Remote Deposit Capture (RDC)

At LBB, we call our desktop RDC service for businesses, *NetCapture*. Beginning Monday, May 14, our team will call each client that currently has RDC to help you get set up. Your existing RDC machine will work with LBB's *NetCapture* System, but a set-up process will be required. The daily cut off time is 5:30 pm. (PST). If you would like to schedule an appointment in advance, please contact us at (360) 779-4567. Note that business remote deposit history will not transfer from Banner Bank.

Products & Services, continued

Important Information About Deposit Insurance Coverage

If you currently have accounts at Liberty Bay Bank and at Banner Bank, your accounts will remain separately insured for a six-month grace period beginning May 11, 2018. This grace period is designed to provide an opportunity to review your banking relationship with us and restructure accounts if necessary.

Certificate of Deposit accounts (CDs) are separately insured until the earliest maturity date after the end of the six-month grace period. Certificates of Deposit that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period. If a Certificate of Deposit matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

You may qualify for more than \$250,000 in coverage at Liberty Bay Bank if you own deposit accounts in different ownership categories. The most common ownership categories for individual and family deposits are single accounts, joint accounts, revocable trust accounts, and certain retirement accounts. Additionally, we offer insured Cash Sweep Services, which provide extra FDIC insurance. We will be happy to discuss ways to maximize your FDIC insurance coverage. Please contact us to discuss your options.

For more information on insurance coverage limits on your accounts at Liberty Bay Bank and how to qualify for more insurance coverage, visit the FDIC's website, <https://fdic.gov/deposit>. The FDIC also has an easy-to-use online tool called EDIE (Electronic Deposit Insurance Estimator). To access EDIE, go to <https://www.fdic.gov/edie/calculator.html>.

Loans and Lines of Credit

Your Banner Bank loans will not transfer to Liberty Bay Bank.

ACH Payments

If you have automatic payments from a Banner Bank account, you will need to contact the bill vendor to update the routing/transit number to 125108984 by May 9 to avoid late or possible rejected payments.

Credit Cards

Your Banner Bank credit card will remain open following the Closing Date. LBB offers a credit card program, you may apply for a new card at any time.

Merchant Services

If you utilize Banner Bank Merchant Services, your Merchant Services will continue uninterrupted throughout the conversion process.

You may have the opportunity to receive Merchant Services through Liberty Bay Bank. After May 14, 2018, a representative from Liberty Bay Bank will contact you directly.

Wire Transfers

After Closing Date, please use these wire instructions for Liberty Bay Bank:

INCOMING WIRES

We use a correspondence bank to process our incoming/outgoing wires, which means they require additional information.

Routing/ABA Number:

121042484

Bank Name:

Pacific Coast Bankers Bank

Bank Short Name:

Pac Cst Bnkr Bk SF

Bank Swift Code:

PCBBUS66

Receiving Bank Address:

1676 N. California Blvd, STE 300
Walnut Creek, CA 94596

Beneficiary Name:

Liberty Bay Bank

Beneficiary Address:

19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

Beneficiary Account:

125108984

Additional Information to include in wire:

For Further Credit to: "Your Name"

Account #: "Your Account #"

Cut off times (PST):

International Wires: 1:00 p.m.

Domestic Wires: 2:00 p.m.

Cash Management Wires: 12:00 p.m.

Safe Deposit Boxes

You will receive additional information regarding the status of your Safe Deposit Box. We will be moving your Safe Deposit Box to a new secure location at Liberty Bay Bank. You will be able to access your box at LBB beginning on Monday, May 14th at:

Liberty Bay Bank

19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

(360) 779-4567

customerservice@libertybaybank.com

ANNUAL FEE

Depending on the box size you will be billed annually beginning in May 2019. For auto-payments, you will receive a notice prior to the auto deduction payment is processed by LBB.

BOX SIZES/PRICING

3x5 Box Annual Rent	\$35
5x5 Box Annual Rent	\$45
3x10 Box Annual Rent	\$50
5x10 Box Annual Rent	\$75
10 x10 Box Annual Rent	\$100

Personal & Business Online Banking

If you currently use personal online banking or business online banking with Banner Bank, all of your accounts will automatically appear following the time you convert to Liberty Bay Bank's online banking.

Accessing Your Account

You will be able to access your online banking at www.libertybaybank.com. Your LBB login ID will be the same as your Banner Bank Login ID, unless we have notified you of any changes. **We will send you (by email) your new temporary password prior to Tuesday, May 15.**

The first time you log into LBB online banking, you will be prompted to establish a new password and security questions.

WHAT WILL STAY THE SAME?

- Accounts you currently have access to at Banner Bank will be converted to LBB; however, online access is dependent upon your account relationship (owner, signer, etc.). If you do not see an account online after the conversion, please contact us at (360) 779-4567.
- Account history of 90 days may be converted. Please note that check and other account images may not be converted.

WHAT WILL CHANGE?

The following will NOT automatically convert from Banner Bank online banking to LBB:

- Bill Pay—your current Banner Bank bill pay will not be converted. We will have some access to the payee information and can provide assistance setting up the payees with you.
- We recommend that you print copies of your payment history, scheduled payments, pay information, and bill payments from your Banner Bank account before May 11.
- Bank-to-Bank transfers will need to be re-established.
- Person-to-Person transfers established to move money between non-common owned bank accounts will discontinue.
- Electronic Statements (e-statements) will NOT be converted. We will, however, auto-enroll your designated accounts for future electronic statement delivery. We recommend you download or print a copy of your statements and notices before May 11 for your records. We may be able to provide you a copy of Banner Bank statements for no additional charge upon request.
- Account Alerts can be re-established after conversion under the personal options in online banking.
- Existing account nicknames, along with scheduled and reoccurring transfers will need to be re-established.

IMPORTANT DATES & TIMES

- **Your Banner Bank online banking will be disabled at 5:00 p.m. (PST) Friday, May 11.**
- **Liberty Bay Bank online banking will be available at 8:00 a.m. (PST) on Tuesday, May 15.**
- **There will be no access to online banking between 5:00 p.m. (PST) Friday, May 11 and 8:00 a.m. (PST) on Tuesday May 15.**
- **Your Liberty Bay Bank Debit cards can be activated after 12:00 p.m. (PST) on Saturday, May 12.**

Mobile Banking

Mobile banking is easy with LBB. Search the app store for Liberty Bay Bank to download apps for your smart devices. Mobile banking offers a number of features listed below.

- Account Management
- Bill Pay
- Transfers
- Check Deposit
- Send us a Message

Enrollment & Access

Mobile banking shares your online banking ID and password. Settings, transfers, bill payments, etc. that are established online can be managed by you in either online banking or through the mobile app. Once you accept the terms and conditions disclosure your enrollment will be approved by the bank and usually available within 24-48 hours after enrollment. To expedite, please contact us at (360) 779-4567.

IMPORTANT DATES & TIMES

- **Your Banner Bank mobile banking will be disabled at 5:00 p.m. (PST) on Friday, May 11.**
- **Liberty Bay Bank mobile banking will be available 8:00 a.m. (PST) on Tuesday, May 15.**
- **There will be no access to mobile banking between 5:00 p.m. (PST) Friday, May 11 and 8:00 a.m. (PST) on Tuesday, May 15.**

Cash Management

Treasury Management Services & Cash Management

IMPORTANT DATES & TIMES

- **Your Banner Bank online business banking access will continue until 6:00 p.m. (PST) on Friday, May 11, 2018.**
- **Your Liberty Bay Bank cash management service will be available at 8:00 a.m. (PST) on Tuesday, May 15, 2018.**
- **There will be no access to online banking or cash management between 6:00 p.m. (PST) Friday, May 11 and 8:00 a.m. (PST) on Tuesday, May 15, 2018.**

We are excited to welcome you and your business to Liberty Bay Bank. As a current online business banking user at Banner Bank, you will be enrolled into LBB's Cash Management system.

Accessing Your Account

On Tuesday, May 15, you will be able to access Cash Management at www.libertybaybank.com. Your LBB login ID will be the same as your Banner Bank Login ID, unless we have notified you of any changes. **We will send you (by email) your new temporary password prior to Tuesday, May 15.**

The first time you log into Cash Management, you will be prompted to establish a new password and security questions.

If you currently use a security token to access online business banking, you will not be required to use them on our system at this time. Our online banking team will be available to help you with your online banking and payment (Wire, ACH, Bill Pay) questions at (360) 779-4567.

We recommend that you print copies of your payment history, payee information, e-statements and bill payments from your Banner Bank account before 5:00 p.m. (PST) Friday, May 11, 2018. After that time, we will provide copies upon request.

Online Wire Transfer

Domestic wire payments can be initiated online via the Cash Management system. If you are enrolled for wire payment access online with Banner Bank prior to May 11, 2018, we will work with you to set up your wire transfers after May 14, 2018.

WHAT SHOULD YOU EXPECT

- Banner Bank will process your wire payments initiated online on or before May 11. Cut of times for wire submissions is 12:30 p.m. (PST) for international and 2:30 p.m. (PST) for domestic.
- If you currently use a security token, you will no longer be required to beginning May 14.

- Your online banking users established at Banner Bank will need to be set up and we will assist you with this process. We recommend that you print a copy of all user access prior to May 11.
- Although account history will be converted, wire transaction history and templates will NOT be converted. **We strongly recommend that you download or print your wire history in Banner Bank online business banking for your records.**
- Access to online wire services will be available Tuesday, May 15.

Online ACH Origination

ACH (Automated Clearing House) service allows your business to create and originate electronic debit and credit transactions—such as debit transactions for payment collection or credit transactions for employee payroll.

If you are enrolled for ACH access with Banner Bank, we will work with you to set up your templates. **We strongly recommend that you download, save, or print a copy of your ACH templates, recipients, etc., prior to May 11.**

WHAT SHOULD YOU EXPECT?

- Payments initiated and that have an effective date that is before May 11 will be processed through Banner Bank. No Treasury Management or business online banking ACH transactions will be originated on May 11.
- ACH payments scheduled with an effective date that is later than May 11, will need to be re-initiated within Liberty Bay Bank.
- If you currently use a security token, you are no longer required to use one with Liberty Bay Bank at this time.
- We recommend that you download and/or print out your user rights and authorities and we will assist you in setting up your access.
- ACH batch history will not be converted. We recommend that you download or print your ACH history in Banner Bank online business banking for your records.
- If you currently create and upload your ACH files from a third-party software, you will need to update the bank routing number to Liberty Bay Bank's routing number: 125108984 and your new account number.
- ACH batch template data will not be converted from Banner Bank to Liberty Bay Bank. We strongly recommend that you download, save, or print a copy of your ACH batch templates as a way to recover the batch data. We will assist you through setting up the ACH templates.

While your overall service will not change, we recognize the mechanics of uploading ACH batch files and completing transactions will slightly differ. Please note that Liberty Bay Bank's online team will be available to provide training and support on-site or over the phone. You may contact us at (360) 779-4567.

Cash Management, continued

Business Mobile Banking

Mobile banking from Liberty Bay Bank provides business users access to all of their authorized accounts, bill pay, and more using your same cash management company ID, user ID and password. Search the app store for Liberty Bay Bank and download the **ORANGE** app for Cash Management. Mobile banking offers a number of features listed below.

- Account Management
- Bill Pay
- Mobile Deposit
- Approve ACH batches
- Manage user limits
- Send us a Message

Enrollment & Access

Mobile banking shares your cash management company ID, user ID and password. Settings, transfers, bill payments, and so forth that are established online can be managed by you in either cash management or the mobile app. There is no additional setup or enrollment required for mobile banking once you establish your access to cash management.

IMPORTANT DATES & TIMES

- **Your Banner Bank mobile banking will be disabled at 5:00 p.m. (PST) on Friday, May 11, 2018.**
- **Liberty Bay Bank mobile banking will be available 8:00 a.m. (PST) on Tuesday, May 15, 2018.**
- **There will be no access to mobile banking between 5:00 p.m. (PST) on Friday, May 11 and 8:00 a.m. (PST) on Tuesday, May 15, 2018. However, your new checks and debit card will work.**

Positive Pay & ACH Positive Pay

Liberty Bay Bank's Positive Pay system is called *Inter@ct Positive Pay*. It is a stand-alone service that reduces account fraud by matching either checks presented for payment against a list of checks previously authorized and issued by your company or limiting and monitoring ACH activity on your account(s).

If your business is enrolled for Positive Pay or ACH Positive Pay services with Banner Bank prior to May 11, 2018, your business will be automatically enrolled. However, we will NOT be able to convert your current Positive Pay files for ACH Positive Pay filters. We recommend that you download, print, or otherwise document your current files. Positive Pay access will be available at 9:00 a.m. (PST) on Monday, May 14.

Please note that Liberty Bay Bank team members will be available to provide training and support on-site or over the phone. You may also contact us at (360) 779-4567 on May 14 and thereafter for assistance.

Disclosures



Funds Availability Disclosure

This policy statement applies to “transaction” accounts.

Transaction accounts, in general, are accounts which would permit an unlimited number of payments by check to third persons, and an unlimited number of telephone and preauthorized transfers to third persons or other accounts you may have with us.

Our policy is to make your funds available on the first Business Day after the day of deposit. Electronic direct deposits will be available on the banking day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit. For determining the availability of your deposits, every day is a banking day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 5:00 p.m. on a banking day, we will consider that day to be the day of your deposit. However, if you make a deposit after 5:00 p.m. on a banking day, we will consider that the deposit was made on the next banking day.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

LONGER DELAYS MAY APPLY

Case-by-Case Delays

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 business day of your deposit. Funds may not be available until the second business day after the banking day of your deposit. The first \$200 of your deposits, however, may be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after the banking day we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Safeguard Exceptions

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 \$5,000 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 banking day of your deposit.

Special Rules for New Accounts

If you are a new client, the following special rules will apply during the first 30 days your account is open:

Funds from electronic direct deposit to your account will be available on the banking day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 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 banking day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the banking 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 \$5,000 will not be made available until the second business day after the banking day of your deposit.

Funds from all other check deposits will be available on the ninth business day after the banking day of your deposit.

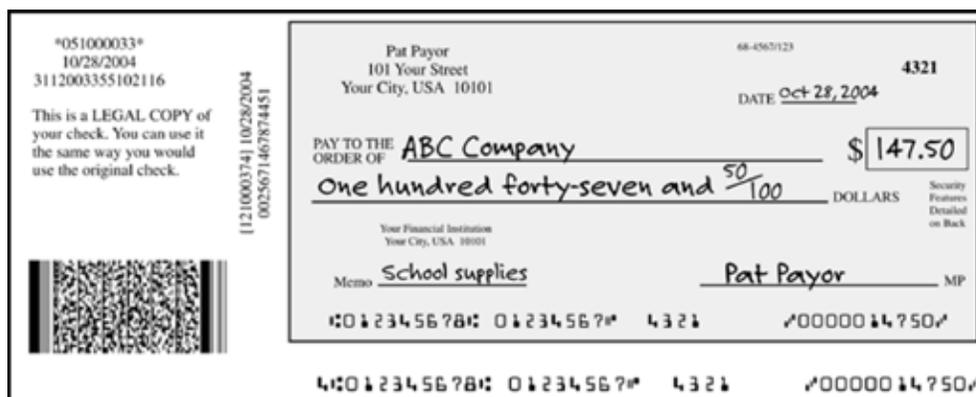
Liberty Bay Bank

19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

(360) 779-4567

customerservice@libertybaybank.com

Substitute Checks and Your Rights



What is a Substitute Check?

To make check processing faster, federal law permits bank to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and bank of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amounts from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) no later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund on a substitute check?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at:

Liberty Bay Bank

19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

(360) 779-4567

customerservice@libertybaybank.com

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check or the following information to help us identify the substitute check:
 - Check number;
 - Date of check;
 - Amount of check; and
 - To whom the check was written.

Electronic Fund Transfers

Your Rights and Responsibilities

The Electronic Fund Transfers we are capable of handling for consumers are indicated below, some of which may not apply to your account. Some of these may not be available at all terminals. Please read this disclosure carefully because it tells you your rights and obligations for these transactions. You should keep this notice for future reference.

Types of Transfers, Frequency and Dollar Limitations

1. Prearranged Transfers.

- a. Preauthorized credits. You may make arrangements for certain deposits to be accepted into your checking and/or savings account(s).
- b. Preauthorized payments. You may make arrangements to pay certain recurring bills from your checking and/or savings account(s).

2. ATM Transfers. You may access your account(s) by ATM using your Visa® debit card and personal identification number to:

- a. Transfer funds between savings and checking;
- b. Get checking and savings account information;
- c. Obtain cash withdrawals from savings and checking that together total no more than \$510 per day.

3. Point-of-Sale Transactions. Using your card:

- a. You may access your checking account to purchase goods and pay for services in person, by phone, by computer, get cash from a merchant, if the merchant permits, or from a participating financial institution, and do anything that a participating merchant will accept;
- b. You may not have more than 15 transactions or exceed \$1,500 in transactions per a 24-hour period ending each day at 12:00 p.m. (noon) (PST).

4. Computer Transfers. You may access your account(s) by computer by visiting the Bank's website (www.libertybaybank.com) and using your user ID and password to:

- a. Transfer funds between savings and checking accounts with us;
- b. Make payments from checking; and
- c. Get checking, savings, certificate of deposit or line of credit information.

5. Mobile Banking Transfers. You may be charged access fees by your cell phone provider based on your individual plan. Web access is needed to use this service. Check with your cell phone provider for details on specific fees and charges. You may access your account(s) by web-enabled mobile devices by going to our bank app and using your user ID and password to:

- a. Transfer funds between savings and checking accounts with us;
- b. Make payments from checking;
- c. Make deposits to savings and checking; and
- d. Get checking, savings, line of credit information.

6. **Electronic Fund Transfers Initiated by Third Parties.** You may authorize a third party to initiate electronic fund transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House ("ACH") or other payment networks. Your authorization to the third party to make these transfers can occur in a number of ways. For example, your authorization to convert a check to an electronic fund transfer or to electronically pay a returned-check charge can occur when a merchant provides you with notice and you go forward with the transaction (typically, at the point-of-purchase, a merchant will post a sign and print the notice on a receipt). In all cases, these third-party transfers will require you to provide the third-party with your account number and financial institution information. This information can be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your financial institution and account information (whether over the phone, the internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

- a. **Electronic check conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.
- b. **Electronic returned check charge.** You may authorize a merchant or other payee to initiate an electronic fund transfer to collect a charge in the event a check is returned for insufficient funds.

Fees

1. **Foreign Currency.** Visa® charges an International Service Assessment on all international transactions. Therefore, you will be charged 1.5% of the dollar amount of the transaction for each international transaction completed from your Visa® card when the country of the merchant or machine is different than your country as cardholder.
2. **ATM Operator/Network Fees.** When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

Documentation

1. **Terminal Transfers.** You can get a receipt at the time you make a transfer to or from your account using an ATM or a point-of-sale terminal. You may not get a receipt if the amount of the transfer is \$15 or less.
2. **Preauthorized Credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at the telephone number listed below to find out whether or not the deposit has been made.

Electronic Fund Transfers, continued

3. **In addition**, you will get a monthly account statement from us, unless there are no transfers in a particular month. In any case you will get a statement at least quarterly. You will get a quarterly statement from us on your savings account if the only possible electronic transfer to or from the account is a preauthorized credit.

Preauthorized Payments

1. **Right to stop payment and conditions for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how: Call or write us at the telephone number or address listed below, in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call. We charge \$30 for each stop payment.
2. **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)
3. **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

Financial Institution's Liability

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses and damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer;
2. If the transfer would go over the credit limit on your line of credit, if you have one;
3. If the electronic terminal was not working properly and you knew about the breakdown before you started the transfer;
4. If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken;
5. If the funds in the account are subject to legal action preventing a transfer to or from your account;
6. If the electronic terminal does not have enough cash to complete the transaction;
7. When your ATM Card or Debit Card has been reported lost or stolen or we have reason to believe that something is wrong with a transaction;
8. If we receive inaccurate or incomplete information needed to complete a transaction;
9. If we have terminated our Agreement with you; and
10. There may be other exceptions stated in our agreement with you.

Confidentiality

We will disclose information to third parties about your account or the transfers you make:

1. Where it is necessary for completing transfers;
2. In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant;
3. In order to comply with government agency or court orders;
4. If you give us written permission; and
5. As explained in the separate Privacy Disclosure.

Unauthorized Transfers

1. **Consumer Liability.** Tell us at once if you believe your card and/or PIN or internet banking access code has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within two business days after you learn of the loss or theft of your card and/or code, you can lose no more than \$50 if someone used your card and/or code without your permission. Also, if you do NOT tell us within two business days after you learn of the loss or theft of your card and/or code, and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500. Also, if your statement shows transfers that you did not make, including those made by card, code, or other means, tells us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money that you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time period.
2. **Visa® Debit Card. Additional Limits and Liability for your debit card.** Unless you have been negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen Visa® card. This additional limit on liability does not apply to ATM transactions outside of the U.S., to ATM transactions not sent over Visa® or Plus networks, or to transactions using your Personal Identification Number which are not processed by Visa®. Visa® is a registered trademark of Visa® International Service Association.
3. **Contact in event of unauthorized transfer.** If you believe your card and/or code has been lost or stolen, call or write us at the telephone number or address listed at the end of this disclosure. You should also call the number or write to the address listed at the end of this disclosure if you believe a transfer has been made using the information from your check without your permission.

Electronic Fund Transfers, continued

Error Resolution Notice

In case of errors or questions about your electronic transfers, call or write us at the telephone number or address listed below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (20 business days for new accounts) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days for new accounts and foreign initiated or Point of Sale transfers) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days for new accounts) for the amount which you think is in error, so that you will have the use of the money during the time it takes to complete our investigation. If we ask you to put your complaint

or question in writing and we do not receive it within 10 business days, we may not credit your account. The extended time periods for new accounts apply to all electronic fund transfers that occur within the first 30 days after the first deposit to the account is made, including those for foreign initiated or Point of Sale transactions. Visa®'s cardholder protection policy requires that we provide provisional credit for losses from unauthorized Visa® Check Card use within 5 business days of notification of the loss.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

FINANCIAL INSTITUTION

For problem resolution, call or write:

Main: 360-779-4567
Toll Free: 855-336-6043

Liberty Bay Bank

19917 Seventh Ave NE, STE 101
Poulsbo, WA 98370

Our business hours are Monday through Friday, not including holidays.
9:00 a.m.—5:00 p.m.

Terms and Conditions of Your Account

Notice of Change

This is a notice of changes to the Terms and Conditions of your deposit account(s) with Banner Bank, which has been assigned to us. Effective the day after the Closing Date, your account(s) shall be governed by the following terms and conditions. Continued use of your account(s) after that date constitutes acceptance of, and agreement to, the terms and conditions.

(1) Important Information About Procedures for Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

(2) Agreement

This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws, the laws of the state of Washington and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that the agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

1. summarize some laws that apply to common transactions;
2. establish rules to cover transactions or events which the laws does not regulate;
3. establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
4. give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this document is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this document the words "we", "our", and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does

not intend, and the terms "you" and "your" should not be interpreted, to expand an individual's responsibility for an organization's liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

(3) Liability

You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft.

You will be liable for our costs as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys' fees can be deducted from your account when they are incurred, without notice to you.

(4) Deposits

We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of indorsement or lack of indorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check for deposit, we may require any third-party endorsers to verify or guarantee their indorsements, or indorse in our presence.

Terms and Conditions of Your Account, continued

(5) Withdrawals

Generally. Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to endorse any item payable to you or your order for deposit to this account or any other transaction with us.

Postdated Checks. A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective, and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

Checks and Withdrawal Rules. If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. In addition, we may place limitations on the account until your identity is verified.

Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify it as a transaction account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

See the funds availability policy disclosure for information about when you can withdraw funds you deposit. 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. We may determine the amount of available funds 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 account balance at the subsequent time will determine whether there are insufficient available funds.

Overdrafts. You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance 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. We can change our practice of paying 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 an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. 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. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdrafts fees.

Multiple Signatures, Electronic Check Conversion, and Similar Transactions. An electronic check conversion transactions is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions, the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the check to examine the signatures on the item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

Notice of Withdrawal. We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

(6) Ownership of Account and Beneficiary Designation.

These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

Single Account. This is owned by one person.

Joint Account—With Survivorship (And Not as Tenants in Common). This is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

Joint Account—No Survivorship (as Tenants in Common). This is owned by two or more persons, but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the percentage of the deposit contributed by each of you. This information will not, however, affect the "number of signatures" necessary for withdrawal.

Community Property Account. Such an account is issued to a husband and wife who intend that all of the property in the account, including earnings, be held as community property.

Revocable Trust or Pay-on-Death Account. If two or more of you create this type of account, you own the account jointly with survivorship. Beneficiaries cannot withdraw unless: (1) all persons creating

Terms and Conditions of Your Account, continued

the account die, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of all persons creating the account, beneficiaries will own this account in equal shares, without right of survivorship. The person(s) creating either of these account types may: (1) change beneficiaries, (2) change the account types, and (3) withdraw all or part of the account funds at any time.

(7) Business, Organization and Association Accounts

Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. You represent that you have the authority to open and conduct business on this account on behalf of the entity. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of change from the governing body of the entity.

(8) Stop Payments

Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules.

We may accept an order to stop payment on any item from any of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because stop-payment orders are handled by computers, to be effective, your stop payment order must precisely identify the number, date, and amount of the item, and the payee.

You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop payment order was verbal your stop payment will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires. A release of the stop payment request may be made only by the person who initiated the stop payment order.

If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop payment order.

Our stop payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

(9) Telephone Transfers

A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month (less the number of "preauthorized transfers" during the month). Other account transfer restrictions may be described elsewhere.

(10) Amendments and Termination

We may change any term of this agreement. Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account. Reasonable notice depends on the circumstances, and in some cases such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account, and then give you notice. You agree to keep us informed of your current address at all times. Notice from us to any one of you is notice to all of you. If we have notified you of a change in any term in your account and you continue to have your account after the effective date of the change, you have agreed to the new term(s).

(11) Statements

Your Duty to Report Unauthorized Signatures and Forgeries. You must examine your statement of account with "reasonable promptness." If you discover (or reasonable should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations or forgeries in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Terms and Conditions of Your Account, continued

Your Duty to Report Other Errors. In addition to your duty to review your statements for unauthorized signatures, alterations and forgeries, you agree to examine your statement with reasonable promptness for any other error—such as an encoding error. You agree that the time you have to examine your statement and report to us will depend on the circumstances. However, such time period shall not exceed 60 days. Failure to examine your statement and report any such errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any such errors on items identified in that statement and as between you and us the loss will be entirely yours.

Errors Relating to Electronic Fund Transfers or Substitute Checks (For consumer accounts only). For information on errors relating to electronic fund transfers (e.g., computer, debit card or ATM transactions) refer to your Electronic Fund Transfers disclosure and the sections on consumer liability and error resolution. For information on errors relating to a substitute check you received, refer to your disclosure entitled Substitute Checks and Your Rights.

(12) Direct Deposits

If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the U.S. Government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

(13) Temporary Account Agreement

If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

(14) Setoff

We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debit any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note and this amount may include any portion of the balance for which we have properly accelerated the due date.

This right of offset does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is a Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity, or (d) setoff is prohibited by the Military

Lending Act or its implementing regulations. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

(15) Check Processing

We process items mechanically by relying solely 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 indorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of indorsements unless you notify us in writing in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders.

(16) Check Cashing

We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash such a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

(17) Truncation, Substitute Checks, and Other Check Images

If you truncate an original check and create a substitute check, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with our internal policy for retaining original checks. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

(18) Remotely Created Checks

Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account

Terms and Conditions of Your Account, continued

owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

(19) Unlawful Internet Gambling Notice

Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

(20) ACH and Wire Transfers

This agreement is subject to Article 4A of the Uniform Commercial Code—Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. Credit entries may be considered to have paid amount so credited. Credit entries may be made by ACH. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

(21) Facsimile Signature

Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing facsimile signatures, you authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures

for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

(22) Agent (Single Accounts only)

A single individual is the owner. The agent is merely designated to conduct transactions on the owner's behalf. The owner does not give up any rights to act on the account, and the agent may not in any manner affect the rights of the owner or beneficiaries, if any, other than by withdrawing funds from the account. The owner is responsible for any transactions of the agent. We undertake no obligation to monitor transactions to determine that they are on the owner's behalf. The owner may terminate the agency at any time, and the agency is automatically terminated by the death of the owner. However, we may continue to honor the transactions of the agent until: (a) we have received written notice or have actual knowledge of the termination of the agency, and (b) we have a reasonable opportunity to act on that notice or knowledge. We may refuse to accept an agent.

(23) Restrictive Legends

The automated processing of the large volume of checks we receive prevents us from inspecting or looking for special instructions or "restrictive legends" on every check. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." For this reason, we are not required to honor any restrictive legend placed on checks you write unless we have agreed in writing to the restriction. We are not responsible for any losses, claims, damages, or expenses that result from your placement of these or other special instructions on your checks.

(24) Account Transfer

This account may not be transferred or assigned without our prior written consent.

(25) Indorsements

We may accept for deposit any item payable to you or your order, even if they are not indorsed by you. We may give cash back to any one of you. We may supply any missing indorsement(s) for any item we accept for deposit or collection, and you warrant that all indorsements are genuine.

To ensure that your check or share draft is processed without delay, you must indorse it (sign on the back) in a specific area. Your entire indorsement (whether a signature or a stamp) along with any other indorsement information (e.g. additional indorsements, ID information, driver's license number, etc.) must fall within 1 ½" of the "trailing edge" of a check. Indorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

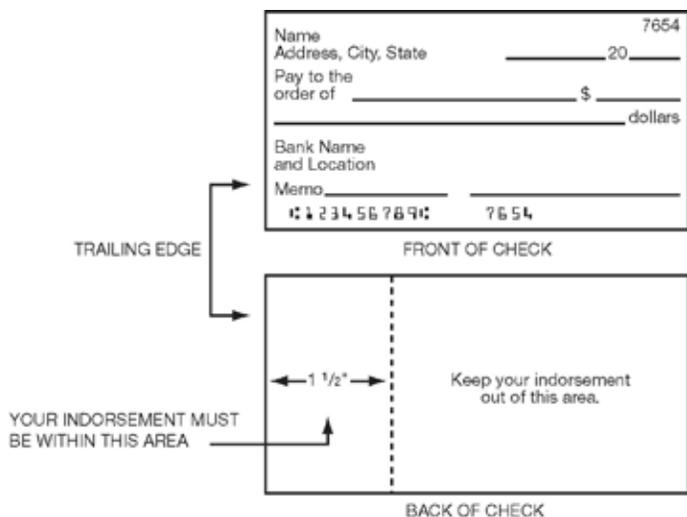
As you look at the front of a check, the "trailing edge" is the left edge. When you flip the check over, be sure to keep all indorsement information within 1 ½" of that edge.

It is important that you confine the indorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed indorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your indorsement,

Terms and Conditions of Your Account, continued

another indorsement or information you have printed on the back of the check obscures our indorsement.

These indorsement guidelines apply to both personal and business checks.



(26) Death or Incompetence

You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

(27) Fiduciary Accounts

Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

(28) Credit Verification

You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

(29) Legal Actions Affecting Your Account

If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action. Or, in our discretion, we may freeze the

assets in the account and not allow any payments out of the account until a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action. Any fees or expenses we incur in responding to any legal action (including, without limitation, attorneys' fees and our internal expenses) may be charged against your account. The list of fees applicable to your account(s) provided elsewhere may specify additional fees that we may charge for certain legal actions.

(30) Security

It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

Except for consumer electronic funds transfer subject to Regulation E, you agree that if we offer you services appropriate for your account to help identify and limit fraud or other unauthorized transactions against your account, such as positive pay or commercially reasonable security procedures, and you reject those services, you will be responsible for any fraudulent or unauthorized transactions which could have been prevented by the services we offered, unless we acted in bad faith or to the extent our negligence contributed to the loss. If we offered you a commercially reasonable security procedure which you reject, you agree that you are responsible for any payment order, whether authorized or not, that we accept in compliance with an alternative security procedure that you have selected.

(31) Telephonic Instructions

Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission or leave by voice mail or on a telephone answering machine.

(32) Claim of Loss

If you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the

Terms and Conditions of Your Account, continued

investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

(33) Early Withdrawal Penalties (And Involuntary Withdrawals)

We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your notice of penalty for early withdrawals for additional information.

(34) Address or Name Changes

You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent address you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

(35) Resolving Account Disputes

We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

(36) Waiver of Notices

To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit a check and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

FACTS**WHAT DOES LIBERTY BAY BANK DO WITH YOUR PERSONAL INFORMATION?**

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ● Social Security number ● Account balances ● Transaction history ● Overdraft history ● Account transactions ● Checking account information <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Liberty Bay Bank chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does Liberty Bay Bank share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes - information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes - information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share
Questions?	Call 360-779-4567 or go to www.libertybaybank.com	

What We Do	
How does Liberty Bay Bank protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>We also maintain other physical, electronic and procedural safeguards to protect this information and we limit access to information to those employees for whom access is appropriate.</p>
How does Liberty Bay Bank collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ● Open an account ● Apply for a loan ● Give us your contact information ● Provide your mortgage information ● Show your government-issued ID <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ● sharing for affiliates' everyday business purposes - information about your creditworthiness ● affiliates from using your information to market to you ● sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> ● <i>Liberty Bay Bank has no affiliates.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> ● <i>Liberty Bay Bank does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ● <i>Liberty Bay Bank doesn't jointly market.</i>

Questions?

Stop in today or give us a call at (360) 779-4567



Building Relationships That
Strengthen Our Community™



Liberty Bay Bank

(360) 779-4567

libertybaybank.com

Headquartered in Poulsbo and serving clients and communities throughout Puget Sound.

