



UnionBank
We Want to Know *You.*

The Road Map to Your Financial Success



Member FDIC

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We all want to be financially sound. A key to this soundness is understanding key banking terms and concepts, as well as being familiar with the products and services that can help us manage and maintain our finances. Through this brief educational resource, we hope to help guide you on the road to financial success.

Course Outline

- Money & Banking Terms
- Keeping Up with the Ins & Outs
- Debit or Credit, What's the Difference
- Insufficient/Non-Sufficient Funds
- Tools to Keep Track of Your Money and Avoid Overdrawing your Account
- What Happens when Mistakes Occur?
- Plan for the Unexpected
- Choosing the Right Account for You

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First, we will look at key money and banking terms. Next, we will focus on the concepts of insufficient funds, including how they occur and how they can be prevented. Finally, we will discuss some tools that can help prevent you from overdrawing your account and the various options available for those incidental overdrafts that can occur due to bookkeeping errors.

Money & Banking Terms

- **Credit**
 - A credit is any transaction that increases your balance.
 - Credits can come from deposits, direct deposits, refunds of fees, transfers from another account, etc.
- **Debit**
 - A debit is any transaction that decreases your balance.
 - Debits can come from checks, ATM withdrawals, debit card POS transactions, transfers to another account, service fees, etc.

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Let's begin by looking at some key money and banking terms. At its simplest level, we have credits and debits that come in and out of your checking account. A credit is any transaction that increases your balance. Credits can come in the form of direct deposits, deposits made in the branch, refunds of fees and transfers into your account from another account, just to name a few. Debits, on the other hand, are transactions that decrease your account balance. Debits can include checks clearing your account, ATM withdrawals, debit card point of sale transaction, transfers out of your account to another account and service fees.

Money & Banking Terms

- Transfer

Union Bank offers convenient online banking services to allow you to transfer funds between accounts 24 hours a day, 7 days a week.



We also offer telephone banking services that allow you to transfer funds between your accounts and make loan payments. Simply call 1-877-354-8853.

Electronic transfers are examples of a debit transaction. For your convenience, Union Bank offers 24x7 access to your money through our online banking and telephone banking systems. You can conveniently transfer funds from one of your accounts to another.

Money & Banking Terms

- Deposit

- Union Bank offers convenient lobby hours Monday through Thursday 9:00 am – 5:00 pm and Fridays until 6:00 pm. We also have drive-thru hours* beginning at 8:30 am Monday through Friday.
- Deposits can also be made at any Union Bank owned ATM. For a listing of ATM locations, please visit our website at www.unionbanknc.com.

* Refer to our website at www.unionbanknc.com for a listing of locations that offer drive-thru banking.

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Deposits to your account are credits that increases the balance of your account.

Money & Banking Terms

- Direct Deposit

A direct deposit is when funds are electronically deposited to your account through the Automated Clearing House (ACH) network.

To get set up for direct deposit, you simply need to contact your employer or other payer and complete paperwork they can provide. This usually involves either providing a voided check or a letter from your Bank confirming the Bank routing number and your account number and account type for deposit.

An easy way to deposit your payroll funds is to allow your employer to originate a direct deposit to your account. Funds are electronically deposited to your account, saving you a trip to the Bank.

Money & Banking Terms



- Debit Cards
 - POS
 - When you use your debit card to purchase something at a store or online, this creates a Point of Sale (POS) transaction that will debit your account.
 - The purchase can be processed as a “debit” transaction, in which you enter in your Personal Identification Number (PIN), or a “credit” transaction where you will most likely have to sign the receipt for the purchase.
 - Either way, when you use your debit card for a POS transaction, the money comes out of your account immediately. Note: It may take a day or so for the debit to post to your account as the merchant may not transmit your purchase information and the debit transaction to the Bank immediately for clearing on your account.

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Debit cards are a convenient way to access your cash for purchases, without having to write a check or carry around cash. When using a debit card to make a purchase at a store or online, this creates a point of sale, or POS, transaction that debits your account.

The purchase can be processed as a debit transaction by entering your PIN number or as a credit transaction in which you generally have to sign the receipt at the time of purchase. Either way, when you use your debit card for a POS transaction, the money comes out of your account immediately. It is important to make note of the transaction in your check register so that you do not think you have more money in your account than you really do.

Note that it may take a day or two for the actual debit to post to your account, as the merchant may not transmit the electronic debit information to the bank immediately. You should never try to access funds that you do not have available to use. Abuse of your debit card or account may be grounds for revoking the card or even closing your account.

Debit or Credit, What's the Difference?

- Many times when you are at a store making a purchase with your debit card, the merchant will ask you if you want to process it as a “debit” or a “credit.”
- It is important to know that whichever you choose, it is still a debit card transaction and the funds will be immediately deducted from your account balance (or may be a pending transaction that will deduct from your account soon).

- Either way, you should deduct the amount of the purchase from your check register, as you have spent those funds and will no longer have access to it.



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Many people get confused about whether they should have the merchant process their debit card transaction as a “debit” or a “credit.” It is important to know that whichever way the transaction is processed, the funds will be immediately deducted from your account balance and you should deduct the amount of the purchase from your check register.

Money & Banking Terms

- Debit Cards – cont.
 - Pending or Pre-Authorized Transactions
 - A pending transaction is one that has not posted or cleared your account.
 - You have completed the transaction using your POS debit card or ATM card but the transaction has not been deducted from your account.
 - Watch out for pending transactions!!! Even though they have not posted to your account, you should still deduct them from your balance as you have already spent that money.

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At some merchants, you may see a pending or pre-authorization transaction in the memo post of your account. While this transaction has not officially “hard posted” to your account and thus decreased your balance, it in effect is a “place holder” that “holds” the funds in your account by that amount until the actual debit transaction is processed by the merchant and clears your account.

Watch out for pending transactions. Even though they may not have posted to your account, you have already spent the money and should thus deduct it from your check register to ensure you do not spend money in which you do not have.

Money & Banking Terms



• Debit Cards – cont.

- Examples of pre-authorized holds
 - Sometimes when you do a POS transaction, a pre-authorized hold is placed on your account.
 - A pre-authorized hold is the practice of authorizing electronic transactions that are being done with a debit card and holding this balance as unavailable either until the merchant clears or “settles” the transaction or until the hold “falls off.” If the purchase is processed and the merchant settles the account in a few days, the “hold” will fall off at the same time as the actual “debit” posts to your account. If you decided not to proceed with the purchase transaction, the hold will generally “fall off” your account, thus making the funds available again, anywhere from 1-5 days.



Common merchants who do pre-authorized holds (sometimes referred to as “pre-auths”) include gas stations, hotels, rental car companies, restaurants, etc.



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Pre-authorizations, or pre-auths as they are commonly referred, are processed by many merchants to ensure that your account is valid and funds are available before they complete your purchase. This helps them ensure they get their money. Sometimes the pre-auths are processed for \$1 or an even amount such as \$50, or they are processed for the exact amount of the purchase.

Pre-authorizations are commonly processed by gas stations, hotels, rental car companies and restaurants.

Money & Banking Terms

- ATM Withdrawal
 - ATM withdrawals can be done 24 hours a day, 7 days a week at no cost at any little bank owned ATM* or at any Cash Points network ATM.
- Checks
 - With electronic clearing and processing, checks clear an account much quicker than they used to. Checks are sometimes converted into an electronic transaction, such as an ACH, which ensures they clear even quicker.
 - As soon as you write a check, you should deduct those funds from your account balance in your check register, as you have spent those funds and they will soon be deducted from your bank account, making them unavailable to you for other expenses.

* Refer to our website at www.unionbanknc.com for a listing of ATM locations.

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Additional ways of accessing your funds are through ATM withdrawals. You can use your debit card or an ATM only card to access little bank ATMs 24 hours a day, 7 days a week. There is no fee to use any little bank ATM. Additionally, you are not charged a fee at any Cash Points network ATM. Cash Points ATMs are the largest network of ATMs in North Carolina and are located across the state.

Writing a check is another debit that posts to your account. Checks clear much faster than they used to and many are not converted to an electronic transaction, either right at the cash register or in the accounting office of the merchant. As soon as you write a check, you should deduct the funds from your account, as you have already spent that money and the check will be debiting your account soon.

Keeping Up with the Ins & Outs



- Your Balance
 - Current Balance
 - Your current balance reflects transactions that have cleared your account. It does not include any pending transactions that will affect your balance once they post.
 - Remember: Pending transactions are those that you have already made but the money has not yet been taken from your account.
 - Available Balance
 - Your available balance reflects the current balance plus any additional funds available. These additional funds might include any additional overdraft limits available to you.
 - Note: Union Bank does not include any Bounce Protection overdraft limits in your available balance. Since these limits are not actual money you have in your account, we do not want to mislead you into thinking you have more money than you actually do.

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So, how do you know how much money you have? Banks may refer to various types of account balances you have. What is the difference? The current balance reflects transactions that have cleared your account. It does not include any pending transactions that will affect your balance once they post. The available balance is the current balance, plus any additional funds available, such as overdraft limits you may have, plus any credits that are pending and will post that night, less any debits that are pending and will post that night.

Examples of additional funds available for overdrafts can include the Bounce Protection service or the overdraft protection (ODP) line of credit.

Union Bank offers Bounce Protection as a service to customers who qualify for the service. This service is designed to cover incidental overdrafts that may occur on your account and a fee is charged for this service. Refer to your account agreement documents or contact a customer service representative for more information about this service. The Bank also offers an ODP line of credit for qualifying customers. If you are interested in this product, contact a local customer service representative for an applicable for this credit product. An ODP line of credit is subject to credit approval.

Keeping Up with the Ins & Outs



Remember: It is important to always balance your account at least monthly to ensure you have recorded all transactions.

It is also important to balance your account so that any fraudulent or unauthorized transactions are quickly identified and reported to your financial institution.



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It is important to keep track of your balance. By balancing your account, you (1) ensure you have recorded all of your transactions so you do not mistakenly spend money you do not actually have, (2) it prevents you from having recordkeeping errors that might create an overdraft, which could incur additional fees, and (3) it helps you verify that there were no fraudulent or unauthorized transactions on your account.

Insufficient/Non-Sufficient Funds

- When does it occur?
 - If you do not have enough money available in your account to cover the checks you've written and the POS transactions or other electronic debits you've authorized, you have non-sufficient funds.
 - When this occurs, it can result in the item being returned to the merchant, creating a returned item fee from the merchant, and the Bank charging a non-sufficient funds (NSF) fee.

NSF

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Now that you have a basic understanding of financial terms and concepts, let's talk about insufficient funds. Non-sufficient funds, commonly referred to as NSF's, occur when you do not have enough money available in your account to cover debits that are trying to post to your account.

Insufficient/Non-Sufficient Funds

- What does it cost and what are the alternatives?
 - You have several options at the little bank to avoid having NSF items.
 - NSF fee amounts vary by bank. Refer to the Bank's current service fee schedule for the charge for an NSF item.

Ways to Cover Overdrafts at Union Bank	Example of Associated Fees ¹
Good account management	\$0
Link to savings account	\$3 transfer fee
Overdraft line of credit	16% APR ²
Bounce Protection	Paid item OD fee of \$29 for each item

1 – These costs are provided only as examples. Please ask about our special products and fees.

2 – Annual Percentage Rate.

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As you see in this slide, NSF items can cost you money. The cheapest way to cover overdrafts is to avoid them through good account management. This is free to you. However, we recognize that there are times where you may have recordkeeping errors or mistakes that create an NSF item. For those times, there are several tools available. You can link another account you may have at the Bank to your primary account. You can apply for an overdraft protection line of credit, or ODP. You can also choose to have the Bounce Protection service tied to your account.

Refer to the Banks' current fee schedule for fees and charges that may apply to any of these options. Also, contact a customer service representative for more information about how these products and services work and to discuss options that may be best for your financial needs.

Tools to Keep Track of Your Money and Avoid Overdrawing your Account

- Check register

- A check register is a great way to record all of your transactions. You begin with your balance and then deduct any debits and add any credits.
- If you don't have a check register, we will be happy to provide you with one. You may also use Microsoft Excel to create one or simply use a notebook to record the transactions and activity in your account.

Remember: You need to record any POS transactions and ATM transactions as soon as you do them, as the funds are no longer available, even though they may be a pending transaction at the moment.



As we've discussed, good account management is the way to avoid fees associated with overdrawing your account. There are several tools that can help you achieve this. The most basic is the check register. If you don't have a check register or prefer another method, you can use a spreadsheet or a simple notebook to record and track your account activity.

The key is to ensure you are recording all transactions, especially the debit card transactions that you initiate.

Tools to Keep Track of Your Money and Avoid Overdrawing your Account

- Online banking

- You can keep track of your account balance and items that have cleared or posted to your account through our 24/7 online banking system.
- You also have access to images of your cleared checks and copies of your statements.
- By signing up for our electronic statement service, you get your statements faster than having them mailed.

Alerts are also available where you can set up personalized alerts in your online banking account to notify you when various situations occur. These may include, when your balance gets below a certain level, when an item clears your account, etc.



Through Union Bank's online banking product, you can also track your balance and monitor account activity. Alerts are also available where you can set up personalized alerts in your online banking account so that you are notified when various situations occur, such as your account balance getting below a certain level.

Tools to Keep Track of Your Money and Avoid Overdrawing your Account

- ATM for balance inquiry
 - But be careful of the balance. There may be items that have not cleared yet that you have already spent. Examples – POS transaction, outstanding checks.



- Telephone banking
 - You can keep track of your account balance and items that have cleared or posted to your account through our 24/7 telephone banking system. The number is 1-877-354-8853.

Using the ATM and telephone banking are additional tools you can use 24 hours a day, seven days a week to verify your account balance. Telephone banking also allows you to see what the last transactions were to post to your account.

What Happens When Mistakes Occur?

- Options for covering overdrawn items:

Ways to Cover Overdrafts at Union Bank	Example of Associated Fees ¹
Good account management	\$0
Link to savings account	\$3 transfer fee
Overdraft line of credit	16% APR ²
Bounce Protection	Paid item OD fee of \$29 for each item

1 – These costs are provided only as examples. Please ask about our special products and fees.
2 – Annual Percentage Rate.



As previously discussed, mistakes can happen due to bookkeeping errors. We never encourage anyone to overdraw their account. However, should you want coverage for those incidental overdrafts, the Bank offers several products and services. You can contact your local service representative at any time to discuss the various options available and determine a solution that will best fit your financial needs.

What Happens When Mistakes Occur?

- Options for covering overdrawn items:
 - Bounce Protection
 - Bounce Protection is a privilege granted to qualifying customers of the little bank that allows the customer to enter into an overdraft position without having insufficient items returned. When an overdraft is covered by the Bounce ProtectionSM limit assigned to that account, the Bank automatically subtracts the current insufficient fee for each item. As a non-contractual service, the Bank may withdraw the privilege based on poor performance of the account and not maintaining the account in good standing.
 - Bounce ProtectionSM is not a loan or line of credit! It is important to know that Bounce ProtectionSM is provided as a customer service and is a privilege extended by the Bank.

Contact a local branch representative for additional information on this service and how it works.

Bounce Protection is a privilege granted to qualifying customers of Union Bank that allows the customer to enter into an overdraft position without having the insufficient items returned to the merchant. This is a non-contractual service that may be revoked at any time based on poor performance of your account or not maintaining your account in good standing.

Bounce Protection is not a loan or a line of credit. It is important to note that this is a service and a privilege extended by the Bank.

Contact your local customer service representative for more information and further details on limitations and overdraft fees associated with this service.

What Happens when Mistakes Occur?



- Options for covering overdrawn items:
 - Overdraft Protection (ODP)
 - An ODP is a line of credit extended to the customer by the Bank. Customers must apply for credit and be approved to receive such a limit.
 - This limit is tied to the customer's account and automatically advances funds to cover any insufficient funds on the account.
 - It is important to note that interest is charged for any funds advanced on the line of credit until such time as the funds are repaid.
 - Contact a local branch representative for additional information on this product and how it works.

Another option for covering overdrawn items is an overdraft protection, or ODP, line of credit. Customers must apply for credit and be approved to receive this limit. The limit is then tied to the customer's account and automatically advances funds to cover any insufficient funds on the account. Interest is charged for any funds advanced on the line of credit until such time as the funds are repaid.

Contact your local customer service representative for additional information on how this product works.

What Happens when Mistakes Occur?

- Options for covering overdrawn items:
 - Sweeps
 - A sweep can be set up to automatically transfer available funds between two of your accounts at the same Bank. For example, you may have your main checking account and a savings account and you choose to set up an automatic transfer so that if your checking account is going to be overdrawn (having insufficient funds to cover an item trying to post), the Bank's system will automatically transfer available funds from your savings account to your checking account to cover the item and thus avoid it being returned as NSF and assessing a NSF fee.
 - Note, the Bank charges a nominal fee for this transfer but it is significantly less than the standard NSF fee. Refer to the Bank's fee schedule for the amount of the fee to sweep funds between two accounts.

A sweep is a service available to customers who have more than one checking or savings account at the Bank. A secondary account can be tied to your primary account to automatically transfer funds to the primary account should there be insufficient funds to cover items trying to clear your account.

The Bank charges a nominal fee for this transfer. Refer to the Bank's fee schedule or contact a local branch representative for additional information or to get signed up for this convenience service.

Plan for the Unexpected



- ✓ Even with the right tools, mistakes can happen. You forget to record a debit card purchase or you forgot to record the amount of a check you wrote, etc. Having a backup plan for your finances is a good idea.
- ✓ The Bank offers a number of saving options that can help you plan for unexpected expenses.
- ✓ We also offer a variety of ways to cover insufficient funds without having the item returned and incurring additional fees from the merchant.
- ✓ Any of our Customer Service Representatives will be happy to discuss your particular needs and help find the right solutions for you. Please do not hesitate to contact your local branch.

Even with the right tools and best planning, mistakes can happen. The Bank offers a number of savings options to help you plan for unexpected expenses or cover insufficient funds without having items returned and thus incurring additional fees from the merchant.

Any of our customer service representatives will be happy to talk to you further about your particular needs and help you find the right solution for your individual finances. Please do not hesitate to contact us.

Choosing the Right Account for You

- Many times, you can avoid having fees and other charges by choosing an account that fits your needs and lifestyle.
- Please contact your local Customer Service Representative and we will be happy to talk about your needs and help you find the right checking account for you.



If you aren't sure whether you have the right account for your banking needs, we can help you with that too.



At **Union Bank**, we are here to help.

Please do not hesitate to contact your local Customer Service Representative who will take the time to get to know you so that we may fulfill all of your banking needs.



At Union Bank, we are here to help. We want to know you and we want to help serve your banking needs. If you've already chosen Union Bank as your financial partner, thank you. If not, please contact us today so we can help figure out what your needs are and get you on the right path to financial soundness.

Union Bank is a Member FDIC and an Equal Housing Lender.