Beginning February 12, 2012, U.S. Bank changed the way we post transactions to your deposit account to better align with the way you actually make those transactions.

How Your Transactions Are Processed

There are many ways to conduct a transaction, including:

- With a branch teller
- At an ATM
- By writing a check
- With a debit card at a merchant
- By automatic payments or direct deposit (also known as ACH)
- Online payments or purchases
- By transferring money between accounts
- By initiating a wire transfer

Transactions are received differently by us, depending on the method used. Some are pre-authorized when you complete the transaction, like debit card transactions, but may take several days before being sent to us. Others, such as online account transfers, are completed and received by us at the moment you make them. And, in still other cases, we don’t know about a transaction until we receive it (for example, a paper check or ACH). In any case, the transactions we receive are accumulated throughout the day, then posted to your account each business day in the evening.

Transaction Processing Order (beginning 2/12/12)

Following is a summary of how the vast majority of debit transactions are posted to your account as of February 12, 2012. What’s new is that for the transactions in Step 1, we’ll use the date and/or time associated with the transaction to determine the order in which the transactions will post to your account. For transactions in Step 2, we’ll use the check number to determine the order.

Each business evening (not counting weekends or holidays), once deposits and credits have been posted to your account:

Step 1  Customer-initiated non-check withdrawals received that day will be posted in order based on the date and time associated with each transaction. These include debit card transactions, ACH transactions, bill pay transactions received electronically and ATM transactions.

Step 2  Paper checks received that day will then be posted in check number order, starting with the lowest number.

Please continue reading pages 2 through 4 for Frequently Asked Questions and pages 5 and 6 for Terms to Know.
Frequently Asked Questions

Do I have to do anything differently?
No, not at all! Make purchases, write checks, withdraw cash and pay bills the way you always have, using any of the tools U.S. Bank provides with your account.

Why did U.S. Bank make these changes?
Posting transactions in an order that more closely aligns with how they occur is more consistent with how customers think about their account, and is simpler to understand.

How does U.S. Bank determine which transactions to process each business day?
After the close of each business day, we process transactions received for posting that day. Keep in mind that most debit card transactions are not presented to us right away. While these transactions are authorized immediately, it can take up to three days before they’re sent to us. Your account’s available balance will be reduced based on the authorized amount, but we don’t process the transaction until we receive it.

What exactly changed?
In most cases, customer-initiated non-check debit transactions received by U.S. Bank each business day will now be posted to accounts in date and/or time order. A date and time (if one is available) will be assigned to each transaction based on one of the following:

• When the transaction was pre-authorized (like a debit card or ATM transaction)

• When the transaction was processed by U.S. Bank (like an ACH or Bill Pay transaction for which there is no pre-authorization)

Not all transactions are pre-authorized, and not all transactions are sent immediately to us for processing. Some transactions, such as ACH, could be sent to the Bank in advance of the expected posting date. On the expected posting date, these transactions are processed periodically throughout the day. This is also the case for paper checks that are converted to an electronic payment.

Paper checks received each day will be processed by check number, starting with the lowest check number.
Example

If all of the following transactions are received by U.S. Bank on the same business day, below is the order in which they will be posted to your account:

<table>
<thead>
<tr>
<th>Order</th>
<th>Transaction</th>
<th>Why</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A debit card transaction pre-authorized 3 days earlier at 3:00 p.m.</td>
<td>These transactions are ordered based on the date and time that they were pre-authorized.</td>
</tr>
<tr>
<td>2</td>
<td>A debit card transaction pre-authorized 2 days earlier at 8:00 a.m.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>A debit card transaction pre-authorized 2 days earlier at 11:30 a.m.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>A Bill Pay we process as an ACH transaction at 5:00 a.m.</td>
<td>ACH transaction are assigned a time based on when we process those transactions throughout the day.</td>
</tr>
<tr>
<td>5</td>
<td>An ACH transaction we process at 7:30 a.m.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>An ATM withdrawal pre-authorized today at 3:00 p.m.</td>
<td>Based on the time of pre-authorization.</td>
</tr>
<tr>
<td>7</td>
<td>A paper check #101</td>
<td>These transactions are ordered by check number, starting with the lowest number first.</td>
</tr>
<tr>
<td>8</td>
<td>A paper check #105</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>A paper check #109</td>
<td></td>
</tr>
</tbody>
</table>

What kinds of transactions are considered customer-initiated non-check debits?

Most customer-initiated transactions that aren’t checks are considered non-check debits, including debit card uses, ACH payments, electronic bill pay and ATM withdrawals.

What is the order for debit card transactions?

Debit card transactions may process out of order, depending on the date we receive them for processing. It’s possible that we’ll post a debit card transaction first for a transaction done after others (based on date and time) because that transaction was sent to us more quickly.

Are there any situations where a customer-initiated debit transaction or paper check transaction may not be posted in this new order?

Yes, there are exceptions. Sometimes transactions are presented that don’t, for example, include a date and time, or the date and time is invalid for the transaction, or the check number isn’t received. These are posted to your account after all transactions with a valid date and time or check number are complete, and posted to your account in order of amount, starting with the lowest amount first (frequently referred to as low-to-high). Other unusual exceptions may also arise, but the new approach will be followed in the vast majority of transactions.
If I write a check, and it is cashed by a teller at a U.S. Bank branch, how is that processed?
This kind of transaction is considered a priority debit because it is not pre-authorized, and is cash-based. Therefore, this kind of withdrawal would be posted prior to customer-initiated debit transactions that we receive throughout the day, beginning with the largest amount first. Other examples of priority debits include initiating a wire transfer, buying coin or currency in a branch, Western Union® transfers, cash advances, and when you write yourself a check and cash it at the teller.

If a customer writes a check, but the payee converts it to an electronic payment, how will that be handled?
When a check is converted to an electronic transaction, it’s subject to different rules and regulations that we must abide by. These transactions come to U.S. Bank as ACH transactions, so they are treated as customer-initiated non-check debit transactions, using the date and time that we send the transaction to our internal systems for processing.

Will checks be held for processing if presented out of check number order?
No, all transactions will be posted to accounts on the same business day that we receive them. For example, on Monday we may receive and post check #107; on Tuesday, we may receive check #102 and #105, and those would be posted on Tuesday.

If an Internet banking bill payment is sent by check, and not electronically, how will that transaction be processed?
Some payees cannot accept an electronic payment, and a physical bill pay check must be created for payment. These checks are created with a check number that may be much different from the check numbers in your checkbook. When these checks are presented to us as paper checks, they will be posted to your account in check number order along with other checks, using the check number printed on the check.

How does U.S. Bank process deposits?
Deposits will be processed and posted to your account on the same business day we receive them before debit transactions effective-date for the same business day. However, we will process debits that have been effective-dated for prior days, before posting the credits for the current business day.

How does U.S. Bank process fee transactions?
Bank fees are assessed to accounts for specific services. The order they are posted to your account varies by fee type. In some cases, fee transactions would be posted before customer-initiated non-check debits. In other cases, a fee is posted immediately following a transaction that is posted to your account. Monthly maintenance fees are posted at the end, after other transactions for the day.

Examples:

- Prior to posting customer-initiated debit transactions, an Overdraft Item Paid or Overdraft Item Returned Fee is posted on the business day following the day the transaction was posted that resulted in an overdraft.

- A non-U.S. Bank ATM Transaction Fee is posted immediately after we post the ATM transaction to your account.

- A Monthly Maintenance Fee for your deposit account, if applicable, will post to your account after we have completed posting customer-initiated debit transactions and paper check transactions for the day.
Terms to Know

ACH
The Automated Clearing House (ACH) is an electronic network for financial transactions in the United States. ACH credit transfers include direct deposit payroll and vendor payments. ACH direct debit transfers include consumer payments on insurance premiums, mortgage loans, and other kinds of bills.

Authorized
When you use your debit card, the amount of the transaction is authorized against your account. Debit card transactions may take up to three business days for us to receive, and will remain as outstanding until we receive the actual transaction from the Visa® network. Outstanding authorizations reduce the available balance of your account.

Available balance
The amount of money in your account, minus any authorized or pending transactions.

Bill Pay
A service of U.S. Bank Online Banking that allows you to pay your bills online. You can pay virtually anyone, anytime, anywhere in the United States. Most payments are sent electronically to the biller you wish to pay, for the amount and on the date you specify.

Bill Pay check
Sometimes when you make a payment through U.S. Bank Online Banking, the recipient is not set up to receive an electronic payment. In these cases, we send a paper check.

Business day
Any weekday, excluding holidays. The end of the business day varies from branch to branch, ATM location and by mail processing center.

Credit(s)
Any transaction that results in funds being added to your account. This could be a deposit, a transaction that is reversed, interest paid to your account, etc.

Debit(s)
Any transaction that results in funds being deducted from your account. This could be any transaction you complete on your account, a fee charged to your account, when you withdraw money, etc.

Internal systems
Computer systems that support the millions of deposit accounts at U.S. Bank, and that process transactions each business day.

Monthly maintenance fee
A fee that may be charged to your deposit account in any month. The fee is usually charged if your account has not met the requirements to avoid the monthly fee.
Terms to Know, cont.

**Payee**
Any recipient of payment from you. This may be a person or business.

**Posted/Posting**
When U.S. Bank systems officially complete processing by assigning transactions to a specific deposit account and deducting the amount of the transaction from your account balance.

**Pre-authorized:** See *Authorized*

**Presented**
When we receive a transaction that you make, it’s considered presented to us. There could be a delay between the time you complete the transaction and the time it’s presented to us. This delay could be caused by numerous factors, including the type of transaction, the day and time you make the transaction, and how long it takes the recipient of your transaction to process the payment.

**Processed/Processing**
Receiving, identifying and sorting transactions prior to posting them to deposit accounts.

**Received**
When U.S. Bank is sent a transaction which you have initiated – either electronically, or in physical form. This could happen immediately, or days after you have completed the transaction, depending on the type of transaction and the day and time in which the transaction was done.

**Contact Us**
- Call us at **800-872-2657**.
- Visit us at any **U.S. Bank branch**.