

AGREEMENT

Certificate of Deposit (CD)

CERTIFICATE OF DEPOSIT AGREEMENT

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Count on us



I. Introduction

Please read this Agreement and the applicable Addendums carefully (along with the “Agreement”) because they contain the terms and conditions that will rule your bank relation with Banco Popular de Puerto Rico. This Agreement and its Addendums can be amended or complemented from time to time.

When opening your Certificate, you accept all terms and conditions that govern the Certificate (from now on the “Account” or “Certificate”) and the disclosures contained here and the applicable Addendum (from now on, this “Agreement”).

In this Agreement, the words “we”, “our”, and “Bank” refer to Banco Popular de Puerto Rico. The words “you”, “yours”, and “depositor” refer to the account holder identified in the opening document of your account and its legal representatives. The term “Banking Day” means any day, except Saturday, Sunday, and federal holidays, in which the Bank is open to the public for regular transactions in Puerto Rico. The term “Stock Market Business Day” means any day, except Saturday, Sunday, and holidays, in which the New York and Chicago stock markets are open to the public for stock exchange transactions.

The Bank offers the following types of Certificate of Deposit:

- Certificado de Interés Más Alto (CIMA)
 - CD5
 - Statement Time Deposit*
- *Only for Private Banking.

II. Products Disclosures

A. Certificado de Interés Más Alto (CIMA)

1. Minimum Balance

A minimum initial deposit of \$1,000 is required. The Annual Percentage Yield (APY) disclosed is based on maintaining the minimum initial deposit each day until maturity.

2. Computation Method

The Daily Balance Method is used to calculate the interest. This method applies a Daily Periodic Rate to the principal of the account each day.

3. Interest Computation and Payment

Interest Payment Frequency will be determined by the Depositor at the time of the opening.

The available payment methods are:

- a. Capitalization (reinvestment) - offered for annual interest payment or payment at maturity.
- b. Credit to checking or savings account in the Bank or payment by checks - interest may be paid based on days (periods of 30, 60 or 90 days), monthly (based on opening day) or maturity.

4. Transaction Limitations

Once the Certificate is opened, additional deposits and partial withdrawals are not allowed.

5. Penalties for Cancellation Before Maturity

A penalty is applied, depending on the term of the Certificate regardless of the interest paid or accrued.

If the maturity term is less than 365 days, the penalty will be equivalent to 90 days of interests.

If the maturity term is 365 or more, the penalty will be equivalent to 180 days of interests.

6. Renewal

The Certificate will renew automatically at maturity, on successive equal terms, at current interest rate for CIMA offered by the Bank at the time of renewal. If the maturity falls on a non-banking day, the maturity date will be the next Banking Day, as previously defined.

The Depositor will have a grace period of 5 calendar days after the maturity date to withdraw the funds without applying the penalty for premature cancellation. The interest rate that will apply during the grace period will be the prevailing for CIMA in the Bank at the renewal date.

7. Opening through Non-Cash Items

When the Account is opened with a non-cash item (e.g. checks), interest begins to accrue on the Banking Day the transaction is made.

B. CD5

1. Minimum Balance

A minimum initial deposit of \$5,000 is required. The Annual Percentage Yield (APY) disclosed is based on the minimum initial deposit maintained each day until maturity.

2. Computation Method

The Daily Balance Method is used to calculate the interest. This method applies a Daily Periodic Rate to the principal of the account each day.

3. Interest Computation and Payment

Interest is computed daily on the daily balance and credited every six months. An initial Interest Rate will be paid for the first six months. The interest rate will increase after this period and then every six months.

Interest Payment Methods are reinvestment (capitalization) every six months or credit to a deposit account in the Bank. If reinvestment

is selected, the Depositor authorizes the Bank to retain the interest and reinvest them as part of the deposit every six months. Changes in the interest payment method are not allowed after the Certificate opening.

4. Transaction Limitations

A partial withdrawal is allowed during the term of the Certificate, up to 25% of the initial deposit. Withdrawals may reduce earnings of the Certificate.

5. Cancellation Before Maturity

The Depositor(s) may cancel the Certificate before maturity without penalty.

6. Renewal

The Certificate will renew automatically at maturity, on successive equal terms, same interest payment method and current interest rate for CD5 offered by the Bank at the time of renewal. The Certificate will not have a grace period. If the maturity falls on a non-banking day, the maturity date will be the next Banking Day, as previously defined.

7. Openings through Non-Cash Items

When the Account is opened with a non-cash item (e.g. checks), interest begins to accrue on the Banking Day the transaction is made.

C. Statement Time Deposit (STD)

The Statement Time Deposit is an exclusive product for Private Banking.

1. Minimum Balance

A minimum initial deposit of \$5,000 is required and for terms from seven (7) days to 10years, according to your instructions. The Annual Rate of Return (APY) disclosed is applicable if you maintain the initial minimum deposit each day until maturity.

2. Computation Method

The method used to compute interest is the Daily Balance. This method applies a Daily Periodic Rate to the principal of the account each day.

3. Interest Computation and Payment

During the original term of each Statement Time Deposit, the Bank will pay interest at the interest rate agreed in the Statement Time Deposit confirmation letter. Subsequently, the instrument will accrue interest at the rate applicable to it on the date of each renewal and determined from time to time by the Bank. Interest is computed daily on the daily balance and is paid in periods of thirty (30) days.

The available payment methods are reinvestment (capitalization) every thirty (30) days or credit to your PMA account. If you opt for reinvestment, you authorize the Bank to retain interest and capitalize it monthly as part of the STD. If you do not opt for capitalization, interest will be credited on the date of payment to the check section of your PMA deposit account.

4. Transaction Limitations

- a. Additional Deposits - You may make additional deposits with a minimum of \$1,000 only at the time of renewal. Deposits can only be made by debits to the checking section of your Account.
- b. Partial Withdrawals - You may make partial withdrawals of a minimum of \$1,000 at any time, subject to applicable penalties. Partial withdrawals before the due date could affect the performance of the Statement Time Deposit.

5. Penalties for Cancellations before Maturity

A penalty is applied, depending on the term of the Certificate regardless of the interest paid or accrued.

If the maturity term is 365 days or more, the penalty will be equivalent to 180 days of interests or all accrued interest, including interest paid, whichever is less.

If the maturity term is 365 days or more, the penalty will be equivalent to 180 days of interests or all accrued interest, including interest paid, whichever is less.

6. Renewal

The Certificate automatically renews at maturity, in periods of equal duration with the same method of interest payment, at the interest rate in effect at the Bank for STD at the time of renewal. In Statement Time Deposits for a term greater than thirty (30) days, You will have ten (10) days from the expiration date (and automatic renewal) of the deposit to cancel it without penalty. Then it will apply the penalty established by the Bank from time to time. If the maturity falls on a non-working day, the due date will be the next Banking Day.

The Bank reserves the right not to renew the Statement Time Deposit at the expiration of any period by giving notice by mail to You at your last address appearing on the Bank's books.

7. Opening through Non-Cash Items

When the Account is opened with a non-cash item (e.g. checks), interest begins to accrue on the Banking Day the transaction is made.

8. Account Statement

Transactions made, interest credited and charges with respect to the Statement Time Deposit will be reflected on your PMA Statement.

9. Deposit Ownership

Statement Time Deposits will be established under the name of the Account Holder. If there is more than one Account Holder, it will be understood that each one is a joint and several creditor with an individual right to the Statement Time Deposit and that each one authorizes the other to give instructions with respect to it, including, without being understood as a limitation, requesting its cancellation. If the death of any of the Holders occurs, the survivor must immediately inform the Bank. Payment of the Statement Time Deposit shall be subject to the provisions of Section III (C) Death of a Depositor of this Agreement.

III. Provisions Applicable to CIMA, CD5 and STD

A. Legal Processes against the Certificate / Levies

The depositor agrees that the Bank will comply with the orders or attachment writs issued by a court or governmental authority (including but not limited to the Treasury Department and the Federal Internal Revenue Service), and will freeze and/or deliver funds available in the Certificate at the time the order or writ is presented to the Bank, in accordance with its terms.

The Bank shall be under no obligation to contest, challenge, or question the terms of an order, notice of levy or writ of attachment, or to raise any defense that the depositor may have against the person or entity promoting the order or writ. The Bank shall strictly comply with the terms of any such order or writ, until it has been served with an order or a resolution issued by the same court or authority indicating that the same be released. Presentment to the Bank of evidence of payment of the debt or release of the obligation that prompted the order or notice of levy shall not be sufficient evidence for the Bank to release the funds.

If the order or writ of attachment were issued against any one of the depositors in a joint and several account (and/or), the Bank will proceed to freeze and/or deliver the funds as per the order or writ without the need to determine ownership of the funds or the legality of the order or writ.

If the Bank incurs in any expense, including but no limited to, legal fees and other disbursement related with any legal action, that are not reimbursed, the Bank may set-off such expenses against the CD without prior notice to the depositor.

The Bank may impose a processing fee in the event it is served with an order to garnish funds in the CD.

Any levy, pledge, or lien against the CD is subordinated to the Bank's right of set-off and security interest.

B. Set-off

The Bank reserves the right to set-off against the funds of the Certificate any indebtedness or obligations of the depositors then due to the Bank and may cancel the Certificate before the established maturity date if the debt becomes due and payable on demand.

C. Death of Depositor

Upon the death of one of the depositors, the surviving depositor(s) should immediately notify the Bank. In such case, or when one of the depositors is legally declared incapacitated by the Court, the Bank may, in its sole discretion, allow for the early withdrawal of the funds in the Certificate without imposing penalties for canceling prior to maturity. Also, any amount deposited in a Certificate of Deposit or CD5 shall be distributed, to the extent applicable, in accordance with the Puerto Rico Civil Code and those regulations promulgated by the Puerto Rico Secretary of Treasury relating to inheritances. If a depositor is a resident of another country upon his/her death (including, without limitation, the United States), any amount deposited in a Certificate shall be distributed in accordance with the estate laws of said jurisdiction in addition to any applicable Puerto Rico laws or regulations.

D. Pledging of Funds

Those depositors who are not customers of the International Branch may pledge to the Bank any funds deposited in the Certificate as collateral for those obligations that may be granted by the Bank if such collateral were to be required and accepted by the Bank. You acknowledge and agree that if any claim arises or any judicial or administrative order is issued against you, the Bank may automatically apply the proceeds of the Certificate to the payment of such debts. The funds in the Certificate cannot be pledged or transferred to third parties or institutions to serve as collateral for loans or other obligations.

E. Joint and Several Certificates (and/or)

If the Certificate is opened in the name of two or more depositors and is payable individually to any one of them, the funds deposited are the property of all of the depositors, each of which shall be considered a joint and several owner (individual owner), with the individual right to cancel the Certificate. As such, each of such depositors authorizes the other to carry out transactions (including but not limited to the cancellation) related to the Certificate. The Bank may at its option deliver the funds to any one of such depositors.

F. Joint Certificates (and)

If the Certificate is opened in the name of two or more depositors and is payable jointly in the name of all the depositors, the funds deposited will be considered joint property of all the depositors. The Certificate can only be cancelled upon the instruction of all of the depositors, and unless the depositors' issue written instructions to the Bank to the contrary, the funds deposited will be payable to all of the depositors jointly in the form of an official check.

G. Additional Depositors

Adding depositors after a Certificate opening is not allowed. Adding depositors after a Certificate opening requires the cancellation of the CD with the applicable penalties and the opening of a new Certificate.

H. **Deposits in Excess of \$100,000**

The Bank reserves the right to accept or reject, in its entire discretion, deposits in excess of \$100,000.

I. **Transfers**

No right in, or use of, a CD or the corresponding evidence of deposit is transferable, except by an assignment duly executed by the owner, in a manner satisfactory to the Bank.

J. **Tax Withholding**

Interest earned in a Certificate of Deposit issued by the Bank is eligible for exemption from income taxes up to \$100 (\$200 for married taxpayers who file jointly). Interest earned in any tax year in excess of the excludable amount from gross income may be taxable, at the customer's choice, at a special rate of 10% which will be withheld by Banco Popular. The election must be made by the customer upon establishment of the Certificate of Deposit or between January 1 and April 15 of the applicable tax year.

K. **Representation Clause**

(applicable only to customers of the International Branch)

The Depositor hereby represents that he/she is not a resident of Puerto Rico, and, that, therefore, he/she is a "Foreign Person" as such term is defined in Act Number 52 of August 11, 1989, as amended.

L. **Cancellations Pursuant to Law 98**

Law 98 of June 25, 1998, provides an exemption from penalties for early withdrawal of funds upon the death of the Depositor or upon certification of certain events of necessity ("Qualified Reasons"), as such term is defined in the Puerto Rico Internal Revenue Code of 1994, as amended (the "PR Code"). The exemption only applies to certificates of deposit issued to an individual in an amount equal to or less than \$100,000, that have been in effect for at least 180 consecutive days since the date in which the Certificate was opened or renewed, as applicable. In renewals, time periods that have transpired prior to the renewal of a Certificate will not be taken into account for purposes of calculating the aforesaid 180 day period.

Below please find a list of some of the events that may be considered a Qualified Reason under the PR Code as of the date of this Agreement. The below referenced events may change from time to time in light of amendments to the PR Code. Please contact your tax or legal advisor, for more information regarding the events which may be considered a Qualified Reason under the PR Code.

Examples of Qualified Reasons and Required Documents:

1. **Death**

- Death Certificate
- Designation of Heirship or Last Will and Testament (certified by the Court after the death of the depositor, stating that said document is the last testament executed by the Customer)
- Testamentary letters that accredit authority to the executor, when applicable, and a copy of the authorization for the withdrawal

of funds issued by the Puerto Rico Treasury Department. That authorization must include: a receipt for the estate taxes paid or the certificate granting a tax exemption.

2. **Disability**

Disability Certificate issued by the Puerto Rico Workmen's Compensation Insurance Fund (Fondo del Seguro del Estado), the Veterans Administration, or the Social Security Administration, or the governing board of any retirement system established by law.

3. **Severe, Chronic, Degenerative and Terminal Disease of the Depositor or a Family Member up to the Fourth Degree of Consanguinity or Second by Affinity**

- Sworn statement regarding the purpose of the withdrawal of the funds
- Medical certificate stating that the severe, chronic, degenerative, and terminal disease has been diagnosed to the Customer or a family member up to the fourth degree of consanguinity or second by affinity, in which the foreseeable effect is the loss of life or permanent physical incapacity

4. **Unemployment**

Certificate issued by the Puerto Rico Department of Labor and Human Resources, and evidence of unemployment or resignation or other similar document. The certificate must indicate that the Customer has applied for benefits and is qualified to receive them.

5. **College Expenses of Direct Dependents**

Certification from the University stating that the direct dependent is a regular student at that institution, or has been accepted for enrollment at that institution. The certificate must provide a detailed description of the dependent's educational expenses, including the dollar amounts that must be paid by the Customer. No reimbursements for paid expenses will be made.

6. **Acquisition or Purchase of a Computer**

Certification that the amount to be distributed will be used for the acquisition or purchase of a computer, that the Depositor has not withdrawn funds for this purpose from any Certificate of Deposit in the past six years, and that the acquisition or purchase of a computer is for the benefit of a dependent, up to a second-degree of consanguinity, who is currently attending school up to university level. The distribution will be subject to the maximum amount allowed by law or any applicable regulations. No reimbursements for paid expenses will be made.

7. **Acquisition of First Principal Residence**

- Certification that the amount distributed will be used for the acquisition of the first principal residence of the Depositor in Puerto Rico, and that prior to the distribution date, the Customer has not owned a residential property used as his/

her principal residence. The total amount received must be used for the intended purpose no later than the fifteenth (15) day after receiving the distribution, and the amount of the purchase price withdrawn from the Certificate of Deposit, as well as the Certificate account number, must be stated in the Deed of Purchase of said residence. No reimbursements for paid expenses will be made.

- Purchase Option Agreement that establishes that the Customer has optioned the property or,
- Construction contract specifying the costs and the current stage of construction. Settlement Statements and Good Faith Estimates are unacceptable.

8. Repair or Reconstruction of a Principal Residence Affected by Fortuitous Cause

The necessary certifications issued by federal or local agencies, which attest to the cause of the damages including, without being a limitation, fire, hurricane or earthquake, and the amount of damages caused by the fortuitous cause. No reimbursement of costs already paid will be made.

9. Distribution to Prevent Mortgage Delinquency/ Foreclosure of Principal Residence

A Sworn Statement describing the purpose of such withdrawal. The check will be issued to the financial institution holding the Depositor's mortgage, as specified in the Sworn Statement, and subject to any other requirement imposed by the Puerto Rico Treasury Department.

IV. General Terms and Conditions

- A. The Bank will not be liable for the non-compliance with any provision of this Agreement if said non-compliance is totally or partially caused by circumstances beyond the control and responsibility of the Bank including, but not limited to: communication failures; interruptions of electric power service; mechanical failures of the equipment used for providing services; explosion; accident; fire; flood; or any other fortuitous cause or force majeure.

In the event of occurrence of any such events, the Bank's responsibility will be limited to restoring the services as soon as possible, as permitted by the circumstances.

This Agreement constitutes the final agreement between the parties. Any written or verbal agreement made prior to the execution's date of this Agreement is expressly revoked. The depositor acknowledges and agrees that his/her contractual relationship with the Bank is subject to the provisions contained in this Agreement.

The Bank's rights under this Agreement shall be understood to be cumulative instead of mutually exclusive, and the Bank's election to exercise one right shall in no way affect or limit any other right or remedy to which the Bank is entitled.

The Bank reserves the right to amend the terms and conditions established herein from time to time, by notifying the depositor the change by posting a notice on a visible area of the Bank's branches for at least thirty (30) consecutive days prior to the effective date of the change. Said amendments will be effective on the date stated on the notice.

The provisions of this Agreement shall remain in full force until one of the parties notifies the other of its intention to cancel the Certificate of Deposit. The Bank reserves the right to cancel the Certificate of Deposit at any time. Cancellation will be notified by regular mail. The depositor will be required to pay the Bank the applicable penalties for cancellation.

This Agreement shall be interpreted under the laws of the Commonwealth of Puerto Rico and any applicable federal laws and regulations. If any clause contained in this Agreement is declared null, invalid, illegal, or in conflict with any statute, rule, applicable law, or regulations by a court with jurisdiction, such clause will be deemed to be modified or changed to comply therewith or, if this is not possible, will be excluded from this Agreement and the remaining clauses shall remain in full force and effect.

The depositor acknowledges that in compliance with the Bank's internal policies and / or applicable legal or administrative provisions (including the pronouncements of the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury), the Bank may be bound to withhold or freeze funds and / or deliver them to the relevant authorities.

This Agreement, its amendments, exhibits and any other related documents, to the extent signed and delivered or transmitted by electronic means will be treated and considered, for any purposes, as a legitimate and authentic original document and will have the same force, validity and effect as if such document was signed in handwriting and deliver in person. The parties to this Agreement acknowledge that they will not use the digital or electronic signature method or the event of delivery or transmission of the documents by electronic means to question the formation, effect and validity of the Agreement, its amendments, exhibits and any other related documents.

B. Possible Financial Exploitation of the Elderly or Disabled

You acknowledge that the Bank may be required, by applicable law or regulation, to provide information about possible financial exploitation. Therefore, you authorize the Bank to disclose information such as your name, address, account signatories and transaction patterns to the agencies designated by any such law or regulation.