

Truth-in-Savings—Account Disclosures

Definitions

Annual Percentage Yield (APY). The Annual Percentage Yield is a percentage rate reflecting the total amount of dividends paid on an Account, based on the dividend rate and frequency of compounding of a 365-day period.

Dividend Rate. The dividend rate is the declared or prospective annual dividend rate paid on an Account, which does not reflect compounding.

Good Cents Savings Account. This special Account is part of the Good Cents Savings Program, open to members with a personal checking Account and associated Visa® Debit Card. No minimum opening balance is required. Good Cents Savings Accounts do not earn dividends. Eligible deposits will be matched on a 50% basis for a 30-day period from first usage, and a rate of 5% thereafter. Matching Deposits up to a maximum of \$300 per term of Account to be credited upon Account maturity. Initial maturity date may be selected within 12–24 months of Good Cents Savings Account initial opening. eStatements are required. Other terms and conditions may apply.

Rate Information

The dividend rate and APY on your Share (Savings) Accounts, Secondary Share Accounts, Christmas Club Accounts, Share Draft (Checking) Accounts, Money Market Accounts, IRA Share (Savings) Accounts, Health Savings Accounts (Share Draft Checking) and Coverdell (Share Savings) Accounts may change each dividend period as determined by the Credit Union's Board of Directors. The dividend rate and APY are fixed on Term Share Certificate Accounts and IRA Term Share Certificates and remain in effect until the first maturity date on the certificate. The dividend rate and APY for your Share (Savings) Accounts, Secondary Share Accounts, Christmas Club Accounts, Share Draft (Checking) Accounts, Money Market Accounts, IRA Share (Savings) Accounts, Health Savings Accounts (Share Draft Checking) and Coverdell (Share Savings) Accounts reflect the dividend rate and APY as of the last dividend declaration date.

Compounding and Crediting

Dividends will be compounded and credited monthly. Except for Term Share Certificate Accounts, the dividend period is the calendar month and begins on the first calendar day of the period and ends on the last calendar day of the period. For Term Share Certificate Accounts, the dividend period is each month starting on the date of the deposit establishing the Term Certificate. For example: If the initial deposit was made on January 5, 2009, (certificate date) the first dividend period would be January 5 through February 4, the next would be February 5 through March 4, etc. Dividend periods follow this pattern until the Certificate maturity date. You may choose to have dividends earned by a Term Share Certificate paid directly to you or to another Account of yours rather than credited to the Certificate.

Balance Computation Method

Dividends are calculated using the daily balance method. This method applies a daily periodic rate to the principal in the Account each day.

Accrual of Dividends

Dividends will begin to accrue on the business day you deposit cash and non-cash items, such as checks, to your Account.

Fees and Charges

The fees and charges which may be assessed against your Accounts are disclosed on the Truth-in-Savings Fee Schedule which accompanies this Truth-in-Savings Account Disclosure. You authorize us to charge any Account for any such fees or charges assessed without notice to you.

Transaction Limitations

For all Accounts except Share Draft (Checking) Accounts, the Credit Union reserves the right to require a member intending to make a withdrawal to give written notice of such intent up to 60 days before such withdrawal. In addition, the following transaction limitations apply.

Good Cents Savings Account. No withdrawals are allowed without closing the Account and forfeiting all matching deposits.

Club Accounts. Club Accounts mature on the first day of November and will be deposited to an Account specified. No withdrawals are allowed or the Account must be closed

and will be subject to a fee by the Credit Union as disclosed in the Truth-in-Savings Fee Schedule.

IRA Share (Savings) Accounts and Term Share Certificate Accounts. Deposits are limited to the maximum amount allowed by law per year per individual. Individuals under the age of 59 1/2 may be subject to a 10% penalty when withdrawing shares from an IRA Account. In certain circumstances such as the death or incompetence of an Account owner, the law permits, or in some cases requires, the waiver of the early withdrawal penalty. Please refer to your plan disclosure for more information.

IRA Share (Savings) Accounts and Term Share Certificate Accounts. You may not make preauthorized or automatic transfers to another Account of yours or to a third party.

Health Savings Accounts (Share Draft Checking). Deposits are limited to the maximum amount allowed by law per year per individual or family depending on the type of plan. Withdrawals are limited to qualified medical expenses as determined by the IRS.

Coverdell (Share Savings) Accounts. Deposits are limited to the maximum amount allowed by law per year up to the age of 18. Withdrawals are limited to qualified education expenses and must be used or withdrawn by the beneficiary's 30th birthday.

Term Share Certificate Accounts—Additional Disclosures

Maturity Date. Your Certificate Account will mature on the maturity date set forth on the face of the certificate or any renewal notice therefor.

Early Withdrawal Penalties. We may impose a penalty for funds withdrawn in an Account before the maturity date. The penalty we may impose will equal one half of the dividends that would accrue from the date of the withdrawal to the maturity date applying the contracted rate on the certificate based to the amount withdrawn over and above any dividends credited or accrued to the certificate to date of withdrawal.

Withdrawal of Dividends Prior to Maturity. The APY is based on an assumption that dividends will remain in the Account until maturity. A withdrawal will reduce earnings.

Transaction Limitations. After an Account is opened, you may not make deposits into the Account until the maturity date stated on the Account unless the term and conditions of the Account allows for deposits. You can only withdraw dividends in the term in which they are credited without penalty. You may withdraw dividends anytime during the term of crediting only after they have been credited to your Account.

Renewal Policy. Term Share Certificate Accounts will automatically renew at maturity. You will have a grace period of 10 calendar days after the maturity date to withdraw the funds in the Account without being charged an early withdrawal penalty. You may prevent renewal if we receive oral or written notice from you that you do not intend to renew. If you prevent renewal, dividends will not accrue after final maturity. If during the 10-day grace period of the Share Certificate, you inform Air Force FCU of your decision not to renew the Certificate, no dividends will be paid for the grace period. If your Certificate is renewed, it will renew at the rate and conditions in effect at the time of maturity for a term equal to the term of the original certificate and will begin on the maturity date of the Certificate. The dividend rate will be the same rate as that which is offered for a new Term Share Certificate Account on the maturity date which has the same minimum balance and term as the original Term Share Certificate Account.

We will give you written notice prior to the maturity date of the rate and terms currently being offered. In the event that the maturity date passes without the Term Share Certificate Account being renewed and the Certificate is not presented for payment on the maturity date, we may, at our option, transfer the funds in the Certificate Account to any Share (Savings) Account you have with us or any other Account of yours or, alternatively, pay the funds in the Certificate Account directly to you.

Nature of Dividends

For Share (Savings) Accounts, Secondary Share Accounts, Christmas Club Accounts, Share Draft (Checking) Accounts, Money Market Accounts, and IRA Share (Savings) Accounts, dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period. Good Cents Savings Accounts do not pay dividends.

Par Value of Shares

The par value of a regular share in Air Force Federal Credit Union is \$5.00.

National Credit Union Share Insurance Fund

Member Accounts at Air Force Federal Credit Union are federally insured by the National Credit Union Share Insurance Fund.