

Sweep Account Disclosure

The Federal Deposit Insurance Corporation (FDIC) requires all financial institutions to notify their sweep account customers at account origination and annually thereafter of the status of the swept funds and how FDIC deposit insurance would apply if the institution entered into FDIC receivership. **All capitalized terms used but not defined in this disclosure have the meanings given to them in your Automated Sweep Agreement with Frost Bank.**

Money Market Mutual Fund

At the end of each Business Day, funds swept from your depository account are placed in an internal Frost account overnight before being transmitted to the Fund. Should Frost enter into receivership during this time, the swept funds in the internal Frost account will be treated as deposits and insured by the FDIC up to the applicable limit, taking into account other deposits you have at Frost. Funds already transmitted to the Fund are no longer deposits and are not FDIC-insured.

In the event a sweep transaction results in funds leaving the Fund to your depository account on the day Frost enters into receivership, whether the swept funds are FDIC-insured depends on when the funds post to your depository account, though Frost may provisionally credit these funds to your depository account earlier. If the funds post to your depository account before the FDIC takes control of Frost, the swept funds will be considered deposits and insured by the FDIC up to the applicable limit. If the funds have not posted to your depository account before the FDIC takes control of Frost, the FDIC will reject the incoming transfer and the swept funds will be treated as remaining with the Fund and will not be FDIC-insured. Please note that the Fund – not Frost – controls the timing of the transfer of funds from the Fund to your depository account.

In a purchase and assumption transaction, your depository account will be transferred to the acquiring institution. Under this arrangement, the funds held by the Fund will be available to be swept back to your depository account at the acquiring institution.

In a payoff, you will receive a check or other means of payment for the funds with the Fund.

Line of Credit

At the end of each Business Day, funds swept from your depository account are used to pay down a line of credit that you have with us. In the event a sweep transaction results in funds leaving your depository account to pay down that line of credit on the day Frost enters receivership, the swept funds will be applied to pay down the line of credit, will not be considered deposits and will not be FDIC-insured. Conversely, if a sweep transaction results in a draw upon the line of credit and those funds being swept to your depository account on the day Frost enters receivership, the swept funds will be considered deposits and will be FDIC-insured up to the applicable limit, taking into account other deposits you have at Frost.

In a purchase and assumption transaction, your line of credit and depository account will be transferred to the acquiring institution. Funds used the prior day to pay down your line of credit will be available to be swept back to your depository account.

In a payoff, the FDIC will recognize the new balances in your depository account and on your line of credit.

Repurchase Agreements

At the end of each Business Day, funds swept from your depository account are used to buy certain securities. In the event a sweep transaction results in funds leaving your depository account to buy securities on the day Frost enters receivership, and before it is closed, the funds swept out of your depository account will not be considered deposits and will not be FDIC-insured. You will be considered the legal owner of the securities purchased with these funds.

In a purchase and assumption transaction, your depository account and repurchase arrangement will be transferred to the acquiring institution and the funds will be swept back to your depository account the following Business Day.

In a payoff, the FDIC will recognize your ownership of the securities and provide payment of the swept funds by check or other payment mechanism.

We are committed to keeping you informed. If you have any questions after reviewing this information, please call a Treasury Management Representative at 888.481.0336.