

FIRST FINANCIAL BANK

MEMBER FDIC

Dear ACH Originator:

Every year the National Automated Clearinghouse Association (Nacha) publishes new rules that expand upon ACH services and/or requirements related to ACH entries. As your business partner, First Financial Bank wants to ensure your continued compliance with Nacha's Operating Rules and Originator Responsibilities that cover the transactions you make when you originate electronic payments through the Automated Clearing House (ACH) Network.

The Nacha Rules updates, processing deadlines, and retention periods are available on Nacha's website at www.nacha.org. Links are available on their website for the specific information you need.

Federal holiday schedules are published and available on the following web site: <https://www.frb services.org/about/holiday-schedules/>. By navigating to the URL, you will find the holiday schedule for the Federal Reserve Bank through 2029. Keep in mind that a payment cannot have an effective date on a Federal holiday because the Federal Reserve is not open for processing. Therefore, it is important you take note of the holiday schedule to make sure the transactions you initiate process on time.

Upcoming Rule Updates

The following rule changes take effect March 20, 2026, however, may be adopted earlier:

Company Entry Description – Payroll: Establish a new standard description of "PAYROLL" for PPD Credits for payment of wages, salaries, and other similar types of compensation. New Language indicates "The use of the term PAYROLL" in this field is descriptive and by use of the word, neither the Originator, nor the ODFI (or any Third-Party Service Provider acting on behalf of an Originator or ODFIO), makes any representation or warranty to the RDFI or the Receiver regarding the Receiver's employment status.

Company Entry Description – Purchase: Establish a new standard description of "PURCHASE" for e-commerce purchases. New Language indicates "For this purpose, an e-commerce purchase is a debit Entry authorized by a consumer Receiver for the online purchase of goods, including recurring purchases first authorized online. An e-commerce purchase uses the WEB debit SEC Code, except as permitted by the rule on Standing Authorization to use the PPD or TEL debit SEC Code."

Fraud Monitoring by Originators, TPSPs, and ODFIs: Requires each non-Consumer Originator, ODFI, TPSP, and TPS to establish and implement risk-based processes and procedures reasonably intended to identify ACH Entries initiated due to fraud.

- Phase 1: Effective March 20, 2026 - The rule will apply to non-Consumer Originators, TPSPs, and TPSs with annual ACH origination volume of 6 million entries or greater in 2023
- Phase 2: Effective June 19, 2026 - The rule will apply to all other non-Consumer Originators, TPSP, and TPS

Fraud Mitigation – How to prevent fraudulent originated transactions.

It is a role that you and your company play in maintaining the proper security over Protected Information obtained as an ACH payment originator. In the context of payment originations, Protected Information may be referred to as non-public information and is defined as the non-public personal information, including financial information of a natural person used to create an entry, or contained within an entry, and any related addenda record.

Originators must be vigilant in their effort to protect the security of Protected Information due to the increased focus on privacy of data, threats from data breaches, and other unscrupulous activity, such as:

- corporate account takeovers
- viruses

- network intrusions
- employee/email fraud
- hacking

Your company is required to establish, implement, and update policies, procedures, and systems (including controls) with respect to the initiation, processing, and storage of Protected Information that are designed to:

- (a) protect the confidentiality and integrity of Protected Information until its destruction
- (b) protect against anticipated threats or hazards to the security or integrity of Protected Information until its destruction
- (c) protect against unauthorized use of Protected Information that could result in substantial harm to a natural person.

Furthermore, it is a requirement of First Financial Bank that all Protected Information is to be protected by its ACH originators/third parties. **Your company is responsible for following up with any ACH Receiver email request to change their account information with a phone call to a phone number per your records on file, not included in the email request or an in person validation.**

Reminders of Your Responsibilities as an ACH Originator

- Obtain proper authorizations, dependent on the transaction type, and retain authorizations for two years past revocation or after the last transaction. The Bank can ask you for a sample or specific authorization at any time and you are obligated to provide to prove authorization. If you **originate debits** to accounts this is very important:
 - **An ACH authorization form must include specific information to comply with NACHA Operating Rules and ensure proper processing of payments. Here are the key elements required:**
 - **Personal information:** Full name, address, phone number.
 - **Bank account details:** Account number, routing number, account type (checking or savings).
 - **Payment information:** **Payment amount (or maximum amount for variable payments), payment frequency (one-time or recurring), and start date of authorization.**
 - **Payment Collection date:** **start date and frequency (must be signed before start date)**
 - **Payee details:** Name of the company or individual being paid.
 - **Authorization statement:** A clear statement such as "I authorize Company to debit my account".
 - **Signature:** signature of someone on that account (or electronic equivalent for online forms).
 - **Cancellation parameters:** **Instructions for canceling recurring payments or payments scheduled in advance.**

***A sample Debit Authorization form can be found on page 4 of this letter.**

- Protect the banking information received in the authorizations.
- Cease subsequent entries when authorization has been revoked.
- If requested by the Bank, the Company shall immediately provide a copy of authorizations. The Bank may request to see your authorizations from time to time.
- Send entries on the proper date and/or schedule.
- Make necessary changes to payee account information within six (6) banking days upon receipt of a Notice of Correction or before another entry is sent. More on NOC below.
- Be aware that **our only Routing/ABA Number is 111301122**. If initiating a transaction to another First Financial Bank customer, this Router should be used or your transaction may be returned.

Notification of Change (NOC)

A Notification of Change (NOC) is a non-monetary entry sent by an RDFI to the ODFI and the Originator to communicate incorrect information within an ACH entry, such as account numbers or transit/routing numbers, ensuring future transactions reflect accurate data. Typically, when you receive an NOC, your transaction will process as usual however it is important to update your records with the revised account details from the NOC to make sure any future transactions are

processed accurately. The NACHA rules require these updates be made with six (6) banking days or prior to the initiation of another entry.

ACH Returns

- An ACH return is an ACH entry that the RDFI is unable to post for a particular reason.
- An RDFI may use the return process for valued ACH entries as well as prenotifications.
- You will receive a notice if a return entry is received for your account.
- If you initiate an ACH transaction and it is returned for one of the reasons listed below, ***you cannot reinitiate the transaction without a subsequent authorization for the customer.***
 - These return reasons include:
 - Authorization Revoked by Customer
 - Payment Stopped
 - Customer Advises Not Authorized
- If a debit transaction is returned due to Insufficient Funds or Uncollected Funds:
 - You cannot reinitiate the transaction for a dollar amount in excess of the amount of the original transaction, e.g. you cannot add on a return fee to the original dollar amount.
 - You can only reinitiate the transaction a maximum of two times in an attempt to collect funds.

Viewing your NOCs and Returns

First Financial Bank notifies customers of Return and NOC reports via email and/or text, but in order to view the details of why the transaction was not processed, you will need to access your report. The report is found in our Payment Manager service; simply use the dropdown Service menu to select this option and when the new window opens, your ACH Notices will be accessible on your left-hand menu.

Return Rates

NACHA Rules require that banks monitor their ACH Origination customer's return rate level.

- Unauthorized Entry Return Rate must be .5% or less. This includes returns made to you for the following reasons:
 - R05 – Unauthorized Debit to Consumer Account using Corporate SEC
 - R07 – Authorization Revoked ☐ R10 – Customer Advises Not Authorized, Improper, or Ineligible
 - R29 – Corporate Customer Advises Not Authorized
 - R51 – Item is Ineligible, or RCK Entry is Improper
- Administrative Return Rate of 3.0% or less. This includes returns made to you for the following reasons:
 - R02 – Account Closed 4
 - R03 – No Account/Unable to Locate
 - R04 – Invalid Account Number
- Overall Return Rate must remain at 15.0% or less

Exceeding these limits can cause NACHA to assess fines. In such an event, the bank will discuss action plans with the ACH Originator including but not limited to terminating origination services. Ensuring you have obtained proper authorization for your transactions will help to minimize these returns. When authorization is requested, you must respond within 10 days.

Anytime you have questions about ACH or any of our Treasury Management Products, please call Treasury Management Client Support at 1-877-627-7201.

Most of all, thank you for banking with us at First Financial!

Sincerely,

Treasury Management

CONSUMER AUTHORIZATION FOR DIRECT PAYMENT VIA ACH (ACH DEBITS)

Direct Payment via ACH is the transfer of funds from a consumer account for the purpose of making a payment.

I (we) authorize _____ {Company Name} _____ ("COMPANY") to electronically debit my (our) account (and, if necessary, electronically credit my (our) account to correct erroneous debits¹) for (select one)

- ☐ A single (one-time) entry
- ☐ Recurring entries (that recur at substantially regular intervals with out my affirmative action to initiate future entries)
- ☐ Subsequent entries (initiated under the terms of this standing authorization) that require my affirmative action to initiate those future entries

As follows:

☐ Checking Account / ☐ Savings Account (select one) at the depository financial institution names below ("DEPOSITORY"). I (we) agree that ACH transactions I (we) authorize comply with all applicable laws.

Depository Name _____

Routing Number / Account Number _____ / _____

Amount of debit(s) or method of determining amount of debit(s) [or specify range of acceptable dollar amounts authorized]: _____

Date(s) including the start date and/or frequency of debit(s):² _____

Action(s) the Receiver must take to initiate a subsequent entry to a standing authorization³ _____

I (we) understand that this authorization will remain in full force and effect until I (we) notify COMPANY [insert manner of revocation, i.e., in writing, by phone, location, address, etc.] that I (we) wish to revoke this authorization.⁴ I (we) understand that COMPANY requires at least [X days/weeks] prior notice in order to cancel this transaction.

Receiver's Name(s) _____

Date _____ Signature(s) _____

¹The Nacha Operating Rules do not require the consumer's express authorization to initiate Reversing Entries to correct erroneous transactions. However, Originators should consider obtaining express authorization of debits or credits to correct errors

²That this information will be defined by the Originator

³That this information will be defined by the Originator

⁴Written debit authorization must provide that the Receiver may revoke the authorization only by notifying the Originator in the time and manner stated in the authorization. The reference to notification should be filed with a statement of the time and manner that notification must be given in order to provide company a reasonable opportunity to act on it (e.g., "In writing by mail to 100 Main Street, Anytown, NY that is received at least three (3) days prior to the proposed effective date of the termination of authorization").