PLAN LOAN PROCEDURES
for the
BANNER HEALTH EMPLOYEES 401(k) PLAN (the "Plan")
(Effective January 1, 2022)

1. **Requesting a Loan.** Subject to the conditions of this document, Banner Health ("Banner") will make loans available from the Plan to any participant thereunder who is an active employee[1] of Banner or a related employer that participates in the Plan, or who is on a paid or unpaid leave of absence from such employer, and any other party in interest (as defined by Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended). Banner has delegated the day-to-day responsibilities regarding Plan loans to the Plan Administrator and Fidelity Investments ("Fidelity").

   - A Participant may apply for a loan by calling Fidelity at 1-800-343-0860 between 8:30 AM (ET) and Midnight (ET) on any business day.

   - The participant will be responsible for completing the loan application and submitting it to Fidelity for approval. Once Fidelity has approved the application, the loan check will be issued to the participant.

   - Fidelity will also provide an amortization schedule, a Truth in Lending form, and a promissory note. All three items will be mailed to the participant. Participants will be given the opportunity to review, confirm, and modify the terms of the loan before the loan is made. Fidelity will provide a written or electronic confirmation of the terms of the loan within a reasonable time after the loan is made.

2. **Spousal Consent.** Spousal consent is required before a participant may take a loan from the Plan, except in cases where it is established to the satisfaction of the Plan Administrator that (i) there is no spouse, (ii) the spouse cannot be located, (iii) the participant and spouse are legally separated, (iv) the participant has been abandoned by the spouse (within the meaning of local law) and the participant has a court order to such effect, (v) the spouse is legally incompetent to give consent (in which case, the spouse's legal guardian, even if the guardian is the participant, must give consent), or (vi) other circumstances that may be described by the IRS in Treasury Regulations.

3. **Maximum Amount of Loan.** The maximum loan amount is the lesser of:

[1] Prior to January 1, 2020, loans were also available for a Plan participant who had terminated employment with Banner or a related employer (a "terminated Plan participant"). If a terminated Plan participant contacted Fidelity to initiate such loan on or before December 31, 2019 and the trade date of the loan withdrawal in Fidelity's records is on or before January 6, 2020, then such loan will be considered outstanding prior to January 1, 2020, such that the terminated Plan participant may continue to have such loan outstanding until repaid in accordance with the terms of the loan and Section 11 of these loan procedures.

(a) $50,000, reduced by the excess (if any) of the highest outstanding balance of the participant's Plan loans during the one-year period ending on the day before the loan is made, over the outstanding balance of the participant's Plan loans on the date the loan is made, or

(b) 50% of the participant's vested account balances in the Plan.

All loans from plans maintained by Banner or a member of its controlled group (as defined in Section 414 of the Internal Revenue Code) are considered for purposes of determining the maximum amount of a participant's loan.

4. **Minimum Amount of Loan.** The minimum amount for a loan is **$1,000.**

5. **Number of Loans.** Only **one loan** may be outstanding at any one time. This includes any loan under any other retirement plan maintained by Banner or a member of its controlled group. Notwithstanding the foregoing, (1) any Plan participant who was a participant in the University of Arizona Health Network Savings Plan as of October 30, 2015, may have **three loans** outstanding, provided that two of such loans outstanding were initiated from the University of Arizona Health Network Savings Plan and the University of Arizona Health Network Retirement Plan, respectively, and (2) any Plan participant who was a participant in the SDI Services LLC 401(k) Plan – Valley Division as of June 19, 2019, may have **three loans** outstanding, provided that all three loans were initiated from the SDI Services LLC 401(k) Plan – Valley Division. Once two of these loans are repaid, affected Plan participants will be subject to the one loan limit. In addition, any Plan participant who has more than one loan outstanding as of January 1, 2020, may continue to have such loans outstanding until repaid in accordance with the original terms of the loan and Section 11 of these loan procedures, at which time such Plan participant will be subject to the one loan limit.[2] Further, any Plan participant who was a participant in the Wyoming Medical Center 401(k) Retirement Plan (the "WMC Plan") as of December 31, 2021, may have more than one loan outstanding, provided that any loan(s) in excess of one was(were) initiated from the WMC Plans. Once all loan(s) from the WMC Plan is(are) repaid, affected Plan participants will be subject to the one loan limit.

6. **Promissory Note and Security.** Each loan will be evidenced by a promissory note signed by the participant and will be secured by an amount equal to the loan, not to exceed 50% of the participant's vested interest in his or her Plan accounts.

7. **Source of Loan Amounts**. Effective January 1, 2021, loan proceeds are withdrawn pro-rata from all subaccounts within a participant's account.

[2] For this purpose, a second loan will be considered outstanding as of January 1, 2020, if a Plan participant contacted Fidelity to initiate such loan on or before December 31, 2019 and the trade date of the loan withdrawal in Fidelity's records is on or before January 13, 2020.

Prior to January 1, 2021, loan proceeds were withdrawn from the participant's accounts in the following order: rollover amounts (source 6), rollover 403(b) contributions (source 14), rollover after-tax contributions (source 15), rollover Roth 401(k) contributions (source 18), vested employer matching contributions (source 9), rollover IRA contributions (source 16), Quest/API employee prior contributions (source 7), Quest/API employer prior contributions (source 10), prior plan contributions (source 8), prior employer plan contributions (source 11), employee contributions (sources 1 and 2), age 50 catch-up contributions (source 13), after-tax contributions (sources 3 and 4), Roth 401(k) contributions (source 17), Roth in-plan conversion contributions (source 21), employer matched contributions (source 5), true up match contributions (source 22), employer discretionary contributions (source 19), qualified non-elective contributions (source 20), and discretionary contributions (source 12). Such source codes may change from time to time as determined by Banner and Fidelity without formal amendment of the loan procedures.

8. **Interest**. Each loan will bear interest at a rate of Prime, plus 1%, as of the date of the loan.

9. **Repayment.** Repayment of Plan loans will be subject to the following rules and conditions:

- For loans initiated after January 1, 2020, loan repayments will be automatically withdrawn on a monthly basis (but no less frequently than quarterly), by Fidelity, from the participant's savings or checking account via automatic clearing house ("ACH") payments, and the participant has the responsibility to provide Fidelity with the information and approval necessary to establish such automatic repayments, including selecting the day of the month each repayment will occur. For any loan that originated prior to January 1, 2020, payment through payroll deduction will be permitted in accordance with the terms of such loan.

- No more than 5 days after the end of each month, Fidelity will provide the Plan Administrator with a list of Plan participants who have an outstanding Plan loan and for whom no loan repayment was received for the month.

- Loan repayments are allocated to the participant's Plan accounts invested with Fidelity according to his or her investment allocations, as in effect on the day on which the repayment is received by Fidelity.

- The documents evidencing any participant loan will provide that repayments will be made

  (i) monthly, as a general matter (and, in no case, less frequently than quarterly);

  (ii) over a specified term, not to exceed 5 years, except in the case of a primary residence loan that was previously accepted into the 401(k) Plan as a rollover contribution prior to January 1, 2020 or a primary residence loan that was accepted as a rollover contribution from the WMC Plan; and

(iii) according to a level amortization schedule.

- A loan may be prepaid in full or in part at any time, without penalty; provided, however, that prior to December 31, 2020, no partial prepayments will be accepted. To prepay a loan, a participant must tender a cashier's check or money order to Fidelity Investments, written for the full balance of the outstanding loan, at the following address:

  Fidelity Investments
  P.O. Box 770002
  Cincinnati, OH 45277-0090

- After a loan has been repaid in full, a participant must wait at least 15 days before taking a new loan.

- In accordance with the one loan limit, for any participant whose loan is in default as described in Section 11, no future loans will be made to such participant unless and until the loan that is in default is repaid in full (through a plan loan offset or otherwise).

- Loan repayments that would otherwise be due by a participant who is a Qualified Individual[3] during the period beginning on May 1, 2020 (or, if later, the date of the participant's request) and ending on December 31, 2020 (the "Suspension Period") will be suspended following the date the participant requests a suspension in accordance with applicable procedures. As soon as administratively feasible after the end of the Suspension Period, the participant's repayment schedule will be reamortized in accordance with the CARES Act, any guidance published by the Internal Revenue Service thereunder, and any applicable procedures.

10. **Leaves of Absence.** A participant may, at the time of a bona fide leave of absence, elect to waive making loan repayments in accordance with the following:

- For any period that the participant goes on a leave that is (i) unpaid or (ii) paid at a rate (after applicable employment tax withholding) that is less than the amount of the loan repayments, for **up to one year** of the leave.

[3] For purposes of this policy, any reference to a Qualified Individual means a Participant who is a "qualified individual" within the meaning of Section 2202 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") as expanded by Notice 2020-50 and any subsequent guidance issued by the Internal Revenue Service, as certified to by the Participant in accordance with administrative procedures.

- For any period that the participant goes on qualified military leave to serve in the uniformed services, for **the entire duration of such service**.

Any waived loan repayments, plus accrued interest for the leave period, will be amortized and added to the installment payments over the remainder of the original loan term after the leave period ends (resulting in larger installment payments throughout the remainder of the original loan period). Notwithstanding the foregoing, in the case of a suspension of loan repayments during a military leave of absence, the end of the original loan repayment period will be extended by a period of time equal to the period during which loan repayments were suspended.

11. **Default.** The Plan Administrator will treat a loan as being in default if:

- any scheduled repayment remains unpaid at the end of the calendar quarter following the calendar quarter in which the scheduled payment was due,

- if there is an outstanding principal balance existing on a loan after the last scheduled repayment date, or

- a participant has a severance from employment with Banner or a related employer and fails to repay the loan in full within the applicable cure period. The cure period for terminated employees is 90 days following the date of the employee's termination from employment, except as otherwise specifically provided herein. For purposes of clarity, employees who terminate prior to January 1, 2020, with an outstanding loan as of that date, shall be permitted to repay their loan pursuant to their original payment terms. However, if such an employee is subsequently hired and terminates again after that date, then the 90-day cure period applies for any subsequent termination of employment, regardless of the loan origination date.

  Notwithstanding the foregoing, effective July 1, 2020, a loan will not be treated as being in default for a participant who has a severance from employment if the participant is rehired within the applicable 90-day period and has continued to make scheduled repayments during the 90-day period, as determined by the Plan Administrator. In addition, a loan will not be treated as in default for a participant who is a Qualified Individual until the later of December 31, 2020 or the date that is 90 days following severance from employment, provided that the participant timely requested a suspension of loan repayments in accordance with applicable procedures.

Upon default, the entire outstanding principal balance and accrued interest will be deemed as a distribution, and Fidelity will be responsible for (i) informing the participant that the loan has defaulted and will be deemed a distribution, and (ii) reporting such a deemed distribution on Form 1099-R. If the participant is under age 59½ when the default occurs, the participant may also be subject to a 10% early distribution penalty under federal law. If a loan is outstanding on the date that a distribution is to be made from a participant's account, the balance of the loan or a portion that is equal to the amount to be distributed will become due and payable. The portion of the loan that is due and payable will be satisfied by offsetting such amount against the amount to be distributed to the participant.

Any defaulted loan will count against the one loan limit described in Section 5, unless such defaulted loan is repaid in full (such that no new loans may be initiated until a defaulted loan is repaid in full).

12. **Nondiscrimination.** Loans will be made available under these procedures to all eligible and active participants on a reasonably equivalent basis, and will not be made available to participants who are highly compensated employees in an amount, as determined under Department of Labor Regulations, to be greater than the amount made available to other participants.

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