



General Terms and Conditions for Deposit Accounts

20 November 2020

Table of content

1. Information on service provider and personal data controller.....	2
2. About the Terms and Conditions, entry into effect and amendments.....	2
3. Start of business.....	2
4. Handling of security information and security measures.....	2
5. Power of attorney	3
6. Payments.....	3
7. Statements of account.....	4
8. Interest	5
9. Tariff (the Bank's fees).....	6
10. Fixed terms	6
11. Deposit accounts of persons under 18 years of age	6
12. Overdraft facility	7
13. Debit cards	7
14. Set-off	7
15. Termination and closing of deposit accounts	7
16. Distance selling on deposit accounts	8
17. Settlement of disputes	8

1. Information on service provider and personal data controller

Íslandsbanki hf., Reg. No. 491008-0160, Hagasmári 3, 201 Kópavogur, tel. +354-440-4000, www.islandsbanki.is, is a financial undertaking as defined by Article 4 of Act No. 161/2002 on Financial Undertakings. Íslandsbanki has an operating licence issued by the Icelandic Financial Supervisory Authority and is regulated by that authority. The offices and Call Centre of the Bank are open on business days at the advertised times.

2. About the Terms and Conditions, entry into effect and amendments

The General Terms and Conditions for Deposit Accounts apply to all deposit accounts opened with Íslandsbanki hf. Deposit accounts refer to debit accounts, savings accounts and foreign currency accounts. The Terms and Conditions lay down standard provisions on the rights and obligations of Íslandsbanki hf. and owners of deposit accounts. The effective date of these Terms and Conditions is 20 January 2020. Provisions that fall within the scope of the Act are regarded as a framework contract on payment services as defined by the Act. These Terms and Conditions amend older terms which also include framework contract provisions.

In certain instances, additional special terms will apply to business between the parties. In the event of any discrepancy between these Terms and Conditions and any such special terms, the terms of the latter shall prevail over these Terms and Conditions or complement them, e.g. regarding authority to change interest rates, duration and termination. Customers of the Bank should read the rules and/or terms that apply to their transactions with the Bank.

The General Business Terms and Conditions of Íslandsbanki hf. also apply to business between the Bank and the Bank's customers and are complementary to these Terms and Conditions. Also, the Terms and Conditions for debit cards, online banking and the Íslandsbanki app apply in addition to these Terms and Conditions. In the event of any discrepancy, the Terms and Conditions for debit cards, online banking and the Íslandsbanki app shall prevail.

Íslandsbanki is permitted to amend these Terms and Conditions at any time and any such amendments shall take effect without notice if they are favourable to the Customer or if they fall outside the scope of Act No. 120/2011 on Payment Services. Otherwise, amendments will take effect with two months' notice. The Customer is regarded as having accepted the amendments if no objections are raised before that time. Updated Terms and Conditions will be posted on the Bank's website at www.islandsbanki.is.

3. Start of business

At the start of business, including the opening of a deposit account, the Customer is required to prove her or his identity by the presentation of fully valid and accepted personal documents (electronic identification, passport, driving licence or ID card). Íslandsbanki is also required to carry out due diligence of its customers in accordance with the Act on Measures Against Money Laundering and Terrorist Financing, see further the discussion in Chapter 8 on the Bank's General Terms and Conditions for Business.

On the first transaction by a customer with Íslandsbanki following the entry into effect of these Terms and Conditions the Customer will be regarded as having accepted these Terms and Conditions as a deposit account holder and any other terms that apply to the business in question.

The Bank is permitted to deny any request for opening a deposit account, whether a natural or legal person, except as otherwise provided by law. The Bank is generally not required to provide reasoning for its denial except as provided by law. If the Customer does not accept the Bank's reasoning, a complaint may be submitted to the Complaints Committee on Transactions with Financial Firms, as further provided in Chapter 21 of the Bank's General Terms and Conditions for Business.

4. Handling of security information and security measures

In doing business involving deposit accounts, the Customer will use personal security measures for identification purposes and for confirmation of payments and other business in accordance with Íslandsbanki's security requirements as current at any time. Personal security measures refer to any kind of identification which is unique to the Customer and which the Customer alone can use to prove his or her identity, such as electronic authentication or user name, password and a four-digit security code that the Customer has already been issued or will be issued. The security code can also be used by the Customer for confirmation of transfers and for identification purposes in Íslandsbanki's Call Centre. Customers can at any time change their security code in the

online bank or the Bank's branches. The Bank reserves the right to change its security requirements regarding identification and personal security measures without notice.

Customers are responsible for safeguarding all security information and information on personal security measures in a secure manner and ensuring that such information is not accessible to any unauthorised parties. The Customer is responsible for all actions, including financial transfers, which are confirmed using personal security measures. The use of personal security measures is equivalent to the Customer's signature. The Customer is required to notify Íslandsbanki promptly if there is any reason to believe that an unauthorised person has possession of information on the Customer's security measures. The security measures shall be changed as soon as possible. If the Customer fails to safeguard his or her personal security measures in accordance with the above, that shall be regarded as constituting gross negligence on the Customer's part. The Bank is permitted to deactivate any electronic authentication or security code or require customers to change them if there is any suspicion of abuse or risk of errors.

5. Power of attorney

The Account Holder alone is permitted to withdraw from his or her deposit account except as otherwise provided by law or if the Account Holder has entered into a contract permitting third party withdrawals. The Customer may issue a power of attorney to a third party to undertake any business transactions with the Bank; the power of attorney shall be in writing and witnessed by two witnesses, by an attorney to the district courts or the Supreme Court or by a notary public. The power of attorney shall state precisely the nature of the business transactions it covers, and Íslandsbanki is authorised to deny business on the basis of a Customer's power of attorney if the power of attorney is unsatisfactory in the opinion of the Bank. The Bank may at any time require a party requesting a withdrawal to prove his or her identity in a manner satisfactory to the Bank. The Account Holder bears full responsibility for any actions of the holder of his or her power of attorney and is responsible for any notice of withdrawal of the power of attorney being received by the Bank. A general notice to such effect, e.g. to the Enterprise Register of the Directorate of Internal Revenue is not sufficient.

6. Payments

Payments in and out of accounts are made in the payment instruments offered by the Bank at each time. Payment instrument in these Terms and Conditions refers to any personal equipment and/or procedure which has been agreed by the Bank and the Customer and which the Customer uses to give payment instructions, e.g. a debit card or electric/digital payment solutions. The use of a payment instrument is also subject to the terms of the payment instrument in question.

Payment instructions received before the close of a branch on a banking day are regarded as having been received on that day. Payment instructions received after that day are regarded as having been received on the following banking day. Payment instructions in an online bank received before midnight are regarded as having been received on that banking day but may be carried out on the following business day. The Bank is not regarded as having received payment instructions until all information necessary to make the payment have been received.

Domestic payments in Icelandic krónur should take a maximum of one banking day from the receipt of payment instructions. If payment instructions are received by post the execution may take two banking days from receipt. A payment in a foreign currency may be assumed to take up to five banking days from the receipt of payment instructions until the receiving bank deposits the amount into the recipient's account. Payments made in an online bank before a certain point in time each business day will be executed on the day they are received. Payments made after that time will be executed on the next business day. The time limits can be accessed in the Customer's online bank. Payment instructions falling under the Real-time gross settlement system are also subject to the rules of the Central Bank of Iceland on gross payment limits.

The Bank may deny the execution of payment instructions if the Customer does not fulfil the conditions of these Terms and Conditions, the conditions of special terms or the rules of the Bank, e.g. if there is an insufficient balance on the Customer's account or if payments out of the account have been stopped for other reasons. If the Bank denies the execution of payment instructions the Customer will be so informed. If the Bank rejects a payment instruction this is equivalent to the instructions not having been received. Notwithstanding the above, the Bank is permitted, but not required, to postpone the execution of payment instructions until there are sufficient funds in the Customer's account, including funds for cost and other charges. In such circumstances the Bank is permitted to attempt to charge the Customer's account for the payments for the following five business days following receipt of the payment instructions.

Payment instructions received in advance will be carried out even if later events have the effect that the person giving the instructions could not herself or himself have given them, e.g. as a result of cancellation of signatory powers or the demise of the Customer. The Customer can only cancel or stop payment instructions if the applicable conditions of law are fulfilled. However, payment instructions received in advance will not be carried out after an account has been closed.

If the Customer demonstrates that the amount of a payment authorised by the Customer and initiated by the recipient of the payment was not specified precisely in the authorisation at the time that the authorisation was granted, and that the payment out of her or his account is higher than he or she could have anticipated, the Customer shall notify the Bank within eight weeks from the time that the amount was credited. When these conditions have been fulfilled, the Bank is required to reimburse the payment to the Customer within ten days from receipt of the notice from the Customer. Failing this, the Bank will deny the reimbursement. This provision does not apply when a Customer, who is not a consumer, grants a third party oral consent to a withdrawal from the Customer's account.

The Customer is not entitled to reimbursement when she or he has granted her or his consent to the making of a payment and, as applicable, the Bank or the recipient of the payment provided information on payments in the future or provided the information to the payer in an agreed manner at least four weeks before the due date. If payment instructions have been cancelled the Bank is liable neither for payment of interest or other charges relating to due payments.

Payment services are subject to limitations which may be contained in the provisions of law on foreign exchange at any time and rules established under such law. If an agreement has been made on regular payments, account shall be taken proportionally of the effective term of notice of termination on the collection of payments following the termination of the agreement. The Bank is permitted to charge a fee for payments from payment accounts. The Bank is also permitted to charge a fee for assistance in reclaiming funds paid out by mistake, e.g. where payment instructions were accompanied by erroneous information on the recipient of the payment. Fees are determined in accordance with the Bank's tariff as current at any time.

The Bank's payment service does not permit payments by cheques. Cheques from other banks are accepted only for collection, provided that the Customer completes a special request to such effect.

7. Statements of account

The Customer can access statements for all her or his accounts and transactions in the online bank and using the Íslandsbanki app. If the Customer does not have access to the online bank or app he or she may request the statement by post. The Account Holder can also request to have a statement sent by post regularly, in which case the Account Holder will be charged a fee in accordance with the Bank's tariff.

The Account Holder should review her/his account statement on a regular basis. If the Account Holder has any comment regarding entries, the Account Holder must send a written and signed note to the Bank within 30 days from the payment or 20 days from the posting of the account statement. Where the Account Holder is not a consumer, comments shall be made within 30 days from payment. If no comment is received, the account statement is regarded as being correct.

The Bank is required to refund to account holders any amounts withdrawn in error from their accounts. In the same manner, the Bank is permitted to recall any payments made in error into the Account Holder's account, e.g. when the same payment is entered twice, or in the event of the entry of erroneous information leading to a payment being made to a person other than the intended recipient of the payment. Such corrections shall be made immediately and shall appear in the Account Holder's statements of accounts.

Errors made by customers on transfers, withdrawals from and deposits into a third party's account which result in a payment being made to the wrong account will not be corrected by the Bank without the prior approval of the recipient of the payment. Such errors are the responsibility of the Customer.

In the event of an unauthorised or erroneous payment where the Account Holder cannot be held responsible, the Account Holder has not submitted the correct identity of the recipient, and the error cannot be attributed to *force majeure* or legal obligations that the Bank is required to observe, the Bank shall reimburse to the Account Holder the amount of the unauthorised or erroneous payment and, as applicable, recredit the Account Holder's account to the position it would have been in had the unauthorised or

erroneous payment not taken place. The request for such correction shall be made without delay, and no later than 13 months from the date of the debit entry. However, the extended time period applies only if the Account Holder can show that the Bank did not fulfil the conditions for access to the account statement. The above does not apply where the Customer is not a consumer.

8. Interest

Interest on deposits and loans is variable except where otherwise stated and act in accordance with the Bank's interest rate schedule for the applicable type of account. The Bank's interest rate schedule is available on its website, www.islandsbanki.is. Changes of the interest rate schedule are published on the Bank's website, in the online bank, in the Bank's app or in another way the Bank decides. Changes in interest rates will depend, among other things, on changes in the Bank's financing cost (credit terms), operating expenses, public levies and/or other unforeseen expenses, the policy rate of the Central Bank of Iceland, changes in reference rates, e.g. LIBOR or EUROBOR, changes in the consumer price index for indexation etc. The weight of the above factors governing any decision on changes in interest rates is variable and may, inter alia, depend on decisions of public authorities and market conditions at any time. When interest rate changes are made, all these factors are evaluated jointly and/or separately. If any changes have occurred in any of these factors at the time of the conduct of an interest rate review, this may lead to either a decrease or increase in interest rates. Interest on deposits and loans can be decided and changed without notice in accordance with Íslandsbanki's decisions on interest at any time. Changes in interest on consumer's deposits and loans which result only from changes in the policy rates of the Central Bank of Iceland or other reference rates, e.g. LIBOR or EURIBOR, take effect immediately and without notice. The same applies if changes are based on a reference currency exchange rate. If changes in interest rates are not related to changes in reference rates and the Bank considers the prospective changes in interest rates to be favourable to customers, the changes will take effect without notice. Otherwise, the Bank will post the prospective changes in interest on deposits and loans in the manner provided for by law and regulations as current at any time.

In cases where an account holder is not a consumer as defined by the Act on Payment Services No.120/2011 or the Act on Consumer Credit No. 33/2013, as amended, the above provisions on changes in interest rates do not apply, and in such cases interest rates may change without notice in accordance with the decision of Íslandsbanki at any time.

Changes in the interest rates on payment accounts falling within the scope of the Act on Payment Services No. 120/2011 take effect with two months' notice in accordance with Article 42 of the cited Act, unless the change is based on a change in reference interest rates or reference exchange rates and/or is favourable to customers, in which case the change shall take effect without notice.

If the Account Holder has contracted on special interest terms, such contract terms shall take precedence over general changes in the Bank's interest rate schedule in accordance with the provisions of the contract in question, where applicable. If no reference is made to agreed interest in the Bank's interest rate schedule, the interest terms shall nonetheless follow general changes in deposit interest notified by the Bank and posted in the interest rate schedule or the interest of accounts which may be regarded as similar, provided that the changes are the result of the factors outlined above. The Bank is authorised to change and/or suspend the special interest terms with one month notice, if the contract does not state otherwise.

The computation of interest is based on 30 interest days per month and 360 interest days per year, except as otherwise agreed in special cases.

A payment into a deposit account as defined by the Act on Payment Services No. 120/2011 will carry interest as of the date that the funds are credited to the account. The day before crediting to a payment account is the last interest date of a disbursement. Special rules may apply to calculations of interest on other accounts and to deposits and disbursements carried out on week-ends and on statutory holidays, whether in online banks, in the Call Centre or the Bank's branches.

The nature and type of accounts and loans determine the time at which interest is added to the principal. Interest is generally added to the principal at the end of every year and when an account is terminated. In case of locked in deposit accounts interest, that is added to the principal at the end of the year, may be fixed in accordance with other deposits. Price level adjustments (if it applies) are added to the principal at the end of each month, unless otherwise specifically agreed. The computation of interest is based on 30 interest days per month and 360 interest days per year, except as otherwise agreed in special cases. The beginning and end of a period will depend on the type of deposit account and loan at any time. In case of indexed bank accounts, the price level adjustments are added to the principal at the end of each month according to the consumer price index for indexation.

Capital gains tax is deducted from interest income, price level adjustments and exchange rate gains as required by law and is deducted from the applicable bank account.

Information on the Bank's interest on deposit accounts and exchange rates can be accessed on the Bank's website, www.islandsbanki.is, in the Bank's Call Centre and branches.

9. Tariff (the Bank's fees)

The Account Holder will be charged fees for services rendered by the Bank and any other costs pursuant to the Bank's tariff as current at any time. When fees are provided for in other terms or agreements made by the Bank with its customers, those terms shall prevail over the Bank's tariff in the event of any disparity. The Bank is permitted to credit fees and costs to the Customer's account with the Bank, and all such records shall be displayed in the statement of accounts for the account in question.

Íslandsbanki is permitted to change its tariff without notice. If the changes relate to new services falling within the scope of the Act on Payment Services No. 120/2011, the Bank is required to announce them with two months' notice. Changes are posted in the Bank's tariff on its website, www.islandsbanki.is. If the Customer does not protest changes in the tariff before they enter into effect, the Customer is regarded as having accepted them.

Transactions in foreign currencies take place in accordance with the Exchange Rate Table of the Bank as current at any time. The Exchange Rate Table can be accessed on the Bank's website, www.islandsbanki.is. The nature of a transaction will determine at which rate of exchange a transaction is executed. If an exchange rate difference is formed with respect to a transaction, the Customer will bear the risk of the difference, except as otherwise agreed.

Information on the Bank's tariff can be accessed on the Bank's website, www.islandsbanki.is, in the Bank's Call Centre and branches.

10. Fixed terms

Deposit accounts can be either index linked to the consumer price index, or unindexed. Information on the fixed terms of specific accounts is available on the Bank's website, www.islandsbanki.is. However, indexation of deposit accounts is always subject to a three-year fixed term.

Indexation of savings is subject to the rules of the Central Bank of Iceland No. 877/2018 on the Indexation of Savings and Loans, as current at any time.

11. Deposit accounts of persons under 18 years of age

Persons who are not legally competent to manage their financial affairs for reasons of youth can establish a deposit account with the consent of a legal guardian. However, persons 12 years of age or older are permitted to open a deposit account for their earnings and/or gifts of money, control the account, have a debit card issued for the account and have access to an online bank without the consent of a legal guardian. The legal guardian of a child who has attained the age of 9 years can also apply for a debit card for the child's deposit account. A deposit account holding funds belonging to a person who is a minor shall always be registered in the name of the minor.

The minor alone will have the sole authorisation to withdraw funds in the case of personal earnings or gifts of money which is gifted without conditions regarding authorisation to withdraw. Legal guardians are therefore generally not allowed to make withdrawals from such accounts and are only allowed to do so with the minor's permission or according to instructions from the Head of Guardianship (District Commissioner). However, legal guardians are permitted to have access to monitor the account in the online bank. Legal guardians are only permitted to make withdrawals with consent from each guardian, where they are two, unless each guardian has given the other one proxy to have exclusive authorisation over the accounts, including authorisation to make withdrawals from the minor's deposit account. The minor and her or his legal guardian are authorised to access information on accounts that are registered in the name of the minor, including balance and statement, whether the funds in question are earnings, gifted money or other funds. The Bank must be notified of all changes in the guardianship of a child or changes in the appointment of a legal guardian.

When the Account Holder reaches the age of 18 she or he shall have sole control over his or her funds. The withdrawal authorisation of legal guardians shall lapse simultaneously. In addition to these terms, laws on Guardianship and other rules of the Bank apply to the treatment of funds belonging to a minor.

12. Overdraft facility

The Account Holder shall carefully monitor the balance of his or her deposit account and is not permitted to withdraw from the account any amount in excess of the balance or overdraft facility. However, the Account Holder can apply to the Bank for an overdraft facility on her or his account. The Account Holder shall then confirm Íslandsbanki's General Terms and Conditions regarding overdraft loans with a written application for an overdraft facility. An overdraft facility or overdraft loan refers to the Bank's approval of a certain amount being withdrawn from the account in excess of its balance. An overdraft facility can be applied for in the Bank's branches, by telephone in the Bank's Call Centre or online. The same applies to payment, increases, decreases and extensions of an overdraft facility. If an overdraft facility is granted pursuant to a separate agreement with the Bank the provisions of that agreement shall supersede these Terms and Conditions to the extent applicable. Persons who are not legally competent to manage their own financial affairs cannot be granted an overdraft privilege with the Bank.

The granting of an overdraft facility is subject to the condition of the Bank approving the Account Holder's application and the applicant's meeting the Bank's credit rating conditions. Overdraft facilities are granted for a maximum of one year at a time.

An account holder is permitted to pay up the overdraft facility at any time, except as otherwise agreed. The Terms and Conditions of an overdraft facility will not expire despite full repayment of the overdraft facility and will remain in effect without need for renewal if an overdraft facility is increased, decreased, renewed or extended, whether in respect of the account specified in the application for the overdraft facility or another deposit account of the Customer.

An overdraft privilege can be used by the Account Holder at the Account Holder's discretion for any lawful purpose, unless an agreement has been made governing a specific use of the loan amount. The Account Holder undertakes to repay to the Bank an exercised overdraft facility within its agreed term of effect. When the effective term of an overdraft facility expires without the overdraft facility being paid at the time of expiry, the facility will be regarded as an unauthorised overdraft. The same applies to any withdrawal on the account in excess of the facility granted. The interest terms of overdraft privileges are variable and posted in the Bank's interest rate schedule on the Bank's website, www.islandsbanki.is.

13. Debit cards

Debit accounts are deposit accounts, and the use of debit cards issued in respect of such accounts are subject to Íslandsbanki's Terms and Conditions regarding debit cards, which are posted on the Bank's website, www.islandsbanki.is.

14. Set-off

Íslandsbanki reserves the right to set-off the balance on a deposit account against claims that the Bank may hold against the Account Holder except as otherwise provided by law. The conditions for a set-off are that the claims must be comparable, qualified for setting off, valid, clear and indisputable. If the payments are not in the same currency, the Bank is permitted to convert the payments into Icelandic krónur or other currency to be agreed prior to the set-off. If the Bank declares a set-off, the Account Holder will be notified in a verifiable manner.

15. Termination and closing of deposit accounts

The Account Holder is at any time permitted to submit a request for closing of her or his deposit account; the request shall be sent in a verifiable manner. However, time-deposit accounts cannot be terminated prior to their date of maturity.

Íslandsbanki is permitted to terminate an agreement on a deposit account with two months' notice, in which case the notice of termination shall be sent in a verifiable manner as promptly as possible. If a termination can be attributed to events causing significant financial or reputation risk for the Bank, or if there is suspicion that funds in the account are the returns on illegal conduct and/or are linked to terrorist financing, the Bank is permitted to close the account without notice. The Bank also reserves the right to lock or close an account without notice if the Account Holder is shown to have violated these Terms and Conditions or other terms of the Bank that the Account Holder has agreed to observe.

The bank is permitted, without any notice, to close bank accounts that have no balance and there have been no transactions for three full years, counting from the end of the year of the last transaction.

On the closing of an account the Bank is permitted to debit any unpaid charges of the Customer prior to the closing.

16. Distance selling on deposit accounts

Distance contracts are provided for in the Act on the Distance Sale of Financial Services No. 33/2005. A distance contract is any contract forming a part of organised distance sales by a supplier making exclusive use of a means of distance communication up to and including the moment at which the contract is concluded.

The Customer has the right to withdraw from a distance contract without giving any reason by sending a notice to such effect to the Bank within 14 days from the date that the contract is made, or from the date that the Account Holder receives information on the contract terms if they are received after the conclusion of the contract. If the Account Holder exercises his or her right to withdraw from a contract, the Account Holder shall within the deadline and in a verifiable manner notify the Bank to such effect. If the Account Holder exercises her or his right to withdraw from a contract, the Bank is permitted to require payment for any service already rendered in accordance with the Bank's tariff and interest table, provided that the service was rendered at the request of the Account Holder prior to the expiry of the above deadline. However, the Account Holder is not permitted to withdraw from a distance contract in the case of an index-linked deposit account.

17. Settlement of disputes

As regards the settlement of disputes, reference is made to the General Terms and Conditions for Business of Íslandsbanki hf.