

Article 1 - General

These rules apply to private pension savings at Íslandsbanki, in accordance with the provisions of Act no. 129/1997 on Mandatory Insurance of Pension Rights and the Activities of Pension Funds and regulations no. 698/1998 on the allocation of contributions to pension savings and supplementary insurance. In these rules, these agreements are referred to as "private pension savings agreements with Íslandsbanki". Framtíðarauður is a private pension savings plan with Íslandsbanki whereby the deposits of the beneficiary are managed in accordance with the Investment Plan chosen by the beneficiary. An investment plan is a composition of investments within Framtíðarauður. Investment plans are formulated based on a pre-defined investment policy, in accordance with the provisions of paragraph 1 of Article 36 and Article 36a of Act No. 129/1997. A Retirement Account is an investment plan with Framtíðarauður under which contributions generate a return as a balance in an Íslandsbanki deposit account. A beneficiary is an individual who pays contributions, has paid contributions or for whom contribution payments are made towards Íslandsbanki Private Pension Savings. Beneficiaries are allowed to make these contributions on the basis of paragraph 1 of Article 5 of Act No. 129/1997. Íslandsbanki hf. is a commercial bank which operates in accordance with Act No. 161/2002 on Financial Undertakings and is authorised to operate as a depository of private pension savings and accept pension contributions pursuant to point 1 of paragraph 3 of Article 8 of Act No. 129/1997.

Article 2 - Payment of Contributions

Beneficiaries shall enter into a Private Pension Savings Agreement with Íslandsbanki and undertake to pay monthly pension contributions to Íslandsbanki. The contribution payment period shall not exceed one month, and payments shall fall due on the tenth day of the following month. The final due date for payments shall be the last working day of the month in which the contribution falls due. Contribution payments shall commence no later than two months after the signing of the Private Pension Savings Agreement with Íslandsbanki. A beneficiary may transfer private pension savings from other pension funds or depositories of private pension savings to Íslandsbanki. Beneficiaries are responsible for ensuring that their employers pay their withheld private pension savings contributions. If a beneficiary requests the depository's assistance in the collection of unpaid contributions, a notification to this effect shall be sent in writing to the depository together with pay slips stating the contributions withheld. In the event of an insolvency of the employer, the Wage Guarantee Fund guarantees the depository's claim for unpaid contributions that have fallen due, provided that certain conditions are met, cf. Section II of Regulation No. 462/2003 of the Wage Guarantee Fund, which can be accessed on the Fund's website.

Article 3 - Allocation of contributions

The beneficiary shall decide on the allocation of pension contributions under the Private Pension Savings Agreement with Íslandsbanki. A portion of the contributions may be allocated to the purchase of disability, accident and/or health insurance. Beneficiaries can select a single investment plan or retirement account or to divide their contributions between different investment plans and retirement accounts. Beneficiaries may, free of charge, choose to automatically transfer between investment plans according to their age in accordance with the Life Plan (Ævileið). The deposits will then be transferred between investment plans in equal phases over a period of four years and the new contributions will be allocated to the investment plan to which the deposits are transferred. Contributions generate returns in accordance with the investment plan or retirement account selected by the beneficiary from the day that a contribution report is received from the employer, since Íslandsbanki is unable to allocate the beneficiary's funds without the contribution report. If Íslandsbanki receives a contribution payment before receiving the employer's contribution report, the money shall be placed in a nominee account and earn interest in accordance with Íslandsbanki's current interest rate table. If a beneficiary enters into a new Private Pension Savings Agreement with Íslandsbanki, future contributions are allocated solely in accordance with the new agreement, whereas the allocation of the beneficiary's pension already accrued does not change unless otherwise requested, pursuant to Article 7.

Article 4 - Payouts

A beneficiary may start to draw a pension, or enter into a special withdrawal agreement, two years after the first payment of a contribution to private pension savings, but the beneficiary must also meet the additional requirements specified in paragraphs 2-5 of this article. A beneficiary may start to draw his/her pension, including interest, at the age of 60. A beneficiary may choose to withdraw the pension, including interest, in a single lump sum or to spread the withdrawal over a longer period. Should a beneficiary become disabled and the disability suffered is 100%, he/she shall be entitled to have the private pension savings and interest disbursed in equal annual payments over a period of 7 years or longer. Annual payouts shall decrease and the length of the withdrawal period be extended in proportion to any reduction in the percentage of disability. The earliest possible time at which payouts can begin is when the beneficiary has submitted a certificate of disability and loss of working capacity. If the deposit amounts to less than ISK 500,000, it shall be permissible to provide for a shorter payout period than the one specified above or a lump sum payment, if requested by the beneficiary. This benchmark amount shall vary annually in proportion to changes in the Consumer Price Index, based on a basic index of 173.5 points. Should the beneficiary die before the pension accumulated has been fully paid out, then it shall become the property of the beneficiary's heirs and be divided among them in accordance with the rules of the Inheritance Act. If the beneficiary has no surviving children or spouse, the pension balance shall belong to the beneficiary's estate without limitation, cf. the second sentence of paragraph 2 of Article 8 of Act No. 129/1997. Private pension savings contributions under paragraph 1 of Article 5 of Act No. 129/1997 shall be governed by the payout rules of the relevant pension fund, i.e. the same rules that apply to the portion of private savings in the pension fund to which the client pays the minimum insurance coverage of his contributions, pursuant to Article 7 of regulations no. 391/1998. Íslandsbanki allows itself up to 30 days to process a request for a private pension savings payout. Payouts from index-linked deposit accounts or investment plans that invest in indexed-accounts may be subject to maturity periods, cf. paragraph 2 of Article 7 of these rules.

Article 5 - Custody of private pension savings

If a beneficiary chooses to allocate his/her contributions to an investment plan within Framtíðarauður, the accrued pension is invested as a share of an asset portfolio in a separate custody account with Íslandsbanki, which generates a return in accordance with the investment plan selected by the beneficiary in accordance with Article 3 of these rules. The assets in these special custody accounts are kept separate from the bank's assets. If a beneficiary chooses to allocate his/her contributions to a Retirement Account, the accrued pension is placed in a separate deposit account opened in an Íslandsbanki branch. Retirement Accounts generate a return in accordance with Íslandsbanki's current interest rate policy at any given time, with variable rates.

Article 6 - Terms and Conditions of Retirement Accounts

The interest period for Retirement Accounts is from 1 January to 31 December of each year. Beneficiaries may choose between a fixed-term, inflation-indexed account (CPI-linked Account) or a non-fixed-term and non-indexed account (Non-CPI-linked Account). Interest is added to the principal at the end of each year. At the turn of each month, the indexation on inflation-indexed accounts is calculated on the basis of the Consumer Price Index on the lowest balance in the account in the preceding calendar month and added monthly to the principal. For deposits and withdrawals each month, a special indexation is calculated, which varies according to the bank's interest rate decision at any given time, and added to the principal at the end of the month. Deposit guarantees are governed by general rules on the protection of depositors and investors. For further details, see www.tryggingarsjodur.is and Act No. 98/1999 on Deposit Guarantees and the Investor Compensation Scheme. These terms and conditions and the terms of the account in other respects are subject to the bank's decisions, the Act on the Mandatory Guarantee of Pension Rights and the Operation of Pension Funds No. 129/1997, tax laws and the general rules of the Central Bank of Iceland on the inflation-indexation of deposits at any given time.

Article 7 - Allocation rights

A beneficiary is permitted to change investment plans for the current private pension savings balance and/or the allocation of future contributions, by notifying the bank in writing. A beneficiary may transfer his/her current private pension savings balance to other depositories meeting the legal criteria to offer agreements of this type, cf. paragraph 3 of Article 8 of Act No. 129/1997. In such cases, the beneficiary shall submit a written request to Íslandsbanki and the transfer shall take place within two months from the receipt of the beneficiary's request. If the beneficiary chooses the Life Plan (Ævileið), his/her private pension savings balance shall be transferred to investment plans Prime A to D, in accordance with the Life Plan, but deposits in other investment plans (such as the Retirement Account) shall not be transferred unless the beneficiary specifically requests it. If the beneficiary has chosen to invest his/her private pension savings in a CPI-linked Retirement Accounts, the transfer and payout of pension savings may be subject to the maturity of the indexed accounts, cf. the provisions of Article 2 of Rules no. 492/2001 of the Central Bank of Iceland, providing for a 36-month fixed term for savings in indexed deposit accounts. It is forbidden to transfer, pledge as collateral or otherwise dispose of pensions or rights accrued under a Private Pension Savings Agreement with Íslandsbanki in any other manner than specified in this Agreement and Act No. 129/1997.

Article 8 - Costs

The annual administration fee is 0.5% of the beneficiary's total assets. No administration fee is charged for Retirement Accounts. Up to two transfers between investment strategies per year are free of charge. If more transfers than that are made, the cost can amount to up to 0.5% of the assets that are transferred. The cost of transfers to other custodians may be up to 0.5% of the assets transferred, although the minimum transfer fee is ISK 5,000. Transfers within Life Plan are free of charge.

Article 9 - Termination

A Pension Savings Agreement with Íslandsbanki is without time-limit and can be terminated by either party with two months' notice. Notice of the termination must be given in writing and the notice period shall commence upon delivery of the notice to Íslandsbanki. A termination does not entitle the beneficiary to receive early payments of the balance or any entitled benefits under the Agreement. However, the beneficiary is entitled to allocate the assets or rights in accordance with Article 7 of the rules.

Article 10 - Supervision

The Financial Supervisory Authority is responsible for monitoring the legislative compliance of Private Pension Savings Depositories. The Financial Supervisory Authority shall have access to all documents and information from the Private Pension Savings Depository which it deems necessary for its supervision. The supervision of the Financial Supervisory Authority is governed by the Act on the Official Supervision of Financial Activities no. 87/1998.

Article 11 - Notification to the employer

Íslandsbanki shall send a notification or a copy of the Private Pension Savings Agreement with Íslandsbanki to the beneficiary's employer.

Article 12 - Online Banking

All changes made through Íslandsbanki's Online Banking facility have validity equal to that of a signed request delivered to the bank.

Article 13 - Amendments to the Rules

Íslandsbanki may amend these Rules after obtaining prior confirmation from the Minister of Finance, cf. Article 10 of Act No. 129/1997.

Approved by the Board of Directors of Íslandsbanki hf. on 7 November 2018.

These rules enter into force on 17 December 2018.

This is an English translation of the rules of Framtíðarauður. In the event of inconsistency or discrepancy the Icelandic version shall prevail.