

General Terms on Deposit Accounts

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1. General

These terms apply to all deposit accounts opened at Arion Bank hf. ("Arion Bank" or "the Bank"), ID-No. 581008-0150. The terms contain general provisions on the rights and obligations of the Bank and deposit account holders.

Special terms may apply to individual deposit accounts and such terms have precedence over the general terms on deposit accounts as applicable. The general terms on deposit accounts therefore complement the special terms. Clients of the Bank should read the rules and terms which apply to the type of transaction in which they are engaged.

In addition Arion Bank's general terms of business apply to business dealings between the Bank and its clients.

Special terms apply to debit cards. Holders of accounts with debit cards issued by the Bank should inspect those terms separately.

These terms, the Bank's rate list and interest rate table can be found on Arion Bank's website: www.arionbanki.is.

2. About Arion Bank hf.

Arion Bank is a universal bank which provides a comprehensive range of financial services, including savings, loans, asset management, corporate finance and capital markets. Arion Bank has branches throughout Iceland.

Key information on Arion Bank:

Arion Bank hf.

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105 Reykjavík

Iceland

Tel: 444-7000

ID-No. 581008-0150

E-mail: arionbanki@arionbanki.is

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Arion Bank has an operating licence as a retail bank under the Financial Undertakings Act and is supervised by the Financial Supervisory Authority, Höfðatún 2, 105 Reykjavík, in accordance with the Official Supervision of Financial Operations Act.

More information on the activities of Arion Bank can be found on the Bank's website: www.arionbanki.is.

3. Communicating with Arion Bank, passing on information, languages etc.

Communication between the Bank and its clients is generally in Icelandic unless specified otherwise or the nature of the case dictates otherwise.

Clients can conduct their business with the Bank in one of Arion Bank's branches, in writing, by calling the Customer Service Centre or online.

The Bank is permitted to contact its clients via the online bank or the e-mail address provided by the client.

4. Opening an account and powers of attorney

At the beginning of the business relationship, including when an account is opened, the client must always prove his/her identity by providing valid identification documents issued by the authorities, such as a passport or driving licence, and undergo a money laundering check according to the act on measures against money laundering and terrorist financing. In the case of legal entities the above applies to all board members, managing directors and powers of attorney.

It is not permitted to open a deposit account for another financially competent party without a relevant power of attorney.

Account holders can grant other financially competent parties the power of attorney to make withdrawals from their accounts. The Bank must receive a written and witnessed power of attorney to this effect. The power of attorney shall be revoked by the same means. Unless otherwise specified, older powers of attorney shall be of equal value to newer ones.

Arion Bank is permitted to decline an application to open a deposit account, unless the law stipulates otherwise. The client is entitled to enquire why the application to open an account was declined. The Bank can respond verbally or in writing. If the client does not accept the Bank's reasoning he/she can lodge a complaint with the arbitration committee on transactions with financial companies, cf. Arion Bank's general terms of business.

5. Rate list

Arion Bank's rate list is a part of these terms and clients pay fees for the Bank's services and other out-of-pocket expenses in connection with the services provided in accordance with the Bank's current rate list.

Changes to the rate list are published on the Bank's website, www.arionbanki.is, and come into effect with two months' notice.

The Bank's rate list is available on the Bank's website or from any of its branches.

6. Minimum investment period

Deposit accounts can be inflation-linked or non-indexed. Information on the minimum investment period for inflation-linked accounts is contained in the provisions of individual agreements. Savings banks accounts offer non-indexed, inflation-linked and term deposits.

The Central Bank of Iceland's Regulations no. 492/2001 on the Price Indexation of Savings and Loans, based on the Interest and Indexation Act, apply to inflation-linked accounts.

The minimum investment period is counted from the month after the deposit has been made unless stated otherwise in the agreement on opening the account.

If the client terminates an agreement on an inflation-linked account before the end of the minimum investment period stipulated in the agreement, the client does not receive accrued inflation compensation. For more details see the Central Bank of Iceland's Regulations no. 492/2001 on the Price Indexation of Savings and Loans, with subsequent amendments.

The Holiday Act no. 30/1987 applies to holiday accounts.

7. Interest rates, interest calculations and default interest

Deposit rates and lending rates can change without prior notice as decided by the Bank. Interest rates are variable over the agreement period unless agreed otherwise.

Arion Bank deposit rates change according to the following factors:

Interest on non-indexed current and savings accounts changes in accordance with changes in interest on the business accounts of credit institutions at the Central Bank of Iceland and changes in the Bank's funding and operating expenses.

Interest on inflation-linked savings accounts changes in accordance with changes in inflation-linked government bonds and changes in the Bank's funding and operating expenses.

Interest on currency accounts changes in accordance with changes in Libid rate and changes in the Bank's funding and operating expenses.

Overdraft interest changes in accordance with changes in interest on the business accounts of credit institutions at the Central Bank of Iceland and changes in the Bank's funding and operating expenses.

Arion Bank's interest rate table is published on Arion Bank's website: www.arionbanki.is. Clients can also obtain information on the current interest rate table from any branch of Arion Bank or the Customer Service Centre.

If the Bank and the client have reached an agreement on special interest terms, those terms shall apply instead of general changes to the Bank's interest rate table and these terms may change in accordance with the provisions of that agreement, as applicable.

The interest-rate year is generally 360 days. The interest rate period is 30 days; the beginning and end of the period depends on the type of deposit account.

Generally deposits bear interest from the moment the financial assets are credited to the account. The last interest day is the day before the amount is debited from the account.

The point at which interest is added to the principal depends on the type of account. Inflation compensation is generally added to the principal in inflation-linked savings accounts at the end of each month. Capital income tax is debited when the interest is added.

The account holder undertakes to pay interest and costs on overdrafts in accordance with the Bank's current interest rate table and rate list. The interest rate period is from the 21st day of the month to the 20th day of the following month. Interest is calculated on the part of the overdraft which has been used at the end of each day and at the end of the period is debited from the account. All deposits are used first to pay interest and costs, including collection fees and legal fees. Withdrawals in excess of the overdraft limit are subject to special fee as contained in the Bank's current rate list. Interest and costs on the overdraft are debited from the account.

If an instalment or debt of the client is paid after the due date, default interest is charged on the debt in accordance with the Interest and Indexation Act and the Central Bank's decision on default surcharges and collection costs, all in accordance with the Bank's rate list. Default interest is calculated from the due date until the date of payment and is calculated as overnight interest.

The interest period for interest on debts other than overdrafts is variable and is decided by the Bank or stipulated in an agreement between the parties.

8. Deposits and withdrawals

Deposits bear interest from the moment the financial assets are credited to the account.

Only the account holder is authorized to make withdrawals from the deposit account unless he/she has authorized another person to make withdrawals or if provided for by law. In order to make a withdrawal from an account, the person in question must have complete authority to make the withdrawal from the account, provide a numeric password and/or show valid personal ID documents when making the withdrawal from a bank.

Accrued interest can always be paid out unless the terms of individual accounts or agreements state otherwise.

Withdrawals can be made from inflation-linked accounts as dictated by Regulations no. 492/2001 on Price Indexation of Savings and Loans.

9. Overdraft limits

After opening an account the account holder can request in writing an overdraft facility on the account. The maximum limit of the overdraft will be assessed on a case by case basis. The account holder can request to change the overdraft limit during the agreement period. The Bank bases any decision to approve or decline an overdraft on the Bank's current credit rules.

In the event of any inconsistency between the agreement on loans with overdrafts and these terms, the provisions of the agreement take precedence over these terms.

It is not permitted to grant overdrafts to account holders under the age of 18.

Please refer to section 7 of these terms for terms on overdrafts and to section 5 of these terms for fees on overdrafts and/or accounts.

The account holder can use the overdraft for whatever legal purpose he/she wants unless it has been agreed to use the loan for a specific purpose. The account holder undertakes to repay the used proportion of the overdraft within the specified time frame.

The Bank reserves the right to request collateral deemed sufficient by the Bank before granting an overdraft, increasing an overdraft or extending the length of an overdraft. A securities agreement for this purpose should be prepared. Collateral which has been put up to secure an overdraft remains valid if their terms apply to other loans of the account holder from the Bank, even if the overdraft is cancelled for any reason.

The Bank reserves the right to reverse debited payments which are not authorized by the overdraft or which are carried out after the overdraft has been cancelled or the account closed.

Overdrafts are granted for a period of one year at a time. The overdraft is reviewed annually and is extended unchanged unless the business history of the client has changed or the account holder requests otherwise. If the overdraft is not extended upon review by the Bank, an announcement is sent concerning the end of the overdraft period with up to 10 days' notice. The client should submit a request to extend or change the overdraft to an employee at one of the Bank's branches or in the Customer Service Centre. The Bank reserves the right to demand written or otherwise verifiable confirmation of the request to extend the overdraft. The account holder is deemed to have accepted the loan request and loan amount and terms of the loan upon the first use of the overdraft, whether this is after the first granting of the loan, the extension or increase of the overdraft.

Irrespective of the validity period of the overdraft, the Bank reserves the right to call in without notice the overdraft of the account holder in the following circumstances:

1. The account holder has overdrawn on the agreed overdraft and has not heeded requests to rectify the situation.
2. Collateral for the overdraft has declined significantly in value.
3. Other obligations of the account holder are more than 14 days in arrears or a loan agreement has defaulted in other respects.
4. The account holder is no longer deemed creditworthy.
5. The account holder misuses the account in another respect, such as by using it to receive illegal funds or in another way considered a violation of the law on money laundering and terrorist financing.
6. The account holder violates the Bank's terms on the use of overdrafts.

All the above events could also result in the closure of the account. When an account is closed the overdraft is automatically cancelled. An overdraft is deemed due and payable 14 days after it has been cancelled or after the closure of the account takes effect. In the event of serious or repeated non-fulfilment or misuse the account may be closed with immediate effect.

The account holder is permitted to pay off the overdraft at any time, unless agreed otherwise.

These terms are not cancelled when the overdraft is paid off and remain in effect with respect to new borrowings without being specially renewed.

10. Accounts owned by minors

Minors have control over money which they have earned themselves or received as a gift.

It must be specified when money which is not self-earned or a gift is deposited into the account of minor.

Children under 12 are not permitted to make withdrawals without the consent of a legal guardian.

Children of 13 and above are permitted to make withdrawals, without the consent of a legal guardian, provided that the money involved is self-earned or a gift and is not tied up in any way. If money which was a gift is subject to any conditions, the child is not permitted to withdraw it without the consent of a legal guardian. In the case of money which is not self-earned or a gift, only the legal guardian is permitted to withdraw the money.

Any changes to the custody of a child who holds an account at the Bank must be reported to the Bank by verifiable means.

A minor holding an account and the legal guardian are permitted to obtain information on the child's deposit account irrespective of whether the money in the account is self-earned, a gift or from other sources.

Legal guardians are advised to read Arion Bank's rules on handling the financial assets of minors and the law on legal guardianship.

11. Debit cards and cheques

The current rules and terms of Arion Bank on credit cards apply to the use of debit cards; see www.arionbanki.is for more details.

In transactions involving cheques the client undertakes:

1. Not to issue cheques unless there are sufficient funds or an overdraft in place,
2. To notify the Bank immediately if a cheque book or individual cheque is lost,
3. To only use cheques which have been issued to the current account and to always write the correct account number on the cheques,
4. To ensure that unauthorized people do not come into possession of the cheque book,

5. To return to the Bank all unused cheques when the account is closed or when the Bank demands them for other reasons; otherwise the client may be liable to the Bank for any damage resulting from the misuse of the cheques.

Any violation of the rules on cheque transactions could result in criminal liability, the closure of the current account, the confiscation of the debit card, actions to collect the debt with increased expenses to the client and the publication of the client's name in the register of closed current accounts.

12. Use of authentication tokens, numeric codes and electronic ID

Arion Bank reserves the right to decide which security measures are sufficient in relation to the Bank's services.

Authentication tokens

When opening an online bank account it must be decided which security measures are to be used when logging on. If using a user name and password, an authentication token (provided to the client) must also be used, or an SMS back-up to ensure full security when logging on. It is also possible to prove one's identity with electronic ID, see below. The client is responsible for all actions carried out on Arion Online Banking with his/her authentication token. The client is responsible for any damage sustained by the owner of the authentication token (Auðkenni hf.) and/or Arion Bank which arises from owning or using the authentication token, e.g. through the misuse of the user or other person. Misuse of the authentication token may be punishable by law and the client is responsible for using it legitimately.

Secret numeric password

When opening a deposit account the client chooses a secret numeric password in order to be able to make payments or allow payments to be made. When choosing a numeric password the client shall ensure that the numeric password is in accordance with the Bank's rules on numeric passwords and that it cannot be easily traced to the client in question.

The client undertakes:

1. To ensure that unauthorized people do not have access to the numeric password,
2. To change the numeric password immediately and to notify the Bank if there is any suspicion that an unauthorized person has come into possession of the numeric password,
3. To guarantee all transactions made and actions taken using the numeric password.

Anyone in possession of the numeric password is allowed to make transfers between accounts and to receive information on the account balance; the account holder is responsible for all transactions made and actions and/or information passed on through the use of the secret number.

Electronic ID

If the client uses electronic ID he/she is fully responsible for all actions performed using the ID. Misuse of the electronic ID may be punishable by law and the client is responsible for using it legitimately.

Personal identification numbers (PINs)

When making withdrawals from an ATM or paying in shops the client uses a four digit (PIN) number instead of a signature. The client is not permitted to divulge the PIN to other people and should take all necessary measures to ensure that unauthorized people do not come into possession of the PIN.

Reporting the loss, theft, misuse or unauthorized use of a means of payment

Means of payments in these terms is a payment card, a cheque or anything else which is equivalent to money. The client shall report to the Bank or other competent authority immediately the loss, theft or misuse of a means of payment.

If the means of payment has been used by an unauthorized person before the misuse has been reported to Arion Bank, the client is liable for a sum of 150 euros if the misuse is due to the client's failure to comply with the personalized security features of the means of payment. If the account holder is a legal entity, it bears all damage relating to unauthorized payments if the misuse can be traced to it or its representative's failure to comply with the personalized security features of the means of payment.

If the client violates Arion Bank's rules on the handling of authentication tokens, electronic ID, numeric passwords or PINs deliberately or through gross negligence or acts with gross negligence when handling personalized security features of the means of payment, he/she is liable for all damage which may occur.

Arion Bank is authorized to stop the use of a means of payment without warning if there is any suspicion of unauthorized or fraudulent use of the means of payment, any risk that the payer may be unable to meet his/her payment obligations or if the security of the means of payment is threatened.

13. Payment instructions etc.

A payment is deemed to have been authorized by the account holder when he/she has agreed to a payment being made by the online bank, at a branch of the Bank or by telephone and by using an authentication token, electronic ID, numeric password or PIN.

Arion Bank is authorized to decline to carry out payment instructions for the client if the customer does not meet the conditions set out in these terms or an agreement on opening a deposit account, e.g. if there are insufficient funds in the account of the account holder. If Arion Bank declines to carry out payment instructions for the client the client will be informed verbally or in writing before the end of the next business day after the transaction was declined.

The account holder cannot cancel payment instructions once Arion Bank has received them. The account holder can, however, cancel the payment instructions if:

1. Payment instructions concerning direct transfers. The account holder can cancel his/her consent for such payments before the end of the last business day before the amount is debited;
2. The account holder and Arion Bank have agreed that payment instructions should be carried out on a specific date, but an account holder can cancel such instructions before the end of the last business day before the financial assets are transferred;
3. A separate agreement has been reached on this issue. Arion Bank is permitted to demand a fee for cancelling such payment instructions.

Once the payment instructions have been received Arion Bank ensures that payment is made into the account of the recipient at the end of the next business day at the latest if the recipient is in the EEA. If the payment is made in cash, the payment period can be extended by one business day.

The client is responsible for ensuring that payment instructions are correct. If the client enters the incorrect code for the recipient of the payment, Arion Bank is not responsible for any errors.

Such errors are the responsibility of the client and will not be corrected by the Bank unilaterally. The approval of the recipient of such payments is necessary before the Bank can make any correction. The same applies if the recipient of the payment is a foreign financial company or an individual.

The Bank is authorized to accept payment instructions from third parties in cases where the account holder has given verbal approval for withdrawals from his account for the purpose of making charitable donations. If the account holder proves that the amount of payment was not specified exactly in the authority to the third party and the payment from the account is higher than he/she had expected, he/she shall notify the Bank within eight weeks of the funds' being debited from the account. Once the conditions have been met, the Bank is responsible for reimbursing the debited amount to the account holder within ten days of being notified by the account holder. Otherwise the Bank will decline to make reimbursement. This provision does not apply when a client who is a legal entity gives a third party verbal consent to make a withdrawal from its account.

Receiving payment instructions

Payment instructions are deemed to have been received when received directly or indirectly by Arion Bank after the client has given them directly or indirectly via the recipient of the payment and the account of the client will be credited or debited on that day.

If the client's payment instructions are received after the below time limits on a business day, they are deemed to have been received on the next business day.

Arion Online Banking

a) Transfers:

- i. Transfers between currency accounts in the same currency need to be received by 24:00.
- ii. Transfers in different currencies need to be received by 16:00.

b) Wire transfers

- i. A wire transfer debiting an account in Icelandic krónur needs to be received by 16:00.
- ii. A wire transfer debiting a foreign currency account needs to be received by 21:00.

Payment instructions issued in branches or in the Customer Service Centre must be received by the advertised closing time.

The parties may agree for the payment instructions to be carried out on a specific date or point in time and the payment instructions are then deemed to have been received on that date or point in time.

Errors, corrections, damage etc.

If the client has any comments on his account balance statement he/she must submit them in writing to the Bank within 30 days of payment or ten days of receiving the balance statement. If the client is a legal entity it should submit comments on the balance statement within ten days of payment.

If the payment is effected incorrectly and it is not the fault of the client, if he/she has not entered the incorrect code for the recipient and the error is not a result of force majeure or legal obligations which the Bank must comply with, the Bank shall reimburse the client the amount of the incorrect payment or rectify the account so that the balance is the same as if the incorrect payment had never been made. A request to correct the account should be made immediately and no later than 13 months after the date of the transfer. The extended time period only applies if the cardholder can prove that the Bank did not meet the conditions on client access to the balance statement. This does not apply when the client is a legal entity. In this case the general principles of the law of tort are applicable.

The Bank reserves the right to correct transfers into and out of the client's account. Corrections shall be made as quickly as possible and the account holder shall be notified as soon as possible.

Arion Bank is not responsible for any damage suffered by the client on account of force majeure events.

14. Termination and closure of accounts

If the account holder wishes to close an account a request to that effect shall be made in a verifiable manner. The client may close the deposit account at any time. The Bank can terminate an agreement on a deposit account with the client with at least two months' notice.

The Bank reserves the right to freeze or close accounts without notice if the account holder client is found to have violated these terms or the law and regulations. The account holder shall be informed of the closure of any accounts as soon as possible.

15. Entry into force and amendments

The Bank is permitted to amend these terms. All amendments to these terms must be announced two months before they come into effect on the Bank's website: www.arionbanki.is. Any notice of changed terms should state the nature of the changes and the account holder's right to terminate the agreement. If the changes are not beneficial to the client, the client shall be informed of such changes via a message to the online bank or by mail to the address or legal domicile of the client, should the client not have access to an online bank. If the client does not raise any objections to the proposed amendment before it comes into effect, he/she is considered to have accepted the change.

16. Other provisions

The client can view balance statements at any time via his/her online bank account at Arion Bank. The client can also ask to be sent a balance statement regularly. Requests shall be submitted to a branch or the Customer Service Centre.

Any disputes arising in relation deposit accounts at the Bank shall be governed by Icelandic law unless agreed otherwise. The account holder agrees that the Bank may start collection proceedings in the country in which the account holder is resident.

Any legal proceedings arising from these terms can be tried before the Reykjavík District Court (Héraðsdómur Reykjavíkur).

These terms come into effect on 1 December 2011.