

General Terms on Deposit Accounts at Arion Bank hf.
between Arion Bank hf. and its customers

translation

General Terms on Deposit Accounts at Arion Bank hf.

1. GENERAL	3
2. ABOUT ARION BANK HF.	3
3. BECOMING A CUSTOMER.....	3
4. POWER OF ATTORNEY.....	4
5. LIST OF FEES AND CHARGES.....	4
6. ACCOUNT STATEMENTS	5
7. FIXED TERMS	5
8. INTEREST RATES, CALCULATING INTEREST AND DEFAULT INTEREST	5
9. DEPOSITS AND WITHDRAWALS.....	7
10. OVERDRAFTS	7
11. ACCOUNTS OWNED BY MINORS	9
12. DEBIT CARDS	9
13. USE OF ELECTRONIC ID, SECURITY AND PIN NUMBERS AND CONTACTLESS TRANSACTIONS	9
14. PAYMENT INSTRUCTIONS, RECEIVING PAYMENTS, DEBITING PAYMENTS ETC.	11
15. NETTING	12
16. TERMINATION AND CLOSURE OF ACCOUNTS	12
17. ADDITIONAL INFORMATION ON THE DISTANCE SELLING OF DEPOSIT ACCOUNTS	13
18. ENTRY INTO FORCE AND CHANGES.....	13

1. GENERAL

These terms apply to all deposit accounts opened at Arion Bank hf. ("Arion Bank" or "the Bank"), ID-No. 581008-0150. Deposit accounts refer to savings accounts, current accounts and foreign currency accounts. 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. Customers of the Bank should read the rules and terms which apply to the relevant type of business transaction.

In addition, Arion Bank's General Terms of Business apply to business between the Bank and its customers and complement the General Terms on Deposit Accounts.

Special terms also apply to debit cards in addition to these terms and those special terms have precedence over the General Terms on Deposit Accounts as applicable. Holders of accounts with debit cards issued by the Bank should read those terms separately.

The provisions of these terms and other special terms of Arion Bank which fall under the scope of the Payment Services Act form part of a *framework agreement on payment services* between the customer and the Bank. These terms, the Bank's list of fees and charges, and interest rate table can be found on Arion Bank's website: www.arionbanki.is.

Customers can also send general enquiries to: arionbanki@arionbanki.is.

In the event of any inconsistency between the Icelandic and English versions of the terms, the Icelandic version applies.

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 operates branches, service points and ATMs throughout Iceland.

Key information on Arion Bank:

Arion Bank hf.

Borgartún 19

105 Reykjavík

Iceland

Tel: 444-7000

ID-No. 581008-0150 E-mail: arionbanki@arionbanki.is

Swift: ESJAISRE

Arion Bank has an operating licence as a retail bank under the Financial Undertakings Act No. 161/2002 and is supervised by the Financial Supervisory Authority of the Central Bank of Iceland (FSA) in accordance with the Official Supervision of Financial Operations Act No. 87/1998 (see website of the Central Bank of Iceland www.sedlabanki.is).

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

3. BECOMING A CUSTOMER

At the beginning of the business relationship, including when an account is opened, the customer must always prove their identity by providing valid identification documents issued by the authorities, such as a passport or driving licence, and undergo customer due diligence pursuant to the Anti-Money Laundering and Terrorist Financing Act No. 140/2018 with subsequent amendments, cf. also Section 4 of the Bank's General Terms of Business. In the case of legal entities the above applies to all board members, managing directors and authorized representatives.

Customers are not permitted to open a deposit account for another financially competent party without having been authorized to do so. Special rules may however apply to opening holiday allowance accounts, cf. Holiday Allowance Act No. 30/1987.

The Bank is permitted to reject applications from individuals or legal entities to open a deposit account unless otherwise required by law. The Bank is generally not obliged to give a reason why it rejected such an application unless required to do so by law. If the customer does not accept the Bank's reasoning they can make a complaint to the arbitration committee on transactions with financial firms, see Section 18.3 of the General Terms of Business.

When becoming a customer, the customer is considered to have accepted these terms and the Bank's other terms concerning the business relationship.

4. POWER OF ATTORNEY

The account holder can authorize a third party to conduct business with the Bank on their behalf. The power of attorney provided by the account holder to third parties shall be in writing, dated and signed. The power of attorney shall be signed by two witnesses, a notary public, authorized estate agent, attorney at law or be signed using electronic ID.

If the agent is not granted full and unlimited power of attorney, it should be specified exactly what authority the agent has to take decisions on behalf of the principal. If the power of attorney does not meet the requirements of the Bank or law on being sufficiently clear and being witnessed correctly, the Bank will refuse to carry out the transaction.

If the power of attorney is not temporary, it is cancelled when revoked by the principal. The principal shall revoke any power of attorney it has granted by notifying the Bank in a verifiable manner. The power of attorney is considered to have been revoked when the Bank has been informed.

The Bank reserves the right to request further information or to request that the agent update or confirm the relevant information. The Bank reserves the right to restrict or close down the agent's access to Arion online banking if the information is not provided on time.

5. LIST OF FEES AND CHARGES

Arion Bank's list of fees and charges is a part of these terms, and the customer pays fees for the Bank's services and other expenses in connection with the services provided in accordance with the Bank's current list of fees and charges. If other fees are stipulated in other terms or agreements which the Bank enters into with its customers, those terms supersede the Bank's list of fees and charges in the event of any discrepancy. The Bank is permitted to debit such fees and expenses from the customer's account at the Bank and these transactions shall appear on the account statement.

If the customer is a legal entity, the Bank is permitted to make changes to the list of fees and charges without prior notice.

The Bank can change the list of fees and charges with two months' notice and collect fees accordingly if the changes apply to services which come under the scope of the Payment Services Act. If these changes do not fall under the scope of the act, the Bank is permitted to change the list of fees and charges without notice. Changes are announced in the list of fees and charges on the Bank's website, www.arionbanki.is. If the customer does not raise any objection to the changes in the fees and charges before they come into effect, the customer is considered to have agreed to the changes.

If the Bank and the customer have reached an agreement on special service fees, those terms shall apply instead of general changes to the Bank's list of fees and charges and may change in accordance with the provisions of that agreement, as applicable.

Transactions in foreign currencies are in accordance with the Bank's current exchange rate table. Changes in exchange rate take effect immediately and without notice. The exchange rate table can be found on the Bank's

website, www.arionbanki.is. The exchange rate used in the transaction depends on the nature of the business. Any exchange rate risk in the transaction is borne by the customer unless agreed otherwise.

Arion Bank's list of fees and charges is published on Arion Bank's website: www.arionbanki.is. Customers can also obtain information on the current list of fees and charges from any branch of Arion Bank or the Call Centre.

6. ACCOUNT STATEMENTS

The account holder can always view account statements in online banking or the Arion app free of charge. Accounts transactions can be viewed seven (7) years back in time.

Annual account statements are published once a year in the digital documents section in Arion Online Banking and the Arion app free of charge. If the account holder does not have access to online banking or the Arion app, they can ask for the statements to be printed out by visiting a branch of Arion Bank or by contacting the Call Centre. The account holder can also send an e-mail to arionbanki@arionbanki.is.

The account holder should check their account statements regularly. If the customer has any queries about their account statement, they must submit them in writing to the Bank within 30 days of payment or ten days of the account statement being available to them. If the customer is a legal entity it should submit complaints on the account statement within ten days of payment. If no complaints are received the account statement is considered to have been accepted.

Fee statements for payment accounts are published once a year and the account holder can obtain a fee statement under electronic documents in Arion online banking or the Arion app.

7. FIXED TERMS

Deposit accounts can be linked to the consumer price index or can be non-indexed. Information on the fixed term for inflation-linked and non-indexed deposit accounts is contained in the provisions of agreements on opening individual accounts.

The Central Bank of Iceland's Regulations on the Price Indexation of Savings and Loans, based on the Interest and Indexation Act No. 38/2001, apply to inflation-linked accounts.

The Holiday Allowance Act no. 30/1987 applies to the fixed term of holiday allowance accounts.

8. INTEREST RATES, CALCULATING INTEREST AND DEFAULT INTEREST

Interest rates are variable over the agreement period unless agreed otherwise. Changes to interest rates are shown in the Bank's interest rate table which is on the Bank's website, www.arionbanki.is, or notifications in online banking, the Arion app or by other means pursuant to the current law and regulations. Customers can also obtain information on the current interest rate table from any branch of Arion Bank or the Call Centre.

Changes to deposit interest rates are based on factors including changes to the Central Bank of Iceland's policy rate, i.e. the reference interest rate as defined in the Payment Services Act. Changes to deposit interest rates also take into account public fees, Arion Bank's funding costs, operating costs and changes to the consumer price index, among other factors. When changing interest rates, the above factors are assessed as a whole and/or separately.

Interest rate changes which come into effect without notice

Changes to deposit interest rates to account holders which are solely based on changes to reference interest rates come into effect immediately and without notice, irrespective of whether the deposit rate is raised or lowered. The reference interest rate is the interest rate used as a basis to calculate interest and which is publicly available and can be verified by both the account holder and the Bank. The applicable reference interest rate varies depending on which currency the account is denominated in, see table below:

Currency of account	Reference interest rate
ISK (Icelandic krónur)	Central Bank of Iceland policy interest rate
EUR (euros)	Euro short-term rate
USD (US dollars)	Secured Overnight Financing Rate
GBP (pound sterling)	Sterling Overnight Index Average

NOK (Norwegian kroner)	Norwegian Interbank Offered Rate
JPY (Japanese yen)	Tokyo Overnight Average Rate
CHF (Swiss francs)	Swiss Average Rate Overnight
CAD (Canadian dollars)	Canadian Overnight Repo Rate Average
DKK (Danish kroner)	Copenhagen Interbank Offered Rate
SEK (Swedish kronor)	Stockholm Interbank Offered Rate

Information on the applicable reference interest rate can be found in the interest rate table on www.arionbanki.is.

If changes in interest rates are not based on changes in reference interest rates and the Bank considers that the change will be beneficial to customers, the changes come into effect without prior notice. In other respects the Bank announces planned changes to interest on deposit accounts as provided for by applicable laws and regulations.

In cases where the account holder is not a consumer as defined in the Payment Services Act or the account is not a payment account as defined in the aforementioned act, interest rates may change without notice in accordance with a decision by Arion Bank. Information on interest rates is always available in the Bank's interest rate table published on www.arionbanki.is.

The Bank is permitted to terminate at its discretion and without notice any special interest rates which have been granted to the customer and which are based on the customer's meeting certain conditions, if the customer in question no longer meets the Bank's conditions for such special rates. The Bank unilaterally decides the conditions it sets for special interest rates at any given time, e.g. that the customer is a student, under the age of 18 or uses a certain number of service features which make them eligible for the Bank's premium service. If the special interest rates are terminated, the interest rates applicable to the account will be as stated in the current interest rate table at any given time.

Interest rate changes which come into effect at two months' notice

Changes to interest rates on payment accounts which fall under the scope of the Payments Services Act come into effect at two months' notice in accordance with Article 56 of the Act, unless the change is based on a change in the reference interest rate or reference exchange rate and/or is beneficial to the customer.

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

Calculating interest

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

Deposits bear interest from the time the funds are recognized in the account (deposit date), unless otherwise agreed in the special terms of the account. The last interest day is the day before the amount is debited from the account.

The type of account determines when interest is added to the principal. Interest is generally added to the principal at the beginning of the year and when the account is closed, unless otherwise agreed. In notice accounts, interest which is added to the principal at the beginning of the year may be tied up in the same way as other deposits. Inflation compensation is generally added to the principal at the end of each month unless otherwise agreed and in holiday allowance accounts. Capital gains tax is debited when interest and inflation compensation and exchange rate gains are added as provided for by law. However, special rules may apply to capital gains of children and accounts owned by them, e.g. the Young Savers Account. Information on interest and inflation compensation is contained in the annual account statement which is sent to the customer digitally once a year. The price indexation of deposits is based on the consumer price index as published by Statistics Iceland each month, unless otherwise stipulated by law. The price indexation of amounts for part of a month shall be such that inflation compensation within one month shall be based on the daily linear change in the CPI, i.e. between the value of the index when the calculation is made and its value on the first day of the following month.

The account holder undertakes to pay interest and costs on overdrafts in accordance with the Bank's current interest rate table and list of fees, unless otherwise agreed. The account holder must monitor the account balance and it is not permitted to make withdrawals which exceed the agreed overdraft limit. The interest period for used overdraft limits is generally one month. The Bank can at its discretion change the days of the month on which the interest period is based, however, it generally is not longer than one month. The first interest period after the change of the days of the month used as a reference may be longer or shorter than one month. Interest is calculated on the part of the overdraft which has been used at the end of each day and is calculated from the beginning of the month until the end, unless otherwise agreed. Interest and costs on the overdraft are debited from the account, cf. Section 5 of these Terms. Each withdrawal in excess of the overdraft limit is subject to special charge as specified in the Bank's current list of fees and charges. An unapproved overdraft or a overdrawing on available funds is subject to default interest from the date of the transaction to the date of payment.

If an instalment or debt of the customer is paid after the due date, default interest is charged on the debt in accordance with the Interest and Indexation Act No. 38/2001 and the Central Bank's decision on default surcharges and collection costs, all in accordance with the Bank's list of fees and charges. Default interest is calculated from the due date until the date of payment and is calculated as overnight interest.

The Bank reserves the right to use all deposits to meet the debt of a customer to pay default interest, interest and costs, including collection fees and legal fees.

If an overdraft is granted pursuant to a special agreement on an overdraft from the Bank, the provisions of that agreement take precedence over these terms, as applicable.

9. DEPOSITS AND WITHDRAWALS

Banking days are defined as workdays when banks are open in Iceland. If a due date, or final due date, falls on a public holiday it is moved to the next banking day after the due date. If the due date and final due date of a debt which the Bank is collecting on behalf of a third party is not the same day, the final due date is not moved even if it falls on a public holiday.

Only the account holder is authorized to make withdrawals from the deposit account unless they have authorized another person to make withdrawals or if provided for by law. Making withdrawals from the account is conditional upon the person in question having the full authority to make withdrawals from the account, providing a security number, showing valid personal ID when making a withdrawal from the Bank and/or identifying themselves by other means deemed acceptable by the Bank. It is not possible to spend funds in accounts at Arion Bank by using cheques.

If the account holder pays into the wrong account, whether by transferring, debiting or depositing into the account of a third party, the payment will not be corrected by the Bank without the consent of the recipient of the payment. All such payments are the responsibility of the account holder.

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

Withdrawals from inflation-linked accounts are permitted to the extent specified in these terms, the provisions of agreements on opening individual accounts and in accordance with the Central Bank of Iceland's Regulations on the Price Indexation of Savings and Loans, also see Section 16 of these terms.

Arion Bank is authorized to impose a special charge on legal entities due to abnormal deviations from the average balance of the deposit account at the end of the year, up to 0.145% of the balance on the account.

10. OVERDRAFTS

After opening an account the account holder can request in writing an overdraft facility on the account. The maximum overdraft amount is decided on a case by case basis. The account holder can ask 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, among other things.

In the event of any discrepancy between the overdraft agreement 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.

The account holder can use the overdraft for whatever legal purpose they want unless it has been agreed to use the loan for a specific purpose.

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 its 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 under the terms of the overdraft, or which are carried out after the overdraft has been cancelled or the account closed.

Overdrafts are generally granted for a maximum period of one year at a time. The account holder undertakes to repay the used proportion of the overdraft within the specified time frame.

The account holder can always obtain information on the duration of the overdraft on their account statement in online banking or the Arion app, see Section 6 of these terms. The Bank can at its discretion extend an overdraft in its current form if certain conditions are met which are specified in the overdraft agreement and provided that such an agreement has been made in writing. The customer should submit a request electronically to extend or change the overdraft to an employee at one of the Bank's branches or in the Call 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 agreed to their 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. The first use could refer to when a payment card linked to the customer's overdraft account is used or when a transfer from the account is made, whether via online banking, the Arion app, at a branch, using an ATM or via the Call Centre.

Irrespective of the length of the overdraft, the Bank reserves the right to change the overdraft amount to the account balance as it was at that time or to terminate at its discretion without notice, warning or special announcement the overdraft of the account holder in the following circumstances:

1. The account holder has exceeded the agreed overdraft limit.
2. If accrued interest during the interest period is not paid at the correct time.
3. The value of collateral securing the overdraft has declined significantly in the Bank's opinion.
4. Other obligations of the account holder are more than 14 days in arrears or if a loan agreement has defaulted in other respects.
5. The account holder is no longer deemed creditworthy, for example due to suspension of payments, composition with creditors, unsuccessful attempt to enforce an attachment order or insolvency.
6. It is suspected that the account holder is misusing the account in another respect, such as by using it to receive illegal proceeds, finance terrorism or it is being used, in the opinion of the Bank, in a way which does not comply with the Anti-Money Laundering and Terrorist Financing Act No. 140/2018.
7. The account holder violates the Bank's terms on the use of overdrafts.
8. If the account holder does not provide the Bank, when requested and within the timeframe specified, with all financial information and data which the Bank deems necessary and sufficient, at any given time, for it to be able to meet its obligations at any given time pursuant to the current legislation and regulations on Anti-Money Laundering and Terrorist Financing, such as performing a risk assessment, customer due diligence on the borrower and terminating the contractual relationship.

9. The account holder neglects to fulfil any of their other duties according to the special overdraft agreement and if this neglect continues for more than 15 days after the Bank has reminded the account holder to perform their duties.

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 considered due and payable the day on which the overdraft is cancelled. 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 and cancel the overdraft agreement, unless agreed otherwise. If the account holder wishes to cancel the overdraft agreement they should notify the Bank in a verifiable manner.

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

11. ACCOUNTS OWNED BY MINORS

Persons aged under 18 have control of money they have earned themselves and/or money received as a gift.

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

Children who are 15 years old or younger are not permitted to make withdrawals without the consent of a legal guardian.

Children of 16 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 and/or a gift, only the legal guardian is permitted to withdraw the money.

Any changes to the custody or guardianship 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.

Please note that the Bank's terms on debit cards contain no age restrictions on withdrawals by debit cards owned by a minor since the legal guardian has approved the withdrawal limits by approving the issue of a debit card.

Account owners who become competent to manage their financial affairs at the age of 18 have sole control of their finances and the terms of conditions applicable to financially competent persons automatically apply.

12. DEBIT CARDS

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

13. USE OF ELECTRONIC ID, SECURITY AND PIN NUMBERS AND CONTACTLESS TRANSACTIONS

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

Electronic identification

If a customer uses electronic ID to identify themselves when logging into online banking, Arion app, ATM or to perform other actions in their business dealings with Arion Bank, e.g. sign documents, they are fully responsible for all actions carried out using the ID. When choosing a security number for electronic ID, the customer shall ensure that the security number cannot easily be traced back to the customer in question. The customer is not permitted to divulge the security number for their electronic ID to other people and should take all necessary measures to ensure that unauthorized people do not come into possession of the security number. Misuse of electronic ID may be punishable by law and the customer is responsible for using it legitimately.

The customer also undertakes to:

1. Ensure that unauthorized people do not have access to the security number for electronic ID.
2. Change the security number for electronic ID immediately and to notify the Bank if there is any suspicion that an unauthorized person has come into possession of the security number.
3. Guarantee all transactions made and actions taken using electronic ID by using the security number for electronic ID.

Security number

When opening a deposit account, the customer chooses a security number in order to be able to make payments or allow payments to be made. When choosing a security number for electronic ID, the customer shall ensure that the security number cannot easily be traced back to the customer in question. The Bank discourages the use of the same security number for all accounts owned by the account holder.

The customer undertakes to:

1. Ensure that unauthorized people do not have access to the security number.
2. Change the security number immediately and notify the Bank if there is any suspicion that an unauthorized person has come into possession of the security number.
3. Guarantee all transactions made and actions taken using the security number.

Personal identification numbers (PINs) for payment cards

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

Contactless payments

Contactless payments can be made by debit card without touching the payment terminal and also by holding your mobile phone or other smart device (wallet) to the payment terminal or online. The amount due appears on the screen of the payment terminal.

The amount and number of contactless transactions appear on www.arionbanki.is.

The customer undertakes to guarantee all actions carried out through contactless transactions.

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 customer shall notify the Bank or other competent authority immediately of any 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 customer is liable for a sum of 50 euros if the misuse is due to the customer'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 customer violates Arion Bank's rules on the handling of electronic ID, security numbers or PINs deliberately or through gross negligence or acts with gross negligence when handling personalized security features of the means of payment, they are 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 their payment obligations or if the security of the means of payment is threatened.

14. PAYMENT INSTRUCTIONS, RECEIVING PAYMENTS, DEBITING PAYMENTS ETC.

A payment is deemed to have been authorized by the account holder when they have agreed to a payment being made in online banking, the Arion app, at a branch of the Bank, ATM or by telephone and by using electronic ID, security number, PIN or a contactless transaction at a payment terminal.

Arion Bank is authorized to decline to carry out payment instructions for the customer, 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. The Bank reserves the right to refuse to execute the customer's payment instructions to a third party if the Bank believes the third party is likely to commit fraud. If Arion Bank declines to carry out payment instructions for the customer, the customer 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 concern direct debits. The account holder can cancel their 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 resides in the EEA. If the payment is made in cash, the payment period can be extended by one business day.

The customer is responsible for ensuring that payment instructions are correct. If the customer 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 customer 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.

If the account holder proves that the payment amount, which was authorized by the account holder and the recipient of the payment initiated, was not specified exactly in the authority to the third party and the payment from the account is higher than they had expected, they shall notify the Bank within eight weeks of the funds' being debited from the account. Once the conditions have been met, the Bank is obliged to reimburse 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 customer 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 by Arion Bank after the customer has given them directly or indirectly via the recipient of the payment and the account of the customer will be credited or debited on that day.

If the customer'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 foreign currency accounts in the same currency need to be received by 21:00.

- 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 Call 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.

The account holder should regularly check their account statements which are always accessible in online banking and/or the Arion app. If the customer has any complaints on their account statement they must submit them in writing to the Bank within 30 days of payment or ten days of the account statement being available to them. If the customer is a legal entity it should submit complaints on the account statement within ten days of payment. If no complaints are received the account statement is considered to have been accepted.

If the payment is effected incorrectly and it is not the fault of the customer, if the customer 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 customer 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 customer access to the balance statement. This does not apply when the customer 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 customer'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 customer on account of force majeure events. The same applies if the Bank is required to lock the customer's account and/or freeze the funds in the account without the consent of the customer due to legal obligations, freezing injunction or attachment.

15. NETTING

Unless otherwise stipulated, the Bank reserves the right to offset the funds in a customer's account against payments which may be due to the Bank from the customer, provided that there is a basis for netting the payments, i.e. due payments are similar, eligible, valid, clear and unambiguous. If payments are not in the same currency, the Bank can convert the payment into Icelandic krónur or another currency before netting takes place.

If Arion Bank decides to net payments, the Bank will inform the customer in a verifiable manner.

16. 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. A customer can close a deposit account at any time, with the proviso that a notice account cannot be closed until the end of the fixed term and/or the notice period has ended. The Bank can terminate an agreement on a deposit account which falls under the scope of the Payment Services Act with the customer with at least two months' notice. In other cases and when the account holder is a legal entity, the Bank reserves the right to terminate an agreement on a deposit account or change the terms of deposit accounts without notice. The Bank also reserves the right to close a deposit account if it has been inactive for 3 years or more continuously, following notification thereof and to transfer the funds into another account of the account holder, or if there is not another account, into an account at the Bank.

If the deposit account is a payment account as defined in the Payment Accounts Act, the Bank reserves the right to close the payment account if it has been inactive for two (2) years, cf. authority provided in the Payment Accounts Act.

If the customer submits a request to close a notice account or inflation-linked account, they should not make any more deposits into this account from the time the Bank has verifiably received notice to close the account.

If the customer terminates an agreement on a notice account or inflation-linked account, the customer is not permitted to withdraw from the account until the fixed term has elapsed.

If the customer owes the Bank fees or other commission for services provided, the Bank is permitted to debit the fees from the customer's account before it is closed.

The Bank reserves the right to freeze or close accounts without notice if the account holder 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.

17. ADDITIONAL INFORMATION ON THE DISTANCE SELLING OF DEPOSIT ACCOUNTS

A distance selling agreement pursuant of the Distance Marketing of Financial Services Act No. 33/2005 is an agreement between a consumer and the provider of financial services which forms part of the organized distance selling actions of service provider where only distance selling methods are used when making an agreement.

The account holder is entitled to cancel a distance selling agreement, at no cost and without specifying a reason, provided that they send notification to the Bank to that effect within 14 days of entering into the distance selling agreement or within 14 days of the account holder receiving the terms of the deposits accounts on paper or in another durable medium if such information is received after the distance selling agreement was made. If the account holder exercises their right to cancel the agreement they must notify the Bank in accordance with the above within the specified timeframe and in a verifiable manner. The account holder should send the said notification by e-mail to arionbanki@arionbanki.is.

The authorization to cancel distance selling agreements does not apply to inflation-linked deposit accounts.

If the account holder exercises their right to cancel the agreement, Arion Bank can demand payment from the account holder for the services which have already been provided according to the Bank's list of fees and charges and interest rate table, provided such services were provided at the request of the account holder before the time limit had elapsed for exercising the right to cancel the agreement.

If the account holder has paid the Bank in accordance with a distance selling agreement and exercises the right to cancel the agreement, the Bank shall reimburse the customer, less the amount that the account holder has paid for services already provided.

The minimum duration of a deposit account depends on the fixed term of the deposit account. Information on the fixed term of deposit accounts can be found on the Bank's website www.arionbanki.is. Demand deposit accounts do not have a minimum duration.

The account holder may have to pay other taxes and/or costs which are not paid via Arion Bank or collected by the Bank.

18. ENTRY INTO FORCE AND CHANGES

The Bank is permitted to invalidate these terms, add to them and change them at any time and such changes come into force without notice if they are beneficial to the customer, only concern legal entities or concern things which fall outside the scope of the Payment Services Act. If the changes are not beneficial to the customer and apply to things which fall within the scope of the Payment Services Act No. 120/2011, the changes come into effect with two months' notice. If the customer does not object to the changes before the end of this period, the customer is considered to have accepted the changes. Changes to all the Bank's terms are published on the Bank's website, www.arionbanki.is and the customer is notified of this digitally or in another durable medium in accordance with Section 6 of the General Terms of Business of Arion Bank.

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).

In other respect please refer to the General Terms of Business of Arion Bank concerning the settling of disputes.

If the customer is not satisfied with the changes to the terms, they can terminate the business relationship with the Bank in accordance with Section 16 of these terms.

These terms are standardized and cannot be amended by the customer. Any annotations, deletions, additions or amendments of any other nature by the customer are not valid.

These terms enter into force on 18 January 2025. However, these terms shall enter into force on 18 November 2024 for customers who agree to the terms from that date.