

General terms of business with Kvika banki hf.

1. Introduction

- 1.1. These general terms apply to all business between a customer and Kvika banki hf., hereafter referred to as “Kvika” or “the bank”, and deal with the rights and duties of both a customer and the bank.
- 1.2. In addition, special terms may apply to individual types of business with the bank that then take precedence over these general terms if they differ. The bank's customers are deemed to have acquainted themselves with all rules and/or terms applying to the relevant business they engage in with the bank.
- 1.3. These general terms and other special terms are accessible on the bank's website, www.kvika.is.

2. Changes to general terms

- 2.1. Kvika may change these general terms. Notice of such changes is deemed published when new or changed terms are placed on the bank's website and/or in its online bank.

3. Initiating business

- 3.1. Upon application to open an account, Kvika requests information regarding customers' financial circumstances, including information to fulfil legal requirements. This involves, for example, information on name, residence, domicile, National ID, financial status and the purpose of business with the bank. All relations between the bank and a customer build on the information that the customer provides to the bank. All damage resulting from a customer's wrong, misleading or confusing information is his responsibility. A customer shall immediately inform the bank of all changes in information that he has previously provided.
- 3.2. By applying for and/or engaging in business with the bank, customers agree the substance of these general terms in addition to the specific terms applying to relevant service components. The bank's filled-out and signed application forms, informal applications by email and by telephone and customers' other comparable requests for business can be deemed applications for business.

4. Use of pass codes and authentication tokens

- 4.1. When executing specific transactions, or when requesting their execution, Kvika's customers must provide pass codes or use authentication tokens.
- 4.2. When selecting a pass code, a bank's customer shall take care that the number follows the bank's rules on pass codes and will not easily be traced

to the customer. For example, it is forbidden to use part of a customer's or a related party's National ID, address, postal code, account number or anything comparable as a pass code.

- 4.3. The bank's customers may not let others have their pass code. In addition, customers undertake to change a pass code immediately if they suspect that someone has obtained knowledge of it. A customer shall immediately notify the bank of such suspicion.
- 4.4. The bank's customers are responsible for procedures that they execute or request and the information obtained by using a pass code, regardless of the nature of procedures or content of the information.
- 4.5. Anyone having an identifier, i.e., an authentication token and/or electronic certificate, is entirely responsible for measures executed in Kvika's online bank with the identifier. Anyone having an identifier is also liable for damage to the owner of the identifier (Audkenni hf.) and/or Kvika that may agree the custody or use of the identifier, e.g., upon a user's or another party's misuse.
- 4.6. Kvika is not liable for damage that a customer incurs because of a third party's electronic theft of banking data and/or a customer's other information, cf., for example, Art. 20 of these terms.

5. Power of attorney

- 5.1. A customer may grant another party a power of attorney to engage in business and/or acquire information at Kvika regarding his transactions with the bank. A customer has a duty to obtain a power of attorney in the form that the bank requires if he requests a specific form for a power of attorney. Changes to a power of attorney or revocation of a granted power of attorney shall be in writing, and the bank shall be notified in a provable manner. Such changes or revocation enter into force when the bank acknowledges receipt.

6. Summaries

- 6.1. A customer can access account summaries in Kvika's online bank. A customer can request postal delivery of account summaries on paper on the bank's website, www.kvika.is, by telephoning 540-3200, or by sending email to thjonusta@kvika.is. Regarding costs, please refer to the bank's tariff of prices.
- 6.2. A customer shall carefully review summaries of his accounts and check whether the entries are correct.

- 6.3. A customer shall contact the bank as soon as possible upon discovering entries in his account that he has not executed or otherwise authorised. A customer is responsible for his damage due to entries he has not executed or unauthorised unless such entries have come about because of the bank's criminal conduct. Regarding a customer's responsibility for use of pass codes and authentication tokens, refer to Section 4.
- 6.4. The bank will not correct a customer's mistakes resulting in payment into a wrong account without the payment recipient's agreement. Such mistakes are the customer's responsibility.
- 6.5. Kvika has a duty to repay a customer amounts that the bank has provably withdrawn wrongly from his account.
- 6.6. In addition, the bank reserves the right to reverse entries that are clearly mistakes, e.g., if the same amount is mistakenly entered twice, or information on a payment recipient is entered incorrectly. In addition, the bank reserves the right to reverse an entry when its agreement with other financial companies stipulates such a duty.

7. Interest and deposit accounts

7.1. In general

- 7.1.1. Kvika publishes information on interest on its website, www.kvika.is. The bank also informs customers about interest in accordance with a request.
- 7.1.2. Interest on deposits and loans varies unless otherwise specified or agreed. Kvika reserves the right to raise or lower the interest on deposits and loans. An updated table of interest rates is accessible on the bank's website, www.kvika.is. On Kvika's right to change interest on deposits and loans each time, reference is made to parties' agreements, market trends, Kvika's financing costs and the act in force each time.
- 7.1.3. Terms of interest are determined in each individual instance, based on a customer's business relationship with the bank, including the customer's scope of operations, such as the amounts of deposits and loans.
- 7.1.4. Changes in interest rates in the bank's interest categories are usually accessible in online banking.
- 7.1.5. If interest is based on an official bank rate, e.g., REIBOR, the main interest rate of the Central Bank of Iceland (policy interest rate),

secured loan interest rate of the Central Bank of Iceland, etc., changes in that criterion are not announced by the bank, rather reference is made to accessible information each time.

7.1.6. Kvika reserves the right to transfer customers between deposit categories after taking a customer's scope of operations at the bank into account each time. Such transfers can result in interest increasing or decreasing.

7.1.7. Kvika may close customers' deposit accounts that have no balance and have not had a balance for 6 months without a specific notice regarding it. The same applies if Kvika deems the customer involved to no longer be the bank's customer.

7.2. Interest calculations

7.2.1. There are 30 interest payment dates each month and 360 per year, unless otherwise agreed, cf. par. 2 of Art. 12 of Act no. 38/2001.

7.2.2. Deposits generally bear interest the day after Kvika receives an amount in a deposit account. The day before withdrawal is the last interest date of the amount withdrawn. Special rules can apply to an interest calculation regarding deposits and withdrawals that are executed on weekends and holidays, whether in Kvika's online bank or the bank's office.

7.2.3. Interest is usually added to the principal at year-end, and indexation is added to the principal at the end of each month unless special saving accounts are involved.

7.2.4. Interest on debts and overdrafts is calculated retrospectively each month and debited from the relevant account on the last business day of each month regarding the interest period from the 21st day of the previous month to the 20th day of the relevant month. Interest is entered, based on the 21st day of the relevant month.

7.2.5. If a balance proves insufficient for withdrawal from the account, it can entail punitive liability in accordance with the law; in addition, the customer must pay either contractual interest in accordance with the bank's interest determination or penalty interest in accordance with the determination of the Central Bank of Iceland, from the date of the loan to the payment date, in addition to late payment fees, in accordance with the bank's tariff of prices. The bank may, but is never duty-bound to, debit other accounts that a customer has at the bank for defaults. Default on obligations to the bank may lead to closure of

other business accounts or the calling due of outstanding loan payments.

7.2.6. Interest on loans varies according to loan forms. A loan's payment date is the first interest day, unless otherwise agreed, or it derives from a statute or business custom. Interest is not calculated on the due date of a bond, but interest is calculated on the due date of a bill of exchange.

7.2.7. A banking day is a weekday when the bank is open for general business. If a due date, which is also a final due date, coincides with a general day off or holiday, it moves to the next banking day after the due date. If the due date and final due date of claims that the bank collects for a third party is not on the same day, the final due date does not move even though it coincides with a general day off or holiday.

8. Tariff of prices

8.1. In general

8.1.1. Customers can access the bank's tariff of prices on the bank's website, www.kvika.is. The bank also informs customers of its charges and fees upon request.

8.1.2. The bank's customers pay fees for the bank's services, as well as other costs, in accordance with a tariff each time. The amount of the fees depends on various factors and can be a fixed amount, a certain proportion of the transaction amount or be according to an hourly rate. The basis of a fee can likewise be all of the above factors at once.

8.1.3. After taking into account a customer's scope of operations, the bank can levy a special transaction fee in accordance with a tariff each time. A transaction fee is debited from the customer's account.

8.2. Tariff changes

8.2.1. The bank changes its tariff without notice and publishes it on its website and in online banking. Provisions of the bank's special agreements with customers that stipulate other terms will be changed in accordance with the provisions of the relevant agreement.

9. Measures against money laundering and financing of terrorist acts

9.1. In accordance with the Act on Measures against Money Laundering and Financing of Terrorist Acts no. 64/2006, at the start of a business relationship

and because of individual transactions, Kvika is obliged to investigate its customers' reliability.

- 9.2. To fulfil this statutory duty, the bank requests, among other things, credit information from new customers, such as their name, National ID domicile, place of birth and nationality. Legal persons, for example, shall provide information on the company's legal form, board of directors and executive board. In addition, the bank must collect information on whether business will go on behalf of a third party, information about the nature and purpose of the planned business relationship, as well as information on the origin of money.
- 9.3. Before business is established, new customers shall also prove their identity by presenting identity papers issued by official parties. Legal persons prove their identities, for example, by presenting certificates from an official registry proving registration of the relevant company.
- 9.4. While a customer's business relationship with the bank lasts, his transactions will be subject to regular monitoring, for the purpose of checking whether they are in accordance with the information provided about the customer and his operations when the business relationship began.
- 9.5. Kvika preserves a copy of identity papers and official documents, in addition to other information about a customer, in accordance with the law.
- 9.6. If suspicion arises, or Kvika's employees have just reason to suppose, that money that a customer intends to use for transactions is gains from unlawful conduct or is connected with the financing of terrorist acts, the bank can refuse to execute requested transactions.

10. Credit

- 10.1. A request for credit entails agreed authorisation for the bank to collect a summary of a customer's obligations at other financial companies. Kvika can also demand a separate agreement regarding this. The financial overview shows a summed figure of obligations and contingent liabilities and defaults, if they are involved, at the financial companies that will be consulted. The same applies to obligations and contingent liabilities that these institutions demand for other parties. A customer shall also divulge all obligations that do not appear on a financial summary. Kvika's customers shall also present to the bank other data that it demands each time regarding credit transactions. However, the bank may have to gather other necessary information from official registers, such as from Registers Iceland and Creditinfo hf., which sees to the operation of a registry of defaults. Kvika gathers the same authorisations from customers' spouses when joint and/or mutual

obligations are involved. Such information gathering is at the expense of the customer.

- 10.2. The bank's customers shall also authorise the bank to conduct a credit rating, based on the information and documents that the bank's customers have supplied, and that the bank has collected on its own. Such a credit rating is carried out at the customer's expense.
- 10.3. Kvika regularly checks whether there is need to request security or additional security regarding lending, such as loans or guarantees that have already been granted, and more security can be called for if the bank deems it necessary. If a customer does not provide more security after being requested to do so, the bank may call loans due, close payment cards and resort to other measures that the bank deems suitable for avoiding defaults.
- 10.4. Kvika, after a customer's a request, decides whether to grant overdraft authority on a customer's account and the minimum or maximum amount authorised each time. A customer can request an increase/decrease of overdraft authority with a written request, telephone call, email, telegram or in Kvika's online bank. A customer is deemed to have agreed an increase in overdraft authority by using his account following authorisation of an increase.
- 10.5. Unless an agreement on overdraft authority states otherwise, Kvika reserves the right to terminate the customer's authorisation without notice if the bank deems there to be a need because of the market trend, financial terms, changes in the bank's rule environment and other circumstances that the bank deems necessary to respond to in this manner.
- 10.6. A customer undertakes to pay an authorisation fee, in accordance with the bank's tariff of prices each time, and interest because of overdraft authority, in accordance with the bank's determination of interest each time. Interest is calculated on the overdraft balance each day. The transaction fee and interest are debited from the relevant account on the last day of each month, cf. Art. 7.2.4. above. A customer must particularly take care that the balance of the account after debiting is always within the limits of the overdraft authority.
- 10.7. Kvika reserves the right to demand security at any time for granted overdraft authority, cf. provision 10.3.

11. Securities transactions

- 11.1. Kvika has issued general terms on securities transactions, and reference is made to them on the substance of this section.

12. Foreign transactions

- 12.1. If a customer requests the bank to intervene on his behalf in transactions outside Iceland, including the transfer of foreign currency, the bank may choose the financial institution in the relevant state best suiting it each time, unless otherwise agreed.
- 12.2. Kvika is not liable for a customer's damage stemming from mistakes of a foreign financial institution in connection with transactions in which a customer has requested the bank to intervene. In addition, the bank has no liability for a customer's damage stemming from the bankruptcy of a foreign financial institution.
- 12.3. The customer shall acquaint himself well with the general terms of transactions of a foreign financial institution regarding transactions with it, legislation in the relevant country and customs surrounding the relevant transactions.
- 12.4. Kvika's registered exchange rate applies to all transactions in foreign currency, unless otherwise agreed. It depends on the nature of a transaction each time whether a spot rate is used, a closing rate or a specific exchange rate that the bank decides. If such an exchange rate is unavailable, the registered exchange rate of the Central Bank of Iceland that day shall be used, cf. Art. 19 of the Act on the Central Bank of Iceland no. 36/2001.
- 12.5. The customer bears all risk and expense regarding exchange-rate differential.

13. Termination of a business relationship

- 13.1. A customer and the bank may terminate their business relationship without notice or special notifications, unless otherwise agreed, or a statutory provision stipulates otherwise.
- 13.2. Kvika shall be permitted to terminate its business relationship with a customer if the bank deems the scope of business unprofitable.
- 13.3. Termination by one of the parties shall be announced to the other in a provable manner, cf. however, the provision of 7.1.7.
- 13.4. Upon a customer's termination of the business relationship, all guarantees that the bank has undertaken in respect of the customer, domestic as well as

foreign, are cancelled if agreements on such guarantees do not state otherwise, and the recipient of the guarantees shall immediately be notified of such occurrences. In instances where it has been specifically agreed that a guarantee is not cancelled upon the customer's termination of the business relationship, he undertakes to deliver to Kvika insurance regarding the relevant guarantee that fulfils the bank's requirements each time. Such insurance shall be delivered within two weeks of the termination of the business relationship.

14. Electronic information and electronic signatures

- 14.1. The bank publishes all notices or information it has a duty to provide to a customer on the bank's website, www.kvika.is, or in a customer's online bank, unless statutory requirements on it or content in an agreement between the customer and the bank stipulates otherwise.
- 14.2. A signature of the bank's customer that is provided through electronic ID is fully valid in transactions with the bank.
- 14.3. A customer's agreement or instructions, sent by email, or provided through a telephone system or other telecommunications equipment, are fully valid in transactions with the bank.

15. Payment instructions, revocation of payment instructions and reimbursement

- 15.1. A customer's payment instructions shall contain a description of the following information and special identifiers so that Kvika can execute the payment instructions correctly:
 - a) Amount of payment in the relevant currency.
 - b) Name, National ID (if relevant) and recipient's address;
 - c) Account number/IBAN number or comparable identifier of payment recipients.
 - d) SWIFT name of the commercial bank, Fedwire number or comparable identifier.
 - e) If relevant, other information that a customer deems necessary to enable Kvika to execute the payment correctly.
- 15.2. It is particularly noted that Kvika cannot verify whether the payment recipient owns the provided account number when foreign payments are involved. Kvika advises its customers to carefully review whether all the information is correct before presenting payment instructions to Kvika.

- 15.3. Kvika is not at all liable for mistakes traceable to wrong payment instructions from a customer. Mistakes by a customer leading to payment into a wrong account are the customer's responsibility.
- 15.4. Kvika strives to execute payment instructions as quickly as possible. On the cost of payment instructions, reference is made to the bank's tariff of prices.
- 15.5. Generally, a customer cannot revoke payment instructions after the bank has received them. There are several exceptions to this in the Act on Payment Services no. 120/2011, and regarding the exceptions, reference is made to the act. The bank may charge a fee for revocation of payment instructions, in accordance with the bank's tariff of prices each time.
- 15.6. A customer generally has no right to authorised repayment and (sic) an already executed payment for which he has already granted the bank his agreement. There are several exceptions from this in the Act on Payment Services no. 120/2011, cf., e.g., when the recipient of a payment takes initiative and intervenes regarding execution of the payment, and after the following conditions are fulfilled:
- (a) the amount of payment is not precisely specified in the payment authorisation,
 - (b) the amount of the payment is higher than the customer can reasonably provide for the payment, based on, for example, his pattern of expenses and other incidents.

16. Recording telephone conversations

- 16.1. Kvika reserves the right to record all telephone conversations the bank receives to make it possible to verify their contents. The bank also reserves the right to utilise recordings if a dispute arises between parties, or in other cases, where the bank deems such to be necessary to protect its interests. Icelandic law applies to the custody of sound recordings.

17. Surveillance cameras

- 17.1. The bank uses digital cameras on its premises for surveillance. Icelandic law applies to custody and handling of photographic material.

18. Processing and handling of credit information

- 18.1. It is necessary for Kvika, and it has a statutory duty, to process credit information to perform its functions as a financial company as well as ensure the security of financial services. For this purpose, the bank requests extensive information from its customers in accordance with the law each time. The same applies to information on its customers that the bank collects from official parties, such as Registers Iceland.

- 18.2. Credit information shall be used for the sole purpose for which it was gathered and in accordance with current law each time. For that purpose, Kvika, for example, may share information on customers with a third party that the bank has contracted to process or keep organised individual service components.
- 18.3. Kvika ensures the protection of personal information and security of the processing credit information by fulfilling its statutory duties each time. Credit information is preserved as long as a business relationship lasts, and the law directs, or Kvika's business interests demand, and an objective reason is deemed to exist.
- 18.4. Icelandic law applies to customers' authorisation to obtain access to the above data.

19. Duty of confidentiality

- 19.1. Kvika's employees are bound by a duty of confidentiality on everything regarding the finances of the bank's customers, and about other points they obtained knowledge of in their work that shall be treated confidentially in accordance with Art. 58 of the Act on Financial Companies no. 161/2002, unless there is a legal duty to provide information.
- 19.2. On the other hand, the bank can provide information about their customers that they themselves request or have agreed to.
- 19.3. Kvika may sell any claims it has acquired against a customer. By borrowing from the bank, a customer agrees the bank's authorisation to share with external parties the information covered in Art. 58 of Act no. 161/2002, and these terms shall be viewed as the customer's written agreement, in accordance with Art. 60 of the same act. Such information will only be shared for the purpose of selling Kvika's claims or their payment flows, as well as to funds for joint investment and pension funds, regarding a specially insured bond issue and comparable issues.

20. Liability for damage

- 20.1. Kvika is only liable for a customer's damage resulting from the gross negligence or intention of the bank's employees.
- 20.2. The bank is not liable for a customer's damage stemming from uncontrollable circumstances, such as breakdowns in the bank's systems or damage to data files, regardless of whether the bank or a third party is responsible for operating systems, electricity outages, strikes or lockouts, a government's decisions, war or threats of war, riots, violence, sabotage,

terrorist acts, natural catastrophes, trade embargoes or harbour embargoes, or other circumstances deemed to fall under force majeure.

20.3. The bank's customers are liable for damage to the bank that is traceable to their criminal conduct.

21. Kvika's right to liquidation and liens

21.1. Kvika may sell, without further notice, all claims that a customer has or acquires against the bank, against all the bank's claims, due or not due, against a customer.

21.2. Kvika may debit bank accounts owned by a customer because of the bank's overdue claims against the customer, overdue fees or the bank's out-of-pocket expenses at any time, without the customer's agreement.

21.3. If the bank has one or more overdue claims against a customer, regarding transactions falling under the scope of these terms, whether the due date of the claim has passed, or the bank has called a claim due, the bank may keep in its possession financial instruments, money or other assets that a customer has, or that the bank has custody of, until the customer has fully paid the claim, including the interest and costs. This lien also covers financial instruments and money that the bank has entrusted to the custody of other financial companies, Icelandic and/or foreign.

21.4. While the bank has in its custody financial instruments or money, based on a lien under Art. 21.3., a customer loses control over and the benefit of them. In addition, a customer then has neither access to the cash involved nor may he assign the financial instruments.

21.5. When the bank has in its custody one or more financial instruments, based on a lien, the bank may, but has no duty to, sell a relevant financial instrument, whether on an organised securities market or outside it, and utilise the money paid for the financial instrument to liquidate an overdue claim or claims against the customer. It is clear to the customer that prices of financial instruments change frequently. The bank is not liable for a customer's damage because of price changes of the financial instruments that the bank elects to sell, based on this authorisation, or for the customer's damage for other reasons.

22. Complaints and comments

22.1. If a customer has comments or complaints regarding Kvika's alleged mistakes and/or the bank's employees', he can direct a written complaint to the bank's rules officer by email to regluvordur@kvika.is.

22.2. If answers that the bank provides do not satisfy a customer, he can direct his complaint to the Complaints Committee on Transactions with Financial Firms, which, for example, handles customers' disputes with financial companies. A complaint to the Complaints Committee shall be delivered to the Financial Supervisory Authority, Iceland, in writing on a special form available in its office or on its website, www.fme.is.

23. Depositors' and Investors' Guarantee Fund

23.1. The Depositors' and Investors' Guarantee Fund, "DIGF", protects certain depositors and owners of securities in the custody of financial companies in accordance with provisions of Act no. 98/1999 on Depositors' and Investors' Insurance, in the event of bankruptcy or payment difficulties of financial companies for whatever reason. More information on the operations and duties of DIGF is available at, www.tryggingarsjodur.is.

24. Surveillance

24.1. Kvika has a commercial banking permit, in accordance with the Act on Financial Companies and works under the surveillance of the Financial Supervisory Authority, Iceland.

25. Miscellaneous

25.1. All agreements and communications with the bank shall be in Icelandic, unless otherwise agreed.

25.2. Icelandic law applies to these terms and transactions between a customer and the bank, unless otherwise agreed.

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For further information on the bank, see its website at www.kvika.is.