

## **Kvika banki hf. - General Terms and Conditions of Business**

### **1. Introduction**

- 1.1. These General Terms and Conditions apply to all transactions between the client and Kvika banki hf., hereafter referred to as "Kvika" or "the Bank", and deal with the rights and obligations of both the client and the Bank.
- 1.2. In addition, special terms and conditions may apply to individual types of transactions with the Bank, which then take precedence over these General Terms and Conditions in the case of any discrepancy. The Bank's clients are expected to have acquainted themselves with all the rules and/or terms that apply to the respective transaction when doing business with the Bank.
- 1.3. If the client and the Bank negotiate deviations from the Bank's general or special terms, these shall take precedence over provisions of these Terms and Conditions and apply to those transactions between the Bank and the client.
- 1.4. These General Terms and Conditions and other special terms and conditions are available on the Bank's website, [www.kvika.is](http://www.kvika.is).

### **2. Amendments to the General Terms and Conditions**

- 2.1. Kvika may amend or repeal these General Terms and Conditions. Such amendments shall take effect without prior notice if they are to the client's benefit or concern matters that fall outside the scope of the Payment Services Act, No. 120/2011. Amendments that are not to the advantage of clients and concern matters that fall under the scope of the Act on Payment Service shall enter into effect with two months' notice. If the client raises no objections within that time, he/she is deemed to have approved the changes. All changes to the Bank's terms and conditions are published on the Bank's website, [www.kvika.is](http://www.kvika.is), and clients are notified of them in a secure manner, such as through messages in online banking or by e-mail. If the client does not wish to accept changes to terms and conditions, he/she may terminate the business relationship with the Bank as provided for in Article 13 of these Terms and Conditions.
- 2.2. These Terms and Conditions are standardised and cannot be amended by the client. Redactions, deletions, additions or any type of changes which a client may make to them shall be invalid towards Kvika.

### **3. Establishing a business relationship**

- 3.1. When a client applies to establish a business relationship, Kvika requests various information concerning the client's situation, among other things to meet statutory requirements, and the client must undergo due diligence at the beginning of the business relationship, cf. Section 9 of these Terms and Conditions. This includes information on the client's name, address, domicile, Id. No. financial situation and purpose of transactions with the Bank. All dealings between the Bank and the client are based on the information provided by the client to the Bank. The client bears all responsibility for any loss that may result from incorrect, misleading or deceptive information on the client. The client must inform the Bank of any changes to information previously provided without delay.

- 3.2. In applying for and/or concluding transactions with the Bank, clients agree to these General Terms and Conditions, as well as any special terms that may apply to the respective services. Applications to conclude transactions include completed and signed application forms of the Bank, informal applications by e-mail and telephone and other comparable client requests for transactions.
- 3.3. The Bank may refuse to establish a business relationship with specific parties, individuals or legal entities, unless otherwise provided for by law. The Bank is generally not obliged to substantiate such a decision on refusal unless otherwise provided for by law. Should the party not accept the Bank's grounds, it may refer any complaint to the Complaints Committee on Transactions with Financial Undertakings, see Section 21 of these Terms and Conditions for details.
- 3.4. Provisions of these Terms and Conditions and other special terms of the Bank which fall within the scope of the Payment Services Act, No. 120/2011, are considered part of a framework agreement on payment services between the client and the Bank.

#### **4. Use of online banking and access to the account**

- 4.1. Clients can carry out certain transactions through Kvika's online banking. Online banking is accessible on Kvika's website. Kvika reserves the unilateral right to determine the services offered in online banking, or to change the services. Clients use authentication to prove their identity in online banking.
- 4.2. Clients identify themselves when logging on to online banking using personal security features, such as electronic ID, username and password, or a security number, in accordance with the Bank's current security requirements. Once a client has logged on to online banking with authentication, the client is responsible for and is bound by all actions undertaken in online banking.
- 4.3. Clients may not disclose their personal security features to others and are responsible for making sure no one observes them when using their personal security features. Clients are also obliged to change their personal security features immediately upon suspicion that another party may have obtained knowledge of them. The Bank must be notified of such suspicions without delay. Failure by clients to preserve their personal security features securely or in accordance with the above is considered gross negligence on their part.
- 4.4. The Bank's clients are responsible for the actions taken or requested using their personal security features in Kvika's online banking and the information obtained through the use of their personal security features, regardless of the nature of the actions or the content of the information.
- 4.5. Clients must notify the Bank without undue delay if they become aware of any misuse or unauthorised use of online banking. Clients shall not be liable for any loss resulting from the use of online banking if the Bank has not taken appropriate measures as provided for in the Act on Payment Services in connection with notification of a lost, stolen or misappropriated payment instrument. The Bank may, immediately and without notice, block a client's access to online banking or restrict the client's use of online banking, in whole or in part, temporarily or permanently, in the following cases: a) if there is suspicion of unauthorised or fraudulent use of

online banking or a breach of the Bank's rules or terms and conditions; (b) due to file updating, modifications to systems or other technical or security reasons; or (c) if a client's estate is subject to insolvency proceedings, if a client seeks composition or a moratorium or for other similar reasons. Clients will be informed as promptly as practicable. If the reasons for the closure no longer apply, the Bank shall re-open access. The Bank may block clients' access to online banking if their access has been inactive for a continuous period of 6 months or longer.

- 4.6. Kvika is not liable for any loss suffered by a client due to electronic theft by third parties of bank data and/or other information, cf. among other things Section 20 of these Terms and Conditions.
- 4.7. A client chooses a security number for his/her account to use for confirmation of payments in communication with Kvika, for example, through online banking, and the Bank's client service desk. In selecting a security number, the client shall take care not to select a number that can easily be traced back to the account holder. The client is obliged not to divulge the security number to unauthorised parties. Unauthorised parties here refers to parties who are not authorised to give instructions for payments from the client's account in accordance with these Terms and Conditions. If a client has reason to believe that an unauthorised person has learned of the security number, the client is obliged to notify this to the Bank immediately and to change the security number immediately upon becoming aware of this. The client is responsible for all payments and actions carried out using the security number.

## **5. Power of attorney**

- 5.1 Clients may authorise another party to conclude transactions with and/or obtain information from Kvika regarding their business with the Bank. The client is obliged to provide a power of attorney in the format required by the Bank, if the Bank so requests. Changes to the power of attorney or its revocation must be made in writing and notified to the Bank in a verifiable manner. Such changes or revocations shall take effect upon receipt by the Bank.

## **6. Statements**

- 6.1. Account statements are accessible to clients in Kvika's online banking. Clients can request paper statements sent by mail on the Bank's website, [www.kvika.is](http://www.kvika.is), by calling +354 540 3200, or by sending an e-mail to [thjonusta@kvika.is](mailto:thjonusta@kvika.is). Fees are shown in the Bank's tariff.
- 6.2. Clients must carefully review the statements of their accounts and check whether the transactions are correct.
- 6.3. Clients must contact the Bank as soon as possible if any transactions on the account are discovered which they have not carried out themselves or otherwise authorised. Clients are liable for losses due to transactions they have not themselves carried out or authorised, unless such transactions are due to the Bank's culpable conduct. Regarding the client's responsibility for the use of personal security features and security numbers, reference is made to Section 4.
- 6.4. The Bank cannot correct mistakes made by clients which result in payment to a wrong account without consent from the recipient of the payment. Such mistakes are the client's responsibility.

- 6.5. Kvika is obliged to refund amounts which the Bank verifiably has incorrectly withdrawn from its clients' accounts.
- 6.6. The Bank also reserves the right to reverse transactions that are obviously entered by error, for example, if the same amount is entered twice by mistake, or information about the recipient of the payment is entered incorrectly. The Bank also reserves the right to a reverse entry in cases where the Bank's agreement with other financial undertakings provides for such an obligation.
- 6.7. The client must carefully review all information prior to making payment to a third-party account, regardless of whether such payment is made with a payment instrument, through online banking, via telephone, with a teller or using other means. The client is responsible for the accuracy of details on the amount of payment, recipient of payment and explanation for payment. In the case of unauthorised or erroneous payments through no fault of the client, where the client has not provided wrong identification for the recipient and the erroneous payment cannot be traced to circumstances outside the Bank's control (*force majeure*) or legal requirements the Bank is obliged to comply with, the Bank shall remit to the client the unauthorised or erroneous payment and, if appropriate, backdate the client's account to the balance it should have shown if the unauthorised or erroneous payment had not taken place. The client shall submit a request for correction without undue delay if he/she becomes aware of or should have become aware of an unauthorised or erroneous payment and no later than 13 months after the date of debit. This does not apply, however, if the client can show that the Bank failed to fulfil provisions concerning the client's access to account statements. The above does not apply to clients who are not consumers in the meaning of the Act on Payment Services, as subsequently amended.

## **7. Interest rates and deposit accounts**

- 7.1. Kvika publishes interest rate information on its website, [www.kvika.is](http://www.kvika.is). The Bank also informs clients of interest rates upon request.
- 7.2. Should the Bank and the client have agreed on specific interest terms, the terms of that agreement shall take precedence over general changes to the Bank's interest rates and change in accordance with the provisions of that agreement, as applicable.
- 7.3. Interest rates on deposits and loans are floating unless otherwise stated or agreed. Deposit and lending rates are determined and altered without prior notice in accordance with the Bank's current interest rate schedule. In calculating interest, each month shall be considered to have 30 days and each year to have 360 days, unless otherwise agreed. Interest appears on annual account statements available in online banking or other electronic format at the beginning of each year. Lending rates vary depending on the type of loan. Unless otherwise agreed, interest is calculated on loans as of the disbursement date.
- 7.4. A regular banking day is a day when banks are open for general business in Iceland. If a due date, which is also the final date for payment, falls on a weekend or public holiday it shall be moved to the following banking day. If the due date and final date for payment on claims in collection by the Bank for a third party do not coincide, the final date for payment shall not be moved even though it falls on a weekend or public holiday.

- 7.5. Kvika is authorised to eradicate, without giving special notice, deposit accounts of clients with no balance on deposit that have been without any balance for 6 months. The same applies if Kvika no longer considers the client in question to be the Bank's client.

## **8. Tariff**

### **8.1. General**

- 8.1.1. The Bank's tariff is available on its website, [www.kvika.is](http://www.kvika.is). The Bank also informs clients of fees and commissions upon request. The Bank's tariff is part of these Terms and Conditions.
- 8.1.2. The Bank's clients pay fees for the Bank's services as well as other costs, in accordance with the currently applicable tariff. The amount of the fees is based on various factors, and can either be a fixed amount, a certain percentage of the transaction amount, or based on an hourly charge. The amount of the fee can also be based on all the above factors combined. The Bank may debit such fees and costs from the client's account with the Bank; such debits shall appear on the statement for the account debited.
- 8.1.3. If a provision is made for fees in other terms or agreements that the Bank enters into with its clients, those terms shall take precedence over the Bank's tariff in case of any discrepancy.
- 8.1.4. No specific additional costs shall be incurred due to the use of a particular telecommunications method in connection with distance contracts. A distance contract is defined in the Act on Distance Marketing of Financial Services, No. 33/2005, as an agreement between a consumer and a service provider on financial services, which is part of organised distance selling by the service provider and where only telecommunications methods are used up to and including the conclusion of the agreement.

### **8.2. Changes to the tariff**

- 8.2.1. If the client is a legal entity, the Bank may make changes to its tariff without notice and publish this on its website and in online banking.
- 8.2.2. The Bank may amend its tariff with two months' notice and collect fees accordingly if the changes are made to service items that fall under the scope of Act on Payment Services, No. 120/2011. If the changes do not fall within the scope of that Act, the Bank may change its tariff without notice. Changes are presented in the tariff on the Bank's website, [www.kvika.is](http://www.kvika.is). If the client raises no objections to changes to the tariff prior to their entry into force, the client is deemed to have accepted them.
- 8.2.3. Provisions of special agreements between individual clients and the Bank, specifying other terms, can be amended according to the relevant provisions in the respective agreements.

## **9. Actions to prevent money laundering and terrorist financing**

- 9.1. According to the Act on Measures to Prevent Money Laundering and Terrorist Financing, No. 140/2018, Kvika is required to perform due diligence on clients upon establishing business relationships and when carrying out certain transactions.

- 9.2. In order to comply with these statutory obligations, the Bank will request among other things personal information about new clients, including name, Id. No., legal domicile, place of birth and nationality. Legal entities shall, for instance, provide information on the legal form of the company, its Board of Directors and senior management, and adequate information on the beneficial owner. The Bank is to ask, among other things, whether transactions will be carried out on behalf of a third party, obtain information about the nature and purpose of the proposed business relationship and origin of the funds in question, as provided for under current legislation.
- 9.3. In order to enter into a business relationship with the Bank, new clients must also provide valid electronic ID or other proof of identity issued by a public authority. Legal entities shall prove their identity, for instance, by presenting certificates from a public register that prove the registration of the company in question. In addition, those holding power to sign and others who are authorised to represent legal entities must prove their identity in the above-mentioned manner.
- 9.4. As long as the client maintains a business relationship with Kvika, his/her transactions shall be subject to regular monitoring for the purpose of examining whether such transactions are in accordance with the information provided on the client and his/her activities when the business relationship was established and in compliance with current acts and rules. The client shall, on own initiative, notify any changes to previously provided information and confirm or update information and submit relevant documents when the Bank so requests.
- 9.5. Kvika shall preserve copies of identification and official documents, as well as other information on the client as provided for by law. Kvika is to retain information provided by the client for due diligence and that which the Bank obtains on its own initiative for a minimum of five years from the end of the business relationship or the occurrence of individual transactions.
- 9.6. If it was not possible to carry out appropriate due diligence at the beginning of a contractual relationship or update due diligence in accordance with laws and rules or Kvika's internal rules, the Bank may not establish a contractual relationship or carry out further transactions. Under such circumstances, the Bank reserves the right to freeze any further transactions that the client may have entered into, such as blocking deposits and withdrawals on accounts or closing portfolios, until due diligence has been performed.
- 9.7. If a suspicion arises, or if Kvika's employees have good reason to believe, that the funds that the client intends to use for transactions are proceeds of illegal conduct or related to terrorist financing, the Bank may refuse to execute the requested transactions without specifying the reasons for rejection.
- 9.8. Kvika is obliged to notify the police if a suspicion of money laundering or terrorist financing arises and provide all necessary information in connection with such notification. The Bank reserves all right to refuse to provide services without notice if there is a suspicion that the proposed transaction is related to illegal conduct.
- 9.9. The client attests that all assets, which have been or may be in the future placed in an account with Kvika by the client (or as authorised by the client), are the client's personal property and that

he/she is deemed to be their beneficial owner unless otherwise specifically stated and agreed by Kvika. Furthermore, the client confirms that the assets can neither now nor later be attributed directly or indirectly to criminal conduct. The client also confirms that he/she is the beneficial owner of all accounts registered in the client's name with Kvika, unless otherwise specifically stated and agreed by Kvika.

- 9.10. Furthermore, the client declares that he/she is domiciled for taxation purposes in the country specified in the agreement with the client, and that he/she fulfils the requirements for inclusion under a double-taxation agreement (if such agreement exists) concluded between the country of domicile and the country invested in through the intermediation of Kvika. The client shall be obliged to notify Kvika without delay of any changes to beneficial ownership and taxation status.

## **10. Credit transactions**

- 10.1. A request for a credit transaction implies an authorisation to the Bank to obtain a statement of the client's obligations with other financial undertakings. Kvika may also require special consent in this regard. This financial statement will show obligations and guarantees, and any defaults should they exist, to the financial undertakings consulted. The same applies to obligations and guarantees that these institutions collect for other parties. The client must furthermore disclose all obligations that do not appear in the statement. Kvika's clients shall provide the Bank with other documentation requested in connection with credit transactions and, in addition, the Bank may obtain various necessary information from public registers such as the National Register and default register management company CreditInfo hf. The client authorises Kvika to carry out an assessment of creditworthiness or payment capacity for the planned credit transaction on the basis of information provided by the client, acquired by the Bank as authorised by the client, or acquired by the Bank on its own. Kvika will obtain the same authorisations from its clients' spouses in the case of joint and/or mutual obligations. Such gathering of information will be carried out at the client's expense.
- 10.2. Furthermore, clients shall authorise Kvika to carry out a risk assessment on credit transactions based on the information and data provided by the client and obtained independently by the Bank. Such a risk assessment will be performed at the expense of the client.
- 10.3. Kvika regularly monitors the necessity of securing credit with collateral and the need to increase collateral in connection with previously granted loans and guarantees and may, if it is deemed necessary, request additional collateral. Kvika is not obliged to justify its decision to request additional collateral. Should the client fail to provide further collateral when requested, the Bank is authorised to accelerate loans, freeze cards and take any measures that the Bank deems likely to prevent defaults.
- 10.4. At the client's request, Kvika may decide on the granting of an overdraft facility for the client's account and the minimum or maximum amount of the overdraft authorisation at any given time. The client can request an increase/decrease to the overdraft facility by written request, telephone call, e-mail, fax or through Kvika's online banking. The client is deemed to have agreed to an increase in the overdraft facility upon using the account following the increase in the authorisation.

- 10.5. Unless the agreement on an overdraft provides otherwise, Kvika reserves the right to terminate such client overdrafts without notice if the Bank deems it necessary due to market developments, financing terms, changes in the Bank's regulatory environment or other circumstances that the Bank feels it necessary to respond to in such a manner.
- 10.6. The client is obliged to pay an overdraft charge, as provided for in the Bank's current tariff, and interest on overdraft facilities according to the Bank's currently applicable interest rates. Interest is calculated on each day's overdraft balance. Transaction fees and interest are debited from the respective account on the last day of each month for the interest period from the 21st day of the previous month to the 20th day of that month. Interest debited is then recognised as of the 21st day of the respective month. The client must take specific care to have the balance of the account after debiting always within the limits of the overdraft facility.
- 10.7. Kvika reserves the right to demand collateral for an overdraft facility granted at any time, cf. the provision in Section 10.3.

## **11. Securities transactions**

- 11.1. If a client requests services in connection with securities trading, a written agreement shall be concluded between Kvika and the client stipulating, among other things, the rights and obligations of the contracting parties. Before providing securities services, Kvika classifies clients as retail clients, professional clients or eligible counterparties, as provided for by law and the Bank's rules on client classification. The client's investor protection is determined by this classification, as retail investors enjoy the greatest protection.
- 11.2. Kvika has issued General Terms and Conditions for Securities Transactions and reference is made to these with respect to the content of this Section. Unless otherwise specifically agreed, the General Terms and Conditions for Securities Transactions apply to the legal relationship between Kvika and the client when the client makes use of services in connection with securities transactions. The Terms and Conditions contain special rules that apply to securities transactions, including on the handling of information, communications between parties, custody of assets and funds, custody accounts, client orders and their execution, fees, commissions, payments, collateral, defaults, default remedies and closing of transactions. Should there be any discrepancies between these General Terms and Conditions and the General Terms and Conditions for Securities Transactions, the latter shall take precedence in transactions involving financial instruments.
- 11.3. Trading in financial instruments can be highly risky. Price developments in the past are not necessarily an indication of future price trends. Clients are encouraged to acquire general information on the nature of securities trading, investment issues, taxation, etc. in connection with securities transactions from the Bank's advisors.

## **12. Foreign transactions**

- 12.1. If a client requests that the Bank act as intermediary on his/her behalf in transactions outside Iceland, including the transfer of foreign currency, the Bank may choose the financial institution in the country in question that suits it at any given time, unless otherwise specifically agreed.

- 12.2. Kvika bears no liability for client losses resulting from the mistakes of a foreign financial institution in connection with transactions that the Bank arranges at the client's request. Nor does the Bank bear any liability for client losses resulting from the insolvency of a foreign financial institution.
- 12.3. The client shall be well acquainted with the general terms and conditions of any foreign financial institution with which he/she concludes transactions, the legislation of the country and business practices in such transactions.
- 12.4. Kvika's quoted exchange rates apply to all foreign currency transactions, unless expressly agreed otherwise. It will depend on the nature of the transaction whether spot rates, closing rates or special exchange rates, determined by the Bank, are used. If such an exchange rate is not available, the Central Bank of Iceland's quoted exchange rate on that date shall be used, cf. Art. 29 of the Act on the Central Bank of Iceland, No. 92/2019.
- 12.5. The client bears all risks and costs in connection with exchange rate differences.

### **13. Termination of a business relationship**

- 13.1. The client or the Bank may terminate their business relationship without prior notice or special notification, unless otherwise expressly agreed or provided for by law.
- 13.2. Kvika shall be authorised to terminate its business relationship with a client with two months' notice if the business relationship concerns payment services under the Act on Payment Services.
- 13.3. Kvika reserves the right, even if otherwise agreed, to terminate a business relationship on its own initiative, without notice and without notifying the client in advance, should the client be found to have violated the law, the Bank's rules, the Bank's Terms and Conditions, or other rules that apply to his/her business with the Bank; if the client or a third party is found to be misusing the Bank's services and/or products; if the business is considered, in the Bank's estimation, to involve a risk of money laundering and/or terrorist financing; if the business relationship could, in the Bank's estimation, damage its reputation; or if the Bank considers the business relationship incompatible with the Bank's risk assessment.
- 13.4. Termination by one party shall be notified to the other in a verifiable manner, cf. however, Section 7.5.
- 13.5. Upon termination of the business relationship by the client, all guarantees that the Bank has undertaken towards the client, domestic and foreign, shall be cancelled, unless agreements on such guarantees stipulate otherwise, and the holder of such guarantees shall be notified thereof immediately. In cases where it has been specifically agreed that a guarantee shall not be cancelled upon termination of the business relationship by the client, the client undertakes to provide Kvika with collateral for the relevant guarantee that meets the Bank's current requirements. Such collateral shall be delivered within two weeks of the termination of the business relationship.

- 13.6. Financial instruments and other assets of the client shall be delivered at the end of the two-month notice period. If termination is without notice, Kvika shall return all assets in its custody on the date of termination. If the client provides Kvika with insufficient information, with the result that Kvika is unable to deliver the assets, the Bank is authorised to have the assets in its care on behalf of the client and at the latter's expense. If the client has balances in deposit accounts, the Bank may close the accounts and place the balances in escrow accounts, cf. the Escrow Act, No. 9/1978. Such custody shall be based on these Terms and Conditions as currently applicable.
- 13.7. The client shall generally be entitled to withdraw from a distance contract without payment and without specifying any reason, provided he/she sends notification to that effect to the Bank within 14 days from the date the distance contract was concluded. The provisions of the Act on Distance Marketing of Financial Services, No. 33/2005, apply to the rights and obligations of the client and the Bank in the conclusion and implementation of distance contracts.

#### **14. Electronic data and e-signatures**

- 14.1. All notices or information that the Bank is obliged to provide to the client are published on the Bank's website, [www.kvika.is](http://www.kvika.is), or in the client's online banking, unless statutory requirements or provisions of the client's agreement with the Bank stipulate otherwise.
- 14.2. Signatures of the Bank's clients, provided through the use of electronic ID (e-signatures), shall be fully valid in transactions with the Bank.
- 14.3. The client's consent or instructions sent by e-mail, or given by telephone or other means of telecommunication, shall be fully valid in transactions with the Bank.

#### **15. Payment instructions, withdrawal of payment instructions and refunds**

- 15.1. Payment instructions from a client must include the following information and special identifiers in order for Kvika to execute the payment instructions properly:
- a) amount of payment in the respective currency;
  - b) the name, Id. No. (if appropriate) and address of the recipient;
  - c) Account number/IBAN number or equivalent identifier for the payee;
  - d) the bank's SWIFT, Fedwire number or equivalent identifier;
  - e) if applicable, other information that the client deems necessary for Kvika to make the payment correctly.
- 15.2. It should be noted in particular that Kvika cannot verify whether the stated account number is owned by the payee in the case of foreign payments. Kvika therefore advises its clients to check carefully whether all information is correct before submitting payment instructions to Kvika.
- 15.3. Kvika bears no liability for errors attributable to incorrect payment instructions from the client. Errors made by clients which result in payment to a wrong account are the responsibility of the client.

- 15.4. Kvika makes every effort to execute payment instructions as promptly as possible. Fees for executing payment instructions are shown in the Bank's tariff. Payment instructions sent before closing of the Bank shall be considered to have been received on that day. Instructions received after that time shall be considered to have been received on the next banking day. Kvika is not considered to have received payment instructions until the Bank has received all information necessary to carry out payment.
- 15.5. Kvika may postpone, suspend and/or refuse the execution of payment instructions, whether originating from the payer or the payee, if the requirements of law, these Terms and Conditions, other terms and conditions or the Bank's rules are not satisfied, e.g. if there is an insufficient balance on the account; if withdrawals have been blocked for other reasons; for security reasons; if there is a risk of misconduct or fraud; due to a significantly increased risk that the payer may be unable to fulfil the payment obligation; if there is any doubt as to the payer's authorisation to use the account; or due to regular monitoring of payments, which involves obtaining information about the payer's relationship with the payee, the origin of funds, the purpose of the transaction, etc. The Bank uses foreign payment intermediation banks to send and receive foreign payments on behalf of clients. As a result, the Bank may request further information on the payments and pass that information on to foreign payment intermediation banks.
- 15.6. The client will be notified if Kvika refuses to execute instructions for payment. If the Bank's refusal to execute payment instructions is attributable to the client, a fee may be charged for written notifications. Rejection of payment instructions by Kvika is equivalent to such instructions not having been received. Notwithstanding the above, Kvika may postpone executing instructions for payment until sufficient funds are available on the client's account, including funds to cover cost and other charges. In this connection, Kvika may attempt to debit payment from the client's account after receiving payment instructions and before they are executed. If Kvika receives multiple instructions for payment the same day, the Bank is not responsible for the order in which the instructions are executed or which payments are not carried out due to an insufficient account balance.
- 15.7. The client cannot generally revoke payment instructions after the Bank has received them. There are some exceptions to this in the Payment Services Act, No. 120/2011, and reference is made to the Act regarding those exceptions. The Bank is authorised to charge fees for the revocation of payment orders in accordance with the Bank's current tariff.
- 15.8. The client is generally not entitled to a refund of authorised and executed payments for which he/she has given consent to the Bank. There are some exceptions to this in the Payment Services Act, No. 120/2011, e.g. when the payee initiates, or mediates the execution of the payment, and the following conditions are met:
- (a) the amount of the payment is not specified exactly in the payment authorisation;
  - (b) the amount of the payment is higher than what the client could reasonably have expected prior to the payment based on, among other things, the client's expenditure pattern and the circumstances in other respects.

## **16. Recording of telephone calls and surveillance cameras**

- 16.1. Kvika reserves the right to record all telephone calls received by the Bank in order to verify their content. The Bank, furthermore, reserves the right to utilise information from recorded telephone calls should disputes arise between parties or in other cases where the Bank deems it necessary to safeguard its interests. Icelandic law shall apply to preservation of recordings. Kvika does not guarantee that all telephone calls will be recorded.
- 16.2. Digital surveillance cameras are in place on the Bank's premises. Icelandic law shall apply to the preservation and handling of visual material. Kvika may use the recordings in the event of a dispute between the parties or to investigate the possible criminal and/or culpable conduct of the Bank's employees or clients.
- 16.3. Recording of telephone conversations is done in accordance with provisions of the Telecommunications Act, No. 81/2003. Video camera surveillance is carried out in accordance with provisions of the Act on Personal Data Protection and Treatment of Personal Information and Rules on Digital Surveillance, No. 837/2006. Processing of information that may be created through the recording of telephone calls and video recordings is carried out in accordance with the provisions of the Act on Personal Data Protection and the Processing of Personal Data. The Bank reserves the right to preserve information created throughout the business relationship between the Bank and the client, as long as the Bank has a legitimate interest in the preservation of the information.

## **17. Processing and treatment of personal information**

- 17.1. Kvika must and is required by law to process personal data in order to perform its role as financial institution and to guarantee security in financial services. To this end, the Bank requests extensive information from its clients in accordance with current law. The same applies to client information that the Bank obtains from public authorities, such as the National Register. Kvika's policy on personal data protection is accessible on its website.
- 17.2. Kvika's processing of personal information is subject to the provisions of the Act on Personal Data Protection and the Processing of Personal Data, No. 90/2018. The principal purpose of processing personal information is to provide the client with the desired services. Personal information shall only be used for the purpose for which it was obtained and authorisation for the processing of personal information may apply, among other things, to the implementation of an agreement, a legal obligation resting on the Bank or the Bank's legitimate interests.
- 17.3. Kvika will not deliver personal information to others unless the Bank is obliged by law to do so, for example, to regulatory bodies, law enforcement authorities or other parties authorised by law to receive the information in question. Kvika may also be obliged to hand over personal information if a judge rules that it is obligatory to provide it in court or to the police. The client may, however, authorise the Bank to disclose personal information concerning him/her. In its operations, Kvika may need to communicate information to a processor, who processes personal information for Kvika or performs related tasks on behalf of the Bank. Those parties who receive information about the business and/or private affairs of the Bank's clients are bound by a duty of confidentiality in the same manner as Kvika and Kvika's employees. Kvika processes primarily financial information, security information and general population data in its operations; the preservation time of data is governed by its needs and statutory requirements. Personal data is

preserved for as long as the business relationship lasts and as prescribed by law or as Kvika's business interests require and there is a valid reason for so doing.

- 17.4. Kvika ensures privacy and security in the processing of personal information by fulfilling currently applicable statutory requirements. Kvika has strict obligations to ensure the security of the personal data processed by the Bank. The Bank fulfils these obligations e.g. by adopting a security policy, assessing the risks involved in the processing in question, such as the risk of unauthorised access to the information or of their being damaged or destroyed, and taking security measures to mitigate such risks. These security measures involve, in particular, access controls, physical security, human resource security, operational security and communications security.
- 17.5. Individuals can access their personal information and in certain circumstances correct, delete, restrict processing of, object to and transfer their own data. An individual also has the right to submit a complaint to the Data Protection Authority. Individuals can withdraw their consent at any time if the authorisation for the processing is based solely on consent.

## **18. Confidentiality**

- 18.1. Kvika's employees are legally bound by obligations of confidentiality in all matters concerning the situation of the Bank's clients and other matters of which they may become aware in the course of employment and should be kept secret pursuant to Art. 58 of the Act on Financial Undertakings, No. 161/2002, unless the information must be provided by law.
- 18.2. The Bank may, however, disclose information about its clients if they themselves request or authorise it.
- 18.3. Kvika may sell any claims that the Bank acquires against a client. When borrowing from the Bank, the client agrees to the Bank's authorisation to disclose to external parties the information referred to in Art. 58 of Act No. 161/2002; these Terms and Conditions shall be regarded as the client's written consent in this regard, as provided for in Art. 60 of the same Act. The information in question will only be disclosed for the purpose of selling Kvika's claims or their cash flow, such as to UCITS and pension funds, for covered bond issues and similar issuance.

## **19. Liability for loss**

- 19.1. Kvika shall only be liable for client losses resulting from gross negligence or intent on the part of the Bank's employees.
- 19.2. The Bank shall not be liable for client losses arising from *force majeure*, such as failure of the Bank's systems or damage to data files, regardless of whether the Bank or a third party is responsible for the operation of the systems, power outages, strikes or lockouts, government decisions, wars or threats of war, riots, violence, vandalism, terrorism, natural disasters, trade or port embargoes, or other causes considered to be *force majeure* events. The Bank is not liable for losses resulting from other uncontrollable events that interrupt, disrupt or partially or completely obstruct the services provided by the Bank, without such events being classified as *force majeure*.
- 19.3. The Bank's clients are liable to the Bank for losses which can be attributed to criminal conduct on their part.

## **20. Right to set-off and impound**

- 20.1. Kvika may, without further notice, set-off all claims that the client holds or acquires against the Bank against all claims of the Bank, due or pending, against the client.
- 20.2. Kvika may debit bank accounts owned by the client in connection with the Bank's overdue claims against the client, accrued fees or costs incurred by the Bank at any time without the client's consent.
- 20.3. If the Bank has one or more claims which have fallen due in connection with transactions within the scope of these Terms and Conditions, regardless of whether the claims have matured or been accelerated by the Bank, the Bank may hold in its possession financial instruments, money and other funds owned by the client which are in the Bank's custody, until the client has paid the claim in full, including interest and costs. Furthermore, this right to impound covers all financial instruments and monies which the Bank may have entrusted to other domestic or foreign financial undertakings for custody.
- 20.4. While the Bank holds financial instruments or monies in its possession, on the basis of a its right to impound, as referred to in Section 20.3, the client has no control of or right of use to them. In addition, the client shall have neither access to any cash thus held, nor be authorised to assign the financial instruments in question.
- 20.5. If the Bank has in its possession one or more financial instruments on the basis of the right to impound, the Bank may, but is never obliged to, sell the financial instruments in question, either on a regulated securities market or off-market, and set off the proceeds obtained for the financial instrument against its overdue claim or claims against the client. The client is aware that fluctuations in the price of financial instruments are frequent. The Bank shall not be liable for a client's loss due to price changes of those financial instruments which the Bank elects to sell on the basis of this authorisation, nor for the client's loss for other reasons.

## **21. Complaints and suggestions**

- 21.1. If the client has any suggestions or complaints regarding alleged errors by Kvika and/or the Bank's employees, he/she can send a written complaint to the Bank's Compliance Officer at the e-mail address [regnvordur@kvika.is](mailto:regnvordur@kvika.is).
- 21.2. If the client is dissatisfied with the answers provided by the Bank, he/she can direct the complaint to the Complaints Committee on Transactions with Financial Undertakings, which deals, among other things, with clients' disputes with financial undertakings. A complaint to the Complaints Committee shall be submitted to the Financial Supervisory Authority (FME) in writing on a special form which is available at FME's offices or on its website [www.fme.is](http://www.fme.is).

## **22. Depositors' and Investors' Guarantee Fund (TIF)**

- 22.1. The Depositors' and Investors' Guarantee Fund (TIF) provides protection to certain depositors and owners of securities held by financial undertakings, under the provisions of Act No. 98/1999, on Deposit Guarantees and an Investor Compensation Scheme, in the case of the insolvency or payment difficulties of a financial undertaking for any reason. Further information on TIF's activities and obligations is available on the fund's website, [www.tryggingarsjodur.is](http://www.tryggingarsjodur.is).

### **23. Supervision**

23.1. Kvika is licensed to operate as a commercial bank pursuant to the Act on Financial Undertakings, under the supervision of FME.

### **24. Miscellaneous**

24.1. All agreements and communication with the Bank shall take place in Icelandic, unless otherwise specifically agreed.

24.2. These Terms and Conditions, as well as all transactions between the client and the Bank, are governed by Icelandic law, unless otherwise specifically agreed.

Kvika banki hf.  
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Fax: 540-3201  
Email address: [thjonusta@kvika.is](mailto:thjonusta@kvika.is)

Further information on the Bank is available on its website, [www.kvika.is](http://www.kvika.is).

Note. This is an English translation of the General Terms and Conditions of Kvika bank hf. If there are any discrepancies between the English and the Icelandic versions, the Icelandic version shall apply.