

# General Terms and Conditions of NBI hf. (Landsbankinn)

These Terms and Conditions shall apply to both new and current customers as of 1 November 2008.

## About the Terms and Conditions

The General Terms and Conditions of NBI hf. (hereafter Landsbankinn or the Bank) cover all business transactions between the Bank and its customers. They contain general provisions concerning the rights and obligations of both parties.

Special terms apply to transactions between the parties in certain cases and these shall take precedence over the General Terms and Conditions, which they supplement. Customers of the Bank shall acquaint themselves with the rules and/or terms and conditions applicable to the transaction in question.

Contracts with the Bank that differ from these Terms and Conditions or other special terms shall take precedence, provided that they are to the advantage of the Bank's customers.

Landsbankinn may amend the Terms and Conditions at any time, provided that changes are to the advantage of the Bank's customers. Otherwise amendments shall take effect with one month's notice. Amendments to the Terms and Conditions are published on the Bank's website.

## Establishing a business relationship

Upon establishing a business relationship, Landsbankinn investigates the reliability of prospective customers by requesting various personal information, such as name, address, legal domicile and Id. No., in addition to information about their financial position and purpose of the transactions (see discussion on Actions to Combat Money Laundering and Terrorist Financing)

In entering into a business relationship with Landsbankinn, new customers agree to these Terms and Conditions as well as to any special terms covering the transactions in question.

## Use of security numbers and authentication tokens

Landsbankinn's customers are in certain cases required to use a security number or authentication token to conduct or request specific transactions.

In choosing security numbers, customers shall conform to the Bank's rules on security numbers which are designed to ensure that such numbers are not easily traceable back to the customer. Less secure numbers include parts of Id. Nos. or account numbers.

Customers may not disclose their security number to another party. Customers are further obliged to change their security numbers immediately upon suspicion that another party may have become aware of the security number. The Bank must be notified of such an occurrence without delay.

The customer is responsible for all and any entries made and/or information provided through use of the security number.

The holder of an authentication token is fully responsible for all actions carried out in Landsbankinn's Personal Internet Bank with his/her token. Authentication token holders are further responsible to the token's owner (Auðkenni hf.) and/or Landsbankinn for any loss resulting from possession or use of a token, e.g. misuse by the user or another party.

## Power of Attorney

Power of Attorney, authorising a third party to carry out business transactions with Landsbankinn on behalf of a customer, must be in writing and certified by two witnesses or a notary public. The mandate shall specify all transactions it authorises. All changes to a Power of Attorney shall be in writing and similarly certified and enter into effect upon reception by the Bank.

Revocation of Power of Attorney, which shall also be in writing, enters into effect once it is received by the Bank.

Landsbankinn may refuse transactions based on its clients' Power of Attorney if the Bank judges the mandate to be insufficient.

Laws and regulations on granting Power of Attorney, changing or revoking the mandate apply in other respects.

## Account transactions

Landsbankinn recommends that customers review their account statements regularly.

The Bank is obliged to refund amounts which the Bank verifiably wrongly withdraws from its clients' accounts. The bank is similarly authorised to retract payments wrongly credited to its clients' accounts, for example, if the same funds are deposited twice by mistake or wrong information about the recipient is entered. Such corrections shall take place immediately and appear on the account statements of the Bank's clients.

Landsbankinn cannot correct mistakes made by its clients during transfers, debit entries and deposits to the account of a third party which result in payment to a wrong account without approval from the recipient of the payment. Such mistakes are the responsibility of the Bank's clients. Landsbankinn's clients are reminded to prepare transfers/deposits to third party accounts carefully, regardless of whether they are made via Personal Internet Banking, service telephone or with a cashier.

## Interest rates

### 1. Interest terms

Interest rates on deposits and loans are subject to change unless otherwise stated or agreed. Deposit and lending rates are determined and amended without prior notice in accordance with Landsbankinn's current tariff.

If the Bank has agreed to fixed interest rates or other special interest terms, interest rate changes are subject to the terms of the agreement between the Bank and its clients.

Information about deposit and lending interest rates is available on the Bank's website ([www.landsbankinn.is](http://www.landsbankinn.is)), its Customer Service Centre and branch cashiers and service representatives. Under special circumstances, changes to the Bank's interest rates are announced publically, e.g. with press releases.

### 2. Calculation of interest and interest charges

In calculating interest, each month shall be considered to have 30 days and each year to have 360 days, unless otherwise agreed.

Deposits generally bear interest as of the day following the date of deposit. The day preceding withdrawal is the last day on which the withdrawn deposit generates interest. Special rules may apply to interest calculation on deposits and withdrawals carried out on weekends and public holidays, whether through Personal Internet Banking, the Customer Service Centre or the Bank's branches.

As a rule, interest is added to the principal at the end of the year and indexation is added on a monthly basis, except in the case of special savings accounts. Interest appears on account statements sent to account owners at the beginning of each year.

Interest owed on overdrafts is calculated at the end of each month and debited from the account on the last working day for the interest period from the 21<sup>st</sup> of the previous month to the 20<sup>th</sup> of that month, with the interest date the 21<sup>st</sup> of that month.

If the account balance is insufficient to cover withdrawals from chequing / debit accounts, interest is calculated either based on negotiated interest rates in accordance with Landsbankinn's tariff or penalty interest in accordance with the Central Bank's tariff as of the date of withdrawal plus bank charges.

Lending interest varies according to the type of loan. Unless otherwise agreed, interest is calculated on loans as of the first payment date.

Interest is not calculated on the due dates of debentures; it is calculated on bills.

A regular banking day is a day when banks are open 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.

### **Tariff of Charges (fees charged by the Bank)**

Landsbankinn's customers will be charged fees for services rendered, as well as other costs, in accordance with the Bank's current tariff. The fees are levied either as a fixed ISK amount for certain services, as percentages of the amount in question, as an hourly rate for outsourced services by the Bank's employees or a combination of all three.

Landsbankinn reserves the right to amend its Tariff of Charges without notice. Bilateral contracts between individual customers and the Bank, specifying other terms, cannot be amended without prior agreement.

Information about the Bank's domestic and foreign Tariff of Charges is available on the Bank's website ([www.landsbankinn.is](http://www.landsbankinn.is)), from its Customer Service Centre and from branch cashiers and service representatives.

### **Actions to combat money laundering and terrorist financing**

According to legislation on measures to prevent money laundering and terrorist financing, Landsbankinn is required to perform due diligence on customers upon establishing business relationships and when carrying out certain transactions.

In order to comply with legal obligations, the Bank will request personal information about new customers, including name, Id. No., legal domicile, place of birth and nationality. Legal entities are required to provide information about the entity's legal form, its Board of Directors and executives, as well as a list of persons authorised to oblige the company. Landsbankinn is further required to ask whether the transactions is 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.

In order to enter into a business relationship with the Bank, new customers must provide proof of identity in the form of valid identification issued by a public authority. Legal entities shall provide certificates of incorporation or equivalent as proof of their operating licence. An assessment shall be made in each instance as to whether to request a copy of the company's Articles of Association and/or audited annual financial statements.

Under certain circumstances, the Bank is required to apply enhanced due diligence.

While a customer maintains a contractual relationship with Landsbankinn, 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 customer and his/her activities when the business relationship was established.

Landsbankinn preserves copies of personal identification and official documents, together with other particulars on the customer, which have been gathered for at least five years from the time occasional transactions or a permanent business relationship concludes.

If Landsbankinn suspects, or has legitimate reason to expect, that assets which a customer is intending to transmit through the Bank are the proceeds of illegal actions or are connected with terrorist financing, the requested transaction may be halted.

If Landsbankinn has legitimate grounds or reason to suspect certain transactions of being suspicious with regard to money laundering and/or terrorist financing, the Bank is obliged to report the transaction to law enforcement authorities and provide all necessary information in connection with the case.

### **Lending and borrowing**

Upon initiating credit transactions, Landsbankinn's customers must authorise the Bank to obtain information about their obligations towards other financial undertakings, including guarantees and commitments companies collect for third parties. Landsbankinn's customers shall provide the Bank with other information requested in connection with credit transactions and in addition, Landsbankinn may obtain various necessary information from public registers such as the National Registry and default register management company Lánstraust hf. Landsbankinn obtains the same authorisations from its customers' spouses in the case of joint and/or mutual obligations.

Furthermore, customers shall authorise Landsbankinn to carry out a risk assessment on credit transactions based on the information and data provided by the customer and obtained independently by the Bank.

Landsbankinn regularly monitors the necessity of securing loans with collateral and the need to increase security in connection with previously granted loans and guarantees and may, if it is deemed necessary, subsequently request further security.

As of 1 November 2001, Landsbankinn has been a signatory to an agreement concerning the use of guarantees to secure personal debt.

### **Securities transactions**

Pursuant to legislation on securities transactions, Landsbankinn is obliged to assess and determine important aspects of its customers' knowledge, financial strength and experience in relation to investment advice and asset management. Accordingly, Landsbankinn divides its securities trade customers into three categories: eligible counterparties, professional investors and retail investors. Investor protection varies between categories and is highest for retail investors. Landsbankinn informs its customers of their categorisation according to the Bank's assessment; however, customers can request different categorisation.

In accordance with provisions of the same Act, Landsbankinn maintains a list of all services provided and all securities transactions where the Bank acts as intermediary. Landsbankinn is further obliged to report all transactions in financial instruments traded on a regulated securities exchange to the Financial Supervisory Authority, Iceland.

### **Ending business relationships**

Unless otherwise specified by statute or contractual provisions, Landsbankinn and its customers may end their mutual business relationship at any time without notice.

Legislation or the provisions of certain loan contracts prohibit their termination. Other types of credit transactions, which allow loans to be paid off, may authorise the Bank to levy a payback charge in accordance with the Bank's tariff unless express agreement specifies a different amount.

Fixed-term deposit accounts cannot be terminated until after the term.

Termination by the Bank shall be supported by argument in a written letter of termination. The bank may only terminate loan contracts following due notice and only in the case of breach of contract or other non-fulfilment, in accordance with the terms of the credit facility in question.

### **Foreign transactions**

Landsbankinn shall bear no responsibility for possible mistakes or negligence resulting from its customer's choice of foreign business partners and their reliability. The same applies to mistakes or negligence on behalf of foreign financial undertakings. Customers are advised to familiarise themselves with the terms and conditions of the foreign financial undertaking, as well as current legislation and business conventions of the state in question.

Landsbankinn exchange rates apply to all foreign currency transactions, unless expressly agreed otherwise. Depending on the nature of the transaction, spot rates, closing rates or special exchange rates, determined by the Bank, may be used.

Any risk of resulting trading gains/losses shall be borne by the Bank's customers, unless otherwise expressly agreed.

### Electronic data and e-signatures

Unless otherwise provided for by law, Landsbankinn is authorised to disseminate all obligatory information to customers through electronic means.

Electronic signatures (e-signatures) by the Bank's customers, based on the use of electronic ID, shall be fully valid in transactions with the Bank.

### Recording of telephone calls

Landsbankinn reserves the right to record telephone calls so that their content may be verified. Recording generally takes place in the Bank's Customer Service Centres and pertains especially to transactions involving foreign currency and financial instruments. The bank further reserves the right to utilise information from recorded telephone calls if disputes arise between the parties or in other cases where the Bank deems it necessary.

All recording of telephone calls is in accordance with legislation on personal data protection. Only select bank employees and authorities, i.e. police and regulators, are authorised to review or receive such recordings.

### Surveillance cameras

Digital surveillance cameras are in place in Landsbankinn's branches and near ATMs. All use of surveillance cameras is in accordance with legislation on personal data protection. Only select bank employees and authorities, i.e. police and regulators, are authorised to review or receive footage from the cameras.

### Treatment of personal information

Landsbankinn shall only request such information from its customers as is necessary for banking purposes or obligatory under laws and regulations. The same applies to customer information that the Bank obtains from public authorities, such as the National Register.

Such information shall only be used for banking purposes. Landsbankinn may, for example, pass personal customer information on to other companies within the Landsbankinn Group, for advisory and marketing purposes, without seeking the customer's express approval. The Bank's customers can, however, request that the Bank not forward information for such purposes.

According to law, the Bank may maintain and process personal information through electronic means. Under provisions of legislation to protect personal information, the Bank's customers are entitled to information about their personal data as registered by the Bank.

### Confidentiality

Landsbankinn's employees are legally bound by obligations of confidentiality in all matters concerning the situation of the Bank's customers and other matters of which they may become aware in the course of their work and should be kept secret in accordance with legislation on financial undertakings.

The bank may however divulge information about its customers if they themselves request or authorise it.

Notwithstanding legal duty of confidentiality towards third parties as regards customer affairs, the Bank is obliged by law to provide public authorities (i.e. customs, tax and law enforcement agencies) with such information under certain circumstances.

When Landsbankinn's customers request transfers to accounts with other financial undertakings, the Bank provides those companies with the names and Id. Nos. of its customers. One of the reasons for this practice is to ensure that the recipient can tell who the payor is.

### Responsibility for loss

Landsbankinn is responsible for losses suffered by its customers when such loss is verifiably caused by mistakes or negligence on the part of Bank employees during the course of fulfilling contractual obligations. Landsbankinn is not responsible for loss caused by:

- Malfunctions in the Bank's communications or computer systems or corrupt data files which are caused by the below events regardless of whether the Bank or a third party is responsible for the operation of said systems.
- Legal instruction, provisions concerning the age of legal majority or similar, war or the threat of war, riots, civil unrest, acts of violence, vandalism, natural catastrophes, strikes, lock-outs, trade embargos and port blockades, provided that such events have an impact on parts of the Bank's activities and in so far as the Bank is not specifically insured against the event.
- Other loss resulting from *force majeure*.

Customers of the Bank are responsible for loss which can be attributed to intention, nonfeasance or gross negligence on the customer's part.

### Complaints Committee on Transactions with Financial Undertakings

Any comments or complaints that customers might have about the services or perceived errors by Landsbankinn and/or its employees in complying with laws or regulations can be sent in writing to Landsbankinn's Customer Relations Management:

Landsbankinn  
Customer Relations Management  
Austurstræti 11  
155 Reykjavík  
[kvortun@landsbankinn.is](mailto:kvortun@landsbankinn.is)

In case of non-satisfaction with answers or solutions received from Landsbankinn, customers may refer their complaints to the Complaints Committee on Transactions with Financial Undertakings:

Complaints Committee on Transactions with Financial Undertakings  
Suðurlandsbraut 32,  
108 Reykjavík  
Tel: 525 2700  
Fax: +354 525 2727  
[urskfjarm@fme.is](mailto:urskfjarm@fme.is)

To request a ruling by the Committee, it is necessary to fill out a special form available from the FME's website or its offices.

For further information, see Landsbankinn's handbook on handling of complaints and the FME's website which, amongst other things, explains the type of complaint handled by the Committee.

### Depositors' and Investors' Guarantee Fund

With the creation of the Depositors' and Investors' Guarantee Fund, the Act on Deposit Guarantees and an Investor-Compensation Scheme ensures minimum protection for depositors with commercial and savings banks and customers of companies legally authorised to trade in securities, in the case of payment difficulties by those undertakings. The fund is obliged to pay to the customer the amount of deposits or value of securities and cash involved in securities transactions if the undertaking is, in the view of the FME, unable to provide repayment or remittance claimed by the customer. Certain rules apply regarding the amount payable if the fund's assets are insufficient to cover the total amount of guaranteed deposits, securities and cash. For further information, refer to legislation on deposit guarantees and investor-compensation schemes and the website of the Depositors' and Investors' Guarantee Fund ([www.tryggingarsjodur.is](http://www.tryggingarsjodur.is)).

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