

Terms and conditions credit cards

These Terms and Conditions apply to cards issued by Íslandsbanki hf.

1. Definitions

1.1. For the purposes of these Terms and Conditions, the following definitions shall apply:

Authentication: The method used by the cardholder to identify himself/herself by means of aspects of personalised security features he or she uses when confirming the execution of a payment or withdrawal by using the card in accordance with these terms and conditions. Authentication involves entering aspects of personalised security features such as the PIN number of the card or other type of security number as authentication. Authentication may also involve the use of other personalised security features for authentications, such as electronic IDs or fingerprints, all in accordance with the security requirements of the bank as in effect from time to time. The bank reserves the right to change its security requirements as regards authentication without notice. The PIN number is a secret number allocated to the cardholder on delivery of the card.

Personal card: A card issued to an individual.

Corporate card: A card, including a purchasing card, issued to individuals operating a business under their personal identification number ("kennitala") or to legal entities such as associations, businesses and institutions. In the latter case, the legal entity is the account holder.

Acquirer: A party that accepts card transactions and pays them to a service provider. The acquirer then collects the transaction amounts from the issuer, which in turn collects them from cardholders.

Card: Documentation proving that the account holder has entered into the above Agreement. The card has an embossed/printed card number. The card's function is based on a built-in microchip and magnetic strip. A card in these terms and condition is also considered functional with a token supplied by the issuer to the cardholder for cardless withdrawals by mobile or other smart devices in a secure manner (using contactless payments) and is only linked to one account number.

Card account: The account to be charged with withdrawals made by the cardholder by presenting the card or its number or in another lawfully manner in compliance with these terms and conditions.

Cardholder: The account holder or a person authorised by the account holder to have an additional card. If an extra card is issued, the person authorising such issue shall be referred to as the "principal cardholder" and a person so authorised shall be referred to as an "additional cardholder". Both cards are issued to the card account of the principal cardholder. An account holder who is the guardian of a person who is not financially competent can apply for a card for such person, in which case he or she bears sole responsibility for all use and account transactions performed by the person who is not financially competent. "Cardholder" also denotes an individual holding a corporate card even if this individual is not the account holder.

Personalised security aspects: Any form of authentication that is limited to a single person and can only be used by that person to verify his identity during transactions according to these terms and conditions, such as electronic IDs, PIN numbers and fingerprints.

Account holder: A person who has entered into an agreement on the opening of a card account.

Contactless payment cards: Devices in telephones / smart devices (electronic wallets) that allow the cardholder to use that device to pay for goods through POS devices specially equipped for such purpose.

Issuer: Íslandsbanki hf., ID No. 491008-0160, Hagasmári 3, 201 Kópavogur, tel. 440 4000, www.islandsbanki.is, is a financial undertaking according to Article 4 of Act No. 161/2002 on Financial Undertakings. Íslandsbanki has an operating licence issued by the Financial Supervisory Authority and regulated by that authority. Offices and the call centre are open on business days at the advertised times.

2. Application and card issue

2.1. An applicant for a card shall fill out an application form in the office of the issuer or send the application electronically through the issuer's website or app.

2.2. The issuer reserves the right to seek all information regarding the applicant's suitability and financial position as necessary in the issuer's opinion to process the application, including credit statements (Credit Statement) of the applicant's balances in banks and savings banks and information from Creditinfo Lánstraust hf. ("Creditinfo"), such as debt balances, credit scores / credit assessment, information from the Defaulting Debtors Database and other databases operated by Creditinfo, all pursuant to an authorisation granted by the applicant in writing or using the



application forms page on the issuer's website, www.islandsbanki.is/cards. The right is reserved to reject applications without explanation.

2.3. The issuer furthermore reserves the right to obtain the information specified in Section 2.2. hereof during such time as the account holder is a customer of the company, if necessary, e.g. in the event of default on the part of the account holder, if the account holder requests a credit limit increase or if another event occurs that requires a review of the account holder's financial position.

2.4. The card is issued for a specific period of validity each time, upon which a card account is opened. If the cardholder meets his/her obligations, the card is renewed without application, but against payment of an annual fee. The annual fee is charged in advance to the card account in accordance with the bank's price list. An application may be made for the issuance of more than one card on a cardholder's card account provided that the account holder's consent has been obtained. Certain cards carry a photograph of the cardholder, either provided by the cardholder with an application or already existing in a database to which the issuer has access.

2.5. The issuer will send an issued card by mail to the cardholder, unless the cardholder collects it from the issuer's offices.

2.6. A cardholder wishing to withdraw a card application shall notify the issuer in writing and return the card together with any additional cards, all cut through, if he or she has already taken delivery of the card(s).

3. Acceptance of terms and conditions

3.1. By using a card for the first time, the account holder and/or cardholder is deemed to have accepted the current Terms and Conditions for the issuer's cards. The Terms and Conditions of the issuer as current at any time are accessible on the issuer's website, www.islandsbanki.is.

3.2. By accepting the Terms and Conditions of an online application and/or the Terms and Conditions in a Íslandsbanki app, and/or by signing an application upon receiving the card, the account holder and/or cardholder agrees to comply in all respects with these Terms and Conditions. Before accepting the Terms and Conditions, the account holder and/or cardholder should read them carefully.

3.3. By using a renewed card, the account holder and/or cardholder accepts the Terms and Conditions as current at the time in question. The account holder and/or cardholder is responsible for reading and understanding the Terms and Conditions.

3.4. During the contractual relationship, the account holder and/or cardholder may at any time request a copy of the Terms and Conditions in paper form or on another durable medium free of charge.

4. Withdrawal limit

4.1. Payments by card are always limited to a maximum amount regardless of the billing cycle, but the amount may vary by merchant and service provider. Such parties may apply for a limit increase for certain transactions. For prepaid cards, the withdrawal limit at any given time is the card's credit balance.

4.2. The issuer may withhold approval of a card withdrawal, is never required to grant a request for an increased withdrawal limit and reserves the right to rejection, e.g. in the event of unauthorised card use, card expiry, the wrong personalised security features being used, misuse or excess use of the contactless feature, the withdrawal limit having been fully utilised earlier or a debt to the issuer being in default. If there is a reason to suspect unauthorised or fraudulent use of the card, withdrawal authorisations may be withheld, in which case the cardholder shall be notified without delay. If the suspicion proves unwarranted, the withdrawal authorisation/limit shall be restored immediately.

4.3. The account holder undertakes not to make any withdrawals from individual cards issued by the issuer in excess of the prescribed limits and to ensure that total withdrawals from the account holder's card account will not exceed the agreed amounts. The maximum amount of cash withdrawals permitted is stated on the issuer's website and depends, among other things, on the type of card and the cardholder's withdrawal limits.

4.4. The cardholder may enter into payment plan agreements to set up direct debit arrangements / automatic payments from the cardholder's card account, such as recurring payments (boðgreiðslur), regular long-term instalments (raðgreiðslur), short-term instalments (léttgreiðslur) and instalment loans. The issuer may decide to deduct the debt service of such agreements from the withdrawal limit or reject any further agreements. The issuer may at any time require a credit assessment of the cardholder prior to the approval of agreements on automatic payments. The personal data may be shared with third parties, for example with supervisory authorities or service providers. Such information sharing is performed with safety and confidentiality.

5. Billing cycle

5.1. The normal billing cycle for cardholders' statements is one month, the beginning and end of which are posted on the issuer's website, www.islandsbanki.is/cards.

5.2. Through agreements with individual merchants or associations of vendors of products and services, acquirers can authorise deviations from the aforesaid billing cycles without special notice.

6. Use and safeguarding of cards

6.1. The cardholder shall sign his/her name on the card and is the only person authorised to use it. The cardholder is responsible for safeguarding the card and for preventing any unauthorised access to it.

6.2. The card enables the cardholder to pay for products and services from merchants throughout the world who have entered into an agreement with the card group in question.

6.3. The card can be linked to an electronic wallet to activate contactless payments through mobile phone or other smart devices.

6.4. The account holder undertakes to pay in full for all withdrawals from the card account made with cards lawfully issued to the account. This obligation extends to all withdrawals made according to receipts / withdrawal slips signed by the account holder, confirmed by the entry of personalised security features or use of the contactless feature, as well as withdrawals authorised through telephone orders, withdrawals from ATMs (cash machines), electronic communications, including online transactions, or otherwise approved for charging to the card account.

6.5. Additional cardholders of a personal card are responsible for the payment of their withdrawals. The principal cardholder is responsible for withdrawals on both the principal card and additional cards.

In the case of a corporate card (see Section 1.1), each cardholder is not personally liable for withdrawals on a card issued in his name unless it is established that the cardholder used the card for personal benefit. However, cardholders who are the owners of a corporation are always jointly liable with the corporation unless they have been indemnified by the issuer.

6.6. Withdrawals by a cardholder in foreign currency are converted into Icelandic krónur at the exchange rate in effect at the time that an entry is recorded as a withdrawal in the issuer's card system. The cardholder also pays a special withdrawal or payment charge in accordance with the bank's price list as current at any time. Details of exchange rates for card transactions are available on the issuer's website, www.islandsbanki.is. The exchange rates are posted on every banking day. They are not posted on Icelandic holidays or the holidays of international card groups. If the exchange rate is posted on other dates, that change shall take effect immediately and not pursuant to Section 18.3. The use of a card in foreign exchange transactions is subject to disclosure requirements under the Foreign Exchange Act No. 87/1992 and rules adopted on the basis of that Act.

6.7. The date of the transaction from the merchant to the acquirer determines the billing cycle under which the withdrawal falls.

6.8. The card can be used to withdraw cash from banks, savings banks and ATMs offering such services to the issuer's cardholders, subject to the restrictions imposed by the issuer at any time.

6.9. When cash is withdrawn from ATMs and withdrawals are made using a microprocessor reader at the point of sale, then instead of signing, the cardholder shall use the personalised security features provided with the card or confirm the transaction by contactless means using a microprocessor designed for that purpose if the merchant offers that option. By entering personalised security features, the cardholder consents to the transaction specified on the sales slip. Contactless entries are subject to restrictions on the number of transactions or their amounts at any time. For online transactions and wire transfers, the cardholder shall provide the name, card number, expiry date and security code; the provision of this information is equivalent to the cardholder's consent to the transaction.

6.10. The personalised security feature is a private number that the cardholder is not permitted to disclose to any other person in any manner nor to keep with the card. The cardholder may not keep anything relating to their personalised security features in their wallet, smart device or any other electronic equipment or anywhere where it is accessible to others. Failure by the cardholder to safeguard personalised security features in accordance with these instructions constitutes gross negligence. When entering their personalised security features, such as the PIN number, the cardholder must always ensure that it is not visible to others.

6.11. Recurring expenses paid by an account holder and/or cardholder to Icelandic and foreign merchants may be charged to issued cards, with the exception of prepaid cards. Requests by an account holder / cardholder for a direct payment to be charged to the card shall be directed to the merchant, for which purpose requests by the individual cardholder shall be sufficient. In the event of non-payment or default on an account holder's card account, the issuer may suspend all payments under such an agreement without notice.

7. Fees

7.1. An annual fee is charged upon the first issuance of the card. The account holder authorises the issuer to charge the annual fee, as decided each time, to the card account. The account holder and/or cardholder pays for other services in accordance with the issuer's price list.

7.2. Withdrawals from banks and ATMs in Iceland and overseas are subject to charges for costs and withdrawal fees according to the price list. A monthly fee is charged to the cardholder's card account for the issuance of a monthly invoice, in accordance with the Bank's price list. This fee is subject to change at any given time and subsequently published in the Bank's price list.

7.3. A reissue charge is payable when the cardholder is provided with a replacement card if the previous card is lost. In the case of a defective card, no replacement charge is payable. A service charge may be payable for providing emergency funds or an emergency card.

7.4. If the cancellation of a card is notified less than 30 days before the annual card fee is due, the cardholder shall pay the fee for the issuance of a new card. When fees under this agreement are paid in advance, they shall be reimbursed to the user pro rata based on the effective date of cancellation.

7.5. In the event of default under Article 13 of these Terms and Conditions or as a result of any outstanding balance of automatic payments or instalment loans collected by the issuer, the cardholder shall pay the collection cost in accordance with the price list of the issuer or collector.

7.6. All fees relating to cards are calculated in accordance with the issuer's advertised price list, which is accessible on its website: www.islandsbanki.is/verdiskra. All fees relating to services provided by the issuer are governed by its advertised price list as current at any time, which is accessible on the website www.islandsbanki.is/verdiskra. The cardholder agrees to receive notification of price list changes via the issuer's website. Such notification is deemed to satisfy the requirements of Article 6 of Act No. 121/1994 on Consumer Credit.

8. Prepaid cards

8.1. Prepaid cards do not constitute credit transactions. Instead, the cardholder makes a payment into the card account before the card is used, and the balance is used to cover the cardholder's withdrawals. Any references in these Terms and Conditions to "prepaid" cards are references to such cards. However, a debit balance may still be formed in a card account when annual fees or other service fees are charged or if a fault occurs in point-of-sale terminals, phone lines, computers or communications equipment in Iceland or overseas. The same applies if a merchant or service provider

temporarily does not use communications equipment. Such liabilities rank equally with debts on normal cards and fall due on the day of the month following the billing cycle posted on the issuer's website, and this day also constitutes the final due date for payment.

8.2. Instalment agreements, such as recurring payments (boðgreiðslur), short-term instalments (léttgreiðslur) and other such regular payments, cannot be set up on prepaid card accounts. Payment rescheduling is not available for debt incurred on a prepaid card. Direct debit arrangements for long-term instalment agreements (raðgreiðslur) or cash payment loans (staðgreiðslulán) are also not permitted for prepaid card accounts.

8.3. If the cardholder of a prepaid card issued by the issuer is in default as a result of withdrawals on another prepaid card, credit card or revolving credit card issued by the issuer, the issuer reserves the right to apply the account holder's credit balance on the prepaid card account towards payment of the debt when three days have passed from the final due date for payment.

8.4. When a prepaid card is closed, the cardholder is paid any unused balance remaining on the account on the next business day following return of the card to the issuer. In cases where the cardholder has made overseas withdrawals in the preceding 30 days or tried to make withdrawals in excess of deposits made into the account, the issuer reserves the right to retain any credit balance on the account for 30 days as security for the payment of transactions possibly made using the card but remaining to be sent in by merchants from their point-of-sale terminals. In such cases, the issuer shall pay the cardholder interest from the date that the card is closed until the date the repayment is made, at the highest interest rate on deposits posted by the Central Bank of Iceland at the time in question.

9. Revolving credit cards

9.1. A cardholder holding a revolving credit card shall always pay the agreed part of his or her total debt balance on the final due date, together with interest and service charges. On payment of the agreed debt / minimum amount, on the final due date the cardholder's unpaid balance is carried over to the next final due date. Information on the minimum monthly payment, interest rates and service charges is posted on the issuer's website, www.islandsbanki.is/cards. If the amount owed on the card account is lower than the posted minimum monthly payment, it shall be paid in full. Furthermore, it is a condition that the balance on the card account is below the credit limit following a payment on the final due date. If the cardholder elects to pay the agreed part of the total debt / minimum amount, interest will accrue to the balance from the final due date and become payable on the next final due date and will then continue to accrue between the subsequent due dates for as long as the cardholder exercises his or her authorisation to pay only a part of the debt. The debt in its entirety is regarded as being in default if a minimum payment is not made on the final due date and also if the cardholder does not pay an amount which exceeds the credit limit together with the minimum payment on the final due date, in which case default interest will accrue from that date to the date of payment in accordance with Act No. 38/2001 on Interest and Indexation.

The interest rate on the amount owed on a card account is variable and subject to the issuer's discretion. Interest does not accrue to withdrawals which are paid in full on the next final due date following the withdrawal. A revolving credit card constitutes an open loan agreement and is therefore subject to Act No. 33/2013 on Consumer Credit when the cardholder is a consumer. The provisions of loan agreements made regarding revolving credit cards shall prevail over these Terms and Conditions, e.g. as regards making of payments and changes in interest rates.

10. Payments

10.1. The cardholder is required to pay to the issuer the withdrawals of each billing cycle pursuant to a monthly statement. The final due date for payment of withdrawals made from a card account during a billing cycle is posted on the issuer's website, www.islandsbanki.is. Any final due date for payment that falls on a day on which banks and savings banks are generally closed is transferred to the next business day of the issuer.

10.2. Each month the issuer sends to the account holder, or posts electronically on the account holder's online banking pages, on "My Pages" or on the credit card app of Íslandsbanki, a statement of transactions on the card account made during the immediately preceding billing cycle and information on the account balance at the end of the billing cycle, in addition to costs and interest accrued as at the final due date for payment and instructions for payment by means of a payment slip or by electronic means.

Payment instructions sent to revolving credit cardholders state the minimum amount payable on the final due date for payment. If a revolving credit cardholder exercises the right to pay only a part of the debt outstanding, or the minimum amount, interest accrues to the unpaid balance from the final due date for payment and becomes payable on the next final due date for payment, and so forth from one due date to the next for as long as the account holder exercises his or her right to pay only a part of his or her debt. Interest rates on debts posted on the issuer's website, www.kreditkort.is/www.islandsbanki.is/verdiskra, are variable and subject to the issuer's discretion.

10.3. Deposits made into the card account are applied first towards paying costs incurred, followed by interest accrued and then the debt resulting from withdrawals.

10.4. If a cardholder has authorised the issuer to charge a specified bank account, the cardholder warrants that the balance on that bank account at any time will be sufficient to cover any due withdrawals. The direct charge will be made on the due date. If the balance on the account is not sufficient, the issuer reserves the right to directly charge the available balance on the account in question. If the holder of the account is not the cardholder in question, the written consent of the holder of the account must be obtained before the account is charged. When a cardholder who has granted authorisation to directly charge his account is issued with a new card to replace an older one, any authorisation to directly charge the card and any recurring payment arrangements (boðgreiðslur) shall remain in effect, together with applicable costs according to the issuer's price list, and apply to the new card unless the cardholder has expressly requested otherwise. The issuer does not guarantee that direct and instant payments will be transferred to the new card. It is the cardholder's responsibility to inform the merchant about a new card.

10.5. If payment is not received by the correct final due date, a default will be imposed in accordance with the issuer's price list, together with default interest as posted by the Central Bank of Iceland at the time in question, and shall be payable from the final due date until the date that payment is made. The right is reserved to suspend all payments from a card account, whether in the form of new withdrawals or agreed payments, in the event of default on any part of a debt payable on the account holder's card account according to the issuer's records.

10.6. The issuer reserves the right to entrust a collection agency or an attorney to collect defaulted debt, including all costs incurred and accruing, in the event of default on the account holder's card account.

10.7. If the cardholder's default has lasted for 90 days or more from the final due date and the defaulted debt equals at a minimum the amount specified on the issuer's website, www.islandsbanki.is/cards, excluding accrued interest and costs, the issuer reserves the right to report the name and ID number of the account holder to the Defaulting Debtors Database of Creditinfo Íslands (Lánstraust).

11. Liability for payment

11.1. A cardholder or account holder who wishes to protest a transaction on a card account shall submit a written and signed protest to the issuer within 10 days from the final due date of the payment. When 30 days have elapsed from the date of receipt of the transaction according to the account statement, the issuer is no longer required to process a protest.

11.2. If the cardholder believes his or her card has been used in a fraudulent manner, this shall be notified to the issuer without delay. Whenever there is suspicion of fraudulent card use, the issuer shall deactivate the card and the cardholder shall surrender the card to the issuer. The cardholder is not liable for withdrawals to which he or she is not verifiably a party, unless the cardholder is guilty of fraudulent conduct or has neglected to safeguard his/her personalised security features in accordance with Section 6.10. The cardholder is required to assist the issuer with the processing of such cases and minimise the damage to the extent possible.

11.3. Where a merchant has failed to provide, or refuses to provide, a product or service for which the cardholder has paid with the card, or an event is cancelled or the merchant is no longer in business, the cardholder may submit a written complaint to the issuer up to 30 days after the delivery of the product or service was verifiably due. If the issuer believes that delivery verifiably did not take place for the above reasons, the issuer shall refund to the cardholder the amount of the merchandise. However, the issuer shall not refund withdrawals where delivery has been impeded by external circumstances beyond the control of the merchant and falling within the scope of force majeure according to standard rules of commercial law.

11.4. Notwithstanding the provisions of Sections 11.1 and 11.2, the cardholder shall have a maximum of 13 months to protest transactions on the card account provided that the cardholder is able to demonstrate that the issuer failed to meet the provisions of these Terms and Conditions regarding the issuance of account statements or that it was impossible to protest within the aforesaid time limit.

11.5. The issuer takes no responsibility for defective products or services paid for with the card, nor for any other non-performance on the part of a merchant selling a product or service paid for with the card. Any such complaints by the cardholder should be directed to the merchant in question.

11.6. The issuer is not liable for any loss to the cardholder resulting from technical failure in an ATM or other self-service device, nor any loss resulting from a self-service terminal failing to communicate with the issuer's authorisation system. If the cardholder and/or account holder believes that he or she has suffered a loss as a result of such an event, the burden of proof is on the acquirer, who must demonstrate on behalf of the merchant or service provider in question that the transaction was correctly recorded and entered in the accounts and that no technical failure or other such shortcomings caused an incorrect record leading to a loss. A cardholder who believes that he or she has suffered such a loss shall submit a written complaint to the issuer. The issuer then forwards the cardholder's complaint to the acquirer. The acquirer's liability does not extend to any loss resulting from non-delivery of the requested amount, product or service and is limited to direct financial loss suffered by the cardholder. The acquirer is not liable for any loss due to a technical failure that should have been evident to the cardholder, e.g. when a message to such effect is displayed on a computer screen.

11.7. The issuer is not liable for non-acceptance by a merchant of a card as a means of payment, nor for any resulting damage. The issuer is also not liable if cash cannot be withdrawn on the card, whether from an ATM or by other means.

11.8. The issuer does not indemnify the cardholder from any damage resulting from any malfunction of the card, including the microprocessor, which prevents a transaction from taking place. A cardholder who believes a card is defective shall return the card to the issuer. If the card proves to be defective, the cardholder is entitled to a new card free of charge.

11.9. The issuer will decide what security measures should be used in the execution of transactions or other business with the issuer. The issuer is permitted to recall credit cards for the purpose of updating security measures. The issuer is permitted to require a cardholder to change any security measures if there is suspicion of abuse or risk of error.

11.10. If a payment plan agreement has been in effect between the cardholder and a merchant regarding automatic payments, or if a payment for a service or product from a car rental, a hotel or a cruise ship has been charged to the card after delivery of the service, the cardholder has eight weeks from the date of the transaction to submit a written and signed protest with a request for refunding. If the cardholder submits the protest within the time limit and adequate supporting documentation, he or she shall receive either a reasoned rejection or a refund within 10 days. Entitlement to refunding may be subject to the terms and conditions of the international card company with which the issuer has partnered. If under the rules of the international card company, the cardholder does not have a legitimate claim for refunding, the amount will be collected from the cardholder's card account. A cardholder wishing to dispute such a conclusion may file a complaint to the Complaints Committee on Transactions with Financial Undertakings.

11.11. Refunding shall take place as promptly as possible after it becomes evident that the cardholder is entitled to a refund, and such refund shall be deposited to the card account from which it was withdrawn.

12. Insurance

12.1. The issuer may at any time request an account holder and/or cardholder to post security for withdrawals to the satisfaction of the issuer. In the event of failure to comply with such a request, the issuer may lower the credit limit or terminate the service.

13. Termination of service / Recalling of cards

13.1. The card is the property of the issuer, who may close and recall all the cards of the cardholder without specifying a reason.

13.2. The issuer may close any and all cards of the cardholder without notice in the following circumstances:

- a) If the cardholder, or bearer of the card, defaults on any obligations under these Terms and Conditions;
- b) If the cardholder or the cardholder's guarantor are subjected to attachment proceedings, a petition is submitted for their estates to be subjected to bankruptcy proceedings or they petition to seek composition with creditors;
- c) If the cardholder is in default of payments of due claims resulting from use of the card, or if the issuer needs to write off unpaid claims against the cardholder resulting from use of the card.

13.3. For purposes of risk management in card transactions, it is permitted to distribute a list of revoked card numbers to vendors and service providers.

13.4. If the issuer recalls a cardholder's card, the cardholder shall immediately cut the card and send it to the issuer. If the cardholder fails to return a recalled card in the manner prescribed above, the issuer may entrust an employee or agent to retrieve the card. Merchants are also fully authorised to cut and/or take possession of recalled cards.

13.5. Payment using a card recalled by the issuer is prohibited. The misuse of a card may be punishable under Article 249 of the Penal Code No. 19/1940.

13.6. A cardholder and/or account holder wishing to cancel the card and account shall do so in writing with 30 days' notice and return the cut-up card and any additional cards. A cardholder may at any time request the cancellation of issued cards and is not liable for any withdrawals on cancelled cards from the time the issuer has received such notification, the card has been returned and the account holder has received the issuer's confirmation of the card's cancellation. The cardholder is responsible for any withdrawals made if he or she uses the card after requesting its cancellation.

14. Lost card

14.1. If the card is lost or the cardholder becomes aware of unauthorised withdrawals, he or she shall immediately notify the issuer or the issuer's nearest agent anywhere in the world. Immediately after receiving such notification, the recipient shall cancel the card and prevent its further use or misuse. The recipient of such a notice from the cardholder, whether the issuer or an agent of the issuer, must preserve the notice for 18 months.

14.2. In the event that a cardholder requests a new card in place of a lost card, the cardholder shall submit a written declaration of a lost card and sign an application for a new card.

14.3. If a lost card has been used by an unauthorised party before its loss is notified, the cardholder carries a personal liability. The amount of the personal liability is the equivalent of EUR 150 in Icelandic krónur at the officially posted exchange rate (buying rate) at the time in question. In determining the amount of the cardholder's personal liability, account is taken of the manner in which the cardholder stored the card and the personalised security features, as well as the circumstances of how the card was lost or used unlawfully. A cardholder who fails to keep the personalised security features in a safe place in accordance with Section 6.10. is liable for any withdrawals authenticated with the personalised security features; storing the personalised security features in any other manner constitutes gross negligence. The cardholder is also liable for all contactless withdrawals if he or she has not previously notified the issuer in a verifiable manner that the card was lost. In the event of gross negligence or fraud on the part of the cardholder in relation to a card reported as lost, the cardholder is liable for any use of the card and disbursement of withdrawals.

14.4. The cardholder is not liable for the use of a card after reporting it lost, unless he or she has engaged in fraudulent conduct. The cardholder is also not liable for the use of the card after reporting it lost if the recipient of such notification has failed to cancel the card immediately, see Article 14.1., unless the cardholder has engaged in fraudulent conduct.

14.5. Using a card after it is reported lost is not permitted. If a card reported as lost is found, it must be cut through and sent to the issuer.

14.6. If the cardholder requests reinstatement of a card reported as lost but found again by the cardholder, the request may be granted provided that the request is received before the banking day immediately following the day on which the cardholder reports the card as lost. A banking day is a day on which banks are open for business in Iceland. The

cardholder is liable for all use of the card during the time that it is lost. A request for reinstatement of a card shall be submitted to the issuer in writing or by e-mail.

15. Due diligence

The customer confirms the legality of any funds used to pay his card account. The customer also confirms that such funds belong to the customer personally and that the customer is their real owner. The customer undertakes to inform the issuer of any changes in this respect. The same applies if a transaction is made for the benefit of a third party.

16. Protection of personal data

16.1. The personal data collected in relation to an application for a credit card will be recorded in the issuer's computer systems, including information about the cardholder, any additional cardholders and guarantors. This information includes personal identification numbers / registration numbers (kennitala) and other information provided to the issuer through completing forms provided by the issuer. The information is accessible to the profit centres of the issuer that may be operated under other brands, as applicable, unless rules apply regarding segregation of the division in question from the issuer's core activities (China Walls). The issuer is also permitted to disclose, to other companies within the Group, personal information on its customers without prior consent if the customers have sought services from the companies in question.

16.2. All information concerning card accounts and card use is stored in the issuer's computer systems. Non-personally identifiable information relating to transactions on the cardholder's card is sent to international card groups, see Section 1.1., i.e. details such as the card numbers, the time of the transaction, the transaction amount and the merchant's sphere of business.

16.3. The issuer is permitted by law to manage and process such information electronically. Processing may be necessary, e.g., in connection with the making of business agreements, performance under such agreements during their term of effect and for the purpose of presenting and disclosing information on My Pages and the issuer's smart devices banking solutions. The processing of personal information may also be used as a basis for financial advice and analysis of cardholders.

16.4. The issuer may use personal information for marketing purposes, e.g. to develop new services and business solutions directed at specific groups of recipients on the basis of personal information. For this purpose, the issuer may communicate with the cardholder through texts, e-mail, My Pages or using other electronic messaging. The issuer uses the same means of communication to send messages to the cardholder regarding the use of the card or notices of changes in the issuer's terms and to assess the quality of the services provided by the issuer. Cardholders may submit a request to the issuer to opt out of the use of personally identifiable information or sending of e-mail communications for marketing purposes.

16.5. The classification of personal data, e.g. with regard to financial records to which a cardholder has access through My Pages or smart device solutions, may be presented to the cardholder in any manner that increases its usefulness or transparency or to fulfil the service factors on offer at any time, provided that the security of the information remains ensured in an adequate manner.

16.6. The processing and preservation of personal data shall be in accordance with that required for the purposes of payment transmission and clearing. In addition, the processing of personal data may be necessary for the purpose of investigation in the event of any suspicion of money laundering or other fraudulent activities; such processing will be subject to applicable legislation. The issuer shall take due care that the processing and storage of personal data complies at all times with current laws and regulations.

16.7. Your information may be shared with a third party, e.g., based on legal obligations or legitimate interests. Personal information may, therefore, be disclosed to supervisory authorities and service providers or legitimate heirs concerning the settlement of an estate because of legal obligations or legitimate interests. However, security and confidentiality are ensured throughout the process.

16.8. Cardholders have the right to receive information about what information the issuer has registered about the cardholder in accordance with data protection legislation and the issuer's rules on handling client information. Further information about the processing of personal data can be found here: www.islandsbanki.is/dataprotection.

17. Benefits and services

17.1. The cardholder may request an emergency card and emergency funds by contacting the issuer's Contact Centre, which handles such requests. The issuer's Help Desk telephone service is 24 hours a day and emergency cards and emergency funds are provided in accordance with the price list as posted on the issuer's website, www.islandsbanki.is/verdiskra.

17.2. A card may come with a range of benefits, such as general travel, accident and health insurance, depending on the insurance terms of each type of card, emergency services, authorisation for instalment loans and various other special benefits as provided for in their respective terms and conditions as advertised at any given time.

17.3. The issuer may change, expand or discontinue benefits and/or privileges that are not specified in these Terms and Conditions without special notice.

17.4. Details of the benefits linked to the different types of cards are available on the issuer's website, www.islandsbanki.is/cards.

Icelandair Saga Club

The use of certain cards of the issuer enables cardholders to earn Icelandair award points ("Saga Points"). The cardholder holding such a card can earn Saga Points through their business with merchants that accept the card provided that the card has been linked to the Icelandair Frequent Flyers Club ("Icelandair Saga Club"). Whether the Saga Points are earned in Icelandic and/or overseas transactions varies between cards, as further detailed on the issuer's website. Cardholders can earn an increased number of points in transactions with vendors and service providers who have entered into separate agreements with the Icelandair Saga Club. Icelandair Saga Club maintains a record of earned points and allows Saga Club cardholders to use the points as currency in buying airline tickets and other services offered by Icelandair through a special business network. The Icelandair Saga Club issues further rules on these features. Any changes in these rules are notified by Saga Club in accordance with the Icelandair Saga Club rules. The issuer assumes no liability to the cardholder for the accuracy of records of their earned points and their standing in the Saga Club system. For membership of the Icelandair Saga Club, holders of the frequent flyer card pay a special connection fee to the Icelandair Saga Club pursuant to the issuer's price list, which may be collected by direct payment from the cardholder every 12 months. The cardholder consents to the issuer sharing information on the use of the customer loyalty card in business with the parties offering discounts to holders of a frequent flyer card to update the relevant records. In the event that the Icelandair Saga Club discontinues its activities, the issuer will bear no liability with respect to the cardholder.

Issuer's Customer Loyalty Programme

The issuer issues credit cards which are linked to the issuer's customer loyalty programme.

The issuer's customer loyalty programme will make occasional offers to cardholders, where certain companies and vendors offer a discount if a purchase is made during a certain period, provided that the purchase is made using a card that is linked to the customer loyalty programme. The offers, and any discounts, will not be activated if the customer uses another method of payment, such as cash. The offers will appear in an app provided by the issuer to the cardholder (the Íslandsbanki app / Íslandsbanki card app). The cardholder pays the full price for the goods and/or services in accordance with the terms of the offer. The discount given by the company is paid to the issuer, who takes delivery of the payment on behalf of the cardholder and then credits it to the cardholder in accordance with the terms of the customer loyalty programme.

Offers under the customer loyalty programme may be made only to certain groups of cardholders selected by demographic values and consumer patterns (card transactions). Such offers will then apply only to the selected groups and not to others. Cardholders need to give their consent to receive those targeted offers by using the Íslandsbanki app / Íslandsbanki card app.

Cardholders can at any time opt out from targeted offers. By doing so, cardholders will only receive general offers sent to every cardholder.

The customer loyalty programme is owned by the issuer, who reserves the right to discontinue the programme at any time. The issuer will notify cardholders of any decision to such effect with a minimum of two months' notice. If the programme is discontinued, all obligations undertaken by the issuer in respect of the loyalty programme will become void, apart from any benefits earned by the cardholder prior to the discontinuation.

18. Miscellaneous terms

18.1. The account holder and/or cardholder shall notify the issuer immediately of any change to their address or e-mail address, so as to ensure that they receive statements and other information without complication.

18.2. If the account holder is a legal entity or a self-employed business operator, the issuer reserves the right to require a copy of the account holder's annual financial statements at any time during the contractual period and when assessing applications for cards or for a higher credit limit.

18.3. The issuer may amend the provisions of these Terms and Conditions unilaterally. If the amendments are not to the advantage of the cardholder, the cardholder shall be notified in a secure manner, e.g. by a message posted on the cardholder's online bank or on "My Pages", a notice on the issuer's website, a letter addressed to the cardholder's disclosed address or legal domicile or by e-mail to the e-mail address provided by the cardholder. Amendments to the Terms and Conditions shall be notified to cardholders no later than two months before entering into effect. The cardholder shall have access to the current Terms and Conditions at any time in paper or electronic form. The issuer may disclose other amendments by a notice posted on its website, www.islandsbanki.is. The cardholder is regarded as having approved the amendment if the cardholder does not signify otherwise prior to the announced date of the amendment entering into effect or if the cardholder uses the card after the amended Terms and Conditions have entered into effect.

18.4. If the cardholder does not accept the amendment of the Terms and Conditions, he or she may terminate the contract with the issuer in accordance with Article 13 of these Terms.

19. Governing law and disputes

19.1. These Terms and Conditions and their interpretation are subject to Icelandic law. The same applies to any issues arising regarding the use of the card.

19.2. Any dispute arising in respect of a violation of these Terms and Conditions, as well as collection issues relating to withdrawals using the card, may be referred to the Complaints Committee on Transactions with Financial Undertakings, as provided in Article 19 (a) of Act No. 161/2002 on Financial Undertakings, or to the District Court of Reykjavik. Information on the Complaints Committee is available on the website of the Icelandic Supervisory Authority, www.fme.is. The cardholder furthermore accepts that the issuer may, at its own discretion, initiate collection proceedings in the country where the cardholder is domiciled at any time.

20. Effective term

20.1. These Terms and Conditions are issued in Icelandic and are effective as of 12 November 2018. Provisions which are regarded as onerous for consumers take effect two months from their publication, as provided in Section 18.3.

Kópavogur, November 2018

Íslandsbanki hf.