

Debit card – Terms and Conditions

1. General information on debit cards

- a. These terms and conditions apply to the cardholder, the relevant acquirer who handles card processing and transaction intermediation and Íslandsbanki hf., (hereinafter ÍSB, the bank or the issuer), who has issued the card to the cardholder under license from an international card group. Debit card entries are recorded on a current account (account) that the cardholder must create or already have with the bank. The acquirer is the party that accepts the card transaction and pays it to the service provider. The acquirer then collects the transaction amounts from the issuer, which in turn collects them from cardholders. When the cardholder and account holder are not the same party, these policies and terms and conditions also apply to the account holder.
- b. The terms and conditions of a bank account application together with an application for an overdraft on a deposit account and the general terms and conditions of ÍSB are part of these terms and conditions, as applicable. In the event of any inconsistency between the terms, these terms and conditions shall prevail over the general terms of the deposit accounts and general business terms and conditions.
- c. Borgun hf., in addition to the Icelandic Banks' Data Centre (RB), handles various aspects of the debit card services for ÍSB according to the agreements between them.
- d. Cardholders can always access these terms and conditions, the bank's price list and interest rate table on the Íslandsbanki website, www.islandsbanki.is, as well as in the bank's branches. Information on the above can also be accessed by contacting the bank's customer support.
- e. Íslandsbanki is a financial institution that provides its customers with comprehensive financial services in the area of savings, lending, asset management, corporate finance and market trading. Íslandsbanki operates branches throughout Iceland.
- f. General information on Íslandsbanki hf.:
 - Íslandsbanki hf., ID No. 491008-0160, Hagasmári 3, 201 Kópavogur, Iceland, phone 440 4000, www.islandsbanki.is.
 - Íslandsbanki is a financial institution in accordance with Article 4 of Act No. 161/2002 on Financial Institutions, has an operating licence issued by the Financial Supervisory Authority and is regulated by that authority. The front desk and helpdesk are open on business days during the advertised opening hours, SWIFT: GLITISRE.

2. Application and issue of debit cards

- a. An applicant for a debit card must fill out an application with ÍSB or send it to the bank electronically via the bank's website. The bank reserves the right to reject an application for a debit card without specifying a reason. An application for a card, together with a picture and a handwriting sample of the prospective cardholder, shall be submitted to the bank.
- b. The cardholder / account holder can apply for an additional card in the name of another person, but the cardholder / account holder is fully responsible for its use as well as their own.
- c. ÍSB decides the expiry date of the debit card, and it is always registered on the card. The cards can be used anywhere the MasterCard sign is shown, domestically and abroad. The provisions of these terms and conditions apply to the use, as do the provisions of the general terms and conditions of the deposit accounts of ÍSB regarding overdraft facilities, as they are at any given time.
- d. The cards are identified by the name of the issuer, Íslandsbanki. They are of the type Debit MasterCard and are owned by ÍSB.
- e. The cardholder must write his/her name on the back of the card.
- f. The cardholder authorises the bank to renew the card 6 weeks before the expiration date and continue to renew the card in the same manner as long as no written instructions are received from the cardholder to the contrary.

- g. If the cardholder requests a card and requests that its the secret number (hereinafter referred to as a “PIN”) is sent home or by SMS, the cardholder is solely responsible for this delivery and pays it for according to the ÍSB price list. If the cardholder has not received the card or PIN within a reasonable time, he/she must report this to the bank. Cardholders can also retrieve the PIN number from their Íslandsbanki Online Banking site.
- h. With the first use of the debit card, the cardholder is deemed to have agreed to abide by Íslandsbanki’s current debit card terms and conditions and also the bank’s booking methods. Before accepting the terms and conditions, the applicant shall read them carefully. Íslandsbanki’s debit card terms and conditions, as they are at any given time, can be found on ÍSB’s website: www.islandsbanki.is/skilmalar.
- i. By signing the application, the ÍSB cardholder authorises the processing of information necessary for the operation of the payment intermediation system behind the debit card, such as identifying payments from the cardholder and ensuring their traceability.

3. Card use

A. General

- i. Only the cardholder is authorised to use the card.
- ii. The debit card may be used in the following manner:
 - as an international payment card to pay for a product or service,
 - as an ATM card for cash withdrawals at ATMs,
 - for identification in ISB’s ATMs,
 - as a bank card for withdrawal or payment on a bank/savings account.
- iii. The card can only be used by electronically reading the magnetic strip / chip, including for contactless use. The cardholder is therefore not permitted to provide the card number or PIN number for payment, without its electronic use, unless the issuer has approved such use. The card is not valid for payment by telephone or in writing.
- iv. The cardholder’s presentation of a debit card at the point of sale denotes payment approval, and payment instructions will not be revoked once the magnetic strip of the card / chip has been read.

B. Debit cards as a payment card

- i. When the cardholder pays for a product or service using his/her debit card and signs the receipt or uses the PIN or contactless confirmation for those transactions, he/she confirms that there is a sufficient balance in the account and thereby agrees that amount is deducted from the account according to ÍSB booking and transaction methods.
- ii. The cardholder is entitled to a copy of the receipt on using the card, while another copy is kept by the vendor. The transaction request is sent from the vendor electronically for settlement with the bank / savings bank of the vendor and cardholder. Information on transactions is kept in the accounts of that party and will not be provided to others, except for the purpose of criminal proceedings, if required.
- iii. The card issuer is not liable for any dispute or damage arising from the purchase of a product or a service paid for with the card.
- iv. ÍSB is authorised to debit the cardholder’s current account for withdrawals made with the card based on the date of issue / date of receipt. The cardholder cannot revoke payments that have been made with the card.
- v. When purchasing a product and service, the cardholder him/herself must enter his/her PIN number, if requested by the sales or service provider, or sign his/her name on the receipt, provided that there is no contactless use. By signing the sales slip or entering a PIN or by contactless use, the cardholder accepts the transactions specified on the sales slip/contract.

C. Debit cards at ATMs

- i. When using the debit card at ATMs, the PIN shall be entered, and the use of the card in this way is considered the approval of the cardholder to the bank for the debited amount.

- ii. ÍSB determines the services provided by the ATM at any given time and reserves the right to increase or decrease the service, such as the maximum withdrawal amount in each instance and over every day. An overview of the services provided by Íslandsbanki ATMs at any given time can be found on the ÍSB website: www.islandsbanki.is/um-islandsbanki/utibu-og-thjonusta/hradbankar/.
- iii. In the case of cash withdrawals or other actions and processing in ATMs or other self-service devices, the use of PIN numbers is the equivalent to the cardholder's signature.
- iv. ÍSB reserves the right to temporarily close an ATM, for auditing purposes or other work that requires it to be closed. The cardholder is not entitled to compensation for damage that he/she may suffer if an ATM is removed from use or malfunctions.

D. Debit card for withdrawal from bank / savings bank

- i. For cash withdrawals or payments at a bank or savings bank, the card must be presented to the cashier. Processing takes place electronically and the same applies to it as in items B - i, ii and iv of Article 3 and item h of Article 5 of these rules.

4. Safeguarding, processing and cardholder liability

- a. The card is a valuable that shall be safeguarded as though it is money.
- b. Information on the debit card PIN number is sent to the cardholder's online bank. The cardholder can request, for a fee, that information on the PIN code for a debit card is sent to his/her legal address. The cost of home delivery depends on the ÍSB price list at any given time. The PIN number is used to make payments in stores, where requested, or for ATM withdrawals.
- c. The cardholder undertakes to keep the card and PIN number safe so that no one else can use it.
- d. The customer undertakes to:
 - i. not provide the PIN number to others;
 - ii. not store the PIN number with the card or in a wallet, smart device or other electronic device in such a way as to be accessible to others;
 - iii. destroy the envelope and ticket stub where the PIN number is written, as soon as it is received and the PIN has been memorised or registered at a location other than that specified in item ii;
 - iv. not let the registration indicate that it is a debit card PIN if the PIN has been written at a specific location;
 - v. make sure when entering the PIN that it is not visible to others.

If the cardholder does not save the PIN number in accordance with the above or in any other way that significantly increases the risk of abuse, it is considered gross negligence.

- e. The cardholder / account holder can apply for an additional card in the name of another person, but they are then fully responsible for its use as well as their own. In other respects, the provisions of these terms and conditions apply to the additional card.
- f. The cardholder is responsible for all payments/withdrawals using his/her debit card, cf. however, the provisions of Article 9 of these terms and conditions.
- g. The extra cardholder is responsible for payments/withdrawals in the same way as the primary cardholder.
- h. The cardholder is liable to ÍSB for damage that is caused due to his/her negligence, whilst the card or PIN number is in his/her possession, cf. Article 9.
- i. The cardholder is obliged to notify ÍSB of any change of address as soon as possible to ensure that the account statement and other information is received by the cardholder.
- j. ÍSB will decide what security measures should be used in the execution of transactions or other business with the bank. The issuer is permitted to recall debit cards for the purpose of updating security measures. The bank is permitted to require a cardholder to change any security measures if there is suspicion of abuse or risk of error.

5. Withdrawals

- a. The card is connected to the cardholder's current account at ÍSB. The card's payment/withdrawal authorisation is therefore limited to the balance available in the account when the card is used. If the card is used for identification at ATMs, the authorisation for payment/withdrawal of other accounts at the deposit or disposal amount of the relevant account is limited, taking into account the maximum amounts of withdrawals/actions in force at any given time and every 24 hours in ISB's ATMs in accordance with paragraph 3, item C, of these terms and conditions.
- b. The cardholder can request an overdraft allowance on his current account at the bank. If the bank approves the authorisation, the Íslandsbanki general terms and conditions apply to overdraft loans. The cardholder can use the agreed overdraft facility to make payments with a debit card.
- c. The cardholder undertakes to always have sufficient balance or overdraft allowance for each payment/withdrawal from the account to which the card is attached. The cardholder guarantees not to exceed his/her balance amount when using the card.
- d. If the balance does not prove sufficient or an overdraft authorisation does not exist for payment/withdrawal, the cardholder is aware that such circumstances can result in criminal liability according to law. Such withdrawals will also entail costs according to ISB's price list at any given time.
- e. The bank reserves the right to refuse authorisation for withdrawal or payment by debit card. The most common reasons why the bank refuses withdrawal requests are the following:
 - i. The card has been reported lost or stolen.
 - ii. The amount of the payment exceeds the balance amount in the account.
 - iii. The PIN has been entered incorrectly.
 - iv. The card has expired.
 - v. The law stipulates otherwise.
- f. If there is a reasonable suspicion of unauthorised or fraudulent use of the card, the bank reserves the right to refuse authorisation and close the card. In this case, the cardholder shall be notified without delay. If the suspicion proves unwarranted, the card is re-opened.
- g. The card issuer is not liable for any damages arising from any legislative or governmental action, natural disasters, war, strikes, lockouts, sympathy strikes or any other such situation, electrical disruption or power failure or due to interference in telephone networks or other communication pathways or communications.
- h. The cardholder can obtain an account statement of withdrawals and use of debit cards in his/her online banking at ÍSB. He/she may also request, for a fee, according to the ISB's price list at any given time, a printed account statement at the bank's branch. Payments by debit card appear on the statement of the account to which the card is attached and that the cardholder is sent from ÍSB at the agreed intervals. The account statement can also be found at ÍSB's online banking. The statement shows the name of the vendor and where the card was used, along with the date and amount. In the case of foreign transactions, the amount of the currency traded and the reference exchange rate are shown, cf. Article 6 of these terms and conditions.

6. Use abroad

- a. Withdrawals by a cardholder in foreign currency are converted into Icelandic kroner 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 given time. Information on the MasterCard exchange rate can be found on Íslandsbanki's website: www.islandsbanki.is. The exchange rates are posted on every banking day. They are not posted on Icelandic holidays or on the holidays of the international card group. If the exchange rate is posted on other dates, that change shall take effect immediately and not according to item a of Article 12. The use of a card in foreign exchange transactions is subject to disclosure to the Central Bank of Iceland, according to Act No. 87/1992 on Foreign Exchange and the rules adopted on the basis of that Act.
- b. The date of the transaction from the merchant to the acquirer determines the billing cycle under which the withdrawal falls.

7. Lost card, closure and cancellation

- a. If a card is lost and the cardholder becomes aware of an unauthorised payment or suspected abuse, the cardholder must immediately notify ÍSB or the nearest agent of MasterCard / Borgun hf., anywhere in the world. The cardholder is entitled to receive confirmation that he/she has fulfilled his obligation to notify. Immediately after receiving such notification, the recipient shall cancel the card and prevent its further use and/or misuse. The recipient of such a notice from the cardholder, whether the bank or an agent of MasterCard/Borgun, must keep the notice for 18 months.
- b. In the event that a cardholder requests a new card in place of a lost card, the cardholder shall submit to the bank a written declaration of a lost card and confirm an application for a new card. A new card will then be issued for a fee according to ÍSB's price list.
- c. If the cardholder loses the card abroad, he/she will be offered emergency funds through Borgun hf. The cost of this service is debited from the cardholder's account according to ÍSB's price list, as it is at any given time.
- d. If the cardholder's card that has been reported to be lost is found, it may not be used by the cardholder. ÍSB and Borgun hf. must be notified if the card is found and the cut-up card must be brought to its commercial branch or nearest branch.
- e. ÍSB may revoke the card without delay in case of misuse of the card or if the cardholder violates the rules and terms and conditions that apply to the card in the opinion of the issuer or if the cardholder defaults.
- f. ÍSB is authorised to list all revoked cards and to share the information with vendors of goods and services. If the vendor requests that the cardholder return a listed card, it must be handed over.
- g. The bank reserves the right to collect and store information, on the bank and savings banks' register of lost cards, on the invalidation of a card due to abuse.
- h. The cardholder may not use the card after its validity expires or it has been invalidated. Abuse of the card concerns the law, cf. amongst other things, Article 249, of the General Penal Code No. 19/1940.

8. Fees

- a. At the first issue of the debit card, the cardholder pays a special establishment fee in addition to the usual annual fee according to ÍSB's price list as it is at any given time.
- b. A withdrawal fee and commission is made on cash withdrawals. The cardholder pays fees for the use of the card, such as annual and transaction fees, according to ÍSB's price list at any given time.
- c. If the cardholder has an overdraft authorisation on their current account linked to his/her debit card, he/she pays the overdraft interest according to the current interest rate table. Íslandsbanki is entitled to change overdraft rates without prior notice under the general terms and conditions of Íslandsbanki for overdrafts, taking into account the provisions of the Consumer Credit and Payment Services Act, as applicable at any time.
- d. ÍSB is entitled to debit fees from the cardholder's current account for charges accrued according to ÍSB's price list.
- e. Íslandsbanki's price list and interest rate table provide information on fees, interest rate terms and other matters relating to the use of debit cards and are available on the bank's website: <https://www.islandsbanki.is/en-islandsbanki/utibu-og-thjonusta/verdskra/> and at Íslandsbanki's branches.
- f. Changes to the bank's price list will be announced on ÍSB's website. Such notification is deemed to satisfy the requirements of the Consumer Credit Act No. 33/2013.

9. Errors and responsibilities

- a. If the cardholder has comments on his/her account statement, he/she must send a written and signed comment to the bank within 30 days of payment or 10 days after receipt of the account statement. When the cardholder is a legal entity, then comments to the charges must be submitted within 10 days of the payment.
- b. If the cardholder believes his or her card has been used in a fraudulent manner, this shall be notified to the bank without delay. Whenever there is suspicion of fraudulent card use, the bank shall deactivate the card and the cardholder shall surrender the card to the bank. After the notification has been received by the bank, the cardholder is not liable for any damage due to withdrawals for which he or she is not verifiably a party, unless the cardholder has shown fraudulent conduct. The cardholder is required to assist the bank and Borgun with processing the case and minimising the damage as much as possible.
- c. Notwithstanding items a and b of Article 9, the cardholder has a maximum of 13 months to comment on the account statement. However, the time limit according to this provision applies only if the cardholder can prove that the bank has

not fulfilled the conditions of item h of Article 5 about cardholder access to the account statement. This provision does not apply when the cardholder is a legal entity.

- d. The cardholder is liable for unauthorised payments in the amount of up to EUR 150, based on the official exchange rate at any given time, if the unauthorised payments can be attributed to the cardholder having lost the debit card or the card having been stolen or used in another unlawful way before its loss or abuse is reported and its use can be attributed to the cardholder's failure to fulfil his obligation under items c and d of Article 4. In determining the amount of the cardholder's personal liability, account is taken of how the card was misplaced, lost or was used unlawfully and how the cardholder kept his/her card and PIN. A cardholder who fails to keep the PIN in a safe place in accordance with Article 4 is liable for any withdrawals authenticated with the PIN; storing the PIN 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 stolen.
- e. The cardholder is responsible for all damages due to unauthorised payments if they are fraudulently created or if the cardholder has neglected his/her obligations under Article 4, items c and d, Article 7 and Article 9 of these terms, intentionally or by gross negligence.
- f. When the cardholder is not the user, he/she is liable for any damages resulting from unauthorised payments, if he/she has neglected his obligations under these terms and conditions.
- g. 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 7, unless the cardholder has engaged in fraudulent conduct.
- h. 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's failure 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. If the cardholder considers that he or she has suffered such damage, he/she shall send the issuer a written complaint. 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.

10. Handling of personal information

- a. The personal data collected in relation to an application for a debit card will be recorded in the issuer's computer systems, including information about the cardholder, any additional cardholders and guarantors. The information in question is, amongst other things, ID number, address and other information that the parties have provided to the bank by completing the application forms and the bank's forms. The information is accessible to the bank's profit centres that may be operated under other identifiers, such as ERGO and Kreditkort, unless rules apply regarding segregation of the division in question from the issuer's core activities (China Walls). Íslandsbanki is also permitted to disclose, to other companies within the Íslandsbanki Group, personal information on its customers without prior consent if the customers have sought services from the companies in question.
- b. All information concerning card accounts and card use is stored in the bank's computer systems. Non-personally identifiable information relating to transactions on the cardholder's card is sent to international card groups, see Article 1.a, i.e. details such as the card numbers, the time of the transaction, the transaction amount and the merchant's sphere of business.
- c. The bank 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 the Internet banking site and on smart devices. The processing of personal information may also be used as a basis for financial advice and analysis of customers.
- d. The bank 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 bank may communicate with the customer through texts, e-mail, online banking or using other electronic messaging. The bank

uses the same means of communication to assess the quality of services provided by the bank. The bank's customers may submit a request to opt out of the use of personally identifiable information or sending of e-mail communications for marketing purposes.

- e. The classification of personal data, e.g. with regard to financial records to which a customer has access through the online banking site or smart device solutions, may be presented to the customer 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.
- f. The personal data may be shared with third parties, for example with supervisory authorities or service providers, provided such information sharing is performed with safety and confidentiality.
- g. 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 bank shall take due care that the processing and storage of personal data complies at all times with current laws and regulations.
- h. The bank's customers have the right to receive information about what personal information the bank has registered about the cardholder in accordance with data protection legislation and Íslandsbanki's rules on handling customer information. **Further information about the handling, processing and individual rights in connection with the processing of personal data at Íslandsbanki can be found here:**
www.islandsbanki.is/personuvernd.

11. Íslandsbanki's customer loyalty programme

- a. Íslandsbanki hf. issues debit cards related to Íslandsbanki's customer loyalty programme.
- b. Íslandsbanki'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 the app provided by Íslandsbanki to the cardholder (Íslandsbanki 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 Íslandsbanki, 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.
- c. Offers under the customer loyalty programme may be made only to certain groups of cardholders. Different offers are available for different customer groups each time that are selected by demographics and consumer behaviour. 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, but such consent can always be provided through the Íslandsbanki app (Íslandsbanki app / Kreditkort app).
- d. Cardholders can at any time opt out from targeted offers and will then subsequently not be sent such offers. Relevant cardholders will still receive general offers sent to all relevant cardholders.
- e. The customer loyalty programme is owned by Íslandsbanki, who reserves the right to discontinue the programme at any time. Íslandsbanki will notify cardholders of any decision to such effect with at least two months' notice. If the programme is discontinued, all obligations undertaken by Íslandsbanki in respect of the loyalty programme will become void, apart from any benefits earned by the cardholder prior to the discontinuation.

12. Changes to terms and conditions and other notifications

- a. The bank is authorised to change these terms and conditions unilaterally. If the amendments are not to the advantage of the cardholder, they must be reported in a secure manner, e.g. by a message posted on the cardholder's online bank, by e-mail to the notified cardholder's e-mail address or by notification on the Íslandsbanki website, no later than two months before their entry into force. The cardholder shall have access to the current terms and conditions at any time in paper or electronic form. The bank may disclose other amendments by a notice posted on its website, www.islandsbanki.is, on the online banking site and in its branches. The cardholder is regarded as having approved the

changes if the cardholder does not notify 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.

- b. If the cardholder wishes to terminate the card, ÍSB shall be notified in writing and the card returned.
- c. The cardholder may refer a dispute concerning financial claims and private interests to the Complaints Committee on transactions with financial institutions. Information on the Complaints Committee is available on the website www.nefndir.is/english
- d. All matters that may arise from the use of the card shall, unless otherwise agreed, comply with Icelandic law. The cardholder also agrees that ÍSB may issue a collection case in the country in which the cardholder resides.
- e. Any disputes arising with respect to these terms and conditions may be brought before the District Court of Reykjavík.

13.

Effective term

These terms and conditions are issued in Icelandic and apply from 15.07.2018 and until such time as new terms and conditions come into effect, cf. Article 12a.

Reykjavík, July 2018

Íslandsbanki hf.