

## General Terms of Business

### 1. The agreement between you and the Bank

Welcome to BankNordik, the Faroe Islands' leading bank.

The Bank's mission is to make it financially possible for you to achieve your full potential. BankNordik offers a variety of financial products and services to meet our customers' specific banking needs.

These terms and conditions contain the regulations that apply in the relations between yourself and the Bank, unless specified otherwise in an agreement regarding deposits, loans, securities or transaction of payments.

### 2. Request and Use of Information

#### Establishment of customer relationship

When establishing a customer relationship, including opening a personal account, the Bank is obligated by law to require certified copy of the customer's identity. The identification shall contain the customer's name, address and personal identification number. The Bank must also obtain information as to the nature of the customer relationship from each customer.

For individuals the Bank requires picture ID issued by the public authorities. Examples of valid ID documents for individuals are:

- Faroese or EU-passport
- Faroese or EU-drivers' licence
- Picture ID issued by Faroese/foreign authorities
- Birth certificate of persons who are known by the Bank
- Social security card may be used as an addition to the identification

For single proprietorships, the bank requires certified identification regarding name and address of both the proprietorship and the owner in addition to certified copy of the owner's personal identification number.

For enterprises, companies, owner-operator businesses, institutions and foundations residing in the Faroe Islands the bank requires certified copy of identification papers containing name, address and registration number. In addition the Bank requires a copy of their certificate of incorporation, articles of association and most recent annual accounts. The Bank also requires ID documents from executives and board of directors as well as any agent or proxy.

Enterprises, companies, owner-operator business, institutions and foundations residing abroad will need to submit a copy of their certificate of incorporation to verify their national employer identification number.

#### Confidentiality

The Bank's employees are bound by a strict obligation of professional secrecy regarding all customer information.

Employees are strictly prohibited from disclosing - in any manner whatsoever - information they may have obtained in the pursuance of their duties.

For specific details concerning the obligation of professional secrecy, please refer to the Financial Business Act.

Employees are permitted to supply public authorities with customer information in cases where such release is statutory. One example is supplying customer information to TAKS, the Faroese tax agency.

Moreover, employees in connection with the execution of an agreed order – for instance a payment transfer to another credit institution – are permitted to hand over the customer information needed for the execution.

#### Consent

In order to give you the best service, the Bank may ask for consent to provide customer information to third parties to use for marketing and consultancy. This consent can always be revoked or modified.

#### Public insight into personal information in BankNordik

You have the right always to be provided with all the information that the Bank has about you. The Bank may charge you a service fee should you require a written reply.

#### Erroneous information

If the Bank is made aware of errors in your data, or that this information is misleading, then the information will be corrected.

#### Opt out of marketing

You can always inform the Bank that you do not wish to receive marketing material from BankNordik.

#### Complaints concerning the processing of information by BankNordik

If you are dissatisfied with the processing of personal

data or other data by BankNordik, then you can file a complaint with:

P/F BankNordik  
Kærudeildin  
Húsagøta 3  
FO-110 Tórshavn  
Email: [compliance@banknordik.fo](mailto:compliance@banknordik.fo)

Or

Dátueftirlitið  
Tinganes  
P.O.Box 300  
FO-110 Tórshavn

### 3. Credit of an account

The Bank is entitled, without prior notice, to credit a customer's account with any amounts received in the customer's name or amounts that the Bank itself must pay or credit the customer.

The customer's account will be debited and credited in accordance with the existing laws and regulations (see items 4 and 5).

### 4. Terms of interest

#### Interest rates

A variable interest rate will be in effect unless agreed otherwise. Variable interest rate means that the Bank can change the interest rate at any time.

The interest rate may vary depending on which type of account a customer has, and the interest rate for the specific deposit or loan accounts may be dependent on the current balance on the account.

You can read more about interest rates and the interest rate range in effect for the individual types of deposit and loan accounts in the price book available in the Bank's branches and the Bank's website [www.banknordik.fo](http://www.banknordik.fo) or upon request.

#### Changing the variable interest rate

The Bank reserves the right to without prior notice to change the customers' variable interest rates where the change is in favour for the customers.

The Bank reserves the right to without prior notice to reduce the variable deposit interests and increase the variable lending rates where:

- Changes in domestic, foreign or transnational monetary or credit policy affects the Bank by way of a change in the general interest level,

- The development in the general interest level – for instance on the money market or bond market – affects BankNordik,
- Changes in taxes, duties and the like have an impact on the Bank.

With a prior notification of one month for retail customers and 14 days for corporate customers, the Bank is entitled to reduce the variable deposit interests and increase the variable lending rates where:

- The circumstances, under which your interest rates were fixed, have changed,
- The Bank by commercial reasons makes changes in the Bank's general interest terms, and where these changes are not motivated by changes in the transnational interest level. Commercial reasons comprise for instance measures to enhance the efficiency of the Bank,
- Interest rate changes in one or a number of accounts are motivated by the Bank's adaptation to altered competitive circumstances.

You will be notified in writing regarding changes in variable interest rates by letter, electronically or through advertisement in Faroese newspapers.

### 5. Interest rate calculation, interest days and interest accrual

BankNordik conducts daily calculation of interest for each account in the following manner:

- Balance x (nominal rate) divided by 360 (unless otherwise specifically agreed).
- All the months of the year are assigned 30 days, unless otherwise agreed
- When the daily balance is made up, BankNordik bases this on the interest date of the account movements.
- The interest date is the day when a deposit, withdrawal or other transaction influences the interest calculation on an account.

The below rules always apply as a starting point:

- When you are making a deposit in cash, by check or by credit or debit card on an account in BankNordik, the first working day after the deposit is the interest date.
- When you cash a check made out to you, the interest day is the current day. The value date when the check is paid into your account in BankNordik is the first working day after the deposit.
- When you withdraw cash by check or by card from your account in BankNordik, the interest day is the current day.

- When you make a withdrawal by card or an internal debit card in the BankNordik ATMs, the day when you make the withdrawal is the interest date.
- When you use checks as payment in shops, the interest date is the day when BankNordik registers the check.
- When you use your card in the shop's electronic system, the day when the card is used is the interest date.
- When you transfer money between your own BankNordik accounts the transaction date is the interest date for both accounts.
- When you receive your wages, public subsidies etc., the interest date is the first working day after the deposit.
- When you receive other transactions from an account in another financial institution on the Faroe Islands, the interest date is the first transaction date after the transaction has been received.
- Saturdays, Sundays and national holidays, Flag day, Danish Constitution Day, St Olaf's Eve, St Olaf's Day, Christmas eve and New Year's Day are not banking days.

#### Accrual of interest

The deposit rate is usually credited biannual. This is done by adding the daily interest rate together and depositing the entire amount into your account. The accrual date is the interest date.

Interest on loans is usually accrued every quarter or every half year. The interest dates are printed on the loan documents.

Interest accrual is conducted by adding the daily interest calculations together and debiting your account. The day when the interest is accrued is the interest date.

The interest accrual is specified on the bank statement or other statement.

BankNordik may decide that interest amounts lower than a certain size, not be accrued to the account.

## 6. Service fees

The Bank is entitled to charge fees for services that the Bank carries out on behalf of the customer. BankNordik may also charge fees in exchange for answering requests from the public authorities. Depending on the relevant service, the fees are imposed as either a fixed fee, a percentage rate or as a wage proportionate to the performance of the service, or a combination of these methods.

The Bank's regular service fees can be found in the Bank's price book available in all the Bank's branches as well as on the Bank's website [www.banknordik.fo](http://www.banknordik.fo).

Other service fees are given to customers upon request.

#### Change in service fees and commission

The Bank is entitled to, without prior notice, to make reductions in the Bank's service fees and commissions.

The Bank can increase regular commissions and service fees for current customer relations with a prior notification of one month for retail customers and 14 days for corporate customers, if the increase is motivated by the Bank's adaptation to altered competitive circumstances, if:

- The circumstances which motivated the fixing of the commission or service fee for an individual customer have changed.
- The Bank by commercial reasons makes changes in the Bank's payment methods and pricing. Commercial reasons comprise for instance measures to enhance the efficiency of the Bank.
- The Bank's adaptations to altered competitive circumstances are reason for changes in one or more types of accounts.

For current customer relations, with a prior notice of one month and motivated by commercial reasons, The Bank is entitled to implement service fees for services, which the Bank previously has not charged with service fees. The notice for corporate customers is 14 days.

The Bank is entitled to, without prior notice, to implement and make increases in the Bank's service fees and commissions regarding individual services.

You will be notified regarding changes in service fees and commissions by letter, electronically or through advertisement in the Faroese media.

## 7. Overdraft interest and other fees

In case of an overdraft, or if a customer fails to make payments in due time in accordance with an agreement made with the Bank, or if the customer abuses the account in violation of any agreement, regulations or rules governing the account, the Bank may charge interest or a late payment penalty. In addition, any costs incurred in preparing and submitting reminder notices to the customer and/or any legal fees may also be charged.

The amount of the fee charged for reminder notices is stated in the reminder notice. The overdraft interest can be requested by the customer.

Overdraft interest and overdraft fees are fixed based on an assessment made by BankNordik regarding the risk in non-performing loans as a whole in addition to the

individual non-performing loan at hand.

BankNordik may at any time; both administratively and financially, choose to stop adding interest on defaulted loans. This does not mean that BankNordik forfeits the right to calculate interest on the claim and otherwise to charge for expenses that have arisen later. This is true whether or not the said registration method is communicated to you on bank statement or similar.

## 8. Deposit and withdrawal

### Reservation regarding deposit

All deposits to your account in cash are subject to BankNordik receiving the amount. This also applies in the case of check deposit, which is withdrawn from an account in BankNordik. The reservation is valid even if it is not stated on the receipt or other communication relating to the deposit.

If a check bounces, then BankNordik will transfer the amount off your account. If money will be transferred off your account, then the Bank will inform you about this.

BankNordik can return the amount deposited into the customer's account if the deposit is made by an obvious error, for example if the same amount is deposited twice.

### Use of deposit

All payments for loans or credits will first be used to pay interest and commission. This applies whether you pay yourself or the receipt is from guarantor or mortgagor. Other payments are then used to pay the mortgage.

### Adjustment of loan payment

BankNordik has the right but not the obligation, to increase the loan payment, if the interest rate or the fee increases.

When you receive account statements electronically or by post, please check immediately whether there are transactions that you do not know. If there are unfamiliar transactions, you must contact BankNordik immediately.

Bank statements from BankNordik shall at all times be seen as evidence of the level of debt.

### Pension payments in case of death

Your total pensions savings will be paid to your next of kin should you die before your pension savings has been paid out to you, unless an agreement regarding special beneficiary has been made.

You can always make an agreement regarding special beneficiary. This agreement can either be made when you open up your pension account or later. You can

also change your agreement regarding special beneficiary at any time, unless you have relinquished this right to a third party.

## 9. Closing the account, offsetting and amending the conditions

### Amendment of the terms and conditions

If an agreement has been made with special conditions then these will be stated under "special conditions".

BankNordik will consider the full customer relationship when establishing the conditions in the agreement between you and the Bank.

Should any changes occur in the total customer relationship that have not been agreed by BankNordik, then BankNordik has the right to change the conditions.

### Closing your account

Unless agreed otherwise, both parties may terminate the customer relationship without notice.

The Bank is free to render responsibilities and obligations void in the event that the customer relationship is terminated. The Bank also reserves the right to terminate any other responsibility it may have towards the customer including any obligation the Bank may have in a foreign currency.

Upon terminating the banking relationship, you shall release the Bank of any obligations whatsoever, which the Bank may have towards you. If necessary security against such obligations must also be provided.

### Offsetting

The Bank is entitled to set-off funds in the customer's account for any direct, indirect or acquired obligations, present or future, in either Faroese or foreign currency, due and owing to the Bank without advance notice.

Wages and social security deposits deemed necessary for minimum living expenses are not subject to set-off. Furthermore, funds protected from creditors by law or specific agreements are not subject to set-off.

## 10. Various regulations

### Power of attorney

You may authorise others to access your account(s). The account holder's signature is required and BankNordik's P/A form should be used. The P/A shall remain in full force and effect until such time as the Bank receives a written notice of revocation.

Upon the death of an account holder, the P/A issued previously by said account holder shall be revoked.

Joint accounts and joint security accounts will also be blocked if BankNordik learns of the death of the owner, and any power of attorney will be blocked until the Bankruptcy Court has ruled.

If more than one customers sign an agreement on a joint account, then each of the individual account owners can dispose of the account, unless otherwise agreed. Should one of the account owners die, then BankNordik has the right to block the account to secure the deceased's estate.

### **Electronic communication**

BankNordik may send you all announcements, agreements, conditions, documents etc., and any amendments to these, electronically. This will be done even though agreements, conditions etc. use the expressions "in writing," "letter," "bank statement" etc.

Electronic letters and documents have the same legal effect as if they were received by mail. You are therefore obligated to open and examine the electronic material that is sent to you just as you do with the regular postal letters.

BankNordik can always decide to send messages, agreements, terms, etc. on paper if the Bank deems this to be the most sensible way to reach you. The customer pays no fee if BankNordik on its own initiative sends messages or agreements, etc. on paper.

You may enter into an agreement with BankNordik that communications and agreements, etc. are sent to you by mail, but take note that this service may come with a fee.

### **Recorded telephone communication**

BankNordik reserves the right to record telephone conversations on tape or similar to document agreements and ensure proper operation. The Bank generally only records telephone communication concerning security and currency trading.

### **Transactions abroad**

If BankNordik must conduct business abroad on behalf of the customer then BankNordik will choose the business associate, unless otherwise agreed. BankNordik is not responsible for errors committed by the financial institutions used by BankNordik nor of its creditworthiness.

If the customer has a holding of foreign securities through BankNordik, then BankNordik is responsible for possible errors in the foreign business relation and its credit rating unless the customer has chosen the business relationship.

Foreign laws, traditions and terms and conditions can be very different from those that are in effect on the

Faroe Islands. Both the customer and BankNordik are subject to the laws, customs and conditions applicable to the agreement with the foreign bank.

### **Complaints**

If you want to file a complaint about BankNordik, you must first contact your local branch.

If you still disagree with BankNordik's treatment of your inquiry or its outcome, you can contact the Complaints Department of BankNordik. The address is P/F BankNordik, Kærudeildin, Húsagøta 3, FO-110 Tórshavn, Email: [compliance@banknordik.fo](mailto:compliance@banknordik.fo).

If this contact does not lead to a satisfactory solution, you may choose to refer the complaint to Pengeinstitutankenævnet (The Danish Complaint Board of Banking Services), Amaliegade 8 B, 2. sal, P.O.Box 9029, 1022 København K, Tel. +45 35 43 63 33, [www.pengeinstitutankenaevnet.dk](http://www.pengeinstitutankenaevnet.dk)

Normally the The Danish Complaint Board of Banking Services only hears complaints from retail customers.

### **Liability**

BankNordik is liable if the Bank meets agreed obligations late or not at all due to maladministration.

Even in areas where there would be an increased liability, BankNordik is not responsible for any loss caused by:

- Breakdown / lack of access to IT systems or damage to data in these systems that can be attributed to the following events, whether it is BankNordik itself or an external supplier is responsible for operating the systems.
- Failure of BankNordik's power supply or telecommunications, legislative or administrative, acts of God, war, riot, civil commotion, sabotage, terrorism or vandalism (including computer viruses and hacking), strike, lockout, boycott or blockade, whether the conflict is directed at or initiated by BankNordik itself or its organization, and regardless of cause of the conflict. This also applies if the conflict affects only part of BankNordik.
- Other circumstances which are beyond BankNordik's control.

BankNordik's exemption from liability does not apply if:

- BankNordik should have anticipated the conditions that caused the loss when the agreement was entered into, or should have avoided or overcome the cause of the loss.
- Legislation, in any case, holds BankNordik responsible for the conditions that caused the loss.

### **Executive Order on Good Business Practice for Financial Undertakings**

The Bank is subject to the Executive Order for the Faroe Islands on Good Business Practice for Financial Undertakings, investment, associations etc.

Please note that BankNordik occasionally receives commission or other fee when recommending or selling services provided by business partners, e.g. in connection with mortgage loans, investments products and insurance. Read more about the Executive Order on Good Business Practice for Financial Undertakings on the Financial Services Authority's website [www.finanstilsynet.dk](http://www.finanstilsynet.dk)

### **The Guarantee Fund for Depositors and Investors**

As a customer of BankNordik you are to a large extent covered for losses in case of bankruptcy through the Guarantee Fund for Depositors and Investors.

The Guarantee Fund covers registered deposits up to an amount equivalent to EUR 100,000 for each depositor. Some accounts, including retirement accounts and children's savings, are covered without limit.

The Guarantee Fund also covers losses up to an amount equivalent to EUR 20,000 if the customer suffers losses as an investor, because a bank is unable to return customer securities held, administered or managed by BankNordik. Further information is available in brochures about the Guarantee Fund available on the Guarantee Fund website [www.garantifonden.dk](http://www.garantifonden.dk).

### **Supervision**

BankNordik is subject to supervision by the Danish Financial Supervisory Authority, Århusgade 110, 2100 Copenhagen, Tel. +45 33 55 82 82  
[www.finanstilsynet.dk](http://www.finanstilsynet.dk).

### **Special regulations**

Please note that special rules and regulations may be in effect governing documentary credit, discounting, foreign transactions, as well as for our special accounts. Furthermore, special rules and regulations may also be in effect at our branches with regard to safe deposit boxes, document storage and other administrative services.

### **Effective date**

These terms and conditions came into force on January 1, 2014 and are also in effect for agreements made before this date and replace any prior terms and conditions.

### **Changing General Terms of Business**

BankNordik can change the General Terms of Business without notice if the change is to your benefit. The General Terms of Business can be changed or replaced with a prior notification of one month if the change is not

to your benefit. The General Terms of Business can be changed with a 14 days' notice for corporate customers.

Information about the change of the General Terms of Business shall be in writing, electronically or by advertisement in the daily press with reference to where on BankNordik's website changes can be seen.

For further information on P/F BankNordik go to the web-site **[www.banknordik.fo](http://www.banknordik.fo)**