

Agreement

on Temporary Deferral of Corporate Loan Payments

due to the Covid-19 Pandemic

It is clear that the Covid – 19 pandemic will cause temporary disruptions to business activities in Iceland. This will result in some companies experiencing payment difficulties.

In response to the halt in or slowing of business activity owing to the pandemic, it is necessary for lending institutions to agree to temporarily suspend the collection of corporate loans of companies who experience temporary payment difficulties due to revenue declines caused by the pandemic but that otherwise have sound operations.

To facilitate the expedient processing of such matters and to ensure equal treatment of companies, the coordination of measures and equal status of lending institutions, it is necessary for entities in the loan market to enter into an agreement on the implementation of deferred payments (stand-still). Companies that receive deferral of payments must meet certain conditions so that the position of lenders will not be distorted during the deferral period.

The undersigned parties (the "**Parties**") hereby enter into the following Agreement:

1. **The term of the Agreement** is from 22 March 2020 to 30 June 2020 (the "**Term**"). The Parties may agree to extend the Term if circumstances so require. The decision on and notification of an extension shall be completed by mid-June 2020.
2. **Companies covered by the Agreement ("Companies")** refers to Companies that have sound operations and suffer a temporary decline in revenue owing to operational difficulties caused by the pandemic, that had not been in arrears for 60 days or longer at the end of February 2020, and that have taken advantage of the measures offered by government to help businesses cope with the pandemic. The Agreement applies to operating companies, i.e. Companies that sell goods and services. Holding companies are not covered by this Agreement.
3. **Assessment of whether a company is covered by this Agreement:** The principal banker (or savings bank) of a company will assess whether a Company meets the requirements of this Agreement after receiving an application from the Company and will notify the other Parties of the results of the assessment, provided that the Company concerned expressly consents to such disclosure of information.
4. **Deferral of payments:** All payments in respect of a Company's debts to a Party shall be referred, including payments of interest and principal, for up to six months. The principal banker (savings banks) will notify the lenders who are Parties to this Agreement that debt payments should be deferred. The deferral does not cover pension fund contributions.

5. **Handling of deferred payments:** Deferred payments of principal and interest shall be added to the principal and the term of the loan shall be extended by the number of deferred payments. In the case of a debt without regular payments, repayment of the debt shall be deferred to the end of the term of the respective agreement. Deferred payments shall carry the same interest as the original debt.
6. **New Parties:** Other entities who provide corporate loans may become Parties to this Agreement, provided they have obtained the approval of the Icelandic Competition Authority. New parties who have obtained approval from the Icelandic Competition Authority shall notify the Icelandic Financial Services Association by means of a unilateral declaration of their participation in the Agreement. The Icelandic Financial Services Association will notify the Parties of any such new parties.
7. **Required exemption from the Icelandic Competition Authority:** The Parties are aware that this Agreement requires an exemption from the Icelandic Competition Authority pursuant to Article 15 of the Competition Act No. 44/2005. It has been agreed that the Icelandic Financial Services Association will formally apply for an exemption on behalf of the Parties.

The cooperation between the Parties is limited to the provisions of this Agreement. The Agreement does not prevent lending institutions from being able to offer customers further payment difficulty remedies than those set out in this Agreement or otherwise compete on the basis of commercial terms.

Reykjavik, 22 March 2020

For Arion Bank
Benedikt Gíslason, CEO

For Íslandsbanki
Birna Einarsdóttir, CEO

For Kvika Bank
Marinó Örn Tryggvason, CEO

For Landsbanki
Lilja Björk Einarsdóttir, CEO

For Lykill
Sigurður Viðarsson, Chairman of the Board

For Sparisjóður Austurlands
Vilhjálmur Pálsson, CEO

For Sparisjóður Höfðhverfinga
Jón Ingvi Árnason, CEO

For Sparisjóður Strandamanna
Björn Línal Traustason, CEO

For Sparisjóður Suður-Þingeyinga
Gerður Sigtryggsdóttir, CEO

For the Board of the Icelandic Pension Funds Association subject to the approval of individual pension funds
Guðrún Hafsteinsdóttir, Chairman of the Board