



Submitted to the Annual General Meeting:

Vátryggingafélags Íslands hf.
ID No. 690689-2009
Ármúli 3, 108 Reykjavík

Held on the 22nd of March 2018.

Declaration of the Board of Directors

according to paragraph 2 and 3 of Article 53 of the Act on Public Limited Companies no. 2/1995.

The Board of Directors at Vátryggingafélag Íslands (“VÍS”), ID No. 690689-2009, Ármúli 3, 108 Reykjavík, hereby declares that the Company’s debt with creditors should not prevent reduction of share capital from ISK 2,223,497,541 nominal value to ISK 2,202,642,307 nominal value, so that the shares owned by VÍS of ISK 20,855,234 nominal value will be invalidated according to paragraph 3 of Article 54 of the Act on Public Limited Companies no. 2/1995. The reduction of shares has no impact on other shares in the Company than its own shares. Creditors will not be negatively affected by the reduction of shares.

Further information can be found in the Company’s audited annual financial account for the year 2017 and announcements sent to the market via Nasdaq Iceland.

Reykjavík, 28th of February 2018.

Confirmed by the Board of Directors

Svanhildur Nanna Vigfúsdóttir
Chairman of the Board

Helga Hlín Hákonardóttir
Deputy chairman of the Board

Gestur Breiðfjörð Gestsson
Member of the Board

Valdimar Svavarsson
Member of the Board

Declaration of the external auditor according to paragraph 2 and 3 of Article 53 of the Act on Public Limited Companies no. 2/1995.

We, external auditors of VÍS, here by confirm that we have not seen anything that suggests that the declaration of the Board of VÍS here above is incorrect. We refer to the financial statement for the year 2017 when it comes to changes in Equity in the year 2017 and the conformation from the Board of Directors regarding the matter.

Reykjavík, 28th of February 2018.

KPMG ehf.

Sæmundur Valdimarsson
auditor

Sigríður Soffía Sigurðardóttir
auditor