

Articles of Association

for the limited-liability company Vátryggingafélag Íslands hf.

Chapter I

Name of Company and purpose

Art. 1. Name

The name of the Company shall be Vátryggingafélag Íslands hf.

Art. 2. Purpose

The purpose of the Company is the operation of insurance activities, including reinsurance activities, other than life assurance activities, both in Iceland and abroad.

The Company is also authorised to pursue any activities provided for under the current provisions of the Act on Insurance Activities, such as the operation of real estate, provision of credit and purchase and sale of securities.

In spite of the fact that the Company does not pursue life assurance activities, it is authorised to own a direct or indirect holding in a life assurance company, whether or not this confers control.

Chapter II

Share capital of the Company

Art. 3. Share capital

The Company's share capital is ISK 2,202,642,307 - two billion two hundred and two million six hundred forty-two thousand three hundred seven Icelandic krónur - divided into an equal number of shares.

Art. 4. Increase and decrease in share capital

Only a shareholders' meeting can decide to increase share capital, either by subscription for new shares or with a stock split. Shareholders have pre-emptive rights to additional shares in direct proportion to their shareholdings. If a shareholder decides not to exercise his/her pre-emptive rights, other shareholders have increased entitlement to subscription. Derogations from this provision are authorised, cf. the third paragraph of Art. 34 of the Public Limited Companies Act.

Only a shareholders' meeting can take a decision to reduce share capital. In such case the same number of votes are required as for amendments to these Articles of Association.

Art. 5. Shares and share register

The Company's shares are issued electronically in accordance with the provisions of the Act on Electronic Registration of Title to Securities.

Registration of title to shares in a securities depository as provided for in the Act on Electronic Registration of Title to Securities gives the registered owner legal authorisation to the rights as registered and shall be regarded by the Company as fully valid proof of ownership rights to shares in the Company.

A party acquiring shares in the Company may not exercise rights as a shareholder unless his/her name has been entered in the register of shares or he/she has given notification and proof of ownership of the shares.

Any dividend payments, as well as all notifications shall be sent to the party currently recorded in the shareholders' register as the owner of the respective shares.



Art. 6. Shares in the Company

No restrictions apply to trading in shares in the Company beyond what is stated in these Articles of Association or provided for by law. The Act on Electronic Registration of Title to Securities and rules adopted on the basis of the Act shall apply to transfers of ownership and their implementation.

No privileges are conferred by shares in the Company. The Company may not make loans secured by its shares.

Art. 7. Own shares

The Company may purchase and hold its own shares to the extent currently authorised by law. The Company may only acquire its own shares in accordance with an authorisation to the Board of Directors by a shareholders' meeting. Such authorisation may not be granted for longer than 18 months at a time.

Voting rights may not be exercised for those shares owned by the Company itself.

Art. 8. Rights and obligations of shareholders

Shareholders are obliged, without any specific undertaking on their behalf, to abide by the Company's Articles of Association as they now stand or are subsequently amended in lawful fashion. Shareholders cannot be obliged, neither by the Company's Articles of Association nor by amendments to them, to increase their shareholdings in the Company, or be subjected to redemption of their shares, unless such authorisation is provided for by law. Shareholders bear no responsibility for the Company's obligations above and beyond their holding in the Company unless they have specifically undertaken such obligations.

Art. 9. Communications with shareholders

Electronic document exchange and e-mail may be used for communications between the Company and shareholders instead of sending or submitting documents on paper. This authorisation shall apply to any and all types of communications between the Company and shareholders, such as announcements of shareholders' meetings, dividend payments or other notifications which the Board may decide to send shareholders. Such electronic communications are equivalent to communications on paper. The Board of Directors shall adopt rules on the implementation of electronic communications and the requirements for software which shall be accessible to shareholders. Those shareholders intending to avail themselves of electronic communications with the Company in this manner must confirm this in accordance with rules adopted by the Board of Directors.

Chapter III Governance

Art. 10. Company governance

Direction of the Company shall be in the hands of:

1. Shareholders' meetings.
2. The Company's Board of Directors
3. The CEO.

Chapter IV Shareholders' Meeting

Art. 11. Right to participate in meetings

Final authority in all Company matters, within the limits prescribed by national law and these Articles of Association, rests with duly constituted shareholders' meetings.

All shareholders, representatives of its auditing firm and the CEO are entitled to participate in the Company's shareholders' meetings. The Company's auditors are also obliged to attend its Annual General Meeting. Shareholders may attend meetings with advisors, who do not have the right to speak or make motions or voting rights. A shareholder may delegate to an advisor the right to speak on his/her behalf. The Board of Directors may also invite experts to specific meetings, if their opinion or assistance needs to be sought.

Furthermore, a shareholder may entrust an agent to attend a meeting on his/her behalf, in which case a written and dated power of attorney must be provided which shall not be valid for more than one year from its date. A power of attorney may not be validly revoked towards the Company after it has been presented when meeting documentation is provided or after the meeting is called to order, whichever occurs first.

Art. 12. Convening a shareholders' meeting

The Company's Board of Directors shall convene a shareholders' meeting whenever it deems it necessary, as well as in response to a meeting resolution or when elected auditors or shareholders controlling at least 5% of the share capital request such, stating the agenda of the meeting. Once a legitimate request for a meeting has been made, the Board of Directors is obliged to call a meeting within 14 days of its verifiable receipt of the request. If the Board of Directors has not called a meeting within this period a demand may be made to have the meeting convened as provided for in the second paragraph of Art. 87 of the Public Limited Companies Act.

A shareholders' meeting must be called with at least three weeks and no more than four weeks' notice.

The Board shall convene shareholders' meetings by an advertisement in newspapers or by electronic means.

The announcement of the meeting shall list the items of business to be discussed at the shareholders' meeting. If a motion to amend the Company's Articles of Association is to be dealt with at the meeting the main substance of the motion shall be stated in the meeting announcement. Each shareholder is entitled to have a specific matter dealt with at a shareholders' meeting if a written or electronic request for such is submitted to the Board of Directors with sufficient notice to allow the matter to be placed on the agenda of the meeting,

The final agenda and final motions to be voted on at the Company's meeting shall be published on the Company's website and available for shareholders to inspect at the Company's offices at least one week prior to a shareholders' meeting. In the case of the Annual General Meeting, the above information shall be made public at least two weeks prior to the meeting, together with the annual financial statements, the report of the Board of Directors, the auditor's report and the Board's recommendations on a remuneration policy.

Matters which have not been listed on the agenda cannot be dealt with and finally resolved at a shareholders' meeting without the consent of all the Company's shareholders, although resolutions may be adopted concerning them to serve as direction for the Board. Amending motions, legally submitted, may be raised at the meeting itself despite not having been available to shareholders beforehand.

Art. 13. Annual General Meeting

The Annual General Meeting (AGM) shall be held before the end of March each year and shall include the following matters:

1. The Company's Board of Directors shall report on its financial situation and operations during the past operating year.
2. The Board of Directors shall submit the Company's audited annual financial statements for the past year for discussion and approval.
3. A decision shall be taken on the Board's proposals for disposition of the Company's profit or for meeting its loss on the financial year and the payment of dividends. Proposals in this regard shall be submitted by the Board of Directors.
4. The Board of Directors shall be elected.
5. An auditing company shall be elected in accordance with the Act on Insurance Activities.
6. A decision on remuneration to directors.
7. Proposals of the Board of Directors on remuneration policy.
8. Other business.

The Board of Directors shall prepare a brief summary to submit to the AGM on the holdings of individual shareholders and their voting rights, as well as on the changes that have occurred during the year. Similar information shall be available on the Company's group connections, if applicable.

If so requested in writing at an AGM by shareholders controlling at least 33.33% of share capital, a decision on items 2 and 3 shall be postponed to a continuation of the AGM, to be held no sooner than one month and no later than two months after the AGM. A further postponement cannot be requested.

Art. 14. Legally constituted meetings

A shareholders meeting shall be duly constituted without regard to attendance if lawfully convened.

Art. 15. Meeting location and direction

The Company's Board of Directors may decide to hold a shareholders' meeting at a location other than the Company's offices. The shareholders' meetings shall be chaired by a chairman elected by the meeting, who shall appoint a secretary for the meeting with the meeting's consent. The chairman shall resolve all matters relating to the legitimacy of the meeting and its conduct as provided for by these Articles and by law. Furthermore, he/she shall determine the arrangements for discussion, handling of issues at the meeting and voting.

Art. 16. Electronic participation

The Board of Directors may conduct shareholders' meetings electronically, either in part or entirely. If the Board considers that sufficiently secure equipment is available to hold an electronic meeting in whole or in part, and it decides to make use of this authorisation, this shall be mentioned specifically in the meeting announcement.

Information on the necessary technical equipment required by shareholders, how notification shall be given of participation, arrangements for voting, where directions are available regarding the teleconferencing system and passwords required to participate in the meeting, as well as other information, shall be included in the meeting announcement. Entering the password in the specified teleconferencing system shall be equivalent to the respective shareholder's signature and is regarded as confirmation of his/her participation in the meeting.

Shareholders intending to participate in shareholders' meetings by electronic means, where possible, shall notify the Company's office thereof with at least five days' notice and at the same time submit written questions regarding the meeting agenda or documents which they wish to have responded to at the meeting.

If the Board considers it impossible to allow shareholders to participate in a shareholders' meeting electronically, shareholders shall nevertheless be given the opportunity to vote on matters on the agenda of a shareholders' meeting, in writing or electronically. The announcement of the meeting shall describe how such voting is to be effected. Shareholders can request to have ballots sent to them by mail, in which case written requests must be received at the Company's offices at least five days prior to the advertised shareholders' meeting. Shareholders may also pick up their ballots at the Company's offices from that same time forth or cast their votes there.

Art. 17. Weighting of votes and voting

Each ISK 1 in share capital conveys one vote at shareholders' meetings. The majority of votes shall determine the outcome at shareholders' meetings, unless otherwise provided for in these Articles of Association or national law. A motion is rejected by a tie vote. If two persons or more receive the same number of votes in an election the outcome shall be decided by lot. Voting shall be carried out using written ballots if so requested by any person attending the meeting.

The consent of all shareholders is needed for decisions on the following amendments to these Articles of Association to be valid:

1. to reduce shareholders' rights to a dividend or other distribution from the Company, to the benefit of parties other than shareholders;
2. to increase shareholders' obligations towards the Company;
3. to limit the authorisations of parties to utilise their shares;
4. to oblige shareholders to be subjected to redemption of their shares without the Company being wound up.

Art. 18. Minutes of meetings

A brief report on what takes place at shareholders' meetings shall be recorded in a special book of minutes, including especially all meeting resolutions.

The minutes shall be read aloud at the end of the meeting. Minutes shall be signed by the meeting chairman and the secretary.

Chapter V

Board of Directors

Art. 19. Election of directors

The Board of Directors shall be comprised of five directors and two alternates. Directors must satisfy those requirements laid down in the Public Limited Companies Act and the Act on Insurance Activities.

A shareholders' meeting shall elect the Board of Directors in a proportional election between individuals; the term of office of the Board shall be until the next AGM. Election to the Board of Directors shall generally be by ballot if more persons are nominated than are to be elected.

Care shall be taken to ensure that the gender ratio among directors and alternates is as even as possible and that the proportion of each gender is never lower than 40%.

Persons who intend to stand for election shall notify the Board of Directors of their candidature no less than five days prior to the shareholders' meeting on a form for the purpose. The Board of Directors shall review the notifications of candidacies and verifiably provide the persons concerned with an opportunity of remedying any defects in the notifications within a given time limit. Information on candidates for the Board of Directors shall be available for shareholders' inspection at the Company's office no later than two days prior to the shareholders' meeting.

If it is evident five days prior to the shareholders meeting that the upcoming Board will not meet the gender ratios referred to in the third paragraph of Art. 19 of these Articles, the incumbent Board may seek candidates of the gender under-represented. If candidates of that gender have not been obtained two days before a shareholders' meeting, the Board shall convene a continuation of the meeting 3-4 weeks after the meeting and again advertise for candidates. Continuation meetings shall be convened as often as necessary to achieve the gender ratio provided for in the third paragraph of Art. 19; the incumbent Board shall remain in charge until such gender ratio is achieved.

Should the gender ratios of the third paragraph of Art. 19 not be achieved in the election of the Board of Directors at a shareholders' meeting, the person who received the most votes among those who were not elected, who is of the under-represented gender, shall replace the person who was elected with the fewest votes of the gender with greater representation. Should this still not suffice to achieve such a gender ratio, the person who received the second-most votes of those who were not elected, who is of the under-represented gender, shall replace the person who was elected with the next fewest votes of the gender with greater representation.

Art. 20. Duties and powers of the Board of Directors

The Board shall direct all Company affairs between shareholders' meetings and safeguard its interests towards third parties. The Board of Directors is ultimately responsible for the Company's activities and shall ensure that its organisation and activities are generally adequate and effective. The Board of Directors shall ensure that the Company is operated in a sound and proper manner with the interests of the insured, policyholders, shareholders and the entire community as its guiding concern.

The Board of Directors grants power to sign. The signatures of three directors are required to oblige the Company.

The Board shall see to it that there is sufficient supervision of accounting and handling of the Company's assets;

The Board of Directors shall adopt protocols providing in detail for its work, cf. the Act on Public Limited Companies and the Act on Insurance Activities.

Art. 21. Board meetings

Board meetings are quorate if attended by a majority of directors. Directors may participate in Board meetings using telecommunications equipment.

The majority of votes shall determine the outcome at Board meetings. Major decisions, however, may not be taken without all directors having had the opportunity to discuss the matter if at all possible. In the case of a tie, the Chairman's vote shall determine

the outcome.

The Board of Directors must keep minutes of the proceedings of Board meetings and endorse them with their signatures.

Art. 22. Division of duties among directors

The Board of Directors shall elect a chairman and divide responsibility for other tasks between directors as deemed necessary. The Board of Directors shall prepare and confirm at a Board meeting its work programme for the Company's next financial year. This shall provide, among other things, for regular Board meetings. The Chairman of the Board must convene a Board meeting if one director, the CEO or the Company's auditing firm so requests.

Alternates shall attend Board meetings in place of directors who are unable to attend as provided for in the Board's protocols.

Art. 23. CEO

The Board shall engage a CEO for the Company and provide him/her with formal Terms of Reference.

The CEO shall handle the Company's everyday operations, implementing the policy and instructions provided by the Board of Directors. Day-to-day operations do not include extraordinary measures or measures of major importance. The CEO can only take such measures in accordance with specific authorisation of the Company's Board of Directors.

The CEO is to ensure that the accounts and finances comply with legislation and good practice and that handling of the Company's assets is secure.

The CEO engages the Company's employees, terminates their employment and deals with their remuneration.

Chapter VI

Accounting, auditing, dividends and reserves, winding-up and amendment of Articles of Association

Art. 24. Accounting

Annual financial statements shall be prepared for each financial year. The annual financial statements shall include an income statement, balance sheet, cash flow statement, notes and information on off-balance-sheet items. Furthermore, the Board must prepare a report which shall accompany the annual financial statements. The Company's financial year shall be the calendar year. The annual financial statements together with the report of the Board shall be made available at the Company's offices after their adoption at the AGM.

Art. 25. Auditing

The Company's annual financial statements shall be audited by an auditor. The AGM shall elect auditors or an auditing firm. If the Company is part of a group of companies, the same auditor shall audit the entire group. An auditor may not be a director or employee of an insurance company or work on its behalf in any respect except auditing. He/She may not be in debt to the Company, either as a debtor or guarantor, and the same applies to his/her spouse.

Auditors shall have access to all the Company's accounts and documents. Concerning the Company's auditing, including regarding the eligibility and duties of auditors, reference is made to the Act on Insurance Activities and Act on Annual Financial Statements.

Art. 26. Dividends and reserves

The AGM shall take a decision on the allocation of dividends and contributions to reserves after receiving a proposal from the Board of Directors on disposition of profit. Similarly, the AGM shall decide how to meet any loss after receiving proposals from the Board. The AGM may not decide to allocate a dividend greater than proposed or approved by the Company's Board of Directors. Dividends shall be disbursed no later than six months after approval of the allocation.

Art. 27. Winding-up

Should it be deemed advisable or necessary to wind up the Company, proposals to this effect shall be governed by Chapter XIII of the Public Limited Companies Act and provisions of the Act on Insurance Activities.

When a decision is taken on the voluntary winding-up of the Company, a statement of the Company's unsettled technical provisions and the manner in which they are to be concluded must be submitted to the Financial Supervisory Authority.

In other respects, the relevant provisions of Public Limited Companies Act and the Act on Insurance Activities shall apply to the winding-up.

Art. 28. Amendments to the Company's Articles of Association

The Company's Articles of Association may only be amended at lawfully convened shareholders' meetings of the Company, and provided it is stated in the announcement of the meeting that such amendments are proposed and what they consist of in essence. Such decision will only be valid if approved by at least 2/3 of the votes cast and the approval of shareholders controlling at least 2/3 of the shares represented at the shareholders' meeting, cf. however, provisions in the Act on Public Limited Companies which impose more stringent requirements for adoption of amendments to Articles of Association.

Thus adopted in Reykjavik on 22 March 2018

On behalf of the Board of Directors of Vátryggingafélag Íslands hf.

Helgi Bjarnason, CEO