

MINUTES OF THE ANNUAL GENERAL MEETING OF VÁTRYGGINGAFÉLAG ÍSLANDS

In the year 2018, on Thursday, 22 March, at 4:00 pm, the Annual General Meeting (AGM) of Vátryggingafélag Íslands, Reg. No. 690689-2009 (VÍS), was held at the company's head offices at Ármúli 3, 108 Reykjavík.

Svanhildur Nanna Vigfúsdóttir, Chairman of the Board, called the meeting to order and welcomed those attending. Attorney Helga Melkorka Óttarsdóttir was elected to chair the meeting and attorney Guðbjörg Helga Hjartardóttir as secretary.

A total of 35 shareholders or their proxies were in attendance at the meeting, representing in total 1,600,620,724 votes or 73.15% of share capital in the company.

The meeting chairman ascertained whether the meeting was quorate. She declared that the meeting had been lawfully convened and declared it was quorate to deal with those issues on its agenda.

The following members of the Board of Directors were present at the meeting: Svanhildur Nanna Vigfúsdóttir, Gestur Breiðfjörð Gestsson, Helga Hlín Hákonardóttir and Valdimar Svavarsson. Helgi Bjarnason, CEO of the company, was also in attendance.

The company's auditors were present at the meeting, cf. the legal obligations in this regard laid down in the Act on Insurance Activities, i.e. Sigríður Soffía Sigurðardóttir and Sæmundur Valdimarsson. In addition, attending the meeting were representatives of the Financial Supervisory Authority (FME), Gunnar Ingólfsson, and NASDAQ Iceland, Ragnheiður Morgan and Hrafnhildur Mooney.

The agenda of the meeting was as follows:

1. Report from the Board of Directors on company activities in 2017.
2. The Board of Directors submits the company's audited annual financial statements for the past year for discussion and approval.
3. Decision on the Board's proposal for disposition of the company's profit on the financial year and the payment of a dividend.
4. Motion authorising a decrease in share capital through purchase of own shares under a share repurchase plan.
5. Motion authorising the company to acquire own shares.
6. Motions to amend the company's Articles of Association.
7. Election of the Board of Directors.
8. Motion on a Remuneration Policy, including a framework for a bonus scheme.
9. Decision on compensation to Directors and subcommittees of the Board.
10. Election of auditors for the next five years as provided for in the Act on Insurance Activities.
11. Other matters raised in lawful manner.
 - a. Motion from Eaton Vance Management regarding a Nomination Committee.
 - b. Amending motion of Gildi - Pension Fund concerning a Nomination Committee.

The meeting then proceeded with the business on its agenda.

1 Report from the Board of Directors on company activities in 2017

Svanhildur Nanna Vigfúsdóttir, Chairman of the Board of Directors, presented the Board's report for the previous year and discussed the principal aspects of the company's operations during the year. She recounted the main points of company policy during the

year, including with regard to changes in its structure and strategy. It was stated that the combined ratio of VÍS for 2017 had dropped below 100% during the year.

In other respects, the Chairman of the Board summarised the highlights of 2017 events in connection with the company's activities and future projects. In this regard the Chairman discussed, for instance, possible changes in the company's financial structure having regard, among other things, to actions of other Nordic insurance companies.

Finally, the Chairman of the Board of Directors thanked the directors for their cooperation during the previous operating year, the company's employees for their diligent work and shareholders for their support for the Board.

2 The Board of Directors submits the company's audited annual financial statements for the past year for discussion and approval.

Helgi Bjarnason, CEO of the company, reviewed the company's annual financial statements for 2017.

The company's gross profit in 2017 was ISK 1,609 million. After-tax profit for the year was ISK 1,326 million.

Premiums for the year totalled ISK 20,528 million compared to ISK 18,319 million in 2016. Net premiums totalled ISK 19,840 million compared to ISK 17,647 million in 2016. Investment income was ISK 1,350 million compared to ISK 1,997 million in 2017. Claims incurred during the year amounted to ISK 13,966 million compared to ISK 14,865 million the preceding year. Claims net of re-insurance were ISK 14,555 million, compared to ISK 14,045 million in 2016. Operating expenses increased YoY.

The total assets of the company as of 31 December 2017 were ISK 46,405 million compared to ISK 46,323 million on 31 December 2016. Equity was ISK 16,766 million compared to ISK 16,371 million on 31 December 2016. Technical provisions as of 31 December 2017 were ISK 24,405 million compared to ISK 24,936 on 31 December 2016.

The combined ratio was 95.3% as compared with 101.7% in 2016. The solvency ratio based on expected dividend payments was 1.42.

The CEO briefly discussed the company's strategy and management emphases in its operations. Finally, the CEO thanked the Board of Directors and management for their good cooperation during the year, the shareholders for their support and the company's employees of the company for their work during the year.

The following motion was made to the meeting by the Board of Directors for adoption of the company's annual financial statements:

"The Board of Directors moves that the company's annual financial statements for 2017 be adopted."

The chairman opened the floor for discussion of the Report of the Board of Directors and the company's annual financial statements. No one requested to speak.

The Board's motion was approved unanimously by show of hands.

3 Decision on the Board's proposal for disposition of the company's profit on the financial year and the payment of a dividend

The following motion was made to the meeting by the Board of Directors for disposition of the company's profit:

"The Board of Directors proposes that the company pay a dividend to shareholders of ISK 0.60 per share for 2017. The total value of the dividend payment is around ISK 1,322 million. The dividend is determined as of 22 March 2018 (declaration date), which means that registered shareholders as of closing on 26 March 2018 (the record date) are entitled to a dividend. The ex-dividend date is therefore 23 March 2018, which is the first trading day after the declaration date and the dividend payable date is 23 March 2018."

The meeting chairman presented the Board's explanatory notes with the motion.

The chairman then invited open discussion of the motion. No one requested to speak.

Thereupon the chairman put the motion to a vote and it was adopted unanimously by shareholders.

4 Motion authorising a decrease in share capital through purchase of own shares

The following motion was made to the meeting by the Board of Directors:

"The AGM of VÍS agrees to reduce the company's share capital from ISK 2,223,497,541 nominal value to ISK 2,202,642,307 nominal value and subsequently invalidate shares of ISK 20,855,234 nominal value. Shares of 20,855,234 will thereby become invalid. The motion is adopted subject to the approval of the Financial Supervisory Authority (FME), cf. EU Regulation no. 2015/35, cf. Art. 51 of Icelandic Reg. No. 585/2017, and the approval of the Registry of Companies. Once FME's approval has been obtained the company's Board of Directors shall be authorised to update the company's Articles of Association in accordance with the share capital decrease."

The chairman then invited open discussion of the motion. No one requested to speak.

Thereupon the chairman put the motion to a vote and it was adopted unanimously by shareholders.

5 Motion authorising the company to acquire own shares

The following motion was made to the meeting by the Board of Directors:

"The company's Board of Directors is authorised to purchase, over the next 18 months, own shares for the purpose of market making in the company's shares and/or to set up a formal repurchase plan. The company and its subsidiaries, having satisfied other statutory conditions, shall be able to acquire up to 10% of its share capital. Authorisation to repurchase own shares for the purpose of a share capital decrease is subject to the approval of FME. The price paid for purchased shares shall not exceed the last selling price in independent trading or the highest available independent bid on NASDAQ Iceland, whichever is higher. Such purchases are, however, authorised if concluded by a market maker, as referred to in Art. 116 of the Act on Securities Transactions or on the basis of Point 1 of the third paragraph of Art. 115 and the second paragraph of Art. 119 of the Act on Securities Transactions and Regulations adopted with reference to Articles 118 and 131 of the same Act."

The meeting chairman presented the Board's explanatory notes with the motion.

The chairman then invited open discussion of the motion. No one requested to speak.

Thereupon the chairman put the motion to a vote and it was adopted unanimously by shareholders.

6 Motions to amend the company's Articles of Association

The following motions were made to the meeting for amendments to the Company's Articles of Association:

6.1 Amendment to Art. 3:

If the motion in Item 4 of the meeting agenda on a share capital reduction is adopted, the company's Board of Directors shall be authorised, after having obtained FME's consent, to update Art. 3 of the company's Articles of Association to accord with the approved reduction in share capital, so that Art. 3 will read as follows:

"The share capital of the Company is ISK 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."

The meeting chairman opened the floor for discussion, but no one requested to speak.

The motion was put to a vote and adopted unanimously.

6.2 Amendment to Art. 18

"An amendment is proposed to the second paragraph of Art. 18 of the company's Articles of Association, making it no longer necessary to have the minutes of a shareholders' meeting voted on at the meeting itself. Art. 18 shall be worded as follows:

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

The meeting chairman invited open discussion of the motion. A shareholder requested an explanation of the purpose of the motion, which the meeting chairman explained with reference to Act No. 2/1995, on Public Limited Companies.

The motion was put to a vote and adopted unanimously.

7 Election of the Board of Directors

According to the company's Articles of Association, the Board of Directors shall be comprised of five directors and two alternates.

The following persons have agreed to serve on the Board of Directors:

Directors

Gestur Breiðfjörð Gestsson

Helga Hlín Hákonardóttir

Jón Sigurðsson

Svanhildur Nanna Vigfúsdóttir

Valdimar Svavarsson.

Alternates

Ólöf Hildur Pálsdóttir

Sveinn Friðrik Sveinsson

The company's Chairman of the Board, Svanhildur Nanna Vigfúsdóttir, requested to address the meeting, thanked the directors for their work during the past operating year and asked them to introduce themselves briefly. Thereafter the directors each introduced themselves to the meeting.

The meeting chairman stated that the above persons were elected unopposed to the company's Board of Directors and no vote would be required.

8 Motion on a remuneration policy, including a framework for a bonus scheme

The following motion was made to the meeting by the Board of Directors for changes to the company's Remuneration Policy:

"Most of the changes proposed to the Remuneration Policy are related to the new Regulation on Insurance Activities, No. 585/2017, a new bonus scheme, and the fact that VÍS has obtained Equal Pay Certification."

The Board's resolution referred in other respects to the draft of a new Remuneration Policy, with information on a new bonus scheme, which accompanied the motions.

The meeting chairman presented the Board's explanatory notes with the motion.

The chairman then invited open discussion of the motion. Svanhildur Nanna Vigfúsdóttir, Chairman of the company's Board of Directors, requested to address the meeting and stated that no bonuses had been paid for the previous operating year. The Chairman explained that the bonus scheme was intended to ensure that the company's senior executives enjoyed remuneration comparable to that of management of the company's main competitors, while at the same time linking management interests to the company's operating results. Initially, the scheme was to apply to seven employees.

Thereupon the meeting chairman put the motion to a vote and it was adopted by shareholders with the required majority of votes.

9 Decision on compensation to Directors and subcommittees of the Board for the coming operating year

The following motion by the Board of Directors for remuneration to Directors was then dealt with:

"It is proposed that the monthly salary of directors be ISK 410,000 and double that amount for the Chairman. Alternates will receive a single payment of ISK 410,000 at the beginning of the operating year plus ISK 115,000 for each meeting they attend. The remuneration for subcommittee membership will be ISK 95,000 for each meeting and double that amount for the Chairman."

The meeting chairman presented the Board's explanatory notes with the motion.

The meeting chairman invited open discussion of the motion. No one requested to speak.

Thereupon the meeting chairman put the motion to a vote and it was adopted by the required majority of votes.

10 Election of auditors for the next five years as provided for in the Act on Insurance Activities

The following proposal was made to the meeting by the Board of Directors regarding the appointment of a new auditor for the next five years:

"The Board of Directors moves that the AGM elect PricewaterhouseCoopers ehf. as auditor of VÍS for the next five years, cf. the fourth paragraph of Art. 70 of the Act on Insurance Activities, No. 100/2016."

The meeting chairman presented the Board's explanatory notes with the motion.

The meeting chairman opened the floor for discussion of the motion, but no one requested to speak.

The motion was adopted unanimously.

11 Other matters raised in lawful manner

- a. The following motion was made to the meeting by Eaton Vance Management on behalf of their funds:

"Vátryggingafélag Íslands's Annual General Meeting agrees to establish a nomination committee for the Company. The Annual General Meeting agrees to give the Board the authority to establish and appoint the nomination committee in accordance with Iceland Chamber of Commerce Guidelines on corporate governance."

- b. The following amending motion was also made to the meeting by Gildi - Pension Fund regarding the above motion:

"The Annual General Meeting of Vátryggingafélag Íslands hf. concludes to direct it to the Board of Directors to prepare the establishment of a nomination committee within the company in accordance with the Corporate Governance Guidelines, issued by the Iceland Chamber of Commerce, NASDAQ Iceland and SA - Business Iceland (the Confederation of Icelandic Employers). A proposal prepared by the Board of Directors on the setup and rules of the nomination committee shall be submitted for approval by a shareholder meeting to be held in the year 2018. Members of the nomination committee shall generally be appointed by a shareholder meeting through vote, except if the shareholder meeting approves that the Board of Directors appoint one Board Member to the committee."

The meeting chairman first addressed the amending motion.

The meeting chairman opened the floor for discussion of the motion, but no one requested to speak.

The amending motion was adopted unanimously. There was therefore no reason to address the previous motion.

No other motions had been submitted to the meeting and the meeting chairman opened the floor for free discussion.

No one requested to speak.

The meeting chairman and secretary were authorised to finalise the minutes of the meeting. The minutes were read aloud at the end of the meeting for those who so requested. No other business was dealt with and the meeting was adjourned at 5:15 pm.

Helga Melkorka Óttarsdóttir, Meeting chairman

Guðbjörg Helga Hjartardóttir, Meeting secretary

Meeting documents

Ballot

Agenda

Summary of the holdings of leading shareholders and changes from the previous year

Details of shareholders' voting rights at the AGM

Motions for resolutions of the Board and shareholders

Statement by the Board of Directors and the Auditor in connection with a share capital reduction

The company's current Articles of Association

Main details on candidates for the Board of Directors

Modified remuneration policy

Consolidated Annual Financial Statements

Corporate Governance Statement

This is an English translation. The original Icelandic text, as published on VÍS's website (www.vis.is/fjarfestar), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.