

Conclusions of the shareholders' meeting of Vátryggingafélag Íslands hf. held on Wednesday 27 May 2018 at 16:00.

Proposal regarding policy on financial structure

The shareholder meeting approved the Board of Directors proposal regarding policy for the company's financial structure. Pursuant to the proposal the company's equity ratio shall be 25-28% in three to five years, and meanwhile reducing the Company's market risk. The Board of Directors shall presume that the Company's capital reduction at any given time will ensure the Company's future sustainability and i.a. shall consider that: (a) the Company's combined ratio for the last 12 months is less than 99%; (b) the solvency ratio of the Company remains within the Board's defined risk acceptance, currently ranging from 1.35 - 1.70, (c) liquidity remains strong and (d) market risk is reduced.

Proposal to reduce the Company's share capital

At the meeting the shareholders further approved a proposal of the Board of Directors to reduce the share capital of the company of nominal value ISK 250,000,000 from nominal value ISK 2,202,642,307 to nominal value ISK 1,952,642,307, with a payment to shareholders in the amount of ISK 1,800,000,000. The reduction will be paid by delivering shares in Kvikabanki hf. The number of Kvikabanki hf. shares which will be delivered to shareholders on the due date, shall be based on the average share price in Kvikabanki hf. for the last five business days prior to the date of payment of the share capital reduction. The proposal was approved subject to (1) the approval of the Icelandic Financial Supervisory Authority, in accordance with the requirements of the EU Regulation No 2015/35, in accordance to Art. 51 of Regulation No 585/2017, (2) the Companies Registry of the Directorate of Internal Revenue granting the Company an exemption from the duty to issue a recall to creditors, in accordance with Para. 2 Art. 53 Act No 2/1995, on public limited companies and (3) that other legal condition are met.

The reduction amount which exceeds the nominal value, or ISK 1,550,000,000 will be deducted from the Company's reserve surplus.

Provided that the conditions of the share capital reduction are met, payment to shareholders shall be made as soon as possible, but no earlier than seven business days after the conditions have been met. The Company shall then send a notification to the Exchange with information on details of the implementation of the reduction, including the payment date. Payment to shareholders shall be based on the Company's share register at the end of the trading day five business days before the payment date.

The payment of the share capital reduction is subject to that the number of shares in Kvikabanki hf., required for the reduction of the share capital, does not to exceed 300,000,000 shares, but if the condition is not fulfilled, the reduction in share capital shall be cancelled.