

MINUTES OF A SHAREHOLDERS' MEETING
OF VÁTRYGGINGAFÉLAGS ÍSLANDS HF.

In the year 2018, on Wednesday 27 June, at 4 pm, a shareholders' meeting in Vátryggingafélag Íslands, Reg. No. 690689-2009 (VÍS), was held at the company's head offices at Ármúli 3, 108 Reykjavík.

Helga Hlín Hákonardóttir, Chairman of the Board, opened the meeting and welcomed those attending. Gunnar Sturluson, attorney at law, was elected to chair the meeting and Guðbjörg Helga Hjartardóttir, attorney at law, as secretary.

A total of 29 shareholders or their proxies were in attendance at the meeting, representing in total 1,385,366,367 votes or 62.90% of the share capital in the company.

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

The following members of the Board of Directors were present at the meeting: Helga Hlín Hákonardóttir, Gestur Breiðfjörð Gestsson, Jón Sigurðsson og Valdimar Svavarsson. Helgi Bjarnason, CEO of the company, was also in attendance, as well as a representative from the company's auditor, PricewaterhouseCoopers ehf., Kristinn F. Kristinsson.

The agenda of the meeting was as follows:

1. Proposal for a policy on the company's financial structure.
2. Proposed reduction of share capital with payment to shareholders of ISK 1,800,000,000 with the transfer of shares in Kvika banki hf.
3. Other matters legally raised.

The meeting then proceeded with the business on its agenda:

1 Proposal for a policy on the company's financial structure

The following motion was presented by the Board of Directors:

"The general shareholders' meeting of VÍS, held on June 27, 2018, approves the Company's capital structure strategy, resulting in the company's equity ratio to be 25-28% in three to five years, and meanwhile reducing the Company's market risk. The Board of Directors shall aim for the presumption that the Company's capital reduction at any given time will ensure the Company's future sustainability and i.a. it is considered 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 identified risk appetite of the Board, currently ranging from 1.35 - 1.70, (c) liquidity remains strong and (d) market risk is reduced."

Helgi Bjarnason, the company's CEO, explained the company's considerations in relation to the motion on the company's financial structure, as well as its background.

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

Thereupon, the chairman put the motion to vote and it was unanimously approved by the shareholders.

2 Proposed reduction of share capital with payment to shareholders of ISK 1,800,000,000 with the transfer of shares in Kvika banki hf.

The following motion was presented by the Board of Directors:

"The general shareholders' meeting of VÍS, held on June 27th, 2018, agrees that the Company's share capital will be reduced on the basis of para. 2 Art. 51 Act no. 2/1995 on limited liability companies, with payment to shareholders in the amount of ISK 1,800,000,000, and the reduction will be paid through the delivery of shares in Kvika banki hf. The number of shares in Kvika banki hf. which will be delivered to shareholders on the due date, shall be based on the average share price in Kvika banki hf. for the last five business days prior to the date of payment of the share capital reduction. The proposal is approved subject to (1) the approval of the Icelandic Financial Supervisory Authority, in accordance to the requirements of the EU Regulation no. 2015/35, in accordance to Art. 51, regulation no. 585/2017, (2) the Companies Register at the Directorate of Internal Revenue grants the Company an exemption from the duty to issue a call to creditors, in accordance to para. 2 Art. 53 Act no. 2/1995, on public limited companies and (3) that other obligatory criteria are met.

The reduction will be of nominal value ISK 250,000,000 or 250,000,000 shares in VÍS. Reduction amount that exceeds nominal value, or ISK 1,550,000,000 will be deducted from the Company's available equity.

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 on 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 Kvika banki 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."

Helgi Bjarnason, the company's CEO, briefly explained the company's considerations in relation to the motion, the correspondence had with shareholders by the company's representatives when preparing the motion and the proposed impact of the capital decrease on the company's finances.

The chairman then invited shareholders to open discussion on the motion.

Gudmundur H. Thorsteinsson raised a query on the company's correspondence with its shareholders in relation to the proposal and the CEO responded to the query.

Árni Hrafn Gunnarsson from Gildi-Pension Fund requested for the following to be recorded in the minutes of the meeting:

"1. On the shareholders' meeting, a proposal has been submitted on a capital decrease in the amount of ISK 25,000,000 nominal value and that ISK 1,800,000,000 be distributed to shareholders by delivering shares in Kvika banki hf. The proposal relates to the updated policy on the company's financial structure. The Fund does not make comments on the updated policy on the company's financial structure or the capital decrease resulting from such updated policy, but raises concerns as to the payment taking place by delivery of shares in Kvika banki hf.

2. It must be considered unusual for a company to distribute shares held by it to its shareholders. Shares in Kvika banki hf. are listed on First North and there seem to be limited transactions taking place with the shares in that market. This results in uncertainty as to the number of transactions on which the proposal's pricing reference will be based, i.e. the five days' average share price. Shareholders in VÍS may also incur difficulties in selling these shares, due to limited transactions and extensive transaction costs, especially for smaller shareholders. In the fund's view, the value of these shares is higher when held by VÍS and should therefore be sold by the company and their sales proceeds then, if applicable, be distributed to shareholders in accordance with the proposal.

3. For the abovementioned reasons, Gildi pension fund will vote against the proposal."

Svandís Rán Ríkarðsdóttir from Brú Pension Fund expressed the fund's views that shareholders should have been granted with an option to choose if they would receive shares in Kvika banki hf. or a cash payment.

No one else requested to speak.

Thereupon, the chairman put the motion to vote. A request for a voting in writing had been submitted and the meeting therefore proceeded to a written vote.

Voting took place. Shareholders controlling 79.87% of the votes voted in favour of the proposal (1,106,551,993 votes), but shareholders controlling 20.13% of votes voted against. The proposal was therefore approved by the requisite majority.

3 Other matters legally raised

No further motions had been submitted to the meeting and the meeting chairman opened the floor for 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 requested. No further business was dealt with and the meeting was adjourned at 4.50 pm.

Gunnar Sturluson, meeting chairman

Guðbjörg Helga Hjartardóttir, meeting secretary

Meeting documents:

Ballot

Agenda of the meeting

Annual consolidated accounts for 2017

Draft of new articles of association of the company

Minutes of the company's annual general meeting in 2018

Consolidated interim accounts, dated 31 March 2018

Board report and auditor's statement in relation to the capital decrease

Board declaration in relation to the capital decrease

Information on shareholder rights

Motions submitted by the Board of Directors