



Frámkvæmdanefnd um einkavæðingu			
Málsnr.	EVN 01010001	Ábm.	SDF
Ds.		Aðrir	JV
Mótt.		Svarfr.	
Ath.		LVM	

Attention
Mr. Edward Williams
HSBC, London
Advisor to the Icelandic Government

Frankfurt, 4.11.02

Dear Edward,

Further to our telephone conversation this morning Société Générale wants to clarify the following:

We have been appointed advisors to a Group of Investors in the privatization process of Bunadarbanki. The Investor Group includes VÍS, KER, Eignarhaldsfélagið Samvinnutryggingar, Kaupfélag Skagfirðinga, Samvinnulífeyrissjóðurinn, Eignarhaldsfélagið Andvaka.

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In addition, we are potentially interested in subscribing for an equity investment in the investment vehicle being established by the Group of Investors to acquire the shares in Bunadarbanki, as set out in the proposal sent to the Committee. As discussed, we are also progressing talks with a Nordic Bank, who has expressed serious interest in acquiring an interest in the investment vehicle. If these talks are successful, it is intended that the Nordic Bank would subscribe for a significant minority percentage of the investment vehicle. We confirm that Société Générale could remain interested in subscribing for an equity investment in circumstances where the Nordic Bank subscribed for a significant minority shareholding.

Société Générale confirms that it or the additional investor will meet all requirements of the Privatisation Committee as stated in the Investor's Group letter to the Privatisation Committee dated 31 October 2002.

Société Générale respectively the additional other investor will invest in the Investor Group holding company and keep its share for the full two years. This investor would be revealed to the Privatisation Committee, if the transaction will take place.

Société Générale will meet all requirements as written in our letter to the Committee subject to preconditions demonstrated laid out in the above mentioned letter such as satisfactory confirmatory usual due diligence, no material adverse changes taking place in the business environment, satisfactory negotiation and execution of all transaction documents and final approval of the Investor Group investment committee and the respective board of the participating members.

Your sincerely,

Dr. Michael Sautter
Managing Director
Société Générale

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Zweigniederlassung der
Société Générale S.A. Paris
Eingetragen im R.C.S. Paris
552 129 222
Registergericht Frankfurt am Main
HRB 37465
Verwaltungsrat:
Daniel Boulton (Vorsitzender)
Philippe Cléme