

FIRST SUPPLEMENTAL INDENTURE (this “First Supplemental Indenture”), dated as of April 12, 2006 between Kaupthing Bank hf., a bank duly constituted under the laws of Iceland, and having its principal office at Borgartún 19, IS 105, Reykjavík, Iceland (hereinafter called the “Company”), and Deutsche Bank Trust Company Americas, a New York banking corporation having its principal office at 60 Wall Street, New York, NY 10005, USA, as Trustee (hereinafter called the “Trustee”).

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture dated April 12, 2006 (the “Original Indenture” and, together with this First Supplemental Indenture, the “Indenture”), providing for the issuance by the Company from time to time of medium-term notes to be issued in one or more series (in the Original Indenture and herein called the “Notes”);

WHEREAS, the Company, in the exercise of the power and authority conferred upon and reserved to it under the provisions of the Original Indenture and pursuant to appropriate resolutions of the Board of Directors, has duly determined to make, execute and deliver to the Trustee this First Supplemental Indenture to the Original Indenture in order to establish the form and terms of, and to provide for the creation and issue of, one series of Notes designated as the “Series A Senior Floating Rate Notes due 2011” under the Original Indenture in the aggregate principal amount of \$500,000,000 subject to Section 2.02 hereof;

WHEREAS, Section 8.1 of the Original Indenture provides, among other things, that the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, without the consent of any Holders, may enter into an indenture supplemental to the Original Indenture to establish the terms of Notes of any series permitted by Sections 2.1 and 3.1 of the Original Indenture; and

WHEREAS, all things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent and issued upon the terms and subject to the conditions set forth hereinafter and in the indenture against payment therefore, the valid, binding and legal obligations of the Company and to make this First Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH that in order to establish the terms of the series of Securities designated as the “Series A Senior Floating Rate Notes due 2011” and for and in consideration of the premises and of the covenants contained in the Indenture and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

ARTICLE I.
DEFINITIONS AND OTHER
PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions. Each capitalized term that is used herein and is defined in the Original Indenture shall have the meaning specified in the Original Indenture unless such term is otherwise defined herein.

“Applicable Procedures” shall mean, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of DTC, Euroclear or Clearstream, as the case may be, that apply to such transfer or exchange.

“Euroclear” shall mean the Euroclear System or any successor.

“Global Notes” or “Global Note” shall have the meaning assigned to it in Section 2.03 hereof.

“Interest Payment Date” shall have the meaning assigned to it in Section 2.06 hereof.

“Notes” shall mean the Company’s Series A Senior Floating Rate Notes due 2011.

“Regulation S” shall mean Regulation S under the Securities Act.

“Regulation S Note” shall have the meaning assigned to it in Section 2.13(c) hereof.

“Remaining Scheduled Payments” shall mean, with respect to the Notes, the remaining scheduled payments of principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption.

“Restricted Period” shall have the meaning assigned to it in Section 2.07 hereof.

“Rule 144A” shall mean Rule 144A under the Securities Act.

“Rule 144A Security” shall have the meaning assigned to it in Section 2.13(b) hereof.

“Notes” shall mean the Notes.

“Securities Act” shall mean the United States Securities Act of 1933, as amended.

“Transfer Agent” shall mean the Person or Persons, which may be the Company, authorized by the Company to exchange or register the transfer of Notes.

Section 1.02. Section References. Each reference to a particular Section set forth in this First Supplemental Indenture shall, unless the context otherwise requires, refer to this First Supplemental Indenture.

ARTICLE II. TITLE AND TERMS OF THE SECURITIES

Section 2.01 Title of the Securities. The title of the Notes of the series established hereby is the "Series A Senior Floating Rate Notes due 2011".

Section 2.02 Amount and Denominations. The aggregate principal amount of the Notes which may be authenticated and delivered under this First Supplemental Indenture is limited to U.S.\$500,000,000, except for Notes of such series authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of the same series pursuant to Section 3.5, 3.6, 9.4 or 10.7 of the Original Indenture; provided, however, that the Notes may be reopened, without the consent of the Holders thereof, for issuance of additional Notes of the same series.

Section 2.03 Registered Securities. The certificates for the Notes shall be in global form and shall be in substantially the forms attached hereto as Exhibits A-1 and A-2 (collectively, the "Global Notes," each a "Global Note"), and shall bear the legends as are inscribed thereon.

Section 2.04 Issuance and Pricing. The Notes shall be issued under the Indenture and sold by the Company at a price equal to 100% of the principal amount thereof.

Section 2.05 Stated Maturity. The Stated Maturity of the Notes on which the principal thereof is due and payable shall be April 12, 2011.

Section 2.06 Interest. The principal of the Notes shall bear interest from the date of issuance, payable quarterly on each January 12, April 12, July 12 and October 12 (each an "Interest Payment Date") of each year, commencing July 12, 2006 to the Persons in whose names the Notes (or one or more Predecessor Notes) are registered at the close of business on the 15th calendar day (whether or not a Business Day) next preceding such Interest Payment Date. Interest payable at maturity will be payable to the person to whom principal is payable on that date. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date or Maturity would otherwise be a day that is not a Business Day, the related payment of principal, interest and premium will be made on the next succeeding Business Day as if it were made on the date the payment was due, and no interest will accrue on the amounts so payable for the period from and after the Interest Payment Date or the Maturity, as the case may be, to the next succeeding Business Day (except where, in the case of an Interest Payment Date, the next succeeding Business Day falls in the next succeeding calendar month, in which case such Interest Payment Date will be the immediately preceding Business Day).

Interest on the Notes will accrue until the principal thereof is paid or made available for payment.

Section 2.07 Registration, Transfer and Exchange. The principal of and interest and premium, if any, on the Notes shall be payable by wire transfer of immediately available funds to the accounts specified by the Holder of the Global Note, or by check mailed to the address of the Holder of the Global Note, as such addresses shall appear in the Note Register. The Notes may

be surrendered or presented for payment, the Notes may be surrendered for registration of transfer or exchange, and notices and demands to or upon the Company in respect of the Notes and the Indenture may be served, at the office or agency of the Trustee maintained for such purposes in The City of New York, State of New York at 60 Wall Street.

The Company hereby initially appoints the Trustee at its office at 60 Wall Street, in the City of New York as the Note Registrar and Paying Agent and a Transfer Agent under the Indenture and the Trustee, by its execution hereof, accepts such appointment; provided, however, that (subject to Section 6.9 of the Indenture) the Company may at any time remove the Trustee at its office or agency in The City of New York designated for the foregoing purposes and may from time to time designate one or more other offices or agencies for the foregoing purposes and may from time to time rescind such designations. The Trustee, the Note Registrar, each Paying Agent and Transfer Agent shall keep copies of the Indenture available for inspection and copying by holders of the Notes during normal business hours at their respective offices.

Notwithstanding the foregoing, a Holder of \$10,000,000 or more in aggregate principal amount of Notes on a Regular Record Date shall be entitled to receive interest payments, if any, on any Interest Payment Date, other than an Interest Payment Date that is also the date of Maturity, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 calendar days prior to the applicable Interest Payment Date. Any wire transfer instructions received by the Trustee will remain in effect until revoked by the Holder. Any interest not punctually paid or duly provided for on a certificated Note on any interest payment date other than the date of Maturity will cease to be payable to the Holder of the Note as of the close of business on the related record date and may either be paid (1) to the person in whose name the certificated Note is registered at the close of business on a Special Record Date for the payment of the defaulted interest that is fixed by the Trustee, written notice of which will be given to the Holders of the Notes not less than 30 calendar days prior to the Special Record Date, or (2) at any time in any other lawful manner.

Rule 144A Security to Regulation S Note. Prior to the expiration of the “40-day distribution compliance period” (as defined below) (the “Restricted Period”), if a holder of a beneficial interest in a Rule 144A Note deposited with the Depositary wishes at any time to exchange all or a portion of its beneficial interest in such Rule 144A Note, for a beneficial interest in the Regulation S Note, or to transfer all or a portion of its beneficial interest in such Rule 144A Note, to a Person who wishes to take delivery thereof in the form of a beneficial interest in such Regulation S Note, such holder may, subject to the rules and procedures of the Depositary and to the requirements set forth below, exchange or cause the exchange or transfer of such interest for an equivalent beneficial interest in such Regulation S Security.

Upon receipt by the Trustee, as Transfer Agent, at its office in The City of New York of (1) instructions given in accordance with the Depositary’s procedures from an agent member directing the Trustee to credit or cause to be credited a beneficial interest in the Regulation S Note in an amount equal to the beneficial interest in the Rule 144A Note to be exchanged or transferred, (2) a written order given in accordance with the Depositary’s procedures containing information regarding the Euroclear or Clearstream or other account to be credited with such increase and the name of such account and (3) a certificate substantially in the form of Exhibit B hereto given by the holder of such beneficial interest, the Trustee, as Transfer Agent, shall

instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, to reduce or reflect on its records a reduction of the Rule 144A Note by the aggregate principal amount of the beneficial interest in such Rule 144A Note to be so exchanged or transferred and the Trustee, as Transfer Agent, shall instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Regulation S Note by the aggregate principal amount of the beneficial interest in such Rule 144A Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (who shall be the agent member of Euroclear or Clearstream, or both, as the case may be) a beneficial interest in such Regulation S Note equal to the reduction in the principal amount of such Rule 144A Note.

After the expiration of the Restricted Period, if a holder of a beneficial interest in the Rule 144A Note deposited with the Depositary wishes at any time to exchange all or a portion of its interest in such Rule 144A Note, for a beneficial interest in the Regulation S Note, or to transfer all or a portion of its interest in such Rule 144A Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in such Regulation S Note, such holder may, subject to the rules and procedures of the Depositary and to the requirements set forth below, exchange or cause the exchange or transfer or cause the transfer of such beneficial interest for an equivalent beneficial interest in such Regulation S Note.

Upon receipt by the Trustee, as Transfer Agent, at its office in The City of New York of (1) instructions given in accordance with the Depositary's procedures from an agent member directing the Trustee to credit or cause to be credited a beneficial interest in the Regulation S Note in an amount equal to the beneficial interest in the Rule 144A Note to be exchanged or transferred, (2) a written order given in accordance with the Depositary's procedures containing information regarding the Euroclear or Clearstream or other account to be credited with such increase and (3) a certificate substantially in the form of Exhibit C hereto given by the holder of such beneficial interest, the Trustee, as Transfer Agent, shall instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, to reduce or reflect on its records a reduction of the Rule 144A Note by the aggregate principal amount of the beneficial interest in such Rule 144A Note to be so exchanged or transferred and the Trustee, as Transfer Agent, shall instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Regulation S Note by the aggregate principal amount of the beneficial interest in such Rule 144A Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in such Regulation S Note equal to the reduction in the principal amount of such Rule 144A Note.

"40-day distribution compliance period" means 40 days after the date hereof.

Regulation S Security to Rule 144A Note. If a holder of a beneficial interest in the Regulation S Note which is deposited with the Depositary wishes at any time to exchange its interest for a beneficial interest in the Rule 144A Note, or to transfer its beneficial interest in such Regulation S Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in such Rule 144A Security, such holder may, subject to the rules and procedures of Euroclear or Clearstream or the Depositary, as the case may be, and to the

requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in such Rule 144A Note.

Upon receipt by the Trustee, as Transfer Agent, at its offices in The City of New York of (1) instructions from Euroclear or Clearstream or the Depositary, as the case may be, directing the Trustee, as Transfer Agent, to credit or cause to be credited a beneficial interest in the Rule 144A Security in an amount equal to the beneficial interest in the Regulation S Note to be exchanged or transferred, such instructions to contain information regarding the agent member's account with the Depositary to be credited with such increase, and (2) with respect to an exchange or transfer of a beneficial interest in the Regulation S Note for a beneficial interest in the Rule 144A Note, a certificate substantially in the form of Exhibit D hereto given by the holder of such beneficial interest, the Trustee, as Transfer Agent, shall instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, to reduce or reflect on its records a reduction of the Regulation S Note, as the case may be, by the aggregate principal amount of the beneficial interest in such Regulation S Note to be exchanged or transferred, and the Trustee, as Transfer Agent, shall instruct the Depositary, its nominee, or the custodian for the Depositary, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Rule 144A Note by the aggregate principal amount of the beneficial interest in such Regulation S Note, as the case may be, to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in such Rule 144A Note equal to the reduction in the principal amount of such Regulation S Note, as the case may be.

Section 2.08 Redemption of the Securities. The Notes are redeemable by the Company in accordance with the provisions of the Notes and Article Ten of the Original Indenture.

Section 2.09 Denominations. Interests in each of the Rule 144A Note and Regulation S Note shall be in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof.

Section 2.10 Currency. The interest and premium, if any, and principal on the Notes shall be payable only in Dollars.

Section 2.11 Applicability of Certain Indenture Provisions. All Sections of the Original Indenture shall apply to the Notes.

Section 2.12 Note Registrar and Paying Agent. The Trustee shall be Note Registrar and the initial Paying Agent and initial Transfer Agent for the Notes (subject to the Company's right (subject to Section 6.9 of the Indenture) to remove the Trustee as such Paying Agent and/or Transfer Agent with respect to each series and/or, from time to time, to designate one or more co-registrars and one or more other Paying Agents and Transfer Agents and to rescind from time to time any such designations), and The City of New York is designated as a Place of Payment for the Notes.

Section 2.13 Global Notes.

(a) *Form of Notes*. The Notes may be issued in whole or in part in the form of one or more Global Notes in fully registered form. The initial Depositary for the Global Notes of

each series shall be DTC, and the depositary arrangements shall be those employed by whoever shall be the Depositary with respect to the Notes from time to time.

(b) *Rule 144A Notes.* Notes initially offered and sold in reliance on Rule 144A to qualified institutional buyers (“QIBs”) shall be issued in the form of permanent Global Notes in definitive, fully registered form, without interest coupons, substantially in the form of Exhibit A-1 (the “Rule 144A Note”). The Rule 144A Note shall be deposited on behalf of the purchasers of the Notes represented thereby with the custodian for the Depositary, and registered in the name of Cede & Co., as nominee of the Depositary, duly executed by the Company and authenticated by the Trustee as provided in the Original Indenture. The aggregate principal amount of the Rule 144A Note may from time to time be increased or decreased by adjustments made on the records of the custodian for the Depositary or its nominee, as the case may be.

(c) *Regulation S Notes.* Notes offered and sold in reliance on Regulation S shall be issued in the form of Global Notes in definitive, fully registered form, without interest coupons, substantially in the form of Exhibit A-2 (the “Regulation S Note”). The Regulation S Note shall be deposited on behalf of the purchasers of the Notes represented thereby with the custodian for the Depositary, and registered in the name of Cede & Co., as nominee of the Depositary, duly executed by the Company and authenticated by the Trustee as provided herein, for credit to their respective accounts (or to such other accounts as they may direct) at Euroclear or Clearstream. Until the expiration of the Restricted Period, interests in a Regulation S Note may only be held by agent members of Euroclear or Clearstream. During the Restricted Period, interests in a Regulation S Note may be exchanged for interests in the Rule 144A Note pursuant to the requirements of Section 2.07 hereof. The aggregate principal amount of the Regulation S Note may from time to time be increased or decreased by adjustments made on the records of the custodian for the Depositary or the Depositary or its nominee, as the case may be, as provided herein.

Each Global Note authenticated under this Indenture shall be registered in the name of the Depositary or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Note shall constitute a single Note for all purposes of this Indenture.

Notwithstanding any other provision in this Indenture or the Notes, no Global Note may be exchanged, in whole or in part for certificated Notes, and no transfer of a Global Note in whole or in part may be registered, in the name of any Person, other than the Depositary or a nominee thereof unless (A) the Depositary has notified the Company that it is unwilling or unable to continue as Depositary for such Global Note or (B) there shall have occurred and be continuing an Event of Default with respect to such Global Note or (C) the Company in its sole discretion determines that the Global Notes (in whole not in part) should be exchanged for certificated Notes and delivers a written notice to such effect to the Trustee; provided, however, that interests in the Regulation S Note will not be exchangeable for certificated Notes until expiration of the Restricted Period and receipt of certification of non-U.S. beneficial ownership. Any Global Note exchanged pursuant to Clause (A) above shall be so exchanged in whole and not in part and any Global Note exchanged pursuant to Clause (B) above may be exchanged in whole or from time to time in part in the manner directed by the Depositary. In the event of the occurrence of any of the events specified in this paragraph, the Company will promptly make

available to the Trustee a reasonable supply of certificated Notes in definitive, fully registered form, without interest coupons.

Upon any exchange, the certificated Notes shall be issued in definitive, fully-registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Note or portion thereof to be so exchanged, shall be registered in such names and be in such denominations as the Depositary shall designate and shall bear any legends required hereunder. Any Global Note to be exchanged in whole shall be surrendered by the Depositary to the Trustee, as Note Registrar. With regard to any Global Note to be exchanged in part, either such Global Note shall be so surrendered for exchange or, if the Trustee is acting a custodian for the Depositary or its nominee with respect to such Global Note, the principal thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by reason of any appropriate adjustment made on the records of the Trustee.

Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Note issuable on such exchange to or upon the order of the Depositary or an authorized representative thereof.

The provisions of the “Operating Procedures of the Euroclear System” and the “Terms and Conditions Governing Use of Euroclear” and the “Management Regulations” and “Instructions to Participants” of Clearstream, respectively, shall be applicable to any Global Note insofar as interests in such Global Note are held by the agent members of Euroclear or Clearstream. Account holders or participants in Euroclear and Clearstream shall have no rights under the Indenture with respect to such Global Note, and the Depositary or its nominee may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between DTC and its agent members, the operation of customary practices governing the exercise of the rights of a holder of any Note.

Section 2.14 Payments on the Regulation S Note. Prior to expiration of the Restricted Period, payments (if any) on the Regulation S Notes will only be paid to the holder thereof to the extent that there is presented by Clearstream or Euroclear to the Trustee a certificate, substantially in the form set out in Exhibit B hereto, to the effect that it has received from or in respect of a beneficial owner of an interest in such Regulation S Notes (as shown by its records) a certificate substantially in the form of Exhibit E hereto.

Section 2.15 Sinking Fund. The Notes shall not be subject to any sinking fund or similar provision and shall not be redeemable at the option of the holder thereof.

Section 2.16 Amendments. This First Supplemental Indenture may be amended by the Company without the consent of any holder of the Notes in order for the restrictions on transfer contained herein to be in compliance with applicable law or the Applicable Procedures.

Section 2.17 Applicable Procedures. Notwithstanding anything else herein, the Company shall not be required to permit a transfer to a Global Note that is not permitted by the Applicable Procedures.

Section 2.18 Paying and Transfer Agent. The Trustee agrees that the provisions of Section [6.1] of the Original Indenture shall be binding on it as Paying Agent and Transfer Agent.

ARTICLE III MISCELLANEOUS PROVISIONS

Section 3.01. Representations, Warranties and Covenants of the Company. The Company makes and reaffirms as of the date of execution of this First Supplemental Indenture all of its representations, warranties, covenants and agreements set forth in the Original Indenture.

Section 3.02. Representations, Warranties and Covenants of the Trustees. The Trustee reaffirms as of the date of execution of this First Supplemental Indenture all of its respective representations, warranties, covenants and agreements set forth in the Original Indenture.

Section 3.03. Trustees Not Responsible for Recitals. The recitals contained herein shall be taken as statements of the Company, and the Trustee does not assume any responsibility for their correctness. The Trustees makes no representations as to the validity or sufficiency of this First Supplemental Indenture, except the Trustee respectively represents that it is duly authorized to execute and deliver this First Supplemental Indenture and perform its obligations hereunder.

Section 3.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.05. Successors and Assigns. All covenants and agreements in this First Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 3.06. Separability Clause. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.07. Benefits of Indenture. Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Note Registrar and their respective successors under the Indenture and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 3.08. Governing Law. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and instruments entered into and, in each case, performed in such state.

Section 3.09. Continued Effect of Amended Indenture. Except as supplemented by this First Supplemental Indenture, the terms, conditions, covenants and agreements set forth in the Original Indenture shall continue in full force and effect.

This First Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the day and year first above written.

KAUPTHING BANK HF.

By: _____

Name:

Title:

DEUTSCHE BANK TRUST COMPANY
AMERICAS
as Trustee

By: _____

Name:

Title: