

SECOND SUPPLEMENTARY OFFERING CIRCULAR



KAUPTHING BANK

KAUPTHING BANK HF.

(incorporated in Iceland as a public limited company)

€4,000,000,000

Euro Medium Term Note Programme

This Second Supplementary Offering Circular (the **Supplementary Offering Circular**) is supplemental to, and should be read in conjunction with, the Offering Circular dated 28th April, 2004 of Kaupthing Bank hf., as supplemented by the supplementary offering circular dated 28th June, 2004 (the **Initial Offering Circular**). Unless the context otherwise requires, terms defined in the Initial Offering Circular shall have the same meaning when used in this Supplementary Offering Circular.

On page 3 of this Offering Circular there is reproduced a press release entitled “Kaupthing Bank completes acquisition of FIH”.

Arranger

Credit Suisse First Boston

Dealers

**Banca IMI
CDC IXIS Capital Markets
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Dresdner Kleinwort Wasserstein
Kaupthing Bank**

**Barclays Capital
Credit Suisse First Boston
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SEB Merchant Banking

The date of this Supplementary Offering Circular is 29th October, 2004

The Issuer, having made all reasonable enquiries, confirms that the Initial Offering Circular, as supplemented by this Supplementary Offering Circular, contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in the Initial Offering Circular, as supplemented by this Supplementary Offering Circular, is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in the Initial Offering Circular, as supplemented by this Supplementary Offering Circular, are honestly held and that there are no other facts the omission of which would make the Initial Offering Circular, as supplemented by this Supplementary Offering Circular, or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

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None of the Initial Offering Circular, this Supplementary Offering Circular, and any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of the Initial Offering Circular, of this Supplementary Offering Circular, or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of the Initial Offering Circular, this Supplementary Offering Circular, or any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Supplementary Offering Circular, nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated in the Initial Offering Circular when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “*Securities Act*”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” in the Initial Offering Circular).

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All references in this document to “DKK” refer to Danish Kroner.

Recent developments

FI-Holding

In September 2004 Kaupthing Bank issued a press release entitled “Kaupthing Bank completes acquisition of FIH”.

An extract from this press release appears below.

“29.09.04

Kaupthing Bank completes acquisition of FIH

Kaupthing Bank has acquired the entire share capital of FI-Holding, which owns the Danish bank FIH. The acquisition price of DKK 7,292 million, has been paid to the seller of FIH, FöreningsSparbanken. The acquisition was largely financed by issuing subordinated bonds and by increasing and selling share capital by means of a pre-emptive rights issue. The acquisition will more than double the size of Kaupthing Bank's balance sheet.”

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