

SIXTH SUPPLEMENTAL INDENTURE (this "Sixth Supplemental Indenture"), dated as of February 28, 2008 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" or the "Issuer"), and Deutsche Bank Trust Company Americas, a New York banking corporation having its principal office at 60 Wall Street, 27th Floor, MS: NYC60-2710, New York, NY 10005, Attention: Trust and Securities Services, 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 a Senior Indenture dated April 12, 2006 (the "Original Indenture" and, together with this Sixth Supplemental Indenture, the "Indenture"), a First Supplemental Indenture dated April 12, 2006 (the "First Supplemental Indenture"), a Second Supplemental Indenture dated October 4, 2006 (the "Second Supplemental Indenture"), a Third Supplemental Indenture dated October 4, 2006 (the "Third Supplemental Indenture"), a Fourth Supplemental Indenture dated October 4, 2006 (the "Fourth Supplemental Indenture") and a Fifth Supplemental Indenture dated March 12, 2007 (the "Fifth Supplemental 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 Sixth 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 G 7.625% Notes due 2015" under the Original Indenture in the aggregate principal amount of U.S.\$900,000,000 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 add to the terms of Notes of any series as 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 Sixth Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH that in order to establish the terms of the series of Notes designated as the "Series G 7.625% Notes due 2015" 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 G 7.625% Notes due 2015.

“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.

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

“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 Sixth Supplemental Indenture shall, unless the context otherwise requires, refer to this Sixth Supplemental Indenture.

**ARTICLE II.**  
**TITLE AND TERMS OF THE NOTES**

Section 2.01 Title of the Notes. The title of the Notes of the series established hereby is the “Series G 7.625% Notes due 2015”.

Section 2.02 Amount and Denominations. The aggregate principal amount of the Notes which may be authenticated and delivered under this Sixth Supplemental Indenture is limited to U.S.\$900,000,000, 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 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 Notes. 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” and 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 82.746% 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 February 28, 2015.

Section 2.06 Interest. The principal of the Notes shall bear interest from the date of issuance, payable semi-annually, on the 28th of February and August (each, an “Interest Payment Date”) of each year, commencing August 28, 2008, to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on the 15<sup>th</sup> calendar day of February and August (whether or not a Business Day) (the “Regular Record Date”) next preceding such Interest Payment Date. Interest payable at maturity will be payable to the person to whom principal is payable on that date. Payments of principal, interest and premium, if any, made on any Interest Payment Date or Maturity must be made by 10:00 a.m. New York time. 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, if any, 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 in global form shall be payable by wire transfer of immediately available funds to the accounts specified by the Holder of the Global Note in accordance with the Applicable Procedures. 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, 27th Floor, MS: NYC60-2710, New York, NY 10005.

The Company hereby initially appoints the Trustee at its office at 60 Wall Street, 27th Floor, MS: NYC60-2710, New York, NY 10005, as the Note Registrar and Principal 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 Original 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.

*Rule 144A Note 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 Depository 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 Depository 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 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 Depository’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 Depository’s procedures containing information regarding the account to be credited with such increase 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 Depository, its nominee, or the custodian for the Depository, 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 Depository, its nominee, or the custodian for the Depository, 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.

After the expiration of the Restricted Period, if a holder of a beneficial interest in the Rule 144A Note deposited with the Depository 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 Depository 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 Depository’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 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 Note 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 Note, 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 Note 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 Notes. The Notes are not redeemable by the Company prior to Maturity other than for reasons as more fully described in Section 10.8 of the Original Indenture.

Section 2.09 Denominations. Interests in each of the Rule 144A Note and Regulation S Note shall be issuable 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 Original 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 the Depositary. 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 such 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 as 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 Notes 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 the Depositary to the Trustee a certificate, substantially 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.

Section 2.16 Amendments. This Sixth 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 Sixth 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 Sixth 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 Sixth Supplemental Indenture, except the Trustee respectively represents that it is duly authorized to execute and deliver this Sixth 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 Sixth 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 Sixth 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 Sixth 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 Sixth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

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

This Sixth 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 Sixth Supplemental Indenture to be duly executed as of the day and year first above written.

KAUPTHING BANK HF.



By: \_\_\_\_\_

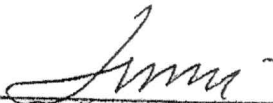
Name: Jakob Bjarnason

Title: Managing Director

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Guðni N. Adalsteinsson**

**Frankvæmdastjóri / Managing Director  
Group Treasurer**

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, BY DEUTSCHE BANK  
NATIONAL TRUST COMPANY  
as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

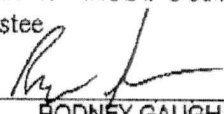
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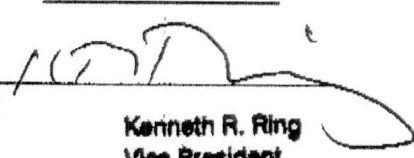
IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed as of the day and year first above written.

KAUPTHING BANK HF.

By: \_\_\_\_\_  
Name:  
Title:

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, BY DEUTSCHE BANK  
NATIONAL TRUST COMPANY  
as Trustee

By:   
Name: RODNEY GAUGHAN  
Title: VICE PRESIDENT

By:   
Name:  
Title: Kenneth R. Ring  
Vice President



FORM OF NOTE

[FACE OF REGISTERED GLOBAL SERIES G 7.625% NOTE]

(RULE 144A GLOBAL NOTE)

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF KAUPTHING BANK HF. (THE "ISSUER") THAT THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR A DEALER OR BY, THROUGH OR IN A TRANSACTION APPROVED BY A DEALER, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (4) IF PERMITTED IN THE APPLICABLE PRICING SUPPLEMENT TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE U.S. SECURITIES ACT ACQUIRING THE NOTES FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION IN VIOLATION OF SUCH ACT, (5) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE THEREOF. TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO THE DEPOSITARY BY A NOMINEE OF THE DEPOSITARY AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, 49TH FLOOR, NEW

YORK, NEW YORK 10004) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER ENTITY AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.



**KAUPTHING BANK HF.  
FORM OF SERIES G 7.625% NOTE FINAL TERMS**

Terms dated February 25, 2008  
(To the Offering Circular dated July 19, 2007)

**KAUPTHING BANK HF.  
Series G 7.625% Notes Due 2015**

Principal Amount of the Issuance:	U.S.\$900,000,000
Interest Rate:	7.625%
Status of Notes	Senior
Original Issue Date:	February 28, 2008
Net Proceeds to Issuer:	U.S.\$753,714,000
Optional Repayment Dates:	August 28, 2010 and February 28, 2013
Stated Maturity:	February 28, 2015
Calculation Agent:	Not applicable
Currency Determination Agent:	Not applicable

Interest Calculation:

- |                                                                                |                                                                                         |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Regular Floating Rate Note                            | <input type="checkbox"/> Floating Rate/Fixed Rate Note<br>Fixed Rate Commencement Date: |
| <input type="checkbox"/> Inverse Floating Rate Notes<br>Fixed Interest Rate: % | <input checked="" type="checkbox"/> Fixed Interest Rate: 7.625%                         |
| <input type="checkbox"/> Other Floating Rate Note                              |                                                                                         |

Interest Payment Dates:

Semi-annually, on the 28th of February and August of each year, commencing on August 28, 2008, subject to the Following New York Business Day Convention.

Day Count Convention:

☐ Actual/360 for the period from [ ] to [ ]

☐ Actual/Actual for the period from [ ] to [ ]

☒ 30/360

Redemption at the option of the Issuer:

☒ The Notes cannot be redeemed at the option of the Issuer prior to the Stated Maturity (other than for tax reasons).

Repayment at the option of the Holders:

☒ The Issuer will be required to redeem the Notes, in whole or in part, prior to their Stated Maturity at the option of the Holders of the Notes.  
Optional Repayment Dates: August 28, 2010 and February 28, 2013.  
Repayment Price on August 28, 2010: 86.901%.  
Repayment Price on February 28, 2013: 92.369%

Currency:

Specified Currency: U.S. dollars

Minimum Denominations: US\$100,000 and integral multiples of US\$1,000 in excess thereof.

Original Issue Discount: ☒ Yes      No  
Total Amount of OID: U.S.\$146,286,000  
Yield to Maturity: 10.283%  
Initial Accrual Period: U.S.\$19,376,102.66

Form: ☒ Global  
Certificated

Dealer: Not applicable.

Dealers acting in the capacity as indicated below: Not applicable.

Agent

Principal

If as principal:

Not applicable

If as agent:

Not applicable

Initial Offering Price: The Notes are being offered at a fixed initial offering price of 83.746% of the principal amount.

Trade date: February 25, 2008

Addendum attached:

Yes



No

Registered Note Information:

U.S. Global Notes:

CUSIP number: 48632FAE1

ISIN number: US48632FAE16

International Global Notes:

CUSIP number: 48632GAE9

ISIN number: US48632GAE98

Other/Additional Provisions; Addendum: Not applicable

Listing: The Notes will not be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

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 “Issuer”, which term includes any successor Person under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to Cede & Co., as nominee for The Depository Trust Company, or registered assigns, the U.S.\$[●] principal amount of this Note, or the final redemption amount if one is set forth on the face hereof, in the Specified Currency (as defined below), on the Stated Maturity set forth on the face hereof. In addition, the Issuer promises to pay interest, if any, on the principal amount of this Note from the Original Issue Date set forth on the face hereof, or from the most recent Interest Payment Date for which interest has been paid or duly provided for, but not including the applicable Interest Payment Date or Maturity (as defined on the reverse hereof), as the case may be, pursuant to the applicable provisions specified herein and in the Indenture, until the principal hereof is paid or made available for payment. The first payment of interest on any Note originally issued between a Regular Record Date for such Note and the succeeding Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date. Interest (other than Defaulted Interest which may be paid as of a Special Record Date) will be payable to the Holder at the close of business on the Regular Record Date next preceding such Interest Payment Date; provided that interest payable at Maturity will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes of this Series not less than seven days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any Stock Exchange on which the Notes of this Series may be listed, and upon such notice as may be required by such Stock Exchange, all as more fully provided in the Indenture.

Except as provided below, payments of principal, premium, if any, and interest, if any, with respect to any Note denominated in other than Dollars will be made in Dollars, as set forth herein. If the Holder on the relevant Regular Record Date or at Maturity, as the case may be, wishes to receive payments in other than Dollars, the Holder shall transmit a written request for payment in such other currency to any Paying Agent with respect to any such Note at its Principal Office on or prior to such Regular Record Date or the date 15 calendar days prior to Maturity, as the case may be. Such request may be delivered by mail, by hand or by cable, telex or any other form of facsimile transmission. Any such request made with respect to this Note by a Holder will remain in effect with respect to any further payments of principal, and premium, if any, and interest, if any, with respect to this Note payable to such Holder, unless such request is revoked by written notice received by such Paying Agent on or prior to the relevant Regular Record Date or the date 15 calendar days prior to Maturity, as the case may be (but no such revocation may be made with respect to payments made on any such Note if an Event of Default (as defined in the Indenture referred to on the reverse hereof) has occurred with respect thereto or upon the giving of a notice of redemption). Holders of Notes denominated in other than Dollars whose Notes are registered in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in other than Dollars may be made.

The Issuer will appoint and at all times maintain a Principal Paying Agent authorized by the Issuer to pay the principal of (and premium, if any) and interest, if any, on Notes of this Series on behalf of the Issuer and having an office or agency in New York City, where Notes of this Series may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to Notes of this Series may be served. The Issuer has initially appointed Deutsche Bank Trust Company Americas as such Principal Paying Agent, with its Principal Office currently at 60 Wall Street, 27th Floor, MS: NYC60-2710, New York, New York 10005. The Issuer will give prompt written notice to the Trustee of any change in such appointment.

All payments on this Note in Dollars will be made by transfer of immediately available funds to an account of the Holder.

All payments on this Note in a Specified Currency other than Dollars will be made in the manner set forth on the reverse hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE INDENTURE AND THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

THIS GLOBAL NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE UNITED STATES FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OF THE UNITED STATES OR ICELAND.

In the event of any conflict between the provisions stated herein, or the provisions incorporated herein by reference and/or the provisions set forth on the face hereof, the provisions set forth on the face hereof will prevail.

Terms used in this Note and not defined herein shall have the meaning assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Principal Paying Agent, directly or through an Authenticating Agent, by manual or facsimile signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.



IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Dated: February 28, 2008

KAUPTHING BANK HF.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

#### CERTIFICATE OF AUTHENTICATION

This is one of the Notes of  
the Series designated in and issued  
under the Indenture described herein.

Dated:

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, BY DEUTSCHE BANK NATIONAL  
TRUST COMPANY  
as Principal Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

## **REVERSE OF REGISTERED GLOBAL NOTE**

### **KAUPTHING BANK HF.**

#### **SERIES G 7.625% NOTE DUE 2015**

This Global Note is one of a duly authorized issue of notes of the Issuer (herein called the “Series G 7.625% Notes” or the “Notes”), issued and to be issued in one or more Series under the Indenture dated as of April 12, 2006 (as amended or supplemented from time to time the “Indenture”), between Kaupthing Bank hf., as the Issuer, and Deutsche Bank Trust Company Americas, a New York banking corporation, as Trustee (herein called the “Trustee”, which term includes any successor to such Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Trustee, the Principal Paying Agent and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the Series designated on the face hereof.

The Notes are direct, unconditional, unsubordinated and (subject to the provisions set forth under “Negative Pledge” in the Indenture) unsecured obligations of the Issuer without any preference among themselves and rank at least equally with deposits and all other unsecured and unsubordinated obligations of the Issuer, subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors’ rights, provided that such other unsecured and unsubordinated indebtedness may contain covenants, events of default and other provisions which are different from or which are not contained in the Notes.

The Issuer will pay interest on the principal amount of this Note at the rate per annum shown above.

#### Beneficial Ownership in Global Notes

For so long as any Notes are represented by a Global Note, each person or entity (a “Person”) who is for the time being shown in the records of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, as the owner of a beneficial interest in such Notes (in which regard any certificate or other document issued by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, as to the beneficial interest in Notes standing to the account of any Person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Note Registrar, the Principal Paying Agent and the paying agents as a holder of such beneficial interest in such Global Note. Notwithstanding the foregoing or anything contained in this Note or the Indenture to the contrary, so long as any Note is represented by a Global Note and such Global Note is held on behalf of DTC or any other clearing system or its nominee, such clearing system or its nominee will be considered the sole Holder of the Notes represented by the applicable Global Note for all purposes hereunder and under the Notes, including, without limitation, obtaining consents and waivers thereunder, and none of the Note Registrar, the Principal Paying Agent nor the Issuer shall be affected by any notice to the contrary. For purposes of the foregoing, the Issuer, the Note Registrar, the Principal Paying Agent and each paying agent shall consider and shall be protected in considering any action taken by DTC, Euroclear or Clearstream,

Luxembourg, with respect to any portion of or all of such Global Note as authorized by the holders of beneficial interests thereof.

At all times as any Notes are outstanding under the Indenture, the Principal Paying Agent shall have the sole responsibility for reconciling the aggregate amount of indebtedness evidenced by the issued and outstanding Notes as evidenced by the U.S. Global Notes, the International Global Notes and the Certificated Notes.

Subject to applicable provisions of law and the face of this Note, this Note shall be subject to the following provisions as applicable:

The date(s) on which interest on this Note is payable will be February 28 and August 28 of each year, beginning August 28, 2008 and including February 28, 2015 (each such day being an "Interest Payment Date"). If any Interest Payment Date, other than Maturity, for any Note would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding Business Day. If the Maturity for this Note falls on a day that is not a Business Day, the required payment of principal, premium, if any, and interest with respect to this Note will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue for the period from and after Maturity to the date of such payment on the next succeeding Business Day. The Regular Record Dates for each Note will be the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date or Maturity, as the case may be.

Unless otherwise specified on the face hereof, each payment of interest on this Note will include interest accrued from and including the Original Issue Date, or the next preceding Interest Payment Date to which interest has been paid or duly provided for, to but excluding the applicable Interest Payment Date or Maturity. Accrued interest from the Original Issue Date, or from the last date to which interest has been paid or duly provided for, will be calculated by multiplying the principal amount of this Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day from the Original Issue Date, or from the last date to which interest has been paid or duly provided for, to but excluding the date for which accrued interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such day is computed by dividing the interest rate applicable to such date by 360.

#### Redemption/Repayment

This Note will be redeemable at the option of the Issuer prior to the Stated Maturity only if an Initial Redemption Date ("Initial Redemption Date") is set forth on the face hereof. If so specified, and subject to any other terms set forth on the face hereof, this Note will be subject to redemption at the option of the Issuer on any date on and after the Initial Redemption Date in whole or from time to time in part in increments of \$100,000 or the minimum denomination set forth on the face hereof (provided that any remaining principal amount thereof shall be at least \$100,000 or such minimum denomination), at the applicable Redemption Price on notice given not more than 60 days, if the Notes are being redeemed in whole, or 45 days, if the Notes are being redeemed in part, nor less than 30 days prior to the date of redemption and in accordance with the provisions of the Indenture. "Redemption Price" means, unless otherwise specified on

the face hereof, an amount equal to the sum of (i) the Initial Redemption Percentage set forth on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if applicable (as set forth on the face hereof)) multiplied by the unpaid principal amount or the portion to be redeemed plus (ii) accrued interest, if any, to the date of redemption. Unless otherwise specified on the face hereof, the Initial Redemption Percentage, if any, applicable to this Note shall decline at each anniversary of the Initial Redemption Date by an amount equal to the applicable Annual Redemption Percentage Reduction, if any, until the Redemption Price is equal to 100% of the unpaid principal amount thereof or the portion thereof to be redeemed.

This Note will not be subject to any sinking fund.

This Note will be repayable by the Issuer in whole or in part at the option of the Holder hereof on the optional repayment date ("Optional Repayment Date") set forth on the face hereof. Unless otherwise specified on the face hereof, the repayment price for this Note to be repaid means an amount equal to the sum of (i) 100% of the unpaid principal amount hereof or the portion hereof plus (ii) accrued interest, if any, or arrears of interest, if any, to the date of repayment. Any repayment in part will be in increments of US\$100,000 or the minimum denomination set forth on the face hereof (provided that any remaining principal amount thereof shall be at least US\$100,000 or such minimum denomination). For this Note to be repaid, this Note must be received, together with the form attached hereto entitled "Option to Elect Repayment" duly completed, by the Principal Paying Agent (or at such other address of which the Issuer shall from time to time notify the Holder) not more than 60 nor less than 30 days prior to the date of repayment. Except as otherwise provided for on the face of this Note, exercise of such repayment option by the Holder will be irrevocable.

In the event of redemption, repayment, repurchase or exchange of this Note in part only, a new Note or Notes of this Series and of like tenor and for a principal amount equal to the unredeemed or unrepaid portion will be delivered to the Holder upon the cancellation hereof.

The Notes may be redeemed, subject to any other terms set forth on the face hereof, as a whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice to the Holders of the Notes, at a Redemption Price equal to 100% of the principal amount thereof (or, at the then current Amortized Face Amount, if the Note is a Discount Note or, if such Note is an Indexed Note or Amortizing Note, at the Redemption Price set forth on the face hereof) (and premium, if any, thereon), together with interest or arrears of interest accrued, if any, thereon to the date fixed for redemption, if on the next succeeding Interest Payment Date, the Issuer will be obligated to pay any additional amounts as provided in the Indenture and as described herein below and such obligation cannot be avoided by the use of reasonable measures available to the Issuer.

All payments of principal and interest in respect of a Note by the Issuer will be made without withholding or deduction for or on account of any present or future duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of a Note, in the absence of such withholding or

deduction; except that no such additional amounts shall be payable with respect to a Note (a) presented for payment by or on behalf of a Holder who is liable for such taxes or duties in respect of a Note by reason of the Holder having some connection with a Tax Jurisdiction other than the mere holding of a Note, or (b) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to an additional amount on presenting the same for payment on such 30<sup>th</sup> day assuming that day to have been a Payment Day, or (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, or (d) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the Note to another Paying Agent in a member state of the European Union.

No additional amounts will be paid as provided above with respect to any payment of principal of (including premium or final redemption amount, initial redemption amount or early redemption amount, if any, and in the case of Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) or interest, if any, on a Note to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the Holder of any such Note.

“Payment Day” means any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (i) the relevant place of presentation, (ii) London, (iii) New York, (iv) any additional Principal Financial Center specified in the applicable Pricing Supplement, and either (X) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than the place of presentation, London and any additional Principal Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (Y) in relation to any sum payable in euro, a day on which the TARGET System is open.

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders of Notes in accordance with the requirements under the Indenture.

“Tax Jurisdiction” means Iceland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.



The Dollar amount to be received by a Holder of a Note denominated in other than Dollars who elects to receive payments in Dollars will be based on the highest indicated bid quotation for the purchase of Dollars in exchange for the Specified Currency obtained by the Currency Determination Agent at approximately 11:00 A.M., New York City time, on the second Business Day next preceding the applicable payment date (the "Conversion Date") from the bank composite or multicontributor pages of the Quoting Source for three (or two if three are not available) major banks in New York City. The first three (or two) such banks selected by the Currency Determination Agent which are offering quotes on the Quoting Source will be used. If fewer than two such bid quotations are available at 11:00 A.M., New York City time, on the second Business Day next preceding the applicable payment date, such payment will be based on the Market Exchange Rate as of the second Business Day next preceding the applicable payment date. If the Market Exchange Rate for such date is not then available, such payment will be made in the Specified Currency. As used herein, the "Quoting Source" means Reuters Monitor Foreign Exchange Service, or if the Currency Determination Agent determines that such service is not available, Telerate Monitor Foreign Exchange Service, or if the Currency Determination Agent determines that neither service is available, such comparable display or other comparable manner of obtaining quotations as shall be agreed between the Issuer and the Currency Determination Agent. All currency exchange costs associated with any payment in Dollars on any such Note will be borne by the Holder hereof by deductions from such payment. The currency determination agent (the "Currency Determination Agent"), if any, with respect to this Note will be set forth on the face hereof.

If this Note is denominated in other than Dollars and the Specified Currency for this Note is not available for the required payment of principal, premium, if any, and/or interest, if any, in respect thereof due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to the Holder hereof by making such payment in Dollars on the basis of the Market Exchange Rate, computed by the Currency Determination Agent, on the second Business Day prior to such payment or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate, or as otherwise specified on the face hereof. Any payment made in Dollars under such circumstances where the required payment was to be in a Specified Currency other than Dollars will not constitute an Event of Default under Section 5.1 of the Indenture.

"Market Exchange Rate" means, with respect to any Note denominated in a Specified Currency other than Dollars, the noon Dollar buying rate in New York City by the Federal Reserve Bank of New York.

All determinations referred to above made by the Currency Determination Agent shall be at its sole discretion and in accordance with its normal operating procedures and shall, in the absence of manifest error, be conclusive for all purposes and binding on all Holders and beneficial owners of this Note.

Unless otherwise specified on the face hereof, payments of principal, premium, if any, and interest, and arrears of interest, if any, with respect to any Note to be made in a Specified Currency other than Dollars will be made by check mailed to the address of the person entitled thereto as such address appears in the Note Register or by wire transfer to such account with a bank located in a jurisdiction acceptable to the Issuer and the Trustee, as shall have been

designated at least 15 calendar days prior to the Interest Payment Date or Maturity, as the case may be, by the Holder of such Note on the relevant Regular Record Date or at Maturity, provided that, in the case of payment of principal of, and premium, if any, and interest, if any, due at Maturity, the Note is presented to any Paying Agent with respect to such Note appointed by the Issuer in time for such Paying Agent to make such payments in such funds in accordance with its normal procedures. Such designation shall be made by filing the appropriate information with the Trustee at its Corporate Trust Office, and, unless revoked, any such designation made with respect to any Note by a Holder will remain in effect with respect to any further payments with respect to such Note payable to such Holder. If a payment with respect to any such Note cannot be made by wire transfer because the required designation has not been received by the Trustee on or before the requisite date or for any other reason, a notice will be mailed to the Holder at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Trustee's receipt of such a designation, such payment will be made within 15 calendar days of such receipt. The Issuer will pay any administrative costs imposed by banks in connection with making payments by wire transfer but any tax assessment or governmental charge imposed upon payments will be borne by the Holders of such Notes in respect of which such payments are made.

If certain Events of Default with respect to Notes of this Series shall occur, the principal amount of all of the Notes of this Series, together with any accrued interest and additional amounts, if any, may be declared due and payable immediately as provided in the Indenture. If certain other Events of Default with respect to Notes of this Series shall occur and be continuing, the principal amount of all of the Notes, together with any accrued interest and additional amounts, if any, may be declared due and payable by the Trustee or Holders of at least 25% in aggregate principal amount of the Notes of this Series, as provided in the Indenture. The Indenture provides that in certain circumstances such declaration and its consequences may be rescinded and annulled by the Holders of a majority in aggregate principal amount of the Outstanding Notes. If a default with respect to Notes of this Series as specified in the Indenture occurs and is continuing, the Trustee may pursue certain remedies as set forth in the Indenture. The Holders of not less than 66⅔% in aggregate principal amount of the outstanding Notes of this Series may waive any past default under the Indenture and its consequences, except a default in the payment of principal of (or premium, if any, on) or interest, if any, on any of the Notes or with respect to a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Note. Any such consent or waiver by the Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note or such other Notes.

The Indenture contains provisions permitting the Issuer and the Trustee (i) without the consent of the Holders of any Notes issued under the Indenture to execute supplemental indentures for certain enumerated purposes, such as to cure any ambiguity or inconsistency or to make any change that does not have a materially adverse effect on the rights of any Holder of such Notes, and (ii) with the consent of the Holders of not less than 66⅔% in aggregate principal amount of the Outstanding Notes of each Series of Notes affected thereby, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of Holders of

Notes under the Indenture; *provided*, that, with respect to certain provisions of the Indenture, no such supplemental indenture may be entered into without the consent of the Holder of each Outstanding Note affected thereby.

The Indenture also permits the Holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Outstanding Notes of each Series affected, on behalf of the Holders of all Notes of such Series, to waive compliance by the Issuer with certain restrictive provisions of the Indenture. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest, if any, on this Note (including any additional amounts payable in accordance with the terms of this Note and the Indenture) at the times, places and rates, and in the coin or currency, specified herein. However, the Indenture limits the Holder's right to enforce the Indenture and this Note.

This Global Note or portion hereof may not be exchanged for certificated Notes of this Series, except in the limited circumstances provided for in the Indenture. As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in any place where the principal of (and premium, if any, on) and interest, if any, on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Notes of this Series of like tenor, of Authorized Denominations (as defined below) and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Unless otherwise specified on the face hereof, Notes will be issuable in Dollars in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof (in each case, an "Authorized Denomination"). Unless otherwise specified on the face hereof, the "Authorized Denomination" of any Note denominated in other than Dollars will be the amount of the Specified Currency for such Note equivalent, at the Market Exchange Rate on the first Business Day in New York City and the Principal Financial Center of the country issuing such currency (or, in the case of euro, a day on which the TARGET System is open) next preceding the date on which the Issuer of such Note accepts the offer to purchase such Note, to \$100,000, or such other minimum denomination as may be allowed or required from time to time by any relevant central bank or equivalent governmental body, however designated, or by any laws or regulations applicable to the Notes or to such Specified Currency. Unless otherwise specified on the face hereof, the Notes will be issued in integral multiples of 1,000 units of any such Specified Currency in excess of their minimum denominations.

Except as otherwise provided for in the Indenture, no service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Trustee and the Principal Paying Agent and any agent of the Issuer, the Trustee or the Principal Paying Agent may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and none of the Issuer, the Trustee, the Principal Paying Agent or any agent of the Issuer, the Trustee or the Principal Paying Agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.



FORM OF NOTE

[FACE OF REGISTERED GLOBAL SERIES G 7.625% NOTE]

REGISTERED GLOBAL NOTE

(REGULATION S GLOBAL NOTE)

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE THEREOF, TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO THE DEPOSITARY BY A NOMINEE OF THE DEPOSITARY AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, 49TH FLOOR, NEW YORK, NEW YORK 10004) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO, OR SUCH OTHER ENTITY AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO, OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**KAUPTHING BANK HF.  
FORM OF SERIES G 7.625% NOTE FINAL TERMS**

Terms dated February 25, 2008  
(To the Offering Circular dated July 19, 2007)

**KAUPTHING BANK HF.  
Series G 7.625% Notes Due 2015**

Principal Amount of the Issuance:	U.S.\$900,000,000
Interest Rate:	7.625%
Status of Notes	Senior
Original Issue Date:	February 28, 2008
Net Proceeds to Issuer:	U.S.\$753,714,000
Optional Repayment Dates:	August 28, 2010 and February 28, 2013
Stated Maturity:	February 28, 2015
Calculation Agent:	Not applicable
Currency Determination Agent:	Not applicable

Interest Calculation:

- |                                                                                |                                                                                         |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Regular Floating Rate Note                            | <input type="checkbox"/> Floating Rate/Fixed Rate Note<br>Fixed Rate Commencement Date: |
| <input type="checkbox"/> Inverse Floating Rate Notes<br>Fixed Interest Rate: % | <input checked="" type="checkbox"/> Fixed Interest Rate: 7.625%                         |
| <input type="checkbox"/> Other Floating Rate Note                              |                                                                                         |



Interest Payment Dates:

Semi-annually, on the 28th of February and August of each year, commencing on August 28, 2008, subject to the Following New York Business Day Convention.

Day Count Convention:

☐ Actual/360 for the period from [ ] to [ ]

☐ Actual/Actual for the period from [ ] to [ ]

☒ 30/360

Redemption at the option of the Issuer:

☒ The Notes cannot be redeemed at the option of the Issuer prior to the Stated Maturity (other than for tax reasons).

Repayment at the option of the Holders:

☒ The Issuer will be required to redeem the Notes, in whole or in part, prior to their Stated Maturity at the option of the Holders of the Notes.  
Optional Repayment Dates: August 28, 2010 and February 28, 2013.  
Repayment Price on August 28, 2010: 86.901%.  
Repayment Price on February 28, 2013: 92.369%

Currency:

Specified Currency: U.S. dollars

Minimum Denominations: US\$100,000 and integral multiples of US\$1,000 in excess thereof.

Original Issue Discount: ☒ Yes      No  
Total Amount of OID: U.S.\$146,286,000  
Yield to Maturity: 10.283%  
Initial Accrual Period: U.S.\$19,376,102.66

Form: ☒ Global  
Certificated

Dealer: Not applicable.

Dealers acting in the capacity as indicated below: Not applicable.

Agent

Principal

If as principal:

Not applicable

If as agent:

Not applicable

Initial Offering Price: The Notes are being offered at a fixed initial offering price of 83.746% of the principal amount.

Trade date: February 25, 2008

Addendum attached:

Yes



No

Registered Note Information:

U.S. Global Notes:

CUSIP number: 48632FAE1

ISIN number: US48632FAE16

International Global Notes:

CUSIP number: 48632GAE9

ISIN number: US48632GAE98

Other/Additional Provisions; Addendum: Not applicable

Listing: The Notes will not be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

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 “Issuer”, which term includes any successor Person under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to Cede & Co., as nominee for The Depository Trust Company, or registered assigns, the U.S.\$ [●] principal amount of this Note, or the final redemption amount if one is set forth on the face hereof, in the Specified Currency (as defined below), on the Stated Maturity set forth on the face hereof. In addition, the Issuer promises to pay interest, if any, on the principal amount of this Note from the Original Issue Date set forth on the face hereof, or from the most recent Interest Payment Date for which interest has been paid or duly provided for, but not including the applicable Interest Payment Date or Maturity (as defined on the reverse hereof), as the case may be, pursuant to the applicable provisions specified herein and in the Indenture, until the principal hereof is paid or made available for payment. The first payment of interest on any Note originally issued between a Regular Record Date for such Note and the succeeding Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date. Interest (other than Defaulted Interest which may be paid as of a Special Record Date) will be payable to the Holder at the close of business on the Regular Record Date next preceding such Interest Payment Date; provided that interest payable at Maturity will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes of this Series not less than seven days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any Stock Exchange on which the Notes of this Series may be listed, and upon such notice as may be required by such Stock Exchange, all as more fully provided in the Indenture.

Except as provided below, payments of principal, premium, if any, and interest, if any, with respect to any Note denominated in other than Dollars will be made in Dollars, as set forth herein. If the Holder on the relevant Regular Record Date or at Maturity, as the case may be, wishes to receive payments in other than Dollars, the Holder shall transmit a written request for payment in such other currency to any Paying Agent with respect to any such Note at its Principal Office on or prior to such Regular Record Date or the date 15 calendar days prior to Maturity, as the case may be. Such request may be delivered by mail, by hand or by cable, telex or any other form of facsimile transmission. Any such request made with respect to this Note by a Holder will remain in effect with respect to any further payments of principal, and premium, if any, and interest, if any, with respect to this Note payable to such Holder, unless such request is revoked by written notice received by such Paying Agent on or prior to the relevant Regular Record Date or the date 15 calendar days prior to Maturity, as the case may be (but no such revocation may be made with respect to payments made on any such Note if an Event of Default (as defined in the Indenture referred to on the reverse hereof) has occurred with respect thereto or upon the giving of a notice of redemption). Holders of Notes denominated in other than Dollars whose Notes are registered in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in other than Dollars may be made.

The Issuer will appoint and at all times maintain a Principal Paying Agent authorized by the Issuer to pay the principal of (and premium, if any) and interest, if any, on Notes of this Series on behalf of the Issuer and having an office or agency in New York City, where Notes of this Series may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to Notes of this Series may be served. The Issuer has initially appointed Deutsche Bank Trust Company Americas as such Principal Paying Agent, with its Principal Office currently at 60 Wall Street, 27th Floor, MS: NYC60-2710, New York, New York 10005. The Issuer will give prompt written notice to the Trustee of any change in such appointment.

All payments on this Note in Dollars will be made by transfer of immediately available funds to an account of the Holder.

All payments on this Note in a Specified Currency other than Dollars will be made in the manner set forth on the reverse hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE INDENTURE AND THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

THIS GLOBAL NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE UNITED STATES FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OF THE UNITED STATES OR ICELAND.

In the event of any conflict between the provisions stated herein, or the provisions incorporated herein by reference and/or the provisions set forth on the face hereof, the provisions set forth on the face hereof will prevail.

Terms used in this Note and not defined herein shall have the meaning assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Principal Paying Agent, directly or through an Authenticating Agent, by manual or facsimile signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Dated: February 28, 2008

KAUPTHING BANK HF.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

#### CERTIFICATE OF AUTHENTICATION

This is one of the Notes of  
the Series designated in and issued  
under the Indenture described herein.

Dated:

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, BY DEUTSCHE BANK  
NATIONAL TRUST COMPANY  
as Principal Paying Agent

By: \_\_\_\_\_  
Authorized Signatory