

EXECUTION COPY

THIRD SUPPLEMENTAL INDENTURE (this "Third Supplemental Indenture"), dated as of October 4, 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" 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").

WITNESSETH

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 Third Supplemental Indenture, the "Indenture") and a First Supplemental Indenture dated April 12, 2006 (the "First Supplemental Indenture"), and simultaneously with the execution and delivery of this Third Supplemental Indenture, will execute and deliver a Second Supplemental Indenture dated October 4, 2006 (the "Second Supplemental Indenture") and a Fourth Supplemental Indenture dated October 4, 2006 (the "Fourth 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 Third 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 D 5.750% Notes due 2011" under the Original Indenture in the aggregate principal amount of U.S.\$1,500,000,000 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 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 Third Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH that in order to establish the terms of the series of Notes designated as the "Series D 5.750% 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:

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

KAUPTHING BANK HF.

By: 
Name: HREIDAR MAR SIGURDSSON
Title: GROUP CEO

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

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____