

Press Release, August 29, 2002

Kaupthing to submit a public offer to the shareholders of Nordiska

Kaupthing Bank hf. (“Kaupthing”), an Icelandic bank, is making a public share offer (the “Offer”) for the Swedish bank JP Nordiska AB (publ) (“Nordiska”) of which Kaupthing already holds 28%. Kaupthing regards the Offer as an appropriate response to the current market conditions, where restructuring and consolidation is needed. Kaupthing has operations in Reykjavík, Stockholm, Copenhagen, Helsinki, the Faeroe Islands, Luxembourg, New York and Geneva.

- Kaupthing has decided to submit the Offer to the shareholders of Nordiska. For each share in Nordiska, 9.55 shares in Kaupthing will be offered. Kaupthing will apply for a listing in Stockholm and trading in the shares of Kaupthing is intended to begin in Stockholm immediately after payment.
- Based on the latest closing price for the Kaupthing shares and the Nordiska shares respectively before the announcement of the Offer, the bid corresponds to approximately SEK 12.0 per share in Nordiska, representing an acquisition premium of approximately 41% (SEK 3.5 per share). Based on the closing price during the last 30 trading days, the premium amounts to 46%.
- With this acquisition, Kaupthing will continue its strategy of expanding its investment banking operations in the Nordic countries and actively participate in the ongoing consolidation of the banking business in Sweden.
- Kaupthing believes that significant cost and income synergies can be achieved with Nordiska as a subsidiary and that this will facilitate future restructuring activities of Nordiska.
- Aside from Kaupthing, the largest shareholder of Nordiska is Lars Magnusson¹, who controls approximately 13% of the shares in Nordiska. Lars Magnusson has declared that he is looking positively on Kaupthing strengthening its influence over Nordiska. The other larger shareholders are also informed, but have not yet made any statements on the matter.

¹ As previously disclosed, Lars Magnusson and his related company have since June 7, 2002 an option arrangement with Kaupthing.

The Offer is not directed or made to persons whose participation would require any additional prospectus, registration or other actions, other than as is following from Swedish law. Thus, no Offer, direct or indirect, is made through this Press Release in the United States or Canada.

The Press Release must not be distributed to a country where its distribution or the Offer would require any action referred to in the preceding paragraph or would conflict with the law or regulations of such a country.

The Offer from Kaupthing

Kaupthing has decided to submit a public offer to the shareholders of Nordiska to acquire all shares outstanding in Nordiska.

The shareholders of Nordiska are being offered

- 9.55 shares in Kaupthing for each share in Nordiska.

No brokerage commission will be payable.

Conditions of the Offer

- That the Offer is accepted to such an extent that Kaupthing becomes the holder of more than 90% of the shares in Nordiska, on a fully diluted basis. However, Kaupthing reserves the right to complete the Offer even in case of a lower degree of acceptance.
- That an extraordinary meeting of the shareholders of Kaupthing approves the required resolution to issue shares.²
- That before the announcement of the completion of the Offer is made, the acquisition is not prevented or made significantly more difficult by legislation, a court ruling, a decision by a public agency or other circumstances beyond the control of Kaupthing.
- That necessary permissions and approvals from competition and financial regulatory authorities are obtained.

Based on the latest closing prices on the O-list of Stockholmsbörsen (formerly the Stockholm Stock Exchange) for a share in Nordiska and for a share in Kaupthing on the Iceland Stock Exchange, respectively, before the announcement of the Offer, the payment is equivalent to approximately SEK 12.0 per share in Nordiska representing an acquisition premium of approximately 41% (SEK 3.5 per share). If the calculation is based on the average closing price during the last 30 trading days before the announcement of the Offer, the acquisition premium amounts to 46%.

Today Kaupthing owns 28% of the shares in Nordiska, and the Offer thus applies to the remaining 72% of the shares. Based on the latest closing price paid for a share in Nordiska and for a share in Kaupthing, respectively, before the announcement of the Offer, the Offer values Nordiska at approximately SEK 727.6 million.³

In the prospectus, Kaupthing will provide information on how very small and/or odd lots of shares in Kaupthing resulting from acceptances of the Offer will be handled.

² Kaupthing may wish to pay part of the consideration with own shares (treasury stock).

³ Given an exchange rate of SEK 1.00 = ISK 9.40.

Background and rationale of the Offer

During recent years, Kaupthing has been actively executing its strategy of international expansion. The strategy has consisted of both organic growth and development of businesses, and strategic acquisitions. As part of Kaupthing's aim to strengthen its foothold in Sweden, Kaupthing acquired Aragon Holding AB (publ) in February 2002, and further, a 28 % stake in Nordiska by merging Aragon Holding AB with this company. The combination of Nordiska with Kaupthing is an important step to the Kaupthing Group to realize its pan-Nordic targets and to participate pro-actively in future industry consolidation.

The management of Kaupthing believes the combination will create long-term shareholder value. The full value of the merger will be captured and shareholder value will be created through realization of operational synergies, active capital management, improved strategic flexibility and, further, business development with the help of additional resources provided by the merger, and possible strategic acquisitions executed through stronger consolidated balance sheet. The new group will be able to recruit and retain more highly skilled employees through improved career opportunities within the new pan-Nordic group. Also, the ability to attract new clients will improve due to the improved capacity to provide them with a wider range of quality products and services. The new combined group structure forms a strong platform for capturing future growth opportunities.

Kaupthing have identified a number of areas where the combined group can leverage existing concepts and knowledge to further strengthen and support the growth strategy and create value-added through synergies to be realized.

- In asset management, Kaupthing's operations in Sweden will be strengthened by Nordiska's understanding of the Swedish investment landscape. The experience and knowledge of the two companies will together lay foundations for significant growth in the new group's asset management and investment businesses.
- In investment banking, the strong combined platform will provide the group with greater resources and, thus, improved ability to perform more significant client assignments in Swedish corporate finance and securities brokerage. The added capacity provides the group with a strong basis for growth in Nordic investment banking. Kaupthing's corporate finance and capital markets businesses and its experience in capital markets transactions, mergers & acquisitions as well as in securities sales and research will be strengthened by the combined Nordiska's (including Aragon) operations.

The combined group will have significant market position in investment banking and asset management in the selective niches it operates in Iceland, Finland, Sweden, Denmark and the Faeroe Islands.

The new group is expected to be beneficial for the shareholders, clients and personnel of Kaupthing and Nordiska.

Benefits for shareholders:

- Focus on rapid growth of businesses with efficient, optimized use of capital;

- Realization of strategic and operational synergies and increased efficiency of operations through the use of best practices in investment banking and asset management businesses;
- Improved strategic flexibility due to greater and more diversified financial resources;
- Ownership of the financially sound Kaupthing share with strong fundamentals;
- Listing of the Kaupthing shares on Stockholmsbörsen – added visibility and prestige in comparison to the listing on the Iceland Stock Exchange (ICEX) alone;
- Improved liquidity and enhanced shareholder base for both Kaupthing and Nordiska shareholders in the form of the Kaupthing share as an investment banking share with potential for significant trading multiples; and
- Enhanced ability for the expanded Kaupthing Group to execute strategic transactions with a stronger, more liquid share as a transaction currency.

Benefits for clients:

- Enhanced international resource base with strong consolidated balance sheet;
- Lower cost base due to realization of synergies and application of best practices throughout the group; and
- Access to greater competitive range of premium products and services generated by the strengthened platform.

Benefits for personnel:

- Increased opportunities for personal and professional development within the expanding pan-Nordic group; and
- Opportunities for international experience in Scandinavia, Europe and the United States.

Financial effects of the acquisition

The total income of Kaupthing and Nordiska combined during the first six months of this year would have been approximately SEK 660 million and the total profits after tax would have been around SEK 56 million. On June 30th 2002 the total assets of Kaupthing and Nordiska combined would have been SEK 21.4 billion and the owner's equity would have been around SEK 1,475 million. The price to book ratio for Kaupthing and Nordiska combined would have been 1.4 at the end of the period. The financial effects of the consolidation are not expected to be substantial during the second half of 2002. The effects of the consolidation are expected to be positive in 2003 as a consequence of the synergies resulting from the acquisition.

The number of shares outstanding in Kaupthing before the acquisition totals approximately 1,560 million. The shares are listed on ICEX since 2000. In case of full acceptance of the Offer, a maximum of approximately 417 million further shares in Kaupthing will be outstanding.

Warrants for subscription of new shares in Nordiska

Nordiska has issued 800,000 warrants entitling to subscription of 880,000 new shares during September 2003 at an exercise price of SEK 34,92. In view of the aggregate calculated value of the outstanding warrants, preliminarily assessed to be in the region of maximum SEK 10,000, Kaupthing

will apply with the Swedish Securities Council (Sw: Aktiemarknadsnämnden) for dispensation from the NBK Take-over Recommendation so that the warrants do not need to be included in the Offer. If such dispensation will not be granted, the warrant holders will be offered a reasonable cash consideration. Information regarding this will be made public well before the acceptance period commences as well as in the prospectus.

Preliminary timetable

An offer prospectus is expected to be published and distributed to the shareholders of Nordiska by the end of October 2002. The acceptance period is expected to run from the end of October 2002 to late November 2002, after which payment will be received in the form of shares in Kaupthing. Kaupthing reserves the right to extend the registration period, as well as to postpone the distribution of the consideration. The Board of Directors of Kaupthing intends to announce an extraordinary meeting of the shareholders of Kaupthing to approve the required resolution to issue shares. It intends to hold the extraordinary meeting following the publication of the prospectus.

Kaupthing will apply for a listing in Stockholm and trading in the shares of Kaupthing is intended to begin in Stockholm immediately after payment.

Financial advisor

Handelsbanken Securities is the advisor to Kaupthing in conjunction with its Offer to the shareholders of Nordiska.

Reykjavík, August 29, 2002

Kaupthing Bank hf.

In case of questions, please contact Sigurður Einarsson, CEO of Kaupthing, tel. no. + 354 860 1560

Kaupthing

Kaupthing (website: www.kaupthing.net) is the leading investment bank in Iceland and operates in Reykjavík, Stockholm, Luxembourg, Helsinki, Geneva, New York, Copenhagen and the Faroe Islands. Kaupthing (Ticker: KAUP) is listed on the Iceland Stock Exchange and Icelandic savings banks are the largest shareholders in the bank. Kaupthing has approximately ISK 300 billion (approximately SEK 32 billion) in asset management, the sum total of the balance sheet is approximately ISK 135 billion (approximately SEK 14 billion) and equity capital around ISK 9

billion (approximately SEK 1 billion). The market value of Kaupthing is approximately ISK 19 billion (approximately SEK 2 billion). Kaupthing and its subsidiaries employ around 400 people.

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