

FINAL TERMS

March 23, 2007

Kaupthing Bank hf.
Issue of CHF 100,000,000
First Reopening of 3.00 per cent. Notes due February 12, 2010
under the €12,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated August 31, 2006 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus and the listing prospectus dated March 23, 2007 prepared by the Issuer in connection with the listing of the Notes on the SWX Swiss Exchange (the "**Listing Prospectus**"). The Base Prospectus and the Listing Prospectus are available for viewing at the office of the Issuer at Borgartun 19, 105 Reykjavic, Iceland and copies may be obtained from Credit Suisse, Uetlibergstrasse 231, CH-8070 Zurich, Switzerland.

1. Issuer: Kaupthing Bank hf.
2. (i) Series Number: 20
(ii) Tranche Number: 2

The Notes will be consolidated and form a single Series with the CHF 200,000,000 3.00 per cent. Notes due February 12, 2010 issued on February 12, 2007 as of the Issue Date.
3. Specified Currency or Currencies: Swiss Francs ("**CHF**")
4. Aggregate Nominal Amount:
 - (i) Series: CHF 300,000,000
 - (ii) Tranche: CHF 100,000,000
5. Issue Price: 100.640 per cent. of the Aggregate Nominal Amount plus accrued interest from February 12, 2007 (44 days)
6. Specified Denominations: CHF 5,000
7. (i) Issue Date: March 26, 2007
(ii) Interest Commencement Date: February 12, 2007
8. Maturity Date: February 12, 2010

9.	Interest Basis:	3.00 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(a) Status of the Notes:	Senior
	(b) Date Board approval for issuance of Notes obtained:	Not Applicable
14.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	3.00 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	February 12 in each year (not adjusted) up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	CHF 150 per CHF 5,000 in nominal amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable
18.	Index Linked Interest Note Provisions	Not Applicable
19.	Dual Currency Note Provisions	Not Applicable
20.	Target Redemption Note Provisions	Not Applicable
21.	Range Accrual Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call:	Not Applicable
23.	Investor Put:	Not Applicable

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| 24. | Target Redemption Provisions: | Not Applicable |
| 25. | Final Redemption Amount of each Note: | CHF 5,000 per Note of CHF 5,000 Specified Denomination |
| 26. | Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(f)): | CHF 5,000 per Note of CHF 5,000 Specified Denomination |
| 27. | Capital Notes Provisions: | |
| | (i) Special Event Redemption Amount: | Not Applicable |
| | (ii) Special Event Redemption Date(s): | Not Applicable |
| | (iii) Investment Considerations: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. (a) Form of Notes: The Notes will be in bearer form and will be represented by a Permanent Global Note (the "**Permanent Global Note**") substantially in the form attached to the supplemental agency agreement dated February 9, 2007 (the "**Supplemental Agency Agreement**") between the Issuer, Credit Suisse in its capacity as the principal Swiss paying agent (the "**Principal Swiss Paying Agent**") and others.

The Permanent Global Note is exchangeable in whole but not in part for Definitive Notes only (i) if the Principal Swiss Paying Agent (as defined below) deems the printing of Definitive Notes to be necessary or useful, after consultation with the Issuer, or if, under Swiss or any other applicable laws and regulations, the enforcement of obligations under the Notes can only be ensured by means of effective Definitive Notes or (ii) upon the occurrence of an Exchange Event (as defined in the Permanent Global Note). In such cases, the Issuer shall provide, at its own cost and expense, for the printing and delivery of Definitive Notes with Coupons attached in accordance with the rules and regulations of the SWX Swiss Exchange.

The Permanent Global Note shall be deposited with SIS SegalInterSettle AG, the Swiss Securities Services Corporation located in Olten,

Switzerland ("SIS SegInterSettle AG", which expression shall include any other clearing institution recognized by the SWX Swiss Exchange) until final redemption of the Notes or the exchange of the Permanent Global Note for Definitive Notes. The Permanent Global Note will document the right to receive principal and interest thereon and all other rights and obligations in connection therewith.

So long as the Notes are represented by the Permanent Global Note, each Noteholder shall be the beneficial holder of an interest in the Permanent Global Note to the extent of the amount (determined on the basis of statements of account provided by SIS SegInterSettle AG) of their investment therein. In accordance with the regulations of the SWX Swiss Exchange, Noteholders do not have the right to request the printing and delivery of Definitive Notes.

Should the Definitive Notes and Coupons be printed, the Principal Swiss Paying Agent will then exchange the Permanent Global Note against delivery of the Definitive Notes and Coupons and thereupon cancel and return the Permanent Global Note to the Issuer. The Definitive Notes and Coupons will be printed and issued to the holders of beneficial interests in the Permanent Global Note free of charge in exchange of such interests in the Permanent Global Note.

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| (b) New Global Note: | No |
| 29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Zurich only. Notwithstanding Condition 6(e)(i)(B) London is not a Financial Centre. |
| 30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 32. Details relating to Instalment Notes: | |

- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
33. Redenomination applicable: Redenomination not applicable
34. Other final terms:
- (i) Payments:
- Payments of principal and interest in respect of the Notes (denominated in Swiss francs) will be made irrespective of any present or future transfer restrictions and without regard to any bilateral or multilateral payment or clearing agreement which may be applicable at the time of such payments in freely disposable Swiss francs without collection costs in Switzerland and without any restrictions and irrespective of nationality, domicile or residence of a Noteholder or Couponholder and without requiring any certification, affidavit or the fulfilment of any other formality.
- The receipt by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss francs in Zurich releases the Issuer from its obligation under the Notes and Coupons for the payment of interest and principal due on the respective payment dates to the extent of such payment.
- Condition 6 shall be construed accordingly.
- (ii) Paying Agents:
- In respect of the Notes (denominated in Swiss Francs), the Issuer will at all times maintain a Swiss Paying Agent having a specified office in Switzerland and will at no time maintain a Paying Agent having a specified office outside Switzerland in relation to such Notes.
- Condition 12 shall be construed accordingly.
- (iii) Notices:
- So long as the Notes are listed on the SWX Swiss Exchange and so long as the rules of the SWX Swiss Exchange so require, all notices in respect of the Notes will be validly given through the Principal Swiss Paying Agent (i) by means of electronic publication on the internet website of the SWX Swiss Exchange (www.swx.com), or (ii) by publication in a daily newspaper with national circulation in Switzerland, expected to be the "Neue Zürcher Zeitung", or (iii) otherwise in accordance with the regulations of the SWX

Swiss Exchange.

Condition 14 shall be construed accordingly.

DISTRIBUTION

35. (i) If syndicated, names of Managers: *The Joint-Lead Managers*
Credit Suisse
UBS AG
- (ii) Date of Subscription Agreement: March 23, 2007
- (iii) Stabilising Manager (if any): Not Applicable
36. If non-syndicated, name and address of relevant Dealer: Not Applicable
37. Total commission and concession: 0.650 per cent. of the Aggregate Nominal Amount
38. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
39. Additional selling restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: *Steinver* *Gerhard* *Gerhard*
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Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: SWX Swiss Exchange
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the SWX Swiss Exchange with effect from March 23, 2007.
- (iii) Estimate of total expenses related to admission to trading: Not Applicable

2. RATINGS

- Ratings: The Notes to be issued have not been rated.
- The rating of the Issuer is:
Moody's: Aaa
Fitch: A

3. NOTIFICATION

Not Applicable

4. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the Offer: The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.
- (ii) Estimated net proceeds: CHF 100,306,666.67
- (iii) Estimated total expenses: CHF 50,000

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: 2.947 per cent. (re-offer yield p.a.)

The yield is calculated at the trade date on the basis of the Issue Price minus re-allowance.

7. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Not Applicable

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

Not Applicable

9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Not Applicable

10. OPERATIONAL INFORMATION

- (i) ISIN Code: CH0029450324 (until Issue Date)
CH0028690557 (after Issue Date)
- (ii) Common Code: 028908148 (until Issue Date)
028259379 (after Issue Date)
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): SIS SegInterSettle AG, the Swiss Securities Services Corporation in Olten, Switzerland
Swiss Security Number:
2945032 (until Issue Date)
2869055 (after Issue Date)
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Credit Suisse, Paradeplatz 8, CH-8001 Zurich, Switzerland, shall act as issuing and principal paying agent in Switzerland (the "**Principal Swiss Paying Agent**") in respect of the Notes. All references in the Terms and Conditions of the Notes to the Agent shall be deemed to be references to the Principal Swiss Paying Agent.

ABN AMRO Bank N.V., Amsterdam, Zurich Branch, Bank Sarasin & Co. Ltd, Bank Vontobel AG, Banque Cantonale de Genève, Lombard Odier Darier Hentsch & Cie, Pictet & Cie and UBS AG shall act as paying agents in Switzerland (the "**Swiss Paying Agents**") in respect of the Notes. All references in the Terms and Conditions of the Notes to the Paying Agents shall be deemed to be references to the Principal Swiss Paying Agent and the Swiss Paying Agents.
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: No