

FINAL TERMS

11 April 2007

Kaupthing Bank hf.
Issue of CHF 100,000,000 Floating Rate Notes 2007 – 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 31 August 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 11 April 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 Reykjavik, Iceland and copies may be obtained from UBS AG, P.O. Box, CH-8098 Zurich, Switzerland.

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| 1. | Issuer: | Kaupthing Bank hf. |
| 2. | (i) Series Number: | 38 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Swiss Francs (CHF) |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | CHF 100,000,000 |
| | (ii) Tranche: | CHF 100,000,000 |
| 5. | Issue Price: | 100.05 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | CHF 5,000 |
| 7. | (i) Issue Date: | 12 April 2007 |
| | (ii) Interest Commencement Date: | 12 April 2007 |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 12 April 2010 |

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| 9. | Interest Basis: | CHF 3-MONTH-LIBOR + 0.15 per cent. Floating 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

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| 15. | Fixed Rate Note Provisions | Not Applicable |
| 16. | Floating Rate Note Provisions | Applicable |
| | (i) Specified Period(s)/Specified Interest
Payment Dates: | 12 January, 12 April, 12 July, 12 October of each year,
with the first Interest Payment Date falling on or
nearest to 12 July 2007 |
| | (ii) Business Day Convention: | Modified Following Business Day Convention
(adjusted) |
| | (iii) Additional Business Centre(s): | Zurich |
| | (iv) Manner in which the Rate of Interest
and Interest Amount is to be
determined: | Screen Rate Determination |
| | (v) Party responsible for calculating the
Rate of Interest and Interest Amount
(if not the Agent): | UBS AG, Zurich |
| | (vi) Screen Rate Determination: | |
| | – Reference Rate: | CHF 3-MONTH-LIBOR |
| | – Interest Determination Date(s): | Second London Business Day prior to the start of each
interest period |

– Relevant Screen Page:	BBAM, Reuters LIBOR 02
(vii) ISDA Determination:	Not Applicable
– Floating Rate Option:	Not Applicable
– Designated Maturity:	Not Applicable
– Reset Date:	Not Applicable
(viii) Margin(s):	+ 0.15 per cent. per annum
(ix) Minimum Rate of Interest:	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable
(xi) Day Count Fraction:	Actual/360
(xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Notwithstanding the provisions of Condition 5(b)(iv), Interest Amounts shall be calculated in respect of each CHF 5,000 in principal amount of the Notes and aggregated for each Note of each Specified Denomination.

17. Zero Coupon Note Provisions	Not Applicable
18. Index Linked Interest Note Provisions	Not Applicable
19. Dual Currency Interest 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
24. Target Redemption Note 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(s) 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 11 April 2007 (the **Supplemental Agency Agreement**) between the Issuer and UBS AG in its capacity as the Swiss paying agent (the **Swiss Paying Agent**).

The Permanent Global Note is exchangeable in whole but not in part for Definitive Notes only (i) if the Swiss Paying Agent (as defined above) 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 SegInterSettle 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 SegalInterSettle 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 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.

(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 (if any) 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) Reopening: The Issuer reserves the right to reopen the issue at any time without the consent of the Noteholders, Condition 16 applies.
- (ii) 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 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.
- (iii) 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.
- (iv) 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 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 Joint-Lead Managers: UBS AG
ZURICH CANTONAL BANK
- (ii) Date of Subscription Agreement: 11 April 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: 0.150 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: **Guðni Aðalsteinn**
... Frankvaenastræti 14, 101 Reykjavík, Iceland.
Duly authorized Treasurer



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 5 April 2007.

2. RATINGS

Ratings: The Notes to be issued have not been rated.

The rating of the Issuer is:

Moody's:	Aa3
Fitch Ratings Ltd	A

3. NOTIFICATION

Not Applicable.

4. INTERESTS 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 99,850,000
- (iii) Estimated total expenses: CHF 50,000

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

7. HISTORIC INTEREST RATES

Details of historic CHF 3-MONTH-LIBOR rates can be obtained from BBAM, Reuters.

8. PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX

Not Applicable.

9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Not Applicable.

10. OPERATIONAL INFORMATION

- (i) ISIN Code: CH0029917710
- (ii) Common Code: 029301875
- (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 SegalInterSettle AG, the Swiss Securities Services Corporation in Olten, Switzerland
Swiss Security Number: 2.991.771
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, shall act as issuing and paying agent in Switzerland 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 Swiss Paying Agent.
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: No