

23rd October, 2003

KAUPTHING BUNADARBANKI HF.

**Issue of EUR 25,000,000 Floating Rate Note due 29th October, 2013
under the €2,000,000,000
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 24th June, 2003. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

1. Issuer: Kaupthing BunadarbANKI hf.
2. (i) Series Number: 7
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Euro ("EUR")
4. Aggregate Nominal Amount:
 - (i) Series: EUR 25,000,000
 - (ii) Tranche: EUR 25,000,000
5. (i) Issue Price: 99.821 per cent. of the Aggregate Nominal Amount
(ii) Net proceeds: EUR 24,955,250
6. Specified Denominations: EUR 100,000
7. (i) Issue Date: 29th October, 2003
(ii) Interest Commencement Date: 29th October, 2003
8. Maturity Date: *Floating rate* – Interest Payment Date falling in or nearest to 29th October, 2013.
9. Interest Basis: 3 month EURIBOR + 0.32 per cent. Floating (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. Status of the Notes: Senior

14. Listing:	Luxembourg
15. Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions	Not Applicable
17. Floating Rate Note Provisions	Applicable
(i) Specified Period(s)/Specified Interest Payment Dates:	The 29 th day every third month commencing on the 29 th of January, 2004 and ending on the Maturity Date.
(ii) Business Day Convention:	Modified Following Business Day Convention (adjusted)
(iii) Additional Business Centre(s):	TARGET
(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	ISDA Determination
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	Not Applicable
(vi) Screen Rate Determination:	
- Reference Rate:	Not Applicable
- Interest Determination Date(s):	Not Applicable
- Relevant Screen Page:	Not Applicable
(vii) ISDA Determination:	
- Floating Rate Option:	EUR-EURIBOR-Telerate
- Designated Maturity:	3 months
- Reset Date:	Second TARGET Settlement Day prior to the start of each Specified Period.
(viii) Margin(s):	+ 0.32 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	The Conditions shall apply

relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

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| 18. Zero Coupon Note Provisions | Not Applicable |
| 19. Index Linked Interest Note Provisions | Not Applicable |
| 20. Dual Currency Note Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 21. Issuer Call: | Not Applicable |
| 22. Investor Put: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 25. Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: | TARGET |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No. |
| 28. 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 |
| 29. Details relating to Instalment Notes: | |
| (i) Instalment Amount(s): | Not Applicable |
| (ii) Instalment Date(s): | Not Applicable |
| 30. Redenomination applicable: | Redenomination not applicable |
| 31. Other terms or special conditions: | Not Applicable |

DISTRIBUTION

32. (i) If syndicated, names of Managers: Not Applicable
(ii) Stabilising Manager (if any): Not Applicable
33. If non-syndicated, name of relevant Dealer: Skandinaviska Enskilda Banken AB (publ)
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D applicable
35. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
37. Delivery: Delivery against payment
38. Additional Paying Agent(s) (if any): Not Applicable

ISIN: XS0179319628
Common Code: 017931962

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €2,000,000,000 Euro Medium Term Note Programme of Kaupthing Bunadarbanki hf.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised