

PRICING SUPPLEMENT

18th of December 2003

Kaupthing Búnaðarbanki hf.
Issue of EUR 20,000,000 Floating Rate Notes due 2008
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 20th June, 2003. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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| 1. | Issuer: | Kaupthing-Búnaðarbanki Íslands hf. |
| | (i) Series Number: | 10 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR" or "€") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Tranche: | EUR 20,000,000 |
| | (ii) Series: | EUR 20,000,000 |
| 5. | (i) Issue Price: | 99.81 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds | EUR 19,962,000 |
| 6. | Specified Denominations: | EUR 10,000, EUR 100,000 |
| 7. | (i) Issue Date: | 23 rd of December 2003 |
| | (ii) Interest Commencement Date: | 23 rd of December 2003 |
| 8. | Maturity Date: | Interest Payment Date falling in or nearest to 23 rd of December 2008 subject to adjustment in accordance with the Modified Following Business Day Convention. |
| 9. | Interest Basis: | 3-month EURIBOR + 0.29 per cent.
(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 |

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| 13. | Status of the Notes: | Senior |
| 14. | Listing: | Luxembourg |
| 15. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 16. | Fixed Rate Note Provisions | Not Applicable |
| 17. | Floating Rate Note Provisions | Not Applicable |
| (i) | Specified Period(s)/Specified Interest Payment Dates: | Payable quarterly in arrears on 23 rd March, 23 rd June, 23 rd September and 23 rd December, commencing on 23 rd March, 2004 up to and including 23 rd December, 2008 |
| (ii) | Business Day Convention: | Modified Following Business Day |
| (iii) | Additional Business Centre(s): | Not Applicable |
| (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): | Agent |
| (vi) | Screen Rate Determination: | |
| | – Reference Rate: | 3 month EURIBOR |
| | – Interest Determination Date(s): | The second day on which the TARGET System is open prior to the start of each Interest Period |
| | – Relevant Screen Page: | Moneyline Telerate 248 |
| (vii) | ISDA Determination: | Not Applicable |
| (viii) | Margin(s): | + 0.29 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: Not Applicable
- 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

- 21. Issuer Call Not Applicable
- 22. Investor Put Not Applicable
- 23. Final Redemption Amount of each Note Nominal Amount
- 24. 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(e)): As per Condition 7(e)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 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: Not Applicable
- 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 (if any) 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: Svenska Handelsbanken AB (publ)
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
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: XS0183086908
Common Code: 18308690



LISTING APPLICATION

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

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:  
Duly authorised