

8 September 2004

Kaupthing Bank hf.
Issue of EUR25,000,000 Floating Rate Notes due September 2014
under the €4,000,000,000
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 28th April, 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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| 1. | Issuer: | Kaupthing Bank hf. |
| 2. | (i) Series Number: | 5 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR25,000,000 |
| | (ii) Tranche: | EUR25,000,000 |
| 5. | (i) Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds: | EUR25,000,000 |
| 6. | Specified Denominations: | EUR100,000 |
| 7. | (i) Issue Date: | 8 September 2004 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 8 September 2014, subject to adjustment in accordance with the Modified Following Business Day Convention |
| 9. | Interest Basis: | 3 month EURIBOR + 0.24 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. | Status of the Notes: | Senior |

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| 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 | Applicable |
| | (i) Specified Period(s)/Specified Interest Payment Dates: | Interest is payable quarterly in arrear on 8 March, 8 June, 8 September and 8 December in each year from and including 8 December 2004 to and including the Maturity Date, each such date subject to adjustment in accordance with the Business Day Convention specified below |
| | (ii) Business Day Convention: | Modified Following Business Day Convention |
| | (iii) Additional Business Centre(s): | London and 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: | Not Applicable |
| | (vii) ISDA Determination: | Applicable |
| | – Floating Rate Option: | EUR-EURIBOR-Telerate |
| | – Designated Maturity: | 3 months |
| | – Reset Date: | The first day of each Interest Period |
| | (viii) Margin(s): | +0.24 per cent. per annum |
| | (ix) Minimum Rate of Interest: | Zero per cent. per annum |
| | (x) Maximum Rate of Interest: | Not Applicable |
| | (xi) Day Count Fraction: | Actual/360 (adjusted) |
| | (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 |

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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 |
| 23. | Final Redemption Amount of each Note: | EUR100,000 per Note of EUR100,000 Specified Denomination |
| 24. | 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(e)): | Condition 7(e) applies |

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: | For the avoidance of doubt the Financial Centres are London and 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: Citigroup Global Markets Limited
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: XS0200056025
Common Code: 020005602

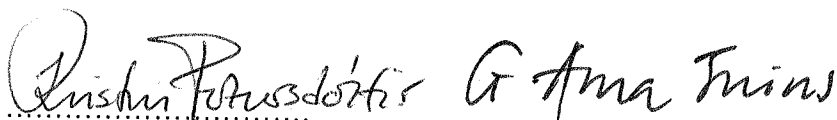
LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €4,000,000,000 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