

18 May 2005

**KAUPTHING BANK HF.**

**Issue of EUR 54,000,000 Zero Coupon Notes due 20 May 2009  
under the €8,000,000,000  
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 17th December, 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1.	Issuer:	Kaupthing Bank hf.
2.	(i) Series Number:	12
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 54,000,000
	(ii) Tranche:	EUR 54,000,000
5.	(i) Issue Price:	88.32778 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds	EUR 47,697,000
6.	Specified Denominations:	EUR 5,000
7.	(i) Issue Date:	20 May 2005
	(ii) Interest Commencement Date:	Not Applicable
8.	Maturity Date:	20 May 2009
9.	Interest Basis:	Zero Coupon (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.	Listing:	Luxembourg
15.	Method of distribution:	Non-syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16.	<b>Fixed Rate Note Provisions</b>	Not Applicable
17.	<b>Floating Rate Note Provisions</b>	Not Applicable
18.	<b>Zero Coupon Note Provisions</b>	Applicable
	(i) Accrual Yield:	3.152 per cent. per annum
	(ii) Reference Price:	88.32778 per cent.
	(iii) Any other formula/basis of determining amount payable:	Not Applicable
	(iv) Day Count Fractions in relation to Early Redemption Amount and late payment:	30E/360 unadjusted

19. **Index Linked Interest Note Provisions** Not Applicable

20. **Dual Currency Interest 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: EUR 5,000 per Note of EUR 5,000 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)): Not Applicable

**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 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: Credit Suisse First Boston (Europe) 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

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ISIN: XS0215372847

Common Code: 021537284

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### LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €8,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

### RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

*Kristinn Þórusdóttir*  
Duly authorised

