

PRICING SUPPLEMENT

23rd May, 2005

**Kaupthing Bank hf.
Issue of €1,000,000,000 Floating Rate Notes
due 25th May, 2010
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.

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| 1. | Issuer: | Kaupthing Bank hf. |
| 2. | (i) Series Number: | 16 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro (€) |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | €1,000,000,000 |
| | (ii) Tranche: | €1,000,000,000 |
| 5. | (i) Issue Price: | 99.761 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds: | €997,140,000 |
| 6. | Specified Denominations: | €1,000, €10,000 and €100,000 |
| 7. | (i) Issue Date: | 25th May, 2005 |
| | (ii) Interest Commencement Date: | 25th May, 2005 |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 25th May, 2010 |
| 9. | Interest Basis: | Floating Rate 3 month EURIBOR + 0.15 per cent. (further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | No |

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:	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:	25th May, 25th August, 25th November and 25th February in each year, with the first Specified Interest Payment Date being 25th August, 2005 subject to the Modified Following Business Day Convention
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(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)	Not Applicable
	(vi) Screen Rate Determination:	Applicable
	– Reference Rate:	3 month EURIBOR
	– Interest Determination Date(s):	Second day on which the TARGET system is open prior to the start of each Interest Period
	– Relevant Screen Page:	Moneyline Telerate Page 248
	(vii) ISDA Determination:	Not Applicable
	(viii) Margin(s):	+0.15 per cent.
	(ix) Minimum Rate of Interest:	Not Applicable
	(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
18.	Zero Coupon Note Provisions	Not Applicable
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	€1,000 per Note of €1,000 Specified Denomination €10,000 per Note of €10,000 Specified Denomination €100,000 per Note of €100,000 Specified Denomination
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 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: Credit Suisse First Boston (Europe) Limited
Deutsche Bank AG London
Dresdner Bank AG London Branch
Raiffeisen Zentralbank Österreich
Aktiengesellschaft
- (ii) Stabilising Manager (if any): Credit Suisse First Boston (Europe) Limited
33. If non-syndicated, name of relevant Dealer: Not Applicable
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:	XS0219823266
Common Code:	021982326
WKN:	AOD264

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.

ADDITIONAL DISCLOSURE

Your attention is drawn to the announced offer by the Issuer to acquire through a wholly owned subsidiary, the British bank Singer & Friedlander Group plc (**Singer & Friedlander**). The board of directors of Singer & Friedlander has recommended that its shareholders accept the offer. For further details please see the information disclosed on the Issuer's website at www.Kaupthing.net.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: 

Duly authorised

Kristín Pétursdóttir
Managing Director
Treasury