

1 June 2005

Kaupthing Bank hf.
Issue of EUR20,000,000 Callable Fixed Rate to CMS Linked Fixed Rate Notes
due June 2035
under the E8,000,000,000
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:	21
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR20,000,000
	(ii) Tranche:	EUR20,000,000
5.	(i) Issue Price:	94.80 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	EUR18,960,000
6.	Specified Denominations:	EUR100,000
7.	(i) Issue Date:	1 June 2005
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	1 June 2035, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention
9.	Interest Basis:	4.75 per cent. Fixed Rate to CMS Linked Fixed 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:	Issuer Call
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** Applicable
- (i) Rate(s) of Interest: For the period from and including the Issue Date to but excluding 1 June 2010: 4.75 per cent. per annum.
- For the period from and including 1 June 2010 to but excluding the Maturity Date:
- If CMS10Y minus CMS2Y is greater than 0.50 per cent., interest will be payable at a rate of 4.75 per cent. per annum.
- If CMS10Y minus CMS2Y is less than or equal to 0.50 per cent., interest will be payable at a rate of 2.25 per cent. per annum.
- “**CMS10Y**” means the ten year Constant Maturity Swap Rate, which is the Mid-Spot of the annual swap rate (expressed as a percentage) for a euro denominated interest swap transaction with a maturity of 10 years and for which the relevant floating rate is 6 month EURIBOR, as noted by the Calculation Agent, calculated and published by the International Swap and Derivatives Association (ISDA) and appearing for the purpose of information only on Reuters Page “ISDAFIX2” at 11:00 a.m. . (Frankfurt time) on the day that is 2 business days prior to the start of each Interest Period.
- “**CMS2Y**” means the two year Constant Maturity Swap Rate, which is the Mid-Spot of the annual swap rate (expressed as a percentage) for a euro denominated interest swap transaction with a maturity of 2 years and for which the relevant floating rate is 6 month EURIBOR, as noted by the Calculation Agent, calculated and published by the International Swap and Derivatives Association (ISDA) and appearing for the purpose of information only on Reuters Page “ISDAFIX2” at 11:00 a.m. . (Frankfurt time) on the day that is 2 business days prior to the start of each Interest Period.
- If CMS10Y and/or CMS2Y does/do not appear on the Reuters Screen ISDAFIX2 at the relevant time on the relevant date, the Calculation Agent will request each of the Reference Banks (as defined

below) to provide it with its Mid-Spot quotation for a ten year and/or a two year euro swap rate for which the relevant floating rate is six months EURIBOR, in each case as at 11.00 a.m. (Frankfurt time) on the day that is 2 business days prior to the start of each Interest Period and the relevant swap rate shall be the arithmetic mean, as determined by the Calculation Agent, (rounded, if necessary, up to the nearest 1/16 per cent.) of such quotations (being at least two).

Provided that, if any swap rate referred to above is not determined and published as provided above and fewer than two Reference Banks provided quotations as aforesaid, then the relevant swap rate will be the fair market Mid-Spot ten year and/or two year euro swap rate for which the relevant floating rate is six months EURIBOR, in each case as determined by the Calculation Agent as at 11.00 a.m. (Frankfurt time) on the day that is two business day prior to the start of each Interest Period, after consultation of an independent expert chosen by the Calculation Agent.

"Reference Banks" means the principal London office of five major banks which shall not include the Calculation Agent (as selected by the Calculation Agent) in the market for euro interest rate and currency exchange agreements.

"Mid Spot" means the mean of the bid and offered rates for the annual fixed leg of a fixed-for-floating euro interest rate swap transaction.

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| (ii) | Interest Payment Date(s): | Interest is payable annually in arrear on 1 June in each year from and including 1 June 2006 to and including the Maturity Date, each such date subject to adjustment for payment only in accordance with the Business Day Convention specified below |
| (iii) | Fixed Coupon Amount(s): | For the period from and including the Issue Date to but excluding 1 June 2010: EUR 4,750 per EUR 100,000 Specified Denomination.

For the period from and including 1 June 2010 to but excluding the Maturity Date: either EUR 4,750 per EUR 100,000 Specified Denomination or EUR 2,250 per EUR 100,000 Specified Denomination in accordance with item 16(i) above. |
| (iv) | Broken Amount(s): | Not Applicable |
| (v) | Day Count Fraction: | 30/360 (unadjusted) |
| (vi) | Determination Date(s): | Not Applicable |

(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	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:	Applicable
(i)	Option Redemption Date(s):	The Interest Payment Dates falling 1 June 2010, 1 June 2015, 1 June 2020, 1 June 2025 and 1 June 2030 each such date subject to adjustment for payment only in accordance with the Modified Following Business Day Convention
(ii)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	EUR100,000 per Note of EUR100,000 Specified Denomination
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	Not Applicable
(b)	Maximum Redemption Amount:	Not Applicable
(iv)	Notice period (if other than as set out in the Conditions):	Up to 5 Business Days prior to each Optional Redemption Date
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

25.	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
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26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: For the avoidance of doubt the Financial Centre is 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:

XS0220416654

Common Code:

022041665

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.

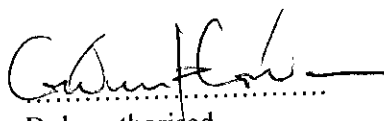

ADDITIONAL DISCLOSURE

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