

## FINAL TERMS

19 September 2005

**Kaupthing Bank hf.**  
**Issue of EUR10,000,000 Callable Zero Coupon Notes due 21 September 2034**  
**under the €12,000,000,000**  
**Euro Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2nd September, 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the office of the Issuer at Borgartun 19, 105 Reykjavik, Iceland and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | Issuer:                           | Kaupthing Bank hf.                                |
|    | (i) Series Number:                | 4   |
|    | (ii) Tranche Number:              | 1   |
| 3. | Specified Currency or Currencies: | Euro ("EUR")                                      |
| 4. | Aggregate Nominal Amount:         |   |
|    | (i) Series:                       | EUR10,000,000                                     |
|    | (ii) Tranche:                     | EUR10,000,000                                     |
| 5. | Issue Price:                      | 105.30 per cent. of the Aggregate Nominal Amount. |
| 6. | Specified Denominations:          | EUR100,000  |
| 7. | (i) Issue Date:                   | 21 September 2005                                 |
|    | (ii) Interest Commencement Date:  | Issue Date  |

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|-----|--|--|
| 8.  | Maturity Date:   | 21 September 2034, subject to adjustment in accordance with the Modified Following Business Day Convention |
| 9.  | Interest Basis:  | Zero Coupon<br>(further particulars specified below)   |
| 10. | Redemption/Payment Basis:                                  | Redemption at par  |
| 11. | Change of Interest Basis or Redemption/<br>Payment Basis:  | Not Applicable   |
| 12. | Put/Call Options:  | Applicable<br>(further particulars specified below)  |
| 13. | (a) Status of the Notes:                                   | Senior   |
|     | (b) Date Board approval for issuance<br>of Notes obtained: | Not Applicable   |
| 14. | Method of distribution:                                    | Non-syndicated   |

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

- |     |   |                                       |
|-----|---|---------------------------------------|
| 15. | <b>Fixed Rate Note Provisions</b>   | Not Applicable                        |
| 17. | <b>Zero Coupon Note Provisions</b>  | Applicable                            |
|     | (i) Accrual Yield:  | 5.30 per cent. per annum              |
|     | (ii) Reference Price:   | 105.30 per cent.                      |
|     | (iii) Any other formula/basis of<br>determining amount payable:                         | Not Applicable                        |
|     | (iv) Day Count Fractions in relation to<br>Early Redemption Amount and late<br>payment: | Conditions 7(f) (iii) and 7 (k) apply |
| 18. | <b>Index Linked Interest Note Provisions</b>  | Not Applicable                        |
| 19. | <b>Dual Currency Interest Note<br/>Provisions</b>                                       | Not Applicable                        |
| 20. | Target Redemption Note Provisions:  | Not Applicable                        |
| 21. | Range Accrual Note Provisions:  | Not Applicable                        |

**PROVISIONS RELATING TO REDEMPTION**

- |     |             |            |
|-----|-------------|------------|
| 22. | Issuer Call | Applicable |
|-----|-------------|------------|

(i) Optional Redemption Dates:	21 September 2009, 21 September 2014, 21 September 2019, 21 September 2024 and 21 September 2029
(ii) Optional Redemption Amount of each Note and method, if any of calculation of such amount:	<p>Eur 129,461.86 per Specified Denomination on 21 September 2009</p> <p>Eur 167,603.74 per Specified Denomination on 21 September 2014</p> <p>Eur 216,982.92 per Specified Denomination on 21 September 2019</p> <p>Eur 280,910.14 per Specified Denomination on 21 September 2024</p> <p>Eur 363,671.50 per Specified Denomination on 21 September 2029</p>
(iii) If redeemable in part	Not Applicable
(a) Minimum Redemption Amount:	
(b) Maximum Redemption Amount:	
(iv) Notice period (if other than as set out in the Conditions):	5 Business Days Notice
23. Investor Put	Not Applicable
24. Target Redemption Note Provisions:	Not Applicable
25. Final Redemption Amount of each Note	470.81591574 per cent. of the Principal Amount
26. 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(f)):	Not Applicable
27. Capital Notes Provisions	
(i) Special Event Redemption Amount:	Not Applicable
(ii) Special Event Redemption Date(s):	Not Applicable
(iii) Investment Considerations:	Not Applicable

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: For the avoidance of doubt the Financial Centres are London and Target
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
31. 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
32. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
33. Redenomination applicable: Redenomination not applicable
34. Other final terms: Not Applicable

## DISTRIBUTION

35. (i) If syndicated, names [and addresses] of Managers [and underwriting commitments] Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager (if any): Not Applicable
36. If non-syndicated, name of relevant Dealer: Citigroup Global Markets Limited
37. Total commission and concession: Not Applicable

38. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
39. Additional selling restrictions: Not Applicable

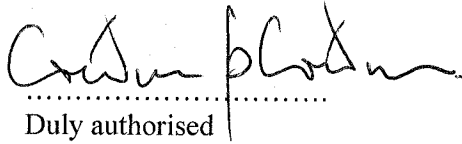
### LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:   
.....  
Duly authorised

**Guðmundur Þ. Guðmundsson**  
Head of Derivatives

*sign. Áslaug Guðjónsdóttir*

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on 21 September 2005 with effect from 21 September 2005.
- (iii) Estimate of total expenses related to admission to trading: Not Applicable

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:  
Moody's: A1

### 3. NOTIFICATION

The Commission de Surveillance du Secteur Financier, Luxembourg has provided the Issuer with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the Offer: Not Applicable
- (ii) Estimated net proceeds: Eur 10,530,000
- (iii) Estimated total expenses: Not Applicable

**6. YIELD** (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

**7. HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Details of historic EURIBOR rates can be obtained from Telerate Page 248

**8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes only*)

Not Applicable

**9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes only*)

Not Applicable

**10. OPERATIONAL INFORMATION**

- (i) ISIN Code: XS0228543053
- (ii) Common Code: 022854305
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable