

FINAL TERMS

15 December 2005

Kaupthing Bank hf.
Issue of EUR 5,000,000 Snowball Notes due 2015
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.

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| 1. | Issuer: | Kaupthing Bank hf. |
| | (i) Series Number: | 22 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 5,000,000 |
| | (ii) Tranche: | EUR 5,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | EUR 10,000 |
| 7. | (i) Issue Date: | 15 December 2005 |
| | (ii) Interest Commencement Date: | 15 December 2005 |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 15 December 2015 |

9.	Interest Basis:	6.40 per cent. Fixed Rate until 15 December 2006; thereafter 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:	Issuer Call (further particulars specified below)
13.	(a) Status of the Notes:	Senior
	(b) Date Board approval for issuance of Notes obtained:	Not Applicable
14.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	6.40 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	15 June and 15 December in each year up to and including 15 December 2006, all subject to adjustment in accordance with the Modified Following Business Day Convention
	(iii) Fixed Coupon Amount(s):	EUR 640 per EUR 10,000 in nominal amount, per annum
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360 unadjusted
	(vi) Determination Date(s):	Not Applicable
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
16.	Floating Rate Note Provisions	Applicable
	(i) Specified Period(s)/Specified Interest Payment Dates:	Each 15 June and 15 December in each year, from and including 15 June 2007, to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention specified at 16(ii) below
	(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): Bank of America, N.A.
- (vi) Screen Rate Determination:
 - Reference Rate: See Annex
 - Interest Determination Date(s): See Annex
 - Relevant Screen Page: See Annex
- (vii) ISDA Determination:
 - Floating Rate Option: Not Applicable
 - Designated Maturity: Not Applicable
 - Reset Date: Not Applicable
- (viii) Margin(s): Not Applicable
- (ix) Minimum Rate of Interest: 0.00 per cent. per annum
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: 30/360 unadjusted
- (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

- 17. **Zero Coupon Note Provisions** Not Applicable
- 18. **Index Linked Interest Note Provisions** Not Applicable
- 19. **Dual Currency Interest Note Provisions** 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 Date(s): Each 15 June and 15 December in each year, from and including 15 December 2006, to and including 15 June 2015
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): EUR 10,000 per Note of EUR 10,000 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): No less than 5 (five) TARGET Business Days.
If notice is delivered to Euroclear and/or Clearstream Luxembourg such notice shall be deemed to have been given to the holders of the Notes on the day of such delivery and Condition 14 shall be amended accordingly.
23. Investor Put Not Applicable
24. Target Redemption Note Provisions: Not Applicable
25. Final Redemption Amount of each Note EUR 10,000 per Note of EUR 10,000 Specified Denomination
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

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| 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: | Not Applicable |
| 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

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|-----|---|---|
| 35. | (i) If syndicated, names and addresses of Managers | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager (if any): | Not Applicable |
| 36. | If non-syndicated, name and address of relevant Dealer: | Banc of America Securities Limited
5 Canada Square
London E14 5AQ |
| 37. | Total commission and concession:** | 0.00 per cent. of the Aggregate Nominal Amount** |

38. Whether TEFRA D or TEFRA C rules TEFRA D
applicable or TEFRA rules not
applicable:

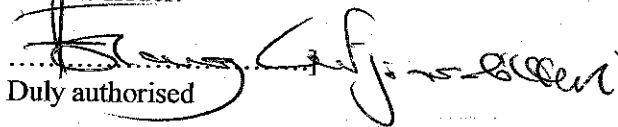
39. Additional selling restrictions: Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. Signed
on behalf of the Issuer:

By:

Duly authorised



sign. Aslaug Guðjónsdóttir



Guðmundur P. Guðmundsson
Managing Director
Treasury Kaupthing Bank Iceland

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: None
- (ii) Admission to trading: Not Applicable
- (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
 - Fitch: A

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 Dealers, 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: For the Issuer's general corporate purposes
- (ii) Estimated net proceeds: EUR 5,000,000
- (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.

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: XS0230181363

(ii) Common Code: 023018136

(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

ANNEX

Floating Rate Provisions

From and including the 15 June 2007 to but excluding the Maturity Date, the amount payable on each Specified Interest Payment Date, in respect of each Specified Denomination for the Interest Period, shall be calculated by the Calculation Agent in accordance with the following formula:

$$\text{Interest Amount} = \text{SD} \times \text{Rate of Interest} \times \text{DCF}$$

“SD” means the Specified Denomination

“DCF” means Day Count Fraction

The **Rate of Interest** in respect of each Interest Period shall be an amount determined in accordance with the following formula:

$$\text{Rate of Interest} = (\text{A} + \text{B}) - \text{C}$$

Provided always that:

if for any Reset Date in respect of a Specified Interest Period, the Rate of Interest is determined to be less than or equal to zero, the Rate of Interest for that Reset Date will be deemed to be zero;

Where:

“A” means:

- (i) in respect of the initial Specified Interest Period 6.40 per cent.; and
- (ii) in respect of each Specified Interest Period thereafter, the Interest Rate in respect of the immediately preceding Calculation Period.

“B” means, the rate appearing against that Specified Interest Period under the column “Rate B” in the Schedule below;

From the Specified Interest Period scheduled to commence on (and including):	To the Specified Interest Period ending on (but excluding):	Rate B:
15 December 2006	15 December 2007	2.10%
15 December 2007	15 December 2008	2.35%
15 December 2008	15 December 2009	2.60%
15 December 2009	15 December 2010	2.85%
15 December 2010	15 December 2011	3.10%

15 December 2011	15 December 2012	3.35%
15 December 2012	15 December 2013	3.60%
15 December 2013	15 December 2014	3.85%
15 December 2014	15 December 2015	4.10%

“C” means the EURIBOR Rate.

“EURIBOR Rate” means, with respect to any day and as determined by the Calculation Agent, the rate determined in accordance with “EUR-EURIBOR-Telerate” as defined in Section 7.1(e)(i) of the Annex to the 2000 ISDA Definitions provided that:

- (i) the Designated Maturity referred to therein shall be 6 months; and
- (ii) the words “on the day that is two TARGET Settlement Days preceding that Reset Date” in the third and fourth lines shall be deleted and replaced with “on the day that is five TARGET Settlement Days preceding that Reset Date”.

If “EUR-EURIBOR-Reference Banks” (as defined in the Annex to the 2000 ISDA Definitions) is applicable, the following amendments shall be made to Section 7.1(e)(iii) of the Annex to the 2000 ISDA Definitions:

- (i) the Designated Maturity referred to therein shall be 6 months; and
- (ii) the words “on the day that is two TARGET Settlement Days preceding that Reset Date” in the third and fourth lines shall be deleted and replaced with “on the day that is five TARGET Settlement Days preceding that Reset Date”.

“Specified Interest Period” means the period from and including the Fixed Interest Payment Date falling on 15 December 2006 to but excluding the first Floating Rate Specified Interest Payment Date, and each relevant successive period from and including a Specified Interest Payment Date to but excluding the next following Specified Interest Payment Date.

“Reset Date” means the first day of the next following Specified Interest Period provided that for the final Specified Interest Period the Reset Date will be the Maturity Date.