

FINAL TERMS

11 October 2005

Kaupthing Bank hf.
Issue of EUR5,000,000 Fixed Rate to Floating Rate Capped Automatic Redemption
Notes due 13 October 2020
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: | 9 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR5,000,000 |
| | (ii) Tranche: | EUR5,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount. |
| 6. | Specified Denominations: | EUR50,000 |
| 7. | (i) Issue Date: | 13 October 2005 |
| | (ii) Interest Commencement Date: | Issue Date |

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| 8. | Maturity Date: | 13 October 2020, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention |
| 9. | Interest Basis: | 7.50 per cent. Fixed Rate / Floating Rate linked to EURIBOR
(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/
Payment Basis: | From and including the Issue Date to but excluding 13 October 2006: 7.50 per cent. Per annum

Thereafter from and including 13 October 2006 to but excluding the Maturity Date, interest will be payable on Floating Rate Basis linked to EURIBOR |
| 12. | Put/Call Options: | Not Applicable (however, the Notes will be subject to Automatic Early Redemption in accordance with the provisions set out in item 34) |
| 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

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| 15. | Fixed Rate Note Provisions | Applicable for the period from and including the Issue Date to but excluding 13 October 2006 |
| | (i) Rate(s) of Interest: | 7.50 per cent. per annum payable semi-annually in arrear |
| | (ii) Interest Payment Date(s): | 13 April 2006 and 13 October 2006, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention for which the relevant Business Days are London and TARGET. |
| | (iii) Fixed Coupon Amount(s): | EUR1,875 per Note of EUR50,000 Specified Denomination |
| | (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 | Not Applicable |

	– Reset Date:	Not Applicable
(viii)	Margin(s):	Not Applicable
(ix)	Minimum Rate of Interest:	Zero per cent. per annum
(x)	Maximum Rate of Interest:	The total amount of interest payable during the life of the Notes, whether redeemed early or at maturity shall be exactly 15.50 per cent. of the Aggregate Nominal Amount, see item 34 below
(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	Not Applicable
23.	Investor Put	Not Applicable
24.	Target Redemption Note Provisions:	Not Applicable
25.	Final Redemption Amount of each Note	EUR50,000 per Note of EUR50,000 Specified Denomination, plus the Relevant Interest 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

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| (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: | 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: | <p>Automatic Early Redemption</p> <p>For the period from and including 13 April 2007 to and including 13 April 2020 the Notes will be subject to Automatic Early Redemption in accordance with the provisions set out below:</p> <p>Notwithstanding item 8 above, the Notes will automatically be redeemed in whole but not in part at EUR 50,000 per EUR 50,000 in nominal amount together with the Relevant Interest Amount on 13 April or 13 October in each year from and including 13 April 2007 to and including 13 April 2020, (each an “Automatic Early Redemption Date”) if Total Coupon Level is greater than or equal to 15.50 per</p> |

cent.

“Relevant Interest Amount” means 15.50 per cent. minus Previous Coupon Payments.

“Previous Coupon Payments” mean the sum of all previous interest payments made commencing and including 13 April 2006 to and including the interest payment made immediately prior to either (i) an Automatic Early Redemption Date or (ii) the Maturity Date, represented as a percentage of the Aggregate Nominal Amount. For the avoidance of doubt the Previous Coupon Payments shall be set at zero on the Issue Date.

“Total Coupon Level” means the sum of all interest payments calculated for the Interest Payment Dates commencing and including 13 April 2006 to and including either (i) an Automatic Early Redemption Date or (ii) the Maturity Date, represented as a percentage of the Aggregate Nominal Amount.

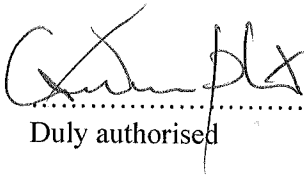
DISTRIBUTION


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| 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: | Zero per cent. of the Aggregate Nominal Amount |
| 38. | | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D |
| 39. | | Additional selling restrictions: | Not Applicable |

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


sign. Áslaug Guðjónsdóttir

Guðmundur Þ. Guðmundsson
Managing Director
Treasury Kaupthing Bank Iceland

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Not Applicable
- (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

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: Not Applicable
- (ii) Estimated net proceeds: Not Applicable
- (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: XS0231578708

(ii) Common Code: 023157870

(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