

FINAL TERMS

9 November 2005

Kaupthing Bank hf.
Issue of EUR2,500,000 Callable Range Accrual Notes due 9 November 2017
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: | 14 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR2,500,000 |
| | (ii) Tranche: | EUR2,500,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount. |
| 6. | Specified Denominations: | EUR50,000 |
| 7. | (i) Issue Date: | 9 November 2005 |
| | (ii) Interest Commencement Date: | Issue Date |

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| 8. | Maturity Date: | 9 November 2017, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention |
| 9. | Interest Basis: | Other (further particulars specified below in provision 15). |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/
Payment Basis: | Not Applicable |
| 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. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions

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| (i) | Rate(s) of Interest: | For the period from and including the Issue Date to but excluding the Maturity Date the amount of interest per Specified Denomination payable on each Interest Payment Date will be determined by the Calculation Agent in accordance with the following formula: |
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EUR 50,000 multiplied by Accrual Rate multiplied by (Accrual Days divided by the actual number of calendar days in the relevant Observation Period) multiplied by the Day Count Fraction.

The resultant figure shall be rounded to the nearest whole cent with 0.005 being rounded upwards.

“**Accrual Days**” means the number of calendar days in each Observation Period (as defined below) on which the rate for deposits in EUR for a maturity of 6 months as observed by reference to Telerate Page 248 (the “**Reference Level**”) at 11:00 a.m. Brussels Time, is greater than or equal to **1.00 per cent.** but less than or equal to the **Maximum Reference Level** (as defined below). For each non-Target Business Day falling during any Observation Period, the Reference Level will be deemed to be the Reference Level as at the immediately preceding Target Business Day. The Reference Level applicable on the fifth (5) Target Business Day

immediately preceding each Interest Payment Date will be deemed to be the applicable Reference Level for each of the remaining Target Business Days up to but excluding such Interest Payment Date.

“Accrual Rate” means:

- 4.90 per cent. per annum for each Observation Period for the period from and including the Issue Date to but excluding 9 November 2008.
- 5.00 per cent. per annum for each Observation Period for the period from and including 9 November 2008 to but excluding 9 November 2011.
- 5.25 per cent. per annum for each Observation Period for the period from and including 9 November 2011 to but excluding 9 November 2014.
- 5.75 per cent. per annum for each Observation Period for the period from and including 9 November 2014 to but excluding the Maturity Date.

“Maximum Reference Level” means:

- 3.30 per cent. for each Observation Period in the period from and including the Issue Date to but excluding 9 November, 2006;
- 3.50 per cent. for each Observation Period in the period from and including 9 November 2006 to but excluding 9 November, 2007;
- 3.70 per cent. for each Observation Period in the period from and including 9 November, 2007 to but excluding 7 November, 2008;
- 3.90 per cent. for each Observation Period in the period from and including 9 November, 2008 to but excluding 9 November, 2009;
- 4.10 per cent. for each Observation Period in the period from and including 9 November, 2009 to but excluding 9 November 2010;
- 4.30 per cent. for each Observation Period in the period from and including 9 November, 2010 to but excluding 9 November 2011;
- 4.50 per cent. for each Observation Period in the period from and including 9 November, 2011 to but excluding 9 November 2012;
- 4.70 per cent. for each Observation Period in the

period from and including 9 November, 2012 to but excluding 9 November 2013;

- 4.90 per cent. for each Observation Period in the period from and including 9 November, 2013 to but excluding 9 November 2014;

- 5.10 per cent. for each Observation Period in the period from and including 9 November, 2014 to but excluding 9 November 2015;

- 5.30 per cent. for each Observation Period in the period from and including 9 November, 2015 to but excluding 9 November 2016;

- 5.50 per cent. for each Observation Period in the period from and including 9 November, 2016 to but excluding 9 November 2017;

“TARGET Business Day” means a day on which the TARGET system is operating.

“Observation Period” means the period from, and including, an Interest Payment Date (or, in respect of the first Observation Period, the Issue Date) to, but excluding, the immediately following Interest Payment Date. (For the avoidance of doubt, each Interest Payment Date shall not be adjusted in accordance with the Business Day Convention for the purpose of determining the Observation Period.)

“Calculation Agent” means Citibank N.A.

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| (ii) | Interest Payment Date(s): | Interest is payable semi-annually in arrear on 9 May and 9 November in each year from and including 9 May 2006 to but excluding the Maturity Date, 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): | Not Applicable |
| (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: | Each Fixed Interest Period shall be unadjusted with respect to the accrual of interest. |

If Telerate Page 248 is cancelled or unavailable, the fall back provisions described under the Definition

of “EUR-EURIBOR-Reference Banks” contained within the Annex to the 2000 ISDA Definitions shall apply with a Designated Maturity of 6 months, and with the modifications that “Reset Date” will be replaced by “Target Business Day” and the phrase “on the day that is two Brussels Banking Days preceding that Reset Date” will be replaced with “on that day”.

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| 16. | Floating Rate Note Provisions | 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

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| 22. | Issuer Call | Applicable |
| | (i) Optional Redemption Date(s): | Each Interest Payment Date from and including 9 November 2011 to and including 9 May 2017 |
| | (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | EUR 50,000 per Note of EUR 50,000 Specified Denomination |
| | (iii) If redeemable in part: | Not Applicable |
| | (a) Minimum Redemption Amount: | Not Applicable |
| | (b) Higher Redemption Amount: | Not Applicable |

(iv)	Notice period (if other than as set out in the Conditions):	No less than 5 (five) TARGET and London 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.
		“London and Target Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.
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
	(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: 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


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

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Luxembourg Stock Exchange
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on 9 November 2005 with effect from 9 November 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 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:

Please see item 15 above.

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

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

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| (i) ISIN Code: | XS0234042223 |
| (ii) Common Code: | 023404222 |
| (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 |