

FINAL TERMS

9 December 2005

Kaupthing Bank hf.
EUR 20,000,000 Callable EURIBOR Linked Notes due 9 December 2030
under the EUR 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: | 20 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 20,000,000 |
| | (ii) Tranche: | EUR 20,000,000 |
| 5. | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | EUR 50,000 |
| 7. | (i) Issue Date: | 9 December 2005 |
| | (ii) Interest Commencement Date: | 9 December 2005 |
| 8. | Maturity Date: | 9 December 2030 |
| 9. | Interest Basis: | 4.85% - 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
(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: | 4.85 per cent. per annum payable annually in arrear on the earlier of the next Interest Payment Date; the Optional Redemption Date (Call) or the Maturity Date, as the case maybe |
| | (ii) Interest Payment Date(s): | 9 December in each year commencing 9 December 2006 to, and including the Maturity Date |
| | (iii) Fixed Coupon Amount(s): | EUR 2,425 per EUR 50,000 in nominal amount |
| | (iv) Broken Amount(s): | Not Applicable |
| | (v) Day Count Fraction: | 30/360 |
| | (vi) Determination Date(s): | Not Applicable |
| | (vi) Other terms relating to the
method of calculating interest for
Fixed Rate Notes: | Each Fixed Coupon Amount will be payable on the earlier of the next Interest Payment Date; the Optional Redemption Date (Call) or the Maturity Date, as the case maybe:

(1) If 12 month EURIBOR fixes at the Valuation Time on the Valuation Date at, or below the applicable Threshold Interest Rate the Fixed Coupon Amount will be paid on the immediately succeeding Interest Payment Date;

OR

(2) if 12 month EURIBOR fixes ABOVE the applicable Threshold Interest Rate the payment of the Fixed Coupon Amount will be postponed until the earlier of the Optional Redemption Date (Call) or the Maturity Date. |

Where:

“12 month EURIBOR” means

a) the rate for deposits in EUR for a period of twelve months which appears on Telerate page 248 as at the Valuation Time on each Valuation Date;

(b) If on such day an appropriate rate is unable to be determined from the Dow Jones Telerate Service the 12 month EURIBOR rate for that day shall, subject as provided below, be the rate per annum which the Calculation Agent certifies to be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered rates for deposits in EUR for six months which major banks in the Eurozone selected by the Calculation Agent are offering to prime banks in the Eurozone, at 11.00 a.m. (Brussels time) on the relevant day provided that at least two such quotations are provided.

(c) If on any day fewer than two of such offered rates are available, the applicable rate of interest for that day shall be determined by the Calculation Agent in its sole discretion.

“Valuation Time” means 11.00 a.m. (Brussels time);

“Valuation Date” means the day that is two TARGET Business Days prior to each Interest Payment Date;

“Threshold Interest Rate” means:-

Applicable Interest Payment Date	Applicable Threshold Interest Rate
09 December 2006	3.25%
09 December 2007	3.50%
09 December 2008	3.75%
09 December 2009	4.00%
09 December 2010	4.25%
09 December 2011	4.50%
09 December 2012	4.75%
09 December 2013	5.00%
09 December 2014	5.25%
09 December 2015	5.50%

		09 December 2016	5.75%
		09 December 2017	6.00%
		09 December 2018	6.25%
		09 December 2019	6.50%
		09 December 2020	6.75%
		09 December 2021	7.00%
		09 December 2022	7.25%
		09 December 2023	7.50%
		09 December 2024	7.75%
		09 December 2025	8.00%
		09 December 2026	8.25%
		09 December 2027	8.50%
		09 December 2028	8.75%
		09 December 2029	9.00%
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

22.	Issuer Call	Applicable	
	(i) Optional Redemption Date(s):	The Interest Payment Date due 9 December 2010 and each Interest Payment Date thereafter	
	(ii) Optional Redemption Amount(s) of each Note 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:		
	(a) Minimum Redemption Amount:	Not Applicable	
	(b) Maximum Redemption Amount:	Not Applicable	
	(iv) Notice period (if other than as set out in the Conditions):	Not less than five TARGET Business Days	
23.	Investor Put	Not Applicable	
24.	Target Redemption Note Provisions:	Not Applicable	

25. Final Redemption Amount of each Note EUR 50,000 per Note of EUR 50,000 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)): The Calculation Agent will determine and calculate in its sole discretion the redemption amount in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption.
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: 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

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: Deutsche Bank AG, London Branch
37. Total commission and concession: Fees, rebates and/or discounts may have been paid as part of this transaction. If you would like more information regarding these fees, rebates or discounts please contact Deutsche Bank AG, London Branch. Deutsche Bank AG, London Branch disclaims any liability for the misuse of this information
38. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
39. Additional selling restrictions: Not Applicable

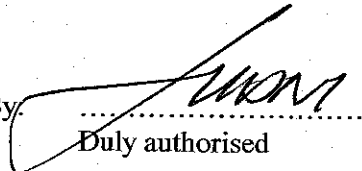
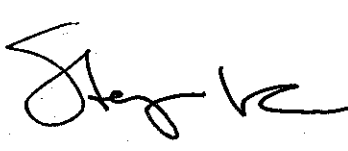
LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 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. Details of 12 month EURIBOR have been extracted from Bloomberg. 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 by Bloomberg, 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
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange with effect from 9 December 2005
- (iii) Estimate of total expenses related to admission to trading: Listing fees only

2. RATINGS

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

3. NOTIFICATION

Not Applicable

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: See "Use of Proceeds" wording in Base Prospectus
- (ii) Estimated net proceeds: EUR 20,000,000
- (iii) Estimated total expenses: Listing fees only

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

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

Not Applicable

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*)

Payments under this transaction are linked to a particular market measure, as further set out under Condition 4 of the Notes, the performance of which may affect the amount or timing of payments to be made or received in connection with this proposed transaction. A Prospective Purchaser entering into this transaction should review this particular market measure independently. Such linkage may result in the return of less than the original investment, or cause payments made by prospective purchasers to exceed payments received, if that market view does not prevail at the relevant times under the terms of this transaction.

Summary of 12 month EURIBOR Rates

30-Sep-02	3.113	30-Apr-04	2.239
31-Oct-02	3.125	31-May-04	2.307
29-Nov-02	3.017	30-Jun-04	2.426
31-Dec-02	2.749	31-Jul-04	2.387
31-Jan-03	2.636	31-Aug-04	2.296
28-Feb-03	2.412	30-Sep-04	2.392
31-Mar-03	2.394	29-Oct-04	2.307
30-Apr-03	2.423	30-Nov-04	2.302
30-May-03	2.142	31-Dec-04	2.356
30-Jun-03	2.060	31-Jan-05	2.287
31-Jul-03	2.112	28-Feb-05	2.335
29-Aug-03	2.315	31-Mar-05	2.359
30-Sep-03	2.130	29-Apr-05	2.205
31-Oct-03	2.386	31-May-05	2.173
28-Nov-03	2.470	30-Jun-05	2.082
31-Dec-03	2.305	29-Jul-05	2.195
30-Jan-04	2.263	31-Aug-05	2.209
27-Feb-04	2.086	30-Sep-05	2.322
31-Mar-04	1.983	31-Oct-05	2.552
		30-Nov-05	2.765

Source: Bloomberg

9. PERFORMANCE OF RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

Not Applicable

10. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0237049514
- (ii) Common Code: 023704951
- (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: Not Applicable