

6 February 2006

**Kaupthing Bank hf.**  
**Issue of CHF 22,335,000 Callable Inverse Floating Rate Notes due 2011**  
**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:                | 29  |
|    | (ii) Tranche Number:              | 1   |
| 3. | Specified Currency or Currencies: | Swiss Francs ( <b>CHF</b> )                                       |
| 4. | Aggregate Nominal Amount:         |   |
|    | (i) Series:                       | CHF 22,335,000  |
|    | (ii) Tranche:                     | CHF 22,335,000  |
| 5. | Issue Price:                      | 100 per cent. of the Aggregate Nominal Amount                     |
| 6. | Specified Denominations:          | CHF 5,000   |
| 7. | (i) Issue Date:                   | 6 February 2006   |
|    | (ii) Interest Commencement Date:  | Not Applicable  |
| 8. | Maturity Date:                    | 6 February 2011   |
| 9. | Interest Basis:                   | Fixed Rate/Floating Rate<br>(further particulars specified below) |

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|-----|---|--|
| 10. | Redemption/Payment Basis:                                 | Redemption at par  |
| 11. | Change of Interest Basis or Redemption/<br>Payment Basis: | The Fixed Rate Note Provisions apply from and including the Issue Date to but excluding the Interest Payment Date falling on or around 6 August 2006.<br><br>The Floating Rate Note Provisions apply from and including the Interest Payment Date falling on or around 6 August 2006 to but excluding the Maturity Date. |
| 12. | Put/Call Options:   | Issuer Call<br>(further particulars specified below)   |
| 13. | Status of the Notes:                                      | Senior, unsubordinated   |
| 14. | Method of distribution:                                   | Non-syndicated   |

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

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|-----|---|---|
| 15. | <b>Fixed Rate Note Provisions</b>   | Applicable  |
|     | (i) Rate(s) of Interest:  | 4.00 per cent. per annum payable semi-annually in arrear.   |
|     | (ii) Interest Payment Date(s):  | Interest will be payable on 6 August 2006, subject to adjustment in accordance with the Following Business Day Convention   |
|     | (iii) Fixed Coupon Amount(s):   | CHF 100 per CHF 5,000 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: | None  |
| 16. | <b>Floating Rate Note Provisions</b>  | Applicable  |
|     | (i) Specified Period(s)/Specified Interest Payment Dates:                             | Interest will be payable semi-annually in arrear on 6 February and 6 August in each year from and including 6 February 2007 to and including the Maturity Date, subject to adjustment in accordance with the Following Business Day Convention. |
|     | (ii) Business Day Convention:   | Following Business Day Convention   |
|     | (iii) Additional Business Centre(s):  | London and Zurich   |

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|--------|---|--|
| (iv)   | Manner in which the Rate of Interest and Interest Amount is to be determined:   | The Rate of Interest will be calculated by the Calculation Agent in accordance with the provisions set out in the Appendix hereto. |
| (v)    | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):  | Credit Suisse International  |
| (vi)   | Screen Rate Determination:  | Not Applicable   |
| (vii)  | ISDA Determination:   | Not Applicable   |
| (viii) | Margin(s):  | Not Applicable   |
| (ix)   | Minimum Rate of Interest:   | Zero per cent. per annum   |
| (x)    | Maximum Rate of Interest:   | Not Applicable   |
| (xi)   | Day Count Fraction:   | 30/360   |
| (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: | Each Interest Period shall be unadjusted with respect to the accrual of interest   |

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|-----|---|----------------|
| 17. | <b>Zero Coupon Note Provisions</b>            | Not Applicable |
| 18. | <b>Index Linked Interest Note Provisions</b>  | Not Applicable |
| 19. | <b>Dual Currency Interest Note Provisions</b> | 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):   | The Issuer has the right to call the Notes in whole but not in part at par on every Interest Payment Date from and including 6 February 2007, up to and including 6 August 2010, subject to adjustment in accordance with the Following Business Day Convention. |
| (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | CHF 5,000 per Note of CHF 5,000 Specified Denomination.  |

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|-------|--|---|
| (iii) | If redeemable in part:   | Not Applicable  |
| (iv)  | Notice period (if other than as set out in the Conditions):  | Not less than 5 Business Days prior to the relevant Interest Payment Date |
| 23.   | Investor Put   | Not Applicable  |
| 24.   | Target Redemption Note Provisions:   | Not Applicable  |
| 25.   | Final Redemption Amount of each Note   | Par   |
| 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   | 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 on 60 days notice given at any time/only upon an Exchange Event |
| 29. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | London and Zurich   |
| 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 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: Credit Suisse Securities (Europe) Limited.  
One Cabot Square,  
London E14 4QJ  
United Kingdom
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

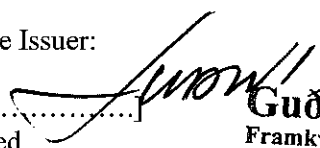
**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

.....  
Duly authorised



**Guðni N. Aðalsteinsson**  
Frankvæmdastjóri / Managing Director  
Group Treasurer



**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

Not Applicable

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

Indication of yield:

The yield in respect of the period from and including the Issue Date to but excluding the Interest Payment Date on 6 August, 2006 is approximately 4 per cent.

However from 6 August, 2006 to the Maturity Date, the Rate of Interest is dependent on the level of the Reference Rate and it is not possible to predict the yield.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

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

Details of historic LIBOR rates can be obtained from Telerate.

## 10. OPERATIONAL INFORMATION

(i) ISIN Code: XS0240792522

- (ii) Common Code: 024079252
- (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

## APPENDIX

In respect of each Interest Period, excluding the Interest Period from and including the Issue Date to but excluding 6 August 2006, the Rate of Interest will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{Rate of Interest} = \text{Previous Rate of Interest} + \text{Margin} - \text{Reference Rate}$$

Where:

“**Previous Rate of Interest**” means, in respect of each Interest Period, the Rate of Interest applicable for the immediately preceding Interest Period;

“**Margin**” means, in respect of each Interest Period ending in the month and year specified under the heading “Interest Payment Dates” in the table below, a rate per annum equal to the corresponding rate specified under the heading “Margin” in such table;

Interest Payment Dates	Margin (per cent.)
February 2007	1.250
August 2007	1.525
February 2008	1.800
August 2008	2.075
February 2009	2.350
August 2009	2.625
February 2010	2.900
August 2010	3.175
February 2011	3.450

“**Reference Rate**”, means in respect of each Interest Period, the rate for deposits in Swiss Francs for a maturity of 6 months which appears on the Telerate Page 3740 as of 11:00a.m. London time, on the relevant Interest Determination Date.

If such rate does not appear on the Telerate Page 3740, the rate for that Interest Determination Date will be determined on the basis of the rates at which deposits in Swiss Francs are offered by four major banks in the London interbank market (the “**Reference Banks**”) at approximately 11:00a.m., London time, on the relevant Interest Determination Date to prime banks in the London interbank market for a period of 6 months commencing on that Interest Determination Date and in an amount equal to the Aggregate Nominal Amount of the Series (a “**Representative Amount**”). The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that Interest Determination Date will be the arithmetic mean of the rates quoted by major banks in Zurich, selected by the Calculation Agent, at approximately 11:00a.m. Zurich time, on that Interest Determination Date for loans in Swiss Francs to leading European banks for a period of the Designated Maturity commencing on that Interest Determination Date and in a Representative Amount.



**“Interest Determination Date”** means for each Interest Period the day which is five (5) Business Days prior to each Interest Payment Date. For the avoidance of doubt, the Interest Payment Date will not be adjusted for the purpose of determining the Interest Determination Date.