

FINAL TERMS

6 June 2006

KAUPTHING BANK HF.

**Issue of EUR 49,655,000 Floating Rate Note due February 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.

1.	Issuer:	Kaupthing Bank hf.
2.	(i) Series Number:	60
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro (EUR)
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 49,655,000
	(ii) Tranche:	EUR 49,655,000
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	Specified Denominations:	EUR 1,000
7.	(i) Issue Date:	6 June 2006
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	15 February 2011, subject to adjustment in accordance with the Modified Following Business Day Convention
9.	Interest Basis:	EURIBOR 3 month + 0.30 per cent. 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:	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	Not Applicable
16.	Floating Rate Note Provisions	Applicable
	(i) Specified Period(s)/Specified Interest Payment Dates:	Interest is payable quarterly in arrear, on the 15 th August, November, February and May of each year from and including 15 th August 2006 to and including the Maturity Date
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(iii) Additional Business Centre(s):	London and TARGET
	(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):	Not Applicable
	(vi) Screen Rate Determination:	Yes
	– Reference Rate:	3 month EURIBOR
	– Interest Determination Date(s):	The second day on which the TARGET system is open prior to the start of each Interest Period
	– Relevant Screen Page:	Moneyline Telerate 248
	(vii) ISDA Determination:	Not Applicable
	– Floating Rate Option:	Not Applicable
	– Designated Maturity:	Not Applicable
	– Reset Date:	Not Applicable

(viii)	Margin(s):	+ 0.30 per cent. per annum
(ix)	Minimum Rate of Interest:	Not Applicable
(x)	Maximum Rate of Interest:	Not Applicable
(xi)	Day Count Fraction:	Actual/360, adjusted
(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:	EUR 1,000 per Note of EUR 1,000 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

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: Minimum trading size of EUR 1,000.00 and multiples of EUR 1,000.00 thereafter

DISTRIBUTION

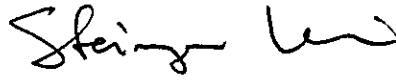
35. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager (if any): Not Applicable
36. If non-syndicated, name and address of relevant Dealer: Exane S.A.
16, avenue Matignon – 75008 Paris
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. 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: **Guðni N. Aðalsteinsón**
Frankvæmdastjóri / Managing Director
Duly authorized Group Treasurer



PART B – OTHER INFORMATION

1. LISTING

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| (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
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3. NOTIFICATION

The Commission de Surveillance du Secteur Financier has provided 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**

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|---------------------------------|----------------|
| (i) Reasons for the Offer: | Not Applicable |
| (ii) Estimated net proceeds: | Not Applicable |
| (iii) Estimated total expenses: | Not Applicable |

6. YIELD

Indication of yield:	Not Applicable
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7. HISTORIC INTEREST RATES

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

Not Applicable

9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Not Applicable

10. OPERATIONAL INFORMATION

(i) ISIN Code: XS0256895268

(ii) Common Code: 025689526

(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