

FINAL TERMS

21st July, 2006

Kaupthing Bank hf.
Issue of USD 100,000,000 Floating Rate Notes due 2011
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.
2.	(i) Series Number:	66
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	United States Dollars ("USD")
4.	Aggregate Nominal Amount:	
	(i) Series:	USD 100,000,000
	(ii) Tranche:	USD 100,000,000
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	Specified Denominations:	USD 100,000
7.	(i) Issue Date:	25th July, 2006
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	Interest Payment Date falling on or nearest to July, 2011
9.	Interest Basis:	3 month USD LIBOR + Margin (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

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| 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 | Not Applicable |
| 16. | | Floating Rate Note Provisions | Applicable |
| | (i) | Specified Period(s)/Specified Interest Payment Dates: | Interest on the Notes shall be payable quarterly, in arrear, on 25th January, 25th April, 25th July and 25th October in each year, from and including 25th October, 2006 to and including 25th July, 2011, each subject to adjustment in accordance with the Business Day Convention specified below. |
| | (ii) | Business Day Convention: | Modified Following Business Day Convention |
| | (iii) | Additional Business Centre(s): | Not Applicable |
| | (iv) | Manner in which the Rate of Interest and Interest Amount is to be determined: | ISDA Determination |
| | (v) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): | Not Applicable |
| | (vi) | Screen Rate Determination: | Not Applicable |
| | (vii) | ISDA Determination: | Applicable |
| | | - Floating Rate Option: | USD-LIBOR-BBA |
| | | - Designated Maturity: | Three months |
| | | - Reset Date: | The first day of each Specified Period |
| | (viii) | Margin(s): | + 1.05 per cent. per annum |
| | (ix) | Minimum Rate of Interest: | Zero per cent. per annum |
| | (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 |

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| 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 | Not Applicable |
| 23. | Investor Put | Not Applicable |
| 24. | Target Redemption Note Provisions: | Not Applicable |
| 25. | Final Redemption Amount of each Note: | USD 100,000 per Note of USD 100,000 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)): | USD 100,000 per Note of USD 100,000 Specified Denomination. |
| 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

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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: | Not Applicable |
| 30. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Yes |

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 and address of relevant Dealer: Nomura International plc
Nomura House
1 St Martin's-le-Grand
London EC1A 4NP
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: **Guðni N. Aðalsteinnsson**
 Framkvæmdastjóri / Managing Director
 Group Treasurer

 Duly authorised

Anna Friis
 CFO

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. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0262634503
- (ii) Common Code: 026263450
- (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