

FINAL TERMS

February 2, 2007

Kaupthing Bank hf.
Issue of USD 100,000,000 5.500 per cent. Notes due February 2, 2009
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 August 31, 2006 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 Reykjavic, 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. |
| 2. | (i) Series Number: | 19 |
| | (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: | 101.0075 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | USD 2,000 |
| 7. | (i) Issue Date: | February 2, 2007 |
| | (ii) Interest Commencement Date: | February 2, 2007 |
| 8. | Maturity Date: | February 2, 2009 |
| 9. | Interest Basis: | 5.500 per cent. 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: | 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 Applicable

(i) Rate(s) of Interest: 5.500 per cent. per annum payable annually in arrear

(ii) Interest Payment Date(s): February 2 in each year (not adjusted) up to and including the Maturity Date

(iii) Fixed Coupon Amount(s): USD 110 per USD 2,000 in nominal amount

(iv) Broken Amounts: Not Applicable

(v) Day Count Fraction: 30/360

(vi) Determination Date(s): Not Applicable

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable

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 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 Provisions: Not Applicable

25. Final Redemption Amount of each Note: USD 2,000 per Note of USD 2,000 Specified Denomination

26. Early Redemption Amount 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 2,000 per Note of USD 2,000 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

28. (a) Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
- (b) New Global Note: No
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: London, New York
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 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
Paradeplatz 8
CH-8001 Zurich
Switzerland
37. Total commission and concession: 1.200 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.

Signed on behalf of the Issuer:

By: **Guðni A. Sveinsson**
Duly authorised **Guðni A. Sveinsson**
frankf. kaupþing bank hf. Chief Treasurer

G. Arna Sveinsdóttir
G. ARNA SVEINSDÓTTIR
CHIEF FINANCIAL OFFICER

PART B – OTHER INFORMATION

1. LISTING

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| (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 February 2, 2007. |
| (iii) Estimate of total expenses related to admission to trading: | Not Applicable |

2. RATINGS

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| Ratings: | The Notes to be issued have not been rated. |
| | The rating of the Issuer is: |
| | 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. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, 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: | The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. |
| (ii) Estimated net proceeds: | USD 99,797,500 |
| (iii) Estimated total expenses: | Not Applicable |

6. YIELD (*Fixed Rate Notes only*)

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| Indication of yield: | 5.512 per cent. (re-offer yield p.a.) |
| | The yield is calculated at the trade date on the basis of the Issue Price minus re-allowance. |

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*)

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: | XS0283691235 |
| (ii) Common Code: | 028369123 |
| (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 |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility: | No |