

FORM OF FINAL TERMS

15 February 2007

Kaupthing Bank hf.
AUD15,000,000 Floating Rate Notes due 2012
issued pursuant to 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 31st August, 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 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: | 31 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Australian Dollars ("AUD") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | AUD 15,000,000 |
| | (ii) Tranche: | AUD 15,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | AUD 500,000 |

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| 7. | (i) Issue Date: | 16 February 2007 |
| | (ii) Interest Commencement Date: | 16 February 2007 |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 16 February 2012 |
| 9. | Interest Basis: | 3 month AUD-BBSW +0.40 per cent. Floating Rate |
| 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

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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: | Each 16 May, 16 August, 16 November and 16 February, from and including 16 May 2007 to and including the Maturity Date. Each Specific Interest Payment Date is subject to adjustment in accordance with the Business Day Convention and the Interest Amount will adjust accordingly. |

- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): Reykjavik, Target and Sydney
- (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): Agent

(vi) Screen Rate Determination:

- Reference Rate: 3 month AUD-BBSW

"AUD-BBSW" means that the rate for a Reset Date will be the average mid rate, for Australian Dollar bills of exchange having a tenor of the Designated Maturity, which appears on the Reuters Screen BBSW Page at approximately the Relevant Time on that Reset Date. If such rate does not appear on the Reuters Screen BBSW Page by the Relevant Time on the Reset Date, then the rate for that Reset Date will be the arithmetic mean of the mid of the bid and ask rates quoted by five of the Reference Banks to the Calculation Agent. The quotations will be for rates which the Reference Banks quoted or would have quoted at approximately 11:00 a.m., Sydney time, on the Reset Date for Australian Dollar bills of exchange having a tenor of the Designated Maturity and of the type specified for the purpose of quoting on the Reuters Screen BBSW Page. If in respect of a Reset Date the rate for that Reset Date cannot be determined in accordance with the foregoing procedures then the rate for that Reset Date will be the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%)

- Interest Determination Date(s): First day of each Interest Period

	– Relevant Screen Page:	Reuters Screen BBSW
	(vii) ISDA Determination:	Not Applicable
	(viii) Margin(s):	+ 0.40 per cent. per annum
	(ix) Minimum Rate of Interest:	Not Applicable
	(x) Maximum Rate of Interest:	Not Applicable
	(xi) Day Count Fraction:	Actual/365
	(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:	The Conditions apply
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	AUD 500,000 per Note of AUD 500,000 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)):	Condition 7(f) applies

27. Capital Notes Provisions 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: Reykjavik, Target and Sydney
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: Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London
EC4V 4DE
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

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 EURO 12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

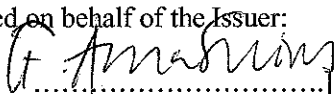
RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised



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

Not Applicable

4. INTERESTS 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	
Not Applicable	

6. YIELD (<i>Fixed Rate Notes only</i>)	
Not Applicable	

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

Not Applicable

8. PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX (*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	
(i) ISIN Code:	XS0287518186
(ii) Common Code:	028751818
(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