

FINAL TERMS

4 April 2007

Kaupthing Bank hf.
Issue of EUR 1,750,000 Fixed Rate to Floating Rate Notes due April 2012
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 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: | 36 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 1,750,000 |
| | (ii) Tranche: | EUR 1,750,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | EUR 50,000 |
| 7. | (i) Issue Date: | 4 April 2007 |
| | (ii) Interest Commencement Date: | 4 April 2007 |
| 8. | Maturity Date: | The Specified Interest Payment Date falling on or nearest to 4 April 2012 (subject to the Knock-Out Provisions, as set out in paragraph 34) |

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| 9. | Interest Basis: | Fixed Rate to Floating Rate
(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/
Payment Basis: | Fixed Rate from and including the Issue Date to but
excluding 4 April 2009 and Floating Rate from and
including 4 April 2009 to but excluding the
Maturity Date |
| 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 | Applicable from and including the Issue Date to but
excluding 4 April 2009 |
| | (i) Rate(s) of Interest: | 6.00 per cent. per annum payable annually in arrear |
| | (ii) Interest Payment Date(s): | 4 April 2008 and 4 April 2009, subject to
adjustment in accordance with the Modified
Following Business Day Convention but without
adjustment to the Fixed Coupon Amount due. |
| | (iii) Fixed Coupon Amount(s): | EUR 3,000 per EUR 50,000 in nominal amount |
| | (iv) Broken Amount(s): | Not Applicable |
| | (v) Day Count Fraction: | 30/360 |
| | (vi) Determination Date(s): | Not Applicable |
| 16. | Floating Rate Note Provisions | Applicable from and including 4 April 2009 to but
excluding the Maturity Date |
| | (i) Specified Period(s)/Specified
Interest Payment Dates: | 4 April 2010, 4 April 2011 and 4 April 2012. Each
Specified Interest Payment Date is subject to
adjustment in accordance with the Business Day
Convention but without adjustment to the Interest
Amount due. |
| | (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: Subject to the Knock-Out Provisions (as set out in paragraph 34), the Rate of Interest for each Specified Period shall be a per annum percentage rate determined by the Calculation Agent acting in its sole discretion in accordance with the following formula:

3 x Spread

Provided that if no Knock-Out Event has occurred, the Interest Amount payable per Specified Denomination for the Specified Interest Payment Date falling on the Maturity Date shall be:

EUR 7,500 – Cumulative Interest Amount

And further provided that if a Knock-Out Event has occurred, the Interest Amount payable per Specified Denomination for the Specified Interest Payment Date immediately following the determination of such Knock-Out Event shall be:

EUR 7,500 – Cumulative Interest Amount

where

“Cumulative Interest Amount” means the sum of the Interest Amounts per Specified Denomination for each Interest Period up to but excluding the relevant Interest Period. For the avoidance of doubt, such Cumulative Interest Amount shall include the Fixed Coupon Amounts.

“Spread” means Thirty Year CMS minus Two Year CMS

“Thirty Year CMS” means the thirty year EUR mid swap rate quoted on an annual 30/360 basis versus six month EURIBOR

“Two Year CMS” means the two year EUR mid swap rate quoted on an annual 30/360 basis versus six month EURIBOR

- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): BNP PARIBAS (the **“Calculation Agent”**)

- (vi) Screen Rate Determination:

- Reference Rate: As set out in paragraph 16(iv) above
- Interest Determination Date(s): Five Business Days prior to the end of the relevant Specified Period

Where “**Business Day**” means a day on which the TARGET System is open

– Relevant Screen Page:	Reuters page ‘ISDAFIX2’ as of 11.00 a.m., Frankfurt time
(vii) ISDA Determination:	
– Floating Rate Option:	Not Applicable
– Designated Maturity:	Not Applicable
– Reset Date:	Not Applicable
(viii) Margin(s):	Not Applicable
(ix) Minimum Rate of Interest:	0.00 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:	As set out in the Conditions
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 50,000 per Note of EUR 50,000 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: Not Applicable

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:

Knock-Out Provisions

If on any Interest Determination Date (as defined in paragraph 16(vi) above), up to but excluding the Interest Determination Date immediately preceding the Maturity Date, the Calculation Agent determines that the sum of the Interest Amounts (which, for the avoidance of doubt, shall include the Fixed Coupon Amounts) for each Interest Period up to and including the Interest Period containing such Interest Determination Date is equal to or higher than EUR 7,500 per EUR 50,000 in nominal amount (a "Knock-Out Event") then the Notes shall be redeemed on the Specified Interest Payment Date immediately following the occurrence of such Knock-Out Event at EUR 50,000 per Note of EUR 50,000 Specified Denomination together with the Interest Amount as set out in paragraph 16(iv) above.

DISTRIBUTION

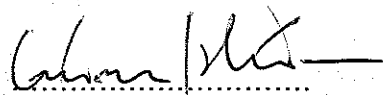
- | | | | |
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| 35. | (i) | If syndicated, names of Managers: | Not Applicable |
| | (ii) | Date of Subscription Agreement: | Not Applicable |
| | (iii) | Stabilising Manager (if any): | Not Applicable |
| 36. | | If non-syndicated, name of relevant Dealer: | BNP PARIBAS |
| 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



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

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)
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:	XS0291853959
(ii) Common Code:	029185395
(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