

FINAL TERMS

31 May 2007

Kaupthing Bank hf.
EUR 8,000,000 Zero Coupon Notes due 30 November 2012
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 31 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: | 47 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro ("EUR") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 8,000,000 |
| | (ii) Tranche: | EUR 8,000,000 |
| 5. | Issue Price: | 78.05 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | So long as the Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 50,000 and higher integral multiples of EUR 1,000, notwithstanding that no definitive notes will be issued with a denomination above EUR 99,000. |

In the extremely unlikely event that definitive notes are required to be printed, the issuer will be responsible for printing an adequate number of notes in the specified denominations of the possible permutations. To illustrate, where the specified

denomination is expressed to be a minimum of EUR 50,000 with higher integral multiples of EUR 1,000 up to a maximum of EUR 99,000; definitive notes would need to be printed in amounts of EUR 50,000, EUR 51,000, EUR 52,000 etc up to EUR 9,000. No notes should be issued with a denomination above EUR 99,000.

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| 7. | (i) Issue Date: | 31 May 2007 |
| | (ii) Interest Commencement Date: | Not Applicable |
| 8. | Maturity Date: | 30 November 2012 |
| 9. | Interest Basis: | Zero Coupon Notes
(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

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|-----|--|----------------------------|
| 15. | Fixed Rate Note Provisions | Not Applicable |
| 16. | Floating Rate Note Provisions | Not Applicable |
| 17. | Zero Coupon Note Provisions | Applicable |
| | (i) Accrual Yield: | 4.6030 per cent. per annum |
| | (ii) Reference Price: | 78.05 per cent. |
| | (iii) Any other formula / basis of
determining amount payable: | Not Applicable |
| | (iv) Day Count Fraction in relation to
Early Redemption Amount and
late payment: | 30/360 |
| 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.

For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of EUR 1,000 in excess of EUR 50,000 as envisaged in paragraph 6 above, such holding will be redeemed at its nominal amount.

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)): The Calculation Agent will determine and calculate in its sole discretion the redemption amount in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption.

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: Yes

29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: 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: Not Applicable

DISTRIBUTION

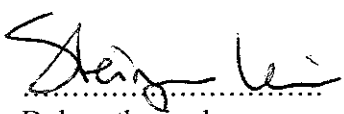
35. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager (if any): Not Applicable
36. If non-syndicated, name of relevant Dealer: Deutsche Bank AG, London Branch
37. Total commission 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

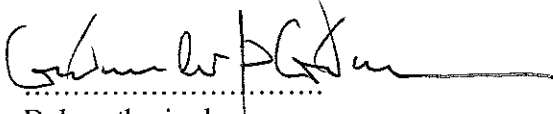
LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 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

By: 
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from 31 May 2007
- (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 Aa3
Fitch A

3. NOTIFICATION

Not Applicable

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

- (i) Reasons for the Offer: See "Use of Proceeds" wording in Base Prospectus
- (ii) Estimated net proceeds: EUR 6,244,000
- (iii) Estimated total expenses: Not Applicable

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

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 RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Not Applicable

10. OPERATIONAL INFORMATION

(i) ISIN Code: XS0296254849

(ii) Common Code: 029625484

(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: Yes

Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with Clearstream Banking, société anonyme or Euroclear Bank S.A./N.V. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.