

8 May 2007

**Kaupthing Bank hf.**  
**Issue of EUR 100,000,000 Extendible Floating Rate Notes due no later than May 2012**  
**under the EUR12,000,000,000**  
**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.

- |    |                                   |  |
|----|-----------------------------------|--|
| 1. | Issuer:                           | Kaupthing Bank hf.   |
| 2. | (i) Series Number:                | 53   |
|    | (ii) Tranche Number:              | 1  |
| 3. | Specified Currency or Currencies: | Euro ("EUR")   |
| 4. | Aggregate Nominal Amount:         |  |
|    | (i) Series:                       | EUR 100,000,000  |
|    | (ii) Tranche:                     | EUR 100,000,000  |
| 5. | Issue Price:                      | 100.00 per cent. of the Aggregate Nominal Amount   |
| 6. | Specified Denominations:          | EUR 100,000  |
| 7. | (i) Issue Date:                   | 10 May 2007  |
|    | (ii) Interest Commencement Date:  | 10 May 2007  |
| 8. | Maturity Date:                    | The Interest Payment Date falling on or nearest to 10 May 2008 (the "Initial Maturity Date"), 10 May 2009 (the "First Extended Maturity Date"), 10 May 2010 (the "Second Extended Maturity Date"), 10 May 2011 (the "Third Extended Maturity Date") and 10 May 2012 (the "Final Maturity Date").<br>For the avoidance of doubt, the Maturity Date shall not extend beyond the Final Maturity Date. |

Each of the Interest Payment Dates falling on or

nearest to 10 May 2008, 10 May 2009, 10 May 2010 and, 10 May 2011 shall be an “**Election Date**”

If, with respect to any Election Date, a holder of Notes elects not to extend the maturity of all or any portion of the Nominal Amount of its Notes (and, in the case of a partial election, neither the amount the maturity of which is to be extended nor the amount the maturity of which is not to be extended shall be less than EUR 100,000) a “**Valid Election**”, the Nominal Amount of the Notes for which a Valid Election has been made will become due and payable.

The Nominal Amount of the Notes which are subject to a Valid Election will be represented by a new note to be issued on the relevant Election Date (the “**New Note**”).

Any New Note so issued will be represented by a Permanent Global Note (complying with current applicable legal and regulatory requirements) with new Final Terms attached. Such New Note shall not be fungible with, and shall form a separate Series from, the Notes which are not the subject of a Valid Election (the “**Remaining Notes**”) and shall (for identification purposes) be assigned a new ISIN and Common Code.

#### **ELECTION PROCESS:**

To make a Valid Election, the holder of the relevant Notes must deliver a notice of election not to extend (the “**Notice of Extension**”) on the form available from the Agent from time to time during the Notice Period (as defined below) for the relevant Election Date.

The notice period of each Election Date will begin on the tenth Business Day prior to the relevant Election Date and end on the fifth Business Day prior to the Election Date (the “**Notice Period**”)

- |     |   |   |
|-----|---|---|
| 9.  | Interest Basis:   | 6 months EURIBOR Floating Rate<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis:                                 | Redemption at par   |
| 11. | Change of Interest Basis or Redemption/<br>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   | Not Applicable  |
| 16. |        | Floating Rate Note Provisions  | Applicable  |
|     | (i)    | Specified Period(s)/Specified Interest Payment Dates:  | 10 May and 10 November in each year up to and including the Maturity Date, subject in each case to adjustment in accordance with the Business Day Convention set out below. The first Specified Interest Payment Date will be 10 November 2007. |
|     | (ii)   | Business Day Convention:   | Preceding Business Day Convention   |
|     | (iii)  | Additional Business Centre(s):   | TARGET and London   |
|     | (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): | Not Applicable  |
|     | (vi)   | Screen Rate Determination:   |   |
|     |        | – Reference Rate:  | 6 months EURIBOR  |
|     |        | – Interest Determination Date(s):  | Second TARGET business day prior to the start of each Interest Period (as of 11.00am Brussels time)   |
|     |        | – Relevant Screen Page:  | Reuters Screen Page EURIBOR 01  |
|     | (vii)  | ISDA Determination:  |   |
|     |        | – Floating Rate Option:  | Not Applicable  |
|     |        | – Designated Maturity:   | Not Applicable  |
|     |        | – Reset Date:  | Not Applicable  |
|     | (viii) | Margins:   | For each Interest Period falling in the period from the Issue Date (inclusive) to the Initial Maturity Date (exclusive):<br>+ 0.06 per cent. per annum  |

For each Interest Period falling in the period from the Initial Maturity Date (inclusive) to the First Extended Maturity Date (exclusive):

+ 0.08 per cent. per annum

For each Interest Period falling in the period from the First Extended Maturity Date (inclusive) to the Second Extended Maturity Date (exclusive):

+ 0.10 per cent. per annum

For each Interest Period falling in the period from the Second Extended Maturity Date (inclusive) to the Third Extended Maturity Date (exclusive):

+ 0.12 per cent. per annum

For each Interest Period falling in the period from the Third Extended Maturity Date (inclusive) to the Final Maturity Date (exclusive):

+ 0.14 per cent. per annum

(ix)	Minimum Rate of Interest:	Not Applicable
(x)	Maximum Rate of Interest:	Not Applicable
(xi)	Day Count Fraction:	Actual/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:	Not Applicable
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 100,000 per Note of EUR 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)):	EUR 100,000 per Note of EUR 100,000 Specified Denomination.
27. Capital Notes Provisions	Not Applicable
(i) Special Event Redemption Amount:	
(ii) Special Event Redemption Date(s):	
(iii) Investment Considerations:	

#### 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:	TARGET and London
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 of relevant Dealer: Commerzbank Aktiengesellschaft  
60 Gracechurch Street  
London EC3V 0HR
- 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**

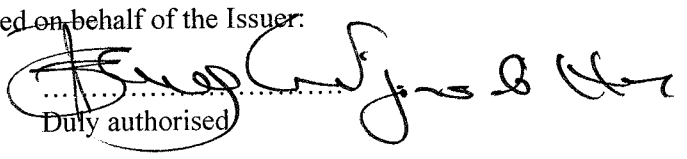
These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

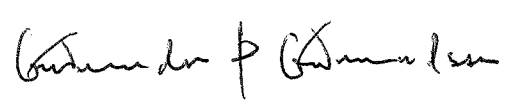
**RESPONSIBILITY**

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: Luxembourg
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from 10 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 99,980,000
- (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, 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: XS0300619268
- (ii) Common Code: 030061926
- (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