

## FINAL TERMS

14<sup>TH</sup> June 2007

**Kaupthing Bank hf.**  
**Issue of USD 5,000,000 Callable Dual Daily Range Accrual Note**  
**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 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.  |
|     | (i) Series Number:                | 62  |
|     | (ii) Tranche Number:              | 1   |
| 3.  | Specified Currency or Currencies: | USD   |
| 4.  | Aggregate Nominal Amount:         |   |
|     | (i) Series:                       | USD 5,000,000   |
|     | (ii) Tranche:                     | USD 5,000,000   |
| 5.  | Issue Price:                      | 100.00 per cent. of the Aggregate Nominal Amount            |
| 6.  | Specified Denominations:          | USD 10,000 per note   |
| 7.  | (i) Issue Date:                   | 14 June 2007  |
|     | (ii) Interest Commencement Date:  | 14 June 2007  |
| 8.  | Maturity Date:                    | Interest Payment Date falling on or nearest to 14 June 2022 |
| 9.  | Interest Basis:                   | Index Linked Interest                                       |
| 10. | Redemption/Payment Basis:         | Redemption at par   |

- |     |  |  |
|-----|--|--|
| 11. | Change of Interest Basis or Redemption/<br>Payment Basis:  | Not Applicable                                       |
| 12. | Put/Call Options:  | Issuer Call<br>(further particulars specified below) |
| 13. | (a) Status of the Notes:                                   | Senior Unsubordinated                                |
|     | (b) Date Board approval for issuance<br>of Notes obtained: | Not Applicable                                       |
| 14. | Method of distribution:                                    | Non-syndicated                                       |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |   |                                   |
|-----|---|-----------------------------------|
| 15. | <b>Fixed Rate Note Provisions</b>                 | Not Applicable                    |
| 16. | <b>Floating Rate Note Provisions</b>              | Not Applicable                    |
| 17. | <b>Zero Coupon Note Provisions</b>                | Not Applicable                    |
| 18. | <b>Index Linked Interest Note Provisions</b>      | Applicable. See Annex for details |
| 19. | <b>Dual Currency Interest Note<br/>Provisions</b> | Not Applicable                    |
| 20. | Target Redemption Note Provisions:                | Not Applicable                    |
| 21. | Range Accrual Note Provisions:                    | Applicable. See Annex for details |

**PROVISIONS RELATING TO  
REDEMPTION**

- |     |   |  |
|-----|---|--|
| 22. | Issuer Call   | Applicable   |
|     | (i) Optional Redemption Date(s):  | The Issuer may redeem the Notes, in whole but not<br>in part, on each Interest Payment Date commencing<br>on 14 September 2007 |
|     | (ii) Optional Redemption Amount(s)<br>of each Note and method, if any,<br>of calculation of such amount(s): | 100.00 per cent of the Aggregated Nominal Amount   |
|     | (iii) If redeemable in part:  | Not Applicable   |
| 23. | Investor Put  | Not Applicable   |
| 24. | Target Redemption Note Provisions:  | Not Applicable   |
| 25. | Final Redemption Amount of each Note  | USD 10,000 per Note of USD 10,000 Specified<br>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)): As set out in the conditions
27. Capital Notes Provisions Not Applicable
- (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: Bearer Form:  
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes
- (b) New Global Note: Yes
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: London and 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 (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: Please see Annex for details

#### **DISTRIBUTION**

35. (i) If syndicated, names and addresses 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: UBS Limited, 100 Liverpool Street, London EC2M 2RH

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:

Applicable

Any Notes purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

Noteholders are advised to read the selling restrictions described more fully in the Offering Memorandum regarding the issuer's Euro Medium Term Note Programme. The restrictions listed below must not be taken as definitive guidance as to whether this note can be sold in a jurisdiction. Noteholders should seek specific advice before onselling a Note.

Europe:

For EEA jurisdictions that have not implemented the EU Prospectus Directive, sales must be in compliance with the law of that jurisdiction

For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive, the Final Terms and Base Prospectus for these Notes DO NOT QUALIFY as a prospectus published in accordance with the requirements of the EU Prospectus Directive. Unless and until a prospectus has been published in accordance with the requirements of the EU Directive, these Notes may not be offered or sold other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies) or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 offerees that are not Qualified Investors per EEA jurisdiction. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number

For EEA jurisdictions that have not implemented the EU Prospectus Directive, sales must be in compliance with the law of that jurisdiction

USA:

The Notes may not be sold or offered within the United States or to U.S. persons.

Hong Kong:

<sup>5</sup> *The contents of this document have not been reviewed by any regulatory authority in Hong*

## **LISTING AND ADMISSION TO TRADING APPLICATION**

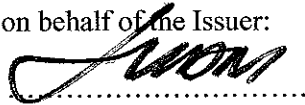
These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

## **RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By:

A handwritten signature in black ink, appearing to be 'A. W. M.', written over a dotted line.

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: Aa3  
Fitch: A

### 3. NOTIFICATION

Not Applicable

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Not Applicable

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

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.

### 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*)

See Annex for Details

**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: XS0304084030
- (ii) Common Code: 030408403
- (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



## ANNEX

### DETAILS RELATING TO INTEREST

The Notes shall bear interest from and including the Issue Date at a Rate of Interest determined in accordance with the provisions of this Annex.

#### Interest Payment Dates

14 September, 14 December, 14 March and 14 June each year from and including 14 September 2007 up to and including the Maturity Date (each an "**Interest Payment Date**"), subject to adjustment in accordance with the Modified Following Business Day Convention, as defined in Condition 6(b)(iv).

#### Interest Periods

The period beginning on (and including) the Issue Date and ending on (but excluding) the next Interest Payment Date and each subsequent period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

#### The Reference Rate

The Calculation Agent will determine the Reference Rate on each Business Day during each Interest Period. The Reference Rate means each of **Reference Rate I** and **Reference Rate II** (collectively the "**Reference Rates**").

The "**Reference Rate I**" means the rate specified as 3 Month USD LIBOR on Telerate Page 3750 as of 11:00 a.m. London time and "**Telerate Page 3750**" means the page of Moneyline Telerate Service specified as page 3750, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to 3 Month USD LIBOR (the "**Screen Rate**").

The "**Reference Rate II**" means the CMS-Spread = [USD 30 Year CMS Rate - USD 2 Year CMS Rate] as determined by the Calculation Agent by referring to the Rate Source on each Business Day. Where,

"**USD 30 year CMS Rate**" and "**USD 2 year CMS Rate**" mean, respectively, the rate specified as such on Reuters Page ISDAFIX1 of the Reuters service specified as page ISDAFIX1 at 11:00 a.m. New York Time, or such other page, section, caption, column or other part as may replace it on that information service or other such information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purposes of displaying rates or prices comparable to the rate. If such rate is not available, the relevant values shall be determined by the Calculation Agent in its sole discretion.

For the avoidance of doubt, the swap rates will refer to the semi-annual 30/360 par rate swaps. The floating rate of the swaps will be equal to USD 3 month LIBOR paid quarterly on a 30/360 basis.

## **The Rate of Interest**

The Rate of Interest applicable in respect of any Interest Payment Date shall be determined by the Calculation Agent in accordance with the following formula and be subject to a minimum of 0.00 per cent. per annum:

$$\text{Rate of Interest} = 10.10 \text{ per cent. } \times (n/N)$$

Where:

"n" means, in respect of any Interest Payment Date, the number of calendar days in the Interest Period ending immediately before such Interest Payment Date on which the Reference Rates are within the Relevant Range and, for this purpose:

- (a) The Reference Rates for any day during the Interest Period which is not a Business Day shall be the Reference Rates for the immediately preceding Business Day;
- (b) The Reference Rates for any Business Day during the Interest Period on which the Calculation Agent is unable for any reason whatsoever (other than its own wilful default) to determine the Reference Rates shall be the Reference Rates for the immediately preceding Business Day, provided that if the Calculation Agent is unable to determine the Reference Rates for a period of four consecutive Business Days, then the Reference Rates for any subsequent Business Day shall be determined in accordance with the fallback provisions for Screen Rate Determination in the Calculation Agency Agreement until such time as the Screen Rate becomes available; and
- (c) The Reference Rates for the fifth Business Day prior to the relevant Interest Payment Date and each subsequent day up to but excluding such Interest Payment Date shall be the Reference Rates for such fifth Business Day prior to such Interest Payment Date.

"N" means, in respect of any Interest Payment Date, the number of calendar days in the Interest Period ending immediately before such Interest Payment Date

The "**Relevant Range**" means:

- (i) in respect of Reference Rate I and for the period from and including the Issue Date to but excluding the Maturity Date, the range from and including 0.00 per cent to and including 6.50 per cent.; and
- (ii) in respect of Reference Rate II and for the period from and including the Issue Date to but excluding the Maturity Date, the range that is equal to or greater than -0.00 per cent.

## **Interest Amounts**

The Calculation Agent will, as soon as practicable after determining the Rate of Interest applicable in respect of any Interest Payment Date, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note on the relevant Interest Payment Date by applying the Rate of Interest to the

Specified Denomination of each Note and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The Day Count Fraction is 30/360 (adjusted)

**Publication**

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

**Notifications**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Notes by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**Product Risk Disclosure**

The Investor must be aware that the Notes may be called prior to the Maturity Date. Furthermore, if, on any Business Day during any Interest Period, the USD 3 Month LIBOR Rate is outside the Relevant Range or USD 30 year CMS Rate - USD 2 year CMS Rate is negative, there will be no accrued interest for that particular Business Day and any immediate following non-Business Days.