

FINAL TERMS

12 July 2007

Kaupthing Bank hf.
JPY 10,000,000,000 Fixed Rate Notes due 12 July 2009
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: | 73 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Japanese Yen ("JPY") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | JPY 10,000,000,000 |
| | (ii) Tranche: | JPY 10,000,000,000 |
| 5. | Issue Price: | 98.01 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | JPY 10,000,000 |
| 7. | (i) Issue Date: | 12 July 2007 |
| | (ii) Interest Commencement Date: | Not Applicable |
| 8. | Maturity Date: | 12 July 2009 |
| 9. | Interest Basis: | 0.20% - Fixed Rate
(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

15.	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	0.20 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	12 July in each year up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	JPY 20,000 per JPY 10,000,000 Specified Denomination
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360, unadjusted
	(vi) Determination Date(s):	Not Applicable
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
16.	Floating Rate Note Provisions	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 JPY 10,000,000 per Note of JPY 10,000,000 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)): 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: No
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Tokyo, 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

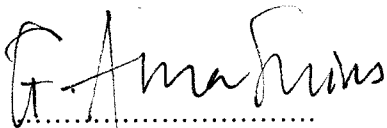
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|-----|-------|--|---------------------------------|
| 35. | (i) | If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| | (ii) | Date of Subscription Agreement: | Not Applicable |
| | (iii) | Stabilising 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 |

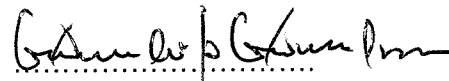
LISTING AND ADMISSION TO TRADING APPLICATION

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 12 July 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: JPY 9,787,630,000
- (iii) Estimated total expenses: Not Applicable

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: 1.2115 per cent per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

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: XS0309777935
- (ii) Common Code: 030977793
- (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: Not Applicable