

## FINAL TERMS

20 July 2007

**Kaupthing Bank hf.**  
**Issue of EUR 1,270,000 Automatic Redeemable Index Linked Notes due 20 July 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 31<sup>st</sup> 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.

*Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Prospective purchasers should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the merits of an investment related to the Notes based upon such investigations and not in reliance upon any information given in this document.*

*No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer.*

*By investing in the Notes each investor represents that:*

- 1. Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- 2. Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- 3. Status of Parties. None of the Issuer or the Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

1.	Issuer:	Kaupthing Bank hf.
	(i) Series Number:	76
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 1,270,000
	(ii) Tranche:	EUR 1,270,000
5.	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	EUR 10,000
	(ii) Minimum Tradable Amounts:	EUR 10,000
7.	(i) Issue Date:	20 July 2007
8.	Maturity Date:	20 July 2012, subject to adjustment in accordance with the Following Business Day Convention and subject to Early Redemption as defined in Annex 1.
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	Index Linked Redemption
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	Not Applicable
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 | See Annex 1    |

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)):

In the case of an Early Redemption of the Notes for taxation reasons or on event of default, the Calculation Agent will determine (on such basis as it, in its absolute discretion, considers fair and reasonable in the circumstances) the Early Redemption Amount payable for the Notes as the fair market value which the Notes would have had on the Early Redemption Date if the taxation reasons or the Event of Default had not occurred.

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: 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: See Annex 1. Banco Bilbao Vizcaya Argentaria, S.A. will act as the Calculation Agent. The Calculation Agent shall act as an independent expert and not as an agent for the Issuer or the Noteholders.
- All determinations made by the Calculation Agent shall in the absence of manifest error, wilful default or bad faith, be the final and conclusive and the Calculation Agent shall have no liability in the relation to such determination except in the case of its bad faith or wilful misconduct. The Calculation Agent shall notify the Issuer, as soon as practicable after determining the Final Redemption Amount of the existence or occurrence of a Market Disruption Event on any Final Reference Date.

## 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: Banco Bilbao Vizcaya Argentaria, S.A.
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

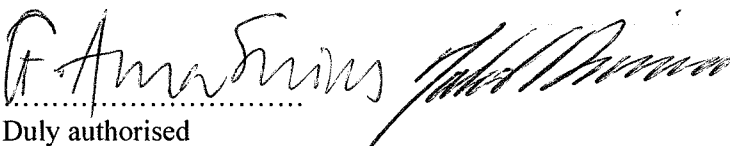
#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €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. All the information contained in Annex 2 has been extracted from Bloomberg, [www.stoxx.com/index](http://www.stoxx.com/index) and Reuters. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Bloomberg, [www.stoxx.com/index](http://www.stoxx.com/index) and Reuters, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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 Luxembourg Stock Exchange with effect from 20 July 2007
- (iii) Estimate of total expenses related to admission to trading: EUR 2,975

### 2. RATINGS

- Ratings: The Notes to be issued have not been rated.
- The rating of the Issuer is:  
Moody's: Aa3  
Fitch: A

### 3. NOTIFICATION

The Commission de Surveillance du Secteur Financier, Luxembourg has provided the Issuer with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

### 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 1,270,000
- (iii) Estimated total expenses: Not Applicable

### 6. YIELD (*Fixed Rate Notes only*)

- Indication of yield: Not Applicable

### 7. HISTORIC INTEREST RATES

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*)

Past and future performance and volatility of the Index can be obtained on Bloomberg screen <SX5E Index>.

A small movement in any of the Indices may result in a large change in the value of the Notes.

**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: XS0310951313
- (ii) Common Code: 031095131
- (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

## ANNEX 1

*(This Annex forms part of the Final Terms to which it is attached)*

### 1. Early Redemption

- (i.) If on any date from 7 January 2008 until 20 July 2010, both dates included, the Calculation Agent determines that  $\left( \frac{DjEurostoxx_i}{DjEurostoxx_{initial}} \right) \geq 125\%$ , then the Notes shall be redeemed on the date that is ten business days after the first observation date “i” (the “Early Redemption Date”) on which condition  $\left( \frac{DjEurostoxx_i}{DjEurostoxx_{initial}} \right) \geq 125\%$  is fulfilled, at an amount (the “Early Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} * [100\% + \text{Coupon}_1]$$

- (ii.) If on any date from 21 July 2010 until 6 July 2012, both dates included, the Calculation Agent determines that  $\left( \frac{DjEurostoxx_j}{DjEurostoxx_{initial}} \right) \geq 135\%$ , then the Notes shall be redeemed on the date that is ten business days after the first observation date “j” (the “Early Redemption Date”) on the Second Observation Period at which condition  $\left( \frac{DjEurostoxx_j}{DjEurostoxx_{initial}} \right) \geq 135\%$  is fulfilled, at an amount (the “Early Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} * [100\% + \text{Coupon}_2]$$

### 2. Final Redemption Amount

Unless previously redeemed or purchased and cancelled as specified in these Final Terms, the Notes shall be redeemed by the Issuer on the Maturity Date at the Final Redemption Amount determined by the Calculation Agent as follows:

- (i) If, from the 6 September 2007 until 6 July 2012, both dates included, the official Closing Price of the Index has never been lower than the Barrier Level, then the Final Redemption Amount shall be calculated by the Calculation Agent as follows and paid value the Maturity Date:

$$\text{Specified Denomination} \times \left[ \begin{array}{l} 100\% + \text{Max} \left( 0; 200\% * \frac{DJ Eurostoxx_{final} - DJ Eurostoxx_{initial}}{DJ Eurostoxx_{initial}} \right) \\ + \text{Max} \left( 0; 100\% * \frac{DJ Eurostoxx_{initial} - DJ Eurostoxx_{final}}{DJ Eurostoxx_{initial}} \right) \end{array} \right]$$



(ii) If, from the 6 September 2007 until 6 July 2012, both dates included, the official Closing Price of the Index has ever been higher or equal than the Barrier Level, then the Final Redemption Amount shall be calculated by the Calculation Agent as follows and paid value the Maturity Date:

$$\text{Specified Denomination} \times \left[ \begin{array}{l} 100\% + \text{Max} \left( 0; 100\% * \frac{DJ Eurostoxx_{final} - DJ Eurostoxx_{initial}}{DJ Eurostoxx_{initial}} \right) \\ - \text{Max} \left( 0; 100\% * \frac{DJ Eurostoxx_{initial} - DJ Eurostoxx_{final}}{DJ Eurostoxx_{initial}} \right) \end{array} \right]$$

### 3. Definitions

For the purpose of these Final Terms:

“**Index**” means DJ Eurostoxx 50 as quoted on Bloomberg "SX5E" for purpose of displaying such value, or as determined by the Calculation Agent, between 6 July 2007 and 6 July 2012.

“**DJEurostoxx<sub>initial</sub>**” means the minimum Closing Price of the Index among the Closing Prices of the Index on the following dates: 6 July 2007, 20 July 2007, 6 August 2007, 20 August 2007 and 6 September 2007.

“**DJEurostoxx<sub>i</sub>**” means the Closing price of the Index as of the Observation Date “i”, with “i” going from 1 to “n”, being “n” the number of business days from 7 January 2008 until 20 July 2010, both dates included.

“**DJEurostoxx<sub>j</sub>**” means the Closing price of the Index as of the Observation Date “j”, with “j” going from 1 to “n”, being “n” the number of business days from 21 July 2010 until 6 July 2012, both dates included.

“**DJEurostoxx<sub>final</sub>**” means the Closing Price of the Index on 6 July 2012.

“**Coupon<sub>1</sub>**” means 25%.

“**Coupon<sub>2</sub>**” means 35%.

“**Observation Date**” means each business day from 7 January 2008 to 6 July 2012 (the “Final Observation Date”).

“**Barrier Level**” means 70% of DJEurostoxx<sub>initial</sub>.

“**Calculation Agent**” means Banco Bilbao Vizcaya Argentaria, S.A.

“**Closing Price**” means the official closing price of the Index on each Index Business Day as quoted on the Index Stock Exchange.

If the Observation Date is not an Index Business Day (as defined below), then such Observation Date will be the next succeeding Index Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Index Business Day. If any Observation Date is not an Index Business Day, then the level of the Index for such Observation Date shall be

determined by the Calculation Agent in accordance with the procedures set out below for the case of a Market Disruption Event (as defined below).

If there is a Market Disruption Event on any Final Reference Date, the Observation Date will be the next succeeding Index Business Day on which there is no Market Disruption Event, unless the Market Disruption Event is continuing on the third succeeding Index Business Day, in which case, the third Index Business Day shall be deemed to be the Observation Date, and the level of the relevant Index for the Observation Date shall be determined by the Calculation Agent in accordance with the formula and method of calculating the last Index in effect prior to the commencement of the Market Disruption Event using the relevant Index on that third succeeding Index Business Day of each Index Security comprised in that Index.

**"Index Business Day"** means a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Index Stock Exchange (as defined below) other than a day on which trading on the Index Stock Exchange is scheduled to close prior to its regular weekday closing time.

**"Index Security"** means the 50 stocks comprising the Index as they may be reconstituted from time to time.

**"Index Stock Exchange"** means the London Stock Exchange

**"Market Disruption Event"** means the occurrence or existence on any Index Business Day during the half hour prior to quotation of any suspension of or limitation imposed on trading on:

- (i) the Index Stock Exchange in Index Securities that comprise 20 per cent or more of the level of the Index, and / or
- (ii) any exchange on which options or futures contracts on the Index are traded, if in the determination of the Calculation Agent such suspension or limitation is material.

For the purposes of determining whether a Market Disruption Event exists at any time, if trading in an Index Security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that Index Security to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to the Index Security and (ii) the overall level of the Index, in each case immediately before that suspension or limitation.

### **Adjustment to the Index**

If the Index or any component thereof is (i) not calculated and announced by the sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or substantially similar formula for and method of calculation as used in the calculation of the Index, then such the Index will be deemed to be the index so calculated and announced by such successor sponsor or such successor index, as the case may be.

Furthermore, if (i) the Index sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) or (ii) the sponsor fails to calculate and announce the Index, then the Calculation Agent shall calculate the Index, using the same or substantially similar formula for and method of calculation as it was being used in accordance with the formula for and

method of calculating the Index last in effect prior to that change or failure, but using only those Index Securities that comprised the Index immediately prior to that change or failure (other than those Index Securities that have since ceased to be listed on the Index Stock Exchange).

The Noteholders shall not be entitled to make any claim against the Issuer or the Calculation Agent in the case where the relevant sponsor shall have made any error, omission or other incorrect statement in connection with the calculation and public announcement of the level of the Index.

## Annex 2

### **Information on the Relevant Index DOW JONES EURO STOXX 50 PRICE INDEX**

The information below has been extracted from publicly available information for the information of investors and the Issuer has not independently verified any such information. The Issuer shall not have any responsibility for any errors, omissions or subsequent corrections in the information, other than accepting responsibility for accurately extracting and/or summarizing such information. Investors should make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment), based upon their own judgment and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer or the Dealer.

#### ***INDEX FAMILY***

The Dow Jones STOXX<sup>SM</sup> indexes cover the breadth, depth and liquidity of the European equity markets.

The indexes are published by STOXX Limited, a partnership of Deutsche Börse AG, Dow Jones and Company, ParisBourseSBF SA and SWX Swiss Exchange.

The Dow Jones STOXX<sup>SM</sup> index family consists of the following broad indexes:

- Dow Jones STOXX<sup>SM</sup> index (Europe)
- Dow Jones EURO STOXX<sup>SM</sup> index (Eurozone)
- Dow Jones STOXX NORDIC<sup>SM</sup> index (Nordic region)
- Dow Jones STOXX ex UK<sup>SM</sup> index (Europe excluding the United Kingdom)
- Dow Jones STOXX ex EURO<sup>SM</sup> index (Europe excluding the Eurozone)

The Dow Jones EURO STOXX<sup>SM</sup>, Dow Jones STOXX NORDIC<sup>SM</sup>, Dow Jones STOXX ex UK<sup>SM</sup> and Dow Jones STOXX ex EURO<sup>SM</sup>, broad indexes are derived from and are, therefore, subsets of the Dow Jones STOXX<sup>SM</sup> broad index.

#### **Index Calculation**

The indexes are calculated with Laspeyres' formula that measures price changes against a fixed base quantity weight. Price and total return indexes are calculated reflecting different dividend treatments. All dividend payments are included in the total return indexes. Only special dividends - from either non-operating income or cash dividends that are larger than 10% of the equity price - are included in the price indexes. All indexes are denominated in both euros and U.S. dollars.

The euro-denominated price indexes – excluding the industry group indexes – are disseminated every 15 seconds during the index dissemination period. The index dissemination period begins when the first major exchange/system in the regional universe opens for trading, as specified by their trading hours. The actual dissemination of an index is triggered when the first opening stock price for a component in that index is received.

The index dissemination period ends when the last major exchange/system closes, as specified.

#### **Index Features & Data Dissemination**

The objectives of the Dow Jones STOXX<sup>SM</sup> indexes are as follows:

- Measure European stock market performances
- Provide a liquid base for derivative products

In addition to the index features described below, a crucial requirement for achieving these objectives is transparency and the essence of transparency is replication.

To facilitate the accurate replication of these indexes, STOXX Limited widely disseminates all the necessary data and information on all aspects of the index composition and methodology.

These data and information are updated regularly and disseminated immediately.

The index data are disseminated via the major data vendors while the index and component data are disseminated via STOXX Limited's data distribution service, press releases and website ([www.stoxx.com](http://www.stoxx.com)), as appropriate.

Information on the index features and methodology are disseminated via [stoxx.com](http://stoxx.com).

### **Index Concept**

The design, development and delivery of the Dow Jones STOXX<sup>SM</sup> indexes are in line with STOXX Limited's 'SPACE' index concept, which ensures that the indexes are Stable, Predictable, Accurate, Consistent and Economical.

They are also investable indexes because the index methodology selects components stocks that are easily tradable and liquid.

### **Product Concept**

The Dow Jones STOXX<sup>SM</sup> broad indexes and their relevant broad market sector indexes benchmark stock market performance. The blue chip, size and Large/Mid market sector indexes are designed to underlie derivative products.

### **Dow Jones EURO STOXX 50<sup>SM</sup> Index**

Securities are selected for Dow Jones STOXX 50<sup>SM</sup> as to represent the largest and most liquid securities in the market, and to reflect the economic sector breakdown of the market. The Dow Jones EURO STOXX<sup>SM</sup> is a subset of Dow Jones STOXX<sup>SM</sup>. Only companies listed on exchanges participating in European Economic and Monetary Union are included in Dow Jones EURO STOXX<sup>SM</sup>. The European and Euro sector indexes are comprised of the same components as the respective broad indexes.

Dow Jones EURO STOXX 50<sup>SM</sup> is a subset of 50 companies of Dow Jones EURO STOXX<sup>SM</sup> with the intent of covering the market sector leaders in the Dow Jones EURO STOXX<sup>SM</sup>.

**Source: [www.stoxx.com/index](http://www.stoxx.com/index), Bloomberg and Reuters.**

Information about past and future performance and volatility of the Relevant Index can be obtained at Bloomberg Page: SX5E Index.