

FINAL TERMS

24 October 2007

Kaupthing Bank hf.
Issue of EUR 7,496,000 Structures Notes due 24 December 2009
under the €12,000,000,000
Euro Medium Term Note Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

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 13 September, 2007 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.

By investing in the Notes each investor represents that:

- (a) *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 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 or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (b) *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.*

(a) *Status of Parties. Neither of the Issuer nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

1.	Issuer:	Kaupthing Bank hf.
2.	(i) Series Number:	6
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 7,496,000
	(ii) Tranche:	EUR 7,496,000
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	EUR 1,000
	(ii) Calculation Amount:	EUR 1,000
7.	(i) Issue Date:	24 October 2007
	(ii) Interest Commencement Date:	Not Applicable
8.	Maturity Date:	24 December 2009
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	Equity linked Redemption Notes
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.	Equity Linked Interest Note Provisions	Not Applicable
20.	Commodity Linked Interest Note Provisions	Not Applicable
21.	Additional Disruption Events (applicable to Equity Linked Interest Notes only):	Not Applicable
22.	Dual Currency Interest Note Provisions	Not Applicable
23.	Target Redemption Note Provisions:	Not Applicable
24.	Range Accrual Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

25.	Issuer Call:	Not Applicable
26.	Investor Put	Not Applicable
27.	Target Redemption Note Provisions:	Not Applicable
28.	Final Redemption Amount:	See Appendix
29.	Early Redemption Amount:	

Early Redemption Amount payable on redemption for taxation reasons or on event of default or on an illegality (or, in the case of Equity Linked Notes, following a De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer in accordance with Condition 9(b)(ii)(b) or, following an Additional Disruption Event (if applicable) or, in the case of Credit Linked Notes, following a Merger Event, and/or the method of calculating the same (*required if Early Redemption Amount different from that set out in Condition 7(f)*):

With respect to each Calculation Amount, such amount(s) determined by the Calculation Agent which shall represent the fair market value of such Calculation Amount on the date of redemption, including accrued interest (if any), adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. For the purposes hereof:

- (i) the references to "together (if appropriate) with interest accrued to (but excluding) the date of redemption" shall be deemed to be deleted from each of Condition 7(b) and Condition 7(h); and
- (ii) the references to "together with accrued interest thereon to the date of repayment" shall be deemed to be deleted from Condition 14.

30.	Capital Notes Provisions:	Not Applicable
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| 31. | Equity Linked Redemption Notes: | Not Applicable |
| 32. | Additional Disruption Events:
<i>(applicable to Equity Linked Redemption Notes only):</i> | Not Applicable |
| 33. | Credit Linked Notes: | Not Applicable |
| 34. | Commodity Linked Redemption Notes: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 35. | (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 |
| 36. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | TARGET |
| 37. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 38. | 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 |
| 39. | Details relating to Instalment Notes: | |
| | (i) Instalment Amount(s): | Not Applicable |
| | (ii) Instalment Date(s): | Not Applicable |
| 40. | Redenomination applicable: | Not Applicable |
| 41. | Other final terms: | See Appendix |

DISTRIBUTION

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| 42. | (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| | (ii) Date of [Subscription Agreement]: | Not Applicable |

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| (iii) | Stabilising Manager (if any): | Not Applicable |
| 43. | If non-syndicated, name and address of relevant Dealer: | Commerzbank Aktiengesellschaft
Kaiserplatz
60261 Frankfurt am Main |
| 44. | Total commission and concession: | Not Applicable |
| 45. | U.S. Selling Restrictions: | TEFRA D |
| 46. | Non-exempt Offer: | Not Applicable |
| 47. | Additional selling restrictions: | Not Applicable |

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue of the 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. 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, 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 AND ADMISSION TO TRADING Not Applicable

2. RATINGS

Ratings: The Notes to be issued have not been rated:

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer: The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.

(ii) Estimated net proceeds: EUR 7,496,000

(iii) Estimated total expenses: Not Applicable

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

6. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Not Applicable

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX (*Index-Linked Notes only*)

Not Applicable

8. PERFORMANCE OF [THE EQUITY/BASKET OF EQUITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE EQUITY/BASKET OF EQUITIES]] (*Equity Linked Notes only*)

Not Applicable

9. PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES]] (*Commodity Linked Notes only*)

Not Applicable

10. INFORMATION IN RELATION TO THE REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY] (*Credit Linked Notes only*)

Not Applicable

11. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Not Applicable

12. OPERATIONAL INFORMATION

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|-------|---|--------------------------|
| (i) | ISIN Code: | XS0326410833 |
| (ii) | Common Code: | 032641083 |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> 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 |

13. TERMS AND CONDITIONS OF THE OFFER Not Applicable

Appendix to the Final Terms dated 24 October 2007

I. Final Redemption of the Notes

1. The Notes shall be redeemed on the Maturity Date at an amount in the Specified Currency (the "**Redemption Amount**") determined in accordance with paragraph 2.
2. Each Note shall be redeemed at an amount in Specified Currency which is calculated according to the following formula:

$$RA = EUR1,000 \times \left(100\% + ABS \left| 1 - \frac{EURUSD_{initial}}{EURUSD_{final}} \right| \right)$$

where

RA is the Redemption Amount in EUR for each Note payable on the Maturity Date, $EURUSD_{final}$ is the Reference Rate (paragraph 3) on Valuation Date and $EURUSD_{initial}$ means the Strike Price.

3. The "**Reference Rate**" is the official interbank exchange rate for EUR in USD as determined by the European Central Bank, expressed in USD and published on Reuters screen page ECB37.

If such an official interbank exchange rate ceases to be published on Reuters screen page ECB37 and is published on another screen page, then the Reference Rate shall be the official interbank exchange rate for EUR in USD as published on such other page (the "**Successor Page**"). The Issuer will give notification of such Successor Page.

Should an official interbank exchange rate for EUR in USD as determined by the European Central Bank cease to be published permanently, then the Issuer will determine another exchange rate for EUR in USD as the Reference Rate and give notification of such other exchange rate.

If a Reference Rate is not published on the Valuation Date on Reuters screen page ECB37 or on a Successor Page and if the Issuer has not determined another exchange rate for EUR in USD as the Reference Rate, then the Reference Rate shall be the arithmetic mean determined by the Issuer of the EUR/USD spot offered exchange rates quotations as of 2.15 p.m. (Frankfurt time) on the Valuation Date by three first ranking banks in Frankfurt am Main as selected by the Issuer.

II. Definitions

For the purposes of these Terms and Conditions of the Notes the following definitions shall apply:

"**Strike Price**" means 1.4199.

"**Trade Date**" means 11 October 2007.

"**Valuation Date**" means 11 December 2009.

"Calculation Agent" means Commerzbank Aktiengesellschaft, Kaiserplatz
60261 Frankfurt am Main