

December 17, 2007

Kaupthing Bank hf.
Issue of SKK 440,000,000 Floating Rate Notes due December 2008
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 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.

1.	Issuer:	Kaupthing Bank hf.
2.	(i) Series Number:	10
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Slovak Koruna (“SKK”)
4.	Aggregate Nominal Amount:	
	(i) Series:	SKK 440,000,000
	(ii) Tranche:	SKK 440,000,000
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	SKK 2,000,000
	(ii) Calculation Amount:	SKK 2,000,000
7.	(i) Issue Date:	December 19, 2007
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	December 19, 2008
9.	Interest Basis:	3 month BRIBOR + 0.48 per cent. Floating Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or	Not Applicable

Redemption/Payment Basis:

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: 19 March 2008, 19 June 2008, 19 September 2008 and 19 December 2008
- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): Not Applicable
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: ISDA Determination
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): CALYON
- (vi) Screen Rate Determination: Not Applicable
- (vii) ISDA Determination:
- Floating Rate Option: SKK-BRIBOR-NBSK07
 - Designated Maturity: 3 months
 - Reset Date: First date of the relevant Interest Period
- (viii) Margin(s): + 0.48 per cent. per annum
- (ix) Minimum Rate of Interest: Not Applicable
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: 30/360, unadjusted
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of Not Applicable

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

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| 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

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|-----|------------------------------------|--------------------------------------|
| 25. | Issuer Call | Not Applicable |
| 26. | Investor Put | Not Applicable |
| 27. | Target Redemption Note Provisions: | Not Applicable |
| 28. | Final Redemption Amount | SKK 2,000,000 per Calculation Amount |
| 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:

As set out in the Conditions

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| 30. | Capital Notes Provisions | Not Applicable |
| 31. | Equity Linked Redemption Notes: | Not Applicable |
| 32. | Additional Disruption Events: | 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: | Redenomination not applicable |
| 41. | Other final terms: | Not Applicable |

DISTRIBUTION

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|-----|----------------------------------------|----------------|
| 42. | (i) If syndicated, names of Managers: | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager(s) (if any): | Not Applicable |

43. If non-syndicated, name of relevant Dealer:

CALYON

9, Quai du Président Paul Doumer

92920 Paris La Défense Cedex

44. U.S. Selling Restrictions:

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45. Additional selling restrictions:

Not Applicable

PURPOSE OF FINAL TERMS

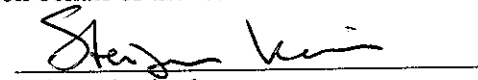
These Final Terms comprise the final terms required for issue and admission to trading on *the Bourse de Luxembourg* of the Notes described herein pursuant to the €12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:


Duly authorised



PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *the Bourse de Luxembourg* and to be listed on the Official List of the Luxembourg Stock Exchange with effect from the Issue Date
- (ii) Estimate of total expenses related to admission to trading: EUR 1,415

2. RATINGS

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

3. 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.

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

- (i) Reasons for the offer: See “Use of Proceeds” wording in the Base Prospectus
- (ii) Estimated net proceeds: SKK 440,000,000
- (iii) Estimated total expenses: Not Applicable

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

6. 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

7. 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

8. 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

9. 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

10. PERFORMANCE OF RATE[S] OF EXCHANGE (*Dual Currency Notes only*)

Not Applicable

11. OPERATIONAL INFORMATION

(i) ISIN Code: XS0335960653

(ii) Common Code: 33596065

(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