

## FINAL TERMS

11 February 2008

**Kaupthing Bank hf.**  
**Issue of EUR 1,280,000 Automatic Redeemable Foreign Exchange Rate Linked Notes due 11**  
**February 2011**  
**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.

*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 any Dealer.*

*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:                | 13                |
|    | (ii) Tranche Number:              | 1                 |
| 3. | Specified Currency or Currencies: | Euro (“EUR”)      |
| 4. | Aggregate Nominal Amount:         |                   |
|    | (i) Series:                       | EUR 1,280,000     |
|    | (ii) Tranche:                     | EUR 1,280,000     |

5.	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	EUR 10,000
	(ii) Calculation Amount:	EUR 10,000
7.	(i) Issue Date:	11 February 2008
	(ii) Interest Commencement Date:	Not Applicable
8.	Maturity Date:	11 February 2011, subject to adjustment in accordance with the Following Business Day Convention.
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	Other (see Annex 1)
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 Annex 1    |
| 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 ( <i>required if Early Redemption Amount different from that set out in Condition 7(f)</i> ): | Not Applicable |
| 30. | Capital Notes Provisions:  |                |
|     | (i) Special Event Redemption Amount:   | Not Applicable |
|     | (ii) Special Event Redemption Date(s):   | Not Applicable |
|     | (iii) Investment Considerations:   | Not Applicable |
| 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

- |     |                    |  |
|-----|--------------------|--|
| 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. |
|-----|--------------------|--|

36. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
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: 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.

**DISTRIBUTION**

- 42. (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
- 43. If non-syndicated, name and address of relevant Dealer: Banco Bilbao Vizcaya Argentaria, S.A.
- 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

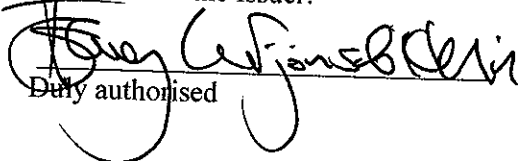
**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for 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

Eirikur M. Jensen

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** Application has been made for the Notes to be admitted to trading on Luxembourg Stock Exchange with effect from 11 February 2008
2. **RATINGS**

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

The rating of the Issuer is:

Moody's: Aa3  
Fitch: A
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealer, 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 1,280,000
  - (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**

(i) ISIN Code: XS0345886351

(ii) Common Code: 034588635

(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

**13. TERMS AND CONDITIONS OF THE OFFER** Not Applicable



## ANNEX 1

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

### 1. Early Redemption

If, on Observation Date<sub>1</sub>, the Calculation Agent determines that  $EURUSD_1 \leq (EURUSD_0 \times 0.94)$ , then the Notes shall be redeemed by the Issuer on the Early Redemption Date<sub>1</sub> at an amount (the “Early Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} \times \left[ 1 + \text{MAX} \left( 6\%; \left( \frac{EURUSD_0 - EURUSD_1}{EURUSD_0} \right) \right) \right]$$

If, on Observation Date<sub>2</sub>, the Calculation Agent determines that  $EURUSD_2 \leq (EURUSD_0 \times 0.94)$ , then the Notes shall be redeemed by the Issuer on the Early Redemption Date<sub>2</sub> at an amount (the “Early Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} \times \left[ 1 + \text{MAX} \left( 12\%; \left( \frac{EURUSD_0 - EURUSD_2}{EURUSD_0} \right) \right) \right]$$

### 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 on the Final Observation Date, the Calculation Agent determines that  $EURUSD_3 \leq (EURUSD_0 \times 0.94)$  then the Notes shall be redeemed by the Issuer on the Maturity Date at an amount (the “Final Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} \times \left[ 1 + \text{MAX} \left( 18\%; \left( \frac{EURUSD_0 - EURUSD_3}{EURUSD_0} \right) \right) \right]$$

(ii) Otherwise the Notes shall be redeemed by the Issuer on the Maturity Date at an amount (the “Final Redemption Amount”) calculated by the Calculation Agent as follows:

$$\text{Specified Denomination} * 100\%$$

### 4. Definitions

For the purpose of these Final Terms:

“**Foreign Exchange Rate**” means the official EUR/USD spot foreign exchange mid rate expressed as the number of United States Dollars (“USD”) (or fractional amounts thereof) per EUR 1.00 as

calculated by the European Central Bank and published on the Screen Page as at 2.15 p.m., Frankfurt time (“the Relevant Time”),

**provided that:** if such rate does not appear on the Screen Page at the Relevant Time on such day, the Calculation Agent shall determine the Foreign Exchange Rate for such day on the basis of the EUR/USD exchange published by other available recognized financial information vendors (as selected by the Calculation Agent) at or around the Relevant Time on such day. If no such rate appears, the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate which it will buy EUR 1.00 in USD at the Relevant Time on such day. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the Relevant Time on such day, provided that, if on such day, an Inconvertibility Event is deemed by the Calculation Agent to occur, then the Foreign Exchange Rate for such day will be determined in good faith by the Calculation Agent in its sole discretion.

**“Inconvertibility Event”** means any event, as determined by the Calculation Agent, which affects the convertibility of EUR into USD or USD into EUR.

**“Reference Dealers”** means four leading dealers in the Eurozone interbank market.

**“Screen Page”** means Reuters Page ECB37 or any successor thereto or such other source as may announce the Foreign Exchange Rate.

**“EURUSD<sub>0</sub>”** means 1.4845

**“EURUSD<sub>1</sub>”** means the Foreign Exchange Rate as of Observation Date<sub>1</sub>.

**“EURUSD<sub>2</sub>”** means the Foreign Exchange Rate as of Observation Date<sub>2</sub>.

**“EURUSD<sub>3</sub>”** means the Foreign Exchange Rate as of the Final Observation Date.

**“Early Redemption Date”** means each of 11 February 2009 (the “Early Redemption Date<sub>1</sub>”) and 11 February 2010 (the “Early Redemption Date<sub>2</sub>”), subject to adjustment for payment only in accordance with the Following Business Day Convention.

**“Observation Date,”** means each of 8 February 2009 (the “Observation Date<sub>1</sub>”), 8 February 2010 (the “Observation Date<sub>2</sub>”), and 8 February 2011 (the “Final Observation Date”); subject to adjustment in accordance with the Following Business Day Convention.

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