

FINAL TERMS

14 Mars 2007

Kaupthing Bank hf.
Issue of ISK 5,000,000,000 13 per cent. Notes due September 2008
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 on the Luxembourg Stock Exchange's website (www.bourse.lu) 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. |
| 2. | (i) Series Number: | 37 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Icelandic Krona ("ISK") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | ISK 5,000,000,000 |
| | (ii) Tranche: | ISK 5,000,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | ISK 100,000 |
| 7. | (i) Issue Date: | 14 March 2007 |
| | (ii) Interest Commencement Date: | 14 March 2007 |
| 8. | Maturity Date: | The Interest Payment Date falling in, or nearest to, 14 September 2008 |
| 9. | Interest Basis: | 13.00 per cent. Fixed Rate
(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |

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| 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

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| 15. | Fixed Rate Note Provisions | Applicable |
| | (i) Rate(s) of Interest: | 13.00 per cent. per annum payable semi-annually in
arrear |
| | (ii) Interest Payment Date(s): | 14 September and 14 March in each year up to and
including the Maturity Date. |
| | (iii) Fixed Coupon Amount(s): | ISK 6,500 per ISK 100,000 in nominal amount |
| | (iv) Broken Amount(s): | Not Applicable |
| | (v) Day Count Fraction: | Actual/Actual (ISMA) |
| | (vi) Determination Date(s): | Not Applicable |
| | (vii) 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**

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| 22. | Issuer Call | Not Applicable |
| 23. | Investor Put | Not Applicable |

24. Target Redemption Note Provisions: Not Applicable
25. Final Redemption Amount of each Note ISK 100,000 per Note of ISK 100,000 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: Yes
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Reykjavik
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

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: Kaupthing Bank hf.
Borgartun 19
105 Reykjavik
Iceland

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

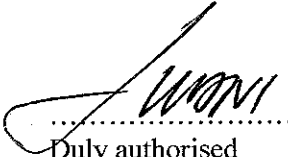
LISTING AND ADMISSION TO TRADING APPLICATION

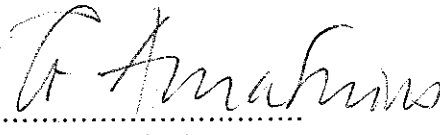
These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

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: Iceland Stock Exchange ("ICEX")
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the Icelandic Stock Exchange with effect from 23 April 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

Moody's obligations rated 'Aa' are judged to be of high quality and are subject to very low credit risk.

Fitch A. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Each rating should be evaluated independently of any other rating.

3. NOTIFICATION

The Commission de Surveillance du Secteur Financier, Luxembourg has provided the Financial Supervisory Authority of Iceland (FME) 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: The net proceeds will be applied by the Issuer for its general corporate purposes, which include making a profit.
- (ii) Estimated net proceeds: ISK 5,000,000,000
- (iii) Estimated total expenses: Not Applicable

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: 13.00 per cent.

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: XS0291643988
- (ii) Common Code: 029164398
- (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