

**Pricing Supplement dated February 25, 2008
(To Offering Circular dated July 19, 2007)**



KAUPTHING BANK

KAUPTHING BANK HF.

Issue of US\$900,000,000 7.625% Senior Notes due 2015

Kaupthing Bank hf. will issue US\$900,000,000 aggregate principal amount of Series G Senior Notes due 2015 (the “Notes”). Unless defined herein, terms included in this Pricing Supplement shall have the definitions ascribed to them in the Offering Circular.

Interest on the Notes will be payable semi-annually, on the 28th of February and August of each year, commencing on August 28, 2008.

The Notes will bear interest at a rate of 7.625% per annum from and including February 28, 2008 to but excluding February 28, 2015 unless (i) the notes are redeemed at the option of the Holders on a Optional Repayment Date (as defined herein) or (ii) the Notes are redeemed at the option of the Issuer for tax reasons.

The Notes will initially be limited to US\$900,000,000 in aggregate principal amount. The Issuer may create and issue additional notes with the same terms as the Notes so that such additional notes will be combined with this Series of Notes.

We are incorporating by reference in this Offering Circular our financial statements for the year ended December 31, 2007, including the notes thereto, which are available on our website www.kaupthing.com. The information incorporated by reference is deemed to be part of the Offering Circular.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws, and are being offered only to qualified institutional buyers (within the meaning of Rule 144A under the Securities Act (“Rule 144A”)) or in other transactions exempt from registration in accordance with Regulations S under the Securities Act, in each case in compliance with applicable securities laws.

The Notes will be issued in registered global form and will remain on deposit with The Depository Trust Company, the depository for the Notes.

The Settlement Date for the issuance of the Notes is expected to be February 28, 2008.

The date of this Pricing Supplement is February 25, 2008

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETED AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Fixed Rate Notes

Principal Amount: U.S.\$900,000,000

Interest Rate: 7.625%

Status of Notes: Senior

Original Issue Date: February 28, 2008

Net Proceeds to Issuer: U.S.\$753,714,000

Optional Repayment Dates: August 28, 2010 and February 28, 2013

Stated Maturity: February 28, 2015

Calculation Agent: Deutsche Bank Trust Company Americas

Currency Determination Agent: Not applicable

Interest Calculation:

<input type="checkbox"/> Regular Floating Rate Note	<input type="checkbox"/> Floating Rate/Fixed Rate Note
<input type="checkbox"/> Inverse Floating Rate Notes	Fixed Rate Commencement Date:
Fixed Interest Rate: %	<input checked="" type="checkbox"/> Fixed Interest Rate: 7.625%
<input type="checkbox"/> Other Floating Rate Note	

Interest Payment Dates: Semi-annually, on the 28th of February and August of each year, commencing on August 28, 2008, subject to the Following New York Business Day Convention.

Day Count Convention:

- Actual/360 for the period from [] to []
- Actual/Actual for the period from [] to []
- 30/360

Redemption at the option of the Issuer:

- The Notes cannot be redeemed at the option of the Issuer prior to the Stated Maturity (other than for tax reasons).

Repayment at the option of the Holders:

The Issuer will be required to redeem the Notes, in whole or in part, prior to their Stated Maturity at the option of the Holders of the Notes.
Optional Repayment Dates: August 28, 2010 and February 28, 2013.
Repayment Price on August 28, 2010: 86.901%.
Repayment Price on February 28, 2013: 92.369%

Currency:

Specified Currency: U.S. dollars
Minimum Denominations: US\$100,000 and integral multiples of US\$1,000 in excess thereof.

Original Issue Discount: Yes No
Total Amount of OID: U.S.\$146,286,000
Yield to Maturity: 10.283%
Initial Accrual Period OID: U.S.\$19,376,102.66

Form: Global
 Certificated

Dealer: Not applicable.

Dealers acting in the capacity as indicated below: Not applicable.
 Agent
 Principal

If as principal:
 Not applicable

If as agent:
 Not applicable

Initial Offering Price: The Notes are being offered at a fixed initial offering price of 83.746% of the principal amount.

Trade date: February 25, 2008

Addendum attached:
 Yes
 No

Registered Note Information:
U.S. Global Notes:
 CUSIP number: 48632FAE1 ISIN number: US48632FAE16

International Global Notes:
 CUSIP number: 48632GAE9 ISIN number: US48632GAE98

Other/Additional Provisions; Addendum: Not applicable

Listing: The Notes will not be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

Appendix A: Attached.

APPENDIX A

We are incorporating by reference in the Offering Circular our financial statements for the year ended December 31, 2007, including the notes thereto, which are available on our website www.kaupthing.com. The information incorporated by reference is deemed to be part of the Offering Circular.