

24 April 2006

**Kaupthing Bank hf.**  
**Issue of EUR 10,000,000 Callable Fixed Rate/Reverse Floating Rate Notes due 28 April 2016**  
**under the EUR12,000,000,000**  
**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 2nd September, 2005 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.   |
|     | (i) Series Number:                | 37   |
|     | (ii) Tranche Number:              | 1  |
| 3.  | Specified Currency or Currencies: | EURO ("EUR")   |
| 4.  | Aggregate Nominal Amount:         |  |
|     | (i) Series:                       | EUR 10,000,000   |
|     | (ii) Tranche:                     | EUR 10,000,000   |
| 5.  | Issue Price:                      | 100.00 per cent. of the Aggregate Nominal Amount   |
| 6.  | Specified Denominations:          | EUR 10,000   |
| 7.  | (i) Issue Date:                   | 28 April 2006  |
|     | (ii) Interest Commencement Date:  | Issue Date   |
| 8.  | Maturity Date:                    | 28 April 2016  |
| 9.  | Interest Basis:                   | 7.90 per cent. Fixed Rate/reverse Floating Rate<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis:         | Redemption at par  |

11. Change of Interest Basis or Redemption/ Payment Basis: - For the period from and including the Issue Date to but excluding 28 April 2007: the Notes shall bear interest on a Fixed Rate basis
- For the period from and including 28 April 2007 to but excluding the Maturity Date: the Notes shall bear interest on a reverse Floating Rate basis
12. Put/Call Options: Issuer Call  
(further particulars specified below)
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** Applicable from and including the Issue Date to but excluding 28 April 2007
- (i) Rate(s) of Interest: 7.90 per cent. per annum payable semi-annually in arrear
- (ii) Interest Payment Date(s): 28 October 2006 and 28 April 2007
- (iii) Fixed Coupon Amount(s): EUR 395 per EUR 10,000 in nominal amount
- (iv) Broken Amount(s): Not Applicable
- (v) Day Count Fraction: 30/360
- (vi) Determination Date(s): Not Applicable
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: None
16. **Floating Rate Note Provisions** Applicable from and including 28 April 2007 to but excluding the Maturity Date
- (i) Specified Period(s)/Specified Interest Payment Dates: 28 April and 28 October  
in each year up to and including the Maturity Date, subject to the Business Day Convention and subject to provision 16 (xii) below set out below. The first Specified Interest Payment Date will be 29 October 2007.
- (ii) Business Day Convention: Modified Following Business Day Convention

- (iii) Additional Business Centre(s): TARGET and London
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: The Rate of Interest shall be calculated on the Interest Determination Date by the Calculation Agent in respect of each relevant Interest Period in accordance with the following provisions:
- For each Interest Period during the period from and including 28 April 2007 to but excluding the Maturity Date:
- Rate of Interest applicable during the immediately preceding Interest Period plus Margin minus the Reference Rate
- For the purpose of the determination of the Rate of Interest for the Interest Period beginning on 28 April 2007 and ending on 28 October 2007 and for the avoidance of doubt, the words "Rate of Interest applicable during the immediately preceding Interest Period" shall mean 7.90 %.
- Interest Amount** = Euro 10,000 × Rate of Interest × Day Count Fraction.
- "Reference Rate"** means the rate as determined by the Calculation Agent in accordance with the provision 16(vi) "Screen Rate Determination" below.
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): Commerzbank Aktiengesellschaft
- (vi) Screen Rate Determination:
- Reference Rate: 6 months EURIBOR
  - Interest Determination Date(s): Five TARGET business days prior to the Specified Interest Payment Date pertaining to each Interest Period (as of 11.00am Brussels time)
  - Relevant Screen Page: Reuters Screen Page EURIBOR 01
- (vii) ISDA Determination:
- Floating Rate Option: Not Applicable
  - Designated Maturity: Not Applicable
  - Reset Date: Not Applicable

- (viii) Margin(s):
- For the period from and including 28 April 2007 to but excluding the 28 April 2008:  
2.10 per cent.
  - For the period from and including 28 April 2008 to but excluding the 28 April 2009:  
2.35 per cent.
  - For the period from and including 28 April 2009 to but excluding the 28 April 2010:  
2.60 per cent.
  - For the period from and including 28 April 2010 to but excluding the 28 April 2011:  
2.85 per cent.
  - For the period from and including 28 April 2011 to but excluding the 28 April 2012:  
3.10 per cent.
  - For the period from and including 28 April 2012 to but excluding the 28 April 2013:  
3.35 per cent.
  - For the period from and including 28 April 2013 to but excluding the 28 April 2014:  
3.60 per cent.
  - For the period from and including 28 April 2014 to but excluding the 28 April 2015:  
3.85 per cent.
  - For the period from and including 28 April 2015 to but excluding the Maturity Date:  
4.10 per cent.
- (ix) Minimum Rate of Interest: 0.0 per cent.
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: 30/360
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: No Interest Period shall be adjusted with respect to the accrual of interest.

17. **Zero Coupon Note Provisions** Not Applicable

- |     |   |                |
|-----|---|----------------|
| 18. | <b>Index Linked Interest Note Provisions</b>  | Not Applicable |
| 19. | <b>Dual Currency Interest Note Provisions</b> | Not Applicable |
| 20. | <b>Target Redemption Note Provisions:</b>     | Not Applicable |
| 21. | <b>Range Accrual Note Provisions:</b>         | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

- |     |   |   |
|-----|---|---|
| 22. | Issuer Call   | Applicable  |
|     | (i) Optional Redemption Date(s):  | The Specified Interest Payment Date falling on 28 April 2007 and each Specified Interest Payment Date thereafter.   |
|     | (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | EUR 10,000 per Note of EUR 10,000 Specified Denomination.   |
|     | (iii) If redeemable in part:  |   |
|     | (a) Minimum Redemption Amount:  | Not Applicable  |
|     | (b) Maximum Redemption Amount:  | Not Applicable  |
|     | (iv) Notice period (if other than as set out in the Conditions):                                      | <p>Condition 7. (c), (i) and (ii), shall be amended as follows:</p> <ul style="list-style-type: none"> <li>- the wording of paragraph (i) shall be replaced with the following:<br/>not less than 5 business days' notice to the Noteholders in accordance with Condition 14; for the purpose of this paragraph business day shall have the same meaning as "Payment Day" (as defined in Condition 6(e))</li> <li>- paragraph (ii) shall be deleted.</li> </ul> |
| 23. | Investor Put  | Not Applicable  |
| 24. | Target Redemption Provisions:   | Not Applicable  |
| 25. | Final Redemption Amount of each Note  | EUR 10,000 per Note of EUR 10,000 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)): EUR 10,000 per Note of EUR 10,000 Specified Denomination
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. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: London and TARGET
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

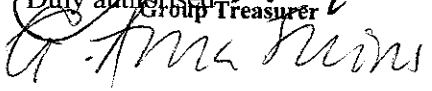
#### **DISTRIBUTION**

- |     |  |  |
|-----|--|--|
| 35. | (i) If syndicated, names of Managers                                       | Not Applicable   |
|     | (ii) Date of Subscription Agreement:                                       | Not Applicable   |
|     | (iii) Stabilising Manager (if any):  | Not Applicable   |
| 36. | If non-syndicated, name and address of relevant Dealer:                    | Commerzbank Aktiengesellschaft<br>60 Gracechurch Street<br>London EC3V 0HR |
| 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   |

## RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: **Guðni N. Aðalsteinsón**  
 Frankvænastjórn / Managing Director  
 Duly authorised Group Treasurer  


## PART B – OTHER INFORMATION

### 1. LISTING

- |                            |                |
|----------------------------|----------------|
| (i) Listing:               | Not Applicable |
| (ii) Admission to trading: | Not Applicable |

### 2. RATINGS

Ratings:	The Notes to be issued have been rated:
	Moody's: A1
	Fitch: A

### 3. NOTIFICATION

The Commission de Surveillance du Secteur Financier, Luxembourg, has provided the Issuer 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 Dealer, 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:      | See "Use of Proceeds" wording in Base Prospectus |
| (ii) Estimated net proceeds:    | EUR 10,000,000                                   |
| (iii) Estimated total expenses: | Not Applicable                                   |

### 6. YIELD (*Fixed Rate Notes only*)

Indication of yield:	7.90 per cent.
	applicable for the period from and including the Issue Date to but excluding 28 April 2007

### 7. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Details of historic EURIBOR rates can be obtained from Reuters page EURIBOR1YD=.

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

Not Applicable

### 10. OPERATIONAL INFORMATION

- |                                    |                |
|------------------------------------|----------------|
| (i) ISIN Code:                     | XS0242862588   |
| (ii) Common Code:                  | 024286258      |
| (iii) Any clearing system(s) other | Not Applicable |



than Euroclear Bank S.A./N.V.  
and Clearstream Banking,  
société anonyme and the  
relevant identification  
number(s):

- |      |   |                          |
|------|---|--------------------------|
| (iv) | Delivery:   | Delivery against payment |
| (v)  | Names and addresses of<br>additional Paying Agent(s) (if<br>any): | Not Applicable           |