

## PRICING SUPPLEMENT

24th February, 2005

**Íslandsbanki hf.**  
**Issue of £6,740,000 Commodity Basket Index Linked Redemption Notes due 2010**  
**under the €5,000,000,000**  
**Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 29th December, 2004. The Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

1.	(i)	Series Number:	184
	(ii)	Tranche Number:	1
2.		Specified Currency or Currencies:	GBP (£)
3.		Aggregate Nominal Amount:	
	–	Tranche:	£6,740,000
	–	Series:	£6,740,000
4.	( )	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	£6,740,000
5.		Specified Denominations:	£10,000
6.		Issue Date:	24th February, 2005
7.		Maturity Date:	24th February, 2010
8.		Interest Basis:	Not Applicable.
9.		Redemption/Payment Basis:	Index Linked Redemption Notes See Appendix
10.		Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
11.		Put/Call Options:	Not Applicable
12.		Status of the Notes:	Senior
13.		Listing:	None
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. | Dual Currency Note Provisions         | Not Applicable |

## **PROVISIONS RELATING TO REDEMPTION**

- |     |  |   |
|-----|--|---|
| 20. | Issuer Call  | Not Applicable  |
| 21. | Investor Put   | Not Applicable  |
| 22. | Final Redemption Amount of each Note:  | See Appendix  |
| 23. | 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(e)): | In the event of the Notes becoming due and payable for taxation reasons or on an Event of Default of the Issuer on or after the Issue Date but prior to the Maturity Date, then the Early Redemption Amount in respect of the Notes shall be such amount determined by the Calculation Agent in good faith and on such basis as it, in its sole and absolute discretion, considers fair and reasonable in the circumstances, to be equal to the fair market value of the Notes immediately prior to the date of redemption, plus or minus any related hedging gains or costs. |

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |   |   |
|-----|---|---|
| 24. | Form of Notes:  | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:                             | Not Applicable  |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No  |

- |     |   |  |
|-----|---|--|
| 27. | Details relating to Partly Paid Notes including 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   |
| 28. | Details relating to Instalment Notes including the amount of each instalment (each an "Instalment Amount") and the date on which each payment is to be made (each an "Instalment Date"):  | Not Applicable   |
| 29. | Redenomination applicable:  | Redenomination not applicable  |
| 30. | Other terms or special conditions:  | A fee has been paid to a third party in connection with this issue. Details of the fee are available upon request. |

#### **DISTRIBUTION**

- |     |  |                   |
|-----|--|-------------------|
| 31. | (i) If syndicated, names of Managers:                                      | Not Applicable    |
|     | (ii) Stabilising Manager (if any):   | Not Applicable    |
| 32. | If non-syndicated, name of relevant Dealer:                                | Barclays Bank PLC |
| 33. | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D           |
| 34. | Additional selling restrictions:   | Not Applicable    |

#### **OPERATIONAL INFORMATION**

- |     |  |                          |
|-----|--|--------------------------|
| 35. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable           |
| 36. | Delivery:  | Delivery against payment |
| 37. | Additional Paying Agent(s) (if any):   | Not Applicable           |

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ISIN:	XS0212991201
Common Code:	021299120

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**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

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Duly authorised

## Appendix

### 1. Final Redemption Amount

For the purposes of Condition 7(a) of the Notes, unless previously redeemed or purchased and cancelled as provided in the Conditions, each Note shall be redeemed on the Maturity Date at an amount (the **Final Redemption Amount**) determined by the Calculation Agent, in its sole and absolute discretion in accordance with the following formula:

$$\text{Final Redemption Amount} = \text{£}10,000 \times \{100 \text{ per cent.} + 200 \text{ per cent.} \times \text{Max} (\text{Basket}_{\text{Final}} - 1, 0)\}$$

For the purposes of this paragraph 1:

$$\text{Basket}_{\text{Final}} = \sum_{i=1}^5 W_{(i)} \left[ \frac{P_{(i)\text{Final}}}{P_{(i)\text{Initial}}} \right]$$

Where:

**P<sub>(i)</sub> Final** means, in respect of a Commodity<sub>(i)</sub>, the arithmetic average of the Commodity Reference Prices P<sub>(i)</sub> of such Commodity<sub>(i)</sub> on each Valuation Date;

**P<sub>(i)</sub> Initial** means, in respect of a Commodity<sub>(i)</sub>, the Commodity Reference Price P<sub>(i)</sub> in respect of such Commodity<sub>(i)</sub> on the Strike Date; and

**W<sub>(i)</sub>** means, in respect of each Commodity<sub>(i)</sub>, the weight specified in the table in the definition of "Commodity Basket" in the column entitled "Weight<sub>(i)</sub>" opposite such Commodity.

### 2. Definitions

For the purposes of this Pricing Supplement the following definitions shall apply:

**Aluminium** means high grade primary aluminium.

**ALUMINIUM-LME CASH** means the official settlement price per tonne of high grade primary aluminium on the LME for cash delivery, stated in USD, as determined by the LME and displayed on the Price Source.

**Calculation Agent** means Barclays Bank PLC.

**Commodity Basket** means a basket of commodities (each a **Commodity** and together, the **Commodities**) (C<sub>(i)</sub> = 1, ...5) as set out in the weightings specified in the table below:

(i)	Commodity	$W_{(i)}$	Commodity Reference Price $P_{(i)}$
1	Oil	1/3	Oil- WTI-NYMEX
2	Gold	1/3	GOLD-P.M. FIX
3	Aluminium	1/9	ALUMINIUM – LME CASH
4	Copper	1/9	COPPER – LME CASH
5	Zinc	1/9	ZINC – LME CASH

**Commodity Business Day** means a day that is:

(i) in respect of a Metal, a trading day on the LME and a day on which the relevant Commodity Reference Price  $P_{(i)}$  is published by the Price Source; and

(ii) in respect of Oil, a trading day on NYMEX and a day on which the relevant Commodity Reference Price  $P_{(i)}$  is published by the Price Source.

**Commodity Reference Price  $P_{(i)}$**  means, in respect of a Commodity<sub>(i)</sub>, the Commodity Reference Price  $P_{(i)}$  specified in the table in the definition of "Commodity Basket" in the column entitled "Commodity Reference Price  $P_{(i)}$ " opposite such Commodity.

**Copper** means copper - Grade A.

**COPPER-LME CASH** means the official settlement price per tonne of Copper – Grade A on the LME for cash delivery, stated in USD, as determined by the LME and displayed on the Price Source.

**Disappearance of the Commodity Reference Price  $P_{(i)}$** , means, in respect of a Commodity, (A) the disappearance of, or of trading in, the relevant Metal (in respect of a Metal) or (B) the disappearance of, or of trading in, the Futures Contract or Oil or the failure of trading to commence, or the permanent discontinuation of trading in the Futures Contract on NYMEX (in respect of Oil).

**First Nearby Month** means, in respect of Oil, the month of expiration of the first Futures Contract to expire following a Valuation Date.

**Futures Contract** means, in respect of Oil, the Oil contract for future delivery dated the relevant Valuation Date.

**Gold** means unallocated gold complying with the rules of the London Bullion Market Association (the **LBMA**) relating to good delivery and fineness from time to time in effect.

**Gold-P.M. FIX** means the official LBMA afternoon gold fixing price expressed in USD/Oz appearing on the 3.00 p.m. London fixing as displayed on the Price Source.

**LME** means the London Metal Exchange Limited or its successor.

**Market Disruption Event** means, in respect of a Commodity, the occurrence or existence on any Valuation Date of a Price Source Disruption, a Trading Suspension, a Disappearance of the Commodity Reference Price  $P_{(i)}$ , a Material Change in Formula or a Material Change in Content.

The Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 that a Market Disruption Event has occurred on a Valuation Date (or, if different, the day on which prices for that Valuation Date would, in the ordinary course, be published or announced by the Price Source).

**Material Change in Content** means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the content, composition or constitution of (A) the relevant Metal (in respect of a Metal) or (B) Oil or the Futures Contract (in respect of Oil).

**Material Change in Formula** means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price  $P_{(i)}$ .

**Metal** means each of Gold, Zinc, Copper and Aluminium.

**NYMEX** means New York Mercantile Exchange, Inc. or its successor.

**Oil-WTI-NYMEX** means the closing price per barrel of West Texas Intermediate light sweet crude oil on the NYMEX of the Futures Contract in respect of the First Nearby Month, stated in USD, as made public by the NYMEX.

**Price Source** means:

- (i) in respect of Aluminium, Reuters Screen page "MTLE";
- (ii) in respect of Copper, Reuters Screen page "MTLE";
- (iii) in respect of Gold, Reuters Screen page "GOFO";
- (iv) in respect of Zinc, Reuters Screen page "MTLE"; and
- (v) in respect of Oil, the NYMEX.

**Price Source Disruption** means, in respect of a Commodity, (A) the failure of the Price Source to announce or publish the Commodity Reference Price  $P_{(i)}$  (or the information necessary for determining such Commodity Reference Price  $P_{(i)}$ ) or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

**Reuters Screen** means the Reuters Monitor Money Rates Service Screen (or such other page as may replace that page on that service for the purpose of displaying rates or prices comparable to the relevant Commodity Reference Price  $P_{(i)}$ ).

**Strike Date** means 22nd February, 2005.

**Trading Suspension** means, in respect of a Commodity, (A) the material suspension or limitation of trading in the relevant Metal on LME (in respect of a Metal) or (B) the material suspension or limitation of trading in the relevant Futures Contract or Oil on NYMEX (in respect of Oil).

**USD** means United States Dollars.

**Valuation Date** means, in respect of a Commodity, each Commodity Business Day in the period from and including 22nd February, 2009 up to and including 22nd February, 2010 (such date, the **Final Valuation Date**). If there is a Market Disruption Event on any such day, the Valuation Date shall be:

- (i) in respect of each Valuation Date other than the Final Valuation Date, the first succeeding Commodity Business Day on which there is no Market Disruption Event, unless there is a the Market Disruption Event on each of the five Commodity Business Days immediately following the original day that, but for the Market Disruption Event, would have been the Valuation Date. In such case, (a) that fifth Commodity Business Day shall be deemed to be the Valuation Date and (b) the Calculation Agent shall determine the relevant Commodity Reference Price  $P_{(i)}$  taking into consideration the latest available quotations for such Commodity on the relevant Price Source and any other information that the Calculation Agent in good faith deems relevant; and
- (ii) in respect of the Final Valuation Date, 23rd February, 2010 (the **Cut-Off Date**). If the Cut-Off Date is the Final Valuation Date then the Calculation Agent shall determine the relevant Commodity Reference Price  $P_{(i)}$  taking into consideration the latest available quotations for such Commodity on the relevant Price Source and any other information that the Calculation Agent in good faith deems relevant.

**Zinc** means special high grade zinc.



**ZINC– LME CASH** means the official settlement price per tonne of special high grade zinc on the LME for cash delivery, stated in USD, as determined by the LME and displayed on the Price Source.

### **3. Corrections to Published Prices**

For the purposes of determining the Final Redemption Amount, if the price published or announced on any Valuation Date and used by the Calculation Agent is subsequently corrected and the correction is published prior to the day (the **Cut-off Date**) falling 5 Commodity Business Days preceding the Maturity Date, the Calculation Agent will use such corrected price to determine the Final Redemption Amount. Any corrections published on or after the Cut-off Date shall be ignored by the Calculation Agent for the purposes of calculating the Final Redemption Amount.

### **4. Calculation Agent**

The Calculation Agent shall not act as agent or trustee for the Noteholders. All quotations and determinations given or made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Noteholders.