

26<sup>th</sup> July, 2004

**Íslandsbanki hf.**

**Issue of USD5,000,000 Fixed Rate Notes due 26<sup>th</sup> July, 2010  
under the €7,500,000,000  
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 16<sup>th</sup> June, 2005. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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|-----|---|---|
| 1.  | (i) Series Number:                                  | 219   |
|     | (ii) Tranche Number:                                | 1   |
| 2.  | Specified Currency or Currencies:                   | Japanese Yen (“JPY”)  |
| 3.  | Aggregate Nominal Amount:                           |   |
|     | — Tranche:  | JPY3,000,000,000  |
|     | — Series:   | JPY3,000,000,000  |
| 4.  | Issue Price of Tranche:                             | 100.00 per cent. of Aggregate Nominal Amount                            |
| 5.  | Specified Denominations:                            | JPY100,000,000  |
| 6.  | (i) Issue Date:                                     | 26 <sup>th</sup> July, 2005   |
|     | (ii) Interest Commencement Date:                    | 26 <sup>th</sup> July, 2005   |
| 7.  | Maturity Date:                                      | 26 <sup>th</sup> July, 2010   |
| 8.  | Interest Basis:                                     | 0.712 per cent. Fixed Rate<br><br>(further particulars specified below) |
| 9.  | Redemption /Payment Basis:                          | Redemption at par   |
| 10. | Change of Interest or<br>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**

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|-----|------------------------------------|---|
| 15. | <b>Fixed Rate Note Provisions:</b> | Applicable  |
|     | (i) Rate(s) of Interest:           | For the period from (and including) 26 <sup>th</sup> July, 2005 to (but excluding) 26 <sup>th</sup> July, 2010 (the Maturity Date) interest will accrue at the rate of 0.712 per cent. per annum, payable semi-annually in arrear   |
|     | (ii) Interest Payment Date(s):     | Every 26 <sup>th</sup> January and 26 <sup>th</sup> July in each year from (and including) 26 <sup>th</sup> January, 2006 to (and including) 26 <sup>th</sup> July, 2010 (the Maturity Date), subject to adjustment in accordance with the Modified Following Business Day Convention with no adjustment to the Fixed Interest Amount |

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| (iii) Fixed Coupon Amount(s):  | JPY356,000 per JPY100,000,000 in nominal amount |
| (iv) Broken Amount(s):   | Not Applicable                                  |
| (v) Day Count Fraction:  | 30/360 (unadjusted)                             |
| (vi) Determination Date(s):  | Not Applicable                                  |
| (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable                                  |

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| 16. <b>Floating Rate Note Provisions</b>           | Not Applicable |
| 17. <b>Zero Coupon Note Provisions</b>             | Not Applicable |
| 18. <b>Indexed-Linked Interest Note Provisions</b> | Not Applicable |
| 19. <b>Dual Currency Note Provisions</b>           | Not Applicable |

#### **PROVISIONS RELATING TO REDEMPTION**

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| 20. Issuer Call  | Not Applicable                         |
| 21. Investor Put   | Not Applicable                         |
| 22. Final Redemption Amount of each Note   | 100.00 per cent of the Nominal Amount  |
| 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)): | 100.00 per cent. of the Nominal Amount |

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

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| 24. Form of Notes:  | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice given at any time |
| 25. Additional Financial Centre(s) or other special provisions relating to payment dates:   | London in addition to Tokyo  |
| 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: 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: Not Applicable  
30. Other terms or special conditions: Not Applicable

**DISTRIBUTION**

31. (i) If syndicated, names of Managers: Not Applicable  
(ii) Stabilising Manager (if any): Not Applicable  
32. If non-syndicated, name of Dealer: Shinkin International Ltd.  
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D rules apply  
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: XS0225361848  
Common Code: 022536184

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**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*