

PRICING SUPPLEMENT

28th June, 2005

Íslandsbanki hf.
Issue of €300,000,000 3.00 per cent. Notes due 30th June 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 16th 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: | 211 |
| | (ii) Tranche Number: | 1 |
| 2. | Specified Currency or Currencies: | Euro (€) |
| 3. | Aggregate Nominal Amount: | |
| | – Tranche: | €300,000,000 |
| | – Series: | €300,000,000 |
| 4. | (i) Issue Price of Tranche: | 99.881 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds: | €299,268,000 |
| 5. | Specified Denomination: | €1,000, €10,000 and €100,000 |
| 6. | (i) Issue Date: | 30th June, 2005 |
| | (ii) Interest Commencement Date: | 30th June, 2005 |
| 7. | Maturity Date: | 30th June, 2010 |
| 8. | Interest Basis: | 3.00 per cent. Fixed Rate
(further particulars specified below) |
| 9. | Redemption/Payment Basis: | Redemption at par |
| 10. | Change of Interest Basis or Redemption/
Payment Basis: | Not Applicable |
| 11. | Put/Call Options: | Not Applicable |
| 12. | (i) Status of the Notes: | Senior |

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|------|---|----------------|
| (ii) | Date Board approval for issuance of Notes obtained: | Not Applicable |
| 13. | Listing: | London |
| 14. | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | Fixed Rate Note Provisions | Applicable |
| (i) | Rate(s) of Interest | 3.00 per cent. per annum payable annually in arrear |
| (ii) | Interest Payment Date(s) | 30th June in each year up to and including the Maturity Date |
| (iii) | Fixed Coupon Amount(s) | €30 per €1,000 in nominal amount, €300 per €10,000 in nominal amount and €3,000 per €100,000 in nominal amount |
| (iv) | Broken Amount(s) | Not Applicable |
| (v) | Day Count Fraction: | Actual/Actual (ISMA) |
| (vi) | Determination Date(s) | 30th June in each year |
| (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 |

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: | €1,000 per Note of €1,000 Specified Denomination, €10,000 per Note of €10,000 Specified Denomination and €100,000 per Note of €100,000 Specified Denomination |
| 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):

As set out in Condition 7(e)

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 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: 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: | Not Applicable |

DISTRIBUTION

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| 31. (i) If syndicated, names of Managers: | Barclays Bank PLC
Deutsche Bank AG, London Branch
Commerzbank Aktiengesellschaft |
| (ii) Stabilising Manager (if any): | Not Applicable |
| 32. If non-syndicated, name of relevant Dealer: | Not Applicable |
| 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

ISIN: XS0222838129
Common Code: 022283812

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €7,500,000,000 Euro Medium Term Note Programme of Íslandsbanki hf.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: **TOMAS KRISTJANSSON** **ERLENDUR MAGNUSSON**

Duly authorised