

Final Terms

29 July 2005

Íslandsbanki hf.
Issue of EUR 20,000,000 Equity Linked Interest Notes due 29 July 2011
under the €7,500,000,000
Global 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 Offering Circular dated 28 July, 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 such Offering Circular. The Offering Circular is available for viewing at the office of the Issuer at Kirkjusandur 2, 155 Reykjavík, Iceland and copies may be obtained from the Principal Paying Agent at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

1.	Issuer:	Íslandsbanki hf.
2.	(i) Series Number:	217
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	– Series:	EUR 20,000,000
	– Tranche:	EUR 20,000,000
5.	Issue Price of Tranche:	91.25 per cent. of the Aggregate Nominal Amount
6.	Specified Denominations:	EUR 10,000
7.	(i) Issue Date:	29 July 2005
	(ii) Interest Commencement Date :	29 July 2005
8.	Maturity Date:	29 July 2011
9.	Interest Basis:	Non-Interest Bearing and Index Linked Interest (further particulars specified below)
10.	Redemption/Payment Basis:	EUR 10,000 per EUR 10,000 Specified Denomination
11.	Change of Interest Basis or Redemption/Payment Basis:	The Notes automatically converts from Non Interest Bearing to Indexed Linked Interest Notes on 29 July 2006
12.	Put/Call Options:	Not Applicable
13.	(i) Status of Notes:	Senior
	(ii) Date Board approval for issuance	Not Applicable

of Notes obtained:

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** Applicable – For the period from and including 29 July 2006 to, but excluding the Maturity Date the Notes are Indexed Linked Interest Notes

- (i) Index/Formula: The Interest Amount payable on the Maturity Date shall be the sum of all the following formulae plus EUR 450.00 per EUR 10,000 Specified Denomination.

For the period from and including 29 July 2006 to, but excluding, 29 July 2007 (“Year 2 Reference Period”) the Calculation Agent shall determine the applicable Rate of Interest and Interest Amount for each EUR 10,000 Specified Denomination as follows:

- (A) If the Closing Price of each Share in the Basket on each Valuation Date in the Year 2 Reference Period is above the Barrier Level the Rate of Interest is 5.00 per cent per annum

Or

- (B) If the Closing Price of each Share in the Basket on each Valuation Date in the Year 2 Reference Period is **NOT** above the Barrier Level the Rate of Interest is 0.00 per cent.

Thereafter, for each applicable Reference Period the Calculation Agent shall determine the applicable Rate of Interest and Interest Amount for each EUR 10,000 Specified Denomination as follows:

- (A) If the Closing Price of each Share in the Basket on each Valuation Date in the applicable Reference Period is above the Barrier Level the Rate of Interest shall be determined as follows

EUR 10,000 x (5% + 5% x Number of Missed Coupons)

Or

- (B) If the Closing Price of each Share in the Basket on each Valuation Date in the applicable Reference Period is **NOT** above the Barrier Level the Rate of Interest is 0.00 per cent.

Where:

“Reference Period” means from and including 29 July in one year to, but excluding, 29 July in the following year.

“Year 3 Reference Period” means from and including 29 July 2007 to, but excluding, 29 July 2008.

“Year 4 Reference Period” means from and including 29 July 2008 to, but excluding, 29 July 2009.

“Year 5 Reference Period” means from and including 29 July 2009 to, but excluding, 29 July 2010.

“Year 6 Reference Period” means from and including 29 July 2010 to, but excluding, 29 July 2011.

“Valuation Date” means in relation to the Year 2 Reference Period the 15th day of each month from and including 15 August 2006 to, and including, 15 July 2007.

“Valuation Date” means in relation to the Year 3 Reference Period the 15th day of each month from and including 15 August 2007 to, and including, 15 July 2008.

“Valuation Date” means in relation to the Year 4 Reference Period the 15th day of each month from and including 15 August 2008 to, and including, 15 July 2009.

“Valuation Date” means in relation to the Year 5 Reference Period the 15th day of each month from and including 15 August 2009 to, and including, 15 July 2010.

“Valuation Date” means in relation to the Year 6 Reference Period the 15th day of each month from and including 15 August 2010 to, and including, 15 July 2011.

“Share” means each of the following and collectively the “Basket”

1	3M Co	MMM.N
2	JPMorgan Chase & Co	JPM.N
3	BASF AG	BASF.DE
4	BNP Paribas	BNPP.PA
5	Citigroup Inc	C.N
6	Deutsche Bank AG	DBKGn.DE
7	Eli Lilly & Co	LLY.N
8	Home Depot Inc	HD.N
9	Johnson & Johnson	JNJ.N
10	Microsoft Corp	MSFT.OQ
11	Nestle SA	NESN.VX
12	Newmont Mining Cort	NEM.N

13	NTT DoCoMo Inc	9437.T
14	Prudential PLC	PRU.L
15	Societe Generale	SOGN.PA
16	Sony Corp	6758.T
17	Starbucks Corp	SBUX.OQ
18	Total SA	TOTF.PA
19	UniCredito Italiano SpA	CRDI.MI
20	Vodafone Group PLC	VOD.L

“Closing Price” means the closing level of each Share in the Basket at the Scheduled Valuation Time on the Issue Date, except for Unicredito Italiano SpA where the Closing Price shall be the “Prezzo di Asta di Chiusura” on the Issue Date.

“Barrier Level” means 75% of the Closing Price.

“Number of Missed Coupons” means the number of times no interest was paid minus the number of times a non paid interest was recovered.

VALUATION

"Exchange Business Day" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, any scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading.

"Valuation Time" means the Scheduled Closing Time on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued. Subject to the Market Disruption provisions below, if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

“Valuation Date Provisions”

If any Valuation Date is a Disrupted Day then the Valuation Date for each Share comprised in the Basket shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day for all the Shares comprised in the Basket, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day for all the Shares comprised in the Basket. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for each Share comprised in the Basket, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for each Share comprised in the Basket as of the Valuation Time on that eighth Scheduled Trading Day.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Disrupted Day" means any Scheduled Trading Day on which any Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the parties or other party, as the case may be, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date. Without limiting the obligation of the Calculation Agent to notify the parties as set forth in the preceding sentence, failure by the Calculation Agent to notify the parties of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

MARKET DISRUPTION

(a) **Market Disruption Event.** "Market Disruption Event" means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case if the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure.

(b) **Trading Disruption.** "Trading Disruption" means any suspension of or limitation imposed on trading by the relevant

Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, (i) relating to the Share on the Exchange, or (ii) in options contracts or futures contracts relating to the Share on any relevant Related Exchange.

(c) **Exchange Disruption.** "Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in or obtain market values for the Shares on the Exchange, or (ii) to effect transactions in options contracts or futures contracts relating to the Share or the relevant Index on any relevant Related Exchange.

(d) **Early Closure.** "Early Closure" means the closure on any Exchange Business Day of the Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

ADJUSTMENTS

Following the declaration by the Share Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), if any, to any terms of the Note as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (ii) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options Exchange to options on the relevant Shares traded on such options exchange.

"Potential Adjustment Event" means any of the following:

(i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue;

(ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an Extraordinary Dividend;

(iv) a call by the Share Issuer in respect of relevant Shares that are not fully paid;

(v) a repurchase by the Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to the Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

EXTRAORDINARY EVENTS

If a Share-for-Share Tender Offer, Share-for-

Combined Tender Offer, Share-for-Share Merger Event or a Share-for-Combined Merger Event occurs in relation to a Share (such Share being a "Disrupted Share") and the Share Issuer of the New Shares is not already an Share Issuer, then, on or after the relevant Merger Date or Tender Offer Date the Calculation Agent shall adjust the Share Basket to include the relevant quantity of the New Shares to which a holder of the Share immediately prior to the occurrence of the Merger Event or Tender Offer would be entitled upon consummation of the Merger Event or Tender Offer. Accordingly:

(i) the New Share and its issuer will be deemed a "Share" and an "Share Issuer" respectively

(ii) the Calculation Agent will adjust the Initial Price for such New Share so that the ratio of the Spot Price for that New Share to the Initial Price for the New Share equals the ratio of the Spot Price for the Disrupted Share to the Initial Price for the Disrupted Share immediately prior to the occurrence of the Merger Event or Tender Offer, and if necessary, the Calculation Agent will adjust any other relevant terms accordingly.

If a Share-for-Other Tender Offer, Share-for-Other Merger Event, or a Share-for-Share Tender Offer, Share-for-Combined Tender Offer, Share-for-Share Merger Event or a Share-for-Combined Merger Event where the issuer of the New Shares is a Share Issuer, occurs in relation to a Share (such Share being a "Disrupted Share"), then, on or after the relevant Merger Date or Tender Offer Date, the Calculation Agent shall adjust the Share Basket by substituting the Disrupted Share in the Share Basket with a Replacement Share (as defined below) upon consummation of the Merger Event or Tender Offer. Accordingly:

the Replacement Share and its issuer will be deemed a "Share" and an "Share Issuer" respectively,

the Calculation Agent will adjust the Initial for such Replacement Share so that the ratio of the Spot Price for that Replacement Share to the Initial Price for the Replacement Share equals the ratio of the Spot Price for the Disrupted Share to the Initial Price for the Disrupted Share immediately prior to the occurrence of the Merger Event or Tender Offer, and if necessary, the Calculation Agent will adjust any other relevant terms accordingly

If a Nationalisation, Insolvency or De-listing occurs in relation to a Share (such Share being a "Disrupted Share"), the Calculation Agent shall substitute the Disrupted Share in the Share Basket with a Replacement Share (as defined below) on the effective date of such event. Accordingly:

the Replacement Share and its issuer will be deemed a "Share" and an "Share Issuer" respectively,

the Calculation Agent will adjust the Initial Price for such Replacement Share so that the ratio of the Spot Price for that Replacement Share to the Initial Price for the Replacement Share equals the ratio of the Spot Price for the Disrupted Share to the Initial Price for the Disrupted Share immediately prior to the occurrence of such event, and, if necessary, the Calculation Agent will adjust any other relevant terms accordingly

Either party will, upon becoming aware of the occurrence of a Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing notify the other party of the occurrence of the Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing, as the case may be. The Calculation Agent shall give notice as soon as practicable to the security holders stating the occurrence of the Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, security holders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is notified to security holders.

"Replacement Basket Constituent" means, in the determination of the Calculation Agent in its sole discretion, one of the three highest free-float capitalisation in the same Industry Sector and the same Region as that of the Disrupted Share on the De-Listing Date or the Merger Date or the relevant effective date, as applicable, such free-float capitalisation as announced by the Morgan Stanley Capital Index ("MSCI"), provided that such share is not a Share

"Spot Price" means: (i) in relation to a Share that is a Disrupted Share, the last official closing price for such Share on the relevant Exchange (as determined by or on behalf of the Calculation Agent) immediately prior to the relevant Share-for-Share Tender Offer, Share-for-Combined Tender Offer, Share-for-

Other Tender Offer, Share-for-Share Merger Event, Share-for-Combined Merger Event, Share-for-Other Merger Event, Nationalisation, Insolvency or De-listing (each as defined above), and (ii) in relation to a Share that is a Replacement Share or a New Share, the last official closing price for such Share on the relevant Exchange (as determined by or on behalf of the Calculation Agent) on the following day to the effective date of the relevant Share-for-Share Tender Offer, Share-for-Combined Tender Offer, Share-for-Other Tender Offer, Share-for-Share Merger Event, Share-for-Combined Merger Event, Share-for-Other Merger Event, Nationalisation, Insolvency or De-listing (each as defined above);

“Industry Sector” means, in respect of a Share, the industry sector allocated to such share by MSCI and in respect of a Replacement Share, the industry sector allocated to such Replacement Share by MSCI.

“Region” means, in respect of a Share, the region (either “USA”, “Asia” or “Europe”) in which the Share Issuer is incorporated and, in respect of a Replacement Share, the region (either “USA”, “Asia” or “Europe”) in which the issuer of such Replacement Share is incorporated.

The Initial Price of the Replacement Share will be calculated following this formulae:

Initial Price of Replacement Share = Spot PriceRS * Ratio

Spot PriceRS = Replacement Share Spot Price
= The last official closing price for such Share on the relevant Exchange (as determined by or on behalf of the Calculation Agent) on the following day to the effective date of the relevant Share-for-Share Tender Offer, Share-for-Combined Tender Offer, Share-for-Other Tender Offer, Share-for-Share Merger Event, Share-for-Combined Merger Event, Share-for-Other-Event, Nationalisation, Insolvency or De-listing.

Ratio = Initial Price of Disrupted Share/ Spot PriceDS

Spot PriceDS = Disrupted Share Spot Price =
The last official closing price for such Share on the relevant Exchange (as determined by or on behalf of the Calculation Agent) immediately prior to the relevant Share-for-Share Tender Offer, Share-for-Combined Tender Offer, Share-for-Other Tender Offer,

Share-for-Share Merger Event, Share-for-Combined Merger Event, Share-for-Other Merger Event, Nationalisation, Insolvency or De-listing.

"Extraordinary Event" means a Merger Event, Tender Offer, Nationalization, Insolvency or Delisting, as the case may be.

"Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such shares (other than such shares owned or controlled by the offeror), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the holders of the outstanding Shares (other than Shares owned or controlled by the offeror) immediately prior to such event collectively owning less than 50% of the outstanding Shares (assuming that all securities are converted into, or exchanged for, Shares) immediately following such event (a "Reverse Merger"), in each case if the Merger Date is on or before the final Valuation Date.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Nationalization" means that all the Shares or

all or substantially all the assets of an Share Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Share Issuer, (A) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Issuer become legally prohibited from transferring them;

"Delisting" means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country (or, where the Shares have been listed on an exchange or quotation system within the European Union, in any member state of the European Union) as the Exchange. For the avoidance of doubt, it will constitute a De-listing if (a) the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors); and (b) the Exchange is within the European Union, and the Shares are not immediately re-listed, re-traded or re-quoted on any of the exchanges or quotation systems located in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland or the United Kingdom.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

"Share-for-Share" means, in respect of a Merger Event or Tender Offer, that the

consideration for the relevant Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares.

"Share-for-Other" means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists solely of Other Consideration.

"Share-for-Combined" means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists of Combined Consideration.

"Other Consideration" means cash and/or any securities (other than New Shares) or assets (whether of the offeror or a third party).

"New Shares" means (A) if the Exchange mentioned therein is located the United States, ordinary or common shares, whether of the entity or person (other than the issuer) involved in the Merger Event or the making of the Tender Offer or a third party, that are , or that as of the Merger Date are scheduled to be, (i) publicly quoted, traded or listed on any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations; and (B) if the Exchange mentioned therein is within the European Union, ordinary or common shares, whether of the entity or person (other than the issuer) involved in the Merger Event or the making of the Tender Offer or a third party, that are , or that as of the Merger Date are scheduled to be, (i) in United Kingdom, France, Germany, Italy, the Netherlands, Spain, Denmark, Finland, Sweden, Luxembourg, Austria, Ireland, Belgium, Portugal, Norway or Switzerland and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

"Combined Consideration" means New Shares in combination with Other Consideration.

"Announcement Date" means, (i) in the case of a Merger Event, the date of the first public announcement of a firm intention to engage in a transaction (whether or not subsequently amended) that leads to the Merger Event, (ii) in the case of a Tender Offer, the date of the first public announcement of a firm intention to purchase the requisite number of Shares (whether or not subsequently amended), that leads to the Tender Offer, (iii) in the case of a Nationalization, the date of the first public

announcement to nationalize (whether or not subsequently amended) that leads to the Nationalization, (iv) in the case of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, and (v) in the case of a Delisting, the date of the first public announcement by the Exchange that the Shares will cease to be listed. If the announcement of such Extraordinary Event is made prior to the actual closing time for regular trading session of such Exchange, without regard to any after hours or any other trading outside of such regular trading session hours, and if such announcement is made after such actual closing time, the next following Scheduled Trading Day, in each case as determined by the Calculation Agent.

(ii)	Calculation Agent responsible for calculating the interest due:	Deutsche Bank AG, London Branch
(iii)	Provisions for determining interest where calculation by reference to Index and/or Formula is impossible or impracticable:	See 18(i) above
(iv)	Specified Period(s)/Specified Interest Payment Dates:	The Maturity Date
(v)	Business Day Convention:	Modified Following Business Day Convention
(vi)	Business Centre(s):	TARGET
(vii)	Minimum Rate of Interest:	0.00 per cent
(viii)	Maximum Rate of Interest:	Not Applicable
(ix)	Day Count Fraction:	Not Applicable
19.	Dual Currency Interest 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:	EUR 10,000 per Note of EUR 10,000 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)):

The Calculation Agent will determine and calculate in its sole discretion the redemption amount in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|---|---|
| 24. | Form of Notes: | |
| | Bearer Notes: | Applicable

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| | Registered Notes: | Not Applicable |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | TARGET |
| 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 final terms: | Not Applicable |

DISTRIBUTION

- | | | |
|-----|--|--|
| 31. | (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager (if any): | Not Applicable |
| 32. | If non-syndicated, name and address of relevant Dealer: | Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB |
| 33. | Total commission and concession: | TBA per cent. of the Aggregate Nominal Amount. |
| 34. | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D |
| 35. | Additional selling restrictions: | The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities |

legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the **Banking Act**); and
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations."

36. ERISA Restrictions:

Not Applicable

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- | | |
|--|----------------|
| (i) Listing: | None |
| (ii) Admission to trading: | Not Applicable |
| (iii) Estimate of total expenses related to admission to trading:* | Not Applicable |

2. RATINGS

Ratings: Not Applicable

3. NOTIFICATION

Not Applicable

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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" in Offering Circular |
| (ii) Estimated net proceeds: | EUR 18,250,000 |
| (iii) Estimated total expenses: | Not Applicable |

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

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

Details of historic EURIBOR rates can be obtained from Telerate.

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: | XS0223983932 |
| (ii) | Common Code: | 022398393 |
| (iii) | CUSIP: | Not Applicable |
| (iv) | Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | Not Applicable |
| (v) | Delivery: | Delivery against payment |
| (vi) | Names and addresses of additional Paying Agent(s) and Transfer Agent(s) (if any): | Not Applicable |