

Glitnir banki hf.
Issue of EUR 75,000,000 3.63 per cent Notes due 2009
under the € 15,000,000,000
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**") as supplemented by a Supplement dated 18th January, 2006, constituting a supplemental prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000. 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 as supplemented by the Supplement. The Offering Circular is available for viewing at the office of the Issuer at Kirkjusandur 2, 155 Reykjavik, Iceland and copies may be obtained from the Principal Paying Agent at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

1	Issuer:	Glitnir banki hf.
2	(i) Series Number:	289
	(ii) Tranche Number:	[1]
3	Specified Currency or Currencies:	Euro
4	Aggregate Nominal Amount	
	(i) Series:	Euro 75,000,000
	(ii) Tranche:	Euro 75,000,000
5	Issue Price of Tranche:	100 per cent of the Aggregate Amount
6	Specified Denominations:	Euro 100,000
7	(i) Issue Date:	5 April 2006
	(ii) Interest Commencement Date:	5 April 2006
8	Maturity Date:	5 April 2009
9	Interest Basis:	Fixed rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	Not Applicable

12	Put/Call Options:	Not Applicable
13	Status of Notes:	Senior
14	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	3.6300 per cent per annum
	(ii) Interest Payment Date(s):	5 April in each year commencing on 5 April 2007 up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	Eur 3,630 per Euro 100,000
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable
	(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 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:	Redemption at par
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 the Conditions 7(e)):	Redemption at par

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:	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 “Instalment Date”):	Not Applicable
29	Redenomination applicable:	Not Applicable
30	Other final terms:	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 relevant Dealer:	Morgan Stanley & Co. International Limited 25 Cabot Square Canary Wharf London E14 4QA
33	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA D

34 Additional selling restrictions Not Applicable

35 ERISA Restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the €15,00,000,000 Global Medium Term Note Programme of Íslandsbanki hf.

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: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on 5 April 2006 with effect from 5 April 2006
- (iii) Estimate of total expenses related to admission to trading: GBP 100

2 RATINGS

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

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

4 YIELD (Fixed Rate Notes only)

- Indication of yield: The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yields

5 OPERATIONAL INFORMATION

Further information relating to the Issuer is set out below, pursuant to Article 2414 of the Italian Civil Code.

- (i) ISIN Code: XS0248858440
- (ii) Common Code: 024885844
- (iii) CUSIP: Not Applicable
- (iv) Any clearing system(s) other than DTC, Euroclear Bank S.A/N.V. and Clearstream Banking, societe anonyme and the relevant identification number(s): Not Applicable
- (v) Delivery: Delivery free of payment

(vi) Names and addresses of additional Paying Agent(s) and Transfer Agent(s) (if any): Not Applicable