

PRICING SUPPLEMENT

27th November 2000

ISLANDSBANKIFBA

**ISLANDSBANKI-FBA HF.
Issue of Euro 10,000,000
Subordinated Lower Tier 2 Fixed Rate Notes
with Regulatory Step-up 2000-2015
under the Euro 2,000,000,000
Euro Medium Term Note Programme**


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| 1. | [(i)] | Series Number: | 67 |
| | [(ii)] | Tranche Number: | n.a. |
| 2. | | Specified Currency or Currencies: | Euro |
| 3. | | Aggregate Nominal Amount: | Euro 10,000,000 |
| | – | Tranche: | n.a. |
| | – | Series: | n.a. |
| 4. | | Issue Price of Tranche: | 100 per cent. |
| 5. | | Specified Denominations: | Euro 100,000 |
| 6. | [(i)] | Issue Date: | 15 th December 2000 |
| | [(ii)] | Interest Commencement Date (if different from the Issue Date): | 15 th December 2000 |
| 7. | | Maturity Date: | 15 th December 2015 |
| 8. | | Interest Basis: | 6,835 per cent Fixed Rate |
| 9. | | Redemption/Payment Basis: | Redemption at par |
| 10. | | Change of Interest Basis or Redemption/ Payment Basis: | Notes will change into another Interest Basis at 15 th Dec. 2010: EURIBOR |
| 11. | | Put/Call Options: | Issuer Call |
| 12. | | Status of the Notes: | Subordinated Lower Tier 2 |
| 13. | | Listing: | London |
| 14. | | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | | Fixed Rate Note Provisions | Applicable |
| | (i) | Rate[(s)] of Interest: | 6,835 % per cent. per annum for the first 10 years and for the next 5 years Floating Rate Basis (see item 16.) |

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| (ii) | Interest Payment Date(s): | 15 th December in each year, commencing with the Interest Payment Date falling on 15 th December 2001 and ending 15 th December 2010 |
| (iii) | Fixed Coupon Amount[(s)]: | Euro 6.835,-- per Euro 100.000,-- |
| (iv) | Broken Amount(s): | n.a. |
| (v) | Fixed Day Count Fraction: | 30/360 |
| (vi) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | None |
| 16. | Floating Rate Note Provisions | Applicable |
| (i) | Specified Period(s)/Specified Interest Payment Dates: | For the last 5 years: the Interest Payment Dates falling on the 15 th December and the 15 th June in each year, commencing with the Interest Payment Date falling on 15 th June 2011 and ending 15 th December 2015 |
| (ii) | Business Day Convention: | Following Business Day |
| (iii) | Additional Business Centre(s): | n.a. |
| (iv) | Manner in which the Rate of Interest and Interest Amount is to be determined: | Screen Rate Determination |
| (v) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): | Agent |
| (vi) | Screen Rate Determination: | |
| | – Reference Rate: | For the last 5 years: 6-month-EURIBOR |
| | – Interest Determination Date(s): | Second day on which the TARGET System is open prior to the start of each Interest Period |
| | – Relevant Screen Page: | For the last 5 years: Telerate Page 248 |
| (vii) | ISDA Determination: | |
| | – Floating Rate Option: | n.a. |
| | – Designated Maturity: | n.a. |
| | – Reset Date: | n.a. |
| (viii) | Margin(s): | + 3 per cent. per annum |
| (ix) | Minimum Rate of Interest: | n.a. |
| (x) | Maximum Rate of Interest: | n.a. |
| (xi) | Day Count Fraction: | for the last 5 years actual/360 |


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| (xii) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | n.a. |
| 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

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| 20. | Issuer Call | Applicable |
| (i) | Optional Redemption Date(s): | 15 th December 2010 |
| (ii) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | Euro 10,000,000 |
| (iii) | If redeemable in part: | |
| (a) | Minimum Redemption Amount: | n.a. |
| (b) | Higher Redemption Amount: | n.a. |
| (iv) | Notice period (if other than as set out in the Conditions): | 5 TARGET business days preceding the Optional Redemption Date |
| 21. | Investor Put | Not Applicable |
| 22. | Final Redemption Amount | Par |
| 23. | Early Redemption Amount(s) 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)): | n.a. |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | n.a. |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | n.a. |

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| 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 of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | n.a. |
| 28. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | n.a. |
| 29. | Redenomination applicable: | n.a. |
| 30. | Other terms or special conditions: | n.a. |

DISTRIBUTION

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| 31. | (i) If syndicated, names of Managers: | n.a. |
| | (ii) Stabilising Manager (if any): | n.a. |
| 32. | If non-syndicated, name of relevant Dealer: | Erste Bank der oesterreichischen Sparkassen AG |
| 33. | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA C |
| 34. | Additional selling restrictions: | n.a. |

OPERATIONAL INFORMATION

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| 35. | Any clearing system(s) other than Euroclear and Cedelbank and the relevant identification number(s): | n.a. |
| 36. | Delivery: | Delivery against payment |
| 37. | Additional Paying Agent(s) (if any): | n.a. |

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| ISIN: | XS0120851927 |
| Common Code: | 12085192 |
| <i>(insert here any other relevant code)</i> | |

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the €2,000,000,000 Euro Medium Term Note Programme of Islandsbanki-FBA HF.

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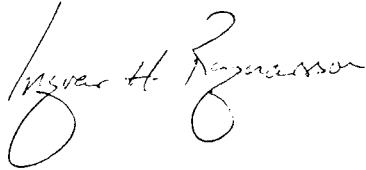
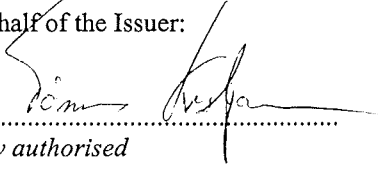
RESPONSIBILITY

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



Attention: Manager, Corporate Trust Operations