

7 November 2003

Íslandsbanki hf.
Issue of €10,000,000 Floating Rate Notes due November 2008
under the €2,500,000,000
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 17th July, 2003. The Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

1. (i) Series Number: 124
(ii) Tranche Number: Not Applicable
2. Specified Currency or Currencies: Euro ("EUR")
3. Aggregate Nominal Amount:
 - Tranche: EUR 10,000,000
 - Series: EUR 10,000,000
4. (i) Issue Price of Tranche: 100.00 per cent. of the Aggregate Nominal Amount
(ii) Net proceeds: EUR 9,985,700
(Required for listed issues only)
5. Specified Denominations: EUR 100,000
6. (i) Issue Date: 12 November 2003
(ii) Interest Commencement Date: 12 November 2003
7. Maturity Date: Interest Payment Date falling in or nearest to 12 November 2008
8. Interest Basis: 3-month's EURIBOR + 0.20 per cent. Floating Rate
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, Unsubordinated
- (ii) [Date [Board] approval for issuance of Notes obtained: Not Applicable
13. Listing: London
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** Applicable
- (i) Specified Period(s)/Specified Interest Payment Dates: Payable quarterly in arrear on 12 February, 12 May, 12 August and 12 November in each year, commencing on 12 February 2004
- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): TARGET
- (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): Not Applicable
- (vi) Screen Rate Determination: Yes
- Reference Rate: 3-month's 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: Moneyline Telerate page 248 *
- (vii) ISDA Determination: No
- Floating Rate Option:
- Designated Maturity:
- Reset Date:
- (viii) Margin(s): + 0.20 per cent. per annum

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| (ix) | Minimum Rate of Interest: | Not Applicable |
| (x) | Maximum Rate of Interest: | Not Applicable |
| (xi) | Day Count Fraction: | Actual/360 |
| (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: | Not Applicable |
| 17. Zero Coupon Note Provisions | | Not Applicable |
| (i) | Accrual Yield: | |
| (ii) | Reference Price: | |
| (iii) | Any other formula/basis of determining amount payable: | |
| (iv) | Day Count Fraction in relation to Early Redemption Amount and late payment: | |
| 18. Index Linked Interest Note Provisions | | 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: | | 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)): | | <p>(a) In the event that the Notes become due and payable pursuant to Condition 7 (Taxation) or Condition 9 (Events of Default), as the case may be, the Notes will be redeemed at their Nominal Amount.</p> <p>(b) For the purposes of this Pricing Supplement a "Business Day" means (except as indicated otherwise) a day on which the TARGET-System is open and "Early Redemption Day" means any day on</p> |

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which the Notes become due and payable pursuant to Condition 7 (Taxation) or Condition 9 (Events of Default).

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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: 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 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 relevant Dealer: Dresdner Bank AG London Branch, London
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not: TEFRA D

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applicable:

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 payment

37. Additional Paying Agent(s) (if any): Not Applicable

ISIN: XS018 029 146 9
Common Code: 18 029 146
(insert here any other relevant codes)

LISTING APPLICATION


This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €2,500,000,000 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:


Duly authorised