

PRICING SUPPLEMENT

3rd June 2004

Íslandsbanki hf.
Issue of Euro 5,000,000
Zero Coupon Notes due 2009
under the €3,500,000,000
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 27 February 2004. The Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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|----|------|-----------------------------------|---|
| 1. | (i) | Series Number: | 143 |
| | (ii) | Tranche Number: | 1 |
| 2. | | Specified Currency or Currencies: | Euro (€) |
| 3. | | Aggregate Nominal Amount: | |
| | – | Tranche: | 5,000,000 |
| | – | Series: | 5,000,000 |
| 4. | (i) | Issue Price of Tranche: | 81.26 per cent. of the Aggregate Nominal Amount |
| | (ii) | Net proceeds: | Euro 4,063,000 |
| 5. | | Specified Denominations: | Euro 1,000 |
| 6. | (i) | Issue Date: | 7 June 2004 |
| | (ii) | Interest Commencement Date: | 7 June 2004 |
| 7. | | Maturity Date: | 7 December 2009 |
| 8. | | Interest Basis: | Zero Coupon |

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| 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 |
| | (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

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| 15. | Fixed Rate Note Provisions | Not Applicable |
| 16. | Floating Rate Note Provisions | Not Applicable |
| 17. | Zero Coupon Note Provisions | Applicable |
| | (i) Accrual Yield: | 3.8441 per cent. per annum |
| | (ii) Reference Price: | 81.26 per cent of the Aggregate Nominal Amount |
| | (iii) Any other formula/basis of
determining amount payable: | Act/Act |
| | (iv) Day Count Fraction in relation to
Early Redemption Amount and
late payment: | Conditions 7(e)(iii) and 7(j) apply |
| 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 |
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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 |
| 25. | Additional Financial Centre(s) or other
special provisions relating to Payment
Dates: | Not Applicable |
| 26. | Talons for future Coupons or Receipts to | No |

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be attached to Definitive Notes (and dates on which such Talons mature):

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: Banca Caboto s.p.a.
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
34. Additional selling restrictions: The offering of the Instruments has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Instruments may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Instruments 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; or
 - (c) to an Italian resident who submits an unsolicited offer to purchase the Instruments.

Any offer, sale or delivery of the Instruments or distribution of copies of the Offering Circular or any other document relating to the Instruments 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.

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: XS0191051720
Common Code: 019105172

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

