

PRICING SUPPLEMENT

19 July, 2004

Íslandsbanki hf.
Issue of HKD 156,000,000 Senior Floating Rate 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 27th 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: | 149 |
| | (ii) | Tranche Number: | 1 |
| 2. | | Specified Currency or Currencies: | Hong Kong dollars ("HKD") |
| 3. | | Aggregate Nominal Amount: | |
| | – | Tranche: | HKD 156,000,000 |
| | – | Series: | HKD 156,000,000 |
| 4. | (i) | Issue Price of Tranche: | 100 per cent. of the Aggregate Nominal Amount |
| | (ii) | Net proceeds: | HKD 156,000,000 |
| 5. | | Specified Denominations: | HKD 1,000,000 |
| 6. | (i) | Issue Date: | 21 July 2004 |
| | (ii) | Interest Commencement Date: | 21 July 2004 |
| 7. | | Maturity Date: | Interest Payment Date falling in July 2009 |
| 8. | | Interest Basis: | 3 month HIBOR + 0.26%
(further particulars specified below) |
| 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: None
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: 21 January, 21 April, 21 July and 21 October in each year, commencing 21 October 2004 up to, and including, the Maturity Date.
- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): New York, Hong Kong and 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 HIBOR
- Interest Determination Date(s): The first day of the relevant Interest Period
- Relevant Screen Page: Telerate page 9898
- (vii) ISDA Determination: No
- (viii) Margin(s): +0.26 per cent. per annum
- (ix) Minimum Rate of Interest: Not Applicable
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: Actual / 365 (Fixed)
- (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
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)): As per Condition 7(e)

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: 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 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: Deutsche Bank AG London
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
34. Additional selling restrictions: The following Hong Kong selling restriction shall apply to the Dealer:
- It has not offered or sold, and will not offer or sell or permit to be offered or sold in Hong Kong, by means of any document, any Notes, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder

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: XS0196987340
Common Code: 019698734

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Émile J. ...
Duly authorised 