

21 October 2004

Íslandsbanki hf.

**Issue of EUR 70,000,000 Floating Rate Notes due October 2014
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. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1.	(i) Series Number:	160
	(ii) Tranche Number:	1
2.	Specified Currency or Currencies:	Euro ("EUR")
3.	Aggregate Nominal Amount:	
	- Tranche:	EUR 70,000,000
	- Series:	EUR 70,000,000
4.	(i) Issue Price of Tranche:	99.716 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	EUR 69,801,200
5.	Specified Denominations:	EUR 50,000
6.	(i) Issue Date:	21 October 2004
	(ii) Interest Commencement Date :	Issue Date
7.	Maturity Date:	21 October 2014, subject to adjustment in accordance with the Modified Following Business Day Convention
8.	Interest Basis:	EURIBOR + 0.45% per cent. Floating Rate (further particulars specified below)
9.	Redemption/Payment Basis:	Redemption at par
10.	Change of Interest Basis or Redemption/Payment	Not Applicable
11.	Put/Call Options:	Not Applicable
12.	(i) Status of Notes:	Subordinated
	(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	21 January, 21 April, 21 July and 21 October in each year, from and including

	21 January 2005 to and including the Maturity Date, subject to adjustment in accordance with the Modified Following Business Day Convention
(ii) Business Day Convention:	Modified Following Business Day Convention
(iii) Additional Business Centre(s):	Not Applicable
(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:	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:	Telerate Page 248
(vii) ISDA Determination:	No
– Floating Rate Option:	Not Applicable
– Designated Maturity:	Not Applicable
– Reset Date:	Not Applicable
(viii) Margin(s):	For the period from and including the Issue Date to but excluding 21 October 2009: + 0.45 per cent. per annum; and For the period from and including the 21 October 2009 to but excluding the Maturity Date: + 1.45 per cent. per annum.
(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
18. Index Linked Interest Note Provisions	Not Applicable
19. Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call	Applicable
(i) Optional Redemption Date(s):	21 January, 21 April, 21 July and 21 October in each year, from and including 21 October 2009 up to and including the 21 July 2014

FRS

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	EUR 50,000 per Note of EUR 50,000 Specified Denomination
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	Not Applicable
(b) Higher Redemption Amount:	Not Applicable
(iv) Notice period (if other than as set out in the Conditions):	Not less than five Business Days prior to each Optional Redemption Date
21. Investor Put	Not Applicable
22. Final Redemption Amount of each Note:	EUR 50,000 per Note of EUR 50,000 Specified Denomination
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)):	Not Applicable

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	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:	Lehman Brothers International (Europe)
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA D
34. Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

FRS

- | | |
|--|--------------------------|
| 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:	XS0203295562
Common Code:	020329556

LISTING APPLICATION


This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €3,500,000,000 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