

12 November 2004

Íslandsbanki hf.
Issue of EUR40,000,000 Floating Rate Notes due November 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 contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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| 1. | (i) | Series Number: | 162 |
| | (ii) | Tranche Number: | 1 |
| 2. | | Specified Currency or Currencies: | Euro ("EUR") |
| 3. | | Aggregate Nominal Amount: | |
| | – | Tranche: | EUR40,000,000 |
| | – | Series: | EUR40,000,000 |
| 4. | (i) | Issue Price of Tranche: | 100 per cent. of the Aggregate Nominal Amount |
| | (ii) | Net proceeds: | EUR40,000,000 |
| 5. | | Specified Denominations: | EUR100,000 |
| 6. | (i) | Issue Date: | 16 November 2004 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 7. | | Maturity Date: | Specified Interest Payment Date falling in or nearest to November 2009 |
| 8. | | Interest Basis: | 3 month EUR-EURIBOR-Telerate + 0.18 per cent. Floating Rate
(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: | 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: Interest is payable quarterly in arrear on 16 February, 16 May, 16 August and 16 November in each year from and including the Specified Interest Payment Date falling in or nearest to February 2005 to and including the Maturity Date
- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): For the avoidance of doubt the Business Centre is TARGET
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: ISDA Determination
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): Not Applicable
- (vi) Screen Rate Determination: No
 - Reference Rate:
 - Interest Determination Date(s):
 - Relevant Screen Page:
- (vii) ISDA Determination: Yes
 - Floating Rate Option: EUR-EURIBOR-Telerate
 - Designated Maturity: 3 months
 - Reset Date: The first day of each Specified Period
- (viii) Margin(s): + 0.18 per cent.
- (ix) Minimum Rate of Interest: Not Applicable
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: Actual/360 (adjusted)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of: Not Applicable

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

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| 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

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| 20. | Issuer Call | Not Applicable |
| 21. | Investor Put | Not Applicable |
| 22. | Final Redemption Amount of each Note: | EUR100,000 per Note of EUR100,000 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)): | Condition 7(e) applies |

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 upon an Exchange Event |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | For the avoidance of doubt the Financial Centre is 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: Citigroup Global Markets Limited
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
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 against payment
37. Additional Paying Agent(s) (if any): Not Applicable

ISIN: XS0205768129
Common Code: 020576812
(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 €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