

November 23, 2004

Íslandsbanki hf.
Issue of EUR 100,000,000 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. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

- | | | |
|-----|---|---|
| 1. | (i) Series Number: | 165 |
| | (ii) Tranche Number: | 1 |
| 2. | Specified Currency or Currencies: | EURO ("EUR") |
| 3. | Aggregate Nominal Amount: | |
| | – Tranche: | EUR 100,000,000 |
| | – Series: | EUR 100,000,000 |
| 4. | (i) Issue Price of Tranche: | 99.983 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds:
(Required only for listed issues) | EUR 99,833,000 |
| 5. | Specified Denominations: | EUR 10,000 |
| 6. | (i) Issue Date: | November 25, 2004 |
| | (ii) Interest Commencement Date : | The Issue Date |
| 7. | Maturity Date: | Interest Payment Date falling in or nearest to November 2009 |
| 8. | Interest Basis: | EURIBOR+ 0.15 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. | Status of Notes: | Senior |
| 13. | Listing: | Applications have been made for the Notes to be admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange. |

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 Date:

Interest will be paid quarterly in arrear on February 25, May 25, August 25, and November 25 in each year from and including February 25, 2005 to and including November 25, 2009, subject to adjustment in accordance with the Business Day Convention specified in clause 16 (ii) below for which the relevant Business Days are TARGET Business Days.

(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

Screen Rate Determination as provided in clause 16 (vi) below.

Interest Amount is to be determined:

(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-EURIBOR

– Interest Determination Date(s):

11:00 a.m. Brussels time; the 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

(viii) Margin(s):

+ 0.15 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 Not Applicable

21. Investor Put Not Applicable

22. Final Redemption Amount of each Note: EUR 10,000 per Note of EUR 10,000 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

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 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: Natexis Banques Populaires

33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D

34. Additional selling restrictions: REPUBLIC OF FRANCE:
Each of the Dealer and the Issuer has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public

in the Republic of France and (ii) offers and sales of Notes will be made in the Republic of France only to qualified investors in accordance with Article L411-1 *et seq* of the French Code monétaire et financier and the Decree No. 98-880 dated first October 1998 relating to offers to qualified investors.

In addition, each of the Dealer and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular, this Pricing Supplement or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in the Republic of France may be made as described above.

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:	XS0206017799
Common Code:	20601779
<i>(insert here any other relevant codes)</i>	

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