

PRICING SUPPLEMENT

10 May 2005

Íslandsbanki hf.
Issue of EUR 50,000,000 Fixed Rate Notes due November 2009
under the €5,000,000,000
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 29 December, 2004. The Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

1.	(i) Series Number:	197
2.	Specified Currency or Currencies:	Euro (“EUR”)
3.	Aggregate Nominal Amount:	EUR 50,000,000
4.	Issue Price of Tranche:	100. per cent. of the Aggregate Nominal Amount
5.	Specified Denominations:	EUR 10,000
6.	(i) Issue Date:	13 May, 2005
	(ii) Interest Commencement Date:	Issue Date
7.	Maturity Date:	30 November 2009
8.	Interest Basis:	2,996 Per cent. Fixed Rate
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 the Notes:	Senior
13.	Listing:	London
14.	Method of distribution:	Non-Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest	2,996 per cent per annum payable annually in arrear

(ii) Interest Payment Date(s)	30 November 2005, 30 November 2006, 30 November 2007, 30 November 2008, 30 November 2009
(iii) Fixed Coupon Amount(s)	299,60 per annum in nominal amount, except for the first short coupon
(iv) Broken Amount(s)	164,98 per annum in nominal amount for the first short coupon
(v) Day Count Fraction	Actual/Actual (ISMA)
(vi) Determination Date(s)	30 November in each year
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes	None
16. Floating Rate Note Provisions	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
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 on 60 days' notice given at any time
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	Not Applicable

(each an "Instalment Amount") and the date on which each payment is to be made (each an "Instalment Date"):

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: Banco Bilbao Vizcaya Argentaria, S.A.
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:	XS0219566196
Common Code:	021956619

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:]
Duly authorised