

Final Terms

17th August, 2005

Íslandsbanki hf.
Issue of CZK 600,000,000 Floating Rate Notes 2005-2010
under the €7,500,000,000
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular dated 28th July, 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Offering Circular. The Offering Circular is available for viewing at the office of the Issuer at Kirkjusandur 2, 155 Reykjavík, Iceland and copies may be obtained from the Principal Paying Agent at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

1.	Issuer:	Íslandsbanki hf.
2.	(i) Series Number:	231
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	CZK
4.	Aggregate Nominal Amount:	CZK 600,000,000
	– Series:	CZK 600,000,000
	– Tranche:	CZK 600,000,000
5.	Issue Price of Tranche:	99,90 per cent. of the Aggregate Nominal Amount
6.	Specified Denominations:	CZK 10,000,000
7.	(i) Issue Date:	19 th August, 2005
	(ii) Interest Commencement Date :	19 th August, 2005
8.	Maturity Date:	19 th August, 2010
9.	Interest Basis:	PRIBOR + 0,135 per cent. Floating Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(i) Status of Notes:	Senior
	(ii) Date Board approval for issuance of Notes obtained:	Not Applicable

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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: 19th August, 19th November, 19th February and 19th May in each year, commencing on the 19th November 2005 up to and including the Maturity Date

(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: ISDA Determination

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): Not Applicable

(vi) Screen Rate Determination: No

– Reference Rate:

– Interest Determination Date(s):

– Relevant Screen Page:

(vii) ISDA Determination: Yes

– Floating Rate Option: CZK-PRIBOR-PRBO

– Designated Maturity: 3 Month

– Reset Date: First Day in each Interest Period

(viii) Margin(s): + 0,135 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: Nominal Amount

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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:
Bearer Notes: Applicable
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes
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 final terms: Not Applicable
- #### DISTRIBUTION
31. (i) If syndicated, names of Managers Not Applicable
(ii) Date of Subscription Agreement: 28th July, 2005
(iii) Stabilising Manager (if any): Not Applicable
32. If non-syndicated, name of relevant Dealer: Erste Bank der oesterreichischen Sparkassen AG
33. Whether TEFRA D or TEFRA C rules applicable TEFRA D
34. Additional selling restrictions: Not Applicable
35. ERISA Restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the €7,500,000,000 Global Medium Term Note Programme of Íslandsbanki hf..

RESPONSIBILITY

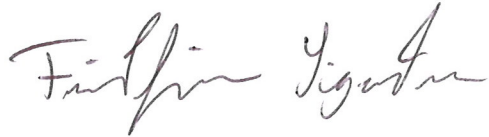
The Issuer accepts responsibility for the information contained in these Final Terms.

Handwritten initials/signature

Signed on behalf of the Issuer:

By:

Duly authorised



PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: London
- (ii) Admission to trading: Not Applicable

2. RATINGS

Ratings: The Notes to be issued have been rated:
Moody's: A1

3. NOTIFICATION

The [*name of competent authority in home Member State*] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

5. HISTORIC INTEREST RATES

Details of historic Pribor rates can be obtained from Reuters.

6. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0227324471
- (ii) Common Code: 022732447

- (iv) Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (v) Delivery: Delivery against payment
- (vi) Names and addresses of additional Paying Agent(s) and Transfer Agent(s) (if any): JPMorgan Chase Bank, N.A.

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