

Series No.: 2

Tranche No.: 1



ÍSLANDBANKI

Íslandsbanki hf.

(Incorporated in Iceland as a public limited company)

A\$1,500,000,000 Debt Issuance Programme

Issue of

A\$300,000,000

Floating Rate Medium Term Notes due November 2010 (“MTNs”)

The date of this Pricing Supplement is 14 November 2005.

This Pricing Supplement (as referred to in the Information Memorandum dated 19 April 2005 in relation to the above Programme) relates to the Tranche of MTNs referred to above. It is supplementary to, and should be read in conjunction with the MTN Deed Poll executed by the Issuer dated 19 April 2005.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the MTNs or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The MTNs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). MTNs may not be offered, sold or delivered within the United States or to or for the account of U.S. persons unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. tax law requirements are satisfied. For a description of certain restrictions on offers and sales of MTNs and on distribution of this Pricing Supplement and the Information Memorandum, see the section headed "Subscription and Sale" in the Information Memorandum.

Íslandsbanki hf. is not a bank which is authorised under the Banking Act 1959 of Australia. The MTNs are not the obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia.

The particulars to be specified in relation to the Tranche of MTNs referred to above are as follows:

- | | | | |
|----------|---------------------|---|------------------|
| 1 | Issuer | : | Íslandsbanki hf. |
| 2 | Type of MTNs | : | Floating Rate |

3	If to form a single Series with an existing Series, specify the existing Series and the date on which all MTNs of the Series become fungible, if not the Issue Date	:	Not Applicable
4	Method of distribution	:	Syndicated Issue
5	Lead Managers	:	National Australia Bank Limited The Toronto-Dominion Bank
6	Purchasing Dealers	:	National Australia Bank Limited The Toronto-Dominion Bank
7	Principal amount of Tranche	:	A\$300,000,000
8	Issue Date	:	15 November 2005
9	Purchase Price	:	100 per cent.
10	Currency and denomination	:	A\$1,000 and integral multiples of A\$1,000.(subject to restrictions on minimum amounts set out in the Australian Selling Restrictions – please see page 55 of the Information Memorandum as amended by this Pricing Supplement)
11	Maturity Date	:	15 November 2010
11	Status of the MTNs	:	Unsubordinated
12	If the MTNs are Fixed Rate MTNs	:	Condition 6 applies: No
13	If the MTNs are Floating Rate MTNs	:	Condition 7 applies: Yes
	Interest Commencement Date, if not Issue Date	:	Not applicable
	Interest Rate	:	3 month BBSW mid plus the Margin
	Interest Payment Dates	:	Each 15 November, 15 February, 15 May and 15 August commencing on 15 February 2006 and ending on the Maturity date.
	Business Day Convention	:	Modified Following Business Day Convention
	Margin	:	+0.30%
	Day Count Fraction	:	Actual/365 (fixed)

	Fallback Interest Rate	:	Not applicable
	Interest Rate Determination	:	Bank Bill Rate Determination
	Bank Bill Rate	:	Yes
14	Relevant Financial Centre	:	Not applicable
15	Linear Interpolation	:	Not applicable
16	If MTNs are Structured MTNs	:	Condition 8 applies: No
17	Amortisation Yield	:	Not Applicable
18	If MTNs are Instalment MTNs	:	Not Applicable
19	If MTNs are Partly Paid MTNs	:	Not Applicable
20	Business Day Convention	:	Not Applicable
21	Redemption Amount	:	Not Applicable
22	Early Redemption Amount (Tax)		
	If Early Redemption Amount (Tax) is not the Redemption Amount plus interest accrued on each MTN to (but excluding) the redemption date insert amount or full calculation provisions	:	Not Applicable
23	Early Redemption Amount (Default)	:	Not Applicable
	If Early Redemption Amount (Default) is not the Redemption Amount plus interest accrued on each MTN to (but excluding) the redemption date insert amount or full calculation provisions		
24	Events of Default	:	There are no additional (or modifications to the Events of Default (as set out in the Note Deed Poll dated 19 April 2005)
25	Additional or alternate newspapers	:	Not Applicable
26	Taxation	:	Not Applicable
27	Other relevant terms and conditions	:	Not Applicable

- 28 **Registrar** : Austraclear Services Limited
- 29 **Calculation Agent** : Austraclear Services Limited
- 30 **Clearing System(s)** : Austraclear

On admission to the Austraclear System, interests in the Notes may be held through Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by Westpac Custodian Nominees Limited as a nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by ANZ Nominees Limited as nominee of Clearstream, Luxembourg.

The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

- 31 **ISIN** : AU300ISLB028
- 32 **Common Code** : 023505444
- 33 **Selling restrictions** : There are no additional (or modifications to the) selling restrictions (as set out in the Information Memorandum dated 19 April 2005).

34 Listing

: Unlisted

CONFIRMED

**For and on behalf of
Íslandsbanki hf.**

By:

Name:

Title:

Date: