

ANNEX 1

FORM OF TRANSFER CERTIFICATE

SCHEDULE 8

FORM OF TRANSFER CERTIFICATE

[This certificate is not required for transfers of interests in a Registered Global Note to persons who wish to hold the transferred interest in the same Registered Global Note]

[DATE]

To: [AGENT]
[REGISTRAR]
[ISSUER]

REPUBLIC OF ICELAND (the Issuer)
[Title of Series of Notes] (the Notes)
issued pursuant to a Global Medium Term Note Programme (the Programme)

Reference is made to the terms and conditions of the Notes (the **Conditions**) set out in Schedule 2 to the Agency Agreement (the **Agency Agreement**) dated 28 May 2008, as supplemented, amended, novated or restated from time to time, between the Issuer and the other parties named in it relating to the Programme. Terms defined in the Conditions or the Agency Agreement shall have the same meanings when used in this Certificate unless otherwise stated.

This certificate relates to *[insert Specified Currency and nominal amount of Notes]* of Notes (the **Specified Securities**) which are held in the form of [beneficial interests in one or more Regulation S Notes (ISIN No. *[specify]*)] represented by a Regulation S Global Note] [beneficial interests in one or more Rule 144A Notes (ISIN No. *[specify]*)] represented by a Rule 144A Global Note] in the name of *[transferor]* (the **Transferor**).

[The person in whose name this certificate is executed below (the **Undersigned**) hereby certifies that (a) it is the Transferor and the sole beneficial owner of the Specified Securities, (b) it is acting on behalf of all the beneficial owners of the Specified Securities and is they duly authorized by them to do so or (c) it is the record holder of a [Regulation S] [Rule 144A] Global Note.]

The Transferor has requested a transfer of such beneficial interest in [Regulation S Notes represented by a Regulation S Global Note] [Rule 144A Notes represented by a Rule 144A Global Note]¹.

In connection therewith, the Transferor certifies that, unless such exchange or transfer is being effected pursuant to an effective registration statement under the Securities Act, such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Notes and in accordance with any applicable securities laws of the United States of America, any State of the United States of America or any other jurisdiction and any applicable rules and regulations of DTC, Euroclear and Clearstream, Luxembourg from time to time and, accordingly, the Transferor certifies as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

¹ Delete as appropriate.

EITHER:

[The Specified Securities are being transferred in accordance with Rule 903 or 904 of Regulation S:

- (a) [The Transferor is not a Dealer of the Notes, an affiliate of the Issuer or an such Dealer or a person acting on behalf of any of the foregoing.
- (b) the offer of the Specified Securities was not made to a person in the United States or for the account or benefit of a U.S. person;
- (c) either (i) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on the Transferor's behalf knows that the transaction was pre-arranged with a transferee in the United States or (ii) at the time the buy order was originated, the transferee was outside the United States, or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States;
- (d) no directed selling efforts have been made in the United States by or on behalf of the Issuer or any affiliate thereof;
- (e) if the Transferor is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Distribution Compliance Period, then the requirements of Rule 903(b) Rule 904(b) of Regulation S, as applicable, have been satisfied; and
- (a) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.]²

OR:

- (i) [the Specified Securities are being transferred in accordance with Rule 144A to a transferee that the Transferor and any person acting on its behalf reasonably believes is "qualified institutional buyer" within the meaning of Rule 144A, acquiring the Specified Securities for its own account or for the account of one or more qualified institutional buyer, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.
- (ii) The Transferor and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Transferor may be relying on Rule 144A in connection with the transfer.]³

OR:

[The Specified Securities are being transferred in a transaction permitted by Rule 144 under the Securities Act.]⁴

The Transferor understands that this certificate is required in connection with certain securities or other legislation in the United States and/or in connection with the Specified Securities being eligible for clearance in one or more clearance systems. If administrative or legal proceedings are

² Include as applicable. Relevant only if the proposed transfer or exchange is being made to a person holding in the form of or for a beneficial interest in one or more Regulation S Global Notes.

³ Include as applicable. Relevant only if the proposed transfer or exchange is being made to a person holding in the form of or for a beneficial interest in one or more Rule 144A Global Notes.

⁴ Include as applicable.

commenced or threatened in connection with which this certificate is or might be relevant, the Transferor irrevocably authorises each entity to which this certificate is addressed to produce this certificate or a copy hereof to any interested party in such proceedings.

This certificate and the statements contained herein are made for the benefit of the addressees hereof and for the benefit of the Dealers of the Specified Securities.

[Insert name of Transferor]

By:

Name:

Title:

