



B #:	2283-14
Date:	December 4, 2014
To:	All Participants
Category:	Underwriting
From:	Jeanne Mauro, Underwriting Vice President
Attention:	Managing Partner/Officer; Cashier, Operations, Data Processing, and Underwriting Managers
Subject:	Section 3 (c) (7) restrictions for owners of Kommunalbanken AS

- (A) CUSIP Number(s): **50048MBV1**
- (B) Security Description: **U.S.\$188,000,000 10.00 PER CENT. INSTRUMENTS DUE NOVEMBER 9, 2018**
- (C) Offer Amount: **U.S.\$188,000,000**
- (D) Managing Underwriter: **HSBC Bank USA, N.A.**
- (E) Paying Agent: **DEUTSCHE BANK TRUST COMPANY AMERICAS**
- (F) Closing Date: **November 25, 2014**

Special Instructions:

Refer to the attachments for important instructions from the Issuer.

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Non-Confidential

NOVEMBER 25, 2014

**Re: U.S.\$188,000,000 10.00 PER CENT. INSTRUMENTS DUE NOVEMBER 9, 2018
(CUSIP: 50048MBV1)**

The Issuer and the lead Distributors are putting Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above referenced security.

In order to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the exemption provided by Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), offers, sales and resales of the U.S.\$188,000,000 10.00 per cent. Instruments due November 9, 2018 (the “Securities”) within the United States or to U.S. Persons may only be made in minimum denominations of U.S.\$100,000 to “qualified institutional buyers” (“QIBs”) within the meaning of Rule 144A that are also “qualified purchasers” (“QPs”) within the meaning of Section 2(a)(51)(A) of the Investment Company Act. Each purchaser of Securities (1) represents to and agrees with the Issuer and the Distributors that (A) (i) the purchaser is a QIB who is a QP (a “QIB/QP”); (ii) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan, such as a 401(k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the Issuer; (vi) the purchaser, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Securities; (vii) the purchaser understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries; and (viii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees; or (B) it is not a U.S. Person and is purchasing the Securities outside the United States and (2) acknowledges that the Issuer has not been registered under the Investment Company Act and the Securities have not been registered under the Securities Act and represents to and agrees with the Issuer and the Distributors that, for so long as the Securities are outstanding, it will not offer, resell, pledge or otherwise transfer the Securities in the United States or to a U.S. Person except to a QIB that is also a QP in a transaction meeting the requirements of Rule 144A. Each purchaser further understands that the Securities will bear a legend with respect to such transfer restrictions. See “Transfer Restrictions” in the Base Prospectus dated April 17, 2014.

The charter, bylaws, organizational documents or securities issuance documents of the Issuer provide that the Issuer will have the right to (i) require any holder of Securities that is a U.S. Person who is determined not to be both a QIB and a QP to sell the Securities to a QIB that is also a QP or (ii) redeem any Securities held by such a holder on specified terms. In addition, the Issuer has the right to

refuse to register or otherwise honor a transfer of Securities to a proposed transferee that is a U.S. Person who is not both a QIB and a QP. As used herein, the terms “United States” and “U.S. Person” have the meanings given such terms in Regulation S under the Securities Act.

The restrictions on transfer required by the Issuer (outlined above) will be reflected under the notation “3c7” in DTC’s User Manuals and DTC’s Reference Directory.

Any questions or comments regarding this subject may be directed to Thomas Møller, Head of Capital Markets & Funding, on +47-2150-2041.