

**KOMMUNALBANKEN AS**

**Issue of**

**NOK 600,000,000**

**3.00 per cent. Instruments due 26 March 2013**

**UNDER THE EURO 30,000,000,000**

**PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS**

**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 Base Prospectus dated 22 April 2009 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 Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at Kommunalbanken AS, Haakon VII's Gate 5b, 0110 Oslo, Norway and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained from Kommunalbanken AS, Haakon VII's Gate 5b, 0110 Oslo, Norway and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1. Issuer: Kommunalbanken AS
2. (i) Series Number: 3235  
(ii) Tranche Number: 1
3. Specified Currency or Currencies: The lawful currency of the Kingdom of Norway ("**NOK**") (which is deemed to include any lawful successor currency of the Kingdom of Norway)
4. Aggregate Principal Amount:
  - (i) Series: NOK 600,000,000
  - (ii) Tranche: NOK 600,000,000
5. Issue Price: 100.6875 per cent. of the Aggregate Principal Amount
6. (i) Specified Denominations: NOK 10,000  
(ii) Calculation Amount: NOK 10,000
7. (i) Issue Date: 26 March 2010

	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	26 March 2013
9.	Interest Basis:	3.00 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/ Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(i) Status of the Instruments:	Senior, unsubordinated
	(ii) Date Board approval for issuance of Instruments obtained:	Not Applicable
14.	Method of distribution:	Syndicated

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15.	<b>Fixed Rate Instrument Provisions</b>	Applicable
	(i) Rate of Interest:	3.00 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	26 March in each year commencing on 26 March 2011, as adjusted, for payment purposes only, in accordance with the Following Business Day Convention.
	(iii) Fixed Coupon Amount:	NOK 300.00 per Calculation Amount.
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Dates:	26 March in each year
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Instruments:	Not Applicable
16.	<b>Floating Rate Instrument Provisions</b>	Not Applicable
17.	<b>Zero Coupon Instrument Provisions</b>	Not Applicable

- |     |  |                |
|-----|--|----------------|
| 18. | <b>Index-Linked Interest Instrument/other variable-linked interest Instrument Provisions</b> | Not Applicable |
| 19. | <b>Dual Currency Instrument Provisions</b>   | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

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|-----|--|-----------------------------------|
| 20. | <b>Call Option</b>   | Not Applicable                    |
| 21. | <b>Put Option</b>  | Not Applicable                    |
| 22. | <b>Final Redemption Amount of each Instrument</b>  | NOK 10,000 per Calculation Amount |
| 23. | <b>Early Redemption Amount</b>   | NOK 10,000 per Calculation Amount |
|     | Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): |                                   |

**GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS**

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|-----|--|--|
| 24. | Form of Instruments:   | <b>Bearer Instruments:</b><br><br>Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Bearer Instruments in the limited circumstances specified in the Permanent Global Instrument |
| 25. | New Global Instrument:   | No   |
| 26. | Relevant Financial Centre(s) or other special provisions relating to Payment Dates:  | London and Oslo  |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Bearer Instruments (and dates on which such Talons mature): | No   |
| 28. | Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each          | Not Applicable   |

payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Instruments and interest due on late payment:

29. Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made: Not Applicable
30. Redenomination, renominatisation and reconventioning provisions: Not Applicable
31. Other final terms: Not Applicable

## **DISTRIBUTION**

32. (i) If syndicated, names and addresses of Managers and underwriting commitments:
- The Toronto-Dominion Bank  
Triton Court  
14/18 Finsbury Square  
London EC2A 1DB  
United Kingdom
- NOK 400,000,000
- Bank Vontobel AG, Zurich  
Bahnhofstrasse 3  
8022 Zurich  
Switzerland
- NOK 130,000,000
- Daiwa Capital Markets Europe Limited  
5 King William Street  
London EC4N 7AX  
United Kingdom
- NOK 10,000,000
- Danske Bank A/S  
2-12 Holmens Kanal  
DK-1092 Copenhagen K  
Denmark
- NOK 10,000,000
- Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

United Kingdom

NOK 10,000,000

Fortis Bank NV/SA  
Montagne du Parc, 3  
B 1000, Brussels  
Belgium

NOK 10,000,000

Royal Bank of Canada Europe Limited  
71 Queen Victoria Street  
London EC4V 4 DE  
United Kingdom

NOK 10,000,000

The Royal Bank of Scotland plc  
135 Bishopgate  
London EC2M 3UR  
United Kingdom

NOK 10,000,000

Zurich Cantonalbank  
Josefstrasse 222  
8005 Zurich  
Switzerland

NOK 10,000,000

- |       |   |  |
|-------|---|--|
| (ii)  | Date of Subscription Agreement                              | 23 March 2010  |
| (iii) | Stabilising Manager(s) (if any):                            | Not Applicable   |
| 33.   | If non-syndicated, name and address of Dealer:              | Not Applicable   |
| 34.   | Total (underwriting and placing) commission and concession: | 1.375 per cent. of the Aggregate Principal Amount  |
| 35.   | U.S. Selling Restrictions:                                  | Reg. S Compliance Category 2, TEFRA D  |
| 36.   | Non-exempt Offer:   | An offer of the Instruments may be made by the Managers listed in paragraph 32(i) above in this Part A other than pursuant to Article 3(2) of the Prospectus Directive in Austria, Belgium, Germany, France, Luxembourg, The |

Netherlands and the United Kingdom during the period from the date of publication of these Final Terms until Issue Date. See further Paragraph 7 of Part B below.

37. Additional selling restrictions: Not Applicable

### **PURPOSE OF FINAL TERMS**

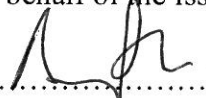
These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Notes described herein pursuant to the EUR 30,000,000,000 Programme for the Issuance of Debt Instruments of Kommunalbanken AS.

### **RESPONSIBILITY**


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

Signed on behalf of the Issuer:

By:

  
.....  
*Duly authorised*

**BEN POWELL**  
International Funding

  
.....  
*Duly authorised*

**Marius Ruud**  
International Funding

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from the Issue Date

### 2. RATINGS

- Ratings: The Issuer's EUR 30,000,000,000 Programme for the Issuance of Debt Instruments has been rated:
- S&P: AAA
- Moody's: Aaa

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: See "*Use of Proceeds*" in the Base Prospectus
- (ii) Estimated net proceeds: NOK 595,875,000
- (iii) Estimated total expenses: NOK 120,000

### 5. YIELD

Indication of yield: 2.758 per cent. per annum.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. OPERATIONAL INFORMATION

- ISIN Code: XS0497369917
- Common Code: 049736991
- WKN No: A1AU7E
- New Global Instrument intended to be held in a manner: Not Applicable

which would allow Eurosystem eligibility:

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): Not Applicable

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Name and address of Luxembourg Intermediary Agent: Not Applicable

## 7. TERMS AND CONDITIONS OF THE OFFER

- (i) Offer Price: Issue Price
- (ii) Conditions to which the offer is subject: Offers of the Instruments are conditional upon their issue
- (iii) Description of the application process: Not Applicable
- (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: Not Applicable
- (v) Details of the minimum and/or maximum amount of application: Not Applicable
- (vi) Details of the method and time limits for paying up and delivering the Instruments: The Instruments will be issued on the Issue Date against payment to the Issuer of the net subscription monies.
- (vii) Manner in and date on which results of the offer are to be made public: Not Applicable
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: Not Applicable



- (ix) Categories of potential investors to which the Instruments are offered and whether tranche(s) have been reserved for certain countries: Offers of the Instruments may be made by the Managers named in paragraph 32(i) of Part B hereof in Austria, Belgium, Germany, France, Luxembourg, The Netherlands and the United Kingdom to any person. In other EEA countries, offers will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.
- (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: Not Applicable
- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: Not Applicable
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. None