



*The Norwegian Local Government Funding Agency*

## **KOMMUNALBANKEN AS**

*Incorporated with limited liability in the Kingdom of Norway*

### **Programme For The Issuance Of Debt Instruments**

This supplement (the "**Supplement**") constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**") and is prepared in connection with the base prospectus dated 18 April 2013 (the "**Base Prospectus**") of Kommunalbanken AS (the "**Issuer**").

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purpose of the Luxembourg Prospectus Law, which implements Directive 2003/71/EC, as amended, for the approval of this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. Terms defined in the Base Prospectus shall have the same meaning when used in this Supplement.

This Supplement has been prepared for the purposes of (1) amending notice periods in the Conditions set out under "*Terms and Conditions of the Instruments*" in the Base Prospectus and (2) making consequential amendments in the summary set out under "*Summary*" in the Base Prospectus and the form of Final Terms set out under "*Form of Final Terms*" in the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any other statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

This Supplement will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and copies may be inspected (and will be obtainable free of charge in copy form) during normal business hours at the specified offices of the Issue and Paying Agent and the Registrar.

In accordance with article 13 paragraph 2 of the Luxembourg Prospectus Law, investors who have already agreed to purchase or subscribe for securities to which the Base Prospectus relates before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the publication of this Supplement, to withdraw their acceptances, such period expiring at the close of business on 16 August 2013.

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below:

#### 1. **SUMMARY**

In the "*Summary*", the subsection "*Optional Redemption*" in Element C.9 (*The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the Representative of the Holders*) shall be replaced with the following (the underlined words show the amendments made):

**"Optional Redemption:** Instruments may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the holder of the Instruments to the extent (if at all) specified in the relevant Final Terms.

*[Redemption at the option of the Issuer: The Instruments may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving not less than 30[•] nor more than 60[•] days' notice to the Holder.]*

*[Redemption at the option of the Holder: The Issuer shall, at the option of the Holder of any Instrument redeem such Instrument on [•] at [•] together with interest (if any) accrued to such date, on the Holder's giving not less than 45 days' notice to the Issuer.]"*

## 2. TERMS AND CONDITIONS OF THE INSTRUMENTS

In the "Terms and Conditions of the Instruments", Conditions 6.2 (*Redemption and Purchase — Early Redemption for Taxation Reasons*) and 6.3 (*Redemption and Purchase — Optional Early Redemption (Call)*) shall be replaced with the following (the underlined words show the amendments made):

### ***"Early Redemption for Taxation Reasons***

- 6.2 If, in relation to any Series of Instruments, (i) as a result of any change in the laws, regulations or rulings of the Kingdom of Norway or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which is announced and which becomes effective on or after the date of issue of such Instruments or any other date specified in the relevant Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (iii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent (or, in the case of VPS Instruments, the VPS Account Operator) of a certificate signed by two directors of the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Issuer may, at its option (but, in the case of Subordinated Instruments, subject to consent thereto having been obtained from the Commission) and in any case having given no less than 30 nor more than 60 days' notice, or such other period(s) as may be specified in the relevant Final Terms, (ending, in the case of Instruments which bear interest at a floating rate, Index Linked Interest Instruments, Share Linked Interest Instruments, FX Linked Interest Instruments or Fund Linked Interest Instruments, on a day upon which interest is payable) to the Holders of the Instruments in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**"), which shall be (i) their Outstanding Principal Amount or, (ii) in the case of Instruments which are noninterest bearing, their Amortised Face Amount (as defined in Condition 6.14) or (iii) if specified in the relevant Final Terms, the Specified Currency amount which is determined by the Calculation Agent in its sole and absolute discretion to be the fair market value of such Instrument immediately prior to such early redemption, adjusted to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any equity or currency options hedging the Issuer's obligations under the Instrument) (the "**Early Redemption Amount (Market Value)**"), together with accrued interest (if any) thereon provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Instruments which bear interest at a floating rate, Index Linked Interest Instruments, Share Linked Interest Instruments, FX Linked Interest Instruments or Fund Linked Interest Instruments, a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Instruments plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Instruments then due.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.6.

### ***Optional Early Redemption (Call)***

- 6.3 If the Call Option is specified in the relevant Final Terms as being applicable, then the Issuer may (subject, in the case of Subordinated Instruments, to consent thereto having been obtained from the Commission) and having given no less than 30 nor more than 60 days' notice, or such other period(s) as may be specified in the relevant Final Terms, (ending, in the case of Instruments which bear interest at a floating rate, Index Linked Interest Instruments, Share Linked Interest Instruments, FX Linked Interest Instruments or Fund Linked Interest Instruments, on a day upon which interest is payable), redeem all or, if so specified in the relevant Final Terms, part of the Instruments of the relevant Series on the relevant Optional

Redemption Date (Call) at their Optional Redemption Amount (Call) plus accrued interest (if any) to such date.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.6."

3. **FORM OF FINAL TERMS**

In the "*Form of Final Terms*", the following new item shall be inserted in the "*Provisions relating to Redemption*" section in Part A, with subsequent items in Part A renumbered accordingly:

"22. Notice periods for Conditions 6.2 (*Early Redemption for Taxation Reasons*) and/or 6.3 (*Optional Early Redemption (Call)*): [Not Applicable / As set out in [Condition 6.2/6.3] / [Conditions 6.2 and 6.3] / Minimum period: [•] days; Maximum period: [•] days]"

**The date of this Supplement is 13 August 2013**