MOODY'S
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CREDIT OPINION
3 June 2020

Update

Rate this Research

RATINGS

Kommunalbanken AS

Domicile	Oslo, Norway
Long Term CRR	Aaa
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aaa
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Kommunalbanken AS

Update to credit analysis

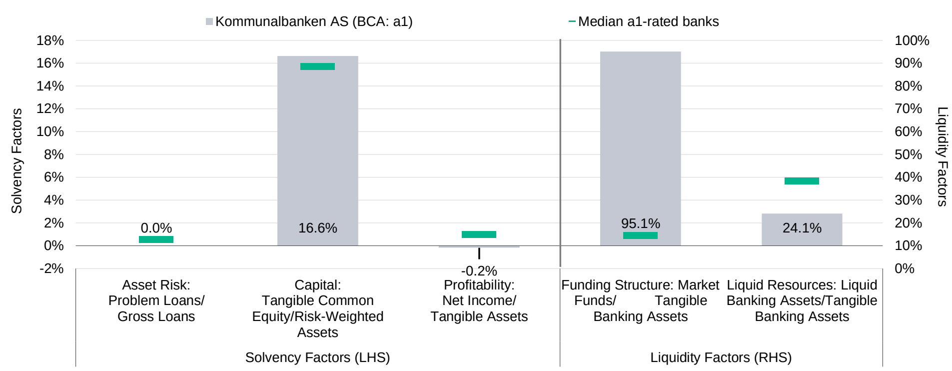
Summary

Kommunalbanken AS's (KBN) Aaa senior unsecured debt rating reflects (1) KBN's a1 baseline credit assessment (BCA); (2) our Advanced Loss Given Failure (LGF) analysis that results in a two-notch rating uplift from the a1 BCA given its significant volume of senior unsecured debt; and (3) our view of a very high likelihood of support for KBN from the Government of Norway (Aaa stable) owing to the entity's full public ownership and its role as the principal financier of the Norwegian regional local government (RLG) sector, resulting in a further two notches of rating uplift. KBN's short-term senior unsecured rating is Prime-1.

We apply our Advanced LGF analysis on the institution's liabilities because they are not guaranteed by the Norwegian public sector and KBN is within scope of the Norwegian implementation of the EU's Bank Resolution and Recovery Directive (BRRD).

KBN's a1 standalone BCA reflects (1) its position in Norway as the largest provider of funding to the RLG sector; (2) strong asset quality that derives from the credit quality of the Norwegian RLGs that the agency serves; (3) robust capital relative to risks well above regulatory requirements, and moderate leverage; (4) modest profitability in line with its public policy mandate and strong efficiency, but also considering a relative stability in revenues; and (5) some asset and liability maturity mismatches that are mitigated by a diverse funding profile and adequate liquidity.

Exhibit 1
Rating Scorecard - Key financial ratios



Note: These are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average and latest annual figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures
Source: Moody's Investors Service

Credit strengths

» KBN is the largest lender to the Norwegian public sector, underpinning the stability of its operations

» Strong asset quality rests on RLGs predictable revenue streams and central government oversight

» Capital position is robust relative to risks and substantially above regulatory requirements

» Operating efficiency is strong

» “Very high” probability of government support for senior creditors

Credit challenges

» Some lending concentrations

» Moderate leverage

» Modest profitability commensurate with public policy mandate and low-risk profile

» Asset and liability mismatches, although mitigated by diverse funding profile and strong liquidity

Outlook

The outlook on KBN's senior unsecured rating is stable reflecting our expectation that the Norwegian RLG sector will remain stable, ultimately backed by a wealthy sovereign.

Factors that could lead to an upgrade

» The likelihood of an upgrade of KBN's BCA is limited because it is already at the higher end of peers' and banks' BCAs globally. Nevertheless, an upgrade of the BCA will not translate into a higher senior unsecured rating, because this is already at Aaa.

Factors that could lead to a downgrade

» Downward pressure on KBN's rating could arise as a result of (1) weaker asset quality, although currently unlikely; (2) a dilution of KBN's public policy mandate and lower importance for the RLG sector; (3) a weaker position in the debt capital markets or reduced liquidity; and (4) sustained weaker financial performance.

» KBN's senior and subordinated ratings could also be under pressure if we believe that the likelihood of government support for either of these debt classes has diminished, or, if the ratings of the government of Norway were downgraded.

Key indicators

Exhibit 2

Kommunalbanken AS (Consolidated Financials) [1]

	03-20[2]	12-19[2]	12-18[2]	12-17[2]	12-16[2]	CAGR/Avg.[3]
Total Assets (NOK Billion)	543.7	449.2	420.7	390.5	410.7	9.0[4]
Total Assets (USD Million)	51,772.7	51,118.2	48,583.1	47,738.1	47,718.1	2.5[4]
Tangible Common Equity (NOK Billion)	13.5	13.3	13.1	12.7	11.4	5.4[4]
Tangible Common Equity (USD Million)	1,288.2	1,511.1	1,514.8	1,555.7	1,325.4	(0.9)[4]
Tangible Common Equity / Risk Weighted Assets (%)	16.6	16.7	17.3	18.8	17.5	17.4[6]
Net Interest Margin (%)	0.3	0.4	0.5	0.5	0.5	0.5[5]
PPI / Average RWA (%)	-1.5	2.4	2.3	3.7	0.8	1.5[6]
Net Income / Tangible Assets (%)	-0.2	0.3	0.3	0.5	0.1	0.2[5]
Cost / Income Ratio (%)	-28.3	11.9	11.1	6.9	24.4	5.2[5]
Market Funds / Tangible Banking Assets (%)	95.8	95.1	95.6	95.4	96.5	95.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	26.9	24.1	23.4	27.9	32.5	27.0[5]

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully loaded or transitional phase-in; IFRS. [3]May include rounding differences because of the scale of reported amounts. [4]Compound annual growth rate (%) based on the periods for the latest accounting regime. [5]Simple average of periods for the latest accounting regime. [6]Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

KBN's purpose is to provide loans to Norwegian counties and municipalities, as well as intermunicipal companies and other companies that carry out the tasks at a municipal level. The loans are granted against either a municipal or government guarantee. KBN's lending is funded by issuing securities in the international capital markets.

KBN is fully owned by the Norwegian state, with the Ministry of Local Government and Modernisation acting as KBN's owner. The ministry appoints KBN's Board of Directors, Supervisory Board and the external auditor.

KBN was established in November 1999 by special law as a limited company, taking over all the activities from the also government-owned, Norges Kommunalbank (NKB). NKB had been established as a state institution in 1926 with the sole purpose of lending to Norwegian local governments by issuing bonds, all of which were covered by state guarantees. However, NKB's lending was kept within government fixed lending limits. KBN does not have to obey such limits, thus giving the agency greater freedom in its borrowing and lending operations, however its funding is not explicitly guaranteed.

KBN strives to be a leader in green finance in Norway and to contribute to the transition to a low-carbon society. In 2013, KBN was the first financial institution in the Nordics to issue a public green bond.

Recent developments

We have lowered our 2020-21 real GDP growth forecasts as the economic costs of the coronavirus crisis are accumulating rapidly. Even with a gradual recovery, we expect 2021 real GDP in most advanced economies to be below pre-coronavirus levels. Our forecasts assume that policy measures across advanced economies will continue to grow and be fine-tuned.

We have also changed our outlook for the Norwegian banking system to negative from stable. For banks the economic implications of the coronavirus pandemic together with the steep fall in oil prices in the first quarter of year will lead to an increase in problem loans for 2020 and a decline in profitability. The fiscal strength of the sovereign and government support measures, underpinned by the substantial sovereign wealth fund, will help mitigate the coronavirus-induced slowdown. However, they will not entirely offset the deterioration in asset quality. Capital will remain relatively strong and regulators have reduced Norway's countercyclical buffer by 150 basis points in response to the coronavirus crisis, which will give the banks an even larger buffer to absorb any losses. Funding and liquidity will remain broadly stable. F-loans, a short-term liquidity instrument provided by the Norwegian central bank, will also help cover any immediate funding needs.

Detailed credit considerations

KBN is the largest lender to the Norwegian public sector, underpinning the stability of its operations

KBN's government-related footprint is substantial, reflecting its establishment though legislation, its public policy mandate and full government ownership. In addition, the company benefits from oversight by the Ministry of Local Government and Modernisation and supervision by the Norwegian Financial Supervisory Authority (FSA or 'Finanstilsynet').

KBN is the largest provider of funding to RLGs in Norway and therefore plays an important role in the Norwegian economy. KBN benefits from a maintenance obligation, according to which the Norwegian central government ensures that KBN can fulfill its mandate to provide low cost financing to the Norwegian RLG sector.

KBN reported a high 47% market share of in local government financing in Norway as of February 2020, including municipal companies, and its customer base includes all Norwegian municipalities. Some RLGs also utilise their own funding programs to raise funds, this is particularly applicable for the larger RLGs because they have a stronger capacity to make direct use of capital markets.

All of the above factors underpin the stability of KBN's operations and our positive adjustment for Business Diversification.

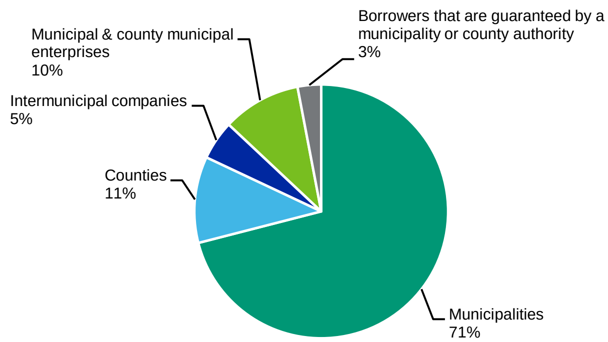
Strong asset quality rests on RLGs predictable revenue streams and central government oversight, albeit some lending concentrations exist

Although the economic impact from the coronavirus-induced disruption and low oil prices will be negative for Norwegian lenders in general, we expect KBN's asset quality to remain resilient because its creditworthiness is based on the high credit quality of the Norwegian RLG sector that the agency serves (see Exhibit 3). This is also demonstrated by KBN's problem loan ratio of 0% while the institution has never recorded a loss on its loan book, which is reflected in our aa1 Asset Risk score.

Exhibit 3

KBN lends to the Norwegian RLG sector

Outstanding lending by customer category as of the end of 2019



Source: Company annual report

We consider the Norwegian RLG sector financially strong because of the supportive and closely supervised system that underpins the sector. Namely, that much of Norwegian RLGs' revenues come from government grants and the equalisation principle ensures that all RLGs have the financial means to deliver consistent service delivery throughout the country. Further, all budgets are supervised by the central government and RLGs are not allowed to budget for an operating deficit, while RLGs can only borrow for certain purposes. If an RLG experiences a deficit, it is placed under close government oversight until the deficit is eliminated.

Importantly, RLGs cannot be declared insolvent and payments cannot be cancelled, only deferred and interest would accrue normally. On this background, KBN has not recorded a loss from lending during over 90 years of operations. Although KBN never incurred a credit loss, in line with IFRS 9 accounting standards the lender made provisions for theoretical losses on loans and bond investments of NOK40 million as of March 2020, up from NOK12 million at the end of 2019, because of the greater uncertainty in the Norwegian economy. The amount remained small against relevant exposures of NOK247 billion, all of which continue to be considered as Stage 1.

KBN also benefits from operating in a wealthy and developed country with very high economic, institutional and government financial strength, as well as very low susceptibility to adverse events. KBN's Macro Profile is aligned with that of Norway at 'Very Strong -'.

Notwithstanding, indebtedness of the Norwegian RLG sector has increased in recent years, along with an increasing standard of public services, and a portion of these borrowings would be sensitive to higher interest rates. Further, similarly to peers, KBN's customer base is small in number, which inherently leads to significant single-borrower concentrations in its loan book. Nonetheless, KBN complies with all regulations, including those on large exposures.

KBN's risk policy allows for minimal exposure to interest rate and currency risk, which are managed through matching of assets and liabilities, and hedging through derivatives. Counterparty risk is mitigated through standard international swap and derivative association (ISDA) agreements and Collateral Support Annexes (CSAs) with all counterparties.

Capital position is robust relative to risks and substantially above regulatory requirements; leverage is moderate

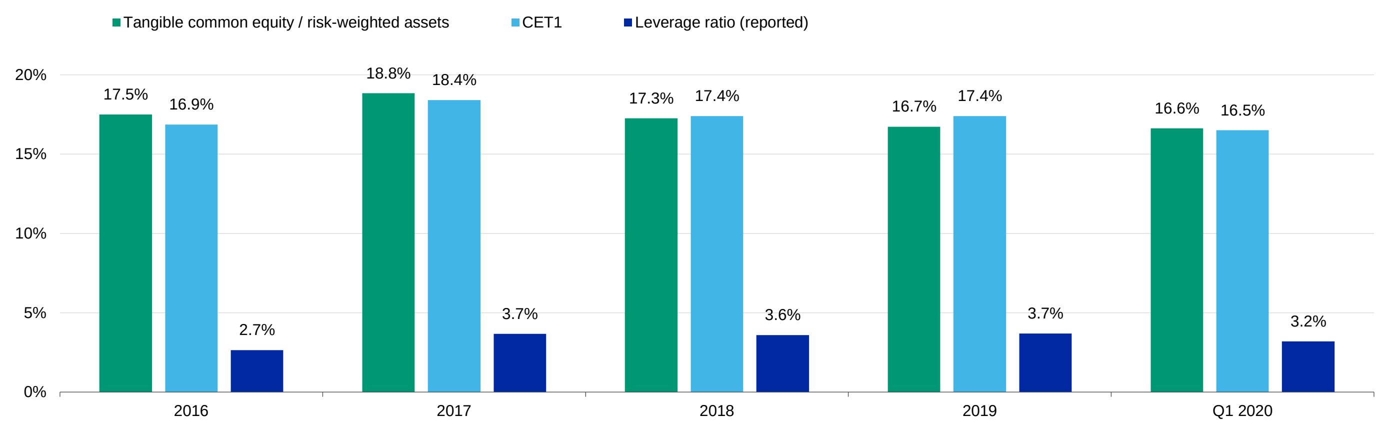
We consider KBN's capitalisation to be commensurate with its low-risk assets, which drives our a2 Capital score. As of March 2020, the institution's tangible common equity/risk-weighted assets was 16.6% (see Exhibit 4). In March, the Norwegian government proposed an equity injection of NOK750 million for KBN to support its role in financial the RLG sector in light of market turmoil. We estimate that the capital injection, which was executed in April, will add around 90 basis points to KBN's capital metric.

As of March 2020, KBN also reported a 16.5% common equity Tier 1 (CET1) capital ratio and a 21.6% total capital ratio. These metrics declined temporarily because of market volatility, but remained well above a minimum CET1 requirement of 14.1% and a total capital requirement of 17.6% for that period, which include a pillar 2 add-on of 2.3% specific to KBN that is set by the Norwegian FSA. The requirements were 70 basis points lower compared to the end of 2019 because of the partial release of the countercyclical buffer and an increase in KBN's pillar 2 requirement from 1.4% at the end of the year.

Exhibit 4

KBN's capital is solid with substantial headroom above capital requirements

Capital metrics evolution



Source: Moody's Investors Service, company reports

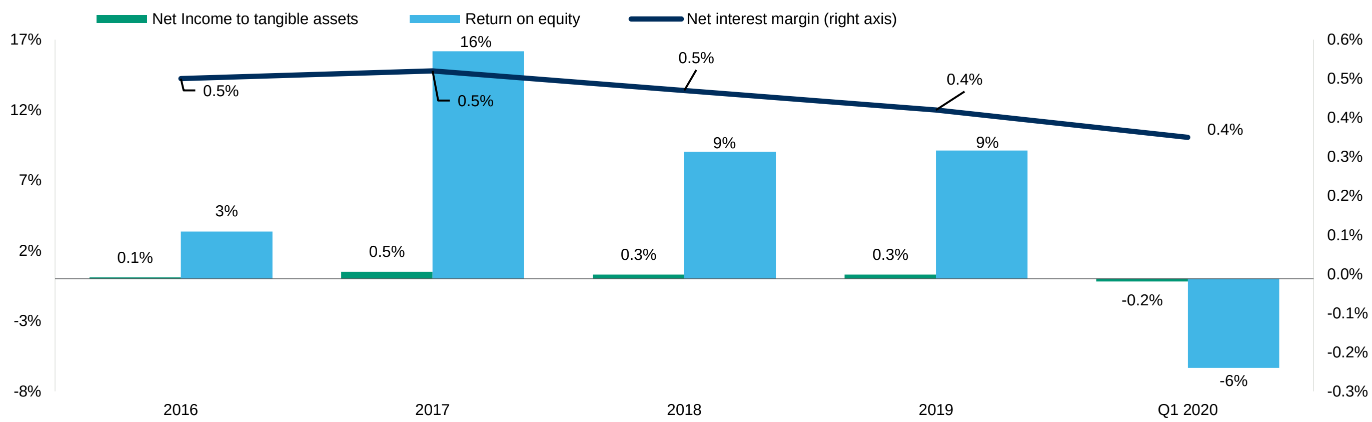
We note that KBN's risk-weighted capital metrics are below those of its Nordic peers that are government related issuers. This is because KBN is required to apply a 20% risk-weight on lending to RLGs, whereas, Nordic peers typically assign a zero risk weight to this type of lending. KBN also reported a boardly stable Basel leverage ratio of 3.2% as of March 2020. Although moderate, this level is above the 3% minimum leverage ratio requirement for the KBN.

Modest profitability proportionate with public policy mandate and low-risk profile; operating efficiency is strong

Like other lenders with a public policy mandate, KBN's profitability is modest, with a net income/tangible assets of 0.3% in 2019 (see Exhibit 5), because it aims to offer cost-effective lending to its customers and is not a profit-maximising entity. KBN posted a loss in Q1 2020 because of unrealised losses for NOK626 million on financial instruments and loans carried at fair value as a result of the coronavirus-induced market disruption. However, we expect the institution to pare back most of these losses as it holds the related assets to maturity, or earlier, if market conditions normalise.

Despite fluctuations in the fair value of financial instruments, we consider KBN's profitability stable and predictable because the institution is a market leader and the composition of its RLG customer base is likely to remain stable. Moreover, KBN's customers are financially stable for the reasons explained in the above section. These drivers are reflected in our ba3 Profitability score.

Exhibit 5
KBN's profitability is modest in light of its public policy mandate
Evolution of profitability metrics

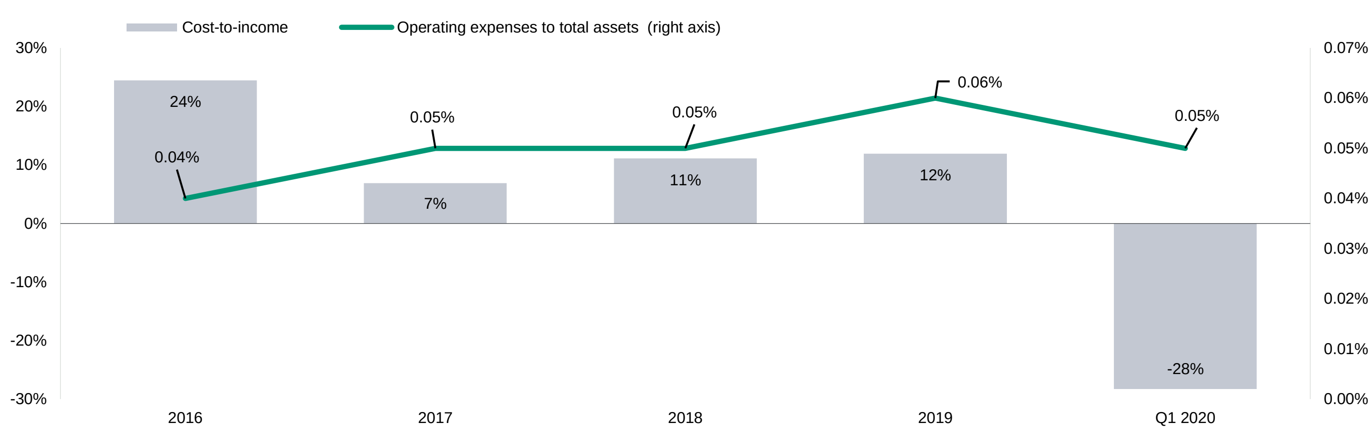


Source: Moody's Financial Metrics

Over the next 12-18 months, we expect KBN's profitability to be lower than the levels posted in 2019 and 2018 because of lower lending margins following cumulative cuts by 150 basis points in Norges Bank's reference rate to a historic low of 0%. Further, KBN's green loans that are financed from the proceeds of green bond issuances are offered to borrowers at a discount of 10 basis points, which could put some pressure on its margins going forward. Outstanding green loans amounted to 6% of gross loans as of March 2020 and the institution expects this share to increase going forward.

KBN's financial flexibility is helped by strong operating efficiency. Operating expenses have been maintained at a low 0.06% of total assets in 2019 and 0.05% in Q1 2020 (see Exhibit 6). KBN's low costs are consistent with its peers and we think that expenses will remain low because of KBN's unchanged business model and efficient distribution. Higher expenses in recent quarters were associated with IT development costs and increased hiring-in of staff for the compliance function.

Exhibit 6
KBN demonstrates strong operating efficiency with a low level of operating expenses



Source: Moody's Investors Service

Diverse funding and adequate liquidity, but with some asset and liability mismatches

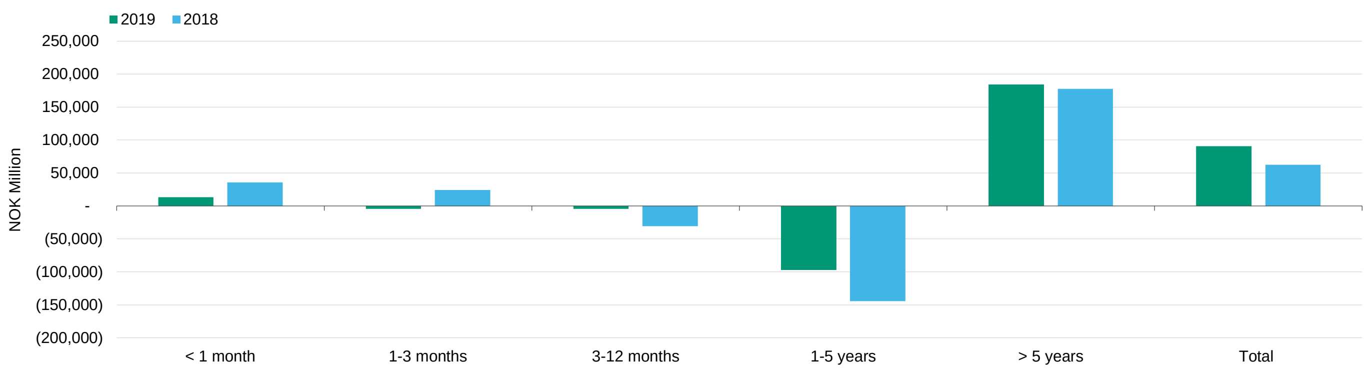
Similarly to most peers in the Nordics and Europe, KBN is entirely wholesale funded. Also in line with peers, KBN employs a diversified funding strategy whereby it issues debt in several markets and currencies, subscribed to by a wide variety of investors.

KBN has some contractual mismatches between assets and liabilities (see Exhibit 7), but is match-funded based on an anticipated average maturity on the assets according to historical data. Similarly to peers, KBN issues debt with option-like features and such structured funding could suddenly shorten KBN's liability profile. However, refinancing risk is mitigated by KBN's liquidity portfolio, which in size is approximately 48% of its lending book. In addition, for liquidity management purposes, KBN assumes its structured funding is called on the first possible call date. All these elements are taken into account in our a3 Funding Structure score.

Exhibit 7

KBN has some asset and liabilities maturity mismatches

Net liquidity exposure by contractual time to maturity



Source: Company annual reports

KBN's liquidity portfolio totaled NOK148 billion as of March 2020 and was principally made up of assets of strong credit quality. Our liquid assets to total assets ratio was 26.9% for the period. KBN's aim is to maintain liquid assets that would allow it to sustain operations for 12 months if funding markets become unavailable. However, we note that KBN does not have access to regular central bank liquidity facilities, unlike some of its peers. KBN's overall liquidity coverage ratio (LCR) was 417% in Q1 2020 (2019: 348%).

Source of facts and figures cited in this report

Issuer-specific figures originate from its financial reports. All figures are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions, published on 9 August 2018.

ESG considerations

We consider KBN to have a low exposure to Environmental risks in line with how we view the banking sector. However, municipalities, KBN's principal borrowers, are exposed to climate risk, such as severe weather phenomena, though KBN's green bond program aims to finance the sector's transition to be more climate resilient. See our Environmental risks heat map for further information.

Due to KBN's role as one of Norway's largest institution specialising in the financing of Norwegian municipalities, it is susceptible to politically and socially motivated decisions that could affect its financial profile. Its borrowers are exposed to the challenges of providing services to an aging population leading to increasing dependency on these services. Over time, these challenges can add pressure on municipalities' finances, even though the institutional framework overlying KBN's clients, which is explained earlier in the report, could help them manage these risks.

We also regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Other social risks in terms of customer relations or changes in consumer preferences, which are generally relevant for the banking industry, are less important for KBN, given that the institution does not engage in retail activities. Overall, we consider the issuer to have a moderate exposure to Social risks. See also our Social risks heat map for further information.

Governance is highly relevant to KBN's creditworthiness. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. We do not have specific concerns around KBN's corporate governance at the moment, which is regulated by law and influenced by its public ownership structure

Support and structural considerations

Loss Given Failure (LGF) analysis

Norway has transposed the EU BRRD into local legislation effective from January 2019 and, as such, we consider the country an operational resolution regime. Despite its ownership and public mandate, KBN is not excluded from the scope of Norway's BRRD implementation. Therefore, in accordance with our methodology we apply our Advanced LGF analysis, considering the risks faced by different debt classes across the liability structure in the unlikely even that KBN would enter resolution.

In our Advanced LGF analysis, we use our standard assumptions and assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets.

Under these assumptions, for KBN's senior unsecured debt, our LGF analysis indicates a very low loss-given-failure because of the loss absorption provided by the significant amount of senior unsecured debt outstanding. This leads to two notches of rating uplift for senior unsecured debt from KBN's a1 Adjusted BCA.

Our Advanced LGF analysis also shows that KBN's subordinated debt would absorb losses in a currently unlikely failure scenario, resulting in preliminary rating assessment before government support of a2, one notch below the Adjusted BCA.

Government support considerations

The Aaa rating on KBN's senior unsecured debt reflects our assessment of a very high probability of government support, resulting in two notches of government support uplift. Our views on government support derive from: (1) KBN's full state ownership and control; (2) its role as the government's tool to enact policies related to local governments; and (3) its public policy mandate to provide low cost financing to the Norwegian local government sector where its market share is close to 50%. We also believe that the government's willingness and ability to provide support to KBN to cover any capital shortfall is likely to be maintained following the adoption of the EU BRRD.

We also apply a two-notches rating uplift to KBN's subordinated debt based on our assumption of a high probability of government support, resulting in a Aa3 rating.

Counterparty Risk Rating

Counterparty Risk Ratings (CRRs) are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

KBN's CRRs is positioned at Aaa/Prime-1

The CRR, prior to government support, is positioned three notches above the a1 Adjusted BCA reflecting the extremely low loss-given failure from the high volume of instruments that are subordinated to CRR liabilities. Further, KBN's CRR also benefits from one notch of rating uplift from our assumption of a very high likelihood of government support, in line with our support assumption for senior debt.

Counterparty Risk Assessment

Counterparty Risk (CR) Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

KBN's CR Assessment is positioned at Aaa(cr)/Prime-1(cr)

For KBN, our Advanced LGF analysis indicates an extremely low loss-given-failure for the CR Assessment, leading to three notches of uplift from the issuer's a1 Adjusted BCA. Finally, KBN's CR Assessment also benefits from one notch of government support uplift from our very high support assumption.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 8

Kommunalbanken AS

Macro Factors							
Weighted Macro Profile	**Very Strong -**	**100%**					
Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	0.0%	aa1	←→	aa1	Quality of assets		
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.6%	aa2	←→	a2	Nominal leverage	Expected trend	
Profitability							
Net Income / Tangible Assets	-0.2%	caa1	↑↑	ba3	Earnings quality	Expected trend	
Combined Solvency Score		a2		a2			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	95.1%	caa3	←→	a3	Market funding quality		
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	24.1%	baa1	←→	a2	Quality of liquid assets		
Combined Liquidity Score		b1		a3			
Financial Profile				a2			
Qualitative Adjustments				Adjustment			
Business Diversification				1			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				1			
Sovereign or Affiliate constraint				Aaa			
BCA Scorecard-indicated Outcome - Range				aa3 - a2			
Assigned BCA				a1			
Affiliate Support notching				0			
Adjusted BCA				a1			

Balance Sheet	**in-scope (NOK Million)**	**% in-scope**	**at-failure (NOK Million)**	**% at-failure**
Other liabilities	67,384	12.4%	67,384	12.4%
Senior unsecured bank debt	458,435	84.3%	458,435	84.3%
Dated subordinated bank debt	2,000	0.4%	2,000	0.4%
Preference shares (bank)	2,200	0.4%	2,200	0.4%
Equity	13,528	2.5%	13,528	2.5%
Total Tangible Banking Assets	543,547	100.0%	543,547	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	87.6%	87.6%	87.6%	87.6%	3	3	3	3	0	aa1
Counterparty Risk Assessment	87.6%	87.6%	87.6%	87.6%	3	3	3	3	0	aa1 (cr)
Senior unsecured bank debt	87.6%	3.3%	87.6%	3.3%	2	2	2	2	0	aa2
Dated subordinated bank debt	3.3%	2.9%	3.3%	2.9%	-1	-1	-1	-1	0	a2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa1	1	Aaa	Aaa
Counterparty Risk Assessment	3	0	aa1 (cr)	1	Aaa(cr)	
Senior unsecured bank debt	2	0	aa2	2	Aaa	Aaa
Dated subordinated bank debt	-1	0	a2	2		Aa3

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 9

Category	Moody's Rating
KOMMUNALBANKEN AS	
Outlook	Stable
Counterparty Risk Rating	Aaa/P-1
Baseline Credit Assessment	a1
Adjusted Baseline Credit Assessment	a1
Counterparty Risk Assessment	Aaa(cr)/P-1(cr)
Issuer Rating	Aaa
Senior Unsecured	Aaa
Subordinate	Aa3
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454