

US\$ 1.0 billion 2.875% Benchmark due 14 June 2021

Press Release – 25th April 2018

Issuer:	Kommunalbanken (KBN)
Rating:	Aaa / AAA
Size:	USD 1 billion
Pricing Date:	25 April 2018
Settlement Date:	2 May 2018
Maturity:	14 June 2021
Coupon:	2.875%
Re-offer spread to mid-swaps:	+4.0 bps
Re-offer spread to Treasuries:	UST 2.375% Apr-21 +25.1 bps
Re-offer price:	99.957%
Re-offer yield:	2.890% (s.a.)
Lead Managers:	BNP Paribas, HSBC, J.P. Morgan, Scotiabank

Execution Highlights:

- Today Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway and rated Aaa (stab)/AAA (stab), successfully issued a new USD 1 billion 3-year RegS/144A benchmark. The issue has a final maturity of 14th June 2021, pays a semi-annual coupon of 2.875% and has an issue price of 99.957%, to give a spread of +25.1 basis points over the 2.375% US Treasury due April 2021, equivalent to mid-swaps plus 4 basis point. BNP Paribas, HSBC, JP Morgan and Scotiabank were mandated as Joint-Lead Managers.
- This issuance represents KBN’s third USD benchmark of the year following two successful outings in 5 & 2-years in 2018.
- On the back of a constructive backdrop in terms of investors’ demand, KBN decided to access the market ahead of a number of regional holidays in Asia and Europe. The deal was announced at 13.30 UKT on Tuesday 24th April with an Initial Pricing Thoughts (“IPTs”) at mid-swaps +5 bps area, allowing ample time for gathering Indications of Interest (“IOIs”) over the European afternoon and overnight in the Americas and Asia.
- The transaction immediately gained momentum in spite of the volatile backdrop in terms of US swap spreads and US Treasuries’ yield. The order book grew steadily and benefitted from very high-quality orders from Official Institutions and Central Banks into the London close. Books were officially opened at 07:50 UKT on Wednesday with a guidance of mid-swaps +4 area – 1 bps tighter from IPTs – on the back of IOIs in excess of USD 1.4 billion.
- The momentum continued in the European morning and books surpassed the USD 1.65 billion mark by 11.00 UKT, when final spread was set at mid-swaps +4 for a deal size of USD 1 billion capped from the outset.
- The final order book was in excess of USD 1.75 billion from over 50 investors. Central Banks and Official Institutions across the globe represented the bulk of the demand, receiving ca. 68% of the final allocations. Regional distribution was skewed towards the Americas (45%) and Europe (37%), while Asian investors accounted for 18% of the final allocation.
- The quality and granularity of the orderbook testifies once again the strength of KBN signature across the international investor community.

Jamie Stirling, Global Head SSA DCM, BNP Paribas: “The KBN team has again timed their issuance to perfection accessing the market in an optimal window to attract a high quality well over-subscribed orderbook. With final pricing flat to their curve, this is a very impressive outcome and illustrates the strong support of the KBN name from the real money investor community.”

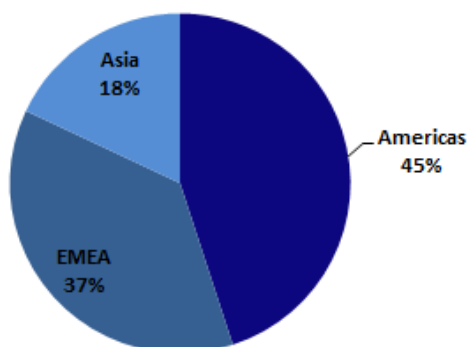
Asif Sherani, Co-Head of FIG & Public Sector Syndicate, HSBC: “Capitalising on favourable market dynamics at the short-end, KBN achieved a very strong result, printing its new 3-year benchmark with a negligible new issue concession. The high-quality and granular investor support, driven by the central bank and official institutions community, is testament to the strong confidence in the KBN name.”

Matthieu Batard, Executive Director, Frequent Borrower Syndicate, J.P. Morgan: “A great result for KBN who timed the transaction perfectly to achieve their tightest 3-year benchmark pricing versus mid-swaps since 2008.”

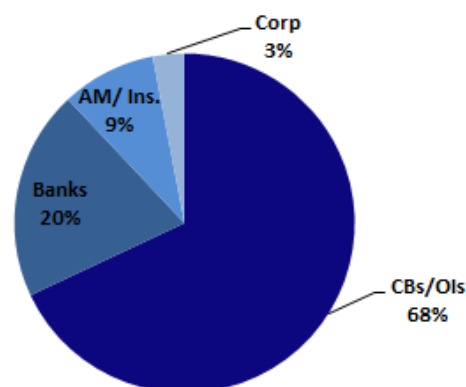
Cesare Roselli, Managing Director Head of SSA Origination, Scotiabank: “With this transaction KBN took advantage of exceptional demand conditions in the short end of the USD curve to price a textbook benchmark issue. Despite a context of declining swap spreads, Central Bank and Bank Treasury investors in particular piled into the new offering, attracted by the positive spread to mid-swaps.”

Distribution Statistics

Statistics by Geography



Statistics by Investor Type



About KBN

Established by an act of Parliament in 1926 as a state administrative body, KBN gained its status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for more than 90 years been the main provider of credit to the local government sector in Norway. KBN is defined as a state instrumentality with a public policy mandate from the central government to provide low cost finance to the Norwegian local government sector. The Norwegian Central Government is 100 per cent owner of KBN.

