

KBN USD 1.5billion 5 Year RegS/144A Benchmark

4th January 2018

Final Terms

Borrower:	Kommunalbanken Norway ("KBN")
Ratings:	Aaa (Stable) / AAA (Stable) by Moody's / S&P
Instrument:	Fixed Senior Unsecured Notes
Coupon:	2.500% semi-annual
Size:	USD1.5 billion
Price Date:	4 th January 2018
Payment Date:	11 th January 2018
Maturity Date:	11 th January 2023
Reoffer Spread:	Mid-Swaps + 20bps / CT5 + 24.1bps
Joint Lead Managers:	BoAML, J. P. Morgan, Nomura, RBC Capital Markets

Issue Highlights

- KBN's first 5-year USD benchmark since January 2017 and the first in the Supranational & Agency sector this year
- USD2.6bn+ final orderbook, consisting of 66 investors
- Priced 2bps inside IPTs, resulting in a minimal new issue concession

Issue Details

- On Thursday 4th January, Kommunalbanken Norway (KBN), rated Aaa / AAA (stable / stable) by Moody's / S&P, priced a new 5-year benchmark at 20bps over mid-swaps, equivalent to 24.1bps over the UST 2.125% December 2022 benchmark.
- The transaction marks KBN's return to the 5-year tenor, following their successful \$1.5bn 5-year benchmark transaction in January 2017, as well as the first 5-year USD Supranational & Agency benchmark to be launched this year.
- Given the strong market backdrop following the Christmas & New Year holiday, KBN were quick to take advantage of the conducive conditions, announcing IPTs of mid-swaps plus 22bps area at 13.00pm GMT on Wednesday 3rd January. Demand grew swiftly from the outset, reaching in excess of \$1.5bn (excluding JLM interest) by the time orderbooks officially opened at 8.10am BST on Thursday morning. Given the demand already indicated, price guidance was tightened to mid-swaps plus 21bps area.
- The orderbook continued to grow strongly throughout the morning and at 9.30am GMT, demand was in excess of \$2.3bn and the spread was set at MS+20bps to provide clarity to investors. The orderbook ultimately went subject at 10.00 GMT, with final demand in excess of \$2.5bn.
- The transaction enjoyed a broad & highly granular distribution across both geographies and investor types with over 66 investors participating. In terms of investor type, Central Banks & Official Institutions led the way taking 46% of the final allocation. In terms of geographical distribution Americas (40%) and EMEA (39%) accounts took the majority of the allocation, supplemented by Asia (21%).

Issuer Overview

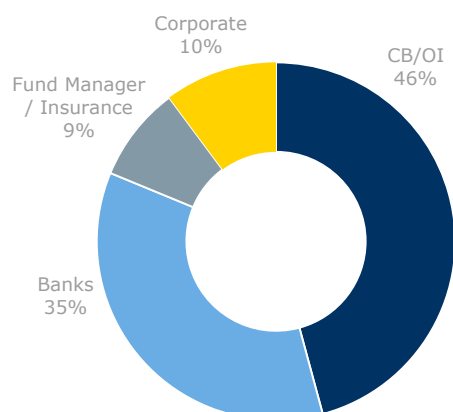
Kommunalbanken Norway (KBN) finances important welfare services through providing credit to the local authorities in Norway. KBN is defined as a state instrumentality, having a public policy mandate from the central government to provide low cost financing to the Norwegian local government sector.

KBN's lending to the local government sector is funded by issuing securities in the international and domestic capital markets maintaining the highest possible credit rating. KBN is a wholly owned by the Norwegian state.

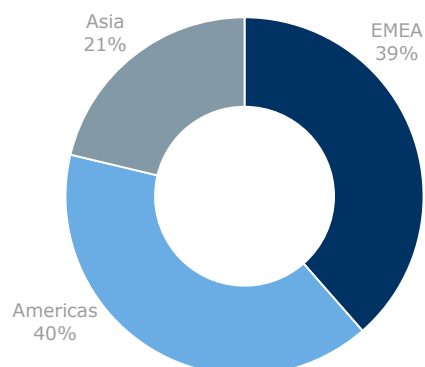
KBN is targeting a borrowing programme of USD12-14 billion in 2018.

Sales Distribution

By Investor Type



By Geography



Reactions

Adrien de Naurois, Managing Director, SSA Syndicate at BofA Merrill Lynch

"A great result for Kommunalbanken with their first USD benchmark of the year. KBN was able to capitalise on a very strong orderbook from investors globally, ultimately pricing with minimal concession to their outstanding curve."

Matthieu Batard, Executive Director, Frequent Borrower Syndicate, J.P. Morgan

"A fantastic result for KBN's traditionally early first deal of the year, also the first 5-year USD SSA benchmark of 2018. KBN's solid global investor following drove strong book momentum from the start, enabling the issuer to achieve a tighter pricing on the back of very high-quality demand for a capped deal size, and place a competitively-priced deal. Being one of the first deals out of the block also meant road-testing the new Mifid II environment, which the funding team had expertly navigated to reach a successful outcome by all metrics."

Spencer Dove, Managing Director, SSA DCM, Nomura;

"KBN couldn't have asked for a better welcome from investors as they kick off their 2018 funding programme. A quick book build, well oversubscribed, excellent investor quality and broad distribution globally. The book itself was their largest on a USD benchmark transaction in over 5-years. A great testament to their credit quality and standing amongst the investor community."

Stuart McGregor, Managing Director, SSA DCM, RBC;

"Kommunalbanken has set a very high benchmark with the opening 5-year USD benchmark of the year from their peer group; again attracting in excess of \$2.6bn in demand from over 65 accounts across the globe, a fantastic result that will be tough to match."