

Kommunalbanken Norway (KBN)

CAD500 million 5-Year Green Benchmark



Final Terms

Borrower:	Kommunalbanken Norway (KBN), 100% owned by Kingdom of Norway
Ratings:	Aaa (Stable) / AAA (Stable) by Moody's / S&P
Format:	RegS / 144A
Coupon:	3.800%, Fixed, S/A, Act/Act
Size:	CAD500 million
Pricing Date:	30 November 2022
Payment Date:	07 December 2022 (T+5)
Maturity Date:	07 December 2027
Re-Offer Spread:	MS+19bps CAN 2.750% Sep-27 + 53.85bps
Joint Lead Managers:	RBC Capital Markets, Scotiabank, TD Securities

Issue Highlights

- **Highly successful transaction**, marking KBN's return to the CAD market following their inaugural CAD Green Bond in October 2021.
- **The first new CAD SSA 5-Year Benchmark since January 2022** (excl. domestic issuers).
- **High quality orderbook closed in excess of CAD650 million (excl. JLM) from over 20 accounts.**
- Utilisation of KBN's updated 2021 Green Bond Framework and the strong appeal of the KBN credit resulted in a **particularly strong placement to domestic Canadian investors (71%).**

Issue Details

- On Wednesday 30th November, Kommunalbanken Norway (KBN), rated Aaa / AAA (both stable) by Moody's / S&P, priced a CAD500 million 5-Year Green RegS/144a Benchmark at MS+19bps, equivalent to CAN 2.750% Sep-27 + 53.85bps.
- KBN reacted swiftly to the constructive market tone and strong bid for CAD SSA ESG paper given the limited supply to announce the first new CAD SSA 5-Year Benchmark since January 2022; a new CAD 5-Year RegS/144a Green Benchmark just after 15.30 CET on Tuesday afternoon. Initial-price-thoughts (IPTs) of CAD MS+19bps area were announced alongside the mandate.
- The transaction enjoyed a strong reception from the outset, with indications of interest in excess of CAD325 million (excl. JLM) by the time books opened at 09.10 CET on Wednesday morning. Spread guidance remained unchanged from IPTs at MS+19bps area at this juncture.
- Momentum continued throughout the European morning with high quality demand coming from across the investor spectrum; reaching in excess of CAD520 million (excl. JLM) by the first update at 14.00 CET. In order to provide clarity to investors, the spread was fixed at MS+19bps. It was also communicated that books were to close at 15.30 CET.
- Orderbooks ultimately closed in excess of CAD650 million (excl. JLM), allowing KBN to comfortably set the deal size at the capped CAD500 million.
- In terms of distribution by investor type, Banks & Bank Treasuries were the largest investor component taking 67% of final allocations, supported by strong participation from Central Banks & Official Institutions (24%) and Fund Manager / Insurance / Pension Fund accounts (9%). In terms of geography, the transaction was well-placed amongst domestic investors (71%), EMEA (23%) and Americas ex. Canada accounts (6%).

- The broad and global distribution of this transaction, alongside the exceptional response to KBN's Green Bond Framework theme, is once again testament to KBN's unwavering support within the global investor community.

Reactions

"Congratulations to the KBN team on a stellar return to the Canadian Dollar Market! A patient approach to allow the majority of domestic supply to issue during the first part of November saw KBN with a clear window to access the market and print a very well-received Green Bond. KBN's commitment to the CAD market resulted in strong domestic support for the transaction, whilst their ongoing global investor relations contributed to the diversified investor distribution. RBC was honoured to have been a bookrunner on such a successful transaction." **Sean Taor, European Head of DCM & Syndicate, RBC Capital Markets**

"Scotiabank is proud to have acted as Bookrunner in KBN's 5-year CAD 500mm Green Benchmark, its second CAD Green Benchmark in the last two years. With this transaction, KBN was able to extend its reference CAD curve to the 5-year tenor, and did so navigating a crowded new issue pipeline in the Domestic Canadian market. The result has been a strong orderbook, which is a testament to the appeal of KBN credit across a variety of jurisdictions and investor types, and of the investors' appreciation of KBN's Green Bond Framework." **Cesare Roselli, Global Head of SSA (Sovereign, Supranational, and Agency) Origination, Scotiabank**

"Congratulations to the KBN team on taking advantage of the new Canadian fiscal year to issue a new 5y CAD benchmark, the first SSA agency CAD trade since February. KBN's recent commitment to the CAD market is reflected in the strong support seen from the domestic investor base, as well as good engagement from the international community also." **Laura Quinn, Managing Director, Head of European DCM, TD Securities**

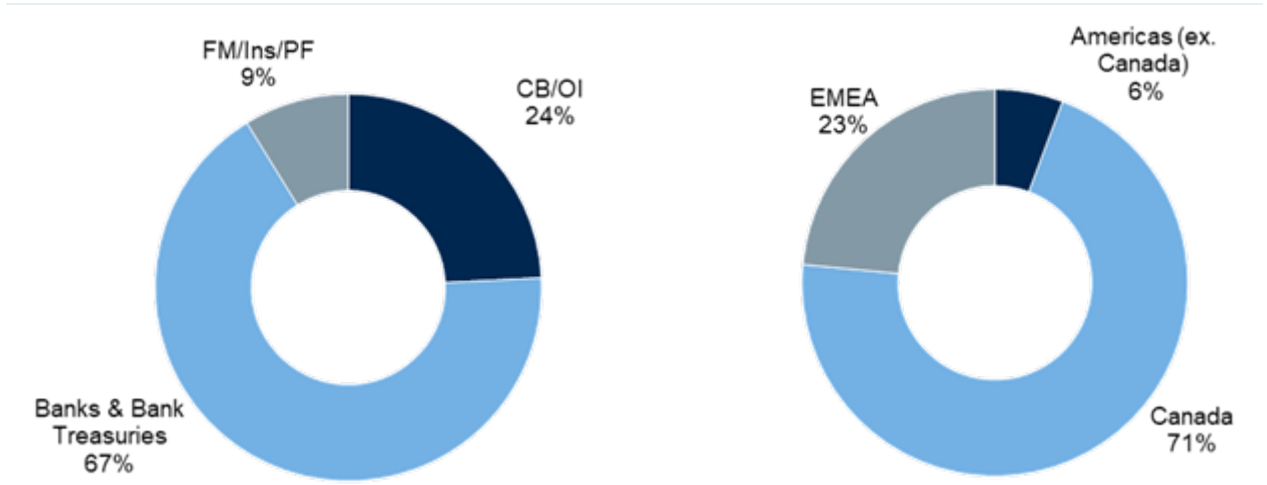
Issuer Overview

- 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.
- KBN Green Bonds finance the transition to a low-carbon, climate resilient future in Norwegian local societies. KBN issued its first sustainability-themed transaction in 2010 and has been a regular issuer of public green bonds since 2013. This transaction marks the second CAD Green Bond for the issuer.
- The net proceeds of the Green Bonds issued by KBN will be used to finance or re-finance Eligible Projects that have been evaluated and selected by KBN in accordance to this Green Bond Framework.
- **KBN's Green Bond Framework:** <https://www.kbn.com/globalassets/dokumenter/funding/green-bond-documents/kbn-green-bond-framework-21.pdf>

Sales Distribution

By Investor Type

By Geography



Source: Joint Bookrunners



Capital
Markets



The information contained in this report has been compiled by RBC Capital Markets ("RBC CM") from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC CM, its affiliates or any other person as to its accuracy, completeness or correctness. RBC Capital Markets is a business name used by subsidiaries of the Royal Bank of Canada including RBC Dominion Securities Inc., RBC Dominion Securities Corp., RBC Capital Markets, LLC, RBC Europe Limited and Royal Bank of Canada — Sydney Branch. All opinions and estimates contained in this report constitute RBC CM's judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. This report is not an offer to sell or a solicitation of an offer to buy any securities. RBC CM and its affiliates may have an investment banking or other relationship with some or all of the issuers mentioned herein and may trade in any of the securities mentioned herein either for their own account or the accounts of their customers. Accordingly, the entities constituting RBC CM or their affiliates may at any time have a long or short position in any such security or option thereon. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the particular circumstances or needs of any specific person who may read it. To the full extent permitted by law neither RBC CM or any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC CM. The entities comprising RBC Capital Markets are wholly owned subsidiaries of the Royal Bank of Canada and are members of the RBC Financial Group. Additional information is available on request.

To U.S. Residents:

This publication has been approved by RBC Capital Markets, LLC, a U.S. registered broker-dealer, which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:

This publication has been approved by RBC Dominion Securities Inc. Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ("RBC EL") which is authorised by the Prudential Regulatory Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, in connection with its distribution in the United Kingdom. This material is not for distribution in the United Kingdom to retail customers, as defined under the rules of the FCA. RBC EL accepts responsibility for this report and its dissemination in the United Kingdom.

To Persons Receiving This Advice In Australia:

This material has been distributed in Australia by Royal Bank of Canada -Sydney Branch (ABN 86 076 940 880). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product.