

Press Release – 20th March 2018

Kommunalbanken Norway USD 1.25 billion 2-year RegS/144A Benchmark

Today Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway, rated Aaa (stab)/AAA (stab), priced a new USD 1.25 billion 2-year RegS/144A benchmark. The issue has a final maturity of 17th April 2020, pays a semi-annual coupon of 2.500% and has an issue price of 99.756%, to give a spread of +29.9 basis points over the 2.25% US Treasury due February 2020, equivalent to mid-swaps less 1 basis point.

With a busy primary market expected post-Easter, KBN decided to take advantage of the clear issuance window ahead of the FOMC-meeting, announcing their second US Dollar benchmark of 2018 on Monday 19th March at 13:00 CET. This transaction follows the USD 1.5 billion 5-year benchmark priced in January. Initial Pricing Thoughts (“IPTs”) were set at mid-swaps ‘flat’ area, allowing ample time for gathering Indications of Interest (“IOIs”) over the European afternoon and night.

The order book grew steadily from the outset and throughout the US session with very high-quality orders. Books were officially opened at 08:50 CET on Tuesday 20th March with a guidance of mid-swaps ‘flat’ area – unchanged from IPTs – and IOIs in excess of USD 800 million. The momentum continued in the European morning, and at 10:30 CET books were in excess of USD 1.3 billion, with guidance kept unchanged.

Only half an hour later, at 11:00 CET, books were above USD 1.5 billion and spread was set at mid-swaps less 1bp. Global books went subject at 11:30 CET, and soon after, at 12:15 CET the size was set at USD 1.25 billion. The transaction subsequently priced at 14:50 CET.

The final order book was in excess of USD 1.69 billion from more than 45 investors. Central banks from across the globe represented the bulk of the demand, receiving 73% of the final allocations. Investors in Europe were dominant at 49%, followed by investors in the Americas at 34%.

Edward Mizuhara, Managing Director, DCM & Syndicate, BMO Capital Markets: *“With the recent back up in swap spreads, and ultimately rates, investors were highly motivated to participate in the transaction which came with a juicy 2.50% coupon and a spread of CT2s + 29.9bps with virtually no buyers pushing back when the pricing was finally set at mid swaps – 1bp. The high quality book, driven by central banks and real money, could have filled a larger final deal size with a book of just under \$1.7bn of demand.”*

Alex Barnes, Director, Head of SSA Syndicate, Citi: *“The recent run of successful US\$ SSA issuance was extended today by KBN’s marvellous 2yr transaction. Amidst continued volatility in the underlying market, investors flocked to this safe haven offering. The granularity of central bank participation was quite exceptional and allowed us to both tighten the price into negative spread territory and upsize the deal to \$1.25bn. A fabulous result and Citi was delighted to have been involved in the transaction”*

Laura Quinn, Managing Director, Fixed Income Origination and Syndication, TD Securities: *“KBN has picked a great window to price their tightest USD benchmark since 2013. With a heavily oversubscribed deal and a very high quality order book this trade has all the hallmarks of a classic KBN deal.”*

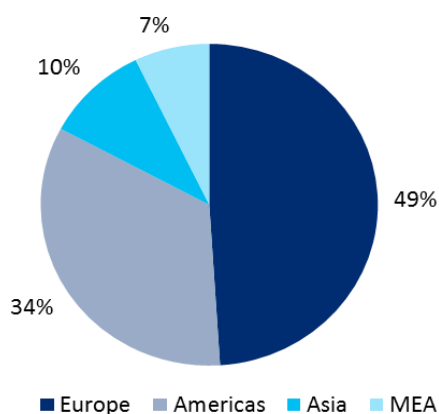
Established by an act of Parliament in 1926 as a state administrative body, KBN gained its status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for 90 years been the main provider of credit to the local government sector in 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.

Final Terms

Issuer:	Kommunalbanken (KBN)
Size:	USD 1.25 billion
Rating:	Aaa / AAA
Pricing:	20 th March 2018
Settlement:	27 th March 2018
Maturity:	17 th April 2020
Coupon:	2.500% (s.a)
Re-offer spread to mid-swaps:	-1 basis point
Re-offer spread to Treasuries:	+29.9 basis points
Re-offer price:	99.756%
Re-offer yield:	2.623% (s.a.)
Lead managers	BMO Capital Markets, Citi, TD Securities

Distribution Statistics

Statistics by Geography



Statistics by Investor Type

