

Press Release – 3<sup>rd</sup> February 2016

## **Kommunalbanken Norway USD 1 billion 5-year RegS/144A Benchmark**

Today Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway, priced a new USD 1 billion 5-year RegS/144A Benchmark. The issue has a final maturity of 10<sup>th</sup> February 2021, pays a semi-annual coupon of 1.625% and has an issue price of 99.919% to give a spread of 47 basis points over mid-swaps or 42.05 basis points over the 1.375% US Treasury due July 2021.

The mandate for this USD 1bn no grow trade was announced at 1.00pm London time on Tuesday 2<sup>nd</sup> February to ensure all three major time zones had sufficient time to participate in the deal. Initial pricing thoughts of mid swaps + ‘high 40s’ basis points were released at the same time. Indications of interest approached USD 800 million overnight, prior to the official orderbook opening at 8.00am London time on Wednesday 3<sup>rd</sup> February with guidance of mid swaps + 48 basis points area. The orderbook had reached oversubscription within an hour and well over USD 1.2 billion by 12.20pm London time and the spread was set at mid swaps + 47 basis points at 1pm.

The final orderbook comfortably exceeded USD 1.5 billion from 53 investors. The orderbook was well balanced, with Europe taking 44% of the allocations, US 17%, Asia 15%, Americas (ex. US) 15% and MEA 9%. Central Banks and Official Institutions accounted for 68%, the remainder of the demand was split between Banks 20%, Asset Managers 8% and Insurance / Pension Funds 4%.

*KBN’s first USD benchmark of the year was certainly well received, in the face of a more volatile market backdrop on Wednesday and notably lower yields. Being such a well established name, and benefiting from a strong name recognition globally, they were able to attract prime investors in the order-book. Capping their size aspiration from the outset also helped reducing the premium to access primary markets. A solid transaction executed by a seasoned funding team*  
Anthony Vivès, Director at BofA Merrill Lynch

*This was the first public dollar deal in some time from KBN, and the depth and quality of the orderbook is testament to the perceived credit quality of KBN among the investor community. KBN was able to capitalise on the lack of SSA supply in the 5-year tenor this year and engage with a range of investors worldwide, ultimately pricing with minimal concession to the outstanding curve.*

Jonas Ulrich, SSA DCM, BNP Paribas

*In a challenging underlying market where we’ve seen very little 5 year dollar SSA issuance, KBN has executed a tremendously successful deal with an orderbook supported by many of the world’s highest quality investors.*

Philip Brown, Managing Director, Head of SSA Origination, Citi

*A great result for Kommunalbanken, especially given the volatile market backdrop. The depth and diversity of the orderbook once again demonstrates the broad appeal of the credit and is testament to the proactive manner with which the team engages the investor community.*

Spencer Dove, Managing Director, SSA DCM at Nomura

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 89 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 billion
Rating	Aaa / AAA
Coupon	1.625% (semi annual)
Settlement	10 <sup>th</sup> February 2016 (T+5)
Maturity	10 <sup>th</sup> February 2021
Re-offer Price	99.919%
Re-offer Yield	1.642% (semi annual)
Re-offer spread to Treasuries	UST 1.375% due July 2021 + 42.05 bps
Re-offer spread to mid-swaps	MS + 47 bps
Lead Managers	BofA Merrill Lynch, BNP Paribas, Citibank, Nomura

## Investor Distribution:

