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## Kommunalbanken Norway US\$1 billion 5-year Benchmark



\*\*\*Press Release\*\*\*

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<b>Borrower:</b>	<b>Kommunalbanken Norway (“KBN”)</b>
<b>Ratings:</b>	<b>Aaa/AAA (Stable/Stable)</b>
<b>Coupon:</b>	<b>1.500% semi-annual</b>
<b>Size:</b>	<b>US\$1 billion</b>
<b>Launch Date:</b>	<b>13th September 2016</b>
<b>Payment Date:</b>	<b>20th September 2016</b>
<b>Maturity Date:</b>	<b>31st August 2021</b>
<b>Reoffer Spread:</b>	<b>Mid-Swaps + 33bps   UST 1.125% Aug 2021 + 33.25bp</b>
<b>Joint Lead Managers:</b>	<b>J.P. Morgan, Mizuho, Nomura, TD Securities</b>

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### Issue Highlights

**KBN’s second US Dollar benchmark transaction for 2016.  
US\$ 2 billion plus final orderbook, with broad distribution across geographies and investor types.  
Limited price sensitivity permitted pricing significantly inside initial guidance.**

On Tuesday 13th September 2016, Kommunalbanken Norway (“KBN”), rated Aaa/AAA, launched a new US\$1 billion “no grow” 5-year RegS/144a benchmark at mid-swaps plus 33bps. This equated to a spread of 33.25bps over the benchmark UST 1.125% Aug 2021. The transaction carries a 1.500% semi-annual coupon and a re-offer yield of 1.538% semi-annual.

This highly successful new issue represents KBN’s second US Dollar benchmark, and the significant oversubscription and price inelasticity amongst investors demonstrates the robust confidence that the global investor base has in the KBN credit and Norway.

KBN announced a new 5 year US\$ mandate on Monday 12<sup>th</sup> September for the New York market open, with initial price thoughts of mid-swaps plus 36bp area.

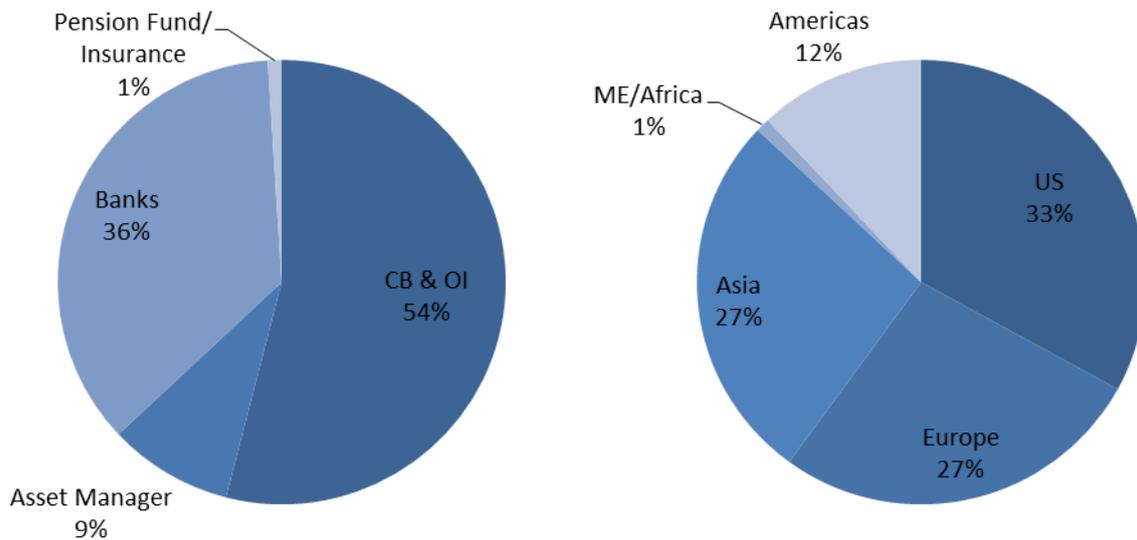
The deal found immediate support, with interest over US\$1.3 billion indicated when orderbooks officially opened on Tuesday at 8.05am (BST). Price guidance was announced at mid-swaps plus 35bp area, the first tightening of indications.

Momentum continued to grow over the morning in Europe, with books at US\$2 billion by 9.50am. The degree of interest for this \$1bn ‘no grow’ trade meant that price guidance was further revised to MS+33/34bp WPIR and European books were closed at 10.30am (BST). Into the New York open interest continued and global books were closed at 13.15pm (BST), encompassing 57 orders totaling in excess of US \$2 billion. The lack of price sensitivity in the book permitted KBN to set the pricing at mid-swaps plus 33bp.

The trade enjoyed well balanced distribution with central banks and official institutions accounting for 54%, banks 36%, asset managers 9% and insurance /pension demand 1% of the deal. Geographically US investors taking 33% of the deal, followed by accounts from Europe with 27%, Asia 27%, the Americas 12% and ME/Africa 1%.

The new issue is KBN's second benchmark trade in the US market so far this year, following the 1.625% February 2021 transaction earlier this year, and is an exceptional result, particularly given the broader market backdrop.

**Deal Distribution Statistics:**



**Comments on the transaction**

“Another strong outing from Kommunalbanken for their 2nd USD benchmark of 2016. The issuer was able to navigate through a busy primary market to garner more than \$2bn of orders with hardly any price sensitivity. The high quality of interest supported the tightening of 3bps from IPTs to final pricing. A fabulous result for the issuer, testimony of KBN's credit & standing in the Frequent Borrower space”.  
*Matthieu Batard, Executive Director, SSA Syndicate, J.P. Morgan*

“In printing this latest 5y Dollar benchmark, KBN have again highlighted the support for their credit from top quality accounts. Despite a softer start to the week KBN showed leadership by announcing the new trade, a decision fully justified by the speed and volume with which orders came into the book. Maintaining the sizeable orderbook despite revising the price to arguably print through their outstanding curve is a fantastic result.” *Richard Tarn, MD, Primary Debt Markets Mizuho*

“A fantastic result for KBN. Starting the process with choppy markets, in a short window between EID and Asian holidays and with decent completing supply in the SSA sector, KBN has priced its final US\$ benchmark of the year extremely competitively. Orderbooks in excess of \$2bn and comprising north of 50 investors, which is again a testament to the global appeal of the KBN credit and to the teams continued engagement with the investor community.” *Spencer Dove, Managing Director, DCM Public Sector, Nomura*

“This is another very positive outcome for KBN in the benchmark US Dollar market; the book was more than twice oversubscribed by a plethora of high quality investors while pricing at minimal new issue concession. A perfect result for the KBN team.” *Laura Quinn, Director, Fixed Income DCM, TD Securities*

## **Issuer Details**

KBN is targeting a borrowing programme of US\$ 10 billion for 2016 and has completed 80% of those funding needs year-to-date, including this transaction.

KBN finances lending to the Norwegian local government sector through borrowing in the international capital markets. Through a diversified funding base covering many regions and diverse investor categories, the local government sector is provided stable, low cost and long term funding.

For further information please contact [funding@kbn.org](mailto:funding@kbn.org)

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