

US\$ 1.00 Billion 1.625% Benchmark due 15 January 2020

*** PRESS POINTS ***

Issuer:	Kommunalbanken Norway (KBN)
Rating:	Aaa/AAA
Issue amount:	USD 1.00 billion
Payment Date:	15 January 2015
Coupon:	1.625% (semi-annual)
Maturity:	15 January 2020
Reoffer Price:	99.528%
Reoffer Yield:	1.724% (semi annual)
Re-offer vs. m/s:	+9 bps
Re-offer vs. Benchmark:	UST 1.625% December 2019 +23.3bps
Lead Manager:	Bank of America Merrill Lynch, J.P. Morgan, Morgan Stanley and Nomura
Co-Leads:	Daiwa Capital Markets, Deutsche Bank, Mitsubishi UFJ Securities, Mizuho International, RBC, SMBC Nikko, Tokai Tokyo Securities

Transaction Highlights:

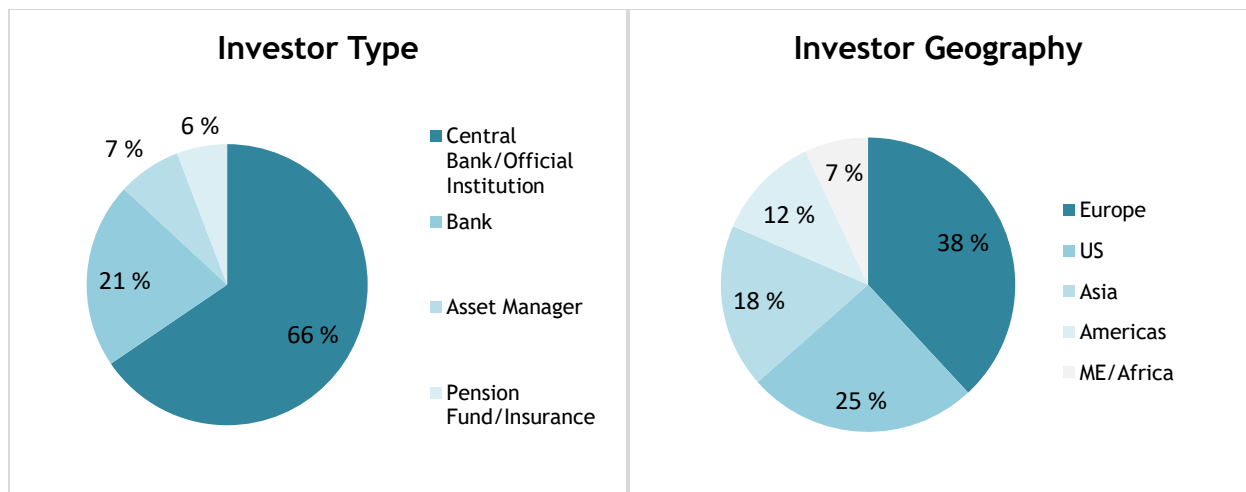
- On 8th January, Kommunalbanken Norway (KBN) issued a new US\$1bn 5-year RegS/144a bond due 15th January 2020. This is KBN's first benchmark transaction of 2015, following 4 successful fixed rate benchmark issues in 2014.
- KBN monitored the market during the first few business days of the year and opted to announce the trade on Wednesday 7th against a more stable rates backdrop, which remained for the duration of the book build.
- With Initial Pricing Thoughts of mid-swaps +10bps area, the proposed transaction garnered strong overnight feedback and robust interest from the US, as well as during the Asian session.
- With indications of interest in excess of US\$1.1bn, the guidance was improved to mid-swaps +9bps area when the trade launched at 8.20am on Thursday London time. The momentum continued and with a capped issue size, given KBN's strong liquidity position, the pricing was set at mid-swaps +9bps with books closing on an accelerated timetable after just 2 hours.
- The final order book was in excess of US\$1.6bn with over 40 orders in the book. Investors continue to seek high-quality issuers and KBN clearly delivers with its 100% ownership from the Kingdom of Norway and trusted track record in the USD Benchmark market.
- Central Banks and Official Institutions accounted for 66% - which is the largest take from this investor group since 2012 in this maturity for KBN, reflecting the safe-haven draw of the

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name. KBN enjoyed a granular distribution with the remainder split amongst Banks 21%, Asset & Fund Managers 7%, and Insurance & Pension Funds 6%.

- The geographical split reflects the global appeal of the name with Europe accounting for 38% of the distribution, the US 25%, Asia 18%, Americas 12%, and ME/Africa 7%. The European participation also reflects a record high in the 5-year tenor, as absolute yields provided a significant draw.
- KBN is targeting a borrowing programme of US\$15-17bn for 2015, and following this issue have completed US\$1.5bn so far this year.

Distribution statistics:



- KBN is a regular borrower in the international capital markets via a combination of public and private formats. The Norwegian borrower has an outstanding benchmark curve that ranges in maturities from 2015 to 2020, and this transaction reflects the commitment to offer investors benchmarks across the maturity spectrum.
- Established by an act of Parliament in 1926 as a state administrative body, KBN gained its current status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for more than 85 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. Given the fact that the Kingdom currently does not issue any foreign currency debt, Kommunalbanken - which represents both Norway as owner and the Norwegian public sector - is the closest proxy to Norwegian sovereign debt available in the international capital markets.

For further information, kindly contact: funding@kbn.org