
Kommunalbanken Norway US\$1 billion long 3-year Benchmark



Press Release

Issuer:	Kommunalbanken Norway ("KBN")
Ratings:	Aaa/AAA (Stable/Stable)
Coupon:	1.75% semi-annual
Size:	US\$1 billion
Launch Date:	12th June 2017
Payment Date:	20th June 2017
Maturity Date:	15th September 2020
Reoffer Spread:	Mid-Swaps + 8bps UST 1.50% Jun 2020 + 28.4bp
Joint Lead Managers:	Daiwa, Deutsche Bank, J.P. Morgan, TD Securities

Issue Highlights

- **KBN's second US Dollar benchmark transaction for 2017 and first 3-year benchmark since Oct 2013.**
- **US\$ 2 billion plus final orderbook, with broad distribution across geographies and investor types.**
- **Limited investor price sensitivity enabled pricing 2 bps inside initial guidance.**

On Tuesday 12th June 2017, Kommunalbanken Norway ("KBN"), rated Aaa/AAA, priced a new US\$1 billion long 3-year RegS/144a benchmark at Mid Swaps (MS) plus 8bps. This equated to a spread of 28.4bps over the UST 1.50% Jun 2020. The transaction carries a 1.75% semi-annual coupon and a semi-annual re-offer yield of 1.784%.

This highly successful new issue represents KBN's first fixed-rate 3 year transaction since October 2013 and is their second US Dollar benchmark of 2017. The significant oversubscription and price insensitivity amongst investors demonstrates the robust confidence that the global investor base has in the KBN credit and Norway.

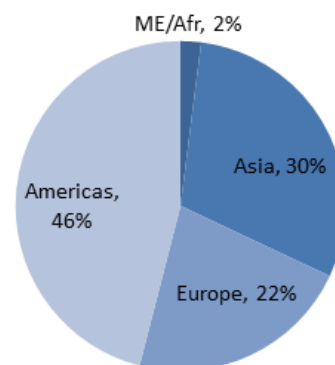
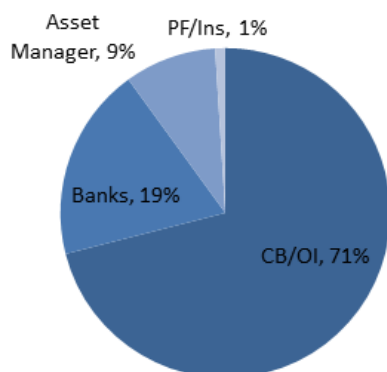
KBN announced a new long 3 year US\$ mandate on Monday 12th June at the New York open, with initial price thoughts of MS+10bps area.

The deal found immediate support, with interest of over US\$1.6 billion indicated when orderbooks officially opened on Tuesday at 8.10am (BST). Price guidance was announced at MS+9bps area. This was the first tightening of indications.

Momentum continued to grow very rapidly thereafter, with books at US\$1.9 billion before 9.00 am (BST). The degree of interest for this US\$1bn trade meant that price guidance was further revised to MS+8bps with Europe and Asia books closing at 9.30am (BST). The final book had 65 orders totaling in excess of US \$2 billion.

The trade enjoyed well balanced distribution with central banks and official institutions accounting for 71% of placement, 19% going to banks, asset managers took 9% while pension /insurance collectively took the remaining 1% of the deal. Geographically the America's took 46%, Asia took 30%, Europe 22% and Middle East/Africa 2%.

Deal Distribution Statistics:



Comments on the transaction

“A tremendous trade, and one Daiwa was very pleased to have worked on. KBN timed it perfectly, taking advantage of a quiet issuance window just ahead of the FOMC rates decision. An orderbook of the highest quality, with minimal price sensitivity despite the tightened final spread, speaks volumes of KBN’s global investor appeal” *Jez Walsh, Head of Syndicate at Daiwa*

“We congratulate Kommunalbanken on yet another successful benchmark, taking advantage of stable market conditions amidst political volatility and in the run up to the June FOMC rate decision. During the transaction, we saw positive and diversified demand well beyond subscription which once again proves the global reach of KBN. The quality of the demand helped KBN to achieve minimal concession versus its curve and an overall excellent outcome.” *Peter Diamond, Head of SSA, Deutsche Bank*

“The only challenge with this transaction was the allocation process”. *Keith Price, Head of Frequent Borrowers & FIG Syndicate, J.P. Morgan*

“This is a fantastic result for KBN in what is their first 3-year benchmark since 2013. Their reading of the market and choice of timing was spot on; hitting screens just ahead of the Fed meeting. The speed and quality at which the book built is testament to how well the KBN name is received globally. ” *Laura Quinn, Managing Director, Fixed Income DCM, TD Securities*

Issuer Details

KBN is targeting a borrowing programme of US\$ 12 billion for 2017 and has completed approximately 85% 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
