

Press Release – 12th June 2019

Kommunalbanken Norway USD 1.5 billion 5-year RegS/144A Benchmark

Today, Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway, rated Aaa (stab)/AAA (stab), priced their second USD benchmark of 2019; a new USD 1.5 billion 5-year RegS/144A transaction. The issue has a final maturity of 19th June 2024, pays a semi-annual coupon of 2.000% and has an issue price of 99.868%, to give a spread of 15.6 basis points over the 2.000% US Treasury due May 2024, equivalent to mid-swaps +15 basis points.

KBN announced the mandate for their second 5-year USD benchmark of the year on Tuesday 11th June at 13:30 CEST, with initial price thoughts (“IPTs”) of mid-swaps +17 basis points area released simultaneously. The guidance on price was rewarded by investors in Europe and the Americas through the afternoon along with Asian investors overnight, with books formally opening the following morning with indications of interest in excess of \$1.3bn.

The orderbook grew strongly throughout the morning, reaching in excess of \$2.2bn (excluding JLM interest) by 10:00 CEST, an hour after books formally opened, enabling KBN to tighten price guidance by one basis point to mid-swaps +16 basis points area. With further support from high-quality investors, KBN set the spread at mid-swaps +15 basis points at 10:45 CEST, with books in excess of \$2.6bn (excl. JLM interest). Simultaneously, given the size and quality of the orderbook, KBN announced a deal size of \$1.5bn, with European books closing soon after at 11:00 CEST and US books set to close at 08:30 New York time. The transaction subsequently priced at 16:24 CEST.

The final orderbook was notable for its high quality and stood in excess of USD 2.8 billion with over 60 investors participating. Central banks and official institutions took the lion’s share of allocations (65%), followed by banks (25%), asset managers and insurance (8%). Other investors took the remaining 2% of allocations. In terms of geography, demand was diverse with investors in the EMEA region taking 47% of allocations, followed by those in Asia-Pacific (33%) and the Americas (20%).

Alex Barnes, Head of SSA Syndicate, Citi:

“A spectacular result from KBN. I don’t recall a 5yr Nordic agency deal ever pricing inside T+20 before and they have achieved a final spread of T+15.6 here! Furthermore, the quality of the orderbook that came together at no concession to their secondary curve was extremely impressive, dominated by central banks and official institutions. Today’s result is testament to the fantastic job that the KBN funding team have done in marketing their name to investors around the globe.”

Kevin O’Neill, Head of Syndicate at Daiwa:

“A fantastic trade, one that we are very pleased to have worked on. KBN timed it perfectly, taking advantage of the recent volatility and build-up of cash reserves. The orderbook was of the highest quality, with minimal price sensitivity and despite the tightened final spread, priced through the KBN curve. The result is further proof of KBN’s global investor appeal and name recognition.”

Keith Price, Managing Director, Head of Primary Frequent Borrowers, J.P. Morgan:

“A fabulous trade for KBN navigating a volatile market and tightening swap spreads extremely well. The book quality and strength ensured pricing and sizing at the tight end and upper end of the ranges. The only real problems encountered were around allocations.”

Kerr Finlayson, Head of FBG Syndicate, NatWest Markets:

“No swap spreads... no worries. KBN have done it again. Following a blowout 5-year transaction in January the issuer have one-upped themselves. With a book nearly ~2x oversubscribed and with ~70% of the book coming from CB/OI accounts KBN’s broad investor appeal and ability to take advantage of excellent market conditions is unmistakable.”

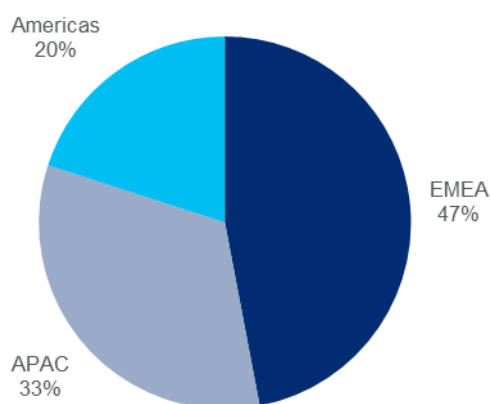
Established by an act of Parliament in 1926 as a state administrative body, KBN gained its status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for 90 years been the main provider of credit to the local government sector in 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 1.5 billion
Rating:	Aaa / AAA
Pricing:	12 th June 2019
Settlement:	19 th June 2019
Maturity:	19 th June 2024
Coupon:	2.000% (s.a)
Re-offer spread to mid-swaps:	+15 bps
Re-offer spread to Treasuries:	+15.6 bps
Re-offer price:	99.868%
Re-offer yield:	2.028% (s.a.)
Lead managers	Citi, Daiwa, JPMorgan, NatWest Markets

Distribution Statistics

Statistics by Geography



Statistics by Investor Type

