

Kommunalbanken Norway US\$1 billion 10-year Benchmark



17th April 2015

Final Terms

Borrower:	Kommunalbanken Norway ("KBN")
Ratings:	Aaa/AAA (Stable/Stable)
Coupon:	2.125% semi-annual
Size:	US\$1 billion
Launch Date:	16th April 2015
Payment Date:	23rd April 2015
Maturity Date:	23rd April 2025
Reoffer Spread:	Mid-Swaps + 19bps UST 2.00% due Feb 2025 + 27.7bp
Joint Lead Managers:	Daiwa, JPM, RBC CM and TD

Issue Highlights

KBN's first 10 year US Dollar benchmark transaction to date.

US\$1.6 billion+ final orderbook, with broad distribution across geographies and investor types.

Limited price sensitivity permitted pricing inside initial guidance.

On Thursday 16th April 2015, Kommunalbanken Norway ("KBN"), rated Aaa/AAA, launched a new US\$1 billion 10-year RegS/144a benchmark at mid-swaps plus 19bps. This equated to a spread of 27.7bps over the benchmark UST 2.00% due Feb 2025. The transaction carries a 2.125% semi-annual coupon and a re-offer yield of 2.196% semi-annual.

This successful new issue represents KBN's first 10 year US Dollar benchmark, and demonstrates the robust confidence that the global investor base has in the KBN credit and Norway.

KBN announced a new 10 year US\$ mandate on Wednesday for the New York market open, with initial price thoughts of mid-swaps plus 20 area.

The deal found immediate support, with interest over US\$1 billion indicated when orderbooks officially opened on Thursday at 7.40am (BST). Price guidance was announced at mid-swaps plus 20 area, in line with the initial price thoughts.

Momentum continued to grow over the morning in Europe, with books in excess of US\$1.6 billion by 11.30am. The lack of price sensitivity in the book permitted KBN to set the pricing at mid-swaps plus 19bps.

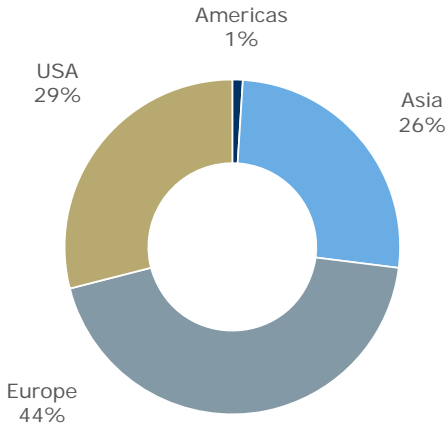
Into the New York open interest was confirmed at the revised pricing and the final book closed at 2pm (BST) with 52 investors in the book.

The distribution enjoyed well balanced distribution with central banks and official institutions accounting for 31%, banks 27%, asset managers 22% and pension funds and insurance demand a fifth of the deal. Geographically European investors taking 44% of the deal, followed by accounts from the US with 29%, Asia 26% and the Americas 1%.

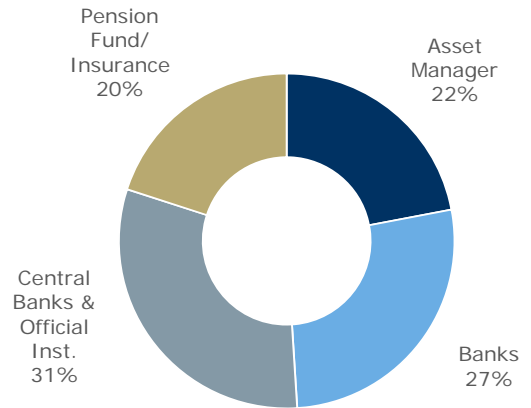
The new issue is KBN's fourth foray into the US market to far this year, and second in benchmark format. It extends the KBN US Dollar benchmark curve past the KBN 1.625% 15th Jan 2020 line, issued in January, and the US\$500 million KBN 2.125% February 2025 Green Bond issued in February.

Sales Distribution

By Geography



By Investor Type



Source: RBC

Comments on the Transaction

"Congratulations KBN! With this, its inaugural benchmark sized USD 10 year transaction, KBN has amply demonstrated its ability to draw substantial demand from a broad spread of high quality investors in a longer tenor as easily as in its more normal shorter dates. A truly excellent trade for both borrower and investors, and one in which Daiwa was delighted to have been involved."

Christopher Brown, Head of Investment Banking, Daiwa

"With this trade, KBN continues to demonstrate leadership from the Nordic space, as the first US\$ 1bn 10-year from the Nordic space since 2007. It demonstrates the significant breadth of investors that KBN appeals to."

John Lee-Tin, Managing Director, J.P. Morgan

"KBN's inaugural 10-year USD benchmark yet again demonstrated the loyal, long standing and broad following the credit enjoys in the USD market. Investors welcomed the opportunity to participate in a long dated KBN issue given current appetite to move further down the yield curve."

Alex Caridia, Managing Director, Fixed Income DCM, RBC CM

"KBN took advantage of benign market conditions and the first mover advantage to time their inaugural 10-year USD benchmark to perfection. They were rewarded with the perfect outcome; a heavily oversubscribed order book and a bond which will perform very well in secondary."

Laura Quinn, Director, Fixed Income DCM, TD

Issuer Details

KBN is targeting a borrowing programme for 2015 of US\$12–14 billion and has completed circa 40% 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.

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