

# KBN USD 1.25billion 5 Year RegS/144A Benchmark

29<sup>th</sup> January 2019

## Final Terms

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Borrower:	<b>Kommunalbanken Norway (“KBN”)</b>
Ratings:	Aaa (Stable) / AAA (Stable) by Moody’s / S&P
Instrument:	Fixed Senior Unsecured Notes
Coupon:	2.750% semi-annual
Size:	USD1.25 billion
Price Date:	29 <sup>th</sup> January 2019
Payment Date:	5 <sup>th</sup> February 2019
Maturity Date:	5 <sup>th</sup> February 2024
Reoffer Spread:	Mid-Swaps + 15bps / CT5 + 23bps
Joint Lead Managers:	BofAML, Nomura, RBC Capital Markets (B&D), TD Securities

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## Issue Highlights

- The final orderbook closed in excess of USD2.6bn, allowing KBN to revise pricing by 2bps from IPTs to ultimately price at MS+15bps; through their outstanding secondary curve.
- Over 60 investors participated in the transaction, with exceptionally strong participation from Central Bank’s and Official Institutions, who took 75% of the final allocation.

## Issue Details

- On Tuesday 29<sup>th</sup> January, Kommunalbanken Norway (KBN), rated Aaa / AAA (stable / stable) by Moody’s / S&P, priced a new 5-year benchmark at 15bps over mid-swaps, equivalent to 23bps over the UST 2.500% January 2024 benchmark. The transaction marks KBN’s return to the 5-year tenor, following their successful USD1.5bn 5-year benchmark transaction in January 2018.
- Given the strong bid for USD SSA paper and ahead of the Chinese New Year holidays next week, KBN took advantage of the clear issuance window to announce the mandate for a new 5-Year RegS/144A benchmark at 11.00 GMT on Monday 28th January 2019, with Initial Price Thoughts of MS+17bps area released at the New York open.
- The transaction enjoyed an immediately strong response from the outset, with demand surpassing USD1.3bn by the time that the orderbook officially opened at 8.00am GMT on Tuesday morning. Given the demand already indicated, price guidance was tightened by 1bps to mid-swaps plus 16bps area.
- The orderbook continued to grow strongly and, by the first update shortly before 9.30am London, demand had surpassed USD2bn. Given the USD1.25bn capped deal size and to limit further orderbook inflation, the spread was set at MS+15bps at this juncture and it was announced that EMEA/ASIA orderbooks would go subject 15 minutes later at 9.45 GMT. Global books ultimately closed at 13.30 GMT with final demand in excess of USD2.6bn.
- The transaction enjoyed exceptionally strong and high quality demand across both investor types and geographies with over 60 investors participating. In terms of investor type, Central Banks & Official Institutions accounted for the majority of demand, taking 75% of final allocations, supplemented by Banks (17%) and Fund Managers / Insurance Companies (8%). In terms of geographical distribution EMEA (42%) and Asia (37%) accounts took the majority of the allocation, supplemented by Americas (21%).

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## Issuer Overview

Kommunalbanken Norway (KBN) finances important welfare services through providing credit to the local authorities in Norway. KBN is defined as a state instrumentality, having a public policy mandate from the central government to provide low cost financing to the Norwegian local government sector.

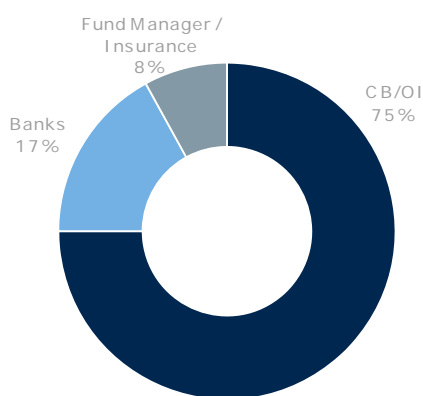
KBN's lending to the local government sector is funded by issuing securities in the international capital markets maintaining the highest possible credit rating. KBN is a wholly owned state company.

KBN has an expected long-term borrowing programme of USD12-14 billion in 2019.

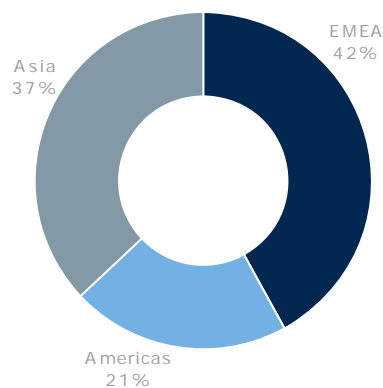
## Sales Distribution

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By Investor Type



By Geography



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## Reactions

### Adrien de Naurois, Managing Director, SSA Syndicate at BofA Merrill Lynch

A great result for Kommunalbanken with their first USD benchmark of the year and the first 5-year USD benchmark from their peer group. KBN was able to capitalise on very strong demand from investors, pricing with minimal concession to their outstanding curve.

### Spencer Dove, Managing Director, Head of SSA DCM at Nomura

A fantastic result for KBN with their annual 5-year US\$ benchmark. A reassuringly strong orderbook with final orders in excess of 2.6bn and over 70 accounts participating demonstrate the very broad appeal of the issuer. The continued success of KBN's US\$ benchmark programme is testament to the tireless efforts of the funding team in engaging with the global investor community

### Kerr Finlayson, Director, Head of SSA Syndicate at RBC Capital Markets

A superb trade to open KBN's \$ benchmark account for the year. An incredibly well diversified orderbook is testament to the high esteem they are held in across the SSA investor universe. We said last year that their January 5yr trade would be tough to beat and indeed it looks like they just did!

### Laura Quinn, Managing Director, Origination & Syndication at TD Securities

This was a fantastic outcome for KBN in what was their first foray into the USD benchmark space in 2019. They managed to avoid competing supply and achieve a very high quality final orderbook of over US\$2.6bn while simultaneously attaining very competitive pricing.