

Kommunalbanken Norway Launches New USD 1.5 billion 5-year RegS/144A Benchmark due September 2029

Bond Summary Terms	
Issuer:	Kommunalbanken AS (“KBN”)
Issuer rating:	Aaa / AAA (Moody’s / S&P) (all stable)
Amount:	USD 1.5 billion
Settlement date:	01 October 2024 (T+5)
Coupon:	3.625%
Coupon payment dates:	Payable semi-annually in arrears on 04 March and 04 September each year, up to and including the maturity date, commencing with a full first coupon on 04 March 2025
Maturity date:	04 September 2029
Issue price:	99.743%
Denominations:	USD 200,000 and integral multiples of USD 2,000 thereafter
ISIN:	144a: US50048MDP23 / RegS: XS2910613970
Listing:	Luxembourg Stock Exchange
Clearing system:	DTC / Euroclear / Clearstream
Joint Lead Managers:	Citi, Deutsche Bank, HSBC, Scotiabank

Transaction highlights

- On Tuesday October 24th, Kommunalbanken AS (“KBN”), rated Aaa/AAA, successfully priced a new USD 1.5 billion 5-year Benchmark bond. This represents KBN’s third USD Benchmark transaction this year.
- On the back of a supportive market backdrop, KBN moved quickly to make usage of an issuance window in a busy week to launch a new USD Benchmark transaction.
- Despite traffic in the USD market from other European agencies in different shorter tenors, KBN attracted granular and high-quality investor demand for its post-summer USD benchmark.
- The deal, which was announced with “benchmark size”, marks with a final size of USD 1.5bn the second time KBN is targeting the USD market in that size this year.
- The transaction attracted a high quality and granular orderbook consisting of over 90 orders, with the final orderbook closing in excess of USD 3.6 billion (incl. JLMs).
- In terms of geography, distribution was well diversified across the globe, led by Americas (42%), followed by EMEA (34%) and APAC (24%). In terms of investor type, the orderbook was dominated by Central Banks/Official Institutions (75%) as well as Banks/Private Banks (18%), with the remainder split amongst Asset Managers/Insurer/Pensions (6%) and Others (1%).

Book Building Process

- The new September 2029 RegS/144a USD Benchmark Bond was announced at 11:03AM UKT on Monday, 23rd September 2024 with IPTs released at SOFR MS+50bps area, equivalent to an interpolated G spread of +21.5bps area using the on-the-run 5-year UST benchmark.
- Investor engagement was strong from the outset, with Indications of Interest (IOIs) surpassing USD 2.1 billion by the time the books opened at 8:18 AM UKT the next day. This allowed the spread guidance to be tightened by 1 bps to SOFR MS+49 bps.
- The orderbook momentum continued to build throughout the European morning with high quality orders adding to the book which grew in excess of USD 3.1bn by 11AM UKT, at which point the spread was set another 1bps tighter at SOFR MS+48bps.
- Shortly after the North American open, the bond was launched with the final deal size previously set at USD 1.5 billion, at the upper end of expectations, and the final order book closing in excess of USD 3.6bn.



- The transaction successfully priced at 3.53PM UKT at a re-offer price of 99.743% and a re-offer yield of 3.683%, equivalent to a spread of +19.73bps over the on-the-run UST 3.625% due 31st August 2029 benchmark.

Investor Distribution

Distribution by Geography

Americas	42%
EMEA	34%
APAC	24%

Distribution by Investor Type

Central Banks/Official Institutions	75%
Banks/Private Banks	18%
Asset Manager / Insurance / Pension	6%
Others	1%

Bookrunner Quotes

“Many congratulations to the KBN team for their highly successful fourth USD outing of the year. The transaction was very well received by the global investor community, being amongst the first USD SSA outings to follow the Federal Reserve’s 50bps rate cut. The new benchmark benefitted from remarkably strong Central Bank and Official Institution participation at 75%, their highest participation level in a KBN 5-year benchmark in recent years. We are delighted to have been involved.” said **Ebba Wexler, Head of Global SSA DCM, Citi**

“Congratulations to the KBN team for successfully launching another impressive USD benchmark transaction. Despite a busy USD primary market, the issuer capitalized on its excellent standing with investors to secure a successful execution. By targeting the 5-year maturity, they effectively tapped into deep investor interest as demonstrated by the high quality of the order book, with significant interest from Central Banks and Official Institutions. This strong order book combined with KBN’s solid credit perception enabled to revise the pricing 2bps inside IPTs.” said **Katrin Wehle, Head of SSA DCM Origination, Deutsche Bank**.

“KBN achieved yet another outstanding result with its USD 5-year benchmark, securing USD1.5bn size and pricing with minimal new concession. The breadth and quality of investor support across geographies is testament to its global recognition in the capital markets. Many congratulations to the team!” said **Vinay Parmar, Vice President SSA DCM, HSBC**

“Scotiabank is pleased to serve as a Joint Bookrunner for this strategically timed transaction. The size of the orderbook and the diversity of investors involved underlines the strength of KBN’s credit in the SSA market. Congratulations to the team on today’s transaction,” said **Cesare Roselli, Global Head of SSA Origination at Scotiabank**

Overview of KBN

Created by Act of Parliament in 1926/1999, KBN has a public policy mandate from the central government to provide low-cost finance to the Norwegian local government sector. KBN’s sole purpose is to grant loans to local and regional governments or inter-municipal companies, in line with KBN’s public policy mandate. KBN is 100% owned by the Kingdom of Norway (Aaa/AAA), representing the closest proxy to Norwegian sovereign risk in international markets.

