

Kommunalbanken Norway (KBN)

USD 1.25 billion 3-Year RegS / 144A Benchmark



Final Terms

Issuer:	Kommunalbanken Norway (KBN), 100% owned by Kingdom of Norway
Ratings:	Aaa / AAA (Stable / Stable - Moody's / S&P)
Format:	RegS / 144A
Coupon:	4.625%, Fixed, S/A, 30/360
Size:	USD 1.25 billion
Pricing date:	4 June 2024
Payment date:	11 June 2024 (T+5)
Maturity Date:	10 September 2027 (3Y)
Re-offer Spread:	SOFR MS +32bps CT3 +10.8bps
Joint Lead managers:	Barclays, BMO, CIBC Capital Markets, Morgan Stanley

Issue Highlights:

- With a re-offer spread of SOFR MS +32bps / CT3 +10.8bps, **KBN achieved its tightest US Dollar benchmark pricing outcome versus US Treasuries since October 2021.**
- The depth of investor demand enabled KBN to **tighten the final reoffer spread by 3bps from IPTs, with books 2.7 times oversubscribed and 62 investors participating.**
- The transaction enjoyed particularly **strong support from Central Banks and Official Institutions**, who took 73% of the final allocations.
- **Geographically diverse investor participation**, with bonds placed in EMEA (42%), Americas (32%), and APAC (26%).
- This new issue marks **KBN's third outing in the USD market in 2024.** The issuer's previous Benchmark transaction in the currency was a 5-year US Dollar Benchmark priced in January 2024, followed by a 4-year US Dollar FRN priced in February 2024.

Issue Details

- KBN's 3-year US Dollar Benchmark was announced at 13:00 CET on Monday 3rd June 2024, with IPTs of SOFR MS +35bps area, equivalent to CT3 +14.9bps area at the time.
- Books were officially opened at 09:00 CET on Tuesday 4th April 2024, with official price guidance of SOFR MS +33bps area (2 bp tighter from IPTs), and over USD 1.8bn of IOIs.
- Following a book update of USD 2.75bn at 10:40 CET, the spread was set at SOFR MS +32bps (3 bp tighter from IPTs). At 15:00 CET the final deal size was set at USD 1.25bn.
- The deal was subsequently priced at 17:55 CET, with a re-offer spread of SOFR MS +32bps / T 4 ½ 05/15/27 Govt +10.8bps. The final book size was USD 3.3bn.
- Take-up from the Central Bank and Official Institution community was notably high for this tenor, with 73% sold to this investor base. Banks also provided significant support to the transaction with 22% of the bonds going to them and Asset Managers, Insurance and Pension Funds buying the remaining 5% of the bonds.

Reactions

YU Miao Yang, Managing Director, Head of Fixed Income Syndicate, EMEA, Barclays

"Impressive return to the USD market by the KBN team achieving the biggest ever 3-year KBN order book, at the tightest spreads to treasuries in this tenor for the credit. Participation from across the investor spectrum is a testament to KBN's continued global appeal and strong credit fundamentals. Barclays was delighted to have worked alongside the issuer in delivering the outcome."

Massimo Antonelli, Managing Director, BMO Capital Markets

"Congratulations to the KBN team for a very successful second outing in the USD fixed rate space in 2024. The orderbook composition was of exceptionally high quality, which allowed KBN to price 3bps tighter than IPTs, effectively flat to fair value. The bonds performed on the break, testament to the success of the trade and to the recognition that KBN enjoys among investors."

Anthony Vivès de Montal, Executive Director, Government Solutions Group, CIBC Capital Markets

"For its second USD Benchmark transaction of the year, KBN was able to tap into a high level of investor demand for 3-year paper. The prime quality of the orderbook and the diversity of accounts involved, combined with the high level of oversubscription, underscore continued appetite for KBN paper in the US Dollar primary market. This will undoubtedly become a reference point for comparable names wanting to issue in this tenor over the coming months."

Ben Adubi, Head of SSA, Managing Director, Morgan Stanley

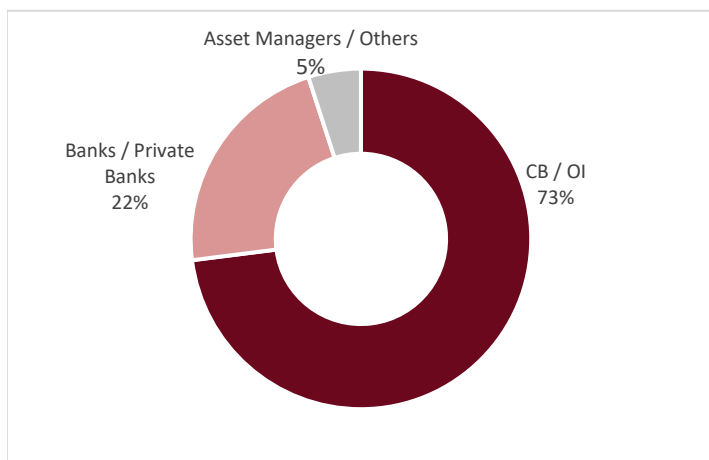
"Another successful outing in the USD market for KBN following their strong 5Y issued earlier this year. Taking advantage of the stable market backdrop and opportunistic window, the deal amassed a high-quality and granular orderbook with the lionshare going to CB/OIs, which is a testament to the strength of KBN's credit quality. Congratulations to the KBN team on another stellar transaction, Morgan Stanley is delighted to have been involved!"

Issuer Overview

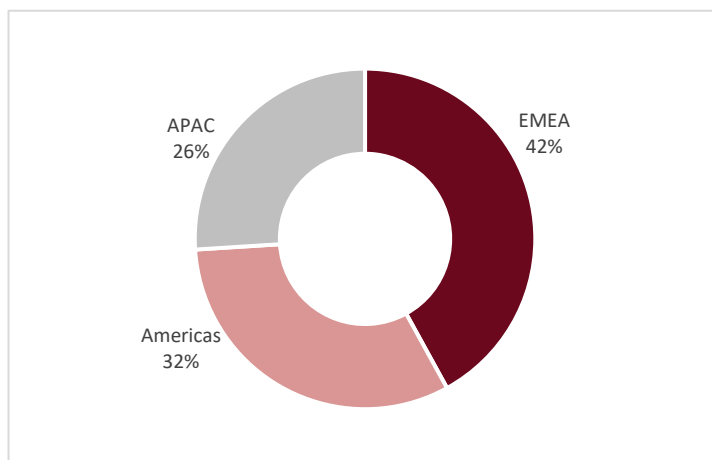
- Established by an act of Parliament in 1926 as a state administrative body, KBN gained its current status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for more than 90 years been the main provider of credit to the local 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% owner of KBN.

Sales Distribution

By Investor Type



By Geography



Source: Joint Lead Managers

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