

KBN Launches New 5-Year USD Benchmark

Bond Summary Terms	
Issuer:	Kommunalbanken AS ("KBN")
Issuer rating:	Aaa / AAA (Moody's / S&P) (all stable)
Amount:	USD 1.25 billion
Settlement date:	01 September, 2023
Coupon:	4.500%
Coupon payment dates:	Payable semi-annually in arrears on 01 March and 01 September each year, up to and including the maturity date, commencing with a full first coupon on 01 March 2024
Maturity date:	01 September, 2028
Issue price:	99.562%
Denominations:	USD 200,000 and integral multiples of USD 2,000 thereafter
ISIN:	144a: US50048MDK36 / RegS: XS2673978487
Listing:	Luxembourg Stock Exchange
Clearing system:	DTC / Euroclear / Clearstream
Joint lead managers:	BMO Capital Markets, Nomura, Scotiabank, TD Securities

Transaction Highlights

- ❖ On Wednesday August 23rd, Kommunalbanken AS ("KBN"), rated Aaa/AAA, successfully priced a USD 1.25 billion 5-Year Benchmark bond. It represents KBN's second new 5-year USD Benchmark transaction in 2023.
- ❖ The transaction was launched in a remerging USD primary market environment as supply began to increase post summer break. The market tone was positive, and investors had a strong appetite for the supply from high quality issuers after a period of limited supply.
- ❖ The transaction attracted strong demand with final books amounting over USD 2.6 billion of well-diversified 87 orders. Regarding regions, distribution was led by EMEA (61%), followed by Americas (36%) and APAC (3%). In terms of investor type, the orderbook was dominated by CB/OI and Bank/PB investors with 51% and 41% of the final allocation respectively, and the remainder split among Pension Fund/Fund Manager (6%) and Other (2%) investors.

Book Building Process

- ❖ The new September 2028 RegS/144a USD Benchmark Bond was announced at 14:00 CET on Tuesday 22nd August 2023 with IPTs at SOFR MS+46bps area.
- ❖ The transaction gathered solid IoIs after the announcement, increasing to over USD 1bn (including 50mm JLMs) by the time books opened the following London morning. The books continued to grow at a steady pace with high quality investor orders, giving the comfort to set the spread at SOFR MS+44bps with books above USD 2.3bn (including JLMs).
- ❖ Shortly after the North American open, the bond was launched at 15:16 CET with the final size set at USD 1.25 billion, and final books were closed in excess of USD 2.6 billion (excluding JLMs). The transaction was then priced at 17:06 CET at a re-offer price of 99.562% and a yield of 4.599%.

Dealer Quotes

"With an almost six week summer lull in terms of SSA USD benchmark issuance, KBN was able to return to the dollar benchmark sector with an incredibly successful 5 year benchmark. A diversified final book of over \$2.6bn excluding any joint lead manager demand let KBN move from IPTs of Mid Swaps + 46bps to a final reoffer spread of +44bps (~CT5s + 23.6bps). This represented only about a three basis point curve extension premium from their last five year trade in January and only 9/11bps over their tighter pricing SSA peers in the market this week. The deal is opening tighter in day one trading at +22/21bps" said Edward Mizuhara, DCM Syndication, BMO Capital Markets

"Kommunalbanken's new \$1.25bn 5yr transaction was a fantastic result, and testament to the KBN team on navigating challenging market conditions. After a summer of low issuance and high volatility, KBN took the pragmatic approach to the market and utilising the positive momentum in the USD New

Issues arena. KBN's broad investor reach was again demonstrated in this transaction with demand from across the whole investor universe. Congratulations to the whole KBN team" said Conrad Baker, Head of SSA Syndicate, Nomura

"KBN has once again delivered in the USD market, with the issuance of a 5-Year USD 1.25bn benchmark transaction. The issuer continues to attract strong demand from the USD investor base, with the bond achieving a final orderbook greater than USD 2.6bn, and enabling the spread to be tightened 2bps from IPT's. Congratulations again to KBN team on this superb outcome!" said Cesare Roselli, MD & Head of Europe DCM & SSA Origination, Scotiabank

"Congratulations to the KBN team on another flawlessly executed 5yr USD transaction. With final books in excess of USD 2.6bn, KBN have reopened the USD market for SSA agencies in the post-summer period. The participation from the CB/OI community in this trade is a testament to the consistent broad appeal of the KBN name from high quality investors" said Christine Peters, Director, SSA DCM, TD Securities

Investor Distribution

Distribution by Geography

Americas	36%
EMEA	61%
APAC	3%

Distribution by Investor Type

Central Banks/Official Institutions	51%
Banks/Private Banks	41%
Pension Funds/Fund Manager	6%
Other	2%

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.

