

Press Release – 16th May 2017

Kommunalbanken Norway EUR 1 billion 10-year RegS Benchmark

Transaction Highlights

Today Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway, priced their first EUR benchmark of 2017, a EUR 1 billion 10-year RegS transaction maturing 24th May 2027. This transaction further extends KBN EUR curve, following their 10-year issued in April 2016 and a 5-year issued in 2014, providing investors for a new liquid reference bond. The issue pays an annual coupon of 0.875% and has an issue price of 99.905%, offering a spread of +45 basis points over the DBR 0.250% due February 2027 and +4 basis points over mid-swaps.

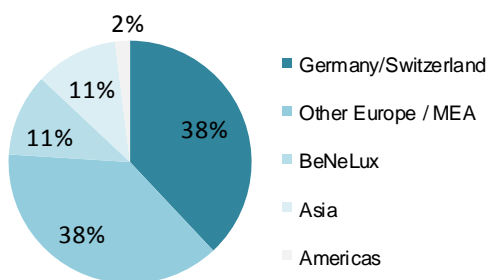
Having monitored the market closely following the result of the French Presidential Elections on 7th March, KBN timed their transaction to take advantage of the supportive market backdrop, and to navigate competing SSA supply. KBN announced the mandate at 13:30h London Time on Monday 15th May in order to mark their execution window for Tuesday 16th.

Initial Price Thoughts (“IPT’s”) of mid-swaps+5bps area were communicated to the market at 08:10h London Time on Tuesday 16th May. Within two hours of books opening, Indications of Interest (“IOI’s”) were in excess of EUR 1 billion, when official price guidance was announced unchanged at mid-swaps+5bps, in line with IPTs. Orderbook momentum continued, and with over EUR 1.3 billion of orders from a range of high quality accounts, final pricing was revised down to mid swaps + 4bps by 12:10h London time.

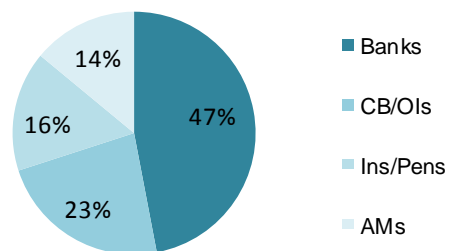
The transaction was very well distributed with over 45 investors participating in the transaction, predominantly from Europe, who accounted for the lion’s share of demand. In terms of accounts, the orderbook was extremely granular with Banks taking 47%, Central Banks / Official Institutions taking 23%, Pension Funds / Insurance taking 16%, and Asset Managers taking 14%.

Distribution Statistics

Statistics by Geography



Statistics by Investor Type



BNP PARIBAS



HSBC



NOMURA

Bookrunner Quotes

Nathaniel Timbrell-Whittle, Head of SSA Syndicate, **BNP Paribas**: *"KBN have demonstrated the flexibility required to navigate a heavy supply window, with the broad-based international demand enabling a print with minimal concession versus the outstanding bonds from KBN and peers. This new 10-year transaction marks the third EUR benchmark for the Issuer in recent history, and will provide an important reference going forward from which to continue to effectively engage with the EUR capital markets. An emphatic return to the EUR market in 2017 for KBN, clearly appreciated by the European investor community"*

Philip Brown, head of SSA origination at **Citi**: *"KBN benchmarks are eagerly anticipated and this was no exception. We had a very high quality order-book as KBN strides forward to become a regular benchmark issuer in the Euro SSA market."*

PJ Bye, Managing Director, Global Head of SSA Syndicate at **HSBC**: *said: "KBN chose an excellent execution window for this new 10yr transaction. To price a comfortably oversubscribed EUR1bn transaction inside price guidance, on the back of a strong and well-diversified orderbook, is testament to the broad support KBN has built up among key EUR investors in recently years."*

Spencer Dove, Managing Director, SSA DCM, **Nomura**: *"With this highly successful transaction, KBN has extended the curve and cemented its commitment to the EUR currency. The high quality and granular orderbook is testament to the strategic efforts the team undertakes to engage the global investor community and expand the reach of KBN. A fantastic and well deserved result."*

Issuer Details

Established by an act of Parliament in 1926 as a state administrative body, KBN gained its status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for 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 per cent owner of KBN.

KBN is targeting a borrowing programme of USD 11-12 billion for 2017 and has completed 65% of those funding needs year-to-date, including this transaction.

Final Terms

Issuer:	Kommunalbanken (KBN)
Size:	EUR 1 billion
Rating:	Aaa / AAA (both stable)
Pricing:	16 th May 2017
Settlement:	24 th May 2017
Maturity:	24 th May 2027
Coupon:	0.875% (annual)
Re-offer spread to mid-swaps:	+4 basis points
Re-offer spread to Bunds:	DBR 0.25% Feb 2027 +45 basis points
Re-offer price:	99.905%
Re-offer yield:	0.885% (annual)
Lead managers	BNP Paribas, Citi, HSBC, Nomura



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