

KBN Launches New 2.5-Year USD Benchmark

Bond Summary Terms	
Issuer:	Kommunalbanken AS ("KBN")
Issuer rating:	AAA (stable) / Aaa (stable), (S&P / Moody's)
Amount:	USD 1.25 billion
Settlement date:	March 29, 2022
Coupon:	2.50%
Coupon payment dates:	Each 27 March and 27 September until the Maturity Date, commencing with a short first coupon on 27 September 2022
Maturity date:	27 September, 2024
Issue price:	99.995%
Denominations:	USD 200,000 and multiples of USD 2,000 thereafter
ISIN:	144a: US50048MDG24 / RegS: XS2462667861
Listing:	Luxembourg Stock Exchange's Regulated Market
Clearing system:	DTC / Euroclear / Clearstream
Joint lead managers:	Credit Agricole CIB, Morgan Stanley, Nomura and Scotiabank

Transaction Highlights

- ❖ On Tuesday March 22nd, Kommunalbanken AS ("KBN"), rated AAA/Aaa, successfully priced a USD 1.25 billion Benchmark 2.5-Year bond, its second USD Benchmark transaction for 2022.
- ❖ The transaction was launched in the context of a period of volatility in the USD SSA market, with careful consideration given to the issuance window and maturity selection, so as to take advantage of the investor community's need for safe assets.
- ❖ The transaction experienced strong demand with books well-diversified across 40 orders. The orderbook was well spread amongst regions, with the Americas taking 39.6% of the final allocation, followed by EMEA (37.7%), and APAC (22.7%) investors. In terms of investor type, distribution was dominated by CB/OI with 72.9% of the final allocation, followed by Banks/Private Banks (21.8%) and the remainder split among Pension Funds/fund Managers/Hedge Funds (5.3%).

Book Building Process

- ❖ The new September-2024 RegS/144a USD Benchmark Bond was announced to the market at 14:07 GMT on Monday the 21st of March 2022 with IPTs at MS+27bps area.
- ❖ The transaction received steady reception during the Americas time-zone, with IOIs rising to over USD 1.3bn (excl. JLMs) by the time books opened the following London morning. During the London morning session the spread was set to MS+26bps, with books above USD 1.65bn (excluding JLMs).
- ❖ Shortly after the North American open at 14:16 GMT, size was set at USD 1.25 billion, and books were closed.
- ❖ The transaction was priced at 15:35 GMT on Tuesday the 22nd of March, at a re-offer price of 99.995% and a spread of +32.1 bps over the UST 1.500% February 2024. Final orderbook at the revised price guidance was in excess of USD 1.55 billion (excluding JLMs).

Dealer Quotes

"Kommunalbanken has managed to achieve a very successful outcome for its second USD benchmark of the year, despite navigating through challenging market conditions. The size of the orderbook and the high quality of investor participation underlines the strength of KBN's credit in the SSA market. We were very pleased to contribute to this transaction and would like to congratulate the KBN team for this great result" said Lawrence Duquesne-Garner, SSA Origination, Credit Agricole CIB.

"Another great result for KBN - despite the ongoing market volatility and recent geopolitical tensions, the strong quality orderbook achieved by KBN is a further testament of the appeal of the Norwegian credit across the curve. Morgan Stanley was delighted to be a part of this transaction" said Ben Adubi, Head of SSA, Morgan Stanley.

"Kommunalbanken's new \$1.25bn 2.5Y transaction was met positively by both investors and Issuers. An incredibly strong triple AAA rated Nordic, with a substantial global investor following, provided an investor friendly front end transaction. Despite volatility and lower levels of USD issuance of late, their well populated curve provided comfort on fair value and sensible initial pricing thoughts. KBN's over subscription, investor quality, book growth and tightening of the spread, reaffirms USD pricing and access for the Agency borrowers" said Mark Yeomans - Managing Director, DCM SSA Nomura.

"Congratulations to KBN on an outstanding result on its second USD benchmark of 2022. KBN's funding team was able to navigate a challenging market environment with the right timing and tenor selection, and was rewarded with a solid response from the global investor community," said Cesare Roselli, Global Head of SSA (Sovereign, Supranational, and Agency) Origination at Scotiabank. Scotiabank.

Investor Distribution

Distribution by Geography

Americas	39.6%
EMEA	37.7%
APAC	22.7%

Distribution by Investor Type

Central Banks/Official Institutions	72.9%
Banks	21.8%
Pension Funds/Fund Manager/Hedge Fund	5.3%

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 per cent owner of KBN.

