

KBN

A\$450 million 5-Year Kangaroo Green Bond



28th August 2018

Final Terms

Borrower:	Kommunalbanken Norway ("KBN")
Ratings:	Aaa (Stable) / AAA (Stable) by Moody's / S&P
Coupon:	2.70% Semi-annual
Size:	AUD 450 million
Price Date:	28 th August 2018
Payment Date:	5 th September 2018
Maturity Date:	5 th September 2023
Re-Offer vs Swap:	+45bps vs. semi-quarterly coupon matched asset swap
Re-Offer vs Benchmark:	+55.25bp over 5.5% ACGB due April 2023
Joint Lead Managers:	RBC Capital Markets, TD

Issue Highlights

- The transaction represents Kommunalbanken's ("KBN") inaugural Green bond transaction in the AUD market and is the first Kangaroo Green Bond from an agency issuer since March 2015.
- The benchmark was upsized to AUD450m from the initial AUD250m minimum deal size; marking KBN's largest AUD transaction since they began issuing in the market 17 years ago.
- Particularly strong support from the domestic investor base (63%); fuelled by the ongoing development of the Australian Green / SRI bond market

Issue Details

- Given the ongoing development of the AUD Green & SRI bond market during recent years, KBN took advantage of limited mid-curve Kangaroo supply this year (the last benchmark transaction was on May 16th), along with the favourable moves in the cross currency basis, to announce their inaugural Kangaroo Green bond during the Sydney morning on Monday 27th August.
- The order book accelerated on the second day of the book building process, as several large domestic investors reverted to offshore research analysts overnight, given that this was KBN's first AUD Green bond outing.
- Order books built strongly during Tuesday morning in Australia and further accelerated as Asian investors placed orders during the mid-morning. Ultimately, the pace of the order book growth was so fast that the orderbook closure time was moved 90 minutes earlier to prevent further inflation.
- The size and high quality of the investor demand indication allowed the transaction to be upsized from the original AUD250m minimum deal size to AUD450m.
- The significant domestic participation in the transaction, 63% of the final allocation, is testament to KBN's commitment to the Kangaroo market since 2001 and their consistent investor marketing in the region during the past decades.
- Away from the domestic Australian accounts, this interest was supplemented by Asia (19%), Japan (10%) and EEA (8%). In terms of investor type, Asset Managers took the majority of allocations (63%), supplemented by Banks (24%), Insurance (10%) and CB/OI (3%).

Issuer Overview

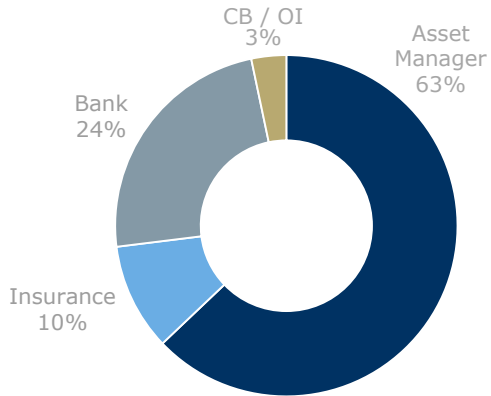
- Kommunalbanken Norway (KBN) finances important welfare services through providing credit to the

local authorities in Norway. KBN is defined as a state instrumentality, having a public policy mandate from the central government to provide low cost financing to the Norwegian local government sector.

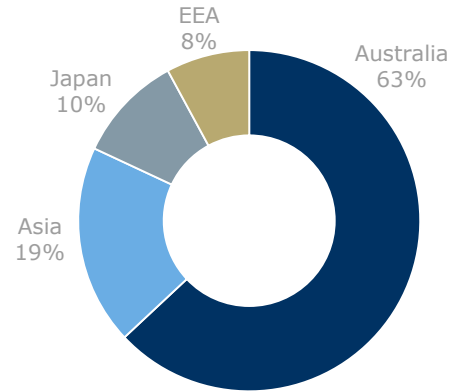
- KBN's lending to the local government sector is funded by issuing securities in the international capital markets maintaining the highest possible credit rating. KBN is a wholly owned state company.

Sales Distribution

By Investor Type



By Geography



Source: RBC