

## KBN successfully issues its third USD Green Bond Benchmark Press Release – 19<sup>th</sup> October 2016

### Final terms of the transaction

Issuer	Kommunalbanken Norway (KBN)
Rating	Aaa (stable) /AAA (stable) (Moody's/S&P)
Issue Amount	USD 500mn (no-grow)
Pricing Date	19 <sup>th</sup> October 2016
Settlement Date	26 <sup>th</sup> October 2016 (T+5)
Maturity Date	26 <sup>th</sup> October 2020
Re-Offer Price/Yield	99.740% / 1.442%
Coupon	1.375% (semi-annual, 30/360)
Re-offer vs. mid-swaps	+27bps
Re-offer vs. Benchmark	UST 1.000% 15 <sup>th</sup> October 2019 +48.65bps
Joint Bookrunners	Citi, Crédit Agricole CIB and SEB

### Context of the transaction

On Wednesday 19<sup>th</sup> October, Kommunalbanken Norway ("KBN"), rated Aaa (stable) / AAA (stable) (Moody's/S&P) and 100% owned by the Kingdom of Norway, made its successful return to the Green Bond market by issuing a USD 500mn 4-year Green Bond benchmark. The new transaction is due on October 26<sup>th</sup> 2020, pays a coupon of 1.375% and priced with a spread of 27bps over mid-swaps, equivalent to 48.65bps over the UST 1.000% 15<sup>th</sup> October 2019. This successful transaction represents KBN's third USD Green Bond Benchmark and demonstrates KBN's strong commitment to the Green Bond market. The Bond Proceeds are reserved for financing climate friendly projects according to KBN's Green Bond framework. Citi, Crédit Agricole CIB and SEB acted as Joint Bookrunners.

### Launch and execution process

The decision was made to announce the mandate at 12:00pm London time on Tuesday, 18<sup>th</sup> October 2016 for a USD 500mn no-grow 4-year Green Bond transaction with Initial Pricing Thoughts (IPTs) released at mid-swaps +29bps area.

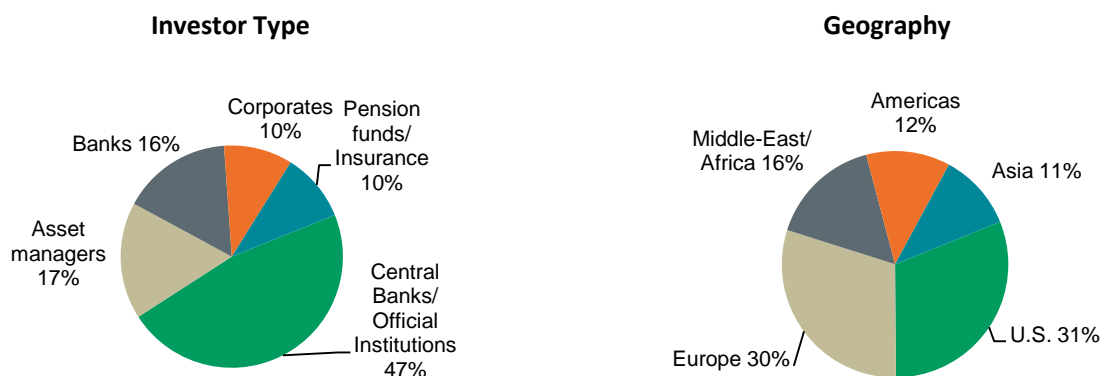
The transaction was able to build a strong momentum from the outset, gathering Indications of Interest (IOIs) over USD 700mn (excluding JLM interest) by London opening the following morning. With a constructive market backdrop on Wednesday morning, the Joint Lead Managers opened books at 8:15am London time with a revised price guidance of mid-swaps +28bps area.

The strong momentum continued and the spread was set at mid-swaps +27bps 10:30am London time on the back of an orderbook in excess of USD 1bn. Books closed at 13:30pm London time with orders from almost 50 investors. The transaction priced at 16:00pm London time with a spread of

27bps over mid-swaps to give an annual coupon of 1.375%, an issue price of 99.740% and a spread of 48.65bps over the UST 1.000% 15th October 2019.

### **Distribution Statistics**

KBN was once again able to garner very strong support from environmentally focused accounts for its third Green Bond benchmark. In terms of investor breakdown, Central banks and Official Institutions accounted for 47% of the deal, asset managers 17%, banks 16%, pension and insurance funds 10% and corporates 10%. Geographical split was very well diversified globally with 31% placed into the U.S. investor base, 30% Europe, 16% Middle East and Africa, 12% in the remaining Americas and the final 11% into Asia.



### **About KBN**

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.

### **About KBN Green Bonds**

As a well-established Green Bond market participant, KBN has issued green funding since 2010 and was the first financial institution in the Nordic region and one of the few worldwide to issue a bond of this category. After issuing its inaugural Green Bond, a 3-year USD 500mn in 2013, KBN returned with its second Green Bond, a USD 500mn 10-year, in 2015. All three Green Bonds, including today's third Green Bond, were well very received by ESG investors and heavily oversubscribed. Furthermore, in June 2016, KBN updated its Green Bond programme and was rewarded a Dark Green shading by CICERO.



## **Quotes**

*“KBN is delighted to see this amount of global interest in the KBN Green Bond program. This is the first trade under our second generation green framework given the highest rating by Cicero, the leading second opinion provider for green issuance programs. An increasing important part of the KBN government mandate is to promote green awareness and investments in the Norwegian local government sector.”*

**Thomas Møller, Head of Funding & IR at Kommunalbanken**

*"By issuing its third successful Green Bond benchmark, KBN has become one of the most established contributors in this market. It has great value for the ESG investor community, as it provides them with visibility on their primary market activity. KBN's continuous commitment toward the Green Bond market has been recognised by the strong investor support in this new Green Bond."*

**Tanguy Claquin, Head of Sustainable Banking at Crédit Agricole CIB**

*“A tremendous execution for KBN's 3<sup>rd</sup> green bond, more than twice over-subscribed with many investors attracted by the Green Bond structure. KBN was among the first SSA issuers to bring a benchmark Green Bond in 2013, since then the repeat issuance emphasises KBN's commitment to promoting environmentally friendly policy decisions for their customers in Norway.”*

**Philip Brown, Head of Public Sector & SRI Origination at Citi**

*"It is with great pleasure we see that the hard work delivered by KBN to secure prudence in their Green Bond framework is paying off by providing new investors. By combining leading Green solutions with the solid rating KBN it allow conservative investors to participate in the Green transition."*

**Christopher Flensburg, Head of Climate and Sustainable Financial Solutions at SEB**

Contacts:

Thomas Møller  
Head of Funding & IR  
[thm@kbn.org](mailto:thm@kbn.org)  
+47 21 50 20 41

Marius Ruud  
Senior VP, International Funding  
[mar@kbn.org](mailto:mar@kbn.org)  
+47 21 50 20 43

