

# Kommunalbanken Norway (KBN)

## CAD500 million 3-Year Inaugural Green Benchmark



### Final Terms

Borrower:	<b>Kommunalbanken Norway (KBN), 100% owned by Kingdom of Norway</b>
Ratings:	Aaa (Stable) / AAA (Stable) by Moody's / S&P
Format:	RegS / 144A
Coupon:	1.000%, Fixed, S/A, 30/360
Size:	CAD500 million
Pricing Date:	7 October 2021
Payment Date:	18 October 2021 (T+6)
Maturity Date:	18 October 2024
Re-Offer Spread:	MS-24bps   CAN 1.500% Sep-24 + 24.4bps
Joint Lead Managers:	CIBC Capital Markets, RBC Capital Markets (B&D), Scotiabank

### Issue Highlights

- **A landmark transaction; representing KBN's inaugural CAD Green Bond and successful re-entry to the CAD market for the first time since 2013.**
- The CAD500 million deal size **marks the KBN's largest ever CAD Benchmark.**
- **KBN perfectly timed this transaction to take advantage of favourable demand dynamics to successfully print the first new SSA 3-Year CAD Benchmark since September 2019.**
- **High quality final orderbook closed in excess of CAD600 million (incl. C\$75m JLM interest) from 28 accounts**, with Central Banks & Official Institutions taking 31% of allocations.
- Utilisation of KBN's updated 2021 Green Bond Framework and the strong appeal of the KBN credit resulted in a **particularly strong placement to domestic Canadian investors (54%)**

### Issue Details

- On Thursday 7<sup>th</sup> October, Kommunalbanken Norway (KBN), rated Aaa / AAA (both stable) by Moody's / S&P, priced their inaugural CAD Green Bond; a CAD500 million 3-year Green RegS/144a Benchmark at MS-24bps, equivalent to CAN 1.500% Sep-24 + 24.4bps.
- KBN reacted swiftly to the favourable demand dynamics and constructive market tone to announce their inaugural CAD Green bond & first new SSA 3-Year CAD Benchmark since September 2019; a new 3-year CAD Green RegS/144a Benchmark shortly before 13.30pm BST on Wednesday afternoon. Initial-price-thoughts of CAD MS-24bps area were announced alongside the mandate.
- The transaction enjoyed a very strong reception from the outset, with indications of interest in excess of CAD510 million (incl. C\$75m JLM interest) by the time books opened at 8.00am BST on Thursday morning. Spread guidance remained unchanged from IPTs at MS-24bps area at this juncture.
- Momentum continued throughout the European morning with high quality demand coming from across the investor spectrum; reaching in excess of CAD600 million (incl. C\$75 JLM interest) by the first update at 13.30pm BST. In order to provide clarity to investors, the size was set at CAD500 million and the spread was fixed at MS-24bps. It was also communicated that books were to close at 14.30pm BST.
- Orderbooks ultimately closed in excess of CAD600 million (incl. C\$75m JLM interest). Final pricing of MS-24bps represents one of the tightest ever SSA CAD Benchmarks.
- In terms of distribution by investor type, Banks & Bank Treasuries were the largest investor component taking 35% of final allocations, supplemented by strong participation from Fund Manager / Insurance / Pension Fund

Accounts (34%) and Central Banks & Official Institutions (31%). In terms of geography, the transaction was well-placed amongst Domestic investors (54%), Americas ex. Canada (15%), EMEA 19% and Asia accounts (12%).

- The broad and global distribution of this transaction, alongside the exceptional response to KBN's Green Bond Framework theme, is once again testament to KBN's unwavering support within the global investor community.

## Reactions:

*"It has taken KBN 8 years before returning to the Canadian dollar market, but it was worth the wait. The issuer has constantly stayed in close dialogue with domestic investors in recent years, enabling the funding team to seize this perfect window of execution just when all the stars were aligned. And the Green Bond format gave them this extra attention from the investor community to make this transaction a great success. Congratulations!"* **Anthony Vivès de Montal, Executive Director, CIBC Capital Markets**

*"Congratulations to the KBN team on a truly fantastic inaugural Canadian Dollar Green Bond! This exceptional result is a clear testament to KBN's unwavering commitment to global investor relations and their dynamic approach to accessing a broad array of capital markets. The transaction was perfectly timed to take advantage of the favourable market conditions in the Canadian Dollar market, with broad based investor demand from across all key segments. RBC was delighted to be a bookrunner on such a milestone transaction."* **James Taunton, Director, SSA DCM, RBC Capital Markets**

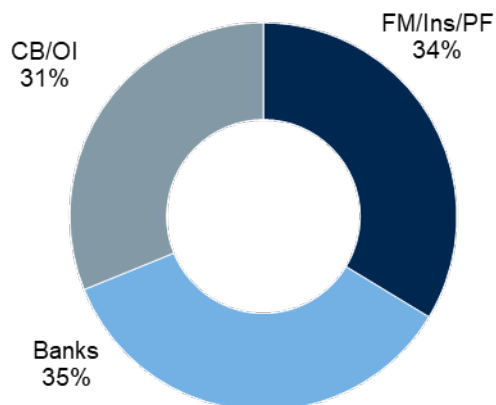
*"Congratulations to the KBN team on a record-setting return to the Canadian market with their inaugural CAD-denominated Green issuance. Scotiabank was pleased to assist KBN on its largest CAD issuance to date, attracting strong demand from a broad range of global investors particularly ESG and green-dedicated funds,"* **Bob Nguyen, Global Head of Fixed Income Origination, Scotiabank / Cesare Roselli, Global Head of SSA Origination at Scotiabank / Alberto Procaro, Director, SSA Origination at Scotiabank**

## Issuer Overview

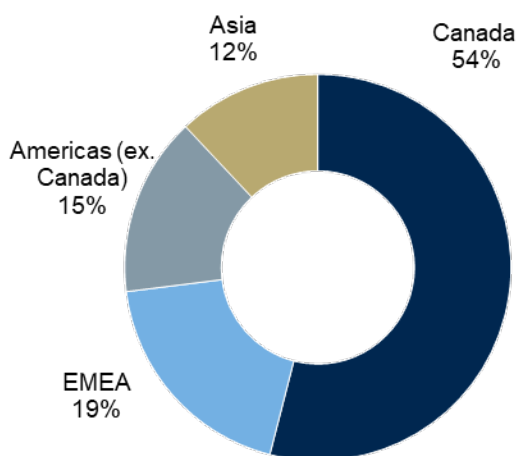
- Established by an act of Parliament in 1926 as a state administrative body, KBN gained its status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for more than 90 years been the main provider of credit to the local government 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.
- KBN Green Bonds finance the transition to a low-carbon, climate resilient future in Norwegian local societies. KBN issued its first sustainability-themed transaction in 2010 and has been a regular issuer of public green bonds since 2013. This transaction marks the first CAD Green Bond for the issuer.
- **KBN's Green Bond Framework:** <https://www.kbn.com/globalassets/dokumenter/funding/green-bond-documents/kbn-green-bond-framework-21.pdf>

## Sales Distribution

By Investor Type



By Geography



Source: Joint Bookrunners

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