

Fact sheet

THE NORWEGIAN AGENCY FOR LOCAL GOVERNMENTS

- Established by an Act of Parliament 1926/1999.
- 100% central government owned KBN is classified as a state instrumentality serving a public policy function of providing low cost funding to the Norwegian local government sector.
- Excellent asset quality, no loan losses in over 90 years of operations.
- KBN represents the closest proxy to Norwegian sovereign risk in international markets.

OBJECTIVE

To provide loans on favourable terms to the Norwegian local government sector. KBN's mandate also involves promoting competition in the market for municipal loans thereby facilitating the efficient provision of public services in Norway. KBN has also been given a mandate from the government to implement greater environmental awareness in the local government sector through our green lending program seen as an important contributor toward Norway fulfilling its climate commitment under The Paris Agreement (COP 21)

KBN contributes to sustainable social development and longterm value creation by operating its business in a responsible way paying attention to environmental, ethical and social issues.

FUNDING

The objective of KBN's funding operations is to meet growing borrowing requirements through a well diversified funding base.

KBN is committed to preserving long-term investor relationships through:

- Regular issuance of strategic benchmark transactions in USD and EUR.
- A visible presence in other institutional public markets.
- An issuer of private placements offering investors a variety of currencies and tenors in both plain vanilla and structured format.
- Regular issuance in selected retail markets

KBN is targeting an estimated total issuance of USD 10 billion equivalent in 2022. In 2021, KBN raised USD 11.1 billion equivalent via its diversified funding program. This was achieved via 48 individual transactions across 9 different currencies.

NORWEGIAN LOCAL GOVERNMENT

A provider of vital services to the Norwegian public, in areas such as healthcare, education, transport and infrastructure.

«Norwegian local and regional governments act as delegated arms of the central government in the provision of public services.» (Standard & Poor's – April 2019).

The close relationship between the central government and the municipal sector is characterised by strict central government

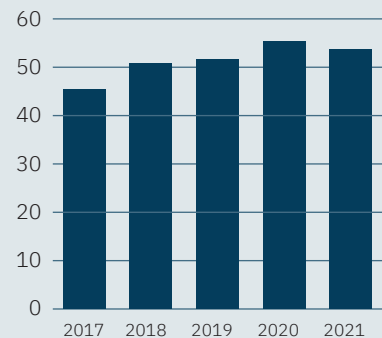
Credit ratings:

AAA/A-1+ (stable) S&P

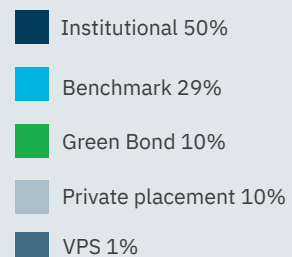
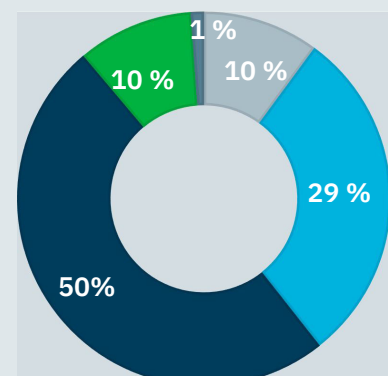
Aaa/P-1 (stable) Moody's

Total assets

(USD bn - USD/NOK 9.00)



KBN total funding markets 2021



regulation and oversight. The Norwegian government has stated it will compensate municipalities and counties for extra costs and revenue shortfalls linked to the Covid-19 outbreak, thereby enabling local governments to maintain their activities.

Norwegian local governments are prohibited by law from filing for bankruptcy (Local Government Act §55).

THE NORWEGIAN ECONOMY

The Kingdom of Norway (AAA/Aaa) is a strong, open, diversified economy with solid fundamentals and a highly developed industrial base.

Norway has one of the world's highest GDP per capita and topped the 2018 UN Human Development Index. The government has managed a solid current account surplus for the past decades and estimates continued surpluses going forward.

As evidenced in the Key Economic Indicator table (opposite), the Covid-19 outbreak has had a visible impact on the Norwegian economy. However, recent economic data suggests less impact than initially anticipated and we have seen a remarkable pick-up in Norway's GDP in 2021. Due to government restrictions, unemployment peaked in March 2020, but has declined significantly since then and has returned to pre-pandemic levels in the autumn of 2021. Norwegian government has introduced significant measures to support jobs, help businesses and people, and strengthen health services.

Currently, Norway's SWF, the Government Pension Fund – Global, stands at approximately USD 1.35 trillion (over 350% of Norwegian GDP and 800% of the national budget). For more information on the SWF, visit www.nbim.no

GREEN BONDS

Through our Green Bond program, we aim to finance the Norwegian local government sector's transition to a climate-resilient, low carbon society. KBN aims to be a leading financial institution in the area of climate risk, sustainability and green finance solutions.

KBN began lending to green investments in the Local government sector in 2010. In 2013, KBN was one of the first European issuers to launch a public USD green bond earmarked towards green projects.

In March 2021, KBN updated its Green Bond Framework and was awarded a Medium Green shading and Excellent governance score by CICERO. The 2021 Framework includes important updates to KBN's governance structure for green finance. In 2017, KBN was elected executive committee member of Green Bond Principles (GBP), the leading international green bonds standard.

As of January 2022, KBN's Green Loans outstanding were over NOK 30 billion. In line with KBN's growing Green Loans, Green Bond issuance has continued to grow. KBN has issued Green Bonds in USD, NOK, AUD, CAD and SEK. For more information regarding KBN Green Bonds and KBN's Impact Reporting, please see the Green Bonds section on our website.

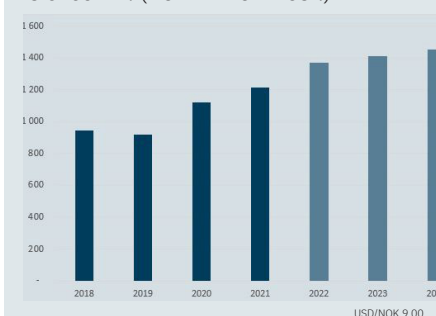
Key economic indicators

Source: SSB / Norges Bank

| | GDP growth | Inflation | Unemployment |
|-------|------------|-----------|--------------|
| 2018 | 2.2% | 2.7% | 3.8% |
| 2019 | 2.5% | 2.3% | 3.7% |
| 2020 | -2.3% | 1.3% | 4.6% |
| 2021 | 4.1% | 3.4% | 4.6% |
| 2022E | 4.1% | 2.6% | 3.7% |
| 2023E | 2.4% | 1.5% | 3.9% |

Value of gov. pension fund global

As of Jan 1. (2022 - 2024 est.)



For further information, contact us!



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