

KBN issues EUR 10-year Benchmark Press Release – 13th April 2016

Final terms of the transaction

Issuer	Kommunalbanken Norway (KBN)
Rating	Aaa (stable) /AAA (stable) (Moody's/S&P)
Issue Amount	EUR 1 billion
Pricing Date	April 13 th , 2016
Settlement Date	April 20 th , 2016 (T+5)
Maturity Date	April 20 th , 2026
Re-Offer Price/Yield	99.932% / 0.632%
Coupon	0.625% (Fixed Annual, ACT/ACT)
Re-offer vs. mid-swaps	+9bps
Re-offer vs. Benchmark	DBR 0.500% February 2026 +48.5bps
Joint Bookrunners	BNP Paribas, Crédit Agricole CIB, HSBC and J.P. Morgan

Context of the transaction

On Wednesday 13th April, 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 EUR market by issuing a EUR 1bn 10-year benchmark. The new transaction, KBN's second EUR benchmark after its inaugural issued in April 2014, is due on April 20th 2026, pays a coupon of 0.625% and priced with a spread of 9bps over mid-swaps, equivalent to 48.5bps over the DBR 0.500% February 2026. This successful transaction, representing KBN's longest ever outing in Euros, sets an important milestone for KBN's funding and demonstrates the strong commitment from the EUR investor base which is a result of thorough and consistent investor work. BNP Paribas, Crédit Agricole CIB, HSBC and J.P. Morgan acted as Joint Bookrunners.

Launch and execution process

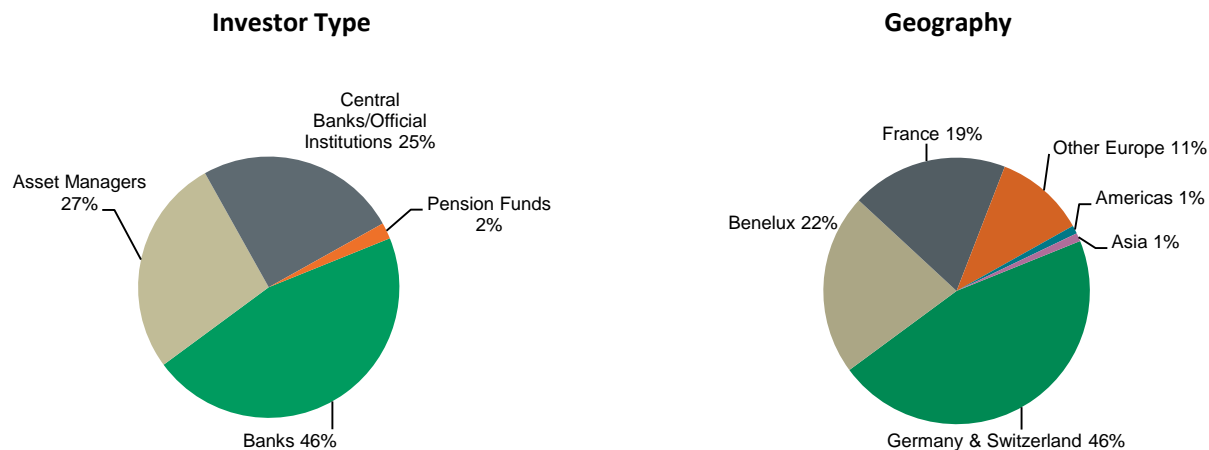
The decision was made to announce the mandate at 11:30am London time on Tuesday, April 12th 2016 for a EUR 10-year benchmark transaction. Initial Pricing Thoughts (IPTs) were released at mid-swaps +10bps area at 13:30pm London time.

With a constructive market backdrop and strong Indications of Interest (IOIs) on Wednesday morning, the Joint Lead Managers opened books at 8:15am London time with an official price guidance of mid-swaps +10bps area, with the objective of continuing the positive momentum.

The momentum continued into the morning with orders exceeding the EUR 1bn mark after one hour of book building. The low spread sensitivity of orders allowed for the guidance to be revised at mid-swaps +9bps (+/-1bp) and the deal size was simultaneously set at EUR 1bn at 10:00am London time. The final spread was set at mid-swaps +9bps at 11:20am London time and books closed at 11:30am

London time with orders at EUR 1.4bn from over 50 investors. The transaction priced at 15:20pm London time with a spread of 9bps over mid-swaps to give an annual coupon of 0.625%, an issue price of 99.932% and a spread of 48.5bps over the DBR 0.500% February 2026.

Distribution Statistics



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.

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