



**USD 1.25 billion 1.125% Benchmark due 26 October 2026** *Press Release*  
 – 20<sup>th</sup> October 2021

<b>Issuer:</b>	Kommunalbanken AS (KBN)
<b>Rating:</b>	Aaa Moody's / AAA S&P (both stable)
<b>Size:</b>	USD 1.25 billion
<b>Pricing Date:</b>	19 October 2021
<b>Settlement Date:</b>	26 October 2021
<b>Maturity:</b>	26 October 2026
<b>Coupon:</b>	1.125%
<b>Re-offer spread to SOFR mid-swaps:</b>	+23 bps
<b>Re-offer spread to Treasuries:</b>	UST 0.875% Sep-26 + 8.75 bps
<b>Re-offer price:</b>	99.478%
<b>Re-offer yield:</b>	1.233% (s.a.)
<b>Lead Managers:</b>	BMO Capital Markets, Citi, Deutsche Bank, TD Securities

**Execution Highlights:**

- On Monday 18<sup>th</sup> October 2021, Kommunalbanken (“KBN”), 100% owned by the Kingdom of Norway and rated Aaa (stable)/AAA (stable) by Moody’s/S&P, successfully issued a new USD 1.25 billion 5-year RegS/144A benchmark. The issue has a final maturity of 26<sup>th</sup> October 2026, pays a semi-annual coupon of 1.125% and has an issue price of 99.478%, to give a spread of +8.75 basis points over the 0.875% US Treasury due 30 September 2026, equivalent to SOFR mid-swaps plus 23 basis points. BMO Capital Markets, Citi, Deutsche Bank and TD Securities were mandated as Joint-Lead Managers for the transaction.
- The issuance represents KBN's second new 5-year USD Benchmark of 2021, having already issued in fixed-rate format in 2-year and 3y-year (Green Bond), as well as an inaugural 2-year SOFR Floating Rate Note.
- KBN announced a mandate for a new 5y USD benchmark at 11:52am CET on Monday 18<sup>th</sup> October, alongside Initial Price Thoughts (IPTs) of SOFR mid-swaps + 24 basis points. KBN have been a leader in transitioning the market towards the usage of SOFR, having already issued a SOFR FRN this year. The use of SOFR mid-swaps as their pricing reference for this transaction is another significant milestone in the market’s journey away from LIBOR.
- On the morning of Tuesday 19<sup>th</sup> October at 09:00am CET, KBN officially opened the orderbook for their transaction, with Initial Offers of Interest (IOIs) in excess of USD 1.4bn. Spread guidance was also released at SOFR mid-swaps +24 basis points, in line with IPTs.
- Less than two hours later following strong investor interest, KBN set the spread of the transaction at SOFR mid-swaps +23 basis points.
- The final order book was in excess of USD 1.9 billion, from over 30 investors, allowing KBN to comfortably launch a USD 1.25bn sized transaction.

- The transaction was officially priced at 16:34 CET, offering investors a coupon of 1.125%, and a spread to the 5-year US Treasury due September 2026 of +8.75 basis points.
- The high-quality composition of this orderbook is yet again a testament to KBN's well-renowned credentials with the market, as well as their loyal international investor base.

### **Joint Lead Manager Quotes**

"Many congratulations to the KBN team for another successful outing in the USD fixed rate benchmark market. Pricing at a spread of +8.75 vs Treasuries (and +7.6 on a curve adjusted basis) represents the tightest level that KBN has ever achieved vs Treasuries for a USD 1bn+ benchmark, testament to the ongoing strong sponsorship that they continue to enjoy from investors around the world." - Massimo Antonelli, Managing Director, **BMO Capital Markets**

"KBN have achieved another excellent result with their fourth fixed rate dollar outing this year. The high quality orderbook allowed KBN to price at their tightest spread to treasuries for a 5-year issue since June 2019. This transaction marks the first time KBN prices a fixed-rate benchmark using SOFR mid-swaps, joining the ranks of the few but growing number of SSA issuers spearheading the shift away from marketing new issues vs Libor. Citi is delighted to have been involved on this successful trade" - Ebba Wexler, Managing Director, SSA DCM, **Citi**

"A tremendous outcome for the KBN team once again, launching a highly successful US\$ 1.25 billion 5-year benchmark at an attractive level despite a fairly busy primary market. This marks KBN's first fixed rate US Dollar new issue marketed vs SOFR mid-swaps as the issuer fully embraces the new reference rates. With an oversubscribed orderbook in excess of US\$ 1.9 billion, backed by high quality demand from the central bank/official sector as well as fund managers and banks, KBN continues to enjoy an exceptionally diverse investor following. Deutsche Bank is delighted to have been involved in this US Dollar benchmark financing." - Pieter van Blommestein, SSA DCM Origination, **Deutsche Bank**

"Congratulations to the KBN team on successfully issuing their fourth fixed-rate USD trade of 2021. Having issued a SOFR FRN earlier this year and now utilizing SOFR mid-swaps in this transaction KBN continue to champion the move away from LIBOR. Achieving attractive pricing, at just UST+8.75bps, in such a dynamic rates environment is a testament to KBN's market intelligence and loyal investor base" - Mark Byrne, Director, SSA Syndicate, **TD Securities**

### **Distribution Statistics**

#### **By Geography**

EMEA	53.7%
Americas	45.1%
Asia	1.2%

#### **By Investor Type**

Banks	50.1%
Fund Managers	29.0%
Central Banks/Official Institutions	20.8%
Pension Fund / Insurance	0.1%

### **About KBN**

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.