

FACT SHEET

THE NORWEGIAN LOCAL GOVERNMENT FUNDING AGENCY

- 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.
- KBN benefits from strong direct support through a maintenance statement from the central government.
- KBN is the largest lender to Norwegian municipalities providing close to 50% of total credit to the 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 contributes to sustainable social development and long-term 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 structures and maturities.
- Regular issuance in retail markets

In 2017, KBN issued a total of USD 14 billion via 269 individual transactions in 13 different currencies.

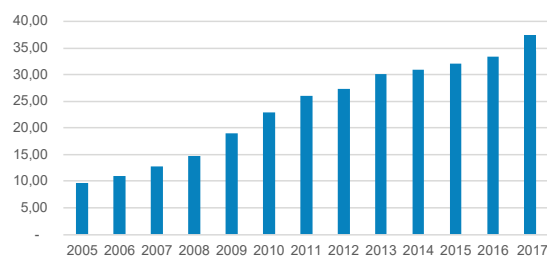
KBN is targeting an estimated total issuance of USD 12-14 billion equivalent in 2018.

CREDIT RATINGS:

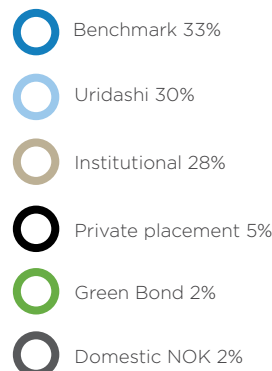
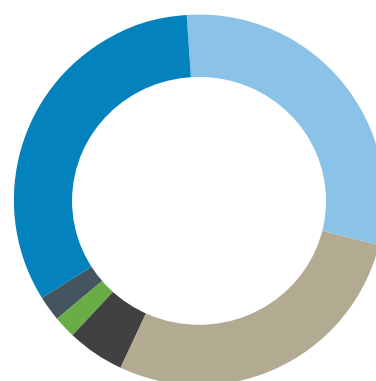
AAA/A-1+ (stable) S&P

Aaa/P-1 (stable) Moody's

TOTAL LOAN PORTFOLIO (USD BN)



KBN TOTAL FUNDING MARKET (2017)



NORWEGIAN LOCAL GOVERNMENT

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

«In essence, Norwegian local and regional governments act as delegated arms of the central government in the provision of public services. We view the Norwegian LRG sector's overall credit-worthiness as robust.» (Standard & Poors – July 2016).

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

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, diversified economy with solid fundamentals and a highly developed industrial base.

Norway has one of the world's highest GDP per capita and tops the standard of living (UN Human Development Index).

Capacity utilization in the economy has remained high, the current surplus considerable (6.4% in 2017) and government finances are solid.

Currently, Norway's SWF, the Government Pension Fund – Global, stands at approximately USD 1.05 trillion (over 250% of 2017 GDP and over 600% of the national budget). For more information on the SWF, visit www.nbim.no

GREEN BONDS

KBN was one of the first European SSA issuers to launch a public green bond earmarked towards green projects. In 2013, with increasing global demand for sustainable and responsible investments and projects with a climate benefit, KBN completed its inaugural public US dollar green bond. Since then KBN has issued a further two public US dollar green bonds and has cemented itself as a regular issuer in this market.

In November 2017, KBN issued its first NOK denominated green bond, raising a total of NOK 1.35 bn over two tranches.

The local government sector is regarded as vital in securing Norway's goals under the Paris Climate Agreement, a target greenhouse gas emission reduction of at least 40% by 2030, compared to 1990 levels.

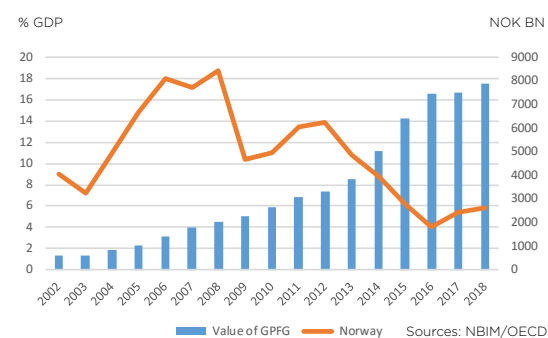
In June 2016, KBN updated its Green Bond programme and was rewarded a Dark Green shading by CICERO. In 2017, KBN was elected executive committee member of Green Bond Principles (GBP), the leading international green bonds standard. As of January 2018, KBN's Green Loans outstanding were USD 1.4 bn. For more information regarding KBN Green Bonds, please see the [Green Bonds](#) section on our website.

KEY ECONOMIC INDICATORS

	2014	2015	2016	2017	2018E
GDP growth	2.30 %	1.40 %	1.00 %	1.80 %	2.50 %
Inflation	2.00 %	2.10 %	3.50 %	1.60 %	1.90 %
Unemployment	3.50 %	4.40 %	4.70 %	4.10 %	3.90 %

Source: SSB

GOVERNMENT PENSION FUND – GLOBAL VS GENERAL GOVERNMENT FINANCIAL BALANCE



FOR FURTHER INFORMATION, CONTACT US!

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