

SSA Spotlight: KBN wraps up a strong 2025 funding program

By Ethan Currie

With the completion of 2025's benchmark funding program, it's a fitting time to spotlight another strong issuance year from KBN. This brief *Market View* outlines KBN's operating and credit fundamentals, bond program, and supply dynamics for SSA-focused investors. For further details, please refer to KBN's investor presentation ([link](#)).

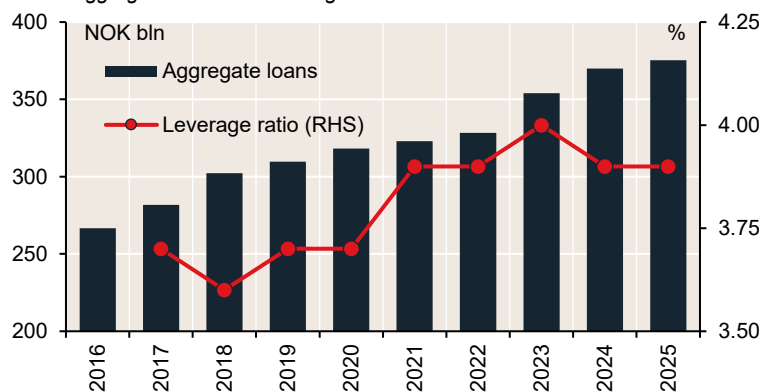
KBN is a Norwegian State Agency with a public policy mandate to provide low-cost financing to the local government sector. As such, underlying asset quality is solid (KBN's lending model yet to suffer a loan loss in 90+ years of operations). Undoubtedly, that justifies AAA / stable ratings, as KBN is also considered the closest proxy to Norwegian sovereign risk available in international currencies. Investors can take confidence in the issuer's 100% government ownership and prudent management - characterized by strong liquidity, hedged funding, and low leverage - which supports a growing loan book and diversified issuance program (Chart 1-2). It helps too, that the Norwegian macroeconomic backdrop is one of the most credit favourable out there. A long-standing (ex. COVID) government balance surplus, diversified industrial base, and a world-leading sovereign wealth fund all contribute. Incremental yield offered up by KBN bonds is notably attractive, then – more on this below...

In anticipation of healthy lending growth ahead, KBN is dedicated to remaining active in capital markets. With an established international investor base, the issuer came to market consistently throughout the year (with a market-wide summertime slowdown, as we touched on in a previous [note](#)). Completing its benchmark program (accounting for 40-60% of issuance) recently with a USD 1bln outing, KBN is poised for a quieter winter with supply likely to pick up again early in the new year (Chart 3). Also earmarked in KBN's funding strategy is a presence in other currencies (25-40% of issuance). While benchmark supply has been concentrated in USD and EUR, smaller new issues and taps in GBP, AUD, SEK, and CAD (to name a few) has contributed to the development of a well-diversified bond curve (Chart 4). KBN's last trip to the Maple market was in 2024, but the issuer states a commitment to developing a liquid CAD curve – a return outing in 2025 remains viable.

As part of a broader spread compression trend year-to-date, KBN new issue levels have come in tighter to swaps, indications placing NI levels

Chart 1: Solid loan growth and contained leverage...

KBN – aggregate loans and leverage ratio



Source: NBC, KBN | Note: USD/NOK = 10.0; LR requirement of 3% introduced in 2017

KBN's funding program continues to be well-supported by strong fundamentals in loan management. The nature of their loan book is one characterized by highly creditworthy local governments. A growing lending tally is thus an undeniable plus. KBN's leverage ratio remains low, as their bond program has stepped up prudently alongside general balance sheet / asset growth. Note too that with a continually developing debt curve, KBN's benchmark issuance has stepped into a rhythm, the WAT settling just shy of 6 years after a COVID-time term-out.

at or below where traditional 'Tier 1' names were residing earlier in the year (Chart 5). In secondary, KBN bonds have traded tighter to their corresponding Treasuries, spreads coming in as much as 6 bps from the cheapest levels this year (Chart 6). Given the high-quality nature of KBN's debt, we see scope for continued spread compression to sovereigns and on a T1/T2 basis – especially as benchmark issuance continues to build liquidity and investor breadth.

KBN's commitment to maintaining partnerships with dealers and investors is reflected in solid deal uptake. Supply this year was met by broad / global allotments, with solid coverage, and pricing consistently through initial levels – we'd highlight particularly robust demand in the May USD issue (*NBC Joint Lead Manager*) (Chart 7-10).

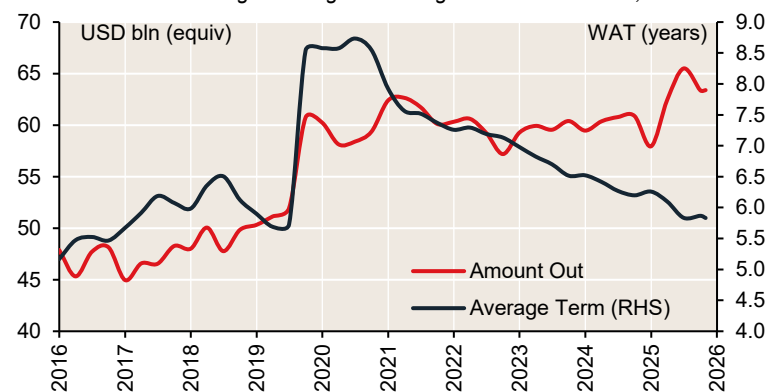
All told, 2025's funding success is a testament to KBN's continued sound operational management, market involvement, and strong underlying investor demand for high-quality yield. We await 2026 with excitement.

Kommunalbanken AS (KBN) – Issuer Profile		
Ticker Status Ownership		
KBN	Agency	Norway Gov't
Credit Rating		
S&P: AAA	Moody's: Aaa	Fitch: -
Debt & Borrowing		
Amount O/S	USD\$bln (equiv)	63.40
W.Avg Term	Years	5.83
W.Avg CPN	%	2.64
Due in 2025	USD\$bln (equiv)	0.93
No. of Issues	#	234
USD Debt	% of Total	61.5
EU Basel III R.W.	%	20.0
2026 Programme Target	USD\$bln (equiv)	10-11

Source: NBC, Bloomberg | Note: DDIS Data as at 30-Oct-2025, current issuer as defined by Bloomberg → For all DDIS data presented, issuer classification is per Bloomberg; investors should also consult KBN directly, as Bloomberg may reflect outstandings differently (e.g., due to callables)

Chart 2: ... as KBN's bond stock steps up, prudently

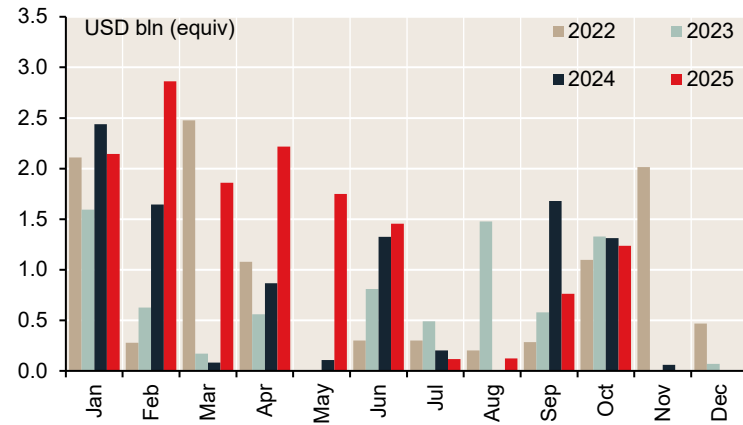
KBN – bonds outstanding and weighted average term of bond stock, since 2016



Source: NBC, Bloomberg | Note: Current issuer as defined by Bloomberg; USD equivalent

**Chart 3: KBN completes benchmark funding pre-Nov...**

KBN – seasonal issuance pattern (all currency denominations) by year

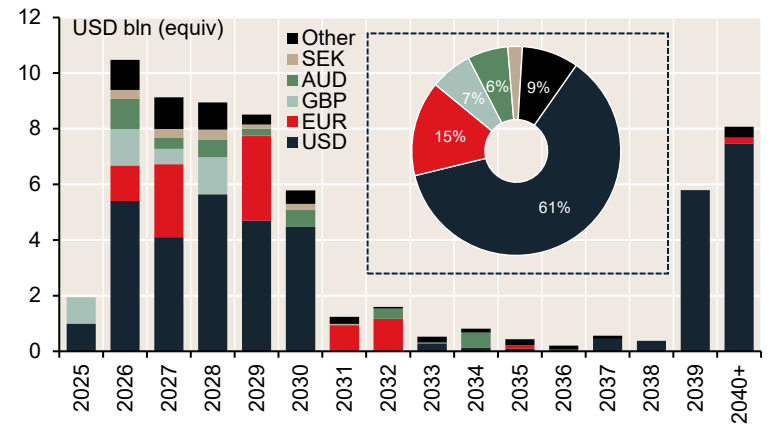


Source: NBC, Bloomberg | Note: All deals (including priv. placements) via SRCH on Bloomberg; deals to 27-Oct-2025

Like prior years, KBN successfully concluded its benchmark funding with a couple of months to spare. Another year of larger USD and EUR transactions, combined with smaller supply in GBP, SEK, and AUD (among others) adds to an already diverse bond program with securities available across multiple tenors and denominations.

Chart 4: ... adding to an already diverse bond stock

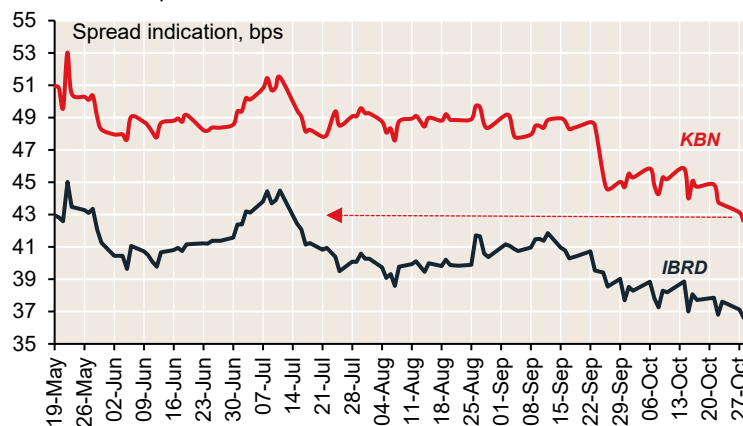
Debt distribution profile of outstanding KBN bond program – maturity x currency



Source: NBC, Bloomberg | Note: Current issuer as defined by Bloomberg; USD equivalent; inset pie chart shows current currency composition; 2040+ may include perpetual debt

Chart 5: KBN trading like a past 'Tier 1' (with good reason)

NBC indicative spreads to SOFR – 5Y KBN & IBRD

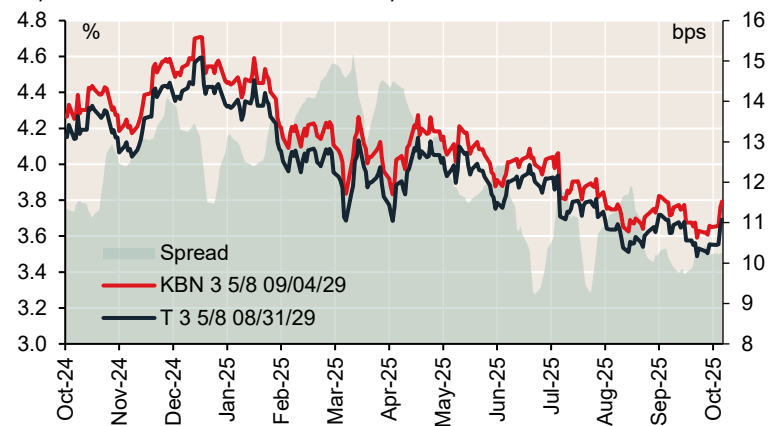


Source: NBC | Note: Indicative spreads to 29-Oct-2025

The hunt for high-quality yield has been shaped by the 'anything but Trump trade', making SSA bonds a natural fit. Supply has been well absorbed, deals pricing through IPT with strong secondary performance. KBN spreads now match where 'Tier 1' names traded earlier, as the credit curve has flattened slightly and differentials compress versus SOFR and Treasuries.

Chart 6: Spread compression to USTs notable in 2025

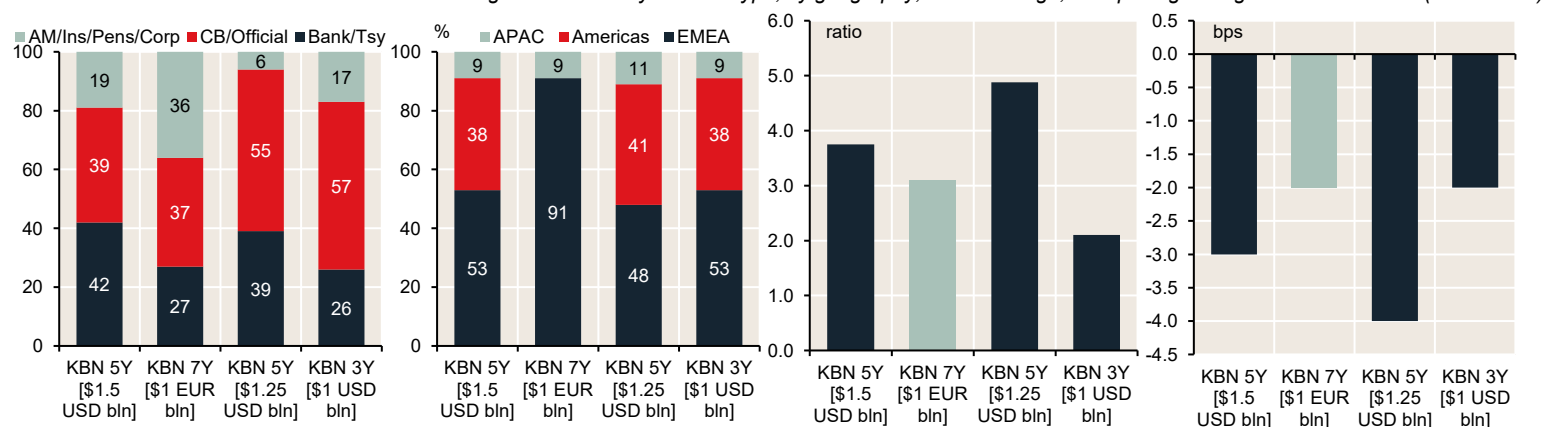
Representative USD KBN 5Y bond and spread to benchmark UST at new issue



Source: NBC, Bloomberg | Note: 'Representative' 5Y bond selected w/ sufficient trading history

Chart 7-10: KBN benchmark issuance meets strong investor demand in 2025

2025 KBN benchmark deal statistics – from left to right: Allocation by investor type, by geography, deal coverage, deal pricing through initial indications (date sorted)



Source: NBC, KBN Press | Note: (C2) EUR deal allocation presented w/ Middle East + APAC = 17%, allocations averaged for chart consistency purposes; (C3) Peak orderbook / issue size

With four benchmark transactions in 2025, KBN attracted solid order books (each deal at least 2x covered) which settled well through IPTs and performed well in secondaries, too. The broad and global distribution (with allocations to various account types and geographies) of each deal is testament to a well-absorbed SSA bond program which KBN continues to support / develop.

Appendix: Perspective on 2025 SSA Bond Supply – See ‘Contents Note’ for Methodology / Parameters

Chart 11: SSA benchmark gross issuance pace, last four calendar years – NBC simplified defined SSA bond universe (deals to 27-Oct-2025)

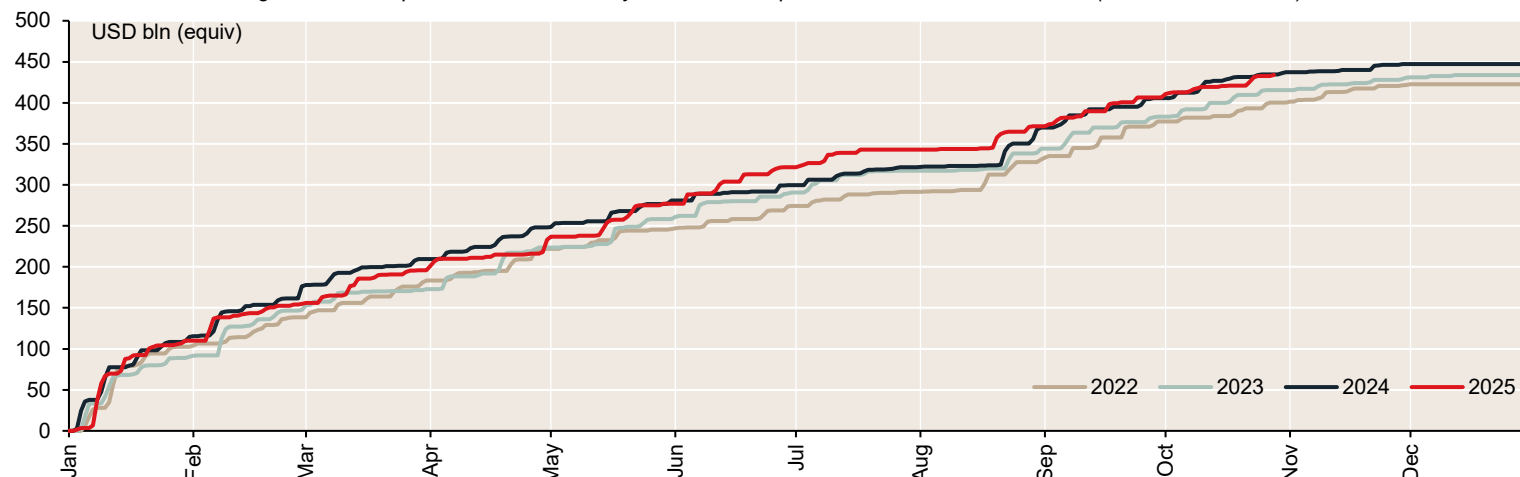
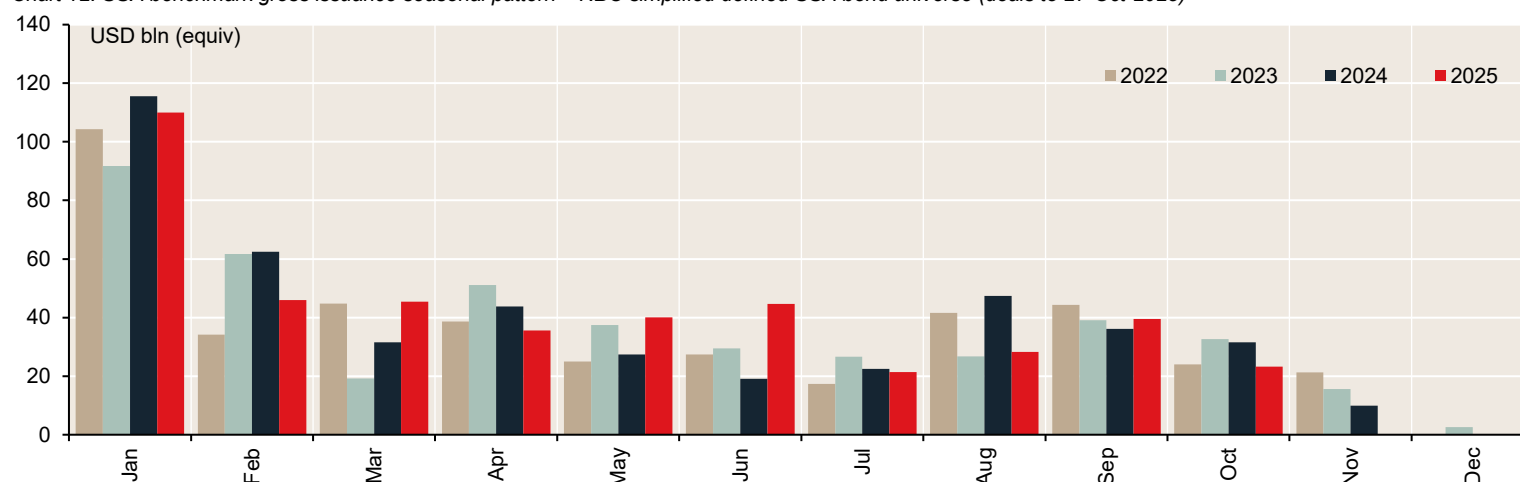


Chart 12: SSA benchmark gross issuance seasonal pattern – NBC simplified defined SSA bond universe (deals to 27-Oct-2025)



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Contents Note: For SSA / PSE / Provincial aggregate statistics on issuance and debt distribution, NBC Economics & Strategy uses a select list of issuers / deals, dependent on data availability and report timing. Gross supply figures are generated using Bloomberg’s SRCH function (active + matured bonds), with inclusion criteria based on a list of tickers (hereafter, ‘NBC’s simplified defined XXX bond universe’). Deals are analyzed in the local currency and converted to USD equivalent (unless otherwise stated) using the prevailing FX conversion on the deal effective date. If / when referring to “benchmark” issuance, deals are filtered by currency denomination (to include ‘core’ currencies only → USD, EUR, GBP, AUD, CAD) and minimum size requirements (>=\$250MM in USD equivalent). If issuers are presented together in tables or visuals, they may be ordered or categorized in any or all of the following ways (which will also be noted): by Bloomberg associated ticker (alphabetical), by denomination of funding program (USD vs EUR), by size of targeted issuance, by size of outstanding bond program, and / or by issuer classification (SSA, Canadian PSE, Canadian provincial). Unless otherwise stated, issuer classification statistics are not aggregated (i.e., ‘SSA total gross bond supply’ would refer to defined SSA ticker list and not include Canadian PSE / Canadian provincial issuers, nor would a filter be applied to benchmark sizes). If data presented as ‘SSA + PSE + Provincial benchmark gross bond supply’, the reader should interpret this as the aggregate of three defined bond universes, according to the benchmark filtering methodology outlined above).

For questions on methodology or presentation, please contact the Economics & Strategy team at NBC.

The **NBC simplified defined SSA bond universe** is defined by the follower ticker list (alphabetical): AFDB, AGFRNC, AIIB, ASIA, BNG, BOEN, CADES, CANADA, CDCEPS, COE, EBRD, EDC, EFSF, EIB, ERSTAA, ESM, EUROF, FINL, FINNVE, IADB, IBRD, IDAWBG, IDBINV, IFC, JBIC, KBN, KFW, KOMINS, KOMMUN, KUNTA, LBANK, NEDWBK, NIB, NRW, OKB, RENTEN, SEK

The **NBC simplified defined Canadian PSE bond universe** is defined by the follower ticker list (alphabetical): BCIMCO, CADEPO, CPPIBC, OMERFT, ONTTFT, PSPCAP

The **NBC simplified defined Canadian Provincial bond universe** is defined by the follower ticker list (alphabetical): ALBCAP, ALTA, BRCOL, MP, NBMFC, NBRNS, NF, NFLABM, NS, OHYD, ONT, PRINCE, Q, QHEL, SCDA



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