

Nordic Investment Bank complements USD curve with a successful 2-year Global benchmark

Transaction Summary:

Issuer:	Nordic Investment Bank (BBG Ticker: NIB)
Format:	Global, SEC Registered, senior unsecured
Amount:	\$1bn
Settlement date:	13-Sep-2023 (T+5)
Maturity date:	15-Oct-2025
Issue price:	99.868%
Coupon:	5.000% Semi Annual, Fixed
Issue yield:	5.064% Semi-Annual
Spread vs. UST:	CT2+4.2bps
Spread vs. SOFR:	MS+19bps
Denomination:	200k x 1k
Listing:	Luxembourg Stock Exchange's Regulated Market
Joint-Lead Managers:	Credit Agricole CIB, Deutsche Bank and J.P. Morgan

Highlights:

- Over twice-oversubscribed orderbook for NIB's return to the 2-year part of the curve was backed by over 45 orders including new investors
- The orderbook had high quality and was geographically diverse. CB/OI investors was the dominate investor type with an allocation of 86%
- One of the largest orderbooks for a Global USD benchmark from NIB in recent history allowed for final pricing to be set 3 basis points tighter to Initial Price Thoughts (IPTs)
- High quality demand for this tenor allowed NIB to offer minimal new issue concession
- One of the tightest spreads over Treasuries from a supranational in recent history

Transaction details:

On Wednesday 6th September 2023, Nordic Investment Bank (NIB), rated Aaa/AAA, priced a USD 1 billion long 2yr Global Benchmark at SOFR mid-swaps plus 19 basis points. The successful transaction represents NIB's second USD benchmark transaction in 2023, following five public transactions in AUD, EUR, GBP and NZD and it is the first USD outing in the 2-year space from NIB since July 2020.

The transaction marks one of the largest USD orderbook in recent history from NIB and one of the tightest spreads to US Treasuries from a supranational in recent history. The new global benchmark comes with a minimal new issue concession and is testament of NIB's exceptional perception within the SSA investor community.

The new issue carries an annual coupon of 5.000% and will mature on 15th October 2025. It was priced with a spread of 4.2 bps basis points over the current 2-year US Treasury note (T 5% 08/31/2025), equivalent to SOFR mid-swaps plus 19 basis points. The bond offers a semi-annual yield of 5.064%.

The mandate for a new USD long 2-year Global benchmark was announced on Tuesday 5th September at NY open, with initial pricing thoughts (IPTs) released at SOFR mid-swaps plus 22 basis points. Books officially opened the following morning at around 7.50am London time with overnight indications of interest ("IOIs") in excess of USD 1.6 billion (incl. 200 million JLMs). Price guidance was revised tighter to SOFR mid-swap plus 21 basis points area as book-building started.

The announcement of the IOIs and official price guidance generated further momentum and the orderbook progressed steadily. By 10.45am London the orderbook stood above USD 2.5 billion (incl.

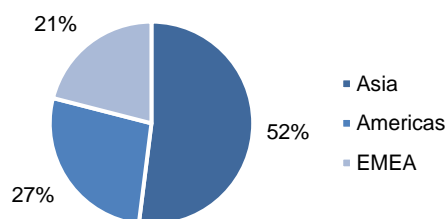
200m JLMs), at which point the decision was taken to launch the global benchmark at SOFR mid-swaps plus 19 basis points, 3 basis points inside IPTs.

The order book showed limited price sensitivity after the spread was set. EMEA/APAC and US books closed at 11.30 am London time and 8:30am NY time respectively with final books above USD 2.5 billion (incl. 200m JLMs).

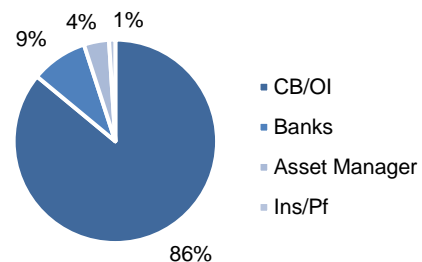
In terms of investor participation, geographical distribution was mainly dominated by Asian Investors with 52%, followed by Americas with 27% and EMEA with 21%. In terms of investor type, CB/OIs got the lions share with at 86%, followed by Banks with 9%, Asset Managers with 4% and Insurances and Pension Funds with 1%.

Transaction Highlights:

By investor region:



By investor type:



“New issuance markets are challenging to navigate – an inverted yield curve and uncertainties surrounding future Central Bank policies make issuance windows shorter and more crowded. By offering a slightly unusual maturity, NIB was able to differentiate itself from other supply while also offering additional value to yield-focused investors. Looking at the orderbook, I am delighted that we can conclude this year’s USD benchmark issuances with such strong investor support.”

Kim Skov Jensen, CFO & Head of Treasury & Finance, Nordic Investment Bank

“With this latest benchmark, we have deviated from our usual practice of issuing three- and five-year USD benchmarks annually. Our assessment was that the inverted yield curve between two and three years would attract yield-oriented investors to a shorter maturity bond. Additionally, from an internal Asset Liability Management perspective, this maturity aligns well with our objectives. The orderbook for this USD 1 billion benchmark reached USD 2.5 billion, with some sizeable orders from new investors. We are happy with the outcome and thank all investors and the banks involved,” comments Jens Hellerup, Head of Funding & Investor Relations at Nordic Investment Bank.”

Jens Hellerup, Senior Director, Head of Funding & Investor Relations, Nordic Investment Bank

Joint Lead Manager quotes:

“NIB’s swift and decisive move allowed them to take advantage of the supportive market backdrop to launch their second successful USD benchmark of the year. The new long 2-year Global appealed to a wide range of investors, as demonstrated by the exceptionally high-quality and oversubscribed orderbook. The Credit Agricole CIB team was very pleased to support this successful project and would like to congratulate the NIB team for another highly successful USD benchmark outing.”

Lawrence Duquesne-Garner, Managing Director, SSA DCM, Credit Agricole CIB

“Congratulations to the NIB team for delivering an exceptional transaction with their new USD 1 billion October 2025 Global benchmark. Taking advantage of a conducive backdrop and an inverted yield curve between two and three years, NIB offered an attractive investment opportunity to the market, allowing for an oversubscribed orderbook. The positive outcome of their second USD benchmark of the year highlights the ongoing appetite for NIB’s AAA credit from high quality investors across the globe. Deutsche Bank is proud to have been part of this transaction.”

Pieter van Blommestein, Public Sector Debt Capital Markets, Deutsche Bank



"Congratulations to NIB on another highly successful USD benchmark transaction. Attracting such a high-quality book, with over 85% of allocations to Central Bank and Official Institutions, is particularly impressive at such tight spreads to U.S. Treasuries. This strong outcome once again demonstrates the attractiveness of the NIB signature in the USD market!"

Matt Dawes, Vice-President, SSA Syndicate, J.P. Morgan