

KBN returns to Japan to launch “Clean Energy Bond”

4 March 2011 – KBN has returned to the Japanese uridashi market to launch a “Clean Energy Bond”, the proceeds of which will be used to finance Norwegian municipal initiatives to reduce climate change. The issuance is expected to raise approximately USD180 million.

The “Clean Energy Bond” has been made available in seven tranches and is being sold to Japanese investors through a total of 18 distributors. The bond is available in five currencies – Australian Dollar, Brazilian Real, Indian Rupee, Japanese Yen and South African Rand, together with a Japanese Yen equity share linked note. HSBC served as sole arranger, lead manager and swap counterparty for this issuance.

This new bond follows on from last May’s “Green Bond” uridashi which raised over USD153 million and was also managed by HSBC.

The proceeds of this issue will be used for the purpose of financing projects under the following categories:

- Initiatives to reduce energy consumption
- Initiatives to reduce climate gas emissions
- Initiatives that make waste processing more environmentally friendly

Based on the new law introduced by the Norwegian Central Government in 2009 to implement energy and climate plans at local government level, the financing of municipal projects that help to reduce energy consumption and the emission of greenhouse gases has become a key objective for KBN.

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KBN returns to Japan to launch “Clean Energy Bond” /2

The Clean Energy Bond is available from Aizawa Securities, Banyo Securities, Cosmo Securities, Daisen Hinomaru Securities, Kimura Securities, Marufuku Securities, Mitsui Securities, Musashi Securities, Niigata Securities, Nishinippon City TT Securities, Rakuten Securities, SBI Securities, Tokai Tokyo Securities, Toyo Securities, Utsunomiya Securities, YM Securities and The Hongkong and Shanghai Banking Corporation Limited (HSBC Premier)

Since KBN's “Green Lending” programme was established in May 2010, KBN has provided a total of USD 560 million in financing to municipal projects that help to reduce energy consumption and the emission of greenhouse gases.

About KBN

Established by an act of Parliament in 1926 as a state administrative body, KBN gained its current status and structure through a conversion act in 1999. KBN is a direct continuation of its predecessor Norges Kommunalbank and has for more than 80 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 the 100 per cent owner of KBN. Given the fact that the Kingdom currently does not issue any foreign currency debt, KBN – which represents both Norway as owner and the Norwegian public sector - is the closest proxy to Norwegian sovereign debt available in the international capital markets.

About the HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,000 offices in 87 countries and territories in Europe, the Asia-Pacific region, North America, Latin America and the Middle East. With assets of US\$2,418 billion at 30 June 2010, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as ‘the world's local bank’.