

Final Terms

Final Terms dated 11 September, 2014

KommuneKredit

EUR25,000,000,000 Euro Medium Term Note Programme

JPY 11,493,000,000 Fixed Rate to Index Linked Interest and Index Linked Redemption Notes with Automatic Early Redemption due 24 September, 2019 (the "Notes")

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 22 May, 2014. These Final Terms must be read in conjunction with such Information Memorandum.

1. Issuer: KommuneKredit
2. (i) Series Number: I14Z105379
(ii) Tranche: 1
3. Specified Currency or Currencies: Japanese Yen ("**JPY**"), except for the Final Redemption Amount which will be payable in either JPY or Turkish Lira ("**TRY**")
4. Aggregate Nominal Amount:
(i) Series: JPY 11,493,000,000
(ii) Tranche: JPY 11,493,000,000
5. Issue Price: 99.98 per cent. of the Aggregate Nominal Amount
6. (i) Specified Denominations: JPY 1,000,000
(ii) Calculation Amount: JPY 1,000,000
7. (i) Issue Date: 29 September, 2014
(ii) Interest Commencement Date: Issue Date
8. Maturity Date: 24 September, 2019, subject to adjustment in accordance with the Following Business Day Convention for payment purpose only, and subject to either
 - i) Automatic Early Redemption specified in paragraph 2 of the Appendix;
 - ii) Early Redemption for taxation reasons; or
 - iii) an Event of Default
9. Interest Basis: 7.90 per cent. Fixed Rate / Index Linked Interest (further particulars specified below)
10. Redemption/Payment Basis: Index Linked Redemption (further particulars specified below)
11. Change of Interest or Redemp- Fixed Rate for the period from and including the

	tion/Payment Basis:	Interest Commencement Date to but excluding 24 March, 2015
		Index-Linked Interest for the period from and including 24 March, 2015 to but excluding the Maturity Date
12.	Put/Call Options:	Not Applicable
13.	Status of Notes:	Senior
14.	Listing:	None
15.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	Applicable for the period from and including the Interest Commencement Date to but excluding 24 March, 2015
	(i) Rate of Interest:	7.90 per cent. per annum payable in arrear
	(ii) Interest Payment Date(s):	24 March, 2015, subject to adjustment in accordance with the Business Day Convention for payment purposes only
	(iii) Business Day Convention:	Following Business Day Convention
	(iv) Additional Business Centre(s):	Tokyo, London, New York, TARGET and Istanbul
	(v) Fixed Coupon Amount:	Not Applicable
	(vi) Broken Amount(s):	JPY 38,403 per Calculation Amount
	(vii) Day Count Fraction:	30/360, unadjusted
	(viii) Determination Date(s):	Not Applicable
	(ix) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
19.	Index-Linked Interest Note Provisions:	Applicable for the period from and including 24 March, 2015 to but excluding the Maturity Date (further particulars specified in the Appendix hereto)
	(i) Index/Formula:	See Appendix
	(ii) Calculation Agent responsible for calculating the interest due:	Deutsche Bank AG London
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	See Appendix
	(iv) Specified Period(s)/Specified Interest Payment Dates:	24 March and 24 September in each year from and including 24 September, 2015 to and in-

cluding the Maturity Date, each a "Specified Interest Payment Date", subject to adjustment in accordance with the Business Day Convention for payment purposes only.

(v) Business Day Convention:	Following Business Day Convention
(vi) Additional Business Centre(s):	Tokyo, London, TARGET, Istanbul and New York
(vii) Minimum Rate of Interest:	Not Applicable
(viii) Maximum Rate of Interest:	Not Applicable
(ix) Day Count Fraction:	30/360, unadjusted
20. Dual Currency Note Provisions:	Not Applicable
21. Equity-Linked Interest Note Provisions:	Not Applicable
22. Commodity-Linked Interest Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23. Issuer Call:	Not Applicable
24. Investor Put:	Not Applicable
25. Final Redemption Amount:	See Appendix
26. Equity-Linked Redemption Note Provisions:	Not Applicable
27. Commodity-Linked Redemption Note Provisions:	Not Applicable
28. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	<p>(i) Early Redemption Amount payable on redemption for taxation reasons shall mean the JPY amount which is determined by the Calculation Agent in its sole and absolute discretion and in a commercially reasonable manner to be the fair market value of such Note immediately prior to such early redemption, adjusted to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any equity options hedging the Issuer's obligations under the Notes). Early Redemption Amount payable on redemption for taxation reasons shall be determined by the Calculation Agent pursuant to the above by including an amount in respect of accrued interest to (and excluding) the relevant redemption date prior to the Maturity Date, and, in respect of each Note, no additional amount other than the Early Redemption Amount shall be paid by the Issuer.</p> <p>(ii) Early Redemption Amount payable on Event of Default shall mean JPY 1,000,000 per</p>

Calculation Amount.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 29. | Form of Notes: | Bearer Notes:

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note. |
| 30. | New Global Note: | No |
| 31. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Tokyo, London, New York, TARGET and Istanbul |
| 32. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 33. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 34. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 35. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 36. | Consolidation provisions: | Not Applicable |
| 37. | Other terms or special conditions: | On the second line from the bottom of paragraph (b) of Condition 11, the phrase "the seventh day after" shall be deemed deleted. |

Successor Currency

In the event that the Issuer is due to make a payment in TRY in respect of the Note and TRY is not available on the foreign exchange markets due to the imposition of exchange controls, TRY's replacement with any other currency or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in a currency and at an exchange rate determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner.

DISTRIBUTION

38. (i) If syndicated, names of Managers: Not Applicable
(ii) Stabilising Manager (if any): Not Applicable
39. If non-syndicated, name of Dealer: SMBC Nikko Capital Markets Limited
40. Additional selling restrictions: A secondary distribution (Uridashi) of the Notes is scheduled to be made in Japan. The Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, except in compliance with the terms of the Securities Registration Statement and any amendment thereto to be filed by the Issuer with the Director of the Kanto Local Finance Bureau pursuant to the Financial Instruments and Exchange Law of Japan in connection with such secondary distribution, or under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this Paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

OPERATIONAL INFORMATION

41. ISIN Code: XS1111215676
42. Common Code: 111121567
43. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
44. Delivery: Delivery against payment
45. Additional Paying Agent(s) (if any): None
46. Intended to be held in a manner which would allow Eurosystem eligibility: No

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

Appendix

1 Index Linked Interest Amount

The rate of interest / interest amount per Calculation Amount payable on each Specified Interest Payment Date (the "**Index Linked Interest Amount**") shall be determined by the Calculation Agent in its sole discretion as follows:

- (i) If FX Rate on the FX Determination Date is equal to or greater than the Coupon FX Rate then:

7.90 per cent. per annum

(JPY 39,500 per Calculation Amount)

- (ii) Otherwise:

0.10 per cent. per annum

(JPY 500 per Calculation Amount)

The amount resulting from such calculations shall be rounded to the nearest whole JPY with half a JPY being rounded upwards.

Where:

"**Coupon FX Rate**" is Spot FX Rate minus JPY 8.00

"**FX Determination Date**" means 15 Business Days prior to the relevant Specified Interest Payment Date or any other due date for payment of interest occurring after 24 March, 2015. For the avoidance of doubt, for the purpose of determining an FX Determination Date, each relevant Specified Interest Payment Date will be adjusted in accordance with the Following Business Day Convention.

"**FX Rate**" means the foreign exchange rate calculated by dividing the EUR/JPY FX Rate expressed as a number of JPY per EUR by the EUR/TRY FX Rate expressed as a number of TRY per EUR, each determined by the Calculation Agent as displayed on Reuters Screen "ECB37" page (or such other page as may replace such page on that service) at approximately 2.15 p.m. (Central European Time "**CET**") on the relevant date. FX Rate will be rounded to two decimal places, with 0.005 being rounded upwards.

"**EUR/JPY FX Rate**" means the spot foreign exchange rate, expressed as a number of JPY per EUR, determined by the Calculation Agent as displayed on the Reuters Screen "ECB37" page (or such other page as may replace such page on that service) at approximately 2.15 p.m. (CET) on the relevant date.

"**EUR/TRY FX Rate**" means the spot foreign exchange rate, expressed as a number of TRY per EUR, determined by the Calculation Agent as displayed on the Reuters Screen "ECB37" page (or such other page as may replace such page on that service) at approximately 2.15 p.m. (CET) on the relevant date.

If, however, any of such rates does not appear on Reuters Screen "ECB37" page (or such other page as may replace such page on that service) as of 2.15 p.m. (CET) on the relevant date, FX Rate will be determined by the Calculation Agent in its sole discretion acting in good faith and in a commercially reasonable manner.

"Spot FX Rate" means FX Rate on the Issue Date.

2 Automatic Early Redemption

Unless the Notes have been previously called, redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole but not in part at the Automatic Early Redemption Amount on the Automatic Early Redemption Date, if, as determined by the Calculation Agent, FXr is equal to or greater than the Trigger FX Rate.

Where:

"Automatic Early Redemption Date" means the Interest Payment Date falling on 24 March, 2015 and each Specified Interest Payment Date from and including 24 September, 2015 to and including 24 March, 2019.

"Automatic Early Redemption Determination Date" means 15 Business Days prior to each Automatic Early Redemption Date.

For the avoidance of doubt, for the purpose of determining an Automatic Early Redemption Date each relevant Interest Payment Date and Specified Interest Payment Date will be adjusted in accordance with the Following Business Day Convention.

"Automatic Early Redemption Amount" means JPY 1,000,000 per Calculation Amount.

"FXr" means FX Rate on the Automatic Early Redemption Determination Date

"Trigger FX Rate" means Spot FX Rate.

3 Final Redemption Amount

The Final Redemption Amount per Calculation Amount shall be determined by the Calculation Agent as follows:

(i) If FX Rate on the Final Redemption Determination Date is equal to or greater than the Final Redemption FX Rate then:

JPY 1,000,000

(ii) Otherwise:

JPY 1,000,000 / Spot FX Rate

such amount payable in TRY, rounded to the nearest TRY 0.01 with TRY 0.005 being rounded upwards.

Where:

"Final Redemption Determination Date" means 15 Business Days prior to the Maturity Date. For the avoidance of doubt, for the purpose of determining the Final Redemption Determination Date, the Maturity Date will be adjusted in accordance with the Following Business Day Convention.

"Final Redemption FX Rate" means Spot FX Rate minus JPY 12.00.

4 Calculations Binding

The Calculation Agent has been appointed as such in order to determine in its sole discretion and in a commercially reasonable manner the calculations with respect to certain amounts payable under the Notes and the determination with respect to certain events as more fully specified herein in accordance with the calculation agency agreement entered into between the Issuer and the Calculation Agent which constitutes the "**Calculation Agency Agreement**". All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the determinations by the Calculation Agent shall, in the absence of manifest error, be binding on the Issuer, the issuing agent, principal paying agent and agent bank (the "**Agent**"), the other Paying Agents and the Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise by it of its powers, duties and discretion pursuant to the provisions therein. Any notice to be given by the Calculation Agent shall be deemed to have been given if given in accordance with the Calculation Agency Agreement.

As soon as practicably possible after its determination of Spot FX Rate, FX Rate on the FX Determination Date, Final Redemption Determination Date and Automatic Early Redemption Determination Date, the Interest Amount and the Final Redemption Amount and the occurrence of the Automatic Early Redemption, the Calculation Agent shall notify the Agent and the Issuer of the results of all calculations and determinations conducted or made pursuant to the provisions in these Final Terms. The Agent shall give notice to the Noteholders to the same effect in accordance with Condition 11 as soon as practicable thereafter.