

KommuneKredit

**issue of JPY 3,460,000,000 Fixed to Capped FX-Linked Interest Rate
Mandatory Early Redemption and FX-Linked Redemption Notes due
19 February 2020 (the "Notes")
EUR 25,000,000,000 Euro Medium Term Note Programme**

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: I15Z109097
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Japanese Yen ("JPY")
4. Aggregate Nominal Amount:
(i) Series: JPY 3,460,000,000
(ii) Tranche: JPY 3,460,000,000
5. Issue Price: 100 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: 18 February 2015
(ii) Interest Commencement Date: 19 February 2015
8. Maturity Date: 19 February 2020, subject to adjustment for payment only in accordance with the Following Business Day Convention and, for the avoidance of doubt, subject to Mandatory Early Redemption in accordance with item 28

For the avoidance of doubt, Noteholders shall not be entitled to any additional sum in respect of any such adjustment

9. Interest Basis:	7.70 per cent. Fixed Rate / Index Linked Interest (further particulars specified below)
10. Redemption/Payment Basis:	If the Notes are not previously redeemed in accordance with item 28 below, the Final Redemption Amount will be as specified in item 25 below
11. Change of Interest or Redemption/Payment Basis:	Applicable (further particulars specified below)
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 19 August 2015
(i) Rate of Interest:	7.70 per cent. per annum payable in arrear
(ii) Interest Payment Date(s):	19 August 2015, subject to adjustment for payment purposes only in accordance with the Business Day Convention specified below
(iii) Business Day Convention:	Following Business Day Convention
(iv) Additional Business Centre(s):	London, New York, São Paulo and Tokyo
(v) Fixed Coupon Amount(s):	JPY 38,500 per Calculation Amount
(vi) Broken Amount(s):	Not Applicable
(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 in respect of the period from and including 19 August 2015 to but excluding the Maturity Date

- (i) Index/Formula: The Rate of Interest per annum (“IR”) shall be determined by application of the following formula:

$$27.70\% \times (\text{FXF}/\text{FXS}) - 20.00\%$$

The resulting rate shall be rounded to the nearest fifth (5th) decimal place, with 0.000005 being rounded upwards.

The Interest Amount payable on each Specified Interest Payment Date (as defined below) per Calculation Amount shall be determined by application of the following formula:

$$\text{IR} \times \text{JPY } 1,000,000 \times 180/360$$

The resulting Interest Amount shall be payable in JPY rounded to the nearest JPY with JPY 0.5 being rounded upwards and shall not be less than the minimum Interest Amount specified in paragraph 19(vii) below nor greater than the maximum Interest Amount specified in item 19(viii) below.

Where:

“FXF” means the reciprocal number of the Official Brazilian Central Bank FX Fixing rate expressed as the number of BRL per JPY 1 as recorded by the Official Brazilian Central Bank on the ASK side of Reuters Screen page “BRBZ” (rounded to two decimal places) (or such other page as may replace that page on such service) (the “PTAX rate”) at approximately 1:15 p.m. São Paulo time 10 (ten) Business Days prior to the relevant Interest Payment Date or Specified Interest Payment Date (the “FXF Determination Date”), subject to adjustment in accordance with the Following Business Day Convention for which the Additional Business Centres shall be London, New York, São Paulo and Tokyo.

“FXS” means the reciprocal number of the PTAX rate (rounded to two decimal places) at approximately 1:15 p.m. São Paulo time on 19 February 2015 (the “FXS Determination Date”), subject to adjustment in accordance with the Following Business Day Convention for which the Additional Business Centres shall be London, New York, São Paulo and Tokyo.

“BRL” means the lawful currency of the Federative Republic of Brazil (“Brazilian Real”).

- (ii) Calculation Agent responsible for calculating the interest due: Deutsche Bank AG, London Branch
 - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or Formula is impossible or impracticable: If FXF and/or FXS cannot be obtained at the relevant time, please refer to item 37 below
 - (iv) Specified Period(s)/Specified Interest Payment Dates: 19 February and 19 August in each year commencing 19 February 2016 (each being a “Specified Interest Payment Date”), subject to adjustment for payment only in accordance with the Business Day Convention specified below
 - (v) Business Day Convention: Following Business Day Convention
 - (vi) Additional Business Centre(s): London, New York, São Paulo and Tokyo.
 - (vii) Minimum Rate of Interest: 0.10 per cent. per annum

For the avoidance of doubt, the minimum Interest Amount payable per Calculation Amount on each Specified Interest Payment Date will be JPY 500.
 - (viii) Maximum Rate of Interest: 7.70 per cent. per annum

For the avoidance of doubt, the maximum Interest Amount payable per Calculation Amount on each Specified Interest Payment Date will be JPY 38,500.
 - (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: The Final Redemption Amount payable per Calculation Amount in JPY on the Maturity Date shall be determined by the Calculation Agent (as defined below) and be calculated in accordance with the following formula (with JPY 0.5 or more to be rounded upwards):

$$\text{JPY (JPY 1,000,000 divided by (FXS x 82.50\%)} \\ \text{x FXM)}$$

Where "FXS x 82.50%" will result in a rate which is to be rounded to the nearest second (2nd) decimal places, with 0.005 being rounded upwards.

"FXM" means the reciprocal number of the PTAX rate (rounded to two decimal places) at approximately 1:15 p.m. São Paulo time on the FXM Determination Date.

"FXM Determination Date" means 10 (ten) Business Days prior to the Maturity Date, subject to adjustment in accordance with the Following Business Day Convention for which the Additional Business Centres shall be London, New York, São Paulo and Tokyo.

"FXS" will be calculated and adjusted as set out in item 19 above.

If FXM cannot be obtained at the relevant time, please refer to item 37 below

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):

JPY 1,000,000 per Calculation Amount

In addition, the Notes are subject to Mandatory Early Redemption in whole but not in part at JPY 1,000,000 per Calculation Amount by the Issuer on the Interest Payment Date falling in August 2015 and thereafter on each Specified Interest Payment Date to and including the Specified Interest Payment Date falling in August 2019 (each an “Early Redemption Date”) in accordance with the following conditions:

If, 10 (ten) Business Days prior to any Early Redemption Date (subject to adjustment in accordance with the Following Business Day Convention for which the Additional Business Centres shall be London, New York, Tokyo and São Paulo), “FXF” (calculated as set out in item 19 above *mutatis mutandis*) is determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, to be equal to or greater than the relevant Early Redemption Rate specified in the table below, the Calculation Agent shall provide such determination to the Issuer as soon as practicable, and the Notes shall be redeemed on the applicable Early Redemption Date. In the event of a Mandatory Early Redemption, the Calculation Agent shall give Notice to the Noteholders as soon as practicable; provided, however, that failure to provide such notice shall not affect the legal validity of such Mandatory Early Redemption.

Interest Payment Date and Specified Interest Payment Date falling in	Early Redemption Rate*
August 2015	FXS x 105.00%
February 2016	FXS x 102.50%
August 2016	FXS x 100.00%
February 2017	FXS x 97.50%
August 2017	FXS x 95.00%
February 2018	FXS x 92.50%
August 2018	FXS x 90.00%
February 2019	FXS x 87.50%
August 2019	FXS x 85.00%

* Each Early Redemption Rate shall be rounded to the nearest second (2nd) decimal places, with 0.005 being rounded upwards, and FXS shall be calculated as set out in item 19 above.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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: London, New York, Tokyo and São Paulo
- Payment Dates shall be adjusted in accordance with the Following Business Day Convention.
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.
- FXF, FXM and FXS fall-back provisions:
- If FXF, FXM or FXS cannot be obtained at the relevant time on the relevant Determination Date (as defined below), it shall be the cross currency rate between BRL12 (as defined below) and the BID Side of the USD/JPY exchange rate published on the Reuters Screen “JPNW” page (or successor

page for the purpose of displaying such rate) as of 4:00 p.m. New York time on the relevant Determination Date.

In the event that both (a) the PTAX rate and (b) either the BRL12 or USD/JPY exchange rate published on the Reuters Screen "JPNW" page are not available, the Calculation Agent will determine FXF, FXM or FXS, as the case may be, in its sole discretion acting in good faith and in a commercially reasonable manner.

Provided that:

(i) if, on the applicable Determination Date, the Calculation Agent determines that a Price Materiality (as defined below) has occurred on such Determination Date, FXF, FXM or FXS, as the case may be, will be the USD/JPY exchange rate published on the Reuters Screen "JPNW" page divided by the BRL12 applicable in respect of such Determination Date; and

(ii) if, on the applicable Determination Date, the Calculation Agent determines that an EMTA Failure (as defined below) has occurred on such Determination Date, FXF, FXM or FXS, as the case may be, will be determined by the Calculation Agent in good faith and in a commercially reasonable manner, having taken into account relevant market practice.

"BRL09" means the closing BRL/USD offered rate for USD, expressed as the amount of BRL per USD 1.00, for settlement in two (2) New York and São Paulo Business Days, reported by the Banco Central do Brasil (www.bcb.gov.br; see "Cotações e boletins") by approximately 1:15 p.m., São Paulo time.

"New York and São Paulo Business Day" means any day on which commercial banks and foreign exchange markets settle payments in New York and São Paulo.

"BRL12" means the EMTA BRL Industry Survey Rate which is the BRL/USD specified foreign exchange rate for USD expressed as the number of BRL per USD 1.00, for settlement in two (2) New York and São Paulo Business Days, as published on EMTA's website (www.emta.org) at around 3.45 p.m.

(São Paulo time) or as soon thereafter as practicable. BRL12 is calculated by EMTA pursuant to the EMTA BRL Industry Survey Methodology (as defined below).

“Determination Date” means any FXS Determination Date, FXF Determination Date and/or the FXM Determination Date, as the case may be.

“EMTA” means Emerging Markets Traders Association.

“EMTA BRL Industry Survey Methodology” means a methodology, dated as of 1st March, 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions in Brazil that are active participants in the BRL/USD spot markets for the purpose of determining BRL12.

“EMTA Failure” means, in respect of a Determination Date, that BRL12, having been requested as prescribed by EMTA, is not available for any reason. For the avoidance of doubt, an EMTA Failure may still occur notwithstanding that the PTAX rate is available on the applicable Determination Date.

“Price Materiality” means the event where BRL09 differs from BRL12 by at least 3 per cent. on any relevant Determination Date, provided however, that if there are insufficient responses to the EMTA BRL Industry Survey Methodology, the Price Materiality event shall also be deemed to have occurred.

DISTRIBUTION

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| 38. | (i) If syndicated, names of Managers: | Not Applicable |
| | (ii) Stabilising Manager (if any): | Not Applicable |
| 39. | If non-syndicated, name of Dealer: | Daiwa Capital Markets Europe 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 others for re-offering or resale, except in to, or for the benefit of, any Japanese Person or to compliance with the terms of the Shelf Registration Statement and the Supplemental Document 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

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| 41. ISIN Code: | XS1179285942 |
| 42. Common Code: | 117928594 |
| 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): | |
| (i) Additional Paying Agent(s) (if any): | Not Applicable |
| (i) Swiss Paying Agent: | Not Applicable |
| 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