

Final Terms dated 16 May 2017

KommuneKredit

Issue of MXN 1,600,000,000 Zero Coupon Notes due 18 May 2027

(the “Notes”)

**Under the EUR25,000,000,000
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 18 May 2016. These Final Terms must be read in conjunction with such Information Memorandum.

1. Issuer: KommuneKredit
2. (i) Series Number: I17Z130731
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Mexican Peso (“MXN”)
4. Aggregate Nominal Amount:
(i) Series: MXN 1,600,000,000
(ii) Tranche: MXN 1,600,000,000
5. Issue Price: 55.15 per cent. of the Aggregate Nominal Amount
6. (i) Specified Denominations: MXN 10,000
(ii) Calculation Amount: MXN 10,000
7. (i) Issue Date: 18 May 2017
(ii) Interest Commencement Date: Not Applicable
8. Maturity Date: 18 May 2027
9. Interest Basis: Zero Coupon
(further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest or Redemption/Payment Basis: Not Applicable
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	Not Applicable
17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Applicable
	(i) Amortisation Yield:	5.9956 per cent. per annum, compounded quarterly
	(ii) Reference Price:	Issue Price
	(iii) Any other formula/basis of determining amount payable:	Not Applicable
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	30/360
19.	Index-Linked Interest Note Provisions:	Not Applicable
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:	Par
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):	Amortised Face Amount, with the modification that Reference Price shall be multiplied to the amount determined in accordance with Condition 4(f)(ii) and, where the Accrual Yield is 5.9956 per cent. per annum, compounded quarterly.

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
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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: Notwithstanding Condition 5, if the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment until the next following Payment Day, unless such day falls in the next calendar month in which case such date shall be the first preceding day that is a Payment Day.
- Where:
- “Payment Day” means any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and Mexico City and a day on which TARGET2 System is open.
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, renominalisation and reconventioning provisions: Not Applicable
36. Consolidation provisions: Not Applicable
37. Other terms or special conditions: If the Calculation Agent determines that any amount payable in respect of the Notes on the respective Payment Business Day is not available to it in such freely negotiable and convertible funds for reasons beyond its control or that the Specified Currency or any successor currency to it provided for by law (the “Successor Currency”) is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payment in Euro on, or as soon as reasonably practicable after, the

respective Payment Business Day on the basis of the Applicable Exchange Rate. Holders shall not be entitled to further interest or any other payment as a result thereof.

Any payment made in the Successor Currency or Euro in accordance with this paragraph will not constitute an Event of Default.

The “Applicable Exchange Rate” shall be, (i) if available, the Euro foreign exchange reference rate for the Specified Currency or the Successor Currency determined and published by the European Central Bank for the most recent practicable date falling within a reasonable period (as determined by the Calculation Agent in its equitable discretion) prior and as close as possible to the day on which the payment is made or, (ii) if such rate is not available, the foreign exchange rate of the Specified Currency or the Successor Currency against the Euro as determined by the Calculation Agent in its equitable discretion.

Where:

“Calculation Agent” means Nomura International plc or its successor

and

“Payment Business Day” means any day which is (i) a day on which the Clearing Systems are operating, and which is (ii) a Payment Day.

DISTRIBUTION

38.	(i)	If syndicated, names of Managers:	Not Applicable
	(ii)	Stabilising Manager (if any):	Not Applicable
39.		If non-syndicated, name of Dealer:	Nomura International plc
40.		Additional selling restrictions:	UNITED MEXICAN STATES

The Notes have not been and will not be registered with the Registro Nacional de Valores (the “National Securities Registry”) maintained by the Comision Nacional Bancaria y de Valores (the “National Banking and Securities Commission”, or “CNBV”), and may not be offered or sold publicly, or otherwise be the subject of brokerage activities, in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the *Ley del Mercado de Valores*, as amended (the “Mexican Securities Market Law”, or “LMV”). As required under the LMV, the information contained in this

Final Terms is exclusively the responsibility of the Issuer and has not been reviewed or authorised by the CNBV. In making an investment decision, all investors, including any Mexican investors who may acquire the Notes from time to time, must rely on their own review and examination of the Issuer and the offering documents.

OPERATIONAL INFORMATION

- 41. (i) ISIN Code: XS1602577253
- (ii) Valoren Number (Swiss Securities Number) (if applicable): Not Applicable
- 42. Common Code: 160257725
- 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): Not Applicable
- 46. Intended to be held in a manner which would allow Eurosystem eligibility: No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Instruments are capable of meeting them the Instruments may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Instruments will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised