

Final Terms dated 16 October 2017

**KommuneKredit**

**Issue of BRL 75,840,000 Fixed Rate Notes due 26 October 2020**

**(the "Notes")**

**Under the EUR30,000,000,000**

**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 19 May 2017. These Final Terms must be read in conjunction with such Information Memorandum.

- |     |   |  |
|-----|---|--|
| 1.  | Issuer:   | KommuneKredit  |
| 2.  | (i) Series Number:                              | I17Z133807   |
|     | (ii) Tranche Number:                            | 1  |
| 3.  | Specified Currency or Currencies:               | Brazilian Real (" <b>BRL</b> "), provided that all payments in respect of the Notes will be made in Japanese Yen (" <b>JPY</b> "), subject to Appendix attached hereto |
| 4.  | Aggregate Nominal Amount:                       |  |
|     | (i) Series:                                     | BRL 75,840,000   |
|     | (ii) Tranche:                                   | BRL 75,840,000   |
| 5.  | Issue Price:                                    | 99.98 per cent. of the Aggregate Nominal Amount  |
| 6.  | (i) Specified Denominations:                    | BRL 10,000   |
|     | (ii) Calculation Amount:                        | BRL 10,000   |
| 7.  | (i) Issue Date:                                 | 26 October 2017  |
|     | (ii) Interest Commencement Date:                | Issue Date   |
| 8.  | Maturity Date:                                  | 26 October 2020  |
| 9.  | Interest Basis:                                 | 6.53 per cent. Fixed Rate<br>(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 | Applicable |
|-----|----------------------------|------------|

(i)	Rate of Interest:	6.53 per cent. per annum payable semi-annually in arrear
(ii)	Interest Payment Date(s):	26 April and 26 October in each year commencing 26 April 2018 up to and including the Maturity Date  The period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date is called an "Interest Period".  For the avoidance of doubt, each Interest Period will not be subject to adjustment.
(iii)	Business Day Convention:	Following Business Day Convention
(iv)	Additional Business Centre(s):	Tokyo, London, New York and São Paulo
(v)	Fixed Coupon Amount(s):	BRL 326.50 per Calculation Amount, provided however, that each Fixed Coupon Amount will be paid in JPY, converted from BRL at the Reference Rate applicable in relation to each Interest Payment Date as set out in Appendix attached hereto.
(vi)	Broken Amount(s):	Not Applicable
(vii)	Day Count Fraction:	30/360
(viii)	Determination Date(s):	Not Applicable
(ix)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	The words "the aggregate outstanding nominal amount" used in Condition 3(a)(A) shall be replaced by the words "the Calculation Amount".
17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
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:	BRL 10,000 per Calculation Amount, provided however, that the Final Redemption Amount will be paid in JPY, converted from BRL at the Reference Rate applicable in relation to the Maturity

- ty Date as set out in Appendix attached hereto.
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): BRL 10,000 per Calculation Amount, provided however, that the Early Redemption Amount will be paid in JPY, converted from BRL at the Reference Rate applicable in relation to the day fixed for redemption as set out in Appendix attached hereto, and for the avoidance of doubt, plus accrued and unpaid interest, if any.

### **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: Tokyo, London, New York and São Paulo
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: The final paragraph of Condition 5 is not applicable to the Notes. Instead the following shall apply to the Notes:  
  
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. The holders of the Notes or Coupons 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 sole discretion, acting in good faith and in a commercially reasonable manner taking into account all available and relevant information in its equitable discretion.

Where:

"**Calculation Agent**" means Nomura International plc or any duly appointed successor; and

"**Payment Business Day**" means any day which is (i) a day on which the relevant clearing system(s) 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: **JAPAN**

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 shelf registration statement and the amendment(s) and the supplemental document thereto having been filed or 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.

#### **FEDERATIVE REPUBLIC OF BRAZIL**

The Dealer has represented and agreed that the Notes have not been and will not be registered with the "Comissão de Valores Mobiliários" – the Brazilian Securities and Exchange Commission ("**CVM**") and accordingly, the Notes may not and will not be sold, promised to be sold, offered, solicited, advertised and/or marketed within the Federal Republic of Brazil, except in circumstances that cannot be construed as a public offering or unauthorised distribution of securities under Brazilian laws and regulations. The Notes are not being offered into the Federal Republic of Brazil. Documents relating to an offering of the Notes may not be supplied or distributed to the public in the Federal Republic of Brazil nor be used in connection with any offer for subscription or sale of the Notes to the public in the Federal Republic of Brazil.

#### **OPERATIONAL INFORMATION**

41. ISIN Code: XS1687871464

42. Common Code: 168787146

43. Any clearing system(s) other than Euroclear and Clearstream 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 Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB 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

## Appendix

### 1. Fixed Rate Note Provisions

The Fixed Coupon Amount per Calculation Amount payable in JPY (“**I**”) on each Interest Payment Date, shall be determined by the Calculation Agent on the relevant Rate Fixing Date in accordance with the following formula, provided that the resultant figure of the formula shall be rounded down to the next lower whole JPY:

$$\mathbf{I} = \mathbf{BRL\ 326.50} \times \mathbf{Reference\ Rate}$$

For the avoidance of doubt, an interest amount which is payable on a day other than the Interest Payment Date shall be paid in JPY by applying *mutatis mutandis* the provisions above.

### 2. Redemption at Maturity

Unless previously redeemed or purchased and cancelled and subject as provided below, each Note will be redeemed by the Issuer on the Maturity Date. The Final Redemption Amount per Calculation Amount payable in JPY (“**F**”) shall be determined by the Calculation Agent on the Rate Fixing Date in relation to the Maturity Date in accordance with the following formula, provided that the resultant figure of the formula shall be rounded down to the next lower whole JPY:

$$\mathbf{F} = \mathbf{BRL\ 10,000} \times \mathbf{Reference\ Rate}$$

### 3. Disruption Events

If any Disruption Event occurs, then the Reference Rate shall be calculated by dividing the USD/JPY Bid Rate by the BRL12 and provided that such number shall be rounded to two decimal places with 0.005 being rounded upwards.

In the event that the BRL12 and/or USD/JPY Bid Rate are not available on the relevant Rate Fixing Date, including the case in which such date falls on an Unscheduled Holiday, then the Reference Rate will be determined by the Calculation Agent on such Rate Fixing Date, acting in good faith and in a commercially reasonable manner, having taken into account relevant market practice.

Provided further that, the BRL12 may not be available on the same date on which the PTAX Rate is first unavailable and, as a result, a determination by the Calculation Agent of the Reference Rate will, in such cases, be the only operable fallback.

### 4. Definitions

“**BRL09**” means the spot rate which is the BRL/USD offered rate (expressed as the number of BRL per one USD) for settlement in two (2) São Paulo and New York Business Days as reported by Banco Central do Brasil on its website ([www.bcb.gov.br](http://www.bcb.gov.br); see “Cotações e boletins”), or any succeeding rate source, on the relevant Rate Fixing Date and as published on Bloomberg Page<**BRL PTAX Currency**>, or such other page or services which may replace any such page for the purpose of displaying the reference BRL/USD foreign exchange rate.

“**BRL12**” means the BRL/USD foreign exchange rate (expressed as the number of BRL per one USD) for settlement in two (2) São Paulo and New York Business Days as published on the EMTA's website ([www.emta.org](http://www.emta.org)), or such replacement service, on the relevant Rate Fixing Date and which is calculated by EMTA pursuant to the EMTA BRL Industry Survey Methodology.

“**Business Day**” means a day (other than a Saturday or a Sunday) 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 Tokyo, London, New York and São Paulo.

**"Disruption Event"** means either the Price Source Disruption Event or the Price Materiality.

**"EMTA"** means the Emerging Markets Traders Association.

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

**"Price Materiality"** means the event where the BRL09 differs from the BRL12 by more than 3% on any relevant Rate Fixing Date, provided however, that if there are insufficient responses to the EMTA BRL Industry Survey, the Price Materiality event shall also be deemed to have been occurred.

**"Price Source Disruption Event"** means the event that the PTAX Rate is not available on Banco Central do Brasil's website or the Bloomberg Page or such other page or services which may replace any such page for the purpose of displaying such rate on the relevant Rate Fixing Date.

**"PTAX Rate"** means the JPY/BRL foreign exchange rate (expressed as the number of BRL per one JPY) as reported by Banco Central do Brasil on its website ([www.bcb.gov.br](http://www.bcb.gov.br); see "Cotações e boletins"), or any succeeding rate source, and as published on Bloomberg Page <**JPYBRL PTAX Curncy**>, or such other page or services which may replace any such page for the purpose of displaying the reference JPY/BRL foreign exchange rate, provided that the PTAX Rate found on the Banco Central do Brasil's website shall prevail in case of conflict with the PTAX Rate appearing on Bloomberg Page <JPYBRL PTAX Curncy> (or such other page or services which may replace any such page for the purpose of displaying such rate).

**"Rate Fixing Date"** means the day that is ten (10) Business Days prior to each Interest Payment Date (or, as the case may be, any date fixed for interest payment), the Maturity Date and any day (other than the Maturity Date) fixed for the redemption of the Notes, respectively, which shall not be subject to adjustment by any Business Day Convention for this purpose, provided further that even if there is an Unscheduled Holiday between the relevant Rate Fixing Date and the relevant date of payment, such Rate Fixing Date shall not be subject to adjustment.

**"Reference Rate"** means the reciprocal number of ask side of the PTAX Rate on each Rate Fixing Date as determined by the Calculation Agent. Such number (expressed as the number of JPY per one BRL) shall be rounded to two decimal places with 0.005 being rounded upwards.

**"São Paulo and New York Business Day"** means a day (other than a Saturday or a Sunday) 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 São Paulo and New York.

**"São Paulo Business Day"** means a day (other than a Saturday or a Sunday) 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 São Paulo.

**"Unscheduled Holiday"** means a day that is not a São Paulo Business Day and this fact was not publically known to market participants (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in São Paulo, two São Paulo Business Days prior to the relevant Rate Fixing Date.

**"USD/JPY Bid Rate"** means the bid rate of USD/JPY foreign exchange rate (expressed as the number of JPY per one USD) as published by WM Company, or such replacement service, at approximately 4:00 p.m. London time on the relevant Rate Fixing Date on Bloomberg Page WMCO<GO>, or such other page or services which may replace any such page for the purpose of displaying the reference USD/JPY foreign exchange rate.