

Final Terms

Final Terms dated 13 January 2017

KommuneKredit

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: I17Z127703
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Norwegian Kroner ("**NOK**")
4. Aggregate Nominal Amount:
 - (i) Series: **NOK** 850,000,000
 - (ii) Tranche: NOK 850,000,000
5. (i) Issue Price: 105.594 per cent. of the Aggregate Nominal Amount
(ii) Net proceeds: NOK 896,699,000
6. (i) Specified Denominations: NOK 1,000,000
(ii) Calculation Amount: NOK 1,000,000
7. (i) Issue Date: 17 January 2017
(ii) Interest Commencement Date: Issue Date
8. Maturity Date: Interest Payment Date falling in January 2022
9. Interest Basis: 3 month NIBOR +1.25 per cent. Floating Rate (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: Luxembourg regulated market
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: Applicable
- (i) Specified Period(s)/Specified Interest Payment Dates: Interest shall be payable quarterly in arrear on 17 January, 17 April, 17 July and 17 October in each year, commencing on 17 April 2017 and ending on and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention specified below.
- (ii) Business Day Convention: Modified Following Business Day Convention
- (iii) Additional Business Centre(s): Oslo
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): Danske Bank A/S
- (vi) Screen Rate Determination:
Reference Rate: 3 month NIBOR
Interest Determination Date(s): 12.00 noon on the second Oslo business day prior to the start of each Interest Period
Relevant Screen Page: Reuters page OIBOR (NOK-NIBOR-NIBR)
- (vii) ISDA Determination:
Floating Rate Option: Not Applicable
Designated Maturity: Not Applicable
Reset Date: Not Applicable
- (viii) Margin(s): + 1.25 per cent. per annum
- (ix) Minimum Rate of Interest: 0.00 per cent. per annum
- (x) Maximum Rate of Interest: Not Applicable
- (xi) Day Count Fraction: Actual/360, adjusted
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating: If the Relevant Screen Page is not available or if no offered quotation appears or fewer than three offered quotations appear, in each case as at the time specified above, the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) shall request each of the principal office of four major banks in the Oslo inter-bank market selected

Rate Notes, if different from those set out in the Conditions:

by the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (the "Reference Banks") to provide the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12.00 noon Oslo time (the "Specified Time") on the Interest Determination Date in question. If two or more of the Reference Banks provide the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus the Margin, all as determined by the party responsible for calculating the Rate(s) of Interest and Interest Amount(s).

If on any Interest Determination Date one only or none of the Reference Banks provides the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Oslo inter-bank market plus the Margin or, if fewer than two of the Reference Banks provide the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) it is quoting to leading banks in the Oslo inter-bank market plus the Margin, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date.

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| 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

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| 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): | As set out in the Conditions |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 29. | Form of Notes: | Uncertificated and dematerialised book-entry form in VPS |
| 30. | New Global Note: | No |
| 31. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Oslo |
| 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 fail- | Not Applicable |

ure to pay including any right of the Issuer to forfeit the Notes and interest due on late payment:

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| 34. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 35. | Redenomination, renomination and reconventioning provisions: | Not Applicable |
| 36. | Consolidation provisions: | Not Applicable |
| 37. | Other terms or special conditions: | The Notes will be issued in uncertificated and dematerialised book-entry form. Legal title to the Notes will be evidenced by book entries in the records of VPS. Danske Bank A/S (the "VPS Agent") will act as agent of the Issuer in respect of all dealings with the VPS in respect of the Notes. The Notes may not be exchanged for Notes in bearer form. As the Notes are in dematerialised form, any references in the Terms and Conditions to Coupons and Talons shall not apply to the Notes and no global or definitive Notes will be issued in respect thereof. The Terms and Conditions shall be construed accordingly. |

Settlement of sale and purchase transactions in respect of Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the Notes will take place in accordance with the rules and procedures for the time being of the VPS.

The holder of a Note will for all purposes be the person evidenced as such by a book entry in the book-entry system and register maintained by the VPS, and "Noteholder" in the Terms and Conditions shall be construed accordingly. Title to the Notes will pass by registration in the register between the accountholders in the VPS in accordance with the rules and procedures of the VPS from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer and the VPS Agent as the holder of the relevant Note. Notes will be transferable only in accordance with the rules and procedures for the time being of the VPS.

Payments of principal and interest in respect of the Notes will be made to the Noteholders shown in the relevant records of the VPS in accordance with and subject to the rules and regulations from time to time governing the VPS.

References to the Notes being cancelled shall be deemed to mean that they shall be deleted from the records of the VPS. If the holder of a Note gives notice to the VPS Agent that such Note is immediately repayable in accordance

with Condition 7 (*Repayment upon event of default*), the Noteholder shall also at the same time give notice to the Issuer.

The Issuer is entitled to vary or terminate the appointment of any VPS Agent provided that there will at all times be a VPS Agent authorised to act as account operating institution with the VPS.

Any notice to be given by the Issuer in respect of the Notes shall be given in accordance with (i) the rules and procedures for the time being of the VPS and (ii) in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any notice or demands to be given by a Noteholder in respect of the Notes shall be in writing and given to (i) the VPS Agent in such manner as the VPS Agent may approve and (ii) the Issuer.

The VPS Agent will act solely as agent of the Issuer and do not assume any obligations or relationships of agency or trust to or with the Noteholders.

For the purposes of a meeting of Noteholders, the person named in a certificate from the VPS shall be treated as the holder of the Notes specified in such certificate provided that he has given an undertaking not to transfer the Notes so specified (prior to the close of the meeting) and the Issuer and the VPS Agent shall be entitled to assume that any such undertaking is validly given, shall not enquire as to its validity and enforceability, shall not be obliged to enforce any such undertaking and shall be entitled to rely on the same.

The registration of the Notes in VPS shall be governed by and construed in accordance with Norwegian law.

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: | Danske Bank A/S |
| 40. | Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

41. (i) ISIN Code: NO0010782022
- (ii) Valoren Number (Swiss Securities Number) (if applicable): Not Applicable
42. Common Code: 155105534
43. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Verdipapirsentralen ASA, Fred. Olsens gate 1, P.O. Box 4 Sentrum, NO-0051 Oslo, Norway, Business Registration Number: 985 140 421 ("**VPS**")
- The Issuer shall be entitled to obtain certain information from the register maintained by VPS for the purpose of performing its obligations under the issue of the Notes.
44. Delivery: Delivery against payment
45. Additional Paying Agent(s):
- (i) Additional Paying Agent (if any): Danske Bank A/S, Corporate Actions, 2-12 Holmens Kanai, DK-1092 Copenhagen K, Denmark
- (ii) Swiss Paying Agent: 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.

LISTING APPLICATION

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the listing of the EUR25,000,000,000 Euro Medium Term Note Programme of KommuneKredit.

RESPONSIBILITY

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

Signed on behalf of the Issuer:



KR EDIT

Danske Bank A/S
2-12 Holmens Kanai
DK-1092 Copenhagen K
Denmark

Dear Sirs,

13 January 2017

KommuneKredit
Euro Medium Term Note Programme

Ref.: 117Z127703

We refer to the amended and restated Programme Agreement dated 18 May 2016 entered into in respect of the above Euro Medium Term Note Programme (the **Programme**), and made between ourselves as Issuer and the Dealers party thereto (which agreement, as amended from time to time, is herein referred to as the **Programme Agreement**).

In accordance with clause 10.2(b) of the Programme Agreement we hereby appoint you as an additional Dealer upon the terms of the Programme Agreement with effect from the date hereof in respect of the issue of NOK 850,000,000 Floating Rate Notes due 17 January 2022 (the **Issue**). Please confirm acceptance of your appointment upon such term by signing and returning to us the attached copy of this letter, whereupon you shall become a party to the Programme Agreement, vested with all the authority, rights, powers, duties and obligations of a Dealer in relation to the Issue as if originally named as Dealer under the Programme Agreement provided that following the issue of the Notes in respect of such Issue you will have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with the issue of such Notes.

This letter is governed by, and shall be construed in accordance with, English law.

Yours faithfully



KR EDIT

We confirm that we are in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement;
- (b) a copy of all documents referred to in Appendix A to the Programme Agreement;
- (c) a side letter in a form approved by ourselves from each of the legal advisers referred to in paragraph 6 of Appendix A to the Programme Agreement addressed to ourselves and giving us the full benefit of the existing legal opinions;

and have found them to be satisfactory or (in the case of the documents referred to in (b) and/or (c)) we have waived such delivery.

Dated: _____

Signed: _____
For and on behalf of
Danske Bank A/S