

FINAL TERMS

4 August 2016
Amended and Restated as of 15 August 2016

KommuneKredit

BRL 200,000,000 Zero Coupon Notes due 8 July 2026 (the Notes)

issued under its 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 18 May 2016. These Final Terms must be read in conjunction with such Information Memorandum.

1. Issuer: KommuneKredit
2. (i) Series Number: I16Z123291
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Brazilian Reais (**BRL**), provided that all amounts in respect of the Notes shall be paid in United States Dollars (**USD**)
4. Aggregate Nominal Amount:
(i) Series: BRL 200,000,000
(ii) Tranche: BRL 200,000,000
5. (i) Issue Price: 50.67 per cent. of the Aggregate Nominal Amount payable in USD determined using the USDBRL Initial Rate (as defined in the Appendix hereto)
(ii) Net proceeds: BRL101,340,000 equal to USD 31,165,236.65
6. (i) Specified Denominations: BRL 10,000
(ii) Calculation Amount: BRL 10,000
7. (i) Issue Date: 8 August 2016
(ii) Interest Commencement Date: Not Applicable
8. Maturity Date: 8 July 2026 (the **Scheduled Maturity Date**), provided, however, if the related FX Determination Date (as defined in the

Appendix hereto) is subject to adjustment in accordance with the provisions of paragraph 4 (*Disruption Event Fallbacks*), paragraph 5 (*Unscheduled Holiday*) or paragraph 6 (*EMTA Failure*) of the Appendix hereto, then the Maturity Date shall occur no later than the second Business Day immediately following such FX Determination Date as adjusted, save that if such adjustment causes the Maturity Date to fall earlier than the originally Scheduled Maturity Date, the Maturity Date shall be the originally Scheduled Maturity Date.

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| 9. | Interest Basis: | Zero Coupon

(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par, provided that the Final Redemption Amount shall be payable in USD as further described in paragraph 1 (<i>Final Redemption Amount</i>) of the Appendix hereto |
| 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

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| 16. | Fixed Rate Note Provisions: | Not Applicable |
| 17. | Floating Rate Note Provisions: | Not Applicable |
| 18. | Zero Coupon Note Provisions: | Applicable |
| | (i) Amortisation Yield/Accrual Yield: | 6.974339 per cent. per annum (calculated on a 30/360 semi-annual basis) |
| | (ii) Reference Price: | BRL 5,067 |
| | (iii) Any other formula/basis of determining amount payable: | See paragraphs 1 (<i>Final Redemption Amount</i>) and 2 (<i>Early Redemption Amount</i>) of the Appendix hereto |

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| (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: | Condition 4(f) applies |
| 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: | See paragraph 1 (<i>Final Redemption Amount</i>) of the Appendix 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): | The Early Redemption Amount payable on the date fixed for redemption (the <i>Early Redemption Date</i>), provided, however, that if the related FX Determination Date is adjusted in accordance with the provisions of paragraph 4 (<i>Disruption Event Fallbacks</i>), paragraph 5 (<i>Unscheduled Holiday</i>) or paragraph 6 (<i>EMTA Failure</i>) of the Appendix hereto, then the Early Redemption Date shall be the second Business Day immediately following such FX Determination Date as adjusted, pursuant to Conditions 4(g), 4(h) and 7 in respect of each Note. The Early Redemption Amount will, in each case, be determined by the Calculation Agent by application of the formula set forth in paragraph 2 (<i>Early Redemption Amount</i>) of the Appendix hereto. |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

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| 30. | New Global Note: | No |
| 31. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | London, New York and any of the following cities: (i) Brasília; (ii) Rio de Janeiro; or (iii) 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: | See the Appendix hereto |

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:

Federative Republic of Brazil

The Notes may not be offered or sold in Brazil, except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations. The Notes have not been and will not be registered with the Comissão de Valores Mobiliários (the *CVM*). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400 issued by CVM on 29 December 2003, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Trading of the Notes in private transactions is not subject to registration with the CVM to the extent that such trading does not qualify as a public offering or distribution under Brazilian laws and regulations. Persons wishing to offer or acquire Notes in Brazil should consult their own counsel as to the applicability of the registration requirement or any exemption therefrom.

OPERATIONAL INFORMATION

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| 41. | ISIN Code: | XS1467691017 |
| 42. | Common Code: | 146769101 |
| 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 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 EUR 25,000,000,000 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:

By:

Duly authorised

APPENDIX

1. Final Redemption Amount

Unless previously redeemed or purchased and cancelled then, subject to as provided herein, the Final Redemption Amount payable per Note of the Specified Denomination on the Maturity Date will be an amount in USD determined by the Calculation Agent on the relevant FX Determination Date in accordance with the following formula:

$$\frac{SD}{\text{USDBRL Fixing Rate}}$$

The amount resulting from such calculation will be rounded to the nearest USD 0.01, with USD 0.005 being rounded upwards.

2. Early Redemption Amount

For the avoidance of doubt, this paragraph 2 refers to any Early Redemption Amount payable per Note of the Specified Denomination on redemption for taxation reasons or on event of default.

The Early Redemption Amount payable per Note of the Specified Denomination on the Early Redemption Date will be an amount in USD determined by the Calculation Agent on the relevant FX Determination Date in accordance with the following formula:

$$\frac{\text{Amortised Face Amount}}{\text{USDBRL Fixing Rate}}$$

Notwithstanding Condition 4(f)(ii), the Amortised Face Amount payable per Note of the Specified Denomination on the Early Redemption Date shall be the sum of (A) the Reference Price and (B) the product of the Accrual Yield being applied to the Reference Price, raised to the power of x.

The amount resulting from such calculation will be rounded to the nearest USD 0.01, with USD 0.005 being rounded upwards.

3. Definitions

The following terms shall have the following meanings:

“**BRL**” means the Brazilian Real, being the lawful currency of the Federative Republic of Brazil.

“**BRL Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in any of the following cities: (i) Brasília, (ii) Rio de Janeiro, or (iii) São Paulo.

“**BRL 09**” means, in respect of an FX Determination Date, the closing BRL/USD offered rate for USD, expressed as the amount of BRL per one USD, for settlement in two FX Business Days reported by the Banco Central do Brasil on its website (www.bcb.gov.br; see “Cotações e boletins”) by approximately 1.15 p.m., São Paulo time, for that FX Determination Date.

“**Calculation Agent**” means BNP Paribas or any duly authorised successor thereto.

“**EMTA**” means the Emerging Markets Traders Association.

“**EMTA Failure**” means, in respect of an FX Determination Date, that the EMTA BRL Industry Survey Rate or 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 BRL 09 is available on the applicable FX Determination Date.

“**FX Business Day**” means a day which is both (i) a BRL Business Day and (ii) a day on which commercial banks and foreign exchange markets settle payments generally in New York.

“**FX Determination Date**” means, subject to paragraph 4 (*Disruption Event Fallbacks*) or paragraph 5 (*Unscheduled Holiday*) and paragraph 6 (*EMTA Failure*) of this Appendix, in respect of the Early Redemption Amount and the Final Redemption Amount, the tenth Tokyo and FX Business Day prior to the Early Redemption Date and the Scheduled Maturity Date respectively, provided that:

- (i) the FX Determination Date shall be subject to adjustment in accordance with the Preceding Business Day Convention; and
- (ii) if the FX Determination Date is an *Unscheduled Holiday*, then (whether paragraph (i) above is applicable or not) such FX Determination Date shall be subject to adjustment in accordance with paragraph 5 (*Unscheduled Holiday*) below.

“**SD**” means, in respect of each Note, the Specified Denomination or, if less, its outstanding nominal amount.

“**Unscheduled Holiday**” means any day which is not a Tokyo and FX Business Day and the market was not aware of such fact (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 Tokyo and FX Business Days prior to the relevant FX Determination Date.

“**USD**” means the United States Dollar, being the lawful currency of the United States of America.

“**USDBRL Fixing Rate**” means, in respect of an FX Determination Date, the BRL 09 for such FX Determination Date subject to adjustment in accordance with the provisions of paragraph 4 (*Disruption Event Fallbacks*), paragraph 5 (*Unscheduled Holiday*) and paragraph 6 (*EMTA Failure*).

“**USDBRL Initial Rate**” means a rate of BRL 3.2517 per USD 1.00

4. **Disruption Event Fallbacks**

If, in respect of an FX Determination Date and as determined by the Calculation Agent, a Price Disruption Event (as defined below) has occurred or exists in respect of the USDBRL Fixing Rate, the USDBRL Fixing Rate shall be determined through one of the procedures below (the “**Disruption Fallbacks**”), in accordance with the following order:

- 1) The Calculation Agent will determine the USDBRL Fixing Rate in accordance with the “**EMTA BRL Industry Survey Rate**” or “**BRL12**”, meaning the BRL/USD offered spot foreign exchange rate for USD, expressed as the number of BRL (or part thereof) for which one USD could be purchased, for settlement in two FX Business Days’ time, as published on EMTA’s website (www.emta.org) at approximately 3.45 p.m., São Paulo time, or as soon thereafter as practicable, on the FX Determination Date. The EMTA BRL Industry Survey Rate shall be calculated by EMTA (or a service provider that EMTA may select in its sole discretion) pursuant to the EMTA BRL Industry Survey Rate Methodology (which means a methodology, dated as of 1 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 the EMTA BRL Industry Survey Rate);
- 2) if the Calculation Agent is unable to determine the USDBRL Fixing Rate in accordance with the Disruption Fallback above, then the USDBRL Fixing Rate shall be determined by the Calculation Agent in good faith and in a commercially reasonable manner and taking into consideration all available information that in good faith it deems relevant.

The following terms shall have the following meanings:

“**Price Disruption Event**” means a Price Source Disruption Event or a Price Materiality Event, each as defined herein and determined by the Calculation Agent in its sole discretion in good faith and in a commercially reasonable manner.

“**Price Materiality Event**” means, in respect of an FX Determination Date, that the BRL 09 Rate differs from the EMTA BRL Industry Survey Rate by at least the Price Materiality Percentage (and if both a Price

Source Disruption Event and a Price Materiality Event occur or exist on any day, it shall be deemed that a Price Source Disruption Event and not a Price Materiality Event occurred or existed on such day).

“**Price Materiality Percentage**” means more than 3.00 per cent., provided that if there are insufficient responses (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) on the relevant date to the EMTA BRL Industry Survey Rate the percentage of 3.00 per cent will be deemed to have been met.

“**Price Source Disruption Event**” means the occurrence of an event on any day (other than an Unscheduled Holiday), the result or consequence of which is that it is impossible to obtain the USDBRL Fixing Rate on such day (or, if different, the day on which rates for such day would, in the ordinary course be published or announced by the relevant price source).

5. **Unscheduled Holiday**

In the event of an Unscheduled Holiday, the FX Determination Date shall be subject to adjustment in accordance with the Following Business Day Convention, provided that if the next following FX Determination Date is also an Unscheduled Holiday, then the USDBRL Fixing Rate will be determined by the Calculation Agent on such day, acting in good faith and in a commercially reasonable manner having taken into account relevant market practice and by reference to such additional sources as it deems appropriate.

6. **EMTA Failure**

If, on the applicable FX Determination Date, the Calculation Agent determines that an EMTA Failure (as defined above) has occurred on such FX Determination Date, the USDBRL Fixing Rate will be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, having taken into account relevant market practice