TERMS SHEET

21 October 2015

To: **J.P. MORGAN AUSTRALIA LIMITED** (ABN 52 002 888 011)
Level 18
J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000
Australia

AND

UBS AG, AUSTRALIA BRANCH
(ABN 47 088 129 613)
Level 16, The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

From: **KfW**
Palmengartenstraße 5-9
D-60325 Frankfurt am Main
Germany

KfW – Australian and New Zealand Medium Term Note Programme

We hereby confirm the following agreement for the issue by us of Notes, each having the terms and conditions set out below, and otherwise in accordance with the terms and conditions of the Deed of Terms and Conditions dated 16 March 2004 made by the Issuer, the Manager and the Registrar. Terms not defined herein have the meanings given to them in the Deed of Terms and Conditions.

Overall Note Details

Issuer:	KfW
Principal Amount (face amount) on the Issue Date of each Note:	A$1,000 (Note: subject to minimum consideration within Australia of A$500,000)
Number of Notes to be issued:	300,000 (to be consolidated and form a single Series with the 1,700,000 Notes comprising the Issuer's A$750,000,000 2.75% Notes due 16 April 2020, issued on 16 January 2015, A$300,000,000 2.75% Notes due 16 April 2020, issued on 22 January 2015 and A$650,000,000 2.75% Notes due 16 April 2020, issued on 24 July 2015)
Total Principal Amount of the Series:	A$2,000,000,000 (being the Total Principal Amount of this tranche with the A$750,000,000 2.75% Notes due 16 April 2020, issued on 16 January 2015, the A$300,000,000 2.75% Notes due 16 April 2020,

	issued on 22 January 2015 and A$650,000,000 2.75% Notes due 16 April 2020, issued on 24 July 2015)
Type of Notes:	☐ Amortised Notes ☐ Dual Currency Notes ☑ Fixed Rate Notes ☐ Floating Rate Notes ☐ High Interest (premium) Notes ☐ Indexed Notes ☐ Low Interest (discount) Notes ☐ Structured Notes ☐ Zero Coupon Notes ☐ Other (specify)
Maturity Date:	16 April 2020
Issued at:	☐ Par ☐ Discount ☑ Premium
Purchase Price:	A$301,953,000 (being 100.598 per cent. of the Principal Amount of A$300,000,000 plus accrued interest payable for the period from and including 16 October 2015 to but excluding 23 October 2015 of 7 days of A$159,000)
Issue Price:	A$302,334,000 (being 100.725 per cent. of the Principal Amount of A$300,000,000 plus accrued interest payable for the period from and including 16 October 2015 to but excluding 23 October 2015 of 7 days of A$159,000)
Issue Date:	23 October 2015
Clearing System (if any):	☑ Austraclear ☑ Euroclear ☑ Clearstream Banking ☐ Other (specify): ______________________

On admission to the Austraclear System, interests in the Notes may be held through Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as a nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

Interest Calculation and Payment, Repayment

(a) **Amortised Notes**

Redemption Amount:	N/A
Redemption Price:	N/A
Reference Price:	N/A
Other details (specify):	N/A

(b) **Dual Currency Notes**

Rate of Exchange: N/A

Determination of:

- rate of interest: N/A
- accrual of interest: N/A
- interest amounts: N/A
- interest payment dates: N/A
- other (specify): N/A

(c) **Fixed Rate Notes**

Fixed Interest Rate(s):	2.75 per cent. per annum payable semi-annually
Interest Payment Dates:	16 April and 16 October in each year from, and including, 16 April 2016 to, and including, the Maturity Date (subject to adjustment in accordance with clause 8.6 of the Deed of Terms and Conditions)
Redemption Amount:	A$1,000 per Note (100 per cent. of the Principal Amount)

Day Count Fraction:

☐ Actual/365 (fixed)
☐ Actual/365 or Actual/Actual (ISDA)
☐ 30/360, 360/360 or Bond Basis
☑ RBA Bond Basis
☐ 30E/360 or Eurobond Basis

(d) **Floating Rate Notes**

Floating Rate Basis:

☐ Bank Bill Rate

☐ Other (specify and detail source and procedures if not available)

Manner of determination:

☐ *ISDA Determination:*

- Floating Rate Option: N/A
- Designated Maturity: N/A
- Reset Date
  ☐ BBSW
  ☐ LIBOR
  ☐ EURIBOR
  ☐ Other (specify)
- Determined by
  ☐ Manager
  ☐ Other (specify)

or:

☐ *Screen Rate Determination*

- Reference Rate
  ☐ BBSW
  ☐ LIBOR
  ☐ EURIBOR
  ☐ Other (specify)
- Relevant Screen Page: N/A ____________________________________
- Determined by
  ☐ Manager
  ☐ Other (specify)

Margin(s) to Floating Rate Basis: +/- ___ per centum per annum

Minimum Interest Rate: N/A

Maximum Interest Rate: N/A

Interest Payment Dates: N/A

Additional Business Centre: N/A

Redemption Amount: N/A

Day Count Fraction:

☐ Actual/365 (fixed)
☐ Actual/365 or Actual/Actual (ISDA)
☐ 30/360, 360/360 or Bond Basis
☐ RBA Bond Basis
☐ 30E/360 or Eurobond Basis

Interest Determination Date: N/A

(e) **High Interest (premium) Notes**

Premium:	N/A
Interest Rate see:	☐ (c) ☐ (d)
Amortisation Yield:	N/A
Reference Price:	N/A
Other details (specify):	N/A

(f) **Indexed Notes**

Index: N/A

Specify method of calculation of Variable Indexed Amount: N/A

Details to include:

- Source for index: N/A
- Person responsible for calculations: N/A
- Provision for calculation on early redemption, where reference to Index or formula is impossible or impracticable etc): N/A

Base Index Figure $: N/A

Interest Payment Dates: N/A

Redemption Amount: N/A

(g) **Low Interest (discount) Notes**

Discount Rate:	N/A
Interest Rate see:	☐ (c) ☐ (d)
Amortisation Yield:	N/A
Reference Price:	N/A
Other details (specify):	N/A

(h) **Structured Notes**

Describe characteristics: N/A

(Give details including, as required, source, calculation arrangements, alternatives etc)

(i) **Zero Coupon Notes**

Redemption Price:	N/A
Amortisation Yield:	N/A

(j) **Other Options** (Give details) N/A

Other Issue Details

Partly Paid Notes (details):	N/A
Special Issuance Instructions:	N/A

Other Special Conditions including, as appropriate:

Events Affecting Maturity:	N/A
Put option (early redemption at the option of the Noteholders) (give details):	N/A

- Clause 9.3 applies: ☐ Yes ☐ No
- Put Option Date(s)

  or

  Put Option Period: N/A
- Put Option applies to all Notes in Series

  or

  Details of Notes to which Put Option applies: N/A

Maturity Extension Option (option of the Noteholder to extend maturity, at the offer of the Issuer) (give details): N/A

Minimum notice: N/A

Other: Application has been made for the Notes to be listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691).

In relation to the Notes, the following additional terms and conditions shall apply:

In the fourth paragraph of clause 2.2 of the Deed of Terms and Conditions, the words “Australian System” are deleted and replaced with the words “Austraclear System”.

No Programme Limit applies on and from 27 February 2015.

The Description of KfW is set out in the Information Memorandum dated 27 February 2015.

The above details are confirmed by the Issuer, in respect of:

ISIN:	AU000KFWHAB1
Common Code:	116712431

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Otto Weyhausen-Brinkmann
Vice President

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Klaus-Peter Eitel
Vice President

21 October 2015