

## PROSPECTUS



### **Inter-American Investment Corporation Global Debt Program for issues of Notes with maturities of one day or longer**

Pursuant to this prospectus (“Prospectus”), the Inter-American Investment Corporation (“IDB Invest”) may issue from time to time under the Global Debt Program (the “Program”) Notes (“Notes”) in an unlimited aggregate principal amount. Notes may be denominated in the Specified Currencies referred to herein and as may otherwise be designated by IDB Invest at the time of issue, as specified in a Pricing Supplement (as defined below) which will contain the terms of, and pricing details for, each particular issue of Notes. Notes will be sold through one or more Dealers appointed by IDB Invest, or directly by IDB Invest itself.

Notes may be either interest bearing at fixed or floating rates or non-interest bearing and may be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the applicable Pricing Supplement. Notes may be linked to one or more indices and may include embedded options, caps or floors and or any combination of the above, as specified in the applicable Pricing Supplement. Notes will be issued with specified maturities of one day or longer or with variable maturities and may be subject to early redemption in whole or in part, as specified in the applicable Pricing Supplement. Notes may be listed by IDB Invest on one or more stock exchanges, or may be unlisted, as specified in the applicable Pricing Supplement.

This Prospectus is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”) and has not been reviewed or approved by any competent authority under the Prospectus Regulation. This Prospectus is not a prospectus for the purposes of the Prospectus Regulation as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK Prospectus Regulation”) and has not been approved by the Financial Conduct Authority of the United Kingdom (the “FCA”).

Application may be made to the FCA for Notes to be admitted to the official list of the FCA (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to the London Stock Exchange’s regulated market (the “Market”) or to any other competent authority (as that term is defined in the Prospectus Regulation), stock exchange and/or quotation system as may be agreed between IDB Invest and the relevant Dealer. Unless the context otherwise requires, references in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is “a regulated market” for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (“UK MiFIR”). However, unlisted Notes may be issued pursuant to the Program. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not an application will be made for such Notes to be admitted to the Official List and admitted to trading on the Market (or any other competent authority, stock exchange and/or quotation system). Notes listed on the Official List and admitted to trading on the Market will not be subject to the prospectus requirements of the UK Prospectus Regulation as a result of IDB Invest’s status as a public international body of which a state is a member, but will be issued in compliance with applicable Listing Rules of the FCA. The Pricing Supplement prepared in connection with any listed Notes may be made publicly available pursuant to local regulations or requirements.

Notes of any particular issue will be in registered form, book-entry form or bearer form, as specified in the applicable Pricing Supplement. Notes in bearer form may not be offered, sold or delivered within the United States or to U.S. persons as part of their primary distribution. Notes will be issued in the denominations specified in the applicable Pricing Supplement. The Federal Reserve Bank of New York will act as fiscal agent for Notes denominated and payable in U.S. dollars that are initially distributed in the United States and issued in book-entry form. Citibank, N.A., London Branch will act as global agent for all other Notes, unless otherwise specified in the applicable Pricing Supplement. IDB Invest may appoint an additional agent or agents for a specific issuance of Notes.

Depending on their form and Specified Currency, Notes will be accepted for clearing through one or more clearing systems, as specified in the applicable Pricing Supplement. These systems will include, in the United States, those operated by The Depository Trust Company (“DTC”) and, for U.S. dollar denominated book-entry Notes, the Federal Reserve Banks (the “Federal Reserve”) and, outside the United States, those operated by Euroclear Bank SA/NV, as operator of the Euroclear System (“Euroclear”), Clearstream Banking, SA (“Clearstream, Luxembourg”), and in relation to any Series, such other clearing system as specified in the applicable Pricing Supplement.

The date of this Prospectus is December 13, 2021.

**NOTES ISSUED UNDER THE PROGRAM ARE NOT REQUIRED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. ACCORDINGLY, NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.**

IDB Invest, having made all reasonable inquiries, confirms that all information in this Prospectus (as defined under “Availability of Information and Incorporation by Reference”) is true and accurate in all material respects and is not misleading, and that there are no other facts the omission of which, in the context of the issue of Notes, make this Prospectus or any information in it misleading in any material respect. In addition, IDB Invest confirms that each Pricing Supplement (as defined under “Pricing Supplements”), when read together with the Prospectus, will at the date thereof be true and accurate in all material respects and not misleading, and that there will be no other facts the omission of which make that Pricing Supplement, when read together with the Prospectus, or any information therein misleading in any material respect.

No person is authorized to give any information or to make any representation not contained in this Prospectus or the applicable Pricing Supplement, and any information or representation not contained herein or in the applicable Pricing Supplement must not be relied on as having been authorized by or on behalf of IDB Invest or by any Dealer (as defined under “Plan of Distribution”). The delivery of this Prospectus or the applicable Pricing Supplement at any time does not imply that the information contained in this Prospectus or the applicable Pricing Supplement, as the case may be, is correct at any time subsequent to the date of this document, or, if later, the date of the documents incorporated by reference herein or to the date of the applicable Pricing Supplement, respectively.

Neither this Prospectus nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of, IDB Invest or any Dealer to subscribe or purchase any of the Notes. The distribution of this Prospectus or any part hereof and any Pricing Supplement and the offer, sale and delivery of any of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Pricing Supplement comes are required by IDB Invest and any Dealer to inform themselves about and to observe any such restrictions. See “Plan of Distribution” for a description of further restrictions on offers and sales of Notes and the distribution of this Prospectus.

**MiFID II product governance / target market** – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, each distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a “manufacturer” in respect of such Notes, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR product governance / target market** – The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, each distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a “manufacturer” in respect of such Notes, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IDB Invest does not fall under the scope of application of either the MiFID II or the UK MiFIR regime. Consequently, IDB Invest does not qualify as an “investment firm”, “manufacturer” or “distributor” for the purposes of MiFID II or UK MiFIR.

**CERTAIN NOTES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL INVESTORS. INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE INFORMATION CONTAINED IN THIS PROSPECTUS AND IN THE APPLICABLE PRICING SUPPLEMENT, AND THE MERITS AND RISKS OF INVESTING IN A PARTICULAR ISSUE OF SUCH NOTES IN THE CONTEXT OF THEIR FINANCIAL POSITION AND PARTICULAR CIRCUMSTANCES. IN PARTICULAR, INVESTORS SHOULD HAVE ACCESS TO, AND KNOWLEDGE OF, APPROPRIATE ANALYTICAL RESOURCES TO EVALUATE THE SENSITIVITY OF SUCH NOTES TO CHANGES IN ECONOMIC CONDITIONS, INTEREST RATES, EXCHANGE RATES OR OTHER INDICES, THE CALCULATION FORMULAE, AND REDEMPTION, OPTION AND OTHER RIGHTS ASSOCIATED WITH SUCH NOTES AND OTHER FACTORS WHICH MAY HAVE A BEARING ON THE MERITS AND RISKS OF AN INVESTMENT IN ANY ISSUE OF SUCH NOTES. INVESTORS SHOULD HAVE THE FINANCIAL CAPACITY TO BEAR THE RISKS ASSOCIATED WITH ANY INVESTMENT IN SUCH NOTES.**

**THIS PROSPECTUS DOES NOT DESCRIBE ALL OF THE RISKS AND INVESTMENT CONSIDERATIONS (INCLUDING THOSE RELATING TO EACH INVESTOR’S PARTICULAR CIRCUMSTANCES) OF AN INVESTMENT IN NOTES OF A PARTICULAR STRUCTURE, INCLUDING THE INTEREST RATE, EXCHANGE RATE OR OTHER INDICES, RELEVANT SPECIFIED CURRENCIES, CALCULATION FORMULAE, AND REDEMPTION, OPTION AND OTHER RIGHTS ASSOCIATED WITH SUCH NOTES OR WHERE THE INVESTOR’S CURRENCY IS OTHER THAN THE SPECIFIED CURRENCY OF ISSUE OR IN WHICH PAYMENT OF SUCH NOTES WILL BE MADE. INVESTORS SHOULD REFER TO AND CONSIDER CAREFULLY THE RELEVANT PRICING SUPPLEMENT FOR EACH PARTICULAR ISSUE OF NOTES, WHICH MAY DESCRIBE ADDITIONAL RISKS AND INVESTMENT CONSIDERATIONS ASSOCIATED WITH SUCH NOTES. THE RISKS AND INVESTMENT CONSIDERATIONS IDENTIFIED IN THIS PROSPECTUS AND THE APPLICABLE PRICING SUPPLEMENT ARE PROVIDED AS GENERAL INFORMATION ONLY. INVESTORS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS AND INVESTMENT CONSIDERATIONS ARISING FROM AN INVESTMENT IN AN ISSUE OF NOTES AND SHOULD POSSESS THE APPROPRIATE RESOURCES TO ANALYZE SUCH INVESTMENT AND THE SUITABILITY OF SUCH INVESTMENT IN SUCH INVESTOR’S PARTICULAR CIRCUMSTANCES.**

**THE NOTES ARE NOT OBLIGATIONS OF THE INTER-AMERICAN DEVELOPMENT BANK OR OF ANY GOVERNMENT.**

In connection with the issue of any Tranche (as defined below) of Notes, the Dealer or Dealers (if any) named as the stabilization manager(s) (the “Stabilization Manager(s)”) (or any person acting on behalf of any Stabilization Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

Singapore Securities and Futures Act Product Classification - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified in the applicable Pricing Supplement in respect of any Notes, IDB Invest has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Program are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**See “Certain Risk Factors” for a discussion of certain risks that should be considered in connection with an investment in the Notes.**

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## **AVAILABILITY OF INFORMATION AND INCORPORATION BY REFERENCE**

### **Availability of Information**

IDB Invest will periodically prepare an information statement (the “Information Statement”) which describes IDB Invest, including its capital, operations and administration, governance, the Agreement Establishing the Inter-American Investment Corporation, as amended (the “IDB Invest Agreement”), IDB Invest’s legal status, and its principal financial policies. Each Information Statement will also contain IDB Invest’s latest audited financial statements. IDB Invest also prepares an annual report to its Board of Governors and unaudited quarterly financial statements.

IDB Invest is subject to any informational requirements that the Commission may promulgate under the Inter-American Investment Corporation Act (22 U.S.C. 283ii). Certain documents in respect of the Program, including this Prospectus and documents incorporated by reference in this Prospectus, will be available on IDB Invest’s website: [www.idbinvest.org](http://www.idbinvest.org). The link to IDB Invest’s website is provided only for the purpose of accessing these documents. Neither IDB Invest’s website nor any information included or posted therein is incorporated by reference to this Prospectus.

IDB Invest’s latest Information Statement, annual report to its Board of Governors and unaudited quarterly financial statements (the “IDB Invest Information”) will be filed with any stock exchange on which Notes are from time to time listed that requires such filing. IDB Invest Information may be accessed via IDB Invest’s website, subject to the limitations as set forth above. Copies of the IDB Invest Agreement may be likewise accessed via this site, subject to the same limitations.

### **Incorporation by Reference**

IDB Invest’s latest Information Statement, any quarterly or annual financial statements published on IDB Invest’s website (or, if applicable, filed with the Commission or any stock exchange on which Notes will be listed by IDB Invest) subsequent to the date of such Information Statement, and any supplements (other than Pricing Supplements) or amendments to this Prospectus circulated by IDB Invest from time to time shall be deemed to be incorporated in, and to form part of, this Prospectus, and references to “this Prospectus” shall mean this document and any documents incorporated by reference in, and forming part of, this document, except, and to the extent, any such document is superseded or modified by any subsequent document incorporated by reference in, and forming part of, this Prospectus. Documents incorporated by reference in, and forming part of, this document may not have been submitted to the same review and clearance procedures to which this Prospectus has been submitted as of the date hereof by any stock exchange or regulatory authority referred to herein.

IDB Invest will, in the event of any material change in the financial position of IDB Invest which is not reflected or incorporated by reference in this Prospectus, prepare an amendment or supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue and listing of Notes by IDB Invest.

If the terms of the Program are modified or amended in a manner which would make this Prospectus inaccurate or misleading in any material respect, IDB Invest will prepare a new Prospectus.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained from the website of IDB Invest ([www.idbinvest.org](http://www.idbinvest.org)). The link to IDB Invest’s website is provided only for the purpose of accessing these documents. Neither IDB Invest’s website nor any information included or posted therein is incorporated by reference to this Prospectus.

## **Forward-looking Statements**

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case their negative, or other variations or comparable terminology. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding IDB Invest’s financial position, strategy, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of IDB Invest to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding IDB Invest’s present and future strategies and the environment in which IDB Invest will operate in the future. Among the important factors that could cause IDB Invest’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, macro-economic conditions, investment from member countries and non-performance by borrowers. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Certain Risk Factors”. These forward-looking statements speak only as of the date of this Prospectus. IDB Invest expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in IDB Invest’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## **PRICING SUPPLEMENTS**

IDB Invest will prepare in respect of each particular issue of Notes a Pricing Supplement (each a “Pricing Supplement”) which will contain the terms of, pricing details for, and settlement and clearance procedures relating to, such issue of Notes and such other information or disclosure as IDB Invest considers appropriate. A Pricing Supplement may set out the full text of the terms and conditions of a particular issue if IDB Invest and the relevant Dealer(s) consider it necessary or appropriate. See “Form of Pricing Supplement”. In that such Pricing Supplements are prepared in respect of each particular issue of Notes and may not be publicly available depending upon local regulations and requirements, Pricing Supplements shall not be deemed to be incorporated in, and to form part of, this Prospectus. In the event of any conflict between the “Terms and Conditions of the Notes” set forth in this Prospectus, and any applicable Pricing Supplement, the latter shall govern.

## **USE OF PROCEEDS**

Unless otherwise specified in any applicable Pricing Supplement, IDB Invest will use the net proceeds from the issue of each series of Notes for the general business of IDB Invest.

If IDB Invest elects to use the net proceeds from the issue of a series of Notes to finance “Eligible Projects” as defined in IDB Invest’s Sustainable Debt Framework (the “SDF”), the details of such use of proceeds will be set forth in the applicable Pricing Supplement. The SDF, along with the relevant second party opinion, are available on the website of the IDB Invest at [www.idbinvest.org/en/investors](http://www.idbinvest.org/en/investors). The link to IDB Invest’s website is provided only for the purpose of accessing these documents. Neither IDB Invest’s website nor any information included or posted therein is incorporated by reference to this Prospectus. Information relating to the SDF may be updated from time to time, and any such updated information relevant to the issue of a series of Notes will be set forth in the applicable Pricing Supplement.

## SUMMARY

*This summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration by any investor of this Prospectus as a whole, including the documents incorporated by reference, and of the applicable Pricing Supplement. Words and expressions defined or used in “Terms and Conditions of the Notes” shall have the same meaning in this Summary.*

### **IDB Invest**

The Inter-American Investment Corporation, referred to herein and commonly known as IDB Invest, is an international organization that began operation in 1989 with the mission of promoting the economic development of its regional developing member countries, which are located in Latin America and the Caribbean, by encouraging the establishment, expansion, and modernization of private and state-owned enterprises in such a way as to supplement the activities of the Inter-American Development Bank. As of the date hereof, 47 member countries have subscribed to share capital in IDB Invest. IDB Invest conducts its operations principally in United States dollars and operates within 26 of its member countries, all of which are located in Latin America and the Caribbean. IDB Invest’s principal office is located at Inter-American Investment Corporation, 1350 New York Avenue, NW, Washington DC 20577. IDB Invest is an autonomous international organization and a member of the Inter-American Development Bank Group, which also includes the Inter-American Development Bank and the Multilateral Investment Fund .

Issuer .....	Inter-American Investment Corporation
Dealers.....	The Dealers will consist of any one or more dealers from time to time appointed as such for a specific issue of Notes pursuant to the Standard Provisions (as defined in “Plan of Distribution”) or any alternate arrangements as may be agreed as between IDB Invest and any dealer. There are no arrangers in respect of the Program, nor is any Dealer permanently appointed or designated as such under the Program.
Fiscal Agent.....	Federal Reserve Bank of New York
Global Agent, Exchange Rate Agent, Calculation Agent, Registrar and Transfer Agent.....	Citibank, N.A., London Branch
Paying Agent .....	Citibank, N.A., London Branch or such other paying agent specified in the applicable Pricing Supplement.
Amount.....	The Notes may be issued in an unlimited aggregate amount.
Specified Currencies.....	Notes may be denominated in such currencies, units or commodities as may be agreed between IDB Invest and the relevant Dealer(s) (each a “Specified Currency”).
Maturities.....	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity of one day or longer.
Issue Price.....	Notes may be issued at par or at a discount to or premium over par and on a fully paid or partly paid basis, as specified in the applicable Pricing Supplement.
Method of Issue .....	Notes will be issued through dealers acting as principal, whether individually or in a syndicate, or on an agency basis. Additional Notes may be issued as part of an existing issue of Notes. See “Further Issues”. IDB

Invest may itself directly issue and sell Notes to the extent permitted by applicable law.

The Notes will be issued in series (each a “Series” or “Series of Notes”). Each Series comprises the original tranche (a “Tranche”) and any additional Tranches expressed to be consolidated and to form a single series fungible with the original Tranche, and that comply with the provisions of Condition 11. The specific terms of each Tranche will be set out in the applicable Pricing Supplement.

Description of Notes .....	Notes may be either interest bearing at fixed or floating rates or non-interest bearing, with principal repayable at a fixed amount or by reference to one or more indices or formulae or combination of the above, as specified in the applicable Pricing Supplement.
Fixed Rate.....	Fixed Rate Notes will bear interest at the rate or rates specified in the applicable Pricing Supplement.
Floating Rate .....	Floating Rate Notes will bear interest determined by a benchmark, as adjusted for any applicable margin, as specified in the applicable Pricing Supplement.
Zero Coupon.....	Zero Coupon Notes will be specified as such in the applicable Pricing Supplement; will not bear interest; and will be issued at a substantial discount to their redemption amount.
	For purposes of the Conditions, the term “Traditional Zero Coupon Note” specifically refers to a non-interest bearing note that is originally issued at a discount and thereafter accretes to par on its maturity date; and the term “Par Zero Coupon Note” refers to a non-interest bearing note that is originally issued at par and thereafter accretes to a value higher than par.
Deep Discount .....	Deep Discount Notes will be specified as such in the applicable Pricing Supplement; will bear interest; and will be issued at a substantial discount to their redemption amount.
Fixed Redemption Amount.....	Notes which have a fixed redemption amount will be redeemable at par or at a specified amount above or below par.
Variable Redemption Amount.....	Notes which have a variable redemption amount will have the basis for calculating the redemption amount determined by reference to one or more interest rate, exchange rate, equity or commodity indices, or otherwise, in each case as specified in the applicable Pricing Supplement.
Other Notes.....	Notes may be any other type of security which IDB Invest and any Dealer(s) agree to be issued under the Program, and the terms applicable to any such Notes will be specified in the applicable Pricing Supplement.
Transfer of Notes .....	Registered Global Notes may be transferred in whole or in part in an Authorized Denomination upon the surrender of the certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on such certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. Where the respective Federal Reserve Banks have adopted appropriate procedures, Fed Book-entry Notes may be transferred between Holding Institutions in accordance with such

rules and procedures.

Status of Notes.....	<b>The Notes are not obligations of the Inter-American Development Bank or of any government.</b> The Notes constitute direct, unsecured obligations of IDB Invest ranking <i>pari passu</i> , without any preference among themselves, with all its other obligations that are unsecured and unsubordinated.
Notes Exempt from Registration .....	The Notes are exempt from registration with the Commission, as they are deemed exempted securities within the meaning of Section 3(a)(2) of the U.S. Securities Act of 1933 and Section 3(a)(12) of the U.S. Securities Exchange Act of 1934. Specifically, exemption is provided under the Inter-American Investment Corporation Act (22 U.S.C. 283ii). Notwithstanding this exemption, IDB Invest intends to provide periodic reports to the Commission.
Negative Pledge.....	The Notes will have the benefit of a negative pledge as described in Condition 4 (Negative Pledge).
Further Issues.....	IDB Invest may from time to time without the consent of the Noteholders create and issue further notes either (a) having the same terms and conditions as the Notes in all respects (or in all respects except for, as applicable, the issue price, the issue date and the first payment of interest thereon) and so that such further issue shall be immediately or thereafter consolidated and form a single series (“fungible”) with the outstanding securities of any series (including the Notes) or (b) upon such terms as IDB Invest may determine at the time of their issue.
Optional Redemption.....	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity in whole or in part at the option of IDB Invest and/or the holders, and, if so, the terms applicable to such redemption. Any limitations imposed by applicable law relating to the redemption of Notes denominated in any Specified Currency will be specified in the applicable Pricing Supplement.
Form of Notes.....	Each particular issue of Notes will be in registered form, book-entry form or bearer form. Restrictions on forms of Notes may apply in certain jurisdictions. See “Form of the Notes”.
Registered Notes.....	Registered Notes will be represented by one or more Notes in global registered form or in exceptional circumstances, will be issued in definitive registered form. Notes in global registered form will be exchangeable for Notes in definitive registered form if and to the extent specified in the applicable Pricing Supplement. Notes in registered form, whether in global or definitive form, may not be exchanged for Notes in bearer form. Unless otherwise specified in an applicable Pricing Supplement, further issuances/tranches of a particular series of Registered Global Notes generally will be fungible with prior tranches immediately upon issuance and at that time consolidated to form a single series with the outstanding securities of such series.
Fed Book-entry Notes.....	Fed Book-entry Notes, which are Notes denominated and payable in U.S. dollars cleared through the book-entry system of the Federal Reserve Banks (the “Federal Reserve”), will be issued in book-entry form. Fed Book-entry Notes may not be exchanged for Notes in definitive registered form, nor may they be exchanged for Notes in bearer form. Unless otherwise specified

in an applicable Pricing Supplement, further issuances/tranches of a particular series of Fed Book-entry Notes generally will be fungible with prior tranches immediately upon issuance and at that time consolidated to form a single series with the outstanding securities of such series.

Bearer Notes ..... Except as may be specified in the applicable Pricing Supplement, Bearer Notes (other than Notes in certain Specified Currencies which will be issued in permanent global bearer form) will be issued in temporary global bearer form (each a “Temporary Global Note”) exchangeable for Notes in permanent global bearer form (each a “Permanent Global Note” and together with the Temporary Global Notes, the “Global Bearer Notes”) or, if and to the extent specified in the applicable Pricing Supplement, in definitive bearer form, after the date falling 40 days after the issue date of the relevant Global Bearer Notes (the “Exchange Date”) upon certification as to non-U.S. beneficial ownership. Permanent Global Notes (other than Notes in certain Specified Currencies) will be exchangeable for Notes in definitive bearer form only in the circumstances described herein and in the applicable Pricing Supplement. Unless otherwise specified in an applicable Pricing Supplement, further issuances/tranches of a particular series of Bearer Notes generally will not be fungible with prior tranches immediately upon issuance but will be consolidated to form a single series with the outstanding securities of such series on and after the Exchange Date.

See also “Selling Restrictions” and “TEFRA Rules”.

Record Dates ..... Registered Notes: The close of business on the business day before the due date for payment thereof; *provided, however*, that for Definitive Registered Notes, and for non-U.S. dollar denominated Registered Global Notes delivered into DTC, the close of business on the fifteenth calendar day before the due date for payment thereof. If any such day is not a business day, the Record Date shall be the next preceding business day.

Fed Book-entry Notes: The close of business at the Fiscal Agent on the day preceding the due date for payment thereof. If any such day is not a day on which the Fiscal Agent is open for business, the Record Date shall be the next preceding day on which the Fiscal Agent is open for business.

Bearer Notes: Payments will be as set forth in Condition 7(c).

Denominations ..... Notes will be in such denominations as may be agreed between IDB Invest and the relevant Dealer(s) and specified in the applicable Pricing Supplement, except that the minimum denominations for Notes denominated in certain Specified Currencies will be as required by applicable law or the relevant regulatory authority (and will be specified in the applicable Pricing Supplement).

Listing ..... Notes may be listed by IDB Invest on the London Stock Exchange or on other or additional stock exchanges. Unlisted Notes may also be issued under the Program. The applicable Pricing Supplement will state whether the relevant issue of Notes will be listed on one or more stock exchanges or will be unlisted. The Pricing Supplement prepared in connection with any listed Notes will likely be made publicly available pursuant to local regulations or requirements.

Ratings.....	<p>As of the date of this Prospectus, IDB Invest, as issuer of the Notes, has been rated Aa1/P-1 by Moody’s Investors Service (“Moody’s”), AA+/A-1+ by S&amp;P Global Ratings (“S&amp;P”), and AAA/F1 by Fitch Ratings, Inc.</p> <p>A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Governing Law .....	<p>Notes will be governed by the laws of the State of New York, English law, or such other law as specified in the applicable Pricing Supplement, with such consequential amendments to the form of the Notes as may be specified in the applicable Pricing Supplement, and subject to the receipt of such legal opinions as may be specified in the Standard Provisions or other agreements.</p> <p>The Standard Provisions, the Global Agency Agreement and the Fiscal Agency Agreement are governed by the laws of the State of New York. Other agreements as required under local law or practice may be subject to the law of other jurisdictions.</p>
Selling Restrictions.....	<p>The sale and delivery of Notes, and the distribution of offering material relating to the Notes, are subject to certain restrictions in the United States and in certain other jurisdictions as set forth in this Prospectus and as may be set forth in the applicable Pricing Supplement, the Standard Provisions or underwriting agreements.</p>
TEFRA Rules .....	<p>Bearer Notes issued by IDB Invest will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “TEFRA D Rules”). Under exceptional circumstances, (i) the applicable Pricing Supplement may instead state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “TEFRA C Rules”) or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.</p> <p>See “Plan of Distribution”.</p>
Investor Suitability .....	<p>Each Dealer agrees with IDB Invest that it will give due regard to whether investors in the Notes have the financial capacity to bear the risks associated with investment in the Notes and sufficient knowledge and experience to evaluate those risks; and, in addition to any customary and required disclosure, each Dealer agrees that it will, if it deems appropriate, provide investors with further clarification of the risks involved in investing in the Notes.</p>
Clearing Systems .....	<p>It is expected that Notes will be accepted for clearance through one or more clearing systems as specified in the applicable Pricing Supplement. These systems will include, in the United States, the systems operated by DTC and, for Fed Book-entry Notes, the Federal Reserve and, outside the United States, those operated by Euroclear and Clearstream, Luxembourg, and in relation to any Series, such other clearing system as specified in the</p>

applicable Pricing Supplement.

Initial Issue of Notes: Classic Global Notes, New Global Notes, New Safekeeping Structure, Common Depositary, Common Safekeeper, Custodian, Fedwire® Securities Service. ....

*Bearer Notes:* On or before the issue date for each Tranche of Bearer Notes, if the relevant Global Bearer Note is issued in new global note (“NGN”) form, such Global Bearer Note will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg.

On or before the issue date for each Tranche of Bearer Notes, if the relevant Global Bearer Note is not issued in NGN form but, rather, in classic global note (“CGN”) form, unless otherwise agreed among IDB Invest, the Global Agent and the relevant Dealer, IDB Invest will deposit a Temporary Global Note with the Common Depositary (as defined below), or any other clearing system specified in the applicable Pricing Supplement.

*Registered Global Notes:* On or before the issue date for each Tranche of Registered Global Notes initially represented by one or more Notes in registered global form (“Registered Global Notes”), if the relevant Registered Global Notes are intended to be held under the New Safekeeping Structure (“NSS”) and cleared through Euroclear and/or Clearstream Luxembourg, such Registered Global Notes will be delivered to the Common Safekeeper on behalf of Euroclear and Clearstream, Luxembourg.

On or before the issue date for each Tranche of Registered Global Notes initially represented by one or more Registered Global Notes, if the relevant Registered Global Notes are not intended to be held under the NSS, unless otherwise agreed among IDB Invest, the Global Agent and the relevant Dealer, IDB Invest will deposit such Registered Global Notes with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the “Common Depositary”).

On or before the issue date for each Tranche of Registered Global Notes represented by one or more Registered Global Notes intended to be cleared through DTC, unless otherwise agreed among IDB Invest, the Global Agent and the relevant Dealer, such Registered Global Note(s) will be deposited with a custodian (the “Custodian”), and registered in the name of a nominee of, DTC (each such Registered Global Note being referred to herein as a “DTC Global Note”).

Registered Global Notes that are to be credited to one or more clearing systems on issue will be registered in the name of a nominee of a Common Depositary or a nominee of such clearing system.

*Fed Book-entry Notes:* Fed Book-entry Notes will be issued in book-entry form and held and transferred through the Fedwire® Securities Service, the Federal Reserve’s book-entry securities transfer system. (“Fedwire” is a registered service mark of the Federal Reserve Banks.)

## CERTAIN RISK FACTORS

*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Notes of a particular series, including the interest rate, exchange rate or other indices, relevant specified currencies, calculation formulae, and redemption, option and other rights associated with such Notes or when the investor's currency is other than the Specified Currency of issue or in which the payment of such Notes will be made. Prospective investors should refer to and carefully consider the applicable Pricing Supplement for each particular issue of Notes, which may describe additional risks associated with such Notes. The risks in the following section and the applicable Pricing Supplement are provided as general information only. IDB Invest disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this Prospectus or Pricing Supplement or as such risks may change from time to time. Prospective investors should consult their own financial and legal advisors about risks associated with an investment in an issue of Notes. Certain Notes are complex financial instruments and may not be suitable for all investors. Prospective investors should have the financial status and sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Prospectus and the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Prospective investors should have the ability and expertise, and/or access to the appropriate analytical resources, to analyze such investment, to evaluate the sensitivity of such investment to changes in economic conditions, interest rate, exchange rate or other indices, the relevant calculation formulae, the redemption, option and other rights associated with such investment, and other factors which may have a bearing on the merits and risks of such investment, and the suitability of such investment in such investor's particular circumstances. In addition, prospective investors should have the financial capacity to bear the risks associated with any investment in such Notes and should review, among other things, the most recent Information Statement, and audited and unaudited financial statements of IDB Invest incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes. Words and expressions defined or used in "Terms and Conditions of the Notes" shall have the same meaning in this section.*

### **Notes are subject to exchange rate and exchange control risks if the investor's currency is different from the Specified Currency**

Notes may be denominated or payable in one of a number of currencies. For investors whose financial activities are denominated principally in a currency (the "Investor's Currency") other than the Specified Currency or where principal of, premium (if any) or interest on Notes is payable by reference to a Specified Currency index other than an index relating to the Investor's Currency, an investment in the Notes entails significant risks that are not associated with a similar investment in a security denominated in that Investor's Currency.

Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the Specified Currency and the Investor's Currency and the possibility of the imposition or modification of exchange controls by the country of the Specified Currency or the Investor's Currency. Such risks generally depend on economic and political events over which IDB Invest has no control. Depreciation of the Specified Currency against the Investor's Currency would result in a decrease in the Investor's Currency equivalent yield on a Note denominated in that Specified Currency, in the Investor's Currency equivalent value of the principal payable at maturity of such Note and generally in the Investor's Currency equivalent market value of such Note. An appreciation of the Specified Currency against the Investor's Currency would have the opposite effect. In addition, depending on the specified terms of a Note denominated in, or the payment of which is related to the value of, one or more currencies, changes in exchange rates relating to any of the currencies involved may result in a decrease in such Note's effective yield and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of a Note to the investor.

Governments have imposed from time to time, and may in the future impose, exchange controls which could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal, premium (if any) or interest in respect of a Note. Even if there are no actual exchange controls, it is possible that the Specified Currency for payment on any particular Note may not be available when payments on such Note are due.

**Structured Notes are subject to risks that are not associated with a conventional debt security including changes in interest rates and exchange rates which may result in reduction in the interest, principal and/or premium payable on Structured Notes**

An investment in a Structured Note issued by IDB Invest entails risks (which may be significant) which are independent of the creditworthiness of IDB Invest and not associated with an investment in a conventional debt security issued by IDB Invest. A “Structured Note” is a Note with principal, premium (if any) or interest determined by reference, either directly or indirectly, to one or more interest rate indices or currency or currency units (including exchange rates and swap indices between currencies or currency units), or one or more stock market, commodities or other indices or formulae (each an “Applicable Index”) (other than a single conventional interest rate index or formula, such as the Secured Overnight Financing Rate), or with features such as embedded options, caps or floors. Such risks may include, without limitation, the possibility that an Applicable Index may be subject to significant changes, that changes in an Applicable Index may not correlate with changes in interest rates or exchange rates generally or with changes in other indices, that two or more indices or formulae that may be expected to move in tandem or in any other relation to each other may unexpectedly converge or diverge or otherwise not move as expected, that the resulting interest rate may be less than that payable on a conventional debt security issued by IDB Invest at the same time or that no interest may be payable, that the repayment of principal may occur at times other than that expected by the investor, that the investor may lose a substantial portion of the principal of its Note (whether payable at maturity, upon redemption or otherwise), that the amount of premium based on appreciation rights payable may be substantially less than anticipated or that no such premium is payable, that Structured Notes may have more volatile performance results, and that the effects of currency devaluations and (as discussed under “Risk Factors — Notes are subject to exchange rate and exchange control risks if the investor’s currency is different from the Specified Currency”) the imposition or modification of exchange controls by authorities with jurisdiction over a relevant currency may be greater for Structured Notes than for conventional debt securities issued by IDB Invest. Such risks generally depend on a number of factors, including financial, economic and/or political events over which IDB Invest has no control. In addition, if an Applicable Index used to determine the amount of interest payable contains a spread or margin multiplier or if the Applicable Index used to determine the principal, premium (if any) or interest payable is subject to some other leverage factor, the effect of any change in such Applicable Index on the principal, premium (if any) or interest may be magnified. If an Applicable Index includes, or is subject to, a maximum (“cap”) or minimum (“floor”) interest rate limitation, the interest or principal payable on such Structured Note may be less than that payable on a conventional debt security issued by IDB Invest at the same time. Two issues of Structured Notes issued at the same time and with interest rates determined by reference to the same Applicable Index and otherwise comparable terms may have different interest rates and yields when issued and thereafter if the frequency of interest rate adjustments for each issue is different.

The timing of changes in the level of an Applicable Index may affect the actual yield to an investor, even if the average level is consistent with the investor’s expectation. In general, the earlier a change in the level of an Applicable Index occurs, the greater the effect on an investor’s yield. This is especially the case with Structured Notes providing for repayment of principal at one or more times prior to maturity. As a result, the effect on an investor’s yield of an Applicable Index level that is lower (or higher) during earlier periods than the rate anticipated by the investor may not be offset by a later equivalent increase (or reduction).

Any optional redemption feature of Notes is likely to affect the market value of such Notes. During any period in which such Notes are subject to redemption at the option of IDB Invest, their market value generally will not rise substantially above the redemption price because of the increased likelihood of redemption by IDB Invest, and this also may be true prior to any such period. IDB Invest may be expected to redeem such Notes in circumstances where IDB Invest’s cost of borrowing is lower than the interest rate on such Notes. At such times, an investor generally would not be able to reinvest redemption proceeds at an effective interest rate which is as high as the interest rate on such Notes, and such reinvestment might only be at a significantly lower rate. Investors should consider the related reinvestment risk in light of other investments that may be available to such investors. A partial redemption of an issue of Notes also may adversely affect liquidity for the remaining outstanding Notes of such issue.

Prospective investors should consult their own financial, legal and tax advisors about risks associated with an investment in an issue of Structured Notes. Structured Notes may be complex financial instruments and may not be suitable for all investors.

**There may be no secondary market for Notes and, even if there is, the value of Notes will be subject to changes in market conditions**

Notes may not have an established trading market when issued. There can be no assurance of a secondary market for any Notes or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Notes readily or at prices that will enable them to realize a yield comparable to that of similar instruments, if any, with a developed secondary market. This is particularly the case for Structured Notes that are especially sensitive to interest rate, currency or other market risks, that are designed for specific investment objectives, or strategies or that have been structured to meet the investment requirements of limited categories of investors, which may have a more limited secondary market and less or no liquidity and may experience more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Structured Notes.

Depending upon the type of Notes, market conditions and other factors, investors seeking to sell relatively small or relatively large amounts of Notes may not be able to do so at prices comparable to those that may be available to other investors.

The secondary market for an issue of Notes also will be affected by a number of other factors independent of the creditworthiness of IDB Invest and the value of any Applicable Index. These factors may include the complexity and volatility of such Applicable Index, the method of calculating the principal, premium (if any) or any interest to be paid in respect of such Notes, the time remaining to the maturity of such Notes, the outstanding amount of such Notes, any amortization or optional redemption features of such Notes, the amount of other securities linked to such Applicable Index, the amount of such Notes being sold in the secondary market from time to time, any legal restrictions limiting demand for such Notes, the availability of comparable securities, and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Notes.

No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily saleable, that the value of Notes will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to such investor. This is particularly the case for investors whose circumstances may not permit them to hold the Notes until maturity.

In addition to the foregoing considerations, the following additional considerations, among others, relate to the Notes indicated below.

The prices of Floating Rate Notes with an Applicable Index containing a rate multiplier or other leverage factor greater than one generally are more volatile than those for Floating Rate Notes linked to the same Applicable Index without such a rate multiplier or other leverage factor.

In the case of Floating Rate Notes with an interest rate equal to a fixed rate less a rate based upon the Applicable Index, the interest rate will vary in the opposite direction of changes in such Applicable Index. The prices of such Notes typically are more volatile than those of conventional floating rate debt securities issued by IDB Invest based on the same Applicable Index (and with otherwise comparable terms). This increased volatility is due to the fact that an increase in the Applicable Index not only decreases the interest rate (and consequently the value) of such Note, but also reflects an increase in prevailing interest rates, which further adversely affects the value of such Note.

In the case of Notes that bear interest at a rate that IDB Invest may elect to convert from a Fixed Interest Rate to a Floating Rate, or from a Floating Rate to a Fixed Interest Rate, the ability of IDB Invest to convert the interest rate will affect the secondary market and the value of such Notes since IDB Invest may be expected to elect such conversion when it would be expected to produce a lower overall cost of borrowing to IDB Invest. If IDB Invest elects to convert from a Fixed Interest Rate to a Floating Rate, the margin may be lower (if being added to the Applicable Index) or higher (if being subtracted from the Applicable Index) than prevailing spreads or margins at the time of such conversion on other floating rate securities issued by IDB Invest with comparable maturities using the same Applicable Index, and the interest rate at any time may be lower than that payable on other securities of IDB Invest. Conversely, if IDB Invest elects to convert from a Floating Rate to a Fixed Interest Rate, the Fixed Interest Rate may be lower than prevailing interest rates on other securities of IDB Invest.

The prices at which zero coupon instruments, interest components and, in certain cases, principal components, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do such prices for conventional interest-bearing securities with comparable maturities. This also is generally true in the case of other instruments issued at a substantial discount or premium from the principal amount payable on such instruments, such as Notes issued at a substantial discount to their principal amount or Notes issued with significantly above-market interest rates. Generally, the longer the remaining term of such instruments, the greater their price volatility as compared to that for conventional interest-bearing securities with comparable maturities.

Reference rates and indices, including interest rate benchmarks, including but not limited to the London Interbank Offered Rate, which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“Benchmarks”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Regulation (EU) 2016/1011 was published in the Official Journal of the EU on 29 June 2016 and has applied from January 1, 2018 (“The Benchmark Regulation”). The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it: (a) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (b) prevents certain uses by EU-supervised entities of “benchmarks” of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed).

The Benchmark Regulation as it forms part of domestic law by virtue of the EUWA and as amended by the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 has applied in the United Kingdom (“UK”) since the end of the Brexit transition period on December 31, 2020 (the “UK Benchmark Regulation”). The UK Benchmark Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorized by the United Kingdom’s Financial Conduct Authority or registered on the Financial Conduct Authority register (or, if non-UK based, not deemed equivalent or recognized or endorsed).

To the extent interest payments on a Floating Rate Note are linked to a specific “benchmark” that is discontinued or is no longer quoted, the applicable base rate will be determined using the alternative methods described in Condition 5(II)(b) and/or the applicable Pricing Supplement. Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on those Notes if the relevant “benchmark” was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of a “benchmark” may make one or more of the alternative methods impossible or impracticable to determine.

Investors should consult their own independent advisors and make their own assessment about the potential risks imposed by the Benchmark Regulation or UK Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark.”

**The trading price of Notes issued as Green Bonds, Sustainability Bonds or Social Bonds may be negatively affected to the extent that perception by investors of the suitability of such Notes as “green,” “sustainable,” or “social” bonds deteriorates or demand for sustainability-themed investment products diminishes**

No assurance can be given to investors that any “Eligible Projects” selected to receive an allocation of funds from the net proceeds of Notes issued as Green Bonds, Sustainability Bonds or Social Bonds will meet any or all investor expectations regarding such “green,” “sustainable,” or “social” or other equivalently-labeled performance objectives, or that adverse social or environmental impacts will not occur during the implementation of any “Eligible Projects” funded by the proceeds from such Notes or that the “Eligible Projects” will not be subject to controversy or to criticism by activist groups or other stakeholders. Negative perception by investors regarding the suitability of our determinations of “Eligible Projects,” dissatisfaction with our compliance with the SDF, or controversies involving the environmental, social or sustainability impact of our business or our industry more

generally, could adversely affect the trading price of such Notes. The trading price of such Notes may also be negatively affected by changes in overall market demand for sustainability-themed investment products or by evolving standards or market consensus as to what constitutes a sustainability-themed investment product.

No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds, Sustainability Bonds or Social Bonds. For the avoidance of doubt, any such opinion or certification is not incorporated in this Prospectus. Any such opinion or certification is not a recommendation by IDB Invest, any Dealer or any other person to buy, sell or hold any such Notes and is current only as of the date it was issued. The providers of such opinions and certifications may not be subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and the information contained therein.

In the event that any such Notes are listed or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by IDB Invest, any Dealer or any other person that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by IDB Invest, the Dealer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of IDB Invest to apply the proceeds of any Notes issued as Green Bonds, Sustainability Bonds or Social Bonds for Eligible Projects and/or to report on the use of proceeds and/or Eligible Projects described further in the section "Use of Proceeds" above and/or in any applicable Pricing Supplement, there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that IDB Invest will be able to use the proceeds for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of (i) a failure by IDB Invest to allocate the proceeds of any Notes issued as Green Bonds, Sustainability Bonds or Social Bonds or to report on the use of proceeds or Eligible Projects as anticipated, (ii) a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds, Sustainability Bonds or Social Bonds, (iii) or the failure of the Notes issued as Green Bonds, Sustainability Bonds or Social Bonds to meet investors' expectations or requirements regarding any "green", "sustainable", "social" or similar labels will constitute a default under Condition 9 (Default) or breach of contract with respect to any of the Notes issued as Green Bonds, Sustainability Bonds or Social Bonds.

#### **Investment in Notes may not be legal for all investors**

Investors should consult their own legal advisors in determining whether and to what extent Notes constitute legal investments for such investors and whether and to what extent Notes can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisors or regulators in determining the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include Notes. Investors should review and consider such restrictions prior to investing in Notes.

#### **Investors may need to purchase more Notes to ensure that they hold an amount equal to one or more Authorized Denominations**

In those exceptional circumstances in which Definitive Bearer Notes are issued, and in relation to any issue of Bearer Notes which have a denomination consisting of the minimum Authorized Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Authorized Denomination that are not integral multiples of the minimum Authorized Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Authorized Denomination will not receive a Definitive Bearer Note in respect of such holding (should

definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Authorized Denominations.

**IDB Invest's credit rating may not reflect all risks affecting the Notes**

The credit ratings assigned to IDB Invest may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes issued under the Program. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency

**The Notes will be obligations of IDB Invest and will not be the obligations of the Inter-American Development Bank or of any government**

The Notes are to be issued by IDB Invest. The Notes will not be the obligations of the Inter-American Development Bank or of any government. No government, and no other entity, will be responsible for payments under the Notes or liable to holders of the Notes in the event IDB Invest defaults under the Notes.

**Any decline in IDB Invest's credit ratings may affect the value of the Notes**

IDB Invest's credit ratings are an assessment of its ability to pay its obligations, including those on the offered Notes. Consequently, actual or anticipated declines in IDB Invest's credit ratings may affect the value of the Notes.

**IDB Invest is subject to loan portfolio, client and commercial risks, which may have an adverse effect on IDB Invest's financial condition**

IDB Invest focuses on supporting enterprises and financial intermediaries to promote economic, environmental and social development. IDB Invest provides loans and financial alternatives to corporates, financial intermediaries and projects, including warehousing facilities for securitization, guarantees for corporate, project and asset backed securities, debt and equity products for funds, equity and quasi-equity investments, and trade and supply chain finance products for financial intermediaries, small and medium-sized enterprises and corporates. These activities expose IDB Invest to loan portfolio, client and commercial risks. For example, changes in the macroeconomic environment and financial markets in IDB Invest's member countries may affect the creditworthiness of IDB Invest's borrowers and loan repayments made to IDB Invest, and if such loans are not repaid for any reason, IDB Invest's ability to repay the Notes may be adversely affected. While IDB Invest conducts its operations within a framework of financial and risk management policies, there can be no assurance that IDB Invest's policies will adequately mitigate the credit risk inherent to its activities.

**Change of law**

The Conditions of the Notes are based on laws of the State of New York, or on English Law or other local laws in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to laws of such jurisdictions or administrative practice after the date of issue of the relevant Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following constitute the terms and conditions that will apply to any issue of Notes, subject to completion and amendment and as supplemented, varied or substituted in accordance with the provisions of the applicable Pricing Supplement in respect of such issue of Notes.*

*References in the below Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Program.*

*In connection with any determination, decision or election pursuant to these Conditions, IDB Invest may, in its sole discretion, designate any affiliate, any agent, any affiliate of an agent or any other person to make one or more determinations, decisions or elections on a temporary or permanent basis, and may, in its sole discretion, revoke any such designation. Any person so designated in accordance with the immediately preceding sentence will be a “Designee” for purposes of these Conditions for so long as such designation remains in effect. See also Condition 5(III) “Definitions” below.*

The Registered Notes (as defined in Condition 1(a)) and the Bearer Notes (as defined in Condition 1(a)) are issued in accordance with that certain global agency agreement dated as of December 13, 2021 (as amended and supplemented from time to time, the “Global Agency Agreement”) and made between IDB Invest and Citibank, N.A., London Branch (the “Global Agent”, which expression shall include any successor global agent under the Global Agency Agreement). The Global Agency Agreement includes forms of the Notes (other than Fed Book-entry Notes (as defined in Condition 1(a))) and the Coupons (if any) relating to such Notes (the “Coupons”) and the Talons (if any) for further Coupons relating to such Notes (the “Talons”).

Copies of the Global Agency Agreement are available for inspection during normal business hours at the specified offices of each of the Global Agent, the Registrar and the Paying Agents (each as defined below). The Global Agency Agreement provides for the appointment of other agents, including a calculation agent (the “Calculation Agent”, which expression shall mean in respect of any issue of Notes any other calculation agent appointed in respect of such issue pursuant to the Global Agency Agreement or another agreement and designated as such on such Notes), an exchange rate agent (the “Exchange Rate Agent”), one or more paying agents (together with the Global Agent, the “Paying Agents”), one or more transfer agents (together, the “Transfer Agents”) and a registrar (the “Registrar”). The Global Agent, the Calculation Agent, the Exchange Rate Agent, the Registrar, the Transfer Agents, the Paying Agents and the Federal Reserve Bank of New York are together referred to herein as the “Agents”. The Noteholders (as defined in Condition 1(c)) and the holders of the Coupons (if any) and, where applicable, Talons (the “Couponholders”) are deemed to have notice of all of the provisions of the Global Agency Agreement applicable to them.

The Fed Book-entry Notes (as defined in Condition 1(a)) are issued in accordance with the Uniform Fiscal Agency Agreement, dated as of July 20, 2006 (the “Fiscal Agency Agreement”), as may be amended, restated, superseded or otherwise modified from time to time, agreed to pursuant to that certain letter of agreement, dated as of December 13, 2021, between IDB Invest and the Federal Reserve Bank of New York, as fiscal and paying agent (the “Fiscal Agent”). Copies of the Fiscal Agency Agreement are available to holders for inspection during normal business hours at the specified offices of the Fiscal Agent upon reasonable request.

References in these Conditions to terms specified on a Note shall, for Notes which are not individually certificated Definitive Registered Notes or Definitive Bearer Notes (as defined in Condition 1(a)), be deemed to include references to terms specified in the applicable pricing supplement issued in respect of a particular issue of Notes of which such Note forms a part (each a “Pricing Supplement”) and which will be attached to such Note.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series. All capitalized terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement.

## 1. Form, Denomination, Title and Currency

- (a) *Form:* Each issue of Notes of which this Note forms a part (the “Notes”) is issued as:
- (i) registered notes (“Registered Notes”, other than those issued in exchange for Fed Book-entry Notes (as defined in Condition 1(a)(ii))) in the principal amount specified on such Notes (the “Principal Amount”) of an Authorized Denomination (as defined in Condition 1(b));
  - (ii) uncertificated book-entry notes (“Fed Book-entry Notes”) in the Principal Amount of an Authorized Denomination; and/or
  - (iii) bearer notes (“Bearer Notes”) in the Principal Amount of an Authorized Denomination, as specified on such Note, and these Conditions must be read accordingly.

Registered Notes and Bearer Notes may, under certain circumstances, be issued in individually certificated form (“Definitive Registered Notes” and “Definitive Bearer Notes”, respectively).

An issue of Notes may comprise either Registered Notes only, Fed Book-entry Notes only, or Bearer Notes only.

A certificate will be issued to each holder of Registered Note(s) in respect of its registered holding or holdings. Each Registered Note will be numbered serially with an identifying number which will be recorded in the register (the “Register”) which IDB Invest shall cause to be kept by the Registrar.

Bearer Notes bearing interest are issued with Coupons and, where appropriate, Talons attached.

- (b) *Denomination:* “Authorized Denomination” means the denomination or denominations specified on such Note. Bearer Notes of one Authorized Denomination may not be exchanged for Bearer Notes of another Authorized Denomination (if any).
- (c) *Title:*
- (i) Title to Registered Notes shall pass by registration in the Register in accordance with the provisions of the Global Agency Agreement, or otherwise in accordance with applicable law.
  - (ii) IDB Invest may deem and treat the Federal Reserve Bank of New York, in respect of all Fed Book-entry Notes, as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or on the order of the Federal Reserve Bank of New York, shall be valid and effective to discharge the liability of IDB Invest with respect to such Fed Book-entry Notes, to the extent of the sum or sums so paid. As custodian of Fed Book-entry Notes, the Federal Reserve Bank of New York may deem and treat other Federal Reserve Banks and Branches and Holding Institutions (as defined below) located in the Second Federal Reserve District holding any Fed Book-entry Notes as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to or on the order of such Federal Reserve Banks or Branches or Holding Institutions (as defined below), as the case may be, shall be valid and effective to discharge the liability of IDB Invest with respect to such Fed Book-entry Notes to the extent of the sum or sums so paid. A “Holding Institution” is a depository or other designated institution that has an appropriate book-entry account with a Federal Reserve Bank or Branch.
  - (iii) Title to Bearer Notes, the Coupons appertaining thereto and, where applicable, the Talons appertaining thereto shall pass by delivery.
  - (iv) IDB Invest, the Global Agent, the Fiscal Agent, the Paying Agents, the Registrar and the Transfer Agents shall be entitled to deem and treat the registered holder of any Registered Note, or

the Federal Reserve Bank of New York for Fed Book-entry Notes, or the bearer of any Bearer Note, Coupon or Talon, to be the absolute owner thereof for the purpose of making payments and for all other purposes, whether or not such Registered Note, Fed Book-entry Note, or Bearer Note, Coupon or Talon is overdue and regardless of any notice of ownership, trust or an interest therein, any writing thereon or any notice of any previous theft or loss thereof (or of the related certificate), and all payments on a Note or Coupon to such holder shall be deemed valid and effectual to discharge the liability of IDB Invest in respect of such Note or Coupon to the extent of the sum or sums so paid.

- (d) *Specified Currency:* The Specified Currency of any Note is as specified hereon. All payments of principal and interest in respect of a Note shall be made in one or more Specified Currencies.

## **2. Transfers and Exchanges**

- (a) *Transfer of Registered Notes and Exchanges of Registered Notes and Bearer Notes:*

- (i) Subject as provided in Condition 2(f), a Registered Note may be transferred in whole or in part in an Authorized Denomination upon the surrender of the certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on such certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of only part of such a Registered Note represented by one certificate, a new certificate shall be issued to the transferee in respect of the part transferred and a further new certificate shall be issued to the transferor in respect of the balance not transferred. Each new certificate to be issued upon transfer of such a Registered Note represented by such certificate will be mailed to such address as may be specified in such form of transfer at the risk of the holder entitled to the new certificate in accordance with the customary procedures of such Registrar or Transfer Agent.

- (ii) Registered Notes may not be exchanged for Bearer Notes.

- (b) *Transfer of Fed Book-entry Notes:* Fed Book-entry Notes may be transferred between Holding Institutions, in Federal Reserve Districts where the respective Federal Reserve Banks have adopted appropriate procedures, in accordance with such procedures. Fed Book-entry Notes may not be exchanged for Registered Notes or Bearer Notes.

- (c) *Partial Exercise of Options or Partial Redemption in Respect of Registered Notes:* In the case of a partial redemption (in respect of an exercise of IDB Invest's or the Noteholder's option or otherwise) of Registered Notes represented by a single certificate, a new certificate in respect of the balance of the interest in any such Registered Notes not redeemed shall be issued to the holder to reflect the exercise of such option. In the case of a partial exercise of an option (other than in respect of optional redemption), one or more new certificates may be issued to the relevant holders reflecting such exercise. New certificates shall only be issued against surrender of the existing certificates to the Registrar or any Transfer Agent.

- (d) *No Exchange of Bearer Notes:* Bearer Notes of one Authorized Denomination may not be exchanged for Bearer Notes of another Authorized Denomination. Bearer Notes may not be exchanged for Registered Notes.

- (e) *Transfers and Exchanges:* Exchanges and registrations of transfer will be effected without charge by or on behalf of IDB Invest or the relevant Agent. However, the transferor or holder requesting an exchange shall bear the expense of the issue and delivery of any Registered Note and shall make any payment (or shall give such indemnity as IDB Invest, the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

- (f) *Closed Periods:* No transfer of a Registered Note that is not a Definitive Registered Note (as defined in Condition 1(a)) will be effected on the day immediately preceding the due date for any payment of principal, redemption amount or premium (if any) in respect of that Note; and no transfer of a Definitive Registered Note will be effected on any day after the fifteenth calendar day immediately preceding the due date for any such payment. Additionally, no transfer of any Registered Note will be effected (i) during the notice period immediately preceding any date on which Notes may be called for redemption by IDB Invest at its option pursuant to Condition 6(e), (ii) after any such Note has been called for redemption, or (iii) during the period starting on the day immediately preceding any Record Date (as defined in Condition 7(a)) and ending on (and including) such Record Date.
- (g) *Provisions Concerning Transfers:* All transfers of Registered Notes and entries on the Register will be made in accordance with the relevant procedures of the Registrar. A copy of the relevant procedures will be made available during normal business hours by the Registrar to any holder of a Registered Note upon reasonable request.

### 3. Status

The Notes constitute direct, unsecured obligations of IDB Invest ranking *pari passu*, without any preference among themselves, with all its other obligations that are unsecured and unsubordinated.

**The Notes are not obligations of the Inter-American Development Bank or of any government.**

### 4. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be consented to by the Noteholders.

As used in this Condition:

"Indebtedness" means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

"Relevant Indebtedness" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

## **5. Interest**

One or more of the following provisions apply to each Note, as specified on such Note.

### **(I) Fixed Interest Rates**

The following provisions in this Condition 5(I) apply to a Note the interest basis for which is specified on such Note as being "Fixed Interest Rate". Such Notes may be issued at par, at a premium or at a discount. Any such Notes that are issued at a substantial discount may be specified to be a Deep Discount Note in the applicable Pricing Supplement (such Note, a "Deep Discount Note").

- (a) *Interest Rate and Accrual:* Each Note bears interest on its Calculation Amount (as defined in Condition 5(III)) from and including the Interest Commencement Date (as defined in Condition 5(III)) in respect thereof or from the most recent Fixed Rate Interest Payment Date specified on such Note to which interest has been paid or duly provided for, to but excluding the next following Fixed Rate Interest Payment Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified on such Note payable on each Fixed Rate Interest Payment Date in each year and on the Maturity Date specified on such Note if that date does not fall on a Fixed Rate Interest Payment Date.

The first payment of interest will be made on the Fixed Rate Interest Payment Date next following the relevant Interest Commencement Date. If the Interest Commencement Date is not a Fixed Rate Interest Payment Date, the first payment of interest will be the amount specified on the Note as being the Initial Broken Amount. If the Maturity Date is not a Fixed Rate Interest Payment Date, interest from and including the preceding Fixed Rate Interest Payment Date (or from and including the Interest Commencement Date, as the case may be) to but excluding the Maturity Date will be the amount specified on the Note as being the Final Broken Amount.

Interest will cease to accrue on each Note on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the Interest Rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

- (b) *Calculations:* Interest in respect of a period of less than the period between Fixed Rate Interest Payment Dates (or, in the case of the first interest period, the period between the Interest Commencement Date and the first Fixed Rate Interest Payment Date) will be calculated using the applicable Fixed Rate Day Count Fraction(s) specified in the applicable Pricing Supplement.

### **(II) Floating Rates**

The following provisions in this Condition 5(II) apply to a Note the interest basis for which is specified on such Note as being "Floating Rate".

- (a) *Interest Payment Dates:* Each Note bears interest on its Calculation Amount (as defined in Condition 5(III)) from and including the Interest Commencement Date (as defined in Condition 5(III)) in respect thereof and such interest will be payable on each Interest Payment Date (as defined in Condition 5(III)).

Interest will cease to accrue on each Note on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate and in the manner provided in this Condition 5(II) to the Relevant Date (as defined in Condition 8).

(b) *Rate of Interest:* Each Note bears interest at a floating rate which may be based on one or more interest rate, exchange rate, equity or commodity indices or as otherwise specified on such Note. The dates on which interest shall be payable on a Note, the basis for calculation of each amount of interest payable in respect of such Note on each such date and on any other date on which interest becomes payable in respect of such Note, and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal shall be as set out below, unless otherwise specified on such Note. Subject as provided below, if applicable, the rate of interest (“Rate of Interest”) payable from time to time will, unless otherwise specified on such Note, be determined by the Calculation Agent on the basis of the following provisions:

(i) At or about the Relevant Time (as defined in Condition 5(III)) on the relevant Interest Determination Date (as defined in Condition 5(III)) in respect of each Interest Period (as defined in Condition 5(III)), the Calculation Agent will:

(A) if a Note specifies that the “Primary Source for Interest Rate Quotations” shall be derived from a Page (as defined in Condition 5(III)), determine the Rate of Interest for such Interest Period which shall, subject as provided below, be (x) the Reference Rate (as defined in Condition 5(III)) so appearing in or on that Page (where such Reference Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or (y) the arithmetic mean of the Reference Rates of the entities at that time whose Reference Rates so appear in or on that Page, in any such case in respect of deposits in the relevant Specified Currency for a period equal to the duration of such Interest Period; and

(B) if a Note specifies that the “Primary Source of Interest Rate Quotations” shall be the Reference Banks specified by IDB Invest on such Note, or in the case of a Note falling within paragraph (i)(A) above but in respect of which (x) no Reference Rate appears at or about such Relevant Time or (y) the Rate of Interest for which is to be determined by reference to quotations of entities appearing in or on the Page as provided in paragraph (i)(A) but in respect of which less than two Reference Rates appear at or about such Relevant Time, request the principal offices in the Relevant Banking Center (as defined in Condition 5(III)) of each of the Reference Banks specified by IDB Invest on such Notes (or, as the case may be, any Reference Bank appointed by IDB Invest or its Designee from time to time pursuant to Condition 5(II)(e)) to provide the Calculation Agent with its Reference Rate quoted to leading banks for deposits in the relevant Specified Currency for a period equivalent to the duration of such Interest Period. Where this Condition 5(II)(b)(i)(B) shall apply, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be the arithmetic mean of such Reference Rates as calculated by the Calculation Agent.

(ii) If at or about the Relevant Time on any Interest Determination Date (as defined in Condition 5(III)) where the Rate of Interest is to be determined pursuant to Condition 5(II)(b)(i)(B) in respect of a Note only two or three of such Reference Banks provide such relevant quotations, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be determined as provided in Condition 5(II)(b)(i)(B) on the basis of the Reference Rates quoted by such Reference Banks.

(iii) If at or about the Relevant Time on any Interest Determination Date where the Rate of Interest is to be determined pursuant to Condition 5(II)(b)(i)(B) only one or none of such Reference Banks provide such Reference Rates, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be whichever is the higher of:

(A) the Rate of Interest in effect for the last preceding Interest Period to which Condition 5(II)(b)(i)(A) or (B) or Condition 5(II)(b)(ii) shall have applied; and

(B) the rate per annum (expressed as a percentage) which the Calculation Agent determines to be the arithmetic mean of the Relevant Rates in respect of the relevant Specified Currency which banks in the Relevant Financial Center for such Specified Currency selected by IDB Invest or its Designee are quoting at or about the Relevant Time on the relevant Interest Determination Date for a period equivalent to such Interest Period to leading banks carrying on business in that Relevant Financial Center; provided, however, that, if the banks so selected by IDB Invest or its Designee are not quoting as aforesaid, the Rate of Interest shall, subject as provided below, be the Rate of Interest specified in Condition 5(II)(b)(iii)(A).

- (iv) *Minimum/Maximum Rates:* If a Minimum Interest Rate is specified on a Note, then the Rate of Interest shall in no event be less than such Minimum Interest Rate and if there is so specified a Maximum Interest Rate, then the Rate of Interest shall in no event exceed such Maximum Interest Rate.
- (v) *Rounding:* The Calculation Agent shall, if necessary, round any Rate of Interest to the nearest one-hundred thousandth of one percent.
- (c) *Determination of Rate of Interest and Calculation of Interest Amounts:* The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the “Interest Amount”) in respect of each Authorized Denomination of the relevant Notes (in the case of Bearer Notes) and the minimum Authorized Denomination (in the case of Registered Notes and Fed Book-entry Notes) for the relevant Interest Period. Interest Amount(s) shall be calculated by applying the Rate of Interest adjusted, if necessary, by any Spread (as defined in Condition 5(III)) and/or any Spread Multiplier (as defined in Condition 5(III)) to each or the minimum Authorized Denomination, multiplying such product by the applicable Floating Rate Day Count Fraction(s) specified in the applicable Pricing Supplement and rounding, if necessary, the resultant figure to the nearest unit of the relevant currency (half of such unit being rounded upwards or, in the case of yen, downwards). The determination of the Rate of Interest and the Interest Amounts by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.
- (d) *Notification of Rate of Interest and Interest Amounts:* The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be provided to IDB Invest, any relevant Agent and, if the relevant Notes are at such time listed by IDB Invest on any Stock Exchange (each an “Exchange”), the Exchange (or listing agent as the case may be) as soon as possible after their determination but in no event later than two Relevant Business Days after the date of their determination. The Calculation Agent will also cause the same information to be provided to Noteholders in accordance with Condition 15 as soon as possible after its determination but in no event later than the seventh calendar day thereafter. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.
- (e) *Calculation Agent and Reference Banks:* IDB Invest will ensure that, as long as any Note to which this Condition 5(II) applies remains outstanding, there shall always be a Calculation Agent for such Note and so long as the Primary Source for Interest Rate Quotations for such Note is Reference Banks, there shall at all times be four Reference Banks for such Note with offices in the Relevant Banking Center. IDB Invest will also ensure that, in the case of any Note falling within Condition 5(II)(b)(i)(A) in respect of which no Reference Rate appears at or about the Relevant Time, or in respect of which less than two Reference Rates appear at or about the Relevant Time, there shall be four Reference Banks for such Note with offices in the Relevant Banking Center. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank then IDB Invest or its Designee will appoint another Reference Bank with an office in the Relevant Banking Center to act as Reference Bank in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, IDB Invest or its Designee will appoint in its place a leading bank or financial institution qualified to act as its successor. The Calculation Agent may not resign its duties without a successor having been appointed.

### **(III) Definitions**

As used in these Conditions, and unless otherwise specified in the applicable Pricing Supplement:

“Business Day Convention” means, in the case of Fed Book-entry Notes, the “Following Business Day Convention” referred to in paragraph (C) below, and in the case of all other Notes, either:

(A) the “FRN Convention”, in which case interest on a Note shall be payable on each Interest Payment Date which numerically corresponds to its Interest Commencement Date or, as the case may be, the preceding Interest Payment Date in the calendar month which is the Specified Interest Period specified on such Note after the calendar month in which such Interest Commencement Date or, as the case may be, the preceding Interest Payment Date occurred, provided that:

(1) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Relevant Business Day (as defined below) in that calendar month;

(2) if an Interest Payment Date would otherwise fall on a day which is not a Relevant Business Day, then the relevant Interest Payment Date will be the first following day which is a Relevant Business Day unless that falls in the next calendar month, in which case it will be the first preceding day which is a Relevant Business Day; and

(3) if such Interest Commencement Date or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Relevant Business Day, then all subsequent Interest Payment Dates will be the last day which is a Relevant Business Day in the calendar month which is the Specified Interest Period after the calendar month in which such Issue Date or such other date or, as the case may be, the preceding Interest Payment Date occurred; or

(B) the “Modified Following Business Day Convention”, in which case interest on a Note shall be payable on such Interest Payment Dates as may be specified on such Note, provided that, if any Interest Payment Date would otherwise fall on a date which is not a Relevant Business Day, the relevant Interest Payment Date will be the first following day which is a Relevant Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Relevant Business Day; or

(C) the “Following Business Day Convention”, in which case interest on a Note shall be payable on such Interest Payment Dates as may be specified on such Note, provided that, if any Interest Payment Date would otherwise fall on a date which is not a Relevant Business Day, the relevant Interest Payment Date will be the first following day which is a Relevant Business Day; or

(D) such other Business Day Convention as may be specified on the relevant Note.

“Calculation Amount” means the amount specified as such on any Note or, if no such amount is so specified, the Principal Amount of such Note as specified on such Note or, if such Note is partly paid, the paid-up amount or, if such Note is amortizing or redeemed in part, the amount outstanding.

“Designee” means any affiliate of IDB Invest, any agent, any affiliate of an agent or any other person so designated by IDB Invest, in its sole discretion, to make any one or more determinations, decisions or elections specified in these Conditions on a temporary or permanent basis, until such time as IDB Invest, in its sole discretion, may revoke any such designation. Any person so designated will be a Designee for purposes of these Conditions for so long as such designation remains in effect. None of the Agents (as herein defined) shall be appointed as a Designee without the relevant Agent’s express prior written consent.

“Interest Commencement Date” means, in the case of the first issue of a Note or Notes of a particular issue of Notes, the Issue Date or such other date as may be specified as the Interest Commencement Date on such Note.

“Interest Determination Date” means, in respect of any Interest Period, that number of days (if any) specified on the relevant Note on which banks and foreign exchange markets are open for business in the Relevant Banking Center prior to the first day of such Interest Period.

“Interest Payment Date” means each date specified on the relevant Note for the payment of interest or, if no date is so specified, each date which falls the Specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, in each case as adjusted by the Business Day Convention specified on such Note.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date to (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date to (but excluding) the next succeeding Interest Period Date, unless otherwise specified herein.

“Interest Period Date” means each Interest Payment Date unless otherwise specified on the relevant Note.

“Issue Date” means, for any particular issue of Notes, the date of issue of such Notes.

“Page” means such page, section, caption, column or other part of a particular information service as specified on such Note for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may succeed or replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

“Reference Rate” means, for any Note, the bid rate, offered rate or mean of bid and offered rate, as specified on such Note, for the floating rate specified on such Note; provided, if such rate is no longer available and a substitute for such rate has been selected by a central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof), then such substitute rate shall be deemed the “Reference Rate”.

“Relevant Banking Center” means, for any Note, the Relevant Banking Center specified on such Note.

“Relevant Business Day” means:

(A) in the case of a currency other than euro, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the financial center or centers specified in the relevant Note; or

(B) in the case of euro, a day (other than a Saturday or a Sunday) on which the TARGET2 System is operating.

“Relevant Financial Center” means, unless otherwise specified on the relevant Note:

(A) in the case of a currency other than euro, the principal financial center for the relevant currency;  
and

(B) in the case of euro, Europe.

“Relevant Time” means the local time in the Relevant Banking Center at which it is customary to determine bid, offered and mean rates in respect of deposits in that currency in the interbank market in that Relevant Banking Center, and for this purpose “local time” means, with respect to Europe, Central European Time.

“Spread” means the percentage rate per annum specified on the relevant Note.

“Spread Multiplier” means the percentage rate or number applied to the relevant Rate of Interest, as specified on the relevant Note.

“TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was originally launched on 19 November 2007 or any successor thereto.

#### **(IV) Zero Coupon**

In the case of a Note the interest basis for which is specified on such Note as Zero Coupon (such Note, a “Zero Coupon Note”), references to the amount of interest payable in respect of a Note (other than as provided in Condition 9), Coupons and Talons in these Conditions are not applicable. If, upon the presentation of such a Note on or after the Maturity Date, payment of principal is improperly withheld or refused, interest shall accrue (on the same basis as that referred to in Condition 5(I)) thereon from the Maturity Date to the Relevant Date at a rate per annum (expressed as a percentage) equal to the Amortization Yield specified on such Note.

#### **6. Redemption and Purchase**

- (a) *Final Redemption:* Unless previously redeemed or purchased and canceled as provided below, each Note will be redeemed at its Redemption Amount (which shall be its Principal Amount or such amount as is specified on such Note or if the Note has a Variable Redemption Amount (as defined in Condition 6(d)), the amount calculated in accordance with Condition 6(d)) on the applicable Maturity Date specified on such Note or, where interest is calculated in accordance with Condition 5(II), on the applicable Interest Payment Date falling in the applicable Redemption Month specified on such Note.
- (b) *Repurchases:* IDB Invest may at any time purchase or otherwise acquire Notes at any price (provided that in the case of Bearer Notes they are purchased or acquired together with all unmaturing Coupons and unexchanged Talons relating to them) in the open market or otherwise.
- (c) *Early Redemption of Zero Coupon Notes and Deep Discount Notes:*

The following provisions in this Condition 6(c) apply to Zero Coupon Notes and Deep Discount Notes. For purposes of these Conditions, the term “Traditional Zero Coupon Note” refers to a non-interest bearing note that is originally issued at a discount and thereafter accretes to par on the specified Maturity Date thereof. The term “Par Zero Coupon Note” refers to a non-interest bearing note that is originally issued at par and thereafter accretes to a value higher than par. The term Deep Discount Note refers to an interest bearing note that is originally issued at a discount and thereafter accretes to par on the specified Maturity Date thereof.

- (i) The amount payable in respect of any Traditional Zero Coupon Note, Par Zero Coupon Note, or Deep Discount Note upon redemption of such Note pursuant to, if applicable, Condition 6(e) or (f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortized Face Amount (calculated by IDB Invest or its Designee as provided below) of such Note.
- (ii) Subject to the provisions of Condition 6(c)(iii), the “Amortized Face Amount” of any Zero Coupon Note or Deep Discount Note shall be:

(A) for a Traditional Zero Coupon Note, the sum of (x) the Reference Price specified on the Note and (y) the aggregate amortization of the difference between the Reference Price and the Principal Amount of the Note from the Issue Date to the date on which the Note becomes due and payable calculated using a rate per annum (expressed as a percentage) equal to the Amortization Yield specified on the Note applied to the Reference Price in the manner specified on such Note; or

(B) for a Par Zero Coupon Note, the aggregate amortization of the difference between (x) the Reference Price and (y) the Redemption Amount (on the Maturity Date) of the Note from the Issue Date to the date on which the Note becomes due and payable calculated using a rate per annum (expressed as a percentage) equal to the Amortization Yield specified on the Note applied to the Reference Price in the manner specified on such Note; or

(C) for a Deep Discount Note, the sum of (x) the Reference Price specified on the Note and (y) the aggregate amortization of the difference between the Reference Price and the Principal Amount of the Note from the Issue Date to the date on which the Note becomes due and payable calculated using a rate per annum (expressed as a

percentage) equal to the Amortization Yield specified on the Note applied to the Reference Price in the manner specified on such Note and (z) any accrued but unpaid interest on the Note.

Where the specified calculation is to be made for a period of less than one year, it shall be calculated by IDB Invest or its Designee using the applicable Fixed Rate Day Count Fraction(s) specified in the applicable Pricing Supplement.

(iii) If the amount payable in respect of any Note upon redemption of such Note pursuant to, if applicable, Condition 6(e) or (f), or upon it becoming due and payable as provided in Condition 9, is not paid when due, the amount due and payable in respect of such Note shall be the Amortized Face Amount of such Note as defined in Condition 6(c)(ii), except that Condition 6 shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date.

The calculation of the Amortized Face Amount in accordance with this Condition 6(c)(iii) will continue to be made (before and, to the extent permitted by applicable law, after judgment), until the Relevant Date (as defined in Condition 8) unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be:

(A) in the case of a Traditional Zero Coupon Note, the Principal Amount of such Note together with any interest which may accrue in accordance with Condition 5(IV); or

(B) in the case of a Par Zero Coupon Note, the Redemption Amount of such Note (on the Maturity Date) together with any interest which may accrue in accordance with Condition 5(IV); or

(C) in the case of a Deep Discount Note, the Principal Amount of such Note together with any interest which may accrue in accordance with Condition 5(I) or Condition 5(II), as specified in the applicable Pricing Supplement.

(d) *Redemption of Notes with Variable Redemption Amount:* The basis for calculation of the amount payable upon redemption of a Note with a Variable Redemption Amount under Condition 6(a) (“Variable Redemption Amount”) and, if applicable, Condition 6(e) or (f), or upon such Note becoming due and payable as provided in Condition 9, shall be specified on such Note.

(e) *Redemption at the Option of IDB Invest:* If so provided on a Note, IDB Invest may, on giving to the holder of such Note irrevocable notice, in accordance with Condition 15, and the relevant Agent(s) of not less than the number of days specified on such Note, redeem all or, if so stated on such Note, less than all of the Notes on the date or dates specified on such Note (which shall, in the case of a Note the interest basis for which is specified on such Note as being Floating Rate, be an Interest Payment Date) at the amount specified on such Note as the Early Redemption Amount IDB Invest together with interest accrued to but excluding the date fixed for redemption. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption of Notes other than Fed Book-entry Notes, the notice to Noteholders and the relevant Agent(s) shall also contain the serial or other identifying numbers of the Notes to be redeemed, which shall have been drawn in such place as the Global Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements, and the Global Agent shall not be liable for any drawings so made. In the case of a partial redemption of Fed Book-entry Notes, each such Note will be redeemed in the amount of its pro rata share of the aggregate amount of such partial redemption and thereafter shall be treated as being outstanding as to its unredeemed balance.

(f) *Redemption at the Option of a Noteholder:* If so provided on a Note, IDB Invest shall, at the option of the holder of any such Note, redeem such Note on the date or dates specified on such Note (which shall, in the case of a Note the interest basis for which is specified on the Note as

being Floating Rate, be an Interest Payment Date) at the amount specified on such Note as the Early Redemption Amount Noteholder together with interest accrued to but excluding the date fixed for redemption. IDB Invest may elect to give the holder of such Note notice, in accordance with Condition 15, of not more than the number of days nor less than the number of days specified on such Note prior to such date or dates, of the period for exercise of such option.

In the case of a Note which is not a Fed Book-entry Note, to exercise such option the holder must deposit (i) such Note with the Registrar or any Transfer Agent (in the case of Registered Notes) or any Paying Agent (in the case of Bearer Notes) at their respective specified offices and (ii) a duly completed notice of redemption (“Redemption Notice”) in the form obtainable from any Agent, in each case not more than the number of days nor less than the number of days specified on such Note prior to the relevant date for redemption. Unless otherwise specified on such Note, no Note (or Redemption Notice) so deposited may be withdrawn without the prior consent of IDB Invest and the Global Agent. In the case of a Fed Book-entry Note, if the holder wishes to exercise such option, the holder must give notice thereof to IDB Invest through the relevant Holding Institution.

- (g) *Cancellation:* All Notes so redeemed will be canceled forthwith and may not be resold or reissued. All Notes so purchased or acquired and any unmaturing Coupons attached to or purchased or acquired with such Notes may be canceled or may be reissued or resold.
- (h) *Notice:* IDB Invest shall procure that the final redemption amounts calculated by IDB Invest or its Designee in this Condition 6 shall be notified to the Noteholders and the applicable Agents no less than two Business Days prior to the relevant due date for payment.

## **7. Payments**

### (a) *Registered Notes:*

#### (i) Payments of Principal

Payments of principal in respect of Registered Notes shall be made against surrender of the relevant Registered Notes at the specified office of any of the Transfer Agents or of the Registrar and in the same manner provided in paragraph (ii) below. Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value on the due date, or if that is not a Relevant Business Day, for value on the first following day which is a Relevant Business Day) will be initiated, or in the case of any payment of principal where the relevant Registered Note has not yet been surrendered at the specified office of any of the Transfer Agent or of the Registrar, on a day on which the Global Agent is open for business and on which the relevant Registered Note is so surrendered.

#### (ii) Payments of Interest

Subject to 7(a)(iii) below, interest on Registered Notes that are not Definitive Registered Notes (as defined in Condition 1(a)) shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof; and interest on Definitive Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth calendar day before the due date for payment thereof (each, the applicable “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by check drawn on a Financial Institution and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Financial Institution. “Financial Institution” means a bank in the principal financial center for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

- (iii) Registered Notes held through The Depository Trust Company (“DTC”) will be paid as follows:

(A) if the Specified Currency for payment is U.S. dollars, payments of principal, premium (if any) and/or interest will be made in accordance with Conditions 7(a)(i) and (ii); or

(B) if the Specified Currenc(y/ies) for payment is(are) a currency other than U.S. dollars, payments of principal, premium (if any) and/or and interest will be made by the Global Agent in the relevant currency by wire transfer of same day funds to the designated account in such currency of DTC participants entitled to receive the relevant payment who have made an irrevocable election prior to 5:00 p.m. New York City time on the fifteenth calendar day prior to the due date for payment thereof (the “DTC Record Date”). In the case of DTC participants entitled to receive the relevant payments but who have not elected to receive payments in such currency, the Exchange Rate Agent, after converting amounts in such currency into U.S. dollars as necessary to make payments in U.S. dollars, will deliver U.S. dollar amounts in same day funds to DTC for payment through its settlement system to such DTC participants. The Global Agency Agreement sets out the manner in which such conversions or such elections are to be made.

(iv) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Relevant Business Day, if the Noteholder is late in surrendering its Registered Note (if required to do so), or if its Registered Note cannot be surrendered to the Registrar or a Transfer Agent that is open for business on the day of such surrender.

(b) *Fed Book-entry Notes:*

(i) Payments of Principal and Interest

Payments of principal and interest on the Notes will be payable at a designated office or agency of IDB Invest in New York City in U.S. dollars to the holder on the Fed Book-entry Record Date (as defined below), provided that, at IDB Invest’s option, principal and interest in respect of Fed Book-entry Notes may be paid by credit to a Federal Reserve Bank or branch account of Holding Institutions holding such Fed Book-entry Notes. The Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10045, will act as the Fiscal Agent for the Notes pursuant to the Fiscal Agency Agreement. The “Fed Book-entry Record Date” for the purpose of payment of interest or principal on the Fed Book-entry Notes shall be as of the close of business at the Fiscal Agent on the day preceding the due date for payment thereof. If any such day is not a day on which the Fiscal Agent is open for business, the Fed Book-entry Record Date shall be the next preceding day on which the Fiscal Agent is open for business.

(ii) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date if any date for payment is not a day on which the Fiscal Agent is open for business, and the Noteholder will not be entitled to payment until the next following day on which the Fiscal Agent is open for business.

(c) *Bearer Notes:*

(i) Payments of Principal and Interest

Payments of principal and interest in respect of Definitive Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Bearer Notes or Coupons, as the case may be, at the specified office of any Paying Agent outside the United States and its possessions by a check payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Financial Institution.

Notwithstanding the foregoing, if the Specified Currency of any Bearer Note or payment thereunder are otherwise to be made in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (1) IDB Invest shall have appointed Paying Agents with

specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bearer Notes in the manner provided above when due, (2) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (3) such payment is then permitted by U.S. law. If, under such circumstances, a Bearer Note is presented for payment of principal at the specified office of any Paying Agent in the United States or its territories in circumstances where interest (if any is payable against presentation of the Bearer Note) is not to be paid there, the relevant Paying Agent will annotate the Bearer Note with the record of the principal paid and return it to the holder for the purpose of obtaining payment of interest elsewhere.

Payments of principal, premium (if any) and interest in respect of Bearer Notes represented by a global certificate in classic global note (“CGN”) form will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant global certificate representing such Bearer Notes against presentation or surrender, as the case may be, of such global certificate at the specified office of any Paying Agent. A record of which payment made against presentation or surrender of such global certificate in CGN form, distinguishing between any payment of principal and any payment of interest, will be made on such global certificate by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made. If the global certificate representing Bearer Notes is in new global note (“NGN”) form, IDB Invest shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the global certificate will be reduced accordingly. Payments under a global certificate in NGN form will be made to its holder. Each payment so made will discharge IDB Invest’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

(ii) Payments on Business Days

Subject as provided on the relevant Note, if any date for payment in respect of any Bearer Note or Coupon comprising all or part of such issue is not (x) a Relevant Business Day; (y) a day on which banks are open for business in the relevant place of presentation; and (z) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, a day on which dealings may be carried on in the relevant currency in the Relevant Financial Center, the holder shall not be entitled to payment until the next day following such day nor to any interest or other sum in respect of such postponed payment.

If the due date for redemption or repayment of any Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note. Interest accrued from the Maturity Date on a Note the interest basis for which is specified on such Note as being Zero Coupon shall be payable on repayment of such Note against presentation thereof.

(d) *Payments Subject to Law:* All payments are subject to any applicable laws and regulations.

(e) *Appointment of Agents:* The Fiscal Agent, the Global Agent, the Paying Agent, the Registrar, the Transfer Agent, the Exchange Rate Agent and the Calculation Agent initially appointed by IDB Invest and their respective specified offices are listed on or near the last page of the Prospectus in which these Conditions appear. The Fiscal Agent, the Global Agent, the Paying Agent(s), the Registrar, Transfer Agent(s), the Exchange Rate Agent and the Calculation Agent(s) act solely as agents of IDB Invest and do not assume any fiduciary duties or obligation or relationship of agency or trust for or with any Noteholder or Couponholder. IDB Invest reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Global Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Exchange Rate Agent, any Calculation Agent or any other agent and to appoint a substitute Fiscal Agent or Global Agent and/or additional or other Paying Agents, Registrars, Transfer Agents, Exchange Rate Agents, Calculation Agents or any other agent provided that IDB Invest shall at all times maintain (i) a Fiscal Agent with respect to Fed Book-entry Notes, (ii) a Global Agent with respect to Bearer Notes and Registered Notes, (iii) for Registered Notes, a Registrar and one or more Transfer Agents, at least one of which has its specified office in a major European city, (iv) for Bearer Notes, at least one Paying Agent in a

major European city, (v) one or more Calculation Agent(s) if specified hereon, and (vi) a Paying Agent in such city as may be required by any stock exchange on which the Notes may be listed by IDB Invest. Any such variation, termination or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' prior notice thereof shall have been given by IDB Invest to the Noteholders in accordance with Condition 15 and provided further that neither the resignation nor removal of any Agent shall take effect, except in the case of insolvency as aforesaid, until a new Agent replacing such Agent has been appointed.

In addition, IDB Invest shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c)(ii).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

(f) *Unmatured Coupons and Unexchanged Talons:*

(i) Notes the only interest basis for which is specified on such Notes as being Fixed Interest Rate and which are Bearer Notes, other than Notes which are specified to be Long Maturity Notes (being Notes whose Principal Amount is less than the aggregate interest payable thereon on the relevant dates for payment of interest under Condition 5(I)(a)), may be surrendered for payment of principal together with all unexpired Coupons (if any) appertaining thereto. An amount equal to the face value of any missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the principal due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8). If the date for payment of principal is any date other than a date for payment of interest, the accrued interest on such principal shall be paid only upon presentation of the relevant Note.

(ii) Subject to the provisions specified on the relevant Note, upon the due date for redemption of any Note the interest basis for which is specified on such Note as being Floating Rate at any time or any Long Maturity Note which is a Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

(iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Note the interest basis for which is specified on such Note as being Floating Rate at any time or any Long Maturity Note which is a Bearer Note is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provisions of such indemnity as IDB Invest may require.

(g) *Talons:* On or after the Fixed Rate Interest Payment Date or, as the case may be, the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Global Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 8).

(h) *Currency of Payment:* All payments in respect of this Note shall be made in the Specified Currency or, in the case of a Note the interest basis of which is specified on such Note as being Floating Rate and a Note which has a Variable Redemption Amount, the Specified Interest

Payment Currency and/or the Specified Principal Payment Currency specified on such Note. If at the time that any payment in respect of this Note is due the Specified Currency is no longer used by the government of the country issuing such currency for the payment of public and private debts or used for settlement of transactions by public institutions in such country, then IDB Invest shall be entitled to make such payment in such other currency as at the time of such payment is legal tender for the payment of such debts in such country. In addition, if any payment in respect of this Note is payable in a Specified Currency other than U.S. dollars that is no longer used by the government of the country issuing such currency for the payment of public and private debts or used for settlement of transactions by public institutions in such country or within the international banking community, or in a Specified Currency that is not expected to be available, when any payment on this Note is due as a result of circumstances beyond the control of IDB Invest, IDB Invest shall be entitled to satisfy its obligations in respect of such payment by making such payment in U.S. dollars on the basis of a U.S. dollar/Specified Currency exchange rate determined by IDB Invest or its Designee as of the second Business Day prior to such payment, or, if IDB Invest or its Designee determines that no such exchange rate is available as of such second Business Day, on the basis of the exchange rate most recently available prior to such second Business Day. In making such determinations, IDB Invest or its Designee shall act in good faith and in a commercially reasonable manner having taken into account all available information that it shall deem relevant. Any payment made under such circumstances in such other currency or U.S. dollars, will constitute valid payment, and will not constitute a default in respect of this Note. For the purpose of this Condition 7(h), "Business Day" means a day on which the Federal Reserve Bank of New York is open for business in New York City.

## **8. Prescription and Unclaimed Payments**

Other than for Notes and Coupons governed by the laws of the State of New York, claims against IDB Invest for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof. As used in these Conditions, "Relevant Date" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or surrender of the relative certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Early Redemption Amounts, all Amortized Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it and (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it.

## **9. Default**

If IDB Invest shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or sinking fund in, any bonds, notes (including the Notes), or similar obligations which have been issued, assumed or guaranteed by IDB Invest, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default any Noteholder may deliver or cause to be delivered to IDB Invest at its principal office in Washington, District of Columbia, United States of America, written notice that such Noteholder elects to declare all Notes held by it (the serial or other identifying numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to IDB Invest the Notes shall become due and payable at their Early Redemption Amount specified on such Notes plus accrued interest calculated in accordance with Condition 5, unless prior to that time all such defaults previously existing shall have been cured.

## **10. Replacement of Notes, Coupons and Talons**

If any Registered Note, Bearer Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and regulations, and the rules and regulations of relevant stock exchanges and clearing systems, at the specified office of the Registrar or the Transfer Agent in London (in the case of Registered Notes) or the Global Agent in London (in the case of Bearer Notes and Coupons) subject to stock exchange requirements, upon payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as IDB Invest may require. Mutilated or defaced Registered Notes, Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Further Issues**

Unless otherwise specified in an applicable Pricing Supplement, IDB Invest may from time to time without the consent of the Noteholders create and issue further notes either having the same terms and conditions as the Notes in all respects, or in all respects except for, as applicable, the issue price, the Issue Date and the first payment of interest thereon, and so that such further issue shall be immediately or thereafter consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as IDB Invest may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a further Tranche of Notes of the same Series as the Notes.

## **12. Modifications**

These Conditions and the Notes may be amended or supplemented by IDB Invest and the Global Agent, without the consent of the holder of any Note, for the purpose of curing any ambiguity, manifest error or of correcting or supplementing any provision contained herein or therein which may be erroneously or inadvertently stated, defective or inconsistent with any other provision contained herein or therein; provided, however, that IDB Invest shall only permit any such modification if to do so could not reasonably be expected to be materially prejudicial to the interests of the Noteholders in the sole opinion of IDB Invest.

## **13. Agents**

In acting under the Global Agency Agreement and the Fiscal Agency Agreement, the Agents act solely as agents of IDB Invest and do not assume any fiduciary duties or obligation or relationship of agency or trust for or with any holder.

## **14. Contracts (Rights of Third Parties) Act 1999**

In respect of any Notes and Coupons governed by English law, unless specified otherwise in the Notes, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## **15. Notices**

- (a) *Notice by Means of Delivery to Clearing System:* Until such time as any definitive Notes are issued, there may, so long as all the Notes or certificate(s) representing the Notes is or are held in its or their entirety on behalf of DTC or Euroclear and Clearstream, Luxembourg or any other applicable clearing system, be substituted, in relation only to the relevant Series of Notes, for such notification as set out in (b) and (c) below, the delivery of the relevant notice to DTC or to Euroclear and Clearstream, Luxembourg or to any other applicable clearing system for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the Noteholders on the day (or such other period thereafter as may be specified thereon) on which such notice was given to DTC or to Euroclear and Clearstream, Luxembourg or to any other applicable clearing system.

- (b) *Notices to Holders of Registered Notes:* Subject to (a) above, notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register. Any such notice shall be deemed to have been validly given to the holders of such Registered Notes on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of such mailing.
- (c) *Notices to Holders of Bearer Notes:* Subject to (a) above, notices to the holders of Bearer Notes shall be valid if published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been validly given on the date of such publication. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such source as provided above. Holders of Coupons and Talons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 15.
- (d) *Listing Requirements:* In addition to (a), (b) and (c) above, if and for so long as any Notes have been listed by IDB Invest on a stock exchange, all notices to Noteholders will be published in accordance with the rules of such stock exchange.
- (e) *Notices from Holders via Agents:* Except as set out in Condition 9, notices to be given by any holder of the Notes shall be in writing and given by lodging the same with the Global Agent or the Fiscal Agent (as applicable). In the case of Bearer Notes, so long as any of such Notes are represented by a global certificate, such notice may be given by any holder of a Note to the Global Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Global Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **16. Governing Law, Jurisdiction and Service of Process**

- (a) *Governing Law:* The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of the State of New York or English law, or such other governing law, as specified on such Notes. If unspecified, the laws of the State of New York shall govern, *provided that*, the governing law of Notes issued on a partly paid basis shall not be the laws of the State of New York.
- (b) *Jurisdiction:* With respect to any legal action or proceedings (“Proceedings”) in the courts of England arising out of or in connection with any Notes, Coupons or Talons, IDB Invest irrevocably submits to the non-exclusive jurisdiction of the courts of England.
- (c) *Service of Process:* IDB Invest irrevocably agrees to appoint an agent with an address in London, England as its agent in England to receive, for IDB Invest and on its behalf, service of process in any Proceedings in England arising out of or in connection with any Notes, Coupons or talons governed by English law. If for any reason such process agent, once appointed, ceases to be able to act as such or no longer has an address in London, IDB Invest irrevocably agrees to appoint a substitute process agent with an address in London and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.

## **FORM OF THE NOTES AND SUMMARY PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

*Words and expressions defined or used in “Terms and Conditions of the Notes” shall have the same meaning in this section.*

IDB Invest and the relevant Dealer(s) shall agree on the form of Notes to be issued in respect of any issue of Notes. The form may be either registered, book-entry (for Notes denominated and payable in U.S. dollars to be cleared and settled through the Federal Reserve) or bearer and will be specified in the applicable Pricing Supplement. Notes issued by IDB Invest denominated in certain Specified Currencies may only be issued in global form.

### **Fed Book-entry Notes**

On initial issue, Notes denominated and payable in U.S. dollars may, if specified in the applicable Pricing Supplement, be cleared and settled through the Federal Reserve and, if so specified, will be issued in uncertificated book-entry form only through the Federal Reserve Bank of New York and held by specified depositories and other institutions with an appropriate account with a Federal Reserve Bank or Branch (“Holding Institutions”) designated by the relevant Dealer(s). After initial issue, all Fed Book-entry Notes will continue to be held by such Holding Institutions unless an investor arranges for the transfer of its Fed Book-entry Notes to another Holding Institution.

Unless otherwise specified in an applicable Pricing Supplement, further issuances (“tranches”) of a particular series of Fed Book entry Notes generally will be fungible with prior tranches of that series immediately upon issuance and consolidated to form a single series with the outstanding securities of such series.

### **Registered Global Notes**

Registered Global Notes of an issue of Notes denominated in a currency other than U.S. dollars and sold in primary distribution entirely to investors in the United States shall, unless otherwise specified in the applicable Pricing Supplement, initially be represented by a single DTC Global Note deposited on its Issue Date with a custodian for, and registered in the name of a nominee of, DTC.

Registered Global Notes of an issue of Notes sold in primary distribution entirely to investors outside the United States shall, unless otherwise specified in the applicable Pricing Supplement, initially be represented by one or more Registered Global Notes and (a) in the case of Registered Global Notes held under the NSS and intended to be cleared through Euroclear and Clearstream, Luxembourg, delivered to the Common Safekeeper on behalf of Euroclear and Clearstream, Luxembourg; (b) in the case of Registered Global Notes not held under the NSS and intended to be cleared through Euroclear and Clearstream, Luxembourg, deposited with the Common Depository on behalf of Euroclear and Clearstream, Luxembourg; or (c) in the case of Registered Global Notes intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, or delivered outside a Clearing System, registered as specified in the applicable Pricing Supplement.

Registered Global Notes of an issue of Notes sold in primary distribution both within the United States and outside the United States shall, unless otherwise specified in the applicable Pricing Supplement, initially be represented by one or more Registered Global Notes. A DTC Global Note in respect of sales of Notes within the United States will be deposited on its Issue Date with a custodian for, and registered in the name of a nominee of, DTC. The same or one or more other Registered Global Notes in respect of sales of Notes outside the United States may be (a) in the case of Registered Global Notes held under the NSS and intended to be cleared through Euroclear and Clearstream, Luxembourg, delivered to the Common Safekeeper on behalf of Euroclear and Clearstream, Luxembourg; (b) in the case of Registered Global Notes not held under the NSS and intended to be cleared through Euroclear and Clearstream, Luxembourg, deposited with the Common Depository on behalf of Euroclear and Clearstream, Luxembourg; or (c) in the case of Registered Global Notes intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, or delivered outside a Clearing System, registered as specified in the applicable Pricing Supplement.

Registered Notes may, if so specified in the applicable Pricing Supplement, initially be issued in definitive registered form (“Definitive Registered Notes”). Otherwise, Definitive Registered Notes will only be available, in the case of Registered Notes initially issued as Registered Global Notes (other than Notes in certain Specified Currencies), in certain circumstances described below. Definitive Registered Notes to be issued at the request of a beneficial owner in respect of such owner’s Notes will be issued at the expense of such owner.

Unless otherwise specified in the applicable Pricing Supplement, interests in a Registered Global Note will be exchangeable for Definitive Registered Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Note, DTC notifies IDB Invest that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the DTC Global Note, or ceases to be a “clearing agency” registered under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or is at any time no longer eligible to act as such and IDB Invest is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of any other Registered Global Note, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (iii) IDB Invest, upon the request of a holder, elects to issue Definitive Registered Notes or (iv) a Noteholder has instituted any judicial proceeding in a court to enforce its rights under the Notes and such Noteholder has been advised by counsel that in connection with such proceeding it is necessary or appropriate for such Noteholder to obtain possession of its Notes. In such circumstances, IDB Invest will cause sufficient Definitive Registered Notes to be executed and delivered as soon as practicable (and in any event within 45 days of the occurrence of such circumstances) to the Registrar for completion, authentication and delivery to the relevant Noteholder(s). A person having an interest in a Registered Global Note must provide the Registrar with a written order containing instructions and such other information as IDB Invest and the Registrar may require to complete, execute and deliver such Definitive Registered Notes.

IDB Invest understands that DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of DTC Global Notes for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in DTC Global Notes are credited and only in respect of such portion of the aggregate principal amount of the relevant DTC Global Notes as to which such participant or participants has or have given such direction. However, in the circumstances described above, IDB Invest understands that DTC will surrender the relevant DTC Global Notes for exchange for Definitive Registered Notes.

While a DTC Global Note is deposited with DTC or its custodian, Definitive Registered Notes will not be eligible for clearing or settlement through DTC or any other clearing system.

Unless otherwise specified in the applicable Pricing Supplement, further tranches of a particular series of Registered Notes generally will be fungible with prior tranches of that series immediately upon issuance and consolidated to form a single series with the outstanding securities of such series.

## **Bearer Notes**

Bearer Notes issued by IDB Invest will be issued in compliance with the TEFRA D Rules.

Under exceptional circumstances, (i) the applicable Pricing Supplement may state that Notes are issued in compliance with the TEFRA C Rules or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under TEFRA, which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

Except as provided below or specified in the applicable Pricing Supplement, Notes in bearer form comprising an issue of Notes will initially be represented by a Temporary Global Note, without Coupons, which (i) in the case of Bearer Notes in NGN form, will be delivered to the common safekeeper (the “Common Safekeeper”) for Euroclear and Clearstream, Luxembourg on or prior to the relevant Issue Date or (ii) in the case of Bearer Notes issued in CGN form, will be deposited with a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg on the relevant Issue Date. Interests in a Temporary Global Note will be exchangeable on or after the

Exchange Date (as defined below) in whole or in part for interests in a Permanent Global Note, without Coupons or, if and to the extent specified in the applicable Pricing Supplement, for definitive Bearer Notes (“Definitive Bearer Notes”). Unless otherwise agreed between IDB Invest and the relevant Dealer, Definitive Bearer Notes to be issued at the request of a holder in respect of such holder’s holding of Notes will be issued at the expense of such holder.

Each Temporary Global Note and each Permanent Global Note will contain provisions which apply to the Bearer Notes while they are in global form, some of which supplement the Terms and Conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

*Exchange.* A Temporary Global Note, unless otherwise specified in the applicable Pricing Supplement, is exchangeable in whole or in part (free of charge to the holder) for interests in a Permanent Global Note representing Bearer Notes or, if and to the extent specified in the applicable Pricing Supplement, for Definitive Bearer Notes, in each case not earlier than 40 days after the closing date of the relevant issue upon certification as to non-U.S. beneficial ownership by the relevant clearing system in the form set out in the Global Agency Agreement (or such other form as is acceptable to the Global Agent and in accordance with the rules and procedures of the relevant clearing systems).

A Permanent Global Note (other than for Notes denominated in certain Specified Currencies), unless otherwise specified in the applicable Pricing Supplement, is exchangeable in whole (free of charge to the holder) for Definitive Bearer Notes if the Permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by such holder giving notice to IDB Invest or the Global Agent. On or after any Exchange Date, the holder of a Permanent Global Note may surrender for exchange the Permanent Global Note to or to the order of the Global Agent, except that no such exchanges will be made by the Global Agent, and no Noteholder may require such an exchange, during the period of 15 days ending on the due date for any payment of principal on that Note. In exchange for the Permanent Global Note, IDB Invest will deliver, or cause the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bearer Notes (having attached to them all Coupons and Talons in respect of interest which has not already been paid on the Permanent Global Note and security-printed in accordance with any applicable legal and stock exchange requirements). On exchange in full of the Permanent Global Note, IDB Invest will, if the holder so requests, ensure that it is canceled and returned to the holder.

“*Exchange Date*”, unless otherwise specified in the applicable Pricing Supplement, means a day falling, in the case of exchange of a Permanent Global Note for Definitive Bearer Notes, not less than 40 days after the day on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Global Agent is located and, if applicable, in the cities in which the relevant clearing systems are located.

*Payments:* Prior to the Exchange Date, payments on a Temporary Global Note will be made only against certification of non-U.S. beneficial ownership by the relevant clearing system. On or after the Exchange Date, no payments will be made on the Temporary Global Note unless exchange for interests in a Permanent Global Note (or, if specified in the applicable Pricing Supplement, for Definitive Bearer Notes) is improperly withheld or refused. Payments under the Permanent Global Note in CGN form will be made to its holder against presentation for endorsement and, if no further payment is to be made, surrender of the Permanent Global Note to or to the order of the Global Agent or such other Paying Agent as shall have been provided in a notice to the Noteholders for such purpose. If the Permanent Global Note is in CGN form, a record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Note, which endorsement will be prima facie evidence that such payment has been made. If the Permanent Global Note is in NGN form, IDB Invest shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the Permanent Global Note will be reduced accordingly. Payments under the Permanent Global Note in NGN form will be made to its holder. Each payment so made will discharge IDB Invest’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

Unless otherwise specified in an applicable Pricing Supplement, further issuances of a particular series of Bearer Notes generally will not be fungible with prior tranches immediately upon issuance, but will be consolidated to form a single series with the outstanding securities of such series on and after the Exchange Date.

See also “Selling Restrictions” for TEFRA rules relating to Bearer Notes.

### **General Provisions relating to Global Bearer Notes and Registered Global Notes**

*Notices.* If and for so long as a Global Bearer Note or a Registered Global Note is deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper for Euroclear and/or Clearstream Luxembourg, unless otherwise specified in the applicable Pricing Supplement, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by it to entitled accountholders. For a Global Bearer Note or a Registered Global Note not so deposited with a depository or a common depository as described above, notice shall be mailed or published as provided for in the Conditions. Additionally, for any Notes that have been listed by IDB Invest on a stock exchange, all notices to Noteholders will be published in accordance with the rules of such stock exchange.

*Prescription.* Other than for Notes governed by the laws of the State of New York, unless otherwise specified in the applicable Pricing Supplement, claims against IDB Invest for principal and interest in respect of a Global Bearer Note or a Registered Global Note will become prescribed unless such Note is presented for payment within the number of years from the appropriate Relevant Date (as described in Condition 8) as specified in the applicable Pricing Supplement.

*Purchase and cancellation.* Cancellation of any Global Bearer Note or Registered Global Note which IDB Invest elects to be canceled following its purchase will, unless otherwise specified in the applicable Pricing Supplement, be effected by reduction in the principal amount of such Note.

*Default.* The holder of a Global Bearer Note or a Registered Global Note, unless otherwise specified in the applicable Pricing Supplement, may cause such Note or a portion of it to become due and repayable in circumstances described in Condition 9 by stating in the notice to IDB Invest the principal amount of Notes which is being declared due and repayable. Following the giving of notice of an event of default, the holder of a Global Bearer Note or a Registered Global Note which is governed by English law and executed as a deed poll may elect that such Note becomes void as to a specified portion and that the persons entitled to such portion as accountholders with a clearing system acquire direct enforcement rights against IDB Invest under further provisions of such Note.

*Redemption at the option of IDB Invest.* Unless otherwise specified in the applicable Pricing Supplement, no drawing of Notes will be required under Condition 6(e) in the event that IDB Invest exercises its call option set forth in that Condition while an issue of Notes is represented by a Global Bearer Note or a Registered Global Note in respect of less than the aggregate Principal Amount of such Notes then outstanding. In these circumstances, the relevant clearing systems will allocate the redemption of Notes as between holders on a pro rata basis (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Redemption at the option of a Noteholder.* Unless otherwise specified in the applicable Pricing Supplement, any Noteholders’ option set out in Condition 6(f) to require IDB Invest to redeem Notes may be exercised by the holder of a Global Bearer Note or a Registered Global Note giving notice to IDB Invest or the Global Agent of the principal amount of such Notes in respect of which the option is exercised and, where the Global Bearer Note is in CGN form, presenting such Note for endorsement of exercise within the time limits specified in Condition 6(f). Where the Global Bearer Note is in NGN form, IDB Invest shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the principal amount of the Notes recorded in those records will be reduced accordingly.

*NGN/NSS principal amount.* Where the Global Bearer Note is in NGN form, or the Registered Global Note is held under the NSS, IDB Invest shall procure that any exchange, payment, cancellation, exercise of any option or

any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the principal amount of the Notes represented by such Global Bearer Note or a Registered Global Note shall be adjusted accordingly.

*Partly-paid Notes.* The provisions relating to Notes issued on a partly paid basis (“Partly-paid Notes”) are not set out in this Prospectus, but will be contained in the applicable Pricing Supplement and thereby in the Global Bearer Notes or the Registered Global Notes, as the case may be. Partly-paid Notes governed by the laws of the State of New York will not be issued. While any installments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Bearer Note or a Registered Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Bearer Notes (as the case may be). If any Noteholder fails to pay any installment due on any Partly-paid Notes within the time specified, IDB Invest may forfeit such Notes and shall have no further obligation to their holder in respect of them.

**Initial Issue of Notes: Classic Global Notes, New Global Notes, New Safekeeping Structure, Common Depository, Common Safekeeper, Custodian, Fedwire® Securities Service**

If Global Bearer Notes are stated in the applicable Pricing Supplement to be issued in NGN form, or Registered Global Notes are stated in the applicable Pricing Supplement to be held under the NSS, then the Global Bearer Notes or Registered Global Notes, as the case may be, will be delivered on or prior to the original Issue Date of the Tranche to a Common Safekeeper. Depositing the Global Bearer Notes or Registered Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during which the Notes are outstanding. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Bearer Notes which are issued in CGN form, or Registered Global Notes which are not to be held under the NSS, may be delivered on or prior to the original Issue Date of the Tranche to a Common Depository.

Upon the initial deposit of a Global Bearer Note in CGN form with a Common Depository for Euroclear and Clearstream, Luxembourg, or upon registration of a Registered Note in the name of any nominee of a Common Depository for Euroclear and Clearstream, Luxembourg and subsequent delivery of the relative certificate to such Common Depository, then either Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. Conversely, if the Global Bearer Note is in NGN form, the principal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of Notes represented by the Global Bearer Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Similarly, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Upon the initial deposit of a global certificate or certificates in respect of, and registration of, Registered Global Notes in the name of a nominee of DTC and delivery of the relevant certificate to the Custodian, DTC will credit each participant with a principal amount of such Notes equal to the principal amount thereof for which it has subscribed and paid.

Fed Book-entry Notes will be issued in book-entry form and held and transferred through the Fedwire® Securities Service, the Federal Reserve’s book-entry securities transfer system.

## CLEARANCE AND SETTLEMENT

### Introduction

The Program has been designed so that Notes may be held through one or more international and domestic clearing systems, principally, the book-entry systems operated by the Federal Reserve and by DTC in the United States, and by Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, depository and custodial links have been established among these systems and others, either directly or indirectly through custodians and depositories, which enable Notes to be issued, held and transferred among the clearing systems across these links. Special procedures have been established among the Global Agent, the Fiscal Agent and these clearing systems to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes denominated in certain currencies and issued in global form (as described below) may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in other than global form may be cleared and settled in accordance with other procedures established for this purpose among the Global Agent, the Fiscal Agent and the relevant clearing systems.

The relationship between IDB Invest and the holder of a Registered Note, a Fed Book-entry Note or a Bearer Note is governed by the terms and conditions of that Note. The holder of a Registered Note, other than a Definitive Registered Note, and the holder of a Bearer Note, other than a Definitive Bearer Note which is not deposited with a clearing system, will be one or more clearing systems. The beneficial interests in Notes held by a clearing system will be in book-entry form in the relevant clearing system or a depository or nominee on its or their behalf. Each clearing system has its own separate operating procedures and arrangements with participants or accountholders which govern the relationship between them and the relevant clearing system and to which IDB Invest is not and will not be a party. IDB Invest will not impose fees payable by any holder with respect to any Notes held by one or more clearing systems; however, holders of beneficial interests in Notes may incur fees payable in respect of the maintenance and operation of the book-entry accounts in which Notes are held.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg, or any other specified clearing system as the holder of a Note represented by a Global Bearer Note or Registered Global Note must look solely to such clearing system for his share of each payment made by IDB Invest to the bearer of such Global Bearer Note or the registered holder of the Registered Global Notes, as the case may be, and in relation to all other rights arising under the Global Bearer Notes or Registered Global Notes, subject to and in accordance with the respective rules and procedures of such clearing system. Such persons shall have no claim directly against IDB Invest in respect of payments due on the Notes for so long as the Notes are represented by such Global Bearer Note or Registered Global Note and such obligations of IDB Invest will be discharged by payment to the bearer of such Global Bearer Note or the registered holder of the Registered Global Notes, as the case may be, in respect of each amount so paid.

The Federal Reserve Bank of New York is the fiscal and paying agent for U.S. dollar denominated Notes issued in the United States and held through the book-entry system operated by the Federal Reserve. Citibank, N.A., London Branch is the Global Agent for Notes issued in the United States and held through DTC, and for Notes held through Euroclear, Clearstream, Luxembourg and such other clearing systems as may be specified in the applicable Pricing Supplement.

### The Global Agent and Paying Agents

Citibank, N.A., London Branch will act as the Global Agent for Notes issued under the Program (except for U.S. dollar denominated Notes issued through the Federal Reserve Bank of New York). As necessary (and as more fully described below), Citibank, N.A., London Branch will act as Registrar, Transfer Agent, Exchange Rate Agent, Paying Agent and Calculation Agent for the Notes. From time to time in the case of floating rate or other Notes, an alternate Calculation Agent for the Notes may be specified in the applicable Pricing Supplement.

## **The Clearing Systems**

### *Federal Reserve Book-entry System*

The Federal Reserve operates the Federal Reserve's book-entry system which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. government, government-sponsored enterprises, and certain of its agencies and international organizations (including IDB Invest) in which the United States is a member. The system enables Holding Institutions to hold and transfer securities through the Federal Reserve's book-entry securities transfer system. The Federal Reserve Banks constitute a "clearing corporation" within the meaning of the New York Uniform Commercial Code.

### *DTC*

DTC is a limited-purpose trust company organized under the laws of the State of New York, and is a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

### *Euroclear*

Euroclear is incorporated in Belgium. Euroclear holds securities for participating organizations and facilitates multicurrency clearance and settlement of securities transactions between its and Clearstream, Luxembourg's accountholders through electronic book-entry changes in accounts of its accountholders.

### *Clearstream, Luxembourg*

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations and facilitates multicurrency clearance and settlement of securities transactions between its and Euroclear's accountholders through electronic book-entry changes in accounts of its accountholders.

### *Other Clearing Systems*

Any other clearing system which IDB Invest, the Global Agent, the relevant Dealer(s), or other participants in a distribution of Notes, as applicable, agree shall be available for a particular issue of Notes will be described in the applicable Pricing Supplement, together with the clearance and settlement procedures for such clearing system.

## **Clearance and Settlement Procedures — Primary Distribution**

### *Introduction*

Distribution of Notes will be through one or more of the clearing systems described above or any other clearing system specified in the applicable Pricing Supplement. Payment for Notes will be on a delivery versus payment or free delivery basis, as more fully described in the applicable Pricing Supplement.

### *Registered Notes and Fed Book-entry Notes*

IDB Invest and the relevant Dealer(s) shall agree whether global clearance and settlement procedures or specific clearance and settlement procedures should be available for any issue of Notes, as specified in the applicable Pricing Supplement. Clearance and settlement procedures may vary according to the Specified Currency of issue. The customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant issue to be accepted for clearance and settlement and the applicable clearance numbers will be specified in the applicable Pricing Supplement.

(i) Global Clearance and Settlement — Specified Currencies

Global clearance and settlement of Notes denominated in certain Specified Currencies will take place through those clearing systems specified in the applicable Pricing Supplement. The procedures expected to be followed are those which relevant clearing systems have established to clear and settle single global issues in the Specified Currency and will be set out in the applicable Pricing Supplement.

(ii) Specific Clearance and Settlement — Federal Reserve Bank of New York

The Federal Reserve Bank of New York will take delivery of and hold Fed Book-entry Notes as record owner and custodian for other Federal Reserve Banks and for Holding Institutions located in the Second Federal Reserve District. Holding Institutions located in other Federal Reserve Districts can hold Fed Book-entry Notes through their respective Federal Reserve Banks or Branches.

The aggregate holdings of Fed Book-entry Notes of each Holding Institution will be reflected in the book-entry account of such Holding Institution with its Federal Reserve Bank or Branch. The Notes may be held of record only by Holding Institutions, which are entities eligible to maintain book-entry accounts with the Federal Reserve. A Holding Institution may not be the beneficial holder of a Note. Beneficial holders will ordinarily hold the Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. Each Holding Institution, and each other intermediate holder in the chain to the ultimate beneficial holder, will have the responsibility of establishing and maintaining accounts for its customers having interests in Fed Book-entry Notes.

The Federal Reserve will be responsible only for maintaining the book-entry accounts of Holding Institutions, effecting transfers on their books and ensuring that payments from IDB Invest, through the Federal Reserve Bank of New York, are credited to appropriate Holding Institutions. With respect to Fed Book-entry Notes, the Federal Reserve will act only on the instructions of Holding Institutions for which they maintain such Fed Book-entry Notes. The Federal Reserve will not record pledges of Fed Book-entry Notes.

(iii) Specific Clearance and Settlement — DTC

Registered Notes which are to be cleared and settled through DTC will be represented by a DTC Global Note. DTC participants acting on behalf of investors holding Registered Notes through DTC will follow the delivery practices applicable to DTC's Same-Day Funds Settlement System. Registered Notes will be credited to DTC participants' securities accounts following confirmation of receipt of payment to IDB Invest on the relevant Issue Date.

(iv) Specific Clearance and Settlement — Euroclear and Clearstream, Luxembourg

Registered Notes which are to be cleared and settled through Euroclear and Clearstream, Luxembourg will be represented by one or more Registered Global Notes registered in the name of a nominee of the Euroclear and Clearstream, Luxembourg depositaries. Investors holding Registered Notes through Euroclear and Clearstream, Luxembourg will follow the settlement procedures applicable to conventional eurobonds. Registered Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts either on the Issue Date or on the settlement day following the relevant Issue Date against payment in same day funds (for value on the relevant Issue Date).

*Bearer Notes*

IDB Invest will make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems of any issue of Bearer Notes. Customary clearance and settlement procedures for each such clearing system applicable to bearer eurobonds denominated in the Specified Currency will be followed, unless otherwise specified in the applicable Pricing Supplement.

## **Clearance and Settlement Procedures — Secondary Market Transfers**

### *Transfers of Registered Notes*

Transfers of interests in a Note in global form within the various clearing systems which may be clearing and settling interests therein will be made in accordance with the usual rules and operating procedures of the relevant clearing system applicable to the Specified Currency and the nature of the transfer. Further details concerning such rules and procedures may be set forth in the applicable Pricing Supplement.

For issues that are cleared and settled through both DTC and another clearing system, because of time zone differences, in some cases the securities account of an investor in one clearing system may be credited during the settlement processing day immediately following the settlement date of the other clearing system and the cash account will be credited for value on the settlement date but may be available only as of the day immediately following such settlement date.

The laws of some states in the United States may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a DTC Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a DTC Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a definitive security in respect of such interest.

### *Transfers of Fed Book-entry Notes*

Transfers of Fed Book-entry Notes between Holding Institutions can be made through the Fedwire® Securities Service.

### *Transfers of Bearer Notes*

Transfers of interests in a Temporary Global Note or a Permanent Global Note and of Definitive Bearer Notes held by a clearing system will be made in accordance with the normal euromarket debt securities operating procedures of the relevant clearing system.

### *General*

Although DTC, Euroclear and Clearstream, Luxembourg have established procedures to facilitate transfers of beneficial interests in Notes in global form among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of IDB Invest, the Global Agent, the Registrar or any other agent will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

### *Pre-issue Trades Settlement*

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days of pricing (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the secondary market in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own advisor.

## TAX MATTERS

This section describes, and any tax matters section from time to time included in an applicable Pricing Supplement may describe, the material United States federal income tax consequences of owning the Notes and certain provisions of the IDB Invest Agreement concerning taxation of the Notes. The information set forth herein and therein is provided as of the dates of this Prospectus or such Pricing Supplement, respectively, and each of IDB Invest and any relevant Dealer disclaims any undertaking to advise you of changes which thereafter may be brought to our or their attention.

This description applies to you only if you acquire the Notes in the offering at the offering price and you hold your Notes as capital assets for tax purposes. This section addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. Prospective purchasers of the Notes should consult their own tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal or other amounts thereunder, and as to the consequences of such actions under the tax laws of those countries. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes,
- a person that purchases or sells Notes as part of a wash sale for tax purposes, or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with Notes that (a) are due to mature 30 years or less from the date on which they are issued, (b) do not reference the performance of United States equities and (c) are treated as issued in registered form for United States federal income tax purposes. For this purpose, unless otherwise stated in a Pricing Supplement, Registered Notes and Fed Book-entry Notes will be treated as issued in registered form for United States federal income tax purposes, and Bearer Notes will not be treated as issued in registered form for United States federal income tax purposes. The tax consequences of owning Notes that do not satisfy these criteria will be discussed in an applicable Pricing Supplement.

**The discussion below may not apply to a specific Note that may be issued pursuant to an applicable Pricing Supplement. In such a case, we may describe the tax consequences of owning the Note in the applicable Pricing Supplement.**

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for United States federal income tax purpose holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

This section is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, even with retroactive effect.

*Please consult your own tax advisor concerning the consequences of owning these Notes in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.*

### **Tax Status – General**

The Notes and the interest thereon generally will be subject to taxation.

The IDB Invest Agreement provides that the Notes and the interest thereon are not subject to any tax by a member of IDB Invest (i) which tax discriminates against the Notes solely because they are issued by IDB Invest, or (ii) if the sole jurisdictional basis for the tax is the place or currency in which the Notes are issued, made payable or paid, or the location of any office or place of business maintained by IDB Invest. Also, under the IDB Invest Agreement, IDB Invest is not under any obligation to withhold or pay any tax on the Notes. Accordingly, payments on the Notes will be made to the Fiscal Agent and the Global Agent without deduction in respect of any such tax.

The imposition of United States federal income tax in the manner described herein is not inconsistent with the provisions of the IDB Invest Agreement.

### **Tax Status – United States**

Interest paid by IDB Invest on Notes, including payments attributable to accrued original issue discount, constitutes income from sources outside the United States. Accordingly, interest paid by IDB Invest ordinarily would not be subject to United States Federal income tax, including withholding tax, if paid to a nonresident alien individual (or foreign partnership, estate or trust) or to a foreign corporation, whether or not such person is engaged in trade or business in the United States. However, absent any special statutory or treaty exception, such interest would be subject to United States federal income tax in the following cases: (i) such interest is (a) derived by such person in the active conduct of a banking, financing or similar business within the United States and (b) attributable to an office or other fixed place of business of such person within the United States or (ii) such person is a foreign corporation taxable as an insurance company carrying on a United States insurance business and such interest is attributable to its United States business.

### **United States Holders**

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a Note and you are, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should consult your own tax advisor concerning the consequences of owning the Notes in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.

### **Payments of Interest**

Except as described below in the case of interest on a discount Note that is not qualified stated interest, each as defined below under “— Original Issue Discount — General”, or as described in the following sentence, you will be taxed on any interest on your Note, whether payable in U.S. dollars or a foreign currency, as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes. However, the portion of the first interest payment on your Note that represents a return of pre-issuance accrued interest (if any) will not be treated as an interest payment for United States federal income tax purposes and will accordingly not be includible in income. If your Note is denominated in a foreign currency, then you will recognize United States source ordinary gain or loss in an amount equal to the difference, if any, between the U.S. dollar value

of the pre-issuance accrued interest on the date of receipt and the U.S. dollar value of such amount on the date that the Note was issued.

Interest paid by IDB Invest on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) are generally income from sources outside the United States and will generally be “passive” income for purposes of the rules regarding the foreign tax credit allowable to a United States holder.

Foreign Currency Notes - Cash Basis Taxpayers. If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes and you receive an interest payment that is denominated in, or determined by reference to, a foreign currency, you would recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

Foreign Currency Notes - Accrual Basis Taxpayers. If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, you would determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it would apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire. You may not revoke this election without the consent of the Internal Revenue Service (“IRS”).

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your Note, denominated in, or determined by reference to, a foreign currency for which you accrued an amount of income, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

## **Original Issue Discount**

General. If you own a Note, other than a short-term Note with a term of one year or less, it would be treated as a discount Note issued at an original issue discount if the amount by which the Note’s stated redemption price at maturity exceeds its issue price is more than a de minimis amount. Generally, a Note’s issue price will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A Note’s stated redemption price at maturity is the total of all payments provided by the Note that are not payments of qualified stated interest. Generally, an interest payment on a Note is qualified stated interest if it is one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Note. There are special rules for floating rate Notes that are discussed under “—Floating Rate Notes”.

In general, your Note is not a discount Note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the de minimis amount of  $\frac{1}{4}$  of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your Note would have de minimis original issue discount if the amount of the excess is less than the de minimis amount. If your Note has de minimis original issue discount, you would include the de minimis amount in income as stated principal payments are made on the Note,

unless you make the election described below under “—Election to Treat All Interest as Original Issue Discount”. You can determine the includible amount with respect to each such payment by multiplying the total amount of your Note’s de minimis original issue discount by a fraction equal to:

- the amount of the principal payment made

divided by:

- the stated principal amount of the Note.

Generally, if your discount Note matures more than one year from its date of issue, you would include original issue discount, or OID, in income before you receive cash attributable to that income. The amount of OID that you would include in income is calculated using a constant-yield method, and generally you would include increasingly greater amounts of OID in income over the life of your Note. More specifically, you can calculate the amount of OID that you would include in income by adding the daily portions of OID with respect to your discount Note for each day during the taxable year or portion of the taxable year that you hold your discount Note. You can determine the daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your discount Note and you may vary the length of each accrual period over the term of your discount Note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount Note must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

- multiplying your discount Note’s adjusted issue price at the beginning of the accrual period by your Note’s yield to maturity, and then
- subtracting from this figure the sum of the payments of qualified stated interest on your Note allocable to the accrual period.

You must determine the discount Note’s yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your discount Note’s adjusted issue price at the beginning of any accrual period by:

- adding your discount Note’s issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on your discount Note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount Note contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you would allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you would increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of your Note, other than any payment of qualified stated interest, and

- your Note's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If you purchase your Note for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your Note after the purchase date but is greater than the amount of your Note's adjusted issue price, as determined above under "— General", the excess is acquisition premium. If you do not make the election described below under "— Election to Treat All Interest as Original Issue Discount", then you would reduce the daily portions of OID by a fraction equal to:

- the excess of your adjusted basis in the Note immediately after purchase over the adjusted issue price of the Note,

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the Note after the purchase date over the Note's adjusted issue price.

Pre-Issuance Accrued Interest. An election may be made to decrease the issue price of your Note by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of your Note is attributable to pre-issuance accrued interest,
- the first stated interest payment on your Note is to be made within one year of your Note's issue date, and
- the payment would equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment would be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on your Note.

Notes Subject to Contingencies Including Optional Redemption. Your Note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you would determine the yield and maturity of your Note by assuming that the payments would be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you would include income on your Note in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable Pricing Supplement.

Notwithstanding the general rules for determining yield and maturity, if your Note is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then:

- in the case of an option or options that we may exercise, we would be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on your Note and
- in the case of an option or options that you may exercise, you would be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on your Note.

If both you and we hold options described in the preceding sentence, those rules would apply to each option in the order in which they may be exercised. You may determine the yield on your Note for the purposes of those calculations by using any date on which your Note may be redeemed or repurchased as the maturity date and the amount payable on the date that you chose in accordance with the terms of your Note as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your Note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you would redetermine the yield and maturity of your Note by treating your Note as having been retired and reissued on the date of the change in circumstances for an amount equal to your Note's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. You may elect to include in gross income all interest that accrues on your Note using the constant-yield method described above under “— General”, with the modifications described below. For purposes of this election, interest will include stated interest, OID, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium, described below under “— Notes Purchased at a Premium,” or acquisition premium.

If you make this election for your Note, then, when you apply the constant-yield method:

- the issue price of your Note would equal your cost,
- the issue date of your Note would be the date you acquired it, and
- no payments on your Note would be treated as payments of qualified stated interest.

Generally, this election will apply only to the Note for which you make it; however, if the Note has amortizable bond premium, you would be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or thereafter. Additionally, if you make this election for a market discount Note, you would be treated as having made the election discussed below under “— Market Discount” to include market discount in income currently over the life of all debt instruments having market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke any election to apply the constant-yield method to all interest on a Note or the deemed elections with respect to amortizable bond premium or market discount Notes without the consent of the IRS.

Floating Rate Notes. Your Note would be a floating rate Note if:

- your Note's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
  1. .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
  2. 15 percent of the total noncontingent principal payments; and
- your Note provides for stated interest, compounded or paid at least annually, only at:
  1. one or more qualified floating rates,
  2. a single fixed rate and one or more qualified floating rates,
  3. a single objective rate, or

4. a single fixed rate and a single objective rate that is a qualified inverse floating rate; and
- the value of any floating rate on any date during the term of your Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your Note would have a floating rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your Note is denominated; or
- the rate is equal to such a rate either:
  1. multiplied by a fixed multiple that is greater than 0.65 but not more than 1.35 or
  2. multiplied by a fixed multiple greater than 0.65 but not more than 1.35, and then increased or decreased by a fixed rate.

If your Note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate.

Your Note would not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are caps, floors or governors that are fixed throughout the term of the Note or such restrictions are not reasonably expected to significantly affect the yield on the Note.

Your Note would have a floating rate that is a single objective rate if:

- the rate is not a qualified floating rate, and
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party.

Your Note would not have a floating rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your Note's term would be either significantly less than or significantly greater than the average value of the rate during the final half of your Note's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your Note would also have a single qualified floating rate or an objective rate if interest on your Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if your floating rate Note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your Note is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your Note.

If your floating rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally would determine the interest and OID accruals on your Note by:

- determining a fixed rate substitute for each floating rate provided under your floating rate Note,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual floating rates during the applicable accrual period.

When you determine the fixed rate substitute for each floating rate provided under the floating rate Note, you generally will use the value of each floating rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your Note.

If your floating rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally would determine interest and OID accruals by using the method described in the previous paragraph. However, your floating rate Note would be treated, for purposes of the first three steps of the determination, as if your Note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your floating rate Note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

**Short-Term Notes.** In general, if you are an individual or other cash basis United States holder of a short-term Note, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, you would be required to accrue OID on short-term Notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short-term Note would be ordinary income to the extent of the accrued OID, which would be determined on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short-term Notes, you would be required to defer deductions for interest on borrowings allocable to your short-term Notes in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short-term Note, including stated interest, in your short-term Note's stated redemption price at maturity.

**Foreign Currency Discount Notes.** If your discount Note is denominated in, or determined by reference to, a foreign currency, you would determine OID for any accrual period on your discount Note in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as stated interest accrued by an accrual

basis United States holder, as described under “— United States Holders — Payments of Interest”. You may recognize ordinary income or loss when you receive an amount attributable to OID in connection with a payment of interest or the sale or retirement of your Note.

### **Market Discount**

You would be treated as if you purchased your Note, other than a short-term Note, at a market discount, and your Note would be a market discount Note if:

- you purchase your Note for less than its issue price as determined above under “Original Issue Discount — General” and
- the difference between the Note’s stated redemption price at maturity or, in the case of a discount Note, the Note’s revised issue price, and the price you paid for your Note is equal to or greater than  $\frac{1}{4}$  of 1 percent of your Note’s stated redemption price at maturity multiplied by the number of complete years to the Note’s maturity. To determine the revised issue price of your Note for these purposes, you generally add any OID that has accrued on your Note to its issue price.

If your Note’s stated redemption price at maturity or, in the case of a discount Note, its revised issue price, exceeds the price you paid for the Note by less than  $\frac{1}{4}$  of 1 percent of the Note’s stated redemption price at maturity multiplied by the number of complete years to the Note’s maturity, the excess constitutes de minimis market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount Note as ordinary income to the extent of the accrued market discount on your Note. Alternatively, you may elect to include market discount in income currently over the life of your Note. If you make this election, it would apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the IRS. If you own a market discount Note and do not make this election, you would generally be required to defer deductions for interest on borrowings allocable to your Note in an amount not exceeding the accrued market discount on your Note until the maturity or disposition of your Note.

If you own a market discount Note, the market discount would accrue on a straight-line basis unless an election is made to accrue market discount using a constant-yield method. If you make this election, it would apply only to the Note with respect to which it is made and you may not revoke it. You would, however, not include accrued market discount in income unless you elect to do so as described above.

### **Notes Purchased at a Premium**

If you purchase your Note for an amount in excess of its principal amount (or, in the case of a discount Note, in excess of the sum of all amounts payable on the Note after the acquisition date (other than payments of qualified stated interest)), you may elect to treat the excess (after excluding the portion of the purchase price attributable to pre-issuance accrued interest) as amortizable bond premium. If you make this election, you would reduce the amount required to be included in your income each accrual period with respect to interest on your Note by the amount of amortizable bond premium allocable to that accrual period, based on your Note’s yield to maturity.

If the amortizable bond premium allocable to an accrual period exceeds your interest income from your Note for such accrual period, such excess is first allowed as a deduction to the extent of interest included in your income in respect of the Note in previous accrual periods and is then carried forward to your next accrual period. If the amortizable bond premium allocable and carried forward to the accrual period in which your Note is sold, retired or otherwise disposed of exceeds your interest income for such accrual period, you would be allowed an ordinary deduction equal to such excess.

If your Note is denominated in, or determined by reference to, a foreign currency, you would compute your amortizable bond premium in units of the foreign currency and your amortizable bond premium would reduce your

interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time your amortized bond premium offsets interest income and the time of the acquisition of your Note is generally taxable as ordinary income or loss.

If you make an election to amortize bond premium, it would apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the IRS. See also “Original Issue Discount — Election to Treat All Interest as Original Issue Discount”.

### **Purchase, Sale and Retirement of the Notes**

Your tax basis in your Note will generally be the U.S. dollar cost, as defined below, of your Note, adjusted by:

- adding any OID or market discount previously included in income with respect to your Note, and then
- subtracting any payments on your Note that are not qualified stated interest payments (such as any pre-issuance accrued interest that you previously received) and any amortizable bond premium to the extent that such premium either reduced interest income on your Note or gave rise to a deduction on your Note.

If you purchase your Note with foreign currency, the U.S. dollar cost of your Note would generally be the U.S. dollar value of the purchase price on the date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your Note is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of your Note would be the U.S. dollar value of the purchase price on the settlement date of your purchase.

You will generally recognize gain or loss on the sale or retirement of your Note equal to the difference, if any, between (i) the amount you realize on the sale or retirement (other than any amounts attributable to accrued but unpaid interest, which will be treated as interest payments except to the extent that such amounts are a return of pre-issuance accrued interest) and (ii) your adjusted tax basis in your Note. If your Note is sold or retired for an amount in foreign currency, the amount you realize would be the U.S. dollar value of such amount on the date the Note is disposed of or retired, except that in the case of a Note that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, would determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your Note, except to the extent:

- described above under “— Original Issue Discount — Short-Term Notes” or “— Market Discount”, or
- attributable to changes in exchange rates as described below.

Capital gain of individual taxpayers from the sale or retirement of Notes held for more than one year may be eligible for reduced rates of taxation. The deductibility of a capital loss is subject to significant limitations.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a Note as ordinary income or loss to the extent attributable to changes in exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

## **Exchange of Amounts in Other Than U.S. Dollars**

If you receive foreign currency as interest on your Note or on the sale or retirement of your Note, your tax basis in the foreign currency would equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally would have a tax basis equal to the U.S. dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase Notes or exchange it for U.S. dollars, any gain or loss recognized generally would be ordinary income or loss.

## **Variable Redemption Notes, Partly Paid Notes and Notes Subject to Contingent Debt Rules**

The applicable Pricing Supplement will discuss the special United States federal income tax rules that apply to Notes that have a variable redemption amount, Notes that are subject to the special tax rules governing contingent payment debt instruments, and Notes that are issued on a partly paid basis.

## **Information with Respect to Foreign Financial Assets**

A United States holder that owns “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. United States holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

## **Treasury Regulations Requiring Disclosure of Reportable Transactions**

Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a “Reportable Transaction”). Under these regulations, if the Notes are denominated in a foreign currency, a United States holder that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of the Notes.

## **Backup Withholding and Information Reporting**

IDB Invest is not subject to the reporting requirements that are imposed by United States law with respect to certain payments of interest or principal on debt obligations, nor is it subject to backup withholding tax imposed, in certain circumstances, by United States law with respect to such payments. While regulations issued by the IRS confirm that the backup withholding requirements do not apply to the Fiscal Agent with respect to the Notes, the Fiscal Agent may file information returns with the IRS with respect to payments on Notes made within the United States to certain non-corporate United States persons as if such returns were required of it.

Brokers, trustees, custodians and other intermediaries within the United States are subject to the reporting and backup withholding requirements with respect to certain payments on the Notes received by them for the account of certain non-corporate United States persons, and foreign persons receiving payments on the Notes within the United States may be required by such intermediaries to establish their status in order to avoid information reporting and backup withholding of tax by such intermediaries in respect of such payments. Foreign persons receiving payments on the Notes outside the United States through foreign brokers, trustees, custodians or other intermediaries (including Euroclear and Clearstream, Luxembourg participants) generally are not required to establish their status as foreign persons in order to avoid information reporting and backup withholding of tax. If,

however, such broker, trustee, custodian or other intermediary is (i) a controlled foreign corporation for United States tax purposes, (ii) a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, or (iii) a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons (as defined in U.S. Treasury regulations) who in the aggregate hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, such foreign partnership is engaged in a United States trade or business, information reporting (but not backup withholding) may apply to such payments.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

## CURRENCY CONVERSIONS

### Payments for Notes

Investors will be required to pay for Notes in the Specified Currency. The relevant Dealer(s) may, under certain terms and conditions, arrange for the conversion of the Investor's Currency into the Specified Currency to enable investors whose financial activities are denominated principally in the Investor's Currency to pay for the Notes in the Specified Currency. Each such conversion will be made by such Dealer (in this respect acting as principal and not as an agent of IDB Invest) on such terms and subject to such conditions, limitations and charges as such Dealer may from time to time establish in accordance with its regular foreign exchange practices, and subject to any applicable laws and regulations. All costs of conversion will be borne by such investors of the Notes.

### Payments on Notes

Payments in respect of such Notes, unless otherwise specified in the applicable Pricing Supplement, will be made in the Specified Currency, Specified Principal Payment Currency or Specified Interest Payment Currency (each, the "Specified Payment Currency") as specified in the applicable Pricing Supplement. Currently, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies and vice versa. In addition, most banks in the United States do not currently offer non-U.S. dollar denominated checking or savings account facilities in the United States. Accordingly, unless otherwise specified in the applicable Pricing Supplement, payments in respect of Notes in a Specified Currency other than U.S. dollars will be made to an account outside the United States.

Noteholders holding interests in a DTC Global Note denominated in a Specified Currency other than U.S. dollars ("DTC Noteholders") will receive payments in U.S. dollars, unless they elect to receive such payments in the Specified Currency. If a DTC Noteholder shall not have made such election, payments to such DTC Noteholder will be converted to U.S. dollars by the Exchange Rate Agent. The U.S. dollar amount in respect of any payment to be paid to a DTC Noteholder who did not make a timely election to receive payment in the Specified Currency will be based on the Exchange Rate Agent's spot rate for the purchase of U.S. dollars with the aggregate amount of the Specified Currency payable to all DTC Noteholders receiving U.S. dollar payments, for settlement on the applicable Payment Date, at a time and date immediately preceding such Payment Date, unless otherwise specified in the applicable Pricing Supplement. If such spot rate is not available, the Exchange Rate Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent for such purchase. All costs of any such conversion into U.S. dollars will be borne by the relevant DTC Noteholder by deduction from such payments. If no spot rate or bid quotation is available, the Exchange Rate Agent will make payments in the Specified Currency to Noteholders who were expecting to receive U.S. dollars, provided that such payment will only be made to such a Noteholder if and when the Exchange Rate Agent has been notified of the Specified Currency account to which such payment should be made.

A DTC Noteholder may elect to receive payment of the principal and premium (if any) of, or interest with respect to, the Notes in the Specified Currency (other than U.S. dollars) by notifying DTC by the DTC Record Date (as defined in Condition 7(a)(iii)(B)) of (i) such holder's election to receive all or a portion of such payment in the Specified Currency for value the relevant due date for interest payment or final redemption, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Such election shall be made by the Noteholder holding its interest in a DTC Global Note and any such election in respect of that payment shall be irrevocable. An indirect DTC participant must notify the DTC Noteholder through which it is holding its interest in a DTC Global Note of such election and wire transfer instructions by the DTC Record Date. DTC will notify the Global Agent of such election and wire transfer instructions and of the amount of the Specified Currency, prior to 5.00 p.m. New York time on the fifth DTC Business Day following the DTC Record Date. If complete instructions are received by the DTC participant and forwarded by the DTC participant to DTC, and by DTC to the Global Agent, on or prior to such dates, the DTC Noteholder will receive payment in the Specified Currency outside of DTC. Otherwise, only U.S. dollar payments will be made by the Exchange Rate Agent. Payments in the Specified Currency (other than U.S. dollars) outside of DTC will be made by wire transfer of same day funds in accordance with the relevant wire transfer instructions for value the relevant payment date.

## PLAN OF DISTRIBUTION

### Dealers

The Program provides for the appointment of dealers in respect of any particular issue of Notes (all such dealers together, the “Dealers”). There are no sponsoring dealers with respect to the Program. Any Dealer will be able to purchase Notes on an underwritten basis, either individually or as part of a syndicate, or on an agency basis. The Dealers will consist of any one or more dealers from time to time appointed as such for a specific issue of Notes pursuant to the Standard Provisions (as defined below) or any alternate arrangements as may be agreed as between IDB Invest and any dealer.

### Standard Provisions

Notes may be sold from time to time by IDB Invest to or through any one or more Dealers and by IDB Invest itself. The arrangements under which the Notes may from time to time be agreed to be sold by IDB Invest to or through Dealers are set out in the Standard Provisions dated as of December 13, 2021 (as amended, supplemented or restated from time to time, the “Standard Provisions”). The Standard Provisions, unless waived by a particular Dealer, will be incorporated by reference into the agreement by which Dealers are subsequently appointed in respect of a particular issue of Notes. IDB Invest and any dealer may agree to alternate arrangements in lieu of the Standard Provisions.

Any agreement for the sale of Notes will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the method of distribution of the Notes, the price at which such Notes will be purchased by any Dealer and the commissions or other agreed deductibles (if any) which are payable or allowable by IDB Invest in respect of such purchase. IDB Invest and such Dealer may also enter into a separate agreement allocating expenses incident to the placement of Notes. In addition, each placement of Notes is subject to certain conditions, including the condition that there shall not have occurred any national or international calamity or development, crisis of a political or economic nature, or change in the money or capital markets in which the Notes are being offered, the effect of which on such financial markets shall be such as in the judgment of the relevant Dealer(s) or IDB Invest materially adversely affects the ability of the relevant Dealer(s) to sell or distribute the Notes, whether in the primary market or in respect of dealings in the secondary market.

### Sales Restrictions

The sale and delivery of Notes, and the distribution of offering material relating to the Notes, are subject to certain restrictions in the United States and in certain other jurisdictions as set forth below and as may be set forth in the applicable Pricing Supplement, the Standard Provisions or underwriting agreements.

(a) *General.* No action has been or will be taken by IDB Invest or by or on behalf of any Dealer in any jurisdiction to allow IDB Invest or any Dealer to make a public offering of any of the Notes, or to possess or distribute the Prospectus or any amendment or supplement thereto issued in connection with the offering of any of the Notes or any other offering material, in any such jurisdiction where there are requirements for such purpose to be complied with. Each Dealer will to the best of its knowledge comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells, or delivers Notes or has in its possession or distributes the Prospectus or any amendment or supplement thereto or any other offering material or any Pricing Supplement, in all cases at its own expense.

No Dealer is authorized to make any representation or use any information in connection with the issue, offering and sale of the Notes other than as contained in the Prospectus, the applicable Pricing Supplement or such other information relating to IDB Invest and/or the Notes which IDB Invest has authorized to be used.

(b) *United States of America.* Under the provisions of the Inter-American Investment Corporation Act (22 U.S.C. 283ii), the Notes are exempted securities within the meaning of Section 3(a)(2) of the U.S. Securities Act of 1933, as amended, and Section 3(a)(12) of the Exchange Act, as amended.

Bearer Notes issued by IDB Invest will be issued in compliance with the TEFRA D Rules unless, under exceptional circumstances, (i) the applicable Pricing Supplement states that Notes are issued in compliance with the TEFRA C Rules or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under TEFRA, which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions, except in certain transactions permitted by U.S. tax regulations. Accordingly, under U.S. federal tax laws and regulations, Bearer Notes (including Temporary Global Notes and Permanent Global Notes) with a maturity of more than one year may not be offered or sold during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) within the United States or to United States persons (each as defined below) other than to an office located outside the United States of a United States financial institution (as defined in United States Treasury Regulations Section 1.165-12(c)(1)(iv)), purchasing for its own account or for resale or for the account of certain customers, that provides a certificate stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code, and the United States Treasury Regulations thereunder, or to certain other persons described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(1)(iii)(B). Moreover, such Bearer Notes may not be delivered in connection with their sale during the restricted period within the United States. Any distributor (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4)) participating in the offering or sale of Bearer Notes with a maturity of more than one year must agree that it will not offer or sell during the restricted period any such Bearer Notes within the United States or to United States persons (other than the persons described above), it will not deliver in connection with the sale of such Bearer Notes during the restricted period any such Bearer Notes within the United States and it has in effect procedures reasonably designed to ensure that its employees and agents who are directly engaged in selling the Bearer Notes are aware of the restrictions on offers and sales described above. No Bearer Notes (other than a Temporary Global Note and certain Bearer Notes described in the following paragraph) with a maturity of more than one year may be delivered, nor may interest be paid on any such Bearer Note, until the person entitled to receive such Bearer Note or such interest furnishes a written certificate to the effect that the relevant Bearer Note (i) is owned by a person that is not a United States person, (ii) is owned by a United States person that is a foreign branch of a United States financial institution purchasing for its own account or for resale, or is owned by a United States person who acquired the Bearer Note through the foreign branch of such a financial institution and who holds the Bearer Note through such financial institution on the date of certification, provided, in either case, that such financial institution provides a certificate to IDB Invest or the distributor selling the Bearer Note to it, within a reasonable time of selling the Bearer Note, stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code and the United States Treasury Regulations thereunder, or (iii) is owned by a financial institution for purposes of resale during the restricted period. A financial institution described in clause (iii) of the preceding sentence (whether or not also described in clause (i) or (ii)) must certify that it has not acquired the Bearer Note for purposes of resale directly or indirectly to a United States person or to a person within the United States. In the case of a Note represented by a Permanent Global Note, such certification must be given in connection with notation of a beneficial owner’s interest therein.

A Bearer Note will not be subject to the certification requirements described in the preceding paragraph if the Bearer Note is sold during the restricted period and all of the following conditions are satisfied: (i) the interest and principal with respect to the Bearer Note are denominated only in the currency of a single foreign country; (ii) the interest and principal with respect to the Bearer Note are payable only within that foreign country; (iii) the Bearer Note is offered and sold in accordance with practices and documentation customary in that foreign country; (iv) the distributor of the Bearer Note agrees to use reasonable efforts to sell the Bearer Note within that foreign country; (v) the Bearer Note is not listed, or the subject of an application for listing, on an exchange located outside that foreign country; (vi) the U.S. IRS has designated the foreign country as a foreign country in which certification under Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(i) is not permissible; (vii) the issue of the Bearer Note is subject to guidelines or restrictions imposed by governmental, banking or securities authorities in that foreign country; and (viii) more than 80 percent, by value, of the Bearer Notes included in the offering of which the Bearer Note is a part are sold to non-distributors by distributors maintaining an office located in that foreign country. Bearer Notes that are convertible into U.S. dollar denominated debt obligations or which are otherwise linked by their terms to the U.S. dollar are not eligible for the certification exemption described in this paragraph. The only foreign

countries that have been designated as foreign countries in which certification under Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(i) is not permissible are Switzerland and Germany.

Each Temporary Global Note, Permanent Global Note or Bearer Note with a maturity of more than one year, and any Talons and Coupons relating to such Bearer Notes, will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

As used herein, “United States person” means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States and any estate or trust the income of which is subject to United States federal income taxation regardless of its source, and “United States” means the United States of America (including the states thereof and the District of Columbia) and its possessions. Other terms used herein have the meanings given to them by the Internal Revenue Code and the Treasury Regulations issued thereunder.

Selling restrictions applicable to the United States may be modified or supplemented by the agreement of IDB Invest and the relevant Dealer or Dealers following a change in the relevant law, regulation or directive. Any such modification or supplement will be set out in the applicable Pricing Supplement issued in respect of a particular issue of Notes to which it relates or in a supplement to the Prospectus.

(c) United Kingdom. Each Dealer will be required to represent, warrant and agree that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to IDB Invest, and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

(d) Hong Kong. Each Dealer will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the SFO and any rules made under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"); or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMPO)") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

(e) Japan. The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation of other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

(f) Singapore. Solely for the purposes of its obligations pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), IDB Invest has determined, and hereby notifies financial institutions operating in Singapore and other relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

(g) United Arab Emirates (excluding the Dubai International Financial Centre). Each Dealer will be required to represent and agree that the Notes to be issued under the Program have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

(h) Dubai International Financial Centre. Each Dealer will be required to represent and agree that it has not offered and will not offer the Notes to be issued under the Program to any person in the Dubai International Financial Centre unless such offer is: (a) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "DFSA") rulebook; and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

(i) Other Jurisdictions. For each placement of Notes in a jurisdiction other than the United Kingdom, United States of America, Hong Kong, Japan, Singapore and United Arab Emirates (including the Dubai International Financial Centre), selling restrictions applicable to the Specified Currency and the jurisdiction(s) of placement, as agreed upon by IDB Invest and the relevant Dealer(s), may be provided in the applicable Pricing Supplement. Each Dealer will severally agree that it shall offer, sell and deliver such Notes only in compliance with such selling restrictions and such other applicable laws and regulations of a given jurisdiction.

#### **Related Derivatives Transactions**

In connection with the issuance of Notes, IDB Invest may enter into negotiated currency and/or interest rate swap or other financial derivative transactions. IDB Invest’s counterparty in any such derivative transaction may be an institution that is also acting as Dealer with respect to the Notes, or an affiliate of a Dealer, who may receive amounts thereunder that comprise compensation. Payments to be made and received by IDB Invest under any such derivative transaction may be calculated on the basis of the amounts payable by IDB Invest under the Notes and the proceeds payable to IDB Invest in connection with the sale of the Notes, either before or after deduction of the commissions described in the applicable Pricing Supplement. However, IDB Invest’s rights and obligations under any such derivative transaction will be wholly independent of its rights and obligations under the Notes, and the holders of the Notes will have no interest in any such derivative transaction or any payment to which IDB Invest may be entitled thereunder.

#### **VALIDITY OF THE NOTES**

The validity of the Notes will be passed on by authorized counsel to IDB Invest, and by Sullivan & Cromwell LLP, counsel to the Dealers, which, with respect to certain matters, will rely upon counsel to IDB Invest. IDB Invest will likewise rely upon Sullivan & Cromwell LLP with respect to certain matters of New York and English law. It is expected that the validity of Notes governed by the law of any other jurisdiction will be passed on by counsel to IDB Invest and to the relevant Dealers at the time of issue.

The opinions of counsel to IDB Invest and Sullivan & Cromwell LLP will be conditioned upon, and subject to certain assumptions regarding, future action required to be taken by IDB Invest and the Fiscal Agent or the Global Agent in connection with the issuance and sale of any particular Note, the specific terms of Notes and other matters which may affect the validity of Notes but which cannot be ascertained on the date of such opinions.

## GENERAL INFORMATION

1. The issuance of the Notes by IDB Invest and the execution of all documents associated with the Program in order to obtain necessary resources to finance IDB Invest's activities have been authorized by a resolution approved by the Board of Executive Directors of IDB Invest.
2. The Notes will not be issued under an indenture, and no trustee is provided for in the Notes.
3. Each Bearer Note having a maturity of more than one year, each Coupon and each Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
4. Copies of the Pricing Supplement for Notes listed by IDB Invest on the London Stock Exchange may be obtained from the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).
5. For so long as any of the Notes remain outstanding, copies of IDB Invest Information may be obtained, and copies of the Global Agency Agreement and the Fiscal Agency Agreement will be available to holders for inspection, at the specified offices of the Global Agent and the Fiscal Agent (as applicable) during normal business hours upon reasonable request.
6. This Prospectus and some of the above documents as permitted, may be accessed via IDB Invest's website: [www.idbinvest.org](http://www.idbinvest.org). The link to IDB Invest's website is provided only for the purpose of accessing these documents. Neither IDB Invest's website nor any information included or posted therein is incorporated by reference to this Prospectus.

**FORM OF PRICING SUPPLEMENT**

**Inter-American Investment Corporation**

**Global Debt Program**

Series No: [     ]

[Title of Issue of Notes]

Issue Price: [     ] per cent.

[Application has been made [for the Notes to be admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's UK Regulated Market] / [to list the Notes on the [     ] Stock Exchange]]

[Lead Manager]  
[Dealer Name(s)]

The date of this Pricing Supplement is [     ].

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated December 13, 2021 (the “Prospectus”) (which for the avoidance of doubt does not constitute a prospectus for the purposes of Part VI of the United Kingdom (“UK”) Financial Services and Markets Act 2000 or a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”) or the Prospectus Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”). This Pricing Supplement must be read in conjunction with the Prospectus. This document is issued to give details of an issue by the Inter-American Investment Corporation (the “IDB Invest”) under its Global Debt Program and to provide information supplemental to the Prospectus. Complete information in respect of IDB Invest and this offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus.

**[[MiFID II[ and]] [UK MiFIR] product governance / [Retail investors,] [P][p]rofessional investors and ECPs target market** – See “General Information—Additional Information Regarding the Notes—Matters relating to [MiFID II[ and]] [UK MiFIR]” below.]

**Terms and Conditions**

The following items under this heading “Terms and Conditions” are the particular terms which relate to the issue the subject of this Pricing Supplement. Together with the applicable Conditions (as defined above), which are expressly incorporated hereto, these are the only terms that form part of the form of Notes for such issue.

[Include whichever of the following apply]

1. (a) Series No.: [Number]

- (b) Tranche No. [Number]  
(If fungible with an existing Series, details of that Series, including date on which the Notes become fungible):
2. Aggregate Principal Amount: [Amount]
3. Issue Price: [Price], which is [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
4. Issue Date: [Date]
5. Form of Notes: [Registered only / Book-entry only / Bearer only]  
(Condition 1(a)):
6. New Global Note: Yes/No
7. Authorized Denomination(s): [Currency and Amount(s)]  
(Condition 1(b)):
8. Specified Currency: [Currency of Denomination]  
(Condition 1(d)):
9. Specified Principal Payment Currency: [Currency]  
(Conditions 1(d) and 7(h)):
10. Specified Interest Payment Currency: [Currency]  
(Conditions 1(d) and 7(h)):
11. Maturity Date: [Date]  
(Condition 6(a); Fixed Interest Rate and Zero Coupon):
12. Redemption Month: [Month and year]  
(Condition 6(a); Floating Rate):
13. Interest Basis: [Fixed Interest Rate (Condition 5(I)) / Floating Rate (Condition 5(II)) / Zero Coupon (Condition 5(IV))]  
(Condition 5):
14. Interest Commencement Date (Condition 5(III)): [[Include if applicable:] The Notes constitute “[Traditional Zero Coupon Notes / Par Zero Coupon Notes / Deep Discount Notes]” under the Conditions.]  
[Date]
15. Fixed Interest Rate (Condition 5(I)):
- (a) Calculation Amount (if different than Principal Amount of the Note): [Amount]
- (b) Interest Rate: [ ] percent per annum
- (c) Fixed Rate Interest Payment Date(s): [Date(s)]
- [[If “adjusted”:] Each Fixed Rate Interest Payment Date is subject to adjustment in accordance with the Business Day Convention.] / [[If “unadjusted”:] Each Fixed Rate Interest Payment Date is subject to the Business Day Convention, but with no adjustment to the amount of interest otherwise calculated.]
- (d) Business Day Convention: [Modified Following Business Day Convention / Following Business Day Convention / Other (specify)]
- (e) Initial Broken Amount: [Amount per currency and denominations]

- (f) Final Broken Amount: [Amount per currency and denominations]
- (g) Fixed Rate Day Count Fraction(s): [Fraction]
16. Floating Rate (Condition 5(II)):
- (a) Calculation Amount (if different than Principal Amount of the Note): [Amount]
- (b) Business Day Convention: [FRN Convention (only if Specified Interest Period is expressed in months) / Modified Following Business Day Convention / Following Business Day Convention / Other (*specify*)]
- (c) Specified Interest Period: [Number of days, weeks or months] [Dates]
- (d) Interest Payment Date(s): [Dates]
- [[If “adjusted”:] Each Interest Payment Date is subject to adjustment in accordance with the Business Day Convention.] / [[If “unadjusted”:] Each Interest Payment Date is subject to the Business Day Convention, but with no adjustment to the amount of interest otherwise calculated.]
- (e) Interest Period Date[(s)]: [Each Interest Payment Date] [Specify]
- (f) Reference Rate(s): [Specify, indicating whether bid, offer or mean]
- (g) Primary Source for Interest Rate Quotations for Reference Rate(s): [Relevant Screen Service / Reference Banks]
- (h) Page: [Specify]
- (i) Reference Banks: [Specify]
- (j) Calculation Agent (if not the Global Agent): [Specify]
- (k) Interest Determination Date: [Specify Number of Days]
17. Basis of Calculation of Floating Rate and Interest Payment Dates and default interest where Condition 5(II)(b)(i) to (v) do not apply (Conditions 5(II)(b)):
- [Give Details]
18. Other Floating Rate Terms (Condition 5(II) and (III)):
- (a) Minimum Interest Rate: [Percent]
- (b) Maximum Interest Rate: [Percent]
- (c) Spread: [+/-[ ] percent per annum]
- (d) Spread Multiplier: [Specify]

- (e) Floating Rate Day Count Fraction(s) if not actual/360: [Specify]
- (f) Relevant Banking Center: [Specify]
19. Zero Coupon  
(Conditions 5(IV) and 6(c)):
- (a) Amortization Yield: [Yield]
- (b) Reference Price: [Price]
- (c) Basis: [Straightline / Compounded at [specify] intervals]
- (d) Fixed Rate Day Count Fraction(s) if not 30/360 basis: [Fraction]
20. Deep Discount Notes  
(Conditions 5(I), 5(II) and 6(c)):
- (a) Amortization Yield: [Yield]
- (b) Reference Price: [Price]
- (c) Basis: [Straightline / Compounded at [specify] intervals]
21. Relevant Financial Center: [Specify other financial center not referenced in Condition 5(III)]
22. Relevant Business Day: [Specify other relevant business day not referenced in Condition 5(III)]
23. Redemption Amount (if other than Principal Amount) (Condition 6(a)): [Specify amount above or below par or otherwise]
24. The Basis of Calculation of the Variable Redemption Amount (Condition 6(d)): [Give details]
25. IDB Invest's Optional Redemption (Condition 6(e)):
- (a) Notice Period: [Specify minimum number of days for notice period (minimum notice specified should not be less than 5 business days)]
- (b) Amount: [All or less than all and, if less than all, minimum amounts]
- (c) Date(s): [Date(s)]
- (d) Early Redemption Amount IDB Invest: [Price and other details]
26. Redemption at the Option of the Noteholders (Condition 6(f)):
- (a) Notice Period: [Specify maximum and minimum number of days for notice period (*minimum notice specified should not be less than 15 business days*)]
- (b) Deposit Period: [Specify maximum and minimum number of days for deposit period]
- (c) Amount: [All or less than all and, if less than all, minimum amounts]

- (d) Date(s): [Date(s)]
- (e) Early Redemption Amount Noteholder: [Price and other details]
- (f) Withdrawal of Notes: [Give details]
27. Long Maturity Note (Condition 7(f)): Yes/No
28. Unmatured Coupons Void (Condition 7(f)): Yes/No
29. Talons Condition 7(g):
- (a) Talons for Future Coupons to be Attached to Definitive Bearer Notes: Yes/No
- (b) Fixed Rate Interest Payment Date(s) or Interest Payment Date(s) on Which the Talons (if any) Mature: [Dates]
30. Prescription (not applicable if governing law is New York) (Condition 8):
- (a) Principal: [Number of years]
- (b) Interest: [Number of years]
31. Early Redemption Amount (including accrued interest, if applicable) (Condition 9): [Give details]
32. Governing Law: [New York / English / Other]
33. Redenomination Provisions/ Additional Provisions Relating to the Notes (or entire Terms and Conditions of the Notes): [Give details]

#### Other Relevant Terms

1. Listing (if yes, specify Stock Exchange): [Stock Exchange]
2. Details of Clearance System Approved by IDB Invest and the Global Agent and Clearance and Settlement Procedures: [Give details]
3. Syndicated: Yes/No
4. If Syndicated:
- (a) Liability: [Several / Joint and Several]
- (b) Lead Manager: [Name]
- (c) Stabilizing Manager: [Name]

5. Commissions and Concessions: [[ ]%, comprised of a combined management and underwriting commission of [ ]% and a selling concession of [ ]%] / [No commissions or concessions are payable in respect of the Notes. An affiliate of the Dealer has arranged a swap with IDB Invest in connection with this transaction and will receive amounts thereunder that may comprise compensation.] / [None]
6. Estimated Total Expenses: [ The [Dealer has][Dealers have] agreed to pay for all material expenses related to the issuance of the Notes[, except IDB Invest will pay for the London Stock Exchange listing fees, if applicable]. ]
7. Codes:
- (a) Common Code: [Number]
- (b) ISIN: [Number]
- (c) CUSIP: [Number]
- (d) CINS: [Number]
- (e) Other: [Number]
8. Identity of Dealer(s)/Manager(s): [Name(s)]
9. Provisions for Bearer Notes:
- (a) Exchange Date: [Date]
- (b) Permanent Global Note: Yes/No
- (c) Definitive Bearer Notes: Yes/No
10. Provisions for Registered Notes:
- (a) Individual Definitive Registered Notes Available on Issue Date: Yes/No
- (b) DTC Global Note(s): [Yes, issued in accordance with the Global Agency Agreement, dated December 13, 2021, as amended, among IDB Invest, Citibank, N.A., London Branch as Global Agent, and the other parties thereto.] / [No]
- (c) Other Registered Global Notes: [Yes, issued in accordance with the Global Agency Agreement, dated December 13, 2021, as amended, among IDB Invest, Citibank, N.A., London Branch as Global Agent, and the other parties thereto. *[If contemplated that Notes will be held under the New Safekeeping Structure (NSS), specify and refer to common safekeeper]*] / [No]

11. Intended to be held in a manner which would allow Eurosystem eligibility:

[Not Applicable] / [Yes. Note that the designation “yes” means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [or registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] / [No. While the designation is specified as “no” at the date of this Pricing Supplement, 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 [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]. Note that this does not necessarily mean that the Notes will then be recognized 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.]

12. Specified Currency Requirements:

[Give details]

13. Selling Restrictions:

[Give details]

[(a) United States:

Under the provisions of the Inter-American Investment Corporation Act (22 U.S.C. 283ii), the Notes are exempted securities within the meaning of Section 3(a)(2) of the U.S. Securities Act of 1933, as amended, and Section 3(a)(12) of the U.S. Securities Exchange Act of 1934, as amended.]

[Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain circumstances permitted by U.S. tax regulations.]

[(b) United Kingdom:

The Dealer represents and agrees that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to IDB Invest, and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the UK.]

(c) General:

No action has been or will be taken by IDB Invest that would permit a public offering of the Notes, or possession or distribution of any offering material relating to the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Dealer agrees that it will observe all applicable provisions of law in each jurisdiction in or from which it may offer or sell Notes or distribute any offering material.]

14. Other Address at which IDB Invest Information Available:

[Specify]

### General Information

[Set out any additional general information.]

### [Additional Information Regarding the Notes

[ [1.] Matters relating to [MiFID II [and]] [UK MiFIR]

IDB Invest does not fall under the scope of application of [either] [the MiFID II [or]] [the UK MiFIR] regime. Consequently, IDB Invest does not qualify as an “investment firm”, “manufacturer” or “distributor” for the purposes of [MiFID II [or]] [UK MiFIR].

**[MiFID II product governance / [Retail investors,] [P][p]rofessional investors and ECPs target market** – Solely for the purposes of [the/each] EU manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients [and retail clients], each as defined in MiFID II; **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/and] portfolio management[,/and][non-advised sales][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the EU manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the EU manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

For the purposes of this provision, the expression “EU manufacturer” means [[the/each] Dealer / *names of relevant Dealers*] and the expression “MiFID II” means Directive 2014/65/EU, as amended.]

**[UK MiFIR product governance / [Retail investors,] [P][p]rofessional investors and ECPs target market** – Solely for the purposes of [the/each] UK manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is [retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA,] eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the UK manufacturer[’s/s’] target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own

target market assessment in respect of the Notes (by either adopting or refining the UK manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable].

For the purposes of this provision, (i) the expression “UK manufacturer” means [[the/each] Dealer / *names of relevant Dealers*], (ii) the expression “COBS” means the FCA Handbook Conduct of Business Sourcebook, (iii) the expression “UK MiFIR” means Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA and (iv) the expression “UK MiFIR Product Governance Rules” means the FCA Handbook Product Intervention and Product Governance Sourcebook.]]

[ [2.] United States Federal Income Tax Matters

[\_\_\_\_.] ]

### **[Supplemental Prospectus Information**

The Prospectus is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Prospectus.

[Set out here any additional disclosure that is considered necessary for the particular issue.]]

INTER-AMERICAN INVESTMENT CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

**INTER-AMERICAN INVESTMENT CORPORATION**

1350 New York Avenue, N.W.

Washington, DC 20577

**FISCAL AGENT**

Federal Reserve Bank of New York

33 Liberty Street

New York, NY 10045

**GLOBAL AGENT, PAYING AGENT, EXCHANGE RATE AGENT, CALCULATION AGENT,  
REGISTRAR AND TRANSFER AGENT**

Citibank, N.A., London Branch

Citigroup Centre

Canada Square, Canary Wharf

London E14 5LB

**LEGAL ADVISORS TO THE DEALERS**

*As to United States law*

Sullivan & Cromwell LLP  
1700 New York Avenue, NW  
Washington, DC 20006

*As to English law*

Sullivan & Cromwell LLP  
1 New Fetter Lane  
London EC4A 1AN