

PRICING SUPPLEMENT

Inter-American Development Bank

Global Debt Program

Series No: 706

Tranche No.: 5

GBP 650,000,000 1.250 percent Notes due December 15, 2025 (the “Notes”) as from October 22, 2020 to be consolidated and form a single series with the Bank’s GBP 500,000,000 1.250 percent Notes due December 15, 2025, issued on May 14, 2019 (the “Series 706 Tranche 1 Notes”), the Bank’s GBP 100,000,000 1.250 percent Notes due December 15, 2025, issued on August 2, 2019 (the “Series 706 Tranche 2 Notes”), the Bank’s GBP 100,000,000 1.250 percent Notes due December 15, 2025, issued on November 6, 2019 (the “Series 706 Tranche 3 Notes”) and the Bank’s GBP 500,000,000 1.250 percent Notes due December 15, 2025, issued on February 24, 2020 (the “Series 706 Tranche 4 Notes”)

Issue Price: 104.997 percent plus 312 days’ accrued interest

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
Regulated Market

Deutsche Bank
BofA Securities
NatWest Markets

The date of this Pricing Supplement is October 19, 2020.

PRICING SUPPLEMENT

*Inter-American Development Bank Global Debt Program Series No: 706, Tranche No.: 5
GBP 650,000,000 1.250 percent Notes due December 15, 2025*

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 January 8, 2001 (the “Prospectus”) (which for the avoidance of doubt does not constitute a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 or a base prospectus for the purposes of Regulation (EU) 2017/1129). 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 Development Bank (the “Bank”) under its Global Debt Program and to provide information supplemental to the Prospectus. Complete information in respect of the Bank and this offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus.

MiFID II product governance / Retail investors, professional investors and ECPs target market – See “General Information—Additional Information Regarding the Notes—Matters relating to MiFID II” 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. These are the only terms which form part of the form of Notes for such issue.

1. (a) Series No.: 706
(b) Tranche No.: 5
2. Aggregate Principal Amount: GBP 650,000,000

As from the Issue Date, the Notes will be consolidated and form a single series with the Series 706 Tranche 1 Notes, the Series 706 Tranche 2 Notes, the Series 706 Tranche 3 Notes and the Series 706 Tranche 4 Notes.
3. Issue Price: GBP 689,406,729.51 which amount represents the sum of (a) 104.997 percent of the Aggregate Principal Amount plus (b) the amount of GBP 6,926,229.51 representing 312 days’ accrued interest, inclusive.
4. Issue Date: October 22, 2020
5. Form of Notes
(Condition 1(a)): Registered only, as further provided in paragraph 9(c) of “Other Relevant Terms” below.

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| 6. | Authorized Denomination(s)
(Condition 1(b)): | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof |
| 7. | Specified Currency
(Condition 1(d)): | Pound sterling (GBP) being the lawful currency of the United Kingdom of Great Britain and Northern Ireland |
| 8. | Specified Principal Payment
Currency
(Conditions 1(d) and 7(h)): | GBP |
| 9. | Specified Interest Payment Currency
(Conditions 1(d) and 7(h)): | GBP |
| 10. | Maturity Date
(Condition 6(a); Fixed Interest Rate): | December 15, 2025 |
| 11. | Interest Basis
(Condition 5): | Fixed Interest Rate (Condition 5(I)) |
| 12. | Interest Commencement Date
(Condition 5(III)): | December 15, 2019 |
| 13. | Fixed Interest Rate (Condition 5(I)): | |
| | (a) Interest Rate: | 1.250 percent per annum |
| | (b) Fixed Rate Interest Payment
Date(s): | Annually in arrear on December 15 in each year, commencing on December 15, 2020, up to and including the Maturity Date. |
| | | Each Interest Payment Date is subject to adjustment in accordance with the Following Business Day Convention with no adjustment to the amount of interest otherwise calculated. |
| | (c) Fixed Rate Day Count
Fraction(s): | Actual/Actual (ICMA) |
| 14. | Relevant Financial Center: | London and TARGET |
| 15. | Relevant Business Days: | London and TARGET |
| 16. | Issuer's Optional Redemption
(Condition 6(e)): | No |

17. Redemption at the Option of the Noteholders (Condition 6(f)): No
18. Governing Law: New York
19. Selling Restrictions:
- (a) United States: Under the provisions of Section 11(a) of the Inter-American Development Bank Act, 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.
- (b) United Kingdom: Each of the Managers represents and agrees that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.
- (c) Singapore: In the case of the Notes being offered into Singapore in a primary or subsequent distribution, and solely for the purposes of its obligations pursuant to Section 309B of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

(d) General:

No action has been or will be taken by the Issuer 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, each of the Managers 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.

20. Amendment to Condition 7(a)(i):

Condition 7(a)(i) is hereby amended by **deleting the first sentence** thereof and **replacing it** with the following: *“Payments of principal and interest in respect of Registered Notes shall be made to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the “Record Date”).”*

21. Amendment to Condition 7(h):

The following shall apply to Notes any payments in respect of which are payable in a Specified Currency other than United States Dollars:

Condition 7(h) is hereby amended by **deleting the words** “*the noon buying rate in U.S. dollars in the City of New York for cable transfers for such Specified Currency as published by the Federal Reserve Bank of New York on the second Business Day prior to such payment or, if such rate is not available on such second Business Day, on the basis of the rate most recently available prior to such second Business Day*” and **replacing them with the words** “*a U.S. dollar/Specified Currency exchange rate determined by the Calculation Agent as of the second Business Day prior to such payment, or, if the Calculation Agent 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, the Calculation Agent shall act in good faith and in a commercially reasonable manner having taken into account all available information that it shall deem relevant*”.

If applicable and so appointed, and unless otherwise defined herein, the “Calculation Agent” referred to in amended Condition 7(h) shall be the Global Agent under the Bank’s Global Debt Program – namely, Citibank, N.A., London Branch, or its duly authorized successor.

Other Relevant Terms

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| 1. | Listing: | 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 Regulated Market with effect from the Issue Date. |
| 2. | Details of Clearance System
Approved by the Bank and the
Global Agent and Clearance and
Settlement Procedures: | Euroclear Bank SA/NV and Clearstream
Banking S.A. |
| 3. | Syndicated: | Yes |
| 4. | If Syndicated: | |
| | (a) Liability: | Several and not joint |
| | (b) Managers: | Deutsche Bank AG, London Branch
Merrill Lynch International
NatWest Markets Plc |
| 5. | Commissions and Concessions: | No commissions or concessions are payable
in respect of the Notes. |
| 6. | Estimated Total Expenses: | None. The Managers have agreed to pay for
certain expenses related to the issuance of the
Notes. |
| 7. | Codes: | |
| | (a) Common Code: | 199112406 |
| | (b) ISIN: | XS1991124063 |
| 8. | Identity of Managers: | Deutsche Bank AG, London Branch
Merrill Lynch International
NatWest Markets Plc |
| 9. | Provisions for Registered Notes: | |
| | (a) Individual Definitive
Registered Notes Available
on Issue Date: | No |

(b) DTC Global Note(s):	No
(c) Other Registered Global Notes:	Yes, issued in accordance with the Global Agency Agreement, dated January 8, 2001, as amended, among the Bank, Citibank, N.A., as Global Agent, and the other parties thereto.

General Information

Additional Information Regarding the Notes

1. Matters relating to MiFID II

The Bank does not fall under the scope of application of the MiFID II regime. Consequently, the Bank does not qualify as an “investment firm”, “manufacturer” or “distributor” for the purposes of MiFID II.

MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of the manufacturers’ 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; and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ 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 manufacturers’ target market assessment) and determining appropriate distribution channels.

For the purposes of this provision, the expression MiFID II means Directive 2014/65/EU, as amended.

2. United States Federal Income Tax Matters

The following supplements the discussion under the “Tax Matters” section of the Prospectus regarding the United States federal income tax treatment of the Notes, and is subject to the limitations and exceptions set forth therein. Any tax disclosure in the Prospectus or this Pricing Supplement is of a general nature only, is not exhaustive of all possible tax considerations and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular prospective investor. Each prospective investor should consult its own tax advisor as to the particular tax consequences to it of the acquisition, ownership, and disposition of the Notes, including the effects of applicable

United States federal, state, and local tax laws and non-United States tax laws and possible changes in tax laws.

Subject to the discussion below regarding amortizable bond premium, a United States holder will generally be taxed on interest on the Notes as ordinary income at the time such holder receives the interest or when it accrues, depending on the holder's method of accounting for tax purposes. However, the portion of the first interest payment on the Notes that represents a return of the 312 days of accrued interest that a United States holder paid as part of the Issue Price of the Notes ("Pre-Issuance Accrued Interest") will not be treated as an interest payment for United States federal income tax purposes, and will accordingly only be taxable to the extent that the U.S. dollar value of the amount received in respect of such accrued interest differs from the U.S. dollar value of the amount paid by the holder in respect of such interest. Any such difference should give rise to United States source foreign currency gain or loss.

Because the purchase price of the Notes exceeds the principal amount of the Notes, a United States holder may elect to treat the excess (after excluding the portion of the purchase price attributable to Pre-Issuance Accrued Interest) as amortizable bond premium. A United States holder that makes this election would reduce the amount required to be included in such holder's income each year with respect to interest on the Notes by the amount of amortizable bond premium allocable to that year, based on the Notes' yield to maturity. Because the Notes are denominated in GBP, a United States holder would compute such holder's amortizable bond premium in units of GBP, and the United States holder's amortizable bond premium would reduce such holder's interest income in units of GBP. Gain or loss recognized that is attributable to changes in exchange rates between the time the United States holder's amortized bond premium offsets interest income and the time of the holder's acquisition of the Notes is generally taxable as ordinary income or loss. If a United States holder makes an election to amortize bond premium, the election would apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that the United States holder holds at the beginning of the first taxable year to which the election applies or that such holder thereafter acquires, and the United States holder may not revoke the election without the consent of the Internal Revenue Service.

Because the Notes are denominated in GBP, a United States holder of the Notes will generally be subject to special United States federal income tax rules governing foreign currency transactions, as described in the Prospectus in the last four paragraphs of "—Payments of Interest", in "—Purchase, Sale and Retirement of the Notes" and in "—Exchange of Amounts in Other Than U.S. Dollars" under the "United States Holders" section.

Upon a sale or retirement of the Notes, a United States holder will generally recognize gain or loss equal to the difference, if any, between (i) the U.S. dollar amount realized on the sale or retirement (other than amounts attributable to accrued but unpaid interest, which would be treated as the receipt of interest, or in the case of a disposition

prior to the first interest payment, as the receipt of Pre-Issuance Accrued Interest) and (ii) the United States holder's adjusted tax basis in the Notes. A United States holder's adjusted tax basis in the Notes generally will equal the U.S. dollar cost of the Notes to the United States holder, reduced by the U.S. dollar value of any bond premium (computed using the conversion rate that was used for the interest income which such bond premium reduced) that the United States holder previously amortized with respect to the Notes and reduced by the U.S. dollar value of any Pre-Issuance Accrued Interest (computed using the applicable conversion rate at the time such Pre-Issuance Accrued Interest was paid) that was previously received by the United States holder. Such gain or loss will be capital gain or loss except to the extent attributable to changes in exchange rates. Capital gain of individual taxpayers from the sale or retirement of the 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.

Due to a change in law since the date of the Prospectus, the second paragraph of “—Payments of Interest” under the “United States Holders” section should be updated to read as follows: “Interest paid by the Bank on the Notes constitutes income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit.”

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, because the Notes are denominated in a foreign currency, a United States holder (or a non-United States holder that holds the Notes in connection with a U.S. trade or business) 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 or under the “Tax Matters” section of the Prospectus) 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 U.S.\$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. Holders should consult with their tax advisors regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Notes.

Information with Respect to Foreign Financial Assets. Owners of “specified foreign financial assets” with an aggregate value in excess of U.S.\$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their 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. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

Medicare Tax. A United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax (the “Medicare tax”) on the lesser of (1) the United States holder’s “net investment income” (or “undistributed net investment income” in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between U.S.\$125,000 and U.S.\$250,000, depending on the individual’s circumstances). A holder’s net investment income generally includes its interest income, foreign currency gain and its capital gains from the disposition of Notes, unless such interest income or gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). United States holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the Notes.