

PARTIAL CREDIT GUARANTEE

among

INTER-AMERICAN DEVELOPMENT BANK,

as Guarantor,

THE BANK OF NEW YORK MELLON,

as Trustee

Dated as of June 16, 2022

TABLE OF CONTENTS

Article I DEFINITIONS AND INTERPRETATION.....	3
Section 1.01 Definitions.....	3
Section 1.02 Interpretation.....	9
Section 1.03 Business Day Adjustment.....	9
Section 1.04 Absence of Rights of Third Parties.....	9
Article II PARTIAL CREDIT GUARANTEE	10
Section 2.01 Establishment of Guarantee	10
Section 2.02 Conditions Precedent to Effectiveness.....	11
Section 2.03 Guarantee Payments.....	11
Section 2.04 Method of Guarantee Payments.....	12
Section 2.05 Reinstatement of Maximum Guaranteed Amount	13
Section 2.06 Continuing Obligation; Status of Guarantee	13
Section 2.07 Waiver of Defenses	13
Section 2.08 Subrogation	13
Section 2.09 Guarantor Events of Default and Guarantee Acceleration	14
Section 2.10 Termination Events	15
Section 2.11 IDB Right to Purchase	16
Article III MISCELLANEOUS	18
Section 3.01 Notices	18
Section 3.02 Governing Law; Dispute Resolution	19
Section 3.03 Language.....	20
Section 3.04 Waiver of the Guarantor Security	20
Section 3.05 Waiver of Trial by Jury.....	21
Section 3.06 Scope of Guarantor’s Immunity.....	21
Section 3.07 Amendments, Modifications, Etc.	21
Section 3.08 Entire Agreement	22
Section 3.09 Successors and Assigns.....	22
Section 3.10 Severability	22
Section 3.11 Counterparts.....	22
Section 3.12 Saving of Rights; Waivers and Remedies.....	23
Section 3.13 Not an Insurance Product.....	23
Section 3.14 Trustee.....	23
Schedule I Maximum Guaranteed Notes Amount	
Exhibit A Demand Notice	

This PARTIAL CREDIT GUARANTEE (this “**Guarantee**”), dated as of June 16, 2022, is entered into by the INTER-AMERICAN DEVELOPMENT BANK, an international organization established by the Agreement Establishing the Inter-American Development Bank

among its member countries (the “**Guarantor**”); and THE BANK OF NEW YORK MELLON, not in its individual capacity but solely as Trustee under the Indenture (as defined below).

WHEREAS

(A) The Guarantor aims to enhance financing of sovereign loans and bonds through partial credit guarantees counter-guaranteed by the borrowing sovereign;

(B) The Commonwealth of the Bahamas (the “**Commonwealth**”) has asked the Guarantor to issue this Guarantee with respect to the Notes (as defined below) to facilitate the sale of the Notes (as defined below);

(C) Pursuant to the Indenture, dated as of June 16, 2022, among, inter alia, the Commonwealth, the Guarantor and the Trustee (the “**Indenture**”), the Commonwealth will issue 135 million U.S. Dollars (U.S.\$135,000,000) in aggregate principal amount of its 3.850% Notes due 2036 (the “**Series A Notes**”) and (ii) 250 million U.S. Dollars (U.S.\$250,000,000) in aggregate principal amount of its 9.000% Notes due 2029 (the “**Series B Notes**,” and together with the Series A Notes, the “**Notes**”);

(D) To support the implementation of the program “Building a Social and Inclusive Blue Economy in The Bahamas” (the “**Program**”), the Guarantor has agreed to guarantee to the Trustee (for the benefit of the Guaranteed Holders), on the conditions set forth in this Guarantee, (i) each payment of scheduled interest and scheduled principal on the Series A Notes, up to the Maximum Guaranteed Amount (as defined below), and (ii) each payment of scheduled interest and scheduled principal on the Series B Notes, up to the Guarantee Residual (as defined below), if any;

(E) The Guarantor and the Commonwealth have entered into a Counter-Guarantee Agreement dated as of May 16, 2022 (the “**Counter-Guarantee Agreement**”), which provides for (i) the Commonwealth to reimburse the Guarantor for any amounts paid by the Guarantor under this Guarantee, and (ii) among other matters, the Program’s policy conditions;

(F) The Guarantor has entered into an Escrow Agreement, dated as of June 16, 2022, with, inter alia, the Escrow Agent (the “**Escrow Agreement**”), which provides for, among other things, the establishment of escrow arrangements relating to amounts paid by the Guarantor following the occurrence of an Early Disbursement Event (as defined below); and

(G) The Guarantor is authorized to issue partial credit enhancements, and is willing, pursuant to the terms and conditions of the Counter-Guarantee Agreement, and in consideration of the payment and reimbursement obligations of the Commonwealth contained in the Counter-Guarantee Agreement, to issue this Guarantee with respect to the Notes.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the acceptance hereof by the Trustee (acting pursuant to the authority granted in the Indenture) constitutes evidence of such agreement.

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions

Capitalized terms used but not defined in this Guarantee shall have the meanings set forth in the Indenture. The following capitalized terms used in this Guarantee shall have the following meanings:

“Applicable Law” means any statute, law, treaty, convention, regulation, ordinance, rule, judgment, order, decree, grant, franchise, concession, agreement, directive, permit, authorization, license, requirement or any form of decision of or determination by, or any interpretation or administration of any of the foregoing that has the effect of law with respect to any Person by, any Authority, whether now or hereafter in effect, including any of the foregoing relating to money laundering or terrorism.

“Approved Assignee” means The Goldman Sachs Group, Inc., any affiliate of Goldman Sachs or any trust, funding facility or vehicle or another bank, insurance company or financial institution which is regularly engaged in or established for the purpose of making, purchasing or investing in securities or other financial assets or acting as a trustee or fiduciary in relation thereto, and in each case such entity:

(a) is not a party sanctioned pursuant to a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(b) is not a firm, individual, parent company, subsidiary, or previous form of organization constituted by or with any of the same individual(s) as principal(s) declared ineligible by the Guarantor; in accordance with its sanctions procedure, or declared ineligible by another international financial institution and subject to agreements that the Guarantor may have for the mutual enforcement of sanctions, and listed in the website <https://www.iadb.org/en/transparency/sanctioned-firms-and-individuals>.

“Arbitration” has the meaning set forth in Section 3.02(b).

“Authority” means any nation or any supranational, national, regional or local government or any other political subdivision thereof, any governmental, administrative, arbitral, regulatory, fiscal, judicial or government-owned body, department, commission, authority, tribunal, agency, central bank (or any Person, whether or not government-owned and howsoever constituted or called, that exercises the functions of a central bank) or other entity of any kind exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Business Day” means any day, other than a Saturday, Sunday or other day on which banks in New York City are required or authorized by law to be closed.

“Collection Account” means the Initial Collection Account, or such other replacement Collection Account as may be notified by the Trustee to the Guarantor, *provided* that the Collection Account shall be an Eligible Account and, if any Collection Account (whether the Initial Collection

Account or a replacement Collection Account) ceases to be an Eligible Account, the Trustee shall promptly notify the Guarantor of a replacement Collection Account.

“**Commonwealth**” has the meaning set forth in the preamble.

“**Counter-Guarantee Agreement**” has the meaning set forth in the recitals.

“**Demand Notice**” means a notice in writing from the Trustee to the Guarantor (a) notifying the Guarantor of any Scheduled Payment Amount (or portion thereof) which was due and payable to the Trustee (or any paying agent acting on the Trustee’s behalf) by 10:00 a.m. (New York time) on the seventeenth (17th) Business Day prior to its originally scheduled Payment Date but remains unpaid, (b) constituting a demand by the Trustee on the Guarantor for payment pursuant to this Partial Credit Guarantee, in the form set forth in Exhibit A hereto and (c) that may be issued by the Trustee pursuant to Section 5.3 of the Indenture.

“**Early Disbursement Event**” means any of the following:

- (a) the Commonwealth does not pay (directly or indirectly) any amounts owed by the Commonwealth to the Guarantor (regardless of any reason therefor) under the Counter-Guarantee or under any other contract or agreement of the Commonwealth with the Guarantor, *provided* that any such delay has not been cured within sixty (60) days;
- (b) the Guarantor determines in its sole discretion in accordance with its sanctions procedures that any employee, agent or representative of the Commonwealth has, in connection with the implementation of the Program, engaged in fraudulent, corrupt, coercive or collusive practices, and the Commonwealth has failed to take adequate remedial measures (including providing adequate notice to the Guarantor upon learning of such fraudulent, coercive or collusive practices) within a period that the Guarantor considers reasonable;
- (d) the Guarantor determines in its sole discretion that the Commonwealth has failed to carry out and execute the Program or breached one or more obligations set forth in the Counter-Guarantee Agreement or in any contract or agreement entered into by the Commonwealth with the Guarantor, *provided*, that any such failure has not been cured within sixty (60) days;
- (e) the Guarantor determines, after review and consideration of any information, justification or clarification provided by the Commonwealth, that the Program is affected by any restriction on the legal capacity, or modification or alteration of the functions or assets of, the Commonwealth, and that such restriction, modification or alteration affects the Program materially and unfavorably or renders its execution impossible and that any of the foregoing information or additional justifications or clarifications presented by the Counter-Guarantor to the Guarantor for the Guarantor’s review and consideration are not satisfactory to the Guarantor; or
- (f) withdrawal or suspension of the Commonwealth from membership in the Guarantor, provided this circumstance continues for more than sixty (60) days.

“Effective Date” means the date on which all the conditions set forth in Section 2.02 below have been satisfied.

“Eligible Account” means a bank account held with an institution of the United States’ financial system, so long as such institution has a credit rating in its capacity as a financial institution equal to A-1 or better by Standard & Poor’s Ratings Services, Inc., P-1 or better by Moody’s Investors Service, Inc., or F-1 or better by Fitch Ratings Inc. or an equivalent rating by an equivalent rating agency in New York, New York.

“Escrow Agent” means The Bank of New York Mellon, in its capacity as escrow agent under the Escrow Agreement.

“Escrow Agreement” has the meaning set forth in the recitals.

“Event of Default” has the meaning set forth under the Indenture in respect of the Series A Notes.

“Guarantee” has the meaning set forth in the preamble.

“Guarantee Acceleration” has the meaning set forth in Section 2.09.

“Guarantee Escrow Account” means the escrow account in New York created in the name of the Escrow Agent, for the benefit of the Guaranteed Holders, pursuant to the Escrow Agreement.

“Guarantee Payment” means any payment made by the Guarantor under this Guarantee, including payments made in accordance with Section 2.03(a), Section 2.04(b) and Section 2.10(a)(ii) and (b) hereof. Any Guarantee Payment made by IDB shall be made in accordance with New York law. The Guarantee Payments will be made from a bank account of the Guarantor that is, as of the date of this Guarantee, located in New York, or in any other location as the Guarantor may subsequently determine in its sole discretion.

“Guarantee Payment Event” means the Commonwealth’s failure to pay, or cause to be paid, a Scheduled Payment Amount (or portion thereof) to the Trustee (or any paying agent acting on the Trustee’s behalf) by 10:00 a.m. (New York time) on the seventeenth (17th) Business Day prior to such Payment Date.

“Guarantee Residual” means an amount equal to (a) the Maximum Guaranteed Amount *minus* (b) the Series A Required Guarantee Amount, *provided* that (i) if such amount is initially less than U.S.\$2,000,000, the Guarantee Residual shall be deemed to be U.S.\$0 and (ii) the Guarantee Residual shall not be less than U.S.\$0.

“Guaranteed Holders” means, from time to time, Holders of Series A Notes and Series B Notes (as applicable).

“Guarantor” has the meaning set forth in the preamble.

“Guarantor Event of Default” means the occurrence of any of the following events: (i) the Guarantor fails to pay, or cause to be paid, any Guarantee Payment when due under this Guarantee pursuant to Section 2.03 and such failure is not cured within three (3) Business Days from the date such Guarantee Payment was due; (ii) the Guarantor contests the validity of the Guarantee; (iii) the Guarantor denies any of its obligations under this Guarantee (whether by a general suspension of payments or otherwise); or (iv) the Guarantor terminates (or seeks to terminate) this Guarantee other than in accordance with Section 2.10.

“Holders” has the meaning set forth in the Indenture.

“ICC” has the meaning set forth in Section 3.02(c).

“IDB Right to Purchase” has the meaning set forth in Section 2.11.

“Indebtedness” means (a) all indebtedness of or guaranteed by the Guarantor for or in connection with borrowed money, and (b) all obligations of or guaranteed by the Guarantor, evidenced by debt securities, debentures, notes or other similar instruments, *provided* that this definition shall not include obligations arising from commercial agreements not having the commercial effect of a borrowing.

“Indenture” has the meaning set forth in the recitals.

“Initial Collection Account” means the Issuer Guarantee Escrow Account (account no. 118012).

“Maturity Date” means, for the Series A Notes June 16, 2036, and for the Series B Notes June 16, 2029.

“Maximum Guaranteed Amount” means, as of any date of determination, an amount equal to the lower of (a) U.S.\$200,000,000, *minus* the aggregate of all Guarantee Payments heretofore paid as of such date of determination, and (b) the Maximum Guaranteed Notes Amount; *provided* that following the Guarantor’s exercise of the IDB Right to Purchase pursuant to (and in accordance with the terms of) Section 2.11, the Maximum Guaranteed Amount shall equal U.S.\$0.

“Maximum Guaranteed Notes Amount” means, on any given date of calculation, the amount set forth in the column titled “Maximum Guaranteed Notes Amount” in Schedule I to this Guarantee determined by reference to the period ending on (but excluding) the Payment Date occurring on or immediately preceding the date of calculation.

“Notes” has the meaning set forth in the recitals.

“Notice of Non-Payment” shall have the meaning as set forth in Section 5.3 of the Indenture.

“Offering Memorandum” means the final Offering Memorandum relating to the offering of the Notes dated as of June 9, 2022, and any additional and related materials which shall establish the specific terms and conditions of the offering of the Notes.

“Optional Redemption” shall have the meaning as set forth in paragraph 16 of the Terms.

“Optional Redemption Amount” shall have the meaning as set forth in paragraph 16 of the Terms.

“Payment Date” means each of the dates on which principal and interest, if any, on the Notes are originally scheduled to be paid, including the Maturity Date.

“Person” means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Program” has the meaning set forth in the recitals.

“Purchase Agreement” means the Purchase Agreement dated June 9, 2022 among the Commonwealth, the Guarantor, and Goldman Sachs & Co. LLC, as sole global coordinator, sole bookrunner of the Series A Notes, joint bookrunner of the Series B Notes and initial purchaser of the Notes and Oppenheimer & Co. Inc. as joint bookrunner of the Series B Notes and initial purchaser of the Series B Notes.

“Register” has the meaning set forth in the Indenture.

“Responsible Officer” means, when used with respect to the Trustee or the Guarantor, any officer thereof having direct responsibility for the administration of the Indenture or this Guarantee, and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer’s knowledge and familiarity with the particular subject.

“RTP Exercise Notice” has the meaning set forth in Section 2.11.

“RTP Period” has the meaning set forth in Section 2.11.

“RTP Settlement Date” has the meaning set forth in Section 2.11.

“RTP Subject Notes” has the meaning set forth in Section 2.11.

“RTP Subject Notes Holders” has the meaning set forth in Section 2.11.

“Rules” has the meaning set forth in Section 3.02(c).

“Scheduled Payment Amount” means, for any Payment Date in respect of the Series A Notes or the Series B Notes (as applicable), the amount of scheduled principal and/or scheduled interest on such Notes which was or is to become due and payable on such Payment Date (without regard for any acceleration of either the Series A Notes or the Series B Notes), as provided for in the Indenture.

“Series A Notes” has the meaning set forth in the recitals.

“Series A Repurchase Amount” has the meaning set forth in Section 2.11.

“Series A Required Guarantee Amount” means the outstanding principal amount due under the Series A Notes *plus* the sum of all future payments of scheduled interest due on the Series A Notes to their stated maturity (including any accrued but unpaid interest).

“Series A RTP Principal Amount” has the meaning set forth in Section 2.11.

“Series A RTP Subject Notes” has the meaning set forth in Section 2.11.

“Series A RTP Subject Notes Holders” has the meaning set forth in Section 2.11.

“Series B Notes” has the meaning set forth in the recitals.

“Series B Repurchase Amount” has the meaning set forth in Section 2.11.

“Series B RTP Principal Amount” has the meaning set forth in Section 2.11.

“Series B RTP Subject Notes” has the meaning set forth in Section 2.11.

“Series B RTP Subject Notes Holders” has the meaning set forth in Section 2.11.

“Termination Date” means the earlier of: (a) the date on which all amounts have been paid by the Commonwealth under the Notes, such that no further amounts are (or may become) payable thereunder; (b) the date on which the Maximum Guaranteed Amount equals zero; and (c) the date on which this Guarantee is terminated or cancelled pursuant to (and in accordance with the terms of) Section 2.10.

“Termination Event” has the meaning set forth in Section 2.10.

“Terms” means the terms and conditions of the Notes as set forth in Exhibit B to the Indenture.

“Transaction Documents” means the following documents or agreements:

- (a) the Indenture;
- (b) the Counter-Guarantee Agreement;
- (c) this Guarantee;
- (d) the Offering Memorandum;
- (e) the Escrow Agreement; and
- (f) any other documents so designated by the Commonwealth.

“Trustee” means The Bank of New York Mellon or any substitute Trustee appointed pursuant to Section 6.9 of the Indenture.

“U.S. Dollars” or **“U.S.\$”** means the lawful currency of the United States of America.

Section 1.02 Interpretation

In this Guarantee, unless the context otherwise requires:

- (a) headings and the table of contents herein are for convenience only and do not affect the interpretation of this Guarantee;
- (b) any terms defined herein include the plural as well as the singular;
- (c) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Guarantee as a whole and not to any particular Article, Section or other subdivision of this Guarantee;
- (d) a reference to an Article, a Section, a paragraph, a recital, the preamble, an Exhibit or a Schedule is a reference to an Article, a Section, a paragraph, a recital, the preamble, an Exhibit or a Schedule of or to this Guarantee, unless otherwise indicated;
- (e) a reference to a document includes an amendment or supplement to that document, *provided* that such amendment or supplement has not been made in breach of this Guarantee;
- (f) a reference to a party to any document includes that party’s successors and permitted assigns; and
- (g) any reference to treaties, statutes and related regulations shall include any amendments of the same and any successor treaties, statutes and regulations.

Section 1.03 Business Day Adjustment

Unless otherwise provided, where the day on or by which a payment is due to be made is not a Business Day (in the place of payment), that payment shall be made on the immediately following Business Day (in the place of payment). In such case, interest, fees and charges (if any) accrue for the period from the due date which is not a Business Day (in the place of payment) to such immediately following Business Day (in the place of payment).

Section 1.04 Absence of Rights of Third Parties

None of the terms of this Guarantee is intended to confer any rights, benefits, remedies, obligations or liabilities upon any person who is not a party to this Guarantee (including any Holder) and no such Person may enforce any of its terms. Only the Trustee, for the benefit of the Guaranteed Holders, may enforce the terms of this Guarantee. The Guarantor shall have no liability to any of the Holders or to any agent or representative thereof, except for the Trustee.

ARTICLE II PARTIAL CREDIT GUARANTEE

Section 2.01 Establishment of Guarantee

(a) Subject to the terms and conditions of this Guarantee, the Guarantor hereby establishes a partial credit guarantee, up to the Maximum Guaranteed Amount, in favor of the Trustee for the benefit of the Guaranteed Holders.

(b) From the Effective Date until the Termination Date, the Guarantor irrevocably guarantees to the Trustee for the benefit of the Guaranteed Holders the payment, up to the Maximum Guaranteed Amount and without regard to any acceleration under the Notes, of (i) each Scheduled Payment Amount due on the Series A Notes on each Payment Date and (ii) to the extent of the Guarantee Residual, if any, each Scheduled Payment Amount due on the Series B Notes, in each case in accordance with the terms of this Guarantee. For the avoidance of doubt, the Guarantor will not pay any amounts due on the Series B Notes unless the Guarantee Residual is initially equal to or greater than U.S.\$2,000,000 and either (i) in the event that the Guarantor has exercised the IDB Right to Purchase (as defined below in Section 2.11), the Guarantor has paid the Series A Repurchase Amount in full in accordance with the terms hereof, or (ii) in the event that the Guarantor has not exercised the IDB Right to Purchase, any Scheduled Payment Amounts due on the Series A Notes in respect of which the Trustee has delivered a Demand Notice have been paid or provided for in accordance with the terms hereof. For the avoidance of doubt, payments to the Guaranteed Holders of Series B Notes shall not exceed the Guarantee Residual.

(c) This Guarantee shall only cover, up to the Maximum Guaranteed Amount, Scheduled Payment Amounts due by the Commonwealth on the Series A Notes and, subject to the then available Guarantee Residual, if any, the Series B Notes, without regard to any acceleration under the Notes, and shall not cover (i) any other amounts, including any additional amounts or indemnification amounts payable on the Notes, fees, late charges or interest on overdue interest, expenses, costs or other amounts payable pursuant to any Transaction Document or (ii) any amounts payable by the Commonwealth in connection with an Optional Redemption (as described in paragraph (d) below). For the avoidance of doubt, if the Notes are accelerated, the Guarantee will continue to cover Scheduled Payment Amounts (including each amount of interest on the Notes that would have been payable by the Commonwealth on the relevant Payment Dates had the Notes not been accelerated) due on the Series A Notes and, subject to the then available Guarantee Residual, if any, the Series B Notes. This Guarantee shall not be accelerated except as provided for in Section 2.09.

(d) If there is an Optional Redemption and the Commonwealth fails to make payment of any amount due in connection with such Optional Redemption, the Guarantee shall: (i) not cover the payment of the Optional Redemption Amount payable by the Commonwealth in connection with such Optional Redemption; and (ii) continue to cover Scheduled Payment Amounts due on the Series A Notes originally payable by the Commonwealth on the Payment Dates and, subject to the then available Guarantee Residual, Scheduled Payment Amounts due on the Series B Notes originally payable by the Commonwealth on Payment Dates (regardless of whether the Holders, in accordance with the terms of the Indenture, elect to reinstate the original schedule of payments of principal and interest on the Notes following a failure by the Commonwealth to make payment

of any amount due in connection with an Optional Redemption). In no event shall any Optional Redemption reduce the Maximum Guaranteed Amount.

(e) The obligations of the Guarantor under this Guarantee constitute direct, unsecured obligations of the Guarantor that rank equally, without any preference among themselves, with all other unsecured and unsubordinated Indebtedness of the Guarantor, *provided* that such ranking is in terms of priority only and does not require that the Guarantor make ratable payments on the Notes with payments made on its other Indebtedness.

(f) This Guarantee is in favor of the Trustee (for the benefit of the Guaranteed Holders).

Section 2.02 Conditions Precedent to Effectiveness

(a) This Guarantee will become effective upon satisfaction of the following conditions:

(i) the Commonwealth shall be a member country of the Inter-American Development Bank;

(ii) the financial terms of the Notes are acceptable to the Guarantor in its sole discretion;

(iii) the conditions set forth in Section 2.02 (*Conditions Precedent to the Issuance of the Guarantee*) and Section 2.03 (*Special Conditions Precedent to Issuance of the Guarantee*) of the Counter-Guarantee Agreement shall be satisfied;

(iv) there shall have been due execution and delivery to the parties thereto of:

(a) this Guarantee;

(b) the Indenture;

(c) the Purchase Agreement;

(d) the Counter-Guarantee Agreement;

(e) the Escrow Agreement; and

(v) the Notes shall have been issued and authenticated under and in accordance with the Indenture.

(b) The Guarantor will confirm to the Trustee by email once the conditions precedent in items (i) to (iii) and (iv)(d) of paragraph (a) have been satisfied. The Trustee shall have no obligation to monitor or confirm the satisfaction of such conditions precedent to effectiveness of the Guarantee.

Section 2.03 Guarantee Payments

(a) If:

- (i) no Termination Event has occurred and is continuing; and
- (ii) a Guarantee Payment Event has occurred,

then the Trustee shall submit a Demand Notice with respect to the Series A Notes and/or the Series B Notes to the Guarantor. Any Demand Notice shall: (1) inform the Guarantor of the occurrence of the Guarantee Payment Event; (2) set forth the amount of the relevant Scheduled Payment Amount that was not paid by 10:00 a.m. (New York time) on the seventeenth (17th) Business Day prior to the relevant Payment Date; (3) set forth the amount of the Guarantee Residual (determined by the Trustee pursuant to Section 2.03(b)) and (4) set forth the amount being requested for payment under the Demand Notice (which may be equal to or lower than the relevant Scheduled Payment Amount, but shall in no case exceed the Maximum Guaranteed Amount, or with respect to the Series B Notes, the Guarantee Residual). Upon receipt of a duly completed Demand Notice by a Responsible Officer of the Guarantor, the Guarantor shall be obligated on the terms and conditions hereof and thereof to make payment of the amount requested in such Demand Notice (up to the Maximum Guaranteed Amount or, with respect to the Series B Notes, the Guarantee Residual), by depositing the applicable U.S. Dollar amount in the Collection Account not later than 10:00 a.m. New York time on the later of (x) the Business Day prior to the scheduled Payment Date set forth in such Demand Notice and (y) the eleventh (11th) Business Day following the Guarantor's receipt of such Demand Notice (with the payment by the Guarantor of any amount requested in a Demand Notice constituting a Guarantee Payment). Any amounts paid pursuant to this Guarantee shall be applied as set forth in Section 3.4(b) of the Indenture and the Terms.

(b) If a Guarantee Payment Event occurs, the Trustee shall, in connection with delivering an initial Demand Notice to the Guarantor pursuant to Section 2.03(a), calculate the Guarantee Residual as of the date of the Commonwealth's default in payment on the Series A Notes and/ or the Series B Notes in accordance with Section 5.3 of the Indenture. If the Guarantee Residual is initially an amount greater than or equal to U.S.\$2,000,000, as calculated by the Trustee, the Trustee shall deliver any such Demand Notice and set forth therein with respect to the Guarantee Residual an amount up to the Guarantee Residual to be applied to Scheduled Payment Amounts due on the Series B Notes (without regard to any acceleration of the Series B Notes unless a Guarantor Event of Default has occurred and is continuing).

(c) If the Guarantor or the Trustee, in each case in its sole discretion, determines that a change in the manner or place of payment to the Trustee of any amount due hereunder or under any Notes is necessary or desirable to carry out the purposes of this Guarantee, the Trustee may agree with the Guarantor to any such change, *provided* that no such change may result in a delay of the date upon which the Guaranteed Holders are entitled to receive their proportionate share of any such payment or reduce the amount of any such payment under this Guarantee.

Section 2.04 Method of Guarantee Payments

(a) Demand Notices shall be submitted in writing (which may be by email) and confirmed by telephone on the day of submission.

(b) The Guarantor shall make each Guarantee Payment in the amount requested by the Trustee in a Demand Notice, and any payment due from the Guarantor in accordance with Section

2.09 (up to the Maximum Guaranteed Amount, or with respect to the Series B Notes, the Guarantee Residual), by depositing the applicable amount in U.S. Dollars in immediately available funds in the Collection Account.

(c) Any amounts paid by the Guarantor in excess of the amounts required to be paid by the Guarantor pursuant to this Guarantee will be promptly returned by the Trustee to the Guarantor.

(d) The Trustee shall not set-off any amounts owed by the Commonwealth or the Guarantor under any Transaction Document against any credits the Guarantor has against the Trustee or any of its affiliates, including any amounts or funds on deposit with the Trustee or any of its affiliates.

Section 2.05 Reinstatement of Maximum Guaranteed Amount

Any amount of Guarantee Payments disbursed by the Guarantor that the Commonwealth later reimburses to the Guarantor in accordance with the Counter-Guarantee Agreement will not be available for new Guarantee Payments.

Section 2.06 Continuing Obligation; Status of Guarantee

(a) This Guarantee is a continuing obligation and shall remain in full force and effect until the occurrence of the Termination Date. Accordingly, the obligations of the Guarantor hereunder shall not be discharged except by performance (and then to the extent of such performance) or as otherwise provided in this Guarantee.

(b) This Guarantee is issued by the Guarantor and will not be the obligation of any government or nation state that is a member of the Inter-American Development Bank. No such government or nation state will be responsible for payments under this Guarantee or liable to the Trustee or to any Person in case of a Guarantor Event of Default.

Section 2.07 Waiver of Defenses

For the benefit of the Trustee, who acts for the benefit of the Guaranteed Holders, and for purposes of this Guarantee only, the Guarantor waives diligence, notice of acceptance, presentment, protest, notice of dishonor or non-payment hereunder. The Guarantor furthermore agrees that any failure by the Trustee to deliver a Demand Notice or Notice of Non-Payment within the time period specified in Section 5.3 of the Indenture shall not relieve the Guarantor of any obligation to make payment pursuant to the terms of this Partial Credit Guarantee. Nothing in this Section 2.07 requires the Guarantor to perform under this Guarantee if a Termination Event has occurred.

Section 2.08 Subrogation

(a) The Guarantor shall be subrogated to the rights of the Guaranteed Holders to the extent of any Guarantee Payments made by the Guarantor hereunder arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise *provided* that the Guarantor shall not exercise any such rights in connection with any amount or payment (i) in

respect of which it has been reimbursed by the Commonwealth under the Counter-Guarantee Agreement or (ii) which, following an Early Disbursement Event in respect of which the Guarantor has deposited the Maximum Guaranteed Amount into the Guarantee Escrow Account, has not been made by the Escrow Agent to the Trustee under the Escrow Agreement. In furtherance thereof, the Trustee shall from time to time take such actions as set forth in Section 4.12 of the Indenture to establish and facilitate the enforcement of the Guarantor's rights pursuant to this Section 2.08. For the avoidance of doubt, any rights that the Guarantor has to receive payments from the Commonwealth under the Notes (only by virtue of it being subrogated to the rights of Guaranteed Holders following Guarantee Payments under the Guarantee) shall be *pari passu* with any rights of the Holders to receive payments from the Commonwealth under the Notes.

(b) If the Guarantor exercises its subrogation rights pursuant to Section 2.08 of this Guarantee and Section 4.12 of the Indenture, the Guarantor shall notify the Trustee of the amounts of any reimbursements it receives from the Commonwealth under the Counter-Guarantee Agreement.

(c) To the extent the Guarantor is subrogated in the rights of the Guaranteed Holders pursuant to Section 2.08(a), the Trustee shall forthwith assign or transfer to the Guarantor, without representation, warranty or recourse, all of such Guaranteed Holders' claims, interests, rights and security which it then has against the Commonwealth under the Notes in respect of any amounts received by the Trustee on behalf of the Guaranteed Holders from the Guarantor.

(d) For the avoidance of doubt, if the Guarantor exercises the IDB Right to Purchase, the above subrogation rights shall not apply with respect to the RTP Subject Notes (as defined in Section 2.11), delivered to the Guarantor, in respect of which the Guarantor will have the same direct recovery rights against the Commonwealth as other Holders in respect of such RTP Subject Notes. The Guarantor's exercise of the IDB Right to Purchase shall not affect any previously obtained subrogation rights, subject to there being no double counting.

Section 2.09 Guarantor Events of Default and Guarantee Acceleration

(a) The Guarantor will give the Trustee notice by email transmission or other written communication satisfactory to the Trustee of (i) the occurrence of any Guarantor Event of Default or of any condition or event which, with the giving of notice or the lapse of time or both, would constitute a Guarantor Event of Default, and (ii) the measures it is taking to remedy such Guarantor Event of Default or such other event or condition (if any). In no event shall the Trustee be charged with knowledge of any Guarantor Event of Default unless a Responsible Officer of the Trustee shall have received written notice thereof from the Guarantor, the Commonwealth or a Holder and such notice references the Guarantee, the Indenture and the Notes and the relevant Guarantor Event of Default or, with regard to a payment default, a Responsible Officer of any of the Trustee shall have actual knowledge thereof.

(b) If (i) a Guarantor Event of Default occurs and is continuing and (ii) the Holders of either Series have elected to accelerate the Notes of such Series pursuant to paragraph 8 of the Terms, then the Holders representing at least twenty-five percent (25%) of the outstanding Notes of such Series may direct the Trustee to declare that all amounts payable under this Guarantee (up to the Maximum Guaranteed Amount on the relevant date) are immediately due and payable by

the Guarantor in which case the Trustee shall notify the Commonwealth and the Guarantor in writing (a “**Guarantee Acceleration**”), *provided* that any Guarantee Acceleration may be annulled or rescinded, and any Guarantor Event of Default may be waived, by Holders of not less than 75% of the principal amount of the then-outstanding Notes of each series as provided in the Indenture. On the date on which the Trustee gives notice of a Guarantee Acceleration to the Guarantor, an amount equal to the lesser of (i) the Maximum Guaranteed Amount and (ii) the sum of the aggregate principal amount outstanding of the Notes plus the total amount of interest accrued in respect thereof shall become immediately due and payable by the Guarantor to the Trustee (on behalf of the Guaranteed Holders) under this Guarantee, payable in accordance with Section 2.04.

Section 2.10 Termination Events

(a) This Guarantee shall terminate, and any written Demand Notice from the Trustee pursuant to this Guarantee shall be void, if any of the following events (each, a “**Termination Event**”) occurs, and the Guarantor sends a notice to the Trustee and the Commonwealth confirming that it is terminating this Guarantee due to the occurrence of such event:

(i) the Holders or the Trustee (at the direction of the Holders under the Indenture) make any amendment, modification or waiver of the Guarantee, the provisions of the Notes and/or the Indenture which adversely affects the rights and the obligations of the Guarantor, or give any written waiver or consent with respect thereto, without the Guarantor’s prior written consent (with such written consent not to be unreasonably withheld and to be deemed given by the Guarantor after ten (10) Business Days of such written consent being sought);

(ii) an Early Disbursement Event occurs and the Guarantor has deposited the Maximum Guaranteed Amount into the Guarantee Escrow Account pursuant to the terms thereof, as described in Section 2.10(b) below;

(iii) any assignment by the Trustee of any of its rights and obligations under the Indenture or the Guarantee, which affect the rights and obligations of the Guarantor under the Guarantee or the provisions of the Notes, without the prior written consent of the Guarantor (with such written consent not to be unreasonably withheld and to be deemed given by the Guarantor after ten (10) Business Days of such written consent being sought), *provided* that no consent of the Guarantor shall be required (and no Termination Event shall occur) in connection with any assignment to an Approved Assignee or any assignment in accordance with Section 3.09(b) or in connection with the appointment of any successor Trustee under the Indenture.

(b) If, in the determination of the Guarantor, an Early Disbursement Event occurs, the Guarantor shall notify the Trustee and the Commonwealth and shall then be entitled to deposit an amount equal to the Maximum Guaranteed Amount into the Guarantee Escrow Account, for payment to the Guaranteed Holders in the same amounts and subject to the same terms and conditions as under this Guarantee. Upon deposit by the Guarantor of such funds in the Guarantee Escrow Account, this Guarantee shall terminate.

(c) In accordance with clause 3(b) of the Escrow Agreement, after the date on which all amounts have been paid by the Commonwealth under the Notes, such that no further amounts are (or may become) payable thereunder, the Escrow Agent shall return any amounts in deposit in the Guarantee Escrow Account to the Guarantor within three (3) Business Days (as defined in the Escrow Agreement) of the Escrow Agent verifying the payment instructions of the Guarantor (as provided in clause 3(b) of the Escrow Agreement).

(d) The termination of this Guarantee pursuant to this Section 2.10 shall be effective as of the date set forth in an officer's certificate delivered by the Guarantor to the Trustee notifying it that a Termination Event has occurred and that this Guarantee and the Guarantor's obligations hereunder are terminated (which date shall not precede the occurrence of such Termination Event); from and after such date, all obligations of the Guarantor hereunder shall terminate and be of no further force or effect.

(e) Notwithstanding the foregoing, this Guarantee and all obligations of the Guarantor hereunder shall automatically terminate, without delivery of any notice or performance of any act by any party, upon the earlier to occur of any of the events set forth in section (a) and (b) of the definition of Termination Date.

(f) Termination of this Guarantee shall not in any respect whatsoever affect any of the rights of the Guarantor, the Commonwealth or any other party under the Counter-Guarantee Agreement, which shall remain in full force and effect.

Section 2.11 IDB Right to Purchase

(a) If an Event of Default occurs and is continuing under the Series A Notes, at any time between the date on which such Event of Default occurs and the date that is six (6) months therefrom (the "**RTP Period**"), the Guarantor shall have the right (the "**IDB Right to Purchase**") to call for purchase and purchase (and Holders of the Series A RTP Subject Notes (as defined below) (the "**Series A RTP Subject Notes Holders**") shall have the obligation to sell) the **Series A RTP Subject Notes** (as defined below) for a price equal to par plus any interest accrued on such Series A RTP Subject Notes, in an amount not to exceed the Maximum Guaranteed Amount (the "**Series A Repurchase Amount**").

(b) In the event the Guarantor elects to exercise the IDB Right to Purchase, it shall provide the Trustee with (i) an irrevocable written notice of exercise no later than the last Business Day of the RTP Period (an "**RTP Exercise Notice**") and (ii) an officer's certificate from a Responsible Officer of the Guarantor certifying that the Guarantor is entitled to exercise the IDB Right to Purchase and that the conditions precedent to the IDB Right to Purchase have been satisfied. The RTP Exercise Notice shall include the following information:

- (i) the Event of Default pursuant to which the Guarantor is exercising the IDB Right to Purchase;
- (ii) the date of occurrence of such Event of Default;
- (iii) the Maximum Guaranteed Amount as of the date of the RTP Exercise Notice;

(iv) a calculation setting forth the total principal amount of the Notes to be purchased at par (the “**Series A RTP Subject Notes**”), and the total amount of interest accrued in respect of such Series A RTP Subject Notes, the sum of which shall not exceed the Maximum Guaranteed Amount; and

(v) the date on which, pursuant to the IDB Right to Purchase, the Series A RTP Subject Notes Holders shall deliver their Series A RTP Subject Notes (the “**RTP Settlement Date**”), *provided* that the RTP Settlement Date (i) shall be no earlier than ten (10) Business Days and no later than thirty (30) days from the date of delivery of the RTP Exercise Notice and (ii) may be later than the last day of the RTP Period.

(c) Upon receipt of an RTP Exercise Notice, the Trustee shall calculate the Guarantee Residual as of the RTP Settlement Date in accordance with paragraph 14(c) of the Terms, provided that the Trustee in making such calculation, shall give effect to the Guarantor’s purchase of the total principal amount outstanding of the Series A Notes plus the total amount of interest accrued in respect thereof, treating such Series A Notes as no longer outstanding for purposes of such calculation. If the Guarantee Residual is initially greater than or equal to U.S.\$2,000,000, the Guarantor will be obligated to purchase, and the Holders of the Series B Notes (the “**Series B RTP Subject Notes Holders**,” and with the Series A RTP Subject Notes Holders, the “**RTP Subject Notes Holders**”) will be obligated to sell, on a pro rata basis, the Series B Notes to be purchased (the “**Series B RTP Subject Notes**,” and together with the Series A RTP Subject Notes, the “**RTP Subject Notes**”) for a price equal to par plus any interest accrued on such Series B RTP Subject Notes, in an amount equal to the Guarantee Residual (the “**Series B Repurchase Amount**”).

(d) Upon receipt of an RTP Exercise Notice and the calculation of the Series B Repurchase Amount, the Trustee shall promptly give the Holders written notice thereof, including the principal amount of the Series A RTP Subject Notes (the “**Series A RTP Principal Amount**”), as set out in the RTP Exercise Notice, and the principal amount of the Series B RTP Subject Notes (the “**Series B RTP Principal Amount**”) to be transferred to the Guarantor. For purposes of the Trustee’s determination of which Notes shall comprise the RTP Subject Notes,

(i) If the outstanding principal amount of Series A Notes is equal to the Series A RTP Principal Amount, then all of the Series A Notes shall comprise the Series A RTP Subject Notes;

(ii) If the outstanding principal amount of the Series A Notes is greater than the Series A RTP Principal Amount, then no Series B Notes shall be purchased, the Series A RTP Subject Notes shall be selected in accordance with DTC’s, or the applicable depository’s procedures and if the Series A RTP Subject Notes are all held in definitive form, the Trustee shall select on a pro rata basis, by lot or by other method as acceptable to the Commonwealth in compliance with the requirements of the principal national securities exchange, if any, on which the Series A Notes are listed, such Series A Notes to comprise the Series A RTP Subject Notes so that the principal amount of such selected Series A RTP Subject Notes is equal to the Series A RTP Principal Amount; and

(iii) If the outstanding principal amount of the Series B Notes is greater than the Series B RTP Principal Amount, then the Series B RTP Subject Notes shall be selected in

accordance with DTC's or the applicable depository's procedures and if the Series B RTP Subject Notes are all held in definitive form, the Trustee shall select, on a pro rata basis, by lot or by other method as acceptable to the Commonwealth in compliance with the requirements of the principal national securities exchange, if any, on which the Series B Notes are listed, such Series B Notes to comprise the Series B RTP Subject Notes so that the principal amount of such selected Series B RTP Subject Notes is equal to the Series B RTP Principal Amount.

(e) No later than 2:00 p.m., New York time on the RTP Settlement Date, (i) the RTP Subject Notes Holders (or, in the case of any RTP Subject Notes which are Definitive Notes, the Trustee as custodian of such RTP Subject Notes on behalf of, and at the request of, the relevant RTP Subject Notes Holders) shall transfer to the Guarantor the RTP Subject Notes determined in accordance with paragraphs (b), (c) and (d) above; and (ii) the Guarantor shall transfer to the Collection Account, for the benefit of the RTP Subject Notes Holders holding RTP Subject Notes, an amount equal to the Maximum Guaranteed Amount. To the extent required, any holder of RTP Subject Notes shall deliver the proportion of their Notes that are RTP Subject Notes to the Trustee not later than 2:00 p.m., New York time on the Business Day prior to the RTP Settlement Date. Following the deposit of an amount equal to the Maximum Guaranteed Amount in the Collection Account, the Trustee (or any paying agent acting on the Trustee's behalf) will promptly pay such amount to the RTP Subject Notes Holders relative to the proportion of their RTP Subject Notes (in accordance with any direction from the IDB).

(f) Upon transfer of the Maximum Guaranteed Amount to the Collection Account on the RTP Settlement Date, the Maximum Guaranteed Amount will be automatically reduced to U.S.\$0.

(g) For the avoidance of doubt, the Counter-Guarantee Agreement shall not cover any payments made by the Guarantor in connection with the exercise of the IDB Right to Purchase.

(h) The Trustee shall be entitled to conclusively rely upon the information and calculations set forth in the RTP Exercise Notice and shall not be required to verify or re-calculate any of the above information.

ARTICLE III MISCELLANEOUS

Section 3.01 Notices. Except as provided in Section 2.04(a), any notice, demand, request, consent or other communication to be given or made under this Guarantee to the Guarantor or the Trustee shall be in writing. Such notice, demand, request, consent or other communication shall be delivered by hand, courier or email (*provided* that email delivery shall be effective only upon receipt of an acknowledgment from the intended recipient such as by the "return receipt request" function as available, reply email or other written acknowledgment) to the party's address

specified below or at such other address as that party notifies to the other party hereto from time to time, and will be effective upon receipt.

For the Trustee:

The Bank of New York Mellon
Attention: Corporate Trust – Global Americas
240 Greenwich Street – 7E
New York, NY 10286
Email: Joanne.Adamis@bnymellon.com

For the Guarantor:

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
Fax No.: (202) 312-4135
Email: FIN-FIN@IADB.ORG (addressed to IDB’S CFO & Finance Manager)
FIN-TCS@iadb.org (addressed to IDB’s Treasury Client Solutions Group)
cof-cbh@iadb.org (addressed to Country Representative – IDB’s Country Office
Bahamas)

Section 3.02 Governing Law; Dispute Resolution

(a) This Guarantee shall be governed by and construed in accordance with the laws of the State of New York of the United States of America, without regard to the conflict of law rules thereof (other than Section 5-1401 of the New York General Obligations Law and successor provisions thereto).

(b) Any party to this Guarantee may submit to arbitration any dispute, claim or controversy, whether past, present or future, whether sounding in contract, tort or otherwise, and whether arising at law or in equity, arising out of, or related to, this Guarantee, including any question as to the existence, negotiation, construction, interpretation, validity, arbitrability, enforceability, or the alleged or threatened breach of the rights and obligations created herein, as provided by this Section 3.02 (each, an “**Arbitration**”).

(c) The Arbitration shall be administered by the International Chamber of Commerce (the “**ICC**”) in accordance with the ICC Rules of Arbitration in effect on the date hereof (the “**Rules**”), except as such Rules may be changed by this provision. The seat of arbitration shall be the City of New York, New York, United States of America, with hearings held in such location, or in such other place as the parties hereto agree in writing, before three independent arbitrators selected in accordance with the Rules. All filings and submissions shall be made, and proceedings conducted, in the English language. All costs and expenses, including legal fees and witness fees, fees of the arbitrators, and all such costs incurred by the prevailing party, shall be borne by the losing party.

(d) For purposes of this Section 3.02, the parties hereto stipulate that this arbitration provision constitutes an agreement in writing to arbitrate an international dispute and satisfies the

requirements for an agreement in writing pursuant to Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

(e) Each party hereto may make the appropriate application in any court having jurisdiction, and any appellate court from any thereof, for the purpose of seeking an order compelling arbitration to take place in the place and manner specified herein or to provide emergency relief pending arbitration or to enforce an arbitration award.

(f) Each party hereto waives any right to challenge any arbitral award issued in an Arbitration commenced hereunder except on the grounds expressly provided in Article V of the New York Convention.

(g) The Trustee and the Guarantor each irrevocably waives, to the fullest extent permitted by Applicable Law, (i) any objection which it may now or hereafter have to the laying of venue of any action, suit or proceeding brought in any court referred to in this Section 3.02(g), and (ii) any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(h) The Trustee and the Guarantor each agrees that service of process, summons, notice, or other document by registered or certified mail (or any substantially similar form of mail) to its address set forth in Section 3.01 shall be effective service of process for any suit, action, or other proceeding brought in accordance with this Section 3.02.

(i) Service of process in the manner provided in this Section 3.02 in any such action, suit or proceeding shall be deemed personal service and accepted by the Trustee and Guarantor (as applicable) as such and shall be valid and binding upon the Trustee and the Guarantor (as applicable) for all the purposes of any such action, suit or proceeding.

Section 3.03 Language

This Guarantee is signed in the English language, which shall be binding upon the parties hereto, and the parties hereby agree that only a duly executed English version of this Guarantee is a valid version of this Guarantee.

Section 3.04 Waiver of the Guarantor Security

To the extent that the Holders or the Trustee may, in any suit, legal action or proceeding brought in any court in the Commonwealth of the Bahamas, the United States, the State of New York or any other jurisdiction arising out of or in connection with this Guarantee or any other Transaction Document, be entitled to the benefit of any provision of any Applicable Law requiring the Guarantor, in such suit, legal action or proceeding, to post security for the costs of the Holders or the Trustee or to post a bond or to take similar action, the Trustee hereby irrevocably waives such benefit to the fullest extent now or hereafter permitted under the laws of the Commonwealth of the Bahamas, the United States, the State of New York and, as the case may be, such other relevant jurisdictions.

Section 3.05 Waiver of Trial by Jury

The Trustee hereby acknowledges that the Guarantor shall, under Applicable Law, including without limitation the provisions of the International Organizations Immunities Act of 1945 (22 U.S.C. 288) and the regulations issued thereunder, be entitled to immunity from a trial by jury in any action, suit or proceeding arising out of or relating to this Guarantee, or any other Transaction Document or the transactions contemplated hereby or thereby, that may be brought against the Guarantor in any court of the United States. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE TRUSTEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTEE OR ANY OTHER TRANSACTION DOCUMENT AND FOR ANY COUNTERCLAIM WITH RESPECT THERETO. The Trustee agrees that the waiver set forth above shall have the fullest extent permitted under the International Organizations Immunities Act of 1945 (22 U.S.C. §§ 288 – 288I) and/or the Foreign Sovereign Immunities Act of 1976 of the United States (28 U.S.C. §§ 1602-1611) and are intended to be irrevocable and not subject to withdrawal for purposes of such acts.

Section 3.06 Scope of Guarantor's Immunity

(a) In accordance with the Agreement Establishing The Inter-American Development Bank, actions may be brought against the Guarantor only in a court of competent jurisdiction in the territories of a member country of the Guarantor in which the Guarantor has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities.

(b) In addition:

(i) no actions shall be brought against the Guarantor by member countries of the Guarantor or persons acting for or deriving claims from such member countries;

(ii) the property and assets of the Guarantor, wherever located and by whomsoever held, shall be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Guarantor; and

(iii) the archives of the Guarantor shall be inviolable.

Section 3.07 Amendments, Modifications, Etc.

(a) No amendment, modification or waiver of any provision of this Guarantee shall be effective unless such amendment, modification or waiver shall be in writing and signed by each of the parties hereto and the same shall be effective only for the period and on the conditions and for the specific instances specified therein.

(b) No amendment, modification or waiver of any provision of the Indenture or the Notes that adversely affects the obligations of the Guarantor thereunder may be made without the prior written consent of the Guarantor. Such consent shall not be unreasonably withheld by the Guarantor and shall be subject to deemed consent after ten (10) Business Days of such written consent being sought. In connection with any amendment, modification or waiver of any provision

of the Indenture or the Notes, the Commonwealth will seek the relevant consent of the Guarantor under and in accordance with the terms of this Guarantee.

Section 3.08 Entire Agreement

The obligations of the Guarantor hereunder are governed by this Guarantee only and, in the event of any conflict between this Guarantee on the one hand, and any other Transaction Document on the other hand, the terms of this Guarantee shall govern. This Guarantee represents the final and complete agreement of the parties hereto with respect to the subject matter hereof, and all prior negotiations, representations, understandings, writings and statements of any nature with respect thereto are hereby superseded in their entirety by the terms of this Guarantee.

Section 3.09 Successors and Assigns

(a) This Guarantee shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto. Subject to paragraph (b) below, neither the Trustee nor the Guarantor may transfer or assign this Guarantee, or its rights or obligations under this Guarantee, except that the Trustee may transfer and assign this Guarantee, or its rights or obligations under this Guarantee, to an Approved Assignee or a successor Trustee appointed pursuant to the terms of the Indenture in which event the Guarantor shall execute any instrument required to be delivered by the Guarantor in order for such Approved Assignee or successor Trustee appointed pursuant to the terms of the Indenture to replace the Trustee hereunder and thereunder. In the case of an appointment under the Indenture of a successor Trustee with respect to the Notes, each successor Trustee, its predecessor Trustee, any paying agent acting on such Trustee's behalf and the Guarantor shall execute any required instrument with respect to the Guarantee to replace such predecessor Trustee with such successor Trustee thereunder.

(b) The Guarantor acknowledges that the Trustee or any Holder may charge, assign or otherwise create a security interest in or over any of its rights and obligations under this Guarantee to The Bank of New York Mellon (acting in the capacity of a collateral agent in connection with any transaction which references this Guarantee), *provided that* the relevant party will provide notice to the Guarantor promptly after any such charge, assignment or security interest has been created.

Section 3.10 Severability

Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 3.11 Counterparts

This Guarantee may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Section 3.12 Saving of Rights; Waivers and Remedies

(a) No course of dealing or waiver by the Guarantor in connection with any condition of a Guarantee Payment under this Guarantee shall impair any right, power or remedy of the Guarantor with respect to any other condition of such Guarantee Payment, or be construed to be a waiver thereof, nor shall the action of the Guarantor with respect to any Guarantee Payment affect or impair any right, power or remedy of the Guarantor with respect to any other Guarantee Payment.

(b) Without prejudice to the generality of Section 3.12(a), the right of the Guarantor to require compliance with any condition under this Guarantee that may be waived by the Guarantor with respect to any Guarantee Payment is expressly preserved for the purposes of any subsequent Guarantee Payment.

(c) No course of dealing, and no failure or delay by the Guarantor in exercising, in whole or in part, any power, remedy, discretion, authority or other right under this Guarantee or any other agreement shall waive or impair, or be construed to be a waiver of or an acquiescence in, such or any other power, remedy, discretion, authority or right under this Guarantee, or in any manner preclude its additional or future exercise.

Section 3.13 Not an Insurance Product

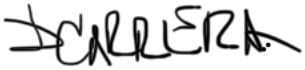
This Guarantee is not, is not intended to be, and shall not be construed as, financial guaranty insurance, but as a credit guarantee product.

Section 3.14 Trustee

In executing this Guarantee and acting hereunder, the Trustee is acting in such capacity under the Indenture and not in its individual capacity and as such, shall be entitled to the rights, benefits, protections, indemnities and immunities afforded to it under the Indenture.

[SIGNATURE PAGES FOLLOW]

INTER-AMERICAN DEVELOPMENT BANK

By: 
Name: _____
Title: Daniela Carrera Marquis
Representative of the Bank in The Bahamas

ACCEPTED AND AGREED:

THE BANK OF NEW YORK MELLON, as Trustee

By: _____

Name: _____

Title: _____



FRANCINE KINCAID
VICE PRESIDENT

SCHEDULE I
MAXIMUM GUARANTEED NOTES AMOUNT

Period start date (from and including)	Period end date (to but excluding) ("Payment Date")	Maximum Guaranteed Notes Amount (U.S.\$)
16-Jun-22	16-Dec-22	200,000,000.00
16-Dec-22	16-Jun-23	200,000,000.00
16-Jun-23	16-Dec-23	200,000,000.00
16-Dec-23	16-Jun-24	200,000,000.00
16-Jun-24	16-Dec-24	200,000,000.00
16-Dec-24	16-Jun-25	200,000,000.00
16-Jun-25	16-Dec-25	200,000,000.00
16-Dec-25	16-Jun-26	200,000,000.00
16-Jun-26	16-Dec-26	200,000,000.00
16-Dec-26	16-Jun-27	200,000,000.00
16-Jun-27	16-Dec-27	200,000,000.00
16-Dec-27	16-Jun-28	200,000,000.00
16-Jun-28	16-Dec-28	200,000,000.00
16-Dec-28	16-Jun-29	200,000,000.00
16-Jun-29	16-Dec-29	200,000,000.00
16-Dec-29	16-Jun-30	200,000,000.00
16-Jun-30	16-Dec-30	200,000,000.00
16-Dec-30	16-Jun-31	200,000,000.00
16-Jun-31	16-Dec-31	200,000,000.00
16-Dec-31	16-Jun-32	200,000,000.00
16-Jun-32	16-Dec-32	200,000,000.00
16-Dec-32	16-Jun-33	200,000,000.00
16-Jun-33	16-Dec-33	150,000,000.00
16-Dec-33	16-Jun-34	150,000,000.00
16-Jun-34	16-Dec-34	100,000,000.00
16-Dec-34	16-Jun-35	100,000,000.00
16-Jun-35	16-Dec-35	50,000,000.00
16-Dec-35	16-Jun-36	50,000,000.00

Form of Demand Notice

[Date]

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
Fax No.: (202) 312-4135
Attn: IDB's CFO & Finance Manager
IDB's Treasury Client Solutions Group
Country Representative – IDB's Country Office Bahamas

Re: Demand Notice – Partial Credit Guarantee to the Commonwealth of the Bahamas's [3.850% Notes due 2036 ("**Series A Notes**") [9.000% Notes due 2029 ("**Series B Notes**")][*Trustee to specify the series with respect to which demand is made*]

1. Reference is made to the Partial Credit Guarantee, dated as of June 16, 2022 (the "**Guarantee**"), between Inter-American Development Bank ("**Guarantor**") and The Bank of New York Mellon (the "**Trustee**").

2. Capitalized terms used but not defined herein have the meanings assigned to them in the Guarantee.

3. In accordance with the Guarantee, we submit to you this Demand Notice and we hereby certify to you that the Commonwealth has failed to pay the following Scheduled Payment Amount to the Trustee (or any paying agent acting on the Trustee's behalf) by 10:00 a.m. (New York time) on the seventeenth (17th) Business Day prior to the following Payment Date (the "**Non-Payment Date**"):

[Series A Notes]

Payment Date: _____

Scheduled Payment Amount(s): U.S.\$ _____

Amount of [Guarantee Residual or Available Residual Guarantee]¹ (if applicable)
as of the Payment Date: U.S.\$ _____

[Series B Notes]

Applicable Series of Notes: [Series A Notes][Series B Notes]

Payment Date: _____

Scheduled Payment Amount(s): U.S.\$ _____

¹ Note: If the Trustee has previously delivered a Demand Notice with respect to the Guarantee Residual for an amount less than the initial Guarantee Residual, calculate the amount of any amounts remaining by subtracting from the initial Guarantee Residual the amounts subject to such previous Demand Notice (the "**Available Residual Guarantee**").

Amount of [Guarantee Residual or Available Residual Guarantee] (if applicable)
as of the Payment Date: U.S.\$ 2

4. The Guarantor is hereby requested and instructed to make a payment of U.S.\$ __, which shall constitute a Guarantee Payment under the Guarantee, and which relates to U.S.\$ __ of the interest component of the Scheduled Payment Amount described above and U.S.\$ __ of the principal component of the Scheduled Payment Amount described above. This Guarantee Payment shall be made to the Collection Account not later than 10:00 a.m. New York time on the later of (x) the Business Day prior to the scheduled Payment Date set forth in this Demand Notice and (y) the eleventh (11th) Business Day following the Guarantor's receipt of this Demand Notice.

To induce you to make such payment and as contemplated by the Guarantee, we further certify that (a) the amount of the Guarantee Payment specified under this Demand Notice does not exceed the Maximum Guaranteed Amount calculated as of today or, in the case of the Series B Notes, the Guarantee Residual, if applicable and that upon making said payment, you will not exceed your liability under the Maximum Guaranteed Amount or, in the case of the Series B Notes, the Guarantee Residual, if applicable; (b) we have complied with all terms and conditions of the Guarantee; (c) upon your payment, you shall automatically have full rights pursuant to Section 2.08 of the Guarantee; (d) no Termination Event has occurred; and (e) the making and submission of this Demand Notice has been duly authorized by the Trustee through all appropriate action and the undersigned is a Responsible Officer of the Trustee.

[Signature page follows]

Sincerely,

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Name:

Title:

² Note: If the Guarantee Residual is initially less than U.S.\$2,000,000, the Guarantee Residual will be deemed to be U.S.\$0.