

Series No.: AUD 026-00-1

Tranche No.: 1



ASIAN DEVELOPMENT BANK
Australian Dollar
Medium Term Note Programme

Issue of

A\$1,000,000,000 2.45% Notes due 17 January 2024
(“Notes”)

This Pricing Supplement (as referred to in the Information Memorandum dated 21 December 2016 (“**Information Memorandum**”) and the Deed Poll dated 21 December 2016 in relation to the above Programme) relates to the Tranche of Notes referred to above. The particulars to be specified in relation to such Tranche are as follows.

The Issuer is not a bank which is authorised under the Banking Act 1959 of Australia. The Notes are not the obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia.

1	Description of Notes:	Notes
2	Issuer:	Asian Development Bank
3	Lead Managers and Dealers:	Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162) Nomura International plc The Toronto-Dominion Bank
4	(i) Registrar:	Reserve Bank of Australia
	(ii) Issuing and Paying Agent:	Reserve Bank of Australia
	(iii) Calculation Agent:	Not applicable
5	Type of Issue:	Syndicated Issue

6	Currency:	
	- of Denomination:	A\$
	- of Payment:	A\$
7	Aggregate principal amount of Tranche:	A\$1,000,000,000
8	If interchangeable with existing Series:	Not applicable
9	Issue Date:	17 January 2019
10	(i) Issue Price:	99.918% of the aggregate principal amount of the Tranche.
	(ii) Net Proceeds:	A\$997,780,000
11	Denomination(s):	A\$5,000, subject to the requirement that the amount payable by each person who subscribes for Notes when issued in Australia must be at least A\$500,000. See Condition 4.3 as set out in the Information Memorandum for details of the restrictions on transfer of the Notes.
12	Definition of Business Day:	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Sydney.
13	Interest:	
	(a) If Interest bearing:	
	(i) Interest Rate:	2.45% per annum paid semi-annually in arrear.
	(ii) Interest Amount:	A\$61.25 per Note of A\$5,000 denomination, payable on a semi-annual basis.
	(iii) Interest Payment Dates:	17 January and 17 July of each year, commencing on 17 July 2019 up to and including the Maturity Date.
	(iv) Interest Period End Dates:	17 January and 17 July of each year, commencing on 17 July 2019 up to and including the Maturity Date, subject to no adjustment.
	(v) Applicable Business Day Convention:	Following

-	for Interest Payment Dates:	As above
-	for Maturity Date:	As above
-	for Interest Period End Dates:	Not applicable
-	any other dates:	As above
(vi)	Day Count Fraction:	RBA Bond Basis
(vii)	Interest Commencement Date (if different from the Issue Date):	Not applicable
(viii)	Minimum Interest Rate:	Not applicable
(ix)	Maximum Interest Rate:	Not applicable
(x)	Issue Yield:	2.4675% (semi-annual compounding)
(b)	If non-interest bearing:	
(i)	Amortisation Yield:	Not applicable
(ii)	Amortisation Yield compounding method for calculation of Amortised Face Amount:	Not applicable
14	Maturity Date:	17 January 2024
15	Maturity Redemption Amount:	Outstanding Principal Amount
16	Early Termination Amount:	Outstanding Principal Amount
17	Listing:	Not applicable
18	Clearing System:	Austraclear System.
		Interests in the Notes may also be traded through Euroclear and Clearstream, Luxembourg as set out on page 11 of the Information Memorandum.
19	Other Conditions:	Not applicable
20	Additional Selling Restrictions:	The Selling Restrictions for the United States and Singapore as set out in the Information Memorandum are amended and the Selling Restriction for Malaysia shall be deemed to be included in the section entitled "Selling Restrictions" in the Information Memorandum, in each case, as set out in Schedule 1 to this Pricing Supplement.

21	Foreign Securities Number (ISIN/Common Code):	ISIN: AU3CB0259919 Common Code: 193468802
22	Calculation Agent:	Not applicable
23	Recent Developments:	<p>On 5 May 2018, ADB's Board of Governors approved the following with respect to its 2017 reported net income of U.S.\$753.3 million, after the allocation of income from the transfer of Asian Development Fund loans and certain other assets to the ordinary reserve and appropriation of guarantee fees to the special reserve:</p> <ul style="list-style-type: none"> (a) U.S.\$49.0 million, representing the ASC 815/825 adjustments and the unrealized portion of net income from equity investments accounted for under the equity method, for the year ended 31 December 2017, be added from the net income to the cumulative revaluation adjustments account; (b) U.S.\$14.2 million, representing the adjustment to the loan loss reserve as of 31 December 2017, be added from net income to the loan loss reserve; (c) U.S.\$350.7 million be allocated to the ordinary reserve; (d) U.S.\$259.4 million be allocated to the Asian Development Fund; and (e) U.S.\$80.0 million be allocated to the Technical Assistance Special Fund. <p>On 12 December 2018, Shixin Chen succeeded Wencai Zhang as Vice-President for Operations 1.</p>
24	Use of Proceeds:	<p>The net proceeds of the issue of the Notes will be included in the ordinary capital resources of ADB which will then be allocated to a special sub-portfolio therein and tracked against the disbursements to Eligible Projects (as defined below). As long as the Notes are outstanding, the balance of the sub-portfolio will be reduced, at the end of each quarter, by amounts matching the disbursements made during the quarter with respect to the Eligible Projects. Pending such disbursement, the sub-portfolio will be invested in accordance with ADB's liquidity policy.</p>

Eligible projects under ADB's Green Bond framework ("**Eligible Projects**") include projects funded by ADB, in whole or in part, that (i) target a reduction of greenhouse gas emissions into the atmosphere or removal of greenhouse gas emissions from the atmosphere ("**Climate Change Mitigation Projects**") and/or (ii) target the reduction of the vulnerability of human or natural systems to the consequences of climate change and enhance resilience and adaptive capacity ("**Climate Change Adaptation Projects**").

Examples of Climate Change Mitigation Projects would typically include, without limitation, those that fall under the following sectors:

- Renewable energy – projects that use energy resources that can be naturally replenished (solar, wind, geothermal, and small hydro energy generation);
- Energy efficiency – projects that deliver more energy services with the same energy input (excluding fossil fuel projects); and
- Sustainable transport – projects that provide accessible, safe, environmentally friendly, and affordable transportation.

Examples of Climate Change Adaptation Projects would typically include, without limitation, those that fall under the following sectors:

- Energy – projects that help improve energy security (excluding fossil fuel projects);
- Water and other urban infrastructure and services – projects that improve water security and livelihoods of vulnerable urban populations, such as, providing urban flood protection; and
- Transport - projects that reduce the vulnerability of transport infrastructure.

The above examples of Eligible Projects are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by

ADB during the term of the Notes.

25 U.S. Taxation:

U.S. taxation disclosure is set out in Schedule 2 to this Pricing Supplement.

SCHEDULE 1

SELLING RESTRICTIONS

The United States selling restriction set out in paragraph 2 of the section entitled “Selling Restrictions” in the Information Memorandum is deleted and replaced with the following:

“2 The United States of America

Under the provisions of Section 11(a) of the Asian 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.”

The Singapore selling restriction set out in paragraph 6 of the section entitled “Selling Restrictions” in the Information Memorandum is deleted and replaced with the following:

“6 Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”) under the Securities and Futures Act, Chapter 289 of Singapore, as amended (“SFA”). As the Issuer is an international financial institution in which Singapore holds membership, pursuant to Section 279 of the SFA, Subdivisions (2) and (3) of Division 1 of Part XIII of the SFA shall not apply to an offer of the Notes to persons in Singapore and, accordingly, no prospectus is required to be registered with the MAS in relation to any such offer of the Notes.

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell the Notes, whether directly or indirectly, to any person in Singapore other than to (a) an accredited investor, (b) an expert investor, (c) an institutional investor, or (d) any other person that is not an individual (as such terms are defined in the SFA).”

The Malaysian selling restriction set out below shall be deemed to be included as paragraph 8 of the section entitled “Selling Restrictions” in the Information Memorandum:

“8 Malaysia

This Information Memorandum may not be distributed or made available in Malaysia. The Notes are not being offered or made available for purchase in Malaysia. Any offer of Notes may not be accepted by any investor in Malaysia.”

SCHEDULE 2

U.S. TAXATION

The following is a summary of certain United States federal income tax considerations that may be relevant to a holder of a Note that is a citizen or resident of the United States or a domestic corporation or that otherwise is subject to United States federal income taxation on a net income basis in respect of the Note (a “**United States holder**”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). Unless otherwise stated, this summary deals only with United States holders who acquire the Notes as part of the initial offering of the Notes at their issue price and who will hold Notes as capital assets. This summary does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction, or persons that have a “functional currency” other than the U.S. dollar.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that acquires or holds the Notes should consult its own tax advisers.

United States holders that use an accrual method of accounting for tax purposes (“**accrual method holders**”) generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the “**book/tax conformity rule**”). The application of the book/tax conformity rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although it is not entirely clear to what types of income the book/tax conformity rule applies. Accrual method holders should consult with their tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes, including the application to their particular situation of the United States federal income tax considerations discussed below, as well as the application of U.S. federal alternative minimum, estate and gift tax laws, U.S. state, local, foreign or other tax laws.

Payments of Interest

Payments of interest on a Note will be taxable to a United States holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States holder’s method of tax accounting). The amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the Australian dollar payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Note in Australian dollars and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States holder’s taxable year), or, at the accrual basis United States holder’s election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the

accrual period. A United States holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the “IRS”). A United States holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Note.

Purchase, Sale and Retirement of Notes

A United States holder’s tax basis in a Note generally will equal the cost of such Note to such holder. The cost of such Note to a United States holder will generally be the U.S. dollar value of the Australian dollar purchase price on the date of purchase. The conversion of U.S. dollars to Australian dollars and the immediate use of the Australian dollars to purchase a Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any amounts attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and the United States holder’s tax basis in such Note. The amount realized will generally be the U.S. dollar value of the Australian dollars received calculated at the exchange rate in effect on the date the Note is disposed of or retired.

Subject to the foreign currency rules discussed below, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a reduced rate. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

Reportable Transactions

A United States holder that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. holder may be required to treat a foreign currency exchange loss relating to a Note as a reportable transaction if the loss exceeds US\$50,000 in a single taxable year if the United States holder is an individual or trust, or higher amounts for other United States holders. In the event the acquisition, ownership or disposition of a Note constitutes participation in a “reportable transaction” for purposes of these rules, a United States holder will be required to disclose its investment to the IRS, currently on Form 8886. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Notes.

Specified Foreign Financial Assets

Individual United States holders that own “specified foreign financial assets” with an aggregate value in excess of US\$50,000 are generally required to file an information statement along with

their tax returns, currently on Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. United States holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Non-United States Holders

The IRS has ruled to the effect that interest paid to a non-resident alien individual or to a foreign corporation on securities issued by ADB is not subject to United States federal income tax, including withholding tax, except that, absent any special statutory or treaty exemption, (i) such interest, when derived by such non-resident alien individual or foreign corporation in the active conduct of a banking, financing or similar business within the United States or when received by a corporation the principal business of which is trading in stock or securities for its own account, is subject to United States federal income tax if such interest is attributable to an office or fixed place of business of such person within the United States and certain other conditions exist, and (ii) a foreign corporation which is an insurance company carrying on a United States insurance business is subject to United States federal income tax on interest on securities of ADB if such interest is attributable to its United States business.

The IRS also has ruled to the effect that (i) interest paid by ADB on its obligations constitutes income from sources without the United States and (ii) unless a death tax convention provides otherwise, debt obligations of ADB for purposes of the United States federal estate tax are deemed to be situated outside the United States and are not includible in the gross estate of a non-resident of the United States who was not a citizen of the United States. The Tax Reform Act of 1986 and subsequent legislation amended the Internal Revenue Code of 1954, under which the previous rulings were issued. ADB has been advised by its United States tax counsel that these amendments will not affect the IRS rulings described above.

The gain realized on any sale or exchange of the Notes by a holder that is not a United States holder will not be subject to United States federal income tax, including withholding tax, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Information Reporting and Backup Withholding

The United States imposes reporting requirements, and in limited circumstances, backup withholding requirements, with respect to certain payments of principal and interest on debt obligations. Regulations issued by the IRS confirm that such reporting requirements do not apply to payments on the Notes made by ADB. Brokers, trustees, custodians and certain other middlemen will be subject to the reporting and backup withholding requirements with respect to payments received by them on, or proceeds realized on the disposition of, Notes held by certain United States holders. Foreign persons receiving payments on the Notes or disposing of Notes may be required to establish their status as such in order to avoid the filing of information returns

by such middlemen, or the backup withholding of tax by such middlemen, in respect of such payments.