



January 14, 2010

Inter-American Development Bank

Daiwa Securities Group Inc.

IDB Issues Poverty Reduction Bonds

Supporting better living conditions for new generations in Latin America and the Caribbean

The Inter-American Development Bank (IDB) (rated Moody's: Aaa / S&P: AAA) and Daiwa Securities Group announce an issuance of the Poverty Reduction Bonds (the "Bonds") to support poverty alleviation and improve living conditions of new generations in Latin America and the Caribbean. These Bonds are IDB's first impact investment bonds of 2011 and they will be offered in Japan.

The IDB's Poverty Reduction Bonds provide an opportunity to Japanese retail investors to contribute to poverty reduction in Latin America and the Caribbean.

The IDB is supporting programs to reduce poverty in Latin America and the Caribbean. The Bank's programs seek to stop intergenerational poverty by providing economic incentives to lower income families and improving their children's nutritional and health standards as well as education attainment among other things. About 40 percent of the total lending of the IDB goes to poverty alleviation programs.

In July 2010, the IDB issued its first Poverty Reduction Bonds, raising 279 million reais. Like the first transaction, Daiwa Securities Capital Markets Co. Ltd., the wholesale securities firm under the Daiwa Securities Group, is managing the current sale and Daiwa Securities Co. Ltd., the Group's retail securities firm, will distribute the bonds to Japanese retail investors.

To pursue its commitment to social responsibility, Daiwa Securities Group has been actively involved in the Impact Investment initiative, seeking out investments that achieve social impact while attaining appropriate financial return.

Summary Terms of the Poverty Reduction Bonds (TBC)

Issuer	The Inter-American Development Bank (IDB)
Currency	Brazilian Real (Payable in US Dollar)
Issue Amount	BRL 399 million (USD 237.4 million)
Tenor	Circa 3 years
Indicative Coupon	7.05% per annum
Denomination	BRL 10,000
Offering Period	January 20, 2011 ~ January 28, 2011
Delivery of the Notes in Japan	February 2, 2011
Maturity Date	January 23, 2014

■ About the Inter-American Development Bank

The IDB is the main source of multilateral financing and development expertise for Latin America and the Caribbean. The IDB's main goals are to reduce poverty and inequality and promote sustainable economic development in the region.

The IDB Group is made up of the Inter-American Development Bank, the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF). The IIC focuses on supporting small and medium-sized businesses, while the MIF promotes private sector growth through grants and investments, with an emphasis on microenterprise.

Attention

This cover letter is an unofficial translation. The official document is in Japanese.

Inspected

Notification Items Regarding Advertising etc.

(Notification items pursuant to Article 37 of the Financial Instruments and Exchange Law)

If you decide to enter into a business arrangement with our company based on the information described in materials presented along with this cover letter, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, our company will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction. In some cases, our company also may charge a maximum of ¥ 2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.
- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name: Daiwa Securities Capital Markets Co. Ltd.
Financial instruments firm: chief of Kanto Local
Finance Bureau (Kin-sho) No.109
Memberships: Japan Securities Dealers Association
Financial Futures Association of Japan
Japan Securities Investment Advisers Association