



July 13, 2010

African Development Bank

Daiwa Securities Group Inc.

## **INAUGURAL ISSUANCE OF EDUCATION BONDS**

- Quality education for all children in African countries-

The African Development Bank (AfDB) (rated Moody's: Aaa / S&P: AAA) and Daiwa Securities Group hereby announce an issuance of Education Bonds (the "Bonds") to provide opportunities for quality education to children in African countries.

The Bonds will be issued by AfDB, arranged by Daiwa Securities Capital Markets Co. Ltd., the wholesale securities firm under the Daiwa Securities Group, and distributed by Daiwa Securities Co. Ltd., the Group's retail securities firm to Japanese retail investors.

The net proceeds of the issue will, on a best efforts basis, be utilized to finance projects in the field of education and hence foster economic and social growth in the region.

The Bonds are scheduled to be denominated in South African Rand and offered in August 2010.

Today's increasingly technological world and labor market require technical know-how. Consequently, science and technology are fundamental subjects and disciplines in every child's education. The foundations of the skills and knowledge required to address today's challenges, for example, to adapt agriculture to climate change, to prevent epidemiological disasters or use the Internet productively, are laid early on in the educational process.

The African Development Bank's interventions in the continent contribute to poverty reduction by focusing on activities that bring about strong and equitable economic growth. In the education sector, this means focusing on (i) higher education, science, and technology (HEST), with the aim of producing the human capital (scientists, engineers, researchers, doctors etc.), who will serve in the countries' centers of excellence and (ii) Technical and Vocational Education and Training (TVET) to address the skilled labor requirements of the productive sectors. Investment in the social sector (education, health, etc.) can in this way contribute to human development and poverty reduction.



This orientation of the Bank interventions is geared toward helping Africa countries attain their respective millennium development goals (MDG) targets and achieve sustainable levels of economic advancement. Specifically, Bank Group support to the HEST and TVET programs aim to: (i) improve national and regional centers of excellence in science and technology; (ii) build and rehabilitate existing science and technology infrastructure, including tertiary education, and link programs to productive sectors in irrelevant countries; and (iii) assist the continent to address critical shortages of trained health professionals and technicians, which is hampering the attainment of the health MDGs

Through its intervention, the Bank contributes to international efforts to provide a quality education to all children by supporting its regional member countries in building schools, training teachers and providing learning materials and equipment.

Since 2008, the Bank also houses the Association for the Development of Education in Africa (ADEA), which promotes African education research and evidence-based policy advocacy. ADEA produces a bi-monthly Bulletin with information on its activities and programs, including those conducted by its nine working groups.

Daiwa Securities Group has continuously arranged and distributed “social bonds” which bridge Japanese investors and developing countries. Through the investments in these bonds investors can pursue both financial return and social return. The inaugural Education Bonds give Japanese retail investors the opportunity to support projects related to education by investing in these bonds with a very high creditworthiness.

## ■ About the African Development Bank

The African Development Bank is the keystone of the African Development Bank Group, and is a multilateral development institution whose shareholders comprise all the 53 countries of Africa and 24 countries in North America, Europe the Middle East and Asia including Japan. The Bank was established in 1964 and officially began its operations in 1967.



## Daiwa Securities Group

The Bank's primary objective is to contribute to the sustainable economic development and social progress of its African members, individually and jointly. This objective is met by financing a broad range of development projects and programs through: (i) public sector loans (including policy-based loans), private sector loans, and equity investments; (ii) providing technical assistance for institutional support projects and programs; (iii) public and private capital investment; (iv) assistance in coordinating regional member countries development policies and plans; and (v) emergency assistance grant. The Bank priorities are national and multinational projects and programs that promote regional economic cooperation and integration.



## Regarding Fees and Risks

### ◇ Regarding expenses and costs including fees and commissions

- Only the price value is to be paid to purchase bond
- Trading foreign currency securities requires submission of application document for opening a foreign securities trading account and charges a maximum of ¥3,150 (including tax) of custody fee other than the purchase price

### ◇ Regarding risks in investment

- Sale price of bond may fall below the par value in case of the sale before maturity date, as the price of bond fluctuates due to the change in interest rate and other factors.
- Investment in foreign currency-denominated bond may fall below the par value of investment as the yen value of the bond fluctuates due to the change in yen value of coupon and proceed from redemption against the foreign currency.
- Investment in bond may fall below the par value of investment due to the change in the bond issuer's management and financial status and the change in the third party's evaluation on those factors

### ◇ Regarding other notices in investment

- Risks and expenses and costs including fees and commissions differ in each product, so please be sure to carefully read the document provided prior to the execution of agreement, prospectus and other documents.

Corporate name: Daiwa Securities Co. Ltd.

Financial instruments firm: chief of Kanto Local Finance Bureau (Kin-sho) No.108

Memberships: Japan Securities Dealers Association

Japan Securities Investment Advisors Association

The Financial Futures Association of Japan



## 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 ¥3,150 (including tax) per year as an account management fee when you keep certificates of foreign securities in trust.
- 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, emission credits prices, commodity prices, and others.
- There may be losses on your transactions as a result of direct impacts of changes in the Issuer's business and financial conditions.
- 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

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