

FY2014 Daiwa Securities Group Management Policy
~ Passion for the Best ~

In FY 2013, as Abenomics fueled a historically unprecedented upturn in the market, including the devaluation of the excessively strong yen, high stock prices, etc., the Daiwa Securities Group earned a healthy profit from its customer-based businesses and achieved outstanding performance that spurred the growth phase in the second year of its medium-term management plan. Our ongoing efforts to boost stable revenue and cut fixed costs paid off. The percentage of fixed costs covered by stable revenue exceeded 50%, the target set for the final year of the medium-term management plan. We made significant headway toward reaching our goal of establishing a solid business foundation that is not susceptible to market fluctuations.

In FY 2014 which marks the final year of our medium-term management plan, we will shift into the expansion stage. Focusing on our retail business, we will stick to a key growth-accelerating business strategy that harnesses the strengths of our business segments and affiliates across the group to take the lead in ushering in the era of transition from savings to investments. As the end of deflation and a dynamic financial shift from savings to investments looms over the horizon, the Retail Division will leverage its position at the forefront of that coming trend to implement specific measures with an eye to expanding the sales platform and forging a new business model. Along with improvement on products and services responding to customers' needs, we will continue to work on initiatives in the NISA market to expand our customer base of individual investors by marketing long-term installment and diversified investment products designed specifically for NISA. We will also step up efforts on IPO-related businesses in order to fulfill our mission as a leader in the primary market and supply risk money to start-ups and growing companies.

The Daiwa Securities Group will leverage the integrated strengths of its global network to take the lead in the era of shift from savings to investments and activate personal financial assets with an eye to expanding its operations and driving the growth of the Japanese economy.

Action Plans for Each Business Division

Retail Division

1. Evolve our unique combined securities-banking business model
2. Acquire new customer base centered on NISA
3. Expand stable revenues mainly from acquiring new money for mutual funds and fund wrap
4. Strengthen the wealth management business, via inheritance related services
5. Bolster marketing capability via more efficient and higher quality sales activities

Wholesale Division

1. Improve IB pipelines by strengthening the quality and quantity of IB proposals
2. Strengthening IPO business for expanding customer base
3. Leverage global network to enhance products for overseas markets and win mandates
4. Expand business operations in response to customer needs and boost trading income

Asset Management Division

1. Strengthen the management platform and pursue performance excellence
2. Build and expand flagship funds in both the securities and bank-counter channels
3. Enhance attractive fund lineups
4. Boost product offerings and customer support services to meet changing customer needs

IT / Think Tank Division

1. Actively publish reports centered on economics, finance, and the environment in order to enhance the Group's presence in the financial market
2. Strengthen our consulting capabilities in Japan and the rest of Asia, in order to expand the business opportunities for the Group
3. Pursue offshoring and transition group systems to the cloud to improve system efficiency

Investment Division

1. Actively invest the Group's management resources to promote fund-raising and enhance relevant organizational functions in order to strengthen investment capability for start-ups and growing companies
2. Seize carefully selected and attractive investment opportunities based on the careful consideration of risk and capital efficiency
3. Maximize the returns from recouping the existing investments

Other (Daiwa Next Bank)

1. Expand the FX business, and enhance ALM functions in order to evolve the securities-banking business model

End