

April 3, 2015

Press Release

Daiwa Securities Group Inc.

Attention

This is an unofficial translation of the press release issued on April 3, 2015, by Daiwa Securities Group Inc. The original press release is in Japanese.

Daiwa Securities Group Medium-Term Management Plan

“Passion for the Best” 2017

Daiwa Securities Group Inc. has released “Passion for the Best” 2017, the new Medium-term Management Plan for the group covering 3 years from FY2015 to FY2017.

Please see the attached document for details.

End



Daiwa Securities Group Medium-Term Management Plan
“Passion for the Best ” 2017

April 3, 2015

Daiwa Securities Group Inc.

Management Vision for 2020



Management Vision

“Be the First Choice”

*Lead the development of capital markets in Japan and Asia,
and be the customer’s first choice securities group*

Basic Management Policy

Leverage the industry's top quality
and dramatically expand our
customer base

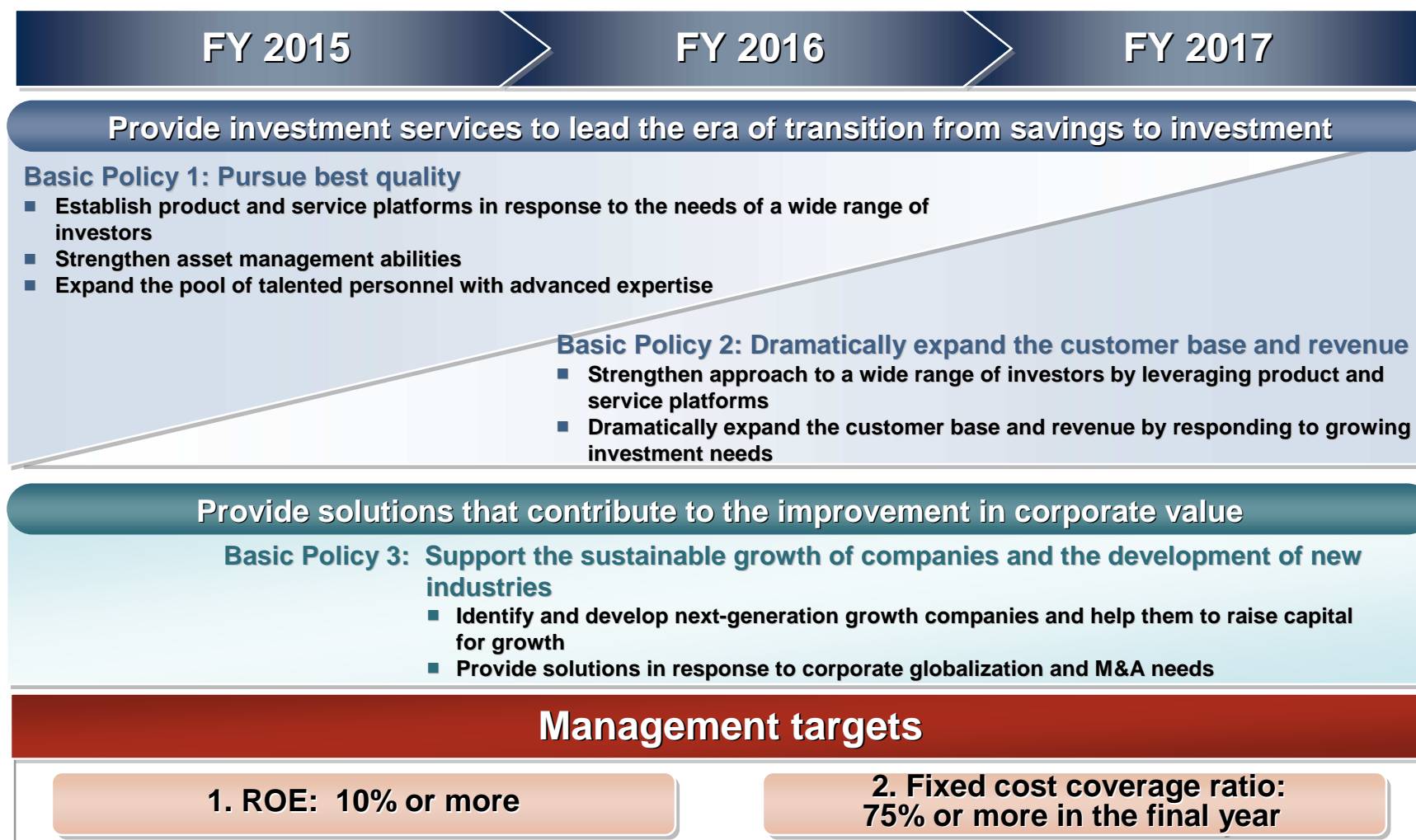
Achieve sustainable growth
by linking Japan
to the growth of Asia

**Contribute to the development of society and economy
through financial and capital markets**

Summary of the Medium-Term Management Plan (“Passion for the Best” 2017)



In response to the full-fledged start of an era of transition from savings to investment, attract customers with the industry’s top quality, and become their best partner



Positive cycle of “transition from savings to investment” and “improvement of corporate value”

Expected Increase in Business Opportunities and the Basic Policy



**Business opportunity expected over the medium term:
full-fledged start of an era of transition from savings to investment**

Escape from deflation

- Decline in real interest rates on deposits as price increases
- Heightened awareness of asset protection

Spread of successful investment experiences

- Spread of successful investment experiences due to price increases in shares, investment trusts, and other investments

Government support on policy and systems

- Expansion of systems including expansion of the limit on annual NISA investment amount, establishment of Junior NISA, increase in contribution limit for Defined Contribution Pension Plans, and increase in eligible members
- Review of GPIF basic portfolio and governance structure

Enhancement of companies' earnings power

- Main strategic target of the Japan Revitalization Strategy
 - ➔ Acceleration of industrial restructuring and venture business, promoting provision of funds for growth
- Increasing focus on companies' capital efficiency (ROE) mainly due to the introduction of the Corporate Governance Code

Expected increase in demand

Increase in securities investment needs among all citizens and households

**Increase in funding demand among growing companies
Increase in corporate activities including M&As aimed at improving ROE**

**Basic policy aimed at achieving the positive cycle of
“the transition from savings to investment” and “the improvement in corporate value”**

Provide investment services that lead the era of transition from savings to investment

Pursue best quality

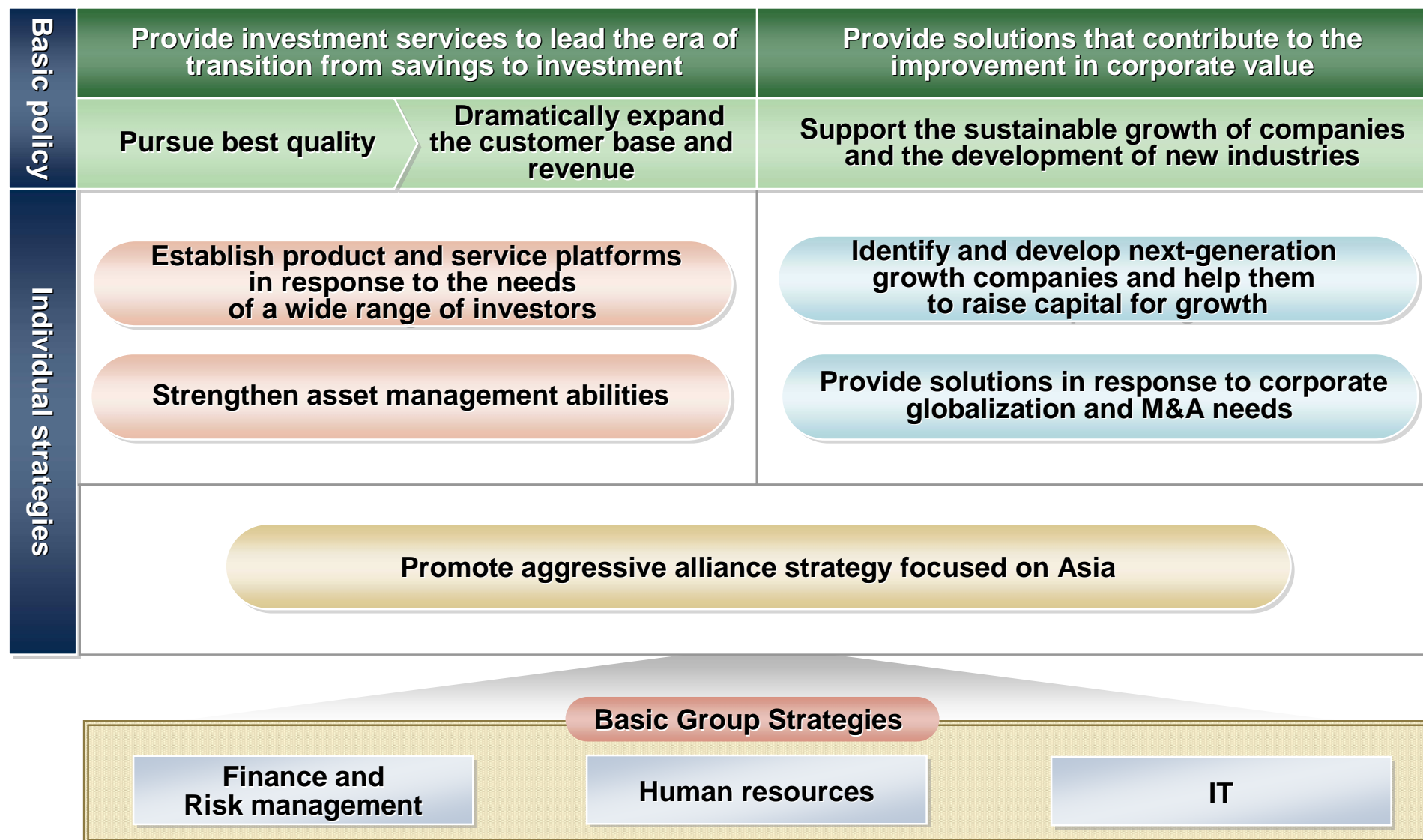
Dramatically expand the customer base and revenue



Provide solutions that contribute to the improvement in corporate value

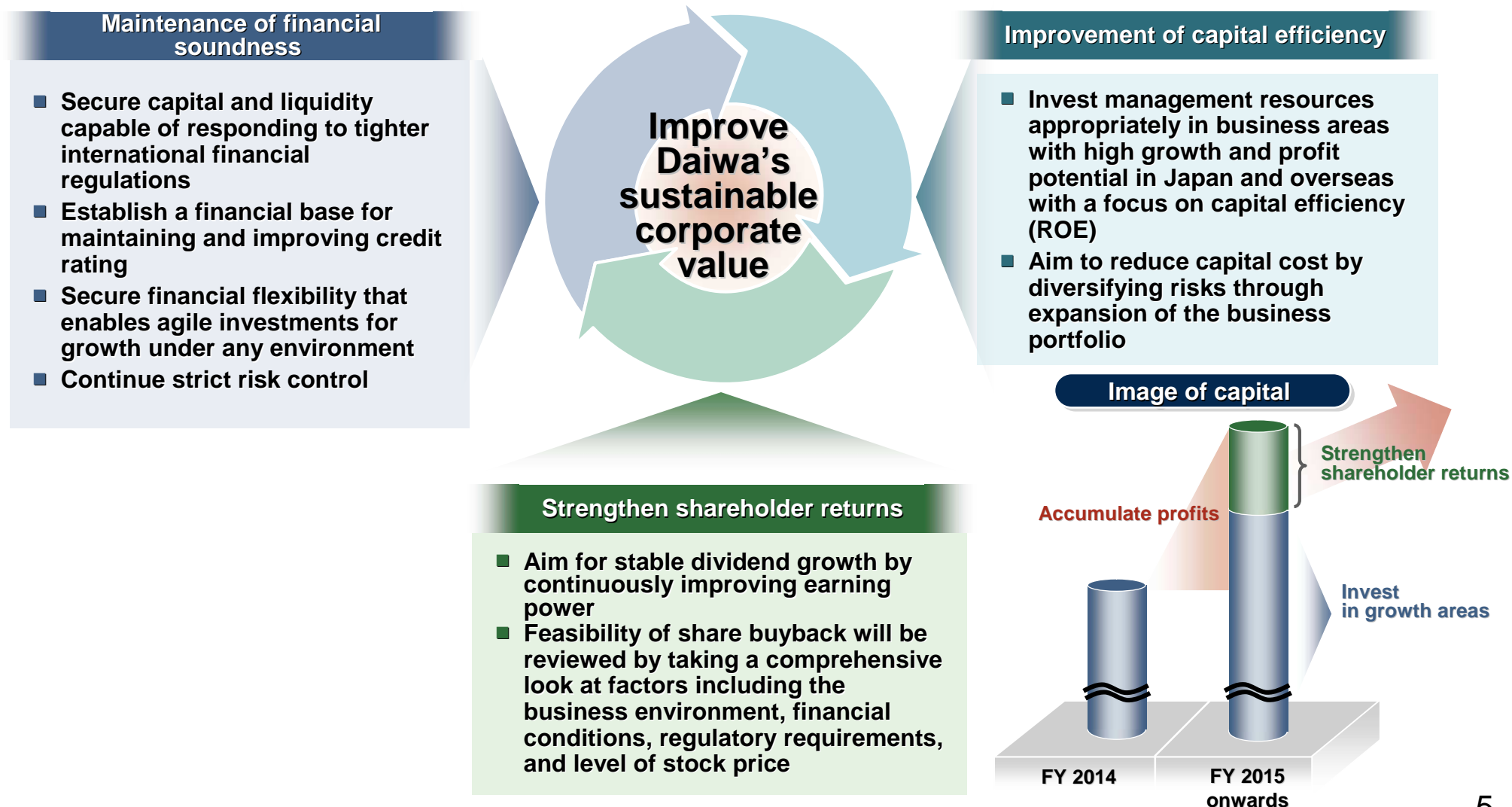
Identify and develop next-generation growth companies and help them to raise capital for growth

Basic Policy and Individual Strategies



Capital Policy Aimed at the Sustainable Improvement of Corporate Value

- Aim for sustainable improvement of corporate value by working to achieve the optimum balance between the maintenance of financial soundness, the improvement of capital efficiency, and the strengthening of shareholder returns



Stance Towards Investments for Growth



Basic stance

- Invest for the dramatic expansion of the customer base and earning power of the core Japanese securities business
- Invest in peripheral areas that have an affinity with the securities business in order to expand stable revenue and supplement the core business
- Promote the overseas business to strengthen Daiwa's earning power over the mid-to-long-term



: Organic



: Inorganic



: Organic and inorganic

	Japan	Overseas
Retail	Develop infrastructure to meet the needs of a wide range of investors	Strengthen the wealth management business
Wholesale	Improve product-supplying abilities that accurately capture customer needs	Promote alliance strategy with overseas financial institutions
Asset management	Strengthen investment abilities, expand the scope of assets to invest in Expand the real estate asset management business	
Other assumptions	Expand peripheral businesses aimed at expanding stable revenue	

Management Policy of Daiwa Securities Group for FY2015

Passion for the Best

During the three years of the previous Medium-term Management Plan, we were able to achieve our targets for high profits, improvement in the fixed cost coverage ratio, and improvement in the group's credit ratings, among other achievements. This is the result of striving to expand stable revenues and diversify our business in order to establish a robust business structure, amid a market climate brought about by Abenomics.

Looking at our current business environment, all four of the prerequisites for the full-scale transition "from savings to investment" have almost been fulfilled; namely, 1) escape from deflation, 2) spread of successful investment experiences, 3) Government support for policy and systems, and 4) enhancement of companies' earnings power.

"Passion for the Best" 2017, the new Medium-term Management Plan for the group extending through FY2017, has been designed amid such a climate. We will move forward with the implementation of our growth strategy with our sights set on the basic policy of attracting customers, with the top quality in the industry, and be their partner, as the transition "from savings to an age of investment" gets fully underway. We will put the virtuous cycles of moving from savings to investment and increasing corporate value into place and will lead the growth of the capital markets by mobilizing the integrated strengths of our group in working to offer investment services that will lead people from savings into the age of investment and striving to provide solutions that will help increase corporate value.

During FY2015, the initial year of the new Medium-term Management Plan for the group, we will steadily implement the action plan to: 1) establish product and service platforms in response to the needs of a wide range of investors; 2) strengthen asset management abilities, 3) identify and develop the next-generation growth companies and help them to raise capital for growth, and 4) provide solutions in response to corporate globalization and M&A needs. We will contribute to Japan's growth strategy by blazing the path from savings to investment as a pioneer in the capital markets.

Action Plan for Each Business Division

Retail Division

1. Reinforce sales capabilities in terms of both quality and quantity.
2. Expand new customer base with a central focus on Inbound customers.
3. Strengthen operational efficiency and proposal support function by utilizing AI and big data.
4. Enhance fee-based products and services.
5. Further evolve the securities-banking business model.

Asset Management Division

1. Strengthen the management structure and target performance.
2. Build and expand leading funds in both the securities and bank OTC channels.
3. Develop products suitable for expanding the investor base and long-term asset building.
4. Further strengthen system for timely information distribution and sales support.
5. Further reinforce the real estate asset management business.

Other (Daiwa Institute of Research Group)

1. Increase group presence by actively communicating information based on the three pillars of the economy, finance, and the environment.
2. Expand group revenue opportunities by improving consulting abilities in Japan and Asia.
3. Establish the most advanced IT environment among domestic financial institutions.

Wholesale Division

1. Improve the ability to offer products that accurately capture the client's needs.
2. Pursue a global strategy centered on Asia.
3. Identify and develop the next-generation growth companies and help them to raise capital for growth.
4. Provide solutions in response to corporate globalization and M&A needs.

Investment Division

1. Secure returns by improving investment management skills.
2. Engage in investment linked to group businesses by utilizing principal funds.
3. Support sustainable growth of companies and the development of new industries by supplying growth capital, etc.

Other (Daiwa Next Bank)

1. Expand new customer base.
2. Encourage client transactions by strengthening corporation between securities and banking.
3. Strengthen ALM.
4. Reinforce all management systems.