

# Daiwa Securities Group Inc. FY2015 Management Strategy

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Daiwa Securities Group

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# Daiwa Securities Group FY2015 Management Strategy

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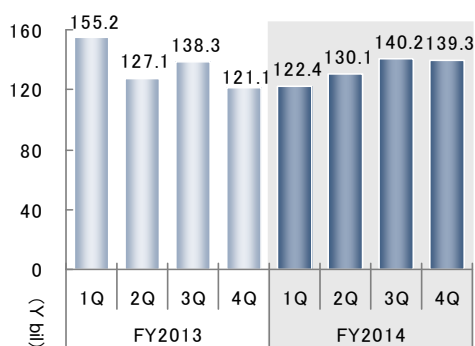
I - “Previous” Medium Term Management Plan  
(*“Passion for the Best” 2014*)

# Consolidated Results of FY2014

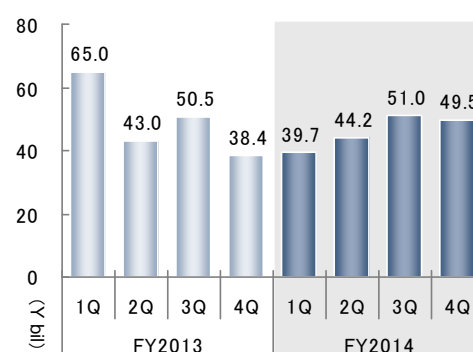
- FY2014 Net operating revenues were Y532.2bil, Ordinary income was Y184.5bil, and Net income was Y148.4bil.

(Y mil)	Net operating revenues			Ordinary income			Net income		
	FY2013	FY2014	% change vs FY2013	FY2013	FY2014	% change vs FY2013	FY2013	FY2014	% change vs FY2013
Retail	253,093	232,033	-8.3%	102,120	77,756	-23.9%			
Wholesale	175,338	180,568	3.0%	47,428	52,888	11.5%			
Global Markets	142,156	142,601	0.3%	43,912	44,878	2.2%			
Global Investment Banking	33,181	37,966	14.4%	3,516	8,009	127.8%			
Asset Management	48,714	55,140	13.2%	25,328	32,142	26.9%			
Investments	19,989	8,351	-58.2%	17,171	6,506	-62.1%			
<b>Consolidated total</b>	<b>541,951</b>	<b>532,220</b>	<b>-1.8%</b>	<b>197,045</b>	<b>184,578</b>	<b>-6.3%</b>	<b>169,457</b>	<b>148,490</b>	<b>-12.4%</b>

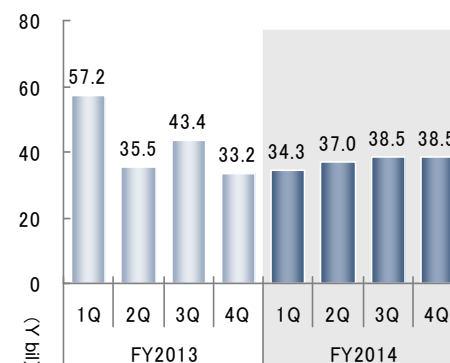
Net operating revenues



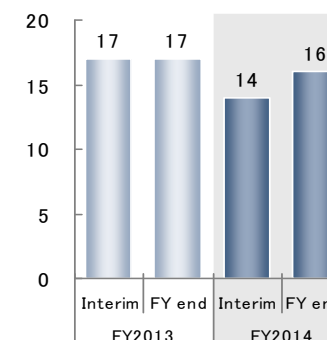
Ordinary income



Net income



Dividends (Y)



## Summary of “Previous” Medium Term Management Plan (“Passion for the Best” 2014)

### *Daiwa Securities Group Management Vision*

**To become Asia’s leading financial services firm possessing and leveraging a solid business platform in Japan**

### *Daiwa Securities Group Basic Management Policy*

**Establish a robust business structure capable of securing profit even under stressful economic conditions**

**Achieve sustainable growth by linking Japan and growth of Asia**

### *Outline of Medium Term Management Plan “Passion for the Best” 2014*

Establish a robust business structure immune to the external environment and aspire to achieve sound growth based on a new growth strategy

Milestones

FY2012 *Turnaround*

FY2013 *Growth*

FY2014 *Expansion*

Basic Policies  
for  
Medium Term  
Management  
Plan

#### **Basic Policy I: Return to profitability by pursuing management efficiencies**

(Focus of execution in the first fiscal year)

- Steadily implement the plan to reduce SG&A
- Realize greater organizational efficiencies by shifting personnel from the middle-and-back offices to the front divisions

#### **Basic Policy II: Achieve client based high-quality earnings growth**

- Drastically expand our client base in Japan by investing management resources in the retail and asset management businesses
  - Expand stable earnings by increasing investment trusts and deposit balances-
- Strengthen revenue capacity centered around the launch of the “New” Daiwa Securities
  - Step up approaches to high net worth individuals and the middle market-
- Rebuild our wholesale business
  - Re-strengthen the brokerage business and build an efficient global network-

Management  
Targets

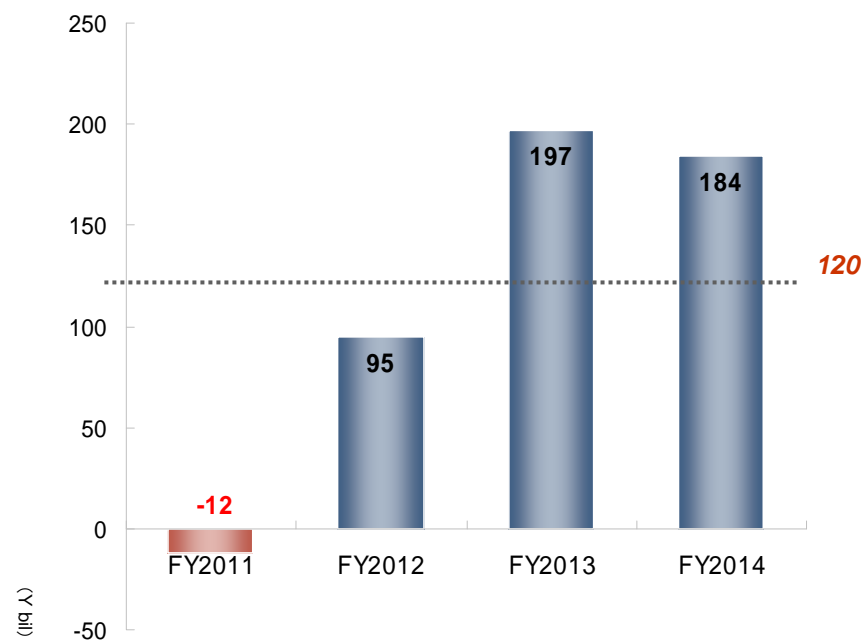
1. Consolidated Ordinary Income [Initial FY] **Return to Profitability** [Final FY] **Over ¥120bil** 2. Fixed Cost Coverage Ratio [Final FY 4Q annualized] **Over 60%**

# Achievements of Numerical Targets

- "Consolidated ordinary income" and "Fixed cost coverage ratio" exceeded the numerical targets.

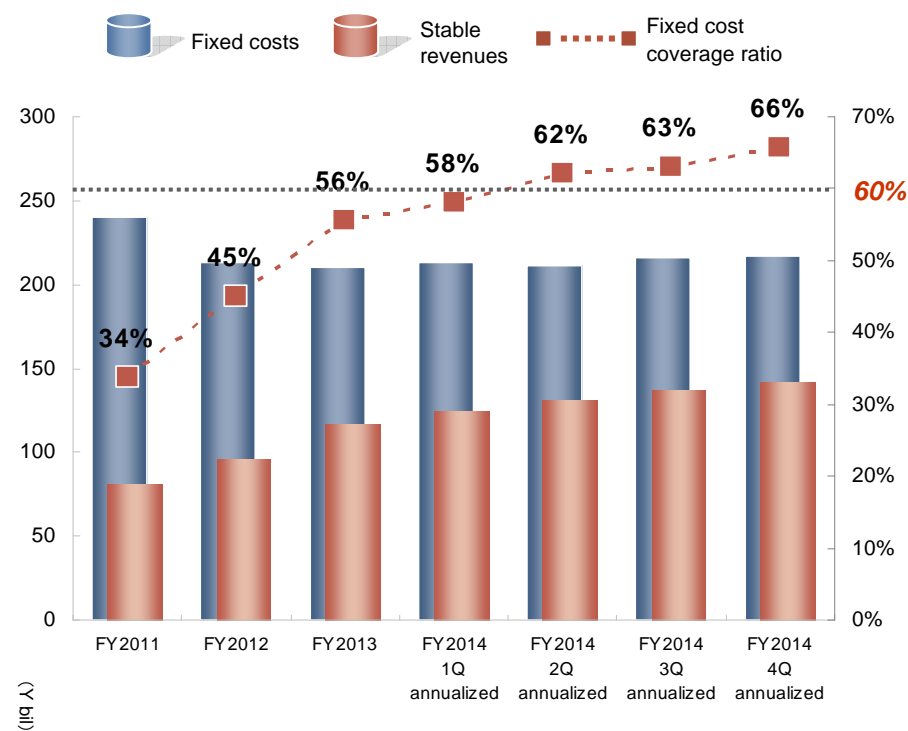
Consolidated ordinary income

[Final FY] Y120billion or more



Fixed cost coverage ratio

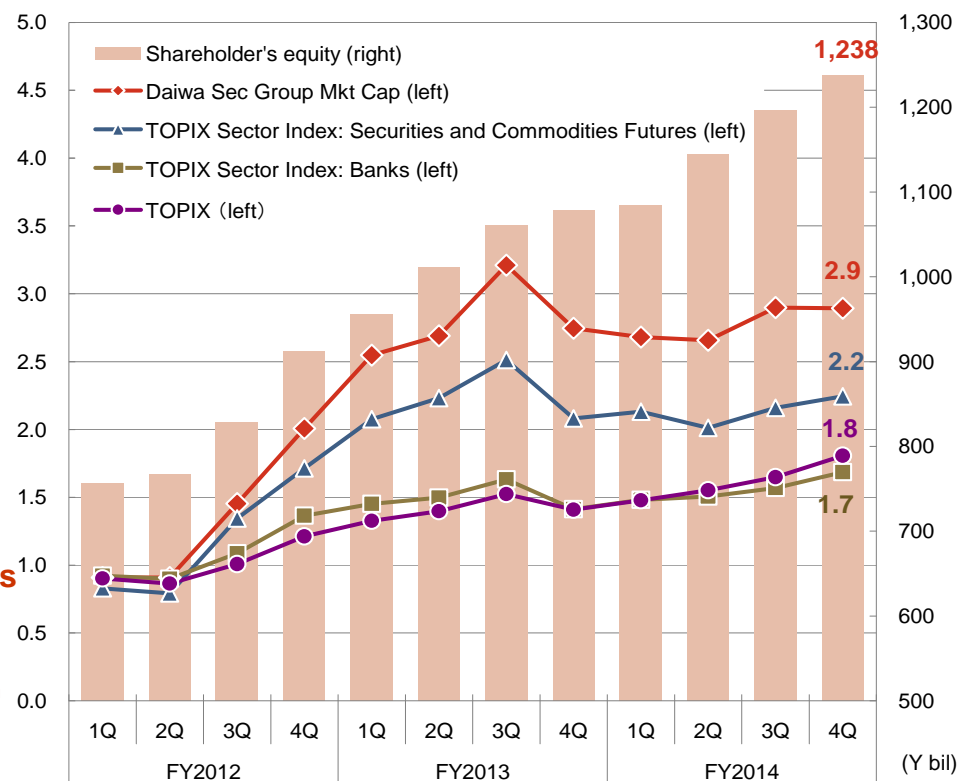
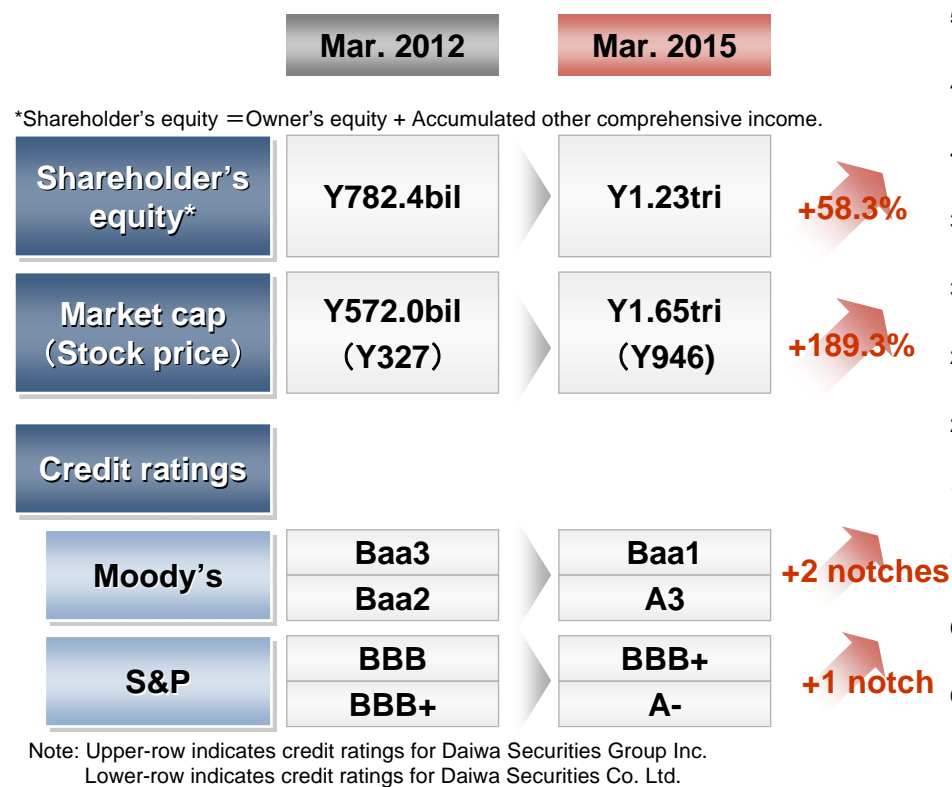
[Final FY] 60% (4Q annualized) or more



## Achievements① Establish a Robust Business Structure

- Shareholder's equity surpassed Y1.2tri, reaching record-high figures by accumulating earnings through the expansion of stable revenues.
- Market cap of Daiwa Securities Group Inc. almost tripled compared to the start of the plan.
- Moody's and S&P upgraded credit ratings of Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd. in the final fiscal year of the plan.

### Shareholder's Equity, Market Cap and Credit Ratings



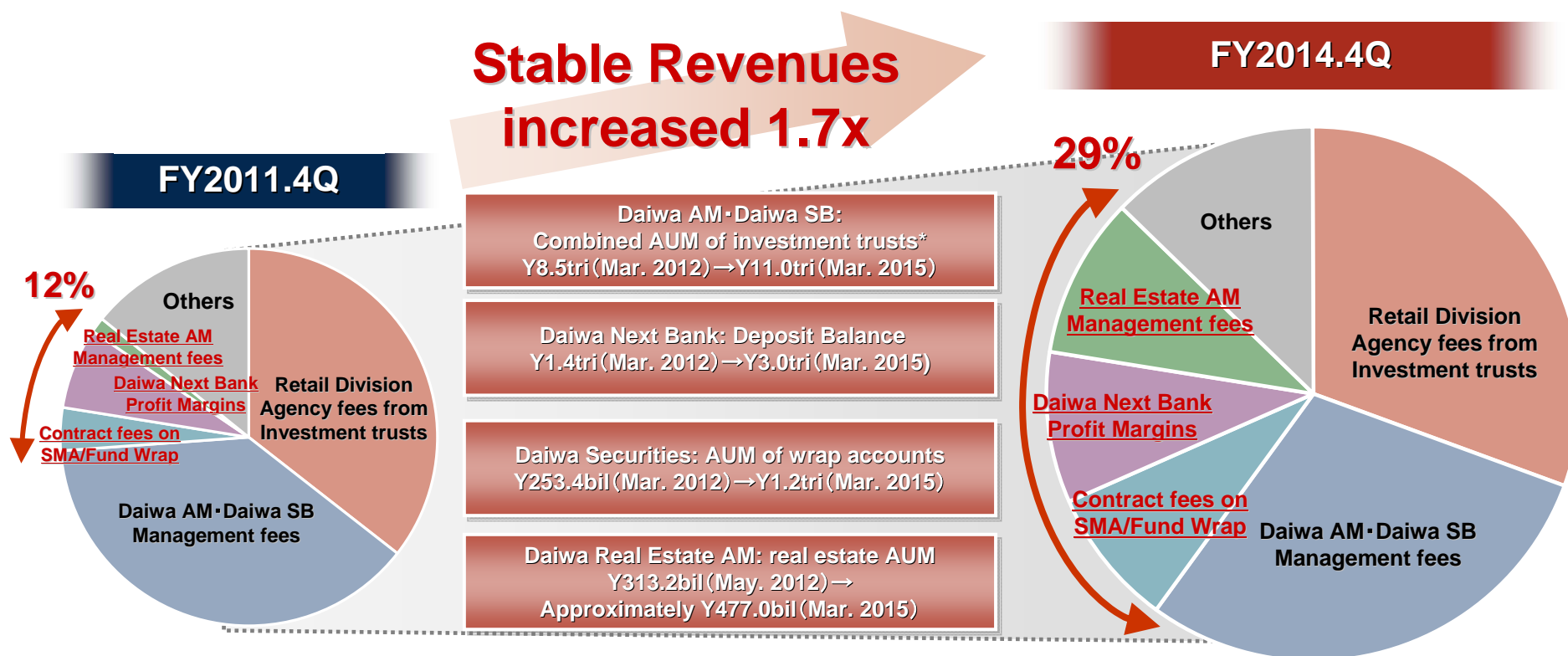
Note: Figures are as at end of each quarter.

Market cap, TOPIX sector indices and TOPIX: Mar.2012 figure is indexed as 1.0

## Achievements② Expansion and Diversification of Stable Revenues

- Stable revenues increased by around 1.7x due to efforts to expand them in line with the plan.
- Daiwa Next Bank, Wrap account service, and Real Estate AM business contributed in diversifying revenue streams. That lowered the dependence on the two main streams\* which accounted for over 70% of total stable revenues.

\*Agency fees from investment trusts in the Retail Division and Management fees of Daiwa AM・Daiwa SB.



\* AUM of publicly offered investment trusts (excluding ETFs).

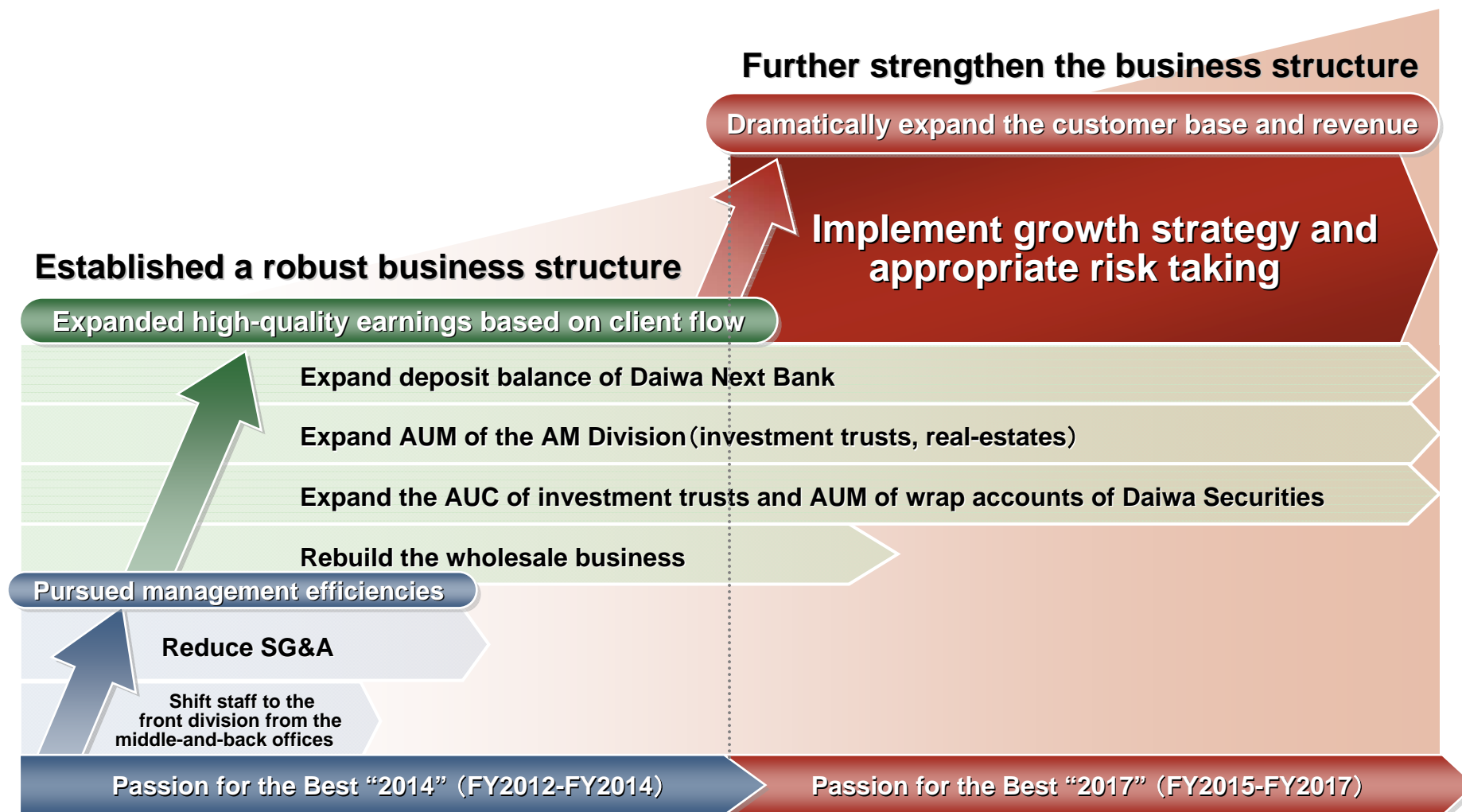
Note1: Management fees of Daiwa AM・Daiwa SB include Investment advisory fees. Management fees of Daiwa SB are recorded in correspondence to the share ownership of Daiwa Securities Group.

Note2: Management fees from Real Estate AM include Daiwa Real Estate AM's management fees (excluding performance fees) and Daiwa Office Investment's net operating revenues.



## Towards a New Medium Term Management Plan

### Moving on from "Turnaround" to "Sustainable Growth"



II - “New” Medium Term Management Plan  
*(“Passion for the Best” 2017)*

Daiwa Securities Group

## 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**

## 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

FY 2015

FY 2016

FY 2017

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

#### Basic Policy 1: Pursue best quality

- Establish product and service platforms in response to the needs of a wide range of investors
- Strengthen asset management abilities
- Expand the pool of talented personnel with advanced expertise

#### Basic Policy 2: Dramatically expand the customer base and revenue

- Strengthen approach to a wide range of investors by leveraging product and service platforms
- Dramatically expand the customer base and revenue by responding to growing investment needs

### Provide solutions that contribute to the improvement in corporate value

#### Basic Policy 3: Support the sustainable growth of companies and the development of new industries

- Identify and develop next-generation growth companies and help them to raise capital for growth
- Provide solutions in response to corporate globalization and M&A needs

### Numerical targets

1. ROE: 10% or more

2. Fixed cost coverage ratio :  
75% or more in the final fiscal year

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

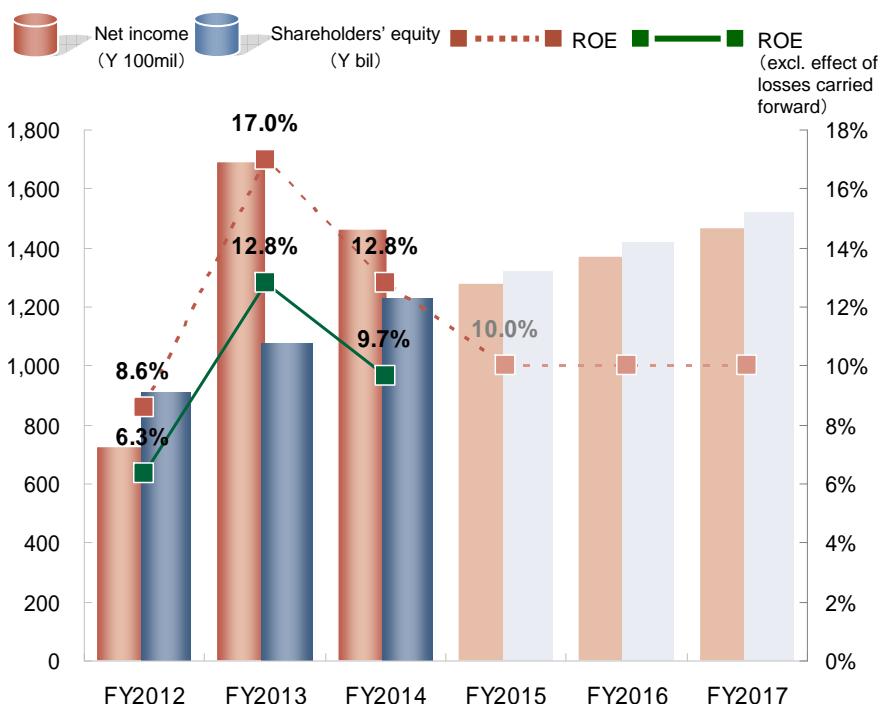
# Numerical Targets

## Numerical Targets of the “New” Medium Term Management Plan

1. ROE : 10% or more
2. Fixed cost coverage ratio : 75% or more in the final fiscal year

### ROE

- Introduced to clarify our management stance, which puts great importance on management efficiency
- Target is based on the following: the level requested by investors; average level of Japanese companies; and our past results

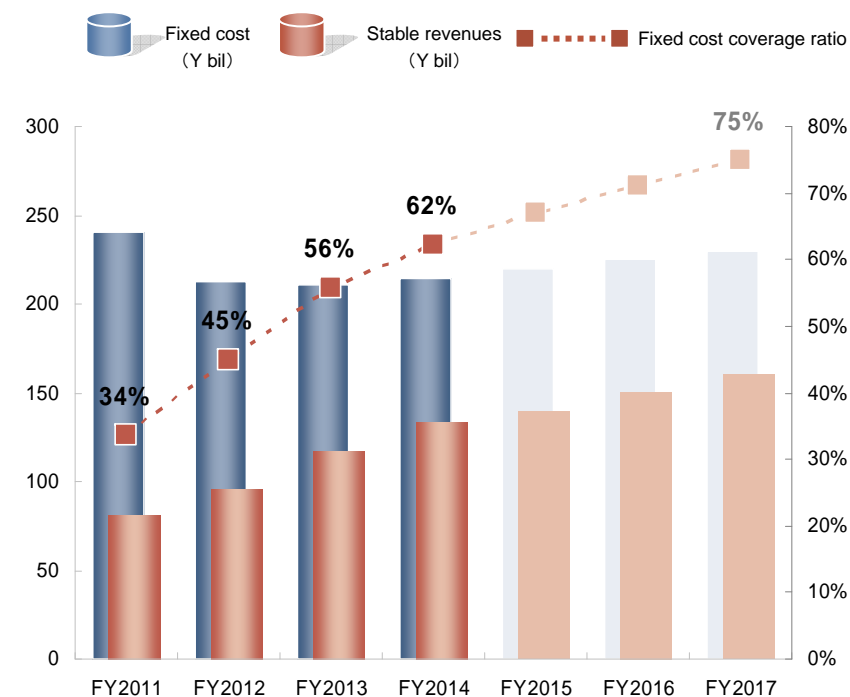


### Fixed cost coverage ratio

- Target an average annual increase of 4% to establish a more robust business structure

Stable revenues consist of :

AM Management fees (including investment advisory fees), agency fees, Daiwa Next Bank profit margins, Daiwa Office Investment net operating revenues, Daiwa Real Estate AM management fees, management fees on SMA/Fund Wrap, interest fees on margin, interest fees on LMS etc.

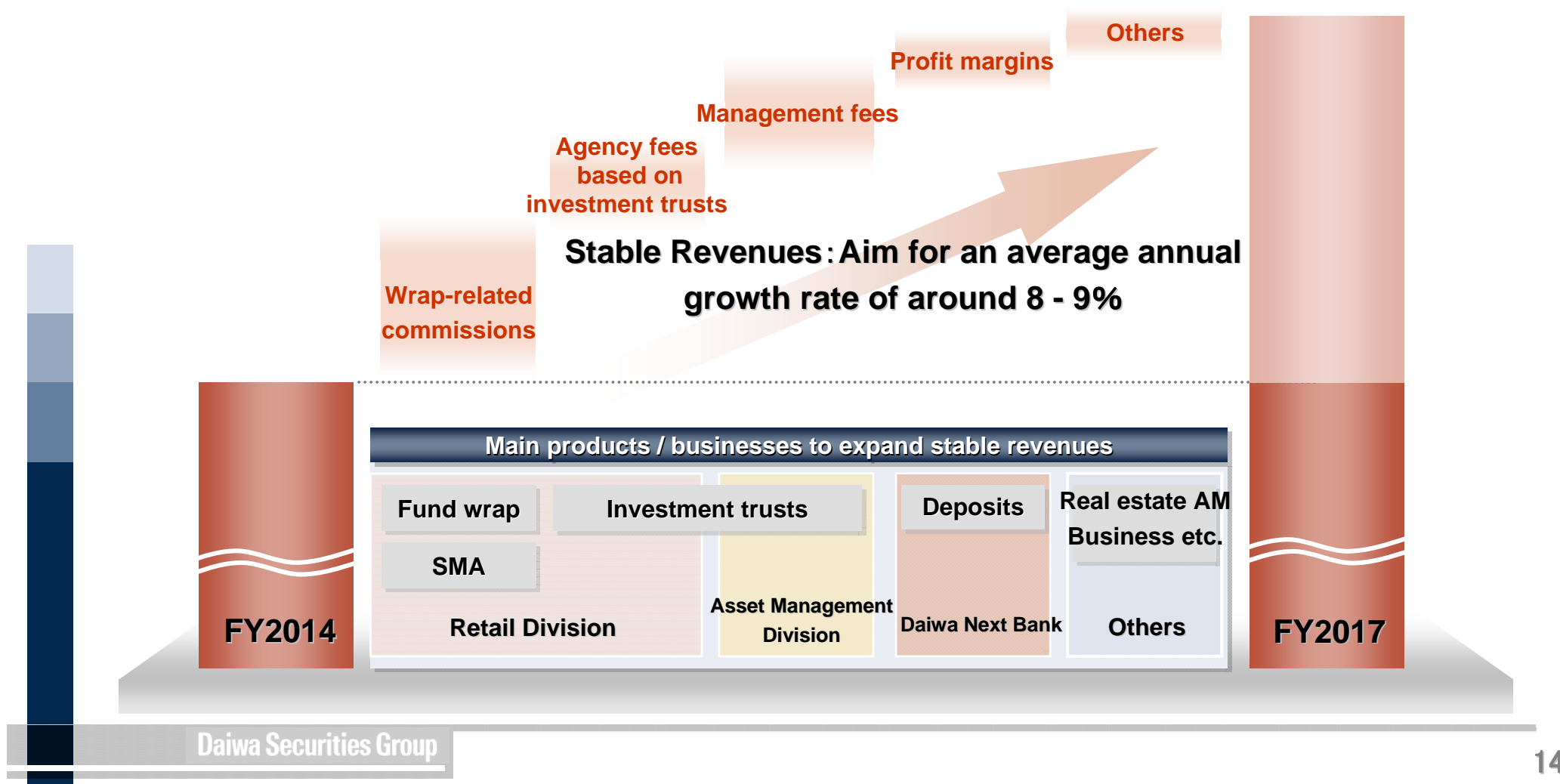


\*Results and targets are annualized

## Image of Stable Revenue Growth

- Continue efforts to increase stable revenues through accumulation of the AUM of wrap accounts services and investment trusts, which we consider to be the main products for "the era of transition from savings to investment".

### Image of Stable Revenue Increase During the New Medium Term Management Plan



# Business Opportunities and Basic Policies

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

Move away from deflation

Spread of successful investment experiences

Government support on policies and systems

Enhancement of companies' earnings power

## Expected 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 policies aimed at achieving the positive cycle of “the transition from savings to investment” and “the improvement in corporate value”

Basic policies	Provide investment services that lead the era of transition from savings to investment	Provide solutions that contribute to the improvement in corporate value
	<p>Pursue best quality</p> <p>Dramatically expand the customer base and revenue</p>	<p>Identify and develop next generation growth companies and help them raise capital to grow</p>
Key Themes	<p>Establish product and service platforms in response to the needs of a wide range of investors</p> <p>Strengthen asset management abilities</p>	<p>Identify and develop next generation growth companies and help them raise capital to grow</p> <p>Provide solutions in response to corporate globalization and M&amp;A needs</p>
	Promote alliance strategy actively, mainly in Asia	

## Basic Group Strategies

Finance and Risk management

Human resources

IT

### Ⅲ- Individual Strategies for Basic Policies



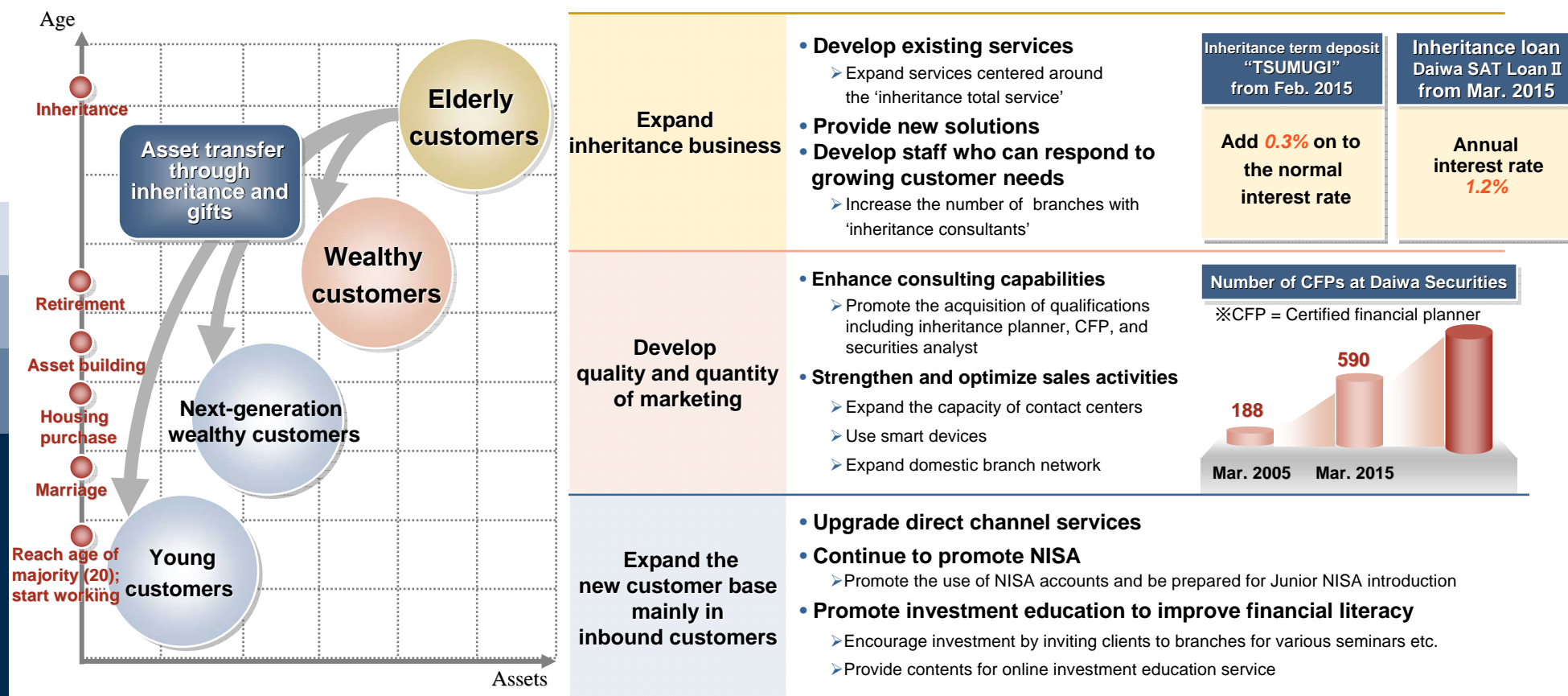
### III - Individual Strategies for Basic Policies

## Establish Product and Service Platforms in Response to the Needs of a Wide Range of Investors (Individual Investors)



- Provide high-value added products and services in response to the life-stages and needs of individual customers.

### Individual Investors: Life-stages and Solutions



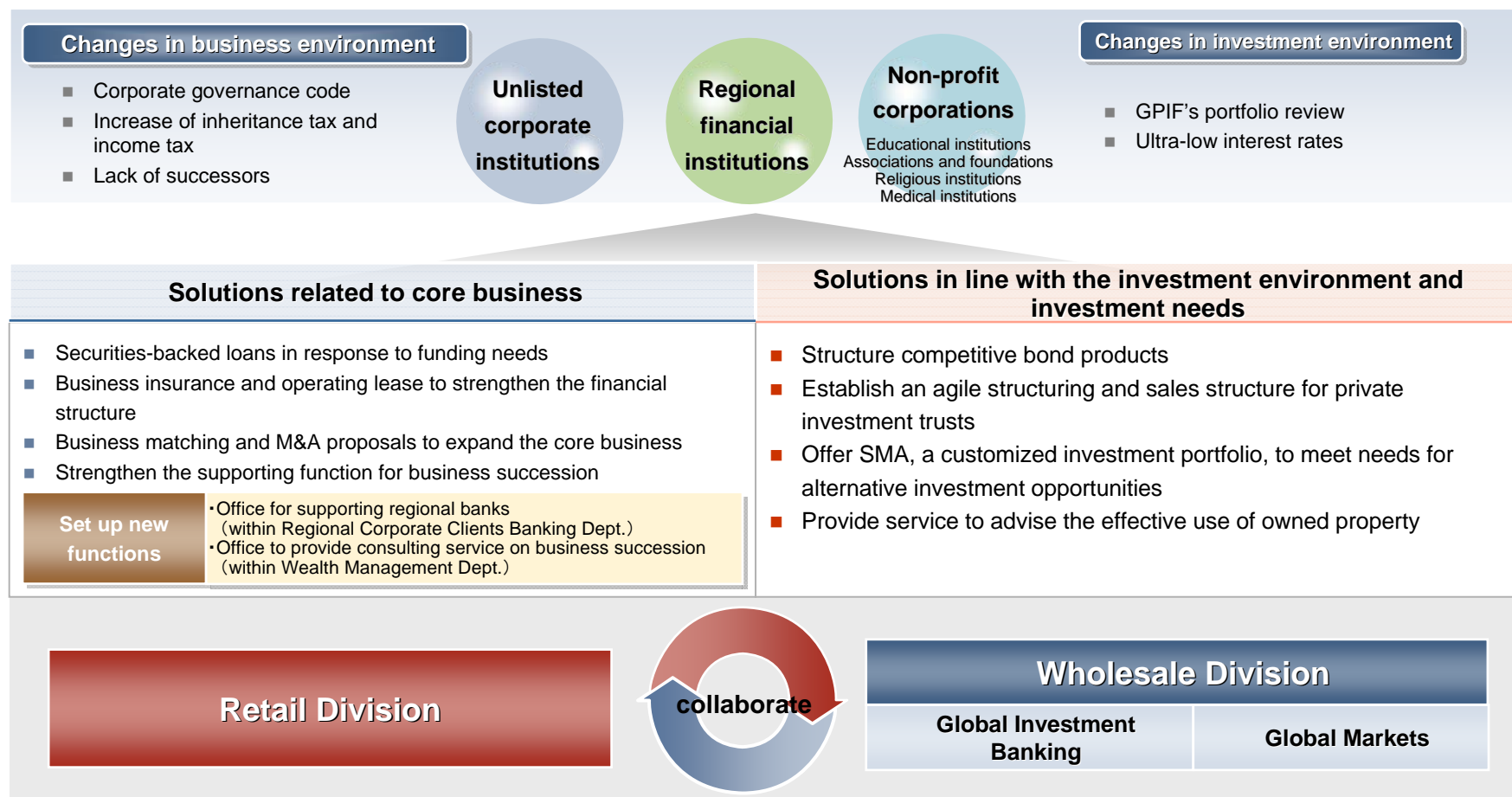
### III - Individual Strategies for Basic Policies

## Establish Product and Service Platforms in Response to the Needs of a Wide Range of Investors (Middle Market)



- Provide various solutions relating to investment and core business that meet the needs of middle market customers, in response to changes in their business and investment environment.

### Environment and Solutions Surrounding the Middle Market

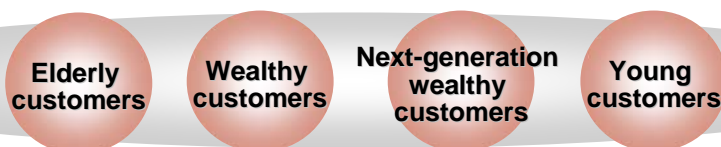


## Artificial Intelligence (AI) and Big Data : Raise Sales Efficiency and Strengthen the Proposal Supporting Function

- Established “Artificial Intelligence (AI) Office” to introduce technological innovation of ICT to the securities business.
- Strengthen the ability to offer high-quality proposals to customers, and raise contact centers’ operational efficiency by using AI and big data.

### Utilizing Artificial Intelligence (AI) and Big Data

#### Various types of investors



#### Pursue best quality



## Expand Fee-based Products and Services

- Further expand fee-based assets centered around fund wraps, investment trusts, and foreign currency deposits.
- Develop new fee-based-type services and products, and build the foundation for future fee-based business.

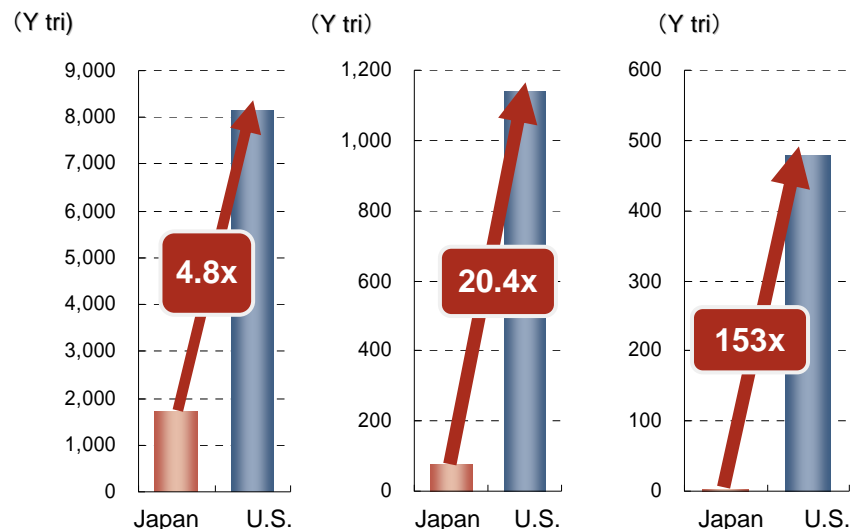
### Comparison with the US Market (end of Dec. 2014)

Household  
financial assets

AUM of  
investment trusts  
(including corporations)

Wrap account balance  
(including corporations)

\* U.S. assets are estimated at 1dollar=119.8 Yen (end of Dec. 2014)



Opportunity to expand

### Create New Fee-based Services and Products

#### Improve investment trust and wrap account services

- Improve Fund Wrap service function including online display usability and introduce online contractual process
- Develop flagship funds by ensuring effective follow-up with customers

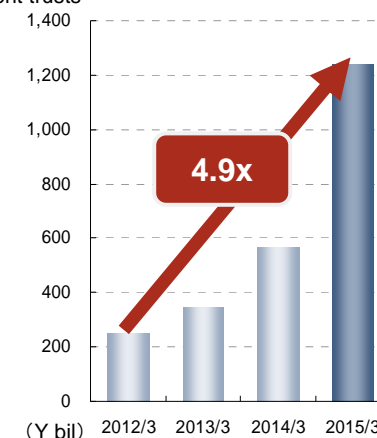
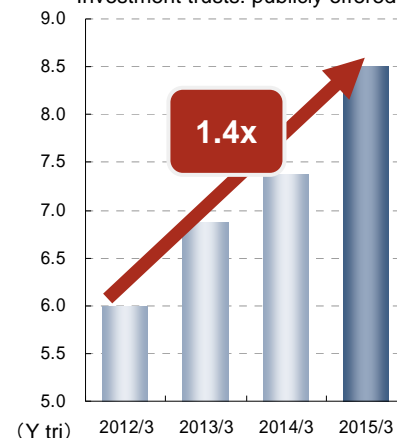
#### Expand new fee-based type products and services

- While continuing to concentrate on SMA and Fund Wrap, consider introducing new wrap account service

AUM of investment trusts  
(excluding ETFs)  
At Daiwa AM

AUM of Wrap accounts

\* Investment trusts: publicly offered investment trusts



## Further Develop the Combined Securities-Banking Business Model

- Continue promoting cross-selling and expand the gateway function from “savings to investment” to further develop the combined securities-banking business model.

### Enhancement of Gateway Function

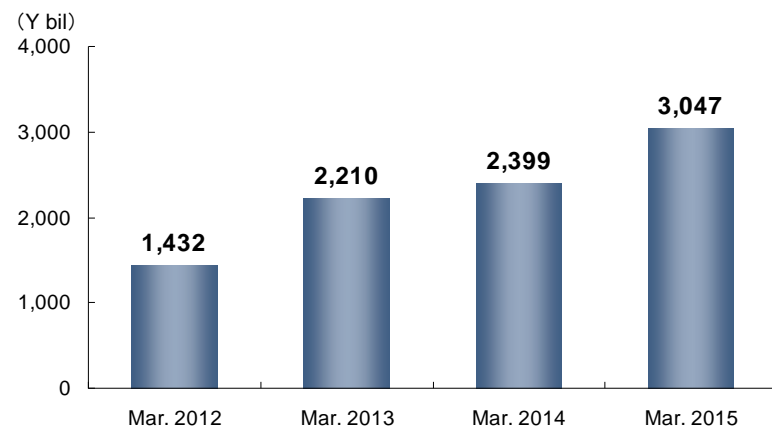
#### Develop a new inbound customer base through the enhancement of products and services

- Provide foreign currency deposits online; increase currencies
- Provide a variety of special offers online with privileged interest rates

#### Provide various products and services to meet customer needs

- Attract inexperienced investors by using deposits as an introductory product
- Enhance product lineup that contributes to building long-term relationships with customers

#### Daiwa Next Bank Deposit Balance



### Further Promotion of Cross-selling

- Increase opportunities for cross-selling by providing packaged plans\* through the online service

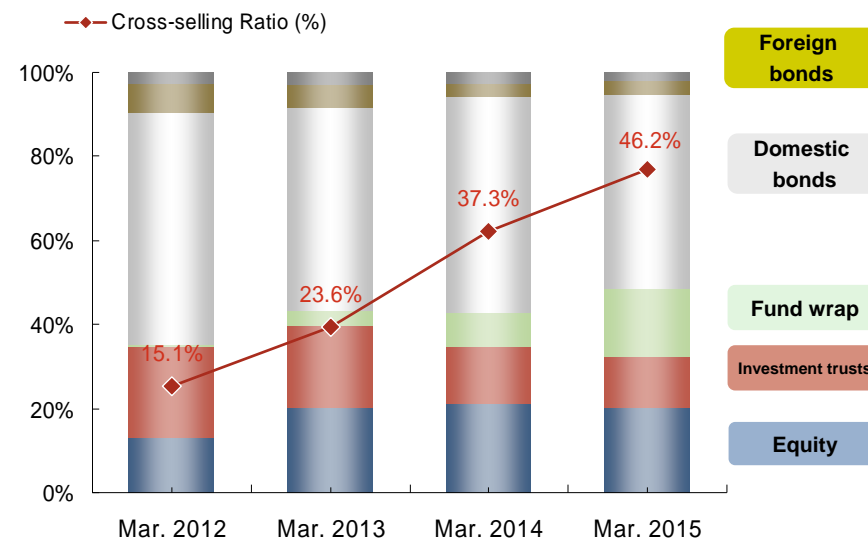
\* for example, combining Daiwa Securities and Daiwa Next Bank products

- Examine the possible use of AI and big data

#### Cross-selling Ratio and Purchased Products (Total)

\*Accumulated cross-selling ratio = accumulated total accounts of cross-selling / accumulated total accounts of newly-opened time deposits

\*Newly opened time deposits: yen denominated time deposits that have been placed within three months of opening time deposit accounts



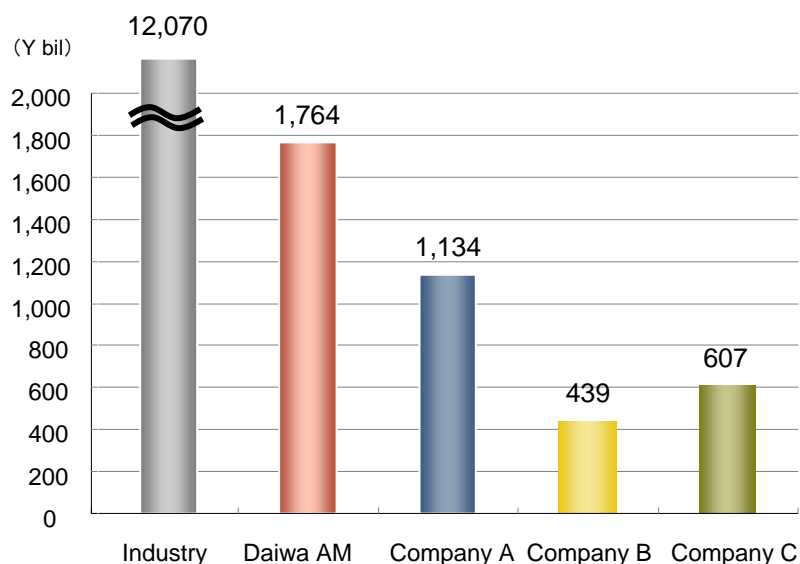
## Strengthen Asset Management Abilities (Investment Trusts)

- Daiwa AM has recorded the highest amount of money inflow of Y1.7tri for investment trusts (excluding ETF) in the industry during the previous medium term management plan (Apr. 2012 – Mar. 2015).
- Strengthen the two asset management companies' investment abilities and aim to create an outstanding track record.

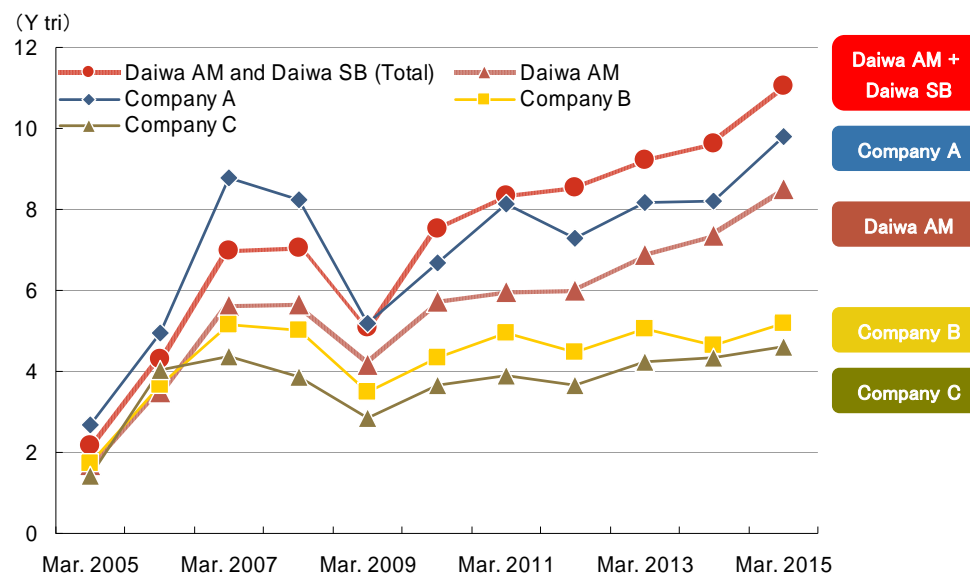
### Strategy to Strengthen Asset Management Abilities (Investment Trusts)

- Strengthen product structuring and ability to offer high-quality proposals to meet customer needs
- Strengthen management strategies and analyzing capabilities
- Strengthen the company's management capabilities in Asia and other overseas markets
- Improve the product lineup by using more of externally managed investment products

Apr. 2012 – Mar. 2015  
Money Inflow for Investment Trusts (excluding ETF)



Mar. 2005 – Mar. 2015  
AUM of Investment Trusts (excluding ETF)



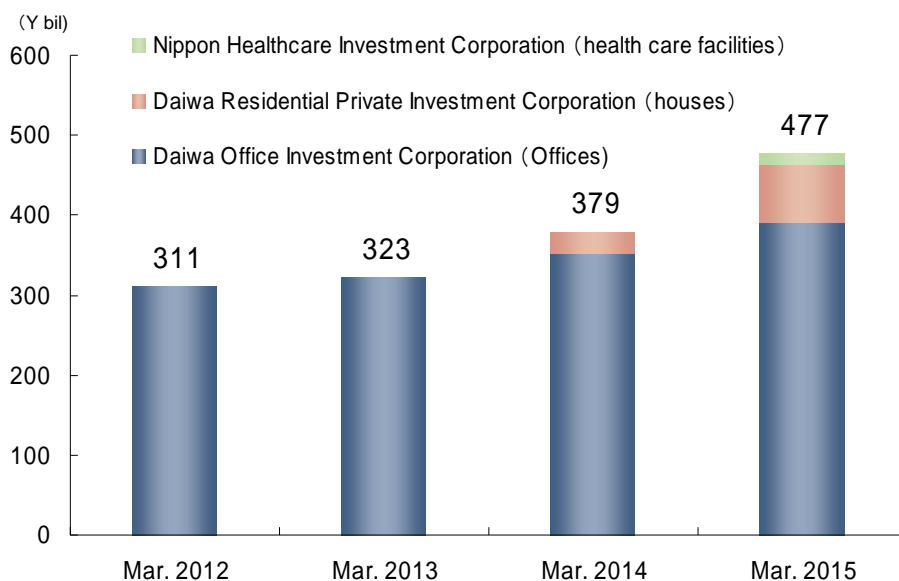
## Strengthen Profitability of Asset Management Business (Real Estates)

- Total AUM of three investment corporations (listed/private REITs) managed by Daiwa Real Estate Asset Management has expanded to approximately Y477.7bil.
- Aim to expand stable revenues by raising investment performance, providing new solutions to customers, and supplying new products.

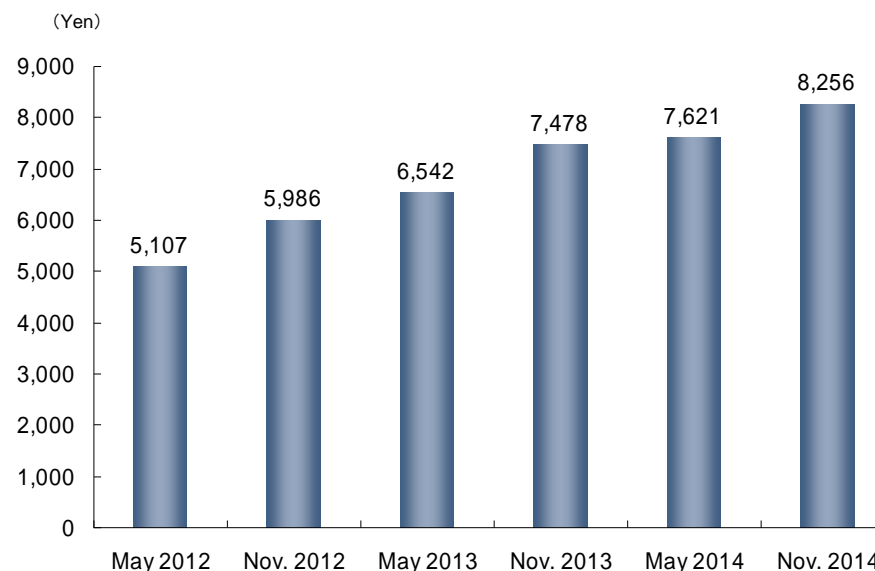
### Strategy to Strengthen Asset Management Abilities (Real Estate AM Business)

- Increase the number of staff with high expertise, and achieve investment performance of a higher level
- Provide solutions to liquefy the customer's assets in order to raise the capital efficiency of their companies
- Structure and supply new products to meet investment needs amid ultra-low interest rates
- Focus on developing new investment products, such as infrastructure funds

#### AUM of Real Estate AM Business



#### Daiwa Office Investment Corporation Dividend Payment per Unit





## Identify and Develop Next-Generation Growth Companies and Help Them to Raise Capital for Growth

- Effectively use Group resources to identify and develop companies that have the potential of initial public offering (IPO).
- Acquire large-scale IPO deals through a strategic approach.

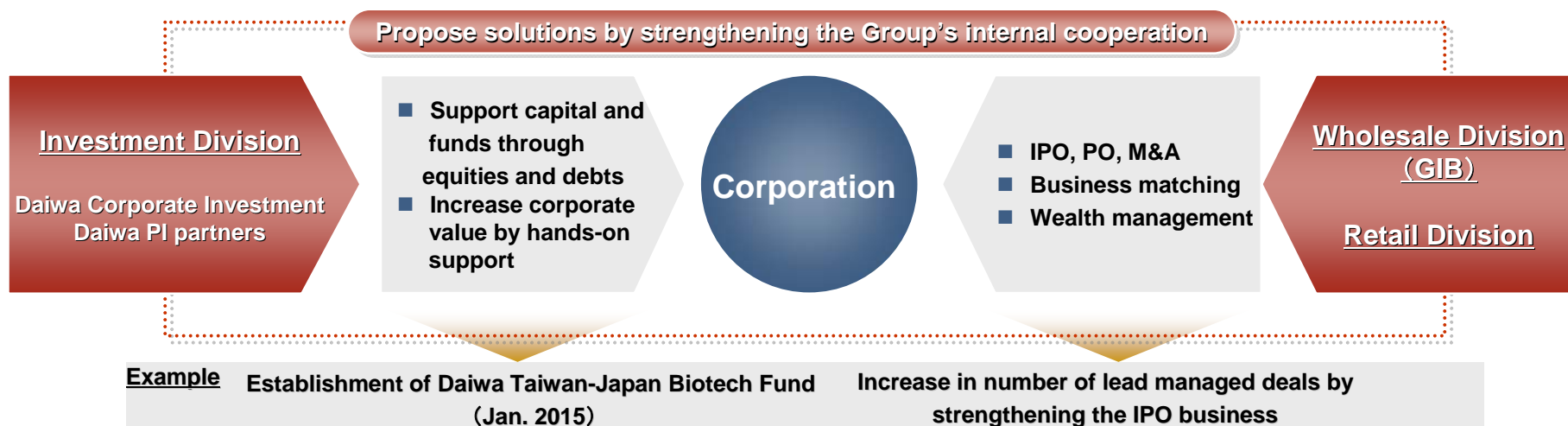
### Effectively use Group Resources

- Find the next generation of growth companies by using the domestic network
- Support business partnerships using the domestic and overseas network of corporate clients; supply funds for growth through the Investment Division

### Strategic Approach to Acquire Large-scale IPO Deals

- Aim to mandate PE backed deals by strengthening the fund coverage team
- Clarify target deals, and strengthen ability to offer high-quality proposals by strategically deploying staff

### Effectively Use Group Resources





## Provide Solutions in Response to Corporate Globalization and M&A Needs



- Strengthen the ability to offer a wide range of IB solutions to meet various customer needs.
- Reinforce ties among Group companies, including alliance partners, to provide effective solutions.

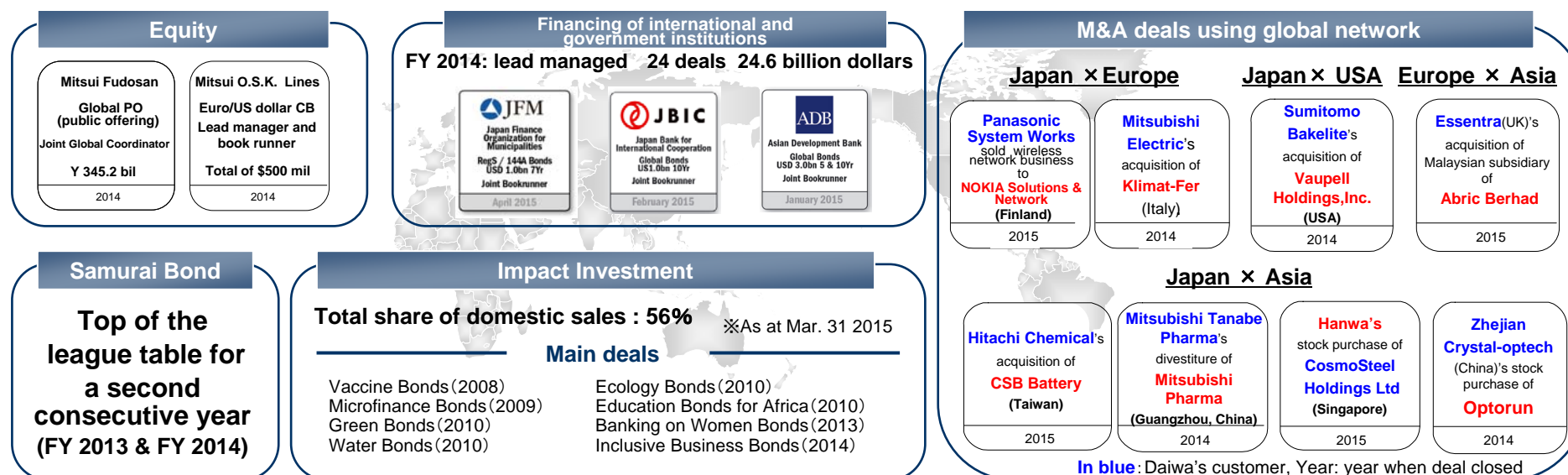
### Strengthen Proposals on IB Solutions

- Provide solutions that appeal most to the customer need to improve ROE (overseas expansion, industry reorganization, restructuring unprofitable businesses etc.)
- Improve the quality of proposals and services by meticulously targeting customers

### Provide Solutions by Fully Utilizing Group Resources

- Cooperation between the Retail Division, Investment Division, and overseas offices\*  
\*includes DCA, Sagent, Daiwa (Shanghai) Corporate Advisory, and local alliance partners
- Develop well-rounded global bankers through collaborative projects and personnel exchange within the Group

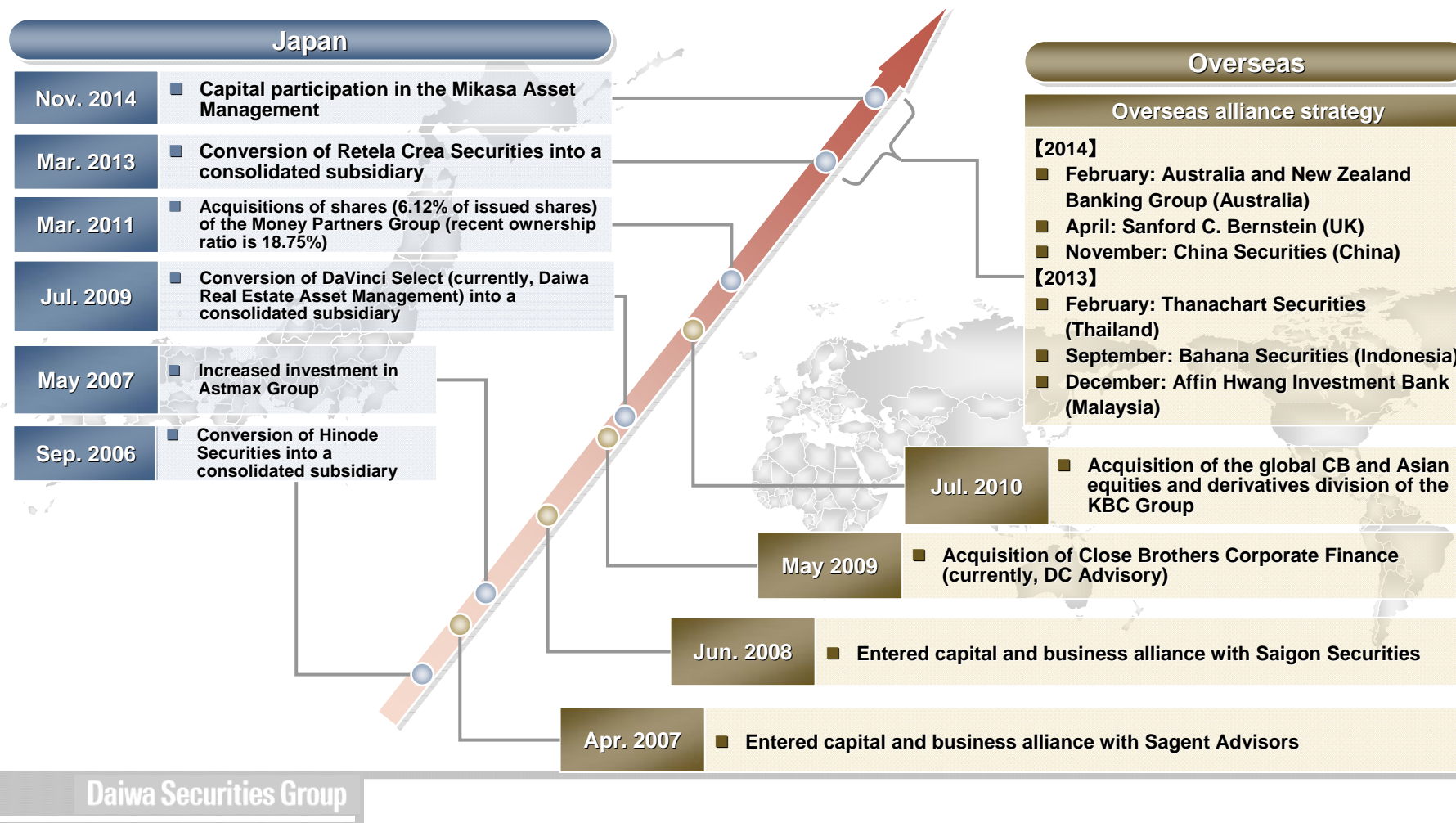
### Examples of IB solutions resulting from domestic and overseas collaboration



## Proactive Promotion of Alliance Strategy

- In addition to strengthening the domestic business, promote alliances with overseas local financial institutions to strengthen earning power over the mid-to-long term.

### Main Investment and Alliance Projects by the Daiwa Group Over the Past Ten Years



## IV- Basic Group Strategies

**Daiwa Securities Group**

# 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.

## Maintenance of financial soundness

- Secure capital and liquidity capable of responding to tighter international financial regulations
- Establish a financial base for maintaining and improving credit rating
- Secure financial flexibility that enables agile investments for growth under any environment
- Continue strict risk control

Improve  
Daiwa's sustainable  
corporate value

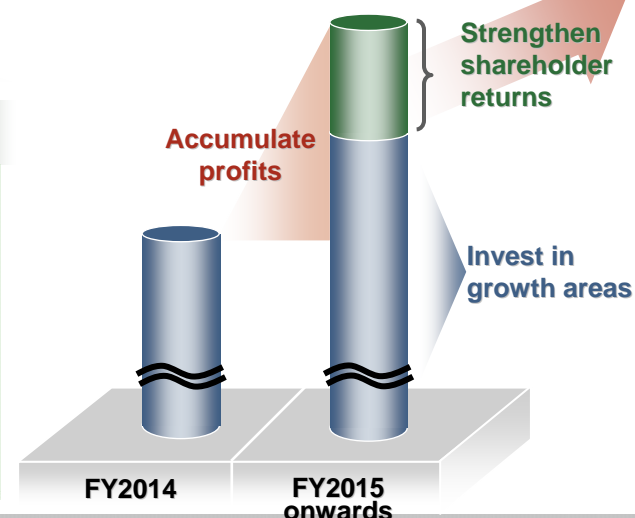
## Improvement of capital efficiency

- Invest management resources appropriately in business areas with high growth and profit potential in Japan and overseas with a focus on capital efficiency (ROE)
- Aim to reduce capital cost by diversifying risks through expansion of the business portfolio

## Image of capital

## Strengthen shareholder returns

- Aim for stable dividend growth by continuously improving earning power
- Feasibility of share buyback will be reviewed by taking a comprehensive look at factors including the business environment, financial conditions, regulatory requirements, and level of stock price



# Strengthen Shareholder Returns

- Raised dividend pay-out ratio to approximately 40% to seek the optimal balance between “maintenance of financial soundness” and “improvement of capital efficiency”, while strengthening shareholder returns.
- Aim to maintain an upward trend of dividends, by continuously improving earning power.

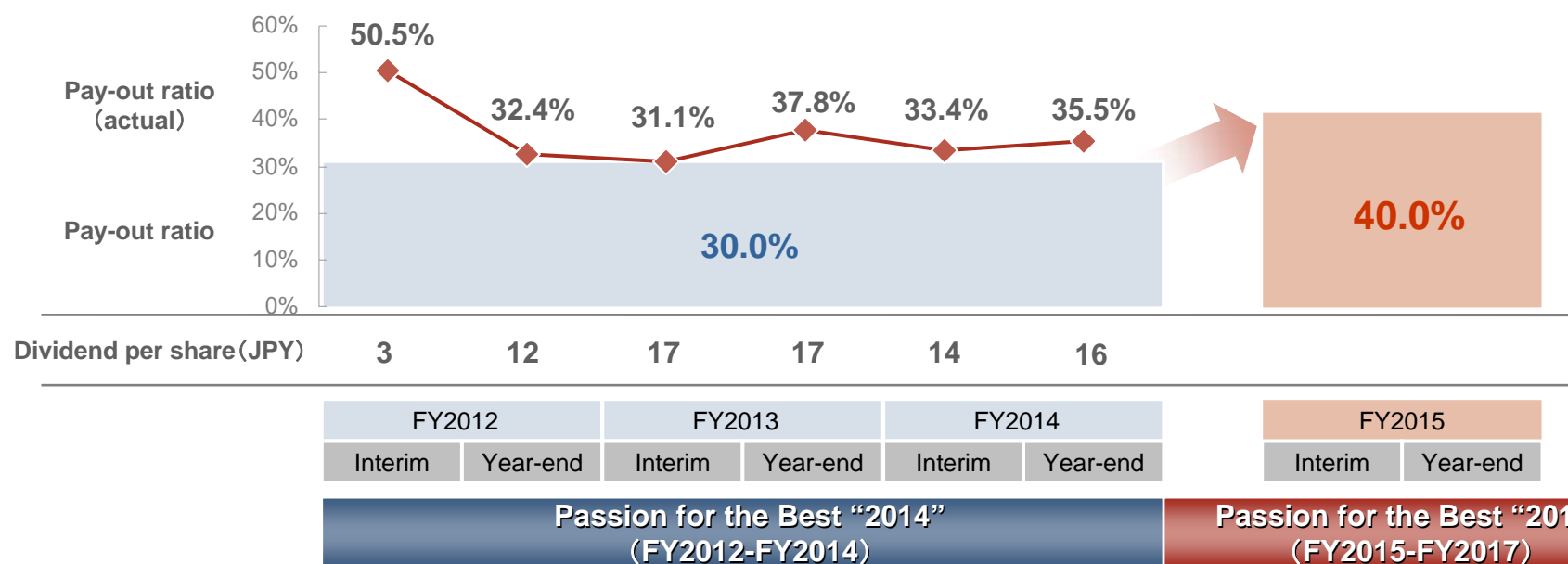
## Dividend payment policy

Daiwa Securities Group Inc. (the “Company”) aims to continuously raise shareholders' value including a profit-sharing.

The Company will basically pay dividends semiannually at a pay-out ratio of approximately **40%** based on the consolidated financial performance. The Company will also consider increasing returns to its shareholders in various ways including share buybacks when it has sufficient accumulated capital to pursue further growth.

\*The new dividend payment policy will take effect from the fiscal year ending on March 31, 2016

(from interim dividend for FY2015, which will be paid in December 2015)



# Stance Towards Investments for Growth

## Basic stance

- Invest to dramatically expand the customer base and earning power of our domestic securities business.
- Invest in peripheral areas that have an affinity with the securities business in order to expand stable revenues and supplement the business.
- Promote the overseas business to strengthen 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	
Others	Expand peripheral businesses aimed at expanding stable revenue	



# Human Resources Strategy

- Human resource is the most important management resource for the Group to become the customer's first choice securities group. Through strategic staff deployment and planned staff training and development, we will create an environment that enables us to demonstrate organizational strength of a higher level.

## Supporting the Success of "Young Employees"

### Improve "Daiwa Basic Program (Basic education for the first two years)"

- Improve education system to nurture professionals with high loyalty and to retain young employees

## Supporting the success of "Veteran Employees"

### Establish "License Certification System"

Incentive system to create a corporate culture in which employees are eager to continue developing as professionals regardless of age

### 『Advanced Skill-building Program (ASP)』

Expand programs for improving skills to continue succeeding as professionals

### Support balancing work with family care

Further improve the working environment so that staff can work actively without worrying about future life

## Supporting the success of "Female Employees"

Increase the number of female branch managers and managers (at Daiwa Securities)

※The ratios of females are in the brackets

	Mar. 2005		Apr. 2015
Branch Managers	3		19 (16.1%)
Managers	60		207 (7.3%)

## Selected as "Nadeshiko Brand", "Health and Productivity Companies"

Companies selected for both categories (12 Companies)



40 companies



22 companies

\* Nadeshiko Brand consists of Tokyo Stock Exchange (TSE) first section listed companies, which are selected jointly by METI and TSE as exemplary companies that encourage active role of female employees in the workplace. Selected companies must also show outstanding financial performance in the industry.

\* Health & Productivity Stock Selection consists of TSE listed companies, which are selected jointly by METI and TSE as exemplary companies that make excellent efforts in health and productivity management of their employees.

## Closing Remarks

**“Be the First Choice”**

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



## Appendix

**Daiwa Securities Group**

# Environmental Assumptions



Economy	<div>Global economy</div> <ul style="list-style-type: none"> <li>Concerns towards European economic stagnation will subside due to the start of QE, and the steady US economy will drive a gentle expansion of the global economy including emerging countries [Global economic growth rate: FY 2015: 3.6%, FY 2016: 3.6%]</li> </ul> <div>Japanese economy</div> <ul style="list-style-type: none"> <li>Exports will grow and the move away from deflation will become clear due to the continued positive economic cycle underpinned by Abenomics and the gentle expansion of the global economy [Real GDP growth rate: FY 2015 1.7%, FY 2016: 1.8%]</li> </ul>
Market Condition	<div>Stock prices</div> <ul style="list-style-type: none"> <li>Prices of Japanese equities will continue to rise as a result of the low yen caused by a gradual increase in interest rates in the US combined with the continued expansion of the economy and corporate earnings in Japan [Nikkei Stock Average: average for FY 2017 is 24,000 yen]</li> </ul> <div>Interest rates</div> <ul style="list-style-type: none"> <li>In an aim to realize 2% inflation, the BOJ will continue large-scale quantitative and qualitative easing; the low interest rate environment will continue until around the end of 2017 [Long-term interest rate: projected range of FY 2015 - FY 2017 is 0.0% - 0.6%]</li> </ul> <div>Foreign Exchange</div> <ul style="list-style-type: none"> <li>The differences in US and Japanese monetary policy will be maintained for some time; depreciation of the yen will continue [USD/JPY rate: average of JPY 120.0 for FY 2015 to FY 2017]</li> </ul>
Investor Trends	<ul style="list-style-type: none"> <li>Foreign investors that have been the driving force of Abenomics market will continue to actively invest in Japanese stocks in response to the improved earning capabilities of Japanese companies</li> <li>Individual financial assets, that had been kept as deposits until now, will show a full-fledged shift to securities investment. This development stems from the following: spread of successful investment experiences due to high stock prices; policy and institutional support through measures such as NISA; and prolonged low interest rates</li> </ul>
Company (Issuer) Trends	<ul style="list-style-type: none"> <li>As a result of ISS policy changes and the introduction of the Corporate Governance Code, it is expected that companies will be managed with an increased awareness of ROE. Also corporate actions aimed at increasing earning power, including investment for growth and M&amp;As, will become more active</li> <li>Funding by growth companies through the market will become more active due to the strong Japanese stock market, the acceleration of industrial restructuring, and increase of venture businesses</li> </ul>

# Management Policy of Daiwa Securities for FY2015

## Group Management Policy

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

### 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.



**Daiwa Securities Group Inc.**

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