

FY2016 Daiwa Securities Group Management Policies
～ Passion for the Best ～

During FY2015, the initial year of the Group's Medium-Term Management Plan "Passion for the Best" 2017, we were faced with the most severe business environment since the start of Abenomics as global securities and financial markets were shaken due to the slowdown of the Chinese economy, plummeting oil prices and heightened geopolitical risks.

Under such circumstances, the Group has managed to achieve reasonable results in terms of ROE and fixed cost coverage ratio targets. Also, the Group made steady progress such as, expansion of the balance of wrap accounts and significant increase in the number of applications for comprehensive inheritance consulting services, focused as key products in the wealth management business.

As the global economy remains uncertain in FY2016, the second year of the Medium-Term Management Plan, we will further advance our efforts to establish a robust business structure immune to the external environment.

Specifically, we will accurately respond to the significant social needs that continue to exist regardless of the market environment – such as asset building and asset management matching customers' life stages, as well as needs related to inheritance – and aim to stabilize flow revenue while also expanding into new businesses that provide stable revenues through the effective utilization of capital.

By leveraging industry's top quality, the Daiwa Securities Group will strive to lead the shift from savings to investment and contribute to Japan's growth strategy as the customer's first choice securities group.

Action Plan for Each Business Division

Retail Division

1. Provide consulting services befitting of a "best partner"
2. Expand the stable revenue base by developing and spreading competitive wrap account services and investment trusts
3. Further develop the combined securities-banking business model
4. Strengthen responses to inheritance business
5. Acquire new client base centered on inbound-type clients
6. Improve sales support functions through the use of AI and big data

Wholesale Division

1. Improve capabilities to supply products that accurately respond to customer needs
2. Promote a global strategy focused on Asia
3. Identify and develop next-generation growth companies and help them to raise capital for growth
4. Provide solutions in response to corporate globalization and M&A needs
5. Expansion of products and services required under the new environment of negative interest rates

Asset Management Division

1. Strengthen and improve management ability, and pursue excellence in performance
2. Develop products suitable for expanding the investor base and long-term asset building
3. Enhance products that meet customers' needs and strengthen support abilities
4. Further execute and enforce fiduciary duty
5. Further strengthen the real estate asset management business

Investment Division

1. Secure returns through strengthening of investment ability
2. Execute investment linked with Group business through the utilization of principal funds
3. Support sustained growth of companies and development of new industry through the provision of growth funds, etc.

Other (Daiwa Institute of Research Group)

1. Increase synergy through strengthening coordination with group company
2. Actively communicate information centered on economy, finance and environment
3. Strengthen consulting capabilities in Japan and Asia
4. Provide highly competitive IT that contributes to customers' business

Other (Daiwa Next Bank)

1. Expand new customer segments
2. Promote customer transactions by strengthening securities-banking coordination (strengthen foreign currency-related business)
3. Strengthen ALM (pursuing appropriate ALM under negative interest rates)
4. Strengthen each management systems

End