



2Q FY2006 Earnings Results - Reference Data -

October 26, 2006

Daiwa Securities Group Inc.

This presentation may contain forward-looking statements about the Daiwa Securities Group. You can identify these statements by the fact that they do not relate strictly to historic or current facts. These statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition or state other “forward-looking” information. These statements are based on currently available information and represent the beliefs of the management of the Daiwa Securities Group. These statements are subject to numerous risks and uncertainties that could cause the Daiwa Securities Group’s actual results, performance, achievements or financial condition to differ materially from those described or implied in the forward-looking statements. The Daiwa Securities Group undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. These potential risks and uncertainties include, but are not limited to: competition within the financial services industries in Japan and overseas, our ability to adjust our business focus and to maintain profitable strategic alliances, volatile and sudden movements in the international securities markets, foreign exchange and global economic situations affecting the Daiwa Securities Group.



Table of Contents

| | |
|--|----|
| Consolidated Breakdown of Operating Revenues | 3 |
| Consolidated Cost Structure | 4 |
| Daiwa Securities Breakdown of SG&A | 5 |
| Daiwa Securities SMBC -Consolidated- Breakdown of SG&A | 6 |
| Daiwa Securities SMBC -Unconsolidated- Financial Summary | 7 |
| Daiwa Securities SMBC -Unconsolidated- Breakdown of SG&A | 8 |
| Domestic Group Companies & Overseas Operation | 9 |
| Equity Market Share | 10 |
| Daiwa Securities Number of Accounts | 11 |
| Customer Assets | 12 |
| Daiwa Securities SMBC Investment Banking (1) | 13 |
| Daiwa Securities SMBC Investment Banking (2) | 14 |
| Daiwa Securities SMBC Investment Banking (3) | 15 |
| Daiwa Securities SMBC Investment Banking (4) | 16 |
| VaR | 17 |
| Asset Management Investment Trust Market in Japan | 18 |
| Daiwa Global Bond Fund | 19 |
| Number of Group Employees | 20 |
| Changes in Shareholder Composition | 21 |
| Credit Ratings | 22 |



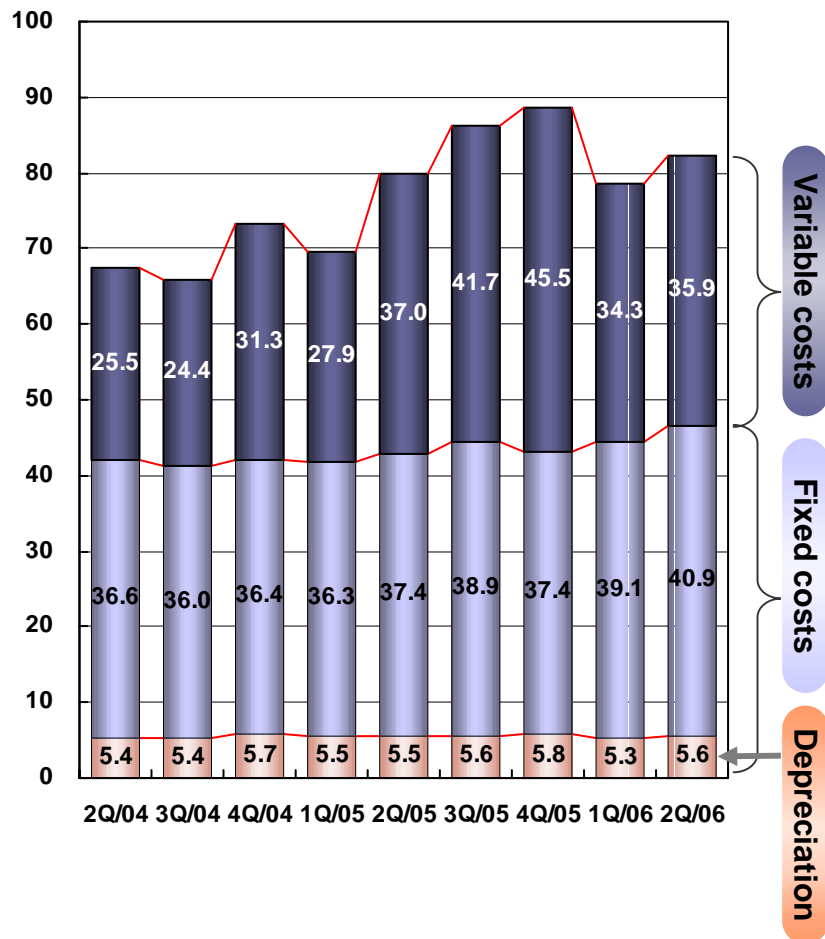
Consolidated Breakdown of Operating Revenues

| (Y mil) | FY2006 | | %Change vs 1Q FY06 | FY2005 | | | FY2006 1H | FY2005 1H | %Change vs 1H FY05 | FY2005 |
|--|---------------|---------------|--------------------------|---------|--------|--------|----------------|--------------|--------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | | | | |
| Equity | 19,658 | 26,863 | -26.8% | 36,874 | 39,075 | 26,301 | 46,521 | 44,266 | 5.1% | 120,216 |
| Brokerage commission | 19,334 | 26,269 | -26.4% | 36,249 | 38,628 | 25,916 | 45,604 | 43,383 | 5.1% | 118,261 |
| Others | 323 | 594 | -45.6% | 625 | 447 | 385 | 917 | 883 | 3.9% | 1,955 |
| Fixed income | 756 | 744 | 1.7% | 735 | 741 | 1,008 | 1,501 | 1,725 | -13.0% | 3,202 |
| Brokerage commission | 141 | 224 | -37.1% | 136 | 307 | 228 | 365 | 479 | -23.8% | 923 |
| Others | 615 | 520 | 18.4% | 599 | 433 | 779 | 1,135 | 1,245 | -8.8% | 2,278 |
| Investment trust | 23,703 | 24,766 | -4.3% | 26,059 | 23,600 | 18,053 | 48,470 | 32,743 | 48.0% | 82,403 |
| Brokerage commission | 58 | 100 | -41.8% | 96 | 136 | 64 | 158 | 102 | 53.9% | 336 |
| Distribution commission | 7,576 | 10,126 | -25.2% | 13,321 | 12,627 | 8,900 | 17,703 | 15,849 | 11.7% | 41,798 |
| Management fee | 16,068 | 14,540 | 10.5% | 12,641 | 10,836 | 9,088 | 30,608 | 16,790 | 82.3% | 40,268 |
| (Agency commission) | 8,424 | 7,778 | 8.3% | 6,959 | 6,010 | 5,021 | 16,202 | 9,305 | 74.1% | 22,275 |
| Investment banking | 17,351 | 9,440 | 83.8% | 39,479 | 21,193 | 13,830 | 26,792 | 22,062 | 21.4% | 82,735 |
| Underwriting commission | 12,559 | 6,678 | 88.1% | 33,482 | 16,378 | 9,132 | 19,238 | 14,453 | 33.1% | 64,313 |
| (Equity) | 10,181 | 4,370 | 133.0% | 31,398 | 13,504 | 6,661 | 14,551 | 9,162 | 58.8% | 54,066 |
| (Bond) | 1,869 | 2,059 | -9.2% | 1,854 | 2,277 | 2,011 | 3,928 | 4,421 | -11.1% | 8,554 |
| Distribution commission | 269 | 497 | -45.8% | 474 | 586 | 404 | 767 | 970 | -20.9% | 2,031 |
| Others (M&A commission etc.) | 4,522 | 2,264 | 99.7% | 5,522 | 4,228 | 4,294 | 6,786 | 6,639 | 2.2% | 16,389 |
| Others | 5,640 | 6,042 | -6.7% | 8,202 | 5,243 | 3,749 | 11,682 | 7,185 | 62.6% | 20,631 |
| Total commission | 67,110 | 67,858 | -1.1% | 111,351 | 89,853 | 62,944 | 134,968 | 107,984 | 25.0% | 309,188 |
| Gain/loss on equity trading | -5,336 | 17,563 | - | 46,690 | 31,102 | 39,042 | 12,226 | 46,477 | -73.7% | 124,270 |
| Gain/loss on bond and forex trading | 43,170 | 17,671 | 144.3% | 16,119 | 26,647 | 29,504 | 60,841 | 57,873 | 5.1% | 100,641 |
| (Bond) | 27,188 | -1,821 | - | 4,471 | 5,751 | 8,236 | 25,366 | 28,802 | -11.9% | 39,025 |
| (Forex) | 15,982 | 19,492 | -18.0% | 11,648 | 20,896 | 21,268 | 35,475 | 29,070 | 22.0% | 61,615 |
| Total gain/loss on trading | 37,833 | 35,234 | 7.4% | 62,810 | 57,749 | 68,547 | 73,068 | 104,351 | -30.0% | 224,912 |



Consolidated Cost Structure

(Y bil)



| (Y bil) | FY2005 | | | | FY2006 | |
|-------------------------------|--------|------|------|------|--------|------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Variable costs | 27.9 | 37.0 | 41.7 | 45.5 | 34.3 | 35.9 |
| Commission & other expenses | 13.7 | 15.5 | 16.1 | 18.5 | 15.0 | 18.0 |
| Bonus & FA remuneration | 9.2 | 16.1 | 19.6 | 20.7 | 13.4 | 11.8 |
| Overtime, part-time | 2.2 | 2.2 | 2.3 | 2.4 | 2.5 | 2.5 |
| Fixed costs | 41.8 | 43.0 | 44.6 | 43.2 | 44.5 | 46.6 |
| Personnel costs | 23.0 | 23.5 | 24.7 | 22.3 | 24.1 | 24.9 |
| Real estate expenses | 7.7 | 8.3 | 8.0 | 8.5 | 7.8 | 9.1 |
| Depreciation | 5.5 | 5.5 | 5.6 | 5.8 | 5.3 | 5.6 |
| Office expenses | 3.9 | 3.6 | 3.9 | 4.1 | 5.3 | 4.8 |
| Taxes other than income taxes | 1.5 | 2.0 | 2.1 | 2.3 | 1.8 | 2.0 |

*From FY2006, remuneration for Financial Advisers (FA) has been reallocated from fixed personnel costs to variable costs. For easy comparison, past figures have been adjusted accordingly.



Daiwa Securities Breakdown of SG&A

| (Y mil) | FY2006 | | %Change vs 1Q FY06 | FY2005 | | | FY2006 1H | FY2005 1H | %Change vs 1H FY05 | FY2005 |
|-------------------------------|---------------|--------|--------------------------|--------|--------|--------|---------------|--------------|--------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | | | | |
| SG&A | 37,505 | 37,391 | 0.3% | 41,650 | 42,437 | 38,463 | 74,897 | 72,902 | 2.7% | 156,990 |
| Fees and commissions paid | 5,282 | 5,398 | -2.1% | 6,314 | 5,501 | 5,343 | 10,680 | 10,629 | 0.5% | 22,445 |
| Personnel costs | 18,844 | 19,158 | -1.6% | 22,650 | 24,323 | 20,648 | 38,002 | 37,435 | 1.5% | 84,408 |
| Real estate expenses | 5,145 | 4,655 | 10.5% | 4,706 | 4,422 | 4,512 | 9,801 | 8,989 | 9.0% | 18,118 |
| Office expenses | 5,191 | 5,109 | 1.6% | 4,629 | 4,942 | 4,945 | 10,300 | 9,834 | 4.7% | 19,406 |
| Depreciation | 2,169 | 2,020 | 7.4% | 2,257 | 2,157 | 2,108 | 4,190 | 4,142 | 1.2% | 8,556 |
| Taxes other than income taxes | 306 | 386 | -20.7% | 486 | 437 | 346 | 693 | 691 | 0.3% | 1,615 |
| Others | 565 | 661 | -14.6% | 606 | 652 | 558 | 1,227 | 1,179 | 4.0% | 2,438 |



Daiwa Securities SMBC - Consolidated - Breakdown of SG&A

| (Y mil) | FY2006 | | %Change vs 1Q FY06 | FY2005 | | | FY2006 1H | FY2005 1H | %Change vs 1H FY05 | FY2005 |
|--------------------------------------|---------------|--------|--------------------------|--------|--------|--------|---------------|--------------|--------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | | | | |
| SG&A | 42,452 | 35,902 | 18.2% | 54,934 | 43,409 | 40,582 | 78,354 | 73,561 | 6.5% | 171,905 |
| Fees and commissions paid | 18,380 | 11,585 | 58.7% | 28,171 | 18,145 | 16,118 | 29,966 | 27,781 | 7.9% | 74,098 |
| Personnel costs | 11,026 | 11,860 | -7.0% | 13,162 | 12,316 | 11,565 | 22,886 | 21,340 | 7.2% | 46,820 |
| Real estate expenses | 3,519 | 3,155 | 11.5% | 3,655 | 3,476 | 3,418 | 6,675 | 6,570 | 1.6% | 13,702 |
| Office expenses | 4,461 | 4,323 | 3.2% | 4,355 | 4,377 | 4,386 | 8,785 | 8,270 | 6.2% | 17,003 |
| Depreciation | 2,972 | 2,888 | 2.9% | 3,069 | 3,042 | 3,040 | 5,861 | 6,071 | -3.5% | 12,184 |
| Taxes other than income taxes | 1,005 | 983 | 2.3% | 1,404 | 1,282 | 1,270 | 1,988 | 2,087 | -4.7% | 4,774 |
| Others | 1,084 | 1,105 | -2.0% | 1,115 | 768 | 784 | 2,190 | 1,438 | 52.2% | 3,322 |



Daiwa Securities SMBC - Unconsolidated - Financial Summary

| (Y mil) | FY2006 | | %Change vs 1Q FY06 | FY2005 | | | FY2006 1H | FY2005 1H | %Change vs 1H FY05 | FY2005 |
|-------------------------------------|--------|--------|--------------------------|--------|--------|--------|--------------|--------------|--------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | | | | |
| Operating revenues | 58,872 | 46,662 | 26.2% | 98,140 | 76,758 | 77,001 | 105,535 | 117,547 | -10.2% | 292,446 |
| Commissions | 22,366 | 14,989 | 49.2% | 44,379 | 26,575 | 20,009 | 37,356 | 31,533 | 18.5% | 102,488 |
| Brokerage | 4,366 | 4,948 | -11.8% | 5,541 | 5,289 | 4,506 | 9,314 | 7,779 | 19.7% | 18,611 |
| (Stock and others) | 4,333 | 4,909 | -11.7% | 5,506 | 5,249 | 4,468 | 9,242 | 7,706 | 19.9% | 18,462 |
| Underwriting | 11,213 | 6,041 | 85.6% | 29,440 | 15,505 | 8,913 | 17,254 | 13,884 | 24.3% | 58,830 |
| (Stock and others) | 8,872 | 3,763 | 135.7% | 27,002 | 12,843 | 6,513 | 12,636 | 8,779 | 43.9% | 48,626 |
| (Bond and others) | 1,832 | 2,027 | -9.6% | 2,210 | 2,120 | 1,943 | 3,860 | 4,238 | -8.9% | 8,569 |
| Distribution | 337 | 168 | 100.1% | 567 | 228 | 375 | 505 | 583 | -13.3% | 1,379 |
| Other commissions (M&A and others) | 6,449 | 3,832 | 68.3% | 8,829 | 5,551 | 6,214 | 10,281 | 9,285 | 10.7% | 23,666 |
| Net gain/loss on trading securities | 26,271 | 22,186 | 18.4% | 47,008 | 41,432 | 49,968 | 48,458 | 72,047 | -32.7% | 160,488 |
| Stock and others | -8,123 | 13,812 | - | 40,527 | 24,568 | 34,714 | 5,689 | 38,503 | -85.2% | 103,599 |
| Bond, forex and others | 34,395 | 8,373 | 310.8% | 6,481 | 16,863 | 15,254 | 42,769 | 33,544 | 27.5% | 56,888 |
| Interest and dividend income | 10,234 | 9,487 | 7.9% | 6,751 | 8,751 | 7,022 | 19,721 | 13,967 | 41.2% | 29,470 |
| Interest expenses | 8,884 | 7,149 | 24.3% | 6,777 | 7,927 | 6,407 | 16,033 | 11,292 | 42.0% | 25,997 |
| Net operating revenues | 49,988 | 39,513 | 26.5% | 91,362 | 68,831 | 70,594 | 89,501 | 106,255 | -15.8% | 266,449 |
| SG&A | 37,483 | 30,480 | 23.0% | 49,826 | 38,817 | 35,986 | 67,963 | 64,330 | 5.6% | 152,975 |
| Ordinary income | 22,572 | 13,722 | 64.5% | 42,456 | 30,699 | 34,984 | 36,294 | 43,024 | -15.6% | 116,180 |
| Net income | 12,689 | 10,217 | 24.2% | 22,373 | 20,133 | 21,144 | 22,907 | 26,109 | -12.3% | 68,616 |
| Capital adequacy ratio | 479.2% | 445.4% | - | 336.3% | 417.8% | 373.3% | 479.2% | 373.3% | - | 336.3% |



Daiwa Securities SMBC - Unconsolidated - Breakdown of SG&A

| (Y mil) | FY2006 | | %Change vs 1Q FY06 | FY2005 | | | FY2006 1H | FY2005 1H | %Change vs 1H FY05 | FY2005 |
|-------------------------------|---------------|--------|--------------------------|--------|--------|--------|---------------|--------------|--------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | | | | |
| SG&A | 37,483 | 30,480 | 23.0% | 49,826 | 38,817 | 35,986 | 67,963 | 64,330 | 5.6% | 152,975 |
| Fees and commissions paid | 19,647 | 12,416 | 58.2% | 29,795 | 19,668 | 17,174 | 32,063 | 29,267 | 9.6% | 78,731 |
| Personnel costs | 6,931 | 7,756 | -10.6% | 8,564 | 8,244 | 7,866 | 14,687 | 14,120 | 4.0% | 30,928 |
| Real estate expenses | 2,814 | 2,475 | 13.7% | 2,987 | 2,738 | 2,828 | 5,289 | 5,393 | -1.9% | 11,119 |
| Office expenses | 4,178 | 4,033 | 3.6% | 3,942 | 4,040 | 4,041 | 8,211 | 7,731 | 6.2% | 15,713 |
| Depreciation | 2,642 | 2,607 | 1.4% | 2,800 | 2,780 | 2,782 | 5,250 | 5,610 | -6.4% | 11,191 |
| Taxes other than income taxes | 662 | 582 | 13.7% | 977 | 918 | 854 | 1,245 | 1,433 | -13.2% | 3,329 |
| Others | 606 | 608 | -0.3% | 759 | 427 | 438 | 1,215 | 774 | 57.0% | 1,961 |



Domestic Group Companies & Overseas Operation

| FY2006 1H (Y mil, y/y % Chg) | Daiwa Securities Group Inc. | | Daiwa Securities | | Daiwa Securities SMBC (consolidated) | | Daiwa Asset Management | |
|--|--------------------------------|--------|-------------------------|-------|---|--------|---------------------------|--------|
| Operating revenues | 76,039 | 125.8% | 108,900 | 7.5% | 141,051 | -0.8% | 25,476 | 97.5% |
| SG&A | 4,873 | 13.3% | 74,897 | 2.7% | 78,354 | 6.5% | 20,276 | 78.1% |
| Operating income | 69,362 | 149.3% | 33,436 | 19.6% | 39,754 | -19.1% | 5,199 | 243.4% |
| Ordinary income | 72,343 | 146.6% | 33,498 | 19.6% | 41,548 | -17.3% | 5,714 | 246.7% |
| Group holdings (as of Sep 30, 2006) | - | | 100.0% | | 60.0% | | 100.0% | |
| FY2006 1H (Y mil, y/y % Chg) | Daiwa Institute of Research | | Daiwa SB Investments | | NIF SMBC Ventures* | | Overseas | |
| Operating revenues | 44,032 | 36.2% | 8,982 | 25.6% | 3,058 | - | 180,231 | 68.4% |
| SG&A | 4,985 | 1.3% | 3,047 | 15.5% | 2,631 | - | 23,134 | 23.7% |
| Operating income | 4,703 | 107.4% | 2,004 | 17.5% | 258 | - | 2,783 | -37.0% |
| Ordinary income | 4,824 | 106.4% | 2,049 | 19.1% | 294 | - | 2,925 | -36.6% |
| Group holdings (as of Sep 30, 2006) | 100.0% | | 44.0% | | 46.2% | | - | |

*NIF Ventures and SMBC Capital merged on Oct 1, 2005 into NIF SMBC Ventures. Therefore % changes are not indicated.

Equity Market Share

| | | FY2006 | | FY2005 | | | | FY2004 | | | |
|--|--|--------|-------|--------|-------|-------|-------|--------|-------|-------|-------|
| | | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q |
| Market data | | | | | | | | | | | |
| Average daily trading value in TSE, OSE, and NSE; (Y bil) | | 2,265 | 2,752 | 3,053 | 2,972 | 1,891 | 1,356 | 1,468 | 1,199 | 1,180 | 1,569 |
| Share of individual investors; (%) | | 21.9 | 22.8 | 29.1 | 30.8 | 28.4 | 24.2 | 25.2 | 21.9 | 22.0 | 23.8 |
| Market share in Tokyo Stock Exchange; (%) | | | | | | | | | | | |
| Daiwa Securities Group (on and off floor) | | 7.1 | 7.2 | 6.5 | 6.6 | 7.1 | 8.3 | 7.5 | 8.6 | 8.0 | 7.3 |
| Daiwa Securities (on and off floor) | | 1.1 | 1.2 | 1.5 | 1.5 | 1.3 | 1.0 | 1.2 | 1.0 | 1.0 | 1.3 |
| Daiwa Securities SMBC | | | | | | | | | | | |
| (on and off floor) | | 6.0 | 6.1 | 5.0 | 5.1 | 5.8 | 7.3 | 6.3 | 7.6 | 7.0 | 6.0 |
| (out of hours and off floor) | | 11.7 | 13.7 | 10.9 | 12.5 | 12.2 | 17.1 | 13.5 | 20.8 | 18.3 | 18.2 |
| Share of Daiwa Securities (retail) among individual investor transactions at TSE, OSE, and NSE; (%) | | | | | | | | | | | |
| Daiwa Securities / TSE, OSE, NSE | | 4.5 | 4.8 | 4.9 | 4.9 | 4.4 | 3.7 | 4.1 | 4.1 | 4.1 | 5.2 |
| Daiwa Securities equity commission rate; (bp) | | | | | | | | | | | |
| Commission rate* | | 40 | 44 | 47 | 51 | 53 | 64 | 70 | 69 | 70 | 71 |

* Adjusted rate: Denominator excludes value that generates revenues not reported as brokerage commission



Daiwa Securities

Number of Accounts

| (Thousands of Accounts) | FY2006 | | FY2005 | | | | FY2004 | | | |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 9/06 | 6/06 | 3/06 | 12/05 | 9/05 | 6/05 | 3/05 | 12/04 | 9/04 | 6/04 |
| CMS accounts (Cash Management Service) | 2,755 | 2,726 | 2,695 | 2,631 | 2,568 | 2,539 | 2,522 | 2,506 | 2,423 | 2,411 |
| Online trading accounts | 1,551 | 1,521 | 1,487 | 1,421 | 1,359 | 1,323 | 1,250 | 1,143 | 988 | 839 |
| "Daiwa Direct" accounts | 634 | 613 | 586 | 536 | 492 | 457 | 429 | 408 | 355 | 331 |
| "Daiwa Direct" margin transaction service accounts | 29.9 | 28.3 | 25.9 | 19.7 | 14.3 | 8.6 | 4.6 | 3.9 | 3.3 | 3.2 |
| Accounts holding equity* | 1,236 | 1,228 | 1,227 | 1,196 | 1,186 | 1,193 | 1,198 | 1,209 | 1,119 | 1,109 |
| | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q |
| Newly opened accounts | 48 | 60 | 84 | 75 | 53 | 54 | 48 | 104 | 49 | 50 |
| "Daiwa Direct" Course Accounts | 17 | 22 | 39 | 33 | 22 | 19 | 16 | 29 | 12 | 14 |

* Number of designated accounts was approximately 1.35 million as of the end of 9/06.

Customer Assets

Daiwa Securities SMBC Customer Assets

| (Y bil) | FY2006 | | %Change vs 6/06 | FY2005 | | | |
|------------------|--------|--------|-----------------------|--------|--------|--------|--------|
| | 9/06 | 6/06 | | 3/06 | 12/05 | 9/05 | 6/05 |
| Equity | 13,476 | 13,333 | 1.1% | 13,931 | 14,163 | 11,942 | 10,382 |
| Bond | 8,821 | 8,111 | 8.8% | 8,279 | 8,560 | 8,564 | 8,905 |
| Investment trust | 1,028 | 1,076 | -4.5% | 1,035 | 1,042 | 992 | 942 |
| Equity | 760 | 802 | -5.2% | 767 | 732 | 679 | 616 |
| Bond | 267 | 274 | -2.6% | 268 | 310 | 312 | 326 |
| Others | 1,235 | 968 | 27.5% | 783 | 925 | 919 | 1,138 |
| Total | 24,562 | 23,489 | 4.6% | 24,029 | 24,691 | 22,418 | 21,369 |

Note: Includes Y5.3tri of Daiwa Securities Assets Under Custody as of the end of 9/06.



Daiwa Securities SMBC Investment Banking (1)

Major lead manager deals during 2Q (including joint lead issues)

| | | | | |
|-----------------------|---|--------------|----------------------------------|--------------|
| Straight Bonds | Sumitomo Mitsui Banking Corporation | Y50bil | Nankai Electric Railway | Y20bil |
| | Kao Corporation | Y50bil | Heiwa Real Estate | Y20bil |
| | TEPCO | Y50bil | The Musashino Bank | |
| | THE KANSAI ELECTRIC POWER | Y30bil | (subordinated bond) | Y18bil |
| | CHUBU Electric Power | Y30bil | Sumitomo Corporation | Y15bil |
| | J-POWER | Y30bil | DAIBIRU CORPORATION | Y15bil |
| | SBI Holdings | Y30bil | MITSUI & CO. | Y10bil |
| | Tokyo Metro | Total Y30bil | TAIHEIYO CEMENT CORPORATION | Y10bil |
| | Sumitomo Realty & Development | Y20bil | Kansai Urban Banking Corporation | |
| | Mitsubishi Heavy Industries | Y20bil | (subordinated bond) | Total Y10bil |
| | Hokuriku Electric Power Company | Y20bil | | |
| | | | | |
| Agency Bonds | Japan Finance Corporation for Municipal Enterprises | Total Y50bil | | |
| | Japan Expressway Holding and Debt Repayment Agency | Y40bil | | |
| | Development Bank of Japan | Y35bil | | |
| | THE GOVERNMENT HOUSING LOAN CORPORATION | Total Y29bil | | |



Daiwa Securities SMBC Investment Banking (2)

Major lead manager deals during 2Q (including joint lead issues)

| | | | |
|--|----------------------------------|-------------------------------|----------|
| Equity Offerings (including CB) | Matsushita Electric Industrial | Secondary offering | Y96.9bil |
| | Meiji Dairies Corporation | Primary offering | Y22bil |
| | Ebara Corporation | Overseas CB | Y20bil |
| | Sun Frontier Fudousan | Primary & secondary offerings | Y10bil |
| | KYORITSU MAINTENANCE | Overseas CB | Y10bil |
| | HEIWADO | CB | Y10bil |
| | Hosokawa Micron Corporation | CB | Y4bil |
| IPOs | FUJI CORPORATION | Primary offering | Y4bil |
| | Miyano Machinery | Y15.9bil | |
| | mixi | Y11bil | |
| | Tokyo Tatemono Real Estate Sales | Y8.2bil | |

Overseas Underwriting Issues

*Currency rate as of the end of 9/06

| | | | |
|--------------|------------------------------------|---------------------------|----------|
| POWL | China Merchants Bank (China) | Total underwriting amount | Y7.8bil |
| Bonds | Alliance & Leicester | Euro/Yen bond | Y50bil |
| | Bank of Ireland | Euro/Yen bond | Y50bil |
| | Instituto de Credito Oficial | Euro/Yen bond | Y50bil |
| | Rabobank Nederland | Euro/USD bond | Y23.5bil |
| | Korea Container Terminal Authority | Samurai bond | Y5bil |



Daiwa Securities SMBC Investment Banking (3)

Major lead manager deals during 2Q (including joint lead issues)

Structured Finance

- The Government Housing Loan Corp. Secured Pass-through Bonds No. S-8
 < Co-lead manager > Issue Y250bil, Underwriting Y73.5bil
- Nippon Commercial Investment Corporation J-REIT IPO
 <Lead manager> Issue Y120.8bil, Underwriting Y85.4bil
- SMBC Series 8 RMBS
 <Lead manager> Issue Y101bil, Underwriting Y101bil
- SMBC Series 9 RMBS
 <Lead manager> Issue Y103.5bil, Underwriting Y103.5bil
- SMBC Series 10 RMBS
 <Lead manager> Issue Y56.5bil, Underwriting Y56.5bil
- The Government Housing Loan Corp. Secured Pass-through Bonds No. 47
 < Co-lead manager > Issue Y70.1bil, Underwriting Y20.6bil
- PRIMUS Japan Funding 06-A
 <Lead manager> Issue Y30.8bil, Underwriting Y10.7bil
- Oracle My Special Purpose Company
 <Lead manager> Issue Y20.3bil, Underwriting Y17.2bil
- CLO in September 2006 of Regional Financial Institutions
 <Lead manager> Issue Y10.7bil, Underwriting Y10.7bil



Daiwa Securities SMBC Investment Banking (4)

Major Deals During 2Q

M&A

- Yamazaki Baking, one of the largest bakeries in Japan, acquired the confectionery company TOHATO which is currently under reconstruction. Yamazaki Baking acquired 95% stake of TOHATO in total from Unison Capital, NAMCO BANDAI Holdings and Marubeni Corporation.
(Advisor to Yamazaki Baking)
- HOWA BANK issued preferred stock to be allocated to THE NISHI-NIPPON CITY BANK and local partner companies in order to ensure management stability.
(Advisor to HOWA BANK)
- Daiwa Securities Group Inc. and Daiwa Securities SMBC PI acquired 390 thousand shares of Mitsui Life Insurance (total amount Y37bil).
(Advisor to Daiwa Securities Group Inc. and Daiwa Securities SMBC PI)



VaR

Range and assumption of VaR

- Confidence level: 99%
- Holding period: 1 day
- Adjusted for price correlation between products

Daiwa Securities SMBC (Unconsolidated)

(Y bil)

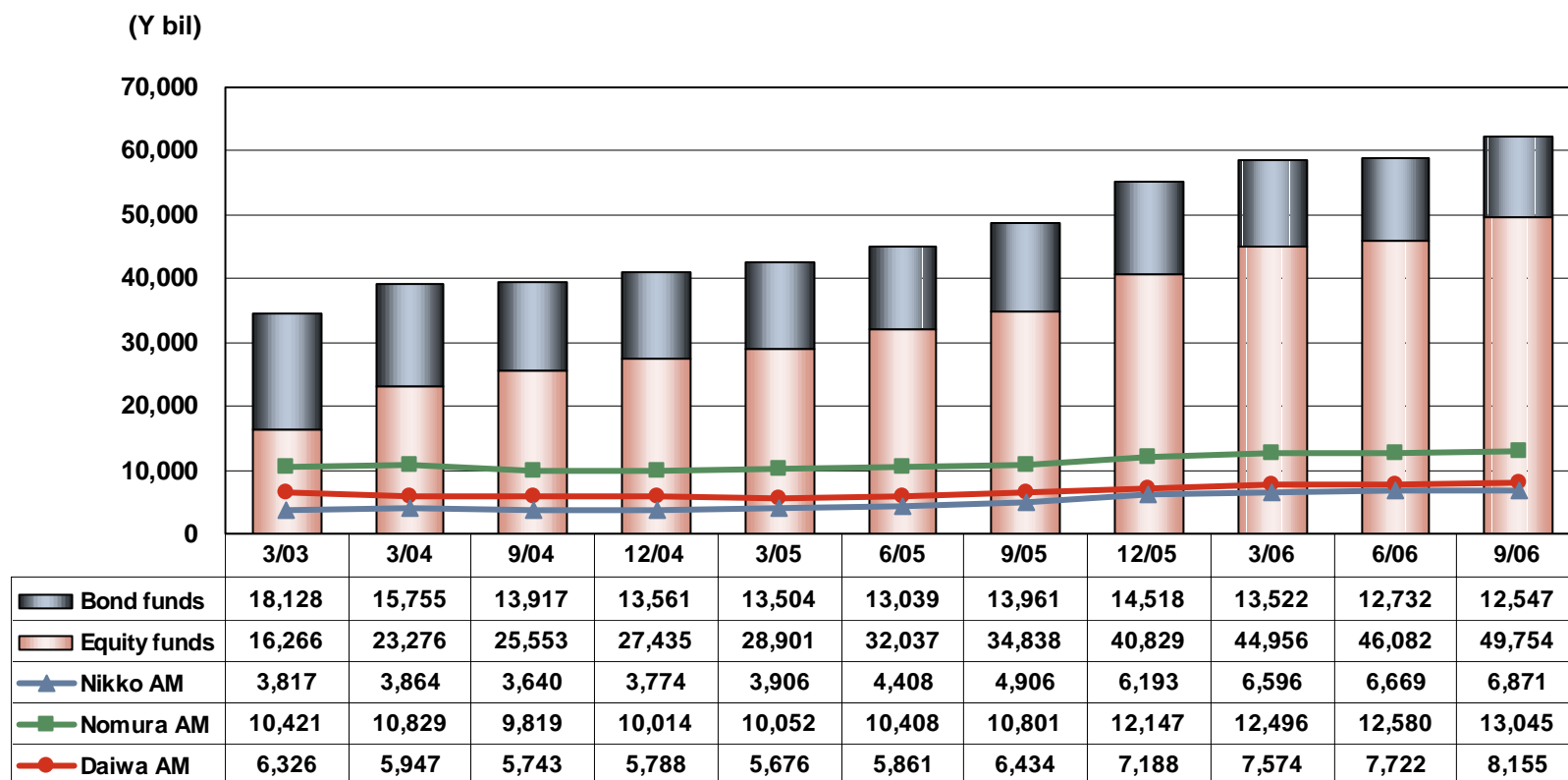
| (Month end) | | 3/05 | 6/05 | 9/05 | 12/05 | 3/06 | 6/06 | 9/06 |
|------------------------|---------|-------|-------|-------|-------|-------|-------|-------|
| Equity | | 1.77 | 0.71 | 1.03 | 0.50 | 1.87 | 0.86 | 1.38 |
| Interest | | 0.35 | 0.31 | 1.15 | 0.57 | 0.80 | 1.55 | 1.01 |
| Currency | | 0.06 | 0.08 | 0.08 | 0.24 | 0.11 | 0.18 | 0.78 |
| Total | | 2.18 | 1.10 | 2.26 | 1.31 | 2.78 | 2.59 | 3.17 |
| Diversification effect | | -0.37 | -0.33 | -0.58 | -0.39 | -0.96 | -0.84 | -1.16 |
| VaR | | 1.81 | 0.77 | 1.68 | 0.92 | 1.82 | 1.75 | 2.01 |
| Quarterly | High | 5.98 | 2.19 | 1.87 | 1.69 | 2.68 | 3.36 | 2.21 |
| | Low | 0.60 | 0.77 | 0.66 | 0.92 | 0.84 | 1.28 | 1.17 |
| | Average | 1.31 | 1.47 | 0.96 | 1.31 | 1.35 | 2.15 | 1.76 |

Daiwa Securities Group (Consolidated)

(Y bil)

| (Month end) | | 3/05 | 6/05 | 9/05 | 12/05 | 3/06 | 6/06 | 9/06 |
|------------------------|---------|-------|-------|-------|-------|-------|-------|-------|
| Equity | | 1.86 | 0.77 | 1.09 | 0.53 | 1.93 | 1.05 | 1.48 |
| Interest | | 0.52 | 0.48 | 1.29 | 0.78 | 0.92 | 1.71 | 1.09 |
| Currency | | 0.06 | 0.08 | 0.08 | 0.24 | 0.11 | 0.18 | 0.78 |
| Total | | 2.44 | 1.33 | 2.46 | 1.55 | 2.96 | 2.94 | 3.35 |
| Diversification effect | | -0.40 | -0.38 | -0.60 | -0.40 | -0.98 | -0.88 | -1.18 |
| VaR | | 2.04 | 0.95 | 1.86 | 1.15 | 1.98 | 2.06 | 2.17 |
| Quarterly | High | 6.21 | 2.39 | 2.30 | 1.95 | 3.07 | 3.69 | 2.42 |
| | Low | 0.78 | 0.95 | 0.81 | 1.15 | 0.99 | 1.49 | 1.42 |
| | Average | 1.58 | 1.66 | 1.19 | 1.55 | 1.56 | 2.42 | 1.99 |

Asset Management Investment Trust Market in Japan

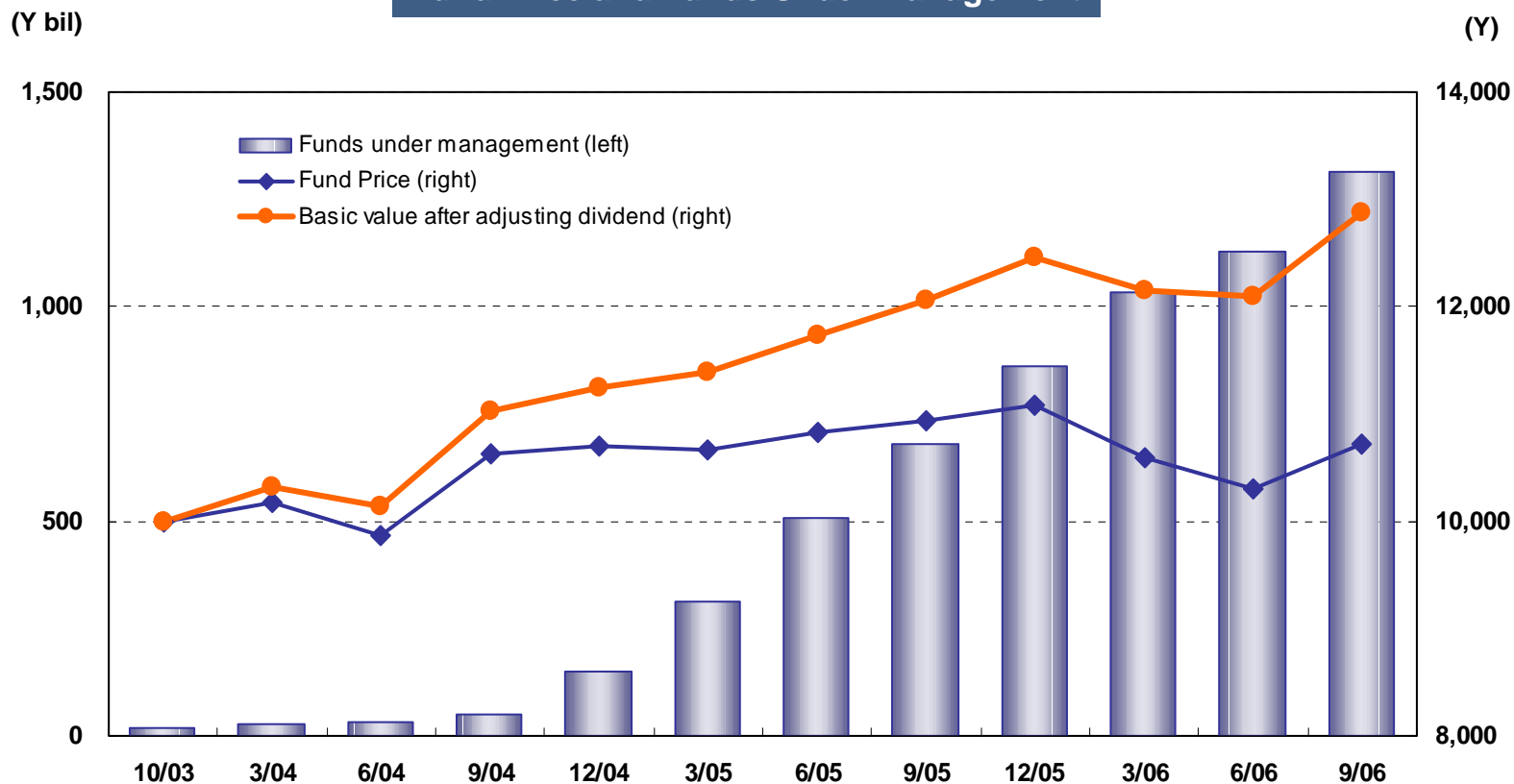


Source: The Investment and Trust Association



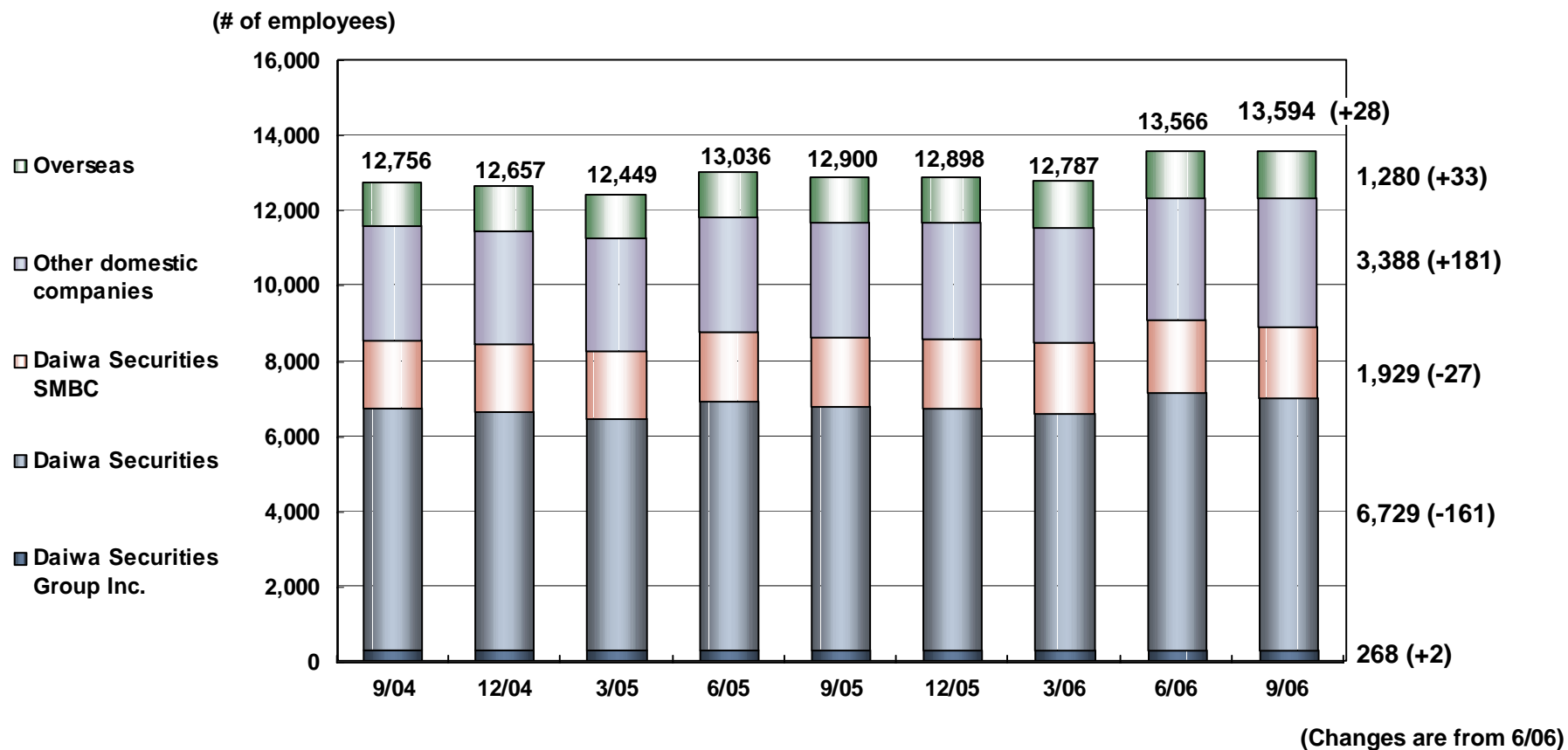
Daiwa Global Bond Fund

Daiwa Global Bond Fund
Fund Price and Funds Under Management





Number of Group Employees



- Total figure is the sum of consolidated group companies and Daiwa SB Investments.
- Figures for Daiwa Securities include Financial Advisers (FA).
- Figures for Daiwa Securities SMBC include employees of Daiwa Securities SMBC Principal Investments.



Changes in Shareholder Composition

| September 05 | |
|------------------------|----------------------|
| Types of investors | Ratio of # of shares |
| Individuals | 20.1 % |
| Financial institutions | 39.9 |
| Banks | 6.4 |
| Trust Banks | 25.7 |
| Other institutions | 5.3 |
| Foreigners | 33.3 |
| Others | 1.4 |
| Total | 100 |

| March 06 | |
|------------------------|----------------------|
| Types of investors | Ratio of # of shares |
| Individuals | 17.4 % |
| Financial institutions | 38.7 |
| Banks | 5.6 |
| Trust Banks | 25.4 |
| Other institutions | 4.9 |
| Foreigners | 37.2 |
| Others | 1.8 |
| Total | 100 |

| September 06 | |
|------------------------|----------------------|
| Types of investors | Ratio of # of shares |
| Individuals | 16.4 % |
| Financial institutions | 37.0 |
| Banks | 5.1 |
| Trust Banks | 24.7 |
| Other institutions | 4.5 |
| Foreigners | 39.8 |
| Others | 2.3 |
| Total | 100 |



Credit Ratings

| | Daiwa Securities Group Inc. | | Daiwa Securities | | Daiwa Securities SMBC | |
|-----------------------------------|-----------------------------|------------|------------------|------------|-----------------------|------------|
| | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term |
| Moody's | Baa1 | - | Baa1 | P-2 | A2 | P-1 |
| Standard & Poor's | BBB+ | A-2 | BBB+ | A-2 | A- | A-2 |
| Rating and Investment Information | A | a-1 | A | a-1 | A | a-1 |
| Japan Credit Rating Agency | A+ | - | A+ | - | - | - |

As of October 26, 2006

- Oct 11 Rating and Investment Information raised its long-term rating of Daiwa Securities Group Inc. and Daiwa Securities from “A-” to “A”.
- Oct 17 Japan Credit Rating Agency raised its long-term rating of Daiwa Securities Group Inc. and Daiwa Securities from “A” to “A+”.

Contact

Daiwa Securities Group Inc.

Investor Relations

TEL: +81-3-3243-3841 FAX: +81-3-3242-0955

E-mail: ir-section@dsgi.daiwa.co.jp

URL: <http://www.daiwa.jp/ir/english/>