

Feb. 18, 2008
Daiwa Investment Conference Tokyo 2008

PASSION
FOR THE
BEST

Daiwa Securities Group Business Strategy

Shigeharu Suzuki, President and CEO
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.

Contents

About the Daiwa Securities Group	3
Retail securities business	
Daiwa Securities Co. Ltd.	7
Wholesale securities business	
Daiwa Securities SMBC Co. Ltd.	17
Asset management	
Daiwa Asset Management Co. Ltd.	
Daiwa SB Investments Ltd.	23
Topics	26
Dividend policy	30

About the Daiwa Securities Group

大和証券グループ本社

Daiwa Securities Group Inc.

Corporate Profile

Company Name	Daiwa Securities Group Inc. (Ticker code: 8601)
Birth of Operation	May 1, 1902
Foundation	December 27, 1943
President and CEO	Shigeharu Suzuki
Head Office	GranTokyo North Tower, 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Capital	JPY 178.3 billion (as of December 31, 2007)
Number of Employees	14,797 (as of December 31, 2007, the Group's total employees)
Shares of Common Stock (issued and outstanding)	1,404,664 thousand shares (as of December 31, 2007)



“GranTokyo North Tower”

Business Structure

Holding company: Daiwa Securities Group Inc.

**Retail securities
business**

Daiwa Securities

**Wholesale securities
business**

Daiwa Securities SMBC
etc

Core businesses

Asset management

Daiwa Asset Management
Daiwa SB Investments

Investments

Daiwa Securities SMBC PI
NIF SMBC Ventures

Support

Daiwa Securities Business Center
Daiwa Property
Others

Research, systems, and
consulting
Daiwa Institute of Research

Consolidated Financial Summary

(Y mil)	FY2007		% Change vs 2Q FY07	FY2007	FY2006	% Change vs 1-3Q FY06	FY2006
	3Q	2Q		1-3Q	1-3Q		
Operating revenues	215,457	211,712	1.8%	681,153	662,169	2.9%	917,307
Net operating revenues	121,427	111,563	8.8%	377,059	383,262	-1.6%	526,764
SG&A	92,288	91,660	0.7%	277,568	249,490	11.3%	340,372
Ordinary income	30,511	21,204	43.9%	105,808	142,380	-25.7%	195,415
Net income	17,264	14,739	17.1%	59,339	66,881	-11.3%	92,724
Total assets	17,786,335	16,009,537		17,786,335	14,493,949		14,411,265
Net assets	1,178,456	1,194,358		1,178,456	1,186,895		1,223,225
Shareholders' equity*	893,223	907,597		893,223	897,532		929,525
EPS (Y)	12.59	10.63		42.87	49.34		67.90
BPS (Y)	651.36	661.84		651.36	643.34		665.98
ROE (Annualized)	7.7%	6.4%		8.7%	10.6%		10.8%

* Shareholders' equity = owners' equity + valuation and translation adjustments

ROE (Annualized)	3Q	1-3Q
Daiwa Securities	16.8%	18.1%
Daiwa Securities SMBC (consolidated)	2.2%	3.3%

Retail securities business

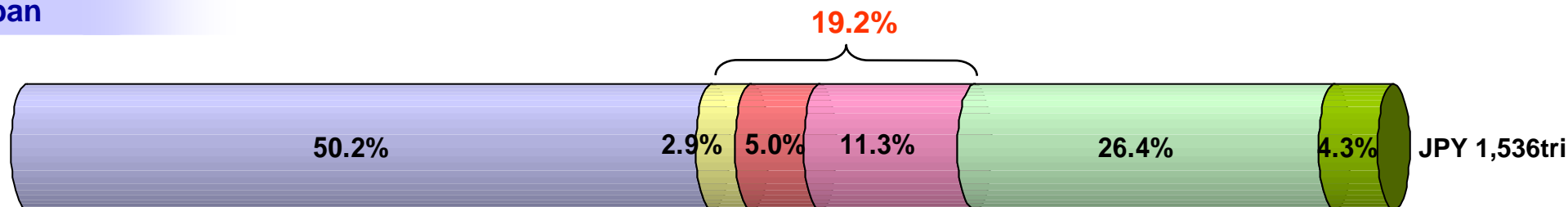
大和証券

Daiwa Securities

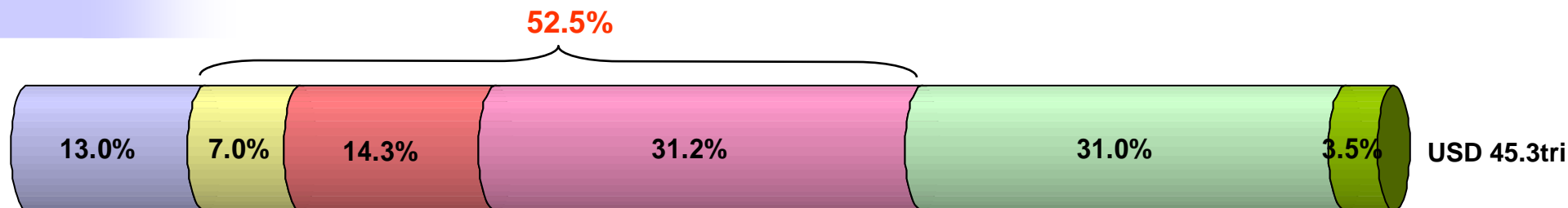
Retail Financial Assets

Breakdown of retail financial assets
(as of the end of Sep. 2007)

Japan



US



■ Cash & deposits
 ■ bonds
 ■ Investment trusts
 ■ Stock and equities
 ■ Insurance & pension reserves
 ■ Others

Source: BOJ

Daiwa Securities “Daiwa Direct” Course Offers Unique Services

PASSION
FOR THE
BEST

Wide range of product lineup diversifies revenue sources.



- Funds sold only through online channel

Offers Daiwa's top analyst reports



- DIR analyst reports

Provides branch offices' support for our online customers

- Online-trade seminar at branch office



Provides online support for our online and consulting customers

- Internet live seminar

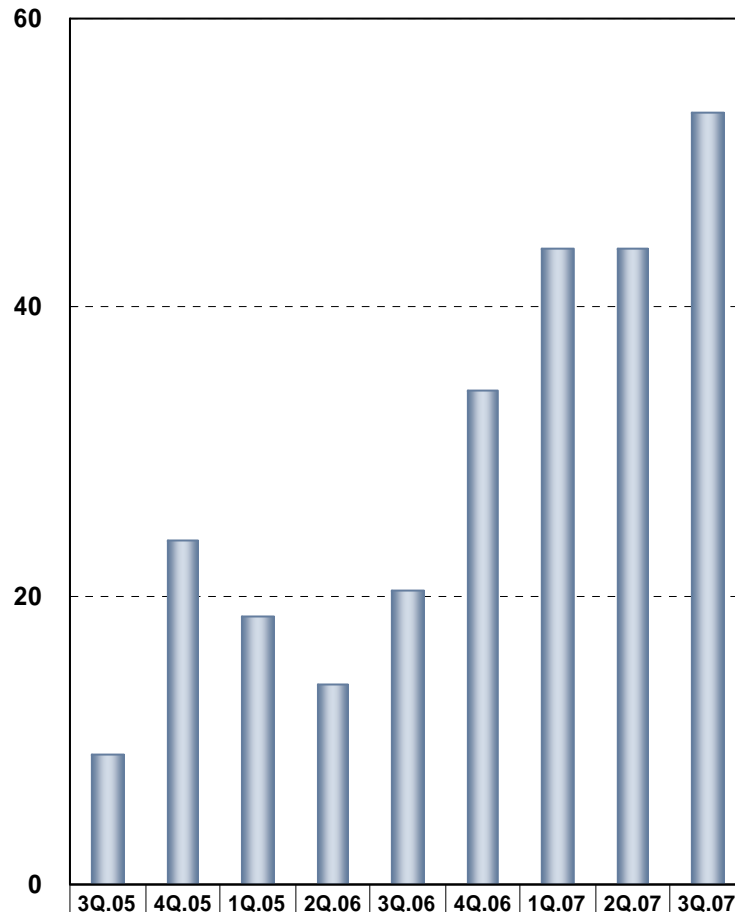


Daiwa Securities

Wide Range of Services in “Daiwa Direct”

Investment trust sales
through online channel

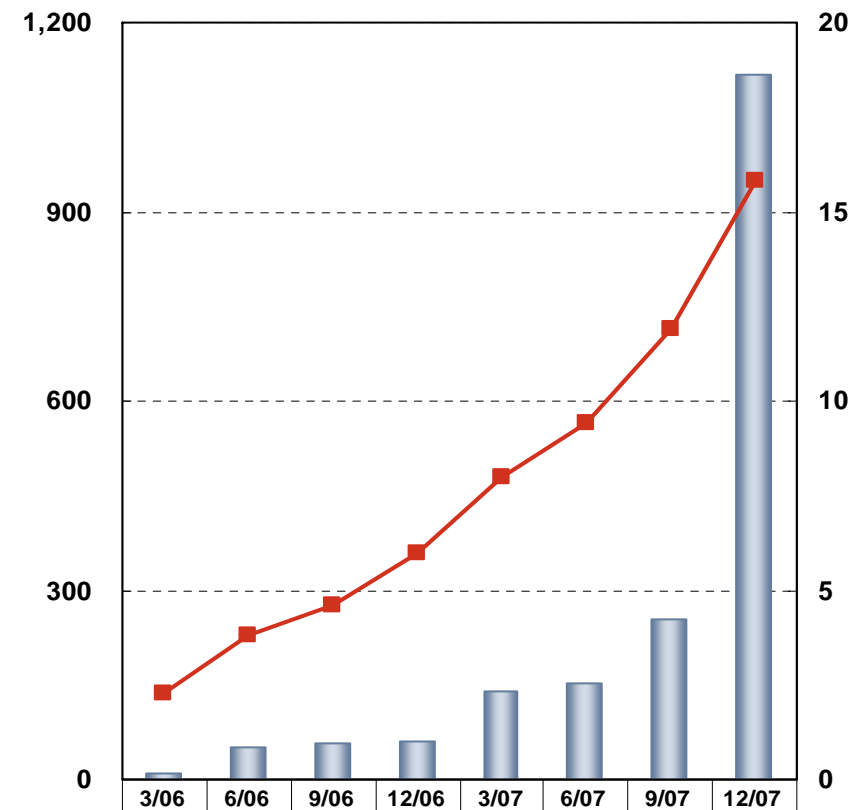
(Y bil)



Accounts and Trading Value of
“Daiwa FX (FX margin trading)”

(Y bil)

(# of accounts: 000)

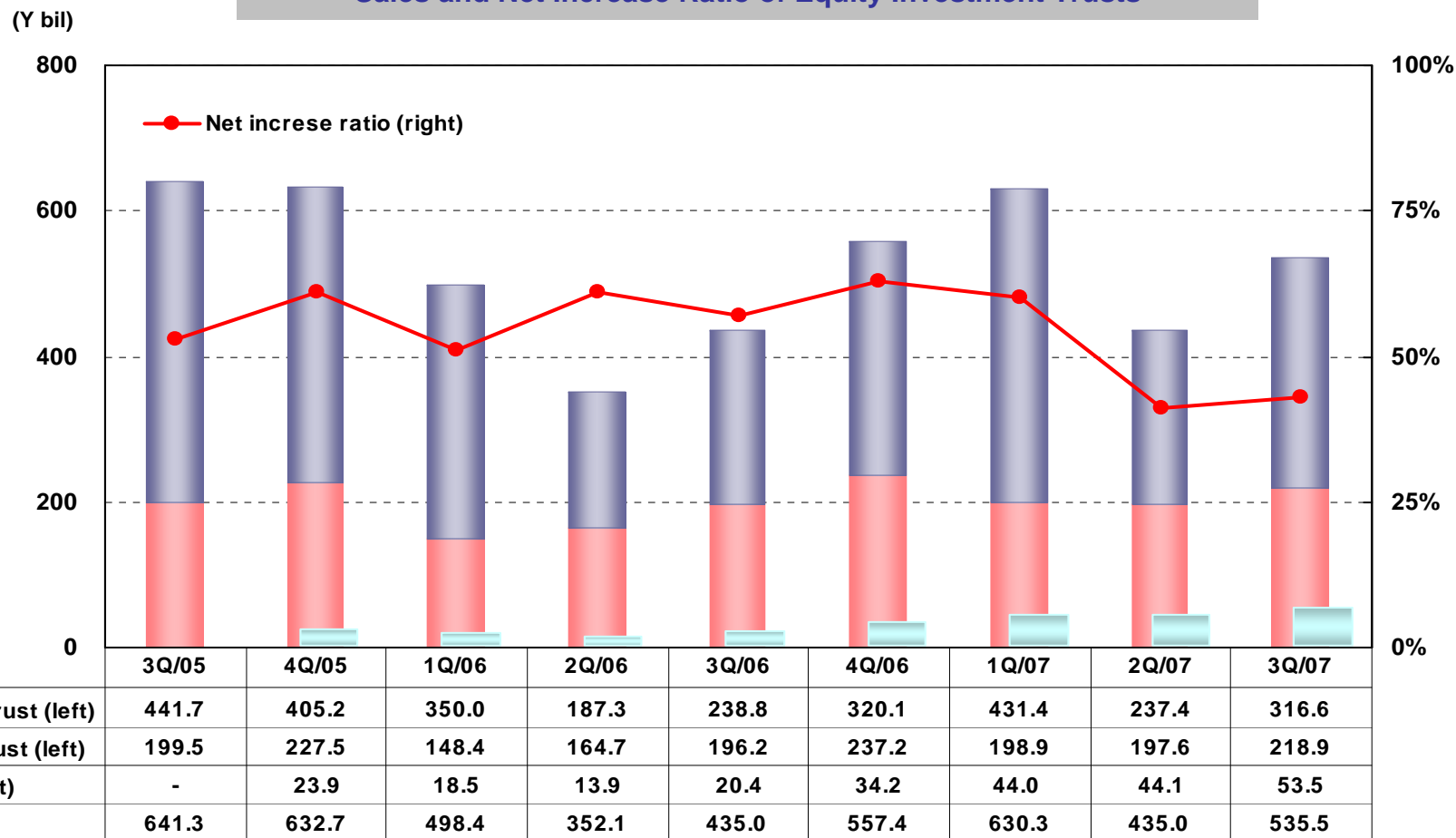


Daiwa FX Trading value (left)	9.2	49.8	56.3	61.8	139.5	152.9	252.9	1,118.7
# of Daiwa FX accounts (right)	2.3	3.8	4.6	6.0	8.0	9.4	11.9	15.8

* Trading value is a total for quarterly period

Daiwa Securities Investment Trust Sales

Sales and Net Increase Ratio of Equity Investment Trusts

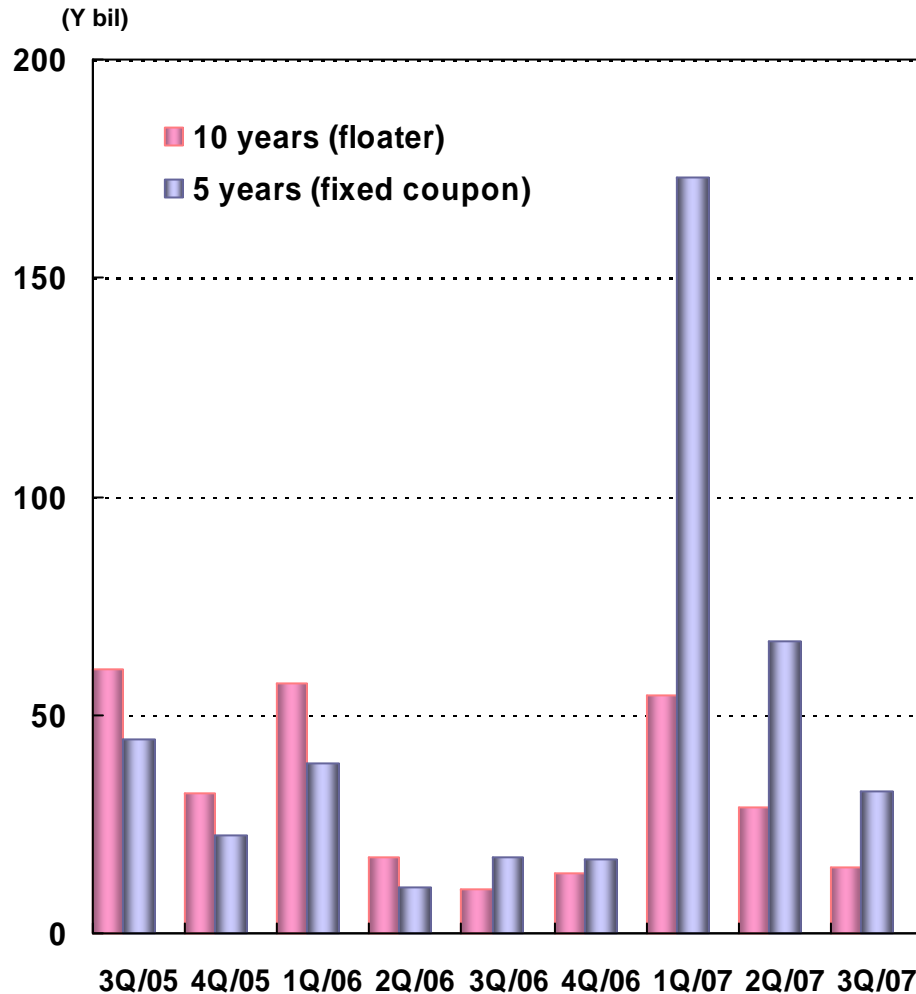


Note: Net increase ratio(%) = $\frac{\text{purchase} - (\text{sell-off} + \text{redemption})}{\text{purchase}} \times 100$

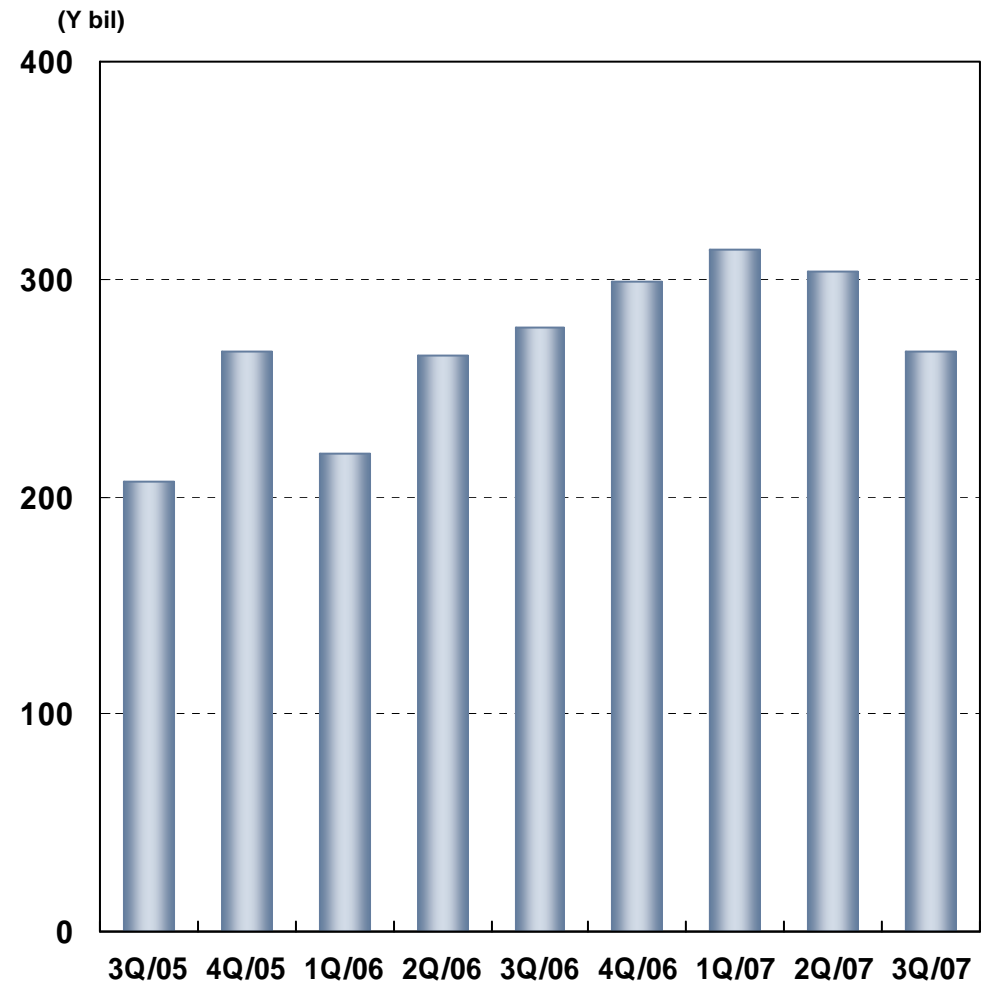
Daiwa Securities Bond Sales

PASSION
FOR THE
BEST

Sales of JGB for individuals



Sales of foreign currency-denominated bonds



Daiwa Securities

Daiwa SMA (Separately Managed Account)

PASSION
FOR THE
BEST

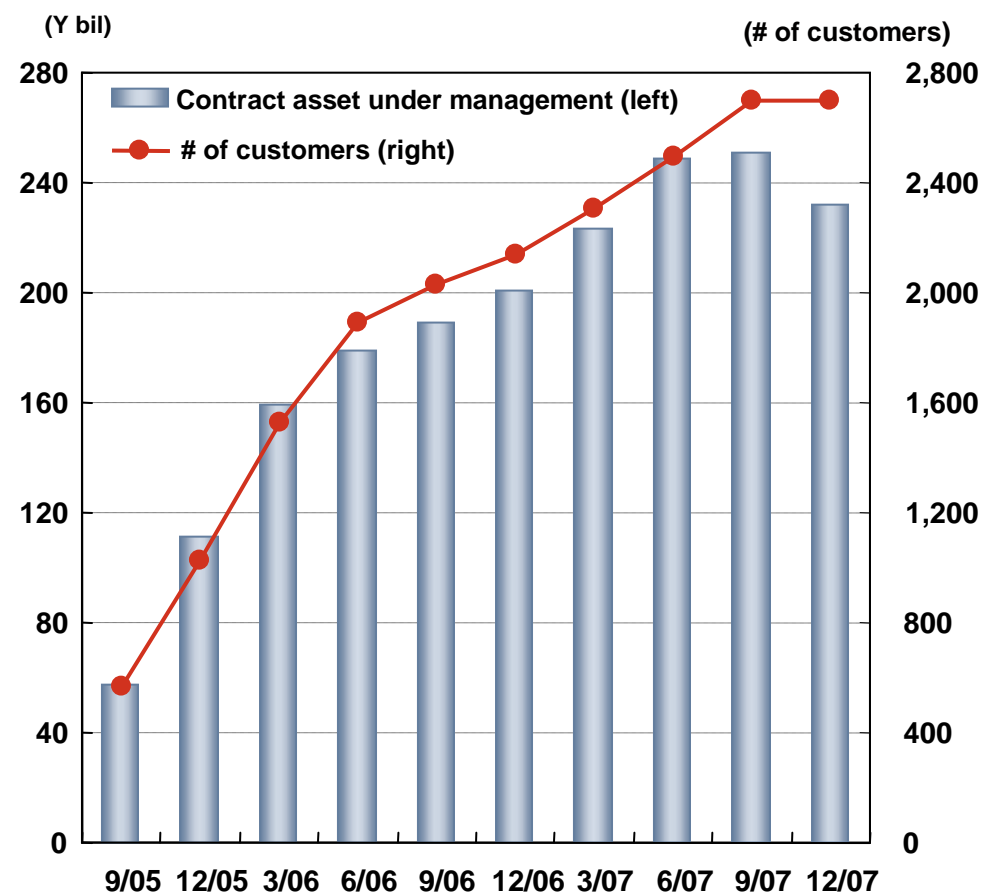
Maintain No.1 position in SMA business



Growth strategy for Daiwa SMA

1. More active promotion
2. Expansion of management style lineup
3. Service improvement

Daiwa SMA asset and account



Daiwa Securities

“Daiwa Fund Wrap” Service

PASSION
FOR THE
BEST

Pursue No.1 position in the industry, as achieved in SMA

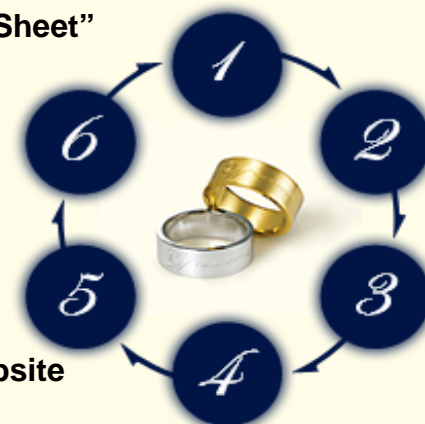
ダイワ ファンドラップ
あなたにあった資産運用をプロと二人三脚で。



- **Contract amount:** JPY 5 mil (minimum)
- **Contract term:** 1 year (rolled over automatically)
- **Investment target:** Exclusive funds for “Daiwa Fund Wrap”, managed in special accounts
- **Fee:** Contract asset-based fee structure

Scheme of “Daiwa Fund Wrap”

- 1 **Confirm investment policy**
 - Use a “Questionnaire Sheet” to confirm customer’s investment policy and risk aversion
- 2 **Recommend model portfolio**
 - Recommend optimal portfolio based on the analysis of the “Questionnaire Sheet”
- 3 **Conclude a contract of investment advisory**
- 4 **Manage the portfolio based on the investment advisory contract**
- 5 **Report investment status periodically**
 - Deliver a “fund Wrap Investment Report” quarterly
- 6 **Review investment policy**
 - Can change the allocation of the portfolio and investment amount
 - Can browse investment status and transaction records through special website



Daiwa Securities

Daiwa LMS (Loan Management Service)

PASSION
FOR THE
BEST



【Daiwa SAT (Stock and Trust) loan】

- For consulting customers
Available at branch offices



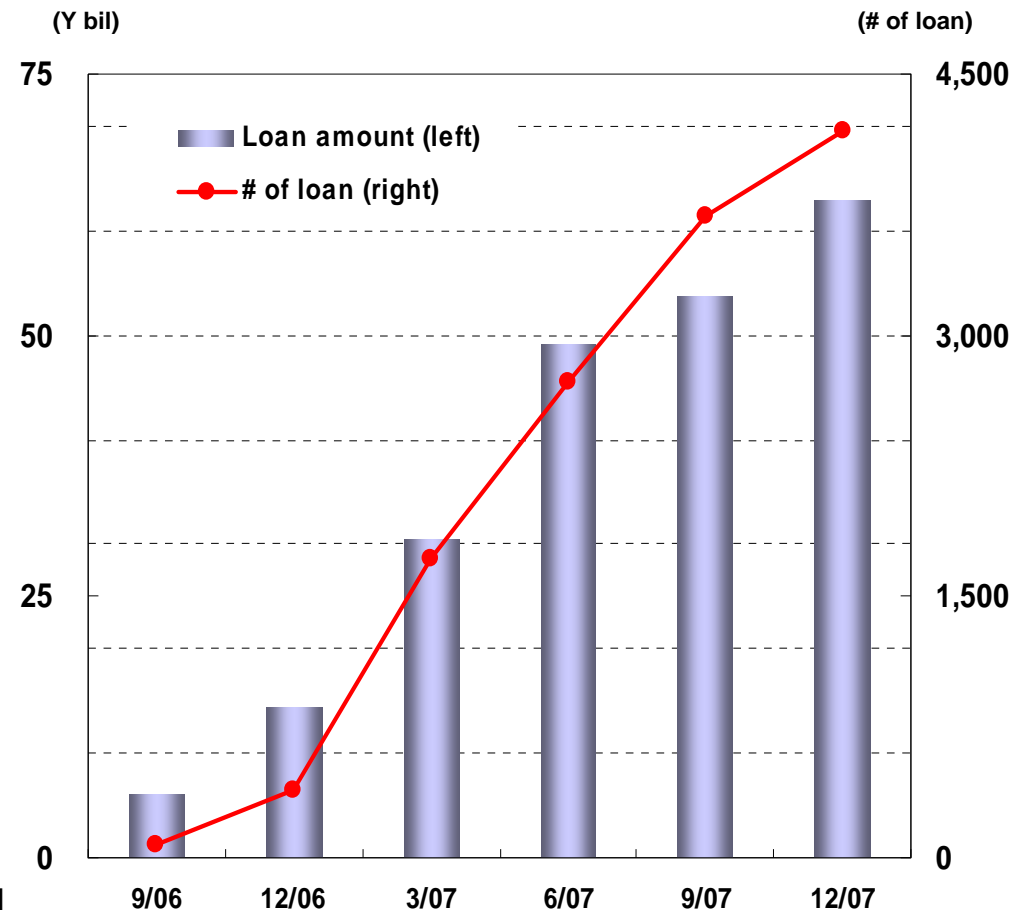
【Daiwa net loan】

- For online customers
Application process is completed via the Internet and available during holidays

Points

1. Quick application process
2. Loan can be repaid anytime
3. Collateralized securities can be traded

Daiwa LMS Loan Amount and the Number of Loan

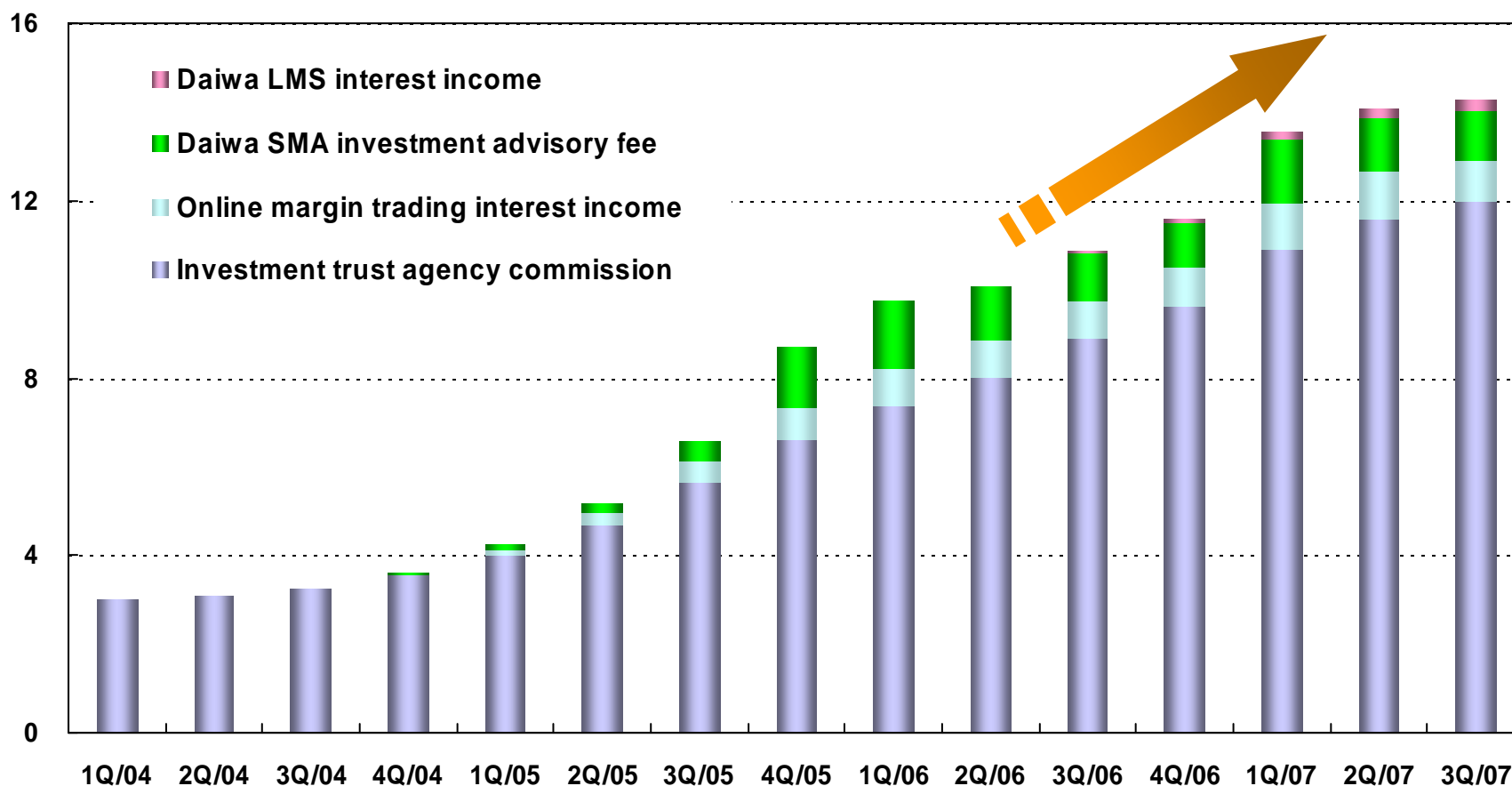


Daiwa Securities Stable Revenue Sources

Stable revenues continue to expand

Daiwa Securities stable revenues

(10億円)



Wholesale securities business

大和証券SMBC

Daiwa Securities SMBC

Wholesale - Daiwa Securities SMBC - Major League Tables

1-3Q FY07 Lead Manager League Table

	Total debt	Corporate & Agency bonds	Total equity	IPO	Primary and secondary equity offerings
1st	Mizuho 16.5%	Mizuho 20.7%	Nomura 41.1%	Nomura 63.0%	Nomura 64.1%
2nd	Daiwa Sec. SMBC 16.0%	Daiwa Sec. SMBC 19.6%	Nikko Citigroup 18.0%	JP Morgan 16.9%	Daiwa Sec. SMBC 16.1%
3rd	Mitsubishi UFJ 14.0%	Nomura 19.0%	Daiwa Sec. SMBC 10.5%	Daiwa Sec. SMBC 11.7%	Nikko Citigroup 9.9%
4th	Nomura 13.8%	Mitsubishi UFJ 18.9%	Mitsubishi UFJ 7.1%	Shinko 2.7%	Morgan Stanley 4.4%
5th	Nikko Citigroup 9.3%	Nikko Citigroup 8.7%	Morgan Stanley 5.8%	Mitsubishi UFJ 2.4%	Mizuho 3.1%

Source: Daiwa Securities SMBC (Nikkei Bonds & Financial Weekly for ABS) Apr-Dec 2007

Note: Total debt (corporate bonds+agency bonds+samurai bonds+ABS) based on launch date.

Total equity (primary and secondary equity offerings+IPO+domestic CB+foreign equity+ overseas CB + SPS + REIT) based on settlement date. IPO based on listing date. Joint lead manager allotment based on underwritten amount.

M&A Ranking (Jan-Dec)

M & A	
Transaction value	Number of deals
Nomura	Nomura
Citigroup	Daiwa Sec. SMBC
GCA	MUFG
Merrill Lynch	Mizuho FG
Goldman Sachs	Citigroup

9th: Daiwa Sec. SMBC

Source: THOMSON FINANCIAL Jan-Dec 2007

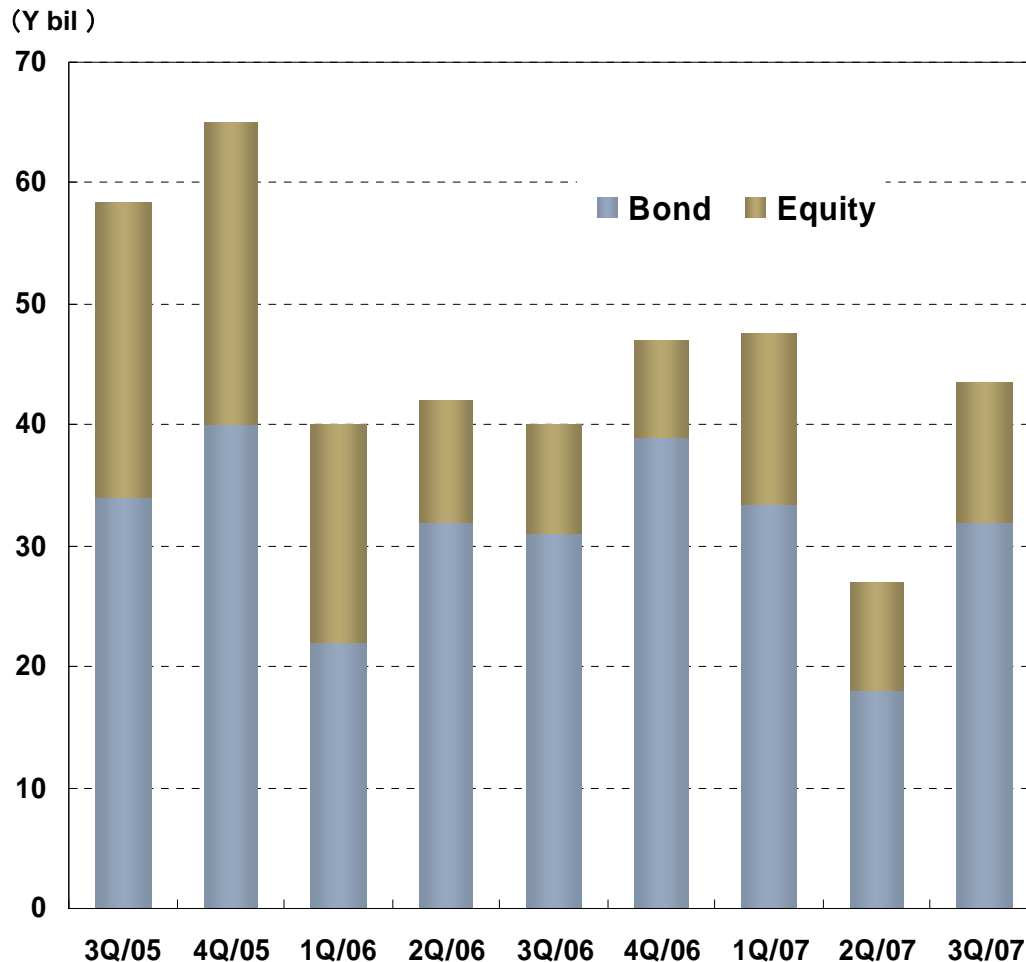
"M&A advisory league table for any Japanese involvement announced (AD19)"

Symbolic deals

- **Equity:** Co-lead manager for Japan Petroleum Exploration (secondary offering), China Boqi Environmental Solutions Technology (IPO), KITO CORPORATION (IPO)
- **Debt:** Co-lead manager for Japan Tobacco (SB) and Thai Petroleum Authority (Samurai Bond)
- **M&A:** Mitsukoshi/Isetan consolidation (advisor to Mitsukoshi), Sanyo Shinpan Finance's TOB of Asahi Enterprise (advisor to Asahi Enterprise), SMBC's purchase of OMC Card (advisor to SMBC)
Sagent Advisors Inc. : Advisor to SRI Sports on purchase of Cleveland Golf Company (October)
- **Structured Finance:** Selected as the arranger and administrative lead manager for Ministry of Finance on securitization of fiscal loan (October)

Daiwa Securities SMBC Strengthening of Trading Business

Consolidated Equity & Bond Revenues (managerial accounting basis*)



* Trading gain/loss + net financial income

Challenges in Trading Business

- Diversification of revenue sources (Global, Alternative, Derivative)
- Reinforcement of risk management

Focused Area in Equity Trading

- Strengthening of execution capabilities
- Strengthening of global coverage structure
- Raising earnings from foreign stocks
- Establishment of global proprietary trading structure

Focused Area in Bond (FICC) Trading

- Substantial increase in structured bond sales and derivatives business
- Enhancement of derivatives trading capabilities
- Strengthening of overseas business

Wholesale Strengthening of Businesses in Asia

Future goals: Three numerical targets in 5 years

Asia-related Revenues

Current Status

FY06 Total revenues of Asia/Oceania:
Approx. JPY12.4bil

In five years

**Asia-related Revenues:
JPY100bil level per year**

Headcount in Asia

Current Status

The current headcount in Asia
(incl. expatriates and local staff members):
567 (as of Dec.07)

In five years

**Headcount:
1,000 employees**

Investment in Asia

Current Status

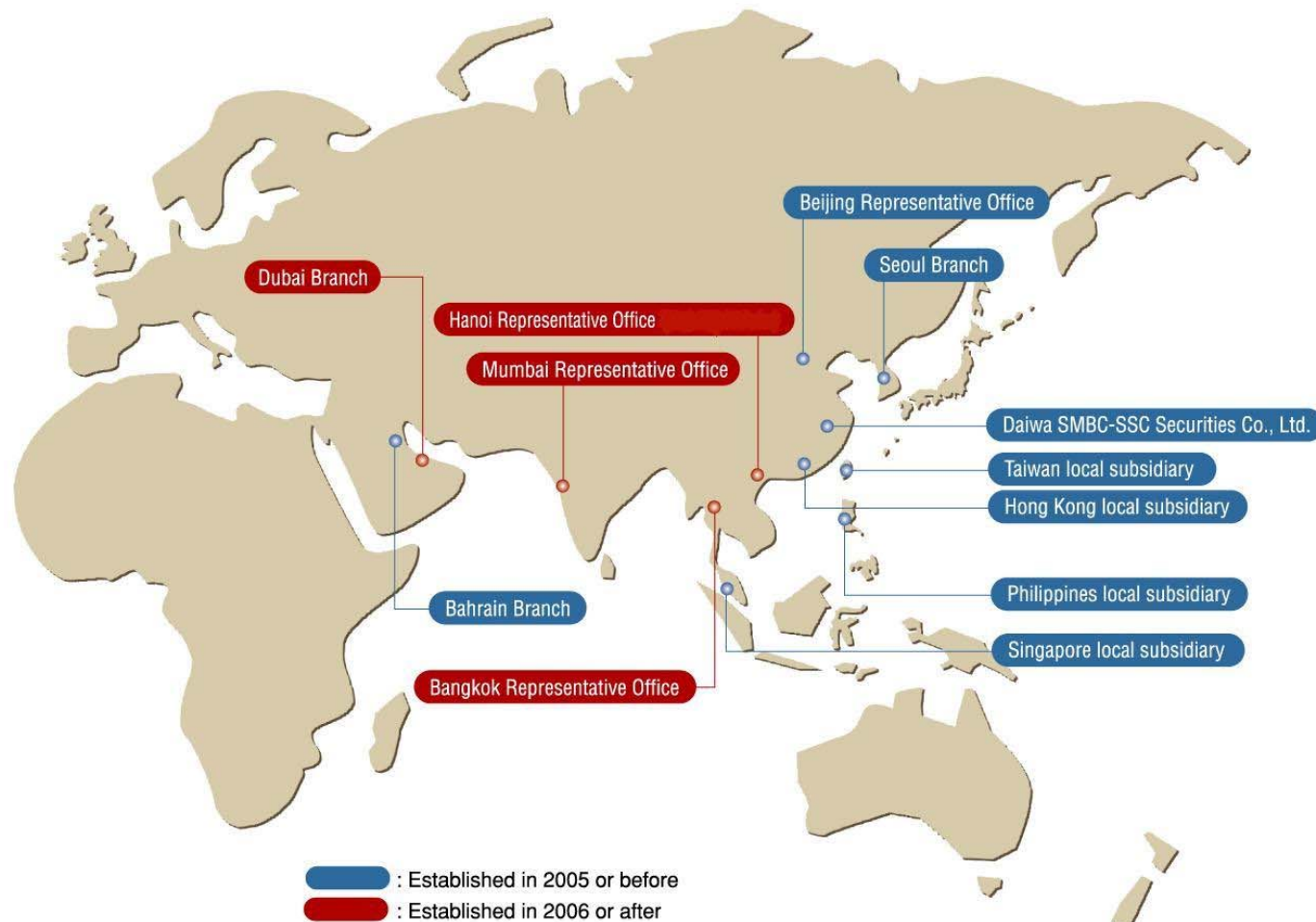
Investment in
EMP Daiwa Capital Asia Ltd.

In five years

**Investment in PE, PE funds:
JPY100bil level**

Wholesale Network in Asia

Daiwa Securities SMBC Expansion of Network in Asia

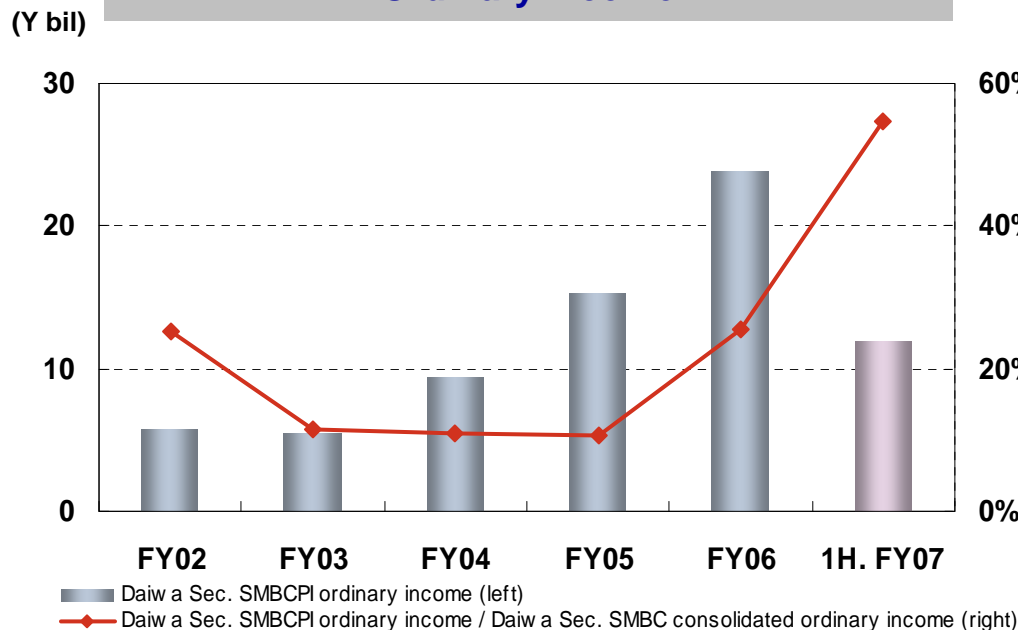


Investments Daiwa Securities SMBC Principal Investments

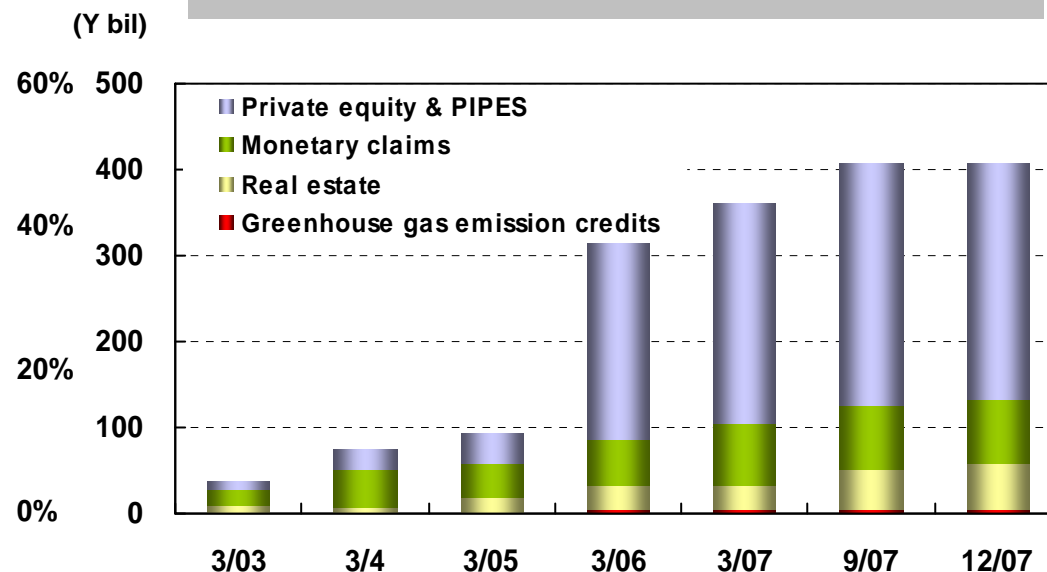
PASSION
FOR THE
BEST

Increase investment limit from JPY400bil to JPY500bil

Ordinary income



Total investment amount



Topics

- Transferred part of Daiwa Securities SMBC PI's share holdings of Maruzen to Dai Nippon Printing
- Launched Hokkaido small and medium enterprise challenge fund
- Acquired all shares of HMV Japan and HMV Retail Limited
- Acquired all shares of Asahikawa Grand Hotel in Hokkaido

As of Dec. 07 (change vs Sep. 07)

Total Investment amount:	Approx. Y408bil	(+Y1bil)
Private equity and PIPES:	Y275bil	(-Y6bil)
(Private Investment in Public Equities)		
Monetary claims:	Y74bil	(--)
Real estate:	Y55bil	(+Y7bil)
Greenhouse gas emission credits:	Y4bil	(--)

Asset management

大和投資信託

Daiwa Asset Management

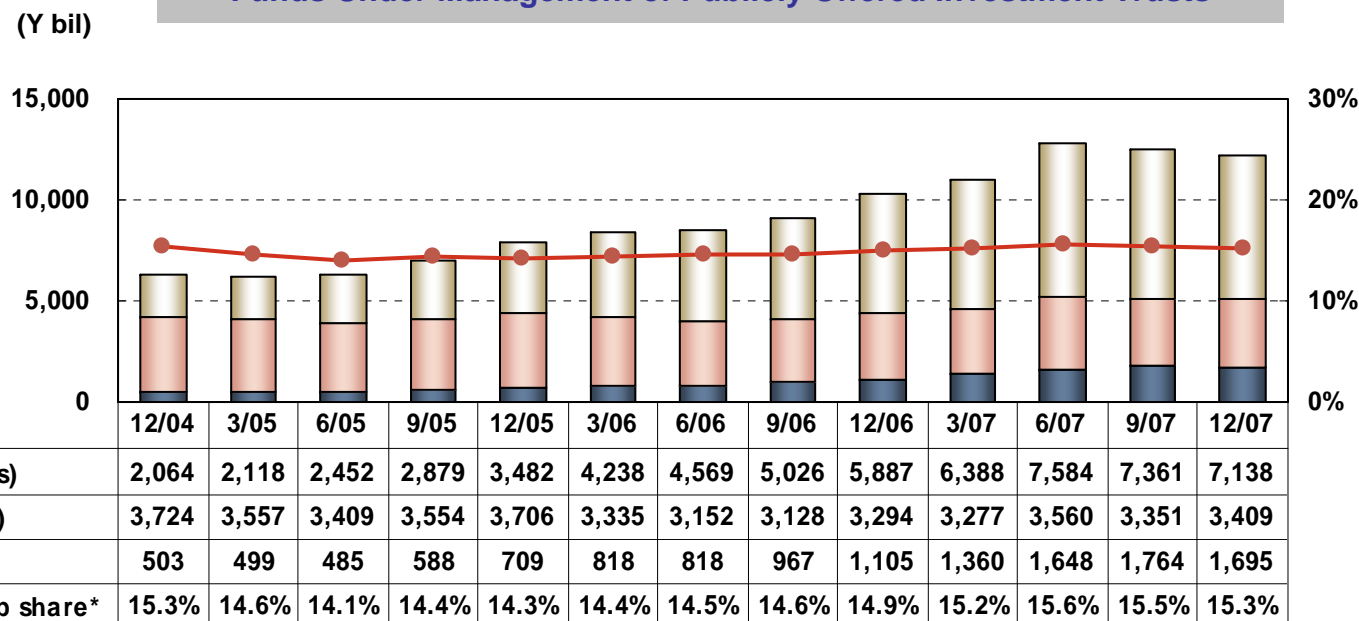
大和住銀投信投資顧問

Daiwa SB Investments

Asset Management Assets Under Management

Showing strength by two in-Group asset management companies

Funds Under Management of Publicly Offered Investment Trusts



* Daiwa Asset Management + Daiwa SB Investments

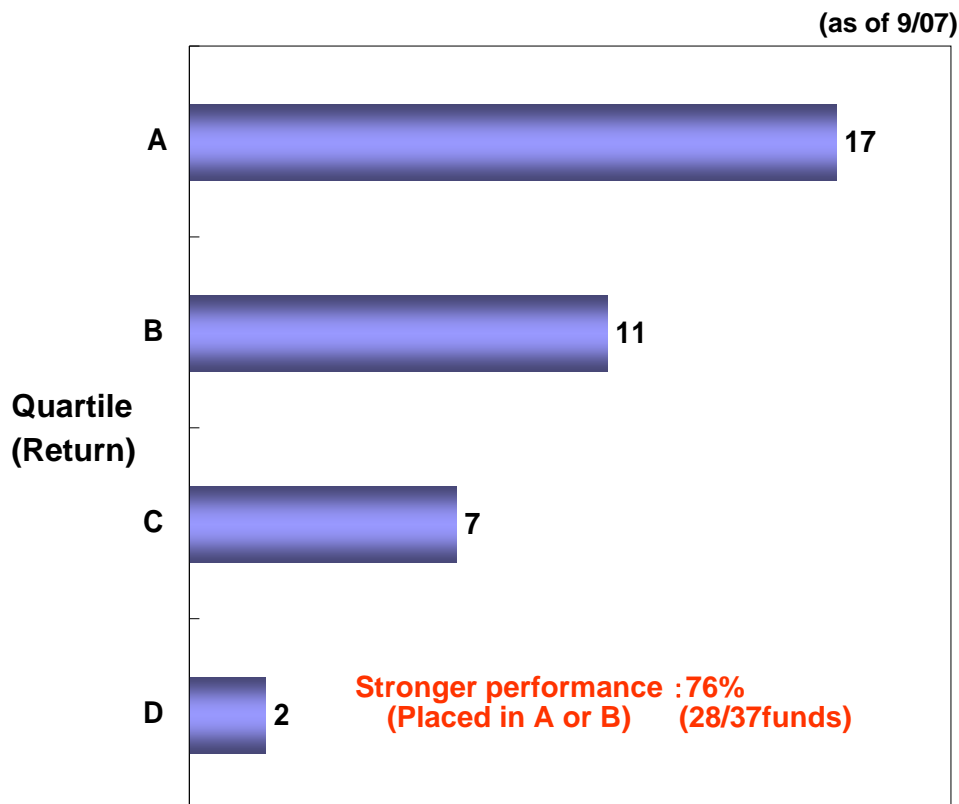
Contract Assets for Investment Advisory

(Y bil)	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
Daiwa SB Investments	3,194	3,158	3,201	3,715	4,106	4,070	3,913	4,106	4,292	4,374	4,555	4,220	3,919

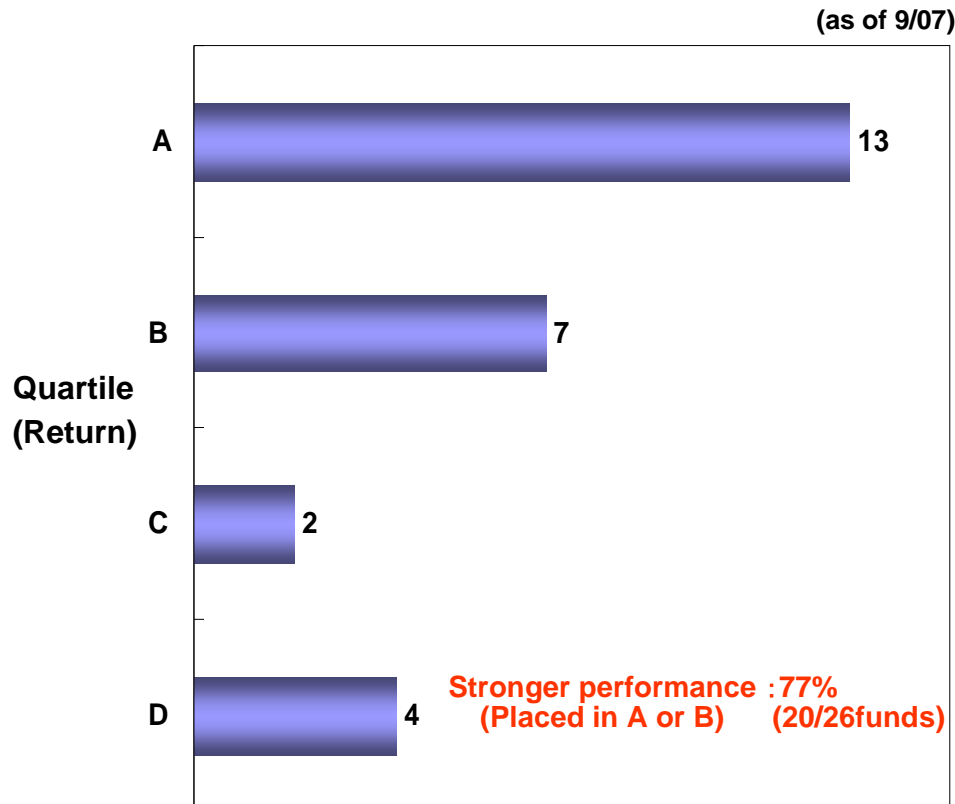
Asset Management - Daiwa Asset Management - Strong Performance in Japanese Equity Funds



Domestic Active Equity Funds
(1-year Management Period)



Domestic Active Equity Funds
(3-year Management Period)



* Using fund classification by Daiwa Fund Consulting (domestic-equity-blended, growth, value, large-cap, mid-and-small-cap, varying-allocation-ratio-type, theme-type) (excluding regional funds managed by Daiwa Asset Management from theme-type)

* Number of funds managed by Daiwa Asset Management, ranked to quartile from A to D for each classification



Topics



The Group's IT Strategy

Ranked 3rd in “Companies’ IT Power Ranking” by Nikkei BP (Dec 10, 07)

Rank	Company
1	Matsushita Electric Industrial Co., Ltd.
2	TOYOTA MOTOR CORPORATION
3	Daiwa Securities Group Inc.
4	Sumitomo Electric Industries, Ltd.
5	Seven-Eleven Japan Co., Ltd.
6	Canon Inc.
7	Hitachi, Ltd.
8	SOMPO JAPAN INSURANCE INC.
9	Tokio Marine & Nichido Fire Insurance Co., Ltd.
10	Ricoh Company, Ltd.
11	FUJIFILM Corporation
12	Fuji Xerox Co., Ltd.
13	ROHM Co., Ltd.
14	Murata Manufacturing Co., Ltd.
15	SHOWA SHELL SEKIYU K.K.
16	Osaka Gas Co., Ltd.
17	ASAHI BREWERIES, LTD.
18	Honda Motor Co., Ltd.
19	Nissan Motor Co., Ltd.
20	TOSHIBA Corporation

Features of the Group's IT Strategy

- Own a 100% system subsidiary
- Establish and implement the Group-wide IT strategies
- Optimal allocation of the Group's resources
- Effective human resource management and active communication by interaction among IT staff of the Group

Popularity Rankings

Popularity rankings among college students seeking a job

- “Weekly Diamond”: Highest position ever in both male and female students
- “Nihon Keizai Shimbun”: Significantly pushed the overall position to 20th and marked record high, resulting in the top in the securities industry

Weekly Diamond (Feb.09, 2008)

<<Bachelor of Arts (Male): Top 5 in financial industry>>

Company	Overall rank
The Bank of Tokyo Mitsubishi UFJ	2
Tokio Marine & Nichido Fire Insurance	5
SMBC	7
Daiwa Securities Group	9 (19)
Mitsubishi UFJ Trust and Banking	11

NO.1 in
securities industry

<<Bachelor of Arts (Female): Top 6 in financial industry>>

Company	Overall rank
Tokio Marine & Nichido Fire Insurance	1
The Bank of Tokyo Mitsubishi UFJ	2
SMBC	8
Mitsubishi UFJ Trust and Banking	9
Mizuho Financial Group	14
Daiwa Securities Group	20 (31)

* () indicates the position last year

Nihon Keizai Shimbun (Feb.08, 2008)

<<Top 6 in financial industry>>

Company	Overall rank
The Bank of Tokyo Mitsubishi UFJ	2
Tokio Marine & Nichido Fire Insurance	7
Mizuho Financial Group	8
SMBC	12
Daiwa Securities Group	20 (34)
Nomura Securities	22

NO.1 in
securities industry

<<Reference>>

Male	18 (34)
Female	24 (35)

* () indicates the position last year

Employee's Satisfaction

Maximization of corporate value depends on employees and their motivation

- Encourage no overtime work after 19:00 to enjoy private time and work more efficiently
- President's awards: Ceremonies are held semi-annually at a top-ranked hotel, inviting winners' family
- Relocation of the head office to the state-of-art building at the best location
- Business casual in summer time ("Cool Biz")

More support for working mothers

- Expansion of "Support Plan for Working Mothers"
 - Days-off for preparing for wedding and for family event
 - Reinstatement support plan
 - Selection of working place considering marriage and partner's working place
 - Maternity leave: available till child becomes three-years old
 - Exemption of overtime work: available till child becomes third-grade at primary school
 - Limitation of overtime work: available till child graduates primary school
 - Subsidy for using child-care facility: up to JPY20,000 monthly
 - Cash contribution of JPY 2 mil for having a third child

Daiwa Securities Group Inc., Daiwa Securities, and Daiwa Securities SMBC were awarded, "the Director of Tokyo Labor Bureau Award" at "Corporation Award for the Promotion of Gender Equality"

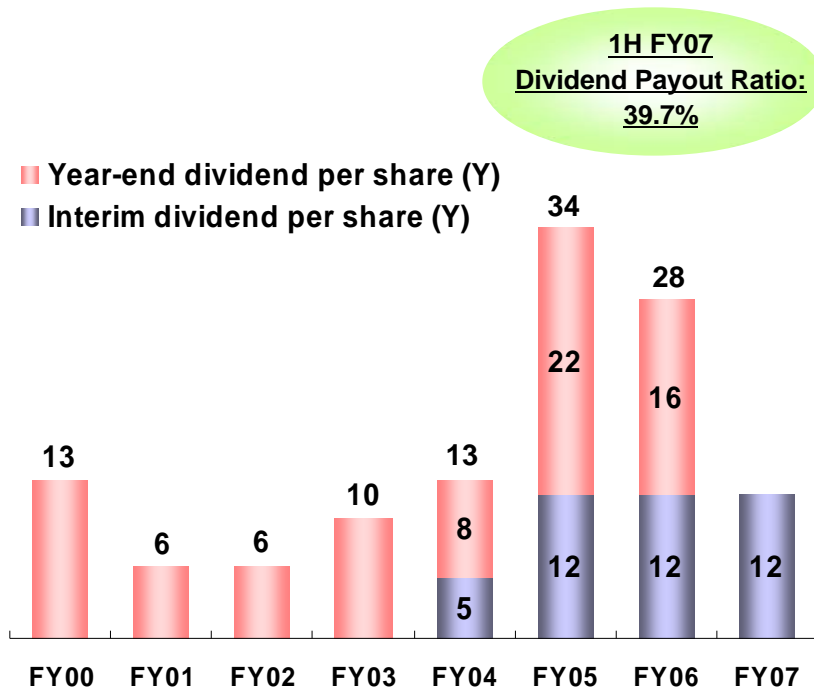
- Shigeharu Suzuki, CEO is co-chairman of "Committee for addressing a declining birthrate" organized by Japan Economic Federation

Dividend Policy

Guideline for consolidated payout ratio: 30%

→ **Adopting more proactive stance towards dividend payout depending on circumstances, according to capital allocation strategy**

Daiwa Securities Group Inc. Dividend



* Interim dividend system was adopted in FY04

Repurchase of Own Shares

- Total number of shares repurchased: **25 million shares (maximum)**
- Total value of shares repurchased: **JPY25.0bil (maximum)**
- Repurchase period: **From January 31 to March 24, 2008**
- Purpose of repurchase:
 - Flexible capital allocation considering management environment
 - Return to shareholders in line with the dividend policy

<<Reference: Previous Repurchase of Own Shares>>

- Total number of shares repurchased: 25 million shares
- Total value of shares repurchased: JPY27.3bil
- Repurchase period: From August 31 to September 20, 2007



Investor Relations
Daiwa Securities Group Inc.

TEL: +81-3-5555-1300 FAX: +81-3-5555-0661

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

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