



2Q/Interim FY2007 Earnings Announcement

October 26, 2007

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 conditions 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 Highlights	3
Consolidated Financial Summary	4
Consolidated P/L Summary	5
Consolidated Operating Revenues by Business Sector	6
Consolidated Trends in Commissions and Equity & Bond Division Revenues	7-11
Consolidated Breakdown of SG&A	12
Consolidated Cost Structure	13
Consolidated Balance Sheet	14
Retail -Daiwa Securities-	
Highlights	15
Financial Summary	16
Equity Brokerage Commissions	17
Online Trading (1)	18
Online Trading (2)	19
Online Margin Transactions	20
Equity Investment Trusts	21
Foreign Currency Denominated Bonds	22
Daiwa SMA	23
Daiwa LMS	24
Net Inflow of Retail Assets	25
Assets Under Custody	26
Wholesale -Daiwa Securities SMBC-	
Daiwa Securities SMBC Consolidated Highlights	27
Daiwa Securities SMBC Consolidated Financial Summary	28
Revenues from Collaboration with SMBC	29
Daiwa Securities SMBC Major League Tables	30
Daiwa Securities SMBC Principal Investments	31
Asset Management -Daiwa Asset Management & Daiwa SB Investments -	
Daiwa Asset Management & Daiwa SB Investments	32
Assets Under Management	33
Daiwa Asset Management Financial Summary	34
Domestic Group Companies and Overseas Operation - Ordinary Income	35

Consolidated Highlights

- Consolidated annualized ROE for 2Q: 6.4% (Retail 17.8% Wholesale ---)
1H: 9.2% (Retail 19.1% Wholesale 3.9%)
- Retail (Daiwa Securities):
Agency commission for 2Q marked record high due to an increase in equity investment trusts under custody.
2Q sales of foreign currency-denominated bonds exceeded Y300.0bil, remaining at high level as 1Q.
Contract assets under management of Daiwa SMA exceeded Y250.0bil (9/07).
- Wholesale (Daiwa Securities SMBC):
In the 1H lead manager league tables, Daiwa Securities SMBC ranked second for total debt and third for total equity.
Investment amount of Daiwa Securities SMBC Principal Investments reached Y407.0bil (9/07).
- Asset Management (Daiwa Asset Management & Daiwa SB Investments):
Daiwa Asset Management's 1H ordinary income recorded a historical high at Y9.5bil.

2Q FY07 Highlights

- Net operating revenue was Y111.5bil, down 23% q/q.
- Ordinary income was Y21.2bil, down 61% q/q.
- Net income was Y14.7bil, down 46% q/q.

1H FY07 Highlights

- Net operating revenue was Y255.6bil, up 6% y/y.
- Ordinary income was Y75.2bil, down 13% y/y.
- Net income was Y42.0bil, up 5% y/y.

Consolidated Financial Summary

(Y mil)	FY2007		% Change vs 1Q FY07	FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		1H	1H		
Operating revenues	211,712	253,982	-16.6%	465,695	419,391	11.0%	917,307
Net operating revenues	111,563	144,068	-22.6%	255,632	241,343	5.9%	526,764
SG&A	91,660	93,619	-2.1%	185,280	161,522	14.7%	340,372
Ordinary income	21,204	54,092	-60.8%	75,296	86,451	-12.9%	195,415
Net income	14,739	27,335	-46.1%	42,074	40,127	4.9%	92,724
Total assets	16,009,537	15,062,647		16,009,537	14,300,872		14,411,265
Net assets	1,194,358	1,231,638		1,194,358	1,142,402		1,223,225
Shareholders' equity*	907,597	941,109		907,597	870,853		929,525
EPS (Y)	10.63	19.58		30.25	30.04		67.90
BPS (Y)	661.84	674.26		661.84	624.25		665.98
ROE (Annualized)	6.4%	11.7%		9.2%	9.7%		10.8%

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

ROE (Annualized)	2Q	1H
Daiwa Securities	17.8%	19.1%
Daiwa Securities SMBC (consolidated)	---	3.9%

FY07 Interim Dividend

FY07 Interim dividend per share 12 yen

Dividend Payout Ratio 39.7%

Consolidated P/L Summary

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Operating revenues	211,712	253,982	-16.6%	255,138	242,778	211,752	465,695	419,391	11.0%	917,307
Commissions	74,562	79,875	-6.7%	81,489	90,278	67,110	154,438	134,968	14.4%	306,736
Net gain on trading	24,440	46,749	-47.7%	47,044	37,219	37,833	71,190	73,068	-2.6%	157,332
Net gain on private equity and other securities	6,309	7,996	-21.1%	7,997	6,159	7,058	14,305	18,660	-23.3%	32,818
Financial revenues	95,909	105,893	-9.4%	103,258	98,432	88,361	201,802	171,762	17.5%	373,452
Other revenues	10,489	13,468	-22.1%	15,348	10,688	11,388	23,957	20,930	14.5%	46,967
Interest expenses	92,357	99,362	-7.0%	99,373	92,834	83,870	191,720	162,037	18.3%	354,245
Cost of sales	7,791	10,551	-26.2%	12,263	8,024	8,629	18,342	16,010	14.6%	36,298
Net operating revenues	111,563	144,068	-22.6%	143,501	141,919	119,252	255,632	241,343	5.9%	526,764
SG&A	91,660	93,619	-2.1%	90,882	87,968	82,580	185,280	161,522	14.7%	340,372
Operating income	19,902	50,449	-60.5%	52,618	53,950	36,672	70,352	79,821	-11.9%	186,391
Non-operating income	1,823	4,129	-55.8%	999	2,091	4,622	5,952	7,846	-24.1%	10,937
Non-operating expenses	521	486	7.2%	583	112	261	1,007	1,216	-17.2%	1,913
Ordinary income	21,204	54,092	-60.8%	53,034	55,929	41,034	75,296	86,451	-12.9%	195,415
Extraordinary gains	1,140	793	43.8%	1,204	480	1,081	1,934	1,916	0.9%	3,601
Extraordinary losses	2,015	213	846.1%	10,377	558	2,050	2,228	2,157	3.3%	13,093
Net income	14,739	27,335	-46.1%	25,842	26,754	17,008	42,074	40,127	4.9%	92,724

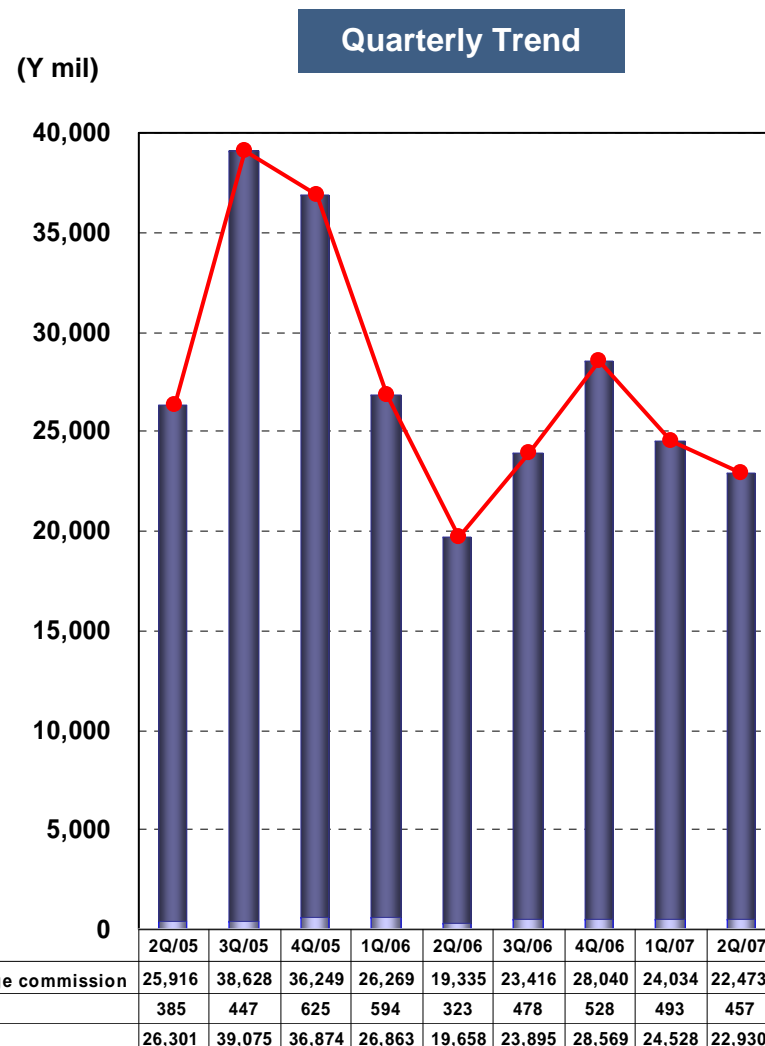
Consolidated Operating Revenues by Business Sector

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Total commission	74,562	79,875	-6.7%	81,489	90,278	67,110	154,438	134,968	14.4%	306,736
Equity	22,930	24,528	-6.5%	28,569	23,895	19,658	47,459	46,521	2.0%	98,986
Fixed income	609	562	8.3%	660	504	756	1,171	1,501	-22.0%	2,666
Investment trust	33,826	37,181	-9.0%	32,006	26,430	23,703	71,007	48,470	46.5%	106,906
Investment banking	10,798	11,376	-5.1%	14,481	33,711	17,351	22,175	26,792	-17.2%	74,985
Others	6,397	6,227	2.7%	5,771	5,736	5,640	12,624	11,682	8.1%	23,190
Total gain/loss on trading	24,440	46,749	-47.7%	47,044	37,219	37,833	71,190	73,068	-2.6%	157,332
Gain/loss on trading (Equity)	-4,150	19,380	-	8,159	10,902	-5,336	15,230	12,226	24.6%	31,288
Gain/loss on trading (Bond and Forex)	28,591	27,368	4.5%	38,885	26,317	43,170	55,960	60,841	-8.0%	126,044
Net financial income	3,551	6,530	-45.6%	3,884	5,597	4,491	10,082	9,725	3.7%	19,207

Consolidated Equity Brokerage Commission

(Y mil)	FY2007 2Q	%Change vs 1Q FY07	FY2007 1H	%Change vs 1H FY06
Brokerage commission	22,473	-6.5%	46,508	2.0%
Others	457	-7.3%	950	3.6%
Total	22,930	-6.5%	47,459	2.0%

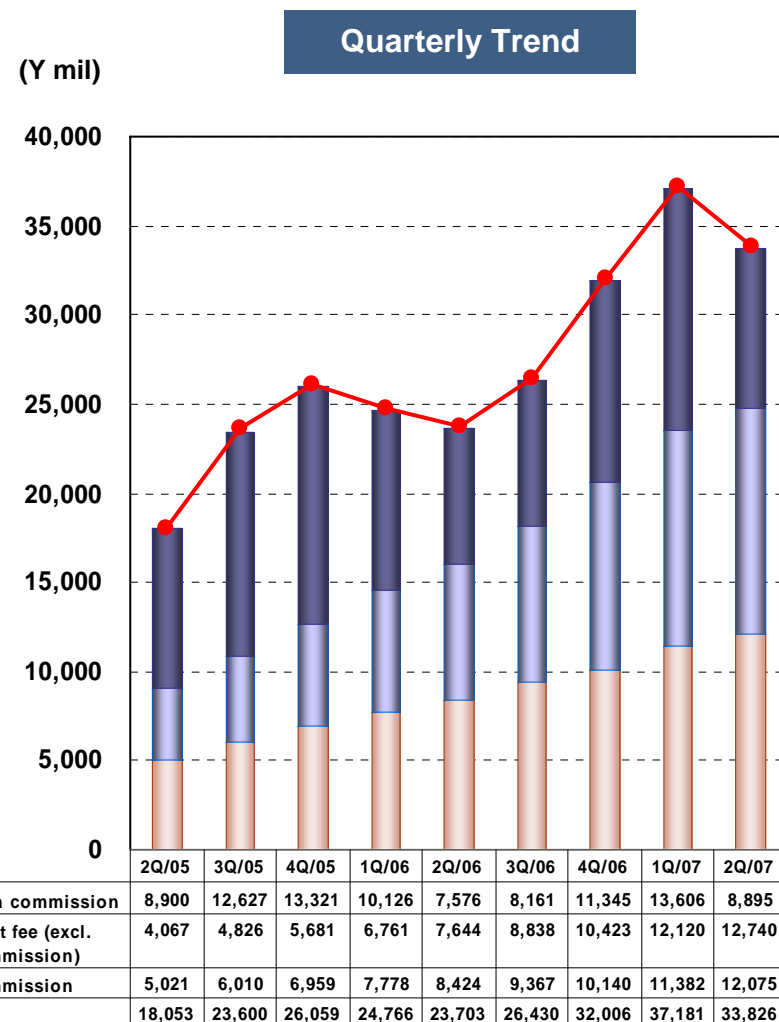
- Average daily trading value on the TSE was Y3,090.6bil, down 0.4% q/q.
- 2Q market share on TSE:
Daiwa Securities: 0.8% (1Q: 1.0%)
Daiwa Securities SMBC: 5.2% (1Q: 5.6%)
- 2Q online ratio for trading value by individuals at Daiwa Securities was 65.5%. (1Q: 62.8%)
- 2Q average brokerage commission rate at Daiwa Securities was 40bp.



Consolidated Investment Trust Commission

(Y mil)	FY2007 2Q	% Change vs 1Q FY07	FY2007 1H	% Change vs 1H FY06
Brokerage commission	114	60.0%	186	17.7%
Distribution commission	8,895	-34.6%	22,501	27.1%
Management fee	24,816	5.6%	48,319	57.9%
Agency commission	12,075	6.1%	23,458	44.8%
Total	33,826	-9.0%	71,007	46.5%

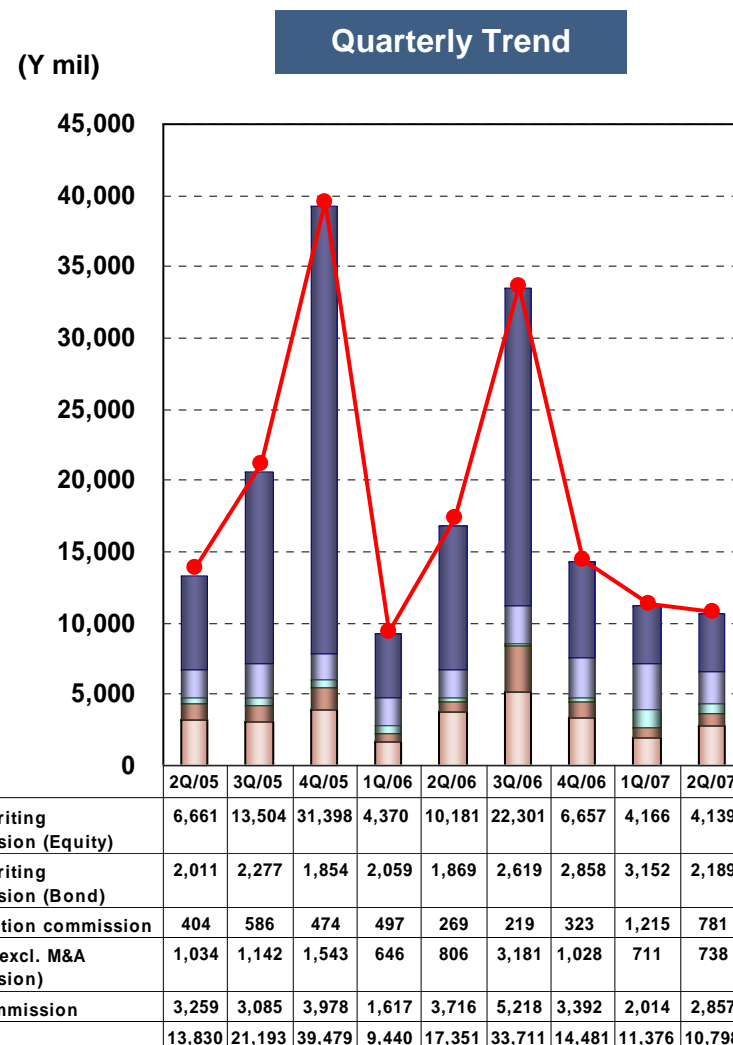
- Distribution commission decreased by 35% q/q due to a decline in sales of equity investment trusts caused by fluctuating market.
- Management fee including agency commission was Y24.8bil, up 6% q/q, marking record high due to an increase in equity investment trusts under management.
- Net assets under management of “World Prime” exceeded Y300.0bil (9/07)
- Major Fund Launched during 2Q:
(Net assets under management as of 9/07)
Daiwa World High Dividend Stock Fund:Y72.4bil



(*)Total includes brokerage commission for ETFs.

Consolidated Investment Banking Commission

(Y mil)	FY2007 2Q	% Change vs 1Q FY07	FY2007 1H	% Change vs 1H FY06
Underwriting commission (Equity)	4,139	-0.6%	8,306	-42.9%
Underwriting commission (Bond)	2,189	-30.6%	5,342	36.0%
Distribution commission	781	-35.7%	1,997	160.3%
Others	3,595	31.9%	6,321	-6.9%
M&A commission	2,857	41.8%	4,871	-8.7%
Total	10,798	-5.1%	22,175	-17.2%



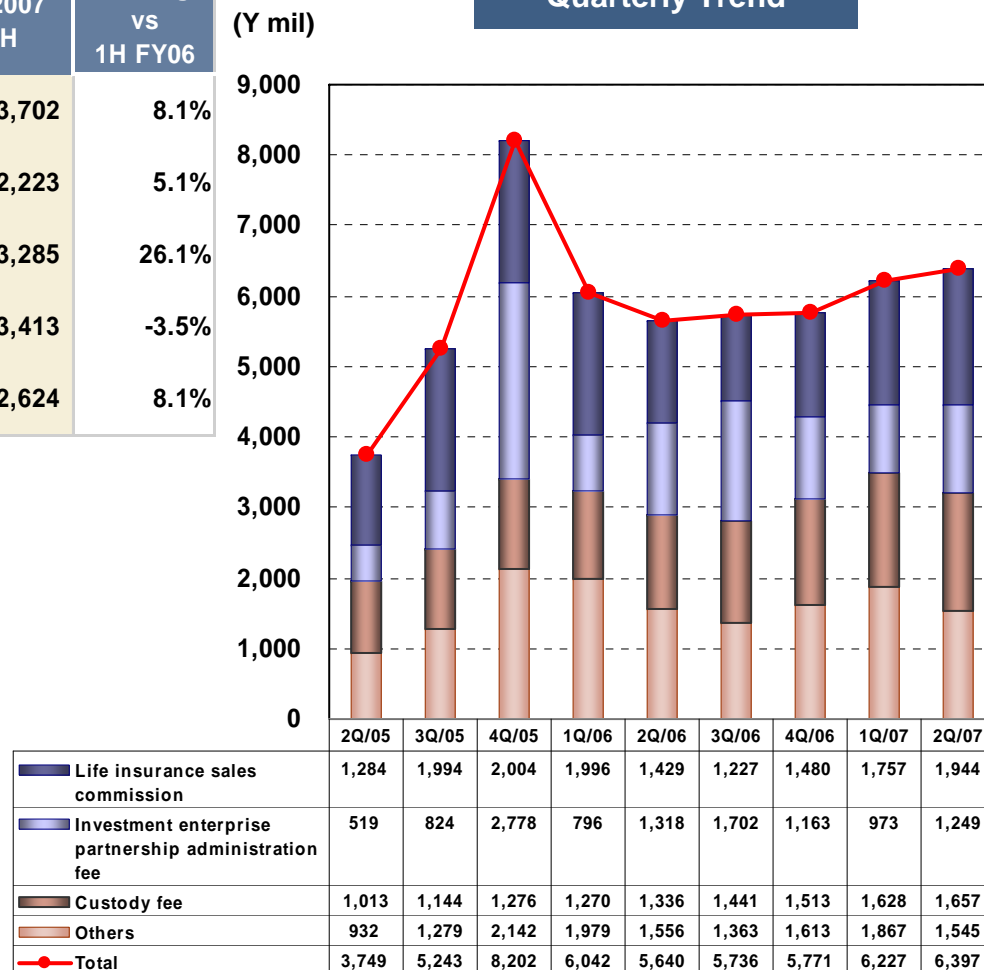
- Total amount of primary and secondary equity offering at the domestic market was Y228.3bil, down 0.4% q/q, remaining at low level as 1Q.
- Distribution commission decreased by 36% q/q mainly due to a decline in sales of JGB for individual investors.
- M&A commission increased by 42% q/q to Y2.8bil, contributed by advisory for Mitsukoshi to merge with Isetan.

Consolidated Other Commissions

(Y mil)	FY2007 2Q	% Change vs 1Q FY07	FY2007 1H	% Change vs 1H FY06
Life insurance sales commission	1,944	10.6%	3,702	8.1%
Investment enterprise partnership administration fee	1,249	28.3%	2,223	5.1%
Custody fee	1,657	1.8%	3,285	26.1%
Others	1,545	-17.2%	3,413	-3.5%
Total	6,397	2.7%	12,624	8.1%

- Life insurance sales commission remained as strong as 1Q mainly due to a launch of a new product.
- Investment enterprise partnership administration fee was up 28% q/q due to a launch of new fund at NIF SMBC Ventures.
- Affected by fluctuating stock market, investment advisory fee gained from Daiwa SMA declined, resulting in "others" to decrease by 17% q/q.

Quarterly Trend



Consolidated Equity & Bond Division Revenues

(Trading gain/loss + net financial income)*

PASSION
FOR THE
BEST

* Managerial accounting basis

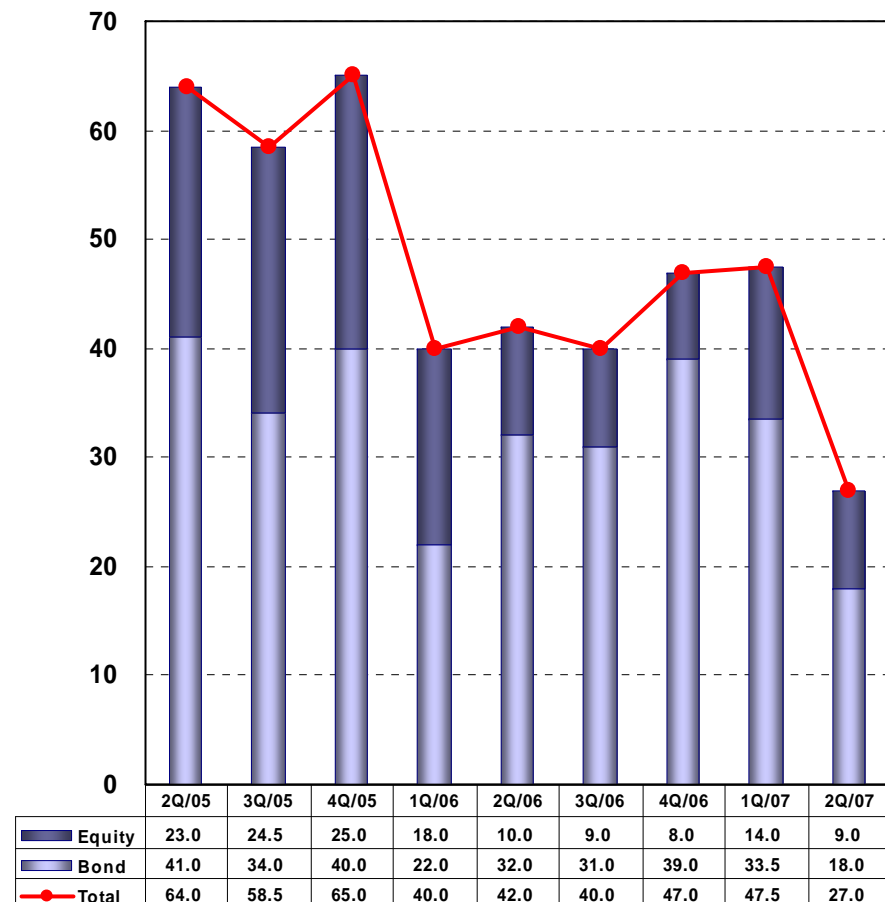
(Y bil)	FY2007 2Q	%Change vs 1Q FY07	FY2007 1H	%Change vs 1H FY06
Equity	9.0	-35.7%	23.0	-17.9%
Bond	18.0	-46.3%	51.5	-4.6%
Total	27.0	-43.2%	74.5	-9.1%

<Reference>

Net Gain/Loss on Trading (Accounting basis)

(Y mil)		FY2007 2Q	% Change vs 1Q FY07	FY2007 1H	% Change vs 1H FY06
Equity trading gain		-4,150	-	15,230	24.6%
Bond and forex trading gain	Bond	44,175	-	22,045	-13.1%
	Forex	-15,583	-	33,914	-4.4%
	Sub total	28,591	4.5%	55,960	-8.0%
Total		24,440	-47.7%	71,190	-2.6%

Quarterly Trend
(Managerial accounting basis)

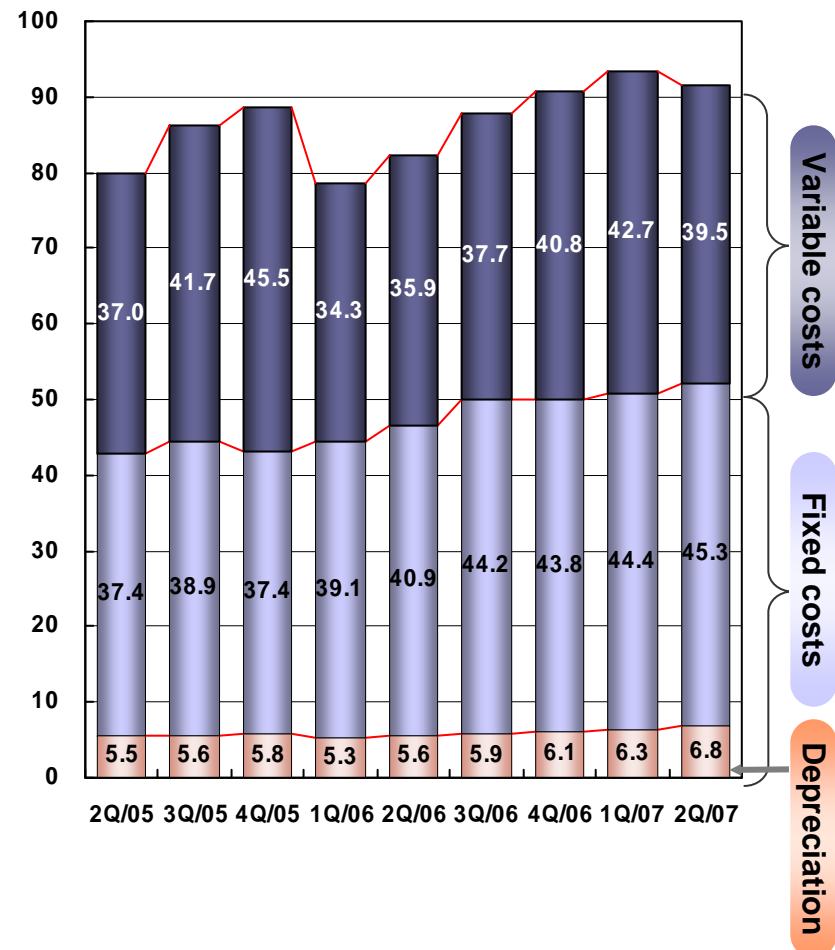


Consolidated Breakdown of SG&A

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
SG&A	91,660	93,619	-2.1%	90,882	87,968	82,580	185,280	161,522	14.7%	340,372
Fees and commissions paid	23,071	20,301	13.6%	20,367	17,954	18,080	43,372	33,117	31.0%	71,438
Advertising expenses	3,624	3,550	2.1%	3,186	2,677	2,651	7,175	5,139	39.6%	11,002
Personnel costs	38,823	44,335	-12.4%	42,059	41,811	39,364	83,158	79,508	4.6%	163,379
Real estate expenses	9,804	8,958	9.5%	11,033	10,756	9,187	18,762	17,055	10.0%	38,846
Office expenses	7,474	6,855	9.0%	6,268	5,626	5,364	14,329	11,125	28.8%	23,020
Depreciation	6,810	6,368	6.9%	6,199	5,910	5,642	13,179	11,006	19.7%	23,117
Taxes other than income taxes	1,792	2,102	-14.7%	2,016	2,375	2,016	3,895	3,872	0.6%	8,264
Others	3,883	4,698	-17.3%	2,937	3,533	2,923	8,581	5,835	47.1%	12,306

Consolidated Cost Structure

(Y bil)



(Y bil)	FY2005				FY2006				FY2007	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Variable costs	27.9	37.0	41.7	45.5	34.3	35.9	37.7	40.8	42.7	39.5
Commission & other expenses	13.7	15.5	16.1	18.5	15.0	18.0	17.9	20.3	20.3	23.0
Bonus & FA remuneration	9.2	16.1	19.6	20.7	13.4	11.8	13.2	14.6	14.7	9.3
Overtime, part-time	2.2	2.2	2.3	2.4	2.5	2.5	2.5	2.4	2.5	2.5
Fixed costs	41.8	43.0	44.6	43.2	44.5	46.6	50.2	50.0	50.8	52.1
Personnel costs	23.0	23.5	24.7	22.3	24.1	24.9	25.9	24.9	27.0	26.9
Real estate expenses	7.7	8.3	8.0	8.5	7.8	9.1	10.7	11.0	8.9	9.8
Depreciation	5.5	5.5	5.6	5.8	5.3	5.6	5.9	6.1	6.3	6.8
Office expenses	3.9	3.6	3.9	4.1	5.3	4.8	5.1	5.8	6.3	6.7
Taxes other than income taxes	1.5	2.0	2.1	2.3	1.8	2.0	2.3	2.0	2.1	1.7

* 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.

Consolidated Balance Sheet

*Figures in parenthesis indicate change from 3/07
(Y bil)

Trading assets	6,193	(+1,110)
Trading securities and others	5,084	(+855)
Stocks, convertible bonds	233	(-150)
Bonds	4,655	(+940)
Beneficiary certificates	166	(+55)
CD/CP and others	29	(+9)
Derivative assets	1,109	(+255)
Private equity and other securities	480	(+39)
Daiwa Securities SMBC PI	416	(+41)
NIF SMBC Ventures	63	(-1)
Investment securities	251	(+17)
Marketable equities	166	(+10)
Non-marketable equities	32	(+2)
Others	52	(+4)

Consolidated Balance Sheet (9/07)

Current assets	15,452	Current liabilities	13,636
Trading assets	6,193	Trading liabilities	4,282
Private equity and other securities (include allowance for possible investment losses)	480	Short-term borrowings	1,662
Receivables on collateralized securities transactions	7,268	CP	305
Non-current assets	556	Current portion of bonds and CBs	153
Tangible assets	142	Payables on collateralized securities transactions	6,525
Intangible assets	89	Non-current liabilities	1,171
Investments	325	SB	951
Investment securities	251	Long-term borrowings	175
Others	73	Net assets	1,194
		Owners' equity	837
		Valuation and translation adjustments	70
		Minority interests	285

Retail - Daiwa Securities - Highlights

- 2Q (3 months) net operating revenues decreased by 9% q/q to Y57.8bil and ordinary income decreased by 16% q/q to Y18.4bil.
1H (6 months) net operating revenues increased by 12% y/y to Y121.6bil and ordinary income increased by 21% y/y to Y40.4bil.
- 2Q equity brokerage commission was down 10% q/q, due to a decrease in trading value in the overall stock market. Daiwa Securities' retail market share for 2Q was 4.6%.
- Online margin position outstanding was Y151.4bil (9/07).
- Sales of JGB for individual investors (September 6~28): Y95.4bil

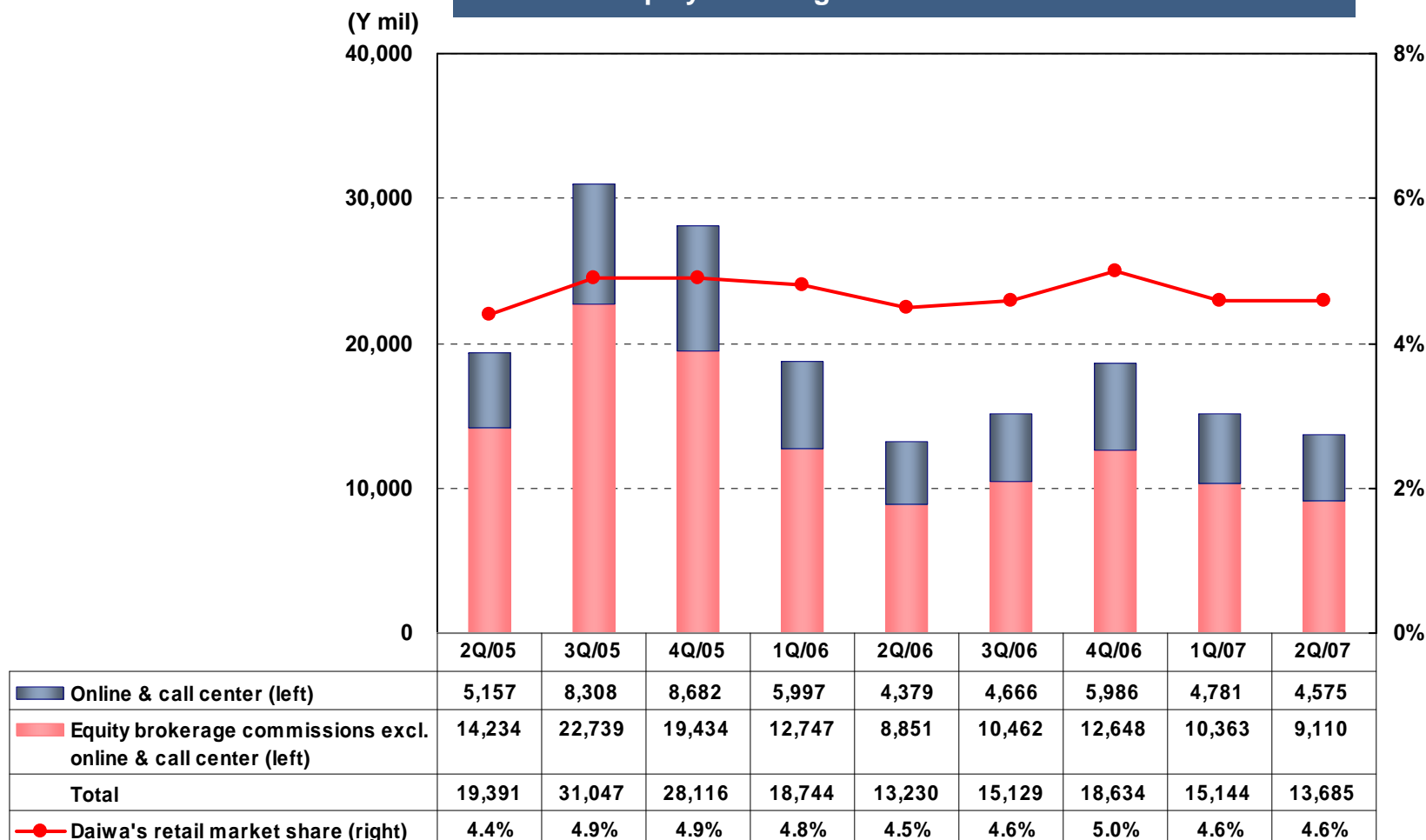
[10yr JGB (Series20): Y28.7bil 5yr JGB (Series 8): Y66.7bil]
---	---	---
- 2Q agency commission marked record high due to an increase in equity investment trusts under custody.
- For Daiwa SMA, our wrap account service targeting high net worth individuals, the number of customers was approx. 2,700 and contract assets under management was Y251.1bil (9/07).
- Customer assets stood at Y32.8tri (9/07).

Retail - Daiwa Securities - Financial Summary

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Operating revenues	58,413	64,456	-9.4%	63,042	58,706	51,747	122,870	108,900	12.8%	230,649
Commissions	44,337	50,381	-12.0%	50,681	47,795	41,178	94,719	87,275	8.5%	185,751
Brokerage	13,767	15,190	-9.4%	18,697	15,173	13,263	28,958	32,075	-9.7%	65,947
Stock and others	13,685	15,144	-9.6%	18,634	15,129	13,230	28,829	31,975	-9.8%	65,739
Distribution	12,413	17,862	-30.5%	15,399	17,991	13,323	30,276	27,140	11.6%	60,531
Stock and others	1,368	1,616	-15.3%	2,229	7,959	3,988	2,984	5,817	-48.7%	16,006
Bond and others	2,436	3,050	-20.1%	2,140	2,309	1,989	5,487	3,999	37.2%	8,449
Investment trust	8,609	13,195	-34.8%	11,028	7,722	7,345	21,805	17,324	25.9%	36,075
Other commissions	18,155	17,328	4.8%	16,584	14,630	14,592	35,484	28,058	26.5%	59,272
Investment trust	11,634	10,935	6.4%	9,652	8,900	8,039	22,569	15,447	46.1%	34,001
Net gain on trading securities	11,597	11,818	-1.9%	10,318	9,127	8,613	23,416	17,878	31.0%	37,324
Stock and others	1,741	2,184	-20.3%	1,542	1,341	1,167	3,926	2,877	36.5%	5,761
Bond, forex and others	9,855	9,633	2.3%	8,775	7,785	7,446	19,489	15,000	29.9%	31,562
Interest and dividend income	2,478	2,256	9.8%	2,042	1,783	1,955	4,734	3,746	26.4%	7,573
Interest expenses	589	593	-0.7%	511	400	317	1,182	566	108.9%	1,478
Net operating revenues	57,823	63,863	-9.5%	62,530	58,306	51,430	121,687	108,334	12.3%	229,171
SG&A	39,363	41,981	-6.2%	40,644	39,128	37,505	81,344	74,897	8.6%	154,670
Ordinary income	18,456	21,999	-16.1%	21,800	19,178	13,924	40,455	33,498	20.8%	74,477
Net income	10,606	12,803	-17.2%	12,163	11,100	7,995	23,410	20,203	15.9%	43,468
Capital adequacy ratio	362.5%	350.9%	-	319.3%	359.0%	342.9%	362.5%	342.9%	-	319.3%

Retail - Daiwa Securities - Equity Brokerage Commissions

Retail Equity Brokerage Commissions and Market Share

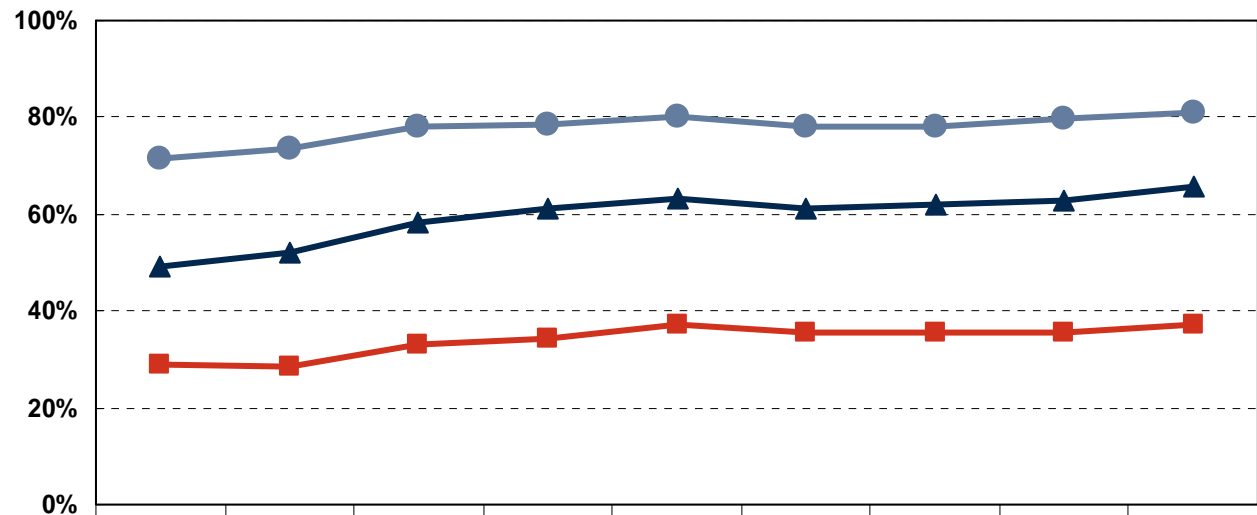


Note: Excludes foreign equities listed on overseas countries.

Market share is the share among total trading value by individuals on Tokyo, Osaka, and Nagoya Stock Exchanges.

Retail - Daiwa Securities - Online Trading (1)

Online Ratio

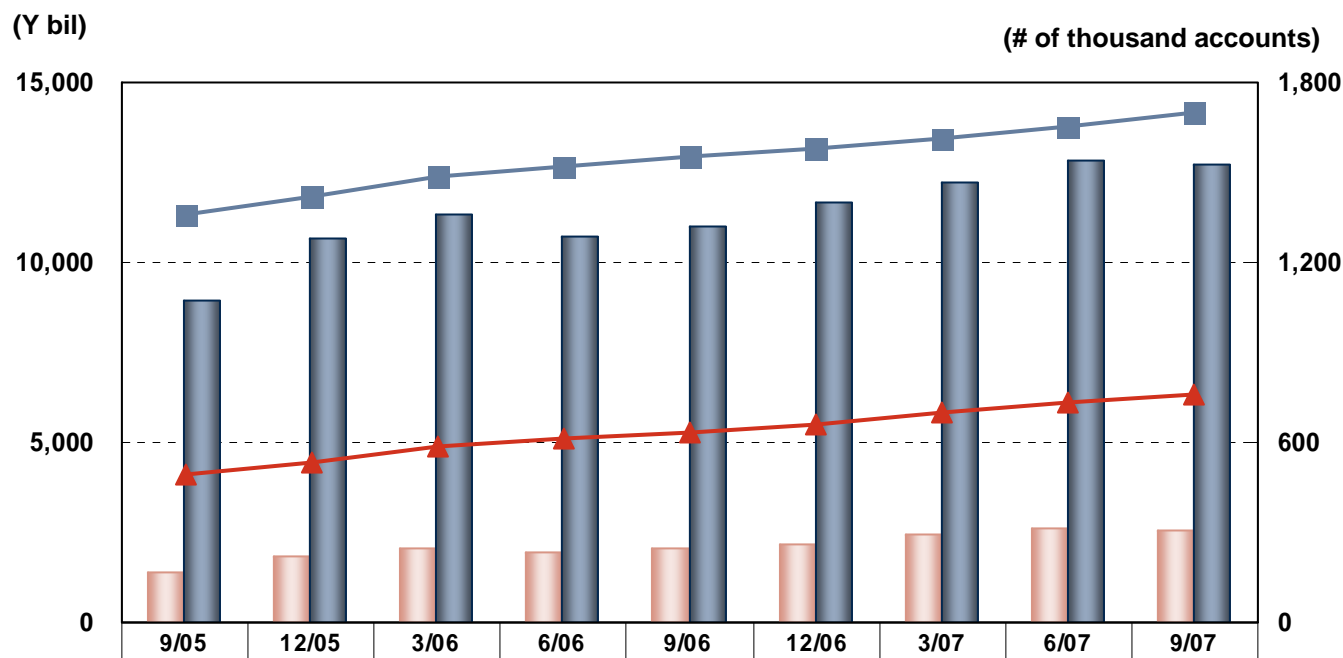


● Online ratio (# of contracts)	71.6%	73.6%	78.1%	78.6%	80.4%	78.0%	78.3%	79.6%	80.8%
▲ Online ratio (trading value)	49.2%	51.9%	58.3%	61.2%	63.3%	61.3%	62.0%	62.8%	65.5%
■ Online ratio (commission)	28.8%	28.5%	32.9%	34.3%	37.2%	35.5%	35.5%	35.3%	37.2%
Total # of online contracts (thousands)	2,038	3,138	3,389	2,489	1,974	2,016	2,446	2,051	2,052
Total online trading value (Billions of yen)	1,579	2,877	3,218	2,394	1,842	1,880	2,542	2,069	2,008
Total online equity commission (Millions of yen)	5,157	8,308	8,682	5,997	4,379	4,666	5,986	4,781	4,575

Note: Online ratio is calculated based on trading activities made by individuals at Daiwa Securities.

Retail - Daiwa Securities - Online Trading (2)

Accounts and Assets under Custody of Online and "Daiwa Direct" Accounts

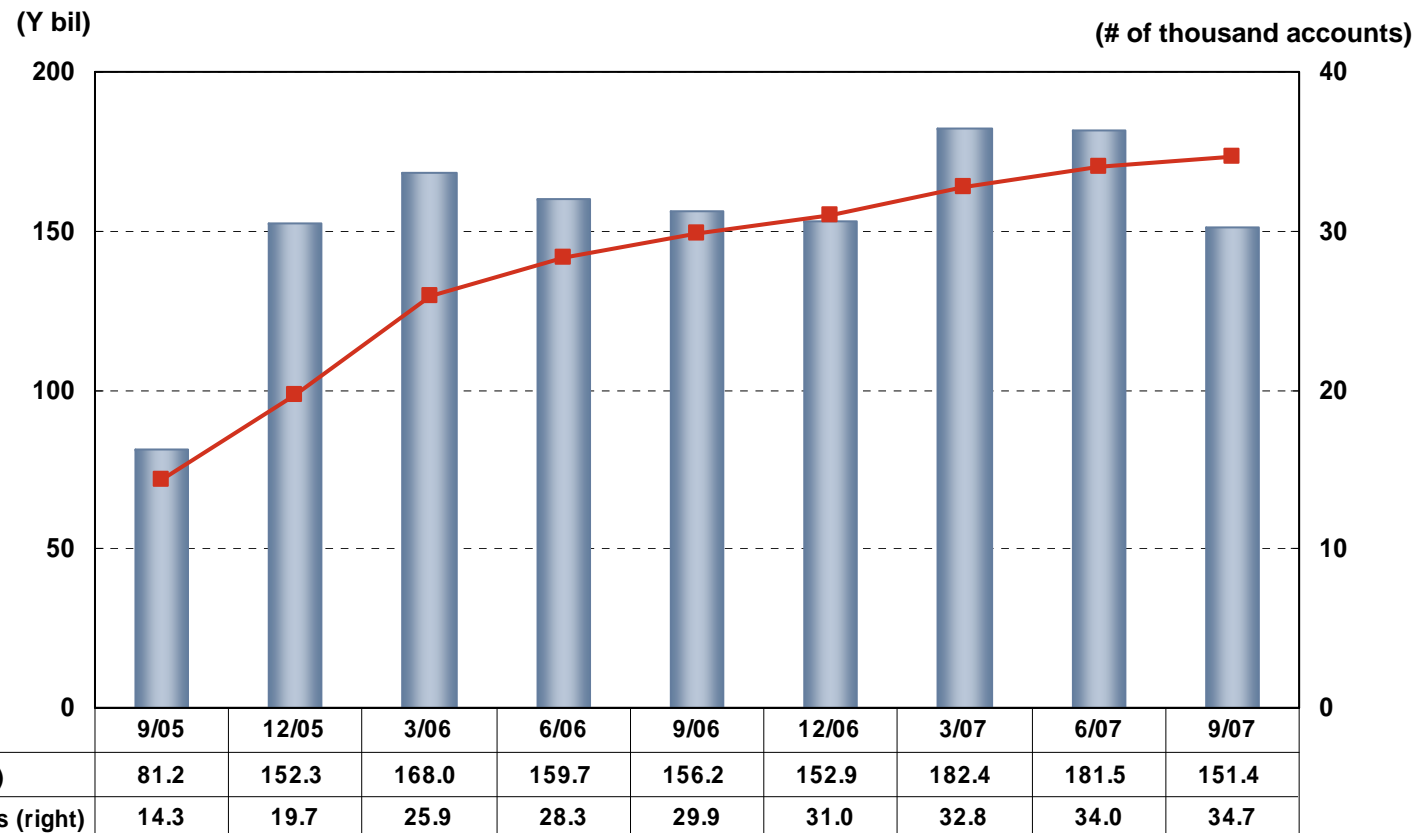


■ Assets under custody at "Daiwa Direct" (left)	1,408	1,823	2,069	1,971	2,046	2,185	2,424	2,606	2,563
■ Assets under custody for total online accounts (left)	8,970	10,693	11,359	10,734	10,994	11,658	12,206	12,824	12,697
▲ # of accounts at "Daiwa Direct" (right)	492	536	586	613	634	661	700	734	762
■ # of total online accounts (right)	1,359	1,421	1,487	1,521	1,551	1,579	1,616	1,656	1,699

Retail - Daiwa Securities - Online Margin Transactions

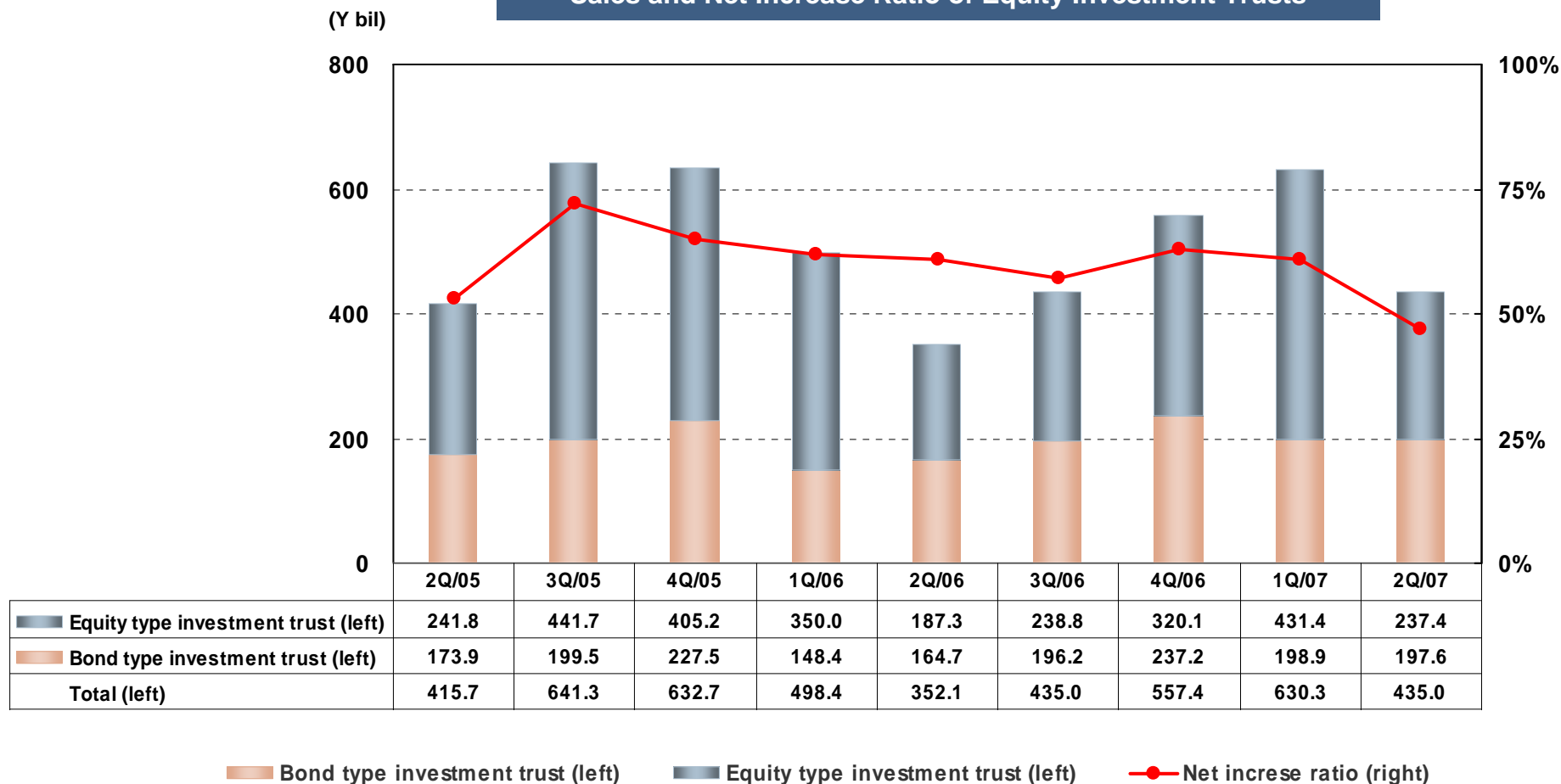


Accounts and Outstanding Position of “Online Margin Transaction Services”



Retail - Daiwa Securities - Equity Investment Trusts

Sales and Net Increase Ratio of Equity Investment Trusts



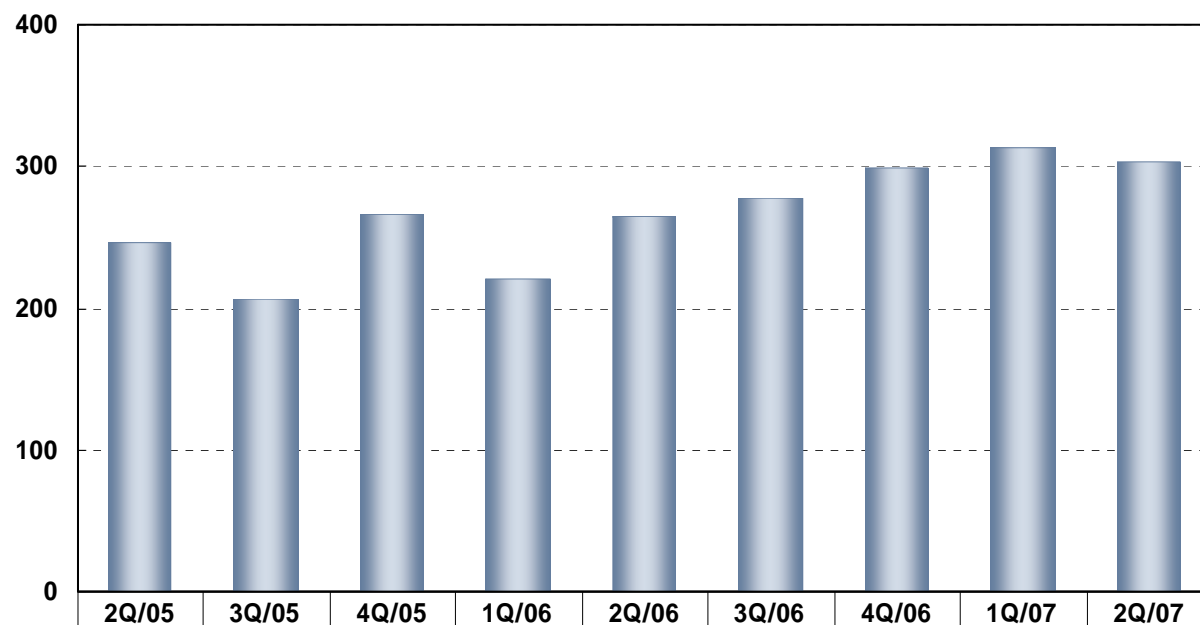
Note: Net increase ratio (%) = (purchase - redemption) / purchase × 100

Retail - Daiwa Securities - Foreign Currency Denominated Bonds



Sales of Foreign Currency Denominated Bonds

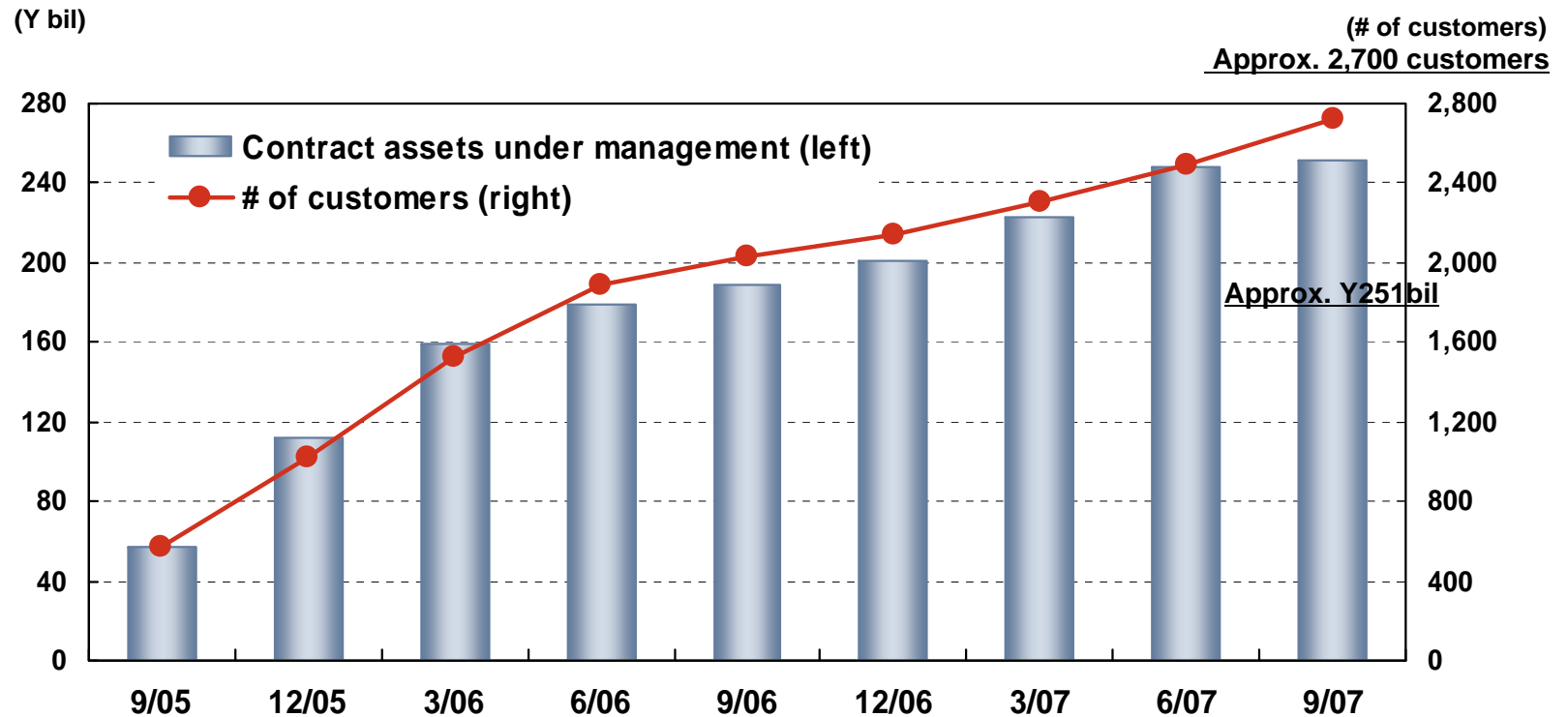
(Y bil)



■ Foreign currency denominated bonds	246.4	206.9	266.2	220.0	264.4	277.5	298.7	313.6	303.5
--------------------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Retail - Daiwa Securities - Daiwa SMA

Number of Customers and Contract Assets under Management of “Daiwa SMA”



(As of October 19, 2007)

Contract assets under management:

Y250.8bil

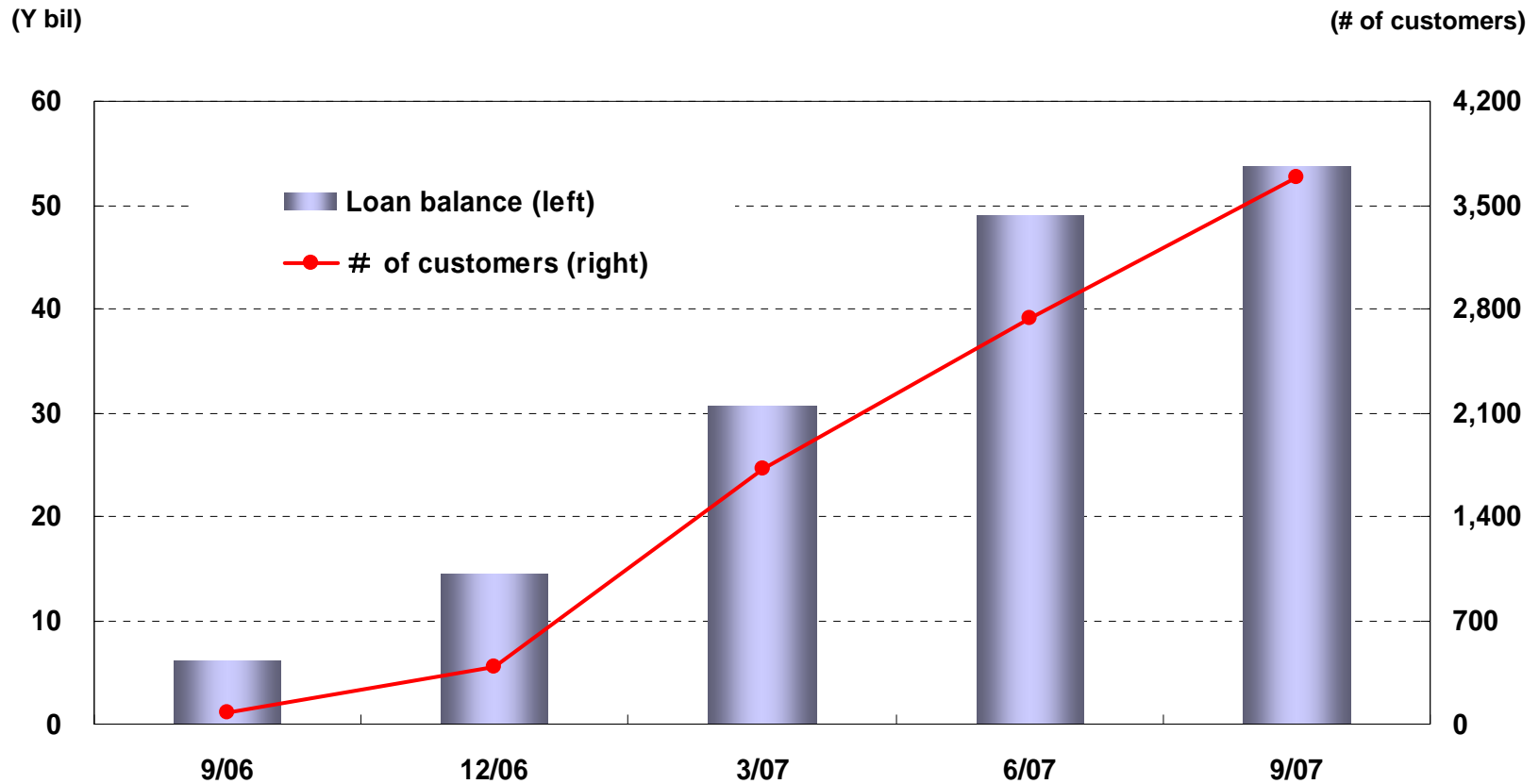
of customers:

approximately 2,730

Retail - Daiwa Securities - Daiwa LMS (Loan Management Service)

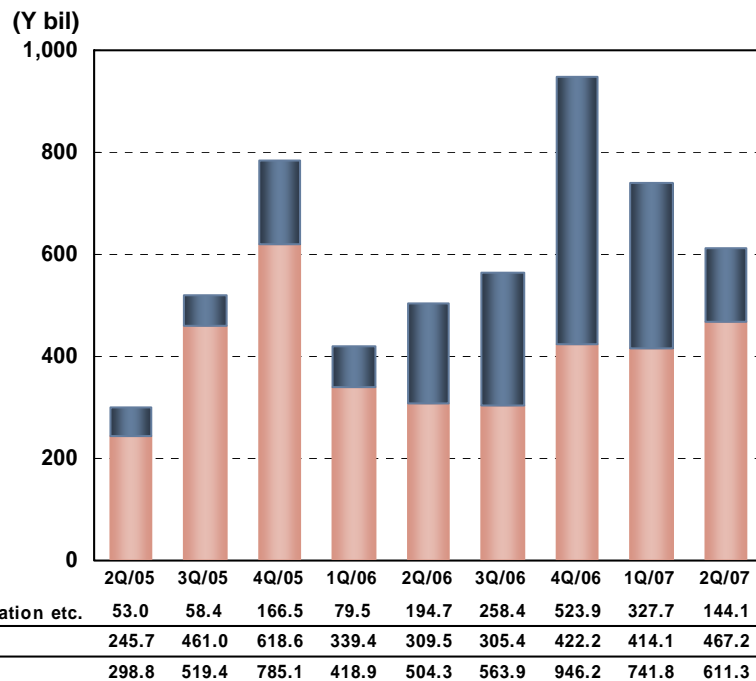


Daiwa LMS Loan Balance and Number of Customers

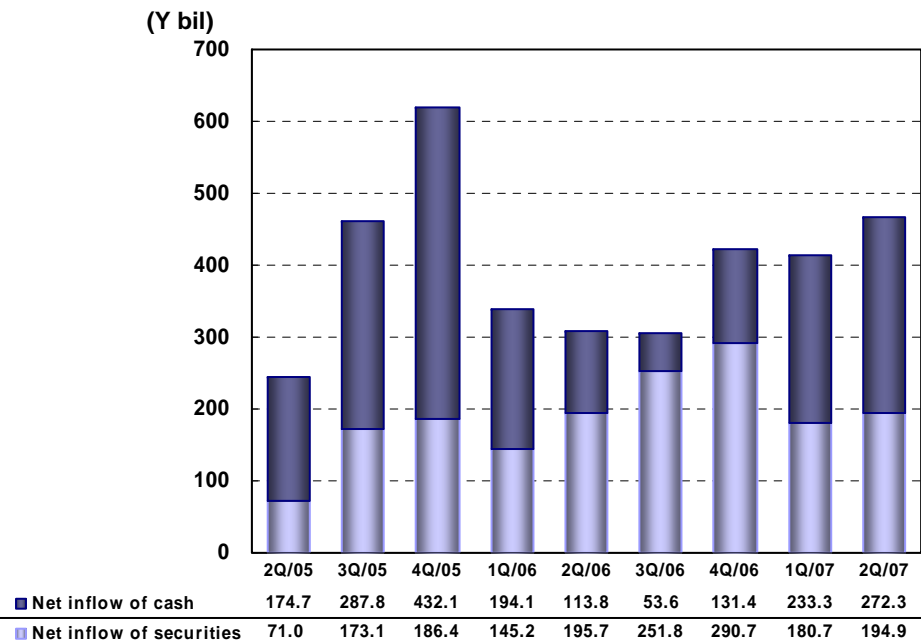


Retail - Daiwa Securities - Net Inflow of Retail Assets

Daiwa Securities
Net Inflow of Assets

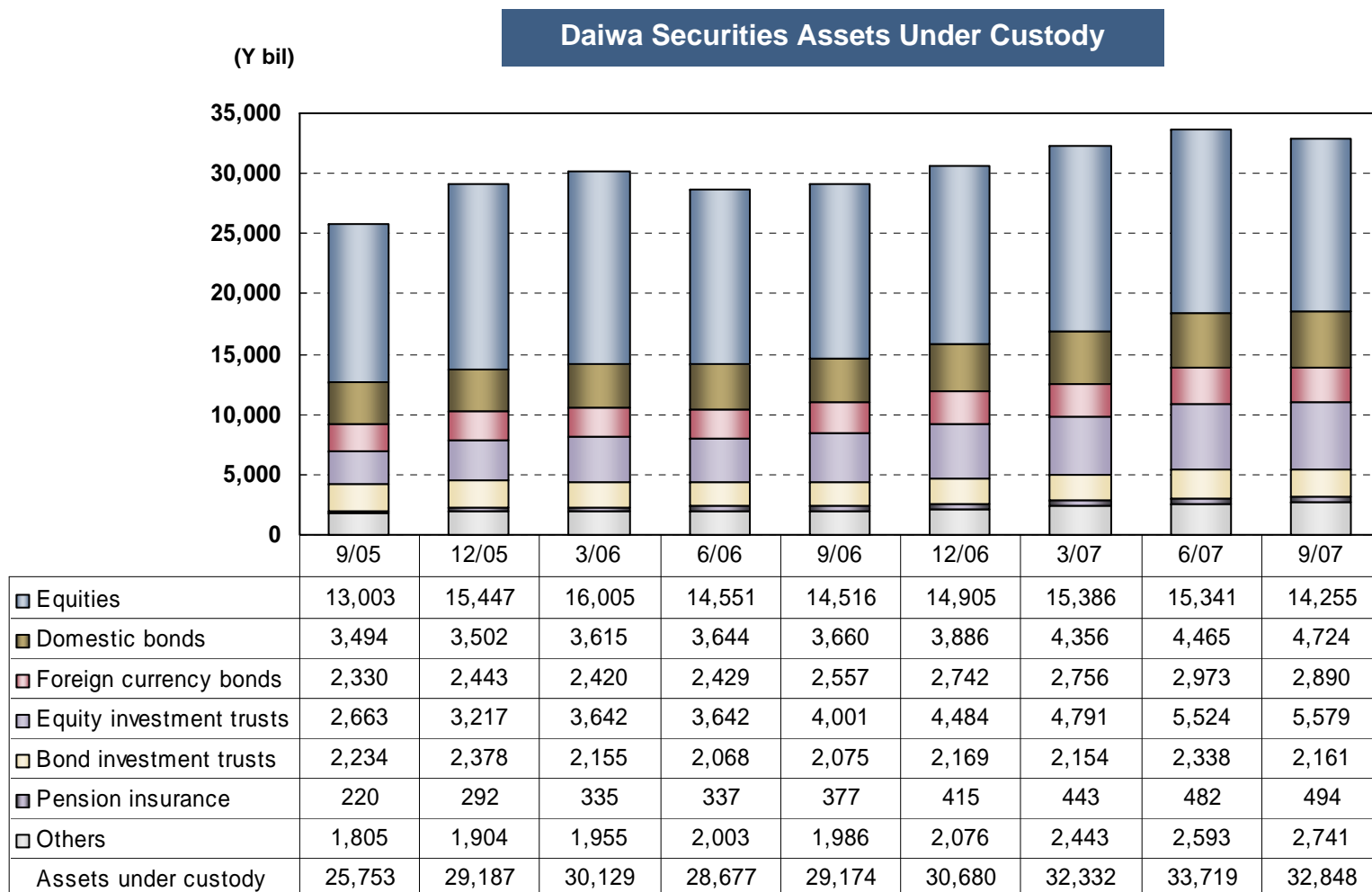


Daiwa Securities
Net Inflow of Cash and Securities (Retail)



*Net inflow of assets = net inflow of cash and securities

Retail - Daiwa Securities - Assets Under Custody



* "Others" includes customer assets of Daiwa Securities held under custody at Daiwa Securities SMBC.

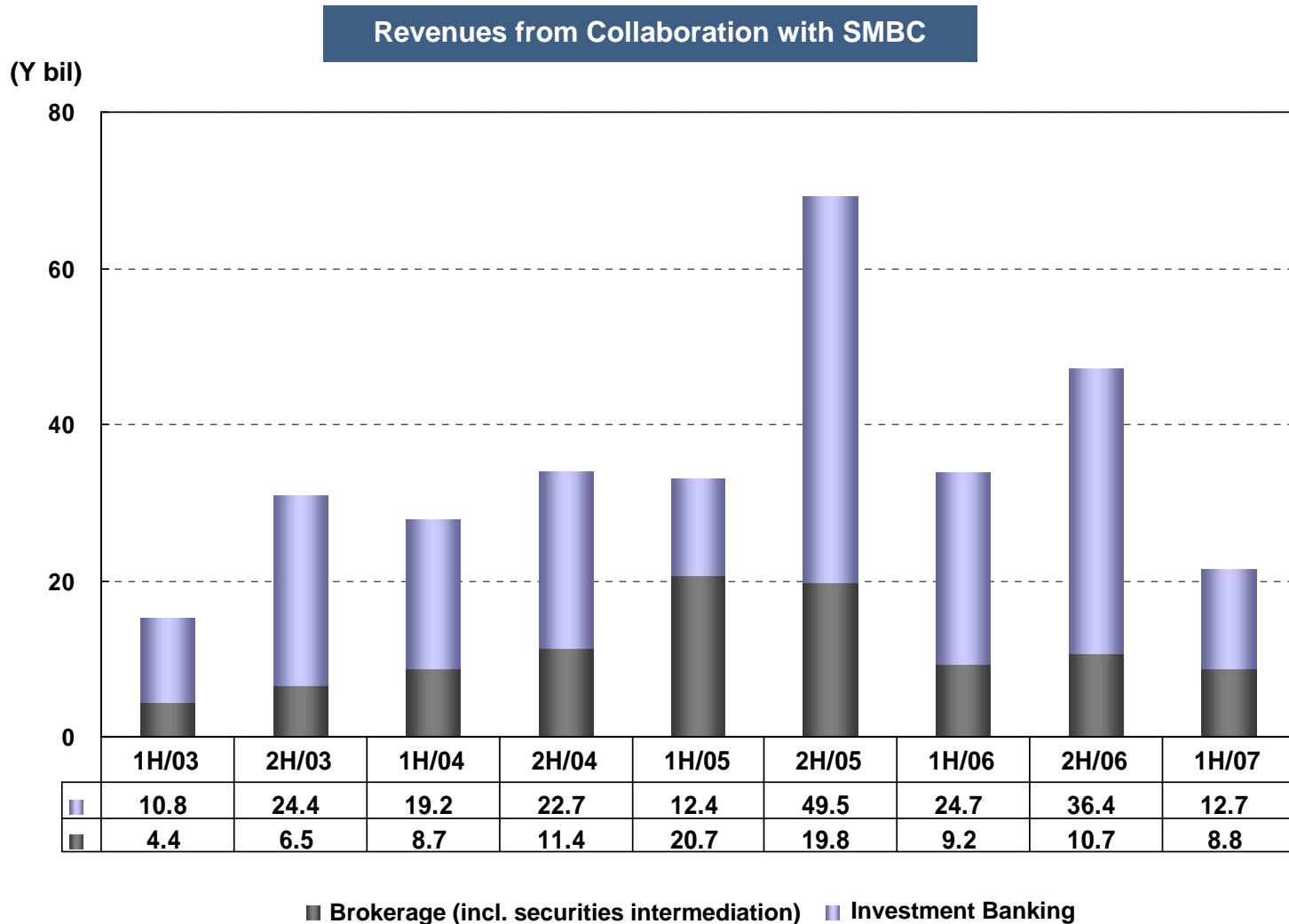
Wholesale - Daiwa Securities SMBC - Highlights

- 2Q (3 months) net operating revenues decreased by 42% q/q to Y37.5bil.
1H (6 months) net operating revenues decreased by 14% y/y to Y101.7bil and ordinary income decreased by 48% y/y to Y21.8bil.
- 2Q revenues generated by collaboration with SMBC (incl. securities intermediation) was Y10.2bil (1Q: Y11.2bil).
- Daiwa Securities SMBC ranked second for total debt and third for total equity in the 1H lead manager league tables.
- Daiwa Securities SMBC lead-managed IPO of China Boqi Environmental Solutions Technology, becoming the first company in mainland China to be listed on TSE 1st section.
- 2Q M&A advisory fee was Y2.7bil, contributed by the advisory for Mitsukoshi to merge with Isetan.
- In 2Q, Daiwa Securities SMBC Principal Investments made partial exits from the holding of preferred shares of Maruzen, while increasing new investments. As a result, investment amount of Daiwa Securities SMBC Principal Investments reached Y407.0bil (9/07).

Wholesale - Daiwa Securities SMBC Consolidated - Financial Summary

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Operating revenues	56,563	82,499	-31.4%	85,786	90,280	74,843	139,063	141,051	-1.4%	317,118
Commissions	18,630	18,932	-1.6%	23,412	41,577	24,447	37,562	41,540	-9.6%	106,530
Brokerage	7,187	7,130	0.8%	7,615	6,624	5,413	14,317	11,918	20.1%	26,158
Stock and others	7,070	6,992	1.1%	7,458	6,514	5,266	14,062	11,627	20.9%	25,601
Underwriting commission	6,484	7,323	-11.5%	9,673	24,990	12,506	13,808	19,241	-28.2%	53,905
Stock and others	4,136	4,160	-0.6%	6,650	22,298	10,167	8,297	14,468	-42.7%	43,416
Bond and others	2,255	3,046	-26.0%	2,801	2,519	1,829	5,302	4,015	32.1%	9,336
Distribution	281	541	-48.1%	393	349	337	822	505	62.7%	1,248
Other commissions (M&A and others)	4,677	3,936	18.8%	5,730	9,611	6,190	8,614	9,874	-12.8%	25,216
Net gain/loss on trading securities	11,439	33,434	-65.8%	36,138	27,263	28,779	44,873	53,227	-15.7%	116,629
Stock and others	-5,999	16,239	-	6,155	9,321	-6,721	10,240	8,669	18.1%	24,146
Bond, forex and others	17,438	17,194	1.4%	29,982	17,942	35,501	34,632	44,558	-22.3%	92,482
Net gain/loss on private equity and other securities	7,063	7,609	-7.2%	7,269	2,806	6,873	14,672	17,623	-16.7%	27,699
Interest and dividend income	19,431	22,523	-13.7%	18,966	18,632	14,743	41,954	28,660	46.4%	66,258
Interest expenses	19,022	18,268	4.1%	17,926	15,548	12,418	37,290	22,942	62.5%	56,417
Net operating revenues	37,541	64,231	-41.6%	67,859	74,731	62,424	101,772	118,109	-13.8%	260,700
SG&A	40,781	40,859	-0.2%	43,013	48,424	42,452	81,641	78,354	4.2%	169,793
Ordinary income	-2,578	24,408	-	24,887	26,430	21,265	21,829	41,548	-47.5%	92,866
Net income	-2,067	15,130	-	15,956	15,064	8,487	13,062	20,924	-37.6%	51,945

Wholesale Revenues from Collaboration with SMBC



Wholesale - Daiwa Securities SMBC - Major League Tables

Daiwa Securities SMBC 1H FY07 Lead Manager League Table

	Total debt	Corporate & Agency bonds	Total equity	IPO	Primary and secondary equity offerings
1st	Mizuho 19.5%	Mizuho 24.3%	Nomura 39.2%	Nomura 37.4%	Nomura 65.8%
2nd	Daiwa Sec. SMBC 15.3%	Daiwa Sec. SMBC 18.5%	Nikko Citigroup 24.0%	Daiwa Sec. SMBC 35.4%	Daiwa Sec. SMBC 14.2%
3rd	Nomura 13.4%	Nomura 17.8%	Daiwa Sec. SMBC 12.9%	Shinko 9.5%	Nikko Citigroup 10.8%
4th	Mitsubishi UFJ 12.4%	Mitsubishi UFJ 17.2%	Mizuho 5.8%	Mitsubishi UFJ 8.6%	Morgan Stanley 4.8%
5th	Nikko Citigroup 9.2%	Nikko Citigroup 8.0%	Mitsubishi UFJ 5.7%	Tokai Tokyo 2.9%	Mizuho 1.9%

M&A Ranking (Jan-Sep)

M&A	
Transaction value	Number of deals
Nomura	Nomura
Citigroup	Daiwa Sec. SMBC
GCA	MUFG
Mizuho FG	Citigroup
MUFG	Mizuho FG
6th: Daiwa Sec. SMBC	Goldman Sachs and others

Source: Daiwa Securities SMBC (Nikkei Bonds & Financial Weekly for ABS) **Apr-Sep 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.

Source: THOMSON FINANCIAL
Jan-Sep 2007 "M&A advisory league table for any Japanese involvement announced (AD19)"

Wholesale Daiwa Securities SMBC Principal Investments

(Y mil)	FY2007		%Change vs 1Q FY07	FY2006			FY2007	FY2006	%Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Ordinary Income	3,764	8,158	-53.9%	5,456	1,978	5,908	11,923	16,347	-27.1%	23,782

As of 9/07 (change vs 6/07)

Total Investment amount: Approx. Y407bil (+Y37bil)

Private equity and PIPEs

(Private Investment in Public Equities): Y281bil (+Y20bil)

Monetary claims: Y74bil (+Y 8bil)

Real estate: Y48bil (+Y10bil)

Greenhouse gas emission credits: Y4bil (-Y 1bil)

Note: Investment amount of "Funds" were allocated to each investment category.

Recent Topics

Private equity and PIPEs

- Acquired all shares of HMV Japan and HMV Retail Limited.
- Acquired all shares of Asahikawa Grand Hotel in Hokkaido.

Funds

- Four projects in China to reduce greenhouse gas emissions, in which Daiwa Securities SMBC PI participates, were approved as CDM by Japanese government.
(First solo approval for Daiwa Securities SMBC PI)

Daiwa Securities SMBC PI Investment Amount

(Y bil)

500

400

300

200

100

0

	3/02	3/03	3/04	3/05	3/06	3/07	6/07	9/07
Private equity & PIPEs	1	10	23	34	229	257	261	281
Monetary claims	20	19	44	41	53	72	66	74
Real estate	7	9	8	18	27	28	38	48
Greenhouse gas emission credits	-	-	-	-	4	4	5	4
Total	28	38	75	93	313	361	370	407

Asset Management

Daiwa Asset Management & Daiwa SB Investments



Daiwa Asset Management

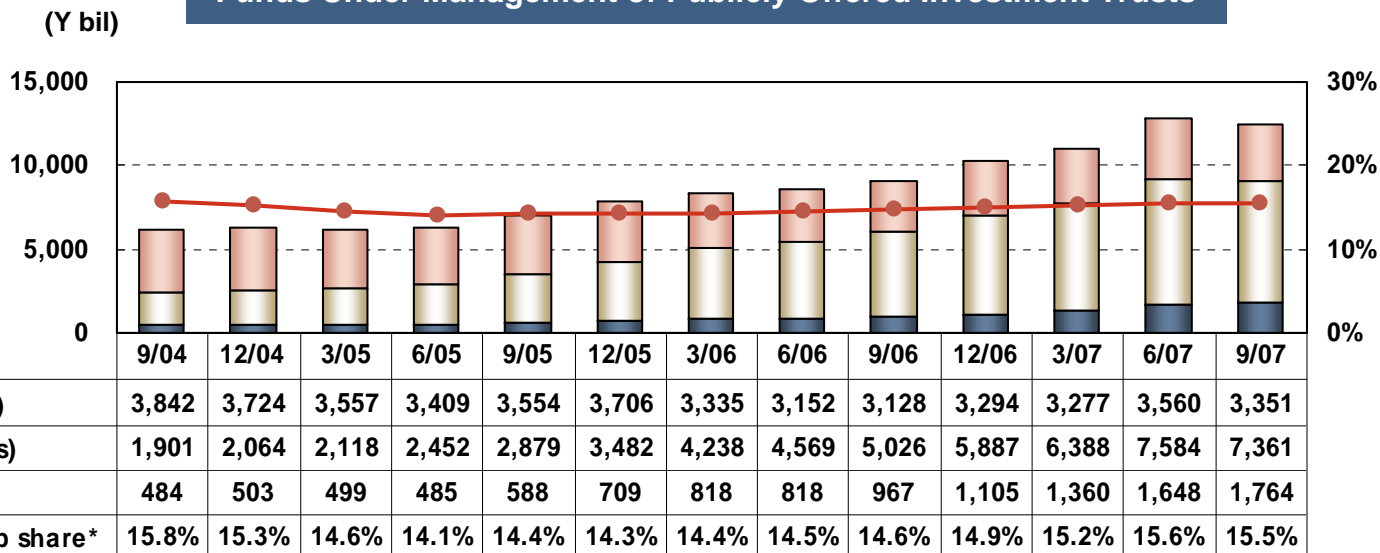
- 2Q operating revenues increased by 5% q/q to Y21.4bil. Ordinary income decreased by 11% q/q to Y4.5bil. 1H ordinary income of Y9.5bil was a historical high for 6 month basis.
- Total assets under management of publicly offered equity investment trusts slightly declined from Y7.5tri (6/07) to Y7.3tri (9/07).
Net assets under management of Daiwa Global Bond Fund was Y1,715.9bil (9/07).
Net assets under management of World Prime significantly increased from Y162.4bil (6/07) to Y309.3bil (9/07).

Daiwa SB Investments

- 2Q ordinary income increased by 20% q/q to Y1.7bil. 1H ordinary income increased by 61% y/y to Y3.2 bil.
- Net assets under management of Global High dividend Stock Open, launched in 7/05, reached Y713.0bil (9/07).
- In 9/07, Daiwa SB Investments was awarded forth grade for overall evaluation and second for management capability evaluation, in "Investment Fund Information" published by Rating and Investment Information, Inc. (R&I), for the first "Survey of fund distribution companies' satisfaction on asset management companies."

Asset Management Assets Under Management

Funds Under Management of Publicly Offered Investment Trusts



*Daiwa Asset Management+Daiwa SB Investments

Contract Assets for Investment Advisory

(Ybil)	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07
Daiwa SB Investments	2,954	3,194	3,158	3,201	3,715	4,106	4,070	3,913	4,106	4,292	4,374	4,555	4,220

Asset Management - Daiwa Asset Management – Financial Summary

(Y mil)	FY2007		% Change vs 1Q FY07	FY2006			FY2007	FY2006	% Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Operating revenues	21,440	20,383	5.2%	17,897	15,560	13,538	41,823	25,476	64.2%	58,933
Management fee	21,294	20,209	5.4%	17,736	15,446	13,431	41,503	25,261	64.3%	58,445
Equity investment trust	20,002	18,971	5.4%	16,828	14,763	12,837	38,974	24,542	58.8%	56,134
Bond investment trust	1,291	1,237	4.4%	908	683	594	2,529	719	251.7%	2,310
Other operating revenues	145	174	-16.3%	160	113	106	319	214	49.3%	488
SG&A	17,001	15,736	8.0%	14,199	12,197	10,776	32,737	20,276	61.5%	46,673
Commissions paid	12,537	11,888	5.5%	10,336	8,947	7,729	24,426	14,407	69.5%	33,691
Other SG&A	4,463	3,847	16.0%	3,862	3,249	3,047	8,311	5,869	41.6%	12,981
Operating income	4,438	4,646	-4.5%	3,697	3,362	2,761	9,085	5,199	74.7%	12,259
Ordinary income	4,514	5,065	-10.9%	3,757	3,543	2,993	9,580	5,714	67.6%	13,015
Net income	2,714	3,132	-13.3%	222	2,203	4,546	5,846	6,233	-6.2%	8,659

Domestic Group Companies and Overseas Operation Ordinary Income

Domestic Group Companies

(Y mil)	FY2007		%Change vs 1Q FY07	FY2006			FY2007	FY2006	%Change vs 1H FY06	FY2006
	2Q	1Q		4Q	3Q	2Q	1H	1H		
Daiwa Asset Management	4,514	5,065	-10.9%	3,757	3,543	2,993	9,580	5,714	67.6%	13,015
Daiwa Institute of Research	2,918	2,165	34.7%	2,711	2,208	2,776	5,084	4,824	5.4%	9,744
NIF SMBC Ventures	-737	325	-	590	3,348	-132	-412	294	-	4,233
Other Domestic Group Companies	510	996	-48.7%	850	1,055	1,061	1,507	2,251	-33.1%	4,158
Total*	7,206	8,553	-15.7%	7,910	10,155	6,699	15,759	13,085	20.4%	31,151

Daiwa SB Investments	1,794	1,498	19.7%	1,315	1,042	938	3,292	2,049	60.6%	4,407
----------------------	-------	-------	-------	-------	-------	-----	-------	-------	-------	-------

Overseas

America	586	56	946.4%	370	959	-255	642	295	117.6%	1,625
Europe	-693	586	-	2,074	5,109	1,434	-107	1,230	-	8,415
Asia/Oceania	962	1,407	-31.6%	1,173	1,256	511	2,370	1,399	69.4%	3,829
Total	855	2,049	-58.2%	3,618	7,326	1,691	2,905	2,925	-0.7%	13,870

* Total figure of domestic consolidated Group companies except Daiwa Securities and Daiwa Securities SMBC and its domestic subsidiaries.

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-grp.jp/ir/english/>