



2Q FY2008 Earnings Announcement

October 31, 2008
Daiwa Securities Group Inc.

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Consolidated Highlights

- Consolidated annualized ROE for 2Q: --- (Retail 4.6%, Wholesale ---)
1H: --- (Retail 8.6%, Wholesale ---)
- 2Q consolidated ordinary income losses were Y31.5bil, due to a significant decline in trading gains and losses on private equity and other securities. Net losses were Y20.5bil.
- 2Q total commission was Y54.0bil, down 13% q/q, as equity and investment banking commissions declined, while investment trust commissions performed relatively well.
- 2Q trading profits decreased significantly to Y10.8bil, down 49% q/q by the historical market turbulence across equity and bond markets.

2Q FY08 Highlights

- Net operating revenues: Y 58.0 bil, down 37.5% q/q
- Ordinary income: ▲ Y 31.5 bil
- Net income: ▲ Y 20.5 bil

1H FY08 Highlights

- Net operating revenues: Y 151.1 bil, down 40.9% y/y
- Ordinary income: ▲ Y 23.2 bil
- Net income: ▲ Y 14.6 bil

Consolidated Financial Summary

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|------------------------|------------|------------|---------------------------|------------|------------|---------------------------|------------|
| | 2Q | 1Q | | 1H | 1H | | |
| Operating revenues | 131,559 | 165,376 | -20.4% | 296,935 | 465,695 | -36.2% | 825,422 |
| Net operating revenues | 58,096 | 93,026 | -37.5% | 151,123 | 255,632 | -40.9% | 447,491 |
| SG&A | 89,293 | 88,446 | 1.0% | 177,739 | 185,280 | -4.1% | 363,858 |
| Ordinary income | -31,525 | 8,321 | — | -23,203 | 75,296 | — | 90,143 |
| Net income | -20,522 | 5,885 | — | -14,637 | 42,074 | — | 46,411 |
| Total assets | 16,564,070 | 16,731,380 | | 16,564,070 | 16,009,537 | | 17,307,119 |
| Net assets | 1,017,118 | 1,089,393 | | 1,017,118 | 1,194,358 | | 1,082,923 |
| Shareholders' equity* | 774,427 | 825,314 | | 774,427 | 907,597 | | 818,089 |
| EPS (Y) | -15.24 | 4.37 | | -10.87 | 30.25 | | 33.69 |
| BPS (Y) | 575.28 | 612.96 | | 575.28 | 661.84 | | 607.64 |
| ROE (Annualized) | — | 2.9% | | — | 9.2% | | 5.3% |

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

| ROE (Annualized) | 2Q | 1H |
|--------------------------------------|------|------|
| Daiwa Securities | 4.6% | 8.6% |
| Daiwa Securities SMBC (consolidated) | --- | --- |

| FY08 Interim Dividend |
|--|
| <u>FY08 Interim Dividend per Share: 5 yen</u> |

Consolidated P/L Summary

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|--|---------|---------|---------------------------|---------|---------|---------|---------|---------|---------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Operating revenues | 131,559 | 165,376 | -20.4% | 144,268 | 215,457 | 211,712 | 296,935 | 465,695 | -36.2% | 825,422 |
| Commissions | 54,045 | 61,792 | -12.5% | 67,383 | 72,602 | 74,562 | 115,837 | 154,438 | -25.0% | 294,424 |
| Net gain/loss on trading | 10,864 | 21,300 | -49.0% | -9,479 | 41,650 | 24,440 | 32,164 | 71,190 | -54.8% | 103,361 |
| Net gain/loss on private equity and other securities | -15,206 | -1,007 | — | 4,131 | 723 | 6,309 | -16,213 | 14,305 | — | 19,160 |
| Interest and dividend income | 69,129 | 69,748 | -0.9% | 69,377 | 87,242 | 95,909 | 138,878 | 201,802 | -31.2% | 358,422 |
| Other revenues | 12,726 | 13,541 | -6.0% | 12,855 | 13,239 | 10,489 | 26,268 | 23,957 | 9.6% | 50,052 |
| Interest expenses | 64,161 | 62,343 | 2.9% | 64,169 | 83,894 | 92,357 | 126,505 | 191,720 | -34.0% | 339,783 |
| Cost of sales | 9,301 | 10,006 | -7.0% | 9,668 | 10,136 | 7,791 | 19,307 | 18,342 | 5.3% | 38,147 |
| Net operating revenues | 58,096 | 93,026 | -37.5% | 70,431 | 121,427 | 111,563 | 151,123 | 255,632 | -40.9% | 447,491 |
| SG&A | 89,293 | 88,446 | 1.0% | 86,290 | 92,288 | 91,660 | 177,739 | 185,280 | -4.1% | 363,858 |
| Operating income | -31,196 | 4,580 | — | -15,858 | 29,138 | 19,902 | -26,616 | 70,352 | — | 83,632 |
| Non-operating income | 907 | 4,143 | -78.1% | 1,419 | 2,274 | 1,823 | 5,050 | 5,952 | -15.1% | 9,647 |
| Non-operating expenses | 1,235 | 402 | 207.4% | 1,225 | 902 | 521 | 1,638 | 1,007 | 62.6% | 3,135 |
| Ordinary income | -31,525 | 8,321 | — | -15,664 | 30,511 | 21,204 | -23,203 | 75,296 | — | 90,143 |
| Extraordinary gains | 1,829 | 462 | 295.6% | 1,481 | 219 | 1,140 | 2,291 | 1,934 | 18.5% | 3,634 |
| Extraordinary losses | 5,585 | 3,029 | 84.4% | 9,663 | -65 | 2,015 | 8,615 | 2,228 | 286.6% | 11,826 |
| Net income | -20,522 | 5,885 | — | -12,928 | 17,264 | 14,739 | -14,637 | 42,074 | — | 46,411 |

Consolidated Operating Revenues by Business Sector

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|---|----------------|--------|---------------------------|--------|--------|--------|----------------|---------|---------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Total commission | 54,045 | 61,792 | -12.5% | 67,383 | 72,602 | 74,562 | 115,837 | 154,438 | -25.0% | 294,424 |
| Equity | 13,424 | 17,321 | -22.5% | 16,554 | 20,578 | 22,930 | 30,746 | 47,459 | -35.2% | 84,592 |
| Fixed income | 340 | 398 | -14.5% | 476 | 485 | 609 | 739 | 1,171 | -36.9% | 2,133 |
| Investment trust | 28,314 | 30,956 | -8.5% | 28,972 | 36,396 | 33,826 | 59,271 | 71,007 | -16.5% | 136,376 |
| Investment banking | 6,456 | 7,499 | -13.9% | 15,829 | 9,545 | 10,798 | 13,955 | 22,175 | -37.1% | 47,550 |
| Others | 5,508 | 5,616 | -1.9% | 5,549 | 5,596 | 6,397 | 11,125 | 12,624 | -11.9% | 23,771 |
| Net gain/loss on trading | 10,864 | 21,300 | -49.0% | -9,479 | 41,650 | 24,440 | 32,164 | 71,190 | -54.8% | 103,361 |
| Equity | -8,590 | 21,033 | — | -9,539 | 5,329 | -4,150 | 12,443 | 15,230 | -18.3% | 11,020 |
| Bond and Forex | 19,454 | 266 | — | 59 | 36,321 | 28,591 | 19,721 | 55,960 | -64.8% | 92,341 |
| Net gain/loss on private equity and other securities | -15,206 | -1,007 | — | 4,131 | 723 | 6,309 | -16,213 | 14,305 | — | 19,160 |
| Net financial income | 4,967 | 7,405 | -32.9% | 5,208 | 3,347 | 3,551 | 12,373 | 10,082 | 22.7% | 18,638 |

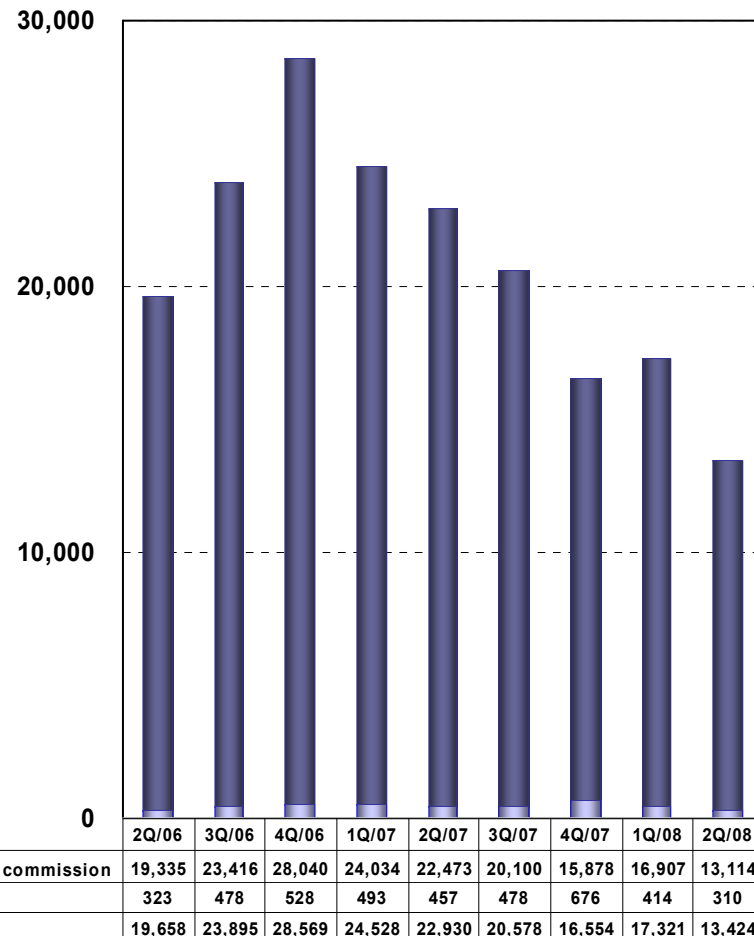
Consolidated Equity Brokerage Commission

| (Y mil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|----------------------|--------------|---------------------------|--------------|---------------------------|
| Brokerage commission | 13,114 | -22.4% | 30,021 | -35.4% |
| Others | 310 | -25.0% | 724 | -23.8% |
| Total | 13,424 | -22.5% | 30,746 | -35.2% |

- 2Q average daily trading value on the TSE was Y2,236bil, down 11.9% q/q.
- 2Q market share on TSE:
Daiwa Securities: 0.6% (1Q: 0.9%)
Daiwa Securities SMBC: 5.8% (1Q: 5.3%)
- 2Q online ratio for trading value by individuals at Daiwa Securities was 73.4%. (1Q: 71.3%)
- 2Q average brokerage commission rate at Daiwa Securities was 36bp. (1Q: 36bp)

(Y mil)

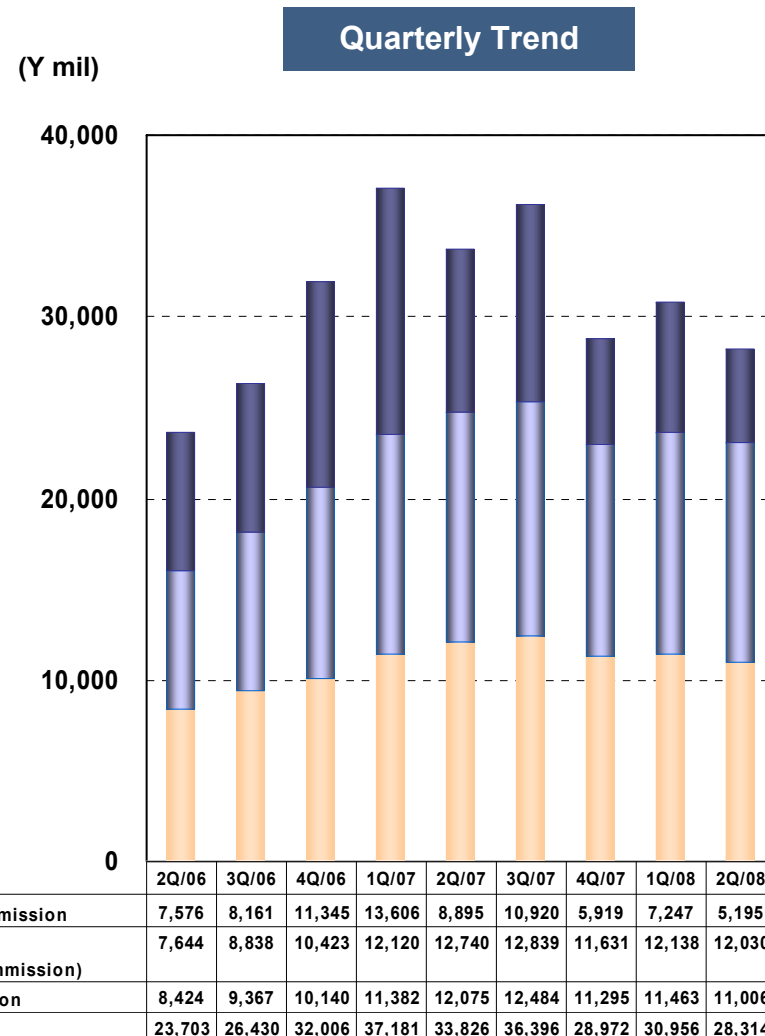
Quarterly Trend



Consolidated Investment Trust Commission

| (Y mil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|-------------------------|---------------|---------------------------|---------------|---------------------------|
| Brokerage commission | 81 | -23.3% | 188 | 1.0% |
| Distribution commission | 5,195 | -28.3% | 12,443 | -44.7% |
| Management fee | 23,037 | -2.4% | 46,640 | -3.5% |
| Agency commission | 11,006 | -4.0% | 22,470 | -4.2% |
| Total | 28,314 | -8.5% | 59,271 | -16.5% |

- 2Q distribution commission was Y5.1bil, down 28% q/q, as the sales of equity investment trusts decreased significantly.
- 2Q management fee was Y23.0bil, down 2% q/q, as equity investment trust assets under management decreased.

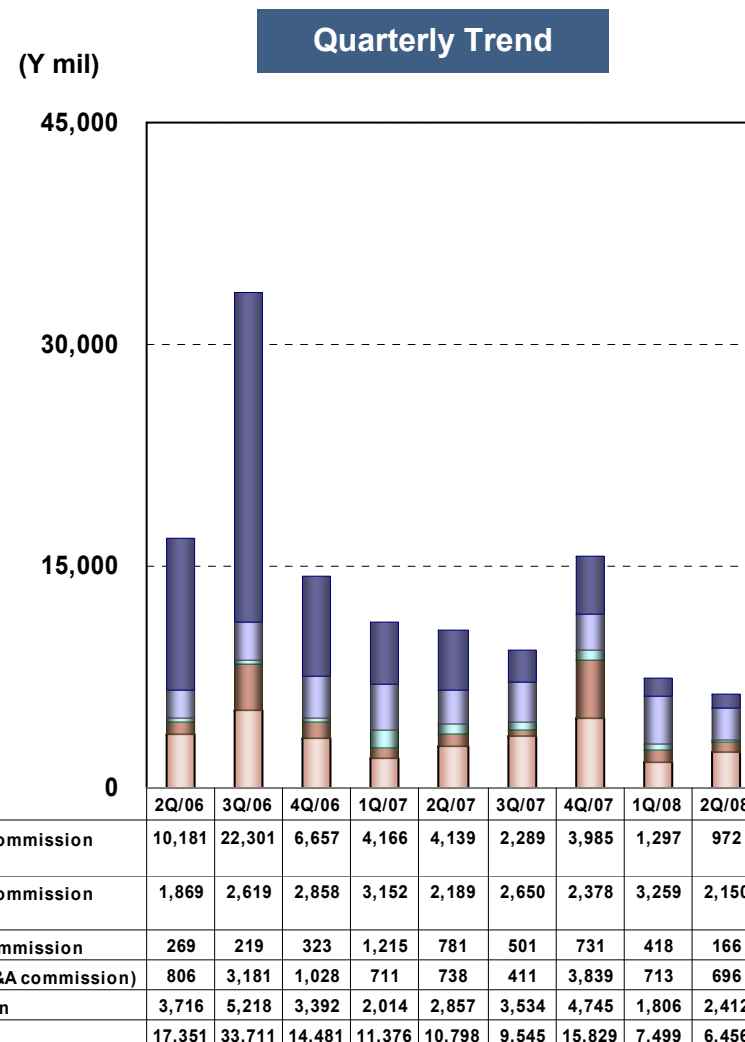


(*)Total includes brokerage commission from ETFs.

Consolidated Investment Banking Commission

| (Y mil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|----------------------------------|--------------|---------------------------|---------------|---------------------------|
| Underwriting commission (Equity) | 972 | -25.0% | 2,270 | -72.7% |
| Underwriting commission (Bond) | 2,150 | -34.0% | 5,410 | 1.3% |
| Distribution commission | 166 | -60.2% | 585 | -70.7% |
| Others | 3,108 | 23.3% | 5,628 | -10.9% |
| M&A commission | 2,412 | 33.5% | 4,218 | -13.4% |
| Total | 6,456 | -13.9% | 13,955 | -37.1% |

- Although total amount of primary and secondary equity offering in 2Q increased from 1Q, it still remains at a low level.
2Q equity underwriting commission decreased by 25% q/q to Y0.9bil.
- 2Q bond underwriting commission was down 34% q/q to Y2.1bil, due to the rapid deterioration of bond issuing environment.
- 2Q M&A commission was Y2.4bil, up 34% q/q.



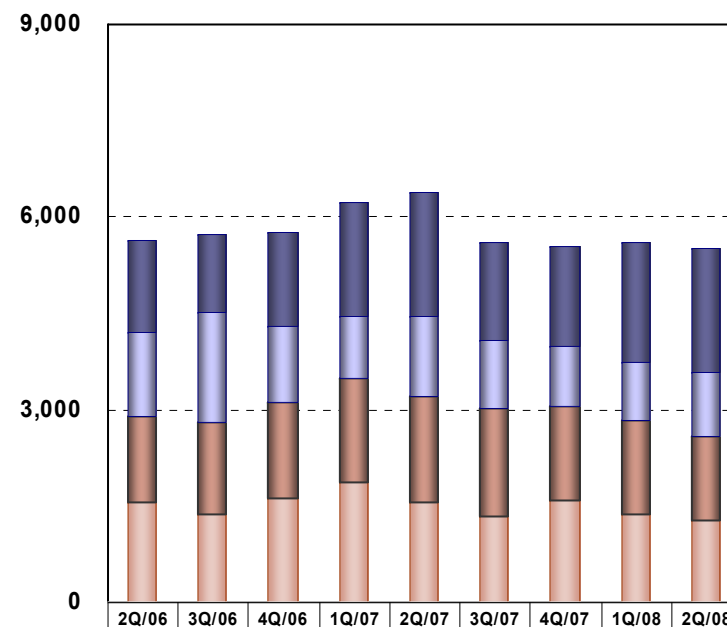
Consolidated Other Commissions

| (Y mil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|--|--------------|---------------------------|---------------|---------------------------|
| Life insurance sales commission | 1,936 | 2.6% | 3,823 | 3.3% |
| Investment enterprise partnership administration fee | 981 | 9.7% | 1,876 | -15.6% |
| Custody fee | 1,326 | -9.3% | 2,788 | -15.1% |
| Others | 1,264 | -7.9% | 2,637 | -22.7% |
| Total | 5,508 | -1.9% | 11,125 | -11.9% |

- Life insurance sales commission was Y1.9bil, up 3% q/q, due to a solid sales of pension insurance.

Quarterly Trend

(Y mil)



| | 2Q/06 | 3Q/06 | 4Q/06 | 1Q/07 | 2Q/07 | 3Q/07 | 4Q/07 | 1Q/08 | 2Q/08 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Life insurance sales commission | 1,429 | 1,227 | 1,480 | 1,757 | 1,944 | 1,530 | 1,549 | 1,887 | 1,936 |
| Investment enterprise partnership administration fee | 1,318 | 1,702 | 1,163 | 973 | 1,249 | 1,050 | 949 | 894 | 981 |
| Custody fee | 1,336 | 1,441 | 1,513 | 1,628 | 1,657 | 1,673 | 1,476 | 1,462 | 1,326 |
| Others | 1,556 | 1,363 | 1,613 | 1,867 | 1,545 | 1,342 | 1,573 | 1,373 | 1,264 |
| Total | 5,640 | 5,736 | 5,771 | 6,227 | 6,397 | 5,596 | 5,549 | 5,616 | 5,508 |

Consolidated Equity & Bond Division Revenues

(Trading gain/loss + net financial income)*

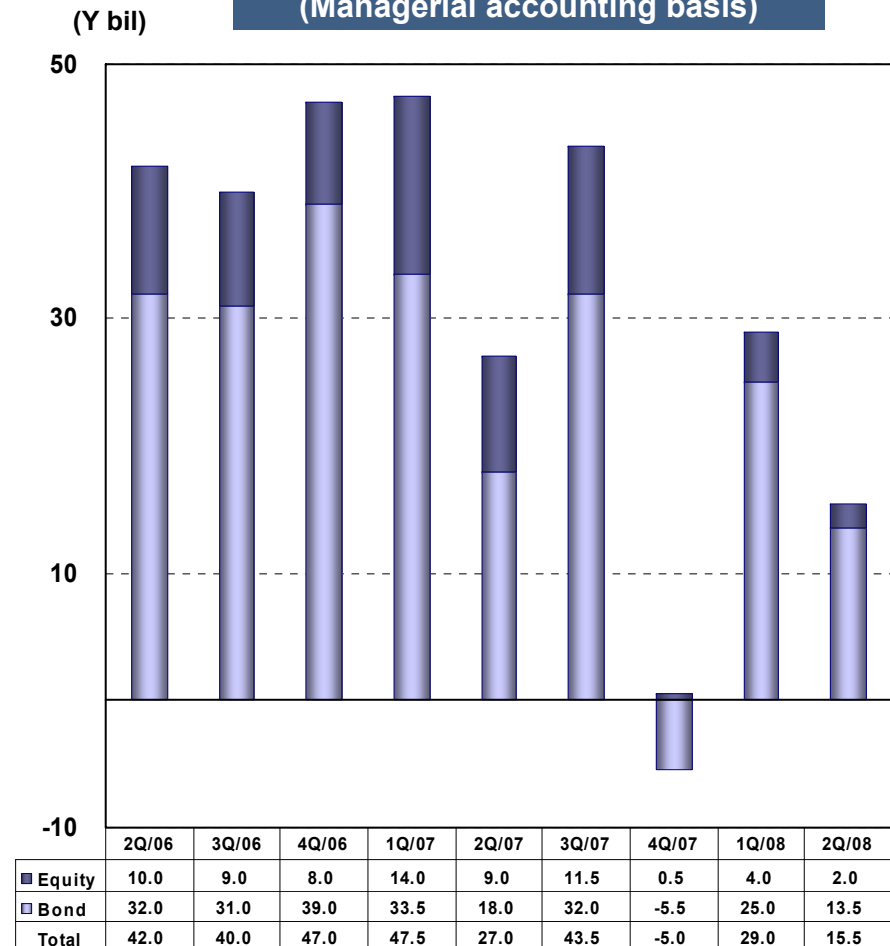
* Managerial accounting basis

| (Y bil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|---------|--------------|---------------------------|--------------|---------------------------|
| Equity | 2.0 | -50.0% | 6.0 | -73.9% |
| Bond | 13.5 | -46.0% | 38.5 | -25.2% |
| Total | 15.5 | -46.6% | 44.5 | -40.3% |

<Reference>
Net Gain/Loss on Trading (Accounting basis)

| (Y mil) | FY2008 2Q | % Change vs 1Q FY08 | FY2008 1H | % Change vs 1H FY07 |
|----------------|--------------|---------------------------|--------------|---------------------------|
| Equity | -8,590 | — | 12,443 | -18.3% |
| Bond and forex | 19,454 | — | 19,721 | -64.8% |
| Total | 10,864 | -49.0% | 32,164 | -54.8% |

Quarterly Trend
(Managerial accounting basis)

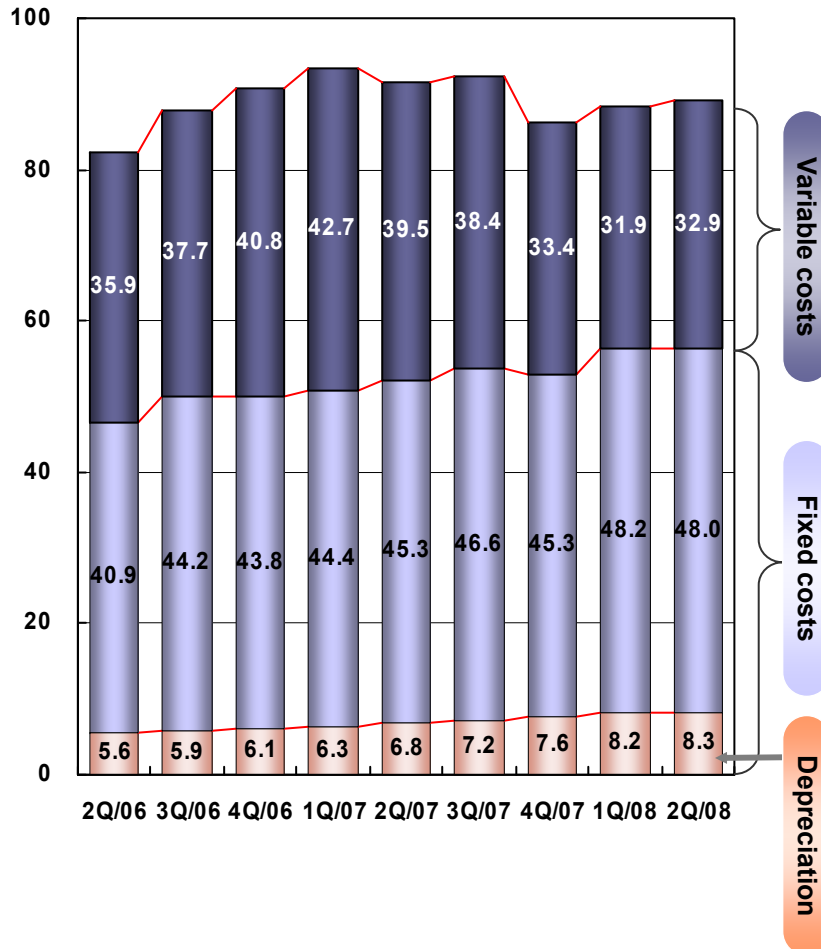


Consolidated Breakdown of SG&A

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|--------------------------------------|---------------|--------|---------------------------|--------|--------|--------|----------------|---------|---------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| SG&A | 89,293 | 88,446 | 1.0% | 86,290 | 92,288 | 91,660 | 177,739 | 185,280 | -4.1% | 363,858 |
| Fees and commissions paid | 17,842 | 18,013 | -0.9% | 21,592 | 20,432 | 23,071 | 35,855 | 43,372 | -17.3% | 85,398 |
| Advertising expenses | 2,343 | 2,374 | -1.3% | 3,957 | 2,777 | 3,624 | 4,717 | 7,175 | -34.2% | 13,911 |
| Personnel costs | 35,605 | 37,120 | -4.1% | 32,464 | 41,038 | 38,823 | 72,726 | 83,158 | -12.5% | 156,661 |
| Real estate expenses | 11,505 | 11,082 | 3.8% | 10,286 | 9,709 | 9,804 | 22,588 | 18,762 | 20.4% | 38,759 |
| Office expenses | 7,686 | 7,836 | -1.9% | 7,990 | 7,557 | 7,474 | 15,522 | 14,329 | 8.3% | 29,877 |
| Depreciation | 8,384 | 8,252 | 1.6% | 7,605 | 7,262 | 6,810 | 16,636 | 13,179 | 26.2% | 28,046 |
| Taxes other than income taxes | 1,505 | 1,816 | -17.1% | 1,693 | 1,741 | 1,792 | 3,321 | 3,895 | -14.7% | 7,329 |
| Others | 6,763 | 4,324 | 56.4% | 4,657 | 4,546 | 3,883 | 11,088 | 8,581 | 29.2% | 17,785 |

Consolidated Cost Structure

(Y bil)



| (Y bil) | FY2006 | | | FY2007 | | | | FY2008 | |
|-------------------------------|--------|------|------|--------|------|------|------|--------|------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Variable costs | 35.9 | 37.7 | 40.8 | 42.7 | 39.5 | 38.4 | 33.4 | 31.9 | 32.9 |
| Commission & other expenses | 18.0 | 17.9 | 20.3 | 20.3 | 23.0 | 20.4 | 21.5 | 18.0 | 17.8 |
| Bonus & FA remuneration | 11.8 | 13.2 | 14.6 | 14.7 | 9.3 | 10.4 | 4.0 | 6.5 | 5.3 |
| Overtime, part-time | 2.5 | 2.5 | 2.4 | 2.5 | 2.5 | 2.6 | 2.4 | 2.5 | 2.4 |
| Fixed costs | 46.6 | 50.2 | 50.0 | 50.8 | 52.1 | 53.8 | 52.9 | 56.5 | 56.3 |
| Personnel costs | 24.9 | 25.9 | 24.9 | 27.0 | 26.9 | 27.9 | 25.9 | 27.9 | 27.8 |
| Real estate expenses | 9.1 | 10.7 | 11.0 | 8.9 | 9.8 | 9.7 | 10.2 | 11.0 | 11.5 |
| Depreciation | 5.6 | 5.9 | 6.1 | 6.3 | 6.8 | 7.2 | 7.6 | 8.2 | 8.3 |
| Office expenses | 4.8 | 5.1 | 5.8 | 6.3 | 6.7 | 7.0 | 7.4 | 7.3 | 7.0 |
| Taxes other than income taxes | 2.0 | 2.3 | 2.0 | 2.1 | 1.7 | 1.7 | 1.6 | 1.8 | 1.5 |

Consolidated Balance Sheet

Consolidated Balance Sheet (9/08)

| (Y bil) | | | | | | (Y bil) | | |
|--|--------------|-----------------|--|---------------|---|---------------|--|--|
| Trading assets | 6,021 | (-1,835) | Current assets | 16,012 | Current liabilities | 14,096 | | |
| Trading securities and others | 4,494 | (-1,776) | Trading assets | 6,021 | Trading liabilities | 4,071 | | |
| Stocks, convertible bonds | 342 | (+197) | Private equity and other securities | 442 | Short-term borrowings | 1,323 | | |
| Bonds | 3,927 | (-1,861) | Receivables on collateralized securities transactions | 7,376 | CP | 464 | | |
| Beneficiary certificates | 137 | (+47) | | | Payables on collateralized securities transactions | 7,058 | | |
| CD/CP and others | 86 | (-159) | | | | | | |
| Derivative assets | 1,526 | (-59) | Non-current assets | 551 | Non-current liabilities | 1,442 | | |
| Private equity and other securities | 442 | (-29) | Tangible assets | 151 | SB | 1,204 | | |
| Daiwa Securities SMBC PI | 385 | (-29) | Intangible assets | 108 | Long-term borrowings | 207 | | |
| NIF SMBC Ventures * | 57 | (+0) | Investments | 291 | Net assets | 1,017 | | |
| | | | Investment securities | 210 | Owners' equity | 773 | | |
| Investment securities | 210 | (-5) | Others | 81 | Valuation and translation adjustments | 1 | | |
| Marketable equities | 107 | (-16) | | | Minority interests | 240 | | |
| Non-marketable equities | 35 | (+1) | | | | | | |
| Others | 67 | (+8) | | | | | | |

Note: Figures in parenthesis indicate changes from 3/08.

* As of October 1, NIF SMBC Ventures Co., Ltd. has made changes in company name to "Daiwa SMBC Capital Co., Ltd."

Retail - Daiwa Securities - Highlights

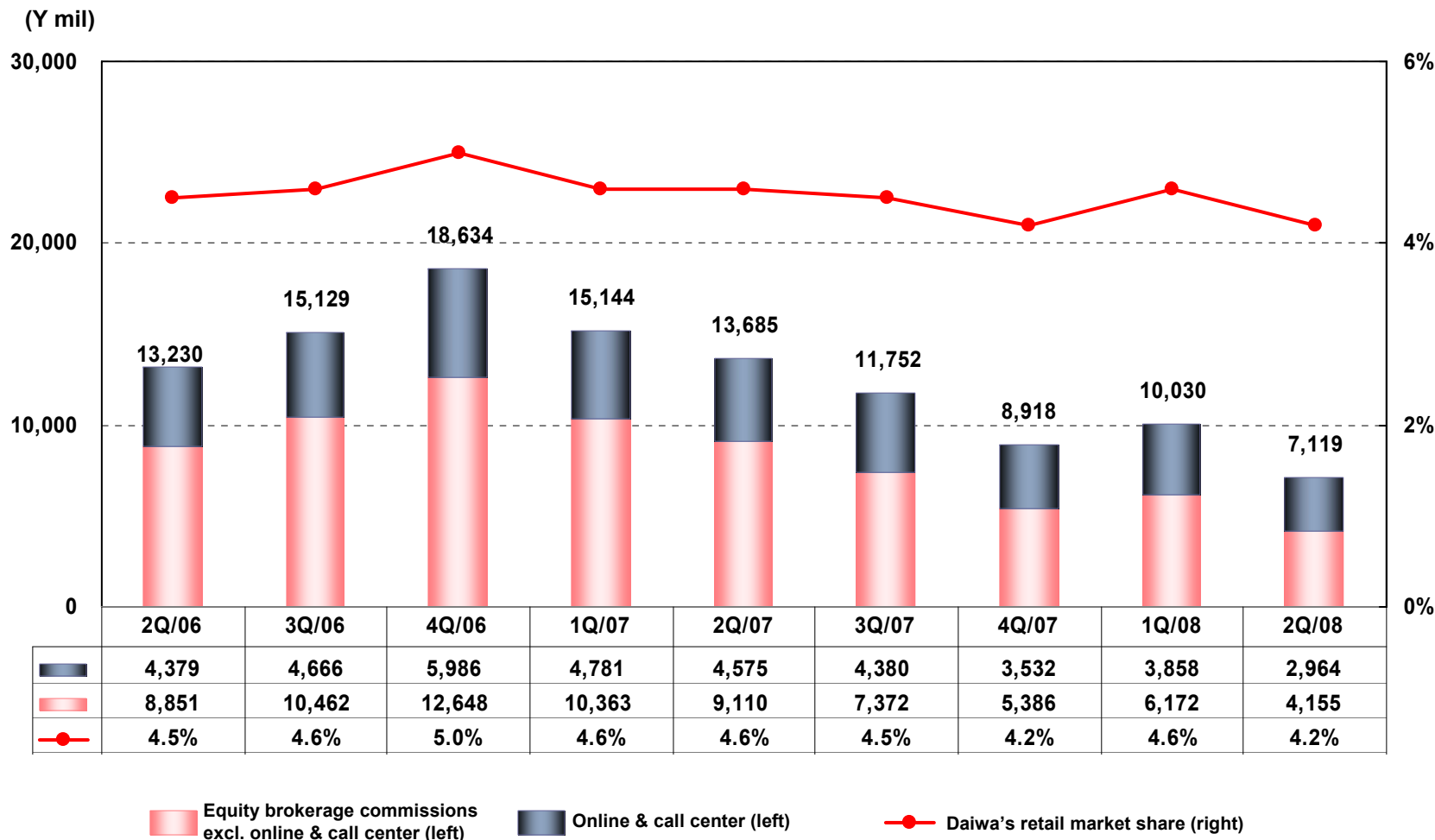
- 2Q net operating revenues were Y40.7bil, down 15% q/q, and ordinary income was Y5.4bil, down 56% q/q.
- 2Q equity brokerage commission was down 29% q/q, due to a decrease in retail investors' trading activities. As a result, Daiwa Securities' retail market share for 2Q was 4.2%, down from 4.6% in 1Q.
- Securities deposit increased in 2Q due to upcoming digitalization of stock certificates. (retail + unlisted corporation etc. : approx. Y460bil)
- Daiwa Direct account number exceeded 1mil in September. (1.004mil accounts at 9/08)
- Sales of JGB for individual investors (Sep. 4~Sep. 30): Y22.6bil
 - 10yr JGB (Series 24): Y4.2bil
 - 5yr JGB (Series 12): Y18.4bil
- Customer assets under custody stood at Y27.7tri (9/08).
- For Daiwa SMA, the number of customers was approx. 2,330, and contract assets under management was Y156.5bil (9/08).
- For Daiwa Fund Wrap, the number of customers was approx. 10,620, and contract assets under management was Y70.1bil (9/08).
- For Daiwa FX (foreign exchange margin trading), 2Q trading value was Y2.3tri, and the number of accounts was approx. 23,000 (9/08).

Retail - Daiwa Securities - Financial Summary

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|-------------------------------------|---------------|--------|---------------------------|--------|--------|--------|---------------|---------|---------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Operating revenues | 41,258 | 48,365 | -14.7% | 46,072 | 57,330 | 58,413 | 89,623 | 122,870 | -27.1% | 226,273 |
| Commissions | 31,288 | 35,557 | -12.0% | 34,325 | 42,995 | 44,337 | 66,846 | 94,719 | -29.4% | 172,040 |
| Brokerage | 7,185 | 10,116 | -29.0% | 9,028 | 11,864 | 13,767 | 17,302 | 28,958 | -40.3% | 49,851 |
| Stock and others | 7,119 | 10,030 | -29.0% | 8,918 | 11,752 | 13,685 | 17,150 | 28,829 | -40.5% | 49,500 |
| Distribution | 8,361 | 9,204 | -9.2% | 8,757 | 13,257 | 12,413 | 17,565 | 30,276 | -42.0% | 52,292 |
| Stock and others | 238 | 27 | 771.0% | 1,058 | 865 | 1,368 | 265 | 2,984 | -91.1% | 4,908 |
| Bond and others | 3,061 | 2,160 | 41.7% | 1,956 | 1,687 | 2,436 | 5,222 | 5,487 | -4.8% | 9,131 |
| Investment trust | 5,061 | 7,016 | -27.9% | 5,742 | 10,704 | 8,609 | 12,078 | 21,805 | -44.6% | 38,252 |
| Other commissions | 15,741 | 16,237 | -3.1% | 16,538 | 17,874 | 18,155 | 31,978 | 35,484 | -9.9% | 69,897 |
| Investment trust | 10,586 | 11,052 | -4.2% | 10,911 | 12,058 | 11,634 | 21,638 | 22,569 | -4.1% | 45,539 |
| Net gain/loss on trading | 8,202 | 11,144 | -26.4% | 9,826 | 12,036 | 11,597 | 19,347 | 23,416 | -17.4% | 45,279 |
| Equity | 654 | 2,319 | -71.8% | 686 | 1,896 | 1,741 | 2,973 | 3,926 | -24.3% | 6,509 |
| Bond and forex | 7,548 | 8,824 | -14.5% | 9,140 | 10,139 | 9,855 | 16,373 | 19,489 | -16.0% | 38,769 |
| Interest and dividend income | 1,766 | 1,663 | 6.2% | 1,920 | 2,298 | 2,478 | 3,430 | 4,734 | -27.5% | 8,953 |
| Interest expenses | 511 | 482 | 5.9% | 505 | 575 | 589 | 994 | 1,182 | -15.9% | 2,263 |
| Net operating revenues | 40,746 | 47,882 | -14.9% | 45,567 | 56,755 | 57,823 | 88,629 | 121,687 | -27.2% | 224,010 |
| SG&A | 35,455 | 35,749 | -0.8% | 32,987 | 38,924 | 39,363 | 71,204 | 81,344 | -12.5% | 153,256 |
| Ordinary income | 5,413 | 12,364 | -56.2% | 12,649 | 17,922 | 18,456 | 17,777 | 40,455 | -56.1% | 71,026 |
| Net income | 2,733 | 8,021 | -65.9% | 7,180 | 10,418 | 10,606 | 10,754 | 23,410 | -54.1% | 41,009 |
| Capital adequacy ratio | 374.6% | 358.2% | | 319.7% | 382.2% | 362.5% | 374.6% | 362.5% | | 319.7% |

Retail - Daiwa Securities - Equity Brokerage Commissions

Retail Equity Brokerage Commissions and Market Share

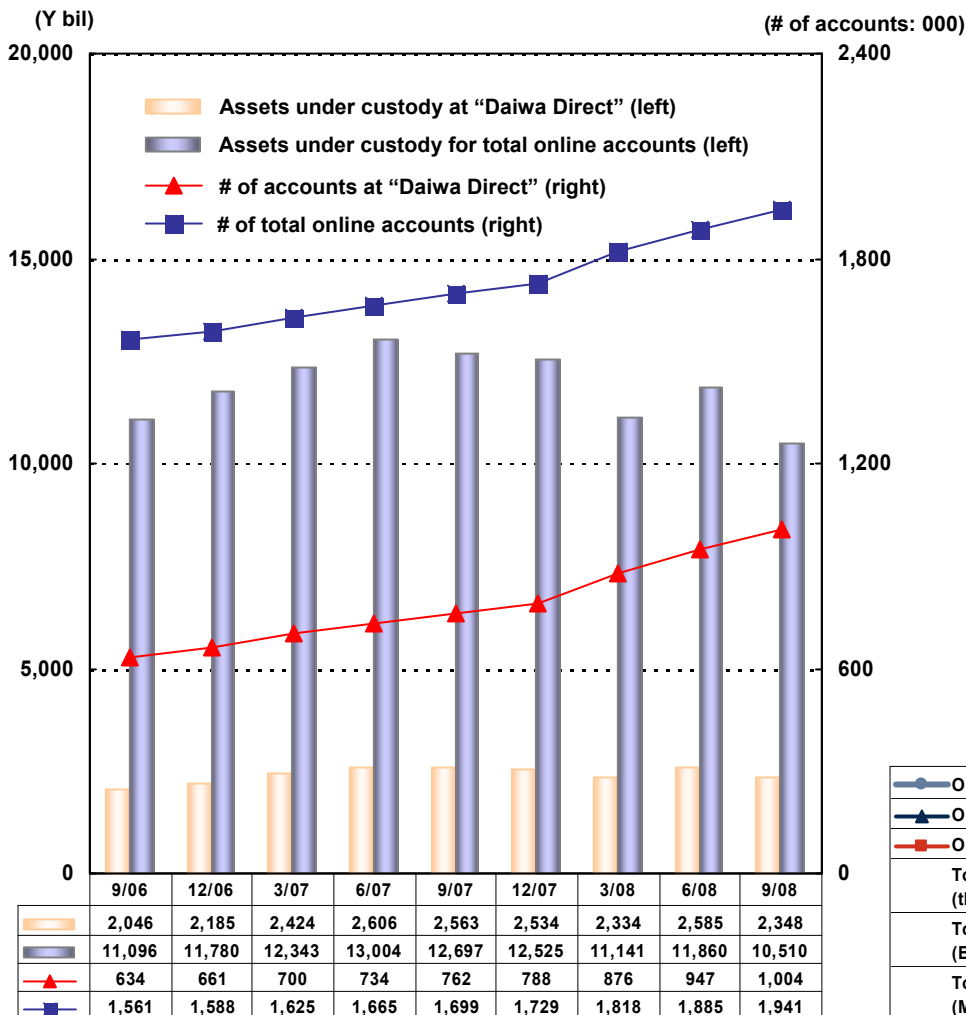


Note: Excludes foreign equities listed on overseas countries.

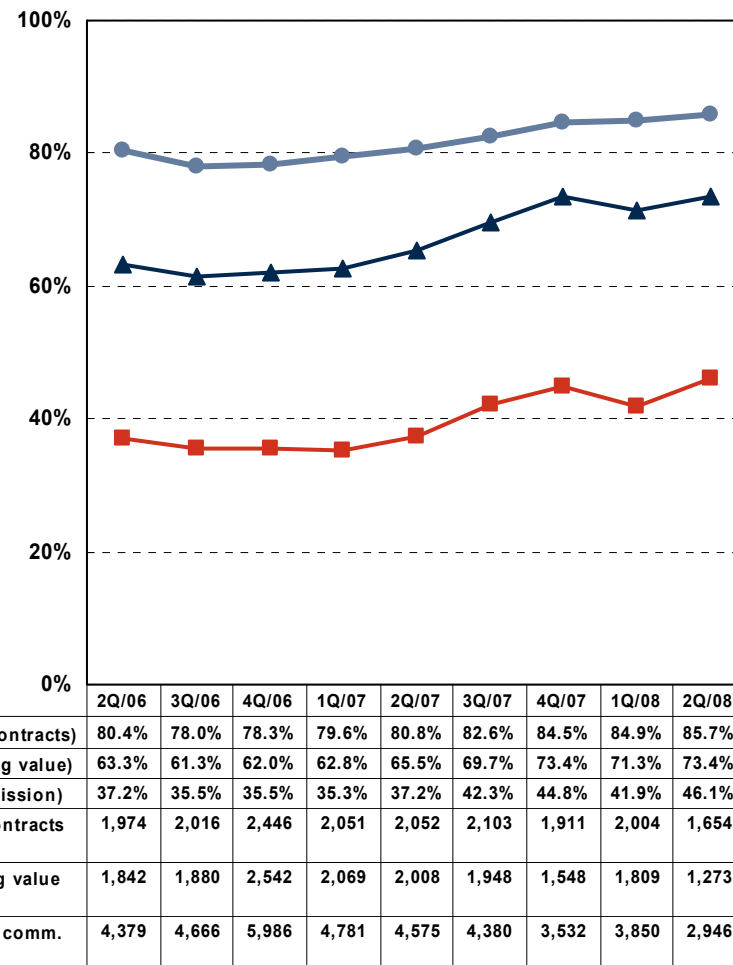
Market share is the share among total trading value by individuals on Tokyo, Osaka, and Nagoya Stock Exchanges.

Retail - Daiwa Securities - Online Trading (1)

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



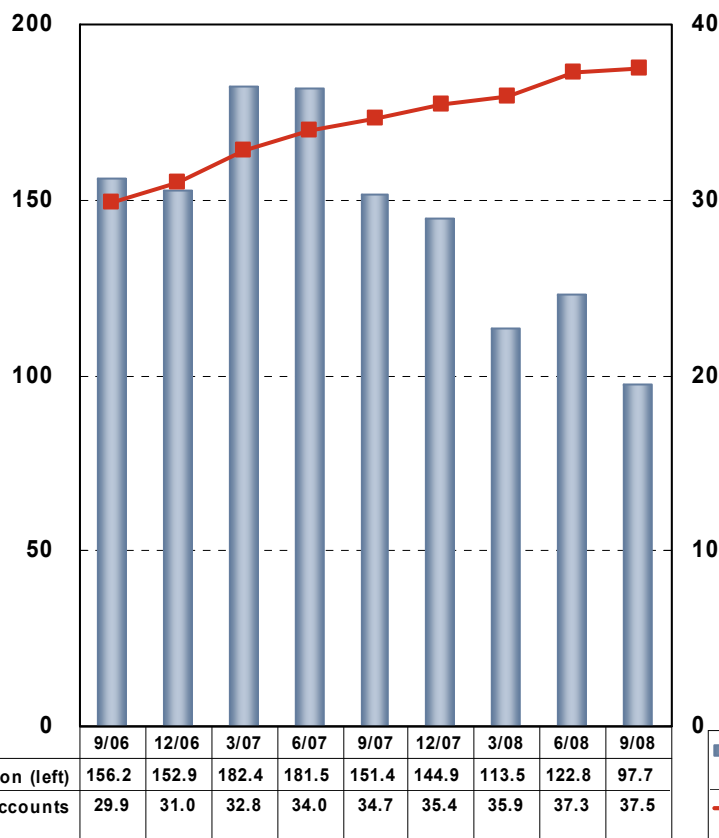
Online Ratio for Retail Investors (Equity)



Retail - Daiwa Securities - Online Trading (2)

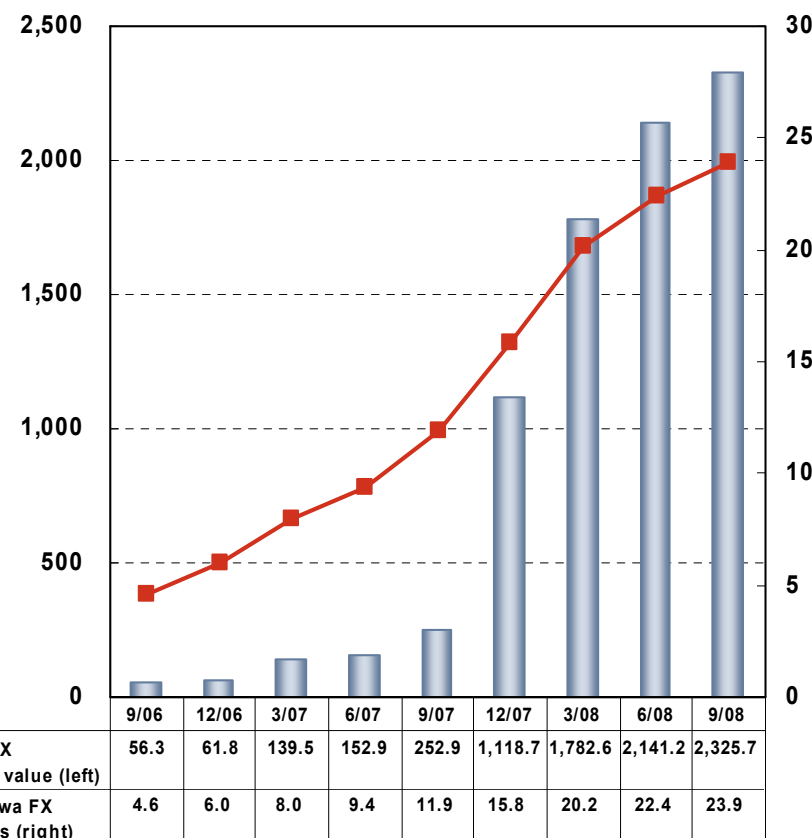
Accounts and Outstanding Position of
“Online Margin Transaction Services”

(Y bil) (# of accounts: 000)



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

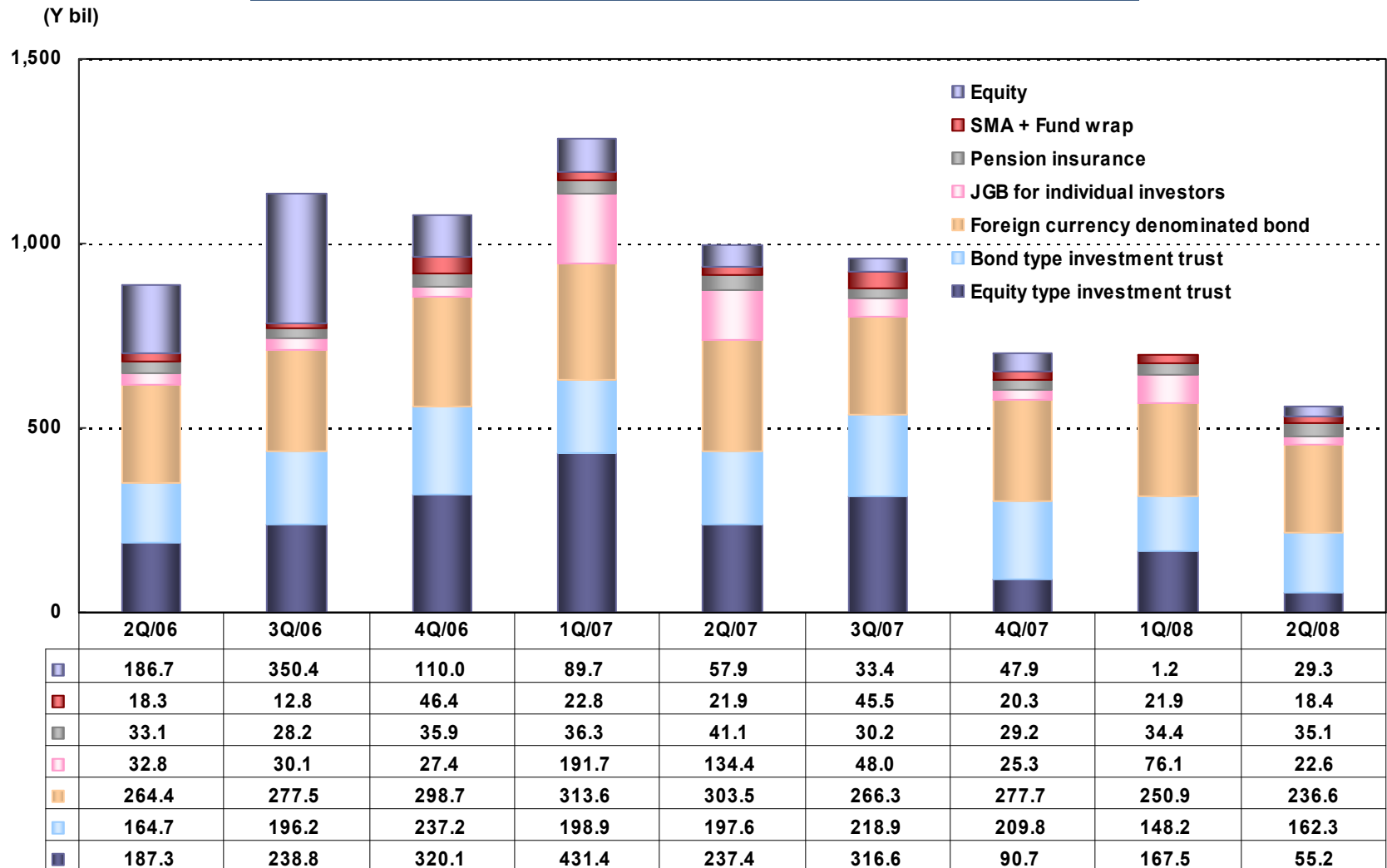
(Y bil) (# of accounts: 000)



Note: Trading value is a total for quarterly period

Retail - Daiwa Securities - Product Sales

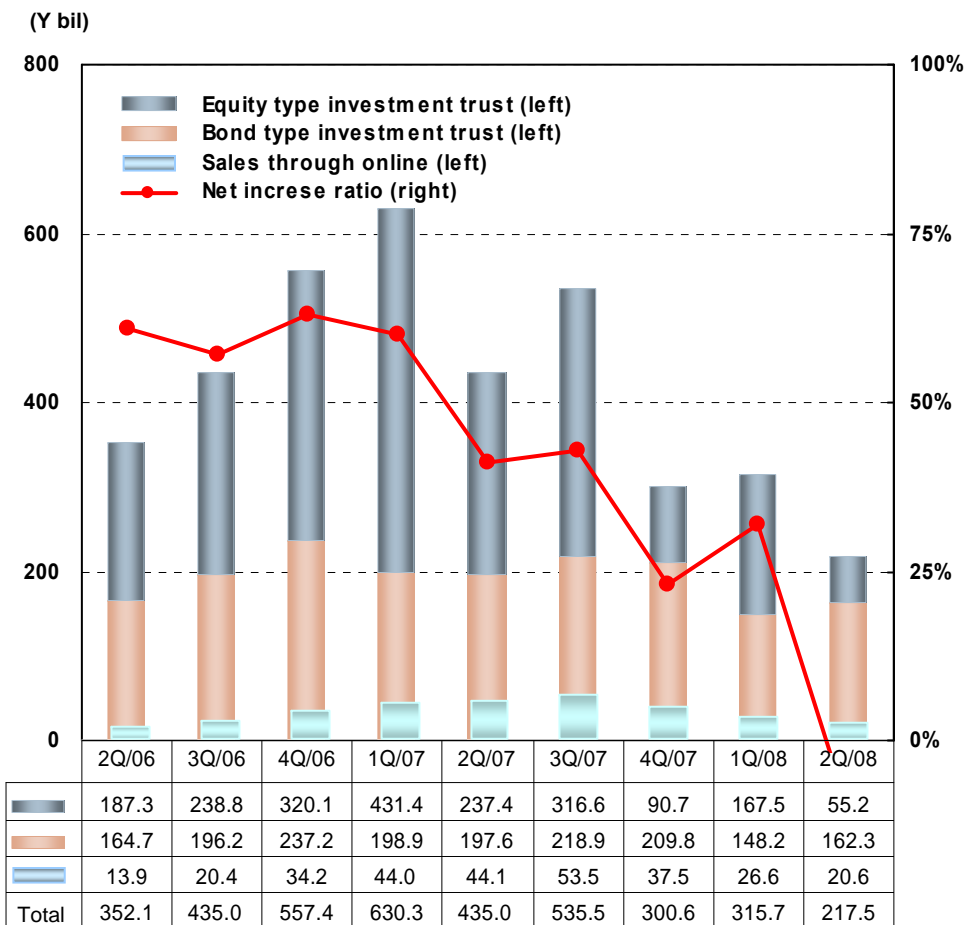
Sales and Distribution Amount by Product Category



Retail - Daiwa Securities -

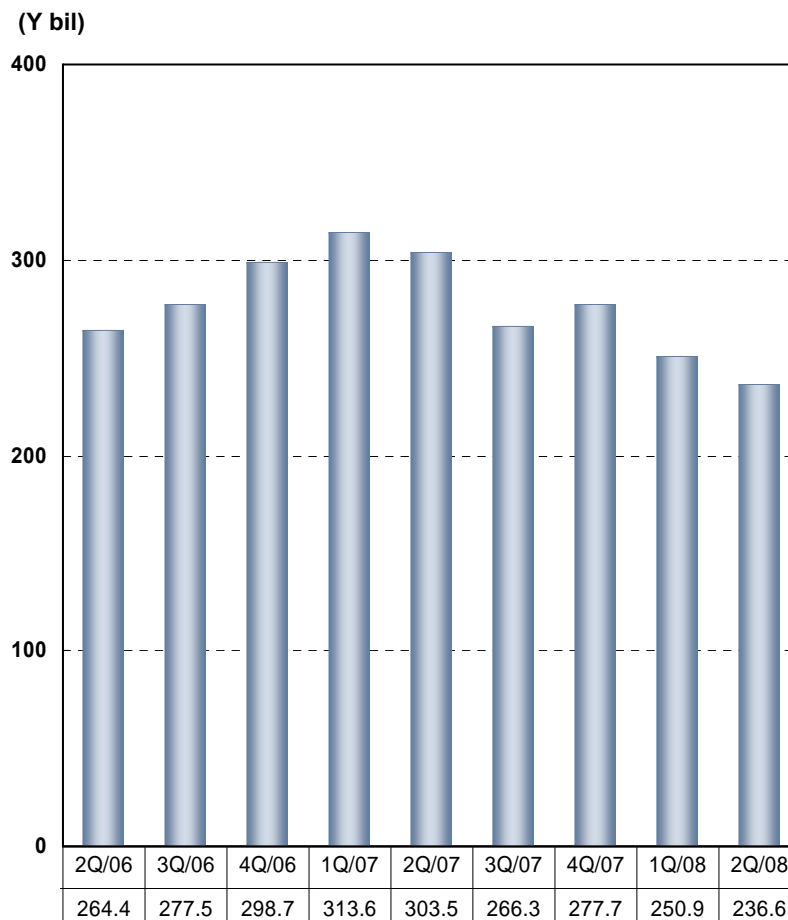
Equity Investment Trusts & Foreign Currency Denominated Bonds

Sales and Net Increase Ratio of
Equity Investment Trusts



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

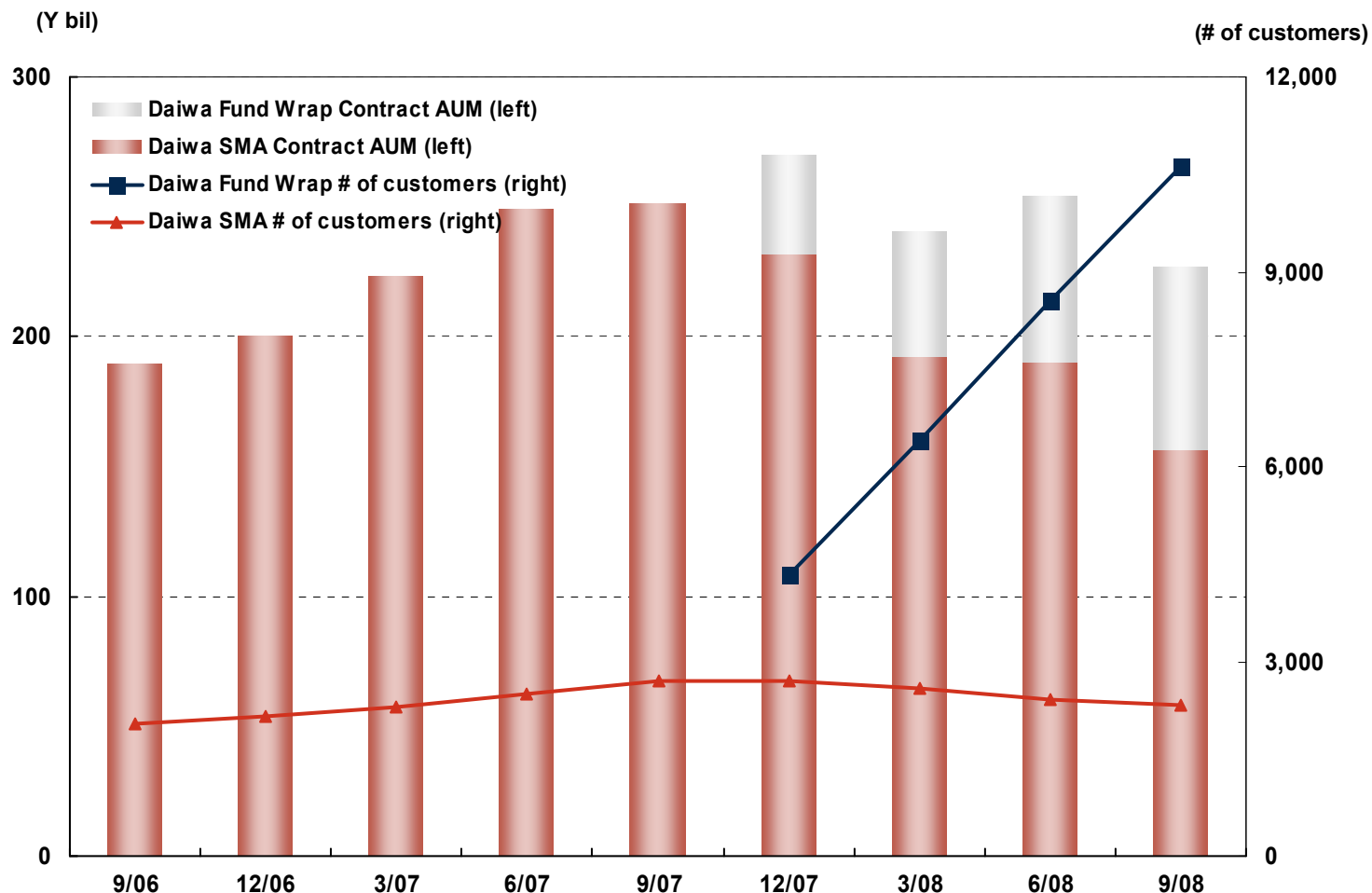
Sales of
Foreign Currency Denominated Bonds



Note: Sales of publicly offered structured bonds were included from 4Q/07

Retail - Daiwa Securities - Daiwa SMA & Daiwa Fund Wrap

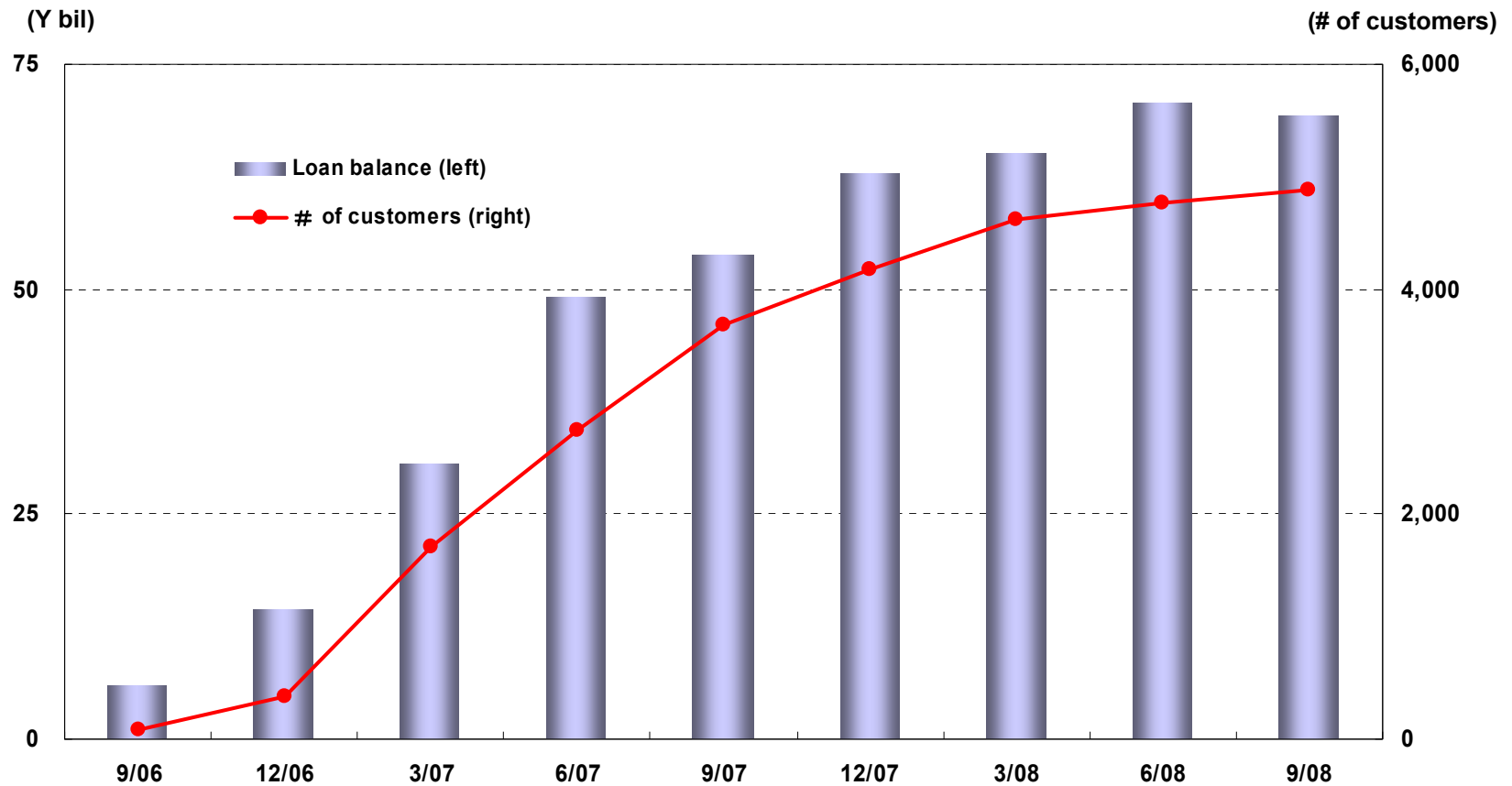
Daiwa SMA and Daiwa Fund Wrap
Contract asset under management & Number of customers



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



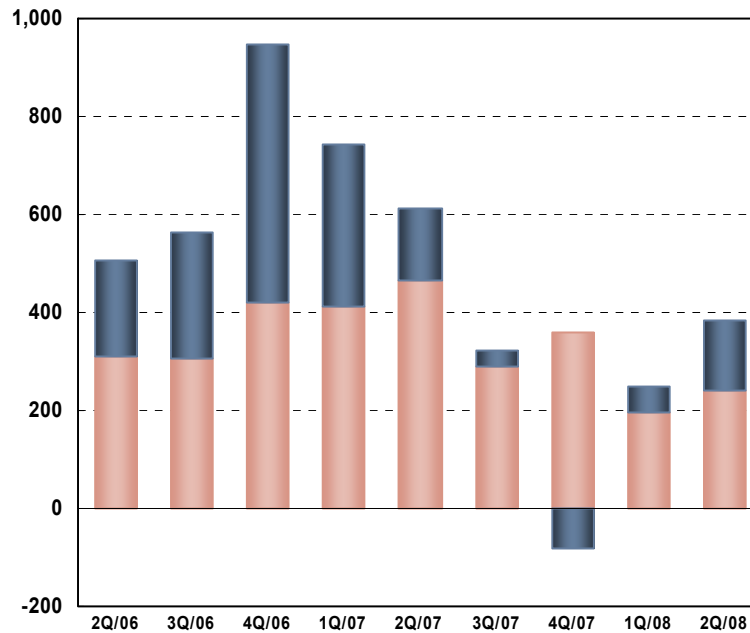
Daiwa LMS Loan Balance and Number of Customers



Retail - Daiwa Securities - Net Inflow of Retail Assets

Net Inflow of Assets

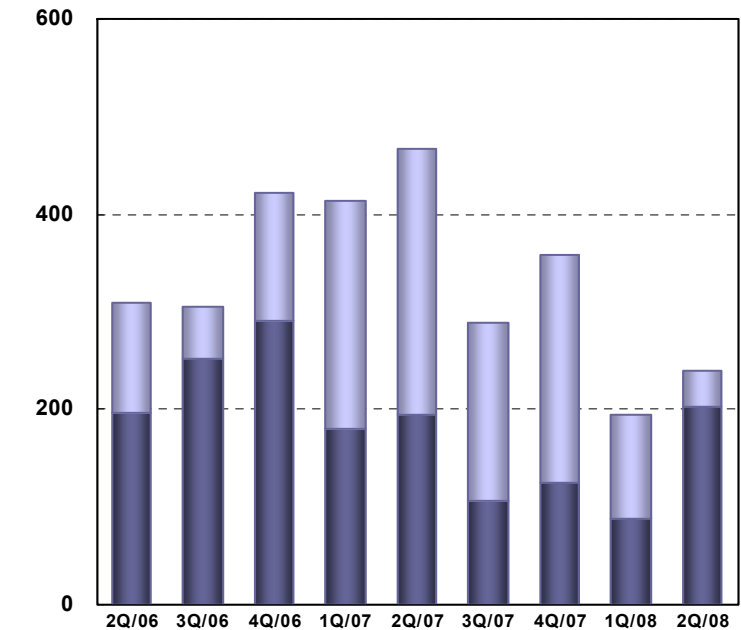
(Y bil)



| | | | | | | | | | |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Unlisted corporation etc. | 194.7 | 258.4 | 523.9 | 327.7 | 144.1 | 34.4 | -81.2 | 54.9 | 142.9 |
| Retail | 309.5 | 305.4 | 422.2 | 414.1 | 467.2 | 287.9 | 357.7 | 195.4 | 239.6 |
| Total | 504.3 | 563.9 | 946.2 | 741.8 | 611.3 | 322.4 | 276.4 | 250.3 | 382.6 |

Net Inflow of Cash and Securities (Retail)

(Y bil)

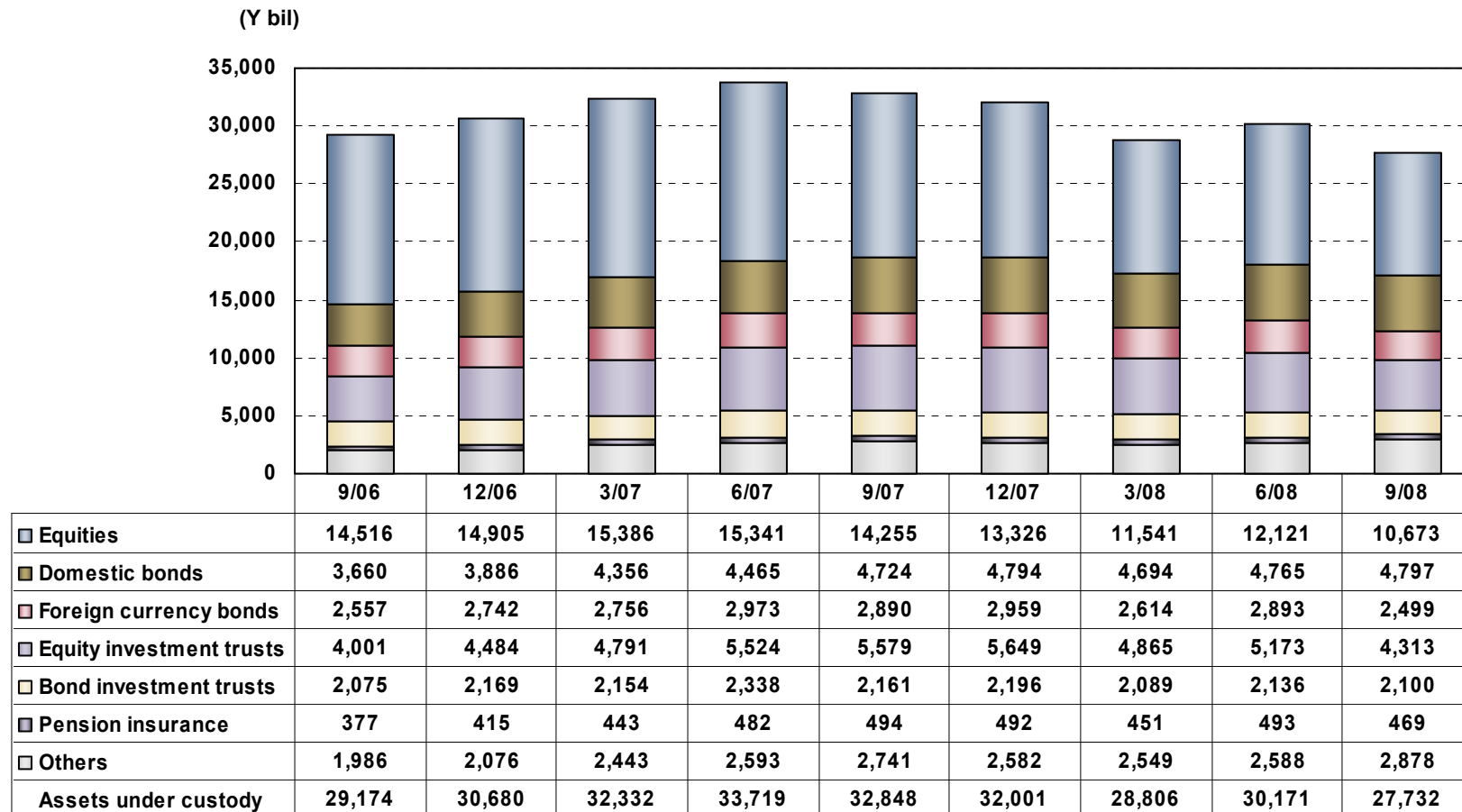


| | | | | | | | | | |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net inflow of cash | 113.8 | 53.6 | 131.4 | 233.3 | 272.3 | 181.0 | 231.8 | 107.3 | 36.7 |
| Net inflow of securities | 195.7 | 251.8 | 290.7 | 180.7 | 194.9 | 106.9 | 125.8 | 88.1 | 202.8 |

Note: Net inflow of assets = net inflow of cash and securities

Retail - Daiwa Securities - Assets Under Custody

Daiwa Securities Assets Under Custody



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

Wholesale - Daiwa Securities SMBC Consolidated - Highlights

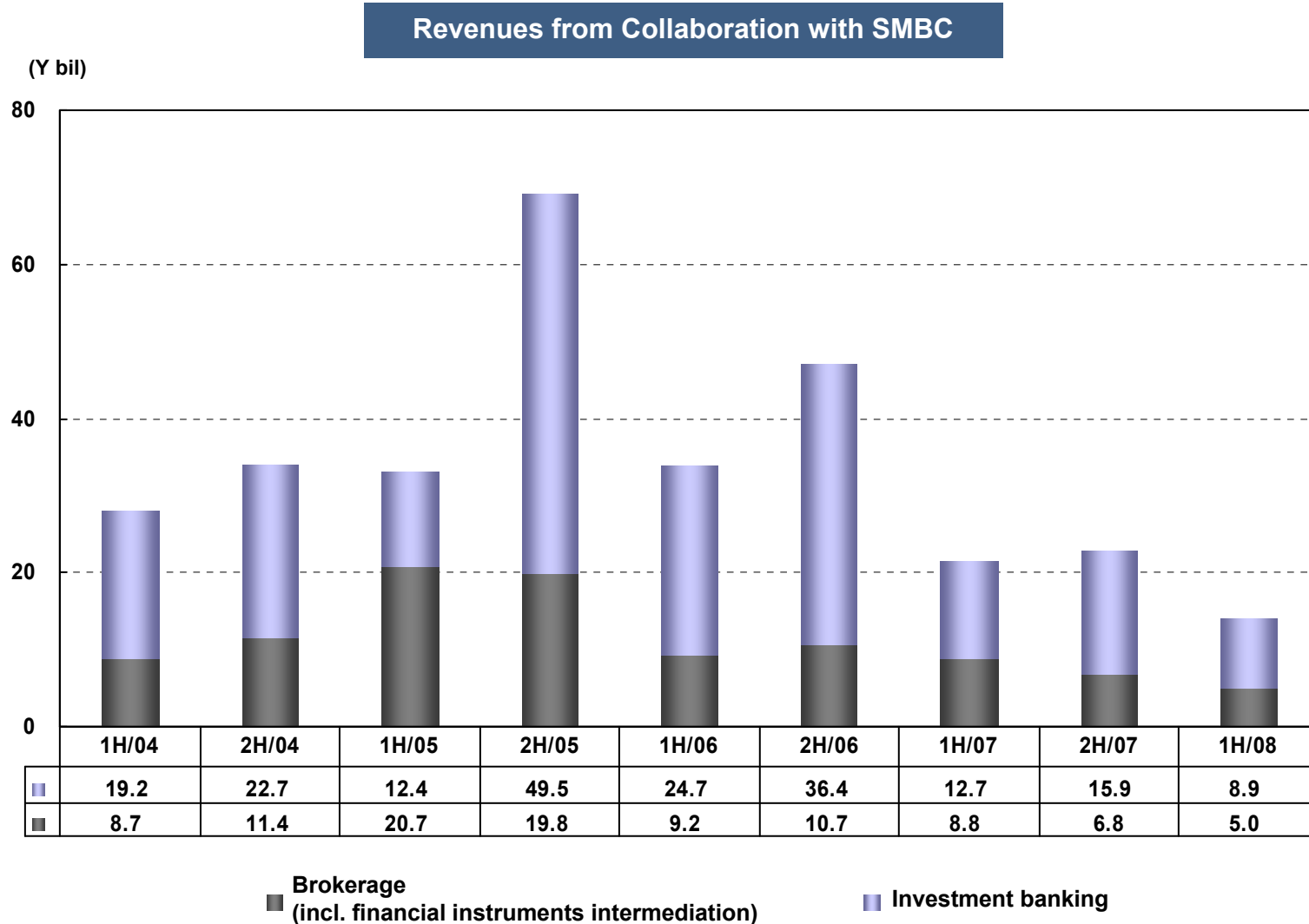


- 2Q net operating revenues were Y2.7bil, down 89% q/q, and ordinary losses were Y35.9bil.
- Due to the market turmoil, trading profits decreased significantly. Losses from LEHMAN BROTHER's crisis were approx.Y4.3bil
- Daiwa Securities SMBC ranked second for total debt and fourth for total equity in 1H lead manager league tables.
- 2Q M&A commission was Y2.4bil, up 34% q/q.
- Total investment amount outstanding at Daiwa Securities SMBC PI was Y414.0bil. (9/08)
Acquired newly issued ordinary shares of Hon Chuan (China) Holdings, a Chinese beverage OEM company, with a purchase amount of USD 22mil in August.

Wholesale - Daiwa Securities SMBC Consolidated - Financial Summary

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|---|----------------|---------|---------------------------|---------|--------|--------|----------------|---------|---------------------------|---------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Operating revenues | 20,569 | 43,581 | -52.8% | 34,130 | 69,075 | 56,563 | 64,150 | 139,063 | -53.9% | 242,269 |
| Commissions | 12,623 | 13,288 | -5.0% | 22,876 | 17,022 | 18,630 | 25,912 | 37,562 | -31.0% | 77,461 |
| Brokerage commission | 4,815 | 5,431 | -11.3% | 5,677 | 6,838 | 7,187 | 10,246 | 14,317 | -28.4% | 26,833 |
| Stock and others | 4,741 | 5,322 | -10.9% | 5,579 | 6,718 | 7,070 | 10,064 | 14,062 | -28.4% | 26,360 |
| Underwriting commission | 3,299 | 4,263 | -22.6% | 6,614 | 5,022 | 6,484 | 7,562 | 13,808 | -45.2% | 25,445 |
| Stock and others | 899 | 1,263 | -28.8% | 3,886 | 2,290 | 4,136 | 2,163 | 8,297 | -73.9% | 14,474 |
| Bond and others | 2,342 | 2,996 | -21.8% | 2,576 | 2,572 | 2,255 | 5,338 | 5,302 | 0.7% | 10,452 |
| Distribution commission | 106 | 80 | 32.2% | 684 | 241 | 281 | 187 | 822 | -77.2% | 1,748 |
| Other commissions (M&A and others) | 4,402 | 3,513 | 25.3% | 9,900 | 4,919 | 4,677 | 7,916 | 8,614 | -8.1% | 23,435 |
| Net gain/loss on trading | 1,422 | 9,343 | -84.8% | -19,314 | 29,061 | 11,439 | 10,765 | 44,873 | -76.0% | 54,620 |
| Equity | -9,259 | 18,381 | — | -10,081 | 2,655 | -5,999 | 9,121 | 10,240 | -10.9% | 2,814 |
| Bond and forex | 10,681 | -9,037 | — | -9,232 | 26,405 | 17,438 | 1,643 | 34,632 | -95.3% | 51,806 |
| Net gain/loss on private equity and other securities | -13,037 | -1,715 | — | 8,105 | 942 | 7,063 | -14,753 | 14,672 | — | 23,720 |
| Interest and dividend income | 18,943 | 22,664 | -16.4% | 22,462 | 22,049 | 19,431 | 41,607 | 41,954 | -0.8% | 86,466 |
| Interest expenses | 17,486 | 19,005 | -8.0% | 21,423 | 21,601 | 19,022 | 36,492 | 37,290 | -2.1% | 80,315 |
| Net operating revenues | 2,788 | 24,576 | -88.7% | 12,707 | 47,474 | 37,541 | 27,364 | 101,772 | -73.1% | 161,954 |
| SG&A | 38,564 | 37,899 | 1.8% | 39,967 | 40,571 | 40,781 | 76,464 | 81,641 | -6.3% | 162,179 |
| Ordinary income | -35,943 | -12,473 | — | -27,302 | 6,904 | -2,578 | -48,416 | 21,829 | — | 1,431 |
| Net income | -31,336 | -11,254 | — | -22,506 | 3,607 | -2,067 | -42,590 | 13,062 | — | -5,836 |

Wholesale Revenues from Collaboration with SMBC



PASSION FOR THE BEST

Daiwa Securities SMBC 1H FY2008 Lead Manager League Table

**9th: Daiwa Sec.
SMBC**

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

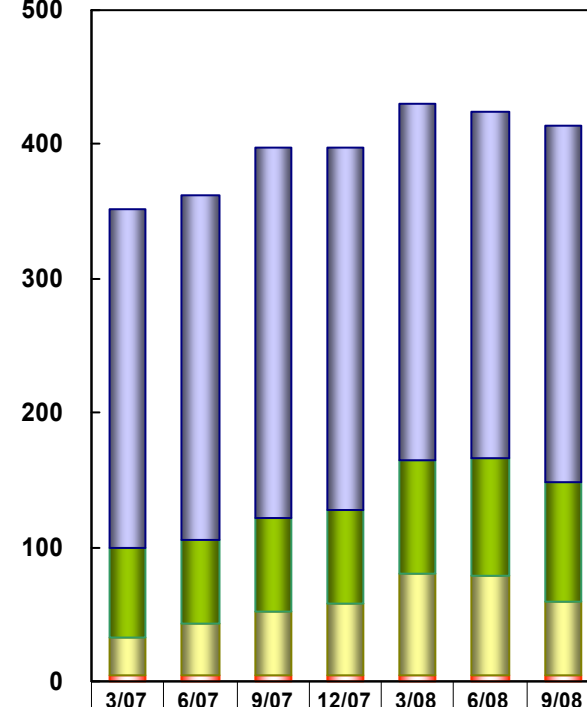
Wholesale Daiwa Securities SMBC Principal Investments

PASSION
FOR THE
BEST

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|-----------------|---------|--------|---------------------------|--------|--------|-------|---------|--------|---------------------------|--------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Ordinary Income | -14,234 | -2,470 | — | 6,053 | -1,591 | 3,764 | -16,704 | 11,923 | — | 16,385 |

Daiwa Securities SMBC PI Investment Amount

(Y bil)
500



| | As of 9/08 | (change vs 6/08) |
|--|-------------------------|-------------------|
| Total investment amount: | Approx. Y 414bil | (-Y 10bil) |
| Private equity and PIPEs | | |
| (Private Investment in Public Equities): | Y 265bil | (+Y 7bil) |
| Monetary claims: | Y 90bil | (+Y 3bil) |
| Real estate: | Y 55bil | (-Y19bil) |
| Greenhouse gas emission credits: | Y 4bil | (-Y 1bil) |

Recent Topics

| | |
|---------------------|---|
| Overseas investment | <ul style="list-style-type: none"> Acquired newly issued ordinary shares of Hon Chuan (China) Holdings, a leading OEM company in the beverage industry in China, with a purchase amount of USD22mil. |
| Domestic investment | <ul style="list-style-type: none"> Transferred a part of share holding in Daiwa Seiko. |

| | 3/07 | 6/07 | 9/07 | 12/07 | 3/08 | 6/08 | 9/08 |
|------------------|------|------|------|-------|------|------|------|
| PE & PIPEs | 253 | 257 | 277 | 270 | 265 | 258 | 265 |
| Monetary claims | 67 | 62 | 69 | 69 | 85 | 87 | 90 |
| Real estate | 28 | 38 | 48 | 54 | 76 | 74 | 55 |
| Emission credits | 4 | 5 | 4 | 4 | 4 | 5 | 4 |
| Total | 352 | 362 | 398 | 397 | 430 | 424 | 414 |

Asset Management

Daiwa Asset Management & Daiwa SB Investments



Daiwa Asset Management

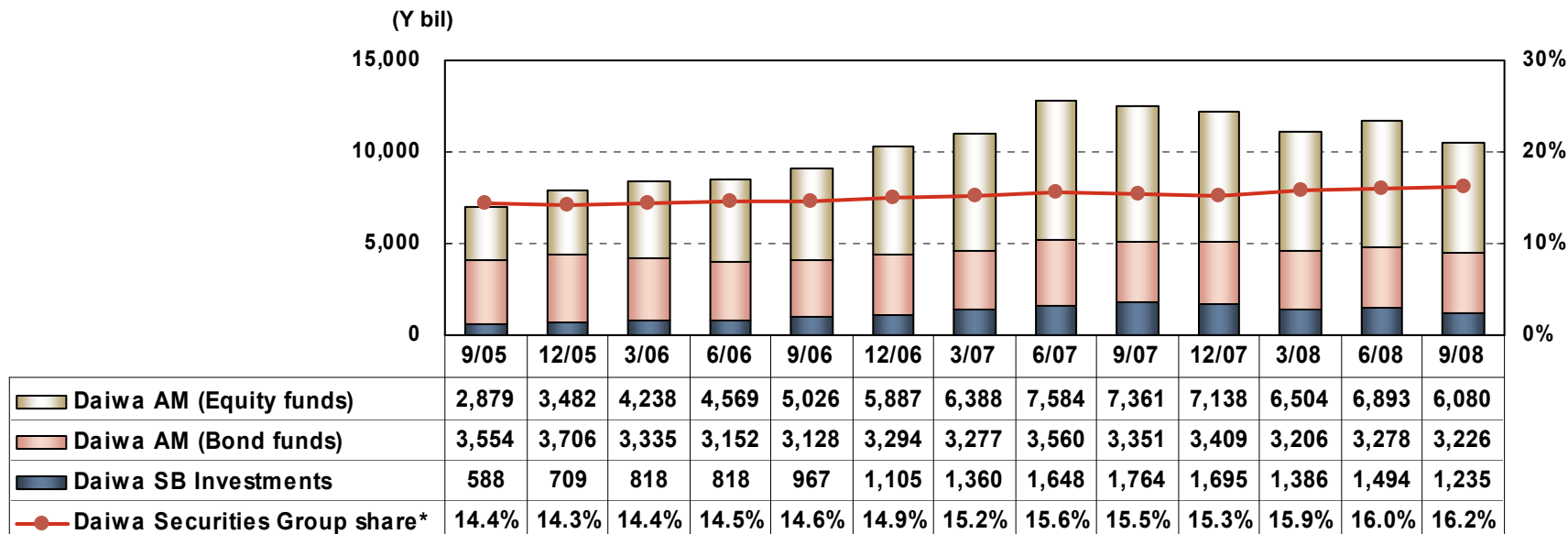
- 2Q operating revenues were Y20.0bil, down 2% q/q. Ordinary income was Y3.8bil, down 11% q/q.
- Due to steady sales, assets of “Resona High-grade Sovereign Fund” increased to Y94.8bil at 9/08.
- Newly launched “Daiwa Brazil Bond Fund 2008-08” and “Daiwa Brazil Bond Fund 2008-09” with the advice of Itau Asset Management in Brazil (total launch amount of Y35.9bil).
- Assets under management of publicly offered investment trusts at 9/08 was Y6.0tri, down from Y6.8tri at 6/08.

Daiwa SB Investments

- 2Q ordinary income was Y1.1bil, up 2% q/q.
- Contract assets for investment advisory at 9/08 was Y2.9tri, down from Y3.4tri at 6/08.

Asset Management Assets Under Management

Assets Under Management of Publicly Offered Investment Trusts



Note: Daiwa Asset Management + Daiwa SB Investments

Contract Assets for Investment Advisory

| (Y bil) | 9/05 | 12/05 | 3/06 | 6/06 | 9/06 | 12/06 | 3/07 | 6/07 | 9/07 | 12/07 | 3/08 | 6/08 | 9/08 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Daiwa SB Investments | 3,715 | 4,106 | 4,070 | 3,913 | 4,106 | 4,292 | 4,374 | 4,555 | 4,220 | 3,919 | 3,395 | 3,458 | 2,995 |

Asset Management - Daiwa Asset Management - Financial Summary

| (Y mil) | FY2008 | | % Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | % Change vs 1H FY07 | FY2007 |
|--------------------------|--------|--------|---------------------------|--------|--------|--------|--------|--------|---------------------------|--------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Operating revenues | 20,034 | 20,330 | -1.5% | 19,670 | 21,585 | 21,440 | 40,365 | 41,823 | -3.5% | 83,079 |
| Management fee | 19,922 | 20,193 | -1.3% | 19,548 | 21,455 | 21,294 | 40,116 | 41,503 | -3.3% | 82,506 |
| Equity investment trust | 18,660 | 18,934 | -1.4% | 18,294 | 20,138 | 20,002 | 37,594 | 38,974 | -3.5% | 77,406 |
| Bond investment trust | 1,262 | 1,259 | 0.3% | 1,253 | 1,317 | 1,291 | 2,521 | 2,529 | -0.3% | 5,100 |
| Other operating revenues | 111 | 137 | -18.5% | 122 | 130 | 145 | 248 | 319 | -22.2% | 572 |
| SG&A | 15,921 | 16,086 | -1.0% | 15,976 | 17,219 | 17,001 | 32,008 | 32,737 | -2.2% | 65,933 |
| Commissions paid | 11,925 | 12,034 | -0.9% | 11,650 | 12,707 | 12,537 | 23,959 | 24,426 | -1.9% | 48,784 |
| Other SG&A | 3,996 | 4,052 | -1.4% | 4,325 | 4,511 | 4,463 | 8,048 | 8,311 | -3.2% | 17,148 |
| Operating income | 4,112 | 4,244 | -3.1% | 3,694 | 4,365 | 4,438 | 8,357 | 9,085 | -8.0% | 17,146 |
| Ordinary income | 3,886 | 4,363 | -10.9% | 3,596 | 4,317 | 4,514 | 8,250 | 9,580 | -13.9% | 17,494 |
| Net income | 2,312 | 2,591 | -10.8% | 2,691 | 2,127 | 2,714 | 4,904 | 5,846 | -16.1% | 10,665 |

Domestic Group Companies and Overseas Operation Ordinary Income

Domestic Group Companies

| (Y mil) | FY2008 | | %Change vs 1Q FY08 | FY2007 | | | FY2008 | FY2007 | %Change vs 1H FY07 | FY2007 |
|--------------------------------|--------------|--------------|--------------------------|--------------|--------------|--------------|--------------|---------------|--------------------------|---------------|
| | 2Q | 1Q | | 4Q | 3Q | 2Q | 1H | 1H | | |
| Daiwa Asset Management | 3,886 | 4,363 | -10.9% | 3,596 | 4,317 | 4,514 | 8,250 | 9,580 | -13.9% | 17,494 |
| Daiwa Institute of Research* | 2,214 | 3,387 | -34.6% | 4,808 | 3,486 | 2,918 | 5,602 | 5,084 | 10.2% | 13,379 |
| NIF SMBC Ventures* | -2,710 | 770 | — | -4,447 | -462 | -737 | -1,940 | -412 | — | -5,321 |
| Other Domestic Group Companies | -1,448 | -1,309 | — | 213 | 428 | 510 | -2,757 | 1,507 | — | 2,149 |
| Total** | 1,941 | 7,211 | -73.1% | 4,171 | 7,771 | 7,206 | 9,153 | 15,759 | -41.9% | 27,702 |

| | | | | | | | | | | |
|----------------------|-------|-------|------|-------|-------|-------|-------|-------|--------|-------|
| Daiwa SB Investments | 1,136 | 1,114 | 2.0% | 1,111 | 1,348 | 1,794 | 2,251 | 3,292 | -31.6% | 5,752 |
|----------------------|-------|-------|------|-------|-------|-------|-------|-------|--------|-------|

Overseas

| | | | | | | | | | | |
|--------------|-------------|--------------|----------|---------------|------------|------------|------------|--------------|---------------|--------------|
| America | 1,121 | 1,122 | -0.1% | 1,000 | 305 | 586 | 2,243 | 642 | 249.0% | 1,948 |
| Europe | -1,531 | -92 | — | -2,777 | -1,305 | -693 | -1,623 | -107 | — | -4,190 |
| Asia/Oceania | -347 | 361 | — | 152 | 1,138 | 962 | 14 | 2,370 | -99.4% | 3,661 |
| Total | -757 | 1,391 | — | -1,624 | 138 | 855 | 634 | 2,905 | -78.2% | 1,419 |

* As of October 1, Daiwa Institute of Research has shifted to a holding company structure. Under a holding company, “Daiwa Institute of Research Holdings Ltd.”, its 100% subsidiary “Daiwa Institute of Research Ltd.” and “Daiwa Institute of Research Business Innovation Ltd.” have been established. As of October 1, NIF SMBC Ventures Co., Ltd. has made changes in company name to “Daiwa SMBC Capital Co., Ltd.”.

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

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