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PASSION
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BEST

Daiwa Securities Group Business Strategy

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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.

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Current situation of Daiwa Securities Group after the dissolution of JV with SMFG

Faster decision making in human and management resources allocation among the Group companies

- Upgrade the Hong Kong subsidiary to the “second head quarters” status to strengthen wholesale business in Asia

Dissolution of JV has positive effect on wholesale operations

- Daiwa Securities Capital Markets’ pipeline has diversified in finance deals of financial institutions and corporate clients

Solid financial base and ample liquidity have been maintained for the future business expansion

- Consolidated total owners’ equity: JPY 932.5bil (end of Dec. 2009)
- Total portfolio of high-liquidity assets: JPY 2,322.4bil (end of Dec. 2009)

Rating companies have more positive views

- Fitch Ratings has assigned “A- (negative) long-term foreign and local currency Issuer Default Rating” to Daiwa Securities Capital Markets (Nov. 9, 2009)
- JCR revised Daiwa Securities Group Inc. and Daiwa Securities’ rating outlook from “A+ (negative)” to “A+ (stable)” (Dec. 28, 2009)
- R&I revised Daiwa Securities Group Inc., Daiwa Securities and Daiwa Securities Capital Markets’ rating outlook from “A (negative)” to “A (stable)” (Feb. 5, 2010)

Financial Summary

大和証券グループ本社

Daiwa Securities Group Inc.

Consolidated Financial Summary

| (Y mil) | FY2009 | FY2008 | % Change vs 1-3Q FY08 | FY2009 | | % Change vs 2Q FY09 | FY2008 |
|------------------------|-------------------|------------|-----------------------------|-------------------|------------|---------------------------|------------|
| | 1-3Q | 1-3Q | | 3Q | 2Q | | |
| Operating revenues | 421,365 | 335,500 | 25.6% | 183,615 | 105,631 | 73.8% | 413,936 |
| Net operating revenues | 360,011 | 145,540 | 147.4% | 165,509 | 87,137 | 89.9% | 199,544 |
| SG&A | 271,897 | 261,346 | 4.0% | 99,775 | 85,569 | 16.6% | 343,270 |
| Ordinary income | 92,756 | -113,226 | — | 67,891 | 2,037 | — | -141,150 |
| Net income | 46,227 | -67,676 | — | 26,366 | 1,991 | — | -85,039 |
| Total assets | 14,873,191 | 15,113,175 | | 14,873,191 | 16,129,373 | | 14,182,579 |
| Net assets | 938,405 | 996,110 | | 938,405 | 1,249,909 | | 952,329 |
| Shareholders' equity* | 925,983 | 746,953 | | 925,983 | 988,324 | | 720,272 |
| EPS (Y) | 28.72 | -50.27 | | 15.08 | 1.15 | | -63.16 |
| BPS (Y) | 529.60 | 554.82 | | 529.60 | 565.26 | | 534.99 |
| ROE (Annualized) | 7.5% | — | | 11.0% | 0.9% | | — |

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

| ROE (Annualized) | 1-3Q | 3Q |
|--|-------------|--------------|
| Daiwa Securities | 9.3% | 6.6% |
| Daiwa Securities Capital Markets (consolidated) | 9.2% | 18.9% |

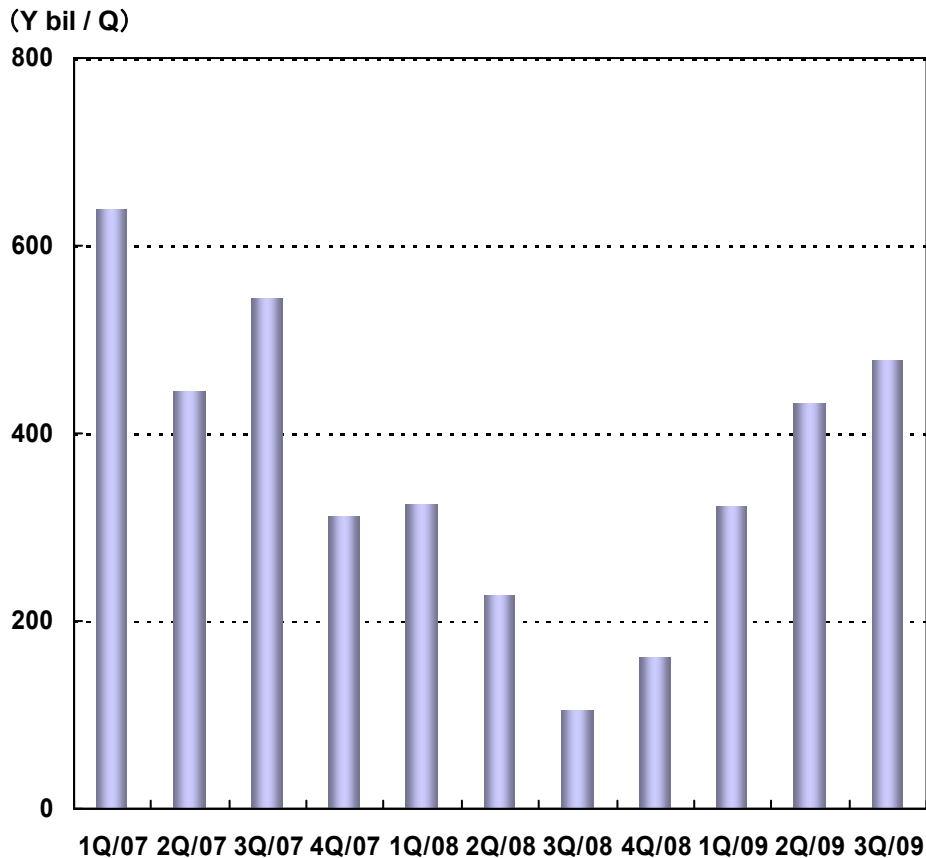
Retail

大和証券

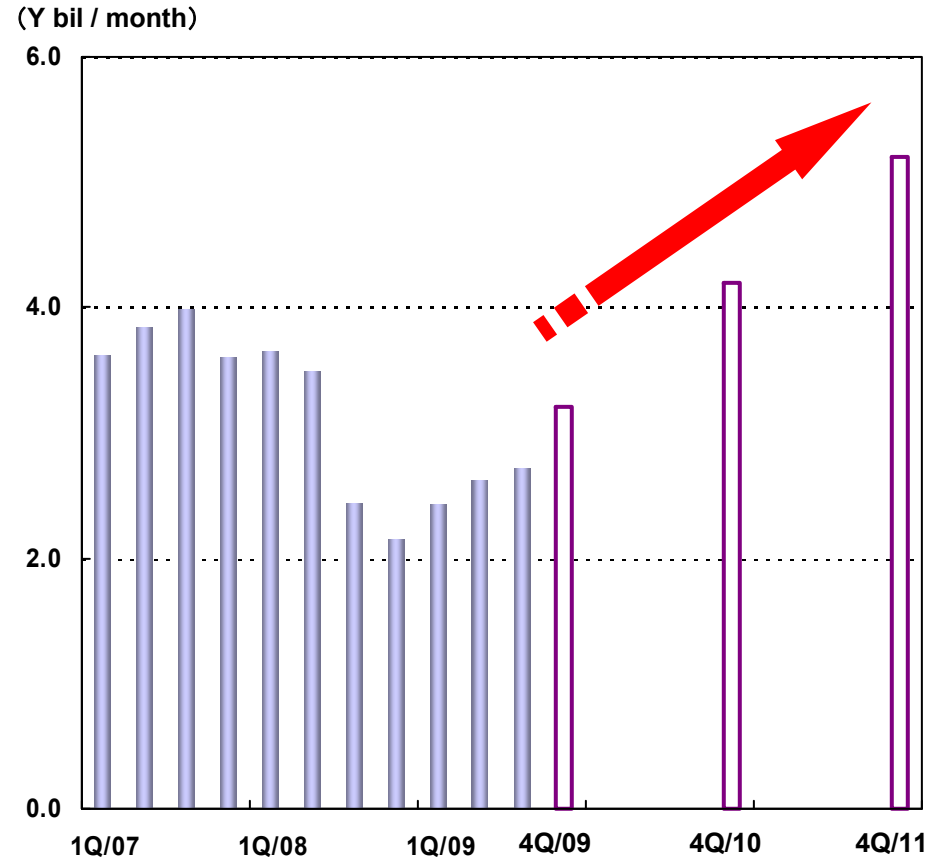
Daiwa Securities

Increase agency commission (recurring fee from customer assets) through the asset gathering

Sales of Equity Investment Trusts



Agency Commission Trend Image

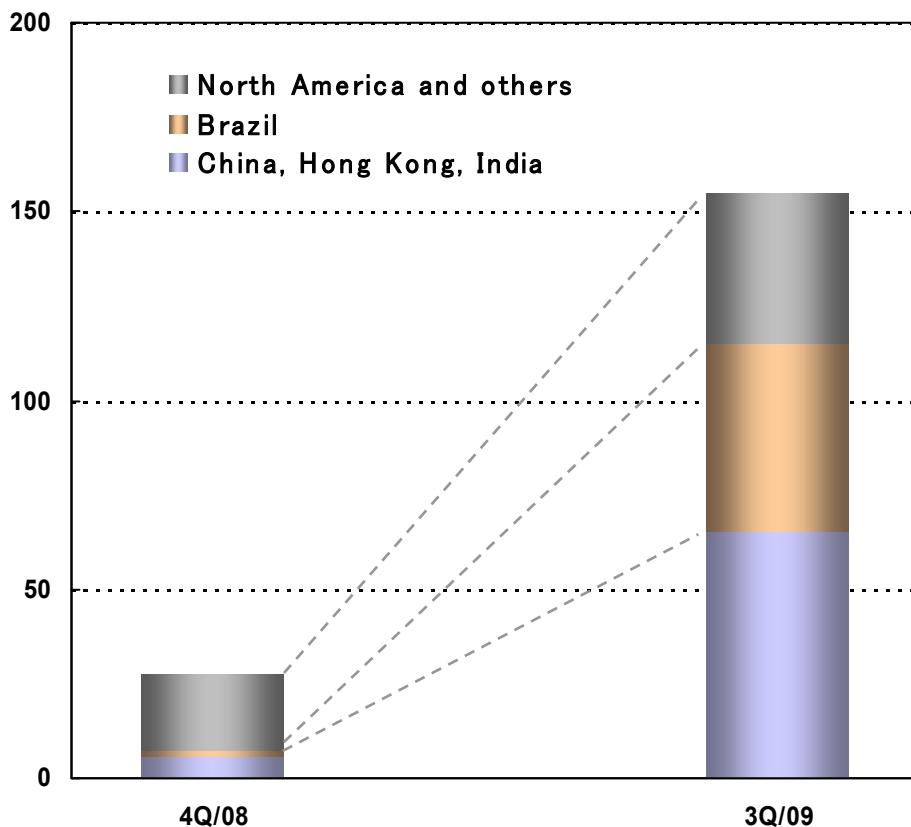


Note: Include switching transaction between funds.

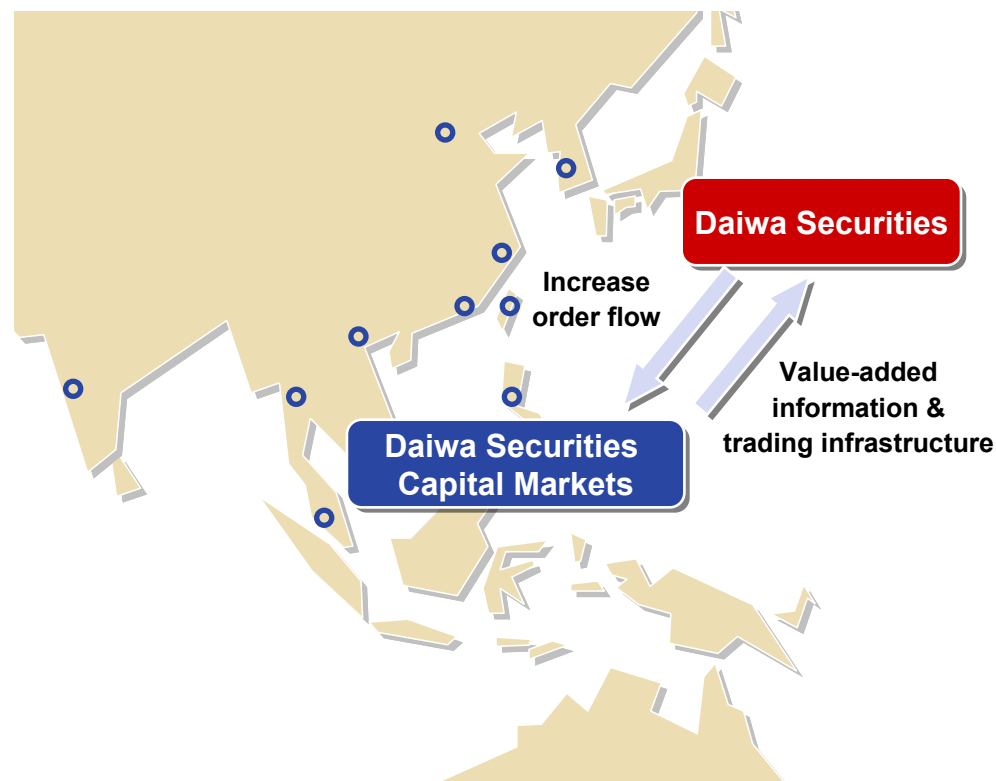
Expand foreign equity trading by collaborating with the other Group companies

Foreign Equity Trading Volume

(Y bil / Q)



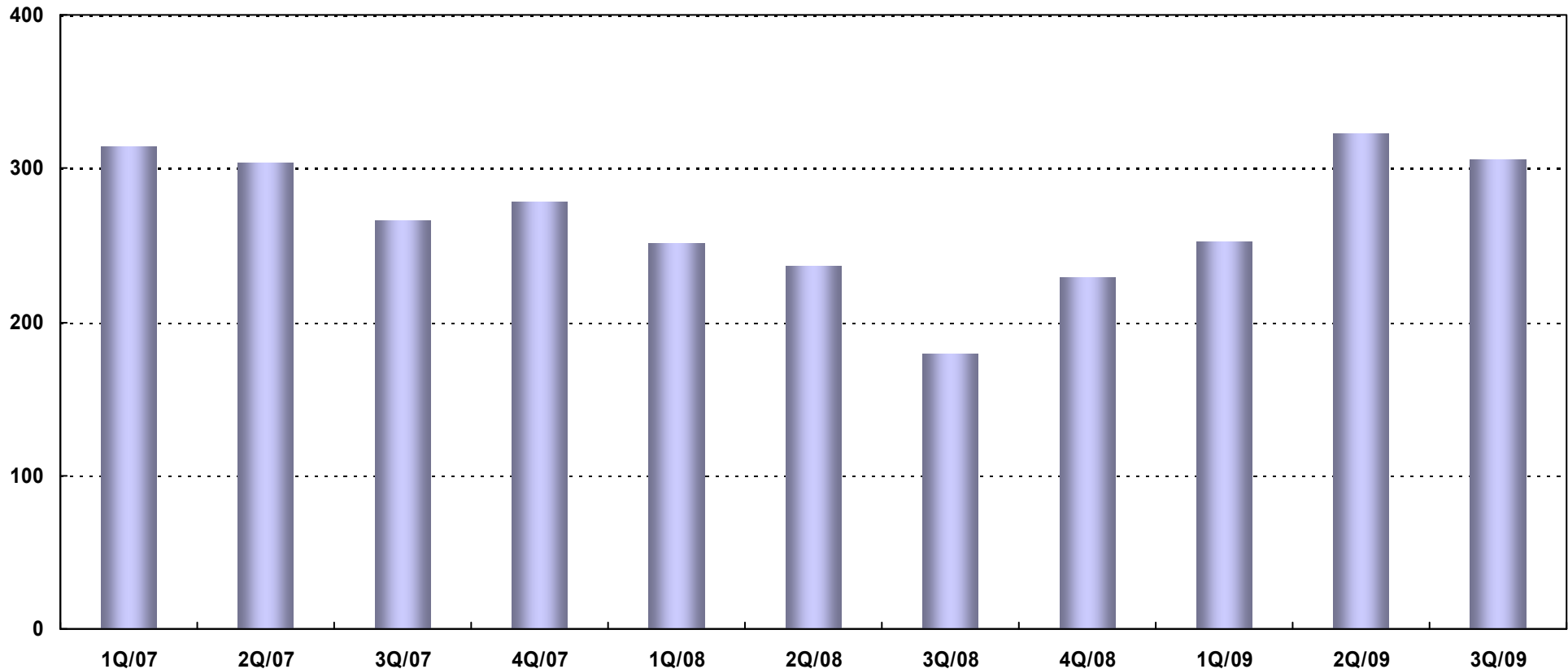
Collaboration with Daiwa Securities Capital Markets



Expand and maintain stable sales by offering attractive products

Sales of Foreign Currency-denominated Bonds

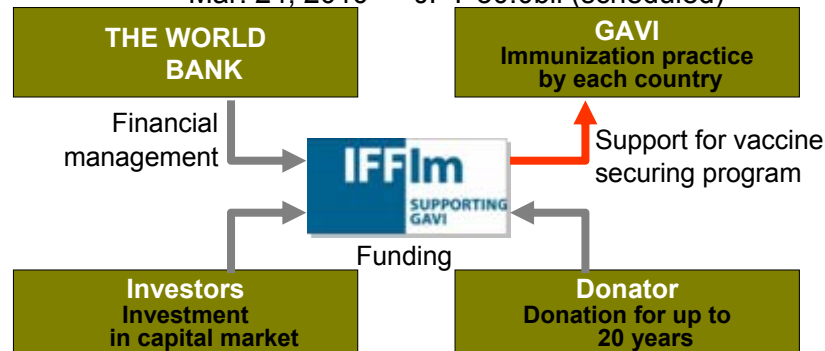
(Y bil / Q)



Retail Our Approach to Impact Investment

Vaccine Bonds

Issuer: IFFIm
 Purpose: Raise funds in the capital markets to accelerate funding available for health and immunization programmes in 70 of the developing countries around the world.
 Issue date and amount:
 Mar. 19, 2008 JPY 20.8bil
 Feb. 20, 2009 JPY 40.4bil
 Mar. 24, 2010 JPY 30.0bil (scheduled)



Microfinance Bonds

Issuer: IFC
 Purpose: Support for microfinance business with the purpose of fostering economic independence by providing small scale financial services to the poor segments.
 Issue date: Nov. 20, 2009
 Issue amount: JPY 24.3bil



Green World Bank Bonds

Issuer: IBRD
 Purpose: Support projects in the World Bank's member countries that meet specific criteria for low-carbon project.
 Issue date: Feb. 3, 2010
 Issue amount: JPY 9.5bil



World CO2L("Cool") Bond

Issuer: IBRD
 Purpose: Indirectly participate in greenhouse gas reduction project as using emissions credit trading based on the Kyoto Protocol.
 Issue date: Jun. 26, 2008
 Issue amount: JPY 2.6bil



Water Bond

Issuer: ADB
 Purpose: Support for water project by developing countries in Asia and the Pacific.
 Issue date: Apr. 2010 (scheduled)
 Issue amount: TBD

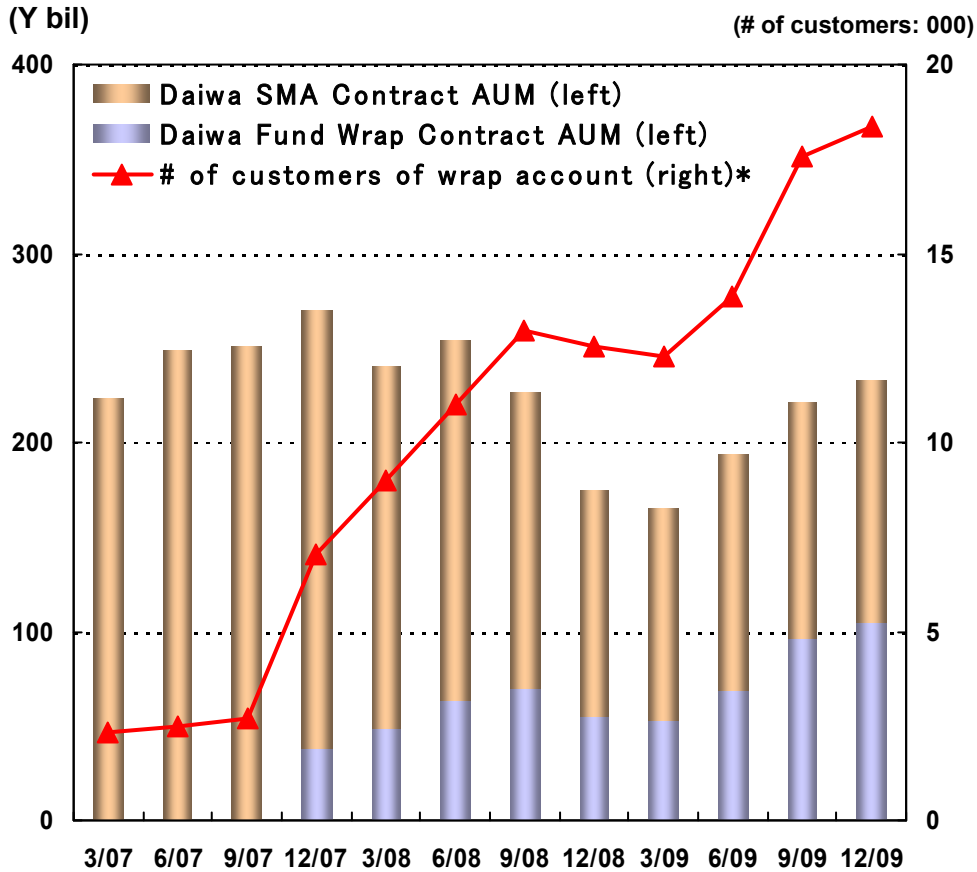


Retail “Daiwa Consulting” Course ~Wrap account service~



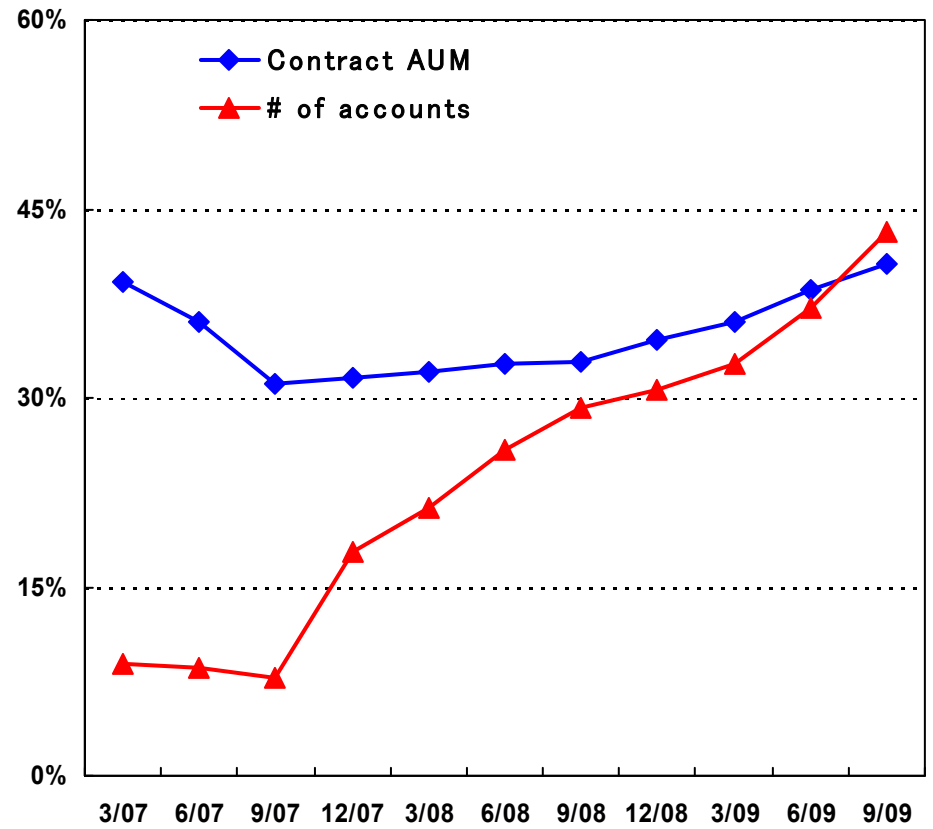
Lead market expansion as a pioneer of wrap account service

Contract asset under management & Number of customers of Wrap Account Service



* Total of Daiwa SMA and Daiwa Fund Wrap customers

Market Share in Wrap Account Service

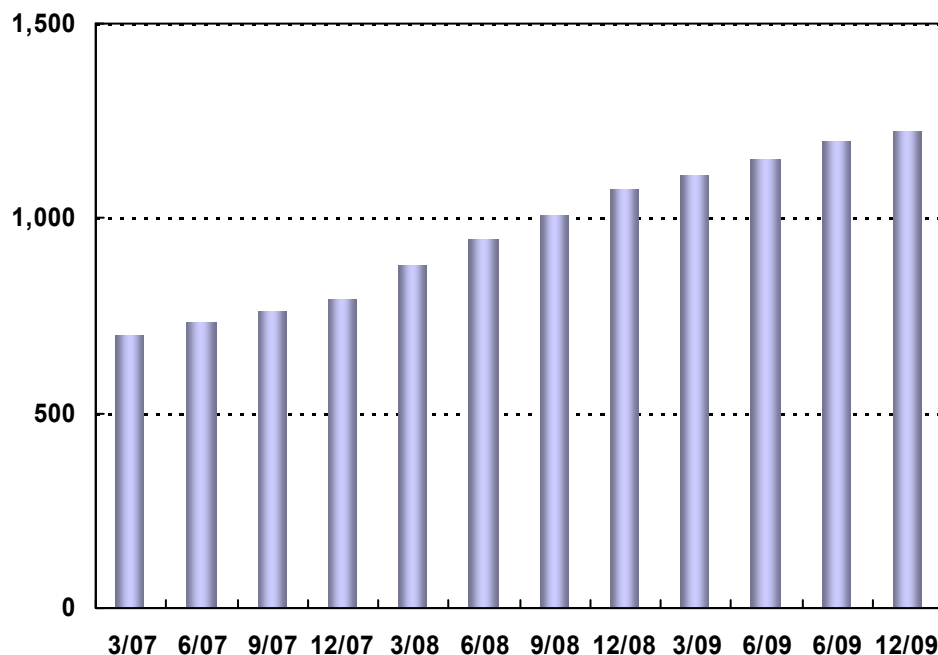


Source: Japan Securities Investment Advisers Association ; compiled by Daiwa Securities

Expand service contents to attract active investors

“Daiwa Direct” Number of account

(# of account: 000)



Expand product line-up and improve usability

Offer more active line-up

Approach for expansion of active transactions

Increase recognition of “Daiwa 365FX” (FX margin trade on exchange)

- Conduct active promotion
- Offer discount commission campaign

今なら、すべてのお客様
すべての通貨ペアで、手数料を大幅割引『みんな割引!!』

（通常時）
手数料 168円/1枚

（平成22年6月30日まで）
手数料 52円/1枚

キャンペーン期間：平成22年2月22日（月）～平成22年6月30日（水）

Expand “Daiwa CFD” (Contract For Difference) service

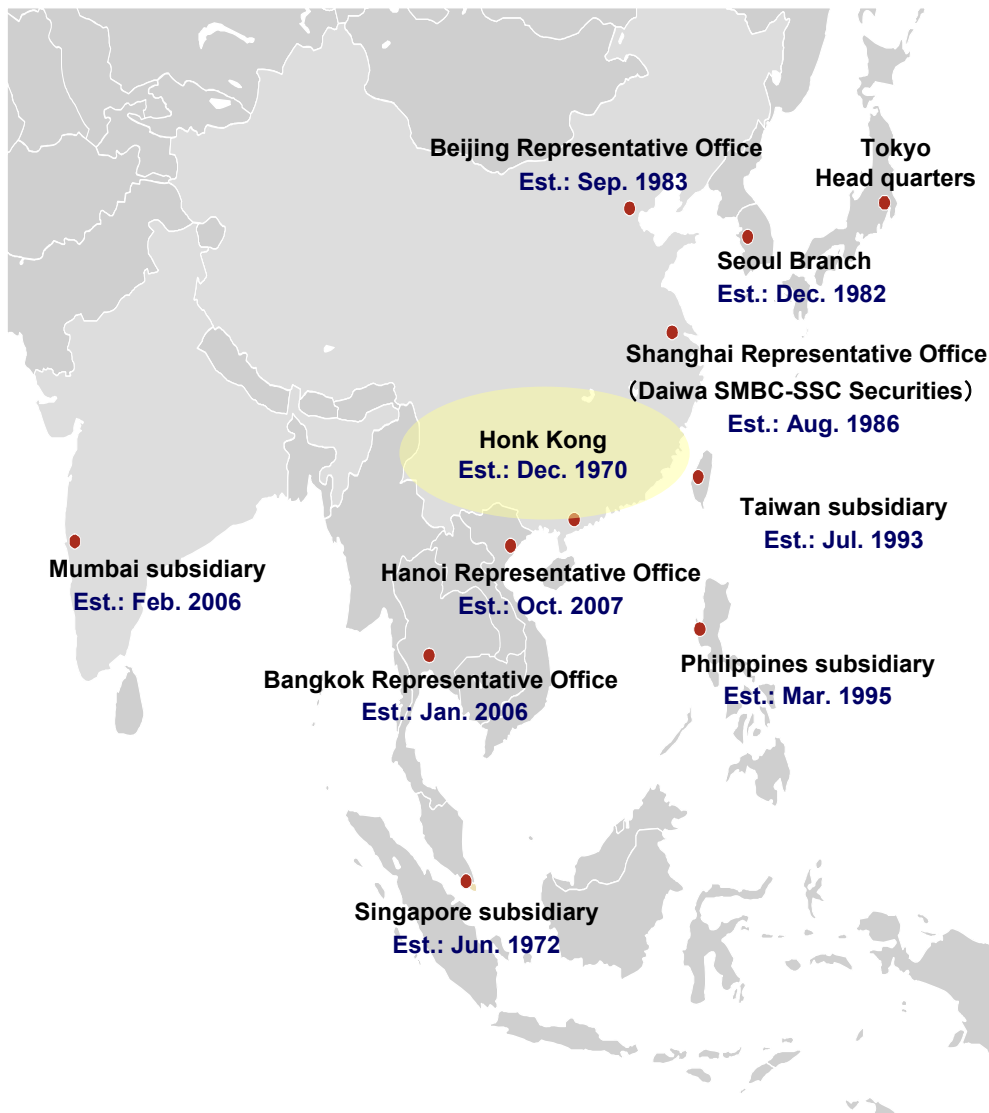
- Start domestic equities CFD (May 2010 (scheduled))
- Improve function (May 2010 (scheduled))
 - ✓ Service through mobile phone
 - ✓ Enhance investment information

Wholesale

大和証券キャピタル・マーケット

Daiwa Securities Capital Markets

Wholesale Expansion into Asia Market



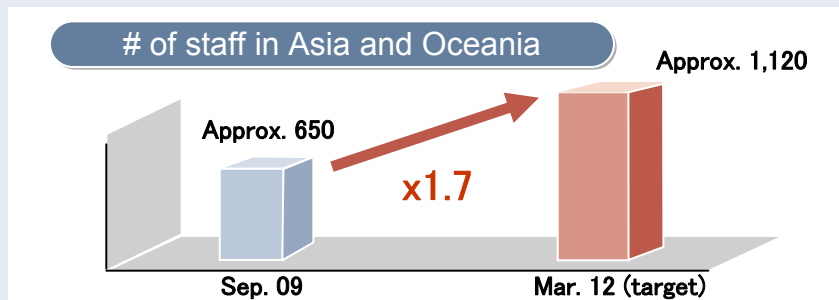
- Lead managed the world's first Asian dollar bond (DBS bond), establishing Asian dollar bond market in offshore market in Singapore (1971)
- Lead managed the world's first Euro dollar bond by ADB (1978)
- Managed the world's first Asian dollar CP by ITOCHU Corporation's Hong Kong subsidiary (1980)
- Participated in establishment of AFIC, and sent first president (1989)
- Lead managed overseas tranche for privatization of Singapore Airlines, DBS Land and Singapore Telecommunications in Singapore, and Tenaga National Berhad, Malaysian electric company and Petronas Gas in Malaysia
- Lead managed ADB Yen bond (JPY 30bil), named Dragon yen bond (1993)
- Lead managed Malaysian YTL Group's IPO – the first-ever listing by Asian company on TSE (1996)
- Cultivated offshore market in the Philippines, and lead managed Philippines offshore yen bond by Development Bank of the Philippines (1997)
- Lead managed SinoCom's IPO on Hong Kong exchange
- Lead managed POWL deals of PO/IPO including Ping An Insurance, Industrial and Commercial Bank of China Limited, Bank of China, China Tung Bank, China Construction Bank, China Merchants Bank, Shanghai Electric, Singapore Post and Chunghwa Telecom (Taiwan) etc.
- Lead managed China Boqi Environmental Solutions Technology's IPO – the first-ever listing by a Chinese company on TSE (2007)

Upgrade the Hong Kong subsidiary to “Second head quarters” status to strength Asian operations

- Assign four senior executives led by the representative deputy president
- Partial transfer of headquarters functions such as management planning, from Tokyo to Hong Kong
- Station global head of equity sales and co-global head of IB division in Hong Kong

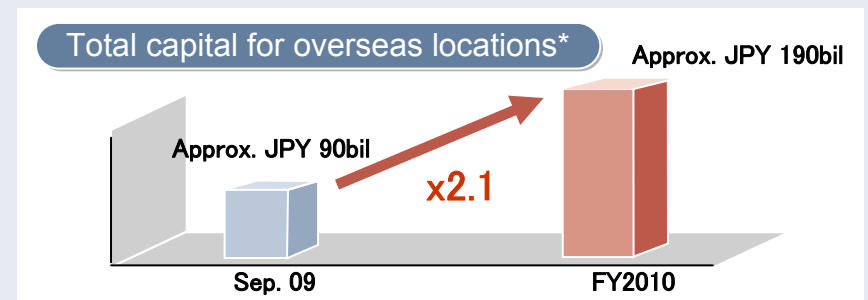
Increase personnel

- Market division: Increase approx. 300 staff in Asian equity and derivative business
- IB division: Increase approx. 100 staff in underwriting and M&A business
* Increase approx. 70 staff in middle and back office



Strengthen capital

- Allocate approx. JPY 100bil capital into overseas locations



Consider to set up the Asia Advisory Board

- Invite local influential people as our advisors
➔ Obtain advice and suggestion for our Asian strategies

* Includes only overseas business operated by Daiwa Securities Capital Markets

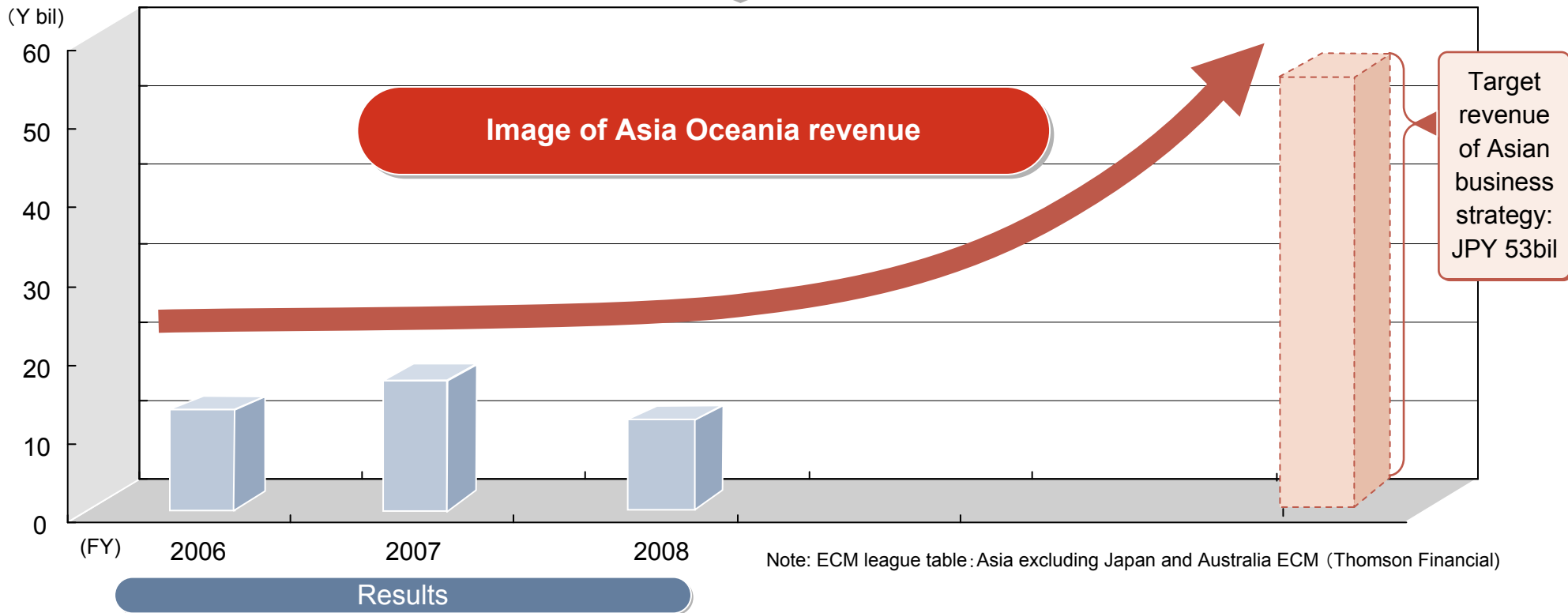
Wholesale Business Expansion in Asia - Enhance Asian Equity Business



— 3 year target —






Strengthen Market and IB division simultaneously to harness synergetic effect as early as possible



Wholesale Investment Banking Deals in Asia

Major lead manager deals (including joint lead issues)

| | Date | Deals | Type | Amount |
|---|---------|---------------------------------|------|-------------|
|  China | Nov. 09 | China High Precision Automation | IPO | US\$ 148mil |
| | Nov. 09 | Hongrun Construction | Bond | 500mil RMB |
| | May. 09 | China Automation Group | PO | US\$ 37mil |
| | May. 08 | China Taisan | IPO | US\$ 42mil |
|  India | Oct. 09 | Patel Engineering | PO | US\$ 75mil |
|  Philippines | Feb. 10 | Republic of the Philippines | Bond | Y 100.0bil |

| | Date | Deals | Type | Amount |
|--|---------|----------------------------------|------|------------|
|  Korea | Oct. 09 | Tong Yang Life Insurance Company | IPO | 340bil won |
| | Oct. 09 | Industrial Bank of Korea | Bond | Y 26.2bil |
| | Sep. 09 | Korea Development Bank | Bond | Y 30.0bil |
| | Jan. 08 | Hyundai Capital Services | Bond | Y 47.0bil |
|  Thailand | May. 08 | The Kingdom of Thailand | Bond | Y 55.0bil |
|  Indonesia | Jul. 09 | Republic of Indonesia | Bond | Y 35.0bil |

Wholesale Investment Banking Deals

Major lead manager deals (including joint lead issues) & Major M&A publicly announced deals in 2H FY09

| Equity Offerings (including CB) | | | Straight Bonds | |
|--|------------------------------|-----------------|---------------------------------|------------------|
| Mitsubishi UFJ Financial Group | Global public offering | Y 1,070.0bil | DAIWA HOUSE INDUSTRY | Y 100.0bil |
| Sumitomo Mitsui Financial Group | Global public offering | Y 1,009.4bil | Kirin Holdings | Total Y 100.0bil |
| T&D Holdings | Public offering | Y 124.0bil | Mitsubishi Heavy Industries | Total Y 100.0bil |
| NEC | Global public offering | Y 123.6bil | TOSHIBA CORPORATION | Y 70.0bil |
| Mazda Motor Corporation | Primary & Secondary offering | Y 98.0bil | Shiseido | Y 50.0bil |
| | | | Coca-Cola WEST | Total Y 50.0bil |
| | | | Chuo Mitsui Trust Holdings | Total Y 43.0bil |
| | | | Nissan Financial Service | Y 40.0bil |
| | | | Central Japan Railway Company | Y 40.0bil |
| | | | TEPCO | Y 35.0bil |
| | | | Mitsubishi Electric Corporation | Y 30.0bil |
| | | | Tohoku Electric Power | Y 30.0bil |
| Other Bonds | | | Agency Bonds | |
| United Mexican States | Samurai bond | Y 150.0bil | Japan Finance Corporation | Total Y 90.0bil |
| Rabobank Nederland | Samurai bond | Total Y 69.3bil | Japan Housing Finance Agency | Total Y 66.6bil |
| Australia and New Zealand Banking Group | Samurai bond | Total Y 60.3bil | | |
| Republic of Colombia | Samurai bond | Y 45.0bil | | |
| Republic of Poland | Samurai bond | Total Y 44.8bil | | |
| Microfinance Bond (IFC) Australian dollar-denominated bond | | Y 25.1bil | | |

Structured Finance

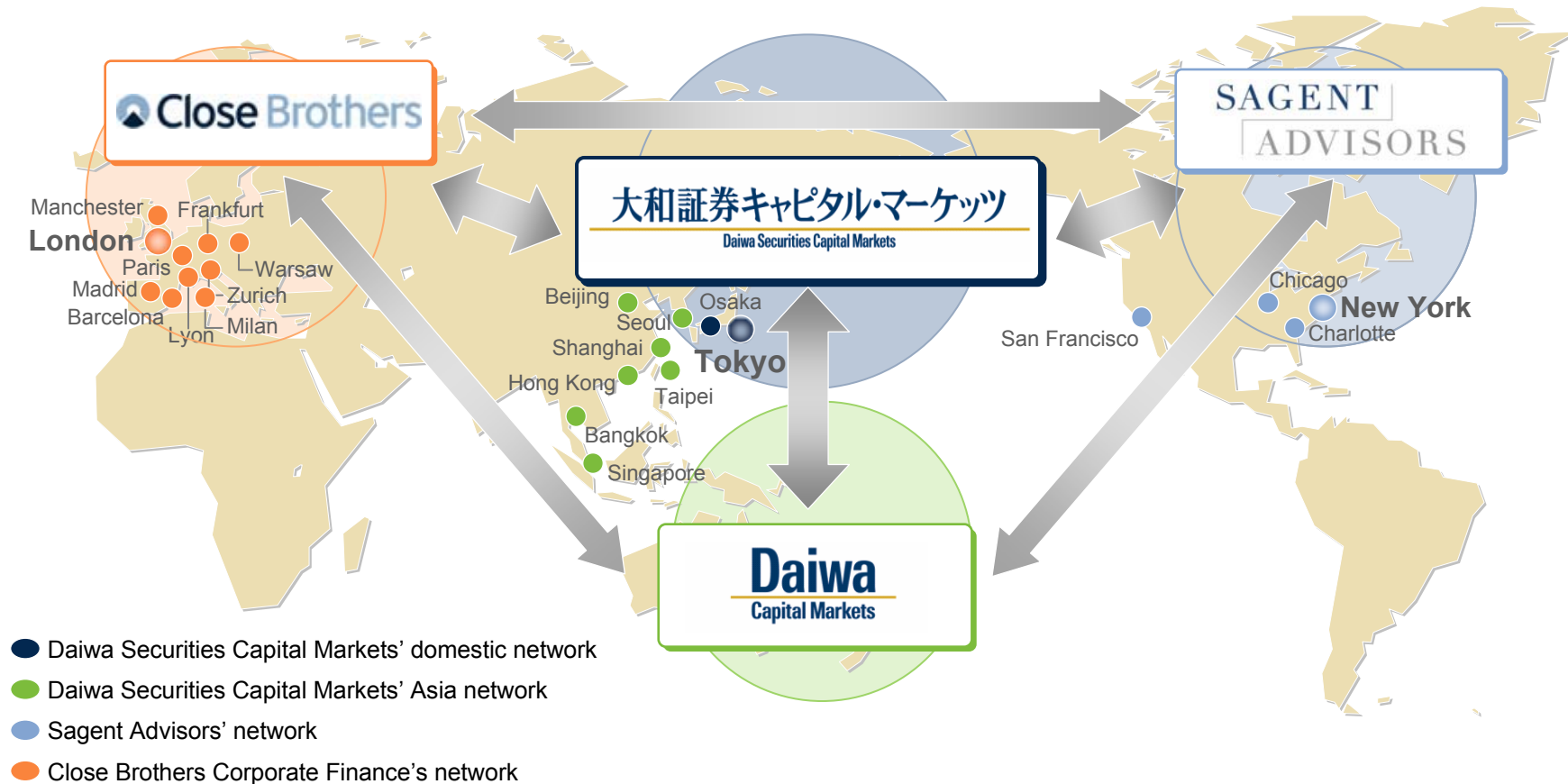
- The Japan Housing Finance Agency Secured Pass-through Bonds No.S-18 Y 150.0bil (Issue) Y 42.0bil (Underwriting)
- The Japan Housing Finance Agency Secured Pass-through Bonds No.31 Y 71.0bil (Issue) Y 20.0bil (Underwriting)

M&A

- Acquisition of Kionix, Inc. by Rohm (Advisor to Rohm)
- Sales of all shares and loans of am/pm Japan Co., Ltd by Rex Holdings to Family Mart (Advisor to Rex Holdings)
- TOB for Jupiter Telecommunications by Sumitomo Corporation (Tender offer agent)

Wholesale Approaches in M&A Operation

Offer M&A advisory services through the global platform
– Japan, Europe, the US and Asia –



Investment

大和証券SMBCプリンシパル・インベストメンツ

Daiwa Securities SMBC Principal Investments

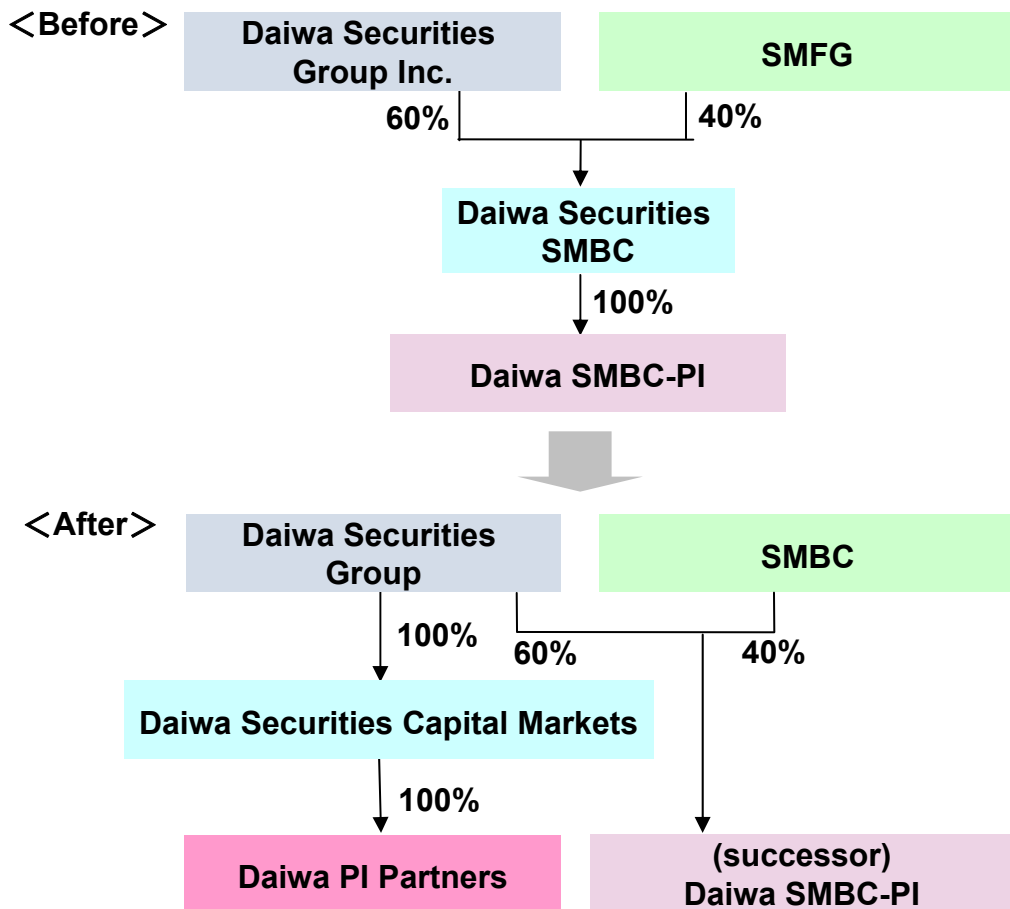
大和PIパートナーズ

Daiwa PI Partners

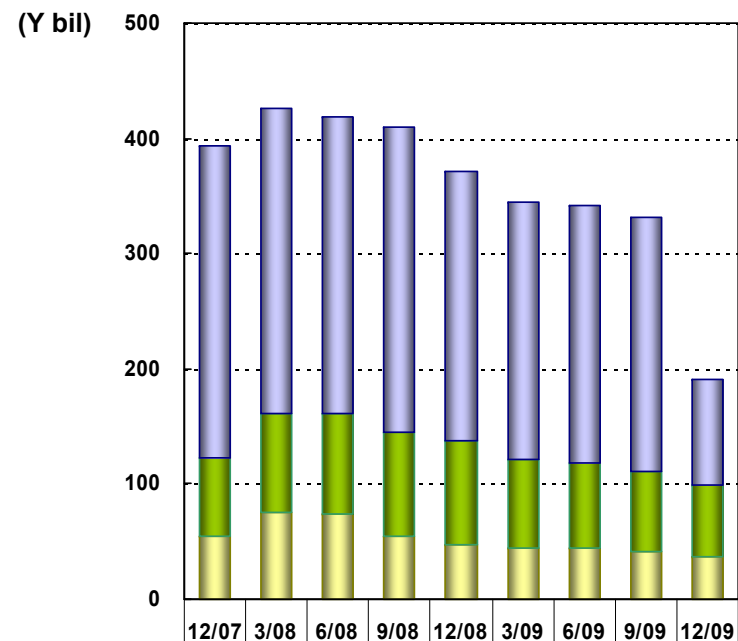
Reorganization of Principal Investment Business

December 31, 2009: Daiwa Securities Group acquired all shares of Daiwa Securities SMBC.

February 1, 2010: Existing operations of present Daiwa SMBC-PI was transferred to a new successor company. Former Daiwa SMBC-PI allocated 40% of the successor company's shares to SMBC. The successor company was named Daiwa Securities SMBC Principal Investments Co. Ltd. Former Daiwa SMBC-PI changed its name to Daiwa PI Partners Co. Ltd.



<Reference> Daiwa Securities SMBC PI Investment Amount



| | | | | | | | | | |
|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PE & PIPEs | 270 | 265 | 258 | 265 | 234 | 223 | 224 | 220 | 92 |
| Monetary claims | 69 | 85 | 87 | 90 | 90 | 77 | 74 | 69 | 62 |
| Real estate | 54 | 76 | 74 | 55 | 48 | 44 | 44 | 42 | 37 |
| Total | 397 | 430 | 424 | 414 | 377 | 347 | 342 | 331 | 191 |

Asset Management

大和投資信託

Daiwa Asset Management

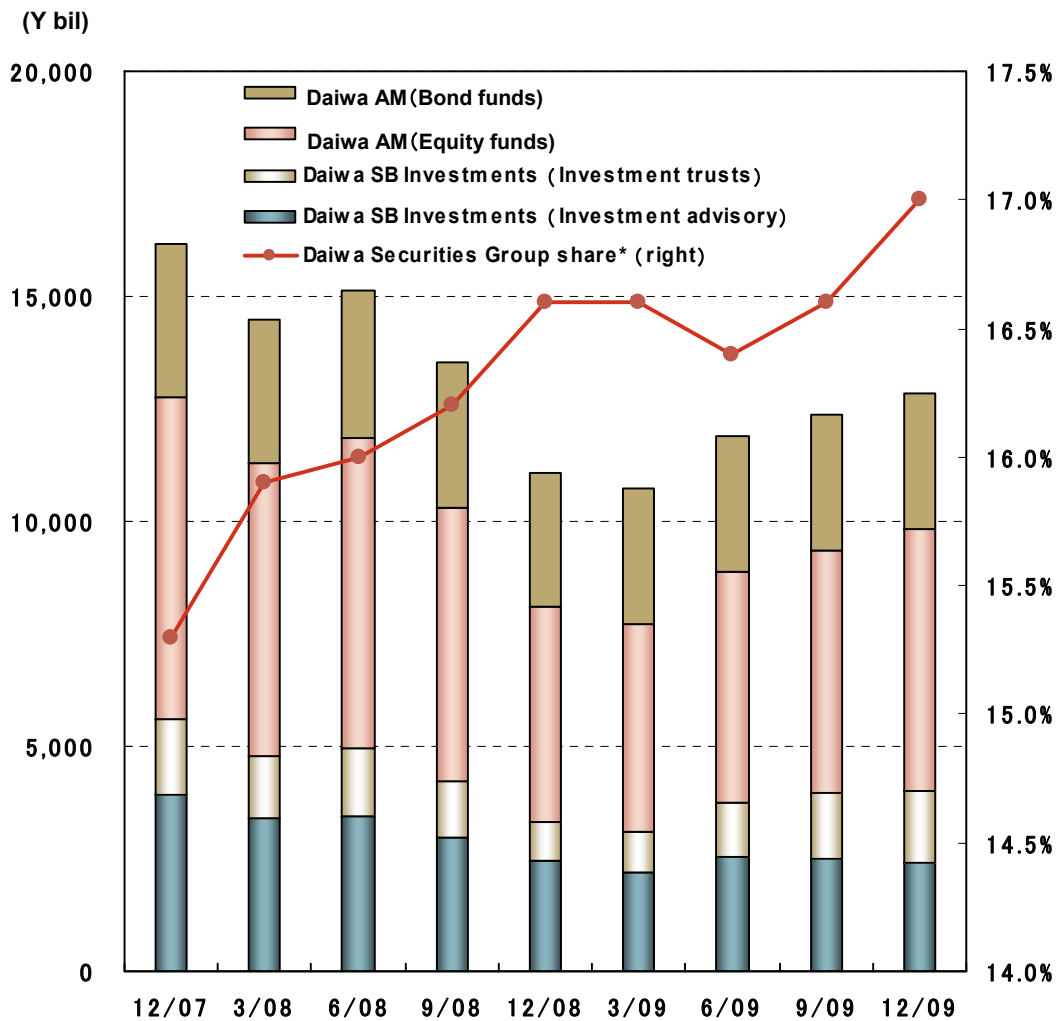
大和住銀投信投資顧問

Daiwa SB Investments

Asset Management Daiwa Asset Management & Daiwa SB Investments

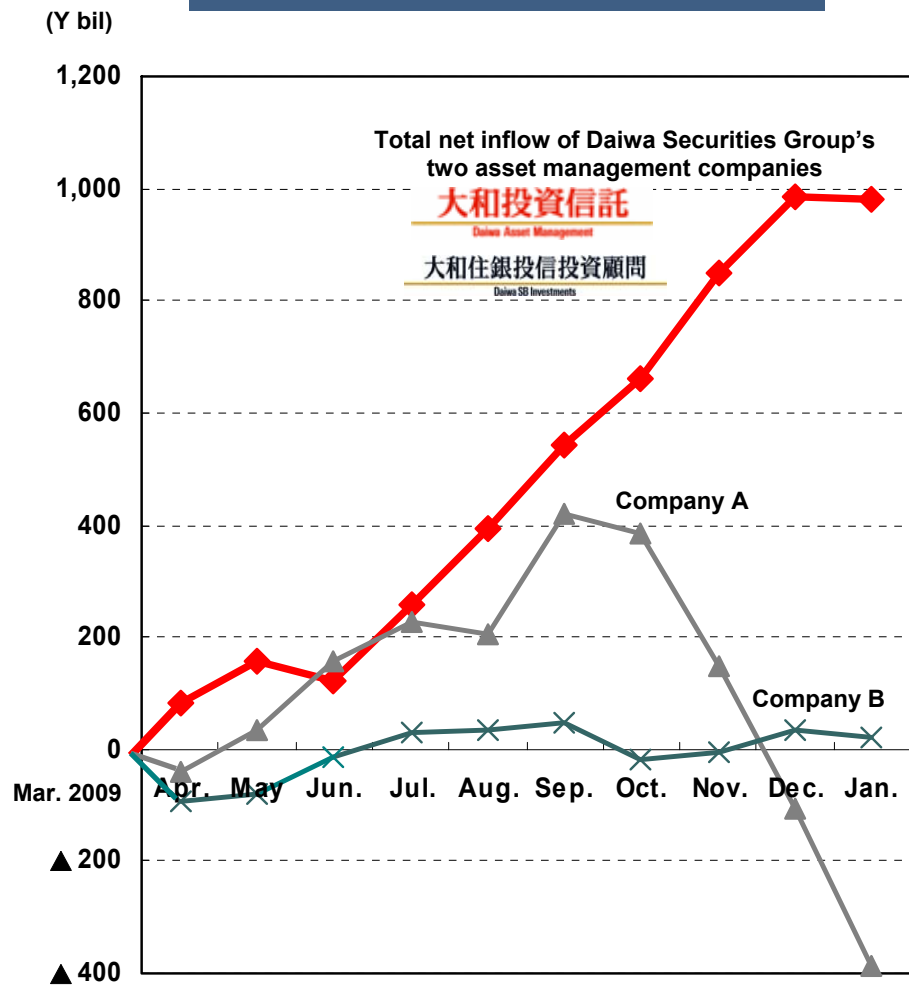


Assets Under Management



* Daiwa Asset Management (Bond funds + Equity funds)+Daiwa SB Investments (Investment trusts)

Accumulated Net Inflow from Apr. 2009 to Jan. 2010



Source: The Investment and Trust Association

Entry into Banking Business

- ◆ Offer services through Daiwa Securities as an agency, leveraging collaboration between bank and broker
- ◆ Offer high-yield deposit to customers with low-cost management by use of Internet and banking agency
- ◆ Manage funds with middle-risk fixed income securities

| | |
|--------------------------------|---|
| Products & service | <ul style="list-style-type: none"> ◆ Provide an instrument to support wealth building, rather than just for bill payment <ul style="list-style-type: none"> ➢ Saving deposit and time deposit with high yield ➢ Offer automatic fund transfer and settlement services between the customers' bank account and account at Daiwa Securities |
| Target client | <ul style="list-style-type: none"> ➢ High net worth clients preferring deposit accounts and Daiwa Securities clients ➢ Fund pooled for purchasing securities products, i.e. securities firm's MRF or bank's saving deposit |
| Channel & promotion | <ul style="list-style-type: none"> ◆ Make the fullest use of banking agency <ul style="list-style-type: none"> ➢ Utilize Daiwa Securities' branches as banking agency in soliciting accounts opening ◆ Develop Internet banking <ul style="list-style-type: none"> ➢ Develop Internet banking without branch office or sales person |
| Fund management | <ul style="list-style-type: none"> ➢ Deposit will be managed with middle risk in financial market, mainly in fixed income and short-term products etc. ➢ No loan business (may consider in the future) |

| Year | Preparation for banking business (Daiwa Securities Group Inc.) | Preparation for banking agency business (Daiwa Securities) |
|------|---|--|
| 2009 | Apr. Begin consideration of entering banking business Oct. Set up department for preparing to start banking business Make a press release on entry into banking operation | Apr. Start consultations with Daiwa Securities Group Inc. |
| 2010 | Apr. Establish a subsidiary company for preparing to set up a bank (scheduled) Oct. Apply for preliminary examination (provisional) Dec. Establish bank (change of registration from the preparing subsidiary status (provisional) Apply for banking license (provisional) | Dec. Apply for approval of banking agency business (provisional) |
| 2011 | Start banking business (provisional) | Start banking agency business (provisional) |



**Daiwa Securities Group Inc.
Investor Relations**

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