

Autumn 2012

Daiwa Securities Group Management Strategy

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Daiwa Securities Group

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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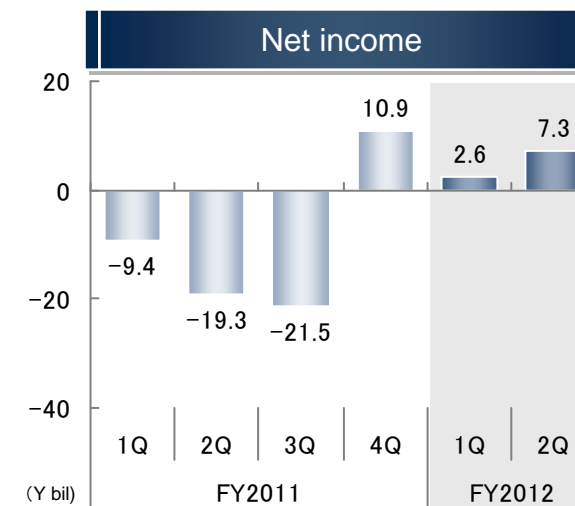
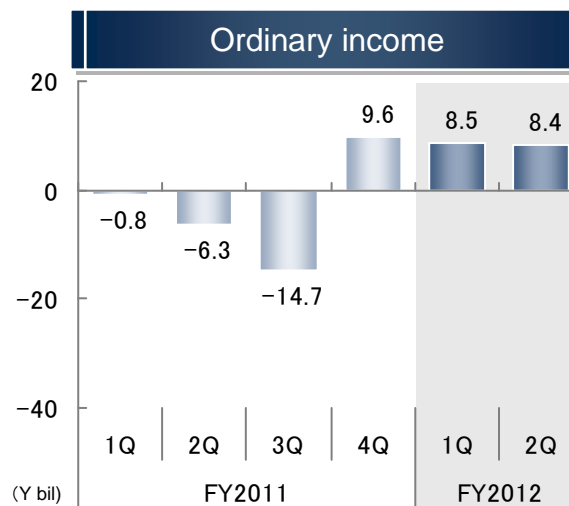
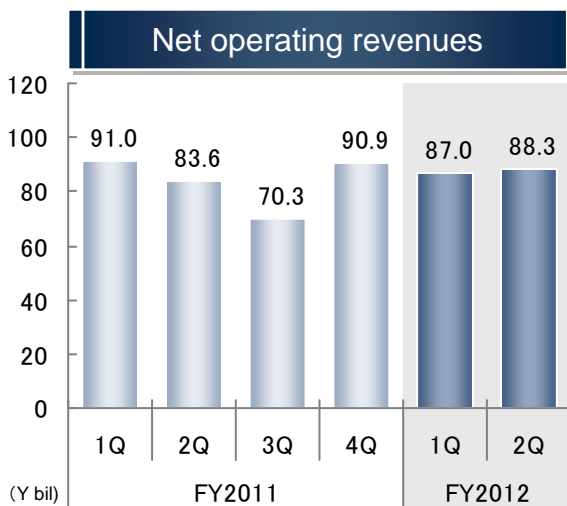
I . 1H FY2012 Overview

Daiwa Securities Group

Consolidated Results of 1H FY2012

- Net operating revenues were Y 175.3bil, ordinary income was Y 16.9bil, net income was Y 10.0bil

| (Y mil) | Net operating revenues | | | Ordinary income | | | Net income | | |
|---------------------------|------------------------|----------------|-----------------------|-----------------|----------------|-----------------------|----------------|---------------|-----------------------|
| | FY2011 (1H) | FY2012 (1H) | % change vs 1H FY2011 | FY2011 (1H) | FY2012 (1H) | % change vs 1H FY2011 | FY2011 | FY2012 | % change vs 1H FY2011 |
| Retail | 81,950 | 78,784 | -3.9% | 15,416 | 13,192 | -14.4% | | | |
| Asset Management | 19,426 | 21,909 | 12.8% | 8,208 | 9,096 | 10.8% | | | |
| Wholesale | 48,299 | 49,981 | 3.5% | -34,247 | -10,301 | - | | | |
| Global Markets | 36,606 | 37,141 | 1.5% | -23,498 | -8,581 | - | | | |
| Global Investment Banking | 11,693 | 12,840 | 9.8% | -10,749 | -1,719 | - | | | |
| Investment | 3,905 | 6,607 | 69.2% | 2,159 | 4,910 | 127.4% | | | |
| Consolidated Total | 174,704 | 175,356 | 0.4% | -7,169 | 16,976 | - | -28,787 | 10,067 | - |



Summary of the Medium Term Management Plan

Daiwa Securities Group Management Vision

To become Asia's leading financial services firm possessing and leveraging a solid business platform in Japan

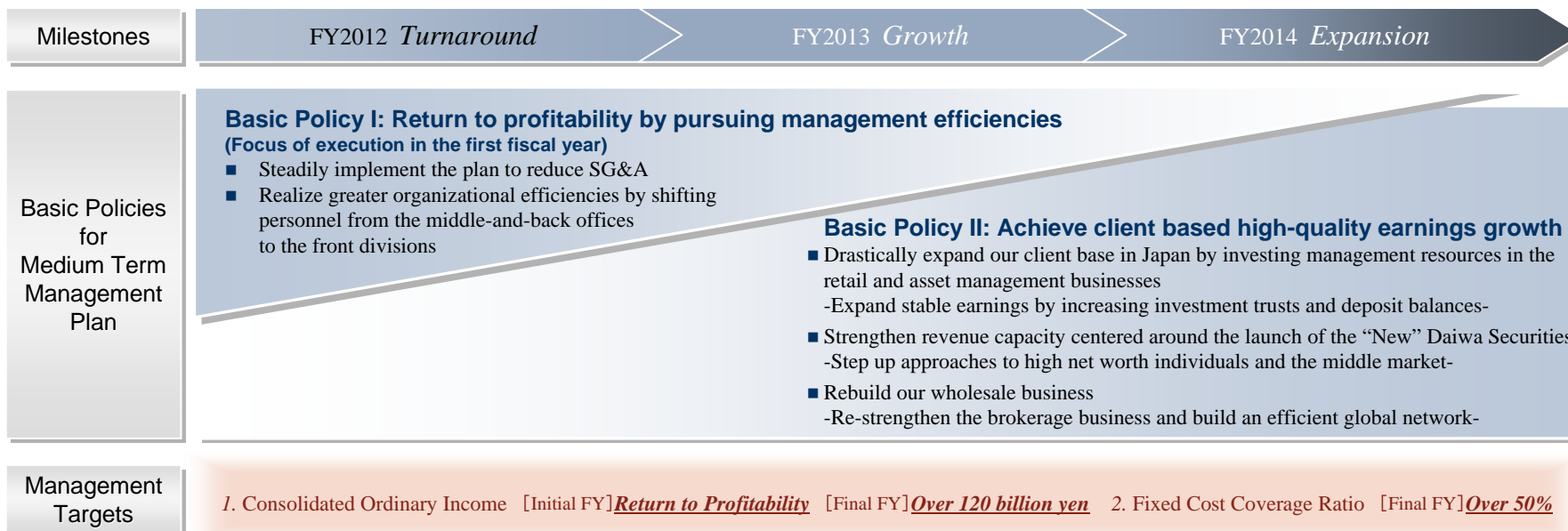
Daiwa Securities Group Basic Management Policy

Establish a robust business structure capable of securing profit even under stressful economic conditions

Achieve sustainable growth by linking Japan and growth of Asia

Outline of Medium Term Management Plan "Passion for the Best" 2014

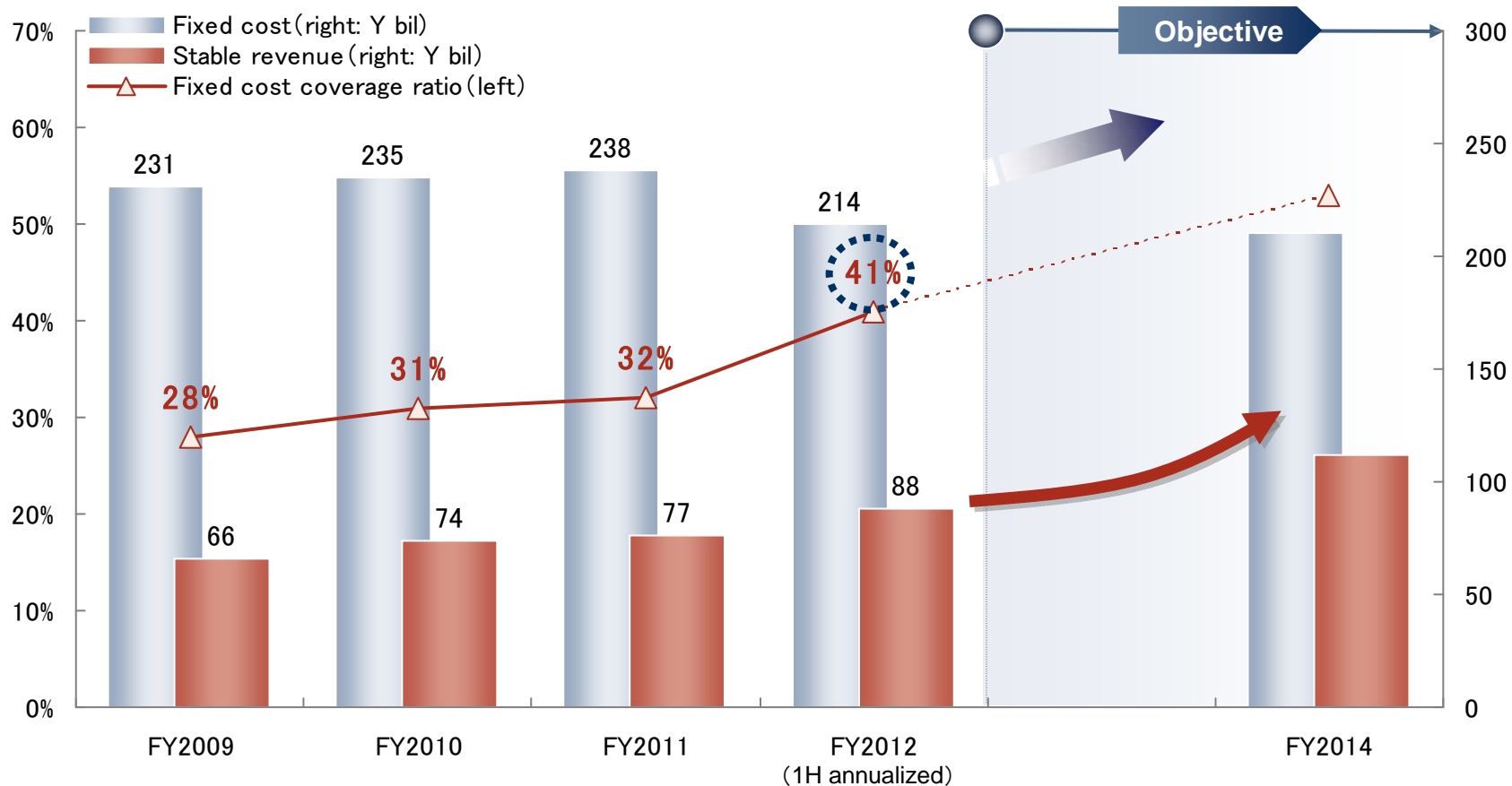
Establish a robust business structure immune to the external environment and aspire to achieve sound growth based on a new growth strategy



Management Target

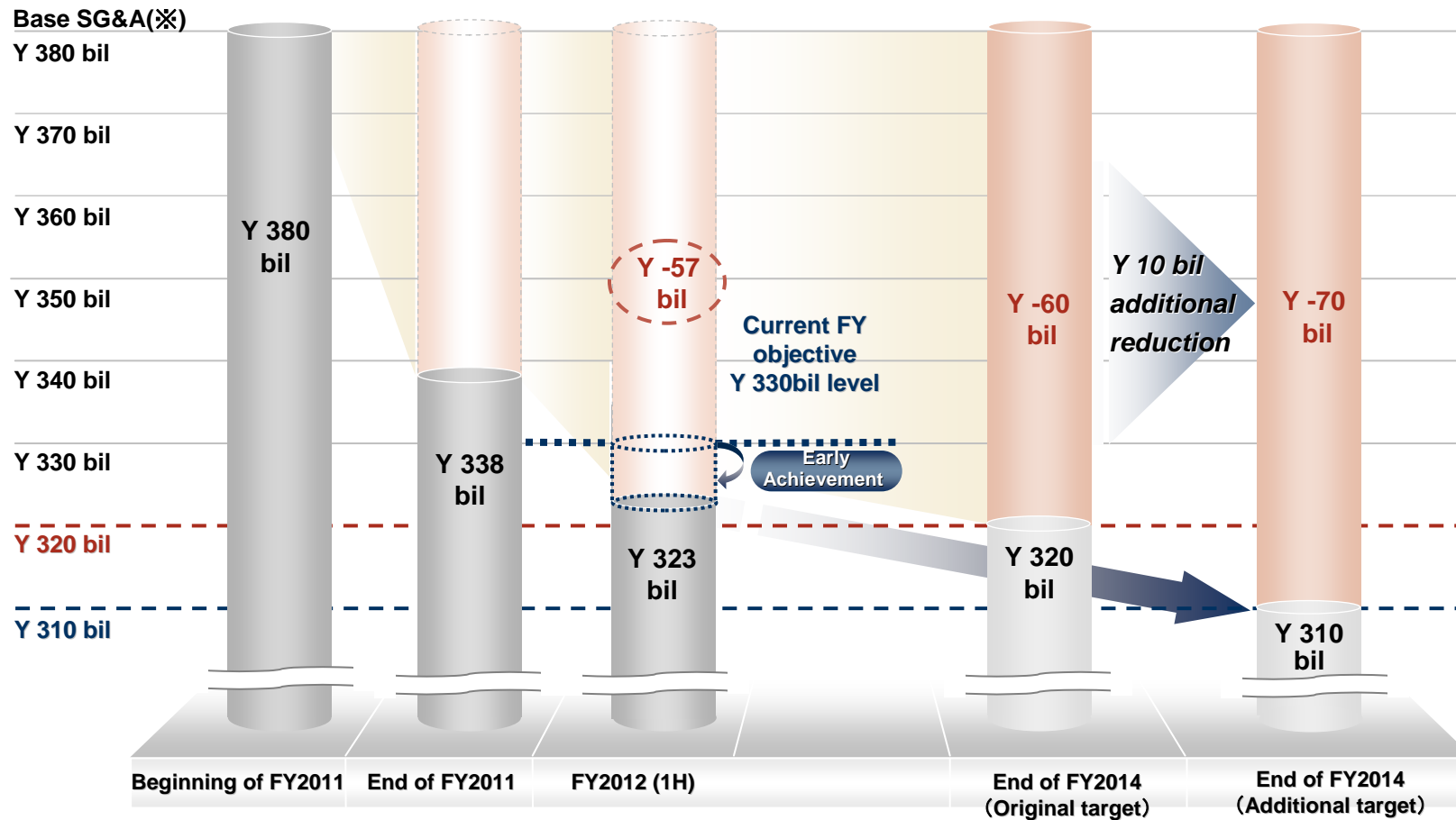
- Achieved this year's fixed cost coverage ratio target ahead of schedule by reducing SG&A and increasing stable revenue from expanding deposit balance of Daiwa Next Bank

Fixed cost coverage ratio



SG&A Reduction Plan

Achieved this year's target ahead of schedule based by 1H
 ⇒ aiming for additional reduction of Y 10 billion

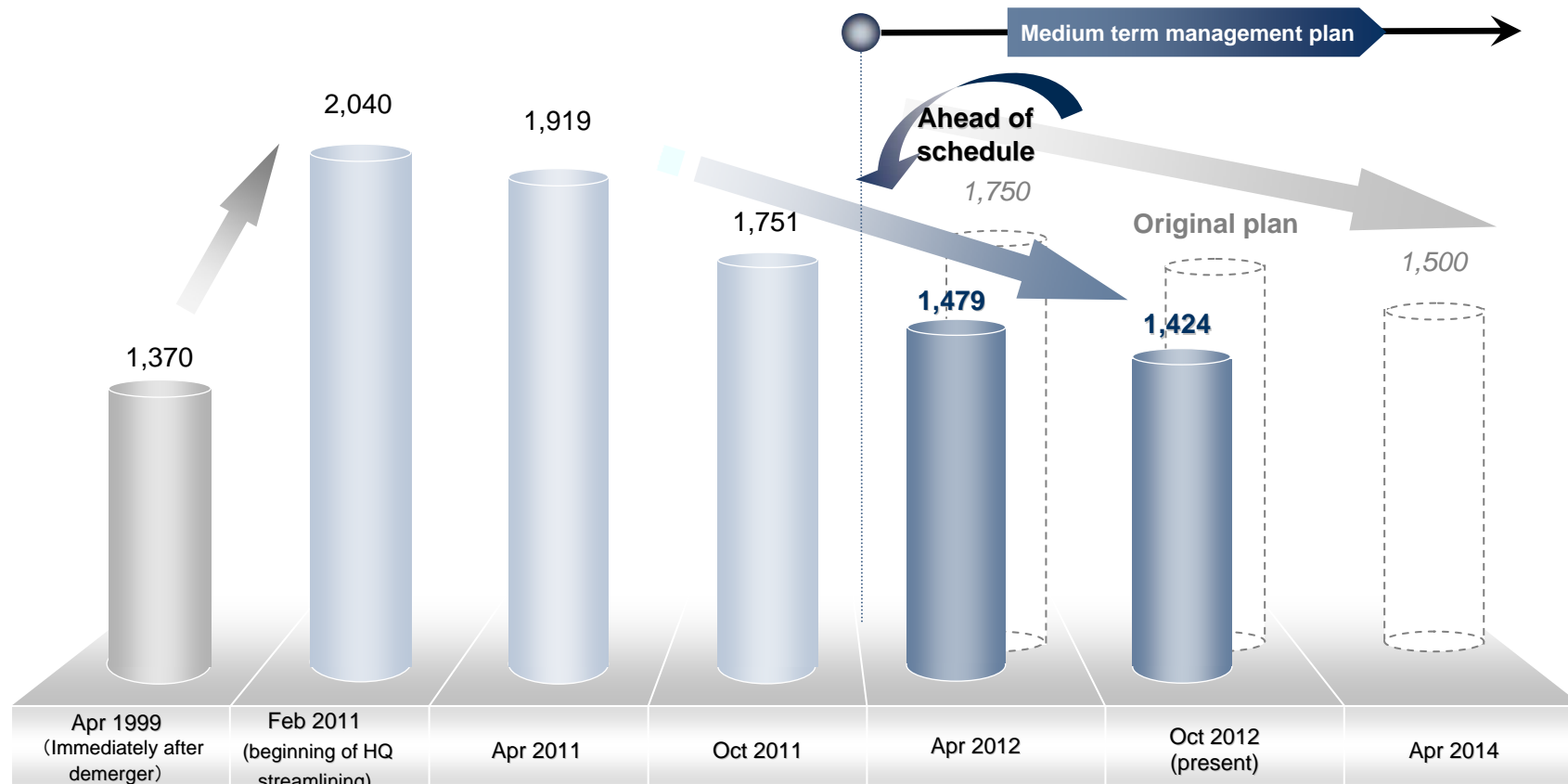


(※)Base SG&A: Consolidated SG&A assuming ordinary income of 0

Organizational Efficiency

- Achieved our goal for shifting personnel from middle-and back-office to front division far ahead of schedule in April, 2012
- Continue streamlining organizations to pursue efficiency

**Middle-and back-office headcount
(two former securities subsidiaries + group holding company)**

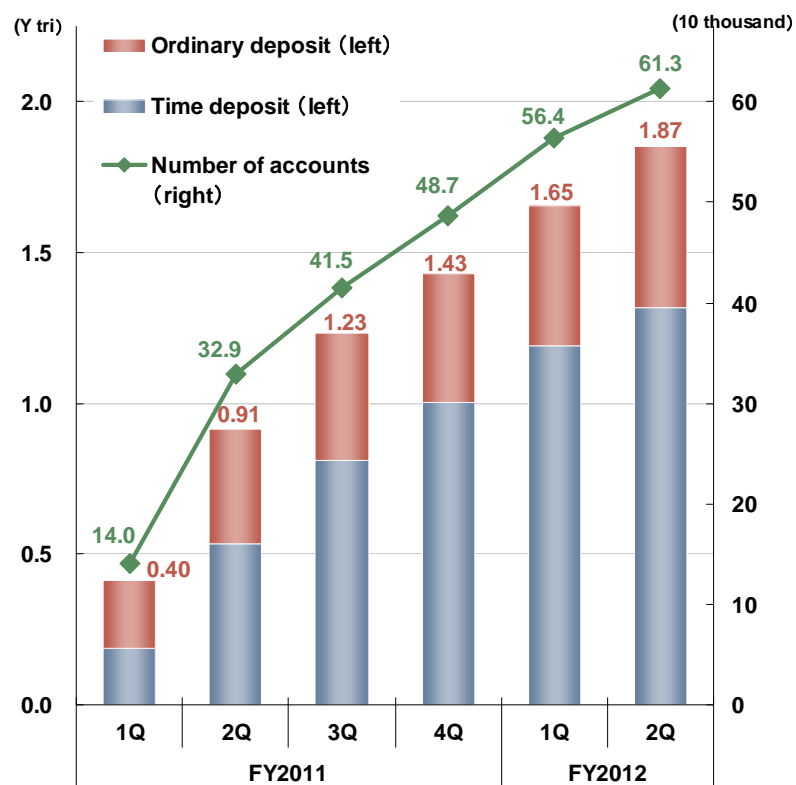




Investing Management Resource to Retail and Asset Management Business

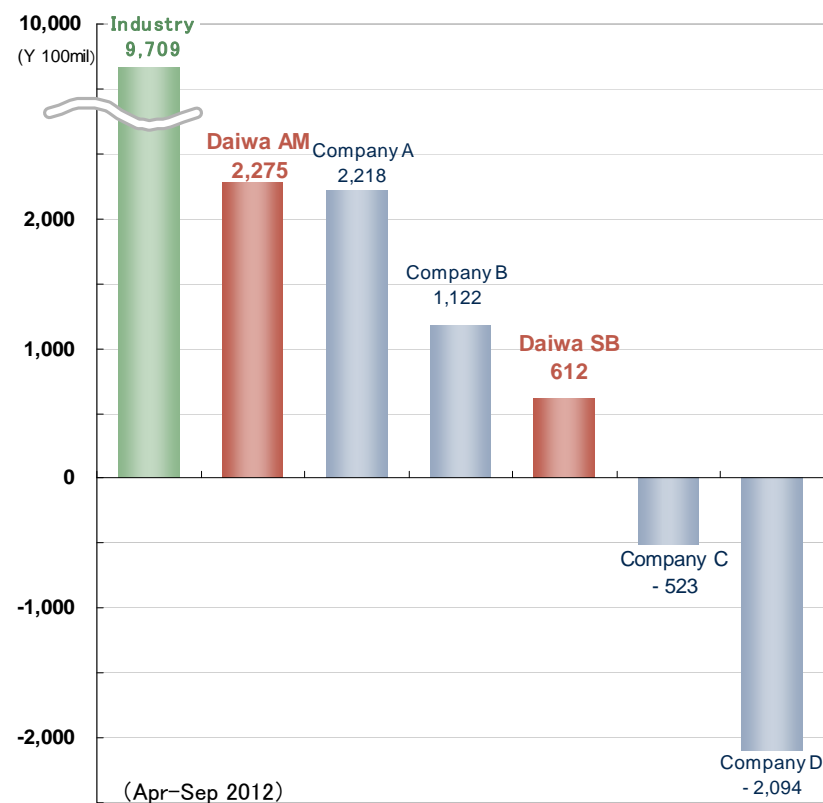
- Stable income expanded by increase in the number of accounts and deposit balance of Daiwa Next Bank
- Group's 2 asset management companies account for 30% of the industry's net growth, and Daiwa Asset Management ranked as top

Daiwa Next Bank



※As of the end of each quarter

Net increase in mutual funds



Source : Created by Daiwa Asset Management from ITAJ data



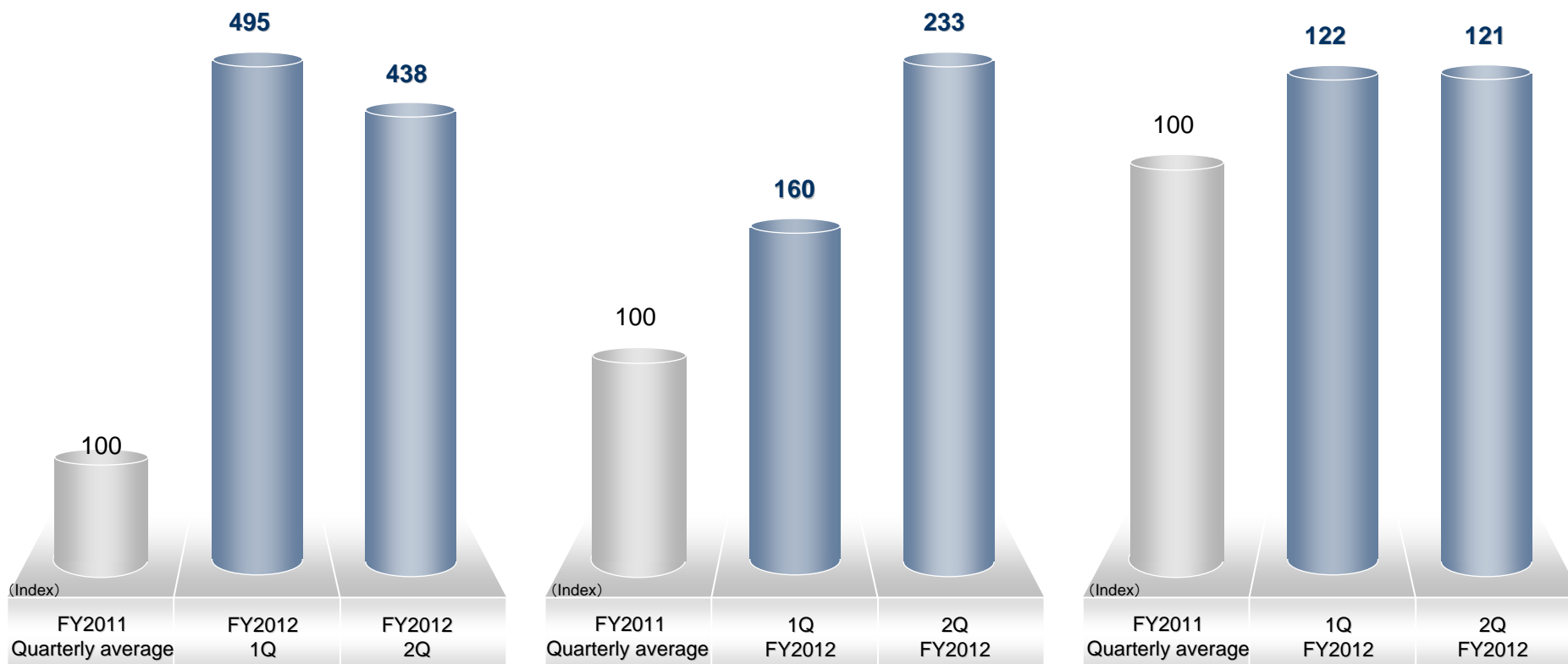
Synergy of Integration

- Bond related revenues increased in retail segment as timely offer of variety of products became possible
- Revenues from the “middle markets” increased by strengthening client coverage

**Retail segment:
Corporate bonds sales revenues**

**Retail segment:
Private structured bond sales revenues**

Middle market revenues





Rebuild Wholesale Business

- Improved profitability in wholesale business by optimizing operations mainly in overseas
- Achieved deals leveraging strength as an independent investment bank in domestic business

Rebuild Wholesale Business

[Restructuring of overseas business]

Maintaining our stance leaning on Asia and our global quadruple network for M&A businesses while accelerating operational efficiency

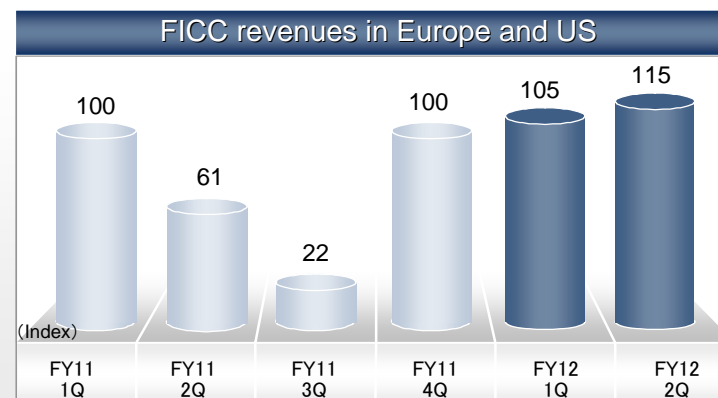
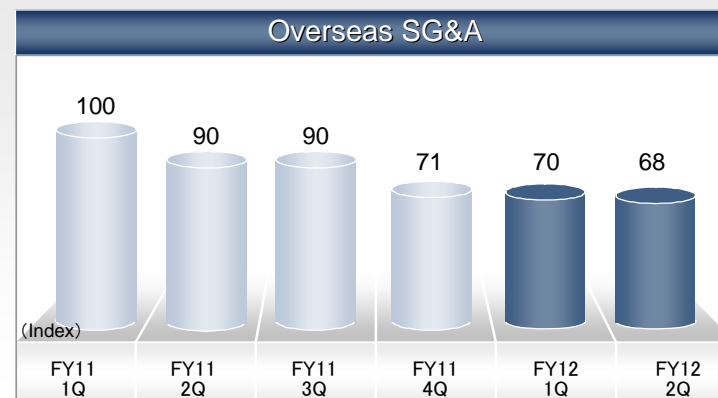
- Minimizing operations and consolidating assets regarding OTC equity derivative and FICC derivative businesses—exclude listed derivatives such as warrants
- Narrowing coverage sectors in IB divisions
- Continuing measures to profitability in Asian regions and European M&A division

FICC revenues in Europe and US has recovered and starting to show trends of expansion

[Domestic business]

Leveraging strength as an independent investment bank to expand customer business

- Sole global coordinator for JAL IPO
- Joint lead manager for Mizuho Corporate Bank subordinated bonds for individuals for the first time
- First time as joint lead manager for Meiji Yasuda Life Insurance Company bonds
- Expanding business by providing corporate deposits of Daiwa Next Bank



※Index : FY2011 Quarterly average as 100

Ⅱ . Policies for 2H ~Savings to Investments~

Leading the Era of Transition from Savings to Investments

After the lost 20 years, the time has finally come for the transition from savings to investments...



Leading the way in diversified investing to make full use of household financial assets of Y 1,500 trillion is the mission of, and moreover the core business strategy of Daiwa Securities Group

Main pillars to lead the era of transition from savings to investments

Evolve the combined securities-banking business model

~Full function within the Group to lead transition from savings to investments ~

Strengthen the asset management business

~“Daiwa for Investment Management”~

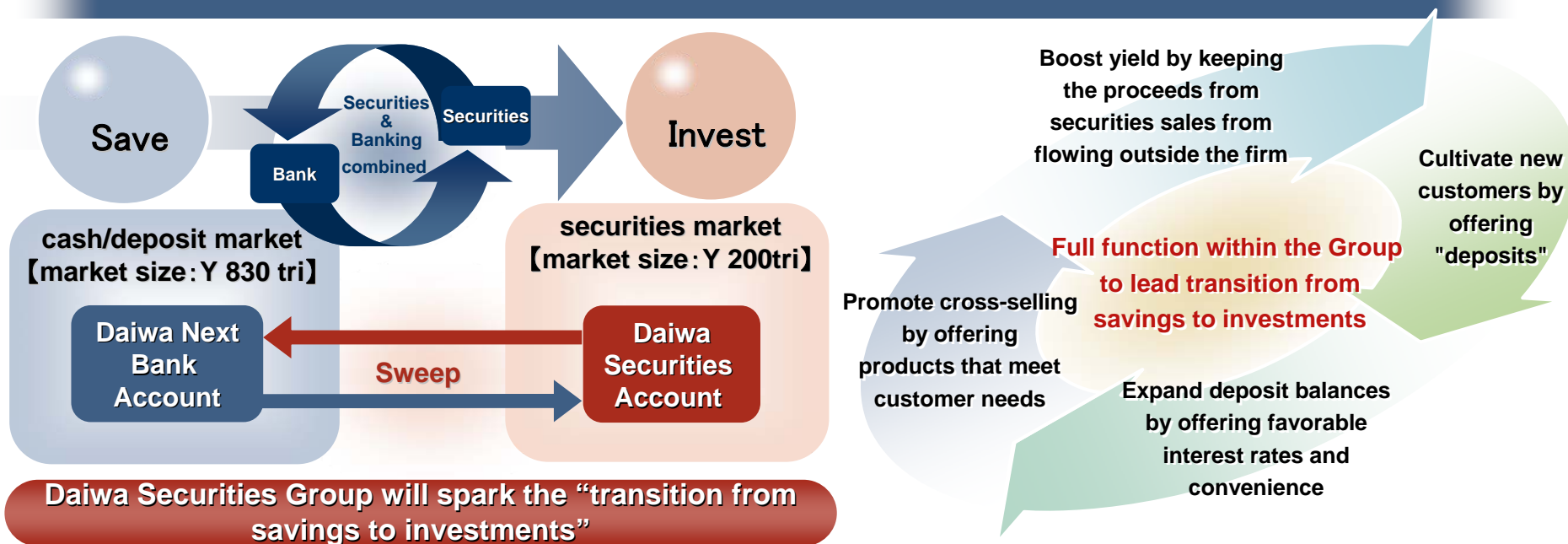
Strengthen inheritance consulting services

~“Daiwa for Inheritance Planning”~

Raise the standing of the Daiwa Securities Group in the financial world and expand our customer base

Evolve the Combined Securities-Banking Business Model

Form a combined securities-banking business model with Daiwa Next Bank positioned as the “gateway bank” for the transition from savings to investments



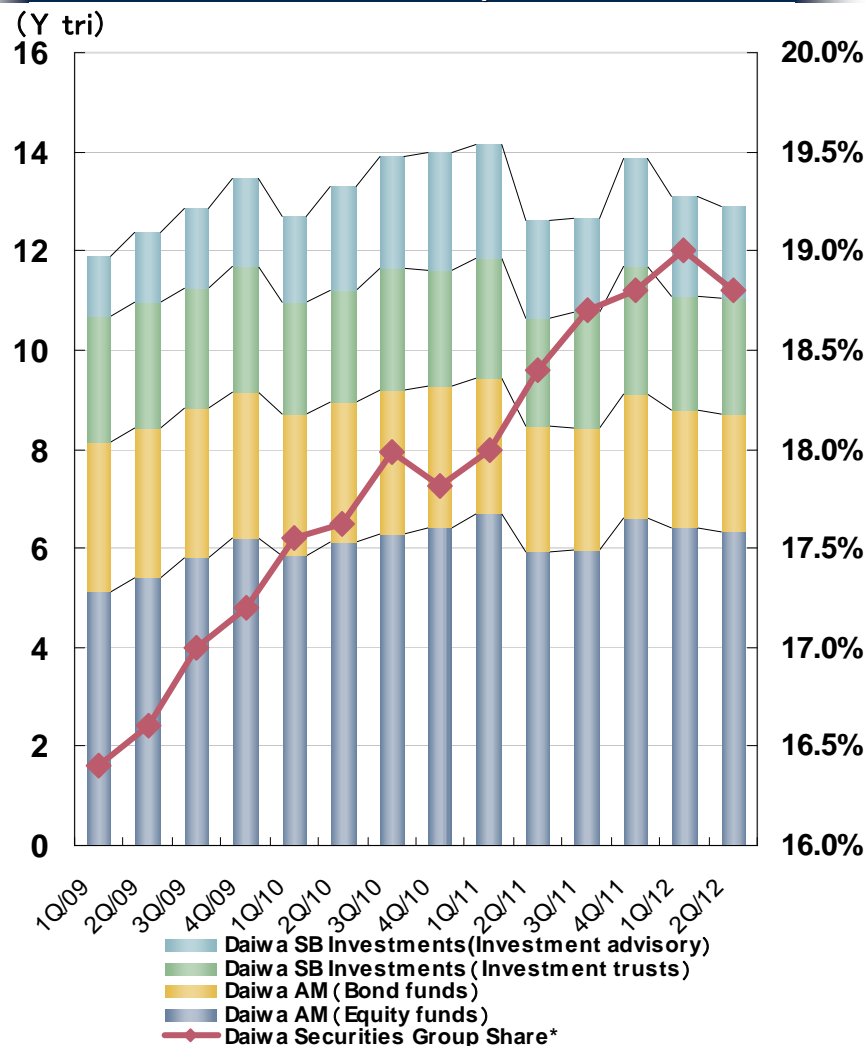
Daiwa Securities Group will spark the “transition from savings to investments”

Evolving the combined securities-banking business model

- Expand and improve services to evolve the combined securities-banking business model
- Stronger cooperation between Daiwa Securities and Daiwa Next Bank to expand foreign currency deposits
 - Launch “Premium Services” and “Family Plus” (tentative) as preferred services for core clients (plan)

Strengthening Asset Management Business

Assets under management:
Daiwa Securities Group 2 AM firms



*Industry balance share totaled Daiwa AM (Bond funds+ Equity funds) + Daiwa SB Investments (Investment trusts)

- Maintain Daiwa Securities' net growth-oriented sales attitude
- Boost share in bank related distribution channel by strengthening support for distributors

Steady growth in investment trust balance
Market leader in investment trust market

Invest management resources to further strengthen investment performance
⇒ "Daiwa for investment management"

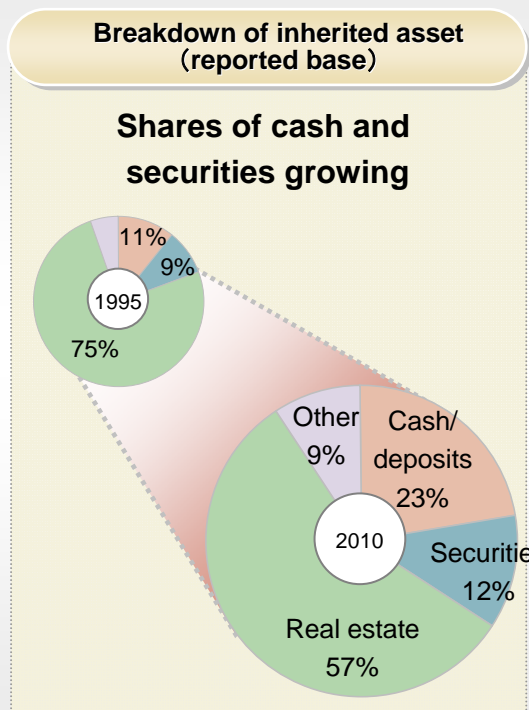
| | |
|-----------------------------------|--|
| Daiwa Asset Management Co. | <ul style="list-style-type: none"> ■ Implement a program to reorganize and strengthen equity investment performance ■ Establish a framework that makes it possible to uncover and execute investment strategies on a global base |
| Daiwa SB Investments Ltd. | <ul style="list-style-type: none"> ■ Strengthen the platform for managing "Asia + Japan" equities ■ Strengthen ties between Tokyo, Hong Kong, and Singapore offices |

Strengthen Inheritance Consulting Services

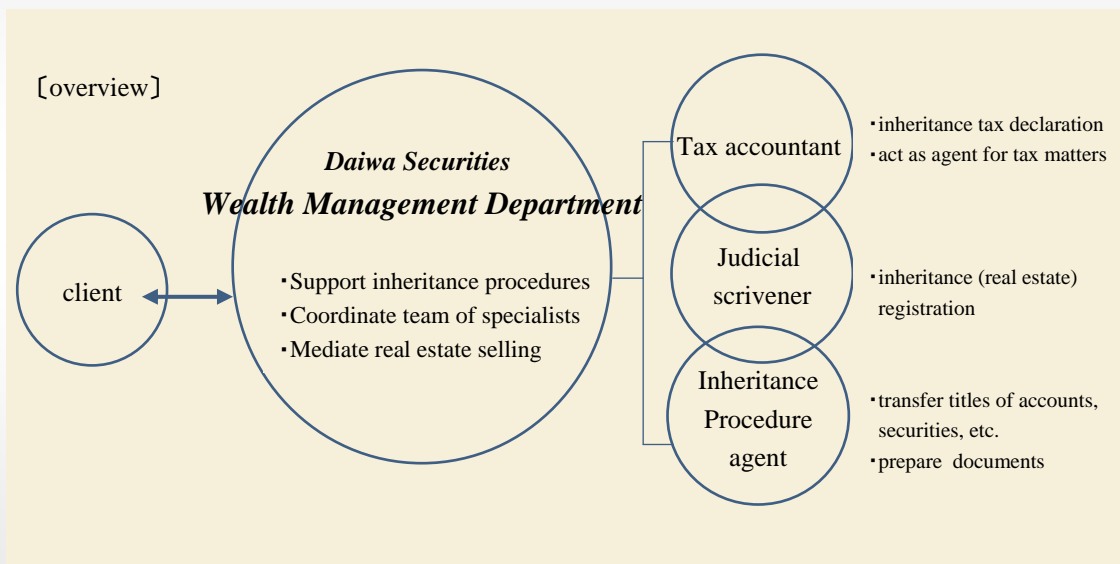
- Aging of population : over the next 10 years, approximately ¥ 50 trillion of assets will shift to heirs every year
- Trends of taxation reform : Inheritance-tax rate to increase & basic deduction to decrease / Insurance-tax free bracket for beneficiary to decrease ⇒ heavier tax to high-net-worth individuals

Toward “Daiwa for Inheritance Planning” by offering a broad array of services

- Strengthen consulting to high-net-worth individuals through estate/business inheritance planning

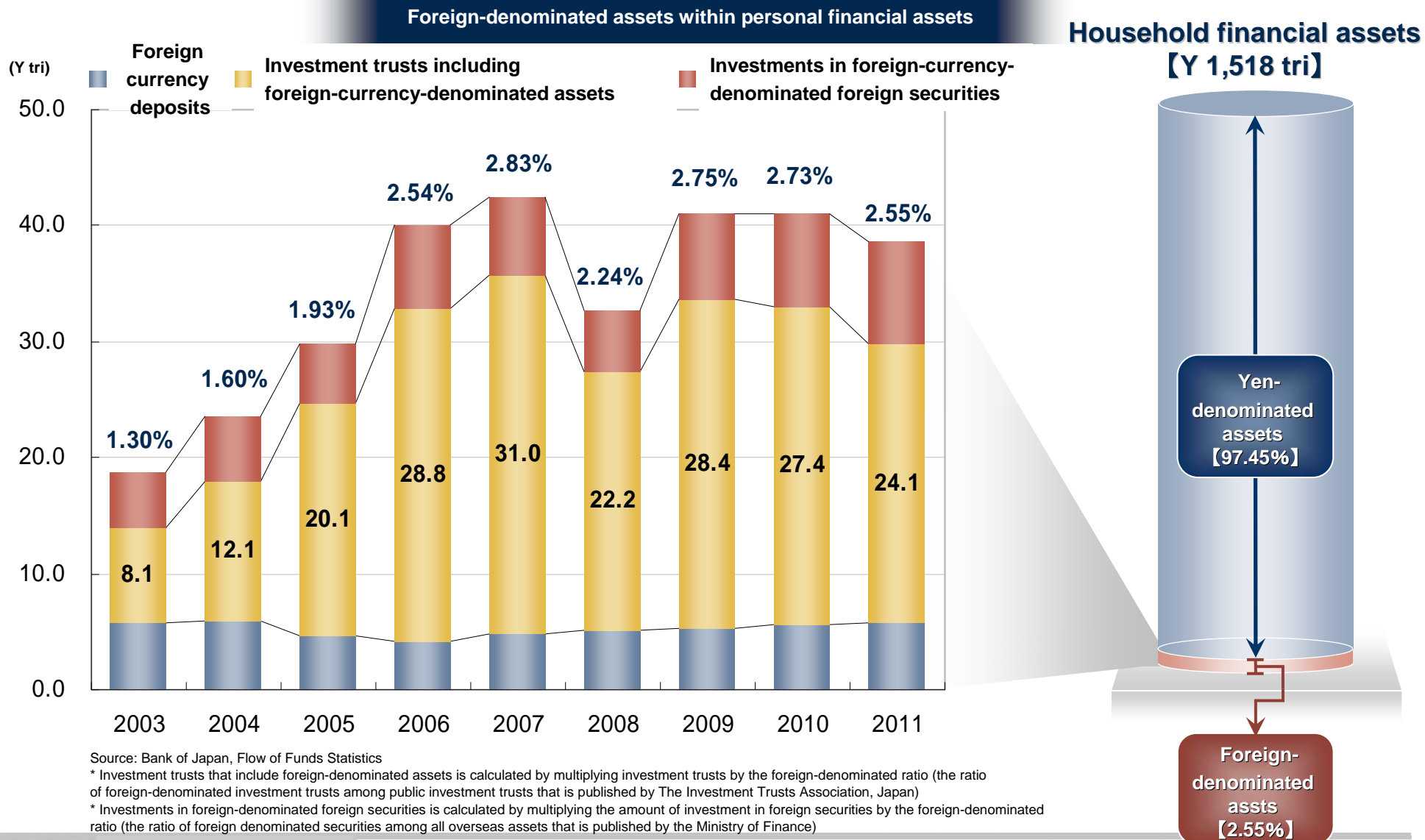


“Daiwa’s Inheritance Total Service” Offer one-stop service and procedures related to inheritance



Conclusion

Foreign-Denominated Assets within Household Financial Assets



Source: Bank of Japan, Flow of Funds Statistics

* Investment trusts that include foreign-denominated assets is calculated by multiplying investment trusts by the foreign-denominated ratio (the ratio of foreign-denominated investment trusts among public investment trusts that is published by The Investment Trusts Association, Japan)

* Investments in foreign-denominated foreign securities is calculated by multiplying the amount of investment in foreign securities by the foreign-denominated ratio (the ratio of foreign denominated securities among all overseas assets that is published by the Ministry of Finance)

Continuously Valuing Asia



Myanmar's Potential

| | | |
|------------------------|-------------------------|---------------------------------------|
| Population size | Quality labor force | Literacy rate |
| Natural resources | Food supply | Democratization |
| Geographical advantage | Economic liberalization | Promise of rapid economic development |

Daiwa Securities Group Business Initiatives in Myanmar

- 1** In 1996 DIR established MSEC (Myanmar Securities Exchange Center - the only partly foreign owned financial institution in Myanmar) as a 50:50 joint venture with Myanmar Economic Bank

Over 16 years we have built a presence in Myanmar and a network with the local financial community, including the Myanmar Ministry of Finance and Revenue and the Central Bank of Myanmar
- 2** In May 2012 DIR signed an MOU with the Central Bank of Myanmar and the Tokyo Stock Exchange Group to cooperate in the following areas

 - 1) Providing advice on the design of securities exchange;
 - 2) providing advice on the design of systems for securities exchange;
 - 3) providing support for the development of human resources;
 - 4) conducting securities and finance seminars; and
 - 5) providing support for the operation of a securities exchange
- 3** Daiwa Securities Group Inc. established department dedicated to developing our business in Myanmar

The aim of the cross-group "Myanmar securities market development support project" is future securities-related businesses

The private and public sectors in Japan are working together with the aim of opening Myanmar's securities exchange in 2015



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