

Daiwa Securities Group Inc.

1H FY2018 Management Strategy Update

November 6, 2018

Seiji Nakata, President and CEO

Daiwa Securities Group Inc.

Daiwa Securities Group Inc.

1H FY2018 Management Strategy Update



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I. - Overview of 1H FY2018

Daiwa Securities Group Inc.

External Environment

Conditions for Daiwa Securities Group



- Strong earnings for domestic companies
- Rise of U.S. stock market reflecting strong U.S. economy
- Trend of yen depreciation against U.S. dollar

■ Retail Division

- Net asset inflow and newly opened accounts increased owing to dedicated efforts to implement a more customer-oriented sales system and large underwriting deals

■ Wholesale Division

- GM: Foreign equity trading volume increased
- GIB: Managed multiple large underwriting deals

Headwinds

- Intensifying U.S.-China trade friction
- Increasing geopolitical risk
- Depreciation of emerging country currencies
- Prolongation of ultra-low interest rate policy in Japan

■ Retail Division

- Increased geopolitical risk and depreciation of emerging country currencies caused individual investors to lose their appetite for investment

■ Wholesale Division

- GM: The low volatility persisted in the domestic interest rate environment
- GIB: Growth in the number of deals slowed down

Overview of 1H FY2018 Consolidated Results

Net operating revenues: ¥223.4 bn (-6.7% YoY)

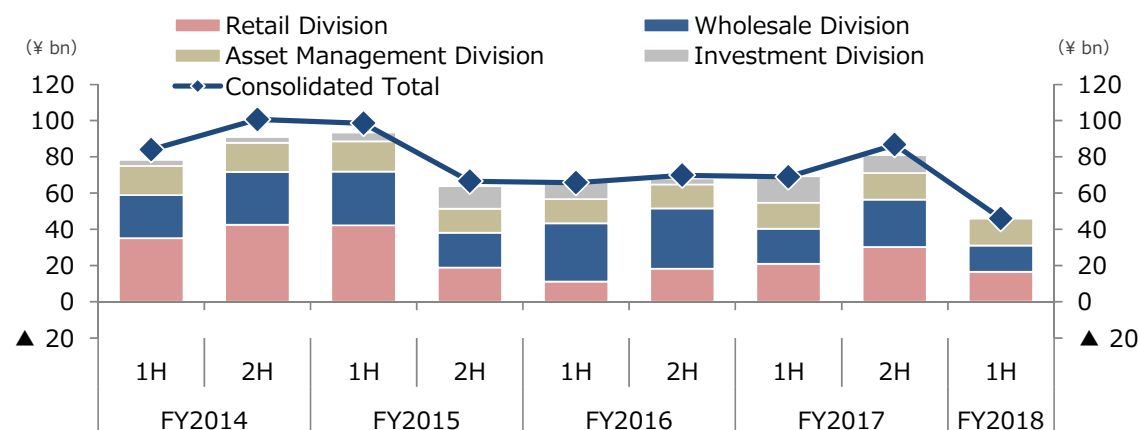
Ordinary income: ¥46.0 bn (-33.3% YoY)

Net income*: ¥36.2 bn (-29.3% YoY)

Interim Dividend: ¥12 per share

Dividend payout ratio: 53.5%

Consolidated ordinary income



Progress Toward Quantitative Goals

Achieved a certain measure of success on customer oriented KPI (introduction of Daiwa version of NPS®, increase in assets under custody), while progress on performance KPI has been slow.

Customer-oriented KPI (Daiwa version of NPS®)

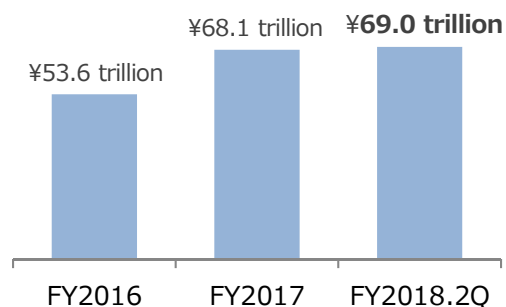
Improvement in score

Already introduced at **74** branches

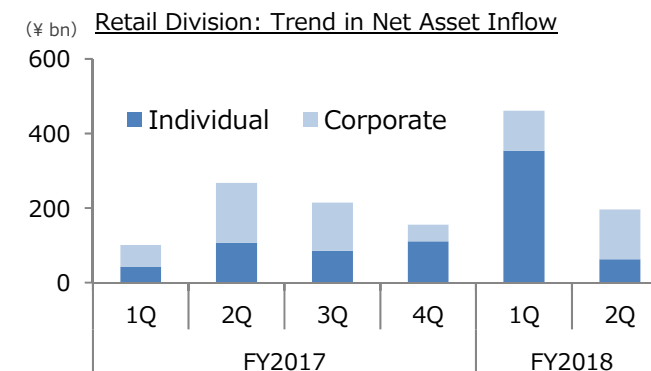
- Plan to roll out to all branches by fiscal year-end
- Steps to improve scores will be taken as needed

Customer-oriented KPI (Assets Under Custody)

¥80 trillion or more (FY2020)

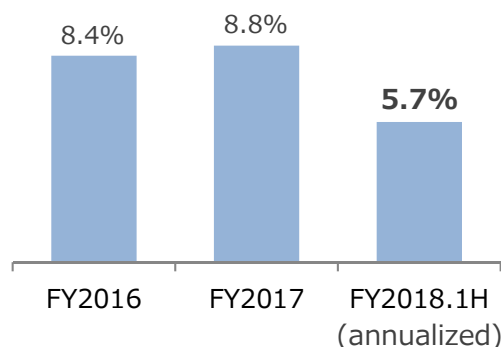


- Success in group-wide initiatives to increase assets under custody



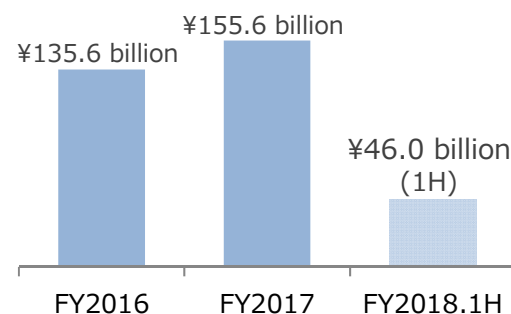
Performance KPI (ROE)

10% or higher



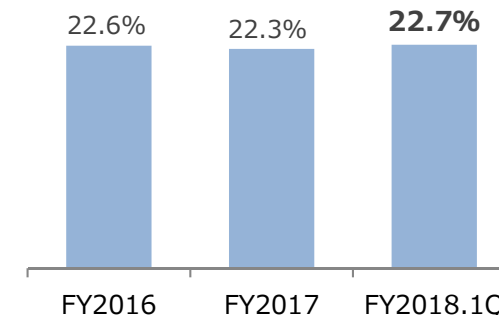
Performance KPI (Ordinary income)

¥200 billion or more (FY2020)



Finance KPI (Consolidated total capital ratio)

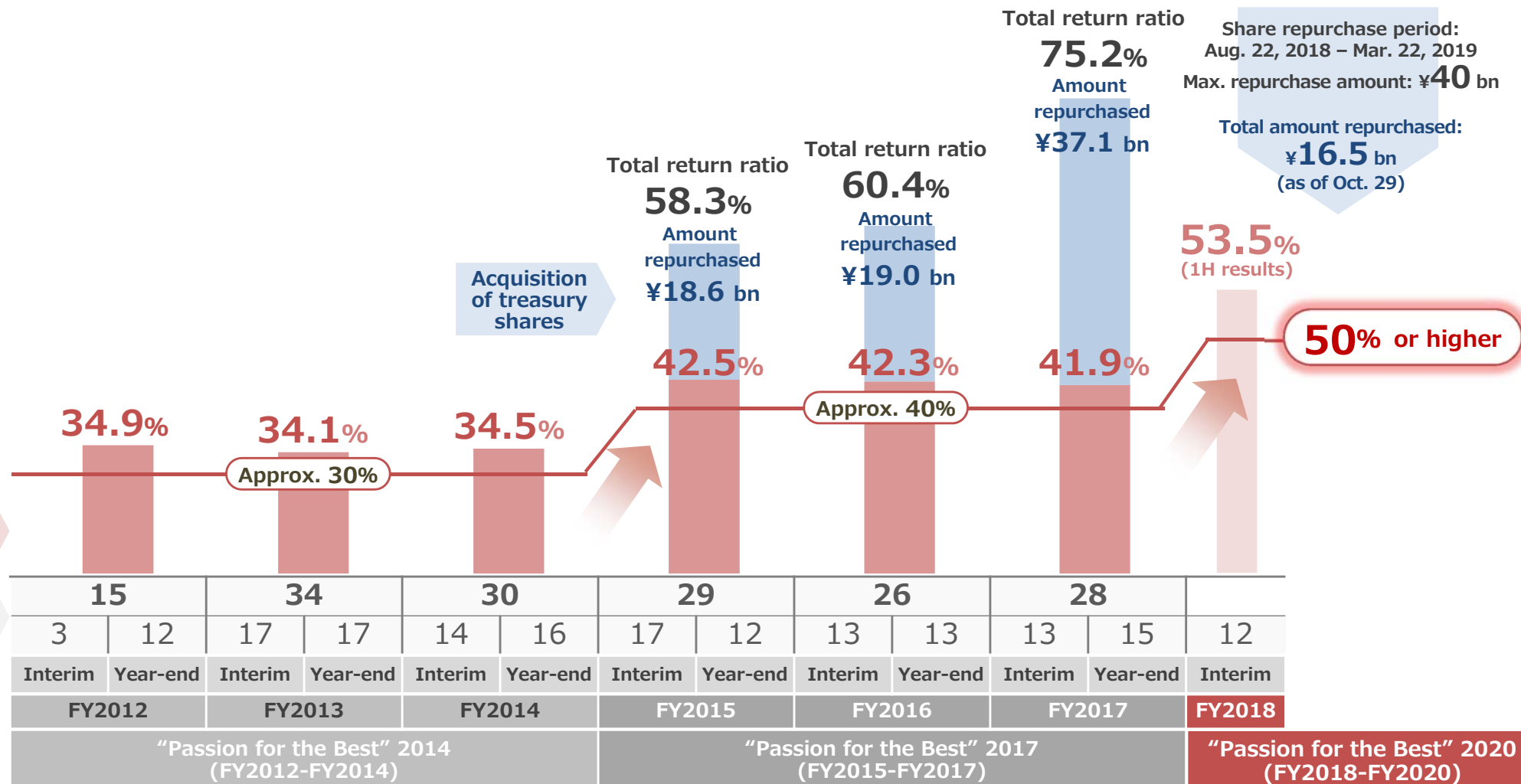
18% or higher



Shareholder Return

Our policy on shareholder return became even more aggressive in FY2018.

- April: Changed the dividend payout ratio from “around 40%” to “50% or higher”
- July: Set up the share repurchase program (Max. of 55 million shares, max. repurchase amount of ¥40 billion)



Ⅱ . - Sustainable Profit Growth

Daiwa Securities Group Inc.

Build up steady profits in each division to achieve the performance KPI for the final fiscal year

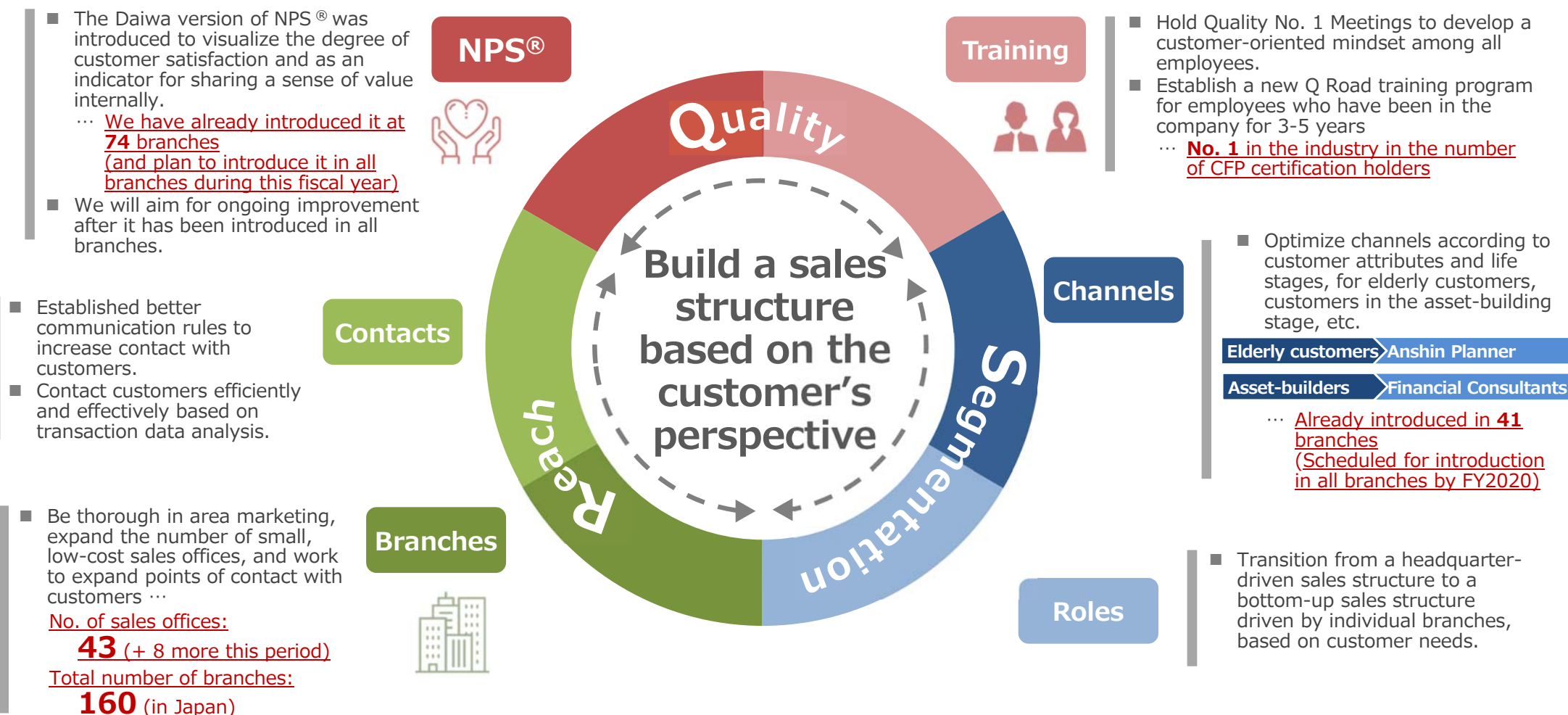
| | Envisioned profit growth for the final fiscal year of the Medium-Term Management Plan | FY2017 Results (Ordinary income) |
|---|---|----------------------------------|
| Retail Division Improve NPS®, expand stable revenues/profits, and increase net asset inflows | + ¥18.0 bn up | ¥51.3 bn |
| Wholesale Division Global Markets Provide diversified investment opportunities for the Retail Division and improve research in Japan and overseas | + ¥18.0 bn up | ¥45.3 bn |
| Global Investment Banking Secure steady revenue/profits from the ECM and DCM businesses and strengthen the structure for the IPO and M&A businesses | + ¥13.0 bn up | ¥34.2 bn |
| Asset Management Division Expand AUM and improve assessment management, product development, and marketing skills | + ¥5.0 bn up | ¥10.1 bn |
| Investment Division | + ¥10.0 bn up | ¥29.1 bn |
| New Businesses Diversify the business portfolio | (- ¥14.0 bn) | ¥24.4 bn |
| Increase in ordinary income to achieve ¥200 billion (vs FY2017 results) | + ¥15.0 bn up | - |
| | + ¥47.0 bn up | ¥155.6 bn |

Ⅲ. - Individual Strategies for Each Line of Business

Daiwa Securities Group Inc.

Three-Pillars Retail Strategy

The three retail strategies of Quality, Segmentation, and Reach each provide mutual support, enabling improvement in NPS® and growth in net asset inflows beyond that.

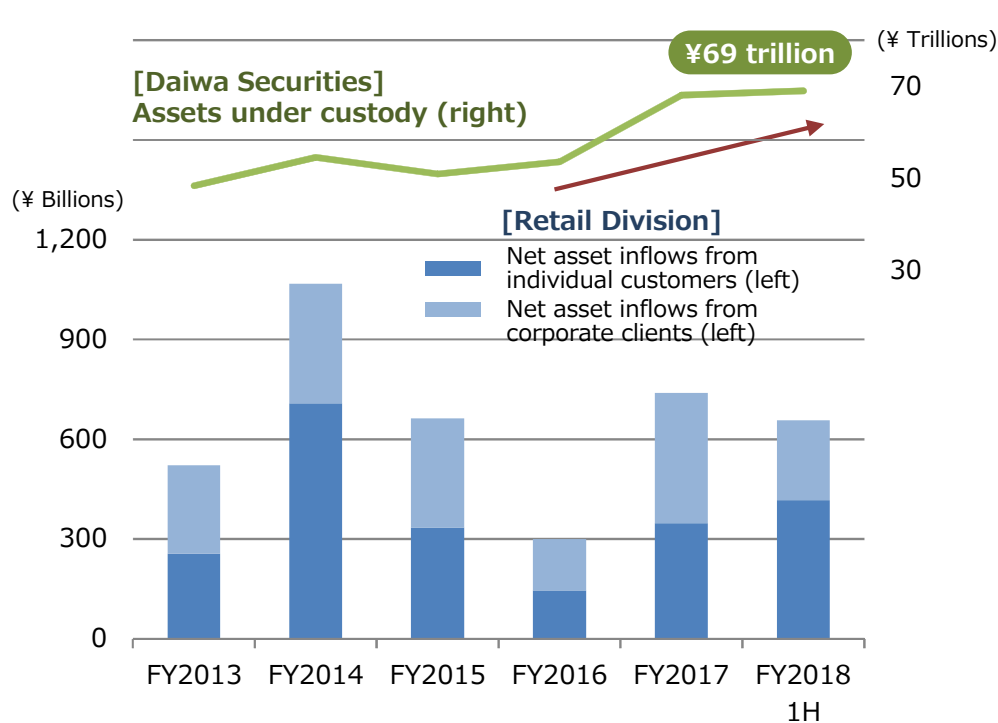


* The number of sales offices in which NPS® has been introduced includes the ones which started from November 2018, the number of branches as of January 2019; other figures are results as of the end of September 2018.

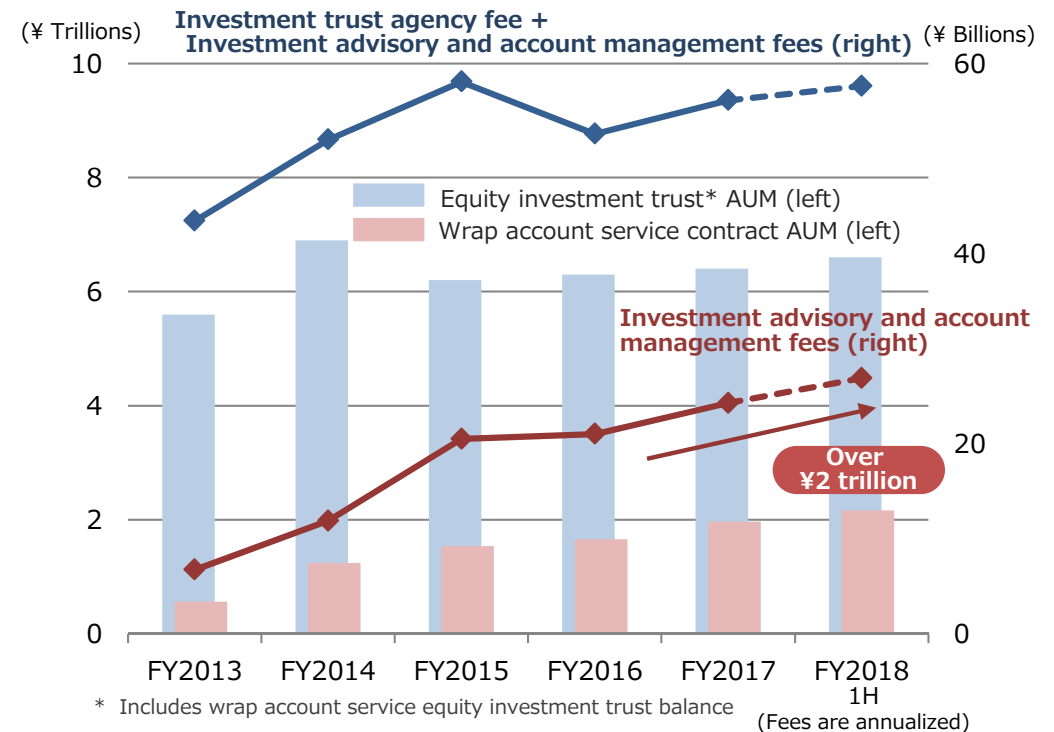
Ongoing Expansion of the Stable Revenue Base

Assets under custody have expanded steadily, along with strong net asset inflows. We will work to expand this further by meeting the diverse needs of customers, adding additional services onto wrap account services, and expanding the investment trust line-up.

Trend in Net Asset Inflows and Assets Under Custody



AUM and Fees for Investment Trusts and Wrap Account Services (Daiwa Securities)



* Includes wrap account service equity investment trust balance (Fees are annualized)

Wrap Account Services

Strengthen additional services that meet diverse needs

Introduced an annual gifting service

- Introduced a service from this July that enables customers to sell some contract assets, return the funds, and gift money to family members while the customer is alive

Entered sales alliances with a regional bank

- Ehime Bank began offering Daiwa Fund Wrap (from August 31)

Investment Trusts

Expand the product line-up to meet the needs of customers

Utilized leading funds through open architecture

- Assigned top priority to funds that have good management results and prospects and actively utilize superior funds, whether they are in the group or not

Offered the funds utilizing the latest financial technology

- Carrying Japan's first principal protected fund, the GS Corporate Bond Global Diversified Investment Strategy Fund

Future Direction

We will expand our share of the wallet by utilizing the Retail Division's goal-based approach to consulting in Investment Division initiatives relating to business succession and real estate brokerage, the need for which is expected to increase in the future.

Capturing core assets = Expanding our share of the wallet



Visualize the challenges and solutions for realizing the goals of the customer through life planning, asset inheritance, and asset management.

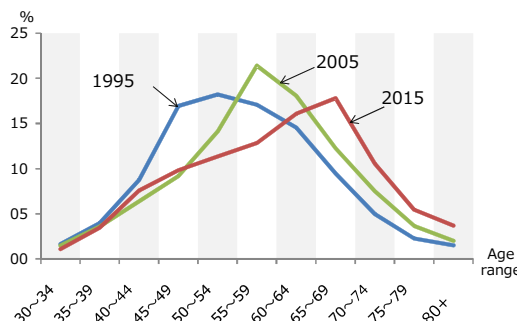
Implement a goal-based approach × strengthen the solution business

Establish a business succession fund

- Strive to provide new value to customers by adding a business succession fund proposal onto M&A advisory and asset inheritance consulting in the business succession segment.
- Provide business succession support to a broad range of businesses by targeting even those small to medium-sized companies that are relatively small in relation to their respective size categories for investment, without placing restrictions on the type of industry.

Distribution of small to medium-sized company owner age

- The average age of owners of small to medium-sized companies is in the late 60s, and the need for business succession is expected to rise rapidly in about 10 years.



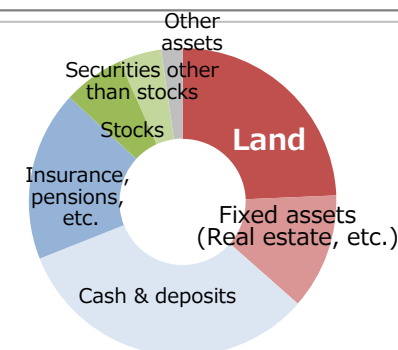
Strengthen the real estate brokerage business

- Set a real estate investment quota for Daiwa PI Partners.
- Propose high-quality properties for the real estate purchasing needs of wealthy customers through the real estate investment function.
- Possessing an inventory function makes it possible to present proposals based on proprietary information.

Land, real estate, etc. as a percentage of household* assets in Japan

- Land and real estate comprise a large percentage of household assets in Japan, and the need to sell real estate is expected to rise in the future when these assets are inherited.

* Includes sole proprietorships



Accelerate Collaboration with Other Divisions

Provide added value aimed at achieving Quality No. 1 by strengthening initiatives to achieve group-wide synergies via expansion of information provided to the Retail Division, development of human resources, and contribution to GIB business.

Equity

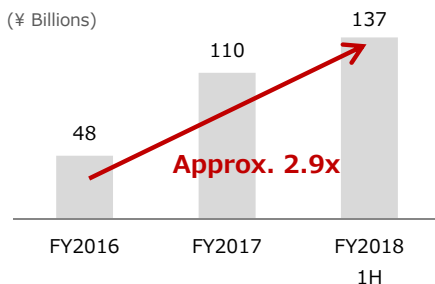
Initiatives aimed at expanding business to institutional investors

- Strengthen small and mid-cap research on Japanese and other Asian equities.
- Begin joint research with The University of Tokyo on developing execution technology and improving the quality of execution.

Retail Division Initiatives aimed at the expanding need for foreign equities by Japanese investors

Foreign Equities Value Traded (Monthly Average)

(¥ Billions)



- Provision of timely information from overseas locations that is easy to understand
- Provision of liquidity in foreign equities, mainly U.S. equities, in Japan standard time

GIB

Initiatives aimed at the expanding need for secondary offerings and sale of large shareholdings

- The trading revenue based on large block customer flows have increased over the past several years as brokerage fees on total equity revenue on Japanese equities has declined.
- Contribute to the primary business by ascertaining the needs of potential investors and strengthening the proposal of solutions, mainly to institutional investors.

FICC

Initiatives aimed at expanding business to institutional investors

- Strengthen credit research in Japan and overseas.
- Expand MTN business.

Retail Division Initiatives aimed at the diversification in management needs of middle market firms

- Expand made-to-order products and strengthen the ability to provide them to respond flexibly to customers' needs.
- Develop human resources to break into middle market firms on an ongoing basis through a Corporate Clients trainee program.

Overview of Corporate Clients Trainee Program

For: Asset consultants in the Retail Division
 Accepting division: Financial Markets Dept.
 Time length: Six months (10 trainees during the first training period)
 Affiliation: Corporate Clients section in each branch

- Increase knowledge about interest rates and markets
- Strengthen network of human resources
- Develop leaders of the Corporate Clients business in each branch

GIB

Contribution to primary business

Secondary Share of General Bonds (Daiwa Securities criteria)

25%
20%
15%

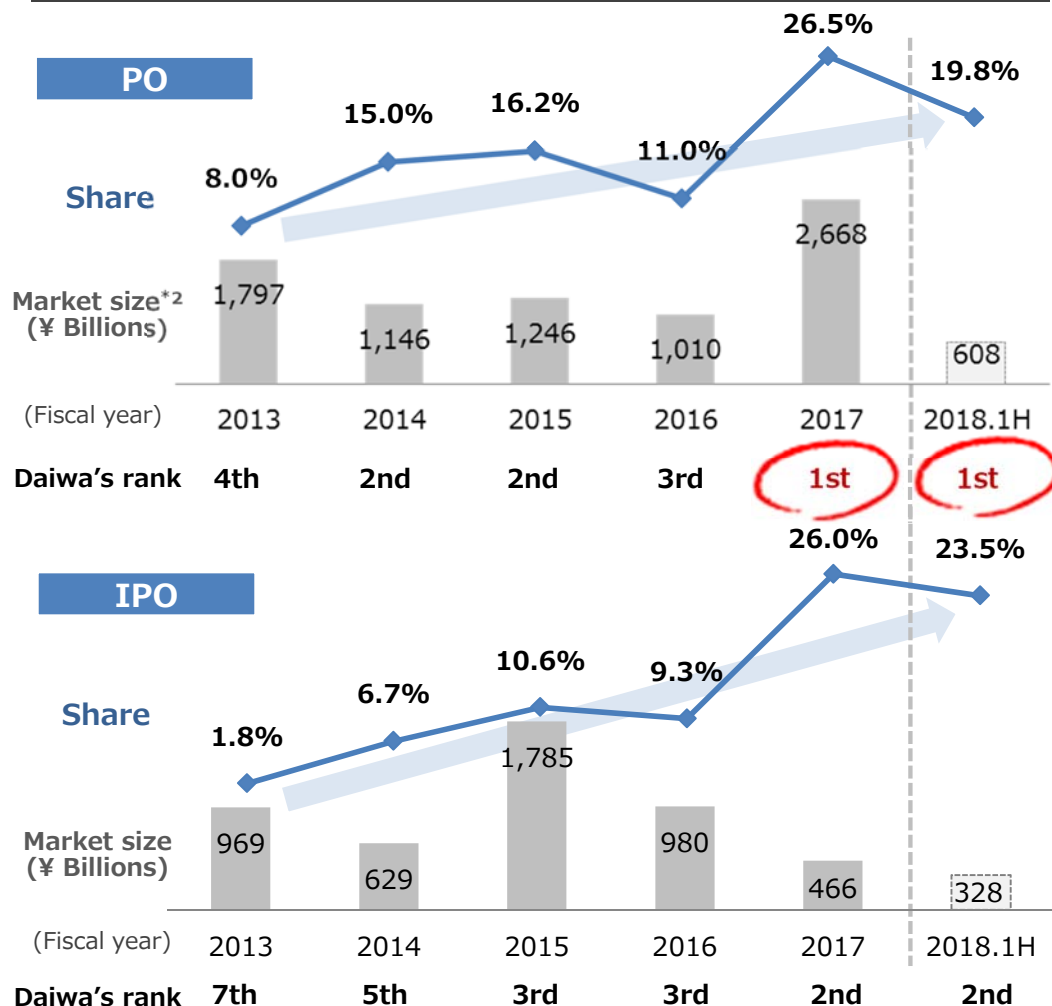
FY2016 1H FY2017 1H FY2018 1H

- Ascertain investor needs and contribute to primary business by acquiring share in secondary bond trading.

Improve Ranking in the League Tables and Evolve the IPO Platform

Maintain a firm grip on top ranking in the PO & IPO league tables by capturing large equity finance deals. Utilize venture capital, strive to evolve the Daiwa Innovation Network, and work to capture more IPO deals.

ECM Market Size & League Table Ranking & Share*1 (Source: Daiwa Securities)



Further Evolution of the Daiwa IPO Platform

Sourcing Capability (Deal-finding skill)

- Utilize Japanese venture capital
- ✓ Strengthen relationships and partner with external venture capital firms (DG LAB FUND, WiL, etc.) and universities.
- ✓ Cooperate with Daiwa PI Partners and Daiwa Corporate Investment

Quality of Human Resources

- Expand IPO human resources by roughly 1.5 times in 6 years

Networking Skills

Proposal Execution & Marketing Skills

- Further evolution of the Daiwa Innovation Network (DIN)

- Knowledge & experience backing our extensive track record
- Solid sales base in Japan and overseas



DIN Summit

Networking event for the heads of start-ups

DIN Premium

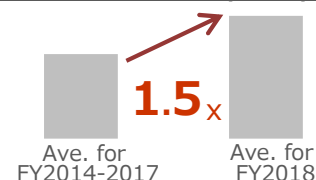
Matching of start-ups with individual companies

DIN

Matching of start-ups with listed companies

- Increased participants by featuring presenters from promising start-ups

Trend in no. of DIN participants



Main Event Themes

Sharing Workstyle reform
Inbound Healthcare

*1 League tables show share captured in terms of value

*2 PO total (excluding domestic and foreign CBs and REITs)

Establish a Global M&A Platform

Accumulate a track record in the M&A business, which is positioned as a growth business, by actively using the global M&A network, mainly in the middle market, and working to enhance our presence even more.

Global M&A Network

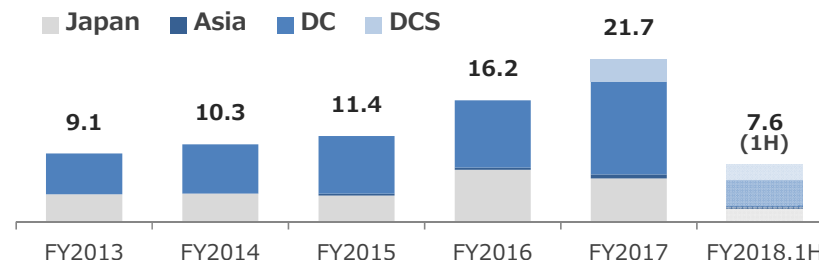


Cross-border M&A Fee Pool*1

(USD Millions)

| | | |
|-----------------|--------------|---------------|
| Americas-Europe | 4,190 | 51.3% |
| Americas-Asia | 1,270 | 15.6% |
| Europe-Asia | 1,360 | 16.7% |
| Japan-Asia | 410 | 5.0% |
| Americas-Japan | 780 | 9.6% |
| Europe-Japan | 150 | 1.8% |
| Total | 8,160 | 100.0% |

Consolidated Group M&A Related Fees*2 (¥ Billions)



DCS

Benefits of integration after acquisition

- Activated collaboration between DCS and other locations. Also steadily filled the pipeline.
- Climbed up the mid-cap advisory ranking on a global basis.

Mid-cap Advisory Ranking* (Disclosed deal basis)

| | |
|------|------|
| 2016 | 2017 |
| 10th | 8th |

*M&A deals in all regions with a transaction value of USD 500 million or less, excluding accounting firms

*2017 includes the Signal Hill (now DCS) deal, which was acquired that year.

*Collaboration on a deal is counted as one deal.

*Data source: Merger Market

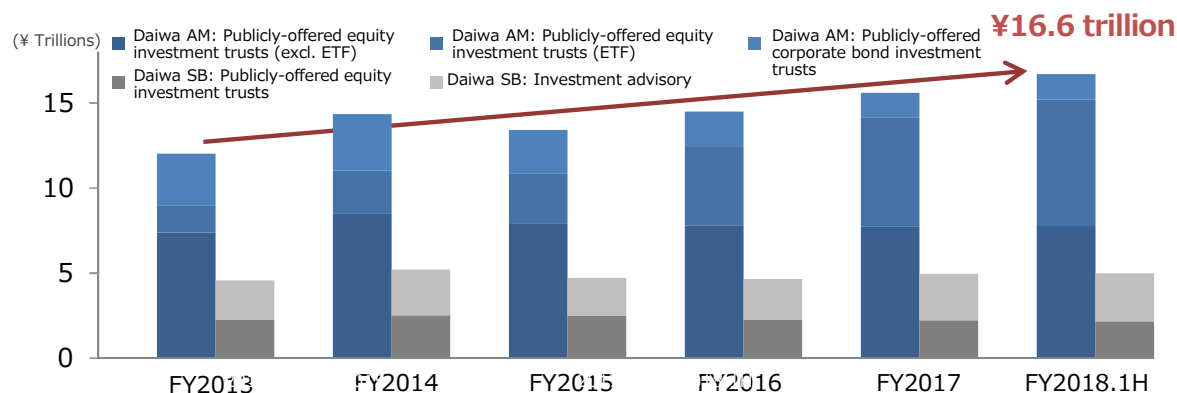
Future Initiatives in Pursuing Cross-border Deals

- Retain, capture, and increase the number of contract deals by utilizing the strengths and unique characteristics of each location, such as presence in the middle market.
- Build a base to achieve greater stability and further expand the global M&A network.
 - Secure competent personnel and maintain the human resources pool size.
 - Continue to build a global coverage structure in important sectors (industrial, TMT, healthcare, etc.)
 - DC consider establishing new locations.

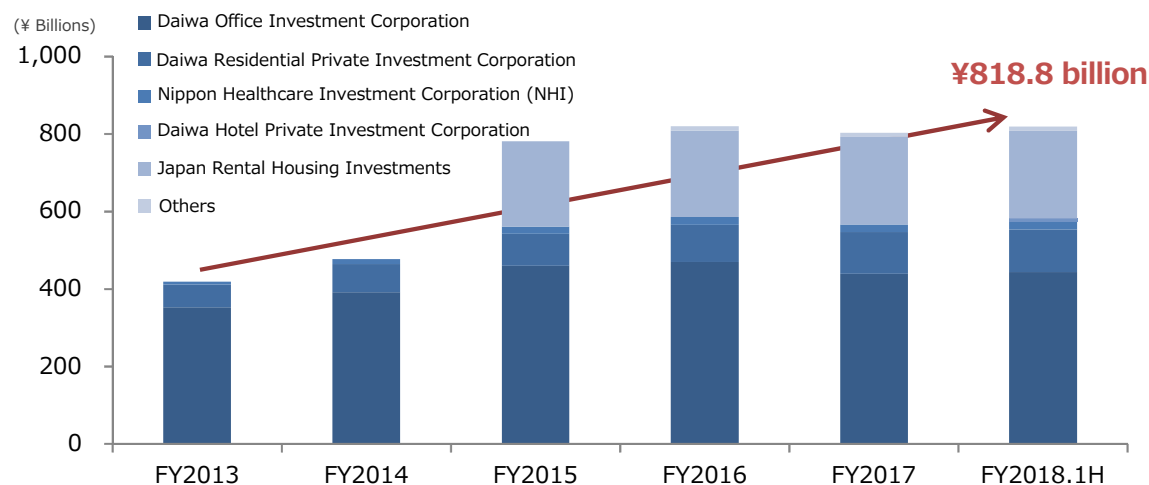
Continue to Diversify and Expand AUM

Continue to diversify and expand AUM to increase stable revenue and work to improve the efficiency of the business portfolio in the Asset Management Division.

AUM for the Investment Trust Business



AUM for Real Estate Asset Management



Topics

Business portfolio restructuring

Merger agreement concluded between Daiwa SB Investments and Sumitomo Mitsui Asset Management → forming the new company, Sumitomo Mitsui DS Asset Management Company, Ltd.

Capturing next-generation customers

Established KDDI Asset Management

Themes of Future Initiatives

Strengthening management skills

Strengthening product development skills

Strengthening marketing skills

Topics

Strengthening management skills

Invested in the listed REIT, Samty Residential Investment Corporation, and the investment management company, Samty Asset Management Co., Ltd.

Expanding AUM

Daiwa Hotel Private Investment Corporation began management

Integration & strengthening

Daiwa Real Estate Asset Management absorbed Mi-Casa Asset Management Inc. through a merger

Themes of Future Initiatives

AUM expansion & diversification
(consider investing in overseas assets, M&A, etc.)

Develop new financing methods
(securitization schemes, crowdfunding, etc.)

Establish New Areas of Growth and Work to Diversify the Business Portfolio

Expand areas
of business



Offer financial solutions
of greater depth



Create group synergies

Blockchain / Crowdfunding Fintertech

Expand Customer Base by developing new financial products that generate stable cash flow.

New areas of business
investment

Generate ordinary income of + ¥15 billion
(by the end of FY2020)

Investment policy on new business

Real
estate

Energy &
infrastructure

Agri-
food

Health-
care

Strengthen
existing
businesses

**Established a new energy & infrastructure
company**

| | |
|----------------------|---|
| Name | Daiwa Energy & Infrastructure Co., Ltd. (DEI) |
| Date est. | July 27, 2018 |
| Shareholder | Daiwa Capital Holdings Co., Ltd. (100%) |
| Business description | Development, investment, financing, and operation of the following: Energy, infrastructure, resources, etc. |

Establish an agrifood company

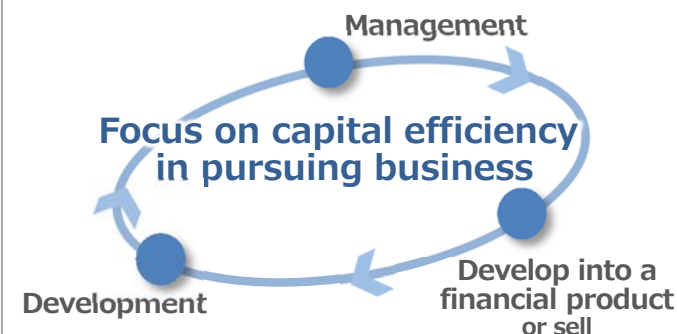
| | |
|----------------------|---|
| Name | Daiwa Food & Agri Co., Ltd. (DFA) |
| Date est. | November 1, 2018 |
| Shareholder | Daiwa Securities Group Inc. (100%) |
| Business description | Farm operation & management, support for overseas expansion, investment in companies involved in the agricultural and food businesses, etc. through partnership with agricultural producers and other means |

Acquired a healthcare company

| | |
|----------------------|--|
| Name | Daiwa ACA Healthcare Co., Ltd. (DAHIC) |
| Date est. | October 11, 2018 |
| Shareholder | Daiwa Securities Group Inc. (66%), ACA HC JAPAN HOLDINGS PTE. LTD. (34%) |
| Business description | Investment in real estate in the healthcare and elder care sectors, and investment in facility operators, etc. |

- Investment objectives:
 - Pursue investment return (IRR: More than cost of shareholder capital) by using our own capital, keeping financial discipline in mind
 - Sow the seeds to cultivate future areas of growth
 - Generate group synergies
 - Engage in initiatives that contribute to achievement of SDGs (Sustainable Development Goals)

- Business model:
Capital recycling model

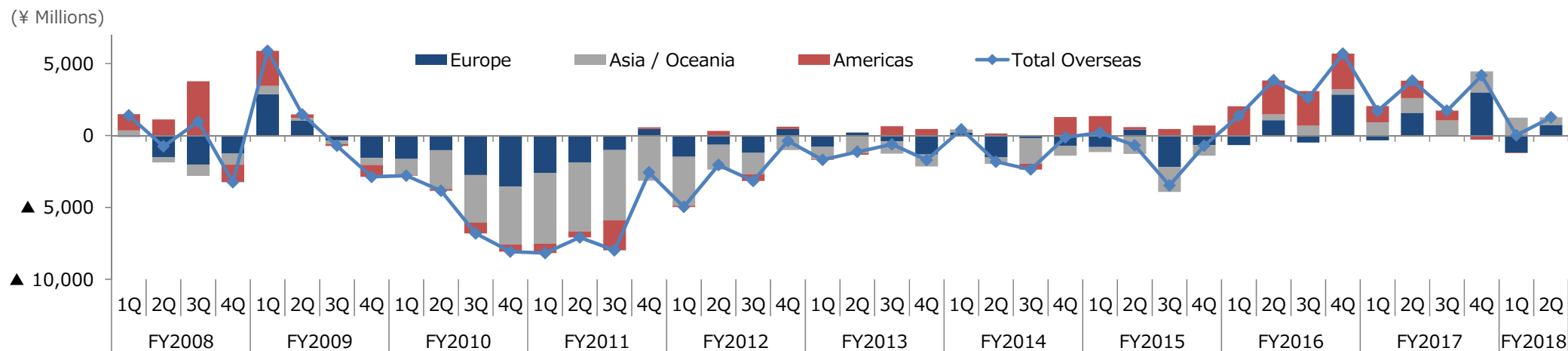


- Human resource:
Hybrid organization with external experts and human resources from Daiwa Securities Group

Overseas Operations

The overseas business entered into the stable growth phase. Work on further strengthening initiatives in Chinese business, which holds great potential due to the deregulation of the capital markets in China.

Trend in Ordinary Income for the Overseas Operations



Initiatives Aimed at Strengthening Business in China

Conclusion of MOU on Establishment of a Securities Joint Venture

- We concluded an MOU on the establishment of a joint venture in Beijing, China with Beijing State-owned Capital Operation and Management Center ("BSCOMC") in which Daiwa Securities Group will take a controlling share of 51%. (November 1, 2018)
- Purpose: Daiwa is planning to grow this newly established company into our future business hub in China as an integrated group by prioritizing building cross border business with our global network.

Signed a Strategic Partnership Agreement Aimed at Establishing a Japan-China Industrial Cooperation Fund



- Signed a Strategic Partnership agreement in connection with establishing a Japan-China Industrial Cooperation Fund that was concluded between China Investment Corporation (CIC) and Japanese financial institutions. (October 26, 2018)
- Purpose: To increase the depth of trade and cooperation on investment between Japan and China and earn a return on investments through investment in Chinese companies and companies from other countries, in addition to Japanese companies that wish to enter the Chinese market.

Collaboration on Management and Sale of Investment Trusts



Value Partners

Investing through discipline

- Sell the China Innovator Fund, managed by Value Partners*, the largest independent management company in Hong Kong, in Japan (Plan to establish on November 16, 2018)
- Investment targets: Progressive companies involved in innovation in China in technology-related businesses, consumption-related services, healthcare business, finance business, and other areas

* Value Partners was established in 1993, is the largest independent management company in Hong Kong, and has USD 17 billion in assets under management. Its strength lies in value investing.

IV. - In Conclusion

Daiwa Securities Group Inc.

Initiatives in Business Innovation and Productivity Improvement

The Business Innovation and Productivity Improvement Committee was convened to pursue initiatives aimed at improving productivity. Improving the efficiency of existing businesses while using IT tools to ensure reallocation of time to businesses that add a high degree of value.

Create the environment for innovation by improving productivity

Reallocating time to businesses that add a high degree of value ▶ **Over 3 million hours/year**
(Equivalent to the work of **1,400 people**)

Outline for achieving over 3 million hours/year

| | | | |
|--|--|----------------|----------------|
| 30% Reduction in operating management tasks (Daiwa Securities) | | 700,000 hours | |
| Review all IT tools and operating processes | | | |
| Improve behavior through guidelines | | | Initiative (1) |
| Improve operating efficiency in each division (BPR, including RPA) | | | |
| 30% Reduction in office work by sales personnel (Daiwa Securities) | | Initiative (2) | 900,000 hours |
| 10% Reduction in OTC, contact center work, etc. (Daiwa Securities) | | Initiative (3) | 600,000 hours |
| 10% Reduction in all work in each Group company | | | 900,000 hours |

Initiative (1): Improving meeting efficiency

Improvement in the awareness and conduct of officers and employees (Guidelines formulated for improving the efficiency of meetings and material production)

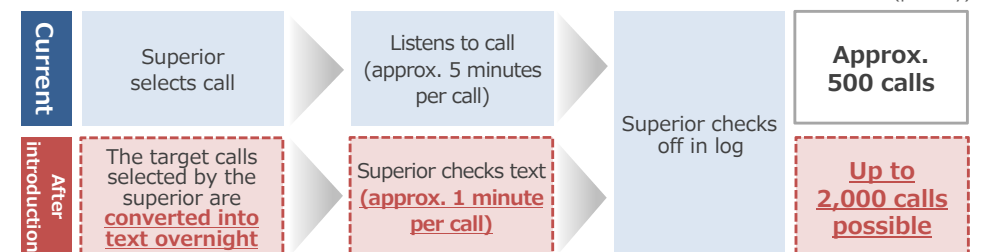
Revisions to meetings, including meetings for directors (Decide which meetings to hold, shorten the meeting time, and simplify materials)

▶ **Reduction of over 100,000 hours/year**

Initiative (2): Use of voice recognition

Shorten confirmation time by introducing voice recognition for superiors to confirm calls by sales personnel. ▶ **Reduction of 8,000 hours/year**
*Reduction achieved by selecting approx. 500 calls per day

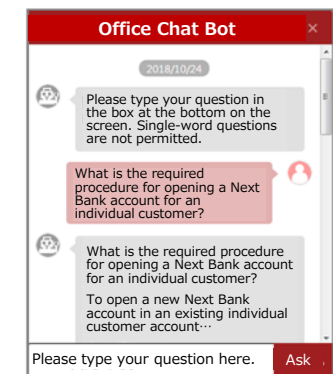
Flow of call confirmation process



Initiative (3): Use of a chat bot

Chat bot installed that can answer the questions of sales personnel on office procedures

▶ **Reduction of over 23,000 hours/year**



Our Approach to SDG Initiatives in the Group



× “Finance”

◆ Promoting impact investing

- In November 2018, we plan to issue our first green bond to provide investment and lending funds for projects in renewable energy power generation and green buildings.
- Underwriting and sale of green bonds, social bonds, and other bonds that contribute to the achievement of SDGs
 - … Underwrote and sold the MOL Blue Ocean Environmental Bonds, Japan first retail green bonds issued by a Japanese company

◆ Selling the Global Impact Investment Fund

The fund, which is managed by Wellington Management Company LLP, is sold to individual investors.

◆ Establishing and selling “Ouen” time deposits

We established “Ouen” time deposits to support special causes. The customers contribute part of the normal interest rate on their deposits and Daiwa Next Bank adds to this and delivers the donation to the recipient entity.

… Donation recipients include 8 organizations, with total donations of ¥2.91 million (as of September 30, 2018)

◆ Strengthening engagement

In Asset Management, we are working to strengthen engagement activities that will help to increase corporate value by increasing the depth of our stewardship activities.

◆ Developing the capital market in Myanmar

We are supporting the development of the capital markets in Myanmar through establishment and operation of a stock exchange.



× “Local Community”

◆ Supporting local events

We contribute to the revitalization of local communities by supporting local events in various regions nationwide.

◆ Initiatives in business succession

We are providing solutions to small and medium-sized Japanese companies that are facing the issue of business succession.

◆ Energizing local economies through IPOs

We identify IPO deals through Daiwa Innovation Network (DIN) and by utilizing other group networks in Japan. We contribute to energizing the economies of local communities by originating listed companies from local areas.



× “Life”

◆ Initiatives to address the problem of children living poverty

Daiwa Securities Group established "For Your Dreams - Smiles to Children Project", and expects to donate a total of around ¥100 million from the group over five years.

◆ Initiatives in work-life balance

These initiatives are designed to achieve a high level of work-life balance so that employees can work effectively while experiencing job satisfaction.

… We have eliminated the age restrictions on sales personnel and introduced a support system for repayment of student loans, among other initiatives.

◆ Daiwa Securities Foundation

Since March 1994, the foundation has been providing annual grants to organizations and groups that conduct volunteer activities such as those supporting elders and children. (Including volunteer activities in devastated areas)

… We have provided grants for 3,687 volunteer activity events, amounting to total aid of ¥920.93 million. (cumulative total through FY2017)

◆ Acquisition of a Healthcare Subsidiary Company

In October 2018, we acquired ACA Healthcare Inc. as a subsidiary and made a full-scale entrance into the healthcare-related field by investing in hospital and nursing care facilities in and outside of Japan.



× “Technology”

◆ Renewable energy investment

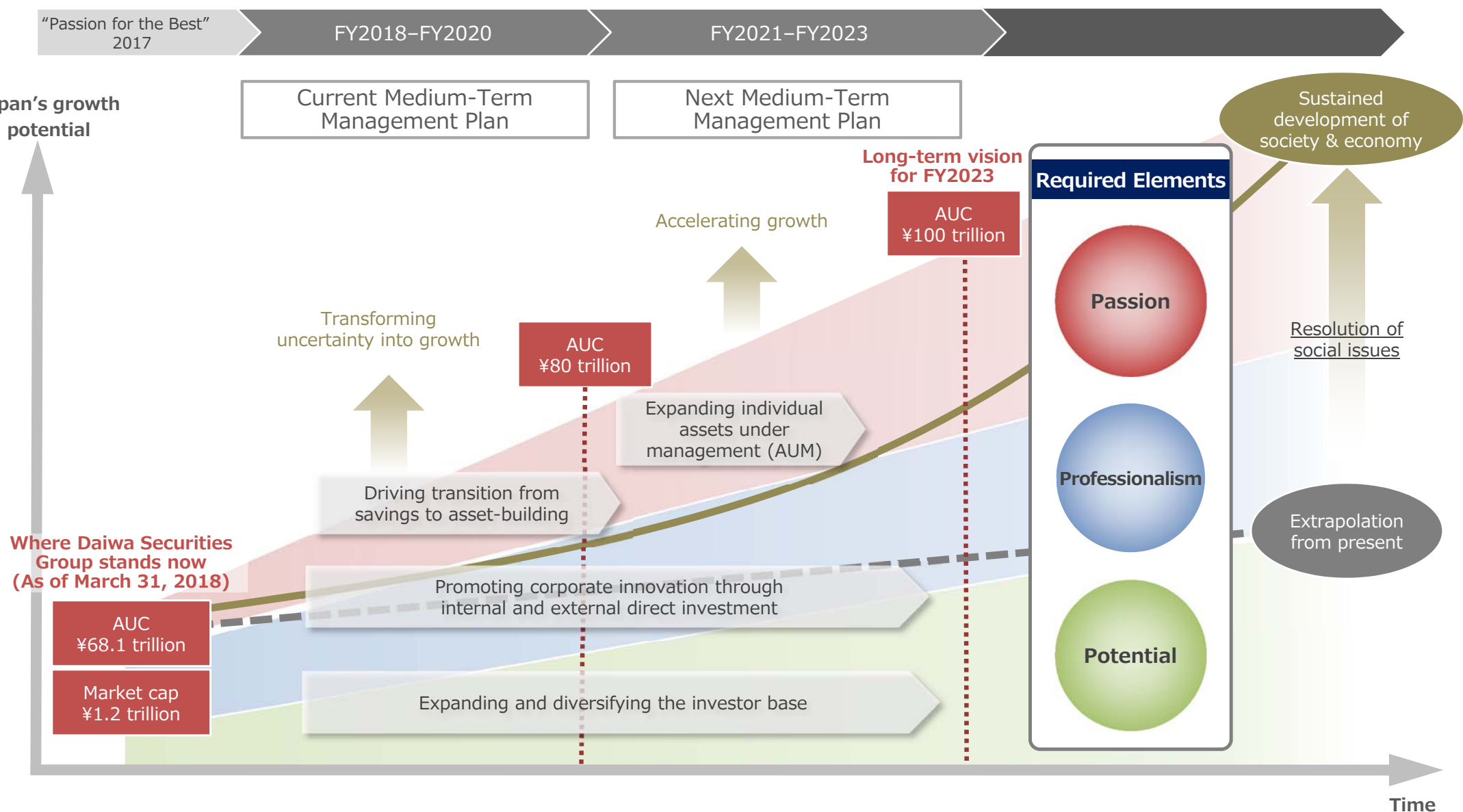
In July 2018, we established Daiwa Energy & Infrastructure Co. Ltd. as a new vehicle for greater promotion of investment and lending, primarily for renewable energy.

◆ Use of FinTech

In April 2018, we established Fintertech Co. Ltd., a new company aimed at creating next-generation financial services.

Appendix

Daiwa Securities Group Inc.



Outline of “Passion for the Best” 2020, Our Medium-Term Management Plan

“Passion for the Best” 2020

A Financial and Capital Market Pioneer that Creates the Future

“Passion for the Best” 2017

FY2018

FY2019

FY2020

Basic Policy

1 Providing high value-added solutions through the use of our “Quality No. 1” consulting capabilities

2 Providing new value as an integrated securities group with a hybrid business model

Progress

Establishment of a sales organization, products, and services

Realization and evolution of “Customer First” operations

Dramatic improvement in customer satisfaction

Digital Transformation

Strengthening of conventional business and full utilization of Group resources

Expansion and strengthening of external networks and surrounding businesses

Enhancement of products and services

Expansion of customer assets

Growth of companies driving the Japanese economy

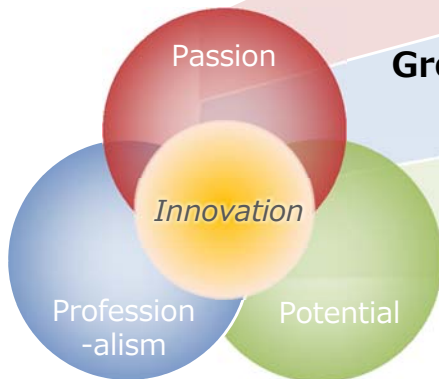
Asset scale and corporate value

Group Numerical Targets

Customer-oriented KPI

Performance KPI

Financial KPI



Time

Customer-oriented KPI

Customer Satisfaction

- NPS® (Net Promoter Score®), etc.

AUC at Daiwa Securities

- ¥80 trillion or more (FY2020)

Monitoring indicator

Employee satisfaction survey

Financial KPI

Consolidated total capital ratio

- 18% or higher

Monitoring indicator

Liquidity coverage ratio, net stable funding ratio (NSFR)

Performance KPI

ROE

- 10% or higher

Ordinary income

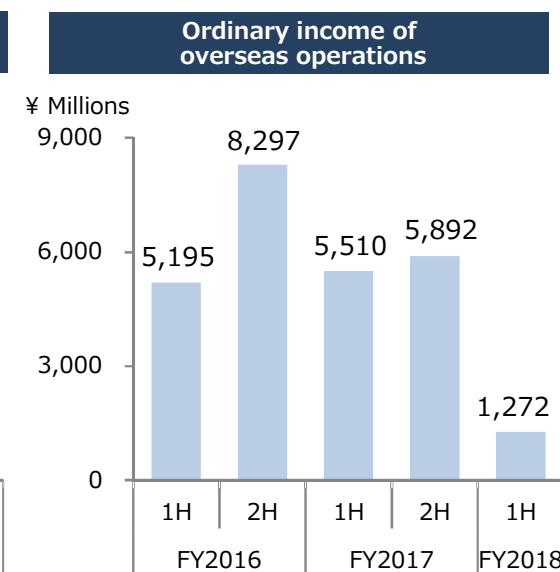
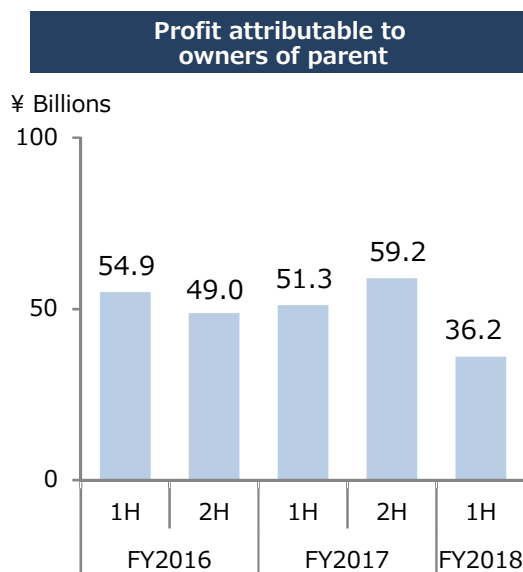
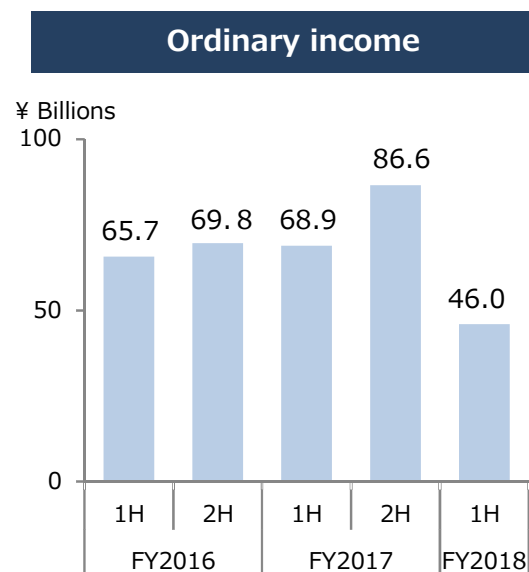
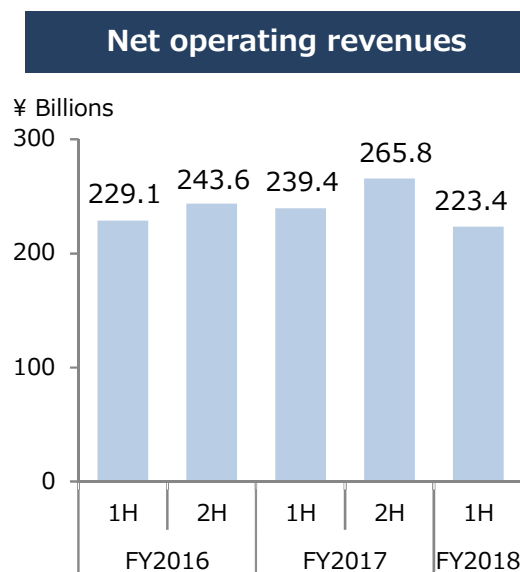
- ¥200 billion or more (FY2020)

Monitoring indicator

Fixed cost coverage ratio, operating efficiency ratio / digitalization index, earnings of overseas divisions

1H FY2018 Consolidated Earnings Results

| (¥ Millions) | Net operating revenues | | | Ordinary income | | | Profit attributable to owners of parent | | |
|----------------------------------|------------------------|----------------|--------------|-----------------|---------------|---------------|---|---------------|---------------|
| | FY2017 | FY2018 | YoY | FY2017 | FY2018 | YoY | FY2017 | FY2018 | YoY |
| | 1H | 1H | | 1H | 1H | | 1H | 1H | |
| Retail | 100,102 | 97,924 | -2.2% | 21,017 | 16,617 | -20.9% | | | |
| Wholesale | 78,331 | 79,192 | 1.1% | 19,331 | 14,441 | -25.3% | | | |
| <i>Global Markets</i> | 57,447 | 59,256 | 3.1% | 13,241 | 14,635 | 10.5% | | | |
| <i>Global Investment Banking</i> | 20,884 | 19,935 | -4.5% | 5,554 | -668 | - | | | |
| Asset Management | 24,152 | 24,360 | 0.9% | 14,338 | 14,880 | 3.8% | | | |
| Investments | 15,715 | 574 | -96.3% | 14,592 | -617 | - | | | |
| Consolidated total | 239,467 | 223,444 | -6.7% | 68,982 | 46,015 | -33.3% | 51,301 | 36,286 | -29.3% |



External Ratings & Certifications

Inclusion in Indices

**FTSE
Blossom Japan Index**



**MSCI
Japan Empowering Women (WIN)
Select Index**

**Bloomberg
Financial Services Gender Equality
Index**



Selected for 2 consecutive years

**GRESB Survey
GRESB 2018 "Green Star"**

Obtained for 7 consecutive years
(Daiwa Office Investment Corporation)



FTSE4 Good Index

Included for 12 consecutive years



**U.S. Dow Jones & Company, Inc. &
RobecoSAM
DJSI World / Asia Pacific**

Included for 7 consecutive years



Awards from External Organizations

Nadeshiko Brand
(enterprises that encourage the
success of women)

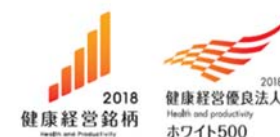
Selected for 4 consecutive years



METI & Tokyo Stock Exchange Inc.

**Health & Productivity Stock/
Outstanding Company in Health &
Productivity Management**

Selected for 4 consecutive years/
Selected for 2 consecutive years



METI & Tokyo Stock Exchange Inc.

Competitive IT Strategy Company



METI &
Tokyo Stock
Exchange Inc.

Kurumin Mark
Certification for companies that
provide childcare support



Ministry of Health,
Labour & Welfare

**Mark for companies that promote the
establishment of a workplace
environment that enables employees to
both work and care for elders**



Ministry of
Health, Labour
& Welfare

Employment popularity ranking

Total ranking: 4th
Financial industry: 1st

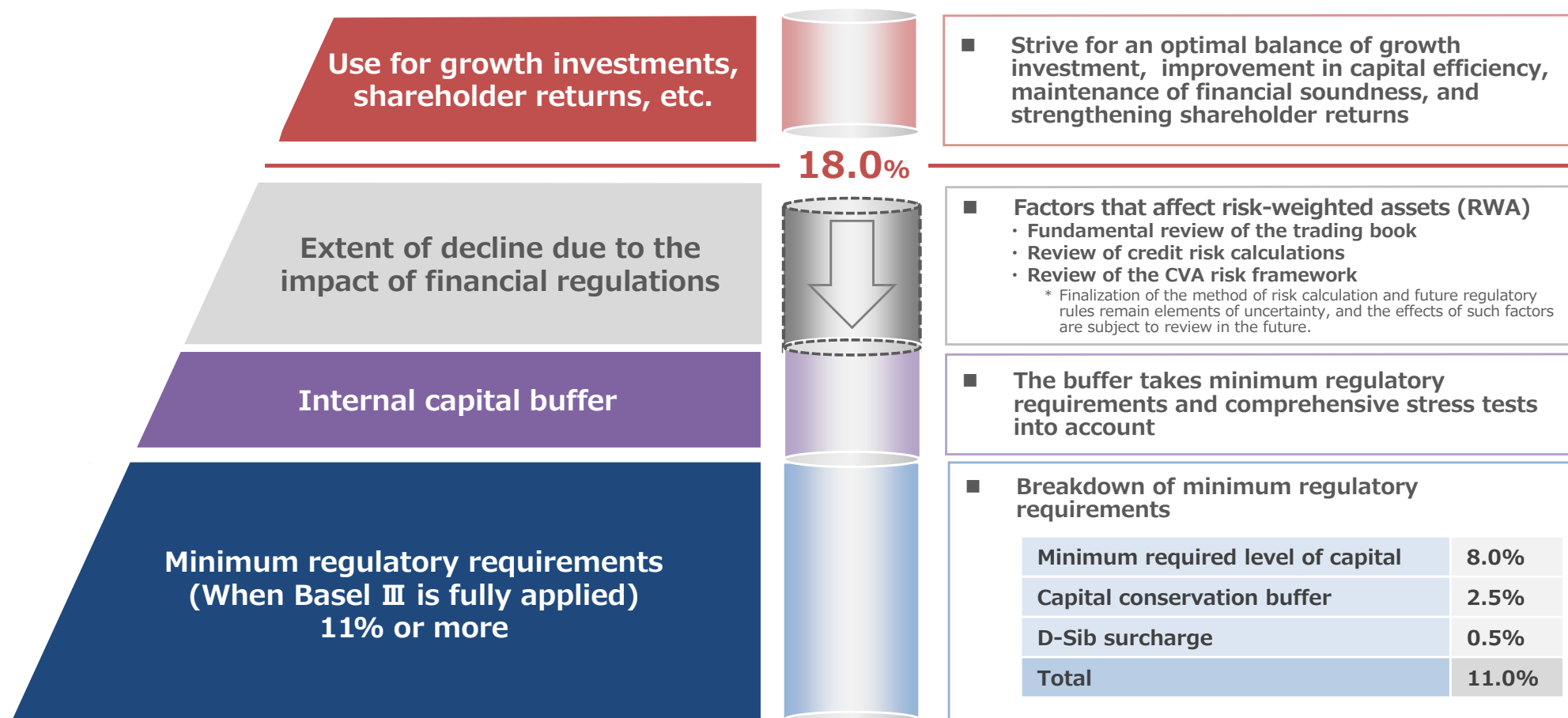
Toyo Keizai Online,
2019 Graduates (2nd half period)

Consolidated Total Capital Ratio

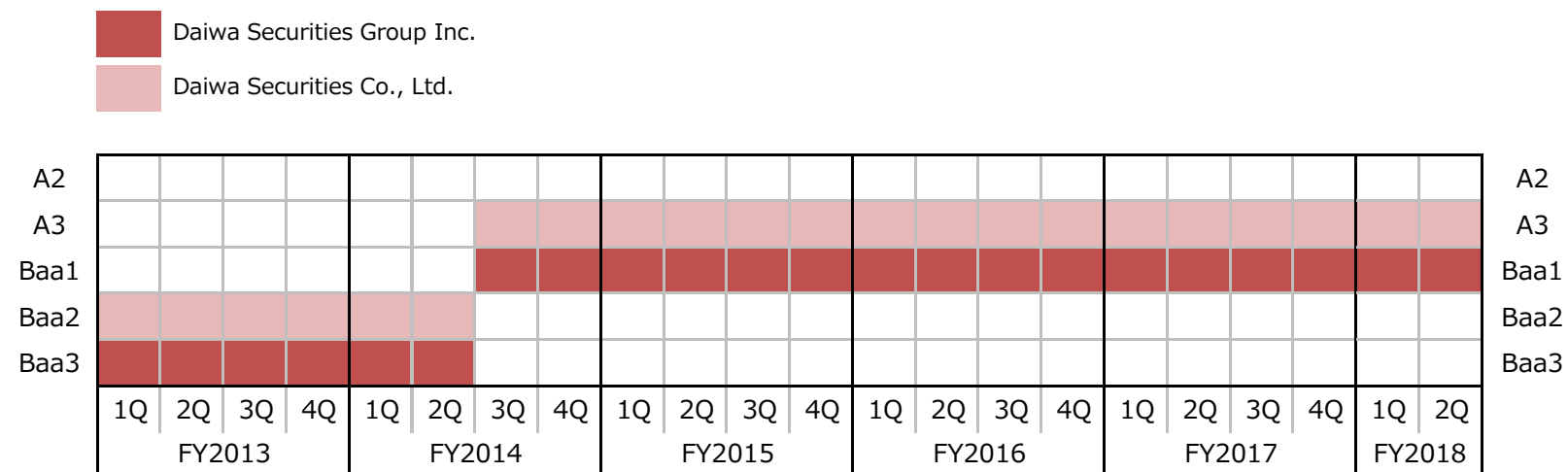
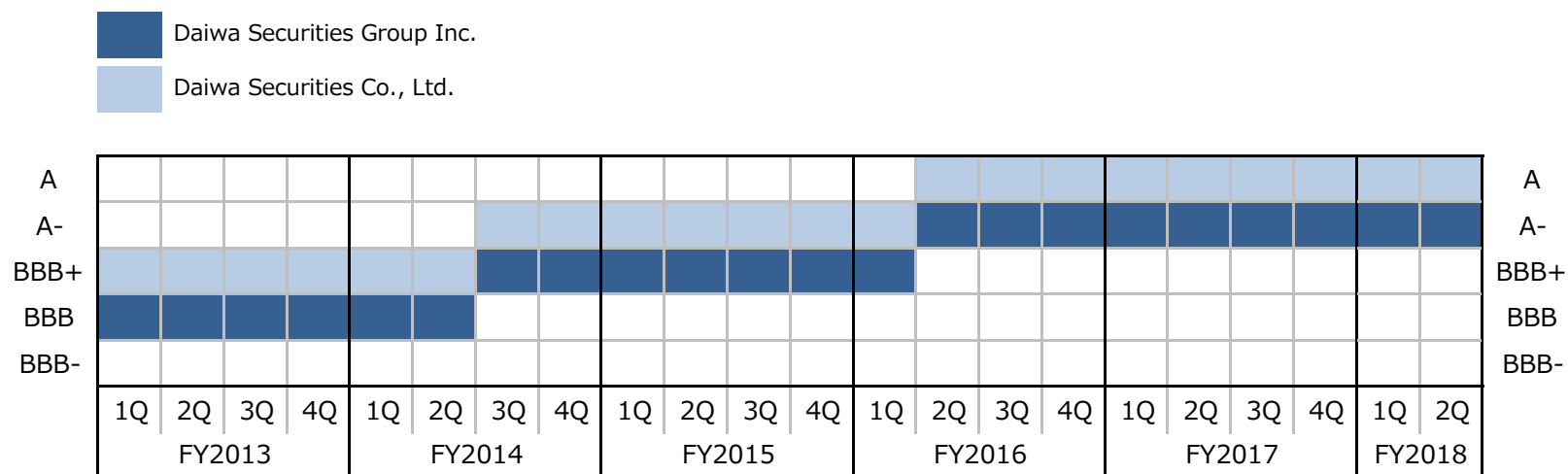
We aim to maintain sufficient capital adequacy while responding to changes in the regulatory environment and providing for future growth and investment. We also aim to improve sustainable corporate value by ensuring an appropriate level of liquidity and enhancing shareholder return.

[View on Financial KPI](#)

Consolidated total capital ratio: 22.7% (as of June 30, 2018)



Trend in Credit Ratings for Our Group



Alliances and Investments in Asia


China
China Securities

Nov. 2014:
Business alliance
Dec. 2016:
Investment

Hong Kong
Value Partners

Cooperation on
management &
sale of investment trusts

Taiwan
**Daiwa-Cathay
Capital Markets**

Oct. 2001:
Joint venture
established

South Korea
**Mirae Asset
Global Investments**

Cooperation on
management & sale of
investment trusts

Myanmar
**Myanmar Securities
Exchange Centre
(MSEC)**

Feb. 2016:
Securities license granted
Mar. 2016:
Began trading

Vietnam


June 2008:
Capital & business alliance

Apr. 2016:
Increased stake and
became an
equity method affiliate

Philippines
**Development Bank
of Philippines**

Mar. 1995: JV established
Nov. 2015: Business alliance

**COL
Financial Group**

Apr. 2017:
Investment

India
**Ambit Private
Limited**

Dec. 2016:
Business alliance

Malaysia
**Affin Hwang
Investment Bank**

Dec. 2013:
Business alliance

Thailand
**Thanachart
Securities**

Feb. 2013:
Business alliance

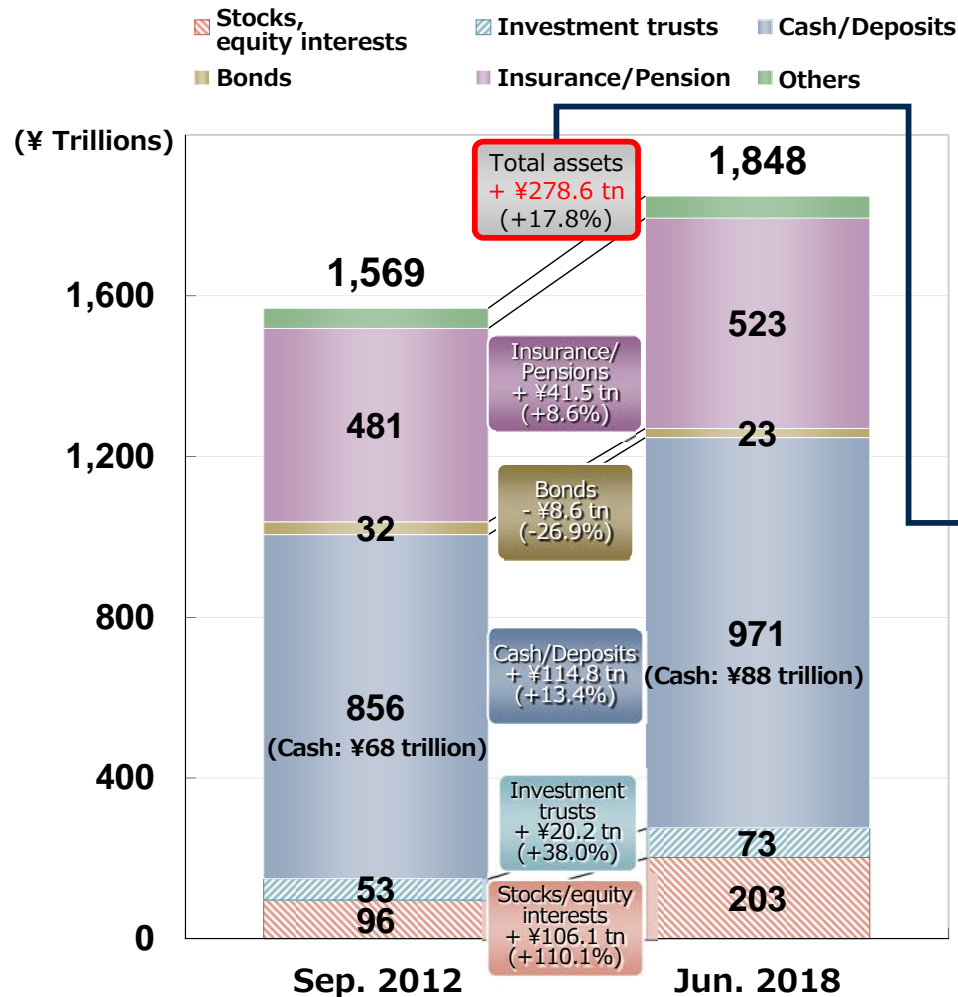
Indonesia
Bahana Securities

Sep. 2013:
Business alliance

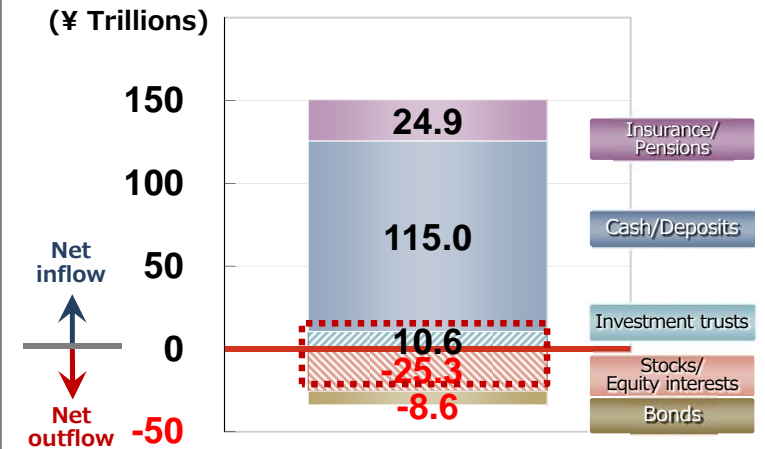
**Australia &
New Zealand**
**Australia and
New Zealand
Banking Group**

Feb. 2014:
Business alliance

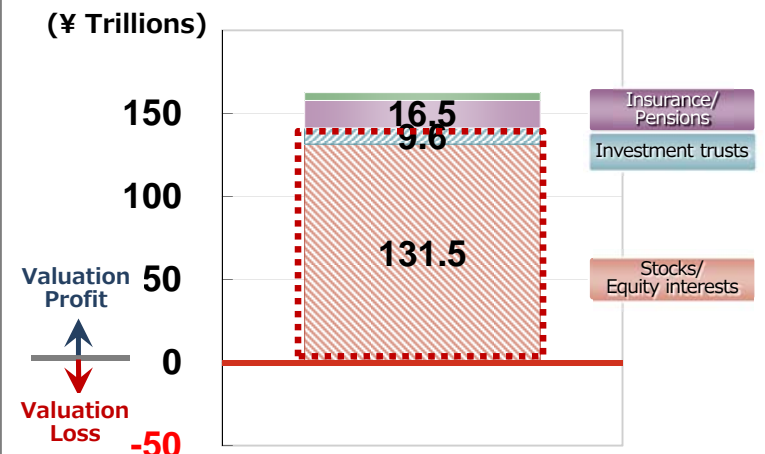
Household Financial Assets (Sept. 30, 2012 vs. June 30, 2018)



Transaction Factors (Asset Inflows/Outflows)



Market Factors (Market Value Adjustment)





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