



1Q FY2007 Earnings Announcement

July 26, 2007

Daiwa Securities Group Inc.

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Consolidated Highlights

- Consolidated ROE for 1Q (annualized): 11.7% (Retail 21.4% Wholesale 8.9%)
- Retail (Daiwa Securities):
Agency commission (monthly) marked record high at approx. Y3.7bil (Jun.07) due to an increase in equity investment trusts under custody.
Online margin position outstanding was Y181.5bil (6/07).
Contract assets under management of Daiwa SMA grew to Y248.7bil (6/07).
- Wholesale (Daiwa Securities SMBC):
Daiwa Securities SMBC ranked second in the 1Q lead manager league tables for total debt and total equity.
Investment amount of Daiwa Securities SMBC Principal Investments reached Y370.0bil (6/07).
- Asset Management (Daiwa Asset Management & Daiwa SB Investments):
Daiwa Asset Management's 1Q ordinary income recorded a historical high at Y5.0bil.

1Q FY07 Highlights

- Net operating revenues was Y144.0bil, remaining flat q/q, up 18% y/y
- Ordinary income was Y54.0bil, up 2% q/q, up 19% y/y
- Net income was Y27.3bil, up 6% q/q, up 18% y/y



Consolidated Financial Summary

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006	% Change vs 1Q FY06	FY2006
	1Q	4Q		1Q		
Operating revenues	253,982	255,138	-0.5%	207,638	22.3%	917,307
Net operating revenues	144,068	143,501	0.4%	122,090	18.0%	526,764
SG&A	93,619	90,882	3.0%	78,942	18.6%	340,372
Ordinary income	54,092	53,034	2.0%	45,416	19.1%	195,415
Net income	27,335	25,842	5.8%	23,118	18.2%	92,724
Total assets	15,062,647	14,411,265		14,746,974		14,411,265
Net assets	1,231,638	1,223,225		1,041,568		1,223,225
Shareholders' equity*	941,109	929,525		774,251		929,525
EPS (Y)	19.58	18.51		17.47		67.90
BPS (Y)	674.26	665.98		585.14		665.98
ROE (Annualized)	11.7%	11.3%		11.8%		10.8%

1Q ROE (Annualized)	
Daiwa Securities	21.4%
Daiwa Securities SMBC (consolidated)	8.9%

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



Consolidated P/L Summary

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Operating revenues	253,982	255,138	-0.5%	242,778	211,752	207,638	22.3%	917,307
Commissions	79,875	81,489	-2.0%	90,278	67,110	67,858	17.7%	306,736
Net gain on trading	46,749	47,044	-0.6%	37,219	37,833	35,234	32.7%	157,332
Net gain on private equity and other securities	7,996	7,997	-0.0%	6,159	7,058	11,602	-31.1%	32,818
Financial revenues	105,893	103,258	2.6%	98,432	88,361	83,400	27.0%	373,452
Other revenues	13,468	15,348	-12.3%	10,688	11,388	9,542	41.1%	46,967
Interest expenses	99,362	99,373	-0.0%	92,834	83,870	78,166	27.1%	354,245
Cost of sales	10,551	12,263	-14.0%	8,024	8,629	7,381	43.0%	36,298
Net operating revenues	144,068	143,501	0.4%	141,919	119,252	122,090	18.0%	526,764
SG&A	93,619	90,882	3.0%	87,968	82,580	78,942	18.6%	340,372
Operating income	50,449	52,618	-4.1%	53,950	36,672	43,148	16.9%	186,391
Non-operating income	4,129	999	313.1%	2,091	4,622	3,223	28.1%	10,937
Non-operating expenses	486	583	-16.7%	112	261	955	-49.1%	1,913
Ordinary income	54,092	53,034	2.0%	55,929	41,034	45,416	19.1%	195,415
Extraordinary gains	793	1,204	-34.2%	480	1,081	834	-5.0%	3,601
Extraordinary losses	213	10,377	-97.9%	558	2,050	107	97.4%	13,093
Net income	27,335	25,842	5.8%	26,754	17,008	23,118	18.2%	92,724



Consolidated Operating Revenues by Business Sector

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Total commission	79,875	81,489	-2.0%	90,278	67,110	67,858	17.7%	306,736
Equity	24,528	28,569	-14.1%	23,895	19,658	26,863	-8.7%	98,986
Fixed income	562	660	-14.9%	504	756	744	-24.5%	2,666
Investment trust	37,181	32,006	16.2%	26,430	23,703	24,766	50.1%	106,906
Investment banking	11,376	14,481	-21.4%	33,711	17,351	9,440	20.5%	74,985
Others	6,227	5,771	7.9%	5,736	5,640	6,042	3.1%	23,190
Total gain/loss on trading	46,749	47,044	-0.6%	37,219	37,833	35,234	32.7%	157,332
Gain/loss on trading (Equity)	19,380	8,159	137.5%	10,902	-5,336	17,563	10.3%	31,288
Gain/loss on trading (Bond and Forex)	27,368	38,885	-29.6%	26,317	43,170	17,671	54.9%	126,044
Net financial income	6,530	3,884	68.1%	5,597	4,491	5,233	24.8%	19,207

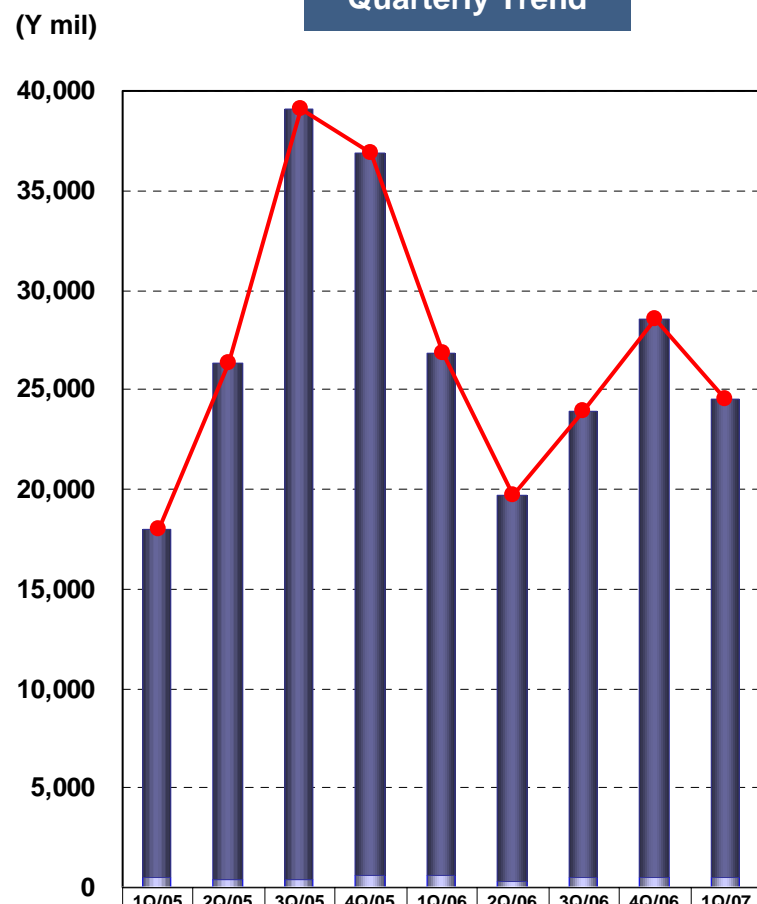


Consolidated Equity Brokerage Commission

(Y mil)	FY2007 1Q	%Change vs 4Q FY06	%Change vs 1Q FY06
Brokerage commission	24,034	-14.3%	-8.5%
Others	493	-6.7%	-17.0%
Total	24,528	-14.1%	-8.7%

- Average daily trading value on the TSE was Y3,103bil, down 8% q/q. This led to a 14% fall q/q in brokerage commission.
- 1Q market share on TSE:
 Daiwa Securities: 1.0% (4Q: 1.2%)
 Daiwa Securities SMBC: 5.6% (4Q: 5.4%)
- 1Q online ratio for trading value by individuals at Daiwa Securities was 62.8%. (4Q: 62.0%)
- 1Q average brokerage commission rate at Daiwa Securities was 41bp.

Quarterly Trend



■ Brokerage commission	17,467	25,916	38,628	36,249	26,269	19,335	23,416	28,040	24,034
■ Others	497	385	447	625	594	323	478	528	493
● Total	17,964	26,301	39,075	36,874	26,863	19,658	23,895	28,569	24,528

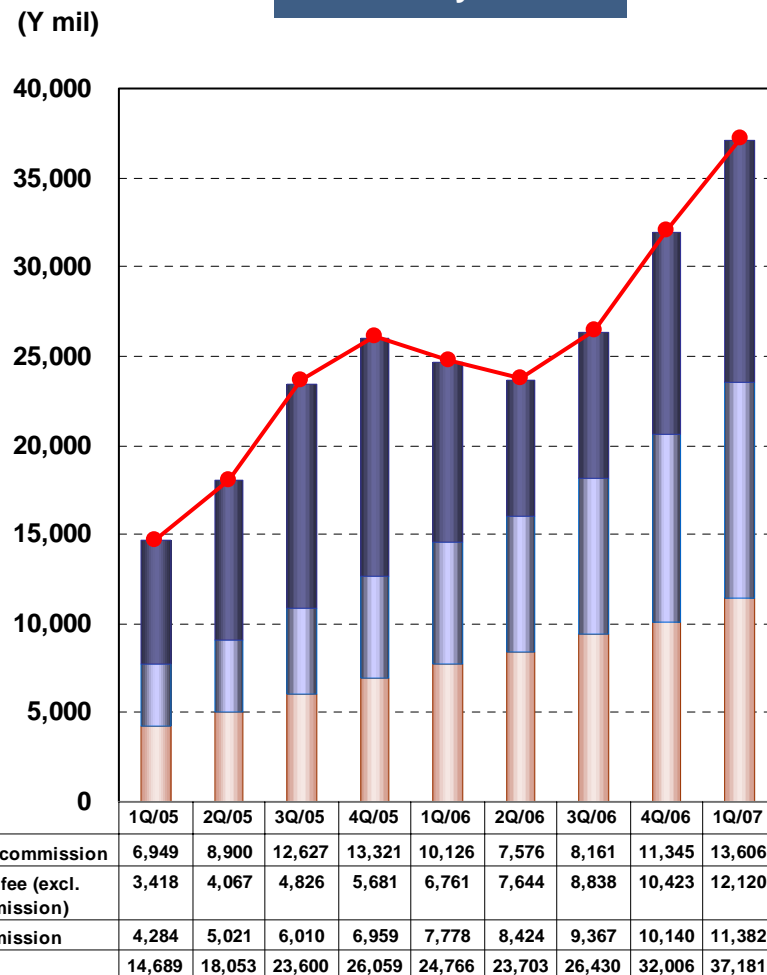


Consolidated Investment Trust Commission

(Y mil)	FY2007 1Q	% Change vs 4Q FY06	% Change vs 1Q FY06
Brokerage commission	71	-26.2%	-28.4%
Distribution commission	13,606	19.9%	34.4%
Management fee	23,502	14.3%	61.6%
Agency commission	11,382	12.2%	46.3%
Total	37,181	16.2%	50.1%

- Distribution commission increased by 20% q/q due to growth in sales of equity investment trusts.
- Management fee including agency commission grew 14% q/q due to an increase in equity investment trusts under management.
- Major Funds Launched during 1Q:
(Net assets under management as of 6/07)
Daiwa Global REIT Fund: Y129.1bil
UBS China Equity Fund: Y116.5bil

Quarterly Trend



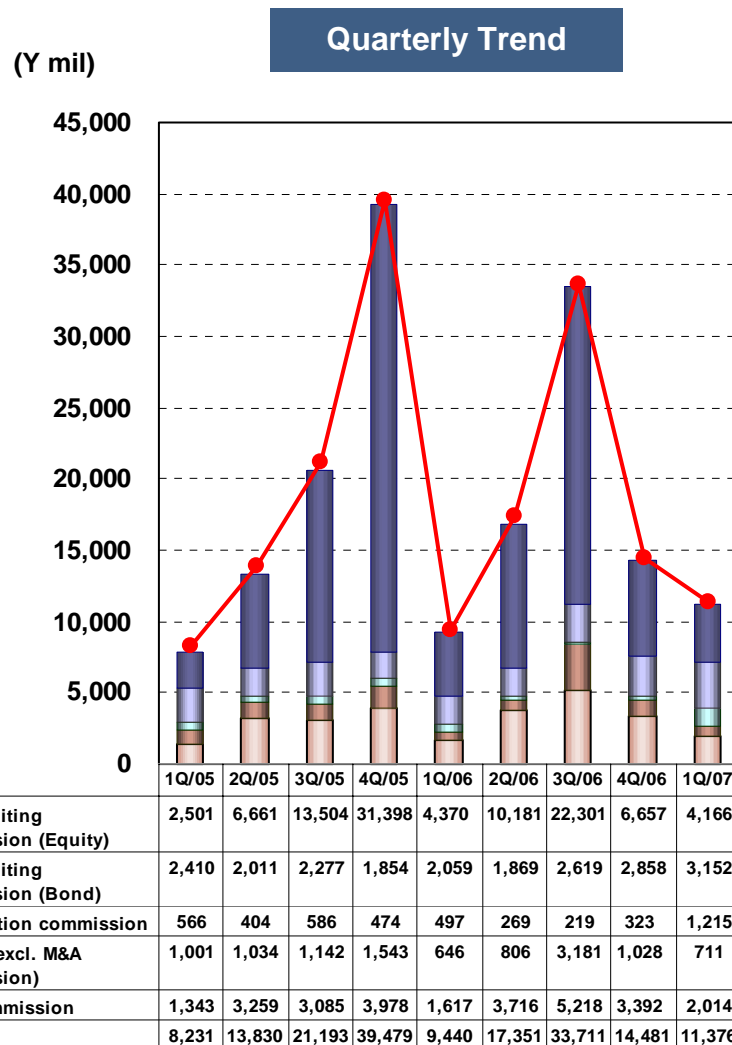
(*) Total includes brokerage commission for ETFs.



Consolidated Investment Banking Commission

(Y mil)	FY2007 1Q	% Change vs 4Q FY06	% Change vs 1Q FY06
Underwriting commission (Equity)	4,166	-37.4%	-4.7%
Underwriting commission (Bond)	3,152	10.3%	53.1%
Distribution commission	1,215	276.0%	144.2%
Others	2,725	-38.4%	20.4%
M&A commission	2,014	-40.6%	24.6%
Total	11,376	-21.4%	20.5%

- Equity underwriting commission fell 37% q/q to Y4.1bil due to a lower activity in IPO and PO issues.
- Bond underwriting commission grew 10% q/q to Y3.1bil due to an increase in issuance of domestic corporate bonds.
- Distribution commission grew 3.7-fold q/q to Y1.2bil due to brisk sales of JGB for individual investors.
- M&A commission decreased by 41% q/q to Y2.0bil.



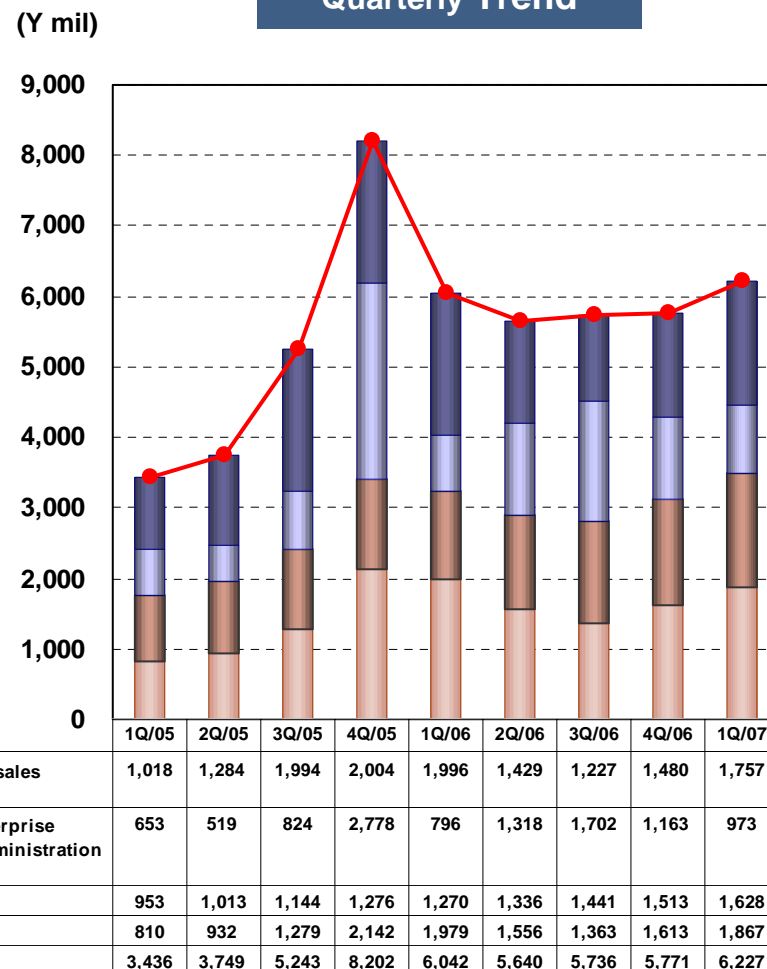


Consolidated Other Commissions

(Y mil)	FY2007 1Q	% Change vs 4Q FY06	% Change vs 1Q FY06
Life insurance sales commission	1,757	18.7%	-12.0%
Investment enterprise partnership administration fee	973	-16.3%	22.3%
Custody fee	1,628	7.6%	28.2%
Others	1,867	15.7%	-5.7%
Total	6,227	7.9%	3.1%

- Life insurance sales commission was up 19% q/q.
- Investment enterprise partnership administration fee was down 16% q/q.
- Investment advisory fee gained from Daiwa SMA increased, resulting in “others” to increase by 16% q/q.

Quarterly Trend





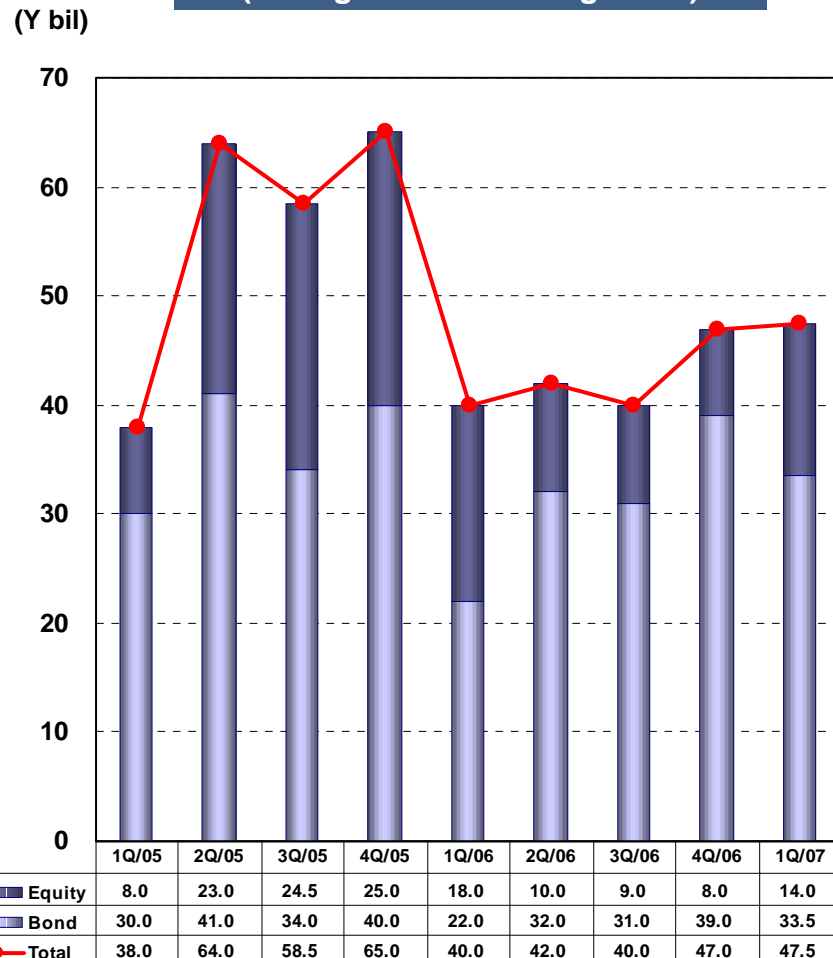
Consolidated Equity & Bond Division Revenues

(Trading gain/loss + net financial income)*

* Managerial accounting basis

(Y bil)	FY2007 1Q	%Change vs 4Q FY06	%Change vs 1Q FY06
Equity	14.0	75.0%	-22.2%
Bond	33.5	-14.1%	52.3%
Total	47.5	1.1%	18.8%

Quarterly Trend (Managerial accounting basis)



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

(Y mil)	FY2007 1Q	% Change vs 4Q FY06	% Change vs 1Q FY06
Equity trading gain	19,380	137.5%	10.3%
Bond and forex trading gain	Bond	-22,129	-
	Forex	49,498	196.2%
	Sub total	27,368	-29.6%
Total	46,749	-0.6%	32.7%



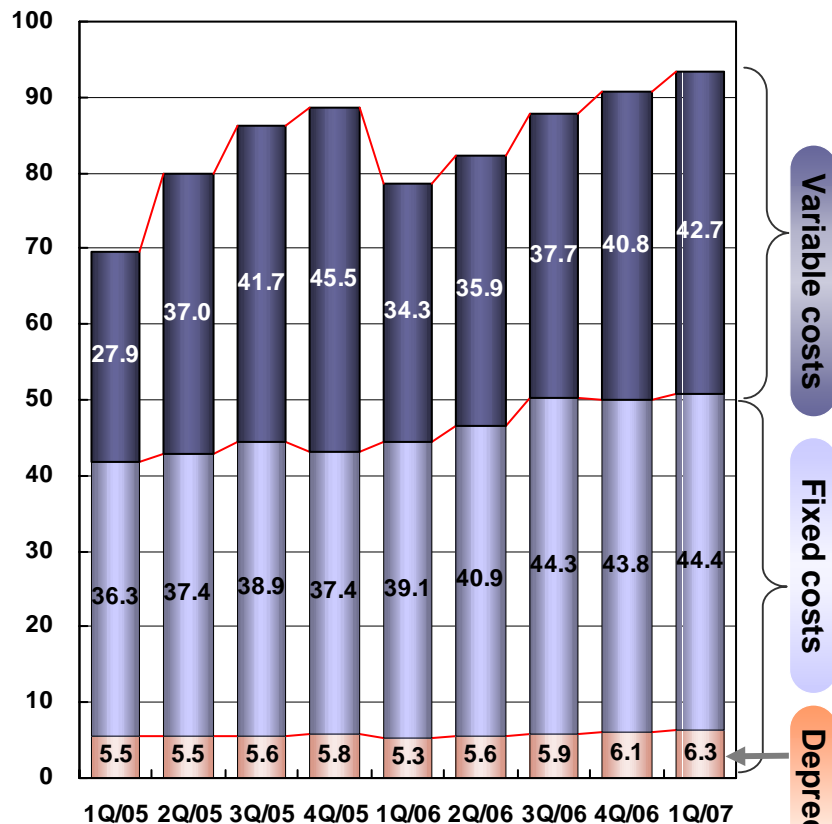
Consolidated Breakdown of SG&A

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
SG&A	93,619	90,882	3.0%	87,968	82,580	78,942	18.6%	340,372
Fees and commissions paid	20,301	20,367	-0.3%	17,954	18,080	15,037	35.0%	71,438
Advertising expenses	3,550	3,186	11.4%	2,677	2,651	2,487	42.7%	11,002
Personnel costs	44,335	42,059	5.4%	41,811	39,364	40,143	10.4%	163,379
Real estate expenses	8,958	11,033	-18.8%	10,756	9,187	7,868	13.9%	38,846
Office expenses	6,855	6,268	9.4%	5,626	5,364	5,761	19.0%	23,020
Depreciation	6,368	6,199	2.7%	5,910	5,642	5,364	18.7%	23,117
Taxes other than income taxes	2,102	2,016	4.2%	2,375	2,016	1,856	13.3%	8,264
Others	4,698	2,937	59.9%	3,533	2,923	2,911	61.4%	12,306



Consolidated Cost Structure

(Y bil)



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

* From FY2006, remuneration for Financial Advisers (FA) has been reallocated from fixed personnel costs to variable costs. For easy comparison, past figures have been adjusted accordingly.



Consolidated Balance Sheet

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

Trading assets	5,519	(+436)
Trading securities and others	4,419	(+190)
Stocks, convertible bonds	361	(-21)
Bonds	3,796	(+81)
Beneficiary certificates	220	(+109)
CD/CP and others	41	(+21)
Derivative assets	1,099	(+246)
Private equity and other securities	445	(+5)
Daiwa Securities SMBC PI	376	(+2)
NIF SMBC Ventures	68	(+2)
Investment securities	254	(+19)
Marketable equities	167	(+11)
Non-marketable equities	33	(+3)
Others	53	(+5)

Consolidated Balance Sheet (6/07)

(Y bil)

Current assets	14,518	Current liabilities	12,598
Trading assets	5,519	Trading liabilities	4,556
Private equity and other securities (include allowance for possible investment losses)	445	Short-term borrowings	1,074
Receivables on collateralized securities transactions	6,711	CP	208
Non-current assets	543	Current portion of bonds and CBs	37
Tangible assets	134	Payables on collateralized securities transactions	5,999
Intangible assets	85	Non-current liabilities	1,224
Investments	323	SB	1,000
Investment securities	254	Long-term borrowings	169
Others	69	Net assets	1,231
		Owners' equity	849
		Valuation and translation adjustments*	91
		Minority interests	289

* Net unrealized gain on securities, net of tax effect, includes 7,693 million yen derived from the investments in corporations' class shares, which are in period convertible into common shares.



Retail - Daiwa Securities - Highlights

- 1Q net operating revenues increased by 2% q/q to Y63.8bil, and ordinary income increased by 1% q/q to Y21.9bil. For y/y comparison, both net operating revenues and ordinary income was up 12%.
- 1Q equity brokerage commission was down 19% q/q, due to a decrease in trading value in the overall stock market and a fall in Daiwa Securities' market share. Daiwa Securities' retail market share for 1Q was 4.6%.
- Online margin position outstanding was Y181.5bil (6/07).
- Sales of JGB for individual investors (June 13~July 3): Y227.4bil

10yr JGB (Series19): Y 54.3bil
5yr JGB (Series 7): Y173.0bil
- Sales of equity type investment trusts such as “Daiwa Global REIT Fund” and “UBS China Equity Fund” were strong in 1Q.
- Agency commission (monthly) marked record high at approx. Y3.7bil (Jun.07) due to an increase in equity investment trusts under custody.
- For Daiwa SMA, our wrap account service targeting high net worth individuals, the number of customers was approx. 2,500 and contract assets under management increased to Y248.7bil (6/07).
- Customer assets stood at Y33.7tri (6/07).



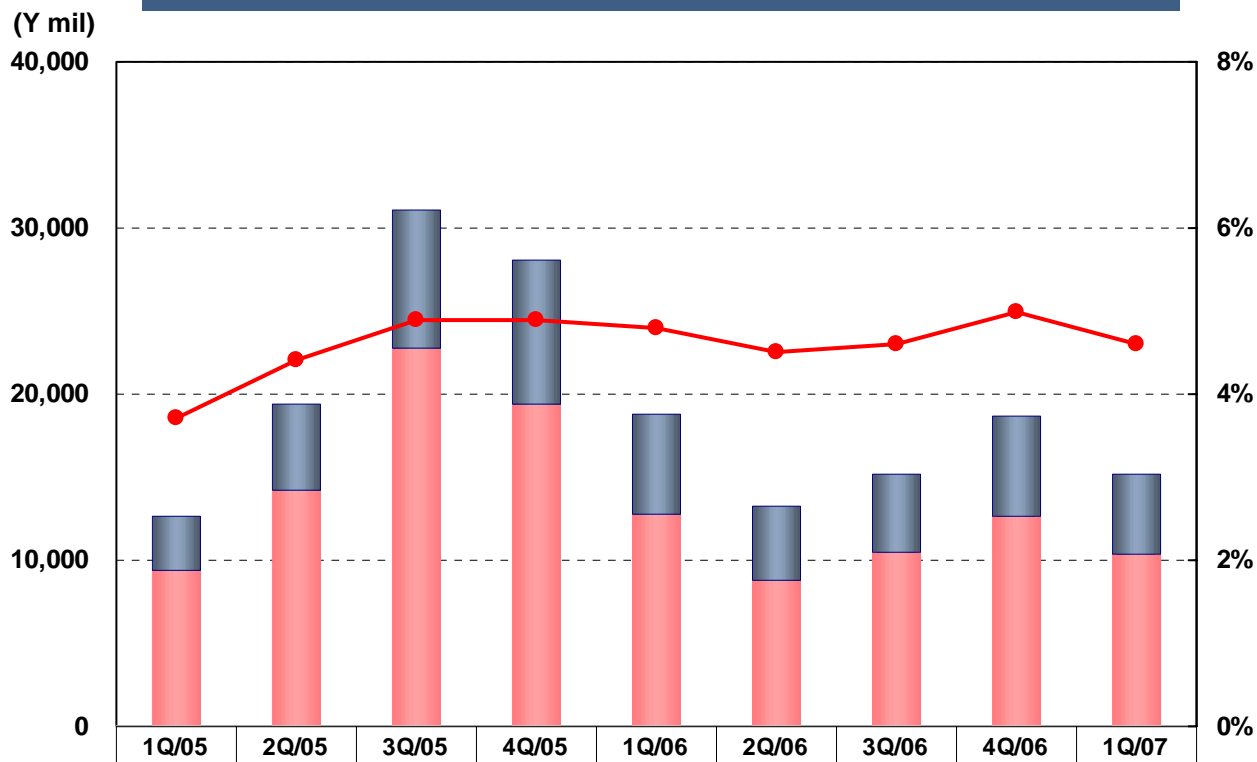
Retail - Daiwa Securities - Financial Summary

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Operating revenues	64,456	63,042	2.2%	58,706	51,747	57,152	12.8%	230,649
Commissions	50,381	50,681	-0.6%	47,795	41,178	46,096	9.3%	185,751
Brokerage	15,190	18,697	-18.8%	15,173	13,263	18,812	-19.3%	65,947
Stock and others	15,144	18,634	-18.7%	15,129	13,230	18,744	-19.2%	65,739
Distribution	17,862	15,399	16.0%	17,991	13,323	13,817	29.3%	60,531
Stock and others	1,616	2,229	-27.5%	7,959	3,988	1,828	-11.6%	16,006
Bond and others	3,050	2,140	42.5%	2,309	1,989	2,009	51.8%	8,449
Investment trust	13,195	11,028	19.6%	7,722	7,345	9,979	32.2%	36,075
Other commissions	17,328	16,584	4.5%	14,630	14,592	13,466	28.7%	59,272
Investment trust	10,935	9,652	13.3%	8,900	8,039	7,407	47.6%	34,001
Net gain on trading securities	11,818	10,318	14.5%	9,127	8,613	9,264	27.6%	37,324
Stock and others	2,184	1,542	41.6%	1,341	1,167	1,710	27.7%	5,761
Bond, forex and others	9,633	8,775	9.8%	7,785	7,446	7,554	27.5%	31,562
Interest and dividend income	2,256	2,042	10.4%	1,783	1,955	1,790	26.0%	7,573
Interest expenses	593	511	15.9%	400	317	248	138.9%	1,478
Net operating revenues	63,863	62,530	2.1%	58,306	51,430	56,903	12.2%	229,171
SG&A	41,981	40,644	3.3%	39,128	37,505	37,391	12.3%	154,670
Ordinary income	21,999	21,800	0.9%	19,178	13,924	19,573	12.4%	74,477
Net income	12,803	12,163	5.3%	11,100	7,995	12,208	4.9%	43,468
Capital adequacy ratio	350.9%	319.3%	-	359.0%	342.9%	328.6%	-	319.3%



Retail - Daiwa Securities - Equity Brokerage Commissions

Retail Equity Brokerage Commissions and Market Share



■ Online & call center (left)	3,309	5,157	8,308	8,682	5,997	4,379	4,666	5,986	4,781
■ Equity brokerage commissions excl. online & call center (left)	9,376	14,234	22,739	19,434	12,747	8,851	10,462	12,648	10,363
Total	12,685	19,391	31,047	28,116	18,744	13,230	15,129	18,634	15,144
● Daiwa's retail market share (right)	3.7%	4.4%	4.9%	4.9%	4.8%	4.5%	4.6%	5.0%	4.6%

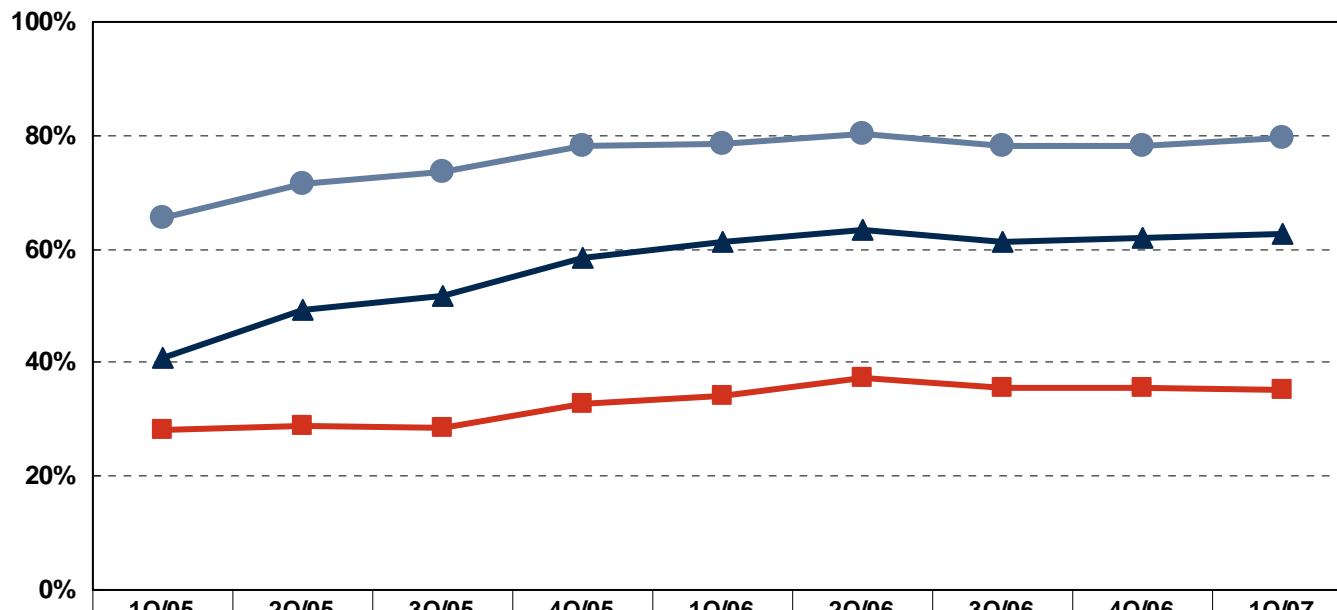
Note: Excludes foreign equities listed on overseas countries.

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



Retail - Daiwa Securities - Online Trading (1)

Online Ratio



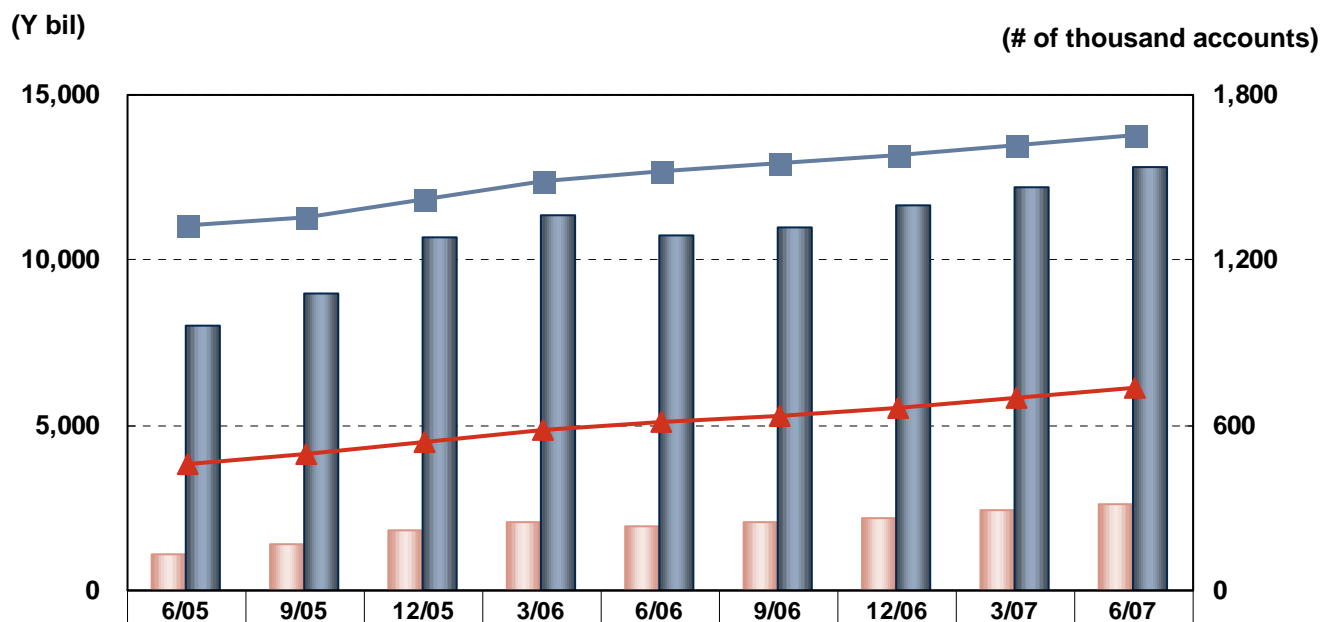
	1Q/05	2Q/05	3Q/05	4Q/05	1Q/06	2Q/06	3Q/06	4Q/06	1Q/07
● Online ratio (# of contracts)	65.6%	71.6%	73.6%	78.1%	78.6%	80.4%	78.0%	78.3%	79.6%
▲ Online ratio (trading value)	40.8%	49.2%	51.9%	58.3%	61.2%	63.3%	61.3%	62.0%	62.8%
■ Online ratio (commission)	28.2%	28.8%	28.5%	32.9%	34.3%	37.2%	35.5%	35.5%	35.3%
Total # of online contracts (thousands)	1,123	2,038	3,138	3,389	2,489	1,974	2,016	2,446	2,051
Total online trading value (Billions of yen)	683	1,579	2,877	3,218	2,394	1,842	1,880	2,542	2,069
Total online equity commission (Millions of yen)	3,309	5,157	8,308	8,682	5,997	4,379	4,666	5,986	4,781

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



Retail - Daiwa Securities - Online Trading (2)

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



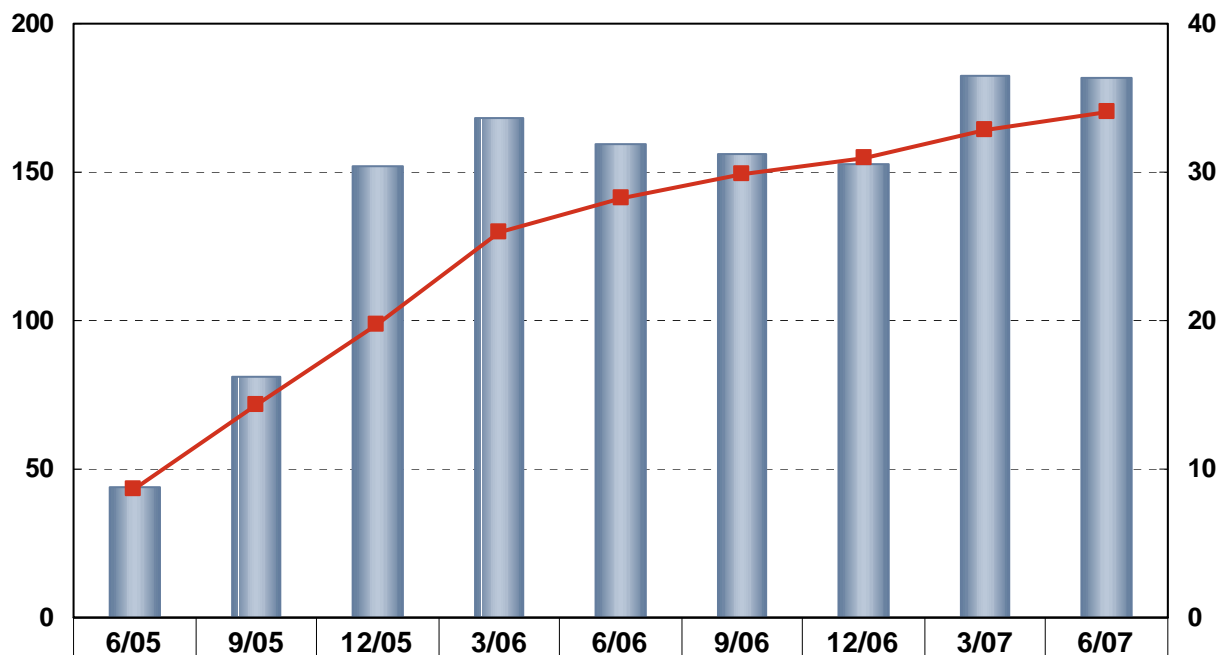
■ Assets under custody at "Daiwa Direct" (left)	1,113	1,408	1,823	2,069	1,971	2,046	2,185	2,424	2,606
■ Assets under custody for total online accounts (left)	8,010	8,970	10,693	11,359	10,734	10,994	11,658	12,206	12,824
▲ # of accounts at "Daiwa Direct" (right)	457	492	536	586	613	634	661	700	734
■ # of total online accounts (right)	1,323	1,359	1,421	1,487	1,521	1,551	1,579	1,616	1,656



Retail - Daiwa Securities - Online Margin Transactions

Accounts and Outstanding Position of “Online Margin Transaction Services”

(Y bil) (# of thousand accounts)

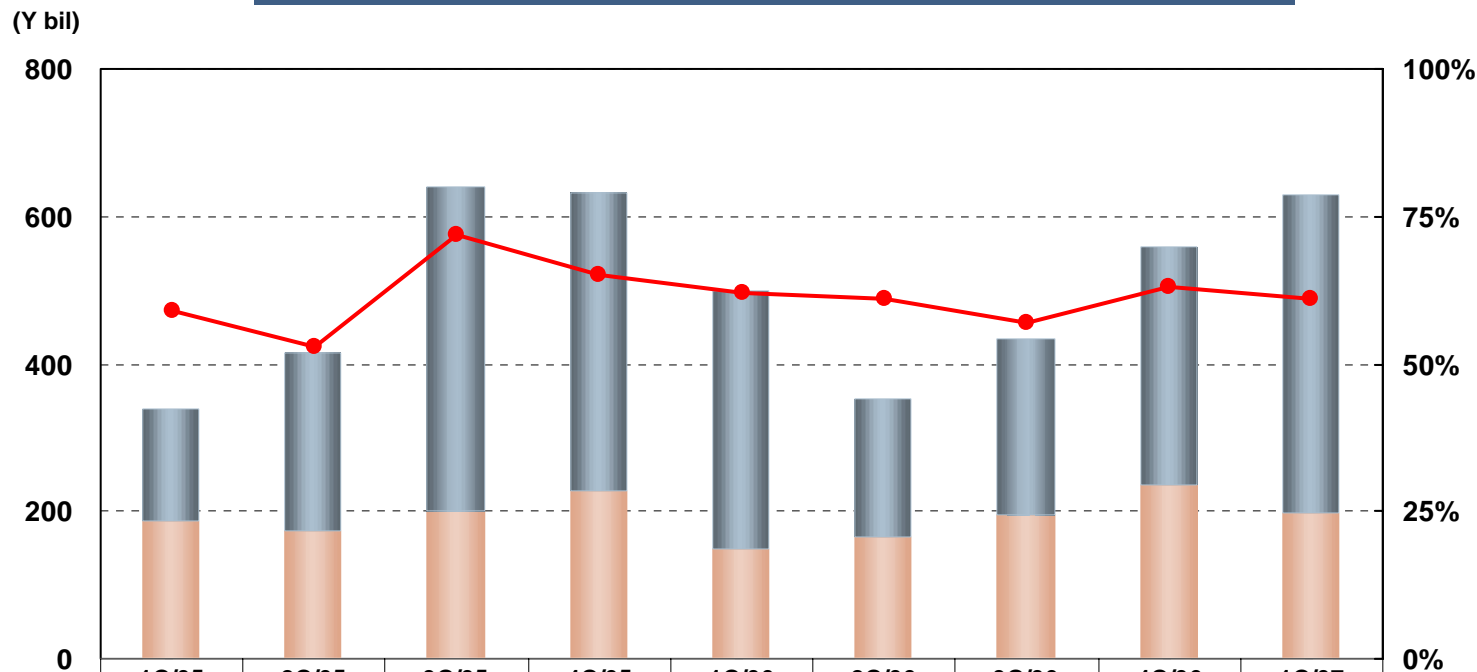


■ Online margin position (left)	44.2	81.2	152.3	168.0	159.7	156.3	152.9	182.4	181.5
■ # of Online margin accounts (right)	8.6	14.3	19.7	25.9	28.3	29.9	31.0	32.8	34.0



Retail - Daiwa Securities - Equity Investment Trusts

Sales and Net Increase Ratio of Equity Investment Trusts



Equity type investment trust (left)	153.3	241.8	441.7	405.2	350.0	187.3	238.8	320.1	431.4
Bond type investment trust (left)	186.2	173.9	199.5	227.5	148.4	164.7	196.2	237.2	198.9
Total (left)	339.5	415.7	641.3	632.7	498.4	352.1	435.1	557.4	630.3

■ Bond type investment trust (left)
 ■ Equity type investment trust (left)
 ● Net increase ratio (right)

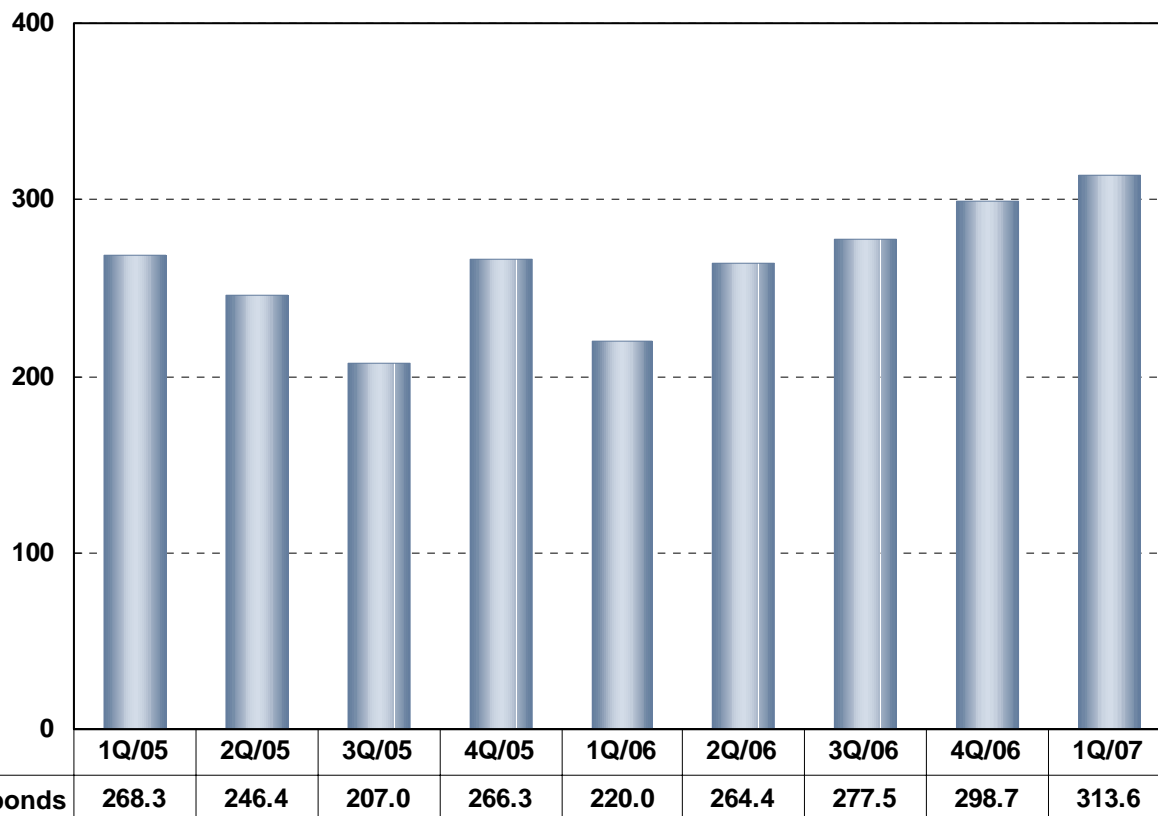
Note: Net increase ratio(%) = (purchase - redemption) / purchase × 100



Retail - Daiwa Securities - Foreign Currency Denominated Bonds

Sales of Foreign Currency Denominated Bonds

(Y bil)

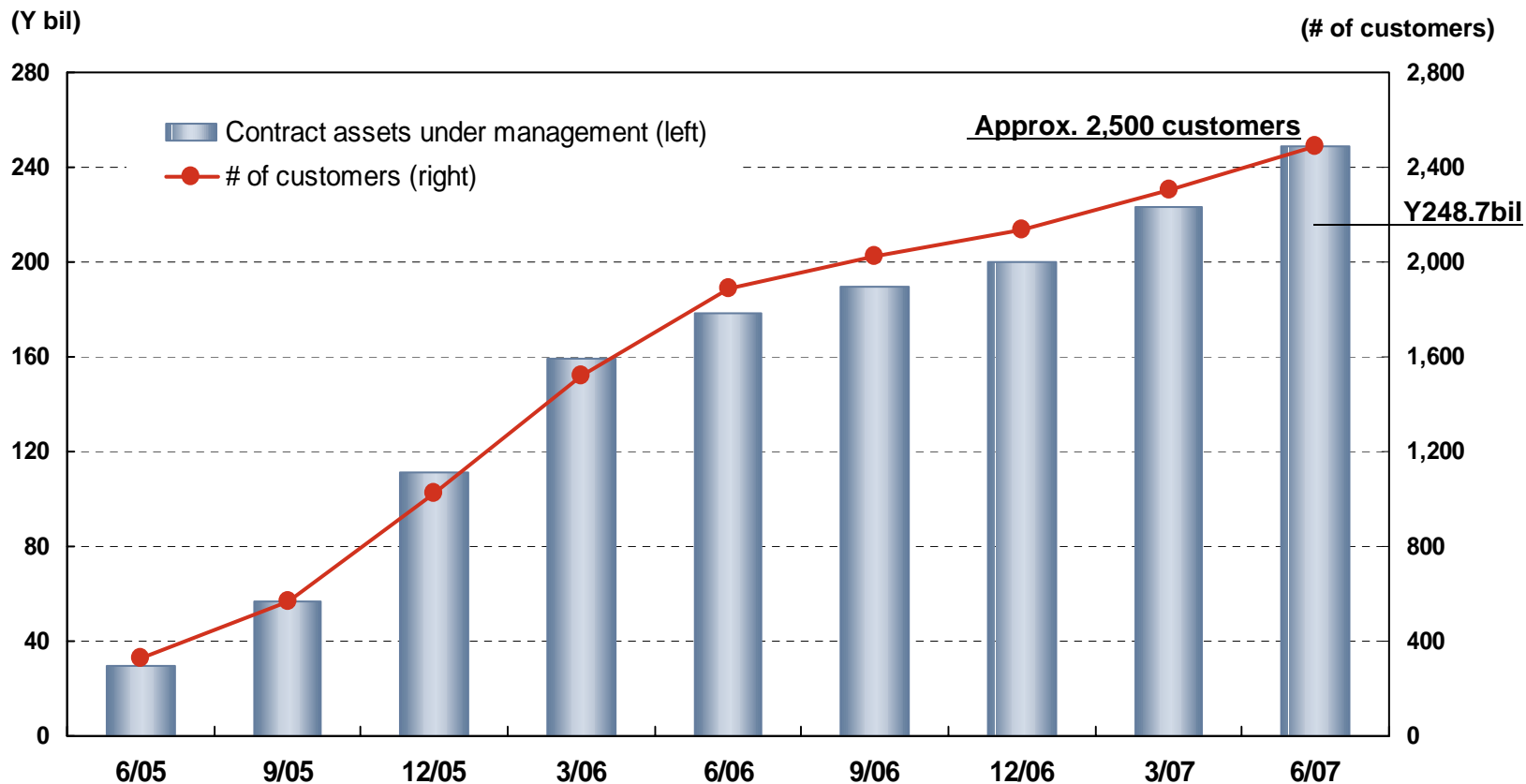


■ Foreign currency denominated bonds



Retail - Daiwa Securities - Daiwa SMA

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

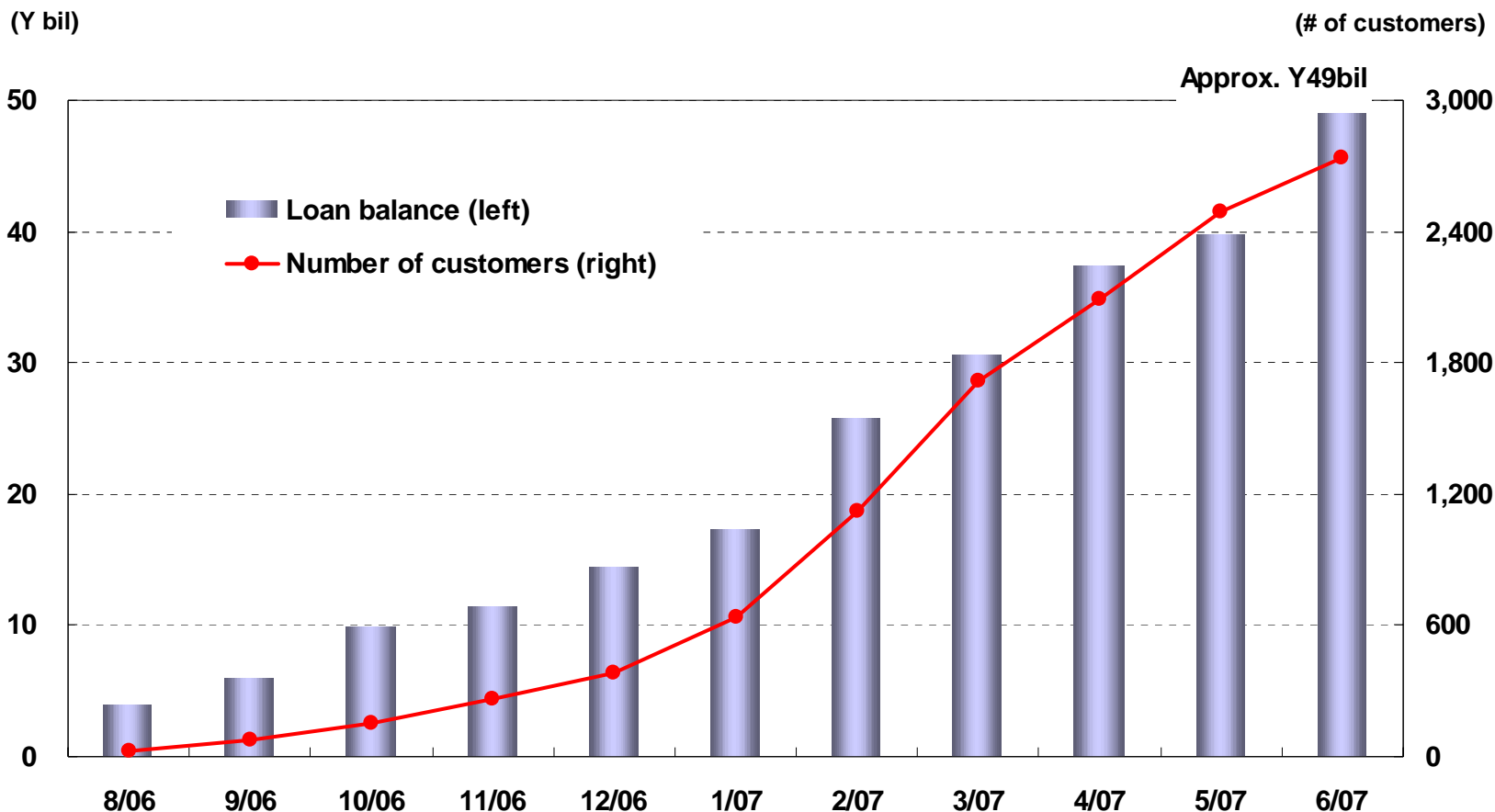


As of July 20, 2007: Approximately Y255.2bil, 2,570 customers



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

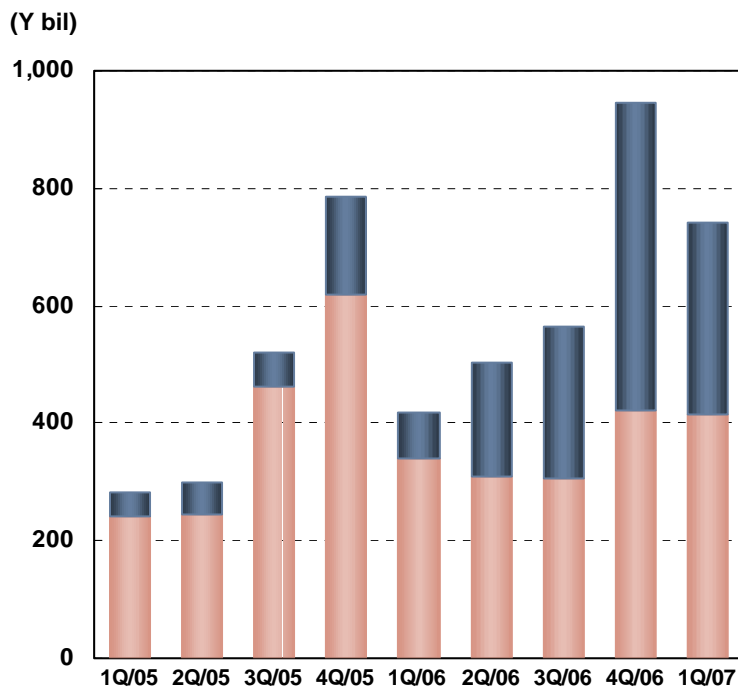
Daiwa LMS Loan Balance and Number of Customers



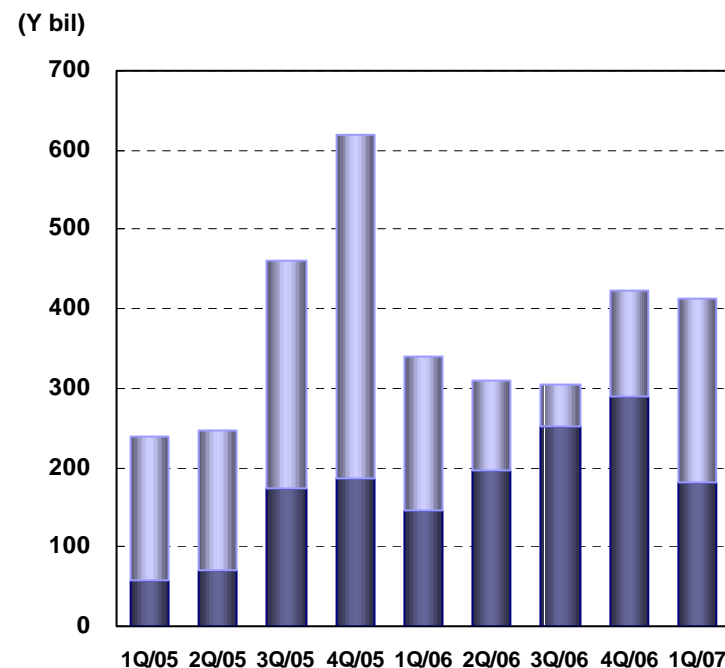


Retail - Daiwa Securities - Net Inflow of Retail Assets

Daiwa Securities
Net Inflow of Assets



Daiwa Securities
Net Inflow of Cash and Securities (Retail)



Net inflow of cash	181.9	174.8	287.9	432.1	194.1	113.8	53.6	131.4	233.3
Net inflow of securities	58.0	71.0	173.1	186.4	145.2	195.7	251.8	290.7	180.7

Unlisted corporation etc.	42.6	53.1	58.5	166.6	79.5	194.7	258.5	523.9	328.7
Retail	239.9	245.8	461.0	618.6	339.4	309.5	305.4	422.2	414.1
Total	282.6	298.9	519.5	785.2	418.9	504.3	564.0	946.2	742.8

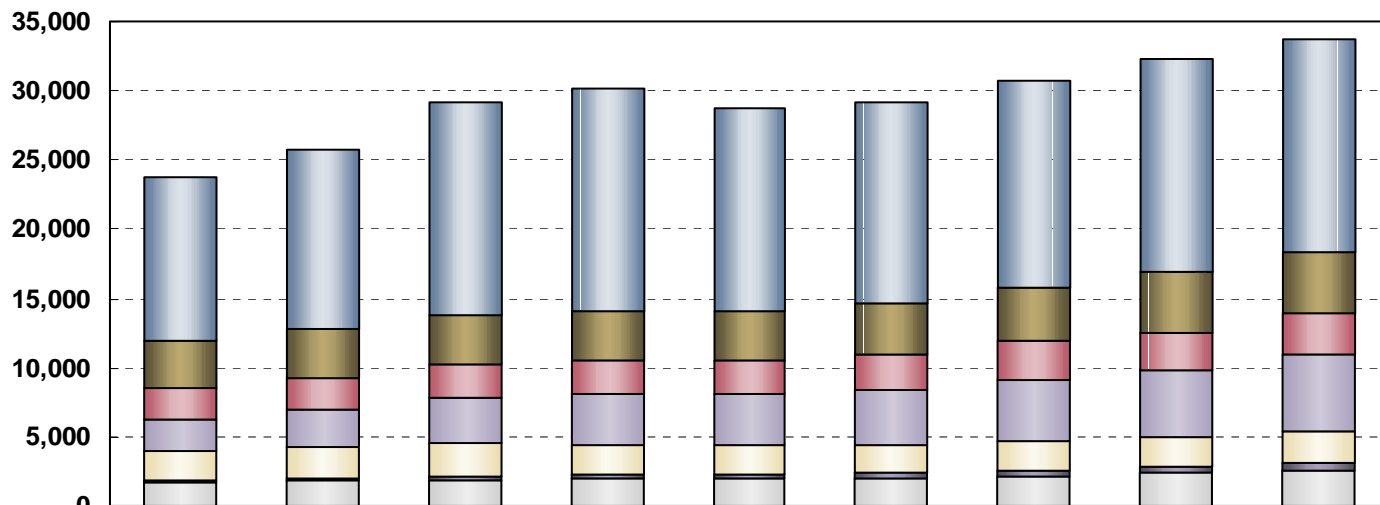
*Net inflow of assets = net inflow of cash and securities



Retail - Daiwa Securities - Assets Under Custody

Daiwa Securities Assets Under Custody

(Y bil)



	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07
Equities	11,848	13,003	15,447	16,005	14,551	14,516	14,905	15,386	15,341
Domestic bonds	3,407	3,494	3,502	3,615	3,644	3,660	3,886	4,356	4,465
Foreign currency bonds	2,226	2,330	2,443	2,420	2,429	2,557	2,742	2,756	2,973
Equity investment trusts	2,254	2,663	3,217	3,642	3,642	4,001	4,484	4,791	5,524
Bond investment trusts	2,144	2,234	2,378	2,155	2,068	2,075	2,169	2,154	2,338
Pension insurance	169	220	292	335	337	377	415	443	482
Others	1,713	1,805	1,904	1,955	2,003	1,986	2,076	2,443	2,593
Assets under custody	23,765	25,753	29,187	30,129	28,677	29,174	30,680	32,332	33,719

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



Wholesale - Daiwa Securities SMBC - Highlights

- 1Q net operating revenues decreased by 5% q/q to Y64.2bil, and ordinary income decreased by 2% q/q to Y24.4bil. For y/y comparison, net operating revenues increased by 15% and ordinary income by 20%.
- 1Q revenues generated by collaboration with SMBC (incl. securities intermediation) was Y11.2bil (4Q: Y16.8bil).
- Daiwa Securities SMBC ranked second in the 1Q lead manager league tables for total debt and total equity.
- Daiwa Securities SMBC Principal Investments' ordinary income jumped by 50% q/q to Y8.1bil due to profits gained from each investment category.
- Investment amount of Daiwa Securities SMBC Principal Investments reached Y370.0bil (6/07).

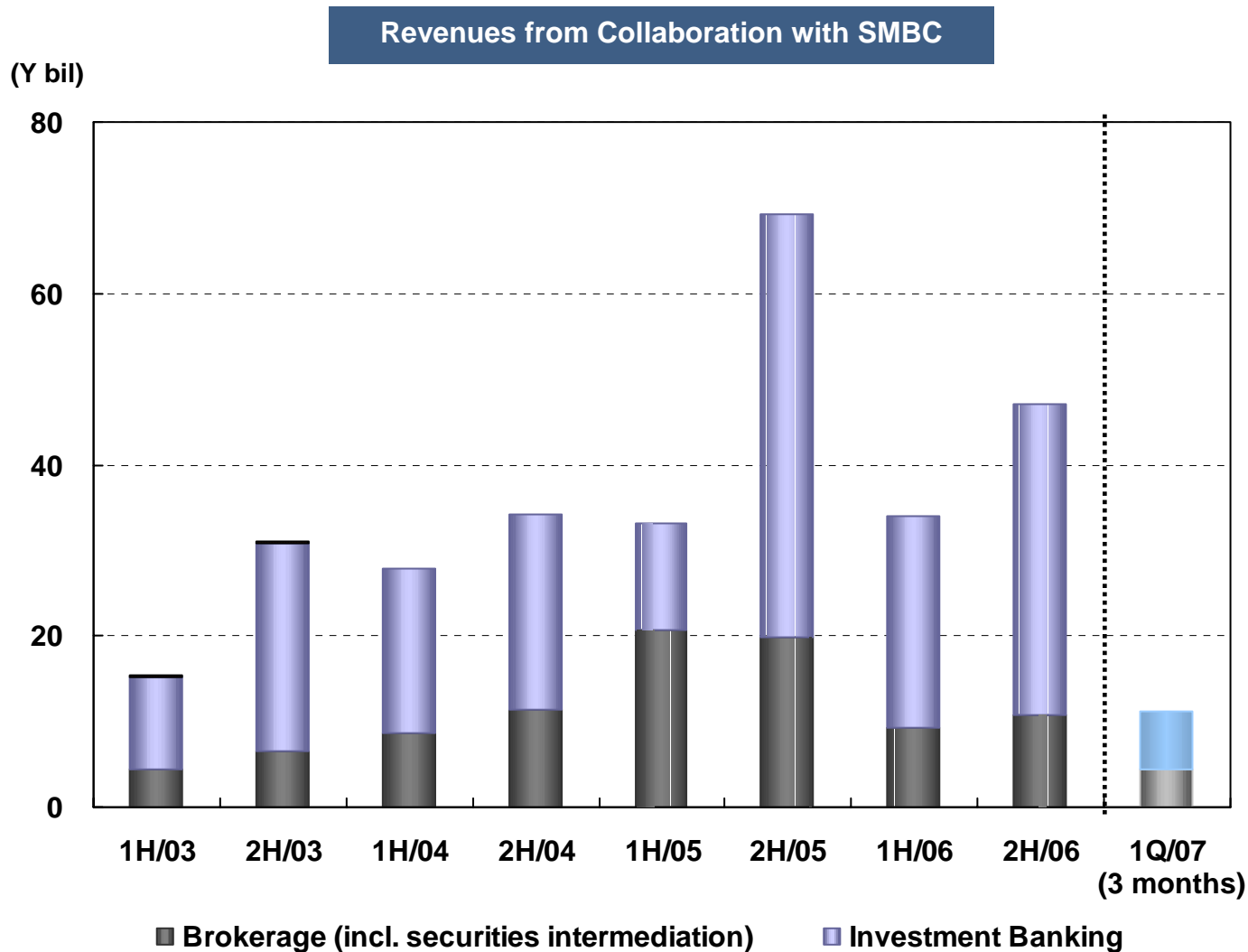


Wholesale - Daiwa Securities SMBC Consolidated - Financial Summary

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Operating revenues	82,499	85,786	-3.8%	90,280	74,843	66,207	24.6%	317,118
Commissions	18,932	23,412	-19.1%	41,577	24,447	17,093	10.8%	106,530
Brokerage	7,130	7,615	-6.4%	6,624	5,413	6,505	9.6%	26,158
Stock and others	6,992	7,458	-6.2%	6,514	5,266	6,361	9.9%	25,601
Underwriting commission	7,323	9,673	-24.3%	24,990	12,506	6,735	8.7%	53,905
Stock and others	4,160	6,650	-37.4%	22,298	10,167	4,300	-3.3%	43,416
Bond and others	3,046	2,801	8.7%	2,519	1,829	2,185	39.4%	9,336
Distribution	541	393	37.4%	349	337	168	221.4%	1,248
Other commissions (M&A and others)	3,936	5,730	-31.3%	9,611	6,190	3,684	6.9%	25,216
Net gain/loss on trading securities	33,434	36,138	-7.5%	27,263	28,779	24,447	36.8%	116,629
Stock and others	16,239	6,155	163.8%	9,321	-6,721	15,390	5.5%	24,146
Bond, forex and others	17,194	29,982	-42.7%	17,942	35,501	9,056	89.9%	92,482
Net gain/loss on private equity and other securities	7,609	7,269	4.7%	2,806	6,873	10,750	-29.2%	27,699
Interest and dividend income	22,523	18,966	18.8%	18,632	14,743	13,916	61.8%	66,258
Interest expenses	18,268	17,926	1.9%	15,548	12,418	10,523	73.6%	56,417
Net operating revenues	64,231	67,859	-5.3%	74,731	62,424	55,684	15.3%	260,700
SG&A	40,859	43,013	-5.0%	48,424	42,452	35,902	13.8%	169,793
Ordinary income	24,408	24,887	-1.9%	26,430	21,265	20,283	20.3%	92,866
Net income	15,130	15,956	-5.2%	15,064	8,487	12,437	21.7%	51,945



Wholesale Revenues from Collaboration with SMBC





Wholesale - Daiwa Securities SMBC - Major League Tables

Daiwa Securities SMBC 1Q FY07 Lead Manager League Table

	Total debt		Total equity		
		Corporate & Agency bonds		IPO	Primary and secondary equity offerings
1st	Mizuho	Mizuho	Nomura	Nomura	Nomura
	20.0%	28.6%	51.1%	57.3%	75.5%
2nd	Daiwa Sec. SMBC	Daiwa Sec. SMBC	Daiwa Sec. SMBC	Shinko	Daiwa Sec. SMBC
	16.3%	19.0%	18.1%	15.9%	20.9%
3rd	Mitsubishi UFJ	Mitsubishi UFJ	Mizuho	Daiwa Sec. SMBC	Shinko
	12.5%	15.9%	8.6%	12.3%	1.9%
4th	Nomura	Nomura	Mitsubishi UFJ	Nikko Citigroup	Mizuho Investors
	12.4%	14.6%	8.3%	5.0%	1.1%
5th	Nikko Citigroup	Nikko Citigroup	UBS	Tokai Tokyo	Mitsubishi UFJ
	10.0%	7.5%	2.8%	4.9%	0.5%

M&A Ranking (Jan-Jun)

M&A	
Transaction value	Number of deals
Nomura	Nomura
GCA	Citigroup
Citigroup	Daiwa Sec. SMBC
Mizuho FG	Mitsubishi UFJ
Morgan Stanley	Mizuho FG
~~~~~	
10th: Daiwa Sec. SMBC	

Source: Daiwa Securities SMBC (Nikkei Bonds & Financial Weekly for ABS) **Apr-Jun 2007**

Note: Total debt (corporate bonds+agency bonds+samurai bonds+ABS) based on launch date.

Total equity (primary and secondary equity offerings+IPO+domestic CB+foreign equity+ overseas CB + SPS + REIT) based on settlement date. IPO based on listing date. Joint lead manager allotment based on underwritten amount.

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



# Wholesale Daiwa Securities SMBC Principal Investments

(Y mil)	FY2007	FY2006	%Change vs 4Q FY06	FY2006			%Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Ordinary Income	8,158	5,456	49.5%	1,978	5,908	10,439	-21.8%	23,782

## Daiwa Securities SMBC PI Investment Amount

6/07 (change vs 3/07)

**Total Investment amount: Approx. Y370bil (+Y 9bil)**

**Private equity and PIPEs**

**(Private Investment in Public Equities): Y261bil (+Y 4bil)**

**Monetary claims: Y66bil (-Y 6bil)**

**Real estate: Y38bil (+Y10bil)**

**Greenhouse gas emission credits: Y5bil (+Y 1bil)**

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

### Recent Topics

#### Private equity and PIPEs

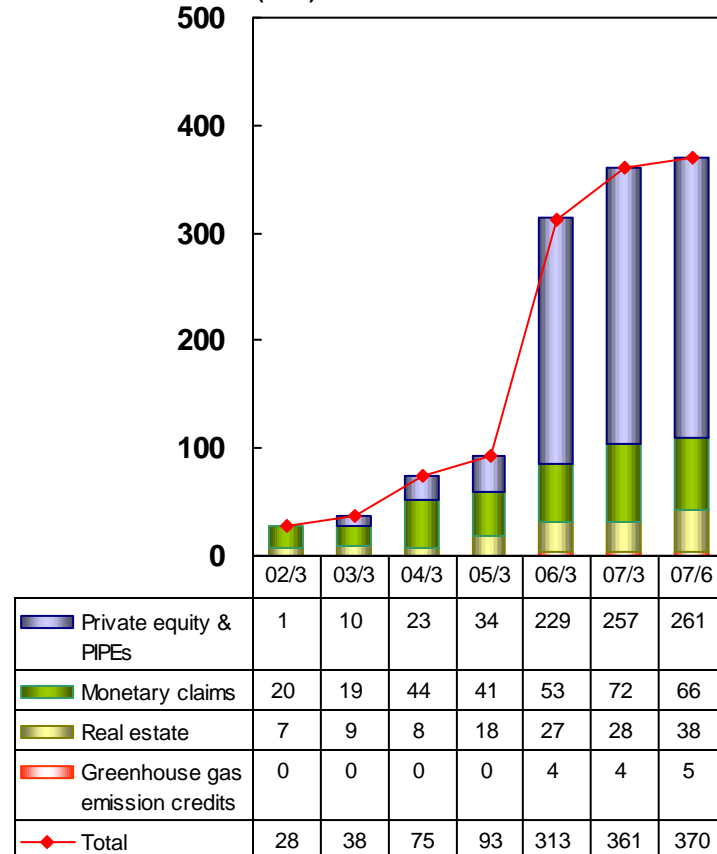
- Basic agreement concluded, regarding partial transfer of Daiwa SMBC PI's stock holdings of Maruzen (25.5% of voting rights) to Dai Nippon Printing (July 12)

#### Funds

- "Hokkaido small and medium enterprise challenge fund" (Y3.0bil)

Hokkaido Motherland Capital, a Daiwa SMBC PI's group company, launched the second regional corporate reconstruction fund in Hokkaido. Hokkaido Motherland Capital supports the fund as its general partner.

(Y bil)





# Asset Management

## Daiwa Asset Management & Daiwa SB Investments

### Daiwa Asset Management

- 1Q operating revenues increased by 14% q/q to Y20.3bil0. Ordinary income reached a historical high of Y5.0bil which was an increase by 35% q/q.
- Funds under management of publicly offered equity investment trusts grew 19% from Y6.3tri (3/07) to Y7.5tri (6/07).  
Net assets under management of Daiwa Global Bond Fund stood at Y1,775.9bil (6/07).

### Daiwa SB Investments

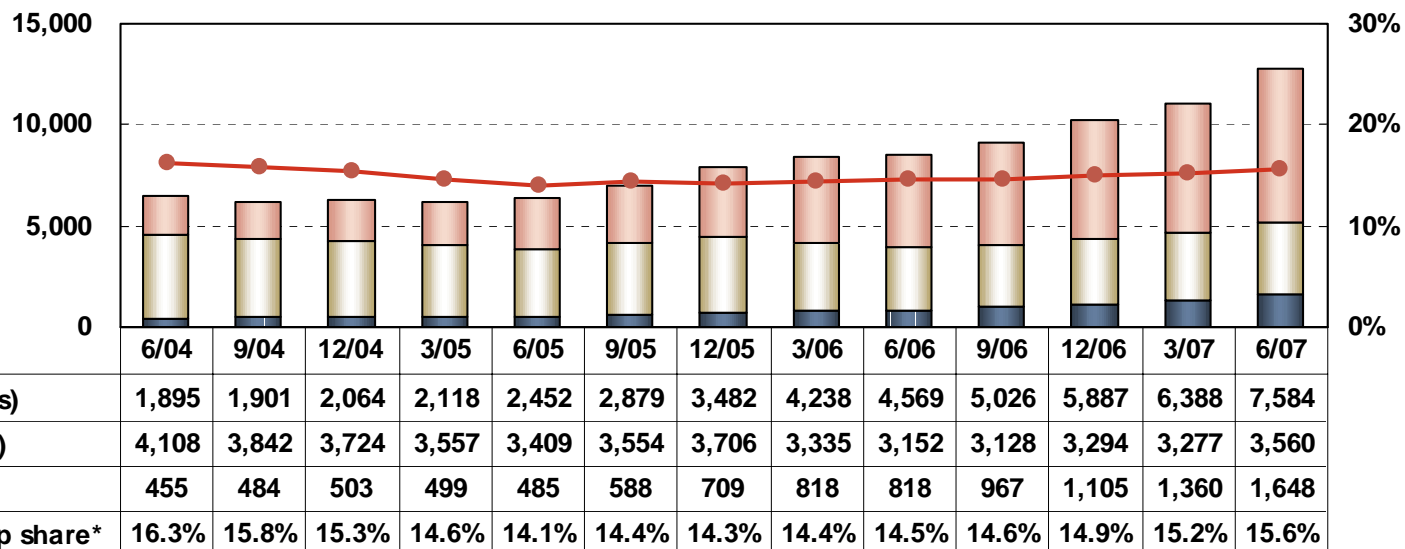
- 1Q ordinary income increased by 14% q/q to Y1.4bil.
- Contract assets for investment advisory increased by 4% from Y4.3tri (3/07) to Y4.5tri (6/07).
- Funds under management of publicly offered equity investment trusts grew 21% from Y1.3tri (3/07) to Y1.6tri (6/07).



# Asset Management Assets Under Management

## Funds Under Management of Publicly Offered Investment Trusts

(Y bil)



*Daiwa Asset Management + Daiwa SB Investments

## Contract Assets for Investment Advisory

(Ybil)	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07
Daiwa SB Investments	3,066	2,954	3,194	3,158	3,201	3,715	4,106	4,070	3,913	4,106	4,292	4,374	4,555



# Asset Management - Daiwa Asset Management – Financial Summary

(Y mil)	FY2007	FY2006	% Change vs 4Q FY06	FY2006			% Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
<b>Operating revenues</b>	<b>20,383</b>	17,897	<b>13.9%</b>	15,560	13,538	11,938	<b>70.7%</b>	<b>58,933</b>
<b>Management fee</b>	<b>20,209</b>	17,736	<b>13.9%</b>	15,446	13,431	11,830	<b>70.8%</b>	<b>58,445</b>
<b>Equity investment trust</b>	<b>18,971</b>	16,828	<b>12.7%</b>	14,763	12,837	11,704	<b>62.1%</b>	<b>56,134</b>
<b>Bond investment trust</b>	<b>1,237</b>	908	<b>36.3%</b>	683	594	125	<b>889.0%</b>	<b>2,310</b>
<b>Other operating revenues</b>	<b>174</b>	160	<b>8.2%</b>	113	106	108	<b>61.1%</b>	<b>488</b>
<b>SG&amp;A</b>	<b>15,736</b>	14,199	<b>10.8%</b>	12,197	10,776	9,499	<b>65.6%</b>	<b>46,673</b>
<b>Commissions paid</b>	<b>11,888</b>	10,336	<b>15.0%</b>	8,947	7,729	6,678	<b>78.0%</b>	<b>33,691</b>
<b>Other SG&amp;A</b>	<b>3,847</b>	3,862	<b>-0.4%</b>	3,249	3,047	2,821	<b>36.4%</b>	<b>12,981</b>
<b>Operating income</b>	<b>4,646</b>	3,697	<b>25.7%</b>	3,362	2,761	2,438	<b>90.6%</b>	<b>12,259</b>
<b>Ordinary income</b>	<b>5,065</b>	3,757	<b>34.8%</b>	3,543	2,993	2,721	<b>86.2%</b>	<b>13,015</b>
<b>Net income</b>	<b>3,132</b>	222	<b>-</b>	2,203	4,546	1,687	<b>85.6%</b>	<b>8,659</b>



# Domestic Group Companies and Overseas Operation Ordinary Income

## Domestic Group Companies

(Y mil)	FY2007	FY2006	%Change vs 4Q FY06	FY2006			%Change vs 1Q FY06	FY2006
	1Q	4Q		3Q	2Q	1Q		
Daiwa Asset Management	5,065	3,757	34.8%	3,543	2,993	2,721	86.2%	13,015
Daiwa Institute of Research	2,165	2,711	-20.1%	2,208	2,776	2,047	5.8%	9,744
NIF SMBC Ventures	325	590	-44.9%	3,348	-132	426	-23.8%	4,233
Other Domestic Group Companies	996	850	17.1%	1,055	1,061	1,190	-16.3%	4,158
<b>Total*</b>	<b>8,553</b>	<b>7,910</b>	<b>8.1%</b>	<b>10,155</b>	<b>6,699</b>	<b>6,386</b>	<b>33.9%</b>	<b>31,151</b>

Daiwa SB Investments	1,498	1,315	13.9%	1,042	938	1,111	34.8%	4,407
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## Overseas

America	56	370	-84.9%	959	-255	550	-89.8%	1,625
Europe	586	2,074	-71.7%	5,109	1,434	-204	-	8,415
Asia/Oceania	1,407	1,173	19.9%	1,256	511	887	58.6%	3,829
<b>Total</b>	<b>2,049</b>	<b>3,618</b>	<b>-43.4%</b>	<b>7,326</b>	<b>1,691</b>	<b>1,234</b>	<b>66.1%</b>	<b>13,870</b>

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



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