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# **3Q FY07 Earnings Results - Reference Data -**

**January 30, 2008**

**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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# Domestic Group Companies & Overseas Operation

1-3Q FY2007 (Y mil, y/y % Chg)	Daiwa Securities		Daiwa Securities SMBC (consolidated)		Overseas	
Net operating revenues	178,442	7.1%	149,246	-22.6%	40,976	-12.7%
SG&A	120,268	5.5%	122,212	-3.6%	39,104	6.2%
Operating income	58,174	10.6%	27,034	-59.1%	1,871	-81.5%
Ordinary income	58,377	10.8%	28,733	-57.7%	3,044	-70.3%
Group holdings (as of December 31, 2007)	100.0%		60.0%		-	

1-3Q FY2007 (Y mil, y/y % Chg)	Daiwa Asset Management		Daiwa SB Investments		Daiwa Institute of Research		NIF SMBC Ventures	
Operating revenues	63,408	54.5%	20,198	44.4%	78,994	18.2%	2,749	-64.7%
Ordinary income	13,898	50.1%	4,641	50.1%	8,570	21.9%	-874	-
Group holdings (as of December 31, 2007)	100.0%		44.0%		100.0%		46.3%	

- Overseas figure is the sum of overseas divisions of Daiwa Securities Group and Daiwa Securities SMBC.
- Operating revenues of Daiwa Institute of Research is based on amount of sales.
- Operating revenues of NIF SMBC Ventures is based on unconsolidated gross profit.

# Daiwa Securities Breakdown of SG&A



(Y mil)	FY2007		%Change vs 2Q FY07	FY2007	FY2006		FY2007	FY2006	%Change vs 1-3Q FY06	FY2006
	3Q	2Q		1Q	4Q	3Q	1-3Q	1-3Q		
<b>SG&amp;A</b>	<b>38,924</b>	39,363	<b>-1.1%</b>	41,981	40,644	39,128	<b>120,268</b>	114,025	<b>5.5%</b>	154,670
<b>Fees and commissions paid</b>	<b>5,588</b>	7,038	<b>-20.6%</b>	6,053	5,649	5,190	<b>18,679</b>	15,871	<b>17.7%</b>	21,520
<b>Personnel costs</b>	<b>18,666</b>	17,426	<b>7.1%</b>	20,883	19,481	19,009	<b>56,975</b>	57,012	<b>-0.1%</b>	76,493
<b>Real estate expenses</b>	<b>4,842</b>	5,198	<b>-6.8%</b>	4,853	6,779	6,543	<b>14,894</b>	16,344	<b>-8.9%</b>	23,124
<b>Office expenses</b>	<b>5,780</b>	5,638	<b>2.5%</b>	5,301	5,061	4,942	<b>16,721</b>	15,242	<b>9.7%</b>	20,304
<b>Depreciation</b>	<b>3,080</b>	2,835	<b>8.6%</b>	2,579	2,618	2,416	<b>8,495</b>	6,607	<b>28.6%</b>	9,225
<b>Taxes other than income taxes</b>	<b>314</b>	322	<b>-2.6%</b>	458	355	304	<b>1,095</b>	998	<b>9.7%</b>	1,353
<b>Others</b>	<b>651</b>	904	<b>-28.0%</b>	1,850	698	721	<b>3,406</b>	1,948	<b>74.8%</b>	2,647

# Daiwa Securities SMBC - Consolidated - Breakdown of SG&A



(Y mil)	FY2007		%Change vs 2Q FY07	FY2007	FY2006		FY2007	FY2006	%Change vs 1-3Q FY06	FY2006
	3Q	2Q		1Q	4Q	3Q	1-3Q	1-3Q		
<b>SG&amp;A</b>	<b>40,571</b>	40,781	<b>-0.5%</b>	40,859	43,013	48,424	<b>122,212</b>	126,779	<b>-3.6%</b>	169,793
<b>Fees and commissions paid</b>	<b>13,732</b>	15,706	<b>-12.6%</b>	14,356	17,395	22,006	<b>43,795</b>	51,972	<b>-15.7%</b>	69,368
<b>Personnel costs</b>	<b>11,774</b>	10,896	<b>8.1%</b>	12,597	12,197	12,610	<b>35,267</b>	35,496	<b>-0.6%</b>	47,694
<b>Real estate expenses</b>	<b>3,994</b>	3,599	<b>11.0%</b>	3,500	3,699	3,576	<b>11,094</b>	10,251	<b>8.2%</b>	13,951
<b>Office expenses</b>	<b>5,556</b>	5,358	<b>3.7%</b>	5,123	4,845	4,337	<b>16,038</b>	13,123	<b>22.2%</b>	17,969
<b>Depreciation</b>	<b>3,420</b>	3,322	<b>2.9%</b>	3,063	3,008	2,966	<b>9,806</b>	8,828	<b>11.1%</b>	11,836
<b>Taxes other than income taxes</b>	<b>894</b>	918	<b>-2.7%</b>	1,059	993	1,624	<b>2,872</b>	3,613	<b>-20.5%</b>	4,607
<b>Others</b>	<b>1,198</b>	978	<b>22.6%</b>	1,159	873	1,302	<b>3,336</b>	3,492	<b>-4.5%</b>	4,366

# Daiwa Securities SMBC - Unconsolidated - Financial Summary



(Y mil)	FY2007		%Change vs 2Q FY07	FY2007	FY2006		FY2007	FY2006	%Change vs 1-3Q FY06	FY2006
	3Q	2Q		1Q	4Q	3Q	1-3Q	1-3Q		
<b>Operating revenues</b>	<b>56,560</b>	40,523	<b>39.6%</b>	58,894	64,232	70,941	<b>155,978</b>	176,476	<b>-11.6%</b>	240,709
<b>Commissions</b>	<b>13,904</b>	15,652	<b>-11.2%</b>	16,044	19,826	35,451	<b>45,601</b>	72,807	<b>-37.4%</b>	92,633
<b>Brokerage commission</b>	<b>4,315</b>	4,582	<b>-5.8%</b>	5,216	5,605	4,982	<b>14,114</b>	14,296	<b>-1.3%</b>	19,902
<b>Stock and others</b>	<b>4,269</b>	4,545	<b>-6.1%</b>	5,186	5,567	4,956	<b>14,001</b>	14,199	<b>-1.4%</b>	19,767
<b>Underwriting commission</b>	<b>4,558</b>	6,306	<b>-27.7%</b>	6,423	8,248	22,810	<b>17,288</b>	40,065	<b>-56.8%</b>	48,314
<b>Stock and others</b>	<b>1,855</b>	3,925	<b>-52.7%</b>	3,597	5,381	20,217	<b>9,378</b>	32,854	<b>-71.5%</b>	38,235
<b>Bond and others</b>	<b>2,546</b>	2,288	<b>11.3%</b>	2,710	2,645	2,420	<b>7,545</b>	6,280	<b>20.1%</b>	8,926
<b>Distribution commission</b>	<b>210</b>	312	<b>-32.6%</b>	541	393	349	<b>1,063</b>	855	<b>24.4%</b>	1,248
<b>Other commissions (M&amp;A and others)</b>	<b>4,819</b>	4,451	<b>8.3%</b>	3,863	5,577	7,308	<b>13,134</b>	17,590	<b>-25.3%</b>	23,168
<b>Net gain/loss on trading securities</b>	<b>26,922</b>	10,158	<b>165.0%</b>	29,810	32,087	22,725	<b>66,891</b>	71,183	<b>-6.0%</b>	103,271
<b>Stock and others</b>	<b>1,009</b>	-7,282	-	14,595	4,271	7,338	<b>8,322</b>	13,027	<b>-36.1%</b>	17,298
<b>Bond, forex and others</b>	<b>25,913</b>	17,441	<b>48.6%</b>	15,214	27,816	15,387	<b>58,569</b>	58,156	<b>0.7%</b>	85,972
<b>Interest and dividend income</b>	<b>15,733</b>	14,711	<b>6.9%</b>	13,039	12,318	12,764	<b>43,484</b>	32,485	<b>33.9%</b>	44,804
<b>Interest expenses</b>	<b>15,155</b>	13,712	<b>10.5%</b>	11,595	11,946	10,810	<b>40,463</b>	26,843	<b>50.7%</b>	38,789
<b>Net operating revenues</b>	<b>41,405</b>	26,811	<b>54.4%</b>	47,298	52,286	60,131	<b>115,514</b>	149,632	<b>-22.8%</b>	201,919
<b>SG&amp;A</b>	<b>32,445</b>	33,304	<b>-2.6%</b>	33,652	36,052	42,087	<b>99,401</b>	110,051	<b>-9.7%</b>	146,103
<b>Ordinary income</b>	<b>8,922</b>	-6,461	-	21,434	16,333	18,363	<b>23,895</b>	54,658	<b>-56.3%</b>	70,992
<b>Net income</b>	<b>5,095</b>	-4,214	-	15,398	6,392	10,569	<b>16,278</b>	33,477	<b>-51.4%</b>	39,869
<b>Capital adequacy ratio</b>	<b>322.5%</b>	369.7%		414.5%	465.3%	458.1%	<b>322.5%</b>	458.1%		465.3%

# Equity Market Share

	FY2005				FY2006				FY2007		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Market data</b>											
Average daily trading value in TSE, OSE, and NSE; (Y bil)	1,356	1,891	2,972	3,053	2,752	2,265	2,477	3,224	2,963	3,015	<b>2,821</b>
Share of individual investors; (%)	24.2	28.4	30.8	29.1	22.8	21.9	20.8	21.4	19.2	17.8	<b>17.9</b>
<b>Market share in Tokyo Stock Exchange; (%)</b>											
Daiwa Securities Group (on and off floor)	8.3	7.1	6.6	6.5	7.2	7.1	7.1	6.6	6.6	6.1	<b>6.2</b>
Daiwa Securities (on and off floor)	1.0	1.3	1.5	1.5	1.2	1.1	1.1	1.2	1.0	0.9	<b>0.8</b>
Daiwa Securities SMBC (on and off floor)	7.3	5.8	5.1	5.0	6.1	6.0	6.1	5.4	5.6	5.2	<b>5.3</b>
(out of hours and off floor)	17.1	12.2	12.5	10.9	13.7	11.7	11.6	10.8	11.6	10.7	<b>12.6</b>
<b>Share of Daiwa Securities (retail) among individual investor transactions at TSE, OSE, and NSE; (%)</b>											
Daiwa Securities / TSE, OSE, NSE	3.7	4.4	4.9	4.9	4.8	4.5	4.6	5.0	4.6	4.6	<b>4.5</b>
<b>Daiwa Securities equity commission rate; (bp)</b>											
Commission rate*	64	53	51	47	44	40	43	41	41	40	<b>37</b>

\* Adjusted rate: Denominator excludes value that generates revenues not reported as brokerage commission

# Daiwa Securities Number of Accounts

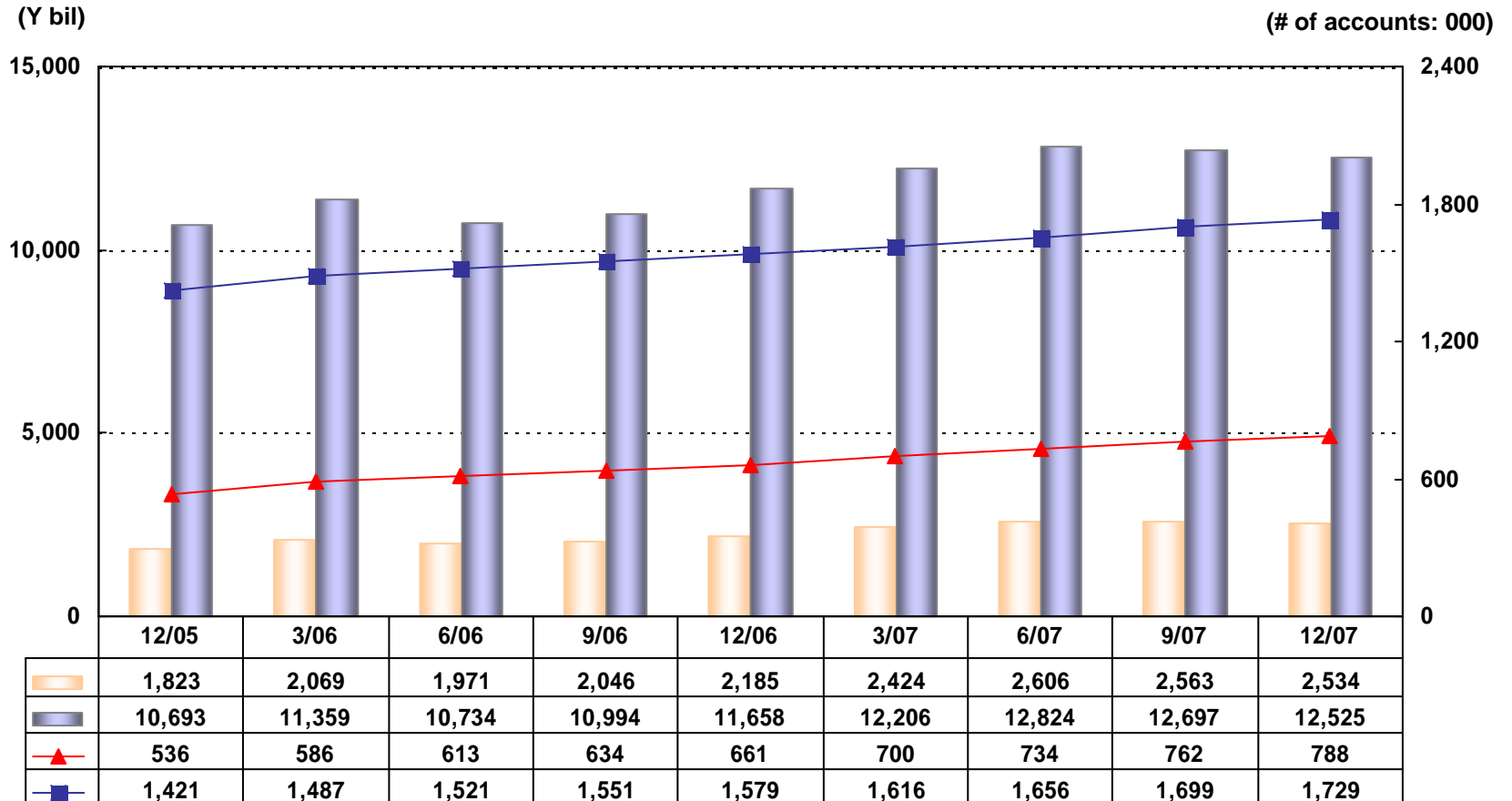


(# of Accounts: 000)	FY2005				FY2006				FY2007		
	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
<b>CMS accounts (Cash Management Service)</b>	2,539	2,568	2,631	2,695	2,726	2,755	2,783	2,819	2,862	2,900	<b>2,933</b>
<b>Online trading accounts</b>	1,323	1,359	1,421	1,487	1,521	1,551	1,579	1,616	1,656	1,699	<b>1,729</b>
<b>"Daiwa Direct" accounts</b>	457	492	536	586	613	634	661	700	734	762	<b>788</b>
<b>"Daiwa Direct" margin transaction             service accounts</b>	8.6	14.3	19.7	25.9	28.3	29.9	31.0	32.8	34.0	34.7	<b>35.4</b>
<b>"Daiwa FX" accounts</b>	-	-	-	2.3	3.8	4.6	6.0	8.0	9.4	11.9	<b>15.8</b>
<b>Accounts holding equity</b>	1,193	1,186	1,196	1,227	1,228	1,236	1,242	1,246	1,243	1,259	<b>1,263</b>
<b>Accounts holding equity investment trusts</b>	515	521	540	565	579	593	604	622	642	653	<b>671</b>
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>
<b>Newly opened accounts</b>	54	53	75	84	60	48	52	57	66	54	<b>49</b>
<b>"Daiwa Direct" Course Accounts</b>	19	22	33	39	22	17	19	26	26	22	<b>20</b>

# Daiwa Securities Online Trading



Accounts and Assets under Custody of Online and “Daiwa Direct” Accounts



- Assets under custody at “Daiwa Direct” (left)
- Assets under custody for total online accounts (left)
- # of accounts at “Daiwa Direct” (right)
- # of total online accounts (right)

# Daiwa Securities SMBC Customer Assets



(Y bil)	FY2005				FY2006				FY2007		
	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
<b>Equity</b>	10,382	11,942	14,163	13,931	13,333	13,476	14,181	14,661	15,059	14,523	<b>13,214</b>
<b>Bond</b>	8,905	8,564	8,560	8,279	8,111	8,821	8,984	10,575	10,312	10,985	<b>10,974</b>
<b>Investment trust</b>	942	992	1,042	1,035	1,076	1,028	1,066	1,039	955	984	<b>920</b>
<b>Others</b>	1,138	919	925	783	968	1,235	1,255	625	825	1,271	<b>2,106</b>
<b>Total</b>	21,369	22,418	24,691	24,029	23,489	24,562	25,488	26,901	27,154	27,765	<b>27,216</b>
<b>Customer assets of Daiwa Securities held under custody at Daiwa Securities SMBC</b>	4,929	5,140	5,288	5,258	5,276	5,360	5,660	5,977	6,199	6,274	<b>6,185</b>

# Daiwa Securities SMBC Investment Banking (1)



## Major lead manager deals during 3Q (including joint lead issues)

<b>Straight Bonds</b>	TEPCO	Total Y100bil	ACCORDIA GOLF	Y 25bil
	KDDI Corporation	Total Y 80bil	Hitachi Capital Corporation	Y 20bil
	SMBC (subordinated bond)	Y 80bil	Tokyo Tatemono	Y 20bil
	ORIX Corporation	Y 55bil	Meiji Dairies Corporation	Y 20bil
	SMBC	Y 50bil	Hokuriku Electric Power	Y 20bil
	Nissan Financial Services	Y 45bil	Sumitomo Metal Industries	Y 10bil
	Mitsubishi Electric Corporation	Y 40bil	Kyushu Electric Power	Y 10bil
	The Kansai Electric Power	Y 30bil	TOKYO GAS	Y 10bil
	Shikoku Electric Power	Y 30bil	Rengo	Y 5bil
	Mitsui Sumitomo Insurance Company	Y 30bil		
<b>Agency Bonds</b>	Japan Bank for International Cooperation		Total Y100bil	
	Japan Expressway Holding and Debt Repayment Agency		Total Y 80bil	
	Central Nippon Expressway Company		Total Y 50bil	
	Japan Finance Corporation for Small and Medium Enterprise		Y 50bil	
	Japan Student Services Organization		Y 40bil	
	National Life Finance Corporation		Y 30bil	
	East Nippon Expressway Company		Y 25bil	
	West Nippon Expressway Company		Y 25bil	
	Japan Water Agency		Y 15bil	
	The Okinawa Development Finance Corporation		Y 10bil	

# Daiwa Securities SMBC Investment Banking (2)



## Major lead manager deals during 3Q (including joint lead issues)

<b>Equity Offerings (including CB)</b>	Noevir	Primary offering	Y 6.9bil
	Produce	Primary & Secondary offering	Y 4.9bil
	Tokyo Tatemono Real Estate Sales	Primary & Secondary offering	Y 2.0bil
	VERISERVE Corporation	Primary & Secondary offering	Y 1.5bil
<b>IPOs</b>	Pressance Corporation		Y 3.6bil
	BRONCO BILLY		Y 1.9bil
	MoneySquare Japan		Y 1.5bil
	WebMoney Corporation		Y 0.9bil

## Overseas underwriting issues during 3Q

\* Currency rate as of end-Dec, 2007

<b>Equity (including POWL)</b>	International Elite	IPO listed in Hong Kong emerging market	Y 5.2bil
<b>Bonds</b>	Commonwealth Bank of Australia	Samurai bond	Total Y 60bil
	Republic of Poland	Samurai bond	Y 50bil
	The Bank of Nova Scotia	Euro bond	Y 34bil
	Australia and New Zealand Banking Group Limited	Euro/Yen bond	Y 15bil
	Royal Bank of Canada	Euro/USD bond	Y 11bil
	Australia and New Zealand Banking Group Limited	Euro/USD bond	Y 11bil

# Daiwa Securities SMBC Investment Banking (3)



## Major lead manager deals during 3Q (including joint lead issues)

	Issue	Underwriting	
<b>Structured Finance</b>	<b>&lt;Lead manager deals&gt;</b>		
	■ SMBC Series 16 RMBS	Y75.5bil	Y75.5bil
	■ SBM (Softbank Mobile) Handset Installment Sales Receivables Securitization Series 2007-12	Y43.5bil	Y43.5bil
	■ CRESCENDO Investment Corporation 1st Series Unsecured Investment Corporation Bonds	Y20bil	Y20bil
	■ CRESCENDO Investment Corporation 2nd Series Unsecured Investment Corporation Bonds	Y10bil	Y10bil
	<b>&lt;Co-Lead manager deals&gt;</b>		
	■ The Japan Housing Finance Agency Secured Pass-through Bonds No.S-5	Y250bil	Y70bil
	■ The Japan Housing Finance Agency Secured Pass-through Bonds No.9	Y56.7bil	Y16bil
	■ TOKYU REIT 1st Series Unsecured Investment Corporation Bonds	Y5bil	Y2bil
	■ TOKYU REIT 2nd Series Unsecured Investment Corporation Bonds	Y5bil	Y2bil
<b>&lt;Administrative lead manager&gt;</b>			
■ CREED OFFICE Investment Corporation 2nd Series Global PO	Y13.8bil	Y6.9bil	

## Major M&A deals during 3Q

<b>M&amp;A</b>	■ ASAHI BREWERIES made a TOB for ASAHI SOFT DRINKS in a bid to make it 100% subsidiary. (Advisor to ASAHI SOFT DRINKS)
	■ Yamatake Corporation made Kimmon Manufacturing their 100% subsidiary by a share exchange operation. (Advisor to Kimmon Manufacturing)
	■ Sumitomo Electric Industries made a TOB for its equity method affiliate, NISSIN ELECTRIC. (Advisor to Sumitomo Electric Industries)
	■ SRI Sports purchased Cleveland Golf Asia (Advisor to SRI Sports)
	■ Motorola purchased Vertex Standard (Advisor to Vertex Standard)

## Range and assumption of VaR

- Confidence level: 99% (one-side test)
- Holding period: 1 day
- Adjusted for price correlation between products

## Daiwa Securities Group (Consolidated)

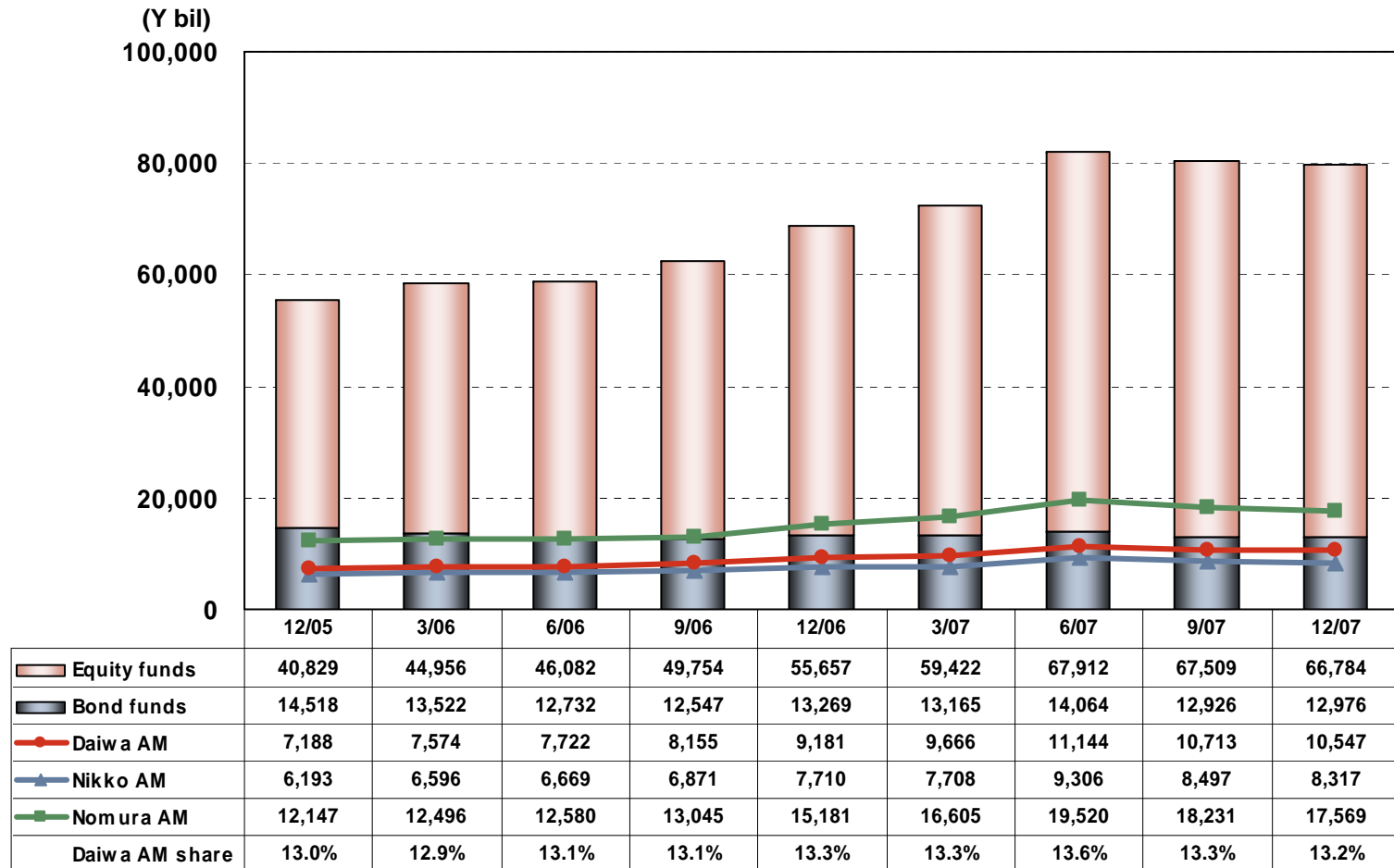
(Y bil)

(Month end)		12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
<b>VaR</b>		1.15	1.98	2.06	2.17	1.79	2.18	1.95	2.60	<b>2.78</b>
<b>Quarterly</b>	<b>High</b>	1.95	3.07	3.69	2.42	2.86	3.55	4.10	5.79	<b>3.89</b>
	<b>Low</b>	1.15	0.99	1.49	1.42	1.33	1.14	1.28	1.50	<b>2.02</b>
	<b>Average</b>	1.55	1.56	2.42	1.99	2.02	2.13	1.91	2.75	<b>2.90</b>

### (By risk factors)

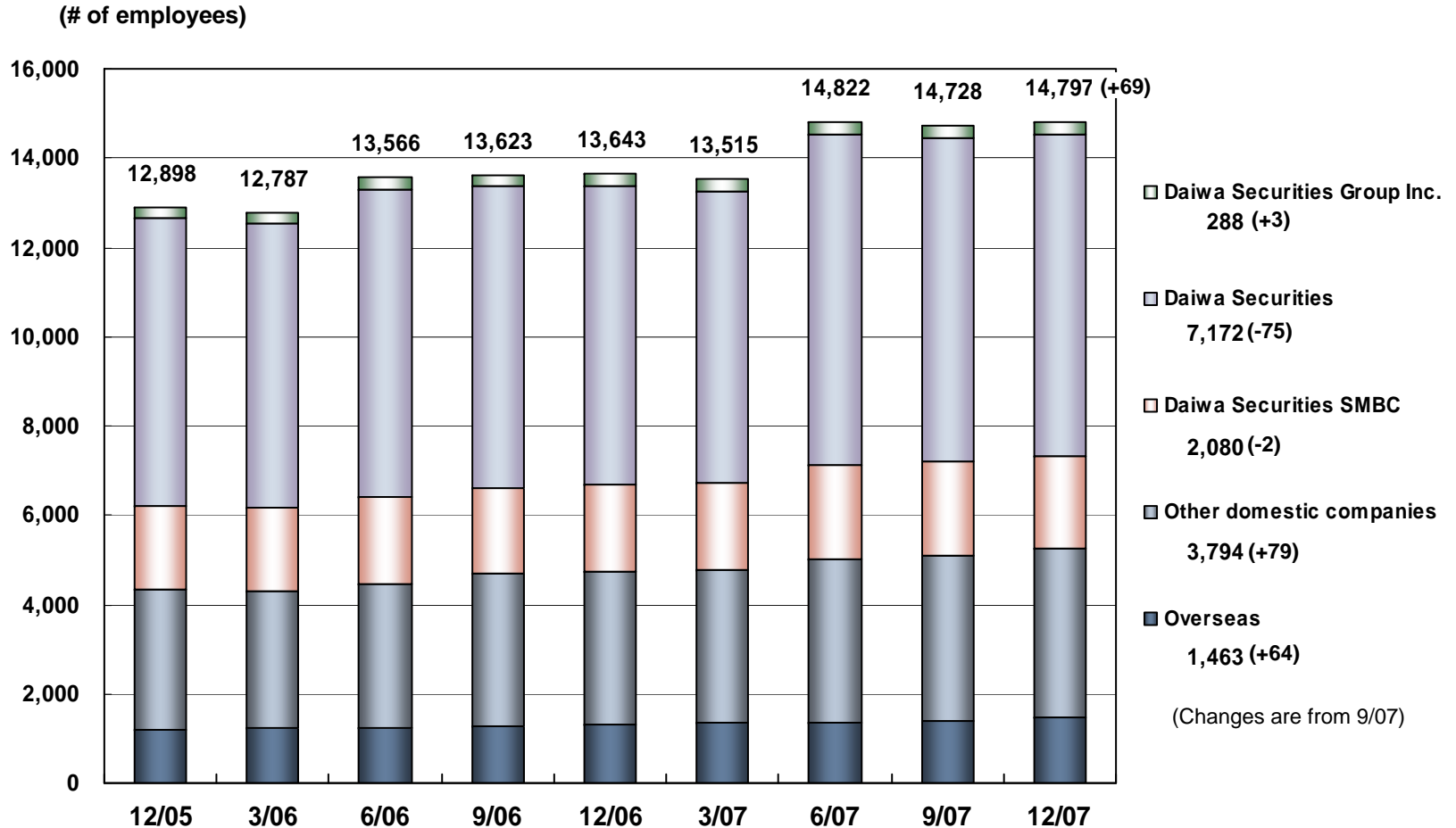
<b>Equity</b>	0.53	1.93	1.05	1.48	1.48	0.98	1.24	1.78	<b>1.65</b>
<b>Interest</b>	0.78	0.92	1.71	1.09	0.88	0.80	1.51	1.23	<b>1.93</b>
<b>Currency</b>	0.24	0.11	0.18	0.78	0.62	1.63	0.54	1.28	<b>1.48</b>
<b>Commodity</b>	-	-	-	-	0.03	0.12	0.17	0.00	<b>0.00</b>

# Asset Management Investment Trust Market in Japan



Source: The Investment and Trust Association

# Number of Group Employees



- Figures for Daiwa Securities include Financial Advisers (FA).
- Total figure is the sum of consolidated group companies and Daiwa SB Investments.
- Figures for Daiwa Securities SMBC include employees of Daiwa Securities SMBC Principal Investments.

# Changes in Shareholder Composition

September 06	
Types of investors	Ratio of # of shares
Individuals	16.4 %
Financial institutions	37.0 %
Banks	5.1 %
Trust Banks	24.7 %
Other institutions	4.5 %
Foreigners	39.8 %
Others	2.3 %
Total	100 %

March 07	
Types of investors	Ratio of # of shares
Individuals	15.6 %
Financial institutions	37.9 %
Banks	5.2 %
Trust Banks	25.4 %
Other institutions	4.1 %
Foreigners	40.1 %
Others	2.3 %
Total	100 %

September 07	
Types of investors	Ratio of # of shares
Individuals	17.2 %
Financial institutions	35.0 %
Banks	5.2 %
Trust Banks	22.5 %
Other institutions	5.1 %
Foreigners	38.7 %
Others	4.0 %
Total	100 %

# Credit Ratings

	Daiwa Securities Group Inc.		Daiwa Securities		Daiwa Securities SMBC	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
<b>Moody's</b>	Baa1	-	Baa1	P-2	A1	P-1
<b>Standard &amp; Poor's</b>	BBB+	A-2	BBB+	A-2	A	A-1
<b>Rating and Investment Information</b>	A	a-1	A	a-1	A+	a-1
<b>Japan Credit Rating Agency</b>	A+	-	A+	-	-	-

\* As of end-Dec, 2007

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**Contact**

**Daiwa Securities Group Inc.**

**Investor Relations**

**TEL: +81-3-5555-1300 FAX: +81-3-5555-0661**

**E-mail: [ir-section@dsgi.daiwa.co.jp](mailto:ir-section@dsgi.daiwa.co.jp)**

**URL: <http://www.daiwa-grp.jp/ir/english/>**