

Message from the President and CEO



“New” Daiwa Securities and “New” Medium-Term Management Plan

On April 1, 2012, Daiwa Securities Co. Ltd. merged with Daiwa Securities Capital Markets Co. Ltd., opening a new chapter in the Daiwa Securities Group’s history. This merger will reunite the Retail operations of Daiwa Securities with the Wholesale activities of Daiwa Securities Capital Markets for the first time since 1999, when the Group adopted a holding company structure. We have concluded that this re-unification is an essential step in our effort to “establish a robust business structure.” Indeed, we see it as one of the most important decisions in the 110-year history of the Daiwa Securities Group. Preparatory work to merge the two companies and a project to revise the Group’s organizational structure has been under way since early 2011. The consolidation and streamlining project aims to eliminate all the inefficiency and duplication that developed over the 13 years during which operations were managed separately, while aggressively cutting costs, especially in the Wholesale business, to address today’s highly competitive business environment. These efforts have already lowered break-even levels dramatically. In this way, we are laying a firm foundation on which the Daiwa Securities Group can write a new chapter in its history. As the “new” Daiwa Securities begins operations, we will strive to create the efficient management structure and powerful sales capabilities needed to succeed as a comprehensive, full-service securities company.

In the year since I was appointed CEO, I have been constantly impressed by the vast management resources possessed by the Daiwa Securities Group. In the past, the qualities that have allowed the Group to thrive were not ambitious M&A-based strategies but, rather, the importance that Daiwa places on developing a corporate culture committed to excellence. The unity and reliability of this organization are the Group’s most valuable assets.

Even when considering the broad sweep of its 110-year history, I believe that FY2012 will go down as a historic year for the Daiwa Securities Group. To guide the “new” Daiwa Securities as it enters the next phase of its evolution, we have formulated a “new” Medium-Term Management Plan—“Passion for the Best” 2014. This plan, which commenced in April 2012, contains the Group’s roadmap for the next three years. I take pride in having the opportunity to contribute to this important transition and I would like to thank all Daiwa Securities Group stakeholders for their support as we strive to build a sustainable corporate structure and pursue a new phase of growth.

September 2012

Takashi Hibino

President and CEO
Daiwa Securities Group Inc.

Message from the Chairman



Over the 110 years since it was founded, the Daiwa Securities Group has contributed to economic growth and the progress of society, through its activities in capital and financial markets. Since it was established in 1902, the Group has been noted for the loyalty and dedication to corporate principles that employees and executives demonstrated—qualities that have carried Daiwa Securities through eleven decades of external change and reform. We have cultivated a corporate culture in which employees and executives consistently place cooperation and contributions to the success of the Group ahead of their own personal gain.

This sort of loyalty is a critical element in the growth and health of a business organization. I view it as the most important source of the Daiwa Securities Group's competitiveness—an "invisible asset" that prompts employees and executives to seek ways to improve their workplace and which discourages actions that might hurt the company, thus facilitating internal control policies. In addition, a company can continuously invest in the advancement and training of the workforce to enhance its own long-term security, as it can depend on the unceasing efforts of talented, motivated personnel.

These bonds of loyalty run in both directions. The Daiwa

Securities Group aims to be a company that employees want to work for. Management strives to earn the trust of employees, and to create a work environment that promotes cooperation, camaraderie and pride in one's work. Cooperation in turn contributes to greater efficiency, effective teamwork in pursuit of shared goals, and a spirit of determination that is impossible to quantify. I believe that the merger of Daiwa Securities Co. Ltd. and Daiwa Securities Capital Markets Co. Ltd. to create a "new" Daiwa Securities will promote even greater cooperation and teamwork among business divisions, create a unified spirit among the employees and executives, and further refine our efforts to create value.

Today, the very purpose and role of a financial company is changing to reflect changes of the society. Nevertheless, I am confident that the unchanging values and strong loyalty of Daiwa Securities Group employees will serve us well, as we try to draw on traditions from the past and build bridges to the future. I have no doubt that the Daiwa Securities Group will continue to play an important role in Japan's capital and financial markets and to provide continued value to the societies in which we operate.

Shigeharu Suzuki

Chairman of the Board
Daiwa Securities Group Inc.