

■ To Our Stakeholders



**Shigeharu Suzuki**  
Chairman of the Board  
Daiwa Securities Group Inc.

**Takashi Hibino**  
President and CEO  
Daiwa Securities Group Inc.

# Growth+

On April 1, 2012, Daiwa Securities Co. Ltd. merged with Daiwa Securities Capital Markets Co. Ltd., creating a “new” Daiwa Securities and reuniting the Retail arm with the Wholesale arm. In FY2012, the first fiscal year of the “new” Daiwa Securities, the Daiwa Securities Group achieved a “return to profitability by pursuing management efficiencies,” one of the basic policies of the Medium-Term Management Plan. In FY2013, the Daiwa Securities Group will take long strides toward sustainable growth by establishing a robust business foundation that is resilient to the external environment and by “achieving high-quality earnings growth” by precisely addressing client needs.

## ■ Message from the CEO

The Daiwa Securities Group has opened a new chapter in its history as a “new” Daiwa Securities through the merger of its two securities subsidiaries. In addition, the Group concentrated on returning to profitability by pursuing management efficiencies during the fiscal year, based on “Turnaround” as a major theme in the first fiscal year of “Passion for the Best” 2014, the three-year Medium-Term Management Plan that began in April 2012.

The business environment was challenging, especially in the first half of the fiscal year, with the TOPIX marking a new post-bubble low in June 2012 amid prolonged economic stagnation. After a new Japanese government administration was launched from mid-November, however, the economy reached a turning point as the unusually strong yen corrected and weak stock prices began to recover. This turnaround picked up momentum toward the end of 2012, spurring a foreign investor-led rally in Japanese equity markets, which had been languishing with rock-bottom stock prices, to levels last seen before the Lehman Shock in 2008. The strength of this rally is better understood in terms of daily trading value on the First Section of the Tokyo Stock Exchange, which had been around ¥1 trillion last year, but surpassed ¥2 trillion in the first three months of 2013. Among international equity markets, namely in the United States, the Dow Jones Industrial Average reached a historical high on expectations for an economic recovery stemming from improvements in the unemployment rate and housing market statistics. Equity markets in Germany and other major countries were also buoyant.

In this business environment, the Daiwa Securities Group remained focused on reducing fixed costs and increasing organizational efficiency, and executed distinct strategies to create a unique business model with synergies between securities and banking services, strengthen the earnings capacity of the asset management business, enhance offerings for high net worth individuals, strengthen coverage of the middle market, and rebuild the wholesale business.

As a result of these initiatives, we fulfilled our commitment to return to profitability in the first fiscal year of the Medium-Term Management Plan, with net operating revenues of ¥417.3 billion, ordinary income of ¥95.1 billion, and net income of ¥72.9 billion.

“Growth” is the main theme for FY2013, the second year of the Medium-Term Management Plan. A dynamic shifting of household financial assets, Japanese people moving funds from their savings accounts into investments, is anticipated to transpire. The Daiwa Securities Group will focus all of its energies on channeling this potential flood of risk money to the corporate and public sectors, as it contributes to the recovery and revitalization of the Japanese economy. Moreover, the Group will continue to work to solve global issues, such as climate change and the eradication of poverty in emerging countries, through the provision of innovative financial products and services.

The Daiwa Securities Group is advancing toward a new stage of growth while continuing to create corporate value and contribute to the realization of a sustainable society. We would not be able to accomplish this without the support of our stakeholders, and would like to express our deep appreciation for their continued support.



Takashi Hibino  
President and CEO  
Daiwa Securities Group Inc.

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## ■ Message from the Chairman



Guided by “building trust” as one of its core corporate principles, the Daiwa Securities Group believes that its public mission is to contribute to social and economic development through its involvement in financial and capital markets. The trust that is placed on us by our customers and society is the source of our sustainable growth. Our employees and executives accept their responsibilities with pride and integrity as they work in the financial and capital markets, and as this high level of dedication becomes palpable to our stakeholders, a sturdy bond of enduring trust is formed. Corporate governance is also a key element of sustainable corporate growth. The Daiwa Securities Group has instilled a strong sense of ethics and professionalism in its employees and executives through insight into its corporate principles, and, from this basis, the Group has strengthened governance by welcoming outside directors who bring a wealth of experience from a variety of fields, such as human rights and labor, legal affairs, finance, and accounting.

Grounded in these ideals, our employees and executives work with passion in an environment that the Daiwa Securities Group has created that allows them to fully apply their abilities and talents. We are in a position to considerably strengthen our competitiveness as a corporate group with the establishment of a gender-neutral framework that enables employees to focus on their careers, and we aim to provide a higher dimension in the work-life balance. While nurturing a corporate culture of high transparency, accountability, and solidarity, we will work to initiate and accelerate the shift from savings into investments, and assertively propose products with social returns in addition to investment returns. We are confident that these and other initiatives to contribute to society via investment activities will lead to greater corporate value. We will forge a path toward sustainable growth for the Daiwa Securities Group.