

To Our Stakeholders



Our hope is to create an affluent future together with all of our stakeholders.

FY2017 was an important year for Daiwa Securities Group, marking the 115th anniversary of our founding. Under our new management system, this year also served as a fresh start founded on the strategic pillars of having the industry's highest quality and being an integrated securities group with a hybrid business model that leverages the benefits of being independent.

The Retail Division adopted a new sales promotion strategy espousing a bottom-up sales approach with greater emphasis on the customer's perspective, and its sales staff is now devoting more time in proposals that capture the needs of customers. Along with consultant positioning targeted at responding to more finely segmented needs and optimizing sales channels by branch strategies, the Division further bolstered its lineup of products and services designed from the customer's perspective. Meanwhile, the Wholesale Division served as the lead manager for multiple large-scale underwriting deals that were representative of the fiscal year, resulting in our selection as the House of the Year in the DEALWATCH AWARDS 2017 overall category.

An integrated securities group with a hybrid business model involves actively working to diversify our business portfolio, broadening the scope of our real estate asset management business and entering new business fields, such as those that employ FinTech solutions. We strove to enrich the synergies between new areas and traditional securities businesses, as well as cultivate a diverse range of earnings sources.

In FY2017, the Japanese stock market experienced a series of pullbacks sparked by geopolitical risks and

turmoil in US politics. That said, overall, the market environment was solid, with concerns receding over the political climate in Europe and optimism growing over economic policies in Japan and the US. Although the Nikkei Stock Average hit the 24,000 mark in January 2018, with the sharp rise in US long-term interest rates in February, Japanese shares tumbled. Against this backdrop, Daiwa Securities Group reported net operating revenues of ¥505.3 billion and ordinary income of ¥155.6 billion on a consolidated basis for FY2017, along with profit attributable to owners of parent of ¥110.5 billion.

In FY2018, we initiated our New Medium-Term Management Plan "Passion for the Best" 2020. As Japan enters a time when more people will live to the age of 100 and a digital transformation spreads throughout business and society, we foresee major changes in the operating environment surrounding the Group that will serve as opportunities. Based on the strategic policies of delivering high-value-added solutions through the industry's highest quality which leverages the strengths of the Group, and delivering new value as an integrated securities group with a hybrid business model, we are aiming to be a financial and capital market pioneer that creates the future.

Daiwa Securities Group will continue doing its part to create an affluent society in which people can lead fulfilling and prosperous lives. To this end, we will work to generate value for both the economy and society through our efforts to tackle social issues.

We would like to express our deepest appreciation to stakeholders for their continued support.

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Chairman of the Board
Daiwa Securities Group Inc.

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President and CEO
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