



2Q FY2015 Earnings Announcement

**October 28, 2015
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 conditions 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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■ Ordinary income increased YoY against the backdrop of strong result achieved in 1Q FY2015

- Net operating revenues: Y278.2 bil (+10.1% YoY), Ordinary income: Y98.5bil (+17.4% YoY), Profit attributable to owners of parent company: Y69.1 bil (-3.2% YoY)
- 1H FY2015 annualized ROE was 11.1%, exceeding a numerical target of the Medium Term Management Plan (ROE:10% or more)

■ Both Retail and Wholesale Division contributed to the increase in net operating revenues and ordinary income

- Ordinary income for the Retail Division was Y42.2 bil (+19.8% YoY) as the sales of stock investment trust and fund wrap were stable despite the market turmoil from August.
- Ordinary income for the Wholesale Division was Y29.6bil (+24.6% YoY) owing to a number of large scale global transactions (IPO, PO and M&A) and bond products.
- Achieved first place in IPO, Municipal bond and RMBS league tables for 1H FY2015.

Summary (2Q / FY2015)

■ 2Q FY2015 Net operating revenues: Y123.5 bil (-20.1% QoQ)

- ✓ Net operating revenues decreased due to the market turmoil in the global financial market.
- ✓ Global Investment Banking achieved growth in net operating revenues due to the increase in underwriting and M&A deals.

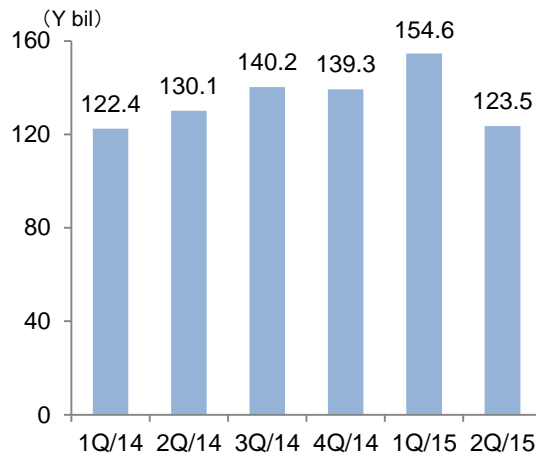
■ 2Q FY2015 Ordinary income: Y35.4 bil (-43.8% QoQ)

- ✓ SG&A was Y91.2 bil, -4.5% QoQ as variable costs such as bonus decreased.

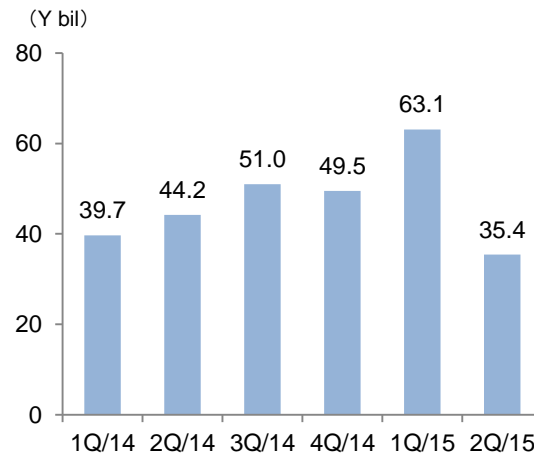
■ 2Q FY2015 Profit attributable to owners of parent company: Y24.3 bil (-45.7% QoQ)

- ✓ Annualized ROE was 7.7% (-6.6 pt QoQ), BPS was Y732.15 (-Y12.15 QoQ)
- ✓ Interim dividend was 17 yen, dividend payout ratio was 42.1% (FY2014 interim dividend was 14 yen, year-end dividend was 16 yen)

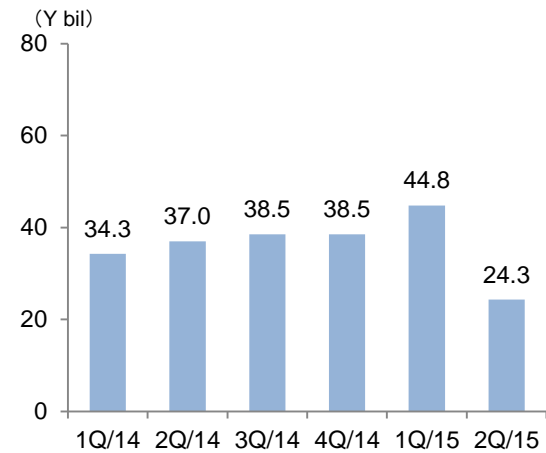
Net operating revenues



Ordinary income



Profit attributable to owners of parent company



Financial Summary

(Y mil)	FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	1Q	2Q		1H	1H		
Operating revenues	191,389	158,126	-17.4%	304,357	349,515	14.8%	659,396
Net operating revenues	154,663	123,579	-20.1%	252,654	278,242	10.1%	532,220
SG&A	95,574	91,281	-4.5%	177,053	186,856	5.5%	361,380
Ordinary income	63,113	35,456	-43.8%	83,944	98,569	17.4%	184,578
Profit (loss) attributable to owners of parent	44,836	24,347	-45.7%	71,465	69,183	-3.2%	148,490
Total assets	23,451,198	23,183,711		21,664,680	23,183,711		23,001,585
Net assets	1,362,124	1,346,356		1,338,721	1,346,356		1,434,680
Shareholders' equity*	1,272,263	1,258,269		1,143,952	1,258,269		1,238,657
EPS (Y)	26.24	14.19		41.94	40.41		87.07
BPS (Y)	744.30	732.15		670.81	732.15		725.27
ROE (Annualized)	14.3%	7.7%		12.9%	11.1%		12.8%

* Shareholders' equity = Owners' equity + Accumulated other comprehensive income

FY2015 Interim Dividend

17 yen

Consolidated P/L Summary

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q		1H	1H		
Operating revenues	155,656	179,583	175,454	191,389	158,126	-17.4%	304,357	349,515	14.8%	659,396
Commision received	70,954	76,029	75,445	80,041	76,460	-4.5%	139,641	156,502	12.1%	291,115
Net trading income	39,016	38,806	41,817	49,043	23,681	-51.7%	76,596	72,724	-5.1%	157,220
Net gain/loss on private equity and other securities	1,543	3,384	570	3,704	1,490	-59.8%	3,460	5,195	50.1%	7,415
Financial revenue	29,789	34,612	34,954	37,830	35,335	-6.6%	56,367	73,166	29.8%	125,934
Other operating revenue	14,351	26,750	22,667	20,768	21,158	1.9%	28,292	41,927	48.2%	77,710
Financial expenses	15,381	27,660	20,497	23,978	24,288	1.3%	31,912	48,267	51.2%	80,070
Other operating expenses	10,110	11,674	15,640	12,746	10,258	-19.5%	19,790	23,005	16.2%	47,105
Net operating revenues	130,163	140,248	139,316	154,663	123,579	-20.1%	252,654	278,242	10.1%	532,220
SG&A	88,889	91,408	92,918	95,574	91,281	-4.5%	177,053	186,856	5.5%	361,380
Operating income/loss	41,274	48,840	46,398	59,088	32,297	-45.3%	75,600	91,386	20.9%	170,839
Non-operating income/loss	2,964	2,215	3,179	4,024	3,158	-21.5%	8,343	7,182	-13.9%	13,738
Ordinary income/loss	44,239	51,056	49,578	63,113	35,456	-43.8%	83,944	98,569	17.4%	184,578
Extraordinary income/loss	717	-3,666	264	2,813	343	-87.8%	740	3,156	326.2%	-2,662
Income/loss before income taxes	44,956	47,389	49,842	65,926	35,799	-45.7%	84,684	101,725	20.1%	181,916
Total income taxes	6,756	7,463	8,937	19,636	11,421	-41.8%	11,042	31,057	181.2%	27,444
Profit (loss) attributable to owners of parent	37,085	38,502	38,522	44,836	24,347	-45.7%	71,465	69,183	-3.2%	148,490

**Net operating revenues : Y123.5 bil
(-20.1% QoQ)**

- Commission received was Y76.4 bil (-4.5%QoQ)
- Due to decrease in the value of stock trading and sales of stock investment trusts, brokerage commission* was Y18.4 bil (-12.4% QoQ), distribution commission* was Y9.4 bil (-15.9% QoQ)
- M&A commissions was Y2.9 bil (+93.8% QoQ) as cross-border M&A deals successfully closed.
- Underwriting commission* was Y9.5 bil (+5.9% QoQ) as the number of IPO/PO deals increased.
- Net trading income was Y23.6 bil (-51.7% QoQ) as there was less contribution from client flows and position management owing to market turmoil.

**Ordinary income : Y35.4 bil
(-43.8% QoQ)**

**Net income ** : Y24.3 bil
(-45.7% QoQ)**

* Composition of total commission received (See p.21)

** Net income: Profit attributable to owners of parent company

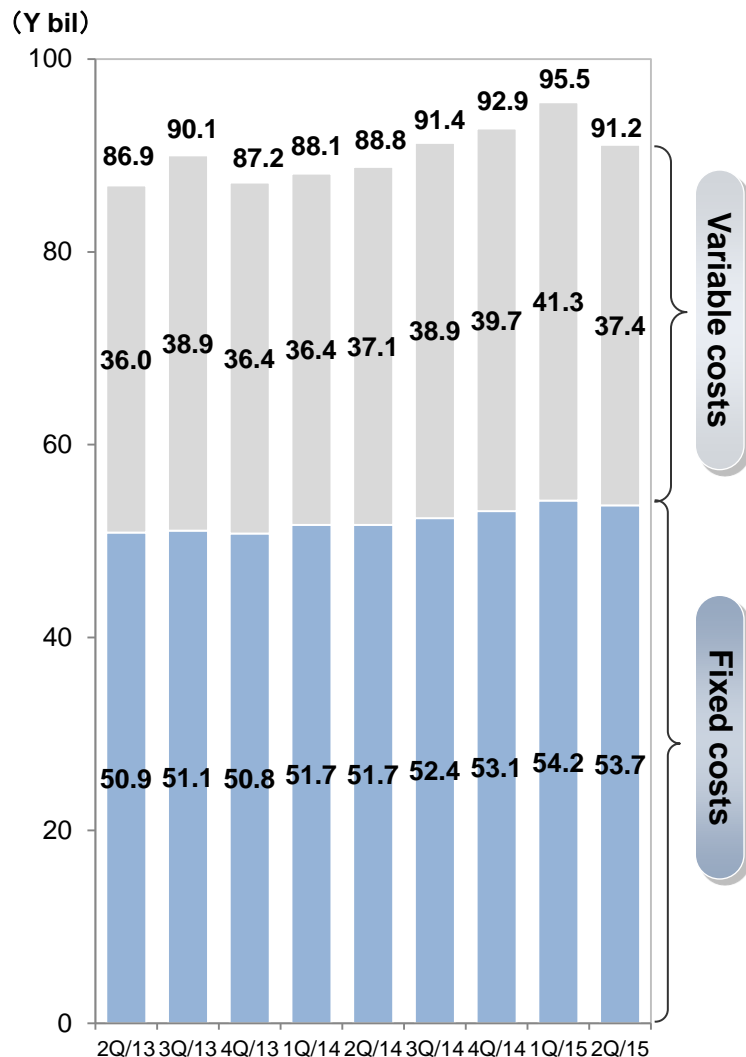
Breakdown of SG&A

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q		1H	1H		
SG&A	88,889	91,408	92,918	95,574	91,281	-4.5%	177,053	186,856	5.5%	361,380
Trading related expenses	18,569	18,762	18,473	18,871	18,304	-3.0%	36,440	37,175	2.0%	73,676
Personnel expenses	44,157	46,061	47,935	49,358	45,616	-7.6%	87,775	94,974	8.2%	181,772
Real estate expenses	9,169	9,076	9,550	9,287	9,686	4.3%	18,382	18,974	3.2%	37,009
Office cost	6,104	6,485	6,521	6,501	6,578	1.2%	12,437	13,079	5.2%	25,444
Depreciation	6,140	6,141	5,772	5,953	5,921	-0.5%	12,170	11,874	-2.4%	24,084
Taxes and dues	1,738	1,808	1,556	2,895	2,148	-25.8%	3,622	5,044	39.3%	6,987
Other	3,009	3,073	3,107	2,707	3,025	11.7%	6,225	5,733	-7.9%	12,405

SG&A :
Y91.2 bil
(-4.5% QoQ)

- Trading related expenses decreased to Y18.3 bil (-3.0% QoQ) due to decrease in equity trading volume in Daiwa Securities and assets under management of Daiwa AM.
- Personnel expenses fell to Y45.6 bil (-7.6% QoQ) mainly due to the reduction of bonus, which is linked to ordinary income.
- Real estate expenses increased to Y9.6 bil (+4.3% QoQ) due to rise in rent on real estate and system related maintenance insurance cost.
- Office cost was Y6.5 bil (+1.2% QoQ) and depreciation cost was Y5.9 bil (-0.5% QoQ). Both remained almost flat compared to the previous quarter.

Consolidated Cost Structure



(Y bil)	FY2013				FY2014					FY2015		
	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	1Q-2Q
Total SG&A	86.9	90.1	87.2	357.3	88.1	88.8	91.4	92.9	361.3	95.5	91.2	186.8
Variable costs	36.0	38.9	36.4	152.3	36.4	37.1	38.9	39.7	152.2	41.3	37.4	78.8
Trading related expenses	18.4	19.1	17.7	74.3	17.8	18.5	18.7	18.4	73.6	18.8	18.3	37.1
Advertising expenses	2.6	2.4	1.9	8.2	1.7	1.7	2.0	2.0	7.5	1.7	1.9	3.6
Bonus and others	12.5	14.4	13.6	57.1	12.8	13.1	14.6	15.5	56.0	16.9	13.5	30.4
Overtime, part-time	2.0	2.2	2.0	8.3	2.2	2.1	2.3	2.2	9.0	2.3	2.2	4.6
Fixed costs	50.9	51.1	50.8	205.0	51.7	51.7	52.4	53.1	209.1	54.2	53.7	108.0
Personnel expenses	27.2	27.3	27.7	109.9	28.1	28.4	28.8	29.7	115.2	29.6	29.4	59.1
Real estate expenses	8.8	9.1	9.2	36.2	9.2	9.1	9.0	9.5	37.0	9.2	9.6	18.9
Depreciation	6.8	6.5	6.1	26.5	6.0	6.1	6.1	5.7	24.0	5.9	5.9	11.8
Office expenses	6.1	5.9	5.7	23.6	6.0	5.8	6.1	6.2	24.2	6.1	6.2	12.4
Taxes and dues	1.4	1.6	1.4	6.6	1.8	1.7	1.8	1.5	6.9	2.8	2.1	5.0

※ Bonus-linked social insurance premium at Daiwa securities which had been reported as fixed costs, is now included as variable costs, and figures have been retroactively adjusted.

Consolidated Balance Sheet

Consolidated Balance Sheet (September 30, 2015)

(Y bil)

Current assets	22,625	(435)	Current liabilities	19,671	(317)
Cash and deposits	3,248	(262)	Trading products	5,825	(-189)
Short-term investment securities	2,202	(-427)	Trading securities and other	3,431	(57)
Trading products	8,217	(-86)	Stocks, convertible bonds	147	(-42)
Trading securities and other	5,315	(123)	Bonds	3,235	(186)
Stocks, Convertible bonds	423	(-328)	CD/CP and others	48	(-87)
Bonds	3,961	(285)	Derivatives	2,393	(-246)
Beneficiary certificates	163	(-48)	Loans payable secured by securities	7,993	(439)
CD/CP and others	767	(213)	Deposits for banking business	2,965	(219)
Derivatives	2,902	(-209)	Short-term loans payable	951	(-59)
Operational investment securities	110	(-9)	Commercial papers	406	(18)
(after allowance for possible investment losses)			Current portion of bonds	223	(-41)
Daiva PI Partners + Daiva Securities SMBC PI	102	(-8)			
Daiwa Corporate Investment	8	(0)	Non-current liabilities	2,161	(-47)
Loans secured by securities	7,405	(676)	Bonds payable	1,221	(42)
Non-current assets	557	(-253)	Long-term loans payable	870	(-75)
Property, plant and equipment	122	(-335)	Total liabilities	21,837	(270)
Intangible assets	76	(0)	Net assets	1,346	(-88)
Investments and other assets	358	(83)	Owners' equity	1,133	(46)
Investment securities	326	(84)	Accumulated other comprehensive income	125	(-26)
Listed stocks	164	(-3)	Non-controlling interests	79	(-107)
Unlisted stocks	20	(0)			
Other	140	(87)			
Total Assets	23,183	(182)	Total liabilities and net assets	23,183	(182)

Total assets: Y23.18 tri

Net assets: Y1.34 tri

Shareholders' equity:** Y1.25 tri

- 90.9% of total assets have high liquidity*

* Cash and deposits + Short-term investment securities + Trading products + Loans secured by securities

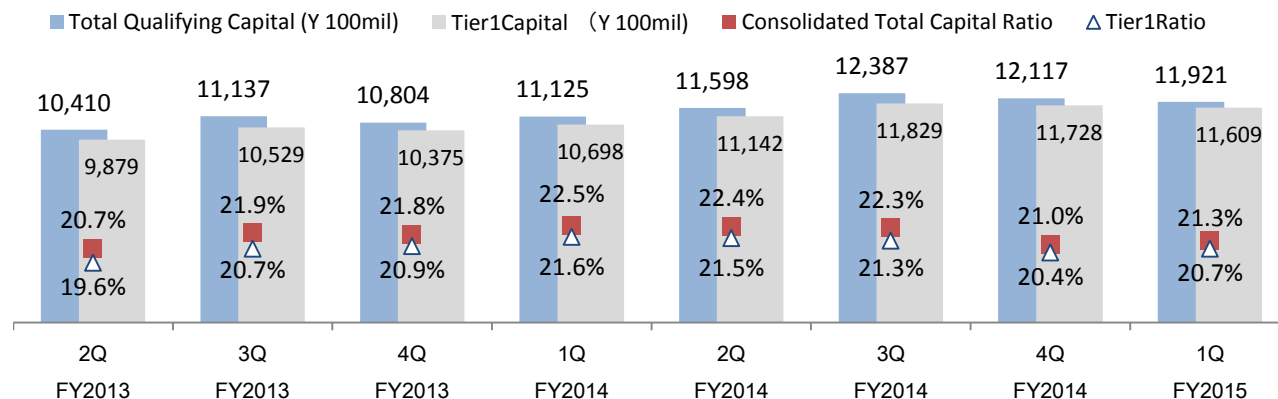
- Shareholders' equity** increased by Y19.6 bil from March 31, 2015 to Y1.25 tri

** Shareholders' equity = Owners' equity + Accumulated other comprehensive income

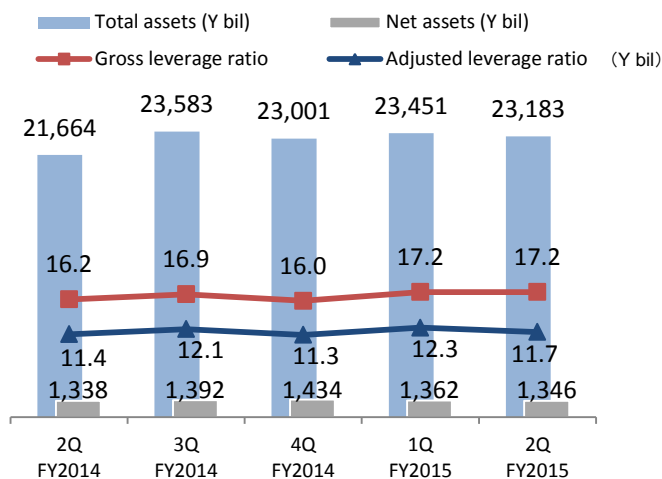
Note: Figures in parentheses indicate changes from March 31, 2015

Consolidated Financial Management

Consolidated Capital Adequacy Ratio (Basel III)



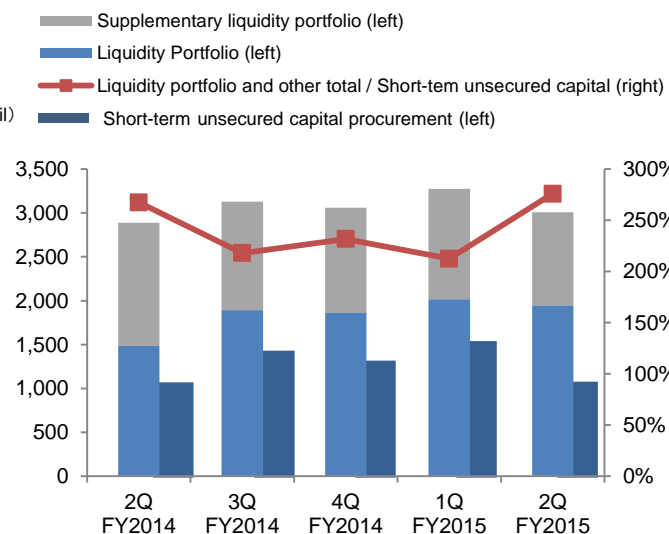
【Balance Sheet】 Leverage Ratio



* Gross leverage ratio: total assets / net assets

**Adjusted leverage ratio: (total assets-assets related to cash forward transaction & repo trading) / net assets

Liquidity Portfolio



【Regulatory Capital (Basel III)】

(As at June 30, 2015)

- Consolidated Total Capital Ratio : 21.3%
- Consolidated Tier1 Capital Ratio : 20.7%
- Consolidated Common Equity Tier1 Capital Ratio : 20.2%
- Consolidated Leverage Ratio : 5.10%

【Regulatory Liquidity (Basel III)】

(End of month average Jul-Sep, 2015)

- Consolidated Liquidity Coverage Ratio : 153.0%

【Balance Sheet】

- Gross leverage* : 17.2x
- Adjusted leverage ratio** : 11.7x

【Liquidity】

- Liquidity portfolio : Y1.94 tri
- Supplementary liquidity portfolio : Y1.60 tri

※ All figures are as of the end of each quarter.

Segment Information

(Y mil)	Net operating revenues						
	FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	1Q	2Q		1H	1H		
Retail	64,631	57,081	-11.7%	110,807	121,712	9.8%	232,033
Wholesale	57,174	38,468	-32.7%	85,977	95,642	11.2%	180,568
Global Markets	47,546	28,670	-39.7%	66,335	76,216	14.9%	142,601
Global Investment Banking	9,628	9,798	1.8%	19,642	19,426	-1.1%	37,966
Asset Management*	15,488	12,074	-22.0%	26,664	27,563	3.4%	55,140
Investments	4,234	1,712	-59.6%	4,002	5,946	48.6%	8,351
Other/Adjustments	13,134	14,242		25,202	27,377		56,126
Consolidated total	154,663	123,579	-20.1%	252,654	278,242	10.1%	532,220

(Y mil)	Ordinary income						
	FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	1Q	2Q		1H	1H		
Retail	24,263	17,942	-26.1%	35,219	42,206	19.8%	77,756
Wholesale	24,027	5,588	-76.7%	23,770	29,615	24.6%	52,888
Global Markets	21,960	3,838	-82.5%	18,264	25,799	41.3%	44,878
Global Investment Banking	2,066	1,749	-15.3%	5,506	3,816	-30.7%	8,009
Asset Management*	9,260	7,536	-18.6%	16,051	16,797	4.6%	32,142
Investments	3,671	1,168	-68.2%	3,266	4,840	48.2%	6,506
Other/Adjustments	1,889	3,219		5,636	5,109		15,284
Consolidated total	63,113	35,456	-43.8%	83,944	98,569	17.4%	184,578

※Figures calculated based on managerial accounting of each Group companies.

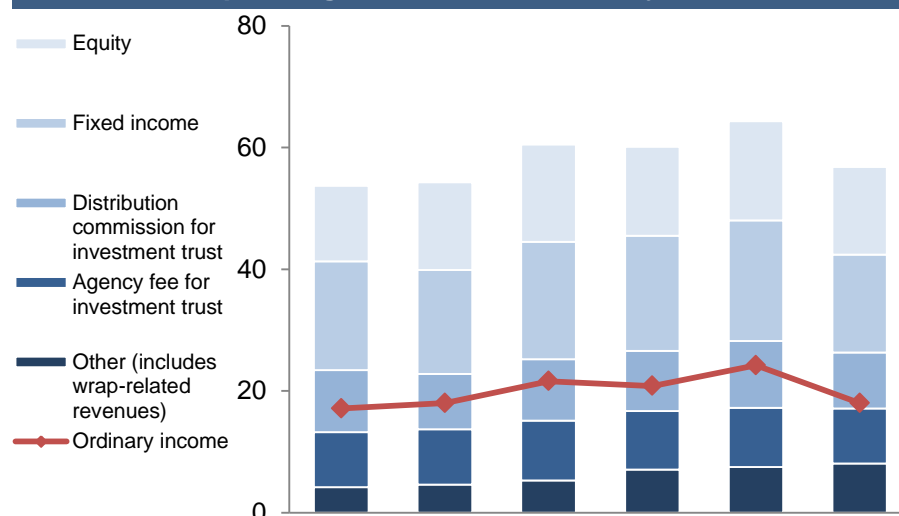
* Equity in earnings of affiliates from Daiwa Office Investment Corporation was included in the ordinary income of Asset Management Division since 2Q FY2015 as the company became equity method affiliated company from consolidated subsidiary.

Retail Division

(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Net operating revenues	57,081	-11.7%	121,712	9.8%
Ordinary income	17,942	-26.1%	42,206	19.8%

- Equity revenues dropped 12.1% QoQ as the value of both Japanese and foreign stock trading decreased against volatilities in the stock market from China's economic slowdown and concerns about FRB's decision to raise interest rate.
- Fixed income revenues decreased by 18.7% QoQ given a decrease in the sales of foreign bonds.
- Distribution commission for investment trust dropped by 16.2% QoQ, as the sales of stock investment trusts decreased. Agency fee for investment trust fell by 7.2% QoQ due to the decrease in AUC.
- Wrap related revenues increased, resulting in the rise of other revenues by 8.5% QoQ.

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q
Equity	12.4	14.4	16.0	14.6	16.3	14.4
Fixed income	17.9	18.1	19.3	18.9	19.8	16.1
Distribution commission for investment trust	10.2	9.9	10.1	9.9	11.0	9.2
Agency fee for investment trust	9.0	9.4	9.8	9.6	9.7	9.0
Other (includes wrap-related revenues)	4.2	4.8	5.3	7.1	7.5	8.1
Net operating revenues	53.9	56.8	60.7	60.4	64.6	57.0
Ordinary income	17.1	18.0	21.6	20.8	24.2	18.0

【Stock Investment Trust】

- The sales of stock investment trust which invest in Japan equity was steady owing to timely proposals which captured changes in market environment. The total sales of stock investment trusts decreased QoQ although it maintained a high level.

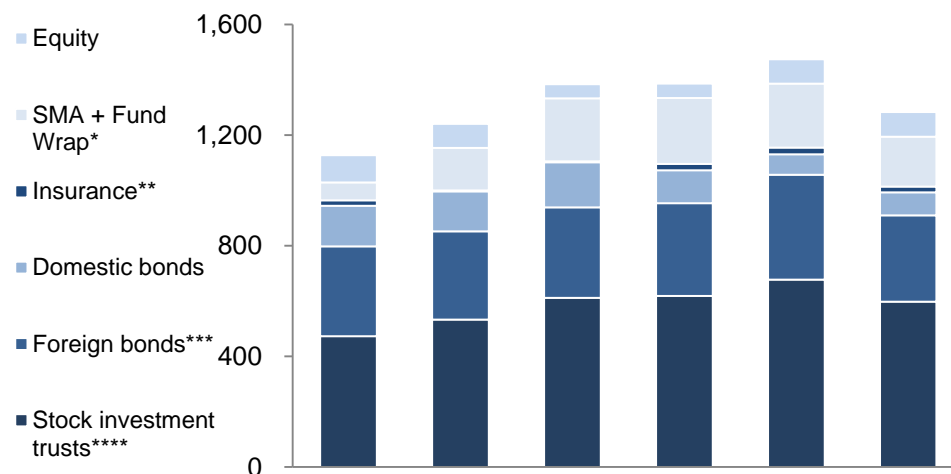
<Popular investment trusts and sales amount in 2Q FY2015>

Japan Equity Alpha Quartet (monthly dividend type)	Y 97.4 bil
Daiwa US REIT Fund (monthly dividend type)	Y 38.7 bil
Daiwa High Quality Japan Equity Select – Eichi no Wa –	Y 35.5 bil

【Net Asset Inflow】

- Outflow for profit taking increased due to a drastic change in market environment. On the other hand, net inflow of assets grew steadily as preferential interest rate at Daiwa Next Bank attracted customers.
- The combined securities and banking business model contributed to net asset inflow such as offering a set plan of Daiwa fund wrap and time deposit.

Sales and distribution amount by product



(Y bil)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q
Equity	98.4	86.6	50.8	51.5	87.8	89.0
SMA + Fund Wrap*	64.0	153.7	228.0	238.0	231.8	180.7
Insurance**	19.6	3.8	2.8	23.0	23.5	20.8
Domestic bonds	147.6	144.9	162.7	119.8	74.5	83.0
Foreign bonds***	324.7	318.5	327.8	335.2	379.6	312.5
Stock investment trusts****	472.9	533.6	611.7	618.5	677.2	598.0

*Total sales amount of Daiwa fund wrap and Daiwa SMA

**Insurance include pension insurance, life insurance and business insurance

***Foreign bonds include yen-denominated bonds

****Stock investment trusts include switching transactions between funds

Wholesale Division Global Markets

(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Net operating revenues	28,670	-39.7%	76,216	14.9%
Ordinary income	3,838	-82.5%	25,799	41.3%

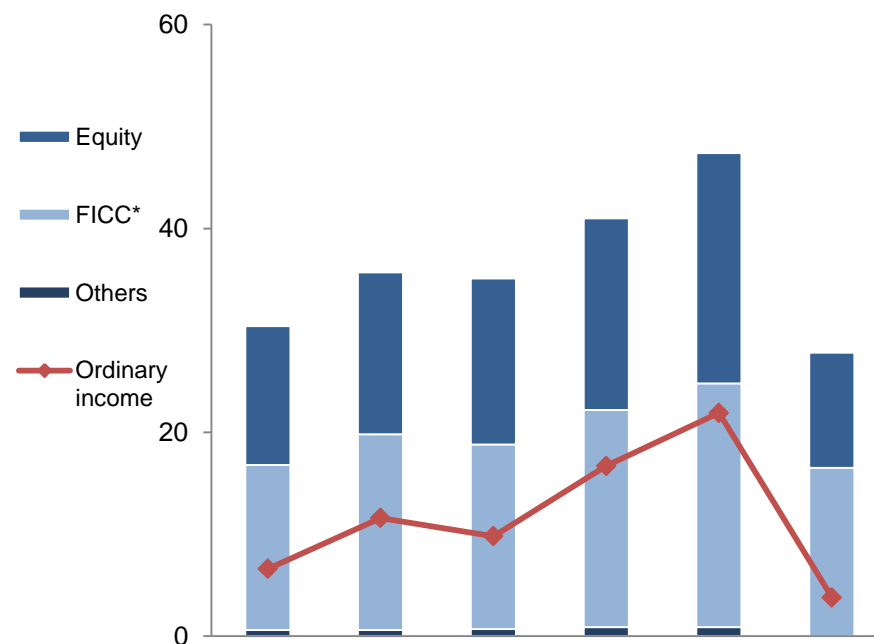
【Equity】

- Client flow decreased due to the global market turmoil from August onward. As our position management for trading was also affected by the market decline, equity revenues decreased by 49.7% QoQ.

【FICC*】

- Although foreign bond credit trading remained steady due to operations which well captured market trends, FICC revenues declined QoQ.

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q
Equity	13.6	15.9	16.3	18.8	22.6	11.3
FICC*	16.2	19.2	18.1	21.3	23.9	16.5
Others	0.6	0.6	0.7	0.9	0.9	0.7
Net operating revenues	30.5	35.7	35.1	41.1	47.5	28.6
Ordinary income	6.6	11.6	9.8	16.7	21.9	3.8

*FICC: Fixed Income, Currency and Commodities

Wholesale Division Global Investment Banking

(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Net operating revenues	9,798	1.8%	19,426	-1.1%
Ordinary income	1,749	-15.3%	3,816	-30.7%

【Equity】

- Acquired large IPO/PO deals such as Dexerials' Global IPO and acted as domestic joint lead manager for domestic tranche in SONY's Global PO and joint lead manager in SONY's CB.

<Selected lead managed deals>

Dexerials Corporation	Global IPO	Y86.5 bil
SONY CORPORATION	Global PO	Y314.7 bil
SONY CORPORATION	CB	Y120.0 bil
ATOM CORPORATION	PO	Y24.1 bil
SANKYO CO LTD.	Euro Yen CB	Y20.0 bil

【Debt】

- Executed a number of lead managed deals, including NEC's SB, Nippon Life Insurance Company's Foundation Fund, etc.

<Selected lead managed deals>

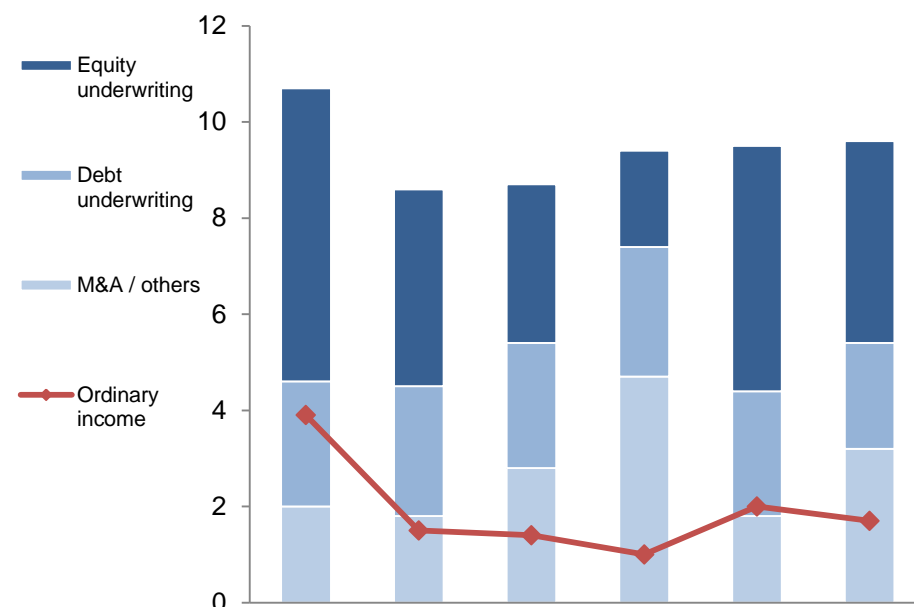
NEC Corporation (5,7 yrs)	SB	Total Y50.0 bil
Japan Finance Corporation (2 yrs)	Agency Bond	Y50.0 bil
Nippon Life Insurance Company 2015 FSPC (4 yrs)	Foundation Funds	Y50.0 bil

【M&A】

<Selected deals>

Share acquisition of DeLclima (Italy) by Mitsubishi Electric Corporation
Group reorganization of Casino Group (France)
Share acquisition of Reward Gateway (UK) by Great Hill Partners (US)

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q
Equity underwriting	6.1	4.1	3.3	2.0	5.1	4.2
Debt underwriting	2.6	2.7	2.6	2.7	2.6	2.2
M&A / others	2.0	1.8	2.8	4.7	1.8	3.2
Net operating revenues	10.8	8.7	8.7	9.5	9.6	9.7
Ordinary income	3.9	1.5	1.4	1.0	2.0	1.7

Asset Management Division

(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Net operating revenues	12,074	-22.0%	27,563	3.4%
Ordinary income	7,536	-18.6%	16,797	4.6%

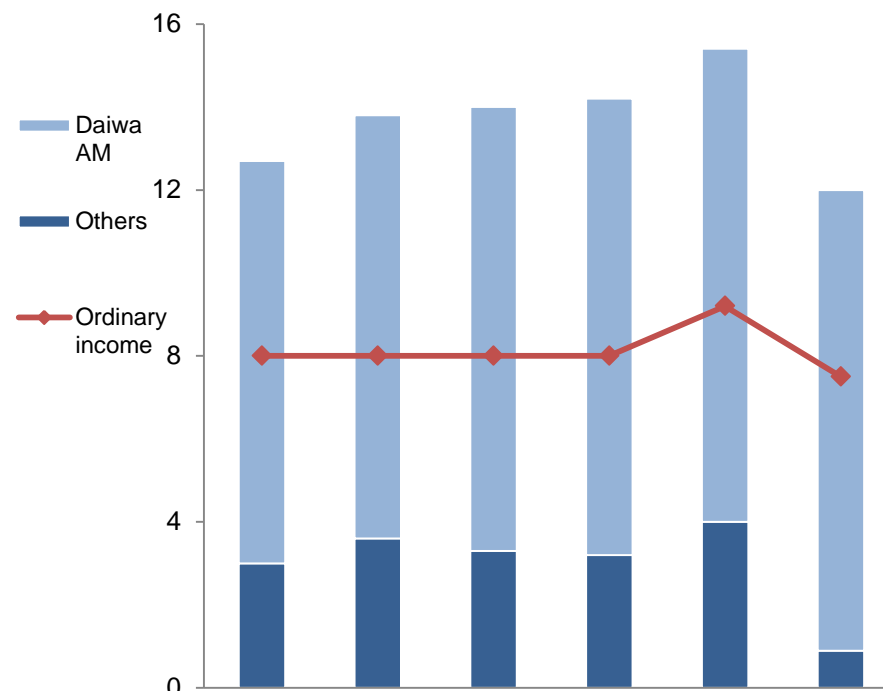
【Daiwa Asset Management】

- Despite steady increase in net asset inflow, management fees at Daiwa Asset Management decreased 4.5% QoQ as AUM decreased due to a fall in market value caused by a decline in stock price.

【Others】

- Equity in earnings of affiliates from Daiwa Office Investment Corporation was included in the ordinary income of Asset Management Division starting this quarter as the company became equity method affiliated company from consolidated subsidiary.
- Without the above impact, net operating revenues and ordinary income for this division fell on slightly QoQ.

Net operating revenues and ordinary income



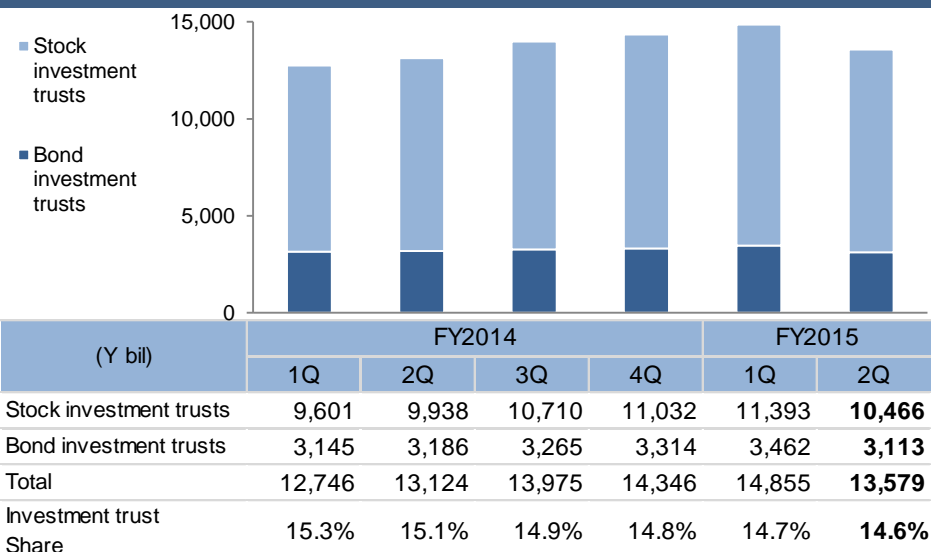
(Y bil)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q
Daiwa AM	9.7	10.2	10.7	11.0	11.4	11.1
Others	3.0	3.6	3.3	3.2	4.0	0.9
Net operating revenues	12.7	13.8	14.1	14.3	15.4	12.0
Ordinary income	8.0	8.0	8.0	8.0	9.2	7.5

※'Others' includes Daiwa Fund Consulting, Daiwa Real Estate Asset Management, and Daiwa Office Investment Corporation

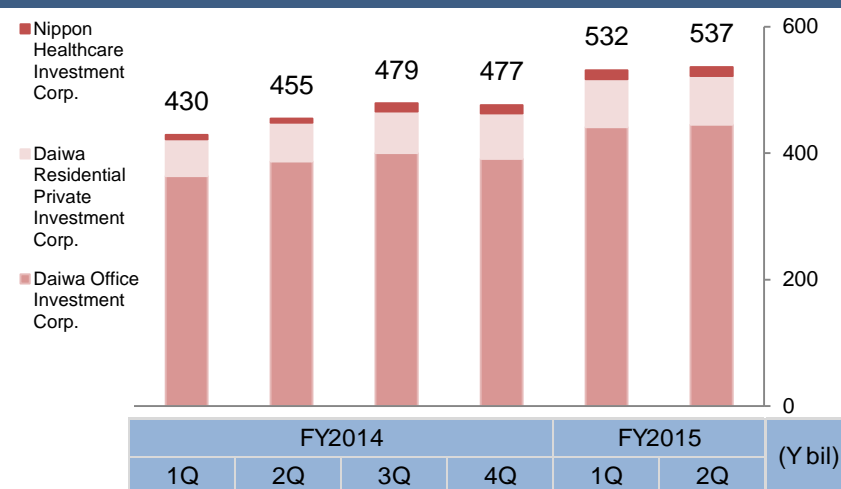
※Equity in earnings of affiliates is included in non-operating revenues

Asset Management Division Assets Under Management

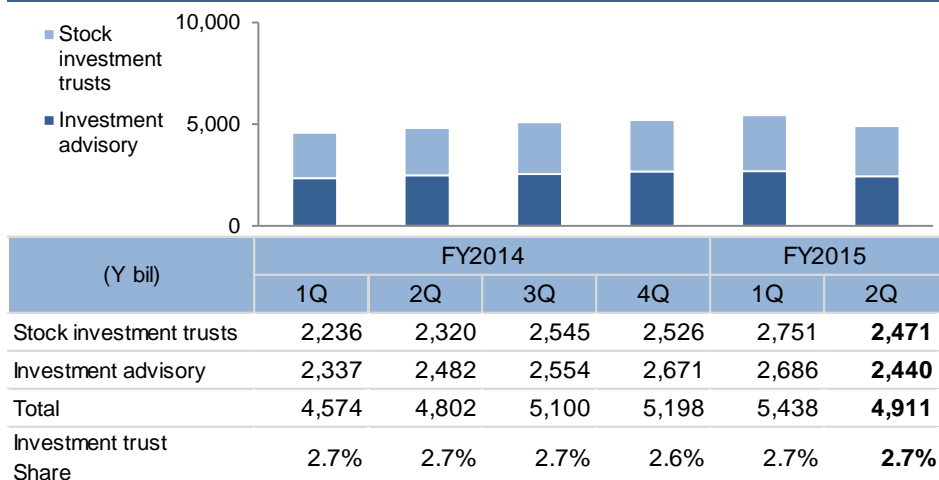
Daiwa Asset Management AUM (Investment Trusts)



Daiwa Real Estate Asset Management AUM



Daiwa SB Investments AUM (Investment Trusts & Investment Advisory)

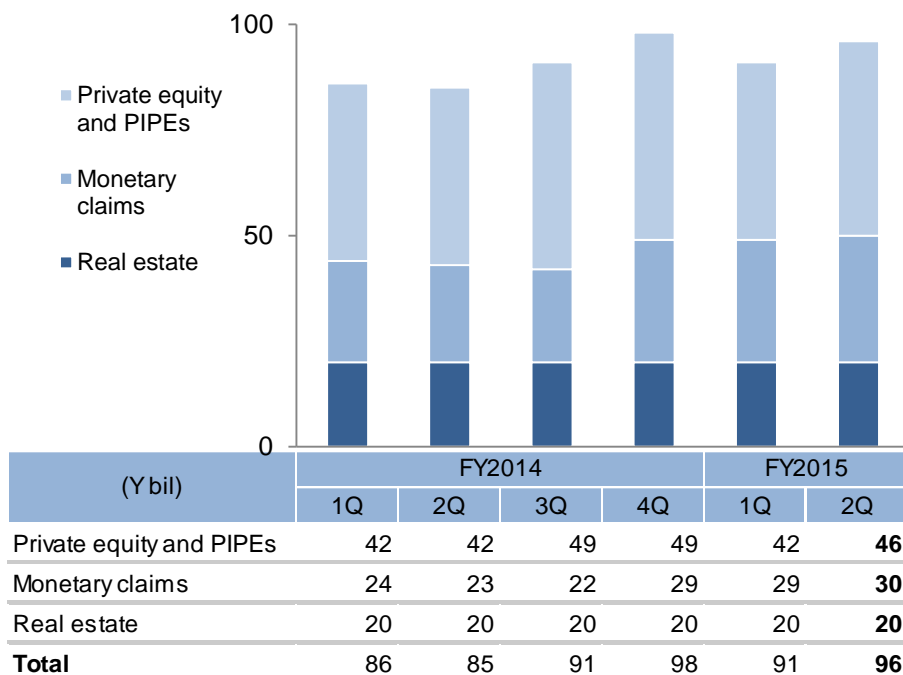


- The combined shares of investment trusts for Daiwa Asset Management and Daiwa SB Investments is 17.2%.
- Daiwa Office Investment Corporation acquired “Daiwa Hatchobori ekimae” and “Daiwa Hatchobori ekimae West” (conclusion of contract: Sept.8, obtained property: Sept.11)
- Nippon Healthcare Investment Corporation acquired “Silver Hights Hitsujigaoka No.3” (conclusion of contract: Sept.18, obtained property: Oct.15)

Investment Division

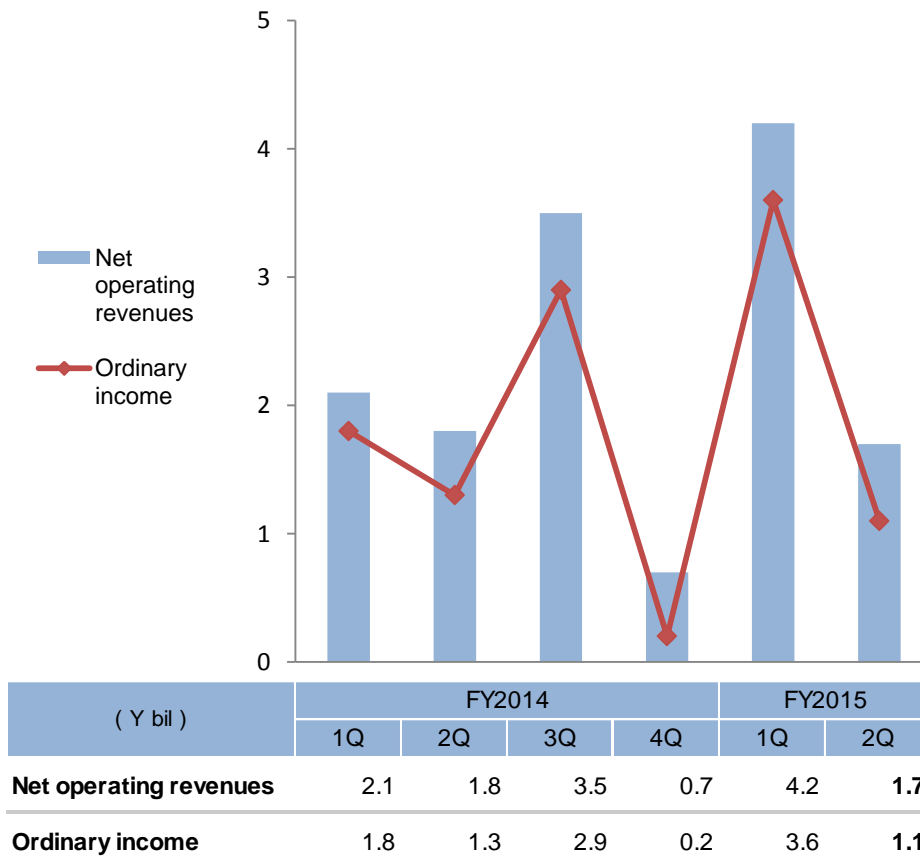
(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Net operating revenues	1,712	-59.6%	5,946	48.6%
Ordinary income	1,168	-68.2%	4,840	48.2%

Principal investment values



※ Principal investment values are the sum of Daiwa PI Partners and Daiwa Securities SMBCPI
 ※ PIPEs: Private Investment in Public Equities
 ※ All figures are as of the end of each quarter

Net operating revenues and ordinary income



Ordinary Income



(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014 1H	FY2015 1H	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q					
DIR Group*	1,806	2,010	3,085	2,000	2,646	32.3%	2,869	4,646	61.9%	7,966
Daiwa Next Bank	2,381	5,846	2,699	3,839	3,631	-5.4%	5,078	7,471	47.1%	13,625
Overseas operation Total	-1,829	-2,364	-127	196	-692	-	-1,412	-495	-	-3,904
Europe	-1,527	-171	-712	-804	404	-	-1,304	-399	-	-2,187
Asia /Oceania	-447	-1,793	-695	-353	-1,285	-	-278	-1,638	-	-2,768
Americas	144	-399	1,279	1,354	188	-86.1%	170	1,542	806.6%	1,050

DIR Group*

- Ordinary income increased QoQ with the increase in orders received for regulation correspondence system improvement projects.

Daiwa Next Bank

- Ordinary income was Y3.6 bil mainly due to portfolio rebalancing.

Overseas Operation

- Europe moved into the black mainly due to an increase in underwriting related revenues from Global offering, Euro Yen CB deals and DC Advisory's cross boarder M&A deals.
- Asia/Oceania's loss widened due to the deterioration in the market condition.
- Americas maintained profit as both equity and FICC revenues remained steady.

* DIR Group includes Daiwa Institute of Research Holdings, Daiwa Institute of Research, and Daiwa Institute of Research Business Innovation (Excluding in-group transactions and dividend from subsidiaries)

Reference

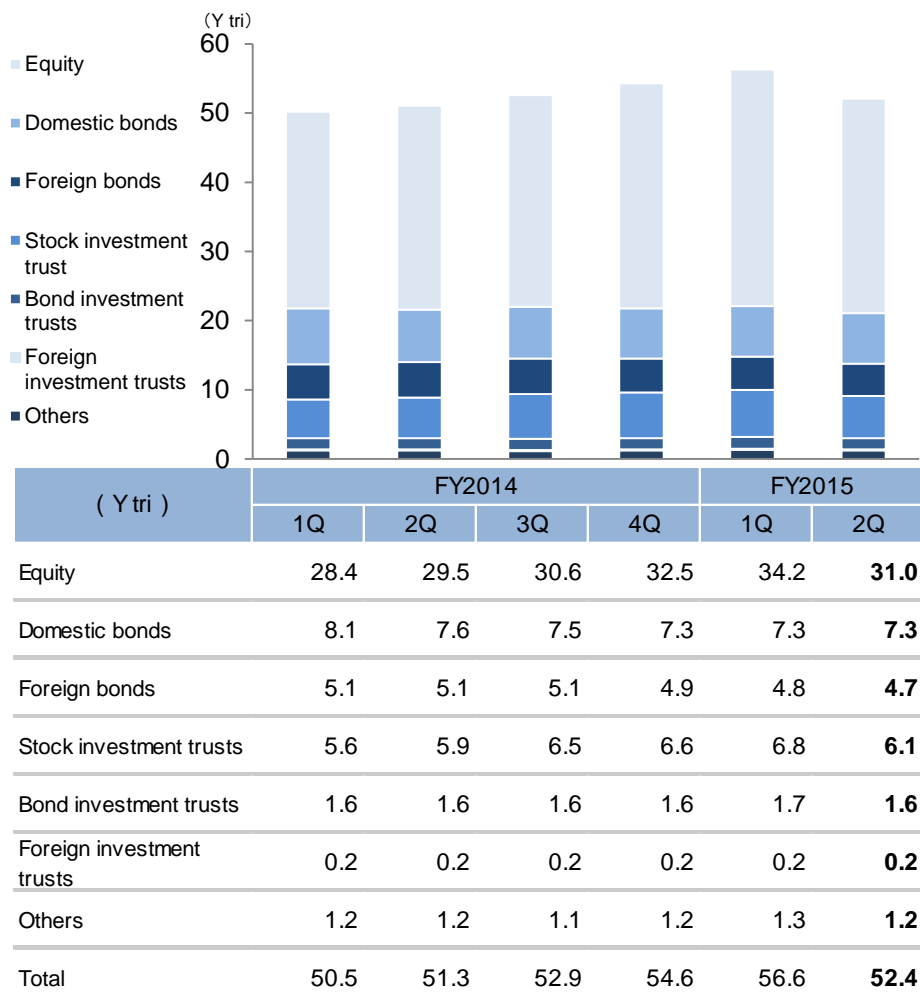
Breakdown of commission

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014 1H	FY2015 1H	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q					
Total commission	70,954	76,029	75,445	80,041	76,460	-4.5%	139,641	156,502	12.1%	291,115
Brokerage commission	16,585	20,010	19,271	21,035	18,417	-12.4%	30,668	39,452	28.6%	69,950
Underwriting commission	10,214	9,678	6,487	9,031	9,560	5.9%	21,386	18,591	-13.1%	37,553
Distribution commission	10,162	10,293	10,025	11,226	9,439	-15.9%	20,732	20,666	-0.3%	41,051
Other commission	33,991	36,046	39,660	38,748	39,043	0.8%	66,853	77,792	16.4%	142,559
Investment advisory and account management fees	2,423	3,207	4,218	4,764	5,173	8.6%	4,453	9,937	123.1%	11,879
Insurance sales commission	522	144	668	658	915	38.9%	930	1,573	69.2%	1,743
M&A commission	1,765	2,586	3,935	1,503	2,914	93.8%	3,794	4,418	16.4%	10,315
Management fee	22,382	23,348	23,553	23,899	22,814	-4.5%	44,022	46,714	6.1%	90,924
Other	6,898	6,758	7,284	7,922	7,225	-8.8%	13,652	15,147	11.0%	27,695

Customer Assets, Deposit Balance & Accounts



Daiwa Securities assets under custody

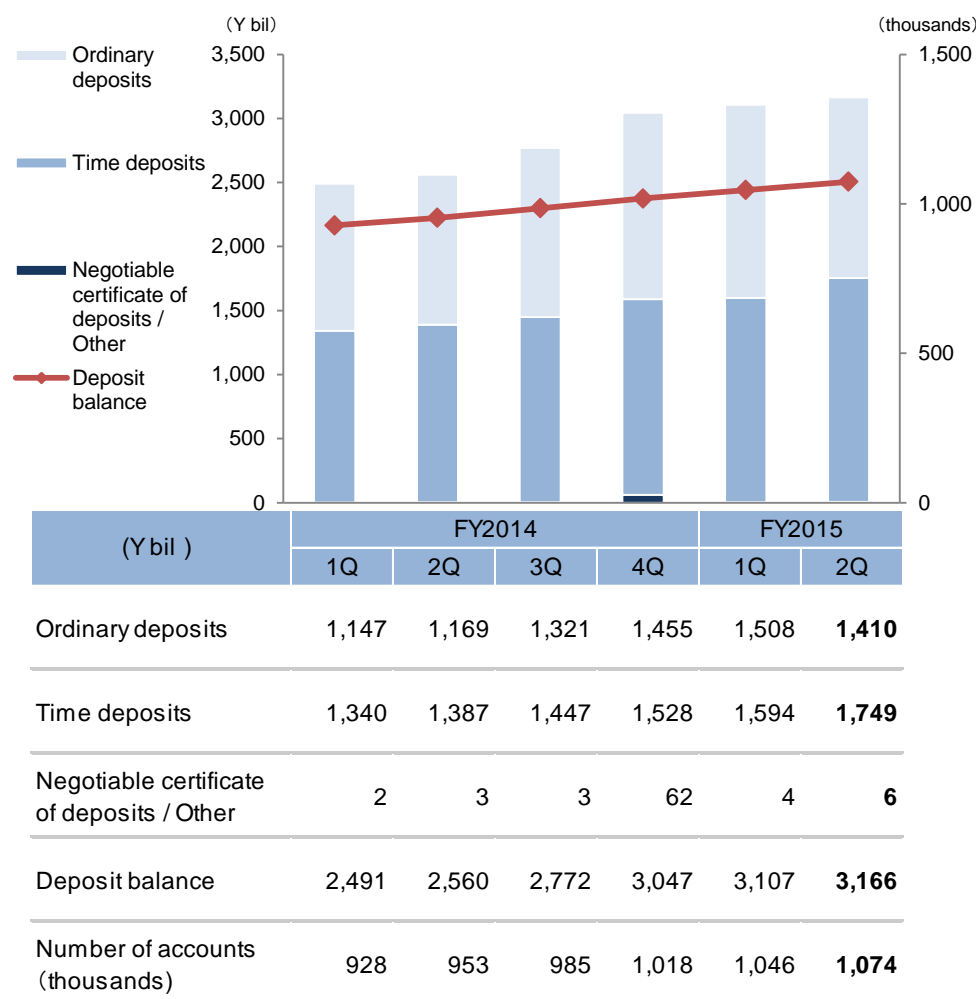


※All figures are as at the end of each quarter.

※ Until 4Q FY2014 ETFs had been included in stock investment trusts and foreign investment trusts.

From 1Q FY2015, ETFs are recorded in equity, and figures have been retroactively adjusted.

Daiwa Next Bank Deposit balance & number of accounts



※All figures are as at the end of each quarter.

Equity & FICC Income: Consolidated Trading Gain/Loss

【Managerial accounting basis】

(Y bil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1H/14
Equity	5.0	-70.6%	22.0	-12.0%
FICC*	32.0	-22.0%	73.0	17.7%
Total	37.0	-36.2%	95.0	9.2%

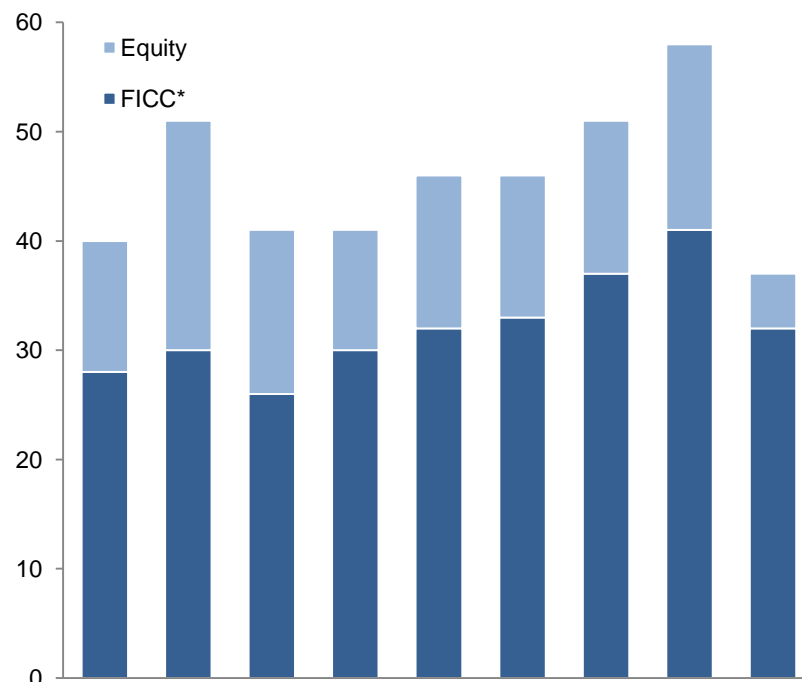
<Reference>

Financial accounting basis:
Net gain/loss on trading + Net financial income

(Y mil)	FY2015 2Q	% Change vs 1Q/15	FY2015 1H	% Change vs 1Q/14
Equity	1,929	-81.8%	12,535	31.7%
Bond and forex	21,751	-43.4%	60,188	-10.3%
Net financial income	11,047	-20.2%	24,898	1.8%
Total	34,728	-44.8%	97,623	-3.4%

*FICC: Fixed Income, Currency and Commodities

Consolidated trading gain / loss
(Managerial accounting basis)



(Y bil)	FY2013			FY2014				FY2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Equity	12	21	15	11	14	13	14	17	5
FICC*	28	30	26	30	32	33	37	41	32
Total	40	51	41	41	46	46	51	58	37

Financial Summary I

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014 1H	FY2015 1H	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q					
Operating revenues	95,484	101,344	100,775	112,934	88,119	-22.0%	184,539	201,053	8.9%	386,659
Commission received	46,919	49,556	49,186	53,512	49,384	-7.7%	91,823	102,897	12.1%	190,566
Brokerage commission	12,176	15,150	14,353	15,512	13,632	-12.1%	22,408	29,144	30.1%	51,912
Stock and others	11,886	14,537	13,638	14,631	12,606	-13.8%	21,858	27,238	24.6%	50,035
Underwriting commission	6,433	7,097	6,079	7,308	7,385	1.1%	15,211	14,694	-3.4%	28,388
Equity	2,833	3,397	2,656	4,423	4,643	5.0%	8,270	9,067	9.6%	14,324
Bond and others	3,599	3,699	3,423	2,884	2,742	-4.9%	6,940	5,626	-18.9%	14,063
Distribution commission	12,589	10,054	9,565	10,812	9,105	-15.8%	22,747	19,917	-12.4%	42,367
Investment trust	12,325	9,803	9,424	10,659	8,902	-16.5%	22,190	19,561	-11.8%	41,417
Other commissions	15,719	17,254	19,188	19,879	19,260	-3.1%	31,455	39,140	24.4%	67,899
Agency fee and others	9,998	10,308	10,294	10,443	9,757	-6.6%	19,494	20,201	3.6%	40,098
Investment advisory and account management fees	2,423	3,207	4,218	4,764	5,173	8.6%	4,453	9,937	123.1%	11,879
Insurance sales commission	522	144	668	658	915	38.9%	930	1,573	69.2%	1,743
M&A commission	481	1,082	1,224	905	646	-28.6%	1,520	1,552	2.1%	3,827
Net trading income/loss	37,666	42,234	40,657	48,950	26,329	-46.2%	73,923	75,279	1.8%	156,815
Equity	4,098	11,408	5,657	12,230	331	-97.3%	9,977	12,561	25.9%	27,043
Bond and forex	33,568	30,826	34,999	36,719	25,998	-29.2%	63,946	62,718	-1.9%	129,772
Financial revenues	10,899	9,553	10,931	10,471	12,405	18.5%	18,792	22,876	21.7%	39,277
Financial expenses	4,123	6,000	3,915	6,149	4,255	-30.8%	10,151	10,405	2.5%	20,067
Net operating revenues	91,361	95,344	96,859	106,784	83,864	-21.5%	174,388	190,648	9.3%	366,592

※The Distribution commission for Investment trust in 2Q FY2014 includes the amount equivalent to the sales commission for Accordia Golf Trust's IPO.

Financial Summary II

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014 1H	FY2015 1H	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q					
SG&A	57,363	58,767	58,512	59,990	58,647	-2.2%	112,722	118,637	5.2%	230,001
Trading related expenses	8,708	9,703	9,576	9,695	10,331	6.6%	17,314	20,026	15.7%	36,594
Personnel expenses	25,960	26,274	26,337	27,895	25,252	-9.5%	50,294	53,148	5.7%	102,906
Real estate expenses	6,435	5,835	5,985	5,950	6,191	4.0%	12,771	12,142	-4.9%	24,592
Office cost	10,659	11,200	11,191	10,947	11,382	4.0%	21,258	22,330	5.0%	43,650
Depreciation	3,984	3,941	3,606	3,501	3,524	0.7%	7,810	7,025	-10.1%	15,358
Taxes and dues	718	861	659	1,158	877	-24.2%	1,567	2,035	29.9%	3,088
Other	897	949	1,155	841	1,087	29.2%	1,705	1,928	13.0%	3,810
Ordinary income	34,247	37,041	38,649	47,405	25,605	-46.0%	62,996	73,010	15.9%	138,687
Net income	31,168	34,231	34,027	31,814	18,191	-42.8%	58,773	50,005	-14.9%	127,032
ROE(Annualized)	18.2%	19.1%	19.0%	17.7%	9.8%		16.7%	13.8%		18.0%
Capital adequacy ratio	325.3%	320.7%	288.5%	294.0%	318.5%		325.3%	318.5%		288.5%

Balance Sheet

Balance Sheet (September 30, 2015)

(Y bil)

Current assets	12,358	(389)	Current liabilities	10,559	(262)
Trading products	5,810	(-74)	Trading products	4,516	(190)
Trading securities and other	2,909	(155)	Trading securities and other	2,119	(442)
Derivatives	2,900	(-230)	Derivatives	2,396	(-251)
Margin transaction assets	237	(8)	Margin transaction liabilities	37	(-9)
Loans on margin transactions	226	(15)	Loans payables secured by securities	3,433	(-18)
Cash collateral pledged for securities borrowing on margin transactions	11	(-7)	Short-term loans payable	1,233	(74)
Loans secured by securities	4,035	(91)	Commercial Papers	406	(18)
Short-term guarantee deposits	309	(53)	Current portion of bonds	83	(-81)
Short-term loans receivable	345	(-24)	Non-current liabilities	1,144	(79)
Non-current assets	100	(1)	Bonds payable	609	(-30)
Property, plant and equipment	3	(0)	Long-term loans payable	501	(109)
Intangible assets	46	(1)	Total liabilities	11,708	(341)
			Net assets	750	(50)
			Shareholders' equity	742	(50)
			Capital stock	100	—
Total assets	12,459	(391)	Total liabilities and net assets	12,459	(391)

Note: Figures in parentheses show changes from March 31, 2015

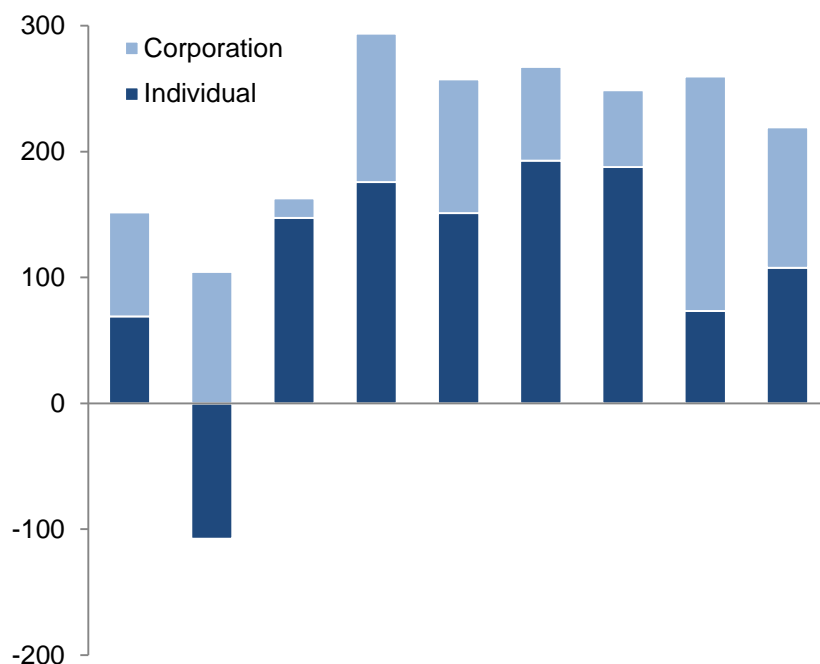
Number of accounts and Equity trading

	FY2013			FY2014				FY2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Cash Management Service accounts (thousands)	3,546	3,577	3,603	3,614	3,642	3,680	3,719	3,747	3,778
Accounts with balance (thousands)	2,792	2,794	2,825	2,839	2,857	2,877	2,910	2,926	2,948
Accounts holding equity (thousands)	1,372	1,344	1,362	1,357	1,356	1,347	1,342	1,336	1,343
Online trading accounts (thousands)	2,672	2,717	2,753	2,775	2,810	2,857	2,904	2,942	2,980
Newly opened accounts (thousands)	44	46	44	35	37	42	44	43	42
NISA accounts* (thousands)		442	568	612	638	661	686	709	723
Wrap account service (end of quarter)									
Contract assets under management (Y bil)	465	539	564	626	763	1,037	1,242	1,459	1,466
Number of customers (thousands)	31.7	36.4	40.9	45.1	55.9	71.8	87.2	100.3	110.7
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	3,501	3,703	3,144	2,611	3,135	3,702	3,552	3,540	3,441
Online out of total (thousands)	3,100	3,190	2,804	2,334	2,799	3,260	3,153	3,130	3,094
Total trading value (Y bil)	3,737	4,417	3,055	2,550	3,128	3,745	3,539	3,877	3,560
Online out of total (Y bil)	2,892	3,047	2,482	2,057	2,534	2,939	2,790	3,027	2,871
Foreign equity trading value (Retail)									
Trading value (Y bil)	219	275	206	170	200	245	176	185	129

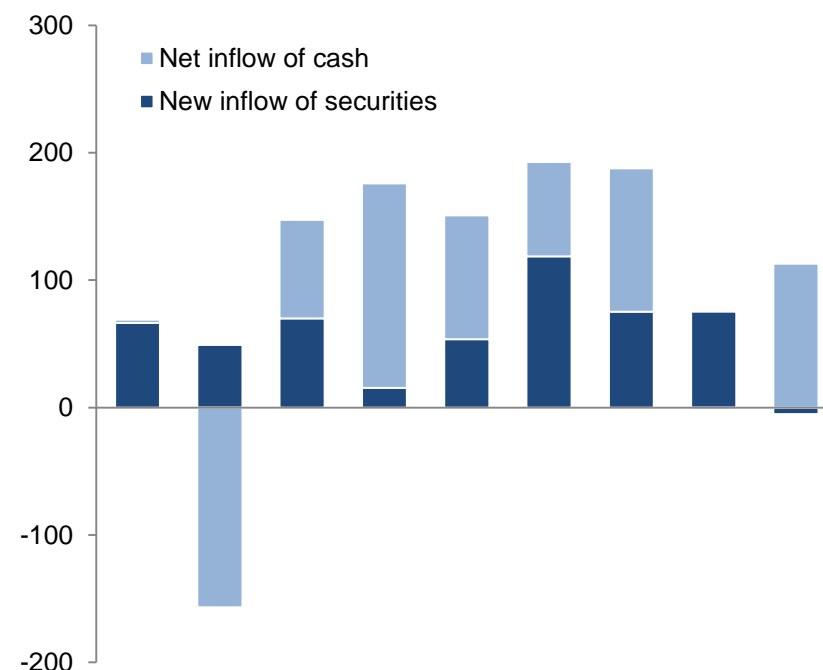
* The accumulated number of opened accounts

Net Inflow of Assets

Retail Division (Daiwa Securities) Net inflow of assets



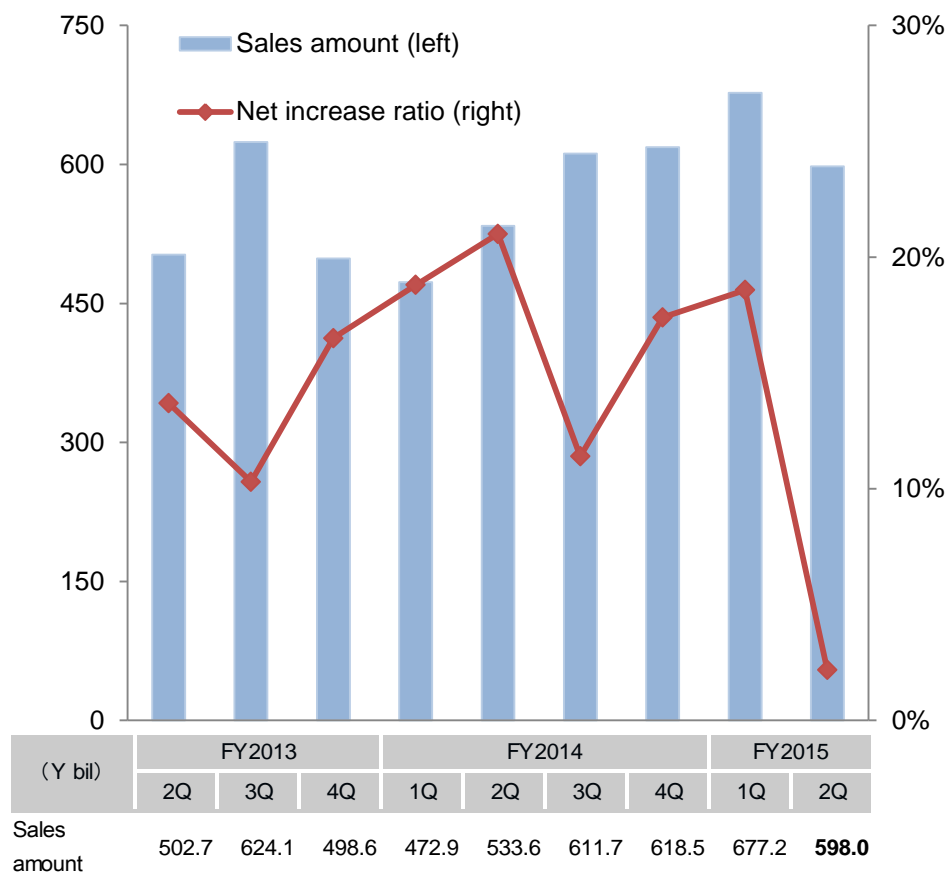
Retail Division (Daiwa Securities) Net inflow of assets (individuals)



Note: Net inflow of assets = net inflow of cash and securities

Stock Investment Trusts & Wrap Accounts

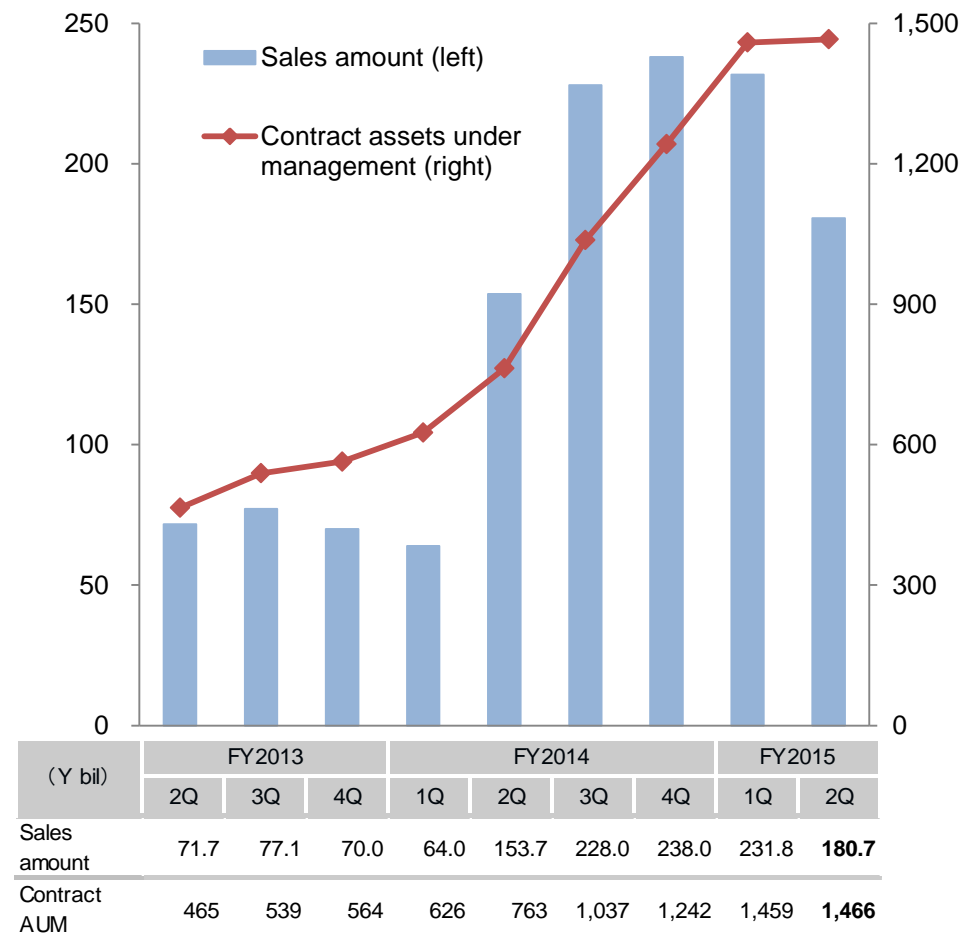
Retail Division (Daiwa Securities) Sales of stock investment trusts



Note: Net increase ratio (%) = $\frac{\text{purchase} - (\text{sell-off} + \text{redemption})}{\text{purchase}} \times 100$

Note: Includes switching transaction between funds.

Wrap accounts sales and contract AUM



Daiwa Securities

League Table



	Primary and secondary equity offerings	IPO	Straight bonds (excl. family bonds)	Agency bonds	Municipal bonds	Samurai bonds (excl. family bonds)	M&A (Number of deals)
2Q FY2015 League Table							
1st	Nomura	Daiwa	Nomura	Mitsubishi UFJMS	Daiwa	Mitsubishi UFJMS	SMFG
	21.5%	31.1%	22.0%	24.7%	20.0%	23.6%	
2nd	Daiwa	Nomura	Mitsubishi UFJMS	Mizuho	Mitsubishi UFJMS	Nomura	MHFG
	16.9%	28.4%	21.6%	20.2%	17.1%	22.0%	
3rd	Mizuho	SMBC Nikko	Mizuho	Nomura	SMBC Nikko	SMBC Nikko	Nomura
	14.4%	14.5%	20.9%	20.0%	16.4%	19.1%	
4th	Morgan Stanley	Mitsubishi UFJMS	Daiwa	Daiwa	Nomura	Mizuho	Morgan Stanley
	12.8%	12.0%	16.5%	17.5%	16.2%	15.6%	
5th	SMBC Nikko	Morgan Stanley	SMBC Nikko	SMBC Nikko	Mizuho	Daiwa	Daiwa
	9.0%	7.9%	15.7%	9.2%	14.0%	14.4%	

Source: Daiwa Securities Apr 2015 – Sep 2015

M&A: THOMSON REUTERS Apr 2015 – Sep 2015 “M&A advisory league table for any Japanese involvement announced (AD19)”

Note: Primary and secondary equity, IPO, Straight bonds, Agency bonds and Samurai bonds are based on settlement date

Joint lead manager allotment of Primary and secondary equity, IPO, Straight bonds and Agency bonds is based on underwritten amount

Joint lead manager allotment of Samurai bonds is divided up evenly among the managers

Financial Summary

(Y mil)	FY2014			FY2015		% Change vs 1Q/15	FY2014	FY2015	% Change vs 1H/14	FY2014
	2Q	3Q	4Q	1Q	2Q		1H	1H		
Operating revenues	22,667	23,585	23,778	24,129	23,020	-4.6%	44,494	47,150	6.0%	91,858
Management fee	22,382	23,348	23,553	23,899	22,814	-4.5%	44,022	46,714	6.1%	90,924
Stock investment trust	22,235	23,214	23,440	23,805	22,725	-4.5%	43,728	46,531	6.4%	90,383
Bond investment trust	147	134	112	94	88	-5.6%	293	182	-37.7%	540
Other operating revenues	285	236	225	230	205	-10.8%	472	435	-7.7%	933
SG&A	17,895	18,728	18,695	18,868	17,930	-5.0%	35,486	36,799	3.7%	72,910
Commission paid	12,427	12,809	12,679	12,643	11,856	-6.2%	24,490	24,499	0.0%	49,978
Other SG&A	5,468	5,919	6,016	6,225	6,074	-2.4%	10,996	12,300	11.9%	22,931
Operating income	4,771	4,856	5,083	5,260	5,089	-3.3%	9,008	10,350	14.9%	18,948
Ordinary income	4,859	5,050	5,093	5,404	5,296	-2.0%	10,272	10,700	4.2%	20,416
Net income	3,130	3,227	3,231	3,599	3,799	5.5%	6,972	7,398	6.1%	13,431

Range and assumption of VaR

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

(Y bil)	FY2013			FY2014				FY2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
VaR (Quarter end)	1.30	1.41	1.48	1.29	2.00	2.07	2.32	1.74	1.53
High	2.95	2.47	2.33	1.94	2.30	2.37	3.46	2.43	2.59
Low	1.09	1.21	1.09	1.22	1.08	1.42	1.61	1.68	1.34
Average	1.57	1.65	1.52	1.50	1.48	1.95	1.93	2.04	1.65

By risk factors (Quarter end)

Equity	0.81	0.64	0.82	0.45	0.49	0.43	0.70	0.56	0.83
Interest	1.28	1.35	1.36	1.40	1.82	1.90	2.27	1.98	1.42
Currency	0.22	0.19	0.20	0.32	0.39	0.76	0.32	0.25	0.33
Commodity	–	0.01	–	–	–	–	0.02	0.00	0.00

Number of Group Employees

		FY2013			FY2014				FY2015	
		2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Total		14,627	14,533	14,426	14,918	14,827	14,792	14,757	15,301	15,209
	Overseas	1,718	1,680	1,676	1,650	1,656	1,627	1,636	1,617	1,611

■ Number of employees as at end of each quarter.

※ Total figures are the sum of consolidated group companies and Daiwa SB Investments.

※ Overseas figures are the sum of consolidated group companies under Daiwa International Holdings and Daiwa Securities.

※ Retrospectively adjusted the number of temporary staff, which was initially not included.

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