



3Q FY2015 Earnings Announcement

**January 28, 2016
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 compared to the previous year

- Net operating revenues: Y403.0 bil (+2.6% YoY); Ordinary income: Y136.5 bil (+1.1% YoY); Profit attributable to owners of parent company: Y95.5 bil (-13.1% YoY, as tax rate normalized at Daiwa Securities)
- The Investment Division contributed to 3Q Ordinary income, mainly due to an exit from existing large-scale investment.
- Annualized ROE was 10.2%, exceeding the numerical target of the Medium Term Management Plan (ROE: 10% or more).

■ Customer base and AUM have expanded

- In 3Q, sales activities related to large-scale IPOs contributed to the high numbers in new account openings.
- Real estate AUM expanded as Mi-Casa Asset Management Inc. became a consolidated subsidiary.

■ Announcement of the share repurchase program

(1.57% of total shares outstanding, excluding treasury stock)

- Total number of shares to be repurchased: up to 27 mil shares; total amount to be paid for repurchase: up to Y20 bil

Summary (3Q / FY2015)

■ 3Q FY2015 Net operating revenues: Y 124.7 bil (+1.0% QoQ)

- ✓ The Retail Division recorded a decrease of -9.2% QoQ, while the Wholesale Division achieved an increase of +0.5% QoQ with the contribution by Global Markets (+7.0% QoQ)
- ✓ Investment Division revenues increased to Y12.6 bil (+637.5% QoQ), mainly due to an exit from existing large-scale investment.

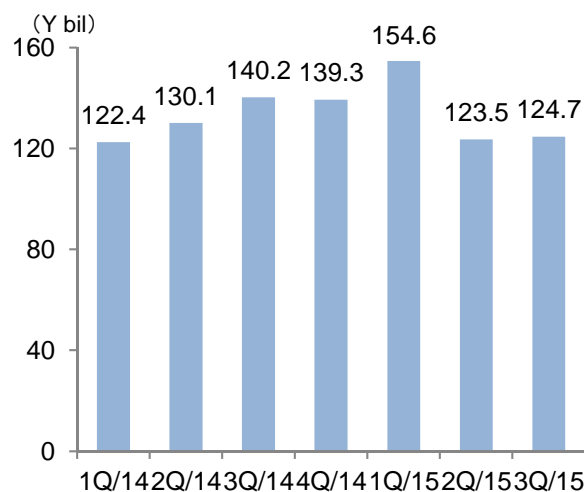
■ 3Q FY2015 Ordinary income: Y 37.9 bil (+7.0% QoQ)

- ✓ SG&A decreased to Y89.3 bil (-2.1% QoQ) due to declines in Trading related expenses and Personnel expenses, and contributed to the increase in Ordinary income (+7.0% QoQ)

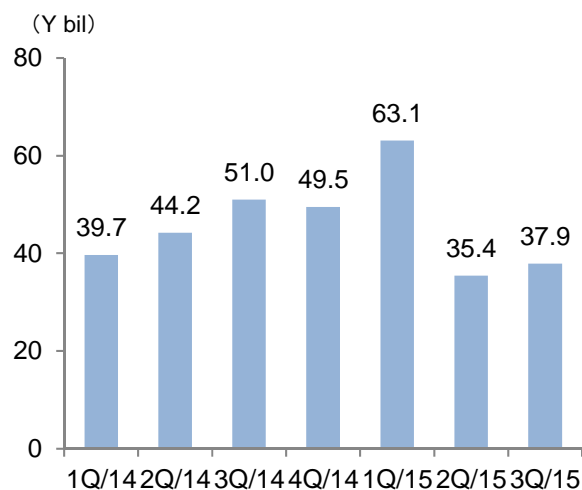
■ 3Q FY2015 Profit attributable to owners of parent company: Y26.3 bil (+8.2% QoQ)

- ✓ Annualized ROE was 8.4% (+0.7pt QoQ), BPS was Y734.13 (+Y1.98 QoQ)

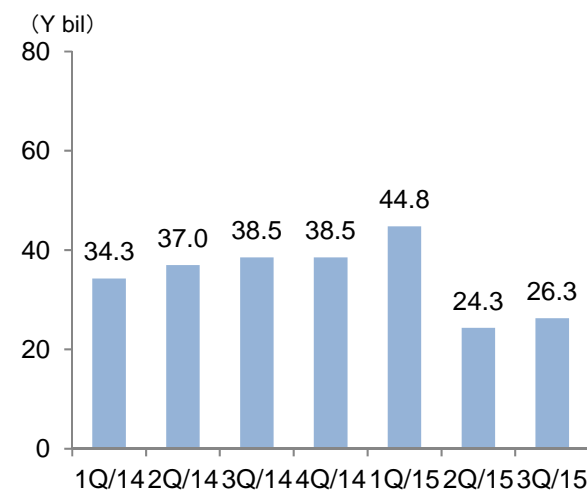
Net operating revenues



Ordinary income



Profit attributable to owners of parent company



Financial Summary

(Y mil)	FY2015		% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014
	2Q	3Q		1Q-3Q	1Q-3Q		
Operating revenues	158,126	153,616	-2.9%	483,941	503,132	4.0%	659,396
Net operating revenues	123,579	124,799	1.0%	392,903	403,042	2.6%	532,220
SG&A	91,281	89,331	-2.1%	268,462	276,187	2.9%	361,380
Ordinary income	35,456	37,950	7.0%	135,000	136,519	1.1%	184,578
Profit (loss) attributable to owners of parent	24,347	26,354	8.2%	109,968	95,537	-13.1%	148,490
Total assets	23,183,711	23,026,759		23,583,808	23,026,759		23,001,585
Net assets	1,346,356	1,354,598		1,392,698	1,354,598		1,434,680
Shareholders' equity*	1,258,269	1,261,870		1,196,309	1,261,870		1,238,657
EPS (Y)	14.19	15.33		64.51	55.73		87.07
BPS (Y)	732.15	734.13		700.85	734.13		725.27
ROE (Annualized)	7.7%	8.4%		12.9%	10.2%		12.8%

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

Consolidated P/L Summary



(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q		1Q-3Q	1Q-3Q		
Operating revenues	179,583	175,454	191,389	158,126	153,616	-2.9%	483,941	503,132	4.0%	659,396
Commission received	76,029	75,445	80,041	76,460	69,215	-9.5%	215,670	225,717	4.7%	291,115
Net trading income	38,806	41,817	49,043	23,681	29,910	26.3%	115,402	102,635	-11.1%	157,220
Net gain/loss on private equity and other securities	3,384	570	3,704	1,490	12,327	727.1%	6,845	17,523	156.0%	7,415
Financial revenue	34,612	34,954	37,830	35,335	33,587	-4.9%	90,979	106,753	17.3%	125,934
Other operating revenue	26,750	22,667	20,768	21,158	8,575	-59.5%	55,043	50,502	-8.2%	77,710
Financial expenses	27,660	20,497	23,978	24,288	19,551	-19.5%	59,572	67,819	13.8%	80,070
Other operating expenses	11,674	15,640	12,746	10,258	9,264	-9.7%	31,465	32,270	2.6%	47,105
Net operating revenues	140,248	139,316	154,663	123,579	124,799	1.0%	392,903	403,042	2.6%	532,220
SG&A	91,408	92,918	95,574	91,281	89,331	-2.1%	268,462	276,187	2.9%	361,380
Operating income/loss	48,840	46,398	59,088	32,297	35,468	9.8%	124,440	126,854	1.9%	170,839
Non-operating income/loss	2,215	3,179	4,024	3,158	2,481	-21.4%	10,559	9,664	-8.5%	13,738
Ordinary income/loss	51,056	49,578	63,113	35,456	37,950	7.0%	135,000	136,519	1.1%	184,578
Extraordinary income/loss	-3,666	264	2,813	343	3,701	979.0%	-2,926	6,857	-	-2,662
Income/loss before income taxes	47,389	49,842	65,926	35,799	41,651	16.3%	132,074	143,377	8.6%	181,916
Total income taxes	7,463	8,937	19,636	11,421	10,651	-6.7%	18,506	41,709	125.4%	27,444
Profit (loss) attributable to owners of parent	38,502	38,522	44,836	24,347	26,354	8.2%	109,968	95,537	-13.1%	148,490

**Net operating revenues : Y124.7 bil
(+1.0% QoQ)**

- Commission received was Y69.2 bil (-9.5% QoQ)
- Brokerage commission* was Y15.9 bil (-13.5% QoQ) due to a decrease in the value of stock trading.
- Underwriting commission* fell to Y6.0 bil (-36.9% QoQ) with decreases in equity and debt underwriting revenues.
- M&A commission rose to Y3.3 bil (+15.1% QoQ) with successful closings of cross-border deals.
- Net gain on private equity and other securities recorded Y12.3 bil (+727.1% QoQ) from exiting existing investments.

**Ordinary income : Y37.9 bil
(+7.0% QoQ)**

**Net income **: Y26.3 bil
(+8.2% QoQ)**

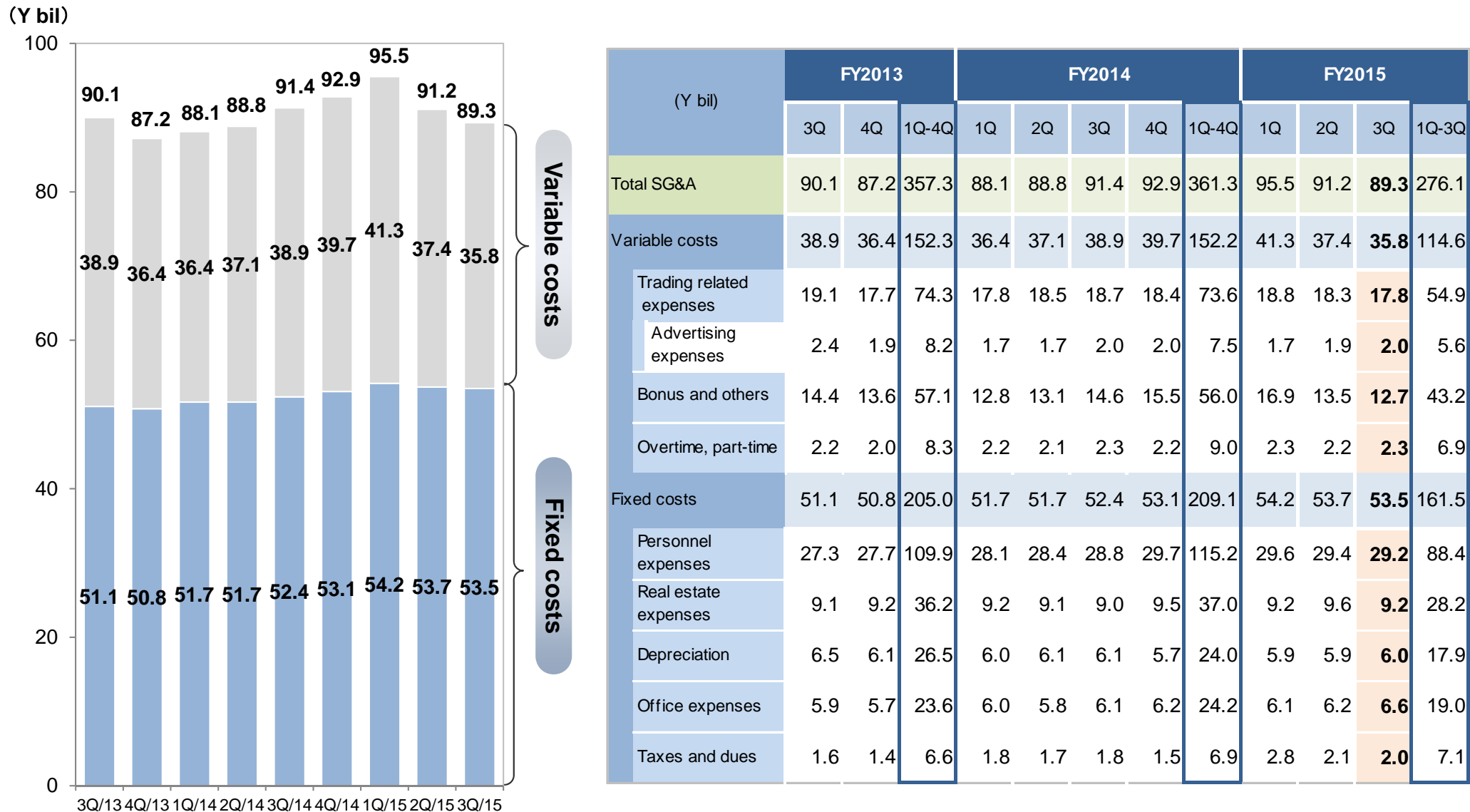
* Composition of total commission received (See p.21)

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

Breakdown of SG&A

(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014	
	3Q	4Q	1Q	2Q	3Q		1Q-3Q	1Q-3Q			
SG&A	91,408	92,918	95,574	91,281	89,331	-2.1%	268,462	276,187	2.9%	361,380	SG&A : Y89.3 bil (-2.1% QoQ) <ul style="list-style-type: none"> Trading related expenses decreased to Y17.8 bil (-2.7% QoQ). This was mainly because the decline in the average AUM of Daiwa AM resulted in the decrease of fee payment from Daiwa AM to distribution companies. Personnel expenses fell to Y44.6 bil (-2.2% QoQ) mainly due to the decrease in bonus. Real estate expenses decreased to Y9.2 bil (-4.7% QoQ) with a decline in system maintenance fees. Office cost rose to Y7.0 bil (+6.4% QoQ) due to an increase in system related outsourcing fees. Depreciation cost remained almost flat at Y6.0 bil (+2.0% QoQ).
Trading related expenses	18,762	18,473	18,871	18,304	17,805	-2.7%	55,202	54,981	-0.4%	73,676	
Personnel expenses	46,061	47,935	49,358	45,616	44,626	-2.2%	133,837	139,600	4.3%	181,772	
Real estate expenses	9,076	9,550	9,287	9,686	9,235	-4.7%	27,458	28,209	2.7%	37,009	
Office cost	6,485	6,521	6,501	6,578	7,002	6.4%	18,922	20,082	6.1%	25,444	
Depreciation	6,141	5,772	5,953	5,921	6,038	2.0%	18,312	17,913	-2.2%	24,084	
Taxes and dues	1,808	1,556	2,895	2,148	2,078	-3.3%	5,430	7,122	31.2%	6,987	
Other	3,073	3,107	2,707	3,025	2,545	-15.9%	9,298	8,278	-11.0%	12,405	

Consolidated Cost Structure



Consolidated Balance Sheet

Consolidated Balance Sheet (December 31, 2015)

(Y bil)

Current assets	22,437	(246)	Current liabilities	19,465	(111)
Cash and deposits	3,427	(441)	Trading products	5,185	(-828)
Short-term investment securities	2,259	(-370)	Trading securities and other	2,842	(-532)
Trading products	8,243	(-60)	Stocks, convertible bonds	142	(-46)
Trading securities and other	5,360	(167)	Bonds	2,663	(-385)
Stocks, Convertible bonds	505	(-246)	CD/CP and others	35	(-100)
Bonds	4,332	(657)	Derivatives	2,343	(-296)
Beneficiary certificates	147	(-64)	Loans payable secured by securities	7,845	(292)
CD/CP and others	374	(-179)	Deposits for banking business	3,169	(423)
Derivatives	2,883	(-227)	Short-term loans payable	959	(-52)
Operational investment securities	107	(-11)	Commercial papers	279	(-108)
(after allowance for possible investment losses)			Current portion of bonds	244	(-20)
Daiva PI Partners + Daiva Securities SMBC PI	99	(-11)			
Daiwa Corporate Investment	8	(-1)			
Loans secured by securities	6,868	(140)			
Non-current assets	589	(-221)	Non-current liabilities	2,202	(-6)
Property, plant and equipment	123	(-335)	Bonds payable	1,185	(6)
Intangible assets	83	(6)	Long-term loans payable	943	(-3)
Investments and other assets	382	(107)	Total liabilities	21,672	(105)
Investment securities	350	(109)	Net assets	1,354	(-80)
Listed stocks	183	(15)	Owners' equity	1,130	(43)
Unlisted stocks	19	(-1)	Accumulated other comprehensive income	131	(-20)
Other	148	(95)	Non-controlling interests	84	(-103)
Total Assets	23,026	(25)	Total liabilities and net assets	23,026	(25)

Total assets: Y23.02 tri

Net assets: Y1.35 tri

Shareholders' equity:** Y1.26 tri

- 90.3% of total assets have high liquidity*

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

- Shareholders' equity** increased by Y23.2 bil from March 31, 2015 to Y1.26 tri

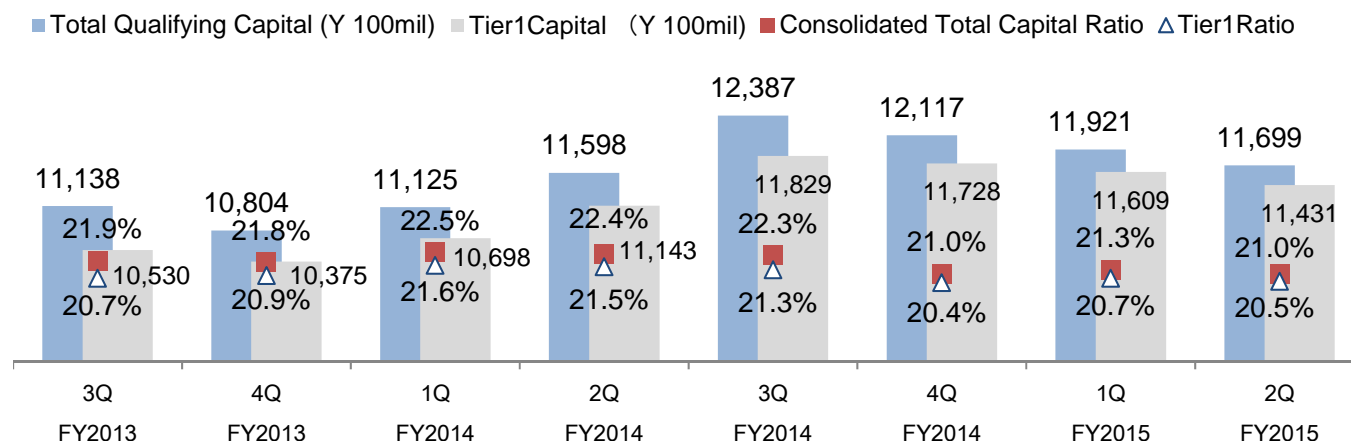
** Shareholders' equity = Owners' equity + Accumulated other comprehensive income

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

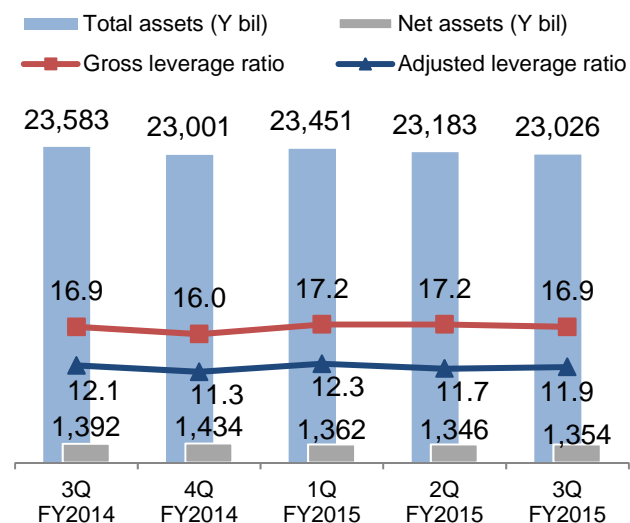
Consolidated Financial Management



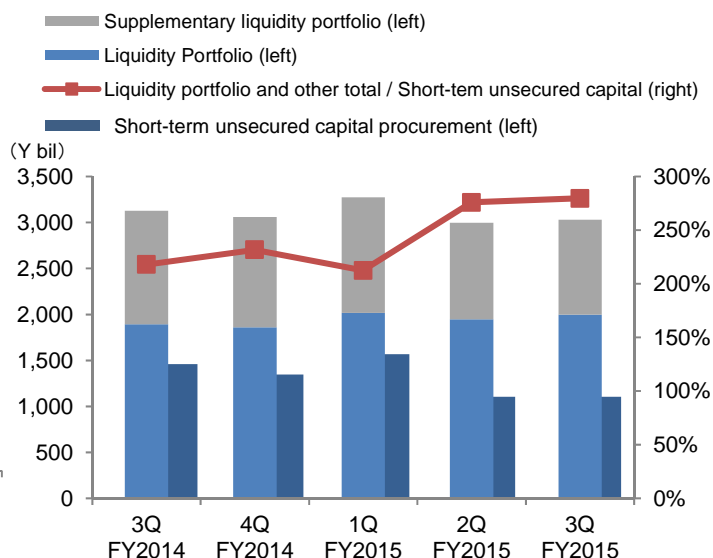
Consolidated Capital Adequacy Ratio (Basel III)



【Balance Sheet】 Leverage Ratio



Liquidity Portfolio



【Regulatory Capital (Basel III)】

(As at September 30, 2015)

- Consolidated Total Capital Ratio : 21.0%
- Consolidated Tier1 Capital Ratio : 20.5%
- Consolidated Common Equity Tier1 Capital Ratio : 20.1%
- Consolidated Leverage Ratio : 5.09%

【Regulatory Liquidity (Basel III)】

(End of month average Oct-Dec, 2015)

- Consolidated Liquidity Coverage Ratio : 165.4%

【Balance Sheet】

- Gross leverage* : 16.9x
- Adjusted leverage ratio** : 11.9x

【Liquidity】

- Liquidity portfolio : Y1.99 tri
- Supplementary liquidity portfolio : Y1.03 tri

※ Figures are as at the end of each quarter.

* Gross leverage ratio: total assets / net assets

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

Segment Information



(Y mil)	Net operating revenues							
	FY2015			% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014
	1Q	2Q	3Q		1Q-3Q	1Q-3Q		
Retail	64,631	57,081	51,839	-9.2%	171,549	173,551	1.2%	232,033
Wholesale	57,174	38,468	38,663	0.5%	129,870	134,305	3.4%	180,568
Global Markets	47,546	28,670	30,670	7.0%	101,480	106,886	5.3%	142,601
Global Investment Banking	9,628	9,798	7,993	-18.4%	28,389	27,419	-3.4%	37,966
Asset Management*	15,488	12,074	11,925	-1.2%	40,788	39,488	-3.2%	55,140
Investments	4,234	1,712	12,626	637.5%	7,562	18,573	145.6%	8,351
Other/Adjustments	13,134	14,242	9,745		43,131	37,122		56,126
Consolidated total	154,663	123,579	124,799	1.0%	392,903	403,042	2.6%	532,220

(Y mil)	Ordinary income							
	FY2015			% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014
	1Q	2Q	3Q		1Q-3Q	1Q-3Q		
Retail	24,263	17,942	13,545	-24.5%	56,861	55,752	-2.0%	77,756
Wholesale	24,027	5,588	6,430	15.1%	35,085	36,046	2.7%	52,888
Global Markets	21,960	3,838	6,718	75.0%	28,106	32,517	15.7%	44,878
Global Investment Banking	2,066	1,749	-287	-	6,979	3,528	-49.4%	8,009
Asset Management*	9,260	7,536	7,201	-4.5%	24,125	23,998	-0.5%	32,142
Investments	3,671	1,168	11,978	925.0%	6,217	16,818	170.5%	6,506
Other/Adjustments	1,889	3,219	-1,205		12,711	3,904		15,284
Consolidated total	63,113	35,456	37,950	7.0%	135,000	136,519	1.1%	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.

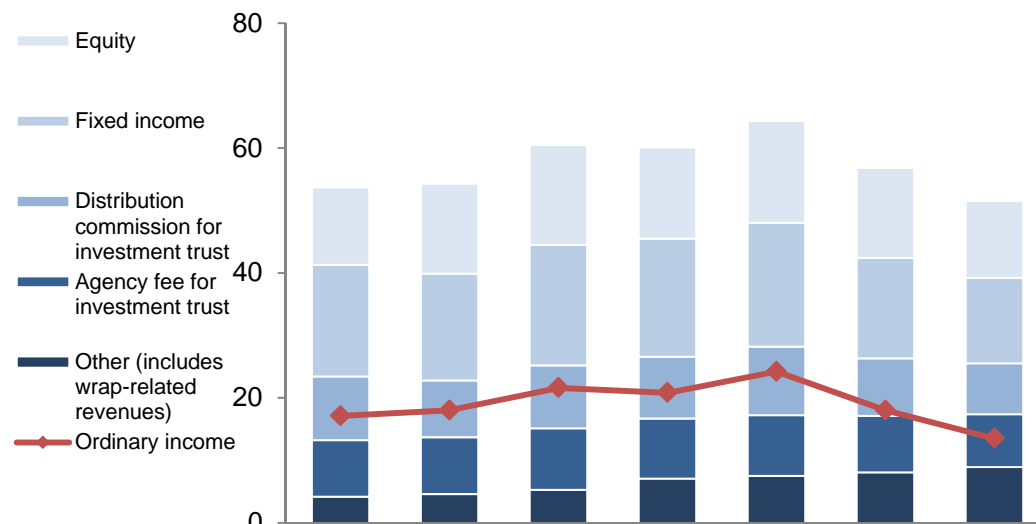
Retail Division



(Y mil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Net operating revenues	51,839	-9.2%	173,551	1.2%
Ordinary income	13,545	-24.5%	55,752	-2.0%

- Equity revenues dropped by 14.2% QoQ as the value of stock trading decreased compared to the previous quarter.
- Fixed income revenues fell by 14.5% QoQ given the decrease in bond sales.
- Agency fee for investment trust fell by 5.4% QoQ with the decline in the average quarterly balance of investment trust AUC.
- Increases in the AUM of wrap accounts and insurance sales, resulted in the rise of Other revenues by 9.1% QoQ.

Net operating revenues and ordinary income



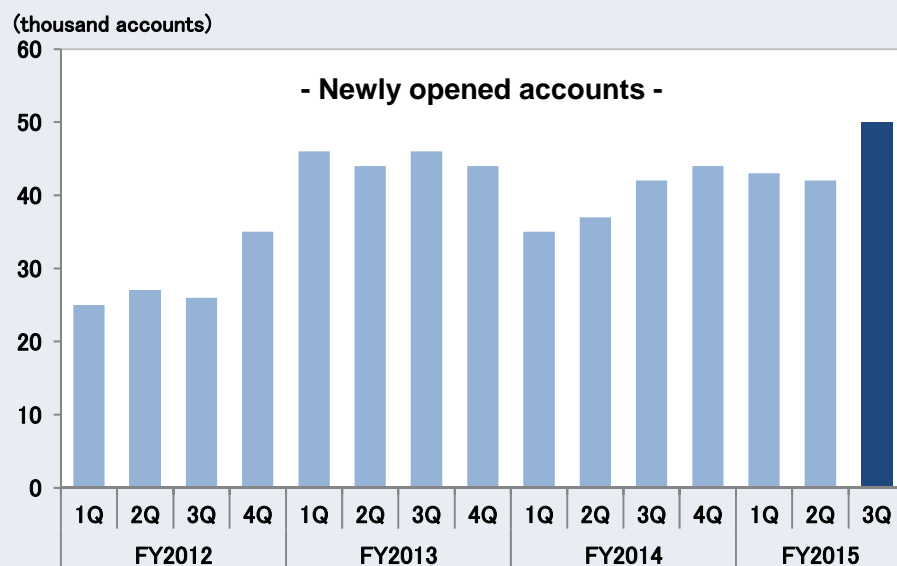
(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	12.4	14.4	16.0	14.6	16.3	14.4	12.3
Fixed income	17.9	18.1	19.3	18.9	19.8	16.1	13.7
Distribution commission for investment trust	10.2	9.9	10.1	9.9	11.0	9.2	8.1
Agency fee for investment trust	9.0	9.4	9.8	9.6	9.7	9.0	8.5
Other (includes wrap-related revenues)	4.2	4.8	5.3	7.1	7.5	8.1	8.9
Net operating revenues	53.9	56.8	60.7	60.4	64.6	57.0	51.8
Ordinary income	17.1	18.0	21.6	20.8	24.2	17.9	13.5

Retail Division Daiwa Securities



【Newly opened accounts】

- The number of new accounts reached a high level with a huge contribution by the IPOs of three Japan Post Group companies.



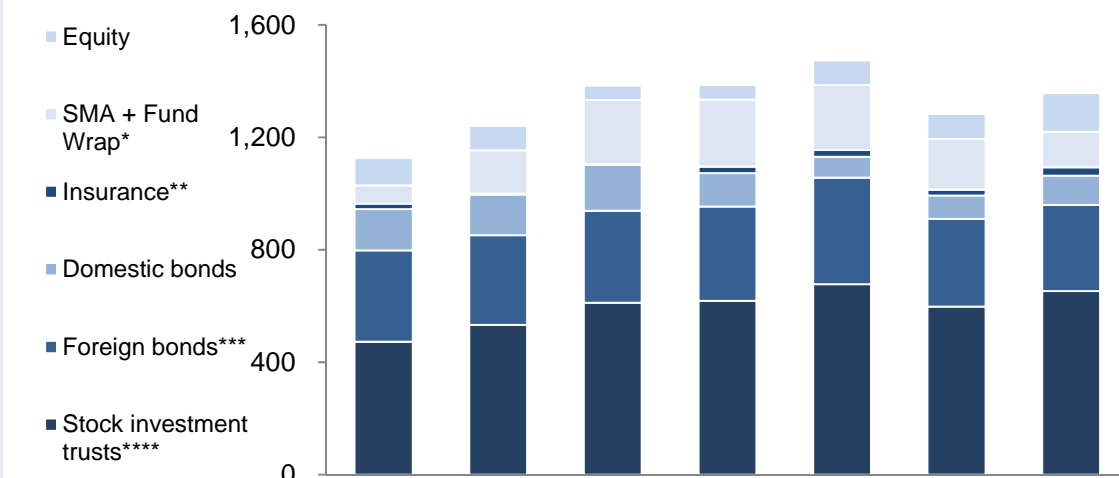
【Stock Investment Trust】

- Total sales of stock investment trusts rose by 9.3% QoQ as the rich product lineup captured investor needs.

【Insurance】

- Sales value increased in business insurance and foreign currency denominated insurance owing to proposals which captured changes in the market environment, including inheritance and business succession needs and domestic interest rates.

Sales and distribution amount by product



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	98.4	86.6	50.8	51.5	87.8	89.0	136.9
SMA + Fund Wrap*	64.0	153.7	228.0	238.0	231.8	180.7	125.9
Insurance**	19.6	3.8	2.8	23.0	23.5	20.8	30.8
Domestic bonds	147.6	144.9	162.7	119.8	74.5	83.0	103.8
Foreign bonds***	324.7	318.5	327.8	335.2	379.6	312.5	306.5
Stock investment trusts****	472.9	533.6	611.7	618.5	677.2	598.0	653.3

*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 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Net operating revenues	30,670	7.0%	106,886	5.3%
Ordinary income	6,718	75.0%	32,517	15.7%

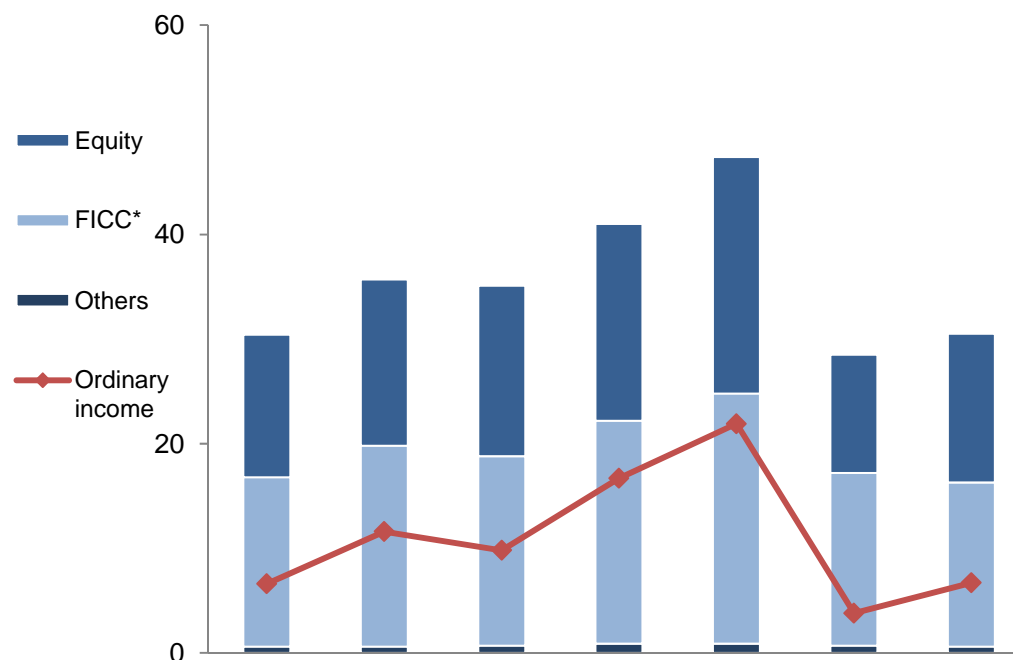
【Equity】

- Equity revenues increased by 25.2% QoQ. Although revenues slowed down towards the end of the quarter due to unstable market conditions, client flow and position management picked up while shares were on an uptrend during October and November.

【FICC*】

- FICC revenues decreased by 5.0%. Derivative revenues decreased, although client flow for domestic and foreign bond credit trading remained steady due to operations which captured changes surrounding interest rates.

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	13.6	15.9	16.3	18.8	22.6	11.3	14.2
FICC*	16.2	19.2	18.1	21.3	23.9	16.5	15.7
Others	0.6	0.6	0.7	0.9	0.9	0.7	0.6
Net operating revenues	30.5	35.7	35.1	41.1	47.5	28.6	30.6
Ordinary income	6.6	11.6	9.8	16.7	21.9	3.8	6.7

*FICC: Fixed Income, Currency and Commodities

Wholesale Division Global Investment Banking



(Y mil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Net operating revenues	7,993	-18.4%	27,419	-3.4%
Ordinary income	-287	-	3,528	-49.4%

【Equity】

- Executed domestic and overseas IPO/PO deals including acting as domestic joint lead manager for the domestic tranche of 3 Japan Post Group company's Global IPOs.

<Selected lead managed deals>

3 Japan Post Group companies*	Global IPO	Total Y1.43 tri
China Reinsurance	Hong Kong IPO	USD2.0bil
Activia Properties Inc.	REIT Global PO	Y21.4 bil

【Debt】

- Lead managed a number of deals including Softbank Group's SB issue-one of the largest in 3Q—and Straight Bonds.

<Selected lead managed deals>

Softbank Group (7 yrs)	SB (retail bond)	Y370.0 bil
Japan Housing Finance Agency	RMBS	Y159.5 bil
Development Bank of Japan Inc. (3,5,10yrs)	Agency Bond	Total Y70.0 bil

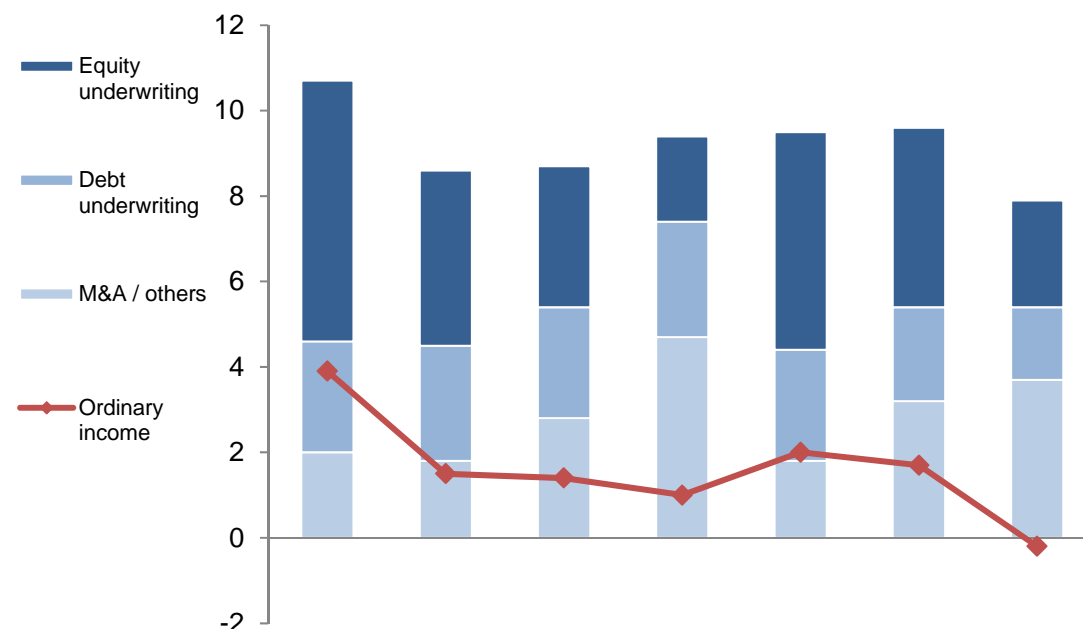
【M&A】

- Advised various cross-border transactions by collaborating with Daiwa Corporate Advisory.

<Selected deals>

Acquisition of TGE Marine AG (Germany) by Mitsui Engineering & Shipbuilding Co. Ltd
Acquisition of MIMS Group (Singapore) by SMS Co., Ltd. and Mitsui & Co., Ltd.
Acquisition of VTN Beteiligungsgesellschaft mbH (Germany) by IHI Corporation

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity underwriting	6.1	4.1	3.3	2.0	5.1	4.2	2.5
Debt underwriting	2.6	2.7	2.6	2.7	2.6	2.2	1.7
M&A / others	2.0	1.8	2.8	4.7	1.8	3.2	3.7
Net operating revenues	10.8	8.7	8.7	9.5	9.6	9.7	7.9
Ordinary income	3.9	1.5	1.4	1.0	2.0	1.7	-0.2

* Japan Post, Japan Post Bank, Japan Post Insurance

Asset Management Division

(Y mil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Net operating revenues	11,925	-1.2%	39,488	-3.2%
Ordinary income	7,201	-4.5%	23,998	-0.5%

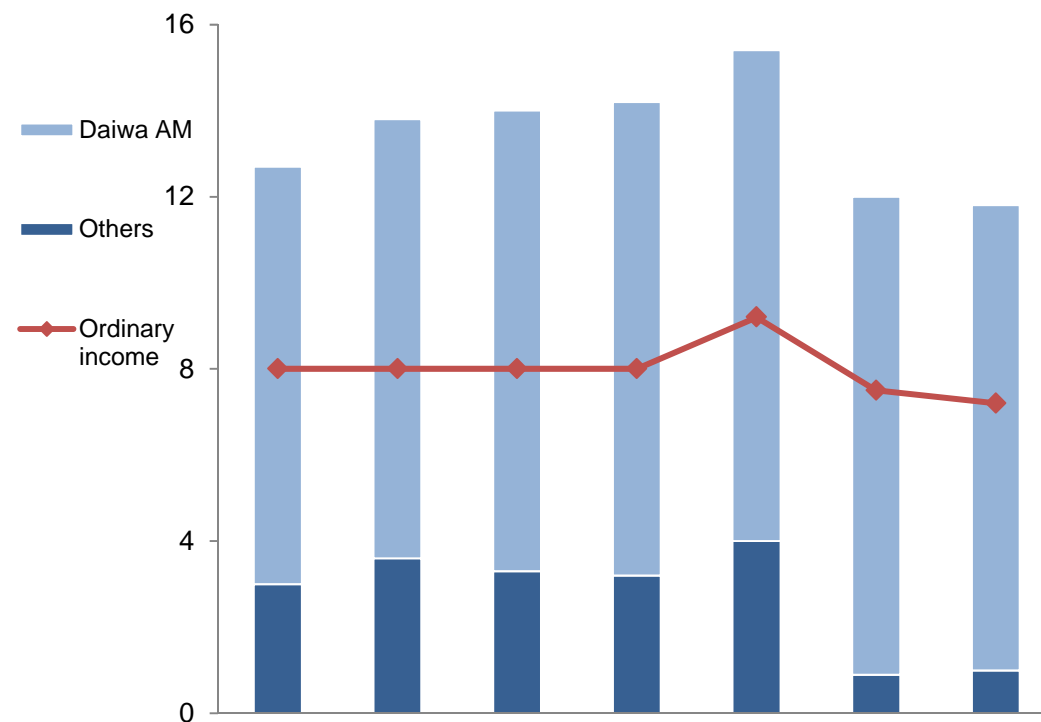
【Daiwa Asset Management】

- Management fee slightly decreased as the average quarterly AUM of stock investment trusts decreased due to unfavorable market conditions. On the other hand, AUM at the end of 3Q increased QoQ.

【Others】

- Management fee of Daiwa Real Estate Asset Management, which manages three REITs, increased as its AUM has been steadily expanding through property acquisition.

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Daiwa AM	9.7	10.2	10.7	11.0	11.4	11.1	10.8
Others	3.0	3.6	3.3	3.2	4.0	0.9	1.0
Net operating revenues	12.7	13.8	14.1	14.3	15.4	12.0	11.9
Ordinary income	8.0	8.0	8.0	8.0	9.2	7.5	7.2

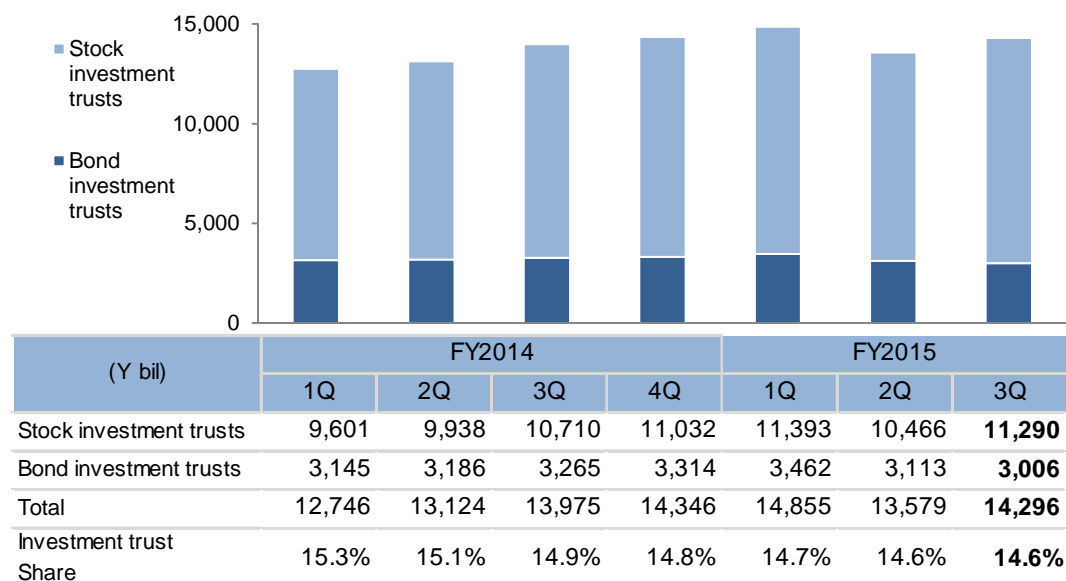
※'Others' includes Daiwa Fund Consulting, and Daiwa Real Estate Asset Management.

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

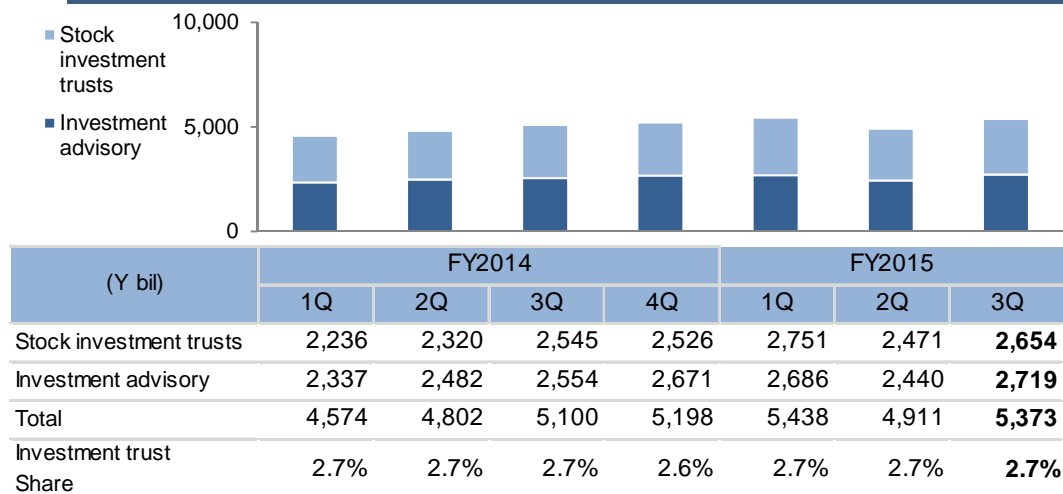
Asset Management Division Assets Under Management



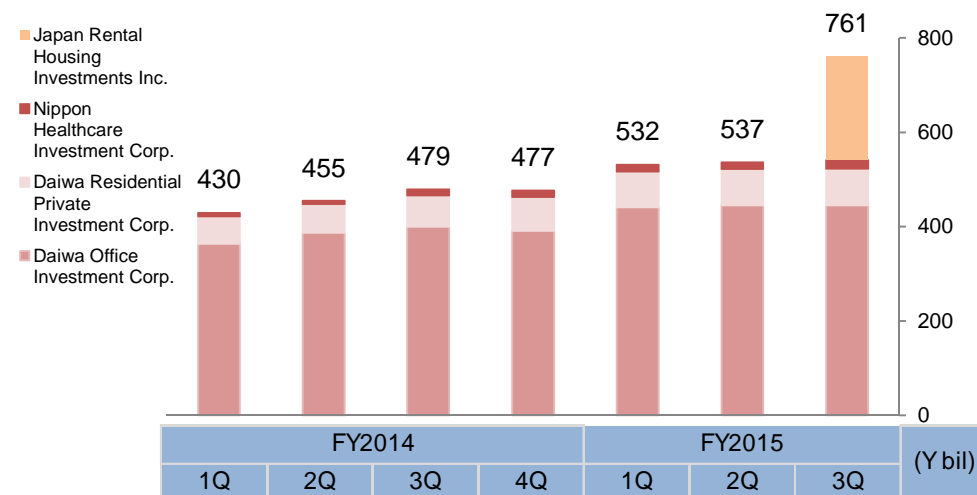
Daiwa Asset Management AUM (Investment Trusts)



Daiwa SB Investments AUM (Investment Trusts & Investment Advisory)



Daiwa Real Estate Asset Management AUM

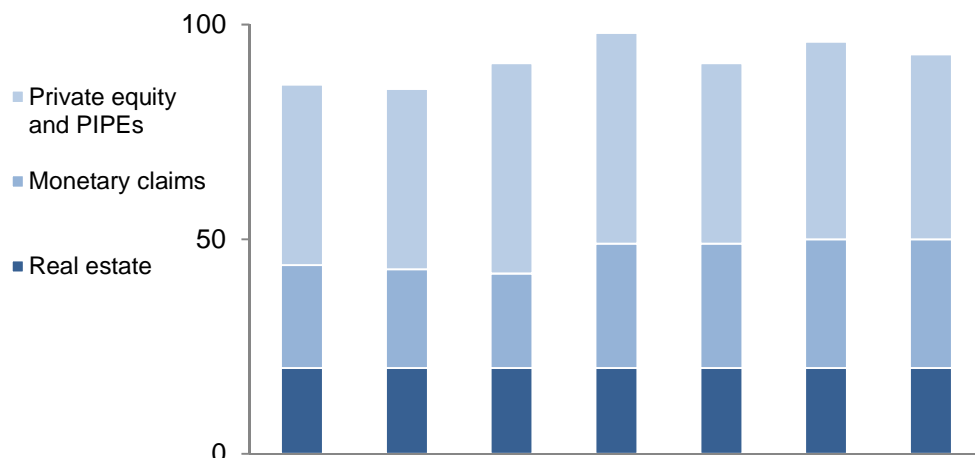


- The combined share of investment trusts for Daiwa Asset Management and Daiwa SB Investments was 17.3%.
- Nippon Healthcare Investment Corporation increased capital through public offering in Nov. 2015. It acquired four new properties (Total approx. Y 2.5bil).
- Daiwa Group's Real Estate Asset Management AUM expanded as Mi-Casa Asset Management, asset management company of Japan Rental Housing Investments Inc., became a consolidated subsidiary.

Investment Division

(Y mil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Net operating revenues	12,626	637.5%	18,573	145.6%
Ordinary income	11,978	925.0%	16,818	170.5%

Principal investment values



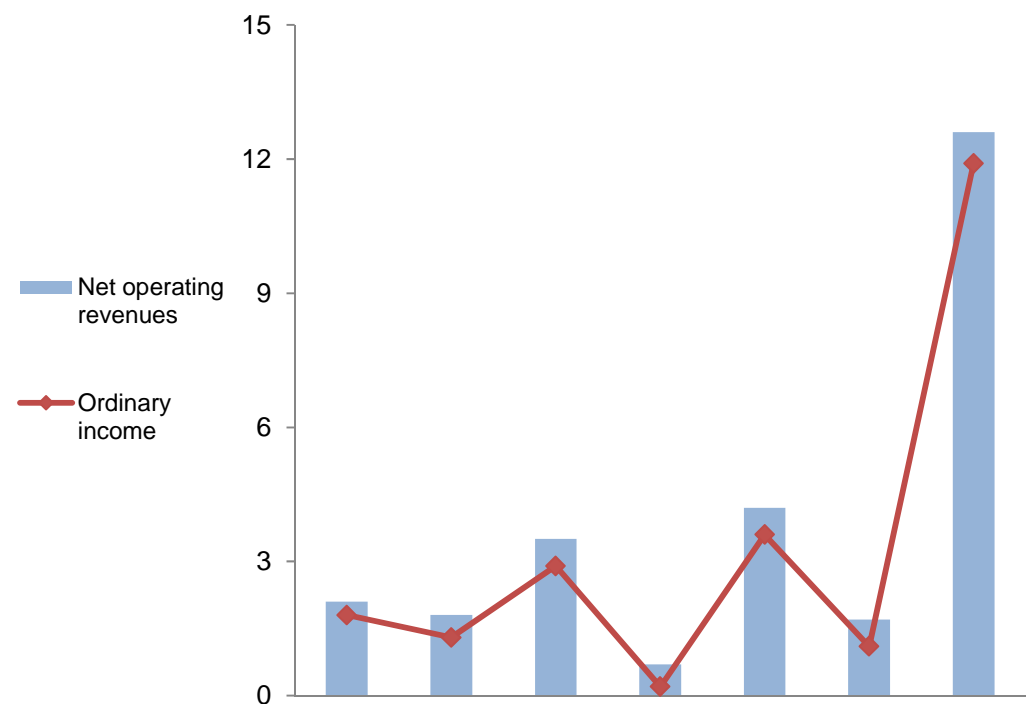
(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Private equity and PIPEs	42	42	49	49	42	46	43
Monetary claims	24	23	22	29	29	30	30
Real estate	20	20	20	20	20	20	20
Total	86	85	91	98	91	96	94

※ Principal investment values are the sum of Daiwa PI Partners and Daiwa Securities SMB CPI

※ PIPEs: Private Investment in Public Equities

※ All figures are as at the end of each quarter

Net operating revenues and ordinary income



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net operating revenues	2.1	1.8	3.5	0.7	4.2	1.7	12.6
Ordinary income	1.8	1.3	2.9	0.2	3.6	1.1	11.9

DIR Group, Daiwa Next Bank and Overseas Operation

Ordinary Income



(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014 1Q-3Q	FY2015 1Q-3Q	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q					
DIR Group*	2,010	3,085	2,000	2,646	2,939	11.1%	4,880	7,586	55.4%	7,966
Daiwa Next Bank	5,846	2,699	3,839	3,631	835	-77.0%	10,925	8,306	-24.0%	13,625
Overseas operation Total	-2,364	-127	196	-692	-3,474	-	-3,777	-3,970	-	-3,904
Europe	-171	-712	-804	404	-2,175	-	-1,475	-2,575	-	-2,187
Asia /Oceania	-1,793	-695	-353	-1,285	-1,749	-	-2,072	-3,388	-	-2,768
Americas	-399	1,279	1,354	188	450	139.3%	-229	1,993	-	1,050

DIR Group*

- Increased in both revenue and profit with the increase in orders received, mainly for regulation correspondence system projects.

Daiwa Next Bank

- Ordinary income fell mainly due to the decline in portfolio rebalancing activity.

Overseas Operation

- Europe's FICC revenues decreased although its M&A business showed a strong performance.
- Asia / Oceania's losses widened due to uncertainty in the Chinese economy and unstable market conditions.
- Americas' ordinary income expanded as FICC revenues, the main business line of this area, remained favorable.

* 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

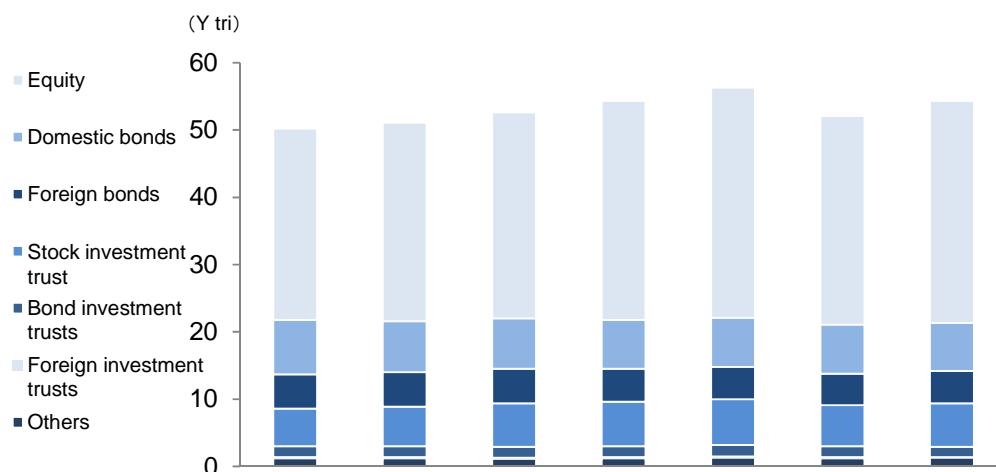
Breakdown of commission

(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014 1Q-3Q	FY2015 1Q-3Q	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q					
Total commission	76,029	75,445	80,041	76,460	69,215	-9.5%	215,670	225,717	4.7%	291,115
Brokerage commission	20,010	19,271	21,035	18,417	15,922	-13.5%	50,679	55,374	9.3%	69,950
Underwriting commission	9,678	6,487	9,031	9,560	6,031	-36.9%	31,065	24,623	-20.7%	37,553
Distribution commission	10,293	10,025	11,226	9,439	8,237	-12.7%	31,026	28,903	-6.8%	41,051
Other commission	36,046	39,660	38,748	39,043	39,023	-0.1%	102,899	116,815	13.5%	142,559
Investment advisory and account management fees	3,207	4,218	4,764	5,173	5,273	1.9%	7,660	15,210	98.5%	11,879
Insurance sales commission	144	668	658	915	1,577	72.3%	1,075	3,150	193.0%	1,743
M&A commission	2,586	3,935	1,503	2,914	3,354	15.1%	6,380	7,772	21.8%	10,315
Management fee	23,348	23,553	23,899	22,814	21,982	-3.6%	67,371	68,696	2.0%	90,924
Other	6,758	7,284	7,922	7,225	6,836	-5.4%	20,411	21,984	7.7%	27,695

Customer Assets, Deposit Balance & Accounts



Daiwa Securities assets under custody

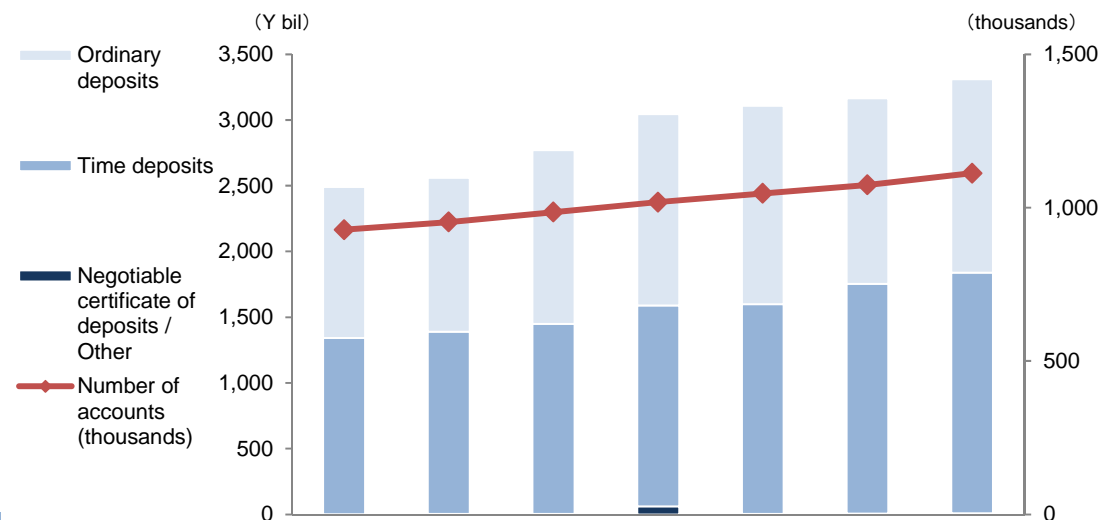


(Y tri)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	28.4	29.5	30.6	32.5	34.2	31.0	33.0
Domestic bonds	8.1	7.6	7.5	7.3	7.3	7.3	7.1
Foreign bonds	5.1	5.1	5.1	4.9	4.8	4.7	4.8
Stock investment trusts	5.6	5.9	6.5	6.6	6.8	6.1	6.5
Bond investment trusts	1.6	1.6	1.6	1.6	1.7	1.6	1.5
Foreign investment trusts	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Others	1.2	1.2	1.1	1.2	1.3	1.2	1.3
Total	50.5	51.3	52.9	54.6	56.6	52.4	54.5

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

※ ETFs are recorded in 'Equity'.

Daiwa Next Bank Deposit balance & number of accounts



(Y bil)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ordinary deposits	1,147	1,169	1,321	1,455	1,508	1,410	1,470
Time deposits	1,340	1,387	1,447	1,528	1,594	1,749	1,830
Negotiable certificate of deposits / Other	2	3	3	62	4	6	8
Deposit balance	2,491	2,560	2,772	3,047	3,107	3,166	3,309
Number of accounts (thousands)	928	953	985	1,018	1,046	1,074	1,112

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

Equity & FICC Income: Consolidated Trading Gain/Loss

【Managerial accounting basis】

(Y bil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Equity	9.0	80.0%	31.0	-18.4%
FICC*	28.0	-12.5%	101.0	6.3%
Total	37.0	0.0%	132.0	-0.8%

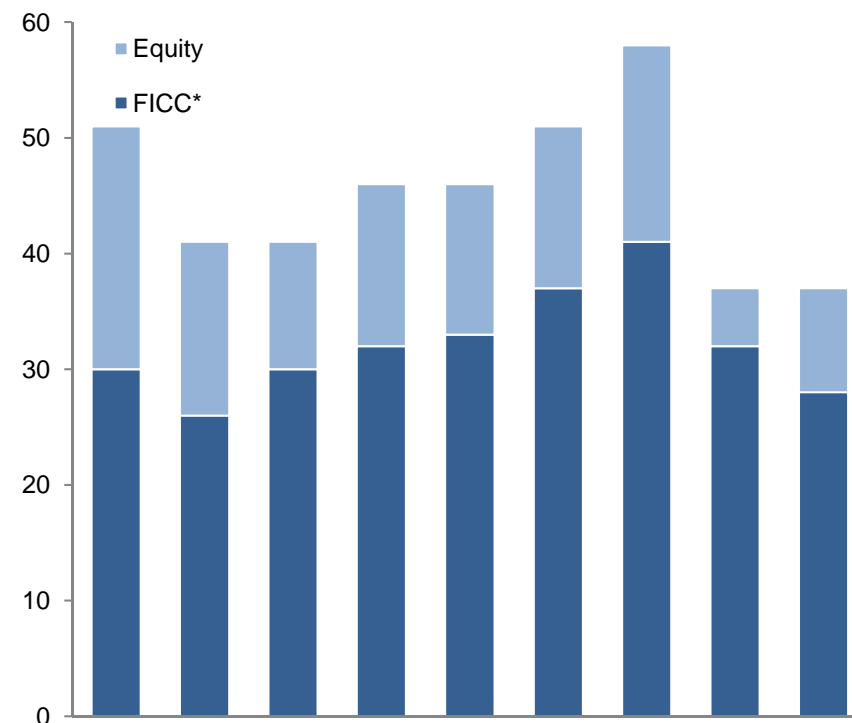
<Reference>

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

(Y mil)	FY2015 3Q	% Change vs 2Q/15	FY2015 1Q-3Q	% Change vs 1Q-3Q/14
Equity	6,645	244.4%	19,181	-4.7%
Bond and forex	23,265	7.0%	83,454	-12.4%
Net financial income	14,035	27.0%	38,934	24.0%
Total	43,946	26.5%	141,569	-3.6%

*FICC: Fixed Income, Currency and Commodities

Consolidated trading gain / loss (Managerial accounting basis)



(Y bil)	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	21	15	11	14	13	14	17	5	9
FICC*	30	26	30	32	33	37	41	32	28
Total	51	41	41	46	46	51	58	37	37

Financial Summary I

(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014 1Q-3Q	FY2015 1Q-3Q	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q					
Operating revenues	101,344	100,775	112,934	88,119	86,225	-2.1%	285,884	287,279	0.5%	386,659
Commission received	49,556	49,186	53,512	49,384	45,103	-8.7%	141,380	148,000	4.7%	190,566
Brokerage commission	15,150	14,353	15,512	13,632	11,638	-14.6%	37,559	40,783	8.6%	51,912
Stock and others	14,537	13,638	14,631	12,606	10,905	-13.5%	36,396	38,144	4.8%	50,035
Underwriting commission	7,097	6,079	7,308	7,385	5,878	-20.4%	22,308	20,572	-7.8%	28,388
Equity	3,397	2,656	4,423	4,643	3,466	-25.4%	11,668	12,533	7.4%	14,324
Bond and others	3,699	3,423	2,884	2,742	2,411	-12.1%	10,639	8,038	-24.4%	14,063
Distribution commission	10,054	9,565	10,812	9,105	7,916	-13.1%	32,801	27,834	-15.1%	42,367
Investment trust	9,803	9,424	10,659	8,902	7,658	-14.0%	31,993	27,220	-14.9%	41,417
Other commissions	17,254	19,188	19,879	19,260	19,670	2.1%	48,710	58,810	20.7%	67,899
Agency fee and others	10,308	10,294	10,443	9,757	9,191	-5.8%	29,803	29,392	-1.4%	40,098
Investment advisory and account management fees	3,207	4,218	4,764	5,173	5,273	1.9%	7,660	15,210	98.5%	11,879
Insurance sales commission	144	668	658	915	1,577	72.3%	1,075	3,150	193.0%	1,743
M&A commission	1,082	1,224	905	646	1,020	57.8%	2,602	2,573	-1.1%	3,827
Net trading income/loss	42,234	40,657	48,950	26,329	31,838	20.9%	116,158	107,118	-7.8%	156,815
Equity	11,408	5,657	12,230	331	7,614	2,199.7%	21,386	20,175	-5.7%	27,043
Bond and forex	30,826	34,999	36,719	25,998	24,223	-6.8%	94,772	86,942	-8.3%	129,772
Financial revenues	9,553	10,931	10,471	12,405	9,284	-25.2%	28,345	32,161	13.5%	39,277
Financial expenses	6,000	3,915	6,149	4,255	5,765	35.5%	16,151	16,170	0.1%	20,067
Net operating revenues	95,344	96,859	106,784	83,864	80,459	-4.1%	269,732	271,108	0.5%	366,592

Financial Summary II

(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014 1Q-3Q	FY2015 1Q-3Q	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q					
SG&A	58,767	58,512	59,990	58,647	57,091	-2.7%	171,489	175,729	2.5%	230,001
Trading related expenses	9,703	9,576	9,695	10,331	10,364	0.3%	27,018	30,391	12.5%	36,594
Personnel expenses	26,274	26,337	27,895	25,252	24,337	-3.6%	76,569	77,486	1.2%	102,906
Real estate expenses	5,835	5,985	5,950	6,191	5,938	-4.1%	18,607	18,080	-2.8%	24,592
Office cost	11,200	11,191	10,947	11,382	10,931	-4.0%	32,459	33,262	2.5%	43,650
Depreciation	3,941	3,606	3,501	3,524	3,741	6.2%	11,751	10,767	-8.4%	15,358
Taxes and dues	861	659	1,158	877	894	1.9%	2,429	2,929	20.6%	3,088
Other	949	1,155	841	1,087	882	-18.8%	2,654	2,810	5.9%	3,810
Ordinary income	37,041	38,649	47,405	25,605	23,138	-9.6%	100,037	96,148	-3.9%	138,687
Net income	34,231	34,027	31,814	18,191	15,659	-13.9%	93,004	65,664	-29.4%	127,032
ROE(Annualized)	19.1%	19.0%	17.7%	9.8%	8.3%		17.2%	11.9%		18.0%
Capital adequacy ratio	320.7%	288.5%	294.0%	318.5%	330.8%		320.7%	330.8%		288.5%

Balance Sheet

Balance Sheet (December 31, 2015)

(Y bil)

Current assets	12,196	(227)	Current liabilities	10,370	(73)
Trading products	6,298	(413)	Trading products	3,718	(-607)
Trading securities and other	3,405	(651)	Trading securities and other	1,357	(-320)
Derivatives	2,893	(-238)	Derivatives	2,361	(-286)
Margin transaction assets	229	(0)	Margin transaction liabilities	38	(-9)
Loans on margin transactions	214	(3)	Loans payables secured by securities	3,694	(243)
Cash collateral pledged for securities borrowing on margin transactions	14	(-3)	Short-term loans payable	1,192	(33)
Loans secured by securities	3,500	(-443)	Commercial Papers	279	(-108)
Short-term guarantee deposits	305	(48)	Current portion of bonds	101	(-63)
Short-term loans receivable	328	(-41)	Non-current liabilities	1,156	(90)
Non-current assets	101	(3)	Bonds payable	597	(-42)
Property, plant and equipment	3	(0)	Long-term loans payable	523	(131)
Intangible assets	48	(3)	Total liabilities	11,531	(163)
			Net assets	767	(66)
			Shareholders' equity	758	(65)
			Capital stock	100	—
Total assets	12,298	(230)	Total liabilities and net assets	12,298	(230)

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

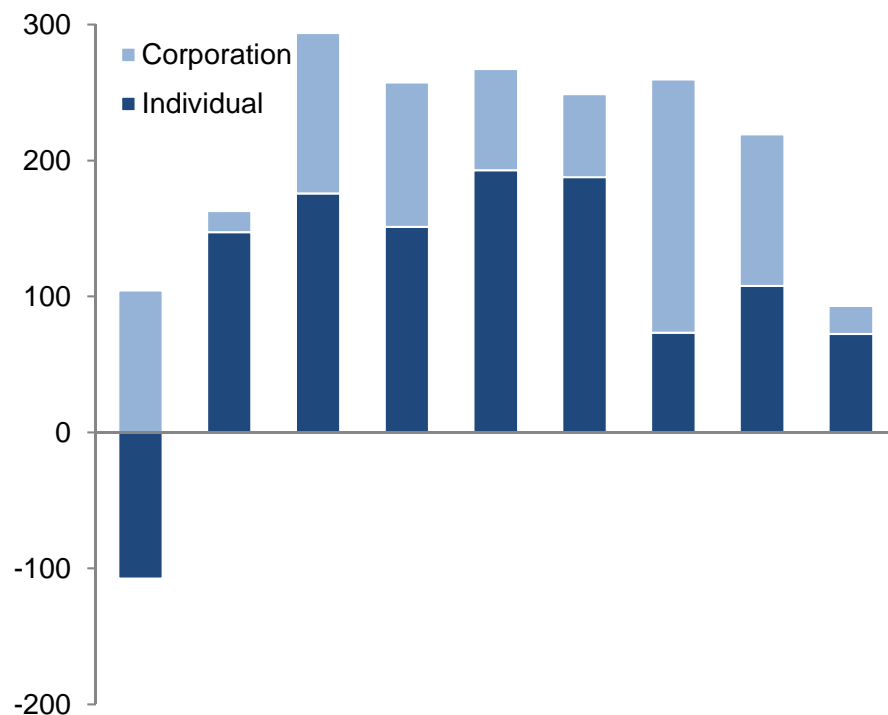
Number of accounts and Equity trading

	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Cash Management Service accounts (thousands)	3,577	3,603	3,614	3,642	3,680	3,719	3,747	3,778	3,808
Accounts with balance (thousands)	2,794	2,825	2,839	2,857	2,877	2,910	2,926	2,948	2,961
Accounts holding equity (thousands)	1,344	1,362	1,357	1,356	1,347	1,342	1,336	1,343	1,367
Online trading accounts (thousands)	2,717	2,753	2,775	2,810	2,857	2,904	2,942	2,980	3,020
Newly opened accounts (thousands)	46	44	35	37	42	44	43	42	50
NISA accounts* (thousands)	442	568	612	638	661	686	709	723	741
Wrap account service (end of quarter)									
Contract assets under management (Y bil)	539	564	626	763	1,037	1,242	1,459	1,466	1,575
Number of customers (thousands)	36.4	40.9	45.1	55.9	71.8	87.2	100.3	110.7	116.5
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	3,703	3,144	2,611	3,135	3,702	3,552	3,540	3,441	2,912
Online out of total (thousands)	3,190	2,804	2,334	2,799	3,260	3,153	3,130	3,094	2,571
Total trading value (Y bil)	4,417	3,055	2,550	3,128	3,745	3,539	3,877	3,560	2,850
Online out of total (Y bil)	3,047	2,482	2,057	2,534	2,939	2,790	3,027	2,871	2,241
Foreign equity trading value (Retail)									
Trading value (Y bil)	275	206	170	200	245	176	185	129	126

* The accumulated number of opened accounts

Net Inflow of Assets

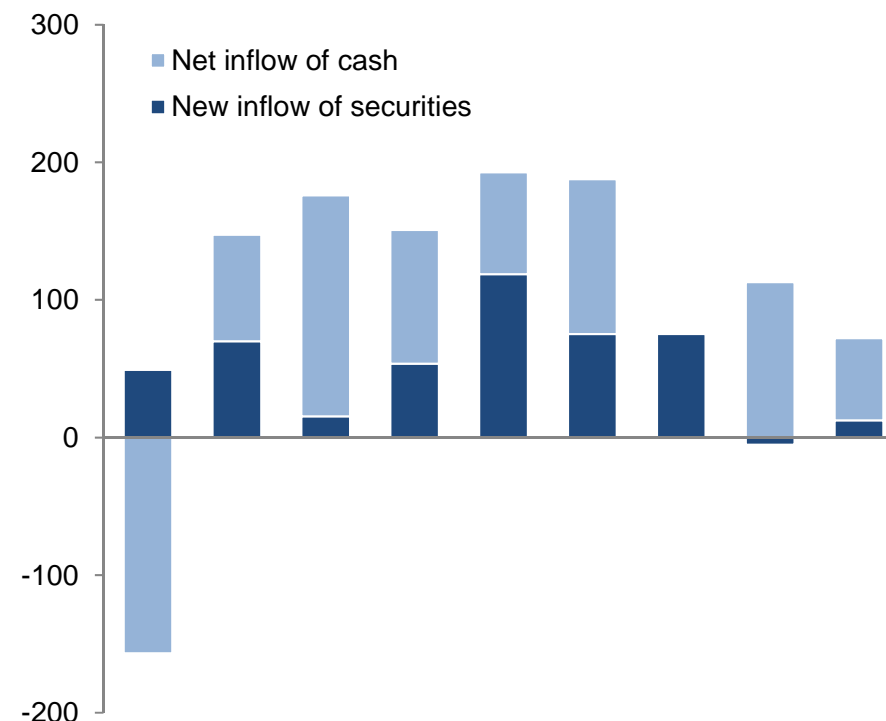
Retail Division (Daiwa Securities) Net inflow of assets



(Y bil)	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Corporation	104.3	15.4	117.9	106.2	74.4	60.9	186.4	111.5	20.6
Individual	-107.6	147.4	175.8	151.0	192.9	187.7	73.3	107.6	72.4
Total	-3.2	162.9	293.8	257.2	267.4	248.7	259.7	219.2	93.1

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

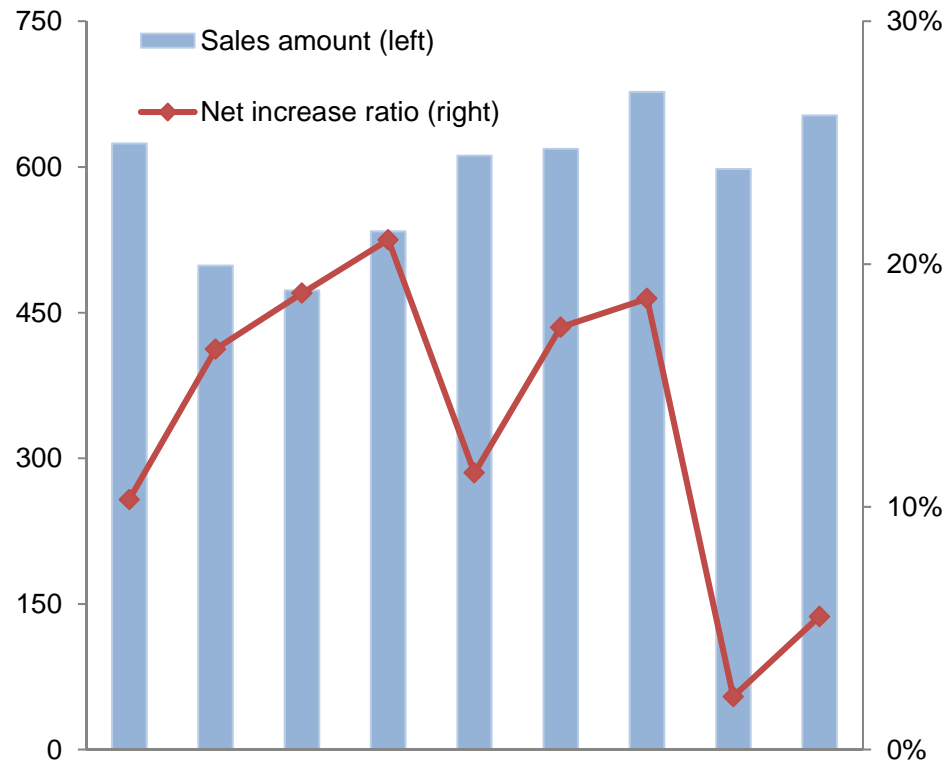
Retail Division (Daiwa Securities) Net inflow of assets (individuals)



(Y bil)	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow of cash	-156.9	77.5	160.3	97.2	74.1	112.4	-1.9	112.9	59.9
New inflow of securities	49.2	69.9	15.5	53.7	118.7	75.3	75.2	-5.2	12.4

Stock Investment Trusts & Wrap Accounts

Retail Division (Daiwa Securities) Sales of stock investment trusts

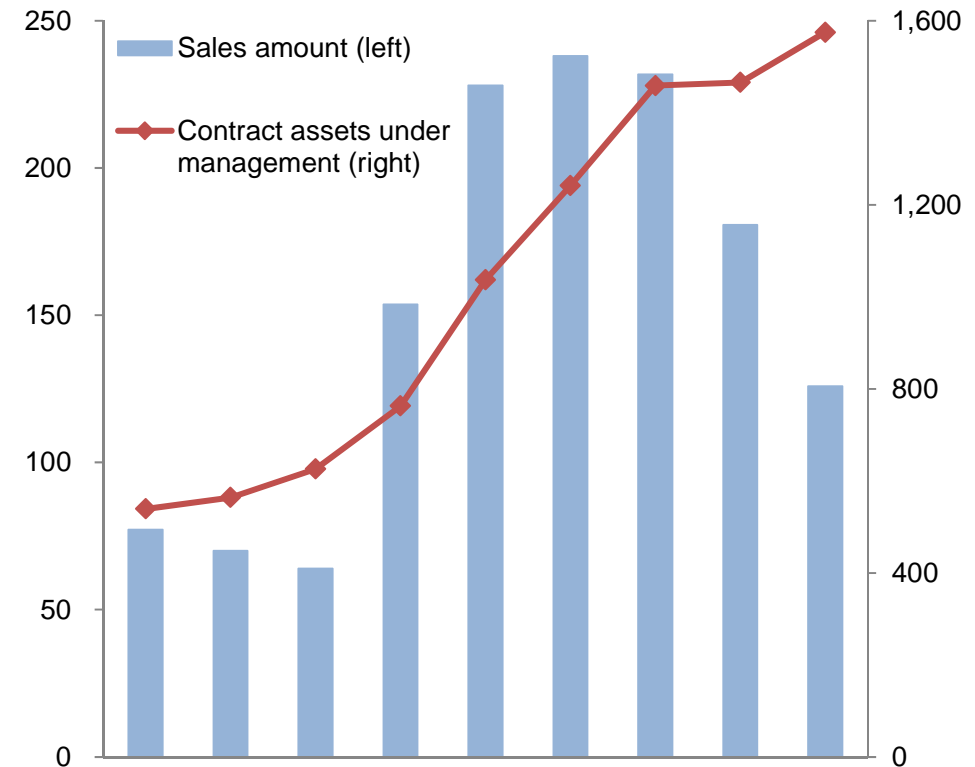


(Y bil)	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales amount	624.1	498.6	472.9	533.6	611.7	618.5	677.2	598.0	653.3

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

Note: Includes switching transaction between funds.

Wrap accounts sales and contract AUM



(Y bil)	FY2013		FY2014				FY2015		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales amount	77.1	70.0	64.0	153.7	228.0	238.0	231.8	180.7	125.9
Contract AUM	539	564	626	763	1,037	1,242	1,459	1,466	1,575

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)
3Q FY2015 League Table							
1st	Nomura	Nomura	Nomura	Mitsubishi UFJMS	Daiwa	Nomura	MHFG
	21.8%	25.8%	22.6%	25.6%	20.0%	21.1%	
2nd	Daiwa	Mitsubishi UFJMS	Mizuho	Mizuho	Mitsubishi UFJMS	Mitsubishi UFJMS	SMFG
	16.3%	20.1%	21.5%	20.6%	18.2%	19.9%	
3rd	Mizuho	Daiwa	Mitsubishi UFJMS	Daiwa	SMBC Nikko	Daiwa	Nomura
	14.4%	10.6%	20.8%	17.9%	17.2%	18.2%	
4th	Morgan Stanley	SMBC Nikko	SMBC Nikko	Nomura	Nomura	Mizuho	KPMG
	11.8%	10.0%	17.4%	17.1%	16.9%	17.9%	
5th	SMBC Nikko	Mizuho	Daiwa	SMBC Nikko	Mizuho	SMBC Nikko	Morgan Stanley
	10.1%	8.9%	14.9%	13.6%	13.7%	17.1%	
							7th Daiwa

Source: Daiwa Securities Apr 2015 – Dec 2015

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

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

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

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

Daiwa Asset Management

Financial Summary



(Y mil)	FY2014		FY2015			% Change vs 2Q/15	FY2014	FY2015	% Change vs 1Q-3Q/14	FY2014
	3Q	4Q	1Q	2Q	3Q		1Q-3Q	1Q-3Q		
Operating revenues	23,585	23,778	24,129	23,020	22,175	-3.7%	68,079	69,325	1.8%	91,858
Management fee	23,348	23,553	23,899	22,814	21,982	-3.6%	67,371	68,696	2.0%	90,924
Stock investment trust	23,214	23,440	23,805	22,725	21,884	-3.7%	66,943	68,415	2.2%	90,383
Bond investment trust	134	112	94	88	98	10.6%	428	281	-34.3%	540
Other operating revenues	236	225	230	205	192	-6.1%	708	628	-11.3%	933
SG&A	18,728	18,695	18,868	17,930	17,417	-2.9%	54,214	54,216	0.0%	72,910
Commission paid	12,809	12,679	12,643	11,856	11,335	-4.4%	37,299	35,834	-3.9%	49,978
Other SG&A	5,919	6,016	6,225	6,074	6,081	0.1%	16,915	18,382	8.7%	22,931
Operating income	4,856	5,083	5,260	5,089	4,758	-6.5%	13,864	15,108	9.0%	18,948
Ordinary income	5,050	5,093	5,404	5,296	4,799	-9.4%	15,323	15,500	1.2%	20,416
Net income	3,227	3,231	3,599	3,799	3,099	-18.4%	10,199	10,498	2.9%	13,431

Consolidated Value at Risk



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		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
VaR (Quarter end)	1.41	1.48	1.29	2.00	2.07	2.32	1.74	1.53	1.25
High	2.47	2.33	1.94	2.30	2.37	3.46	2.43	2.59	1.71
Low	1.21	1.09	1.22	1.08	1.42	1.61	1.68	1.34	1.13
Average	1.65	1.52	1.50	1.48	1.95	1.93	2.04	1.65	1.47

By risk factors (Quarter end)

Equity	0.64	0.82	0.45	0.49	0.43	0.70	0.56	0.83	0.39
Interest	1.35	1.36	1.40	1.82	1.90	2.27	1.98	1.42	1.13
Currency	0.19	0.20	0.32	0.39	0.76	0.32	0.25	0.33	0.59
Commodity	0.01	–	–	–	–	0.02	0.00	0.00	0.00

Number of Group Employees

		FY2013		FY2014				FY2015		
		3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total		14,533	14,426	14,918	14,827	14,792	14,757	15,301	15,209	15,179
	Overseas	1,680	1,676	1,650	1,656	1,627	1,636	1,617	1,611	1,603

■ 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.

※ Figures include temporary staff.

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