



4Q FY2016 Earnings Announcement

**April 28, 2017
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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■ Maintained stable profits, though consolidated results declined YoY

Consolidated earnings results	1Q-4Q FY2016	% Change vs FY2015
Net operating revenues	Y472.7 bil	-8.2%
Ordinary income	Y135.6 bil	-17.9%
Profit attributable to owners of parent company	Y104.0 bil	-10.9%

- Increased revenues in Wholesale Division covered for declined revenues in Retail Division

■ Full-year ordinary income of overseas operation returned to the black for the first time in 7 years since FY2009

- Ordinary income for Americas recorded a historical high (USD-based), led by its FICC business. Europe and Asia were also supported by solid FICC business.
- M&A revenues increased due to strong deal flows by M&A subsidiary in Europe (DC Advisory) and joint deals with global alliance partners.

■ Continued high level of shareholder returns

- FY2016 dividend per share: 26 yen (interim: 13 yen, year-end: 13 yen). Annual dividend payout ratio: 42.3%
- Implementation of share repurchase program
(Period of share repurchase: Feb.10 to Apr. 21, 2017; Total number of shares repurchased: 27 mil shares; Total amount repurchased: Y18.9 bil)
- Cancellation of treasury shares
(Total number of shares cancelled: 50 mil shares; 2.86% of total number of issued shares before the cancellation)

Summary (4Q / FY2016)

■ 4Q FY2016 Net operating revenues: Y121.6 bil (-0.3% QoQ)

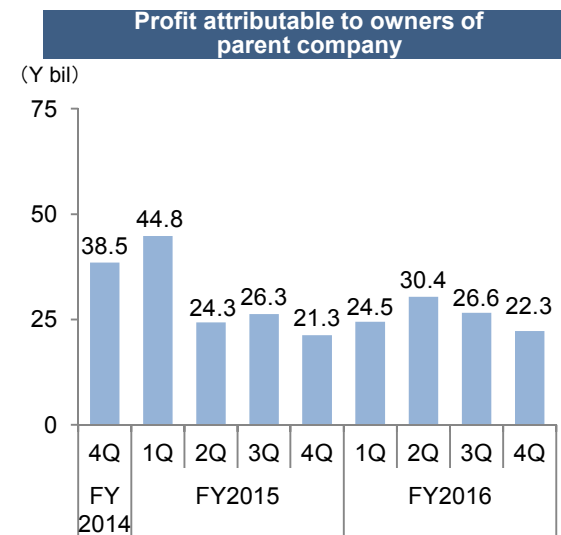
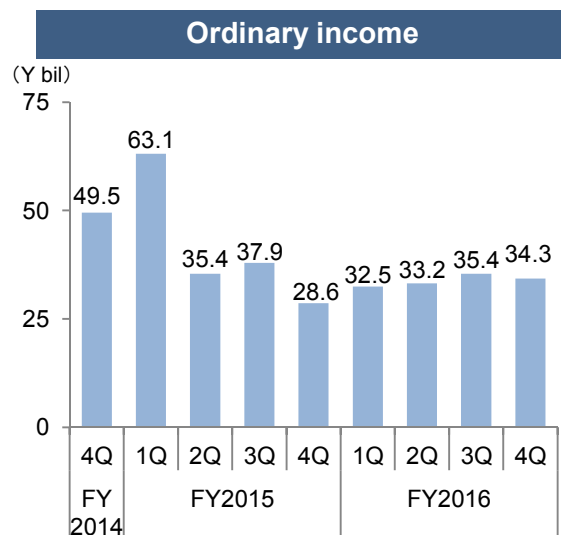
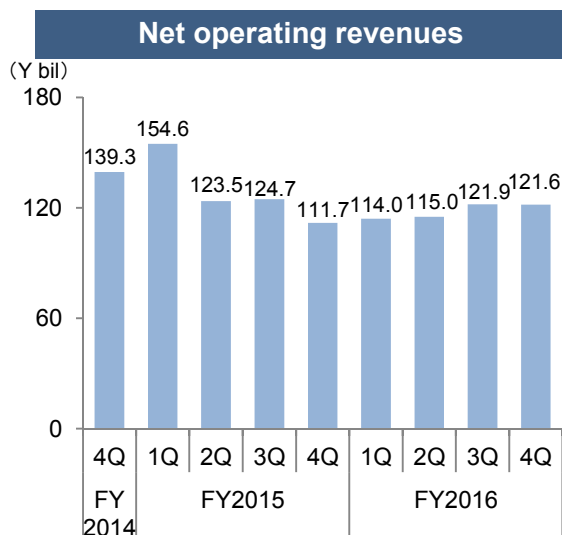
- ✓ While trading value remained flat, products sales and distribution amount in Retail Division increased.
- ✓ For Wholesale Division, DCM and M&A businesses in Global Investment Banking posted increased revenues while Global Markets saw declined revenues due to less client flow.

■ 4Q FY2016 Ordinary income: Y34.3 bil (-2.9% QoQ)

- ✓ SG&A increased to Y91.5 bil (+1.3% QoQ) as advertising expenses rose.

■ 4Q FY2016 Profit attributable to owners of parent company: Y22.3 bil (-16.2% QoQ)

- ✓ Annualized ROE: 7.1% (-1.6pt QoQ)
- ✓ BPS: Y745.80 (+Y5.20 QoQ)



Financial Summary

(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Operating revenues	150,579	151,859	145,117	153,198	166,322	8.6%	10.5%	653,711	616,497	-5.7%
Net operating revenues	111,772	114,049	115,096	121,985	121,618	-0.3%	8.8%	514,815	472,750	-8.2%
SG&A	88,329	86,029	85,772	90,376	91,508	1.3%	3.6%	364,517	353,687	-3.0%
Ordinary income	28,628	32,537	33,256	35,434	34,394	-2.9%	20.1%	165,148	135,623	-17.9%
Profit (loss) attributable to owners of parent	21,311	24,571	30,443	26,693	22,358	-16.2%	4.9%	116,848	104,067	-10.9%
Total assets	20,420,818	21,419,907	20,021,642	20,523,661	19,827,296			20,420,818	19,827,296	
Net assets	1,313,005	1,267,304	1,297,756	1,347,052	1,343,433			1,313,005	1,343,433	
Shareholders' equity*	1,219,831	1,175,326	1,205,650	1,254,655	1,250,890			1,219,831	1,250,890	
EPS (Y)	12.50	14.52	17.98	15.76	13.26			68.25	61.53	
BPS (Y)	720.86	694.52	711.90	740.60	745.80			720.86	745.80	
ROE (Annualized)	6.9%	8.2%	10.2%	8.7%	7.1%			9.5%	8.4%	

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

FY2016 Proposed Dividend

Dividend per Share: 26 yen
(including 13 yen interim dividend)

Consolidated P/L Summary



(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Operating revenues	150,579	151,859	145,117	153,198	166,322	8.6%	10.5%	653,711	616,497	-5.7%
Commision received	62,701	61,693	64,373	70,752	76,515	8.1%	22.0%	288,418	273,335	-5.2%
Net trading income	28,688	33,379	32,385	34,025	28,330	-16.7%	-1.2%	131,324	128,120	-2.4%
Net gain/loss on private equity	979	4,802	5,614	2,423	2,006	-17.2%	104.8%	18,502	14,846	-19.8%
Financial revenue	42,697	35,726	33,088	34,808	39,618	13.8%	-7.2%	149,451	143,241	-4.2%
Other operating revenue	15,511	16,257	9,656	11,188	19,850	77.4%	28.0%	66,014	56,953	-13.7%
Financial expenses	21,710	26,633	20,701	20,777	30,612	47.3%	41.0%	89,530	98,725	10.3%
Other operating expenses	17,095	11,177	9,319	10,434	14,090	35.0%	-17.6%	49,366	45,022	-8.8%
Net operating revenues	111,772	114,049	115,096	121,985	121,618	-0.3%	8.8%	514,815	472,750	-8.2%
SG&A	88,329	86,029	85,772	90,376	91,508	1.3%	3.6%	364,517	353,687	-3.0%
Operating income/loss	23,442	28,019	29,323	31,609	30,110	-4.7%	28.4%	150,297	119,062	-20.8%
Non-operating income/loss	5,186	4,518	3,933	3,825	4,284	12.0%	-17.4%	14,851	16,561	11.5%
Ordinary income/loss	28,628	32,537	33,256	35,434	34,394	-2.9%	20.1%	165,148	135,623	-17.9%
Extraordinary income/loss	-2,093	1,021	524	2,572	-737	-	-	4,764	3,381	-29.0%
Income/loss before income taxes	26,535	33,559	33,781	38,007	33,657	-11.4%	26.8%	169,912	139,004	-18.2%
Total income taxes	5,226	8,974	3,303	11,291	11,156	-1.2%	113.5%	46,935	34,726	-26.0%
Profit (loss) attributable to owners of parent	21,311	24,571	30,443	26,693	22,358	-16.2%	4.9%	116,848	104,067	-10.9%

- Commission received increased (+8.1% QoQ).
 - Brokerage commission* was Y16.6 bil (-3.0% QoQ) and underwriting commission* was Y7.9bil (-2.9% QoQ) as stock trading value and underwriting deals decreased.
 - Distribution commission* rose to Y10.9 bil (+8.9% QoQ) due to increase in sales of JGBs to retail investors.
 - M&A commission* rose to Y7.0 bil (+116.1% QoQ) due to increase in number of deals both domestic and overseas.
- Equity and FICC trading income dropped (-16.7% QoQ) due to decreased client flows.
- Extraordinary loss of Y11.2 bil was posted as provision for loss on litigation in 4Q FY2016.

* Breakdown of total commission received (See p.22)

Consolidated

Breakdown of SG&A



(Y mil)	FY2015	FY2016					% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q						
SG&A	88,329	86,029	85,772	90,376	91,508	1.3%	3.6%		364,517	353,687	-3.0%
Trading related expenses	17,357	16,385	16,979	17,505	18,884	7.9%	8.8%		72,339	69,754	-3.6%
Personnel expenses	43,691	43,240	43,356	44,838	44,395	-1.0%	1.6%		183,292	175,830	-4.1%
Real estate expenses	9,151	8,744	8,538	8,833	9,150	3.6%	-0.0%		37,360	35,267	-5.6%
Office cost	6,689	6,233	6,006	7,843	6,963	-11.2%	4.1%		26,771	27,047	1.0%
Depreciation	5,920	5,897	5,705	5,848	5,955	1.8%	0.6%		23,833	23,406	-1.8%
Taxes and dues	1,765	2,559	2,467	2,555	2,948	15.4%	67.0%		8,887	10,530	18.5%
Other	3,753	2,968	2,720	2,952	3,210	8.7%	-14.5%		12,032	11,852	-1.5%

- Trading related expenses increased (+7.9% QoQ) as advertising expenses rose.
- Personnel expenses slightly decreased (-1.0% QoQ), as Hinode Securities became an unconsolidated company.
- Real estate expenses rose (+3.6% QoQ) due to increase in maintenance expenses and office equipment expenses.
- Office cost decreased by -11.2% due to a special factor appropriated in 3Q.
- Depreciation cost increased (+1.8% QoQ) by system management expenses.

Consolidated Cost Structure



(Y bil)	FY2014					FY2015					FY2016				
	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q
Total SG&A	88.1	88.8	91.4	92.9	361.3	95.5	91.2	89.3	88.3	364.5	86.0	85.7	90.3	91.5	353.6
Variable costs	36.4	37.1	38.9	39.7	152.2	41.3	37.4	35.8	35.9	150.5	34.1	35.1	36.6	38.0	143.9
Trading related expenses	17.8	18.5	18.7	18.4	73.6	18.8	18.3	17.8	17.3	72.3	16.3	16.9	17.5	18.8	69.7
Advertising expenses	1.7	1.7	2.0	2.0	7.5	1.7	1.9	2.0	2.4	8.1	1.9	2.4	3.0	3.7	11.1
Bonus and others	12.8	13.1	14.6	15.5	56.0	16.9	13.5	12.7	12.3	55.5	12.2	13.0	13.6	13.3	52.3
Overtime, part-time	2.2	2.1	2.3	2.2	9.0	2.3	2.2	2.3	2.1	9.1	2.3	2.2	2.3	2.2	9.1
Fixed costs	51.7	51.7	52.4	53.1	209.1	54.2	53.7	53.5	52.3	213.9	51.8	50.5	53.7	53.4	209.6
Personnel expenses	28.1	28.4	28.8	29.7	115.2	29.6	29.4	29.2	28.9	117.3	28.4	27.8	28.7	28.5	113.6
Real estate expenses	9.2	9.1	9.0	9.5	37.0	9.2	9.6	9.2	9.1	37.3	8.7	8.5	8.8	9.1	35.2
Depreciation	6.0	6.1	6.1	5.7	24.0	5.9	5.9	6.0	5.9	23.8	5.8	5.7	5.8	5.9	23.4
Office expenses	6.0	5.8	6.1	6.2	24.2	6.1	6.2	6.6	6.3	25.4	5.8	5.7	7.5	6.6	25.7
Taxes and dues	1.8	1.7	1.8	1.5	6.9	2.8	2.1	2.0	1.7	8.8	2.5	2.4	2.5	2.9	10.5

Consolidated Balance Sheet



Consolidated Balance Sheet (March 31, 2017)

(Y bil)

Current assets	19,258	(-592)	Current liabilities	16,007	(-819)
Cash and deposits	3,828	(493)	Trading products	4,658	(-642)
Short-term investment securities	1,742	(-348)	Trading securities and other	2,261	(-53)
Trading products	6,546	(-955)	Stocks, convertible bonds	252	(120)
Trading securities and other	3,853	(-164)	Bonds	1,997	(-168)
Stocks, Convertible bonds	360	(-24)	CD/CP and others	10	(-6)
Bonds	2,564	(-287)	Derivatives	2,396	(-588)
Beneficiary certificates	177	(25)	Loans payable secured by securities	6,018	(117)
CD/CP and others	750	(122)	Deposits for banking business	2,985	(57)
Derivatives	2,692	(-791)	Short-term loans payable	918	(98)
Operational investment securities	113	(-2)	Commercial papers	—	(-137)
(after allowance for possible investment losses)			Current portion of bonds	278	(45)
Daiva PI Partners + Daiva Securities SMBC PI	107	(-1)			
Daiwa Corporate Investment	7	(0)	Non-current liabilities	2,472	(196)
Loans secured by securities	5,305	(55)	Bonds payable	1,219	(14)
Non-current assets	568	(0)	Long-term loans payable	1,179	(174)
Property, plant and equipment	124	(0)	Total liabilities	18,483	(-623)
Intangible assets	90	(5)	Net assets	1,343	(30)
Investments and other assets	352	(-7)	Owners' equity	1,183	(50)
Listed stocks	146	(-14)	Accumulated other comprehensive income	67	(-19)
Unlisted stocks	16	(0)	Non-controlling interests	83	(0)
Affiliated companies stocks, etc.	129	(8)			
Other	59	(-1)			
Total Assets	19,827	(-593)	Total liabilities and net assets	19,827	(-593)

Total assets: Y19.82 tri

Net assets: Y1.34 tri

Shareholders' equity:** Y1.25 tri

- 87.9% of total assets have high liquidity*.

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

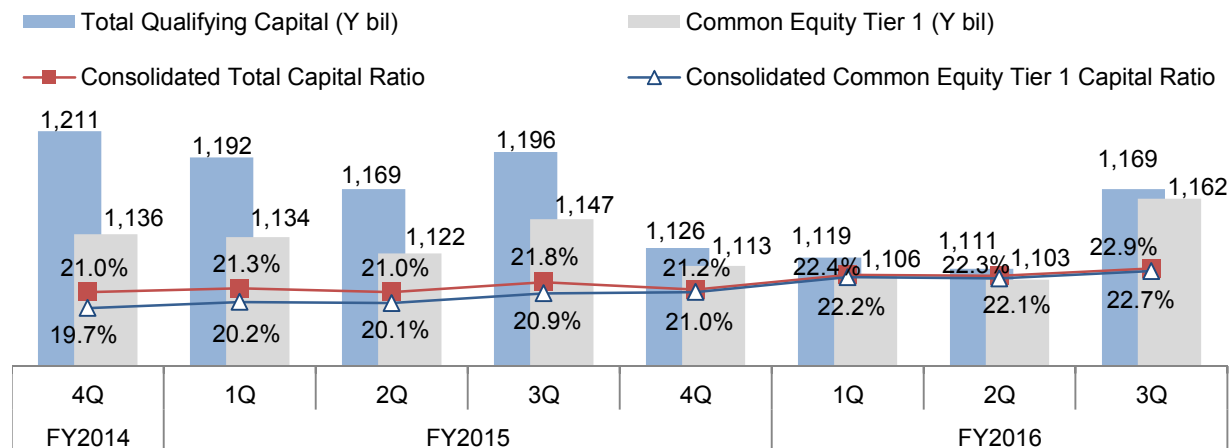
- Shareholders' equity** increased by Y31.0 bil from March 31, 2016.

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

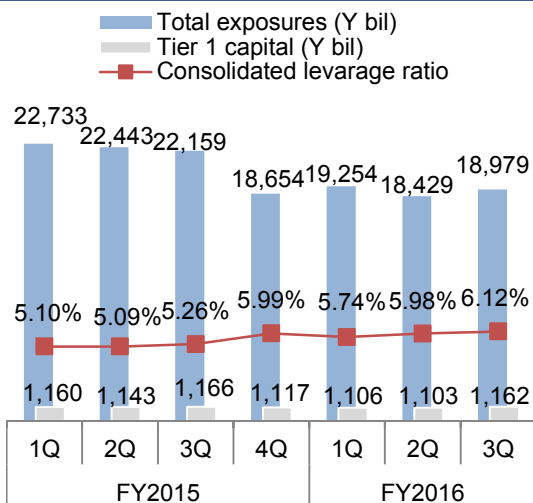
※Figures in parentheses indicate changes from March 31, 2016

Financial Management (Regulatory Capital & Regulatory Liquidity)

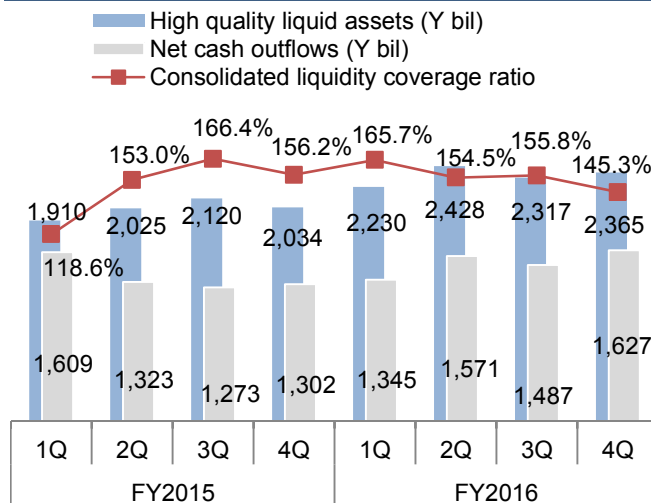
Consolidated Capital Adequacy Ratio



Consolidated Leverage Ratio



Consolidated Liquidity Coverage Ratio



※Before 3Q FY2016: end of month average

【Regulatory Capital (Basel III)】

(As at December 31, 2016)

- Consolidated Total Capital Ratio : 22.9%
- Consolidated Tier1 Capital Ratio : 22.7%
- Consolidated Common Equity Tier 1 Capital Ratio : 22.7%
- Consolidated Leverage Ratio : 6.12%

※ Figures are as at the end of each quarter.

【Regulatory Liquidity (Basel III)】

(Daily average Jan.-Mar. 2017)

- Consolidated Liquidity Coverage Ratio : 145.3%

Overseas Operation

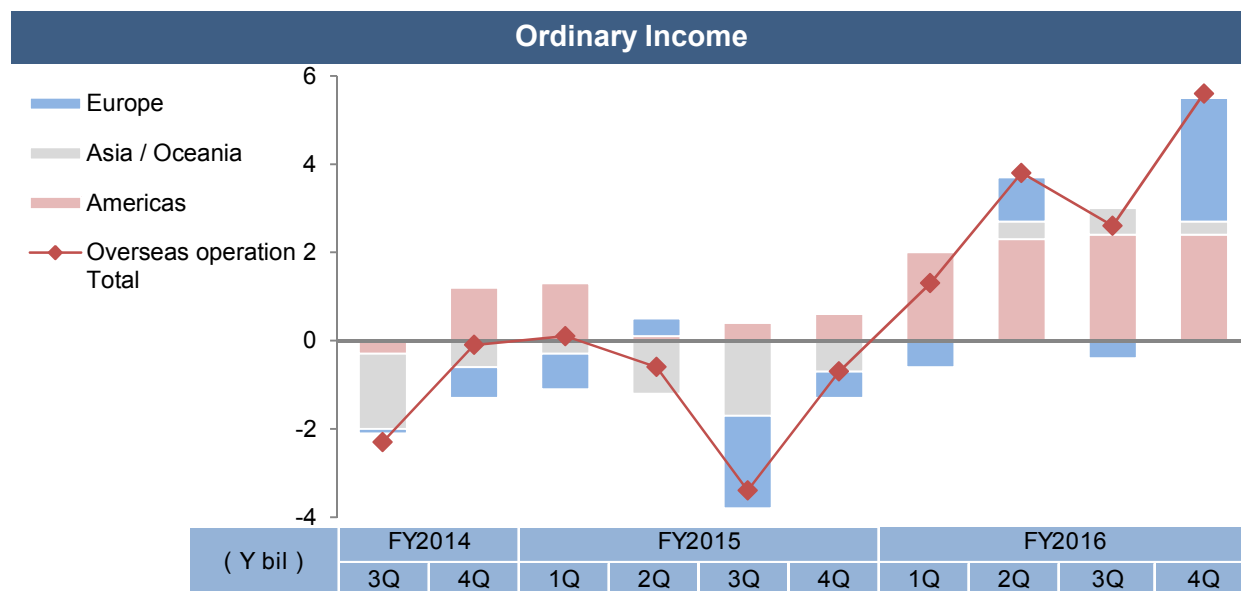
(Y mil)	FY2015	FY2016					% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q						
Overseas operation Total	-714	1,366	3,829	2,606	5,691	118.4%	-	-	-4,684	13,493	-
Europe	-665	-667	1,067	-486	2,844	-	-	-	-3,240	2,759	-
Asia / Oceania	-742	19	403	677	378	-44.1%	-	-	-4,130	1,480	-
Americas	693	2,014	2,357	2,414	2,468	2.2%	256.0%		2,686	9,254	244.4%

Full-year results returned to the black for the first time in 7 years since FY2009.

On a quarterly base, all regions moved back into the black.

- For Europe, while all business lines increased revenues, M&A business was especially strong.
- Asia/Oceania secured profits by contribution of revenues from wealth management business and M&A business.
- Ordinary income for Americas increased as FICC business continued to perform solidly. Equity revenues also rose QoQ mainly due to increased trading volume of US equities.

※ The figures include overseas subsidiaries of Daiwa Asset Management which have become consolidated since 1Q FY2016.



Segment Information

(Y mil)

Net operating revenues	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Retail	44,371	45,013	43,720	49,663	49,654	-0.0%	11.9%	217,922	188,051	-13.7%
Wholesale	43,709	43,427	45,906	46,427	47,113	1.5%	7.8%	178,014	182,875	2.7%
<i>Global Markets</i>	35,809	36,028	36,365	36,819	33,645	-8.6%	-6.0%	142,695	142,859	0.1%
<i>Global Investment Banking</i>	7,899	7,398	9,540	9,608	13,468	40.2%	70.5%	35,318	40,015	13.3%
Asset Management*	11,040	11,623	11,429	11,586	11,798	1.8%	6.9%	50,528	46,438	-8.1%
Investments	1,156	4,956	5,725	2,570	2,484	-3.3%	114.8%	19,730	15,736	-20.2%
Other/Adjustments	11,495	9,028	8,313	11,737	10,567			48,618	39,647	
Consolidated total	111,772	114,049	115,096	121,985	121,618	-0.3%	8.8%	514,815	472,750	-8.2%

Ordinary income	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Retail	5,328	6,566	4,596	9,512	8,700	-8.5%	63.3%	61,080	29,375	-51.9%
Wholesale	12,832	14,899	17,201	16,906	16,429	-2.8%	28.0%	48,878	65,437	33.9%
<i>Global Markets</i>	13,539	14,100	14,571	14,164	10,759	-24.0%	-20.5%	46,057	53,595	16.4%
<i>Global Investment Banking</i>	-707	798	2,470	2,492	5,607	125.0%	-	2,821	11,369	303.0%
Asset Management*	5,991	6,748	6,673	6,522	6,627	1.6%	10.6%	29,990	26,572	-11.4%
Investments	579	4,624	4,972	1,891	1,553	-17.9%	168.1%	17,397	13,041	-25.0%
Other/Adjustments	3,897	-301	-187	601	1,084			7,801	1,196	
Consolidated total	28,628	32,537	33,256	35,434	34,394	-2.9%	20.1%	165,148	135,623	-17.9%

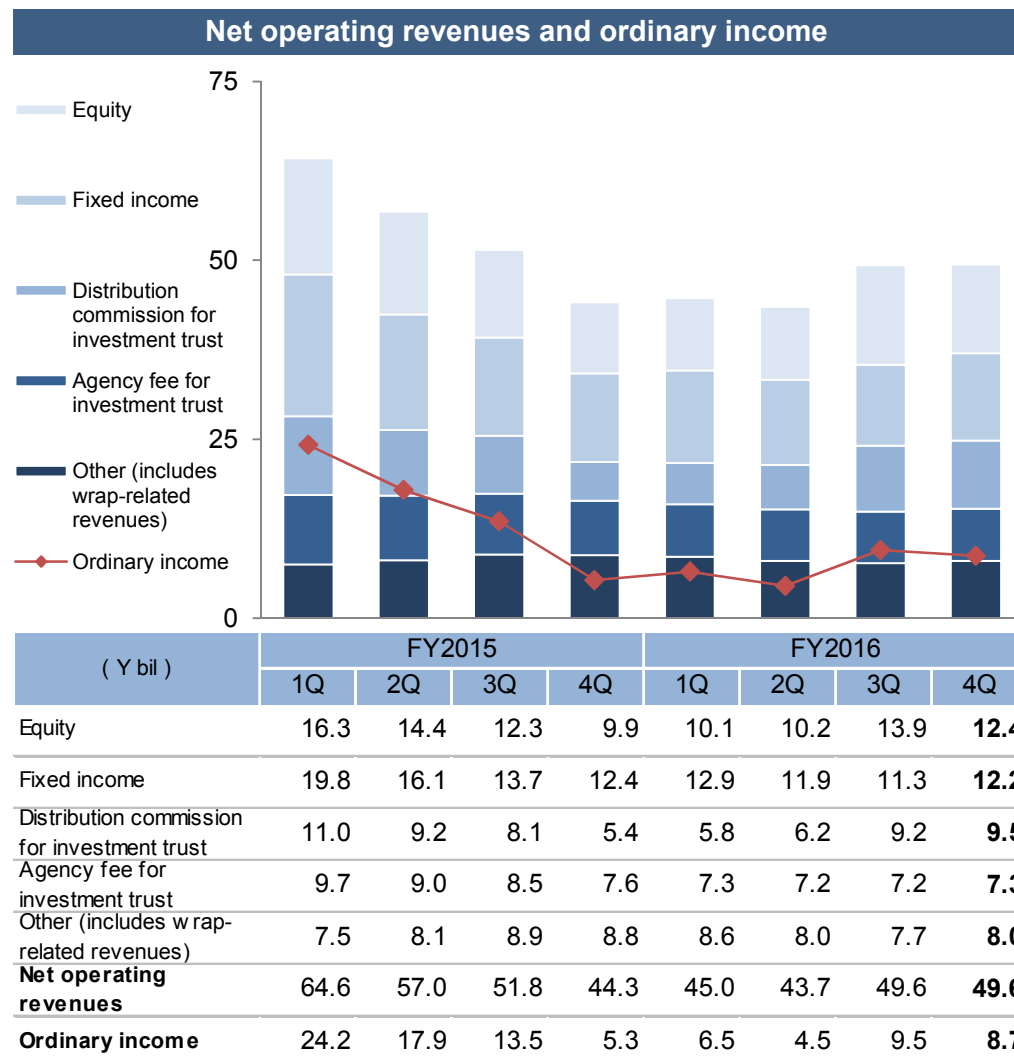
※Figures calculated based on managerial accounting of each Group companies. Equity in earnings of affiliates is included in each respective segment.

* Since Daiwa Office Investment Corporation changed from consolidated subsidiary to equity-method affiliated company, only equity in earnings of the company has been recorded in the ordinary income of Asset Management Division since 2Q/FY2015.

Retail Division

(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2016	% Change vs FY15
Net operating revenues	49,654	-0.0%	188,051	-13.7%
Ordinary income	8,700	-8.5%	29,375	-51.9%

- Equity revenues dropped by -10.4% QoQ due to decreased trading volume in both Japanese and foreign stocks and less sales commission from primary distribution compared to the previous quarter in which there was a large PO deal.
- With the increase in sales of both domestic and foreign bonds, fixed income revenue rose by +7.5% QoQ.
- Sales of stock investment trust dropped by -8.4% QoQ, but distribution commission for investment trust increased by +2.3% QoQ as sales amount excluding switching of funds such as Bull Bear fund slightly increased.



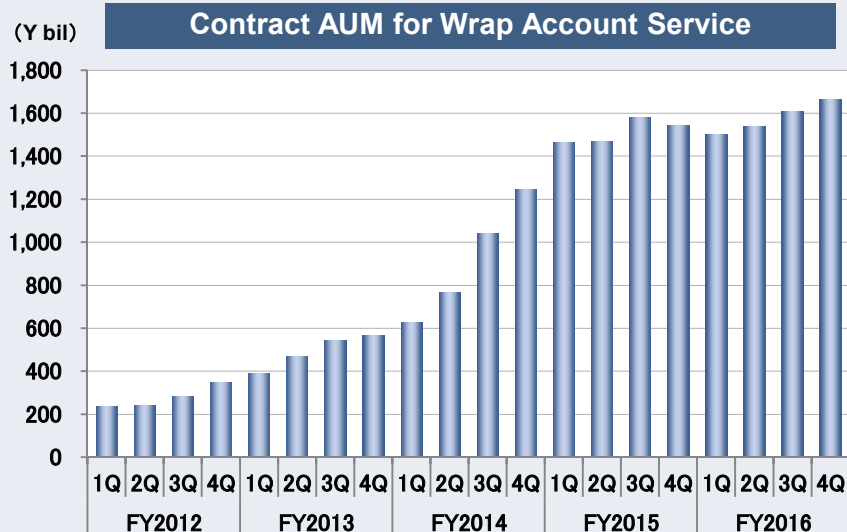
※Figures of Hinode Securities Co. Ltd will not be included from 4Q FY2016.

【Stock Investment Trusts】

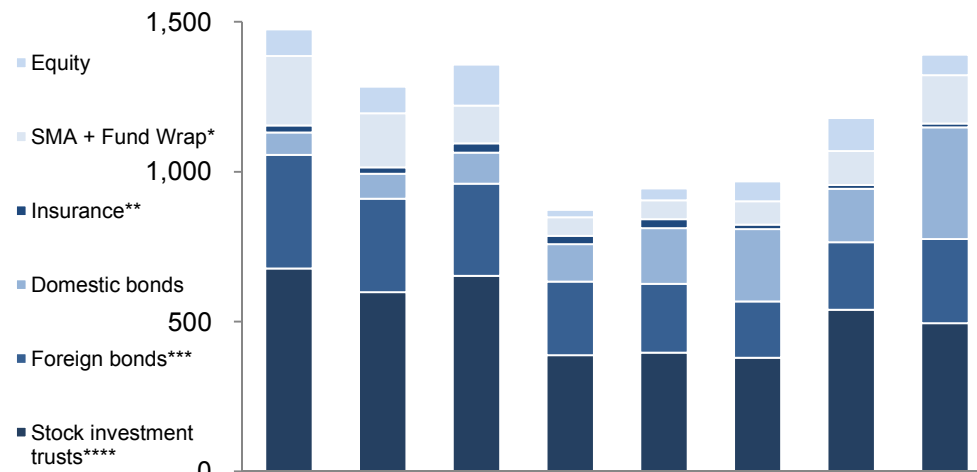
- Funds investing in both domestic and overseas REITs and US infrastructure related equities saw strong sales.

【Wrap Account Service】

- In addition to “Daiwa Fund Wrap Premium”, a new service which started from October 2016, we began to offer “Daiwa Fund Wrap Online” from January 2017, which is the Internet-based service utilizing Robo-Advisor technology with minimum contract amount of ¥0.5 mil.
- With the expansion of service line-up and strengthened promotion, contract AUM for wrap account service exceeded by +42.1% QoQ.



Sales and distribution amount by product



(Y bil)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity	87.8	89.0	136.9	24.8	39.2	65.8	109.5	68.7
SMA + Fund Wrap*	231.8	180.7	125.9	61.5	62.9	78.1	113.6	161.5
Insurance**	23.5	20.8	30.8	27.9	29.6	14.6	12.4	12.7
Domestic bonds	74.5	83.0	103.8	125.2	186.2	241.8	178.6	372.3
Foreign bonds***	379.6	312.5	306.5	244.9	229.2	187.8	224.6	280.5
Stock investment trusts****	677.2	598.0	653.3	388.4	396.8	379.3	540.2	494.9

*Total contract 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

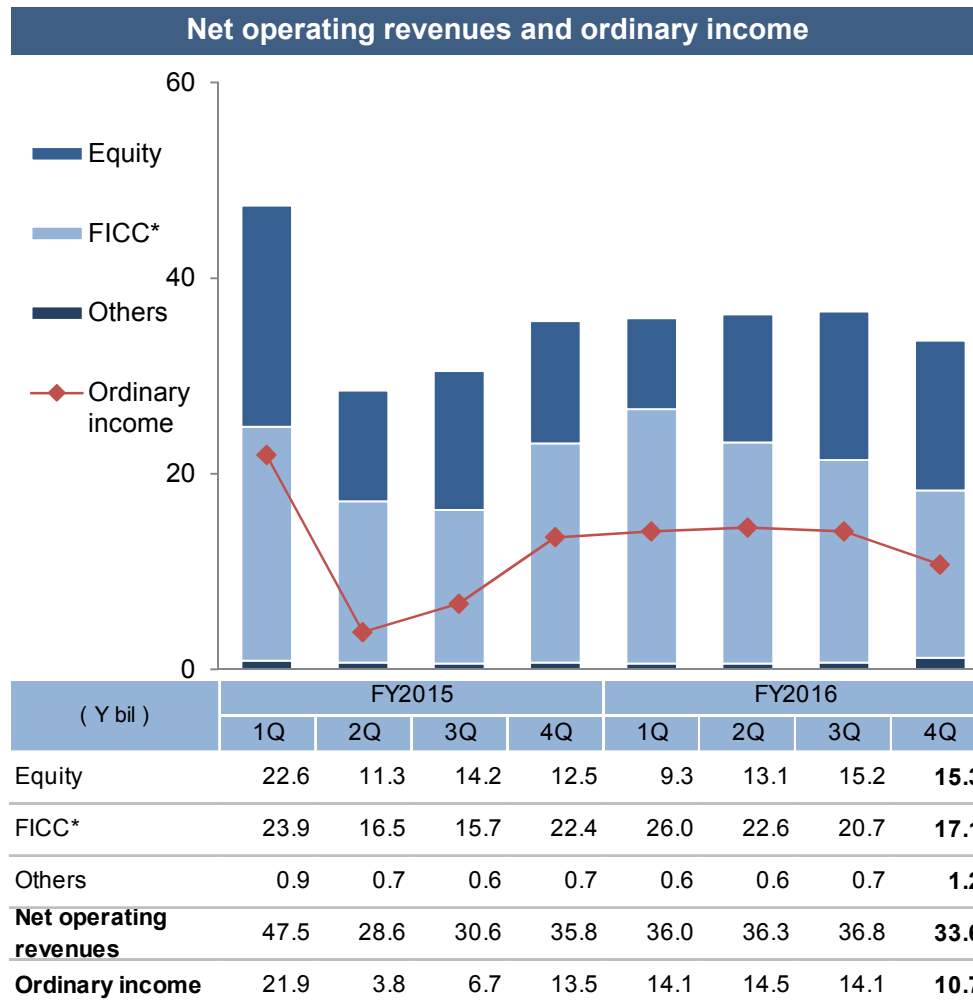
(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2016	% Change vs FY15
Net operating revenues	33,645	-8.6%	142,859	0.1%
Ordinary income	10,759	-24.0%	53,595	16.4%

【Equity】

- In January, risk aversion sentiment was seen among investors as UK prime minister May delivered her Brexit speech. In February, revenues recovered (+0.2% QoQ) on the back of expectations for US Trump administration and strong stock performance.

【FICC*】

- FICC revenues declined -17.7% QoQ due to decreased volatility of long-term interest rate as BOJ expressed intention of stabilizing JGB yield in February. On the other hand, structured bonds saw strong sales due to increase in stock price.



*FICC: Fixed Income, Currency and Commodities

Equity & FICC Income: Consolidated Trading Gain/Loss

【Managerial accounting basis】

(Y bil)	FY2016 4Q	% Change vs 3Q/FY16	FY2015	FY2016	% Change vs FY15
Equity	10.0	-9.1%	38.0	35.0	-7.9%
FICC*	28.0	-9.7%	134.0	126.0	-6.0%
Total	38.0	-9.5%	172.0	161.0	-6.4%

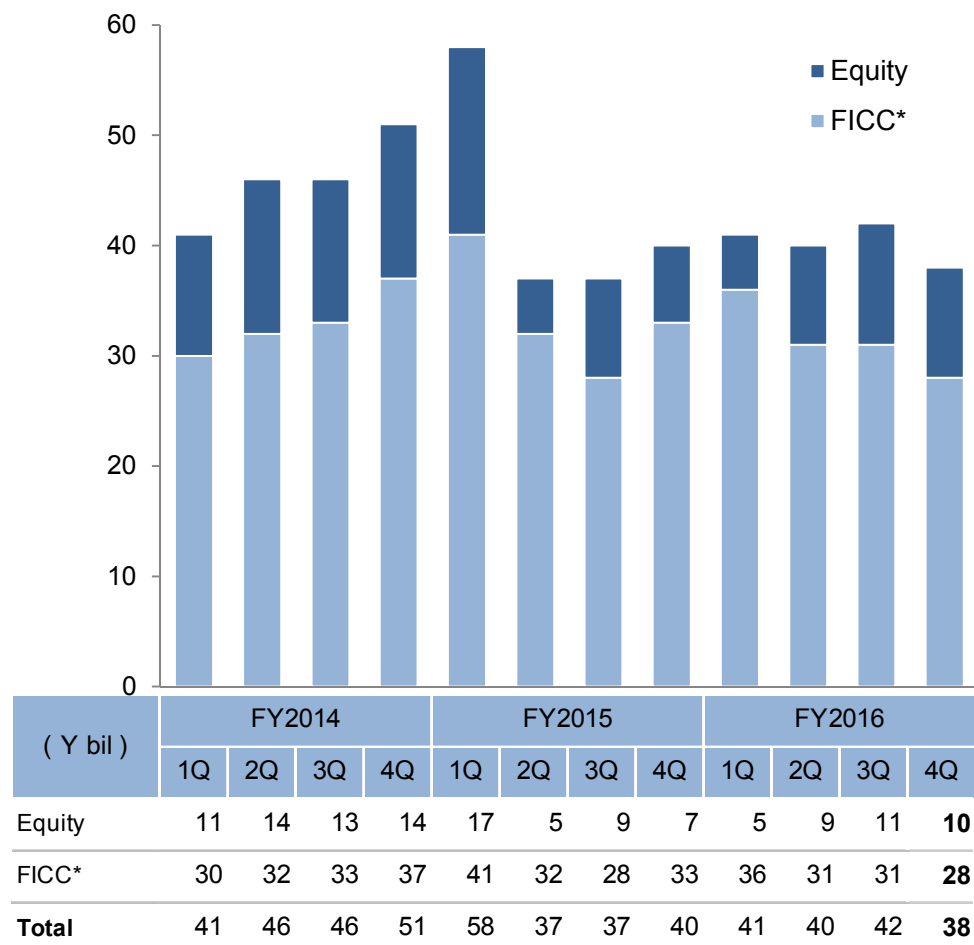
<Reference>

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

(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2015	FY2016	% Change vs FY15
Equity	6,419	-16.3%	23,430	21,471	-8.4%
Bond and forex	21,910	-16.9%	107,893	106,649	-1.2%
Net financial income	9,005	-35.8%	59,921	44,516	-25.7%
Total	37,336	-22.3%	191,245	172,637	-9.7%

*FICC: Fixed Income, Currency and Commodities

Consolidated trading gain / loss
(Managerial accounting basis)



Wholesale Division Global Investment Banking

(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2016	% Change vs FY15
Net operating revenues	13,468	40.2%	40,015	13.3%
Ordinary income	5,607	125.0%	11,369	303.0%

【Equity】

■ Steadily managed deals of IPO and REITs.

<Selected lead managed deals>

		<Offering size>
MACROMILL, INC.	Global IPO	Y53.3 bil
Daiwa House REIT Investment Corporation	REIT Global PO	Y47.9 bil
ORIX JREIT Inc.	REIT PO	Y26.2 bil
SENKO Co., Ltd.	Euro-Yen CB	Y10.0 bil

【Debt】

■ Lead managed number of deals including Benchmark bond, Samurai bond, and SB issued by SoftBank which was the largest SB in 4Q FY2016.

<Selected lead managed deals>

		<Offering size>
SoftBank Group Corp. (7 yrs)	SB	Total Y450.0 bil
FUJIFILM Holdings Corporation (3/5/7/10 yrs)	SB	Total Y150.0 bil
JBIC (3 yrs)	Benchmark bond	Total USD2.0 bil
BPCE (5/7/10 yrs)	Samurai bond	Total Y142.7 bil

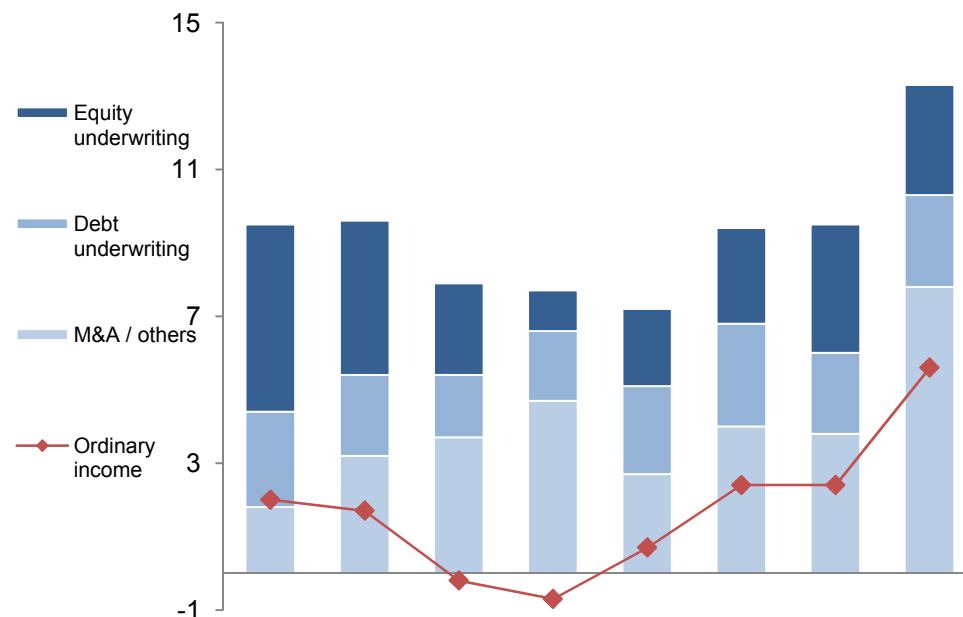
【M&A】

■ By providing solutions in cooperation with overseas branches and global alliance partners, revenues increased drastically QoQ.

<Selected deals>

TOB by U-NEXT Co., Ltd. for USEN CORPORATION
 Sale of BIGLOBE Inc. by Japan Industrial Partners, Inc. to KDDI CORPORATION
 Sale of Micheldever Group Ltd.(UK) by Graphite Capital Management LLP.(UK) to Sumitomo Rubber Industries, Ltd.
 Acquisition of Max Speciality Films (India) by TOPPAN PRINTING CO., LTD.[Joint deal with Ambit]

Net operating revenues and ordinary income



(Y bil)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity underwriting	5.1	4.2	2.5	1.1	2.1	2.6	3.5	3.0
Debt underwriting	2.6	2.2	1.7	1.9	2.4	2.8	2.2	2.5
M&A / others	1.8	3.2	3.7	4.7	2.7	4.0	3.8	7.8
Net operating revenues	9.6	9.7	7.9	7.8	7.3	9.5	9.6	13.4
Ordinary income	2.0	1.7	-0.2	-0.7	0.7	2.4	2.4	5.6

Asset Management Division

(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2016	% Change vs FY15
Net operating revenues	11,798	1.8%	46,438	-8.1%
Ordinary income	6,627	1.6%	26,572	-11.4%

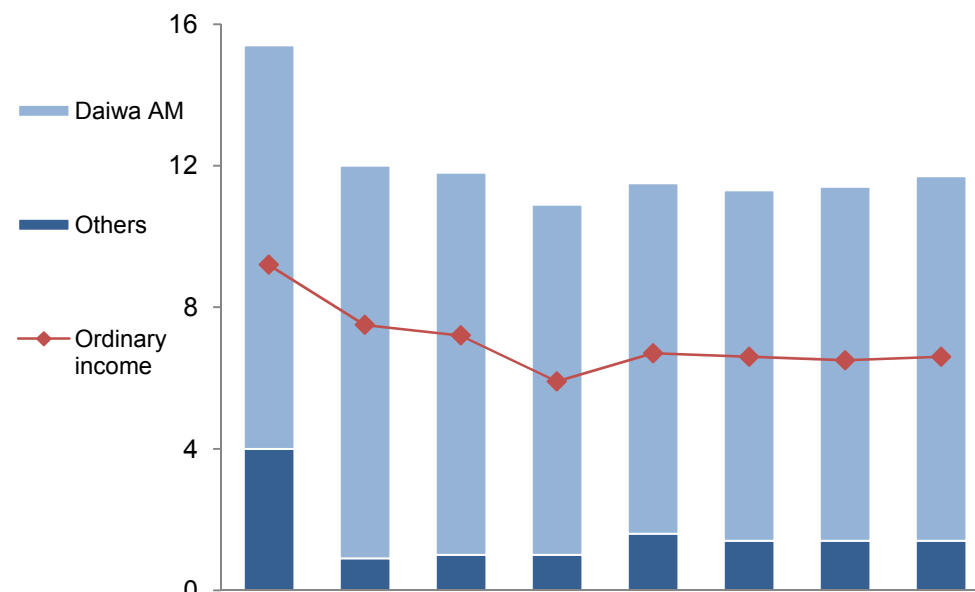
【Daiwa Asset Management】

- Since AUM increased toward the end of 4Q, both net operating revenues and ordinary income rose.

【Others】

- Daiwa Real Estate Asset Management, which manages 3 REITs, saw an increase in AUM due to acquisition of residential buildings.

Net operating revenues and ordinary income



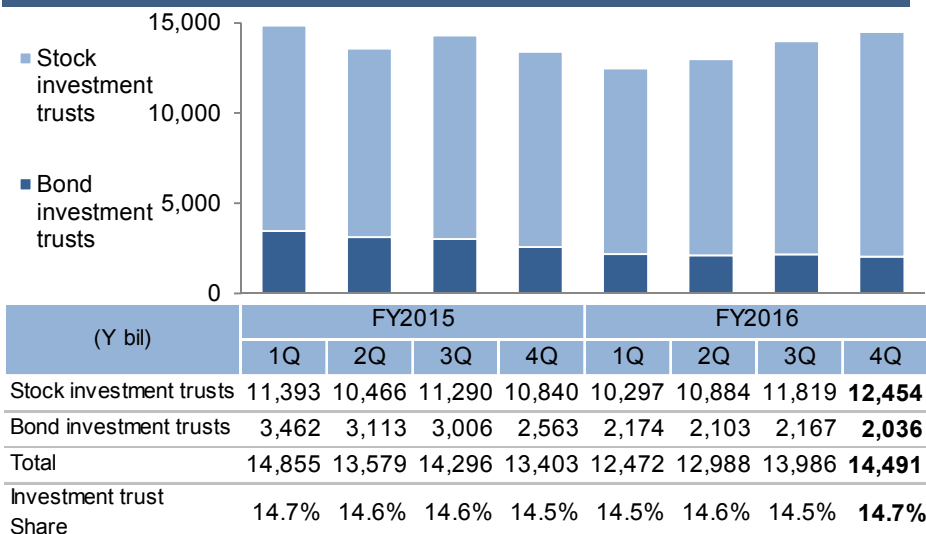
(Y bil)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Daiwa AM	11.4	11.1	10.8	9.9	9.9	9.9	10.0	10.3
Others	4.0	0.9	1.0	1.0	1.6	1.4	1.4	1.4
Net operating revenues	15.4	12.0	11.9	11.0	11.6	11.4	11.5	11.7
Ordinary income	9.2	7.5	7.2	5.9	6.7	6.6	6.5	6.6

※'Others' includes Daiwa Fund Consulting, Daiwa Real Estate Asset Management and Mi-Casa Asset Management (since 1Q FY2016).

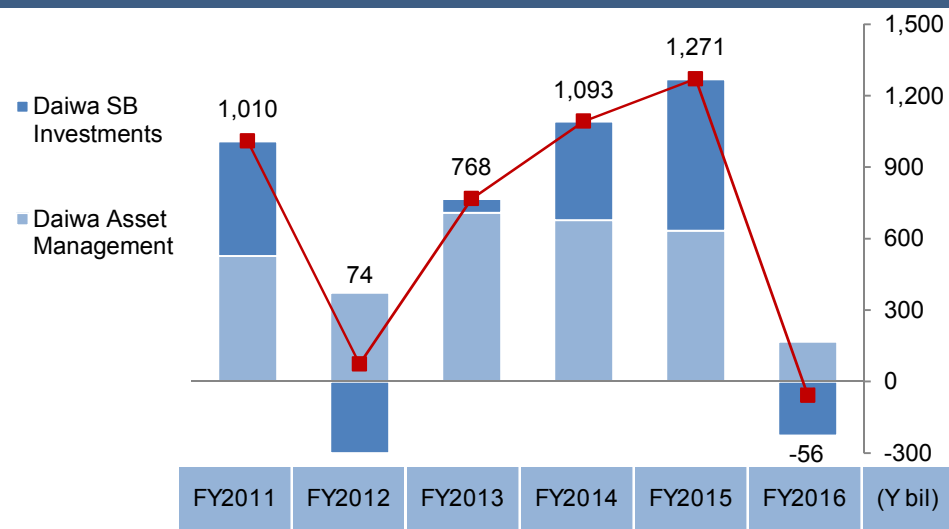
※Equity in earnings of affiliates is included in non-operating revenues

Asset Management Division Assets Under Management

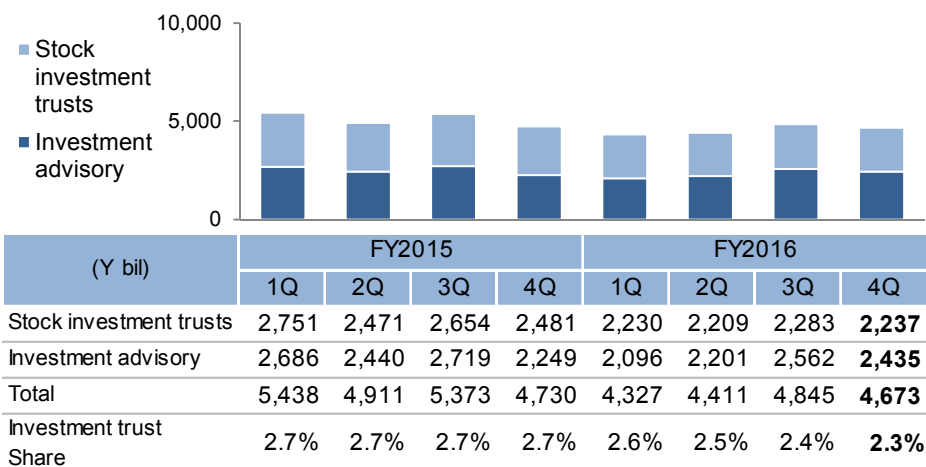
Daiwa Asset Management AUM (Investment Trusts)



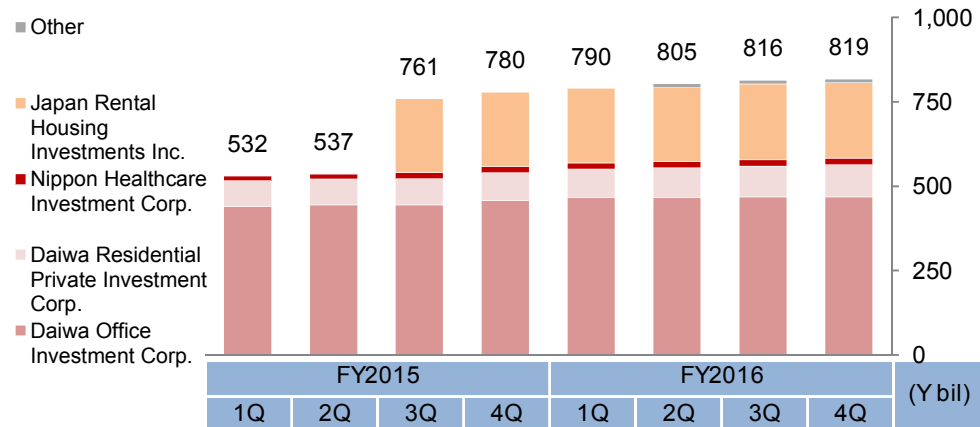
Daiwa AM & Daiwa SB Net Asset Inflow (Stock Investment Trusts, excl. ETF)



Daiwa SB Investments AUM (Investment Trusts & Investment Advisory)



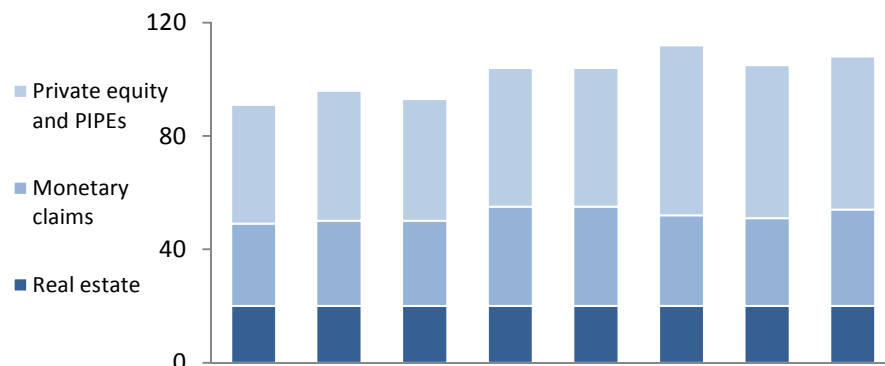
Daiwa Real Estate Asset Management AUM



Investment Division

(Y mil)	FY2016 4Q	% Change vs 3Q/FY16	FY2016	% Change vs FY15
Net operating revenues	2,484	-3.3%	15,736	-20.2%
Ordinary income	1,553	-17.9%	13,041	-25.0%

Principal investment values



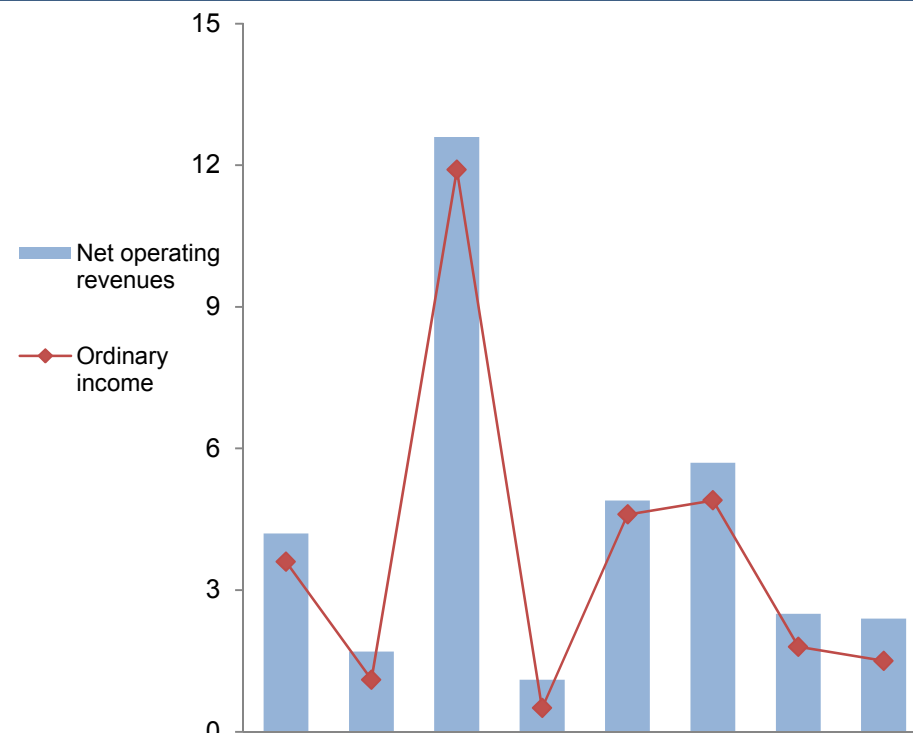
(Y bil)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Private equity and PIPEs	42	46	43	49	49	60	54	54
Monetary claims	29	30	30	35	35	32	31	34
Real estate	20	20	20	20	20	20	20	20
Total	91	96	94	104	104	112	105	108

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

※ PIPEs: Private Investment in Public Equities

※ All figures are as at the end of each quarter

Net operating revenues and ordinary income



(Y bil)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net operating revenues	4.2	1.7	12.6	1.1	4.9	5.7	2.5	2.4
Ordinary income	3.6	1.1	11.9	0.5	4.6	4.9	1.8	1.5

Reference

Breakdown of Commission

(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Total commission	62,701	61,693	64,373	70,752	76,515	8.1%	22.0%	288,418	273,335	-5.2%
Brokerage commission	14,950	13,888	13,197	17,189	16,672	-3.0%	11.5%	70,325	60,947	-13.3%
Underwriting commission	3,930	5,366	8,274	8,161	7,926	-2.9%	101.7%	28,553	29,729	4.1%
Distribution commission	5,839	6,320	7,037	10,020	10,909	8.9%	86.8%	34,743	34,287	-1.3%
Other commission	37,980	36,119	35,863	35,379	41,007	15.9%	8.0%	154,796	148,370	-4.2%
Investment advisory and account management fees	5,287	5,177	5,270	5,221	5,358	2.6%	1.4%	20,497	21,028	2.6%
Insurance sales commission	1,573	1,696	984	740	942	27.3%	-40.1%	4,724	4,363	-7.6%
M&A commission	3,658	2,533	3,338	3,263	7,051	116.1%	92.7%	11,431	16,186	41.6%
Management fee	20,154	20,083	19,866	19,981	20,299	1.6%	0.7%	88,850	80,231	-9.7%
Other	7,307	6,628	6,404	6,172	7,354	19.2%	0.7%	29,291	26,560	-9.3%

Financial Summary I

(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Operating revenues	81,878	81,872	79,320	88,975	84,742	-4.8%	3.5%	369,158	334,911	-9.3%
Commission received	39,290	40,345	42,196	48,339	50,354	4.2%	28.2%	187,290	181,235	-3.2%
Brokerage commission	11,094	10,093	9,317	12,852	12,388	-3.6%	11.7%	51,877	44,652	-13.9%
Stock and others	10,225	9,453	8,848	12,281	12,071	-1.7%	18.0%	48,369	42,654	-11.8%
Underwriting commission	3,599	5,301	7,975	7,645	6,613	-13.5%	83.7%	24,171	27,535	13.9%
Equity	1,504	2,229	3,379	4,565	3,496	-23.4%	132.3%	14,038	13,670	-2.6%
Bond and others	2,094	3,072	4,595	3,080	3,117	1.2%	48.8%	10,133	13,865	36.8%
Distribution commission	5,605	6,137	6,821	9,729	10,788	10.9%	92.4%	33,440	33,477	0.1%
Investment trust	5,162	5,648	6,045	8,991	9,415	4.7%	82.4%	32,383	30,099	-7.1%
Other commissions	18,990	18,812	18,081	18,111	20,564	13.5%	8.3%	77,800	75,569	-2.9%
Agency fee and others	8,187	7,970	7,788	7,813	8,003	2.4%	-2.2%	37,580	31,574	-16.0%
Investment advisory and account management fees	5,287	5,177	5,270	5,221	5,358	2.6%	1.4%	20,497	21,028	2.6%
Insurance sales commission	1,573	1,696	984	740	942	27.3%	-40.1%	4,724	4,363	-7.6%
M&A commission	1,067	1,185	1,348	1,647	2,944	78.7%	175.8%	3,640	7,124	95.7%
Net trading income/loss	31,935	32,529	27,877	30,681	25,184	-17.9%	-21.1%	139,053	116,273	-16.4%
Equity	2,585	1,683	4,752	8,484	6,795	-19.9%	162.9%	22,760	21,715	-4.6%
Bond and forex	29,350	30,845	23,125	22,197	18,389	-17.2%	-37.3%	116,292	94,557	-18.7%
Financial revenues	10,653	8,997	9,246	9,954	9,203	-7.5%	-13.6%	42,814	37,402	-12.6%
Financial expenses	4,765	5,519	4,220	5,993	5,076	-15.3%	6.5%	20,936	20,808	-0.6%
Net operating revenues	77,113	76,352	75,100	82,982	79,666	-4.0%	3.3%	348,221	314,102	-9.8%

Financial Summary II

(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
SG&A	57,951	56,386	56,715	58,662	59,923	2.2%	3.4%	233,680	231,688	-0.9%
Trading related expenses	10,655	9,307	9,428	10,212	10,507	2.9%	-1.4%	41,046	39,456	-3.9%
Personnel expenses	24,634	24,556	24,727	25,190	25,246	0.2%	2.5%	102,120	99,719	-2.4%
Real estate expenses	6,063	5,847	5,940	5,987	6,272	4.8%	3.4%	24,144	24,048	-0.4%
Office cost	10,565	10,667	10,753	11,256	11,455	1.8%	8.4%	43,827	44,133	0.7%
Depreciation	3,793	3,880	3,851	3,883	4,050	4.3%	6.8%	14,560	15,666	7.6%
Taxes and dues	607	1,174	1,097	1,154	1,245	7.9%	104.9%	3,537	4,671	32.1%
Other	1,631	952	916	977	1,145	17.2%	-29.8%	4,442	3,991	-10.1%
Ordinary income	20,123	20,580	18,363	25,561	20,728	-18.9%	3.0%	116,272	85,234	-26.7%
Net income	15,194	13,934	13,440	17,374	13,711	-21.1%	-9.8%	80,859	58,461	-27.7%
ROE(Annualized)	7.9%	7.1%	6.7%	8.5%	6.6%			10.9%	7.2%	
Capital adequacy ratio	337.8%	369.2%	397.0%	398.7%	405.2%			337.8%	405.2%	

Balance Sheet

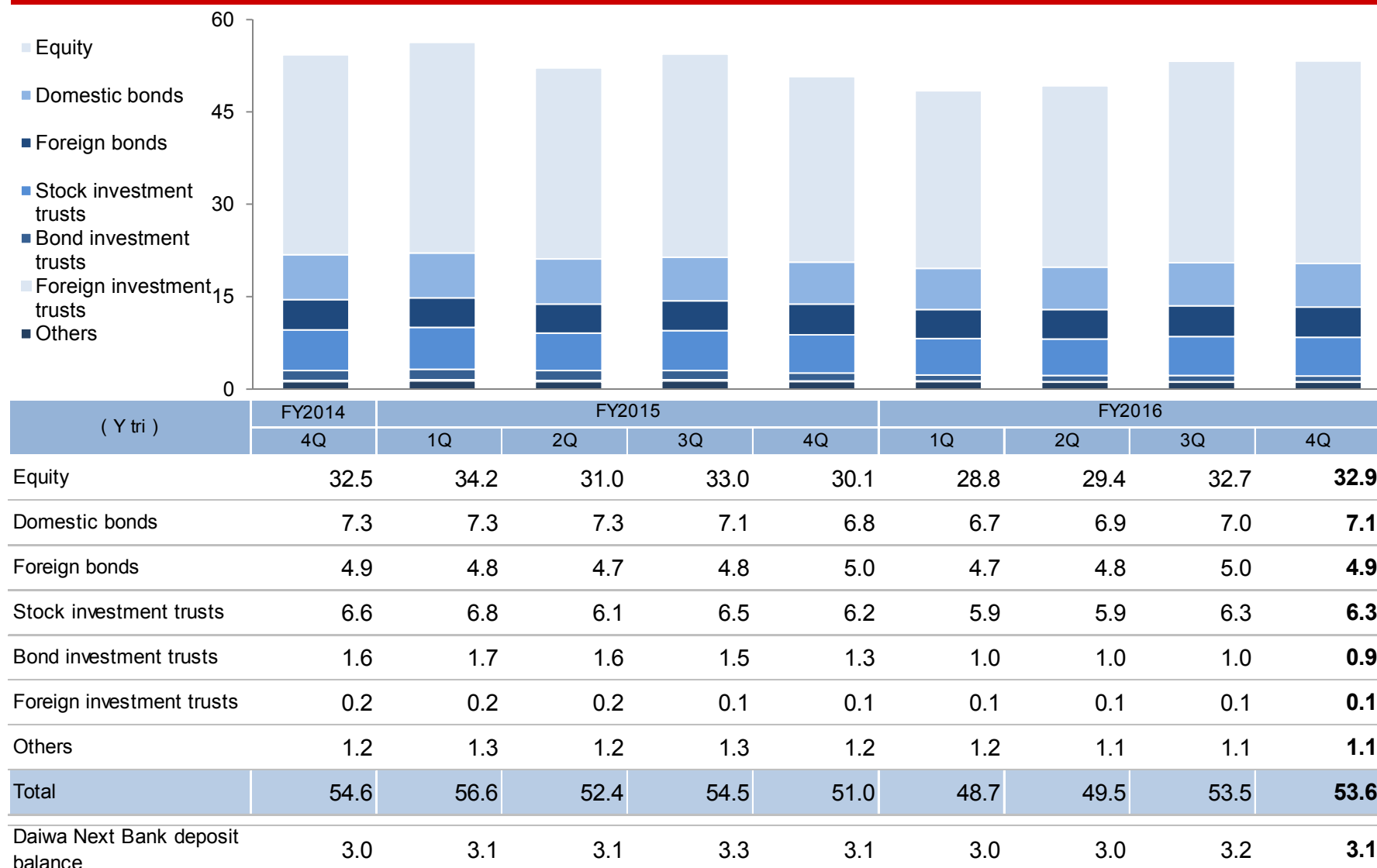
Balance Sheet (March 31, 2017)

(Y bil)

Current assets	10,177	(-242)	Current liabilities	8,227	(-333)
Trading products	4,655	(-724)	Trading products	3,529	(-580)
Trading securities and other	1,964	(72)	Trading securities and other	1,135	(10)
Derivatives	2,691	(-797)	Derivatives	2,393	(-591)
Margin transaction assets	197	(2)	Margin transaction liabilities	61	(9)
Loans on margin transactions	169	(-5)	Loans payables secured by securities	2,673	(420)
Cash collateral pledged for securities borrowing on margin transactions	27	(8)	Short-term loans payable	1,167	(143)
Loans secured by securities	3,172	(381)	Commercial Papers	—	(-137)
Short-term guarantee deposits	329	(-18)	Current portion of bonds	121	(25)
Short-term loans receivable	240	(27)	Non-current liabilities	1,215	(37)
Non-current assets	108	(3)	Bonds payable	594	(-25)
Property, plant and equipment	3	(0)	Long-term loans payable	585	(62)
Intangible assets	57	(5)	Total liabilities	9,446	(-296)
Net assets	839	(58)	Shareholders' equity	832	(58)
Capital stock	100	—	Capital stock	100	—
Total assets	10,285	(-238)	Total liabilities and net assets	10,285	(-238)

※Figures in parentheses show changes from March 31, 2016

Assets under Custody



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

※ ETFs are recorded in 'Equity'.

Number of Accounts and Equity Trading

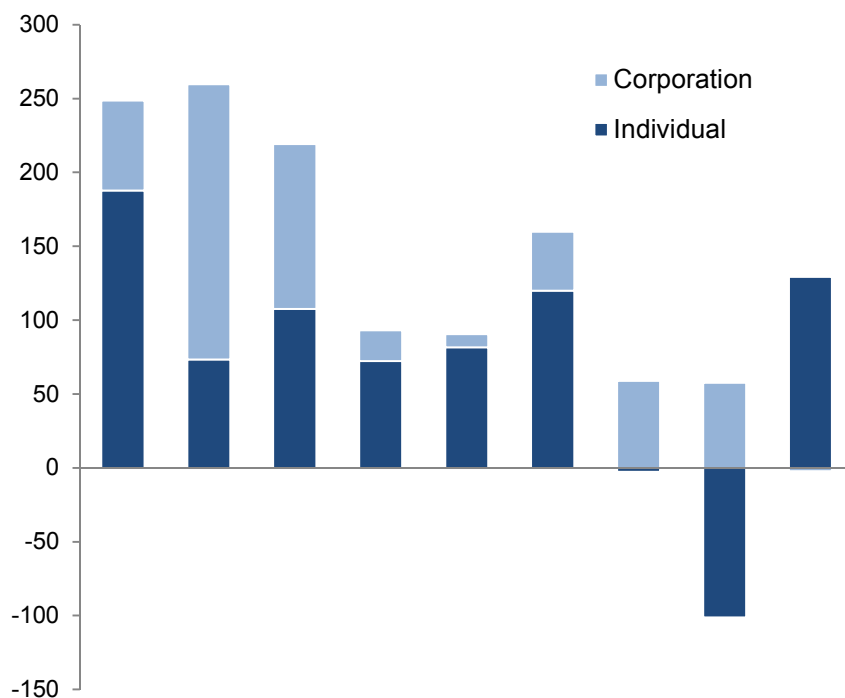
	FY2014	FY2015				FY2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Cash Management Service accounts (thousands)	3,719	3,747	3,778	3,808	3,821	3,833	3,848	3,866	3,886
Accounts with balance (thousands)	2,910	2,926	2,948	2,961	2,973	2,973	2,976	2,963	2,974
Accounts holding equity (thousands)	1,342	1,336	1,343	1,367	1,381	1,402	1,408	1,396	1,396
Online trading accounts (thousands)	2,904	2,942	2,980	3,020	3,040	3,060	3,080	3,103	3,127
Newly opened accounts (thousands)	44	43	42	50	31	34	31	39	39
NISA accounts* (thousands)	686	709	723	741	749	756	763	769	779
Wrap account service (end of quarter)									
Contract assets under management (Y bil)	1,242	1,459	1,466	1,575	1,540	1,498	1,537	1,604	1,661
Number of customers (thousands)	87.2	100.3	110.7	116.5	118.4	120.0	122.3	121.5	125.2
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	3,552	3,540	3,441	2,912	3,103	2,757	2,374	3,000	2,806
Online out of total (thousands)	3,153	3,130	3,094	2,571	2,775	2,442	2,103	2,593	2,459
Total trading value (Y bil)	3,539	3,877	3,560	2,850	2,561	2,341	2,144	2,873	2,635
Online out of total (Y bil)	2,790	3,027	2,871	2,241	2,063	1,826	1,692	2,177	2,024
Foreign equity trading value (Retail)									
Trading value (Y bil)	176	185	129	126	75	127	137	157	151

* The accumulated number of opened accounts

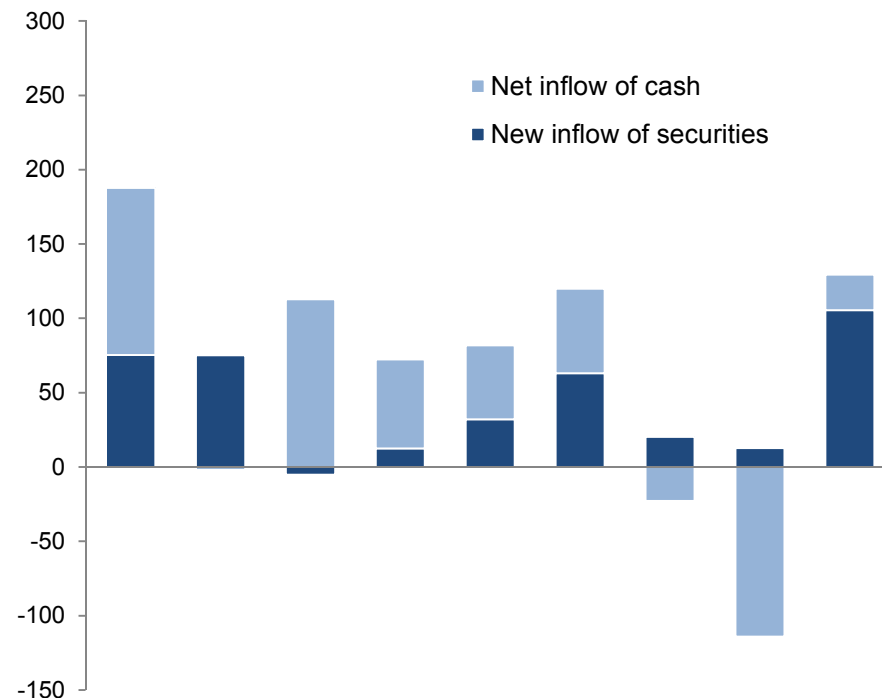
Net Inflow of Assets



Retail Division (Daiwa Securities) Net inflow of assets



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



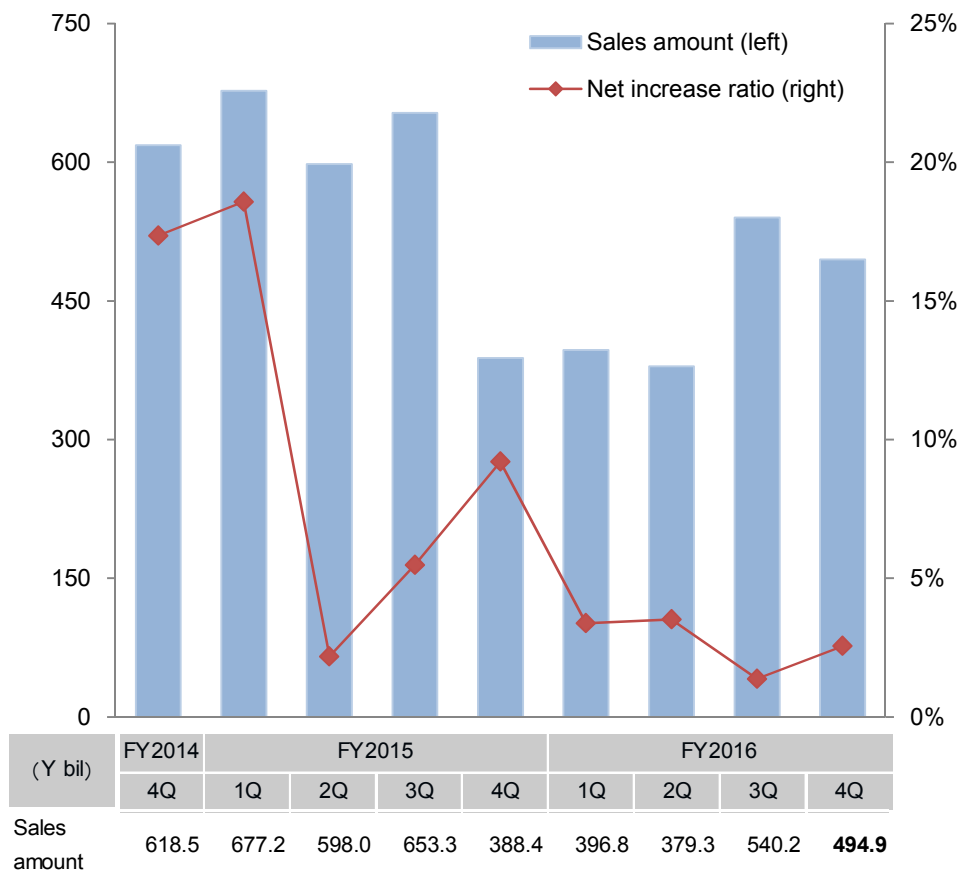
(Y bil)	FY2014	FY2015				FY2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Corporation	60.9	186.4	111.5	20.6	8.8	39.9	58.8	57.6	-2.2
Individual	187.7	73.3	107.6	72.4	81.7	119.9	-2.6	-101.2	129.3
Total	248.7	259.7	219.2	93.1	90.6	159.9	56.2	-43.6	127.1

(Y bil)	FY2014	FY2015				FY2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net inflow of cash	112.4	-1.9	112.9	59.9	49.6	56.9	-22.9	-114.0	23.8
New inflow of securities	75.3	75.2	-5.2	12.4	32.1	63.0	20.3	12.7	105.5

※ Net inflow of assets = net inflow of cash and securities

Stock Investment Trusts & Wrap Accounts

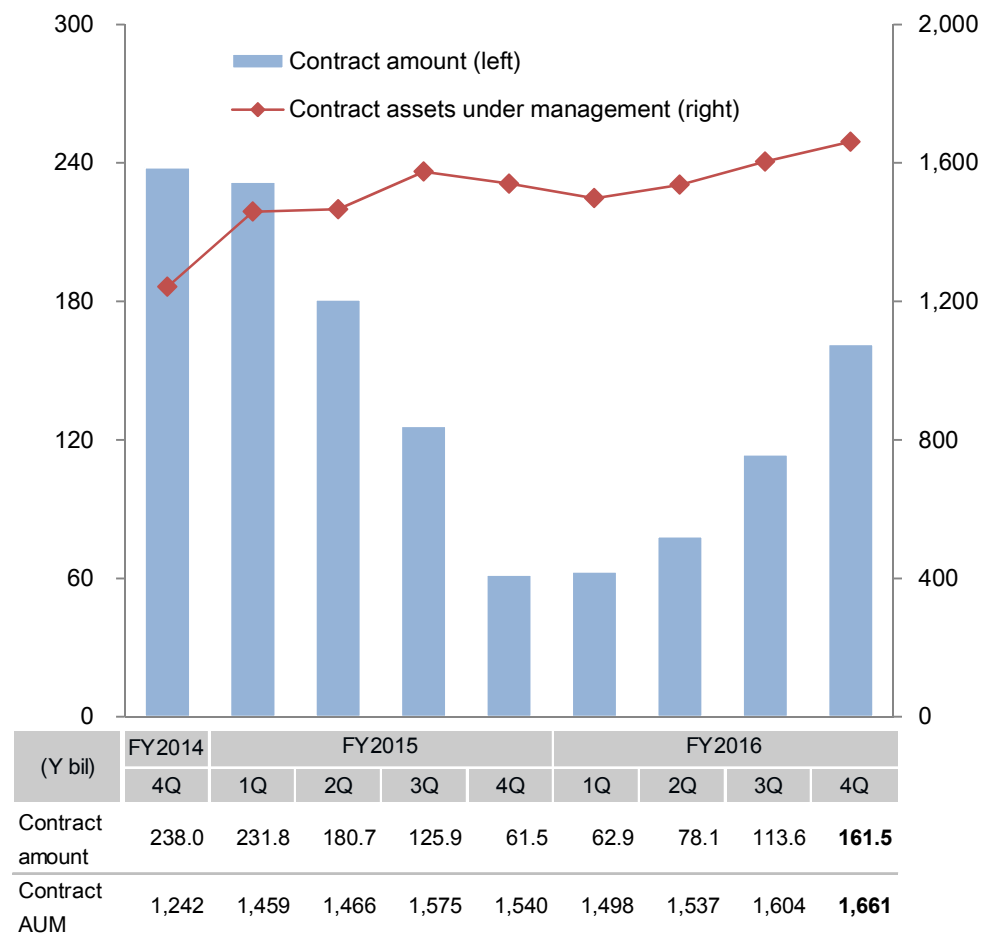
Retail Division (Daiwa Securities) Sales of stock investment trusts



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

※Includes switching transaction between funds.

Wrap account contract 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)
4Q FY2016 League Table							
1st	SMBC Nikko	Nomura	Mizuho	Mitsubishi UFJMS	Daiwa	Mizuho	MHFG
	39.6%	31.8%	22.9%	25.3%	18.8%	22.3%	
2nd	Nomura	Mitsubishi UFJMS	Nomura	Nomura	Nomura	SMBC Nikko	SMFG
	15.3%	18.8%	21.4%	21.1%	17.8%	20.6%	
3rd	Daiwa	Daiwa	SMBC Nikko	SMBC Nikko	Mitsubishi UFJMS	Nomura	Nomura
	11.0%	9.3%	17.3%	19.8%	17.7%	20.1%	
4th	Mizuho	Mizuho	Daiwa	Mizuho	SMBC Nikko	Mitsubishi UFJMS	Daiwa
	8.9%	8.3%	17.1%	18.7%	17.5%	19.4%	
5th	Mitsubishi UFJMS	SMBC Nikko	Mitsubishi UFJMS	Daiwa	Mizuho	Daiwa	PLUTUS CONSULTING
	7.7%	8.3%	16.7%	12.1%	16.5%	17.6%	

Source: Daiwa Securities Apr. 2016 – Mar. 2017

M&A: THOMSON REUTERS Apr. 2016 – Mar. 2017 "M&A advisory league table for any Japanese involvement announced (AD19)"

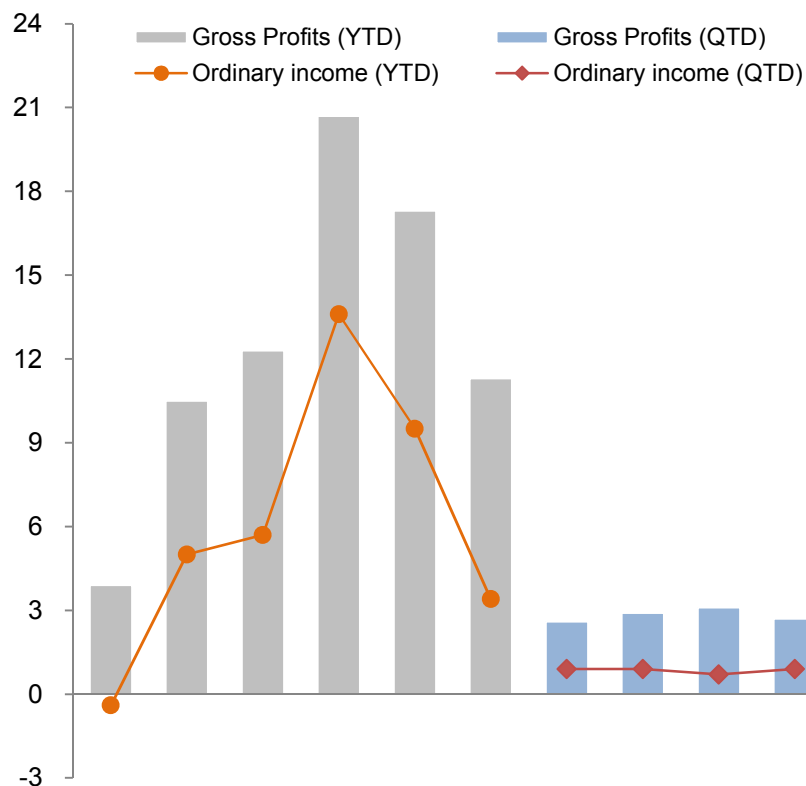
Note: Primary and secondary equity, IPO, Straight bonds, Agency bonds, Municipal bonds and Samurai bonds are based on settlement date
 Joint lead manager allotment of Primary and secondary equity, IPO, Straight bonds, Municipal bonds and Agency bonds is based on underwritten amount
 Joint bookrunner allotment of Samurai bonds is divided up evenly among the bookrunners

Financial Summary

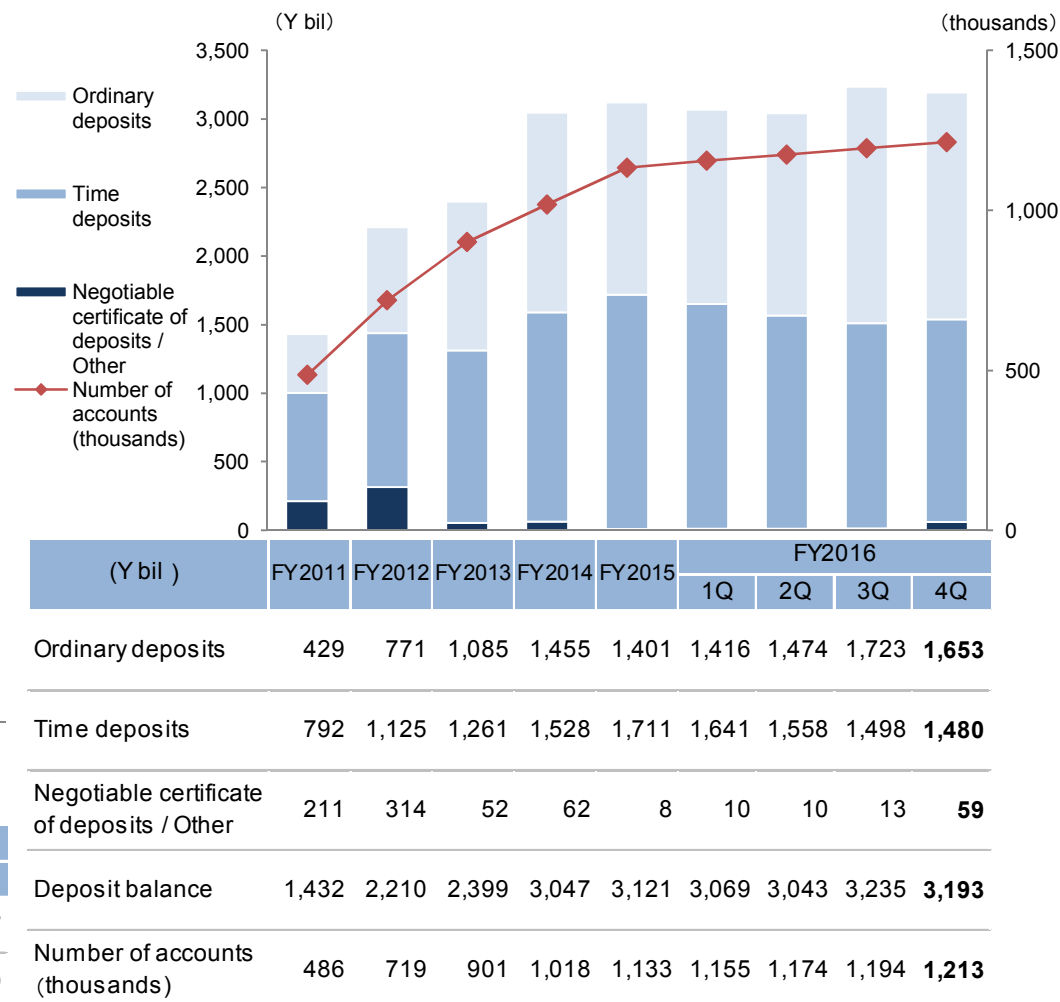
(Y mil)	FY2015	FY2016				% Change vs 3Q/FY16	% Change vs 4Q/FY15	FY2015	FY2016	% Change vs FY15
	4Q	1Q	2Q	3Q	4Q					
Operating revenues	20,324	20,132	19,930	20,051	20,360	1.5%	0.2%	89,650	80,474	-10.2%
Management fee	20,154	19,950	19,754	19,874	20,167	1.5%	0.1%	88,850	79,747	-10.2%
Stock investment trust	20,077	19,916	19,715	19,833	20,122	1.5%	0.2%	88,493	79,588	-10.1%
Bond investment trust	76	34	39	40	45	11.5%	-40.9%	357	158	-55.5%
Other operating revenues	170	181	175	177	193	8.9%	13.2%	799	727	-9.0%
SG&A	16,350	16,123	15,753	15,974	16,068	0.6%	-1.7%	70,567	63,920	-9.4%
Commission paid	10,330	10,159	9,966	9,952	10,033	0.8%	-2.9%	46,165	40,110	-13.1%
Other SG&A	6,020	5,964	5,787	6,022	6,035	0.2%	0.2%	24,402	23,809	-2.4%
Operating income	3,974	4,008	4,176	4,076	4,292	5.3%	8.0%	19,082	16,554	-13.3%
Ordinary income	3,970	4,056	4,233	4,248	4,396	3.5%	10.7%	19,471	16,935	-13.0%
Net income	2,764	2,693	2,792	2,881	3,165	9.8%	14.5%	13,262	11,533	-13.0%

Earnings and Deposit Balance

Gross Profits / Ordinary Income



Daiwa Next Bank Deposit Balance & Number of Accounts



※All figures are as at the end of the period.

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)	FY2014	FY2015				FY2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
VaR (Quarter end)	2.32	1.74	1.53	1.25	1.55	1.01	1.00	1.74	2.32
High	3.46	2.43	2.59	1.71	3.14	2.26	2.53	2.97	3.16
Low	1.61	1.68	1.34	1.13	1.17	0.99	0.98	1.02	1.56
Average	1.93	2.04	1.65	1.47	1.67	1.53	1.40	2.02	2.17

By risk factors (Quarter end)

Equity	0.70	0.56	0.83	0.39	0.28	0.27	0.44	0.40	0.54
Interest	2.27	1.98	1.42	1.13	1.64	1.00	1.00	1.38	2.42
Currency	0.32	0.25	0.33	0.59	0.33	0.19	0.17	0.26	0.29
Commodity	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00

Number of Group Employees

		FY2014	FY2015				FY2016			
		4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total		14,757	15,301	15,209	15,179	15,028	15,637	15,559	15,410	15,093
	Overseas	1,636	1,617	1,611	1,603	1,566	1,592	1,597	1,592	1,614

■ Number of employees as at the end of each quarter.

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

※ Number of employees of Hinode Securities Co.Ltd.(216 as at the end of 3Q FY2016) will not be included from 4Q FY2016 as it shifted to an unconsolidated company.

※ Overseas figures are the sum of consolidated group companies under Daiwa International Holdings and Daiwa Securities. The figure also includes overseas subsidiaries of Daiwa Asset Management which have become consolidated companies since 1Q FY2016.

※ Figures include temporary staff.

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