

**Daiwa Securities Group Inc.**  
**1Q FY2019 Earnings Announcement**

**July 31, 2019**

**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 condition 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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# Highlights (1Q/FY2019, YoY)

## Both Net operating revenues and Ordinary income decreased YoY.

Consolidated earnings results	FY2019 1Q	FY2018 1Q	% Changes vs 1Q/FY2018
Net operating revenues	¥107.1 bn	¥115.6 bn	-7.3%
Ordinary income	¥17.9 bn	¥25.8 bn	-30.7%
Profit attributable to owners of parent	¥16.0 bn	¥18.5 bn	-13.3%

### **[Retail Division]**

- Contract AUM of wrap account service hit a record high (¥2.17 trillion, +¥122.6 billion YoY).
- Net asset inflow remained firm owing to underwriting deals (¥285.2 billion).

### **[Wholesale Division]**

- Debt underwriting deals and cross-border M&A deals contributed to an increase in net operating revenues and ordinary income of Global Investment Banking.
- Secured high rank in the league table. Retained 1<sup>st</sup> place on primary and secondary equity offerings and samurai bond, 2<sup>nd</sup> place on straight bonds, agency bonds and municipal bonds.
- Overseas operations retained profit for 13 consecutive quarters.

### **[Expenses for the structure reforming]**

- As a part of the structure reforming, estimated cost of relocating sales offices from street-level floor to upper floor and returning unused floor is included in ¥7.9 billion of extraordinary loss.

### **[Set up of Share Repurchase Program]**

- Total number of shares to be repurchased: up to 50.0 million shares
- Total amount to be paid for repurchase: up to Y30.0 billion (3.19% of total shares outstanding, excluding treasury stock)

# Summary (1Q/FY2019, QoQ)

※The following shows the percentage change from the previous quarter.

## 1Q FY2019 Net operating revenues: ¥107.1 bn (-0.3%)

- Revenues in Retail Division increased as investment trust sales and foreign equities transaction improved.
- Revenues in Wholesale Division declined. In Global Markets, equities revenues dropped while FICC revenues rose. In Global Investment Banking, debt underwriting increased, while equity underwriting and M&A revenues decreased.

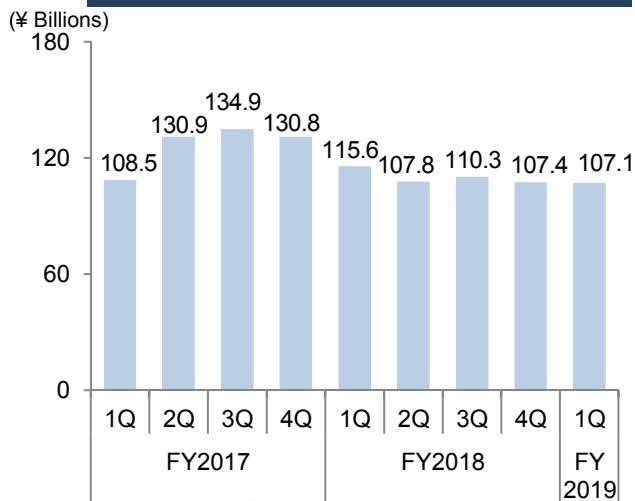
## 1Q FY2019 Ordinary income: ¥17.9 bn (+1.5%)

- Recovery in Retail Division and returning to profit of Investment Division contributed to the increase in ordinary income.

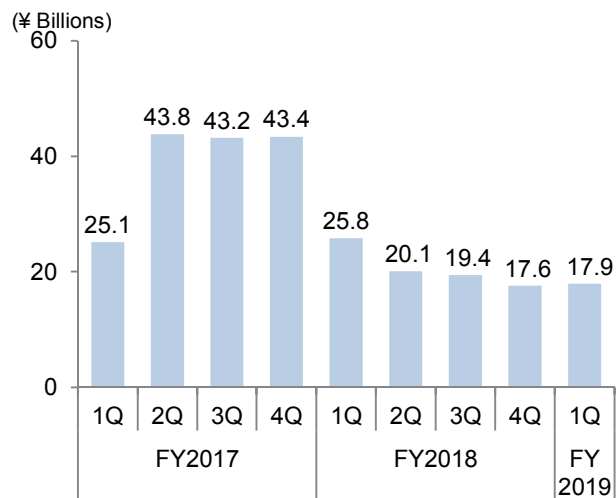
## 1Q FY2019 Profit attributable to owners of parent: ¥16.0 bn (+19.8%)

- Annualized ROE: 5.2% BPS: ¥787.65

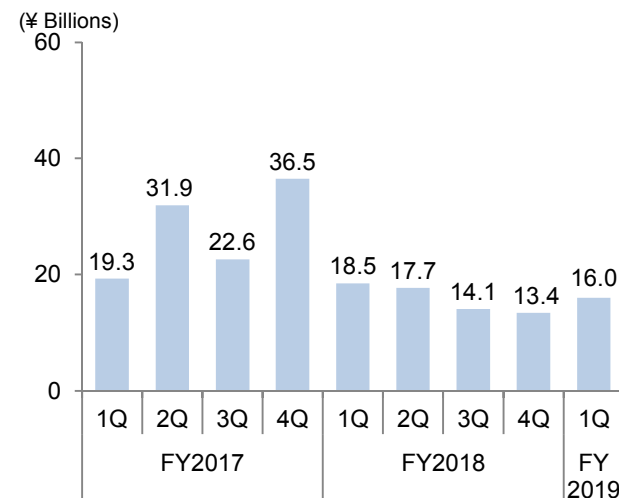
### Net Operating Revenues



### Ordinary Income



### Profit Attributable to Owners of Parent



## Financial Summary

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	175,175	172,570	188,753	184,086	<b>181,341</b>	<b>-1.5%</b>	<b>3.5%</b>	720,586
<b>Net operating revenues</b>	115,606	107,837	110,302	107,493	<b>107,123</b>	<b>-0.3%</b>	<b>-7.3%</b>	441,240
<b>SG&amp;A</b>	93,454	92,321	94,117	94,019	<b>94,708</b>	<b>0.7%</b>	<b>1.3%</b>	373,914
<b>Ordinary income</b>	25,860	20,154	19,479	17,664	<b>17,922</b>	<b>1.5%</b>	<b>-30.7%</b>	83,159
<b>Profit (loss) attributable to owners of parent</b>	18,534	17,751	14,117	13,409	<b>16,066</b>	<b>19.8%</b>	<b>-13.3%</b>	63,813
<b>Total assets</b>	20,853,852	20,963,519	21,429,204	21,126,706	<b>22,896,425</b>			21,126,706
<b>Net assets</b>	1,371,244	1,300,984	1,247,475	1,256,430	<b>1,245,624</b>			1,256,430
<b>Shareholders' equity*</b>	1,274,457	1,289,355	1,235,676	1,244,477	<b>1,233,835</b>			1,244,477
<b>EPS (¥)</b>	11.45	10.99	8.89	8.56	<b>10.26</b>			39.95
<b>BPS (¥)</b>	787.29	801.84	782.06	794.54	<b>787.65</b>			794.54
<b>ROE (Annualized)</b>	5.8%	5.5%	4.5%	4.3%	<b>5.2%</b>			5.1%

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

## Segment Summary

(¥ Millions)

Net operating revenues	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Retail</b>	50,609	47,314	46,388	41,552	<b>43,095</b>	<b>3.7%</b>	<b>-14.8%</b>	185,865
<b>Wholesale</b>	39,798	39,394	37,092	42,618	<b>39,420</b>	<b>-7.5%</b>	<b>-0.9%</b>	158,903
<i>Global Markets</i>	28,078	31,177	19,564	28,410	<b>27,310</b>	<b>-3.9%</b>	<b>-2.7%</b>	107,232
<i>Global Investment Banking</i>	11,719	8,216	17,527	14,207	<b>12,109</b>	<b>-14.8%</b>	<b>3.3%</b>	51,670
<b>Asset Management</b>	12,268	12,092	12,125	11,746	<b>11,352</b>	<b>-3.4%</b>	<b>-7.5%</b>	48,232
<b>Investments</b>	2,435	-1,861	1,511	-320	<b>1,683</b>	-	<b>-30.9%</b>	1,766
<b>Other/Adjustments</b>	10,494	10,897	13,184	11,896	<b>11,571</b>	-	-	46,473
<b>Consolidated total</b>	115,606	107,837	110,302	107,493	<b>107,123</b>	<b>-0.3%</b>	<b>-7.3%</b>	441,240

Ordinary income	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Retail</b>	9,894	6,723	6,119	1,937	<b>2,680</b>	<b>38.4%</b>	<b>-72.9%</b>	24,674
<b>Wholesale</b>	6,996	7,445	3,466	7,492	<b>5,572</b>	<b>-25.6%</b>	<b>-20.4%</b>	25,400
<i>Global Markets</i>	5,849	8,786	-3,151	5,695	<b>4,541</b>	<b>-20.3%</b>	<b>-22.4%</b>	17,179
<i>Global Investment Banking</i>	823	-1,492	6,302	1,654	<b>924</b>	<b>-44.1%</b>	<b>12.2%</b>	7,287
<b>Asset Management</b>	7,488	7,391	6,969	6,509	<b>6,209</b>	<b>-4.6%</b>	<b>-17.1%</b>	28,359
<b>Investments</b>	1,760	-2,377	633	-1,109	<b>924</b>	-	<b>-47.5%</b>	-1,093
<b>Other/Adjustments</b>	-278	972	2,290	2,834	<b>2,535</b>	-	-	5,817
<b>Consolidated total</b>	25,860	20,154	19,479	17,664	<b>17,922</b>	<b>1.5%</b>	<b>-30.7%</b>	83,159

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

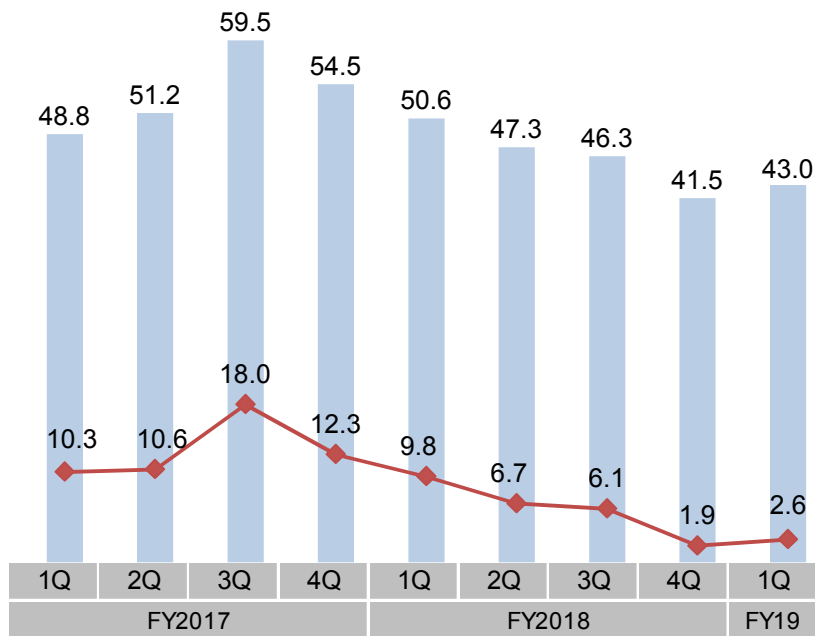
# Segment Summary



■ Net operating revenues    ◆ Ordinary income

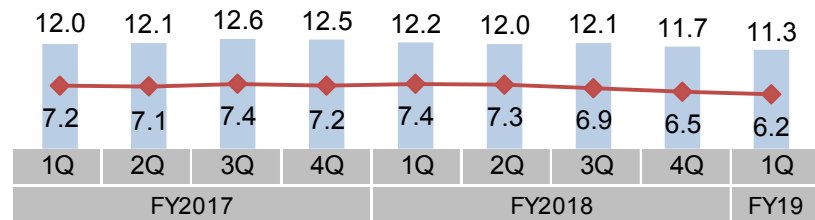
## Retail Division

(¥ Billions)



## Asset Management Division

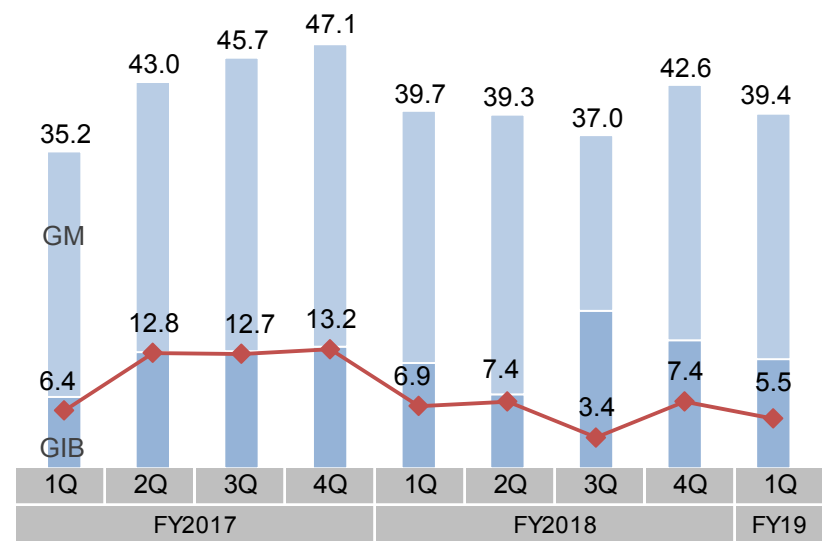
(¥ Billions)



## Wholesale Division

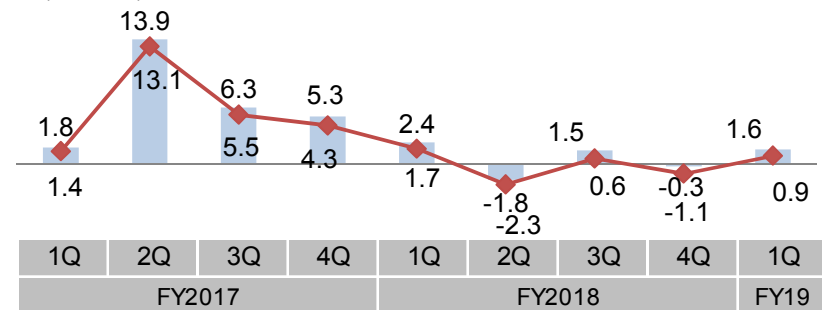
(¥ Billions) ■ Global Markets (Net operating revenues)

■ Global Investment Banking (Net operating revenues)



## Investment Division

(¥ Billions)



# Consolidated B/S Summary

## Consolidated Balance Sheet (June 30, 2019)

(¥ Billions)

<b>Current assets</b>	<b>22,112</b>	<b>(1,706)</b>
Cash and deposits	4,309	(155)
Short-term investment securities	816	(4)
Trading products	7,970	(1,254)
Trading securities and other	4,713	(927)
<i>Stocks, Convertible bonds</i>	196	(-15)
<i>Bonds</i>	3,700	(953)
<i>Beneficiary certificates</i>	106	(16)
<i>Other</i>	709	(-26)
Derivatives transactions	3,257	(326)
Operational investment securities (after allowance for possible investment losses)	128	(18)
Loans secured by securities	6,178	(204)
<b>Non-current assets</b>	<b>784</b>	<b>(63)</b>
Property, plant and equipment	187	(18)
Intangible assets	116	(0)
Investments and other assets	480	(43)
Listed stocks	120	(-4)
Unlisted stocks	36	(10)
Affiliated company stocks, etc.	190	(26)
Other	133	(11)
<b>Total Assets</b>	<b>22,896</b>	<b>(1,769)</b>

<b>Current liabilities</b>	<b>18,929</b>	<b>(1,847)</b>
Trading products	4,789	(41)
Trading securities and other	1,738	(-301)
<i>Stocks, Convertible bonds</i>	201	(2)
<i>Bonds</i>	1,491	(-273)
<i>Other</i>	44	(-30)
Derivatives transactions	3,050	(342)
Loans payable secured by securities	6,746	(799)
Deposits for banking business	3,848	(215)
Short-term loans payable	1,324	(-17)
Current portion of bonds	239	(49)
<b>Long-term liabilities</b>	<b>2,717</b>	<b>(-66)</b>
Bonds payable	1,308	(-53)
Long-term loans payable	1,304	(-32)
<b>Total liabilities</b>	<b>21,650</b>	<b>(1,780)</b>
<b>Net assets</b>	<b>1,245</b>	<b>(-10)</b>
Owners' equity	1,198	(2)
Accumulated other comprehensive income	35	(-12)
Non-controlling interests	3	(-0)
<b>Total liabilities and net assets</b>	<b>22,896</b>	<b>(1,769)</b>

**Total assets:** **¥22.89 tn**

**Net assets:** **¥1.24 tn**

**Shareholders' equity\*\*:**  
**¥1.23 tn**

- 84.2% of total assets have high liquidity\*.

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

- Shareholders' equity\*\* decreased by ¥10.6 billion from March 31, 2019 due to decline of foreign currency transaction adjustment included in accumulated other comprehensive income affected by yen appreciation.

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

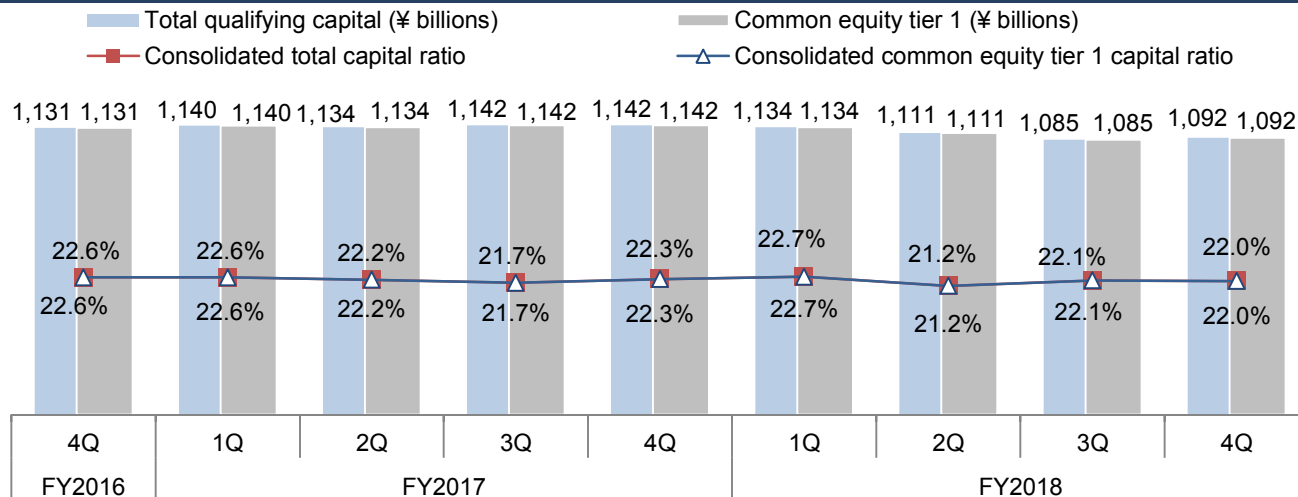
※Figures in parentheses indicate changes from March 31, 2019



# Financial Management (Regulatory Capital & Regulatory Liquidity)



## Consolidated Capital Adequacy Ratio



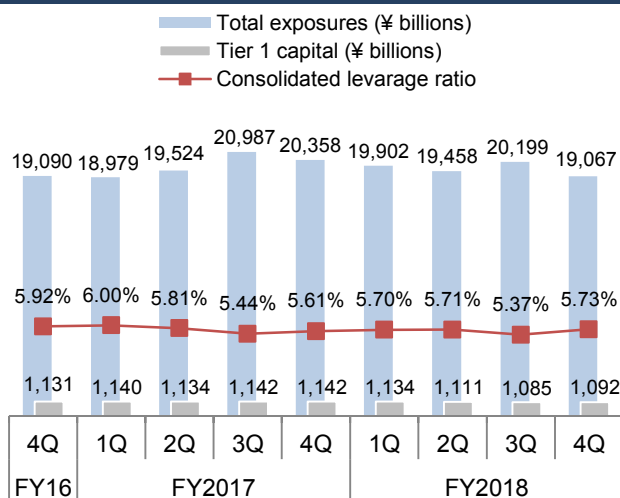
### 【Regulatory Capital (Basel III)】

(As at March 31, 2019)

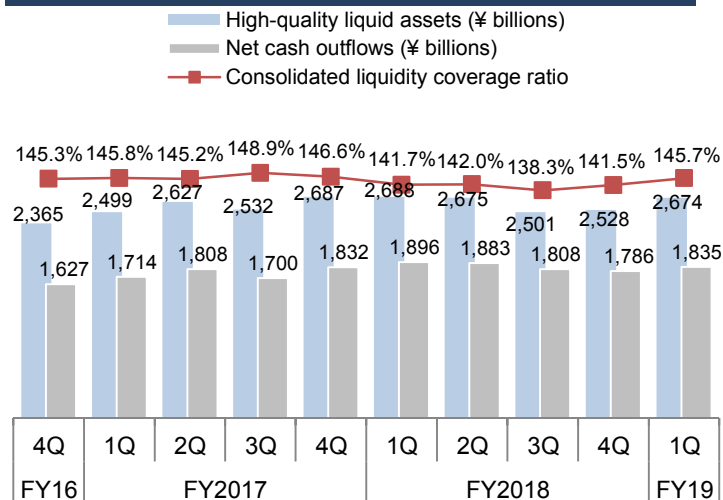
- Consolidated Total Capital Ratio : 22.0%
- Consolidated Tier 1 Capital Ratio : 22.0%
- Consolidated Common Equity Tier 1 Capital Ratio : 22.0%
- Consolidated Leverage Ratio : 5.73%

※ Figures are as at the end of each quarter.

## Consolidated Leverage Ratio



## Consolidated Liquidity Coverage Ratio



### 【Regulatory Liquidity (Basel III)】

(Daily average April - June 2019)

- Consolidated Liquidity Coverage Ratio : 145.7%

## P/L Summary

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	175,175	172,570	188,753	184,086	<b>181,341</b>	<b>-1.5%</b>	<b>3.5%</b>	720,586
<b>Commission received</b>	73,813	66,236	78,347	64,629	<b>64,962</b>	<b>0.5%</b>	<b>-12.0%</b>	283,027
<b>Net trading income</b>	26,610	27,057	12,526	26,023	<b>27,992</b>	<b>7.6%</b>	<b>5.2%</b>	92,218
<b>Net gain (loss) on private equity</b>	2,045	-2,216	970	-1,031	<b>944</b>	-	<b>-53.8%</b>	-232
<b>Financial revenue</b>	62,070	68,041	83,589	77,303	<b>72,893</b>	<b>-5.7%</b>	<b>17.4%</b>	291,005
<b>Other operating revenue</b>	10,635	13,451	13,319	17,161	<b>14,548</b>	<b>-15.2%</b>	<b>36.8%</b>	54,567
<b>Financial expenses</b>	50,559	54,643	71,414	65,850	<b>65,774</b>	<b>-0.1%</b>	<b>30.1%</b>	242,468
<b>Other operating expenses</b>	9,009	10,088	7,036	10,742	<b>8,443</b>	<b>-21.4%</b>	<b>-6.3%</b>	36,876
<b>Net operating revenues</b>	115,606	107,837	110,302	107,493	<b>107,123</b>	<b>-0.3%</b>	<b>-7.3%</b>	441,240
<b>SG&amp;A</b>	93,454	92,321	94,117	94,019	<b>94,708</b>	<b>0.7%</b>	<b>1.3%</b>	373,914
<b>Operating income</b>	22,151	15,516	16,184	13,474	<b>12,414</b>	<b>-7.9%</b>	<b>-44.0%</b>	67,326
<b>Non-operating income</b>	3,709	4,638	3,294	4,189	<b>5,508</b>	<b>31.5%</b>	<b>48.5%</b>	15,832
<b>Ordinary income/loss</b>	25,860	20,154	19,479	17,664	<b>17,922</b>	<b>1.5%</b>	<b>-30.7%</b>	83,159
<b>Extraordinary income/loss</b>	1,141	4,510	2,753	3,517	<b>1,919</b>	<b>-45.4%</b>	<b>68.1%</b>	11,924
<b>Income before income taxes</b>	27,002	24,665	22,233	21,181	<b>19,841</b>	<b>-6.3%</b>	<b>-26.5%</b>	95,083
<b>Total income taxes</b>	8,470	6,925	8,121	7,732	<b>3,742</b>	<b>-51.6%</b>	<b>-55.8%</b>	31,251
<b>Profit (loss) attributable to owners of parent</b>	18,534	17,751	14,117	13,409	<b>16,066</b>	<b>19.8%</b>	<b>-13.3%</b>	63,813

- Commission received increased (+0.5%).
- Brokerage commission\* remained ¥12.4 billion (-0.6%) as the strong US equity market bolstered trading volume of foreign equities, while Japanese equity trading volume dropped.
- Underwriting and secondary offering commissions\* rose to ¥6.9 billion (+11.2%) due to an increase in debt underwriting deals.
- Distribution commission\* increased to ¥6.3 billion (+16.5%) as stock investment trust sales recovered.
  - \* Breakdown of total commission received (See p.23)
- Net trading income increased (+7.6%) as customer order flows of both foreign equities and FICC rose.
- In non-operating income, equity method investment gain increased (+31.5%).
- Extraordinary income was ¥1.9 billion (-45.4%).
- ¥11.4 billion gain on change in equity is included as Daiwa SB Investments was merged into Sumitomo Mitsui DS Asset Management.
- ¥7.9 billion of structure reforming cost is included.

## Breakdown of SG&amp;A

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	93,454	92,321	94,117	94,019	<b>94,708</b>	<b>0.7%</b>	<b>1.3%</b>	373,914
<b>Trading related expenses</b>	17,961	17,952	18,510	17,509	<b>17,806</b>	<b>1.7%</b>	<b>-0.9%</b>	71,933
<b>Personnel expenses</b>	46,903	45,197	46,342	46,992	<b>46,935</b>	<b>-0.1%</b>	<b>0.1%</b>	185,436
<b>Real estate expenses</b>	9,260	9,215	9,308	9,611	<b>9,108</b>	<b>-5.2%</b>	<b>-1.6%</b>	37,394
<b>Office cost</b>	6,519	6,617	6,918	6,463	<b>6,431</b>	<b>-0.5%</b>	<b>-1.3%</b>	26,518
<b>Depreciation</b>	6,290	6,233	6,489	6,329	<b>7,748</b>	<b>22.4%</b>	<b>23.2%</b>	25,343
<b>Taxes and dues</b>	2,637	2,764	2,612	2,725	<b>2,560</b>	<b>-6.1%</b>	<b>-2.9%</b>	10,740
<b>Other</b>	3,881	4,341	3,935	4,387	<b>4,117</b>	<b>-6.2%</b>	<b>6.1%</b>	16,546

- SG&A remained flat (+0.7%)
- Depreciation increased due to the system renewal at Daiwa Securities and the new lease accounting standard of IFRS\* (+22.4%).

\*From 1Q FY2019, the new standard is applied to overseas operations using IFRS. The lease expense which had been counted in office cost was switched into depreciation and financial expenses.

## Cost Structure

(¥ Billions)	FY2017					FY2018					FY2019
	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q
<b>Total SG&amp;A</b>	87.1	90.9	94.7	97.5	<b>370.2</b>	93.4	92.3	94.1	94.0	<b>373.9</b>	<b>94.7</b>
<b>Variable costs</b>	33.6	37.5	39.8	41.3	<b>152.3</b>	36.7	35.2	36.7	36.8	<b>145.5</b>	<b>36.6</b>
<b>Trading related expenses</b>	16.6	18.6	18.4	18.6	<b>72.4</b>	17.9	17.9	18.5	17.5	<b>71.9</b>	<b>17.8</b>
<i>Advertising and promotion expenses</i>	2.1	3.4	3.1	3.2	<b>12.0</b>	2.7	3.3	3.6	3.2	<b>12.9</b>	<b>2.5</b>
<b>Bonus and others</b>	11.2	12.7	15.5	15.7	<b>55.3</b>	12.3	10.6	11.7	12.5	<b>47.2</b>	<b>12.3</b>
<b>Overtime, part-time</b>	2.3	2.3	2.4	2.2	<b>9.3</b>	2.5	2.3	2.4	2.4	<b>9.7</b>	<b>2.3</b>
<b>Fixed costs</b>	53.4	53.3	54.8	56.1	<b>217.9</b>	56.7	57.0	57.3	57.2	<b>228.3</b>	<b>58.0</b>
<b>Personnel expenses</b>	29.3	29.3	30.2	31.3	<b>120.3</b>	31.9	32.0	31.9	31.9	<b>127.9</b>	<b>32.0</b>
<b>Real estate expenses</b>	8.8	8.8	9.0	9.1	<b>35.9</b>	9.2	9.2	9.3	9.6	<b>37.3</b>	<b>9.1</b>
<b>Depreciation</b>	6.1	6.0	6.1	6.0	<b>24.3</b>	6.2	6.2	6.4	6.3	<b>25.3</b>	<b>7.7</b>
<b>Office expenses</b>	6.1	6.1	6.4	6.5	<b>25.3</b>	6.2	6.2	6.6	6.1	<b>25.2</b>	<b>6.1</b>
<b>Taxes and dues</b>	2.7	2.7	2.6	2.6	<b>10.7</b>	2.6	2.7	2.6	2.7	<b>10.7</b>	<b>2.5</b>

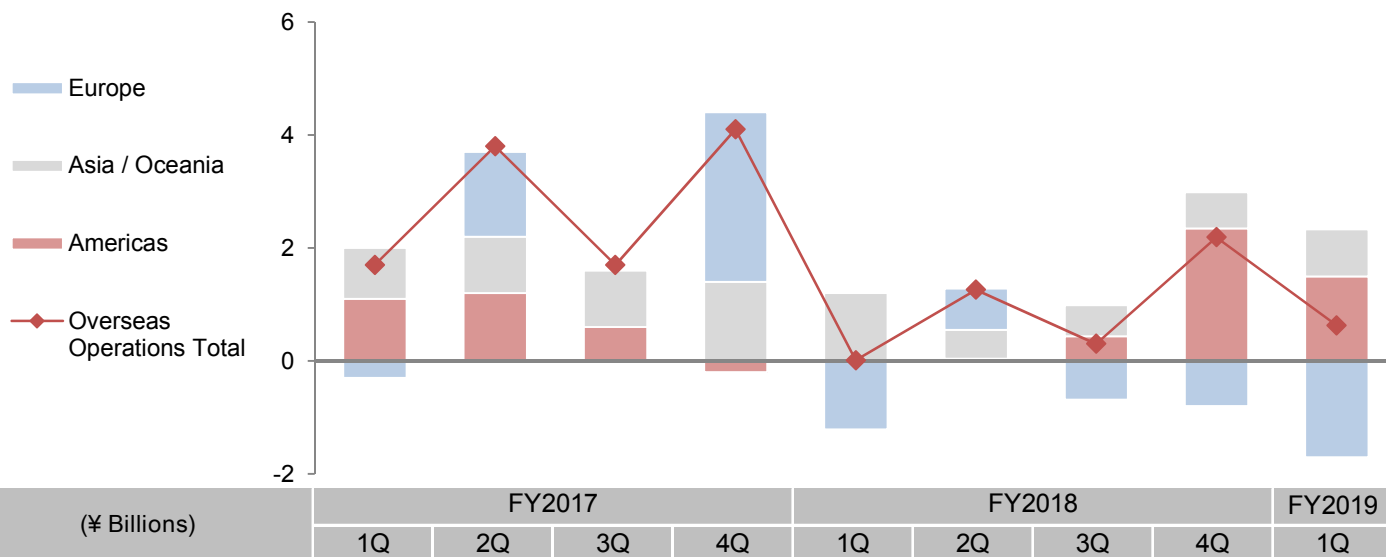
# Ordinary Income of Overseas Operations

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Overseas Operations Total</b>	13	1,259	302	2,190	<b>627</b>	<b>-71.3%</b>	<b>x47.2</b>	3,765
<b>Europe</b>	-1,202	734	-683	-796	<b>-1,702</b>	-	-	-1,947
<b>Asia / Oceania</b>	1,234	519	550	641	<b>831</b>	<b>29.5%</b>	<b>-32.7%</b>	2,946
<b>Americas</b>	-18	4	435	2,345	<b>1,498</b>	<b>-36.1%</b>	-	2,766

**Overseas operations remained profit for 13 consecutive quarters.**

- In Europe, equity trading and M&A business decelerated while FICC recovered.
- In Asia / Oceania, an increase in wealth management business contributed to the income.

## Ordinary Income



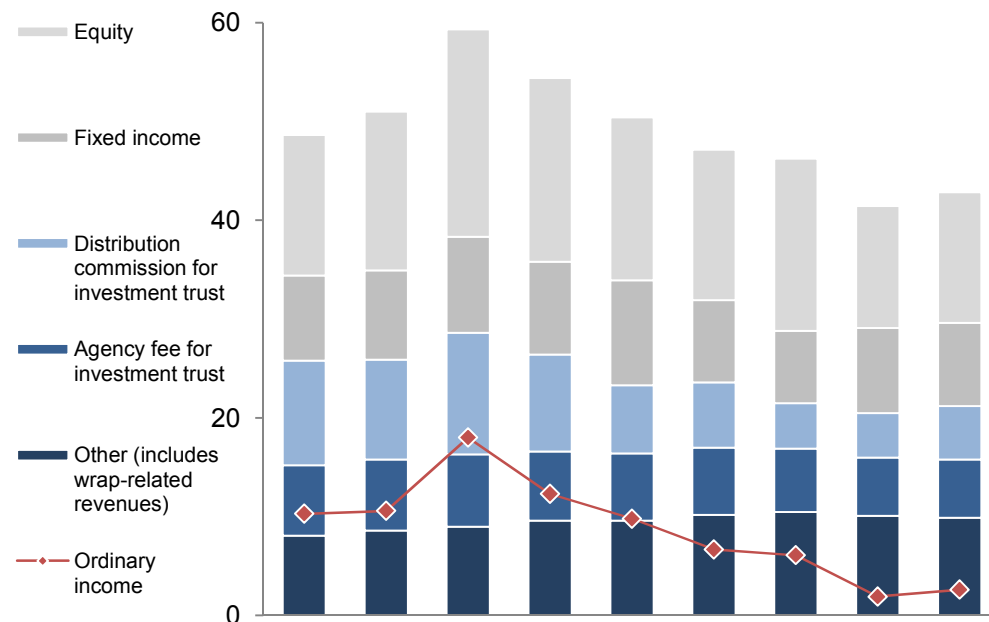
- Americas continued to lead the overseas operations. An increase in U.S. equity trading contributed to equity revenues, while revenues from M&A and FICC decreased.

# Retail Division

(¥ Millions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
<b>Net operating revenues</b>	<b>43,095</b>	<b>3.7%</b>	<b>-14.8%</b>	<b>185,865</b>
<b>Ordinary income</b>	<b>2,680</b>	<b>38.4%</b>	<b>-72.9%</b>	<b>24,674</b>

- Equity revenues rose as foreign equity trading volume increased.
- Despite the contribution from sales of SoftBank Group SB, fixed income revenues decreased as foreign bonds sales dropped.
- Distribution commission for investment trust increased thanks to an increase in stock investment trusts sales.

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	14.2	16.1	21.0	18.6	16.5	15.2	17.4	12.3	<b>13.2</b>
Fixed income	8.6	9.0	9.7	9.4	10.6	8.3	7.3	8.6	<b>8.4</b>
Distribution commission for investment trust	10.6	10.1	12.3	9.8	6.9	6.6	4.6	4.5	<b>5.4</b>
Agency fee for investment trust	7.1	7.2	7.3	7.0	6.8	6.8	6.4	5.9	<b>5.9</b>
Other (includes wrap-related revenues)	8.1	8.6	9.0	9.6	9.6	10.2	10.5	10.1	<b>9.9</b>
<b>Net operating revenues</b>	<b>48.8</b>	<b>51.2</b>	<b>59.5</b>	<b>54.5</b>	<b>50.6</b>	<b>47.3</b>	<b>46.3</b>	<b>41.5</b>	<b>43.0</b>
<b>Ordinary income</b>	<b>10.3</b>	<b>10.6</b>	<b>18.0</b>	<b>12.3</b>	<b>9.8</b>	<b>6.7</b>	<b>6.1</b>	<b>1.9</b>	<b>2.6</b>

# Retail Division Daiwa Securities

## 【Wrap Account Service】

- Contract AUM hit a record high of ¥2.17 trillion\* at the end of June thanks to an increase in contract amount.

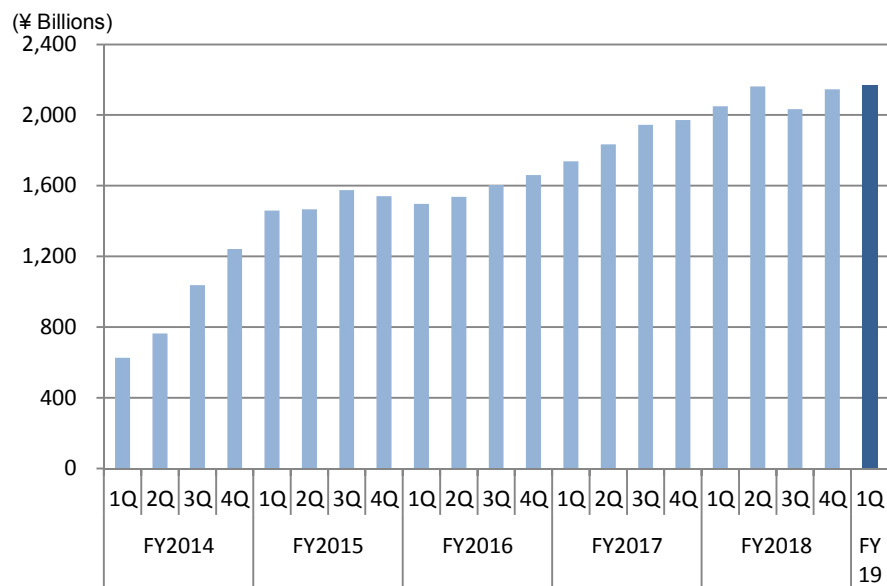
## 【Stock Investment Trusts】

- Global All Organisms Genome Equity Fund remained strong sales. Sales for 1Q: ¥52.6 billion

## 【Japanese Bonds】

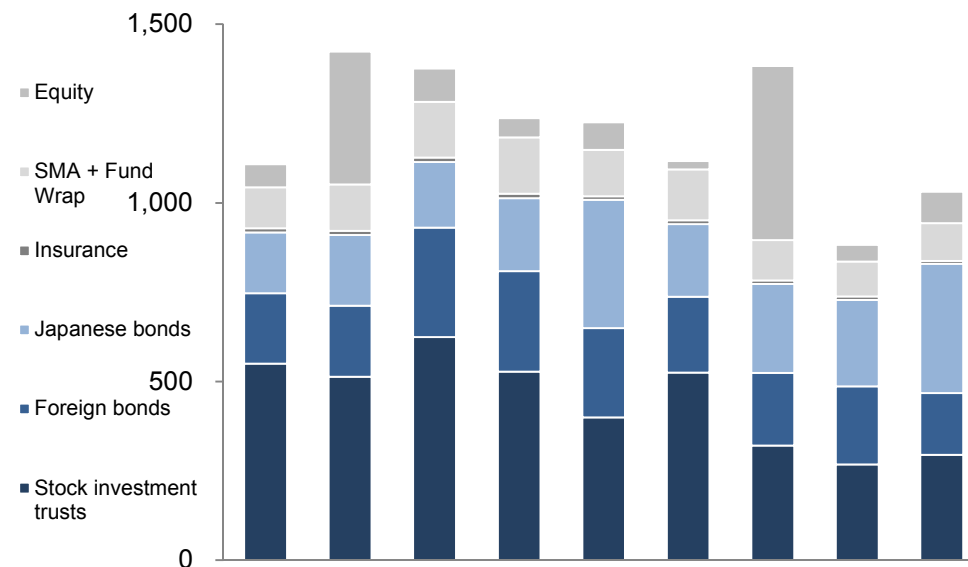
- Sales of Japanese bonds increased due to sales of SoftBank Group straight bond.

### Contract AUM of Wrap Account Service



\*Includes contracts AUM of Wholesale Division.

### Sales and Distribution Amount by Product



Sales and Distribution Amount (¥ Billions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity*	64.8	371.8	93.2	53.6	77.1	23.9	486.9	46.7	<b>88.0</b>
SMA + Fund Wrap**	114.2	130.0	155.6	158.2	130.1	142.6	113.5	97.5	<b>105.1</b>
Insurance***	11.4	11.4	12.3	12.5	9.6	10.4	9.8	9.8	<b>8.6</b>
Japanese bonds	170.9	197.8	183.9	204.3	359.0	203.4	248.4	241.9	<b>361.8</b>
Foreign bonds****	196.4	198.9	306.4	281.1	250.2	212.5	203.4	218.9	<b>172.7</b>
Stock investment trusts*****	550.3	513.7	624.1	527.5	399.5	524.6	321.0	267.8	<b>294.8</b>

\*Distribution amount from equity underwriting

\*\*Total contract amount of fund wrap and SMA

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

\*\*\*\*Foreign bonds include yen-denominated foreign bonds

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

# Wholesale Division Global Markets

(¥ Millions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
Net operating revenues	27,310	-3.9%	-2.7%	107,232
Ordinary income	4,541	-20.3%	-22.4%	17,179

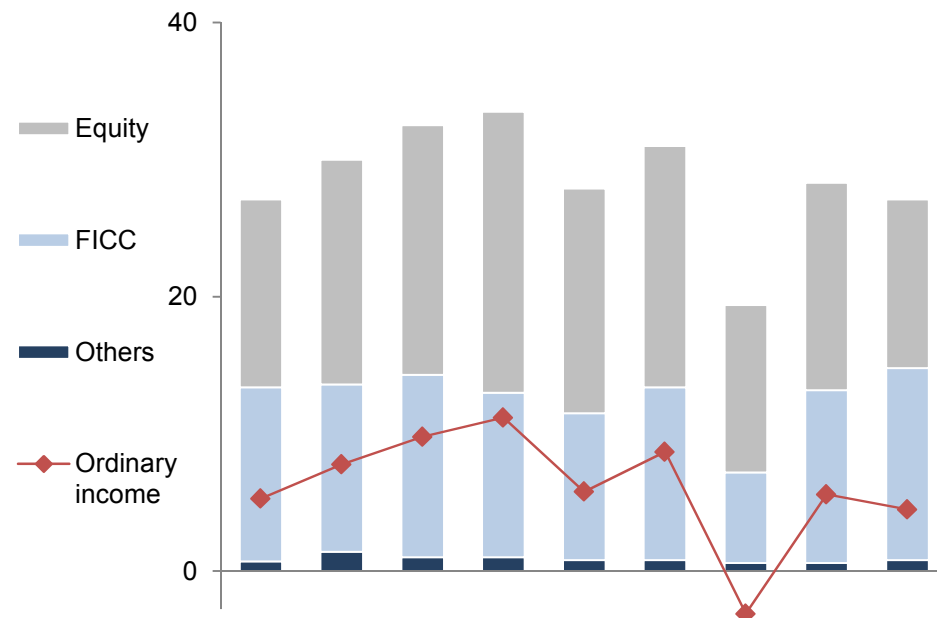
## 【Equity】

- Equity revenue dropped as Japanese equity trading driven by customer flow struggled due to the decline in market, while timely information provision capturing U.S. stock market trend contributed to an increase in customer order flows of foreign equities.

## 【FICC\*】

- With the trend of lowering interest rate, FICC revenues increased because of strong customer order flows for credit products.

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	13.7	16.4	18.2	20.5	16.4	17.6	12.2	15.1	12.3
FICC*	12.7	12.2	13.3	12.0	10.7	12.6	6.6	12.6	14.0
Others	0.7	1.4	1.0	1.0	0.8	0.8	0.6	0.6	0.8
<b>Net operating revenues</b>	<b>27.3</b>	<b>30.0</b>	<b>32.6</b>	<b>33.6</b>	<b>28.0</b>	<b>31.1</b>	<b>19.5</b>	<b>28.4</b>	<b>27.3</b>
<b>Ordinary income</b>	<b>5.3</b>	<b>7.8</b>	<b>9.8</b>	<b>11.2</b>	<b>5.8</b>	<b>8.7</b>	<b>-3.1</b>	<b>5.6</b>	<b>4.5</b>

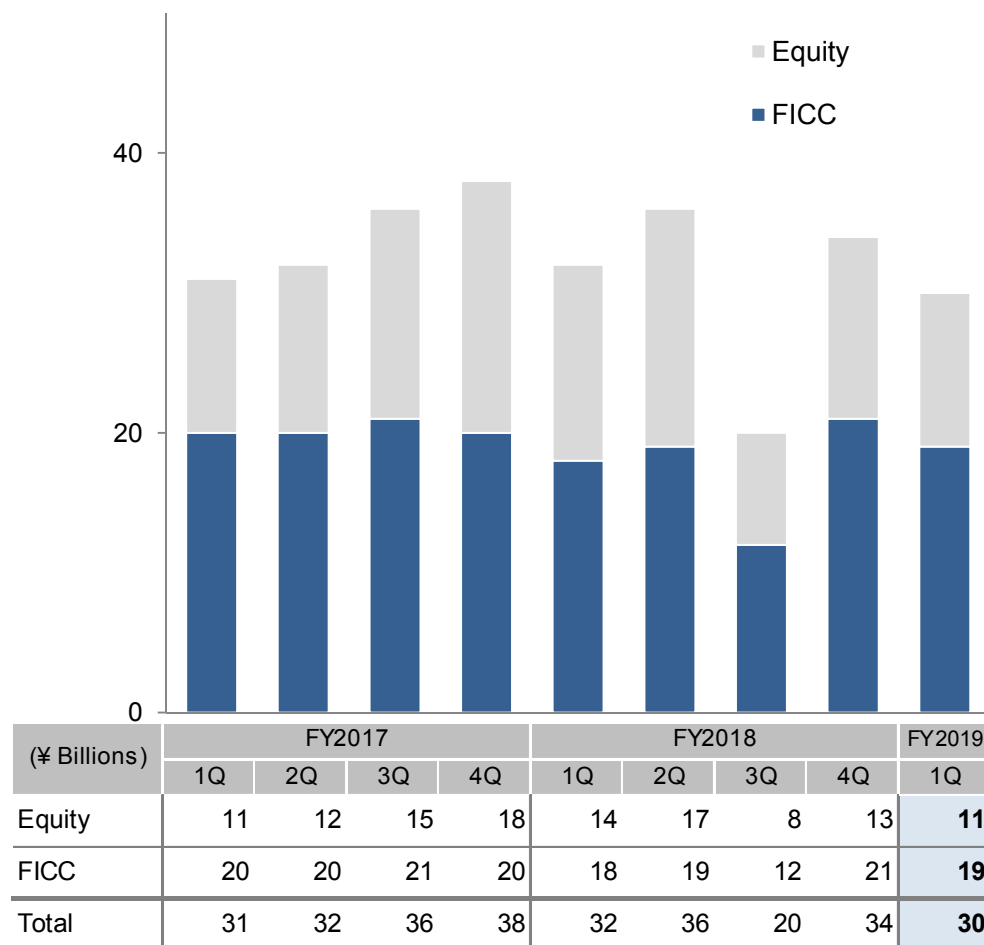
\*FICC: Fixed Income, Currency and Commodities



**【Managerial accounting basis】**

(¥ Billions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
Equity	11.0	-15.4%	-21.4%	52.0
FICC	19.0	-9.5%	5.6%	70.0
Total	30.0	-11.8%	-6.3%	122.0

**Consolidated Trading Gain / Loss  
(Managerial Accounting Basis)**



<Reference>

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

(¥ Billions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
Equity	11.7	5.1%	0.5%	38.5
Bond and forex	16.2	9.4%	8.9%	53.6
Net financial income	7.1	-37.8%	-38.2%	48.5
Total	35.1	-6.3%	-7.9%	140.7

# Wholesale Division Global Investment Banking



(¥ Millions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
Net operating revenues	12,109	-14.8%	3.3%	51,670
Ordinary income	924	-44.1%	12.2%	7,287

## 【Equity】

- Acted as a global coordinator for Japan Post Insurance 2nd PO, the largest PO deal in 1Q.

<Selected lead managed deals>

Japan Post Insurance Co., Ltd.

Global PO

<Offering size>

¥357.2 bn

## 【Debt】

- Lead managed a number of deals including SoftBank Group SB.

<Selected lead managed deals>

SoftBank Group (6yrs)

Bridgestone Corporation (5/7/10yrs)

KDDI CORPORATION (5/7/10yrs)

Republic of Indonesia (3/5/7/10/15/20yrs)

JBIC (5yrs)

Straight Bond

Straight Bond

Straight Bond

Samurai Bond

Benchmark Bond

<Offering size>

¥500.0 bn

¥200.0 bn

¥100.0 bn

¥177.0 bn

USD 2.5 bn

## 【M&A】

- Integrated related brand names into DC Advisory.
- Robust deal flow in both domestic and cross-border deals contributed to revenues.

<Selected deals>

Issuing preferred shares by Cellebrite Mobile Synchronization (Israel), a subsidiary company of SUNCORPORATION

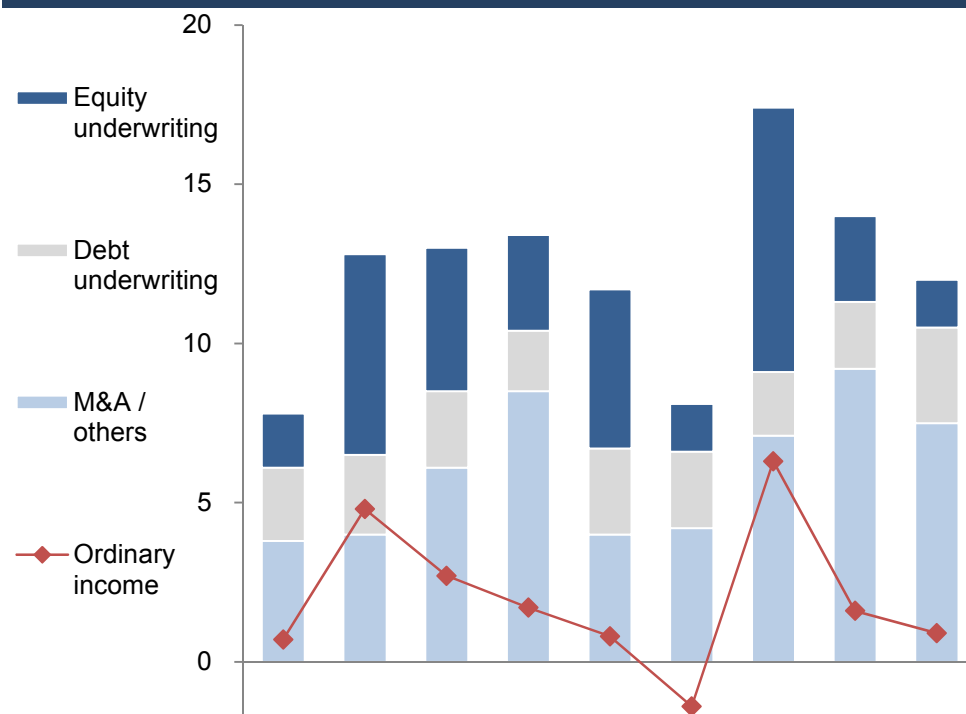
Capital and business alliance between Sumitomo Mitsui Trust Holdings, Inc. and UBS Group (Swiss) in wealth management business

Acquisition of Intergas Verwarming (the Netherlands) by Rheem (US), a subsidiary of Paloma

Acquisition of Qwiksilver Solutions (India) by Pine Labs (Singapore)

Sale of Marelli Motori (Italy) to Langley (UK) by Carlyle (US)

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity underwriting	1.7	6.3	4.5	3.0	5.0	1.5	8.3	2.7	1.5
Debt underwriting	2.3	2.5	2.4	1.9	2.7	2.4	2.0	2.1	3.0
M&A / others	3.8	4.0	6.1	8.5	4.0	4.2	7.1	9.2	7.5
<b>Net operating revenues</b>	<b>7.9</b>	<b>12.9</b>	<b>13.0</b>	<b>13.5</b>	<b>11.7</b>	<b>8.2</b>	<b>17.5</b>	<b>14.2</b>	<b>12.1</b>
<b>Ordinary income</b>	<b>0.7</b>	<b>4.8</b>	<b>2.7</b>	<b>1.7</b>	<b>0.8</b>	<b>-1.4</b>	<b>6.3</b>	<b>1.6</b>	<b>0.9</b>

# Asset Management Division

(¥ Millions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
Net operating revenues	11,352	-3.4%	-7.5%	48,232
Ordinary income	6,209	-4.6%	-17.1%	28,359

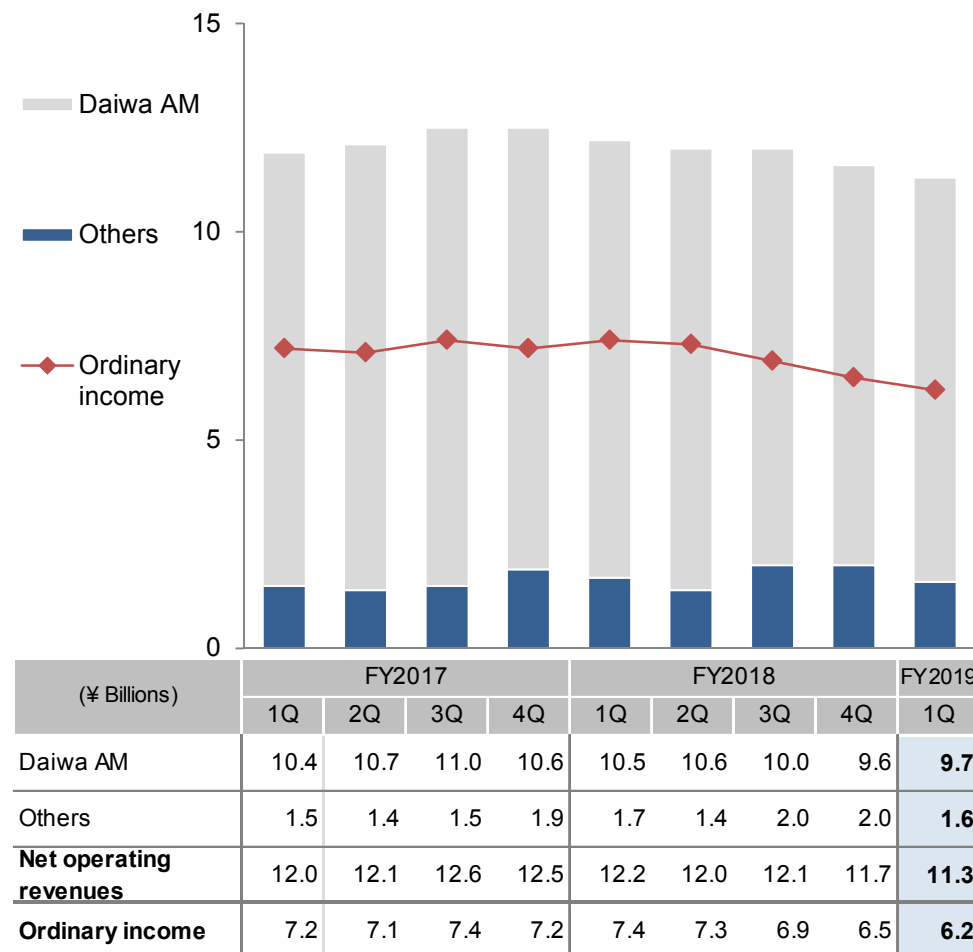
## 【Daiwa Asset Management】

- Management fee slightly dropped as average AUM of stock investment trusts excluding ETF decreased. Amount of decline in commission paid to distribution agent was larger than a decline in its management fee, resulting in an increase in revenues.

## 【Others】

- Amount of asset acquisition by Daiwa Real Estate Asset Management decreased QoQ, resulting in a decline of its management fee.

## Net Operating Revenues and Ordinary Income



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

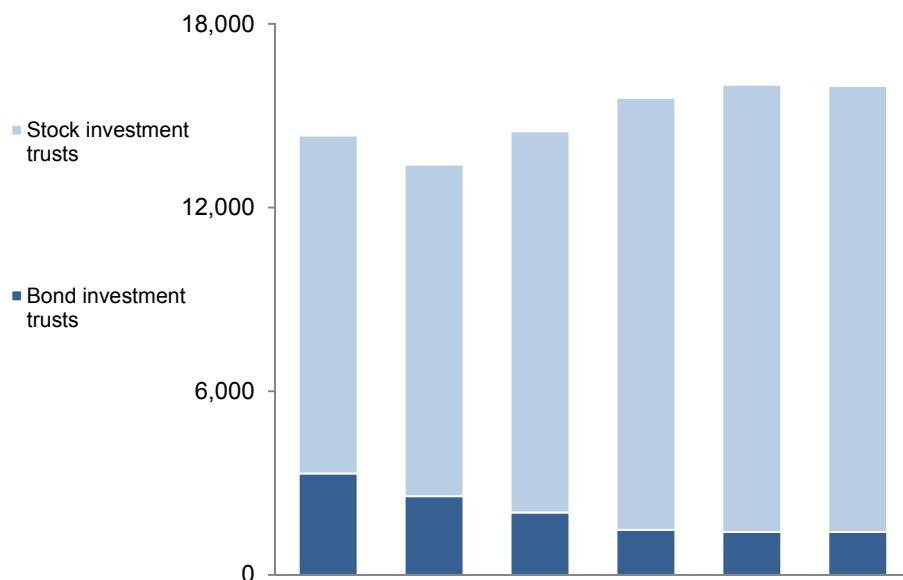
※Equity in earnings of affiliates is included in non-operating revenues.

# Asset Management Division

Assets Under Management and Net Increase

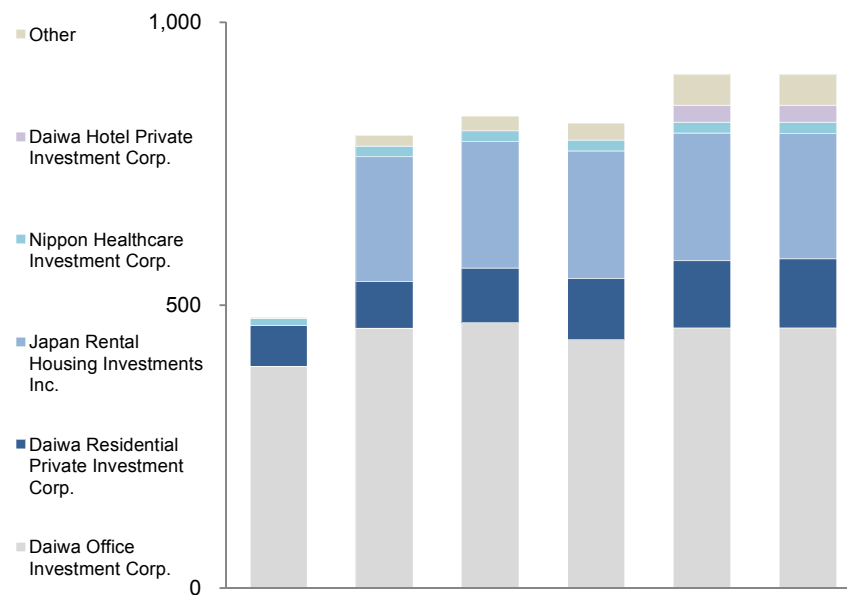


## Daiwa Asset Management AUM



(¥ Billions)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 1Q
Stock investment trusts	11,032	10,840	12,454	14,123	14,616	<b>14,576</b>
excl. ETF	8,482	7,888	7,805	7,717	7,245	<b>7,070</b>
(Net inflow)	(679)	(634)	(168)	(302)	(-339)	<b>(-111)</b>
ETF	2,550	2,951	4,648	6,406	7,371	<b>7,506</b>
(Net inflow)	(380)	(775)	(1,255)	(1,109)	(1,279)	<b>(232)</b>
Bond investment trusts	3,314	2,563	2,036	1,465	1,396	<b>1,392</b>
<b>Total</b>	<b>14,346</b>	<b>13,403</b>	<b>14,491</b>	<b>15,588</b>	<b>16,012</b>	<b>15,968</b>
Stock investment trust share	14.8%	14.5%	14.7%	14.3%	14.2%	<b>14.1%</b>

## Daiwa Real Estate Asset Management Business AUM



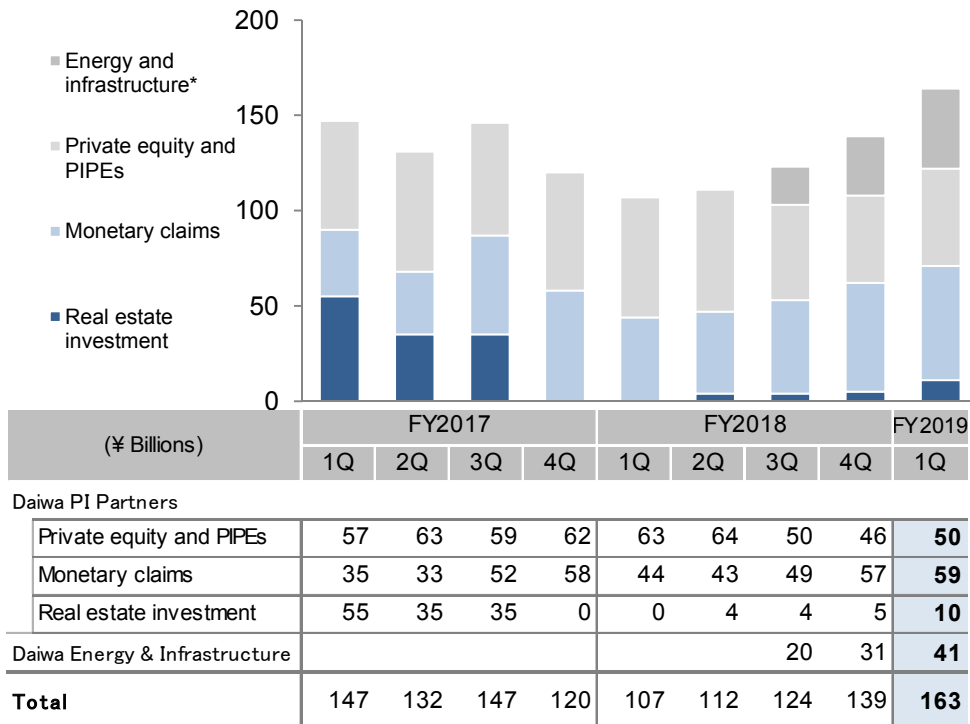
(十億円)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 1Q
Daiwa Office Investment Corp.	391	459	469	439	460	<b>460</b>
Daiwa Residential Private Investment Corp.	72	82	96	107	118	<b>121</b>
Japan Rental Housing Investments Inc.		220	223	225	225	<b>220</b>
Nippon Healthcare Investment Corp.	13	18	19	19	19	<b>19</b>
Daiwa Hotel Private Investment Corp.					29	<b>29</b>
Other		19	25	30	53	<b>53</b>
<b>Total</b>	<b>477</b>	<b>800</b>	<b>834</b>	<b>822</b>	<b>907</b>	<b>906</b>

# Investment Division

(¥ Millions)	FY2019 1Q	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
<b>Net operating revenues</b>	<b>1,683</b>	-	<b>-30.9%</b>	<b>1,766</b>
<b>Ordinary income</b>	<b>924</b>	-	<b>-47.5%</b>	<b>-1,093</b>

- Daiwa Energy & Infrastructure expanded its investments.

## Principal Investment Value

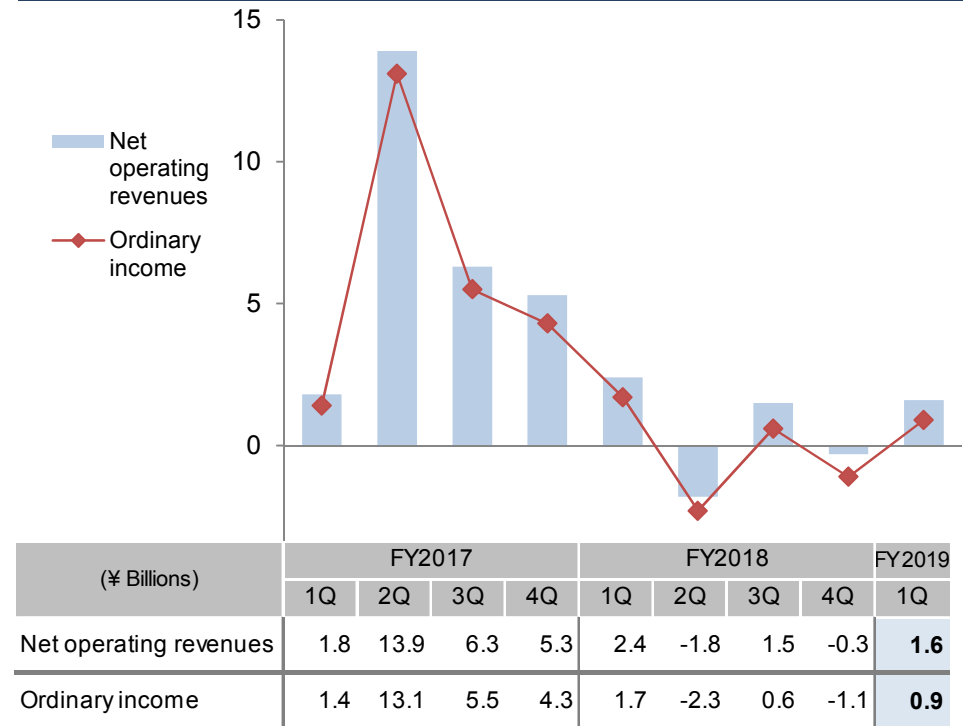


\* Energy and infrastructure indicates investment balance of Daiwa Energy & Infrastructure

※ PIPEs: Private Investment in Public Equities

※ All figures are as at the end of each quarter

## Net Operating Revenues and Ordinary Income



# Reference

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**Daiwa Securities Group Inc.**

# Breakdown of Commission

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Total commission</b>	73,813	66,236	78,347	64,629	<b>64,962</b>	<b>0.5%</b>	<b>-12.0%</b>	283,027
<b>Brokerage commission</b>	16,566	14,766	14,507	12,495	<b>12,416</b>	<b>-0.6%</b>	<b>-25.1%</b>	58,336
<b>Underwriting and secondary offering commissions</b>	11,466	6,199	17,908	6,235	<b>6,932</b>	<b>11.2%</b>	<b>-39.5%</b>	41,810
<b>Distribution commission</b>	7,669	7,385	5,540	5,451	<b>6,352</b>	<b>16.5%</b>	<b>-17.2%</b>	26,047
<b>Other commission</b>	38,111	37,884	40,390	40,446	<b>39,261</b>	<b>-2.9%</b>	<b>3.0%</b>	156,833
<i>Investment advisory and account management fees</i>	6,630	6,812	6,965	6,630	<b>6,897</b>	<b>4.0%</b>	<b>4.0%</b>	27,038
<i>Insurance sales commission</i>	681	858	651	628	<b>362</b>	<b>-42.3%</b>	<b>-46.8%</b>	2,820
<i>M&amp;A related commission</i>	3,776	3,918	6,637	8,472	<b>7,323</b>	<b>-13.6%</b>	<b>93.9%</b>	22,805
<i>Management fee</i>	20,051	19,989	18,841	17,882	<b>17,767</b>	<b>-0.6%</b>	<b>-11.4%</b>	76,765
<i>Other</i>	6,970	6,305	7,294	6,832	<b>6,909</b>	<b>1.1%</b>	<b>-0.9%</b>	27,402

## Balance Sheet

## Daiwa Securities Balance Sheet (June 30, 2019)

(¥ Billions)

<b>Current assets</b>	<b>11,251</b>	<b>(1,541)</b>	<b>Current liabilities</b>	<b>9,202</b>	<b>(1,642)</b>
Trading products	5,927	(1,341)	Trading products	3,949	(356)
Trading securities and other	2,671	(1,012)	Trading securities and other	907	(12)
Derivatives transactions	3,256	(328)	Derivatives transactions	3,042	(343)
Margin transaction assets	164	(-6)	Margin transaction liabilities	71	(2)
Loans on margin transactions	144	(-9)	Loans payables secured by securitie	2,616	(859)
Cash collateral pledged for securities borrowing on margin transactions	20	(2)	Short-term loans payable	1,227	(-36)
Loans secured by securities	2,559	(401)	Current portion of bonds	144	(15)
Short-term guarantee deposits	420	(33)	<b>Long-term liabilities</b>	<b>1,432</b>	<b>(-63)</b>
Short-term loans receivable	353	(-55)	Bonds payable	600	(-25)
<b>Non-current assets</b>	<b>121</b>	<b>(-1)</b>	Long-term loans payable	789	(-40)
Property, plant and equipment	6	(-1)	<b>Total liabilities</b>	<b>10,639</b>	<b>(1,578)</b>
Intangible assets	75	(1)	<b>Net assets</b>	<b>734</b>	<b>(-38)</b>
			Shareholders' equity	732	(-37)
			Capital stock	100	—
<b>Total assets</b>	<b>11,373</b>	<b>(1,540)</b>	<b>Total liabilities and net asset</b>	<b>11,373</b>	<b>(1,540)</b>

※Figures in parentheses show changes from March 31, 2019



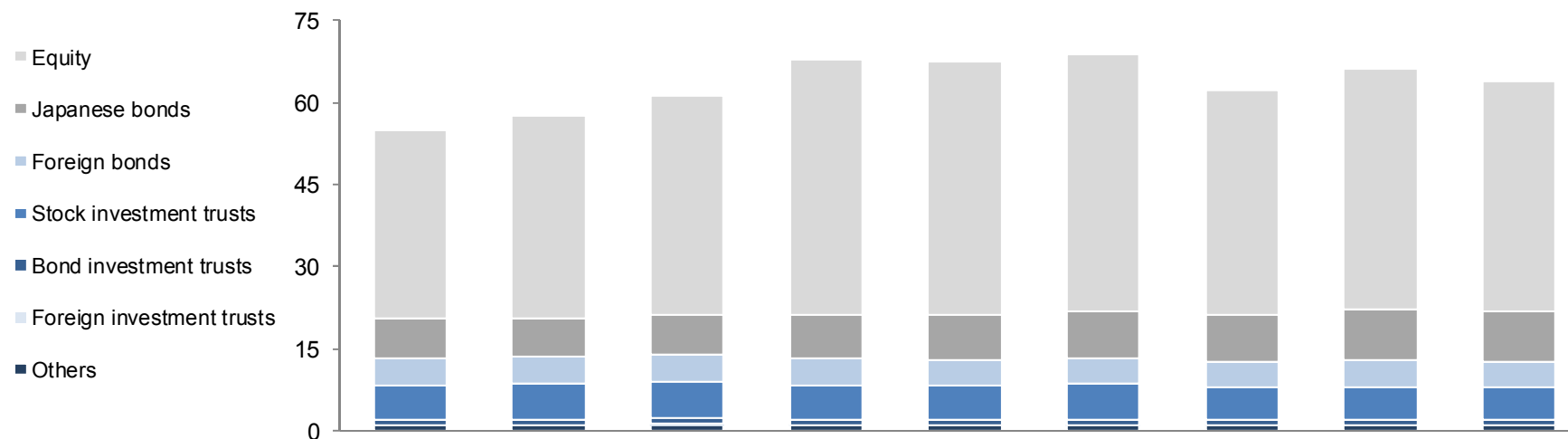
## Financial Summary I

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	89,390	82,151	83,370	77,462	<b>79,513</b>	<b>2.6%</b>	<b>-11.0%</b>	332,374
<b>Commission received</b>	49,348	42,866	53,538	39,987	<b>43,059</b>	<b>7.7%</b>	<b>-12.7%</b>	185,741
<b>Brokerage commission</b>	12,221	10,800	10,895	9,126	<b>8,903</b>	<b>-2.4%</b>	<b>-27.1%</b>	43,043
<i>Stock and others</i>	11,961	10,544	10,448	8,907	<b>8,645</b>	<b>-2.9%</b>	<b>-27.7%</b>	41,861
<b>Underwriting and secondary offering commissions</b>	9,562	4,682	16,602	5,714	<b>6,113</b>	<b>7.0%</b>	<b>-36.1%</b>	36,563
<i>Equity</i>	4,736	1,145	13,842	2,956	<b>1,114</b>	<b>-62.3%</b>	<b>-76.5%</b>	22,680
<i>Bond and others</i>	4,826	3,537	2,760	2,758	<b>4,998</b>	<b>81.2%</b>	<b>3.6%</b>	13,882
<b>Distribution commission</b>	7,607	7,346	5,483	5,403	<b>6,286</b>	<b>16.3%</b>	<b>-17.4%</b>	25,840
<i>Investment trust</i>	6,835	6,563	4,556	4,463	<b>5,301</b>	<b>18.8%</b>	<b>-22.4%</b>	22,418
<b>Other commissions</b>	19,957	20,037	20,557	19,743	<b>21,756</b>	<b>10.2%</b>	<b>9.0%</b>	80,295
<i>Agency fee and others</i>	7,693	7,682	7,226	6,771	<b>6,768</b>	<b>-0.0%</b>	<b>-12.0%</b>	29,373
<i>Investment advisory and account management fees</i>	6,630	6,812	6,965	6,630	<b>6,897</b>	<b>4.0%</b>	<b>4.0%</b>	27,038
<i>Insurance sales commission</i>	681	858	651	628	<b>362</b>	<b>-42.3%</b>	<b>-46.8%</b>	2,820
<i>M&amp;A related commission</i>	883	1,171	1,703	1,752	<b>3,651</b>	<b>108.3%</b>	<b>313.4%</b>	5,510
<b>Net trading income/loss</b>	24,720	25,137	14,572	24,737	<b>23,753</b>	<b>-4.0%</b>	<b>-3.9%</b>	89,168
<b>Financial revenues</b>	15,320	14,148	15,259	12,736	<b>12,699</b>	<b>-0.3%</b>	<b>-17.1%</b>	57,464
<b>Financial expenses</b>	11,440	8,140	11,522	8,442	<b>9,119</b>	<b>8.0%</b>	<b>-20.3%</b>	39,545
<b>Net operating revenues</b>	77,949	74,011	71,848	69,020	<b>70,393</b>	<b>2.0%</b>	<b>-9.7%</b>	292,828

## Financial Summary II

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	60,122	60,023	60,198	59,147	<b>61,472</b>	<b>3.9%</b>	<b>2.2%</b>	239,492
Trading related expenses	10,532	10,701	11,167	10,501	<b>11,687</b>	<b>11.3%</b>	<b>11.0%</b>	42,903
Personnel expenses	25,059	24,597	24,277	24,086	<b>24,620</b>	<b>2.2%</b>	<b>-1.8%</b>	98,021
Real estate expenses	6,245	6,294	6,230	6,317	<b>6,331</b>	<b>0.2%</b>	<b>1.4%</b>	25,088
Office cost	11,747	11,869	11,876	11,440	<b>11,668</b>	<b>2.0%</b>	<b>-0.7%</b>	46,934
Depreciation	4,239	4,284	4,474	4,484	<b>5,087</b>	<b>13.4%</b>	<b>20.0%</b>	17,483
Taxes and dues	1,191	1,120	1,025	1,089	<b>1,008</b>	<b>-7.4%</b>	<b>-15.4%</b>	4,426
Other	1,106	1,155	1,145	1,227	<b>1,070</b>	<b>-12.8%</b>	<b>-3.3%</b>	4,635
<b>Ordinary income</b>	17,648	14,050	11,796	10,215	<b>9,053</b>	<b>-11.4%</b>	<b>-48.7%</b>	53,710
<b>Net income</b>	11,992	8,987	7,895	9,422	<b>449</b>	<b>-95.2%</b>	<b>-96.3%</b>	38,297
<b>ROE (Annualized)</b>	6.2%	4.8%	4.1%	4.9%	<b>0.2%</b>			4.9%
<b>Capital adequacy ratio</b>	347.4%	340.0%	377.9%	346.6%	<b>332.6%</b>			346.6%

# Assets under Custody



(¥ Trillions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	34.4	36.8	39.9	46.3	45.9	46.8	40.8	43.8	<b>41.9</b>
Japanese bonds	7.1	7.2	7.5	8.1	8.3	8.6	8.7	9.3	<b>9.3</b>
Foreign bonds	4.9	4.9	4.8	4.8	4.6	4.6	4.7	4.8	<b>4.7</b>
Stock investment trusts	6.4	6.5	6.8	6.4	6.4	6.6	5.9	6.1	<b>6.0</b>
Bond investment trusts	0.9	0.9	1.0	0.9	0.9	0.9	0.8	0.8	<b>0.8</b>
Foreign investment trusts	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	<b>0.1</b>
Others	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	<b>1.1</b>
<b>Total</b>	<b>55.2</b>	<b>57.9</b>	<b>61.5</b>	<b>68.1</b>	<b>67.6</b>	<b>69.0</b>	<b>62.4</b>	<b>66.3</b>	<b>64.2</b>
Daiwa Next Bank deposit balance	3.3	3.4	3.7	3.5	3.6	3.6	3.6	3.6	<b>3.8</b>

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

※ ETFs are recorded in 'Equity'.

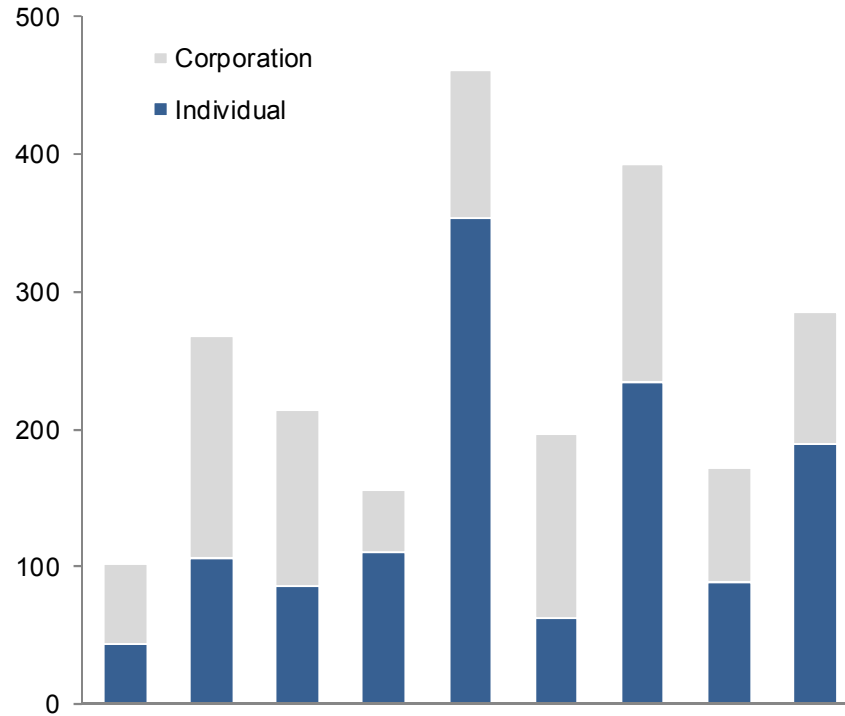
# Number of Accounts and Equity Trading

	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Accounts with balance (thousands)	2,965	2,969	2,965	2,989	2,994	3,001	3,011	3,025	<b>3,021</b>
Accounts holding equity (thousands)	1,388	1,399	1,386	1,395	1,397	1,394	1,438	1,439	<b>1,439</b>
Online trading accounts (thousands)	3,140	3,164	3,187	3,214	3,246	3,264	3,302	3,320	<b>3,329</b>
Newly opened accounts (thousands)	35	40	40	41	52	37	47	34	<b>29</b>
NISA accounts* (thousands)	803	811	815	829	839	846	855	858	<b>860</b>
Wrap account service (end of quarter)									
Contract assets under management (¥ billions)	1,738	1,834	1,944	1,971	2,049	2,162	2,034	2,145	<b>2,171</b>
Number of customers (thousands)	127.7	130.9	131.4	134.8	138.7	141.9	143.7	144.3	<b>144.2</b>
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	2,783	2,730	3,476	3,305	2,619	2,400	2,723	2,198	<b>1,985</b>
Online out of total (thousands)	2,432	2,384	3,003	2,908	2,295	2,123	2,408	1,956	<b>1,745</b>
Total trading value (¥ billions)	2,692	2,666	3,737	3,420	2,612	2,302	2,502	1,993	<b>1,868</b>
Online out of total (¥ billions)	2,039	2,026	2,743	2,603	1,966	1,769	1,935	1,528	<b>1,414</b>
Foreign equity trading value (Retail)									
Trading value (¥ billions)	248	276	387	407	398	422	206	292	<b>354</b>

\* Includes Junior NISA.

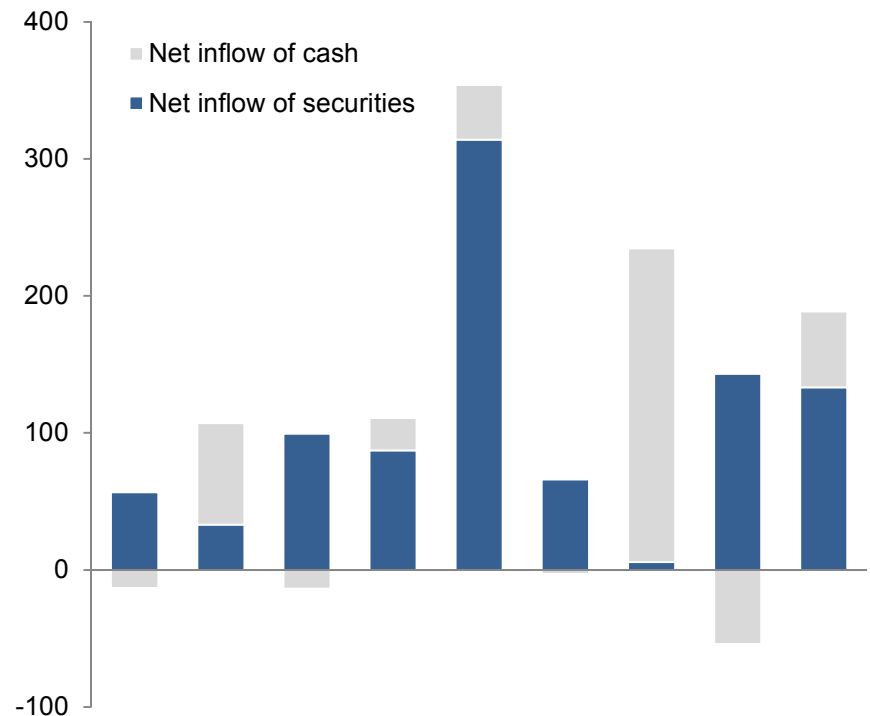
# Net Asset Inflow

Retail Division (Daiwa Securities) Net Asset Inflow



¥ Billions	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Corporation	58.2	160.7	128.6	44.5	106.6	133.8	158.8	82.3	<b>96.6</b>
Individual	43.3	107.0	85.7	111.0	354.0	62.9	234.6	88.9	<b>188.6</b>
<b>Total</b>	<b>101.6</b>	<b>267.8</b>	<b>214.4</b>	<b>155.6</b>	<b>460.7</b>	<b>196.8</b>	<b>393.4</b>	<b>171.2</b>	<b>285.2</b>

Retail Division (Daiwa Securities) Net Asset Inflow (Individuals)



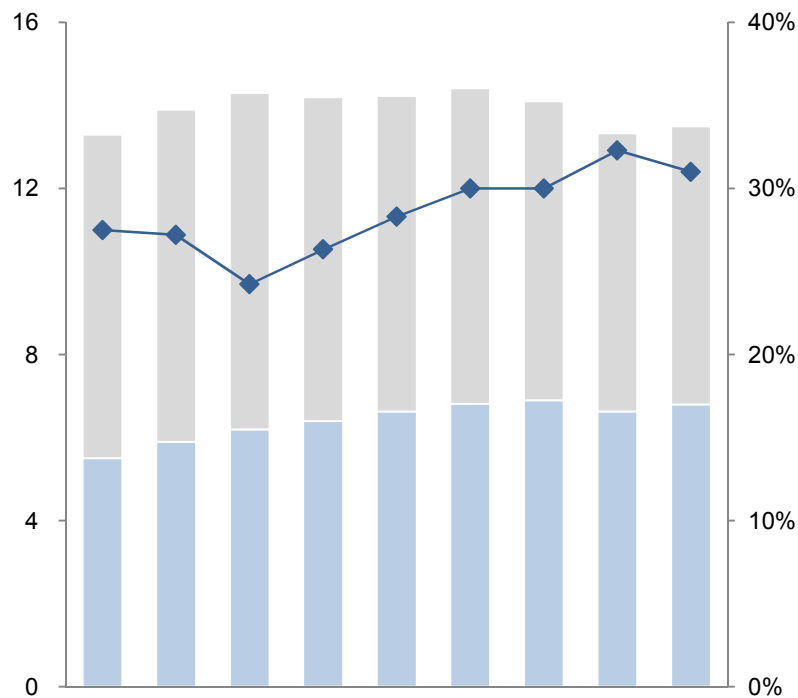
¥ Billions	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net inflow of cash	-13.2	74.0	-13.6	23.7	39.9	-3.0	228.7	-54.1	<b>55.3</b>
Net inflow of securities	56.6	33.0	99.4	87.2	314.1	65.9	5.8	143.0	<b>133.3</b>
<b>Total</b>	<b>43.3</b>	<b>107.0</b>	<b>85.7</b>	<b>111.0</b>	<b>354.0</b>	<b>62.9</b>	<b>234.6</b>	<b>88.9</b>	<b>188.6</b>

※ Net asset inflow = net inflow of cash and securities

# Stock Investment Trusts & Wrap Accounts

## Agency Fee and Management Fee (Daiwa Securities)

- Agency fee etc. (left)
- Management fee (left)
- Percentage of asset-based revenue to retail division revenue\* (right)

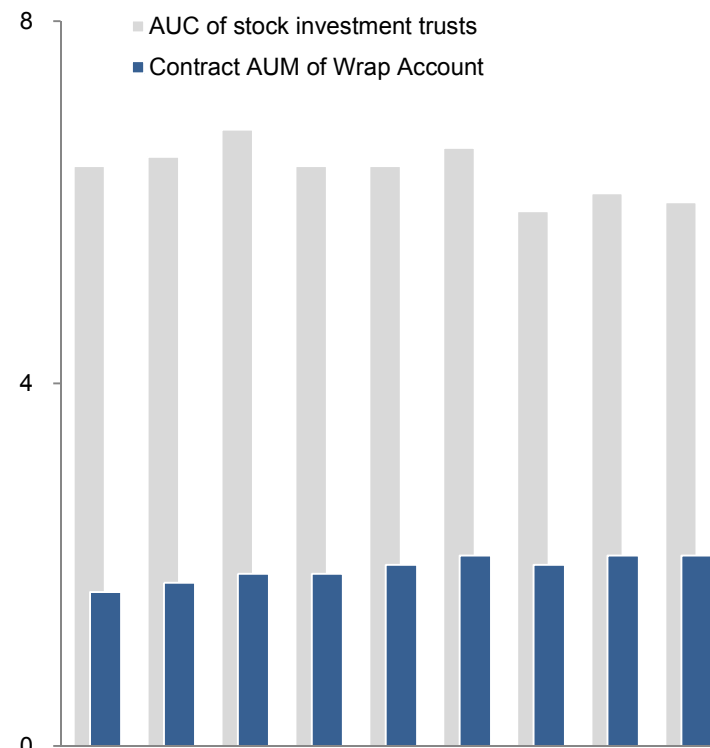


Management fee (left)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
5.5	5.9	6.2	6.4	6.6	6.8	6.9	6.6	<b>6.8</b>	
27%	27%	24%	26%	28%	30%	30%	32%	<b>31%</b>	

\* Agency fee and management fee / Net Operating Revenue of Retail Division

## AUC of Stock Investment Trusts and Contract AUM of Wrap Account

- AUC of stock investment trusts
- Contract AUM of Wrap Account



Contract AUM of Wrap Account	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
1.7	1.8	1.9	1.9	2.0	2.1	2.0	2.1	<b>2.1</b>	

※ Contract AUM of Wrap Account includes Stocks, Bonds and Cash in small part.

# 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)
<b>FY2019 1Q League Table</b>							
1st	Daiwa	Nomura	Mizuho	Mitsubishi UFJMS	Nomura	Daiwa	Nomura
	32.6%	66.6%	22.0%	26.5%	21.3%	24.3%	
2nd	Mitsubishi UFJMS	Mizuho	Daiwa	Daiwa	Daiwa	SMBC Nikko	Deloitte
	30.0%	16.2%	20.6%	22.6%	18.0%	24.3%	
3rd	JPMorgan	Tokai Tokyo	SMBC Nikko	Nomura	Mitsubishi UFJMS	Mizuho	MHFG
	12.8%	5.5%	19.9%	22.1%	16.7%	24.3%	
4th	Mizuho	Daiwa	Mitsubishi UFJMS	SMBC Nikko	SMBC Nikko	Nomura	Morgan Stanley
	10.9%	3.4%	17.6%	15.7%	16.4%	21.3%	
5th	Morgan Stanley	SBI	Nomura	Mizuho	Mizuho	HSBC	Daiwa
	8.3%	3.1%	14.9%	12.9%	15.5%	2.9%	

Source: Daiwa Securities April - June 2019

M&A: Mergermarket

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.

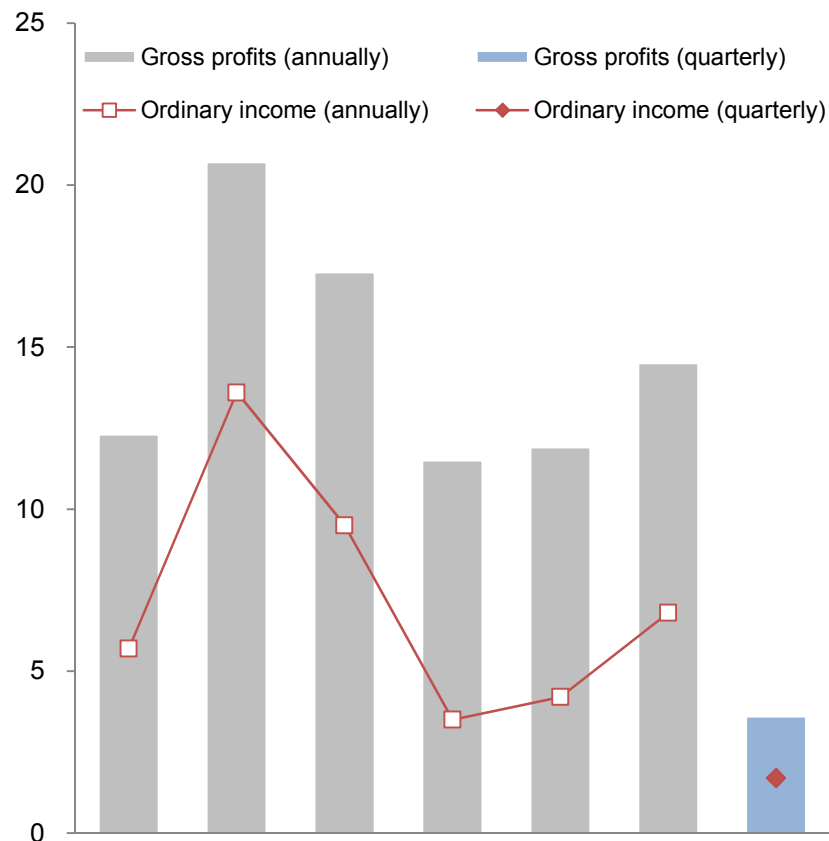
## Financial Summary

(¥ Millions)	FY2018				FY2019	% Change vs 4Q/FY18	% Change vs 1Q/FY18	FY2018
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	20,042	20,022	18,838	17,821	<b>17,759</b>	<b>-0.3%</b>	<b>-11.4%</b>	76,725
<b>Management fee</b>	19,866	19,847	18,672	17,665	<b>17,603</b>	<b>-0.4%</b>	<b>-11.4%</b>	76,052
<i>Stock investment trust</i>	19,822	19,802	18,624	17,619	<b>17,556</b>	<b>-0.4%</b>	<b>-11.4%</b>	75,868
<i>Bond investment trust</i>	43	45	48	46	<b>47</b>	<b>2.2%</b>	<b>8.4%</b>	183
<b>Other operating revenues</b>	176	175	166	155	<b>155</b>	<b>0.1%</b>	<b>-11.5%</b>	673
<b>SG&amp;A</b>	15,681	15,470	14,842	14,159	<b>14,193</b>	<b>0.2%</b>	<b>-9.5%</b>	60,153
<b>Commission paid</b>	9,472	9,396	8,749	8,171	<b>8,043</b>	<b>-1.6%</b>	<b>-15.1%</b>	35,789
<b>Other SG&amp;A</b>	6,209	6,074	6,092	5,988	<b>6,149</b>	<b>2.7%</b>	<b>-1.0%</b>	24,363
<b>Operating income</b>	4,361	4,552	3,996	3,662	<b>3,566</b>	<b>-2.6%</b>	<b>-18.2%</b>	16,572
<b>Ordinary income</b>	4,508	4,736	4,020	3,696	<b>3,557</b>	<b>-3.8%</b>	<b>-21.1%</b>	16,961
<b>Net income</b>	3,164	3,297	2,826	2,582	<b>2,455</b>	<b>-4.9%</b>	<b>-22.4%</b>	11,870



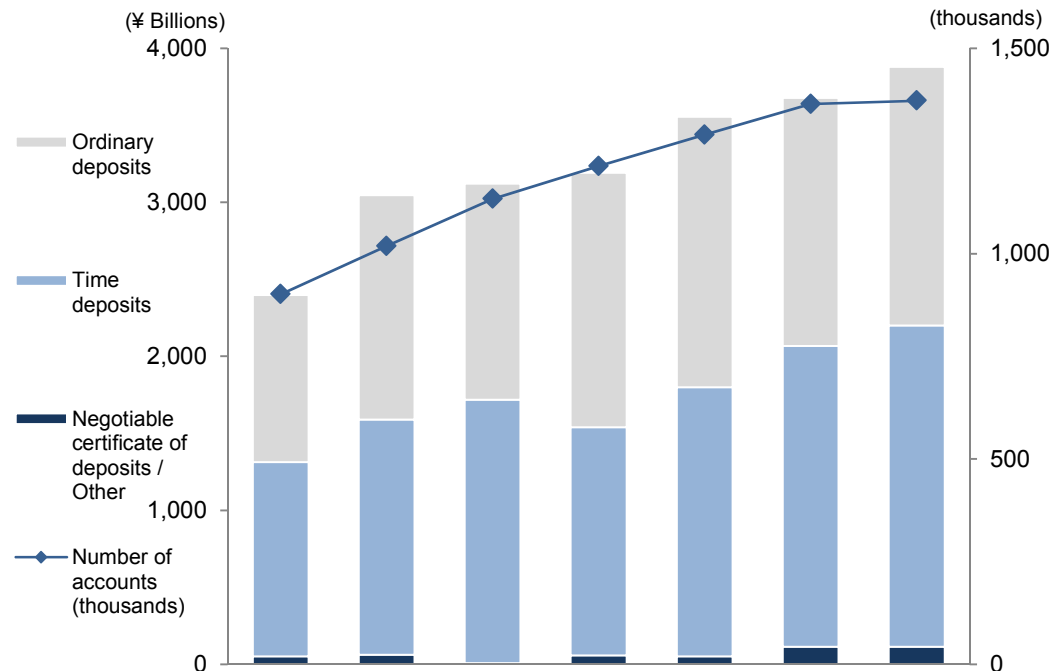
# Earnings and Deposit Balance

## Gross Profits / Ordinary Income



(¥ Billions)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 1Q
Gross profits	12.3	20.7	17.3	11.5	11.9	14.5	3.6
Ordinary income	5.7	13.6	9.5	3.5	4.2	6.8	1.7

## Daiwa Next Bank Deposit Balance & Number of Accounts



(¥ Billions)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 1Q
Ordinary deposits	1,085	1,455	1,401	1,653	1,756	1,610	1,678
Time deposits	1,261	1,528	1,711	1,480	1,746	1,953	2,086
Negotiable certificate of deposits / Other	52	62	8	59	53	115	115
Deposit balance	2,399	3,047	3,121	3,193	3,556	3,678	3,881
Number of accounts (thousands)	901	1,018	1,133	1,213	1,289	1,364	1,372

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

### Range and Assumption of VaR

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

(¥ Billions)	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
VaR (Quarter end)	1.29	1.16	1.93	1.13	1.34	1.39	1.76	1.06	<b>1.33</b>
High	3.41	4.19	2.00	2.03	1.80	1.67	1.87	2.29	<b>1.68</b>
Low	1.28	1.16	1.06	1.07	1.16	1.15	0.95	0.86	<b>0.74</b>
Average	2.59	2.29	1.34	1.46	1.40	1.36	1.34	1.45	<b>1.18</b>
By risk factors (Quarter end)									
Equity	0.34	0.43	0.68	0.28	0.65	0.51	0.40	0.29	<b>0.38</b>
Interest	1.40	1.15	1.43	1.06	1.21	1.23	1.68	1.06	<b>1.16</b>
Currency	0.20	0.15	0.21	0.21	0.16	0.17	0.24	0.18	<b>0.21</b>
Commodities	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>

※ VaR (Quarter end), VaR (Equity) and VaR(Interest) in 4Q FY2018 are revised due to review of measurement range.

# Number of Group Employees

	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Total</b>	16,256	16,207	16,200	16,088	16,651	16,516	16,519	16,419	<b>16,499</b>
Overseas	1,634	1,683	1,760	1,776	1,799	1,820	1,881	1,921	<b>1,960</b>

- Number of employees as at the end of each quarter.
- ※ Total figures are the sum of consolidated group companies. Daiwa SB Investments (currently, Sumitomo Mitsui DS Asset Management) was included until 4Q FY2018.
- ※ Number of employees of DIR Information Systems has been included from 1Q FY2017 as it shifted to a consolidated 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. Number of employees of Sagent Advisors and Signal Hill both of which were integrated into DCS are also included which have become consolidated companies since 2Q FY2017 and 3Q FY2017 respectively. Number of employees of Montalbán, which has become a consolidated company, DCA in Spain, since 3Q FY2018, is also included.
- ※ Figures include temporary staff.

## Contact

Daiwa Securities Group Inc.

Investor Relations

TEL: +81-3-5555-1300 FAX: +81-3-5555-0661

E-mail: [ir-section@daiwa.co.jp](mailto:ir-section@daiwa.co.jp)

URL: <http://www.daiwa-grp.jp/ir/english/>