

Daiwa Securities Group Inc.
4Q FY2019 Earnings Announcement

May 8, 2020

Daiwa Securities Group Inc.

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Table of Contents

| | |
|---|-------|
| Highlights | 4-5 |
| Financial Summary | 6-8 |
| B/S & Financial Management Summary | 9-10 |
| P/L Summary | 11 |
| Breakdown of SG&A | 12-13 |
| Overseas Operations | 14 |
| Segment Information | 15-22 |
| Reference | 23-36 |

Our Response to COVID-19

Daiwa Securities Group would like to express its sympathy to all those affected by COVID-19. We will act together as a group to fight against social turmoil caused by the COVID-19 outbreak and contribute for social/economic recovery and further development.

Daiwa Securities Group established Crisis Management Headquarters (Head: Seiji Nakata President and CEO) and implemented following initiatives.

Employees

- Fully introduced remote working system to all employees
- Distributed portable devices to every employee in Daiwa Securities which enables them to access to the same network as in office
- Approx. 70% of domestic group employees including Daiwa Securities are working remotely (as of April 20)
- Improved commuting related regulations to lower the infection risk of personnel who unavoidably have to go to offices such as easing requirements for off-peak commuting, use of bicycles, cars and first class cars on trains, offering to stay at a hotel near office, and provided private bus
- Unlimited the number of days every employee can take special leaves (paid)
- More consideration given for employees who are raising children, pregnant, elder, and have underlying health conditions

Customers

- (Retail Division)
- Consulting services are available by phone and online
 - Temporary suspend over-the-counter service at all branches (170 branches) considering customers' health and safety
 - Started securities-backed lending with special interest rate as an emergency measure to support small-to-medium-sized business owners
 - Call centers are operated with split teams
- (Institutional Investor)
- Sufficiently supplying liquidity to the capital market as a market maker
- (Wholesale Division)
- Utilizing online meetings effectively to respond to funding and financial advisory needs of customers facing COVID-19 shock
 - Supporting fundraising for social issues, including underwriting of social bonds issued by International Finance Corporation (IFC)

Societies

- (Japan)
- Donated 66,000 masks in total, mostly N95 masks stocked for disasters, including 40,000 masks to Ministry of Health, Labour and Welfare, 7,000 masks to Japan Federation of Economic Organizations, and 19,000 masks to medical facilities to support activities of healthcare professionals
 - Donated 5.0 million yen to hotels operated by JHAT Co., Ltd. to support activities of healthcare professionals and essential workers
 - Donated foods to children cafeterias to strengthen the support for children while schools are temporarily closed. Also, donated sanitary materials to organizations providing places to stay
- (Overseas)
- Donated 1 million Chinese yuan (15.73 million yen) to the Red Cross Society of Hubei and 60,000 N95 masks which were stocked for disasters to Wuhan, Beijing and other cities in China to support activities to recover from the damage of COVID-19

Highlights (1Q-4Q/FY2019, YoY)

Both Net operating revenues and Ordinary income decreased YoY.

| Consolidated earnings results | FY2019 1Q-4Q | % Changes vs FY2018 |
|---|--------------|---------------------|
| Net operating revenues | ¥426.2 bn | -3.4% |
| Ordinary income | ¥70.2 bn | -15.5% |
| Profit attributable to owners of parent | ¥60.3 bn | -5.4% |

[Retail Division]

- Equity trading and sales of investment trust decreased due to individual investors' activity slow down.
- Net asset inflow of wrap account service remained firm and contract AUM was ¥2.87 trillion.
- Foreign currency deposits of Daiwa Next Bank hit a record high (¥539.2 billion).

[Wholesale Division]

- Revenues and ordinary income in Global Markets increased owing to a rise in FICC trading revenues.
- Overseas operations posted the highest ordinary income since FY2006 led by FICC business in the U.S. and retained profit for 4 consecutive years.
- Ordinary income in Global Investment Banking rose due to an increase in debt underwriting deals and M&A deals both in Japan and overseas.

FY2019 dividend per share: yen (interim: 11yen, year-end: 9yen)

- Annual dividend payout ratio: 51.1% Total payout ratio: 92.5%

Summary (4Q/FY2019, QoQ)

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

4Q FY2019 Net operating revenues: ¥110.6 bn (-1.4%)

- Revenues in Retail Division remained flat. Equity revenues and distribution commission for investment trust increased, while fixed income revenues and agency fee for investment trust decreased.
- Revenues in Wholesale Division declined. In Global Markets, revenues dropped as an increase in equity revenues from customer order flows of Japanese equities could not fully cover for FICC decelerated. In Global Investment Banking, revenues dropped due to a decrease in equity underwriting.

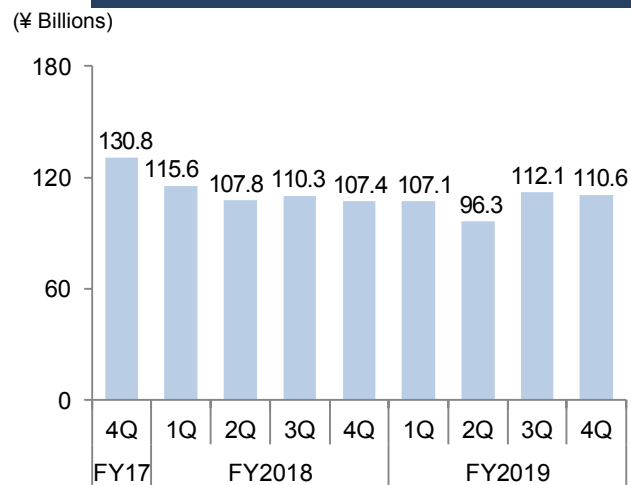
4Q FY2019 Ordinary income: ¥20.2 bn (-8.9%)

- SG&A increased as personnel expenses slightly rose, while trading related expenses declined.

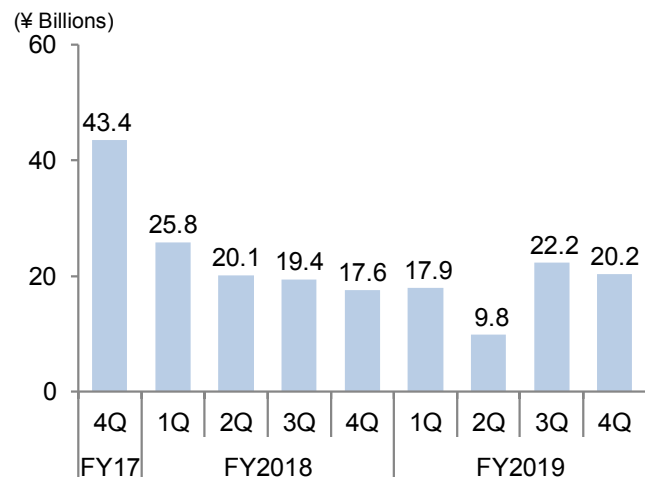
4Q FY2019 Profit attributable to owners of parent: ¥11.2 bn (-28.3%)

- Annualized ROE: 3.7% BPS: ¥796.33

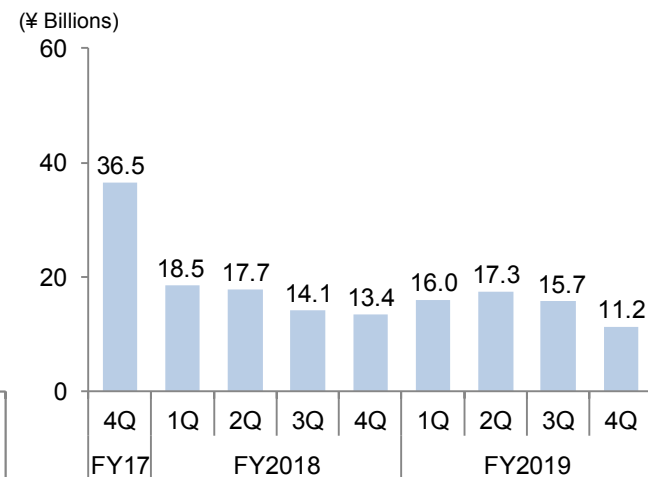
Net Operating Revenues



Ordinary Income



Profit Attributable to Owners of Parent



Financial Summary

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|--|------------|------------|------------|------------|------------|---------------------|---------------------|------------|------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Operating revenues | 184,086 | 181,341 | 159,666 | 170,672 | 160,606 | -5.9% | -12.8% | 720,586 | 672,287 | -6.7% |
| Net operating revenues | 107,493 | 107,123 | 96,323 | 112,191 | 110,621 | -1.4% | 2.9% | 441,240 | 426,259 | -3.4% |
| SG&A | 94,019 | 94,708 | 89,836 | 93,209 | 94,216 | 1.1% | 0.2% | 373,914 | 371,970 | -0.5% |
| Ordinary income | 17,664 | 17,922 | 9,861 | 22,239 | 20,259 | -8.9% | 14.7% | 83,159 | 70,283 | -15.5% |
| Profit (loss) attributable to owners of parent | 13,409 | 16,066 | 17,316 | 15,707 | 11,255 | -28.3% | -16.1% | 63,813 | 60,346 | -5.4% |
| Total assets | 21,126,706 | 22,896,425 | 22,809,247 | 24,409,452 | 23,822,099 | | | 21,126,706 | 23,822,099 | |
| Net assets | 1,256,430 | 1,245,624 | 1,285,618 | 1,287,164 | 1,257,766 | | | 1,256,430 | 1,257,766 | |
| Shareholders' equity* | 1,244,477 | 1,233,835 | 1,239,187 | 1,239,995 | 1,210,014 | | | 1,244,477 | 1,210,014 | |
| EPS (¥) | 8.56 | 10.26 | 11.09 | 10.31 | 7.41 | | | 39.95 | 39.11 | |
| BPS (¥) | 794.54 | 787.65 | 798.65 | 816.44 | 796.33 | | | 794.54 | 796.33 | |
| ROE (Annualized) | 4.3% | 5.2% | 5.6% | 5.1% | 3.7% | | | 5.1% | 4.9% | |

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

FY2019 Proposed Dividend

20 yen
(including 11 yen interim dividend)

Segment Summary

(¥ Millions)

| Net operating revenues | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|----------------------------------|---------|---------|--------|---------|----------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Retail | 41,552 | 43,095 | 40,763 | 41,322 | 41,248 | -0.2% | -0.7% | 185,865 | 166,430 | -10.5% |
| Wholesale | 42,618 | 39,420 | 39,852 | 48,689 | 44,327 | -9.0% | 4.0% | 158,903 | 172,289 | 8.4% |
| <i>Global Markets</i> | 28,410 | 27,310 | 27,860 | 35,021 | 31,109 | -11.2% | 9.5% | 107,232 | 121,301 | 13.1% |
| <i>Global Investment Banking</i> | 14,207 | 12,109 | 11,992 | 13,667 | 13,218 | -3.3% | -7.0% | 51,670 | 50,988 | -1.3% |
| Asset Management | 11,746 | 11,352 | 11,627 | 12,664 | 12,446 | -1.7% | 6.0% | 48,232 | 48,091 | -0.3% |
| Investments | -320 | 1,683 | -5,550 | 2,151 | 4,218 | 96.1% | - | 1,766 | 2,502 | 41.7% |
| Other/Adjustments | 11,896 | 11,571 | 9,630 | 7,362 | 8,379 | - | - | 46,473 | 36,943 | - |
| Consolidated total | 107,493 | 107,123 | 96,323 | 112,191 | 110,621 | -1.4% | 2.9% | 441,240 | 426,259 | -3.4% |

| Ordinary income | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|----------------------------------|--------|--------|--------|--------|---------------|---------------------|---------------------|--------|---------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Retail | 1,937 | 2,680 | 1,133 | 1,039 | 1,552 | 49.4% | -19.9% | 24,674 | 6,405 | -74.0% |
| Wholesale | 7,492 | 5,572 | 8,382 | 14,834 | 9,245 | -37.7% | 23.4% | 25,400 | 38,034 | 49.7% |
| <i>Global Markets</i> | 5,695 | 4,541 | 5,512 | 11,319 | 6,818 | -39.8% | 19.7% | 17,179 | 28,191 | 64.1% |
| <i>Global Investment Banking</i> | 1,654 | 924 | 2,802 | 3,324 | 2,279 | -31.4% | 37.8% | 7,287 | 9,330 | 28.0% |
| Asset Management | 6,509 | 6,209 | 6,560 | 7,038 | 6,771 | -3.8% | 4.0% | 28,359 | 26,580 | -6.3% |
| Investments | -1,109 | 924 | -6,588 | 1,581 | 3,203 | 103% | - | -1,093 | -877 | - |
| Other/Adjustments | 2,834 | 2,535 | 373 | -2,254 | -513 | - | - | 5,817 | 140 | - |
| Consolidated total | 17,664 | 17,922 | 9,861 | 22,239 | 20,259 | -8.9% | 14.7% | 83,159 | 70,283 | -15.5% |

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

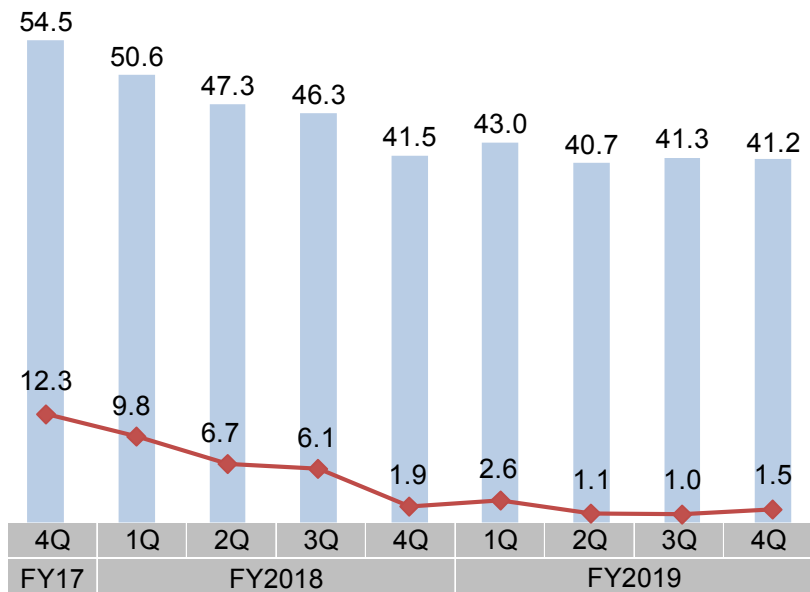
Segment Summary



Net operating revenues Ordinary income

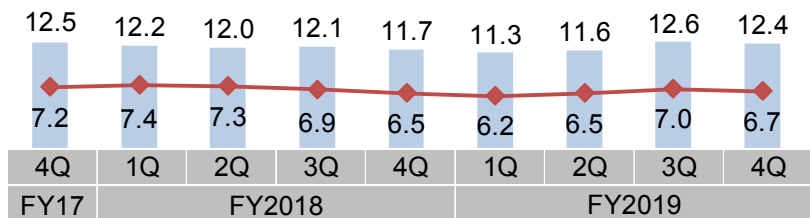
Retail Division

(¥ Billions)



Asset Management Division

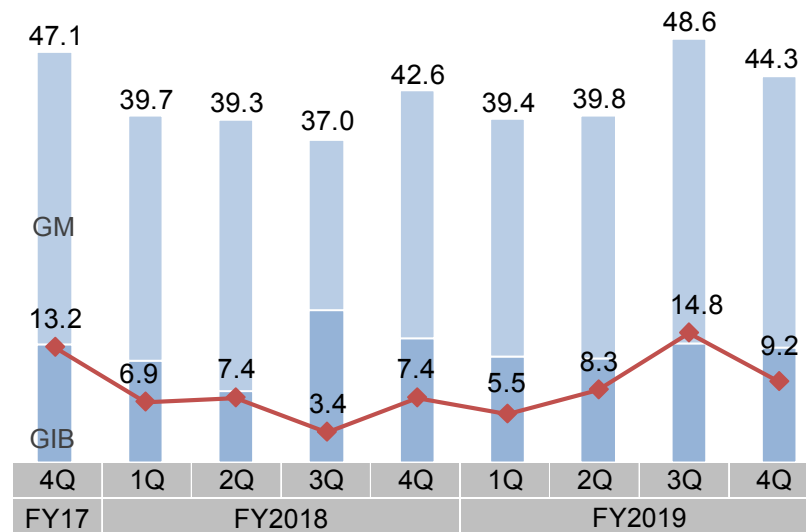
(¥ Billions)



Wholesale Division

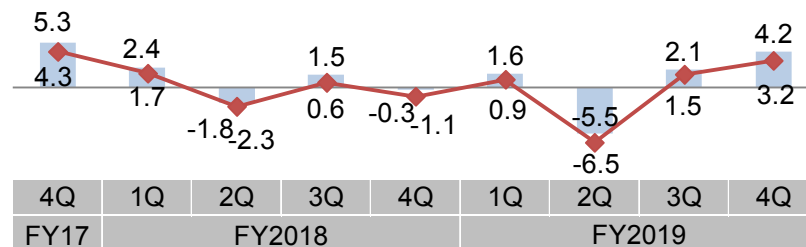
(¥ Billions)

Global Markets (Net operating revenues)
Global Investment Banking (Net operating revenues)



Investment Division

(¥ Billions)



Consolidated B/S Summary

Consolidated Balance Sheet (March 31, 2020)

(¥ Billions)

| Current assets | 22,846 | (2,441) |
|---|--------|---------|
| Cash and deposits | 3,964 | (-188) |
| Short-term investment securities | 873 | (60) |
| Trading products | 8,027 | (1,311) |
| Trading securities and other | 4,300 | (515) |
| <i>Stocks, Convertible bonds</i> | 289 | (77) |
| <i>Bonds</i> | 2,751 | (4) |
| <i>Beneficiary certificates</i> | 97 | (8) |
| <i>Other</i> | 1,161 | (424) |
| Derivatives transactions | 3,726 | (795) |
| Operational investment securities (after allowance for possible investment losses) | 201 | (91) |
| Loans secured by securities | 6,685 | (711) |
| Non-current assets | 975 | (254) |
| Property, plant and equipment | 309 | (141) |
| Intangible assets | 124 | (8) |
| Investments and other assets | 542 | (105) |
| Listed stocks | 98 | (-27) |
| Unlisted stocks | 28 | (2) |
| Affiliated company stocks, etc. | 197 | (32) |
| Other | 218 | (96) |
| Total Assets | 23,822 | (2,695) |

| Current liabilities | 19,918 | (2,836) |
|--|--------|---------|
| Trading products | 5,362 | (614) |
| Trading securities and other | 1,805 | (-234) |
| <i>Stocks, Convertible bonds</i> | 113 | (-85) |
| <i>Bonds</i> | 1,653 | (-112) |
| <i>Other</i> | 35 | (-39) |
| Derivatives transactions | 3,556 | (848) |
| Loans payable secured by securities | 7,198 | (1,250) |
| Deposits for banking business | 4,037 | (404) |
| Short-term loans payable | 1,276 | (-64) |
| Current portion of bonds | 277 | (87) |
| Long-term liabilities | 2,641 | (-142) |
| Bonds payable | 1,379 | (17) |
| Long-term loans payable | 1,183 | (-153) |
| Total liabilities | 22,564 | (2,694) |
| Net assets | 1,257 | (1) |
| Owners' equity | 1,202 | (5) |
| Accumulated other comprehensive income | 7 | (-40) |
| Non-controlling interests | 38 | (35) |
| Total liabilities and net assets | 23,822 | (2,695) |

Total assets: ¥23.82 tn

Net assets: ¥1.25 tn

Shareholders' equity:
¥1.21 tn**

- 82.1% of total assets have high liquidity*.

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

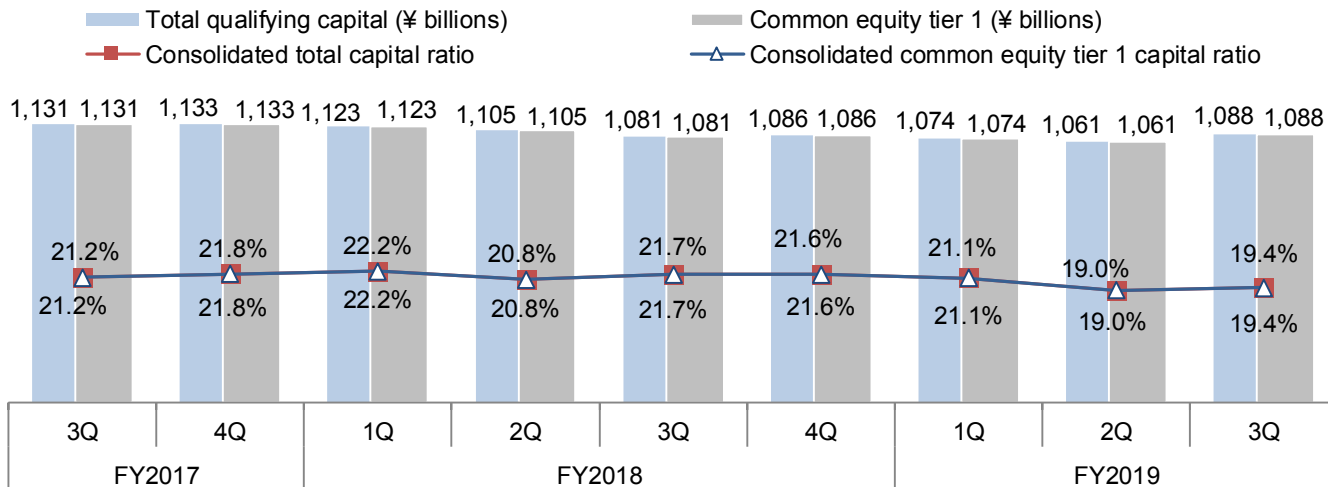
- Shareholders' equity** decreased by ¥34.4 billion from March 31, 2019.

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

※Figures in parentheses indicate changes from March 31, 2019



Consolidated Capital Adequacy Ratio



【Regulatory Capital (Basel III)】

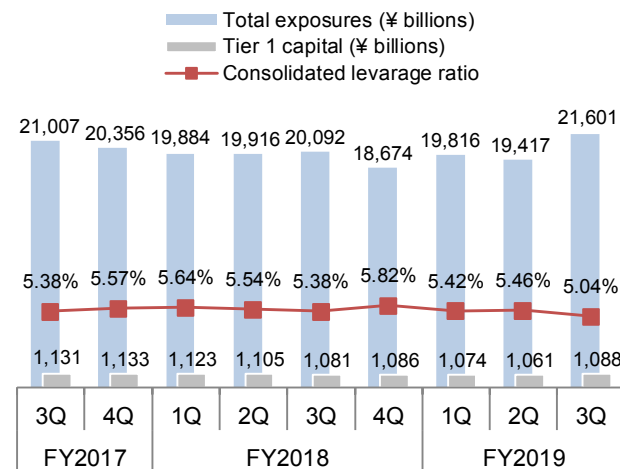
(As at December 31, 2019)

- Consolidated Total Capital Ratio : **19.4%**
- Consolidated Tier 1 Capital Ratio : **19.4%**
- Consolidated Common Equity Tier 1 Capital Ratio : **19.4%**
- Consolidated Leverage Ratio : **5.04%**

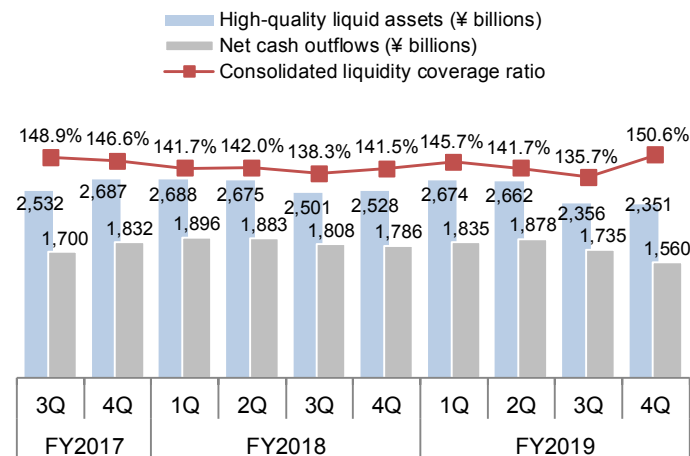
※ Figures are as at the end of each quarter.

※ As announced in the Press Release dated December 26, 2019, consolidated capital adequacy ratio and consolidated leverage ratio before the end of June, 2019 are revised.

Consolidated Leverage Ratio



Consolidated Liquidity Coverage Ratio



【Regulatory Liquidity (Basel III)】

(Daily average Jan. – Mar. 2020)

- Consolidated Liquidity Coverage Ratio : **150.6%**

P/L Summary

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|---|---------|---------|---------|---------|----------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Operating revenues | 184,086 | 181,341 | 159,666 | 170,672 | 160,606 | -5.9% | -12.8% | 720,586 | 672,287 | -6.7% |
| Commission received | 64,629 | 64,962 | 64,810 | 68,448 | 68,352 | -0.1% | 5.8% | 283,027 | 266,574 | -5.8% |
| Net trading income | 26,023 | 27,992 | 22,620 | 24,868 | 18,321 | -26.3% | -29.6% | 92,218 | 93,802 | 1.7% |
| Net gain (loss) on private equity | -1,031 | 944 | -6,241 | 1,563 | 3,748 | 139.7% | - | -232 | 14 | - |
| Financial revenue | 77,303 | 72,893 | 67,076 | 62,713 | 55,439 | -11.6% | -28.3% | 291,005 | 258,122 | -11.3% |
| Other operating revenue | 17,161 | 14,548 | 11,400 | 13,079 | 14,745 | 12.7% | -14.1% | 54,567 | 53,772 | -1.5% |
| Financial expenses | 65,850 | 65,774 | 57,492 | 49,216 | 37,432 | -23.9% | -43.2% | 242,468 | 209,916 | -13.4% |
| Other operating expenses | 10,742 | 8,443 | 5,850 | 9,264 | 12,552 | 35.5% | 16.9% | 36,876 | 36,110 | -2.1% |
| Net operating revenues | 107,493 | 107,123 | 96,323 | 112,191 | 110,621 | -1.4% | 2.9% | 441,240 | 426,259 | -3.4% |
| SG&A | 94,019 | 94,708 | 89,836 | 93,209 | 94,216 | 1.1% | 0.2% | 373,914 | 371,970 | -0.5% |
| Operating income | 13,474 | 12,414 | 6,486 | 18,982 | 16,405 | -13.6% | 21.7% | 67,326 | 54,288 | -19.4% |
| Non-operating income | 4,189 | 5,508 | 3,375 | 3,256 | 3,854 | 18.4% | -8.0% | 15,832 | 15,994 | 1.0% |
| Ordinary income/loss | 17,664 | 17,922 | 9,861 | 22,239 | 20,259 | -8.9% | 14.7% | 83,159 | 70,283 | -15.5% |
| Extraordinary income/loss | 3,517 | 1,919 | 11,600 | 1,388 | -362 | - | - | 11,924 | 14,545 | 22.0% |
| Income before income taxes | 21,181 | 19,841 | 21,461 | 23,627 | 19,897 | -15.8% | -6.1% | 95,083 | 84,828 | -10.8% |
| Total income taxes | 7,732 | 3,742 | 4,157 | 7,471 | 8,190 | 9.6% | 5.9% | 31,251 | 23,563 | -24.6% |
| Profit (loss) attributable to owners of parent | 13,409 | 16,066 | 17,316 | 15,707 | 11,255 | -28.3% | -16.1% | 63,813 | 60,346 | -5.4% |

- Commission received remained flat (-0.1%).
 - Brokerage commission* was ¥17.4 billion (+24.4%) due to an increase in both Japanese and foreign equity trading.
 - Underwriting and secondary offering commissions* dropped to ¥5.0 billion (-46.3%) as equity underwriting commission decreased.
 - Distribution commission* increased to ¥5.8 billion (+8.3%) as stock investment trust sales rose.
 - M&A related commission* was ¥8.3 billion (+10.5%).
- * Breakdown of total commission received (See p.24)
- Net trading income decreased (-26.3%) as an increase in equity trading income could not fully cover for a decline in FICC trading.

Breakdown of SG&A

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|---------------------------------|--------|--------|--------|--------|---------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| SG&A | 94,019 | 94,708 | 89,836 | 93,209 | 94,216 | 1.1% | 0.2% | 373,914 | 371,970 | -0.5% |
| Trading related expenses | 17,509 | 17,806 | 16,761 | 17,391 | 16,931 | -2.6% | -3.3% | 71,933 | 68,891 | -4.2% |
| Personnel expenses | 46,992 | 46,935 | 43,671 | 46,527 | 46,897 | 0.8% | -0.2% | 185,436 | 184,032 | -0.8% |
| Real estate expenses | 9,611 | 9,108 | 8,964 | 9,155 | 9,418 | 2.9% | -2.0% | 37,394 | 36,647 | -2.0% |
| Office cost | 6,463 | 6,431 | 6,298 | 6,653 | 6,585 | -1.0% | 1.9% | 26,518 | 25,969 | -2.1% |
| Depreciation | 6,329 | 7,748 | 7,664 | 7,605 | 7,795 | 2.5% | 23.2% | 25,343 | 30,813 | 21.6% |
| Taxes and dues | 2,725 | 2,560 | 2,629 | 2,585 | 2,753 | 6.5% | 1.0% | 10,740 | 10,529 | -2.0% |
| Other | 4,387 | 4,117 | 3,846 | 3,289 | 3,833 | 16.5% | -12.6% | 16,546 | 15,088 | -8.8% |

- SG&A increased (+1.1%).
- Trading related expenses decreased (-2.6%) as commission related to trading volume and transportation expenses declined.
- Personnel expenses slightly rose (+0.8%) due to an increase in bonus and others.
- Real estate expenses increased (+2.9%) from repair costs for training institutes.

A factor for an increase in depreciation in FY2019

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

Cost Structure

| (¥ Billions) | FY2017 | | FY2018 | | | | | FY2019 | | | | |
|---|--------|--------------|--------|------|------|------|--------------|--------|------|------|-------------|--------------|
| | 4Q | 1Q-4Q | 1Q | 2Q | 3Q | 4Q | 1Q-4Q | 1Q | 2Q | 3Q | 4Q | 1Q-4Q |
| Total SG&A | 97.5 | 370.2 | 93.4 | 92.3 | 94.1 | 94.0 | 373.9 | 94.7 | 89.8 | 93.2 | 94.2 | 371.9 |
| Variable costs | 41.3 | 152.3 | 36.7 | 35.2 | 36.7 | 36.8 | 145.5 | 36.6 | 32.2 | 35.2 | 35.4 | 139.5 |
| Trading related expenses | 18.6 | 72.4 | 17.9 | 17.9 | 18.5 | 17.5 | 71.9 | 17.8 | 16.7 | 17.3 | 16.9 | 68.8 |
| <i>Advertising and promotion expenses</i> | 3.2 | 12.0 | 2.7 | 3.3 | 3.6 | 3.2 | 12.9 | 2.5 | 3.1 | 3.0 | 3.2 | 12.0 |
| Bonus and others | 15.7 | 55.3 | 12.3 | 10.6 | 11.7 | 12.5 | 47.2 | 12.3 | 9.2 | 12.1 | 12.4 | 46.2 |
| Overtime, part-time | 2.2 | 9.3 | 2.5 | 2.3 | 2.4 | 2.4 | 9.7 | 2.3 | 2.1 | 2.2 | 2.1 | 8.9 |
| Fixed costs | 56.1 | 217.9 | 56.7 | 57.0 | 57.3 | 57.2 | 228.3 | 58.0 | 57.6 | 57.9 | 58.8 | 232.4 |
| Personnel expenses | 31.3 | 120.3 | 31.9 | 32.0 | 31.9 | 31.9 | 127.9 | 32.0 | 32.1 | 32.0 | 32.2 | 128.4 |
| Real estate expenses | 9.1 | 35.9 | 9.2 | 9.2 | 9.3 | 9.6 | 37.3 | 9.1 | 8.9 | 9.1 | 9.4 | 36.6 |
| Depreciation | 6.0 | 24.3 | 6.2 | 6.2 | 6.4 | 6.3 | 25.3 | 7.7 | 7.6 | 7.6 | 7.7 | 30.8 |
| Office expenses | 6.5 | 25.3 | 6.2 | 6.2 | 6.6 | 6.1 | 25.2 | 6.1 | 6.0 | 6.3 | 6.3 | 24.7 |
| Taxes and dues | 2.6 | 10.7 | 2.6 | 2.7 | 2.6 | 2.7 | 10.7 | 2.5 | 2.6 | 2.5 | 2.7 | 10.5 |

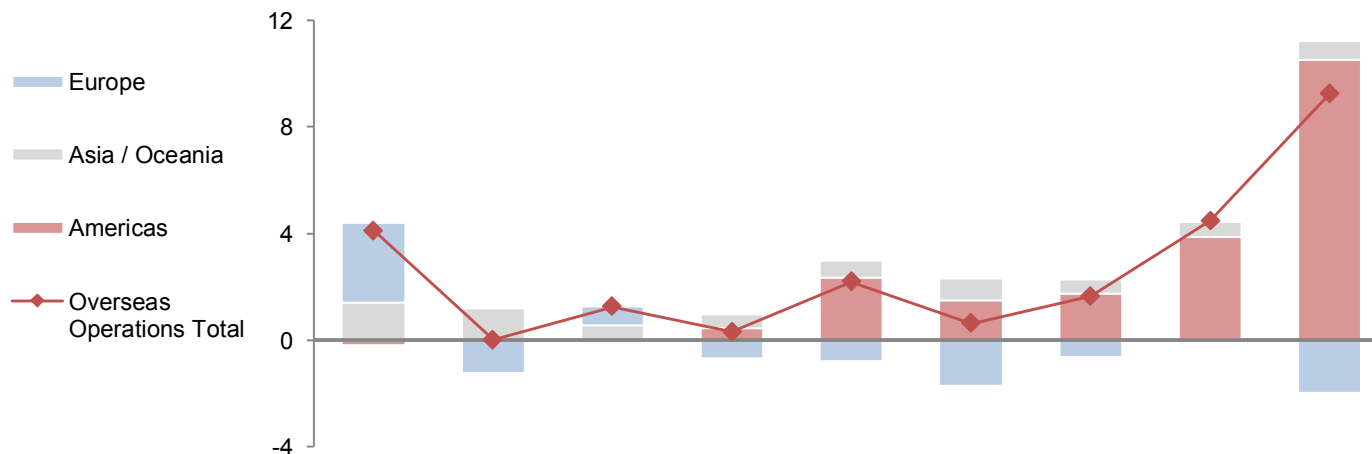
Ordinary Income of Overseas Operations

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|----------------------------------|--------|--------|-------|-------|---------------|---------------------|---------------------|--------|---------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Overseas Operations Total | 2,190 | 627 | 1,651 | 4,486 | 9,226 | 105.6% | 321.2% | 3,765 | 15,992 | 324.7% |
| Europe | -796 | -1,702 | -627 | 57 | -1,981 | - | - | -1,947 | -4,253 | - |
| Asia / Oceania | 641 | 831 | 526 | 550 | 693 | 26.1% | 8.1% | 2,946 | 2,601 | -11.7% |
| Americas | 2,345 | 1,498 | 1,752 | 3,878 | 10,514 | 171.1% | 348.3% | 2,766 | 17,644 | 537.8% |

Overseas operations stayed in the black for 4 consecutive years (also for 16 consecutive quarters).

- In Europe, revenues from M&A business increased, while FICC struggled due to widening of credit spread.
- In Asia / Oceania, wealth management business and a rise in equity brokerage revenues contributed to the income.
- In Americas, ordinary income improved significantly as revenues from FICC reached a record high on quarterly basis.

Ordinary Income



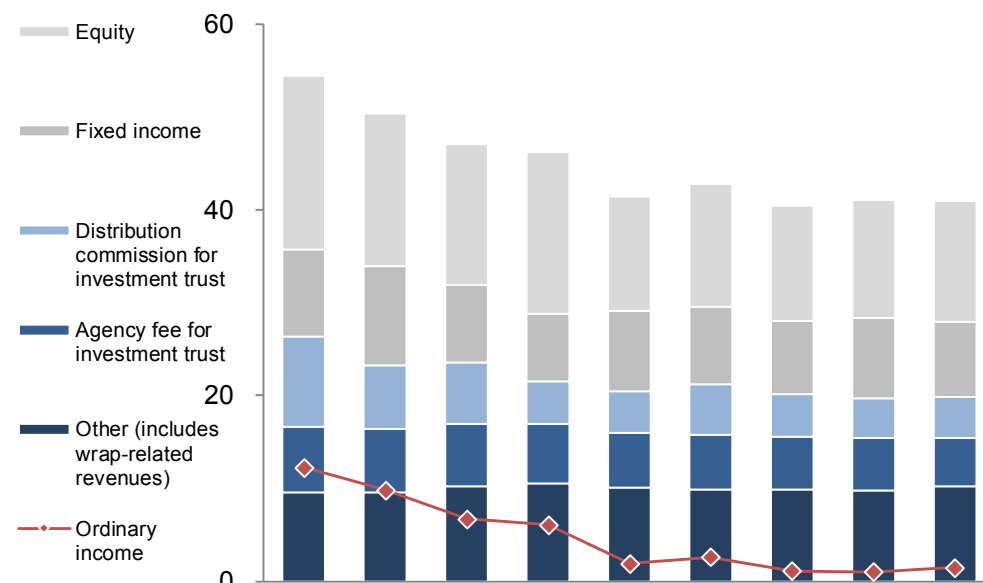
| (¥ Billions) | FY2017 | FY2018 | | | | FY2019 | | | |
|--------------|--------|--------|----|----|----|--------|----|----|----|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |

Retail Division

| (¥ Millions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|-------------------------------|---------------|---------------------------|----------------|------------------------|
| Net operating revenues | 41,248 | -0.2% | 166,430 | -10.5% |
| Ordinary income | 1,552 | 49.4% | 6,405 | -74.0% |

- Equity revenues rose as both Japanese and foreign equity trading volume increased, even though sales commission from equity underwriting decreased.
- Fixed income revenues declined due to a decrease in sales commission of structured bonds.
- Distribution commission for investment trust rose led by an increase in stock investment trust sales. Investment trust agency fee dropped due to a decline in average asset under custody.
- Other revenues increased from a rise in investment advisory and account management fees related to wrap business and sales commission from insurance.

Net Operating Revenues and Ordinary Income



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity | 18.6 | 16.5 | 15.2 | 17.4 | 12.3 | 13.2 | 12.4 | 12.7 | 13.1 |
| Fixed income | 9.4 | 10.6 | 8.3 | 7.3 | 8.6 | 8.4 | 8.0 | 8.7 | 8.1 |
| Distribution commission for investment trust | 9.8 | 6.9 | 6.6 | 4.6 | 4.5 | 5.4 | 4.5 | 4.2 | 4.4 |
| Agency fee for investment trust | 7.0 | 6.8 | 6.8 | 6.4 | 5.9 | 5.9 | 5.7 | 5.7 | 5.2 |
| Other (includes wrap-related revenues) | 9.6 | 9.6 | 10.2 | 10.5 | 10.1 | 9.9 | 9.9 | 9.8 | 10.2 |
| Net operating revenues | 54.5 | 50.6 | 47.3 | 46.3 | 41.5 | 43.0 | 40.7 | 41.3 | 41.2 |
| Ordinary income | 12.3 | 9.8 | 6.7 | 6.1 | 1.9 | 2.6 | 1.1 | 1.0 | 1.5 |

Retail Division Daiwa Securities

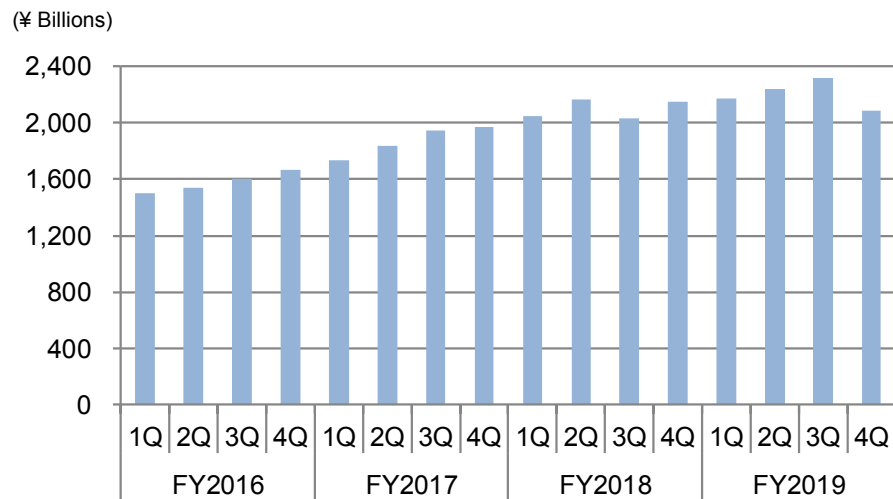
【Wrap Account Service】

- Contract AUM decreased toward the end of the period from the weak market, but saw net asset inflow QoQ.

【Stock Investment Trusts】

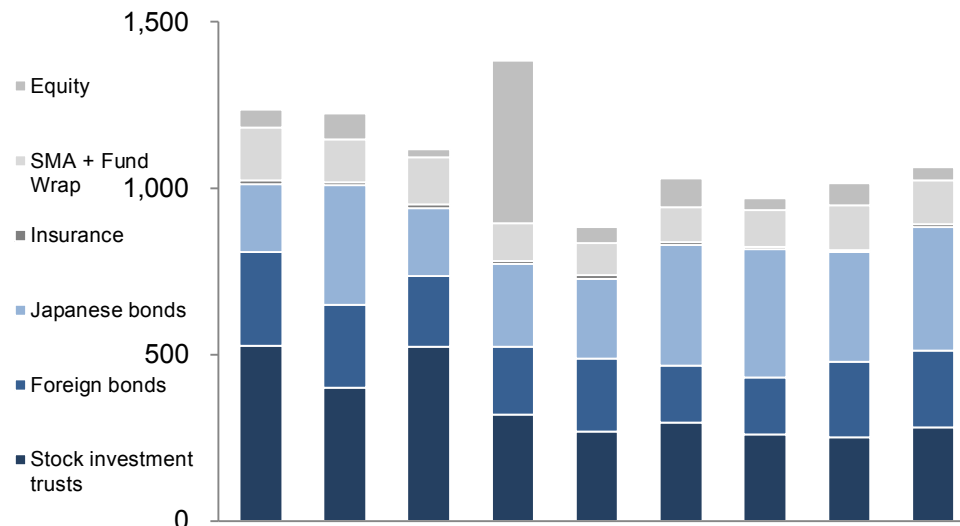
- Man AHL Smart Leverage Strategy Fund performed stable despite market fall and saw solid sales.
Sales for 4Q(Jan.-Mar.) : ¥51.7 billion

Contract AUM of Wrap Account Service



*Includes contracts AUM of Wholesale Division.

Sales and Distribution Amount by Product



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|------------------------------|-------|--------|-------|-------|-------|--------|-------|-------|--------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity* | 53.6 | 77.1 | 23.9 | 486.9 | 46.7 | 88.0 | 35.4 | 65.7 | 40.1 |
| SMA + Fund Wrap** | 158.2 | 130.1 | 142.6 | 113.5 | 97.5 | 105.1 | 109.8 | 135.3 | 133.4 |
| Insurance*** | 12.5 | 9.6 | 10.4 | 9.8 | 9.8 | 8.6 | 7.5 | 7.8 | 8.6 |
| Japanese bonds | 204.3 | 359.0 | 203.4 | 248.4 | 241.9 | 361.8 | 385.6 | 328.6 | 369.7 |
| Foreign bonds**** | 281.1 | 250.2 | 212.5 | 203.4 | 218.9 | 172.7 | 171.2 | 228 | 233.6 |
| Stock investment trusts***** | 527.5 | 399.5 | 524.6 | 321.0 | 267.8 | 294.8 | 260.1 | 251.0 | 279.2 |

*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 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|-------------------------------|---------------|---------------------------|----------------|------------------------|
| Net operating revenues | 31,109 | -11.2% | 121,301 | 13.1% |
| Ordinary income | 6,818 | -39.8% | 28,191 | 64.1% |

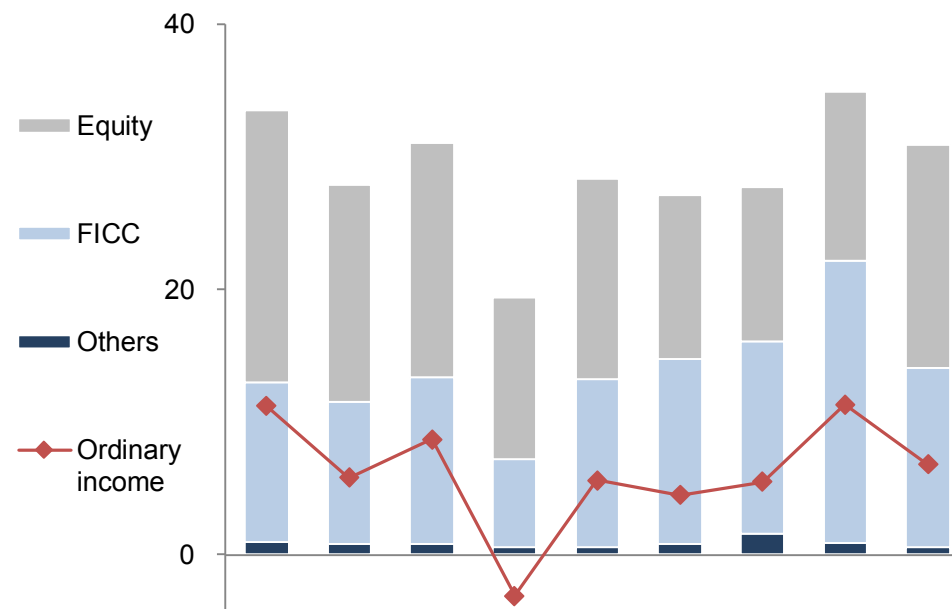
【Equity】

- Equity revenues rose due to an increase in customer order flows of Japanese equities toward the end of the period. Management of position also contributed to revenues.

【FICC*】

- FICC revenues in Japan decreased as management of position struggled due to widening of credit spread, even though revenues in JGB business increased.
- Overseas FICC revenues increased led by strong performance in Americas.

Net Operating Revenues and Ordinary Income



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity | 20.5 | 16.4 | 17.6 | 12.2 | 15.1 | 12.3 | 11.6 | 12.7 | 16.8 |
| FICC* | 12.0 | 10.7 | 12.6 | 6.6 | 12.6 | 14.0 | 14.5 | 21.3 | 13.5 |
| Others | 1.0 | 0.8 | 0.8 | 0.6 | 0.6 | 0.8 | 1.6 | 0.9 | 0.6 |
| Net operating revenues | 33.6 | 28.0 | 31.1 | 19.5 | 28.4 | 27.3 | 27.8 | 35.0 | 31.1 |
| Ordinary income | 11.2 | 5.8 | 8.7 | -3.1 | 5.6 | 4.5 | 5.5 | 11.3 | 6.8 |

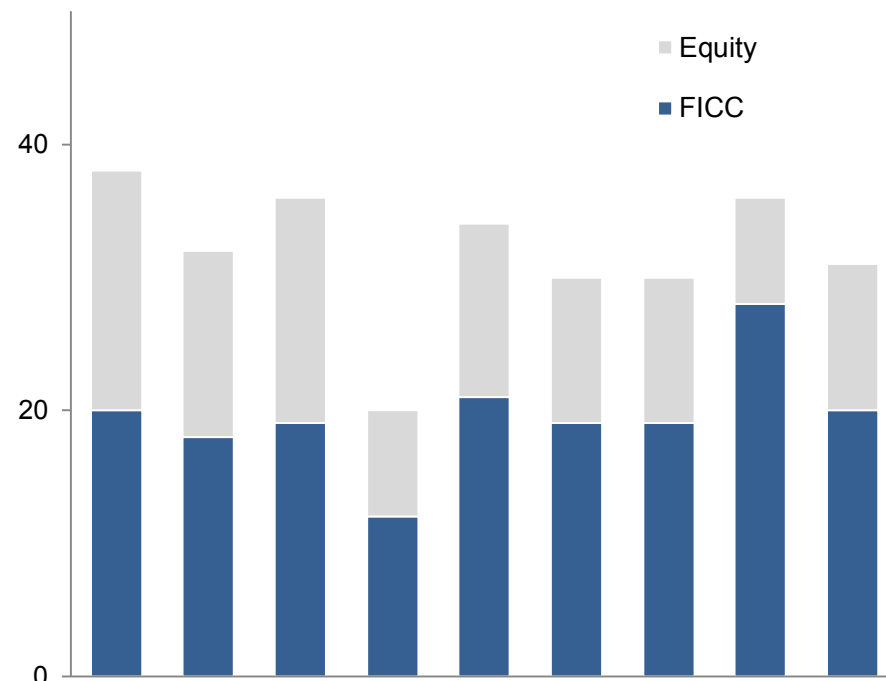
*FICC: Fixed Income, Currency and Commodities

Equity & FICC Income: Consolidated Trading Gain/Loss (Daiwa Securities/Overseas Subsidiaries)

【Managerial accounting basis】

| (¥ Billions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|---------------|--------------|---------------------------|------------|------------------------|
| Equity | 11 | 37.5% | 41 | -21.2% |
| FICC | 20 | -28.6% | 86 | 22.9% |
| Total | 31 | -13.9% | 127 | 4.1% |

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



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity | 18 | 14 | 17 | 8 | 13 | 11 | 11 | 8 | 11 |
| FICC | 20 | 18 | 19 | 12 | 21 | 19 | 19 | 28 | 20 |
| Total | 38 | 32 | 36 | 20 | 34 | 30 | 30 | 36 | 31 |

<Reference>

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

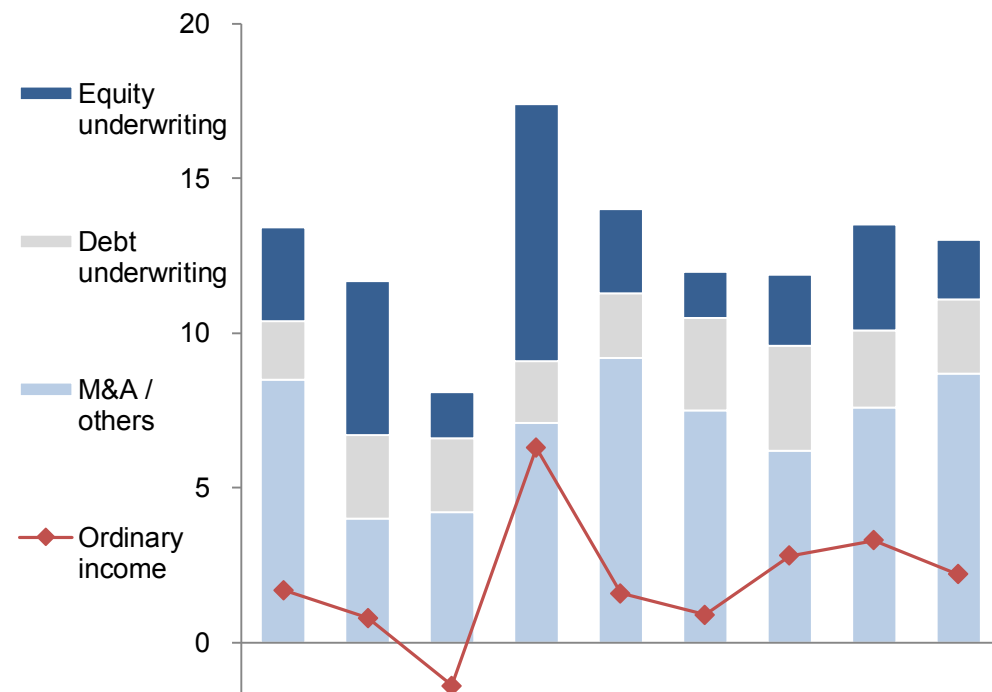
| (¥ Billions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|---------------------------------|--------------|---------------------------|--------------|------------------------|
| Equity | 13.2 | 48.2% | 42.6 | 10.4% |
| Bond and forex | 5.0 | -68.4% | 51.1 | -4.5% |
| Net financial income | 18.0 | 33.4% | 48.2 | -0.7% |
| Total | 36.3 | -5.3% | 142.0 | 0.9% |

Wholesale Division Global Investment Banking



| (¥ Millions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|-------------------------------|---------------|---------------------------|---------------|------------------------|
| Net operating revenues | 13,218 | -3.3% | 50,988 | -1.3% |
| Ordinary income | 2,279 | -31.4% | 9,330 | 28.0% |

Net Operating Revenues and Ordinary Income



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity underwriting | 3.0 | 5.0 | 1.5 | 8.3 | 2.7 | 1.5 | 2.3 | 3.4 | 1.9 |
| Debt underwriting | 1.9 | 2.7 | 2.4 | 2.0 | 2.1 | 3.0 | 3.4 | 2.5 | 2.4 |
| M&A / others | 8.5 | 4.0 | 4.2 | 7.1 | 9.2 | 7.5 | 6.2 | 7.6 | 8.7 |
| Net operating revenues | 13.5 | 11.7 | 8.2 | 17.5 | 14.2 | 12.1 | 11.9 | 13.6 | 13.2 |
| Ordinary income | 1.7 | 0.8 | -1.4 | 6.3 | 1.6 | 0.9 | 2.8 | 3.3 | 2.2 |

【Equity】

■ Lead managed several REIT PO deals.

<Selected lead managed deals>

| | | <Offering size> |
|---|----------------|-----------------|
| Daiwa House REIT Investment Corporation | REIT Global PO | ¥36.9 bn |
| Mitsui Fudosan Logistics Park Inc. | REIT Global PO | ¥30.7 bn |
| USEN-NEXT HOLDINGS Co.,Ltd. | PO | ¥14.2 bn |
| ITOCHU Advance Logistics Investment Corporation | REIT PO | ¥15.0 bn |

【Debt】

■ Lead managed a number of straight bonds and benchmark bonds.

<Selected lead managed deals>

| | | <Offering size> |
|--|---------------------------|-----------------|
| Hitachi, Ltd. (3/7/10yrs) | Straight Bond | ¥200.0 bn |
| FUJIFILM Holdings Corporation (3/5yrs) | Straight Bond | ¥150.0 bn |
| East Nippon Expressway Company Limited (5/7/10yrs) | Straight Bond/Social Bond | ¥110.0 bn |
| JBIC (3yrs) | Benchmark Bond | USD 2.25 bn |
| Nederlandse Waterschapsbank N.V. (5yrs) | Benchmark Bond | USD 2.0 bn |

【M&A】

■ Revenues increased by managing several domestic and overseas deals.

<Selected deals>

- Making AVX, a listed subsidiary in US, a wholly owned subsidiary of KYOCERA Corporation
- Capital and business alliance between Matsumotokiyoshi Holdings Co.,Ltd. And cocokara fine Inc.
- Acquisition of Alta Steel, a steel company in Canada by KYOEI STEEL LTD.
- Sales of Fairbanks Morse department (reciprocating engine business) to Arcline (US·fund) by EnPro Industries (US·precision equipment)
- Sales of storage management business of depositary receipt to Cecabank (Spain·bank) by Kutxabank (Spain·bank)

Asset Management Division

| (¥ Millions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|------------------------|--------------|---------------------------|--------|------------------------|
| Net operating revenues | 12,446 | -1.7% | 48,091 | -0.3% |
| Ordinary income | 6,771 | -3.8% | 26,580 | -6.3% |

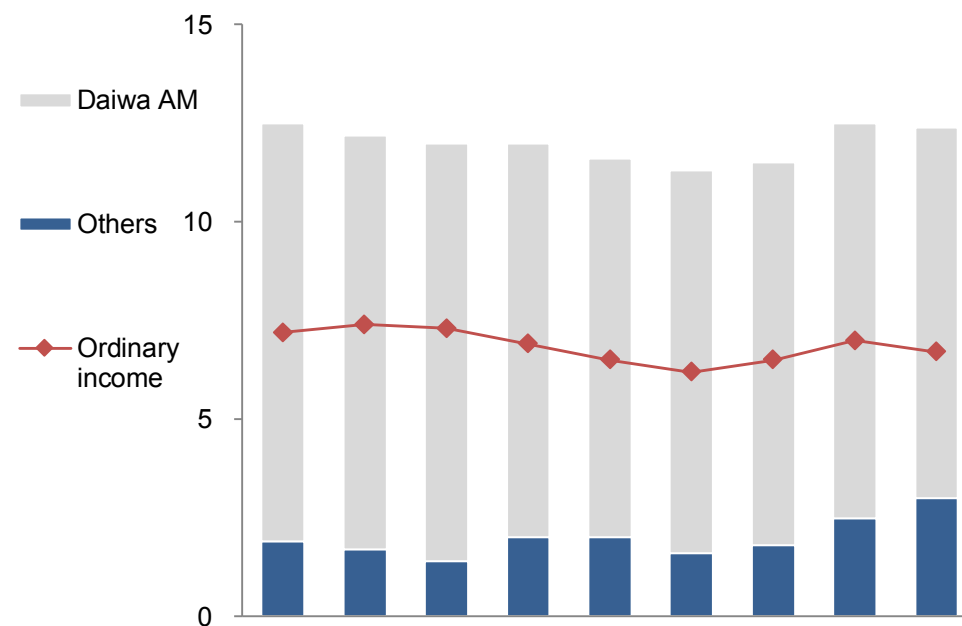
【Daiwa Asset Management】

- Revenues decreased due to a decline in AUM of stock investment trust from stock market fall, even though net asset remained inflow.

【Others】

- Management fee of Daiwa Real Estate Asset Management increased by acquisition of real estates. Daiwa Securities Logistics Private Investment Corporation started its operation.

Net Operating Revenues and Ordinary Income



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|-------------------------------|------|--------|------|------|------|--------|------|------|------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Daiwa AM | 10.6 | 10.5 | 10.6 | 10.0 | 9.6 | 9.7 | 9.7 | 10.0 | 9.4 |
| Others | 1.9 | 1.7 | 1.4 | 2.0 | 2.0 | 1.6 | 1.8 | 2.5 | 3.0 |
| Net operating revenues | 12.5 | 12.2 | 12.0 | 12.1 | 11.7 | 11.3 | 11.6 | 12.6 | 12.4 |
| Ordinary income | 7.2 | 7.4 | 7.3 | 6.9 | 6.5 | 6.2 | 6.5 | 7.0 | 6.7 |

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

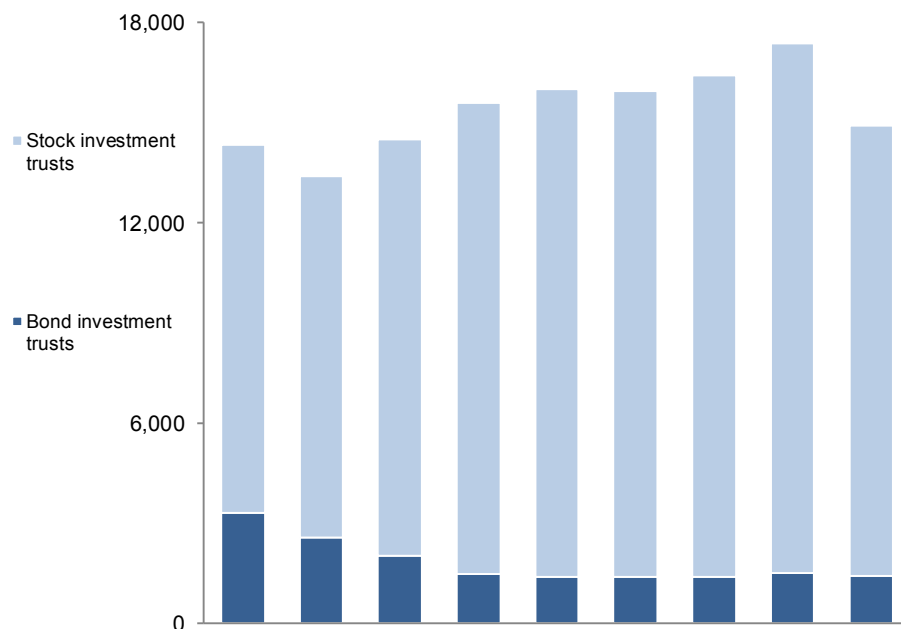
※ Equity in earnings of affiliates is included in non-operating revenues.

Asset Management Division

Assets Under Management and Net Increase

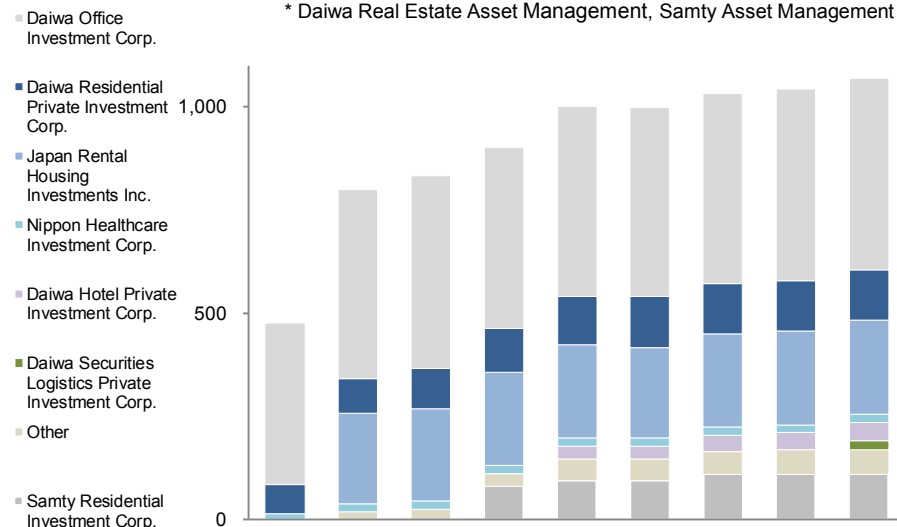


Daiwa Asset Management AUM



| FY2019 | FY2019 | | | |
|------------------------------|--------|--------|--------|---------------|
| | 1Q | 2Q | 3Q | 4Q |
| Stock investment trusts | 14,576 | 15,022 | 15,868 | 13,478 |
| excl. ETF | 7,070 | 7,108 | 7,240 | 6,063 |
| (Net inflow) | (-111) | (-59) | (-99) | (52) |
| ETF | 7,506 | 7,914 | 8,628 | 7,414 |
| (Net inflow) | (232) | (300) | (51) | (363) |
| Bond investment trusts | 1,392 | 1,400 | 1,514 | 1,421 |
| Total | 15,968 | 16,423 | 17,383 | 14,900 |
| Stock investment trust share | 14.1% | 14.1% | 14.1% | 14.0% |

Real Estate Asset Management Business AUM of Two Companies*



| FY2019 | FY2019 | | | |
|---|--------|-------|-------|--------------|
| | 1Q | 2Q | 3Q | 4Q |
| Daiwa Office Investment Corp. | 460 | 461 | 463 | 463 |
| Daiwa Residential Private Investment Corp. | 121 | 121 | 121 | 121 |
| Japan Rental Housing Investments Inc.* | 220 | 226 | 227 | 227 |
| Nippon Healthcare Investment Corp.* | 19 | 19 | 19 | 19 |
| Daiwa Hotel Private Investment Corp. | 29 | 40 | 40 | 45 |
| Daiwa Securities Logistics Private Investment Corp. | | | | 20 |
| Other | 53 | 53 | 59 | 59 |
| Total | 906 | 923 | 933 | 959 |
| Samty Residential Investment Corp. (Sub sponsor) | 93 | 109 | 109 | 109 |
| Total (Including sub sponsor) | 999 | 1,033 | 1,043 | 1,069 |

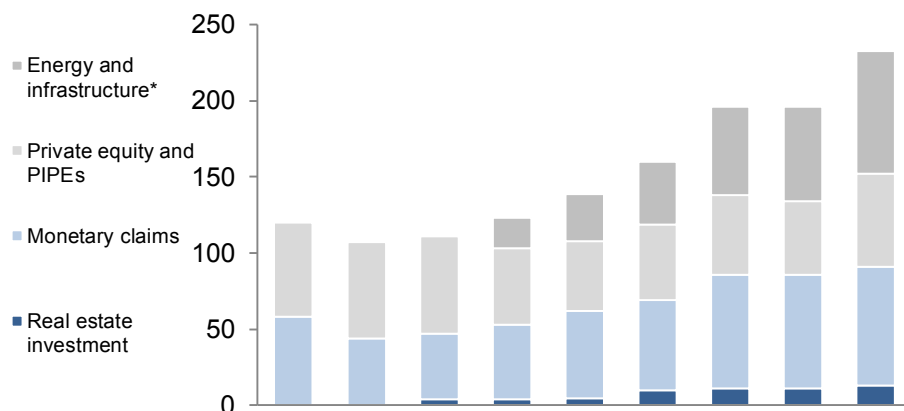
* Japan Rental Housing Investment Inc. merged with Nippon Healthcare Investment Corp. and changed trade name to Daiwa Securities Living Investment Corp. on April 1, 2020.

Investment Division

| (¥ Millions) | FY2019 4Q | % Change vs 3Q/FY19 | FY2019 | % Change vs FY18 |
|-------------------------------|--------------|---------------------------|--------------|------------------------|
| Net operating revenues | 4,218 | 96.1% | 2,502 | 41.7% |
| Ordinary income | 3,203 | 102.5% | -877 | - |

- Revenues from monetary claims increased in Daiwa PI Partners.
- Daiwa Energy & Infrastructure posted gain from sales of investments.

Principal Investment Value



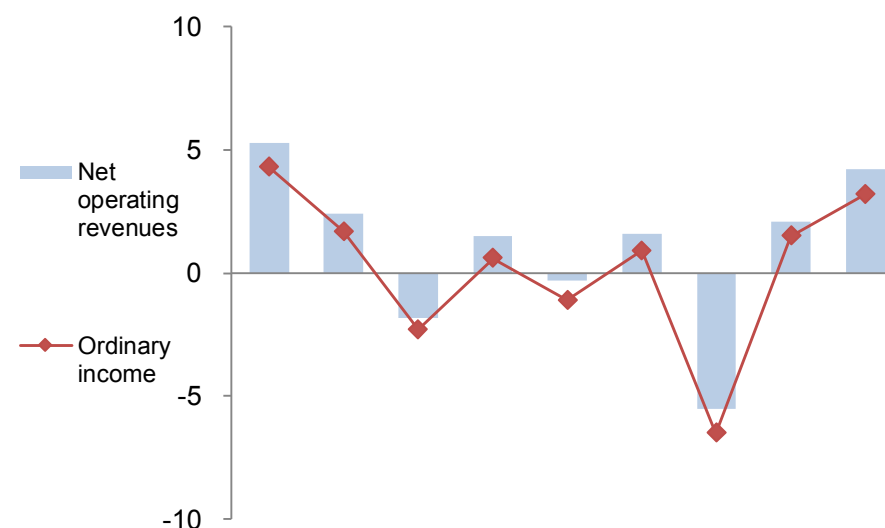
| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Daiwa PI Partners | | | | | | | | | |
| Private equity and PIPEs | 62 | 63 | 64 | 50 | 46 | 50 | 52 | 48 | 61 |
| Monetary claims | 58 | 44 | 43 | 49 | 57 | 59 | 75 | 75 | 78 |
| Real estate investment | 0 | 0 | 4 | 4 | 5 | 10 | 11 | 11 | 13 |
| Daiwa Energy & Infrastructure | | | | 20 | 31 | 41 | 58 | 62 | 81 |
| Total | 120 | 107 | 112 | 124 | 139 | 163 | 198 | 198 | 235 |

* 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



| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|-------------------------------|------------|------------|-------------|------------|-------------|------------|-------------|------------|------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Net operating revenues | 5.3 | 2.4 | -1.8 | 1.5 | -0.3 | 1.6 | -5.5 | 2.1 | 4.2 |
| Ordinary income | 4.3 | 1.7 | -2.3 | 0.6 | -1.1 | 0.9 | -6.5 | 1.5 | 3.2 |

Reference

Daiwa Securities Group Inc.

Breakdown of Commission

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|--|--------|--------|--------|--------|---------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Total commission | 64,629 | 64,962 | 64,810 | 68,448 | 68,352 | -0.1% | 5.8% | 283,027 | 266,574 | -5.8% |
| Brokerage commission | 12,495 | 12,416 | 12,684 | 13,994 | 17,406 | 24.4% | 39.3% | 58,336 | 56,503 | -3.1% |
| Underwriting and secondary offering commissions | 6,235 | 6,932 | 8,337 | 9,466 | 5,081 | -46.3% | -18.5% | 41,810 | 29,818 | -28.7% |
| Distribution commission | 5,451 | 6,352 | 5,716 | 5,369 | 5,816 | 8.3% | 6.7% | 26,047 | 23,254 | -10.7% |
| Other commission | 40,446 | 39,261 | 38,071 | 39,617 | 40,047 | 1.1% | -1.0% | 156,833 | 156,997 | 0.1% |
| <i>Investment advisory and account management fees</i> | 6,630 | 6,897 | 7,058 | 7,175 | 7,344 | 2.4% | 10.8% | 27,038 | 28,476 | 5.3% |
| <i>Insurance sales commission</i> | 628 | 362 | 317 | 276 | 379 | 37.5% | -39.6% | 2,820 | 1,336 | -52.6% |
| <i>M&A related commission</i> | 8,472 | 7,323 | 5,735 | 7,528 | 8,320 | 10.5% | -1.8% | 22,805 | 28,908 | 26.8% |
| <i>Management fee</i> | 17,882 | 17,767 | 17,605 | 17,985 | 16,721 | -7.0% | -6.5% | 76,765 | 70,079 | -8.7% |
| <i>Other</i> | 6,832 | 6,909 | 7,353 | 6,652 | 7,281 | 9.5% | 6.6% | 27,402 | 28,197 | 2.9% |

Balance Sheet

Daiwa Securities Balance Sheet (March 31, 2020)

(¥ Billions)

| | | |
|---|---------------|----------------|
| Current assets | 11,852 | (2,142) |
| Trading products | 5,827 | (1,241) |
| Trading securities and other | 2,141 | (483) |
| Derivatives transactions | 3,685 | (758) |
| Margin transaction assets | 112 | (-59) |
| Loans on margin transactions | 102 | (-50) |
| Cash collateral pledged for securities borrowing on margin transactions | 9 | (-8) |
| Loans secured by securities | 3,370 | (1,212) |
| Short-term guarantee deposits | 596 | (209) |
| Short-term loans receivable | 524 | (115) |
| Non-current assets | 127 | (4) |
| Property, plant and equipment | 8 | (1) |
| Intangible assets | 76 | (2) |
| Total assets | 11,980 | (2,147) |

| | | |
|---|---------------|----------------|
| Current liabilities | 9,903 | (2,342) |
| Trading products | 4,264 | (670) |
| Trading securities and other | 768 | (-126) |
| Derivatives transactions | 3,495 | (796) |
| Margin transaction liabilities | 58 | (-9) |
| Loans payables secured by securities | 3,200 | (1,443) |
| Short-term loans payable | 1,165 | (-98) |
| Current portion of bonds | 149 | (20) |
| Long-term liabilities | 1,327 | (-168) |
| Bonds payable | 596 | (-30) |
| Long-term loans payable | 689 | (-140) |
| Total liabilities | 11,235 | (2,174) |
| Net assets | 744 | (-27) |
| Shareholders' equity | 743 | (-26) |
| Capital stock | 100 | — |
| Total liabilities and net assets | 11,980 | (2,147) |

※ Figures in parentheses show changes from March 31, 2019

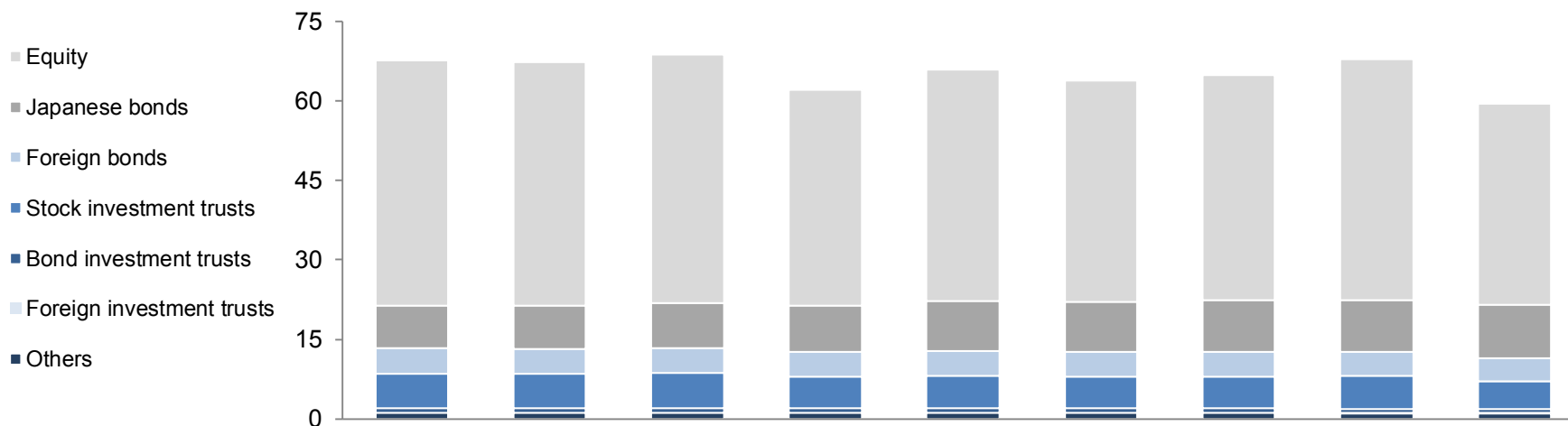
Financial Summary I

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|--|--------|--------|--------|--------|---------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Operating revenues | 77,462 | 79,513 | 73,965 | 78,520 | 66,653 | -15.1% | -14.0% | 332,374 | 298,652 | -10.1% |
| Commission received | 39,987 | 43,059 | 44,818 | 44,581 | 45,374 | 1.8% | 13.5% | 185,741 | 177,833 | -4.3% |
| Brokerage commission | 9,126 | 8,903 | 9,214 | 10,420 | 12,735 | 22.2% | 39.5% | 43,043 | 41,274 | -4.1% |
| <i>Stock and others</i> | 8,907 | 8,645 | 8,955 | 10,199 | 11,930 | 17.0% | 33.9% | 41,861 | 39,731 | -5.1% |
| Underwriting and secondary offering commissions | 5,714 | 6,113 | 8,052 | 8,305 | 5,573 | -32.9% | -2.5% | 36,563 | 28,044 | -23.3% |
| <i>Equity</i> | 2,956 | 1,114 | 2,767 | 4,850 | 2,149 | -55.7% | -27.3% | 22,680 | 10,882 | -52.0% |
| <i>Bond and others</i> | 2,758 | 4,998 | 5,285 | 3,454 | 3,423 | -0.9% | 24.1% | 13,882 | 17,162 | 23.6% |
| Distribution commission | 5,403 | 6,286 | 5,665 | 5,309 | 5,764 | 8.6% | 6.7% | 25,840 | 23,025 | -10.9% |
| <i>Investment trust</i> | 4,463 | 5,301 | 4,476 | 4,124 | 4,314 | 4.6% | -3.3% | 22,418 | 18,217 | -18.7% |
| Other commissions | 19,743 | 21,756 | 21,885 | 20,545 | 21,301 | 3.7% | 7.9% | 80,295 | 85,488 | 6.5% |
| <i>Agency fee and others</i> | 6,771 | 6,768 | 6,625 | 6,632 | 6,144 | -7.4% | -9.3% | 29,373 | 26,170 | -10.9% |
| <i>Investment advisory and account management fees</i> | 6,630 | 6,897 | 7,058 | 7,175 | 7,344 | 2.4% | 10.8% | 27,038 | 28,476 | 5.3% |
| <i>Insurance sales commission</i> | 628 | 362 | 317 | 276 | 379 | 37.5% | -39.6% | 2,820 | 1,336 | -52.6% |
| <i>M&A related commission</i> | 1,752 | 3,651 | 3,533 | 3,007 | 3,631 | 20.7% | 107.2% | 5,510 | 13,823 | 150.8% |
| Net trading income/loss | 24,737 | 23,753 | 18,744 | 22,457 | 11,780 | -47.5% | -52.4% | 89,168 | 76,735 | -13.9% |
| Financial revenues | 12,736 | 12,699 | 10,403 | 11,481 | 9,498 | -17.3% | -25.4% | 57,464 | 44,083 | -23.3% |
| Financial expenses | 8,442 | 9,119 | 7,074 | 8,158 | 4,427 | -45.7% | -47.5% | 39,545 | 28,780 | -27.2% |
| Net operating revenues | 69,020 | 70,393 | 66,891 | 70,361 | 62,225 | -11.6% | -9.8% | 292,828 | 269,872 | -7.8% |

Financial Summary II

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|-------------------------------|--------|--------|--------|--------|---------------|---------------------|---------------------|---------|----------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| SG&A | 59,147 | 61,472 | 58,973 | 60,246 | 59,873 | -0.6% | 1.2% | 239,492 | 240,566 | 0.4% |
| Trading related expenses | 10,501 | 11,687 | 10,552 | 11,174 | 11,279 | 0.9% | 7.4% | 42,903 | 44,694 | 4.2% |
| Personnel expenses | 24,086 | 24,620 | 23,282 | 23,706 | 23,485 | -0.9% | -2.5% | 98,021 | 95,094 | -3.0% |
| Real estate expenses | 6,317 | 6,331 | 6,206 | 6,226 | 6,241 | 0.2% | -1.2% | 25,088 | 25,006 | -0.3% |
| Office cost | 11,440 | 11,668 | 11,740 | 12,238 | 11,730 | -4.2% | 2.5% | 46,934 | 47,377 | 0.9% |
| Depreciation | 4,484 | 5,087 | 5,068 | 4,930 | 5,053 | 2.5% | 12.7% | 17,483 | 20,140 | 15.2% |
| Taxes and dues | 1,089 | 1,008 | 1,048 | 953 | 906 | -5.0% | -16.8% | 4,426 | 3,916 | -11.5% |
| Other | 1,227 | 1,070 | 1,073 | 1,016 | 1,176 | 15.7% | -4.1% | 4,635 | 4,337 | -6.4% |
| Ordinary income | 10,215 | 9,053 | 8,102 | 10,097 | 2,534 | -74.9% | -75.2% | 53,710 | 29,788 | -44.5% |
| Net income | 9,422 | 449 | 2,490 | 6,645 | 2,060 | -69.0% | -78.1% | 38,297 | 11,646 | -69.6% |
| ROE (Annualized) | 4.9% | 0.2% | 1.4% | 3.6% | 1.1% | | | 4.9% | 1.5% | |
| Capital adequacy ratio | 346.6% | 332.6% | 308.3% | 322.7% | 326.9% | | | 346.6% | 326.9% | |

Assets under Custody



| (¥ Trillions) | FY2017 | FY2018 | | | | FY2019 | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Equity | 46.3 | 45.9 | 46.8 | 40.8 | 43.8 | 41.9 | 42.5 | 45.4 | 38.0 |
| Japanese bonds | 8.1 | 8.3 | 8.6 | 8.7 | 9.3 | 9.3 | 9.7 | 9.8 | 10.1 |
| Foreign bonds | 4.8 | 4.6 | 4.6 | 4.7 | 4.8 | 4.7 | 4.7 | 4.5 | 4.3 |
| Stock investment trusts | 6.4 | 6.4 | 6.6 | 5.9 | 6.1 | 6.0 | 6.0 | 6.2 | 5.2 |
| Bond investment trusts | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Foreign investment trusts | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Others | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 |
| Total | 68.1 | 67.6 | 69.0 | 62.4 | 66.3 | 64.2 | 65.2 | 68.2 | 59.8 |
| Daiwa Next Bank deposit balance | 3.5 | 3.6 | 3.6 | 3.6 | 3.6 | 3.8 | 4.0 | 4.2 | 4.0 |

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

※ ETFs are recorded in 'Equity'.

Number of Accounts and Equity Trading

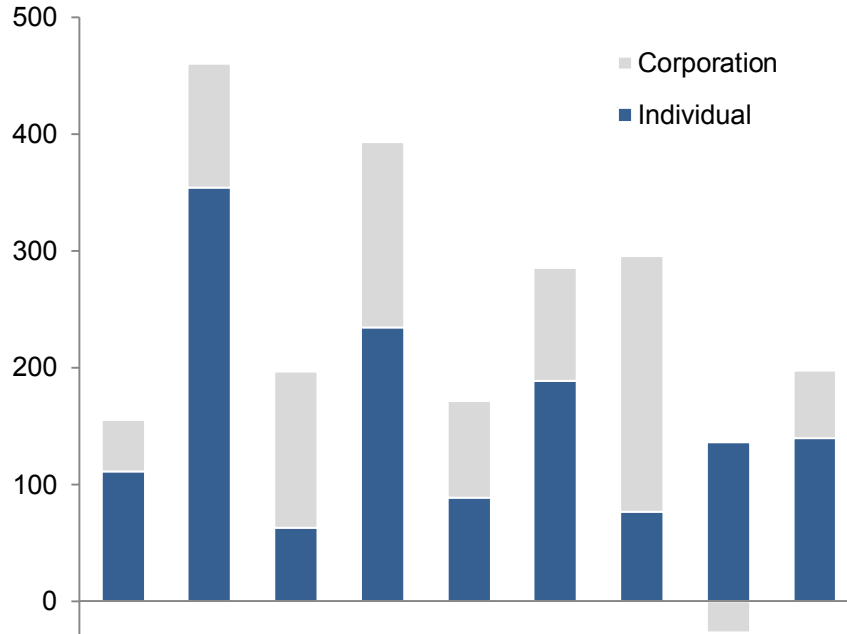
| | FY2017 | FY2018 | | | | FY2019 | | | |
|--|--------|--------|-------|-------|-------|--------|-------|-------|--------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Accounts with balance (thousands) | 2,989 | 2,994 | 3,001 | 3,011 | 3,025 | 3,021 | 3,026 | 3,009 | 3,022 |
| Accounts holding equity (thousands) | 1,395 | 1,397 | 1,394 | 1,438 | 1,439 | 1,439 | 1,438 | 1,427 | 1,440 |
| Online trading accounts (thousands) | 3,214 | 3,246 | 3,264 | 3,302 | 3,320 | 3,329 | 3,344 | 3,358 | 3,373 |
| Newly opened accounts (thousands) | 41 | 52 | 37 | 47 | 34 | 29 | 32 | 31 | 35 |
| NISA accounts* (thousands) | 829 | 839 | 846 | 855 | 858 | 860 | 863 | 863 | 866 |
| Wrap account service (end of quarter) | | | | | | | | | |
| Contract assets under management (¥ billions) | 1,971 | 2,049 | 2,162 | 2,034 | 2,145 | 2,171 | 2,233 | 2,313 | 2,087 |
| Number of customers (thousands) | 134.8 | 138.7 | 141.9 | 143.7 | 144.3 | 144.2 | 144.3 | 142.3 | 141.9 |
| Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity) | | | | | | | | | |
| Total number of contracts (thousands) | 3,305 | 2,619 | 2,400 | 2,723 | 2,198 | 1,985 | 1,972 | 2,392 | 3,131 |
| Online out of total (thousands) | 2,908 | 2,295 | 2,123 | 2,408 | 1,956 | 1,745 | 1,739 | 2,112 | 2,788 |
| Total trading value (¥ billions) | 3,420 | 2,612 | 2,302 | 2,502 | 1,993 | 1,868 | 1,795 | 2,169 | 2,564 |
| Online out of total (¥ billions) | 2,603 | 1,966 | 1,769 | 1,935 | 1,528 | 1,414 | 1,365 | 1,686 | 2,050 |
| Foreign equity trading value (Retail) | | | | | | | | | |
| Trading value (¥ billions) | 407 | 398 | 422 | 206 | 292 | 354 | 312 | 221 | 300 |

* Includes Junior NISA.

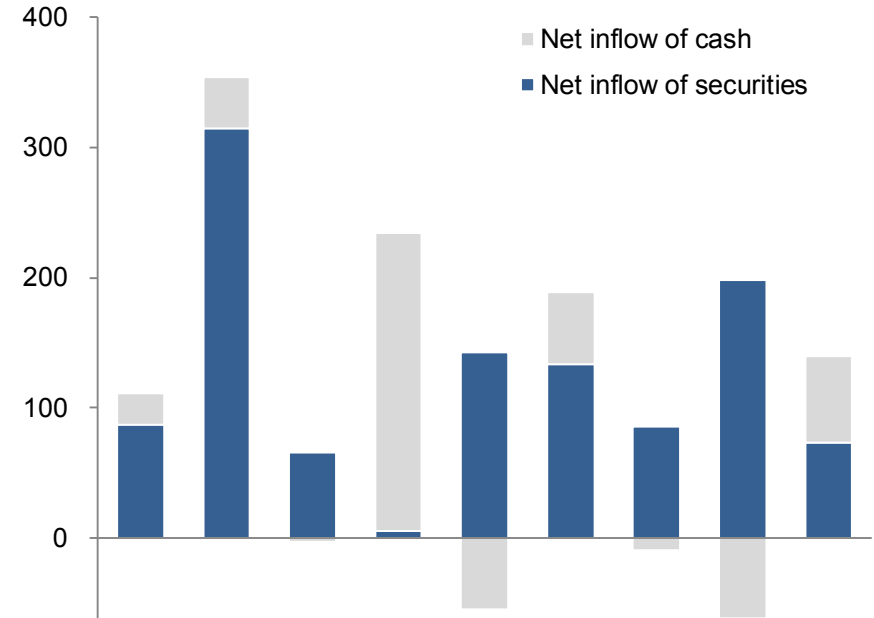
Net Asset Inflow



Retail Division (Daiwa Securities) Net Asset Inflow



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



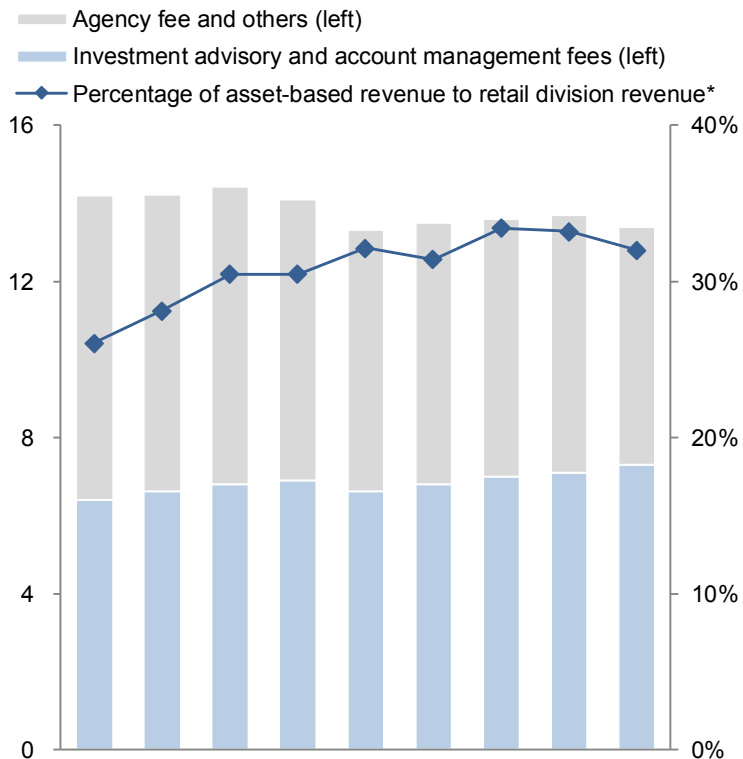
| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|--------------|-------|--------|-------|-------|-------|--------|-------|-------|--------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Corporation | 44.5 | 106.6 | 133.8 | 158.8 | 82.3 | 96.6 | 219.1 | -26.7 | 57.7 |
| Individual | 111.0 | 354.0 | 62.9 | 234.6 | 88.9 | 188.6 | 76.5 | 136.6 | 139.6 |
| Total | 155.6 | 460.7 | 196.8 | 393.4 | 171.2 | 285.2 | 295.7 | 109.9 | 197.3 |

| (¥ Billions) | FY17 | FY2018 | | | | FY2019 | | | |
|--------------------------|-------|--------|------|-------|-------|--------|------|-------|--------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Net inflow of cash | 23.7 | 39.9 | -3.0 | 228.7 | -54.1 | 55.3 | -9.2 | -61.4 | 66.2 |
| Net inflow of securities | 87.2 | 314.1 | 65.9 | 5.8 | 143.0 | 133.3 | 85.8 | 198.0 | 73.4 |
| Total | 111.0 | 354.0 | 62.9 | 234.6 | 88.9 | 188.6 | 76.5 | 136.6 | 139.6 |

※ Net asset inflow = net inflow of cash and securities

Stock Investment Trusts & Wrap Accounts

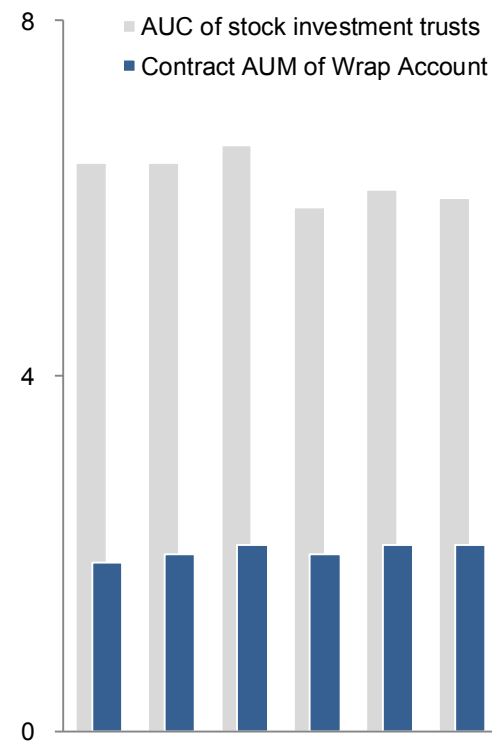
Agency Fee and Management Fee (Daiwa Securities)



| ¥ Billions | FY17 | FY2018 | | | | FY2019 | | | |
|---|------|--------|-----|-----|-----|--------|-----|-----|------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Agency fee and others | 7.8 | 7.6 | 7.6 | 7.2 | 6.7 | 6.7 | 6.6 | 6.6 | 6.1 |
| Investment advisory and account management fees | 6.4 | 6.6 | 6.8 | 6.9 | 6.6 | 6.8 | 7.0 | 7.1 | 7.3 |
| Percentage of asset-based revenue to retail division revenue* | 26% | 28% | 30% | 30% | 32% | 31% | 33% | 33% | 32% |

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

AUC of Stock Investment Trusts and Contract AUM of Wrap Account



| ¥ Trillions | FY17 | FY2018 | | | | FY2019 | | | |
|--------------------------------|------|--------|-----|-----|-----|--------|-----|-----|------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| AUC of stock investment trusts | 6.4 | 6.4 | 6.6 | 5.9 | 6.1 | 6.0 | 6.0 | 6.2 | 5.2 |
| Contract AUM of Wrap Account | 1.9 | 2.0 | 2.1 | 2.0 | 2.1 | 2.1 | 2.2 | 2.3 | 2.0 |

※ 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) |
|-------------------------------|--|------------------|-------------------------------------|------------------|------------------|------------------------------------|-----------------------|
| FY2019 4Q League Table | | | | | | | |
| 1st | SMBC Nikko | Nomura | Mizuho | Mitsubishi UFJMS | Nomura | SMBC Nikko | Deloitte |
| | 15.6% | 30.5% | 21.9% | 23.8% | 20.1% | 27.5% | |
| 2nd | Daiwa | Daiwa | SMBC Nikko | SMBC Nikko | SMBC Nikko | Mizuho | Nomura |
| | 15.3% | 24.6% | 19.7% | 20.4% | 18.5% | 23.4% | |
| 3rd | Nomura | SMBC Nikko | Daiwa | Mizuho | Daiwa | Nomura | MHFG |
| | 14.1% | 19.2% | 19.0% | 19.0% | 17.6% | 22.3% | |
| 4th | Mitsubishi UFJMS | Mizuho | Nomura | Nomura | Mizuho | Daiwa | Daiwa |
| | 12.2% | 10.1% | 18.7% | 19.0% | 16.1% | 16.8% | |
| 5th | Mizuho | Mitsubishi UFJMS | Mitsubishi UFJMS | Daiwa | Mitsubishi UFJMS | Mitsubishi UFJMS | SMFG |
| | 11.3% | 4.2% | 16.8% | 17.5% | 15.3% | 6.6% | |

Source: Compiled by Daiwa Securities based on REFINITIV April 2019 - March 2020

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.

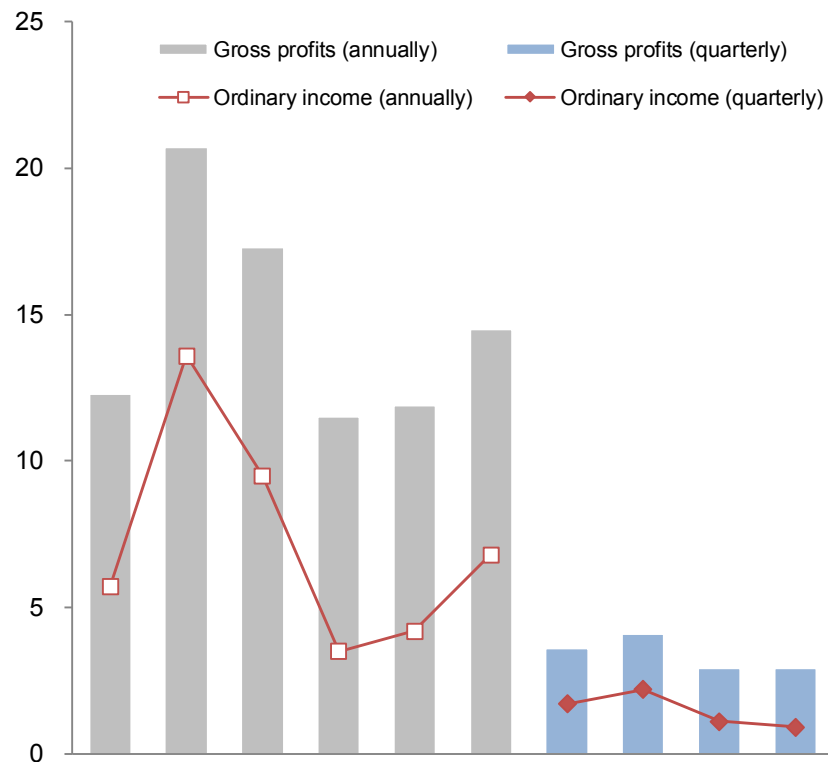
Joint bookrunner allotment of Samurai bonds is divided up evenly among the bookrunners.

Financial Summary

| (¥ Millions) | FY2018 | FY2019 | | | | % Change vs 3Q/FY19 | % Change vs 4Q/FY18 | FY2018 | FY2019 | % Change vs FY18 |
|---------------------------------|--------|--------|--------|--------|---------------|---------------------|---------------------|--------|---------------|------------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Operating revenues | 17,821 | 17,759 | 17,626 | 17,972 | 16,775 | -6.7% | -5.9% | 76,725 | 70,134 | -8.6% |
| Management fee | 17,665 | 17,603 | 17,472 | 17,825 | 16,648 | -6.6% | -5.8% | 76,052 | 69,550 | -8.5% |
| <i>Stock investment trust</i> | 17,619 | 17,556 | 17,428 | 17,786 | 16,606 | -6.6% | -5.7% | 75,868 | 69,378 | -8.6% |
| <i>Bond investment trust</i> | 46 | 47 | 44 | 38 | 41 | 7.5% | -10.1% | 183 | 172 | -6.1% |
| Other operating revenues | 155 | 155 | 153 | 146 | 127 | -13.3% | -18.3% | 673 | 583 | -13.4% |
| SG&A | 14,159 | 14,193 | 13,929 | 14,022 | 13,463 | -4.0% | -4.9% | 60,153 | 55,608 | -7.6% |
| Commission paid | 8,171 | 8,043 | 7,852 | 7,897 | 7,327 | -7.2% | -10.3% | 35,789 | 31,120 | -13.0% |
| Other SG&A | 5,988 | 6,149 | 6,076 | 6,124 | 6,135 | 0.2% | 2.5% | 24,363 | 24,487 | 0.5% |
| Operating income | 3,662 | 3,566 | 3,696 | 3,949 | 3,312 | -16.1% | -9.6% | 16,572 | 14,525 | -12.4% |
| Ordinary income | 3,696 | 3,557 | 4,526 | 4,013 | 3,532 | -12.0% | -4.4% | 16,961 | 15,629 | -7.9% |
| Net income | 2,582 | 2,455 | 3,330 | 2,752 | 2,028 | -26.3% | -21.5% | 11,870 | 10,566 | -11.0% |

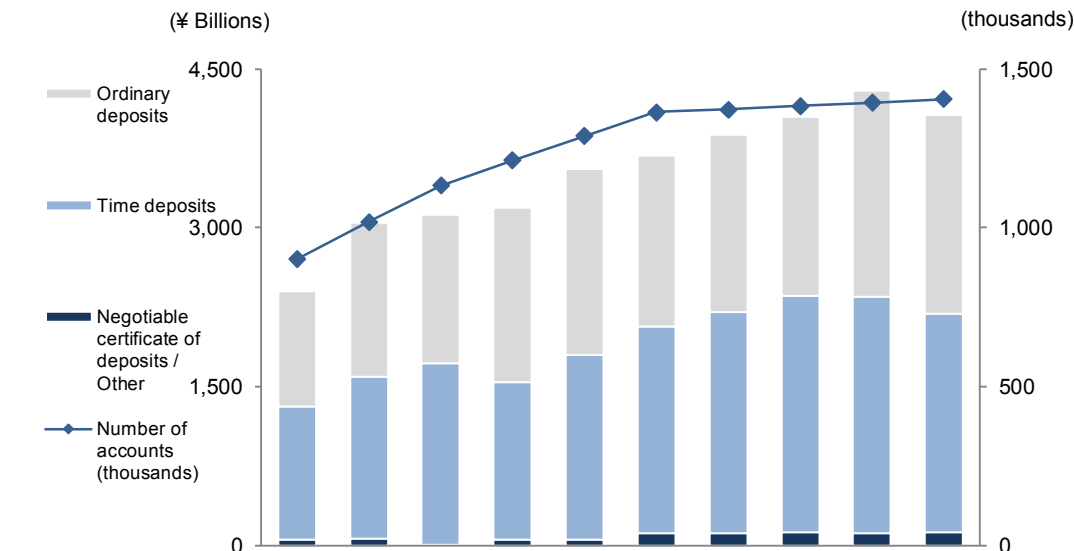
Earnings and Deposit Balance

Gross Profits / Ordinary Income



| (¥ Billions) | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|-----|-----|------------|
| | | | | | | | 1Q | 2Q | 3Q | 4Q |
| Gross profits | 12.3 | 20.7 | 17.3 | 11.5 | 11.9 | 14.5 | 3.6 | 4.1 | 2.9 | 2.9 |
| Ordinary income | 5.7 | 13.6 | 9.5 | 3.5 | 4.2 | 6.8 | 1.7 | 2.2 | 1.1 | 0.9 |

Daiwa Next Bank Deposit Balance & Number of Accounts



| (¥ Billions) | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | | | |
|--|--------|--------|--------|--------|--------|--------|--------|-------|-------|--------------|
| | | | | | | | 1Q | 2Q | 3Q | 4Q |
| Ordinary deposits | 1,085 | 1,455 | 1,401 | 1,653 | 1,756 | 1,610 | 1,678 | 1,685 | 1,946 | 1,873 |
| Time deposits | 1,261 | 1,528 | 1,711 | 1,480 | 1,746 | 1,953 | 2,086 | 2,234 | 2,234 | 2,067 |
| Negotiable certificate of deposits / Other | 52 | 62 | 8 | 59 | 53 | 115 | 115 | 125 | 116 | 122 |
| Deposit balance | 2,399 | 3,047 | 3,121 | 3,193 | 3,556 | 3,678 | 3,881 | 4,045 | 4,297 | 4,062 |
| Foreign currency deposits | 214 | 225 | 243 | 253 | 300 | 331 | 399 | 428 | 525 | 539 |
| Number of accounts (thousands) | 901 | 1,018 | 1,133 | 1,213 | 1,289 | 1,364 | 1,372 | 1,384 | 1,394 | 1,405 |

※ 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 | | | |
|-------------------------------|--------|--------|------|------|------|--------|------|------|-------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| VaR (Quarter end) | 1.13 | 1.34 | 1.39 | 1.76 | 1.06 | 1.33 | 1.42 | 0.94 | 1.22 |
| High | 2.03 | 1.80 | 1.67 | 1.87 | 2.29 | 1.68 | 1.55 | 1.61 | 1.77 |
| Low | 1.07 | 1.16 | 1.15 | 0.95 | 0.86 | 0.74 | 1.02 | 0.94 | 0.87 |
| Average | 1.46 | 1.40 | 1.36 | 1.34 | 1.45 | 1.18 | 1.27 | 1.28 | 1.18 |
| By risk factors (Quarter end) | | | | | | | | | |
| Equity | 0.28 | 0.65 | 0.51 | 0.40 | 0.29 | 0.38 | 0.39 | 0.34 | 0.19 |
| Interest | 1.06 | 1.21 | 1.23 | 1.68 | 1.06 | 1.16 | 1.35 | 1.21 | 1.12 |
| Currency | 0.21 | 0.16 | 0.17 | 0.24 | 0.18 | 0.21 | 0.24 | 0.20 | 0.20 |
| Commodities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Number of Group Employees

| | FY2017 | FY2018 | | | | FY2019 | | | |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Total | 16,088 | 16,651 | 16,516 | 16,519 | 16,419 | 16,499 | 16,306 | 16,078 | 15,904 |
| Overseas | 1,776 | 1,799 | 1,820 | 1,881 | 1,921 | 1,960 | 1,963 | 1,963 | 1,984 |

- 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.
- ※ 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(currently, DC US) and Signal Hill(currently, DC US) are also included which have become consolidated companies since 2Q FY2017 and 3Q FY2017 respectively. Number of employees of Montalbán(currently, DC Europe), which has become a consolidated company since 3Q FY2018, is also included. Number of employees of Daiwa Corporate Advisory S.r.l., launched in Italy is also included from 3Q FY2019.
- ※ Figures include temporary staff.

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