

Daiwa Securities Group Inc.

1Q FY2020 Earnings Announcement

July 31, 2020

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.

Table of Contents

Highlights	3-4
Financial Summary	5-7
B/S & Financial Management Summary	8-9
P/L Summary	10
Breakdown of SG&A	11-12
Overseas Operations	13
Segment Information	14-21
Reference	22-35

Highlights (1Q/FY2020, YoY)

Net operating revenues decreased, but ordinary income increased YoY.

Consolidated earnings results	FY2020 1Q	FY2019 1Q	% Changes vs 1Q/FY2019
Net operating revenues	¥105.4 bn	¥107.1 bn	-1.6%
Ordinary income	¥21.3 bn	¥17.9 bn	+19.2%
Profit attributable to owners of parent	¥17.5 bn	¥16.0 bn	+9.2%

【Retail Division】

- Japanese equity trading value for individuals at Daiwa Securities increased 45% YoY.
- Sales and distribution amount of products decreased affected by COVID-19 outbreak, but showed recovery after the emergency alert was lifted.
- Foreign currency deposits of Daiwa Next Bank hit a record high (¥546.0 billion). *Includes Wholesale Division

【Wholesale Division】

- A drastic rise of FICC trading revenue in Global Markets drove the Group's consolidated earnings.
- Overseas operations posted significant increase in both net operating revenues and ordinary income. Retained profit in all regions.

【Asset Management Division】

- Expansion of real estate asset management business contributed to revenue and income rise.

Summary (1Q/FY2020, QoQ)

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

1Q FY2020 Net operating revenues: ¥105.4 bn (-4.7%)

- Revenues in Retail Division decreased. Product sales amount dropped especially in April as sales personnel refrained from visiting customers face-to-face affected by COVID-19 outbreak, but recovery seen in May and June.
- Revenues in Wholesale Division increased. Equity and FICC revenue rise in Global Markets covered up the drop in revenue from M&A and equity underwriting in Global Investment Banking.

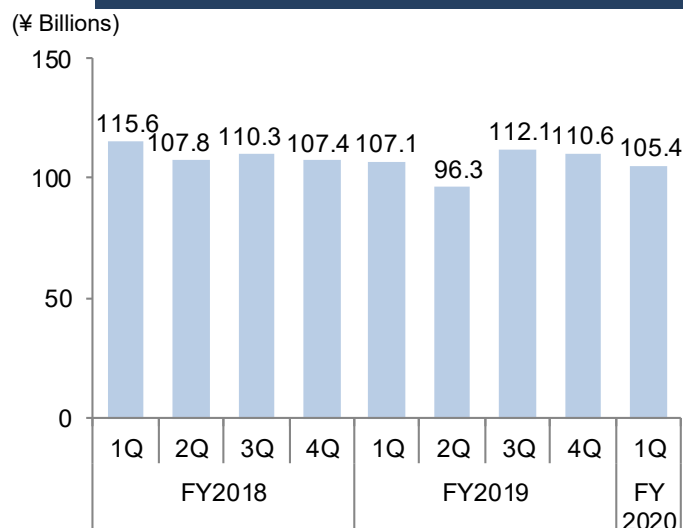
1Q FY2020 Ordinary income: ¥21.3 bn (+5.5%)

- SG&A decreased 5.7% to ¥88.8 bn as trading related expenses declined.

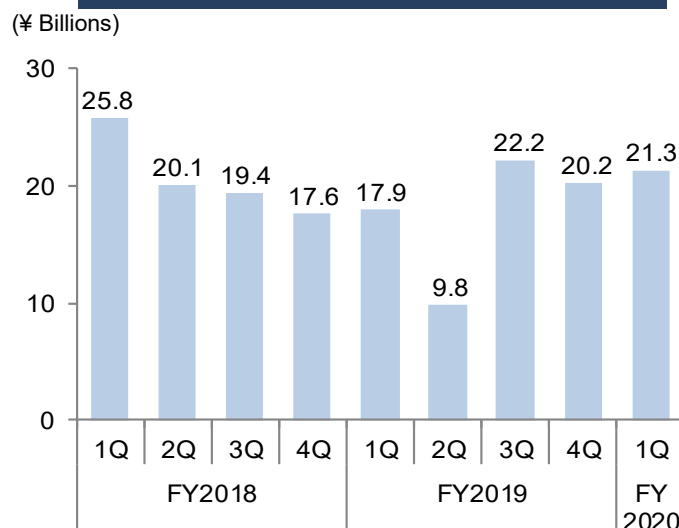
1Q FY2020 Profit attributable to owners of parent: ¥17.5 bn (+55.9%)

- Annualized ROE: 5.8% BPS: ¥800.39

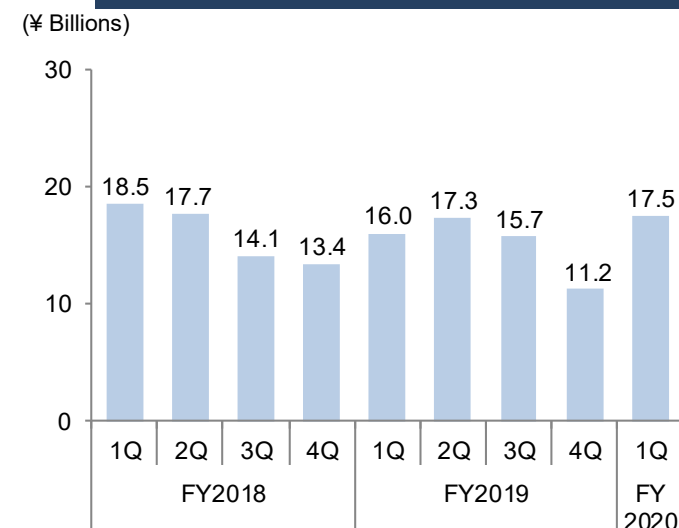
Net Operating Revenues



Ordinary Income



Profit Attributable to Owners of Parent



Financial Summary

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	181,341	159,666	170,672	160,606	128,612	-19.9%	-29.1%	672,287
Net operating revenues	107,123	96,323	112,191	110,621	105,445	-4.7%	-1.6%	426,259
SG&A	94,708	89,836	93,209	94,216	88,833	-5.7%	-6.2%	371,970
Ordinary income	17,922	9,861	22,239	20,259	21,370	5.5%	19.2%	70,283
Profit (loss) attributable to owners of parent	16,066	17,316	15,707	11,255	17,552	55.9%	9.2%	60,346
Total assets	22,896,425	22,809,247	24,409,452	23,822,099	25,657,575			23,822,099
Net assets	1,245,624	1,285,618	1,287,164	1,257,766	1,264,195			1,257,766
Shareholders' equity*	1,233,835	1,239,187	1,239,995	1,210,014	1,217,225			1,210,014
EPS (¥)	10.26	11.09	10.31	7.41	11.55			39.11
BPS (¥)	787.65	798.65	816.44	796.33	800.39			796.33
ROE (Annualized)	5.2%	5.6%	5.1%	3.7%	5.8%			4.9%

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

Segment Summary

(¥ Millions)

Net operating revenues	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Retail	43,095	40,763	41,322	41,248	35,148	-14.8%	-18.4%	166,430
Wholesale	39,420	39,852	48,689	44,327	51,509	16.2%	30.7%	172,289
<i>Global Markets</i>	27,310	27,860	35,021	31,109	45,271	45.5%	65.8%	121,301
<i>Global Investment Banking</i>	12,109	11,992	13,667	13,218	6,238	-52.8%	-48.5%	50,988
Asset Management	11,352	11,627	12,664	12,446	12,784	2.7%	12.6%	48,091
Investments	1,683	-5,550	2,151	4,218	1,028	-75.6%	-38.9%	2,502
Other/Adjustments	11,571	9,630	7,362	8,379	4,974	-	-	36,943
Consolidated total	107,123	96,323	112,191	110,621	105,445	-4.7%	-1.6%	426,259

Ordinary income	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Retail	2,680	1,133	1,039	1,552	-893	-	-	6,405
Wholesale	5,572	8,382	14,834	9,245	18,476	99.8%	231.6%	38,034
<i>Global Markets</i>	4,541	5,512	11,319	6,818	20,574	201.8%	353.0%	28,191
<i>Global Investment Banking</i>	924	2,802	3,324	2,279	-2,060	-	-	9,330
Asset Management	6,209	6,560	7,038	6,771	7,571	11.8%	21.9%	26,580
Investments	924	-6,588	1,581	3,203	117	-96.3%	-87.3%	-877
Other/Adjustments	2,535	373	-2,254	-513	-3,901	-	-	140
Consolidated total	17,922	9,861	22,239	20,259	21,370	5.5%	19.2%	70,283

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

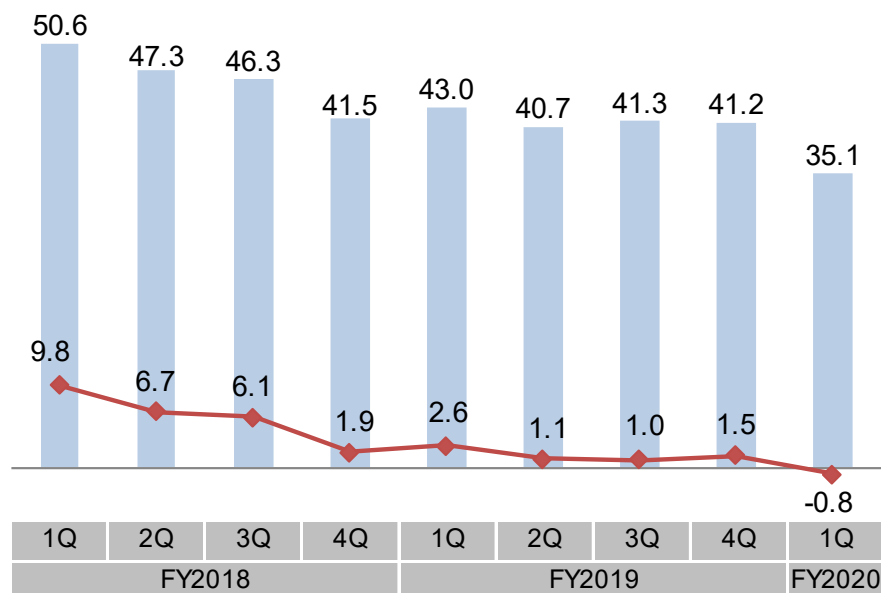
Consolidated Segment Summary



■ Net operating revenues ◆ Ordinary income

Retail Division

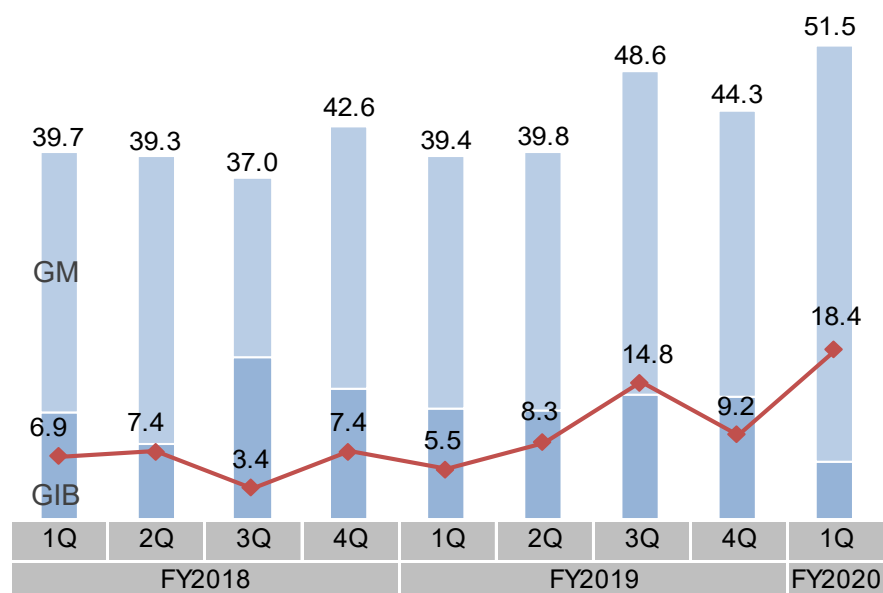
(¥ Billions)



Wholesale Division

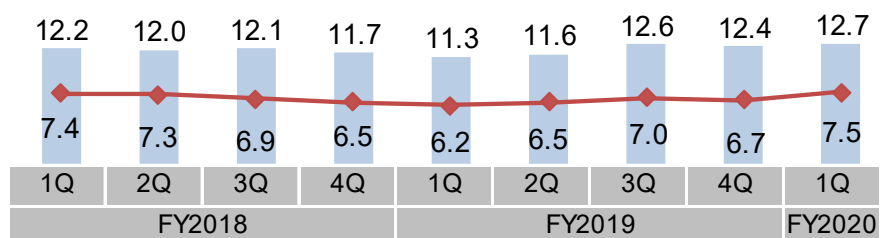
(¥ Billions)

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



Asset Management Division

(¥ Billions)



Investment Division

(¥ Billions)



Consolidated B/S Summary

Consolidated Balance Sheet (June 30, 2020)

(¥ Billions)

Current assets		24,707	(1,861)	Current liabilities		21,679	(1,760)
Cash and deposits	4,045	(81)	Trading products	5,363	(1)		
Short-term investment securities	920	(47)	Trading securities and other	2,131	(325)		
Trading products	9,091	(1,063)	<i>Stocks, Convertible bonds</i>	365	(252)		
Trading securities and other	5,690	(1,390)	<i>Bonds</i>	1,633	(-19)		
<i>Stocks, Convertible bonds</i>	94	(-195)	<i>Other</i>	132	(93)		
<i>Bonds</i>	4,566	(1,815)	Derivatives transactions	3,231	(-324)		
<i>Beneficiary certificates</i>	143	(45)	Loans payable secured by securities	9,666	(2,467)		
<i>Other</i>	886	(-274)	Deposits for banking business	3,977	(-59)		
Derivatives transactions	3,400	(-326)	Short-term loans payable	1,317	(40)		
Operational investment securities	213	(12)	Current portion of bonds	253	(-24)		
(after allowance for possible investment losses)							
Loans secured by securities	6,726	(40)					
Non-current assets		949	(-25)	Long-term liabilities		2,710	(68)
Property, plant and equipment	309	(0)	Bonds payable	1,432	(53)		
Intangible assets	122	(-1)	Long-term loans payable	1,198	(15)		
Investments and other assets	517	(-24)					
Listed stocks	98	(0)	Total liabilities	24,393	(1,829)		
Unlisted stocks	28	(0)	Net assets	1,264	(6)		
Affiliated company stocks, etc.	230	(33)	Owners' equity	1,206	(4)		
Other	159	(-58)	Accumulated other comprehensive income	10	(2)		
			Non-controlling interests	38	(-0)		
Total Assets	25,657	(1,835)	Total liabilities and net assets	25,657	(1,835)		

※Figures in parentheses indicate changes from March 31, 2020

Total assets: **¥25.65 tn**

Net assets: **¥1.26 tn**

Shareholders' equity:**
¥1.21 tn

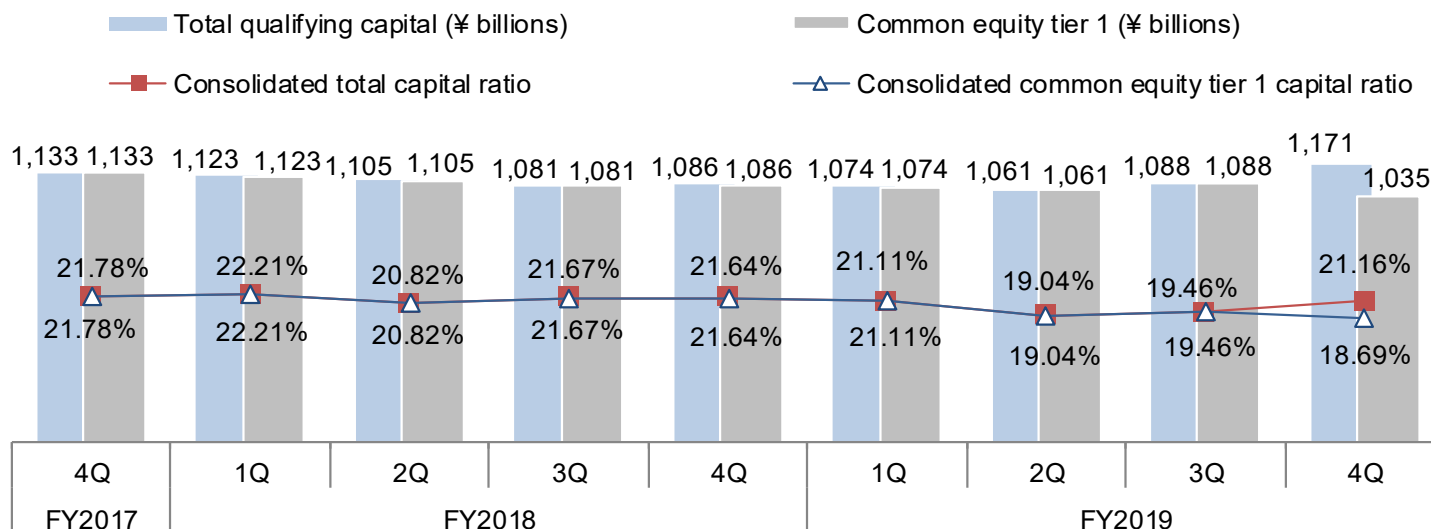
- 81.0% of total assets have high liquidity*.

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

- Shareholders' equity** increased by ¥7.2 billion from March 31, 2020.

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

Consolidated Capital Adequacy Ratio



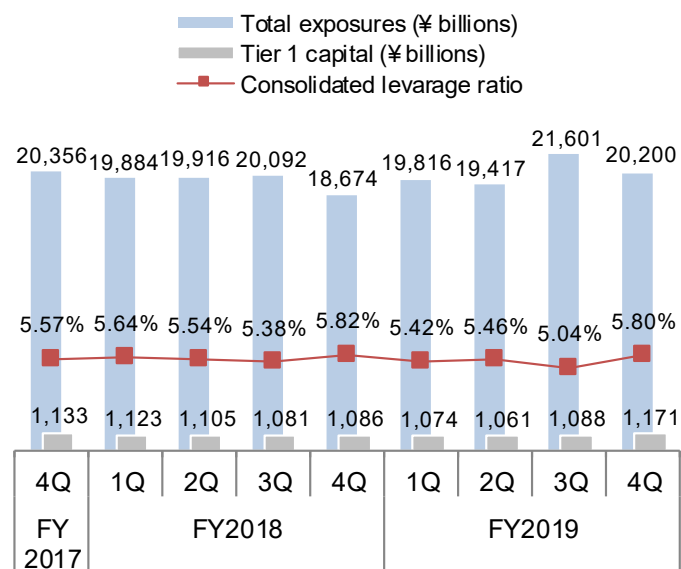
【Regulatory Capital (Basel III)】

(As at March 31, 2020)

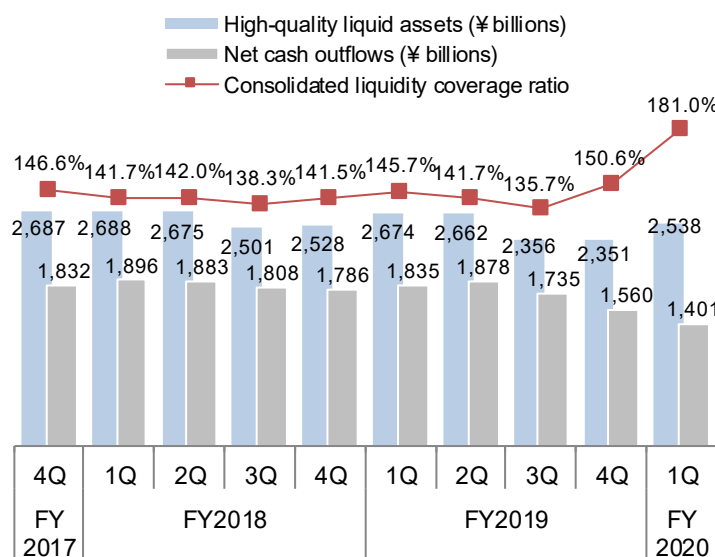
- Consolidated Total Capital Ratio : 21.16%
- Consolidated Tier 1 Capital Ratio : 21.16%
- Consolidated Common Equity Tier 1 Capital Ratio : 18.69%
- Consolidated Leverage Ratio : 5.80%

※ Figures are as at the end of each quarter.

Consolidated Leverage Ratio



Consolidated Liquidity Coverage Ratio



【Regulatory Liquidity (Basel III)】

(Daily average Apr. – Jun. 2020)

- Consolidated Liquidity Coverage Ratio : 181.0%

P/L Summary

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	181,341	159,666	170,672	160,606	128,612	-19.9%	-29.1%	672,287
Commission received	64,962	64,810	68,448	68,352	57,749	-15.5%	-11.1%	266,574
Net trading income	27,992	22,620	24,868	18,321	32,056	75.0%	14.5%	93,802
Net gain (loss) on private equity	944	-6,241	1,563	3,748	641	-82.9%	-32.1%	14
Financial revenue	72,893	67,076	62,713	55,439	26,516	-52.2%	-63.6%	258,122
Other operating revenue	14,548	11,400	13,079	14,745	11,648	-21.0%	-19.9%	53,772
Financial expenses	65,774	57,492	49,216	37,432	15,582	-58.4%	-76.3%	209,916
Other operating expenses	8,443	5,850	9,264	12,552	7,583	-39.6%	-10.2%	36,110
Net operating revenues	107,123	96,323	112,191	110,621	105,445	-4.7%	-1.6%	426,259
SG&A	94,708	89,836	93,209	94,216	88,833	-5.7%	-6.2%	371,970
Operating income	12,414	6,486	18,982	16,405	16,612	1.3%	33.8%	54,288
Non-operating income	5,508	3,375	3,256	3,854	4,758	23.4%	-13.6%	15,994
Ordinary income/loss	17,922	9,861	22,239	20,259	21,370	5.5%	19.2%	70,283
Extraordinary income/loss	1,919	11,600	1,388	-362	2,810	-	46.4%	14,545
Income before income taxes	19,841	21,461	23,627	19,897	24,181	21.5%	21.9%	84,828
Total income taxes	3,742	4,157	7,471	8,190	6,277	-23.4%	67.7%	23,563
Profit (loss) attributable to owners of parent	16,066	17,316	15,707	11,255	17,552	55.9%	9.2%	60,346

■ Commission received decreased (-15.5%).

• Brokerage commission* was ¥17.1 billion (-1.6%).

• Underwriting and secondary offering commissions* dropped to ¥4.4 billion (-12.8%) as equity underwriting deals decreased.

• Distribution commission* dropped to ¥4.0 billion (-30.1%) from decrease in stock investment trust sales.

• M&A related commission* was ¥2.7 billion (-67.4%).

* Breakdown of total commission received (See p.23)

■ Net trading income increased (+75.0%) as FICC revenues rose.

Breakdown of SG&A



(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
SG&A	94,708	89,836	93,209	94,216	88,833	-5.7%	-6.2%	371,970
Trading related expenses	17,806	16,761	17,391	16,931	13,289	-21.5%	-25.4%	68,891
Personnel expenses	46,935	43,671	46,527	46,897	44,979	-4.1%	-4.2%	184,032
Real estate expenses	9,108	8,964	9,155	9,418	9,409	-0.1%	3.3%	36,647
Office cost	6,431	6,298	6,653	6,585	6,144	-6.7%	-4.5%	25,969
Depreciation	7,748	7,664	7,605	7,795	8,404	7.8%	8.5%	30,813
Taxes and dues	2,560	2,629	2,585	2,753	2,762	0.3%	7.9%	10,529
Other	4,117	3,846	3,289	3,833	3,842	0.2%	-6.7%	15,088

- SG&A decreased (-5.7%).
- Trading related expenses decreased (-21.5%) due to decline in advertising and promotion expenses, commissions paid, and travel / transportation expenses.
- Personnel expenses dropped (-4.1%) as earnings-linked bonus decreased mainly in overseas.
- System related depreciation rose (+7.8%).

Consolidated Cost Structure



(¥ Billions)	FY2018					FY2019					FY2020
	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q
Total SG&A	93.4	92.3	94.1	94.0	373.9	94.7	89.8	93.2	94.2	371.9	88.8
Variable costs	36.7	35.2	36.7	36.8	145.5	36.6	32.2	35.2	35.4	139.5	30.4
Trading related expenses	17.9	17.9	18.5	17.5	71.9	17.8	16.7	17.3	16.9	68.8	13.2
<i>Advertising and promotion expenses</i>	2.7	3.3	3.6	3.2	12.9	2.5	3.1	3.0	3.2	12.0	1.3
Bonus and others	12.3	10.6	11.7	12.5	47.2	12.3	9.2	12.1	12.4	46.2	11.2
Overtime, part-time	2.5	2.3	2.4	2.4	9.7	2.3	2.1	2.2	2.1	8.9	1.9
Fixed costs	56.7	57.0	57.3	57.2	228.3	58.0	57.6	57.9	58.8	232.4	58.4
Personnel expenses	31.9	32.0	31.9	31.9	127.9	32.0	32.1	32.0	32.2	128.4	31.6
Real estate expenses	9.2	9.2	9.3	9.6	37.3	9.1	8.9	9.1	9.4	36.6	9.4
Depreciation	6.2	6.2	6.4	6.3	25.3	7.7	7.6	7.6	7.7	30.8	8.4
Office expenses	6.2	6.2	6.6	6.1	25.2	6.1	6.0	6.3	6.3	24.7	5.9
Taxes and dues	2.6	2.7	2.6	2.7	10.7	2.5	2.6	2.5	2.7	10.5	2.7

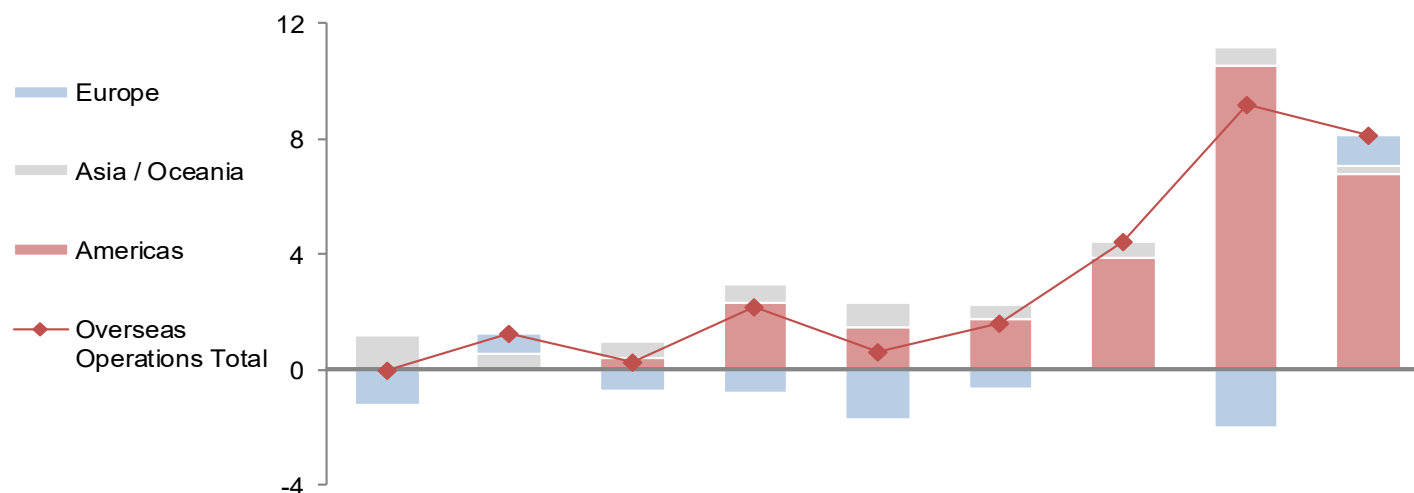
Ordinary Income of Overseas Operations

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Overseas Operations Total	627	1,651	4,486	9,226	8,112	-12.1%	12.9x	15,992
Europe	-1,702	-627	57	-1,981	1,043	-	-	-4,253
Asia / Oceania	831	526	550	693	297	-57.1%	-64.2%	2,601
Americas	1,498	1,752	3,878	10,514	6,771	-35.6%	351.8%	17,644

Overseas operations stayed in the black for 17 consecutive quarters.

- In Europe, FICC revenues recovered and turned into the black.
- Asia / Oceania stayed in the black. While revenues from equity brokerage and IB business dropped, wealth management business as well as recovery in FICC revenues contributed to the income.
- In Americas, FICC revenues remained at high level. The increase in US equity trading volume led to equity revenue growth.

Ordinary Income



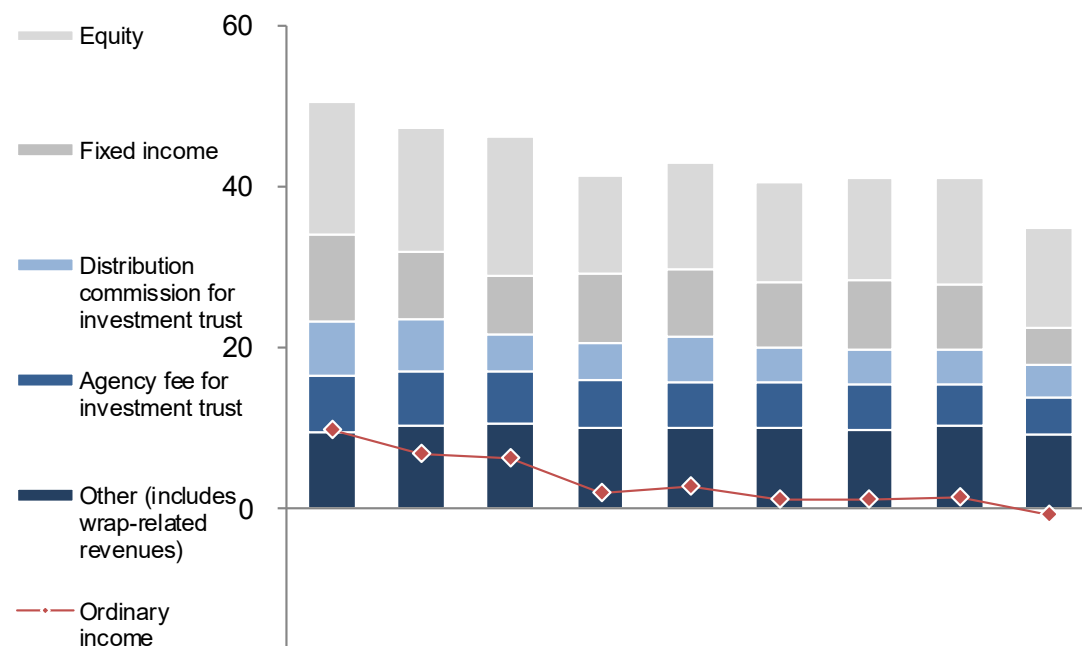
(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Europe	-0.5	0.2	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Asia / Oceania	0.5	0.5	0.5	1.0	0.5	0.5	0.5	0.5	0.5
Americas	0.0	0.5	0.5	2.0	1.0	2.0	4.0	10.0	7.0
Overseas Operations Total	0.0	1.2	0.5	2.5	0.5	2.0	4.0	10.0	7.0

Retail Division

(¥ Millions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Net operating revenues	35,148	-14.8%	-18.4%	166,430
Ordinary income	-893	-	-	6,405

- Equity revenues decreased from decline in sales commission from equity underwriting.
- Fixed income revenues dropped as foreign and Japanese bond sales decreased.
- Distribution commission for investment trust declined due to decrease in stock investment trust sales. Investment trust agency fee dropped led by a decline in average asset under custody.
- Other revenues decreased as investment advisory and account management fees related to wrap business dropped.

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	16.5	15.2	17.4	12.3	13.2	12.4	12.7	13.1	12.5
Fixed income	10.6	8.3	7.3	8.6	8.4	8.0	8.7	8.1	4.6
Distribution commission for investment trust	6.9	6.6	4.6	4.5	5.4	4.5	4.2	4.4	4.0
Agency fee for investment trust	6.8	6.8	6.4	5.9	5.9	5.7	5.7	5.2	4.5
Other (includes wrap-related revenues)	9.6	10.2	10.5	10.1	9.9	9.9	9.8	10.2	9.3
Net operating revenues	50.6	47.3	46.3	41.5	43.0	40.7	41.3	41.2	35.1
Ordinary income	9.8	6.7	6.1	1.9	2.6	1.1	1.0	1.5	-0.8

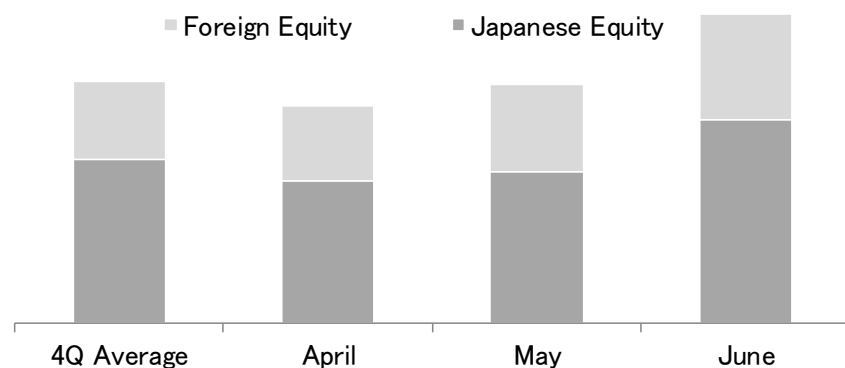
【Wrap Account Service】

- Contract amount decreased QoQ, but AUM as at the end of June increased led by market rise.

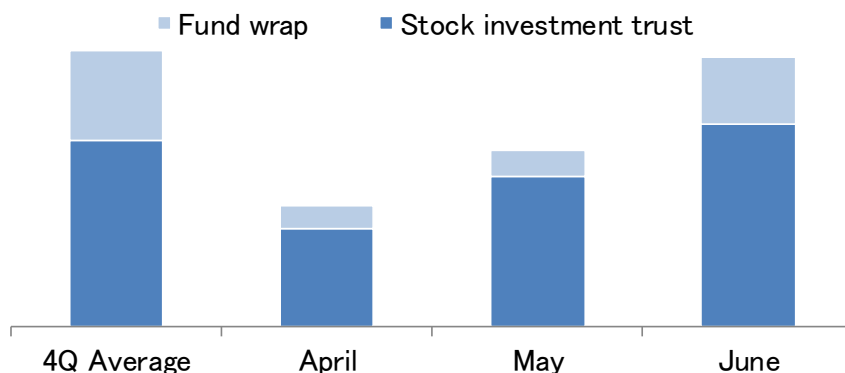
【Japanese Bonds】

- JGB sales for individuals dropped drastically against the backdrop of a cancellation of campaign.

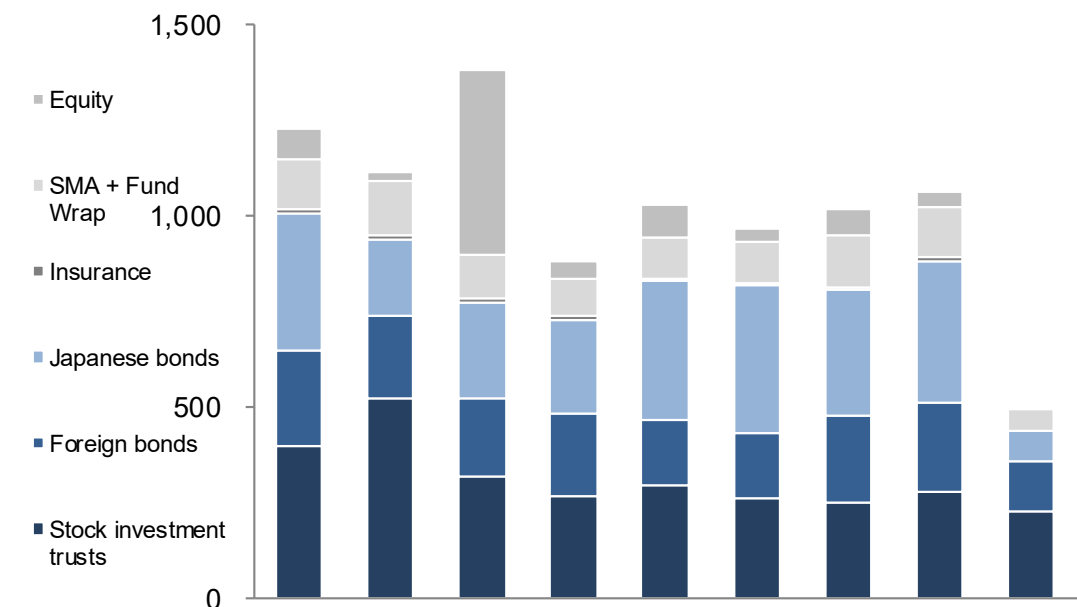
Trading Value of Japanese and Foreign Equity (excludes online trading)



Stock Investment Trust Sales Amount and Fund Wrap Contract Amount



Sales and Distribution Amount by Product



(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity*	77.1	23.9	486.9	46.7	88.0	35.4	65.7	40.1	1.1
SMA + Fund Wrap**	130.1	142.6	113.5	97.5	105.1	109.8	135.3	133.4	56.9
Insurance***	9.6	10.4	9.8	9.8	8.6	7.5	7.8	8.6	2.4
Japanese bonds	359.0	203.4	248.4	241.9	361.8	385.6	328.6	369.7	76.6
Foreign bonds****	250.2	212.5	203.4	218.9	172.7	171.2	228.0	233.6	133.5
Stock investment trusts*****	399.5	524.6	321.0	267.8	294.8	260.1	251.0	279.2	225.5

*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)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Net operating revenues	45,271	45.5%	65.8%	121,301
Ordinary income	20,574	201.8%	353.0%	28,191

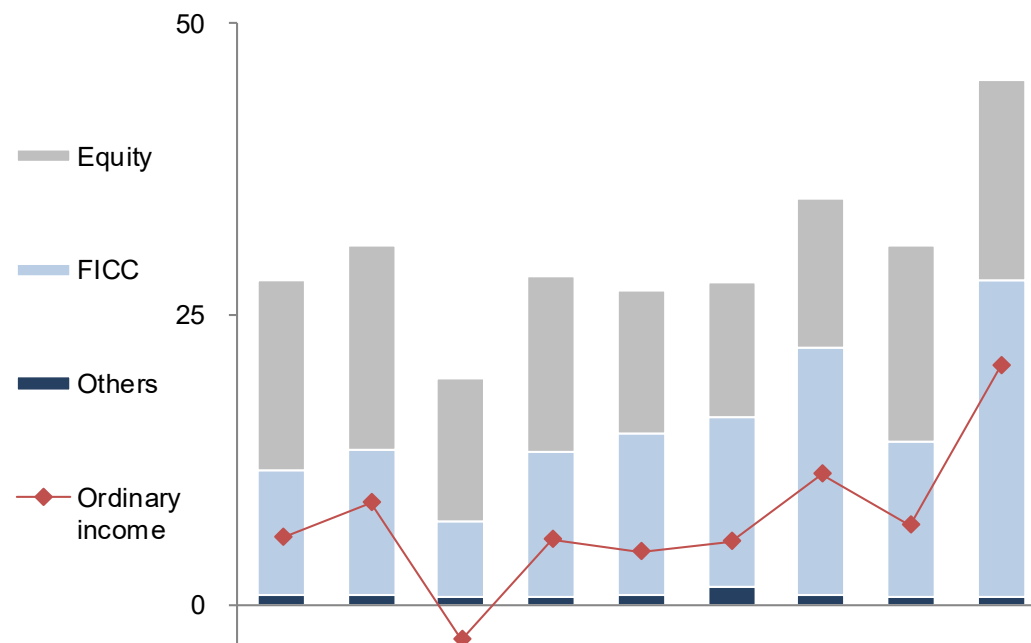
【Equity】

- Equity revenues rose led by steady customer order flows of both Japanese and foreign equities. Management of positions also contributed to the revenues.

【FICC*】

- FICC revenues increased both in Japan and overseas.
- Domestic FICC revenues rose as customer order flows of JGB and credit expanded. Position management also contributed to the revenues driven by the tightening of credit spread.
- Overseas FICC revenues increased due to Americas' continued strong performance and Europe and Asia/Oceania showing recovery.

Net Operating Revenues and Ordinary Income



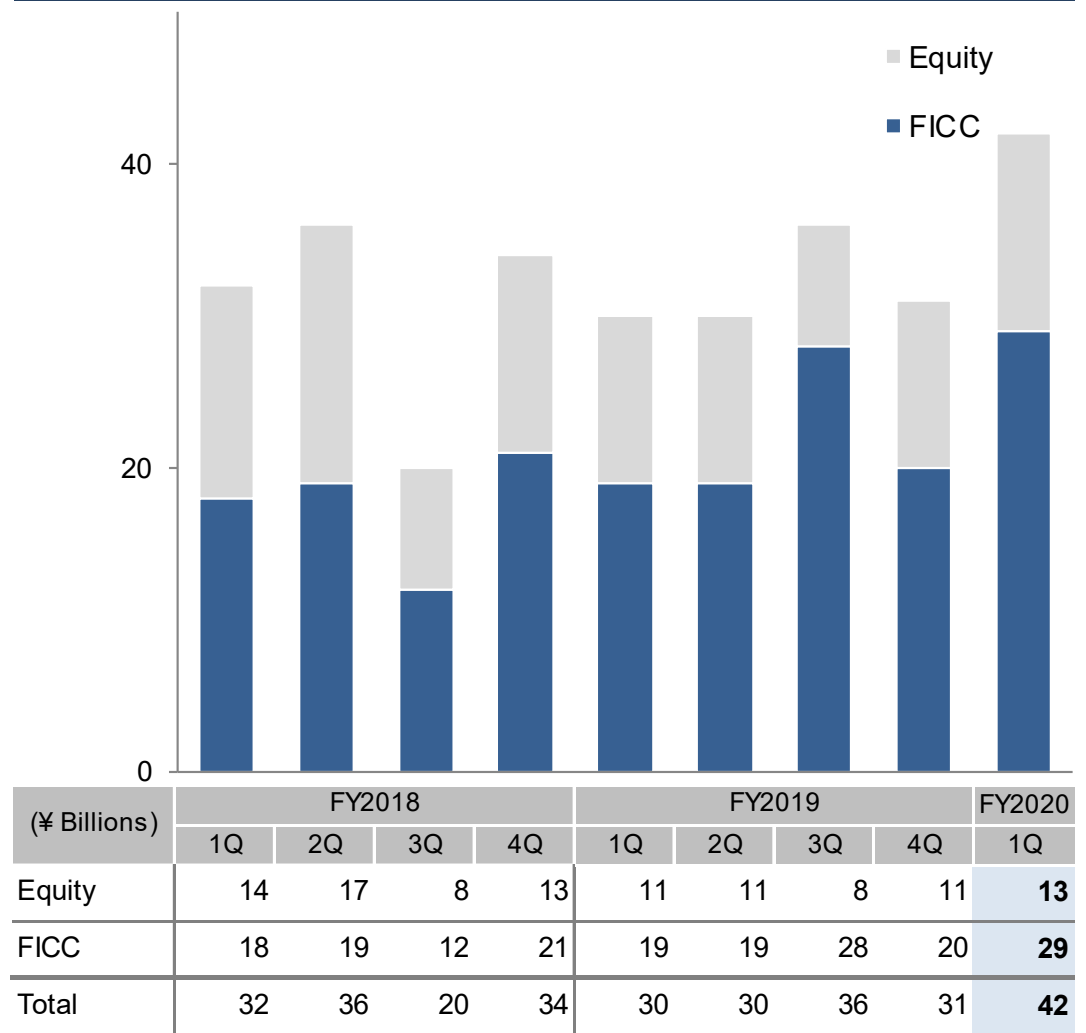
(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	16.4	17.6	12.2	15.1	12.3	11.6	12.7	16.8	17.1
FICC*	10.7	12.6	6.6	12.6	14.0	14.5	21.3	13.5	27.4
Others	0.8	0.8	0.6	0.6	0.8	1.6	0.9	0.6	0.6
Net operating revenues	28.0	31.1	19.5	28.4	27.3	27.8	35.0	31.1	45.2
Ordinary income	5.8	8.7	-3.1	5.6	4.5	5.5	11.3	6.8	20.5

*FICC: Fixed Income, Currency and Commodities

【Managerial accounting basis】

(¥ Billions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Equity	13	13.6%	13.6%	41
FICC	29	47.5%	55.3%	86
Total	42	35.5%	40.0%	127

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



<Reference>

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

(¥ Billions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Equity	11.1	-16.3%	-5.6%	42.6
Bond and forex	20.9	316.0%	29.2%	51.1
Net financial income	10.9	-39.3%	53.6%	48.2
Total	42.9	18.3%	22.4%	142.0

Wholesale Division Global Investment Banking



(¥ Millions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Net operating revenues	6,238	-52.8%	-48.5%	50,988
Ordinary income	-2,060	-	-	9,330

【Equity】

■ Lead managed IPO deals amid market shrink.

<Selected lead managed deals>

		<Offering size>
Commerce One Holdings Inc.	IPO	¥1.0 bn
Goodpatch Inc.	IPO	¥0.5 bn

【Debt】

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

<Selected lead managed deals>

		<Offering size>
East Japan Railway Company (3/10/20/30/40/50yrs)	Straight Bond	¥125.0 bn
Japan Housing Finance Agency (35yrs)	RMBS	¥219.5 bn
Crédit Agricole S.A.(6/10yrs)	Samurai Bond	¥122.1 bn
JBIC(3yrs)	Benchmark Bond	USD 2.0 bn
Henderson Land Development Co. Ltd. (5yrs)	Benchmark Bond	USD 0.3 bn
Hulic Co., Ltd. (35/37/40yrs)	Subordinated Bonds	¥200.0 bn

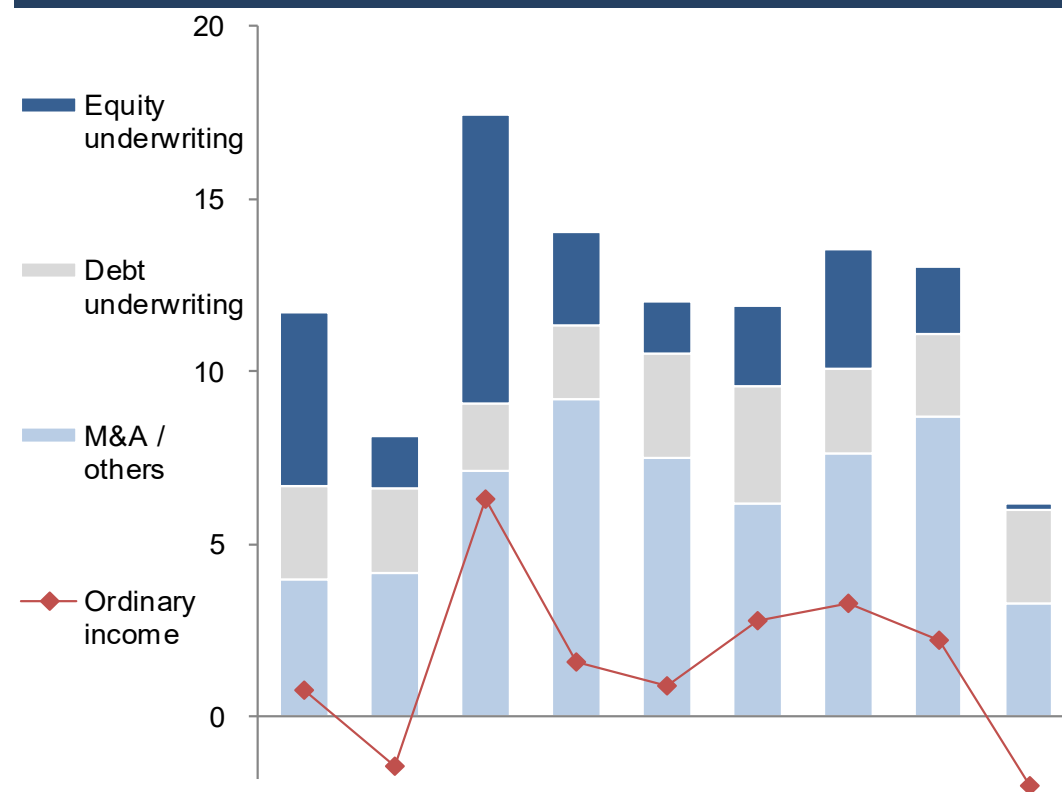
【M&A】

■ Managed deals utilizing global M&A network amidst sluggish market.

<Selected deals>

Acquisition of Showa Optronics Co., Ltd., a subsidiary of NEC, by KYOCERA Corporation.
 Acquisition of Brisa (Portugal) by consortium of APG (Netherland), NPS (South Korea) and Swiss Life (Switzerland).
 Acquisition of TrueLearn (US) by LLR Partners (US)
 Advice regarding refinance of Rothes CoRDe (UK) and Beckton Energy (UK) to Arjun Infrastructure Partners (UK)

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity underwriting	5.0	1.5	8.3	2.7	1.5	2.3	3.4	1.9	0.2
Debt underwriting	2.7	2.4	2.0	2.1	3.0	3.4	2.5	2.4	2.7
M&A / others	4.0	4.2	7.1	9.2	7.5	6.2	7.6	8.7	3.3
Net operating revenues	11.7	8.2	17.5	14.2	12.1	11.9	13.6	13.2	6.2
Ordinary income	0.8	-1.4	6.3	1.6	0.9	2.8	3.3	2.2	-2.0

Asset Management Division

(¥ Millions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Net operating revenues	12,784	2.7%	12.6%	48,091
Ordinary income	7,571	11.8%	21.9%	26,580

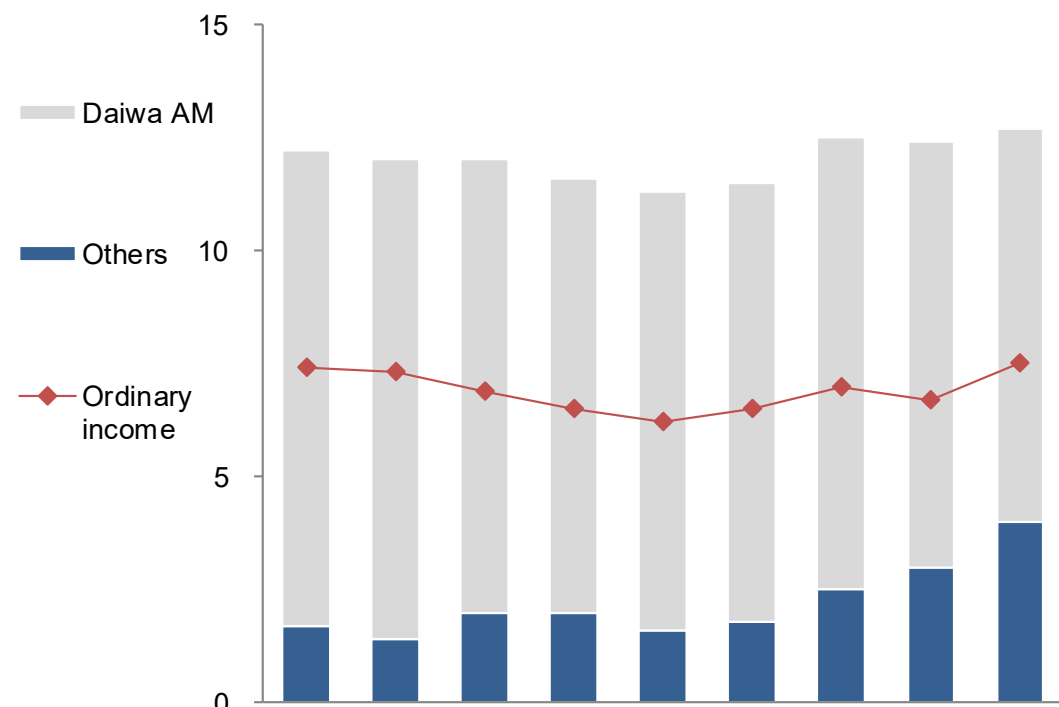
【Daiwa Asset Management】

- Revenues decreased due to a decline in average AUM of stock investment trust (excluding ETF), even though net asset remained inflow.

【Others】

- Revenue of Daiwa Real Estate Asset Management increased from acquisition and disposition of real estates.
- Japan Rental Housing Investments Inc. merged with Nippon Healthcare Investment Corporation through absorption-type merger and changed its trade name to Daiwa Securities Living Investment Corporation on April 1, 2020.

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Daiwa AM	10.5	10.6	10.0	9.6	9.7	9.7	10.0	9.4	8.7
Others	1.7	1.4	2.0	2.0	1.6	1.8	2.5	3.0	4.0
Net operating revenues	12.2	12.0	12.1	11.7	11.3	11.6	12.6	12.4	12.7
Ordinary income	7.4	7.3	6.9	6.5	6.2	6.5	7.0	6.7	7.5

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

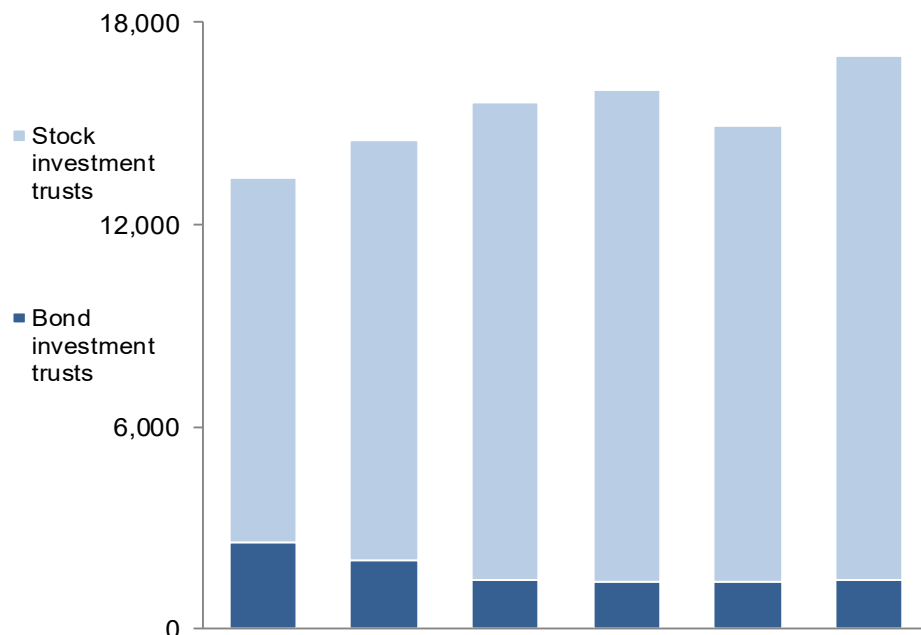
※ Equity in earnings of affiliates is included in non-operating revenues.

Asset Management Division

Assets Under Management and Net Increase



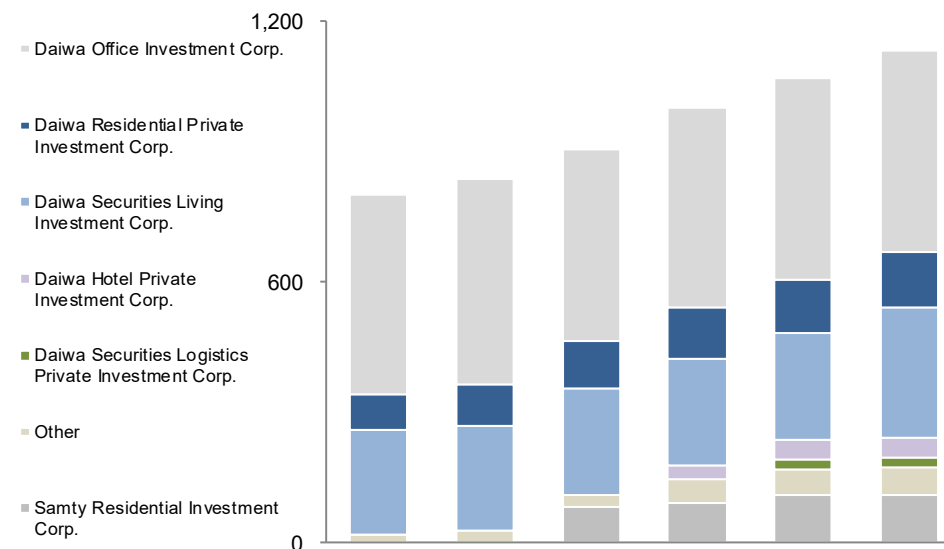
Daiwa Asset Management AUM



(¥ Billions)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 1Q
Stock investment trusts	10,840	12,454	14,123	14,616	13,478	15,555
excl. ETF	7,888	7,805	7,717	7,245	6,063	6,569
(Net inflow)	(634)	(168)	(302)	(-339)	(52)	(12)
ETF	2,951	4,648	6,406	7,371	7,414	8,986
(Net inflow)	(775)	(1,255)	(1,109)	(1,279)	(363)	(550)
Bond investment trusts	2,563	2,036	1,465	1,396	1,421	1,453
Total	13,403	14,491	15,588	16,012	14,900	17,008
Stock investment trust share	14.5%	14.7%	14.3%	14.2%	14.0%	14.2%

Real Estate Asset Management Business AUM of Two Companies*

* Daiwa Real Estate Asset Management, Samty Asset Management



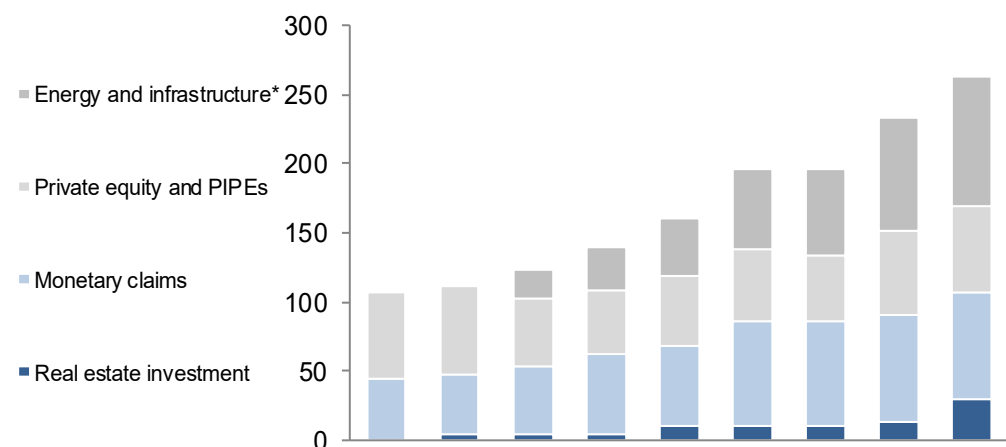
(¥ Billions)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 1Q
Daiwa Office Investment Corp.	459	469	439	460	463	463
Daiwa Residential Private Investment Corp.	82	96	107	118	121	126
Daiwa Securities Living Investment Corp.**	238	242	244	245	247	302
Daiwa Hotel Private Investment Corp.				29	45	45
Daiwa Securities Logistics Private Investment Corp.					20	20
Other	19	25	30	53	59	64
Total	800	834	822	907	959	1,023
Samty Residential Investment Corp. (Sub sponsor)			81	93	109	109
Total (Including sub sponsor)	800	834	903	1,000	1,069	1,133

** Japan Rental Housing Investment Inc. merged with Nippon Healthcare Investment Corp. through absorption-type merger and changed its trade name to Daiwa Securities Living Investment Corp. on April 1, 2020. Daiwa Securities Living Investment Corp.'s AUM from FY2015 to FY2019 is a total of the two companies.

Investment Division

(¥ Millions)	FY2020 1Q	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
Net operating revenues	1,028	-75.6%	-38.9%	2,502
Ordinary income	117	-96.3%	-87.3%	-877

Principal Investment Value



(¥ Billions)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q

Daiwa PI Partners

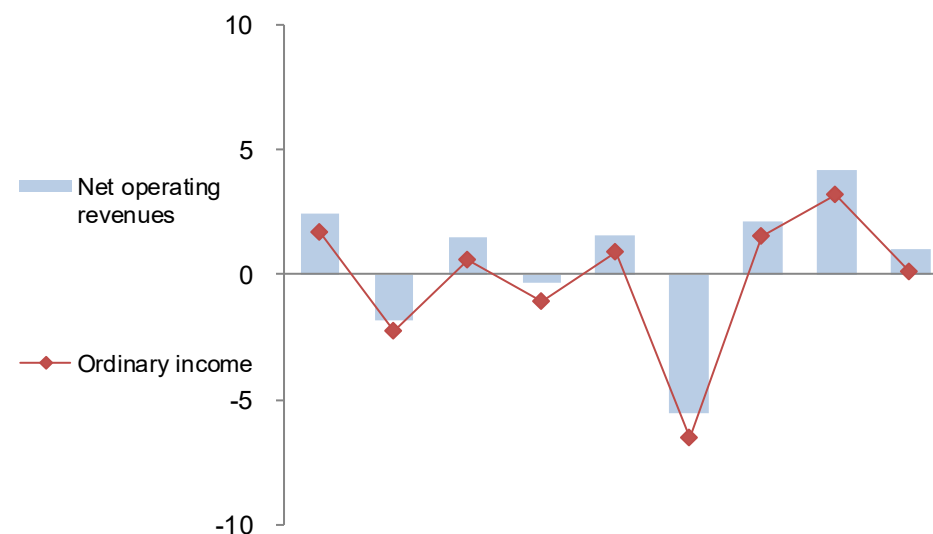
Private equity and PIPEs	63	64	50	46	50	52	48	61	63
Monetary claims	44	43	49	57	59	75	75	78	77
Real estate investment	0	4	4	5	10	11	11	13	30
Daiwa Energy & Infrastructure			20	31	41	58	62	81	93
Total	107	112	124	139	163	198	198	235	265

* 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)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net operating revenues	2.4	-1.8	1.5	-0.3	1.6	-5.5	2.1	4.2	1.0
Ordinary income	1.7	-2.3	0.6	-1.1	0.9	-6.5	1.5	3.2	0.1

Reference

Daiwa Securities Group Inc.

Breakdown of Commission

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Total commission	64,962	64,810	68,448	68,352	57,749	-15.5%	-11.1%	266,574
Brokerage commission	12,416	12,684	13,994	17,406	17,124	-1.6%	37.9%	56,503
Underwriting and secondary offering commissions	6,932	8,337	9,466	5,081	4,430	-12.8%	-36.1%	29,818
Distribution commission	6,352	5,716	5,369	5,816	4,068	-30.1%	-36.0%	23,254
Other commission	39,261	38,071	39,617	40,047	32,126	-19.8%	-18.2%	156,997
<i>Investment advisory and account management fees</i>	6,897	7,058	7,175	7,344	6,841	-6.9%	-0.8%	28,476
<i>Insurance sales commission</i>	362	317	276	379	104	-72.6%	-71.3%	1,336
<i>M&A related commission</i>	7,323	5,735	7,528	8,320	2,709	-67.4%	-63.0%	28,908
<i>Management fee</i>	17,767	17,605	17,985	16,721	15,210	-9.0%	-14.4%	70,079
<i>Other</i>	6,909	7,353	6,652	7,281	7,260	-0.3%	5.1%	28,197

Balance Sheet

Daiwa Securities Balance Sheet (June 30, 2020)

(¥ Billions)

Current assets	14,853	(3,000)
Trading products	6,792	(965)
Trading securities and other	3,403	(1,261)
Derivatives transactions	3,389	(-295)
Margin transaction assets	164	(52)
Loans on margin transactions	113	(10)
Cash collateral pledged for securities borrowing on margin transactions	51	(42)
Loans secured by securities	3,948	(577)
Short-term guarantee deposits	531	(-64)
Short-term loans receivable	466	(-58)
Non-current assets	123	(-4)
Property, plant and equipment	8	(-0)
Intangible assets	75	(-1)
Total assets	14,977	(2,996)

Current liabilities	12,929	(3,025)
Trading products	4,385	(121)
Trading securities and other	1,170	(402)
Derivatives transactions	3,214	(-280)
Margin transaction liabilities	73	(15)
Loans payables secured by securities	6,153	(2,952)
Short-term loans payable	1,311	(145)
Current portion of bonds	145	(-3)
Long-term liabilities	1,304	(-23)
Bonds payable	575	(-20)
Long-term loans payable	686	(-2)
Total liabilities	14,237	(3,002)
Net assets	739	(-5)
Shareholders' equity	737	(-6)
Capital stock	100	—
Total liabilities and net assets	14,977	(2,996)

※ Figures in parentheses show changes from March 31, 2020

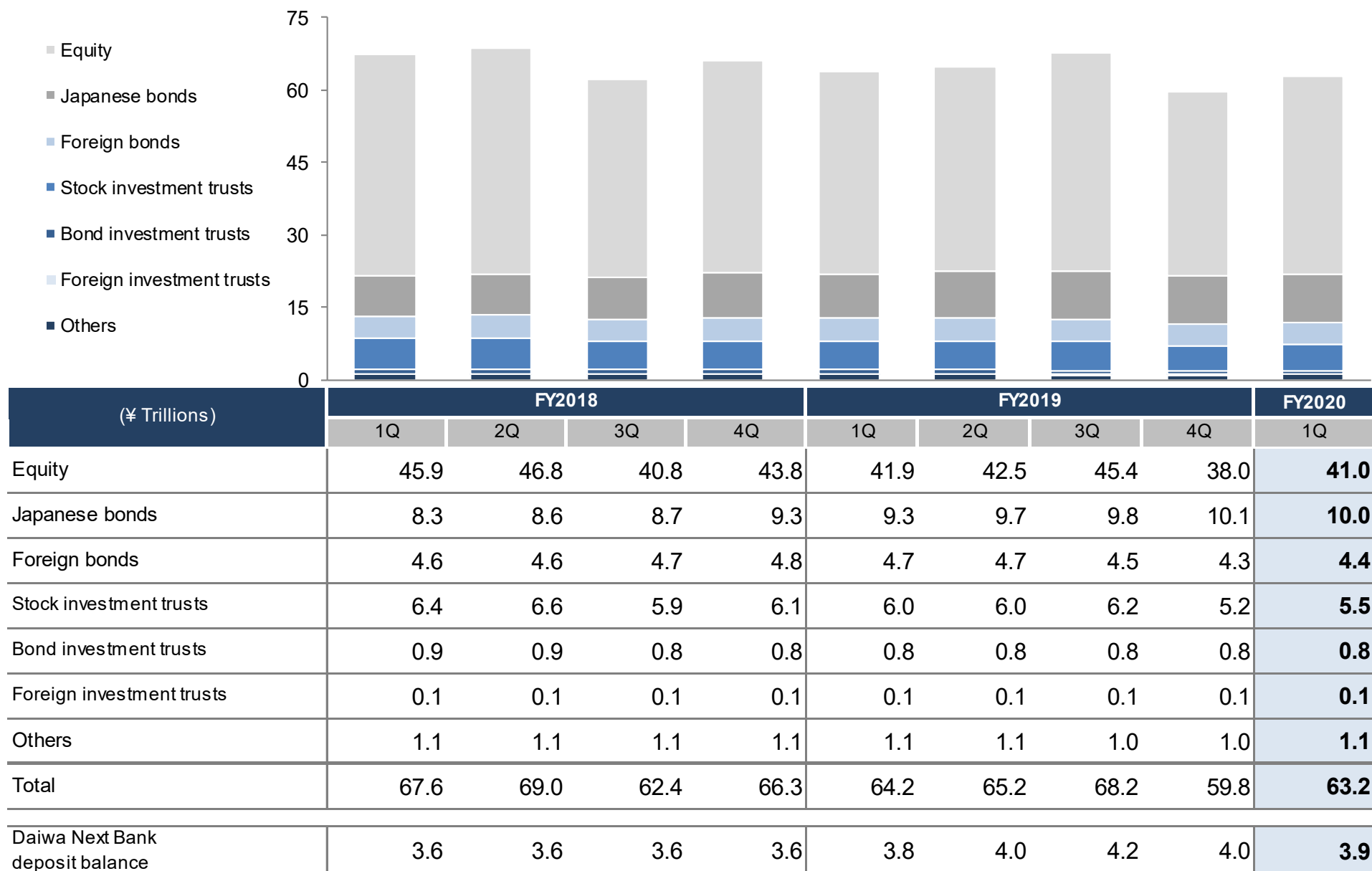
Financial Summary I

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	79,513	73,965	78,520	66,653	69,108	3.7%	-13.1%	298,652
Commission received	43,059	44,818	44,581	45,374	37,882	-16.5%	-12.0%	177,833
Brokerage commission	8,903	9,214	10,420	12,735	12,687	-0.4%	42.5%	41,274
<i>Stock and others</i>	8,645	8,955	10,199	11,930	12,012	0.7%	38.9%	39,731
Underwriting and secondary offering commissions	6,113	8,052	8,305	5,573	4,403	-21.0%	-28.0%	28,044
<i>Equity</i>	1,114	2,767	4,850	2,149	157	-92.7%	-85.8%	10,882
<i>Bond and others</i>	4,998	5,285	3,454	3,423	4,245	24.0%	-15.1%	17,162
Distribution commission	6,286	5,665	5,309	5,764	4,026	-30.2%	-36.0%	23,025
<i>Investment trust</i>	5,301	4,476	4,124	4,314	4,020	-6.8%	-24.2%	18,217
Other commissions	21,756	21,885	20,545	21,301	16,765	-21.3%	-22.9%	85,488
<i>Agency fee and others</i>	6,768	6,625	6,632	6,144	5,342	-13.0%	-21.1%	26,170
<i>Investment advisory and account management fees</i>	6,897	7,058	7,175	7,344	6,841	-6.9%	-0.8%	28,476
<i>Insurance sales commission</i>	362	317	276	379	104	-72.6%	-71.3%	1,336
<i>M&A related commission</i>	3,651	3,533	3,007	3,631	1,336	-63.2%	-63.4%	13,823
Net trading income/loss	23,753	18,744	22,457	11,780	22,537	91.3%	-5.1%	76,735
Financial revenues	12,699	10,403	11,481	9,498	8,688	-8.5%	-31.6%	44,083
Financial expenses	9,119	7,074	8,158	4,427	5,258	18.8%	-42.3%	28,780
Net operating revenues	70,393	66,891	70,361	62,225	63,849	2.6%	-9.3%	269,872

Financial Summary II

(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
SG&A	61,472	58,973	60,246	59,873	55,940	-6.6%	-9.0%	240,566
Trading related expenses	11,687	10,552	11,174	11,279	8,159	-27.7%	-30.2%	44,694
Personnel expenses	24,620	23,282	23,706	23,485	22,626	-3.7%	-8.1%	95,094
Real estate expenses	6,331	6,206	6,226	6,241	6,241	-0.0%	-1.4%	25,006
Office cost	11,668	11,740	12,238	11,730	11,436	-2.5%	-2.0%	47,377
Depreciation	5,087	5,068	4,930	5,053	5,537	9.6%	8.8%	20,140
Taxes and dues	1,008	1,048	953	906	1,044	15.2%	3.6%	3,916
Other	1,070	1,073	1,016	1,176	895	-23.9%	-16.3%	4,337
Ordinary income	9,053	8,102	10,097	2,534	8,125	220.6%	-10.2%	29,788
Net income	449	2,490	6,645	2,060	5,527	168.3%	12.3x	11,646
ROE (Annualized)	0.2%	1.4%	3.6%	1.1%	3.0%			1.5%
Capital adequacy ratio	332.6%	308.3%	322.7%	326.9%	351.0%			326.9%

Assets under Custody



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

※ ETFs are recorded in 'Equity'.

Number of Accounts and Equity Trading

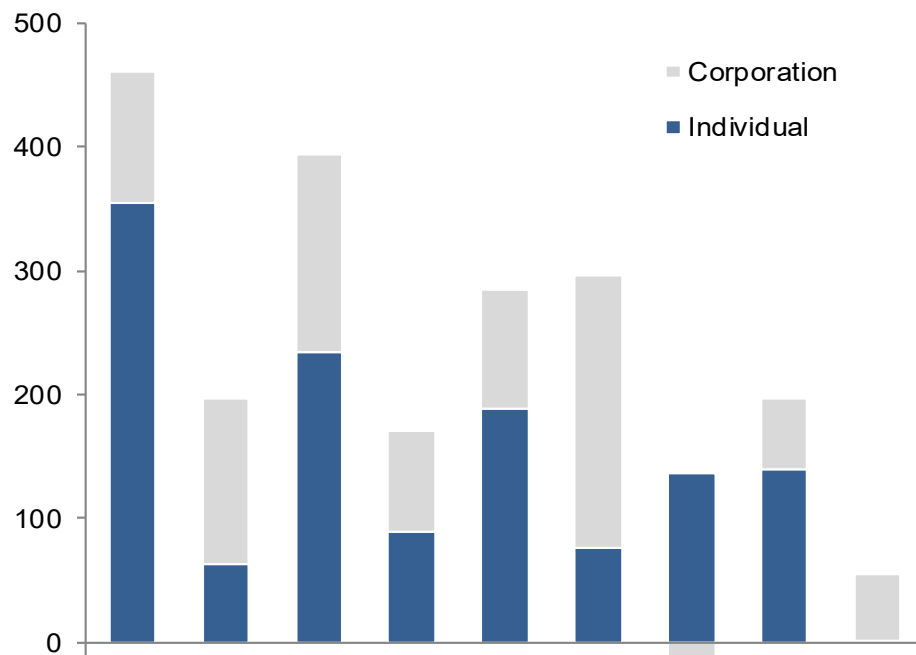
	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Accounts with balance (thousands)	2,994	3,001	3,011	3,025	3,021	3,026	3,009	3,022	3,020
Accounts holding equity (thousands)	1,397	1,394	1,438	1,439	1,439	1,438	1,427	1,440	1,445
Online trading accounts (thousands)	3,246	3,264	3,302	3,320	3,329	3,344	3,358	3,373	3,381
Newly opened accounts (thousands)	52	37	47	34	29	32	31	35	24
NISA accounts* (thousands)	839	846	855	858	860	863	863	866	867
Wrap account service (end of quarter)									
Contract assets under management (¥ billions)	2,049	2,162	2,034	2,145	2,171	2,233	2,313	2,087	2,219
Number of customers (thousands)	138.7	141.9	143.7	144.3	144.2	144.3	142.3	141.9	141.0
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	2,619	2,400	2,723	2,198	1,985	1,972	2,392	3,131	3,220
Online out of total (thousands)	2,295	2,123	2,408	1,956	1,745	1,739	2,112	2,788	2,917
Total trading value (¥ billions)	2,612	2,302	2,502	1,993	1,868	1,795	2,169	2,564	2,700
Online out of total (¥ billions)	1,966	1,769	1,935	1,528	1,414	1,365	1,686	2,050	2,172
Foreign equity trading value (Retail)									
Trading value (¥ billions)	398	422	206	292	354	312	221	300	337

* Includes Junior NISA.

Net Asset Inflow



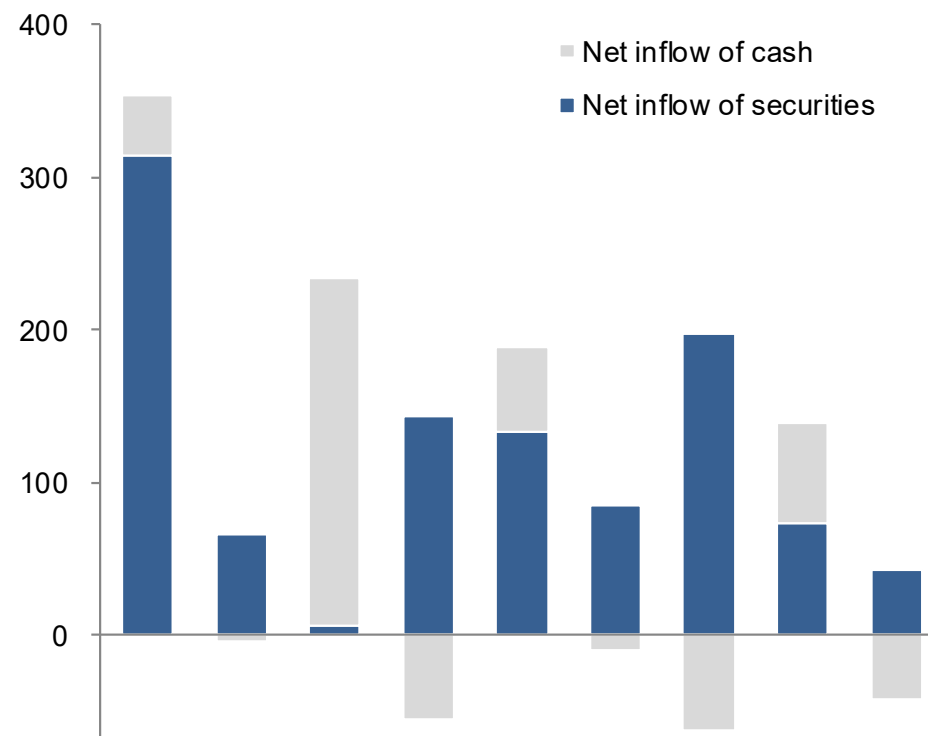
Retail Division (Daiwa Securities) Net Asset Inflow



¥ Billions	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Corporation	106.6	133.8	158.8	82.3	96.6	219.1	-26.7	57.7	54.6
Individual	354.0	62.9	234.6	88.9	188.6	76.5	136.6	139.6	0.8
Total	460.7	196.8	393.4	171.2	285.2	295.7	109.9	197.3	55.4

※ Net asset inflow = net inflow of cash and securities

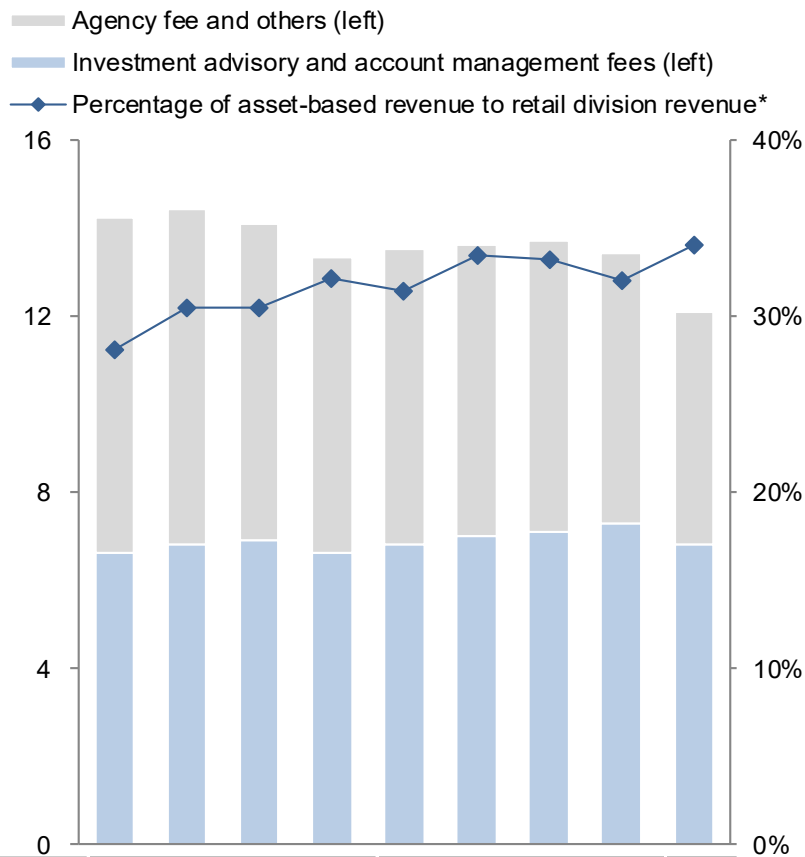
Retail Division (Daiwa Securities) Net Asset Inflow (Individuals)



¥ Billions	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net inflow of cash	39.9	-3.0	228.7	-54.1	55.3	-9.2	-61.4	66.2	-41.7
Net inflow of securities	314.1	65.9	5.8	143.0	133.3	85.8	198.0	73.4	42.6
Total	354.0	62.9	234.6	88.9	188.6	76.5	136.6	139.6	0.8

Stock Investment Trusts & Wrap Accounts

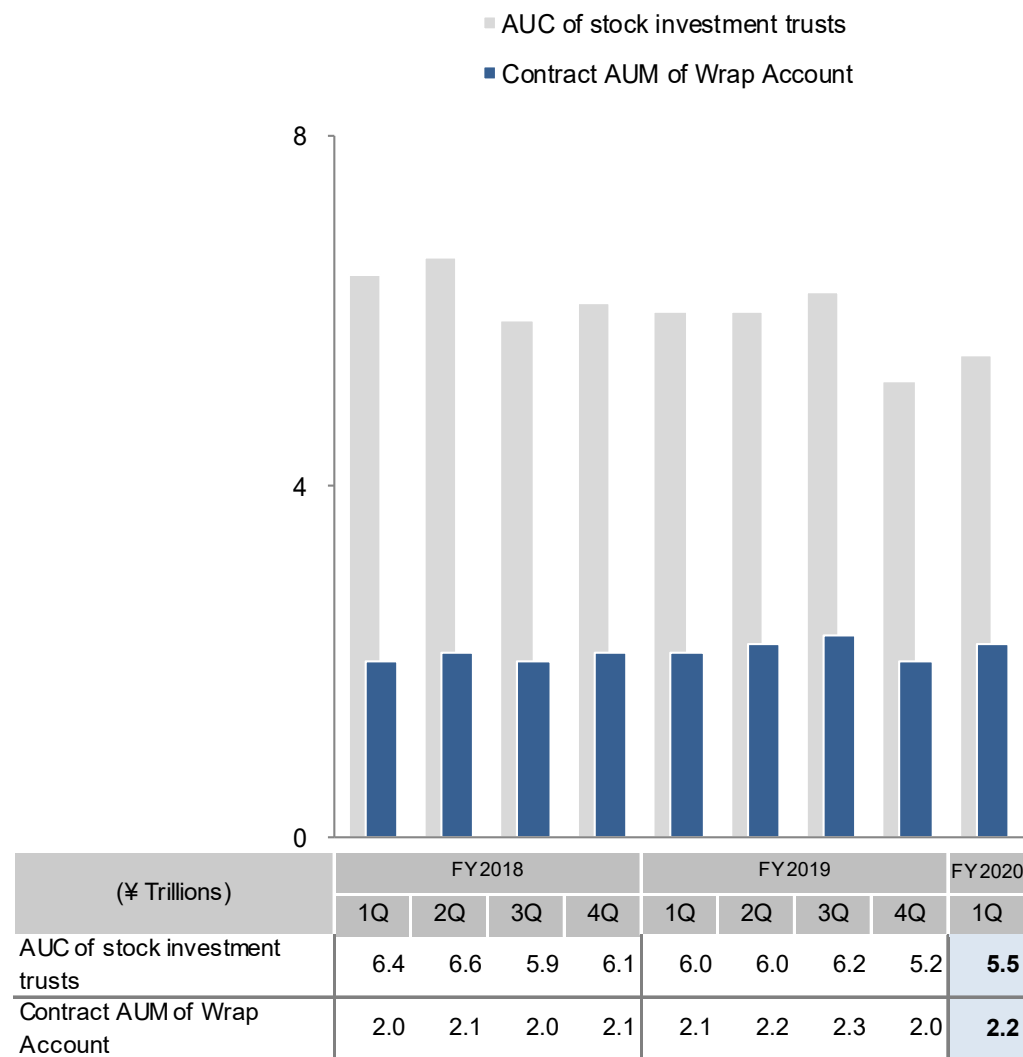
Agency Fee and Management Fee (Daiwa Securities)



¥ Billions	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Agency fee and others	7.6	7.6	7.2	6.7	6.7	6.6	6.6	6.1	5.3
Investment advisory and account management fees	6.6	6.8	6.9	6.6	6.8	7.0	7.1	7.3	6.8
Percentage of asset-based revenue to retail division revenue*	28%	30%	30%	32%	31%	33%	33%	32%	34%

* 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	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
AUC of stock investment trusts	6.4	6.6	5.9	6.1	6.0	6.0	6.2	5.2	5.5
Contract AUM of Wrap Account	2.0	2.1	2.0	2.1	2.1	2.2	2.3	2.0	2.2

※ 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)
FY2020 1Q League Table							
1st	SMBC Nikko	Mizuho	Nomura	Mitsubishi UFJMS	SMBC Nikko	Daiwa	Deloitte
	96.1%	54.4%	21.8%	25.1%	20.7%	20.0%	
2nd	Okasan	Nomura	Mitsubishi UFJMS	Daiwa	Nomura	Nomura	Nomura
	3.9%	26.2%	19.0%	24.5%	18.0%	20.0%	
3rd		Daiwa	Mizuho	Nomura	Daiwa	SMBC Nikko	SMFG
		15.8%	18.8%	19.8%	17.7%	20.0%	
4th		SMBC Nikko	Daiwa	Mizuho	Mizuho	Mizuho	Morgan Stanley
		3.6%	18.1%	14.8%	17.6%	20.0%	
5th			SMBC Nikko	SMBC Nikko	Mitsubishi UFJMS	Mitsubishi UFJMS	Frontier Management
			17.4%	12.1%	16.8%	20.0%	
							12th
							Daiwa

Source: Compiled by Daiwa Securities based on REFINITIV April 2020 - June 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.

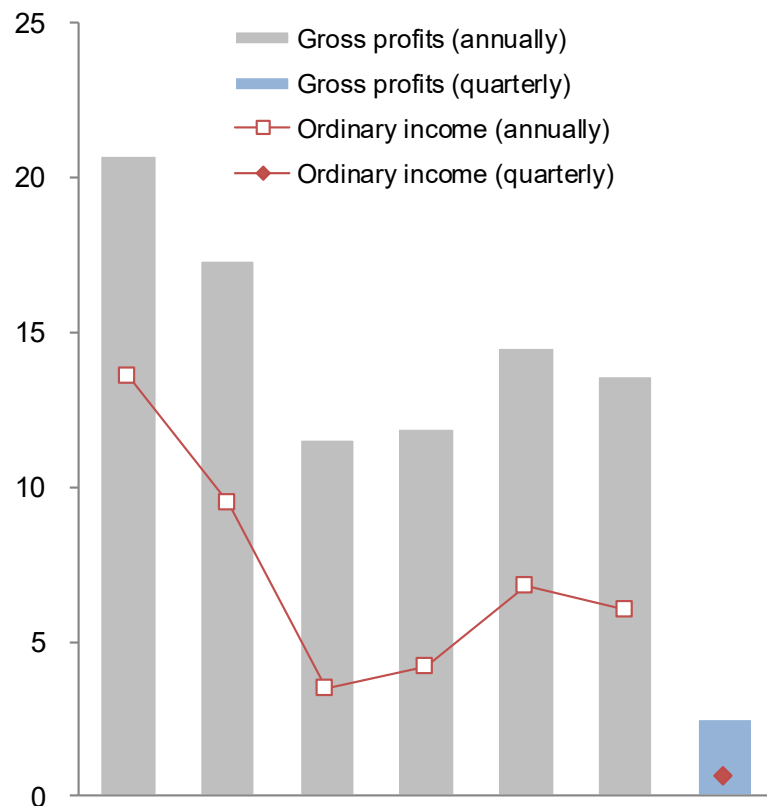
Joint bookrunner allotment of Samurai bonds is divided up evenly among the bookrunners.

Financial Summary

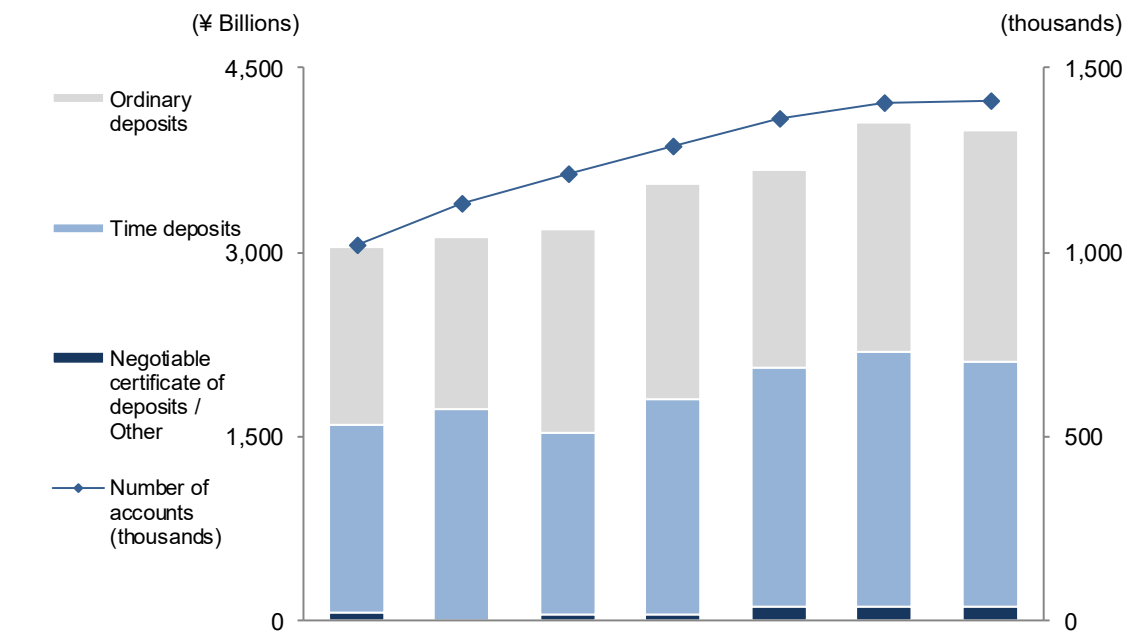
(¥ Millions)	FY2019				FY2020	% Change vs 4Q/FY19	% Change vs 1Q/FY19	FY2019
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	17,759	17,626	17,972	16,775	15,168	-9.6%	-14.6%	70,134
Management fee	17,603	17,472	17,825	16,648	15,048	-9.6%	-14.5%	69,550
<i>Stock investment trust</i>	17,556	17,428	17,786	16,606	15,010	-9.6%	-14.5%	69,378
<i>Bond investment trust</i>	47	44	38	41	38	-8.0%	-19.0%	172
Other operating revenues	155	153	146	127	119	-6.3%	-23.5%	583
SG&A	14,193	13,929	14,022	13,463	12,223	-9.2%	-13.9%	55,608
Commission paid	8,043	7,852	7,897	7,327	6,454	-11.9%	-19.8%	31,120
Other SG&A	6,149	6,076	6,124	6,135	5,769	-6.0%	-6.2%	24,487
Operating income	3,566	3,696	3,949	3,312	2,944	-11.1%	-17.4%	14,525
Ordinary income	3,557	4,526	4,013	3,532	3,063	-13.3%	-13.9%	15,629
Net income	2,455	3,330	2,752	2,028	2,138	5.4%	-12.9%	10,566

Earnings and Deposit Balance

Gross Profits / Ordinary Income



Daiwa Next Bank Deposit Balance & Number of Accounts



(¥ Billions)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 1Q
Ordinary deposits	1,455	1,401	1,653	1,756	1,610	1,873	1,884
Time deposits	1,528	1,711	1,480	1,746	1,953	2,067	1,992
Negotiable certificate of deposits / Other	62	8	59	53	115	122	117
Deposit balance	3,047	3,121	3,193	3,556	3,678	4,062	3,994
Foreign currency deposits	225	243	253	300	331	539	546
Number of accounts (thousands)	1,018	1,133	1,213	1,289	1,364	1,405	1,412

※ 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)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
VaR (Quarter end)	1.34	1.39	1.76	1.06	1.33	1.42	0.94	1.22	0.99
High	1.80	1.67	1.87	2.29	1.68	1.55	1.61	1.77	1.43
Low	1.16	1.15	0.95	0.86	0.74	1.02	0.94	0.87	0.75
Average	1.40	1.36	1.34	1.45	1.18	1.27	1.28	1.18	1.08
By risk factors (Quarter end)									
Equity	0.65	0.51	0.40	0.29	0.38	0.39	0.34	0.19	0.21
Interest	1.21	1.23	1.68	1.06	1.16	1.35	1.21	1.12	1.25
Currency	0.16	0.17	0.24	0.18	0.21	0.24	0.20	0.20	0.24
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Number of Group Employees

	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	16,651	16,516	16,519	16,419	16,499	16,306	16,078	15,904	16,120
Overseas	1,799	1,820	1,881	1,921	1,960	1,963	1,963	1,984	1,977

■ 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.

Contact

Daiwa Securities Group Inc.
Investor Relations

TEL: +81-3-5555-1300

E-mail: ir-section@daiwa.co.jp

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