

**Daiwa Securities Group Inc.**  
**3Q FY2020 Earnings Announcement**

**January 28, 2021**

**Daiwa Securities Group Inc.**

This presentation may contain forward-looking statements about the Daiwa Securities Group. You can identify these statements by the fact that they do not relate strictly to historic or current facts. These statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition or state other "forward-looking" information. These statements are based on currently available information and represent the beliefs of the management of the Daiwa Securities Group. These statements are subject to numerous risks and uncertainties that could cause the Daiwa Securities Group's actual results, performance, achievements or financial condition to differ materially from those described or implied in the forward-looking statements. The Daiwa Securities Group undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. These potential risks and uncertainties include, but are not limited to: competition within the financial services industries in Japan and overseas, our ability to adjust our business focus and to maintain profitable strategic alliances, volatile and sudden movements in the international securities markets, foreign exchange and global economic situations affecting the Daiwa Securities Group.

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# Highlights (1Q-3Q/FY2020, YoY)

## Both net operating revenues and ordinary income increased YoY. Ordinary income increased in all divisions.

Consolidated earnings results	FY2020 1Q-3Q	% Changes vs 1Q-3Q/FY2019	FY2020 3Q	% Changes vs 2Q/FY2020
Net operating revenues	¥342.0 bn	+8.4%	¥126.1 bn	+14.2%
Ordinary income	¥79.6 bn	+59.2%	¥34.5 bn	+45.3%
Profit attributable to owners of parent	¥57.7 bn	+17.7%	¥24.9 bn	+63.8%

### 【Retail Division】

- Ordinary income increased 79% YoY due to successful cost reduction as a part of revenue restructuring.
- Sales and distribution amount of products recovered significantly from a bottom in the first quarter affected by the state of emergency declaration.
- Introduced asset based fee plan for investment trust\* in October 19 to strengthen wealth management business (¥96.3 billion).
- Contract AUM of wrap account service reached a record high (¥2.43 trillion). \*Includes Wholesale Division
- Asset under custody of Daiwa Securities Co. Ltd. reached a record high of ¥70.7 trillion. \*Includes Wholesale Division

### 【Wholesale Division】

- Both net operating revenues and ordinary income recorded the highest since disclosures of segment information started in FY2010.
- Equity and FICC revenues in Global Markets drove the Group's consolidated earnings.
- Ordinary income in Global Investment Banking rose due to equity and debt underwriting deals and M&A deals.
- Both net operating revenues and ordinary income of overseas operations increased in all regions.

### 【Asset Management Division】

- Expansion of real estate asset management business contributed to an increase in revenues and ordinary income.

### 【Book-value Per Share (BPS)】

- BPS as of the end of December 2020 reached a record high of 820.74 yen.

# Summary (3Q/FY2020, QoQ)

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

## 3Q FY2020 Net operating revenues: ¥126.1 bn (+14.2%)

- Revenues in Retail Division increased. In addition to an increase in both Japanese and foreign equity transaction, sales of investment trust and bonds rose due to strong performance in the stock market.
- Revenues in Wholesale Division increased. In Global Markets, both equity and FICC revenues increased. In Global Investment Banking, revenues from debt underwriting and M&A rose.

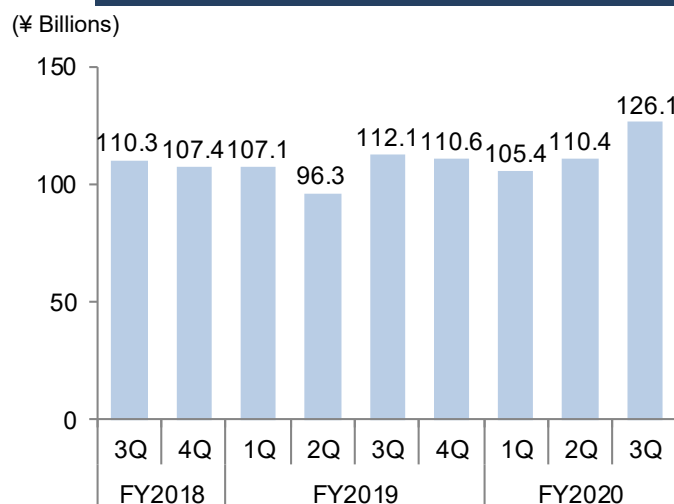
## 3Q FY2020 Ordinary income: ¥34.5 bn (+45.3%)

- SG&A increased to ¥94.2 billion (+3.8%) as earnings-linked bonuses rose.

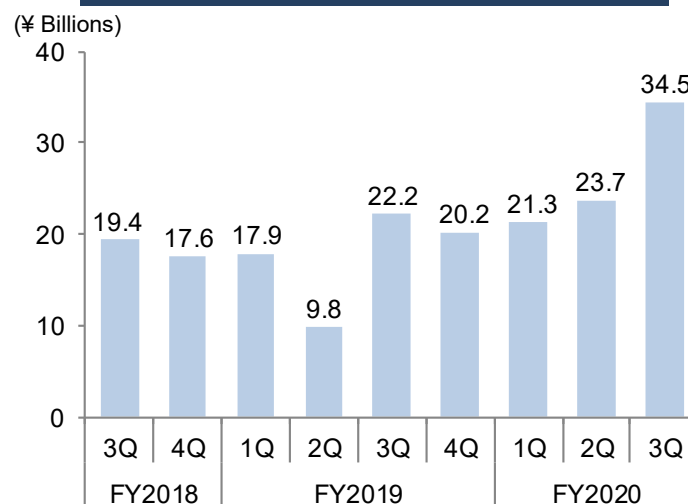
## 3Q FY2020 Profit attributable to owners of parent: ¥24.9 bn (+63.8%)

- Annualized ROE: 8.0% BPS: ¥820.74

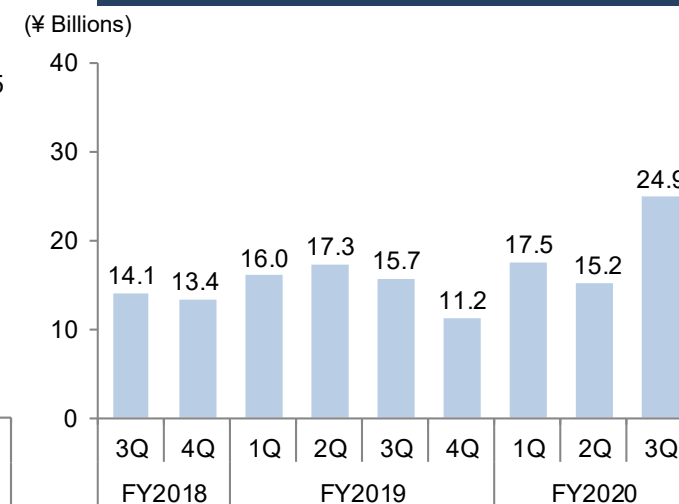
Net Operating Revenues



Ordinary Income



Profit Attributable to Owners of Parent



## Financial Summary

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
Operating revenues	170,672	160,606	128,612	128,568	151,636	17.9%	-11.2%	511,680	408,817	-20.1%	672,287
Net operating revenues	112,191	110,621	105,445	110,488	126,149	14.2%	12.4%	315,638	342,083	8.4%	426,259
SG&A	93,209	94,216	88,833	90,768	94,207	3.8%	1.1%	277,754	273,810	-1.4%	371,970
Ordinary income	22,239	20,259	21,370	23,750	34,514	45.3%	55.2%	50,023	79,635	59.2%	70,283
Profit (loss) attributable to owners of parent	15,707	11,255	17,552	15,252	24,985	63.8%	59.1%	49,091	57,789	17.7%	60,346
Total assets	24,409,452	23,822,099	25,657,575	25,583,609	26,234,974			24,409,452	26,234,974		23,822,099
Net assets	1,287,164	1,257,766	1,264,195	1,285,466	1,300,145			1,287,164	1,300,145		1,257,766
Shareholders' equity*	1,239,995	1,210,014	1,217,225	1,235,097	1,250,130			1,239,995	1,250,130		1,210,014
EPS (¥)	10.31	7.41	11.55	10.01	16.40			31.66	37.97		39.11
BPS (¥)	816.44	796.33	800.39	810.92	820.74			816.44	820.74		796.33
ROE (Annualized)	5.1%	3.7%	5.8%	5.0%	8.0%			5.3%	6.3%		4.9%

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

# Consolidated Segment Summary



(¥ Millions)

Net operating revenues	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>Retail</b>	41,322	41,248	35,148	40,703	<b>44,310</b>	<b>8.9%</b>	<b>7.2%</b>	125,182	<b>120,161</b>	<b>-4.0%</b>	166,430
<b>Wholesale</b>	48,689	44,327	51,509	47,595	<b>57,078</b>	<b>19.9%</b>	<b>17.2%</b>	127,962	<b>156,184</b>	<b>22.1%</b>	172,289
<i>Global Markets</i>	35,021	31,109	45,271	33,247	<b>40,112</b>	<b>20.6%</b>	<b>14.5%</b>	90,192	<b>118,631</b>	<b>31.5%</b>	121,301
<i>Global Investment Banking</i>	13,667	13,218	6,238	14,348	<b>16,966</b>	<b>18.2%</b>	<b>24.1%</b>	37,769	<b>37,552</b>	<b>-0.6%</b>	50,988
<b>Asset Management</b>	12,664	12,446	12,784	12,170	<b>12,835</b>	<b>5.5%</b>	<b>1.3%</b>	35,645	<b>37,790</b>	<b>6.0%</b>	48,091
<b>Investments</b>	2,151	4,218	1,028	3,645	<b>3,174</b>	<b>-12.9%</b>	<b>47.5%</b>	-1,715	<b>7,848</b>	-	2,502
<b>Other/Adjustments</b>	7,362	8,379	4,974	6,373	<b>8,750</b>			28,564	<b>20,098</b>		36,943
<b>Consolidated total</b>	112,191	110,621	105,445	110,488	<b>126,149</b>	<b>14.2%</b>	<b>12.4%</b>	315,638	<b>342,083</b>	<b>8.4%</b>	426,259

Ordinary income	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>Retail</b>	1,039	1,552	-893	2,660	<b>6,943</b>	<b>161.0%</b>	<b>568.3%</b>	4,853	<b>8,710</b>	<b>79.5%</b>	6,405
<b>Wholesale</b>	14,834	9,245	18,476	14,187	<b>21,454</b>	<b>51.2%</b>	<b>44.6%</b>	28,789	<b>54,118</b>	<b>88.0%</b>	38,034
<i>Global Markets</i>	11,319	6,818	20,574	8,995	<b>15,477</b>	<b>72.1%</b>	<b>36.7%</b>	21,373	<b>45,047</b>	<b>110.8%</b>	28,191
<i>Global Investment Banking</i>	3,324	2,279	-2,060	4,769	<b>5,726</b>	<b>20.1%</b>	<b>72.2%</b>	7,051	<b>8,434</b>	<b>19.6%</b>	9,330
<b>Asset Management</b>	7,038	6,771	7,571	7,459	<b>7,683</b>	<b>3.0%</b>	<b>9.2%</b>	19,808	<b>22,714</b>	<b>14.7%</b>	26,580
<b>Investments</b>	1,581	3,203	117	2,228	<b>1,880</b>	<b>-15.6%</b>	<b>18.9%</b>	-4,081	<b>4,226</b>	-	-877
<b>Other/Adjustments</b>	-2,254	-513	-3,901	-2,786	<b>-3,447</b>			654	<b>-10,135</b>		140
<b>Consolidated total</b>	22,239	20,259	21,370	23,750	<b>34,514</b>	<b>45.3%</b>	<b>55.2%</b>	50,023	<b>79,635</b>	<b>59.2%</b>	70,283

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

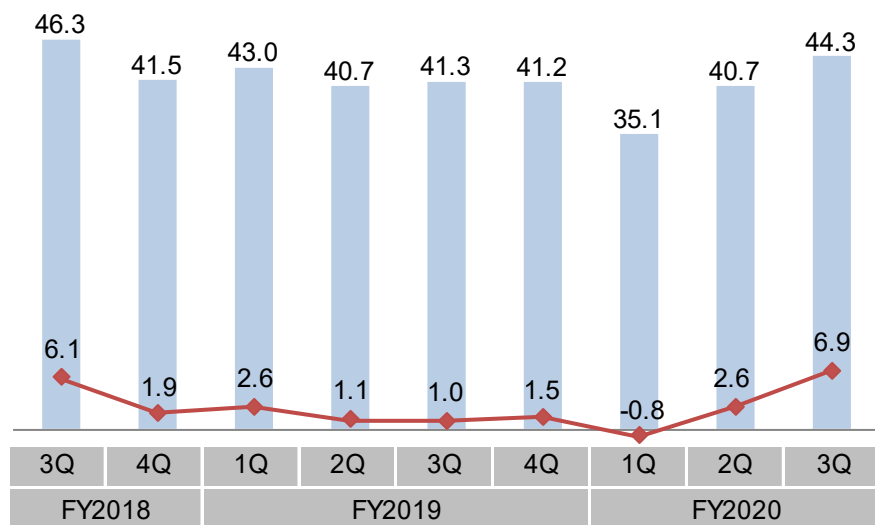
# Consolidated Segment Summary



■ Net operating revenues    ◆ Ordinary income

## Retail Division

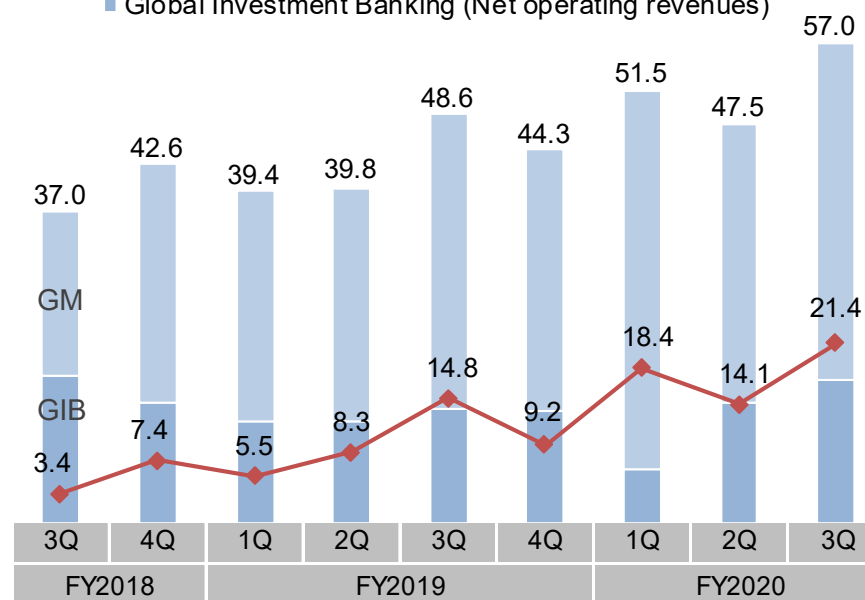
(¥ Billions)



## Wholesale Division

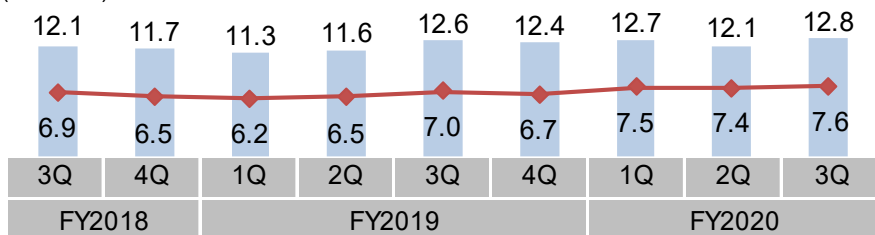
(¥ Billions)

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



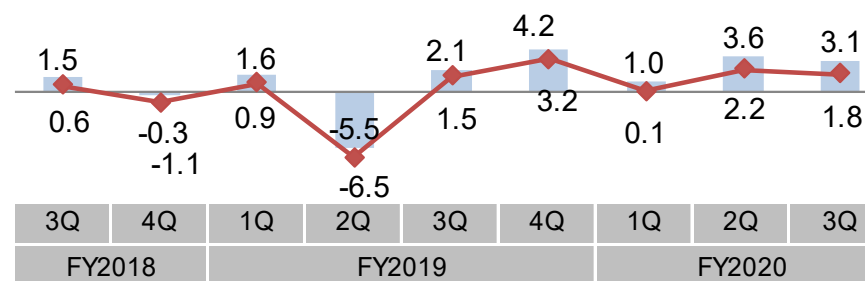
## Asset Management Division

(¥ Billions)



## Investment Division

(¥ Billions)



# Consolidated B/S Summary

## Consolidated Balance Sheet (December 31, 2020)

(¥ Billions)

Current assets			Current liabilities		
Cash and deposits	4,594	(629)	Trading products	4,292	(-1,069)
Short-term investment securities	977	(104)	Trading securities and other	1,360	(-445)
Trading products	8,641	(613)	Stocks, Convertible bonds	168	(54)
Trading securities and other	5,568	(1,267)	Bonds	1,126	(-526)
Stocks, Convertible bonds	162	(-127)	Other	65	(29)
Bonds	3,959	(1,208)	Derivatives transactions	2,931	(-624)
Beneficiary certificates	93	(-3)	Loans payable secured by securities	9,438	(2,239)
Other	1,352	(190)	Deposits for banking business	4,250	(213)
Derivatives transactions	3,072	(-653)	Short-term loans payable	1,395	(118)
Operational investment securities	234	(32)	Current portion of bonds	205	(-72)
(after allowance for possible investment losses)					
Loans secured by securities	7,574	(889)			
Non-current assets			Long-term liabilities		
Property, plant and equipment	316	(7)	Bonds payable	1,453	(73)
Intangible assets	119	(-4)	Long-term loans payable	1,241	(58)
Investments and other assets	534	(-7)	<b>Total liabilities</b>	<b>24,934</b>	<b>(2,370)</b>
Listed stocks	109	(11)	<b>Net assets</b>	<b>1,300</b>	<b>(42)</b>
Unlisted stocks	28	(-0)	Owners' equity	1,231	(28)
Affiliated company stocks, etc.	232	(35)	Accumulated other comprehensive income	18	(11)
Other	163	(-54)	Non-controlling interests	40	(2)
<b>Total Assets</b>	<b>26,234</b>	<b>(2,412)</b>	<b>Total liabilities and net assets</b>	<b>26,234</b>	<b>(2,412)</b>

**Total assets: ¥26.23 tn**

**Net assets: ¥1.30 tn**

**Shareholders' equity\*\*: ¥1.25 tn**

- 83.0% of total assets have high liquidity\*.

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

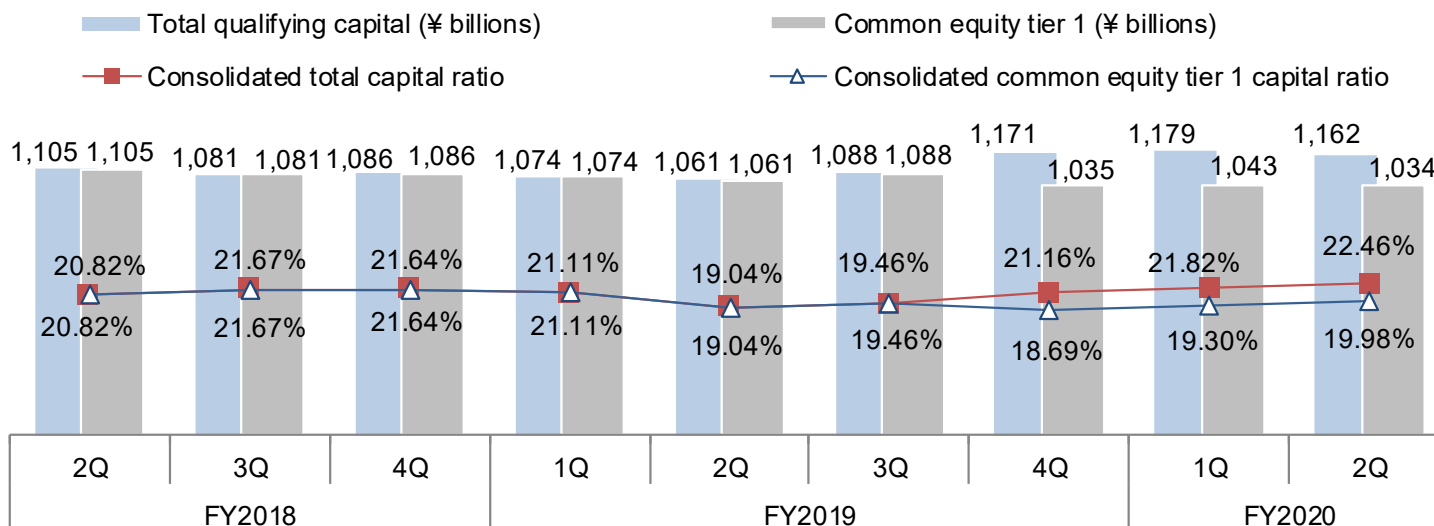
- Shareholders' equity\*\* increased by ¥40.1 billion from March 31, 2020.

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

※Figures in parentheses indicate changes from March 31, 2020



## Consolidated Capital Adequacy Ratio



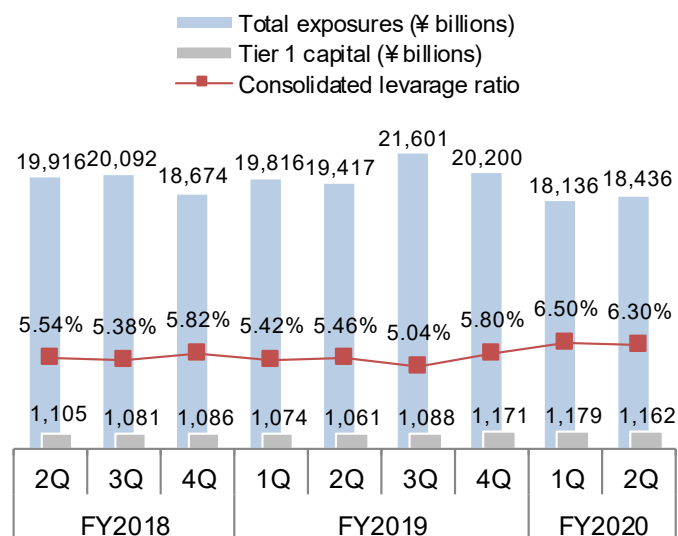
### 【Regulatory Capital (Basel III)】

(As at September 30, 2020)

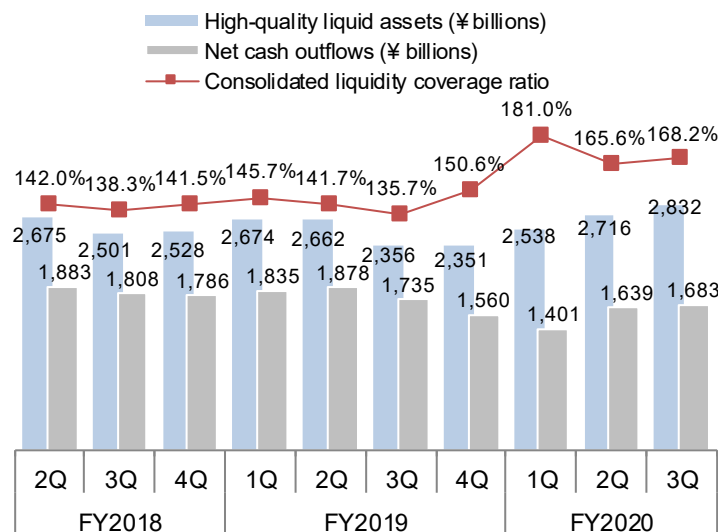
- Consolidated Total Capital Ratio : 22.46%
- Consolidated Tier 1 Capital Ratio : 22.46%
- Consolidated Common Equity Tier 1 Capital Ratio : 19.98%
- Consolidated Leverage Ratio : 6.30%

※ Figures are as at the end of each quarter.

## Consolidated Leverage Ratio



## Consolidated Liquidity Coverage Ratio



### 【Regulatory Liquidity (Basel III)】

(Daily average Oct. – Dec. 2020)

- Consolidated Liquidity Coverage Ratio : 168.2%

# Consolidated P/L Summary



(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>Operating revenues</b>	170,672	160,606	128,612	128,568	<b>151,636</b>	<b>17.9%</b>	<b>-11.2%</b>	511,680	<b>408,817</b>	<b>-20.1%</b>	672,287
<b>Commission received</b>	68,448	68,352	57,749	70,809	<b>76,664</b>	<b>8.3%</b>	<b>12.0%</b>	198,222	<b>205,223</b>	<b>3.5%</b>	266,574
<b>Net trading income</b>	24,868	18,321	32,056	22,832	<b>32,654</b>	<b>43.0%</b>	<b>31.3%</b>	75,481	<b>87,543</b>	<b>16.0%</b>	93,802
<b>Net gain (loss) on private equity</b>	1,563	3,748	641	3,210	<b>2,660</b>	<b>-17.1%</b>	<b>70.1%</b>	-3,733	<b>6,511</b>	-	14
<b>Financial revenue</b>	62,713	55,439	26,516	20,396	<b>24,429</b>	<b>19.8%</b>	<b>-61.0%</b>	202,683	<b>71,343</b>	<b>-64.8%</b>	258,122
<b>Other operating revenue</b>	13,079	14,745	11,648	11,319	<b>15,227</b>	<b>34.5%</b>	<b>16.4%</b>	39,027	<b>38,195</b>	<b>-2.1%</b>	53,772
<b>Financial expenses</b>	49,216	37,432	15,582	11,536	<b>11,160</b>	<b>-3.3%</b>	<b>-77.3%</b>	172,484	<b>38,279</b>	<b>-77.8%</b>	209,916
<b>Other operating expenses</b>	9,264	12,552	7,583	6,543	<b>14,326</b>	<b>118.9%</b>	<b>54.6%</b>	23,557	<b>28,453</b>	<b>20.8%</b>	36,110
<b>Net operating revenues</b>	112,191	110,621	105,445	110,488	<b>126,149</b>	<b>14.2%</b>	<b>12.4%</b>	315,638	<b>342,083</b>	<b>8.4%</b>	426,259
<b>SG&amp;A</b>	93,209	94,216	88,833	90,768	<b>94,207</b>	<b>3.8%</b>	<b>1.1%</b>	277,754	<b>273,810</b>	<b>-1.4%</b>	371,970
<b>Operating income</b>	18,982	16,405	16,612	19,719	<b>31,941</b>	<b>62.0%</b>	<b>68.3%</b>	37,883	<b>68,273</b>	<b>80.2%</b>	54,288
<b>Non-operating income</b>	3,256	3,854	4,758	4,030	<b>2,573</b>	<b>-36.2%</b>	<b>-21.0%</b>	12,140	<b>11,361</b>	<b>-6.4%</b>	15,994
<b>Ordinary income/loss</b>	22,239	20,259	21,370	23,750	<b>34,514</b>	<b>45.3%</b>	<b>55.2%</b>	50,023	<b>79,635</b>	<b>59.2%</b>	70,283
<b>Extraordinary income/loss</b>	1,388	-362	2,810	-764	<b>637</b>	-	<b>-54.0%</b>	14,907	<b>2,684</b>	<b>-82.0%</b>	14,545
<b>Income before income taxes</b>	23,627	19,897	24,181	22,985	<b>35,152</b>	<b>52.9%</b>	<b>48.8%</b>	64,931	<b>82,319</b>	<b>26.8%</b>	84,828
<b>Total income taxes</b>	7,471	8,190	6,277	7,417	<b>9,687</b>	<b>30.6%</b>	<b>29.7%</b>	15,372	<b>23,382</b>	<b>52.1%</b>	23,563
<b>Profit (loss) attributable to owners of parent</b>	15,707	11,255	17,552	15,252	<b>24,985</b>	<b>63.8%</b>	<b>59.1%</b>	49,091	<b>57,789</b>	<b>17.7%</b>	60,346

- Commission received increased (+8.3%).
- Brokerage commission\* was ¥20.2 billion (+23.6%) due to an increase in both Japanese and foreign equity trading.
- Underwriting and secondary offering commissions\* decreased to ¥11.8 billion (-17.8%) .
- Distribution commission\* rose to ¥4.6 billion (+9.7%) as stock investment trust sales increased.
- M&A related commission\* was ¥8.1 billion (+55.1%).

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

- Net trading income increased (+43.0%) as customer order flows of both equity and FICC rose.

## Breakdown of SG&amp;A

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>SG&amp;A</b>	93,209	94,216	88,833	90,768	<b>94,207</b>	<b>3.8%</b>	<b>1.1%</b>	277,754	<b>273,810</b>	<b>-1.4%</b>	371,970
<b>Trading related expenses</b>	17,391	16,931	13,289	14,414	<b>14,765</b>	<b>2.4%</b>	<b>-15.1%</b>	51,959	<b>42,469</b>	<b>-18.3%</b>	68,891
<b>Personnel expenses</b>	46,527	46,897	44,979	46,647	<b>48,911</b>	<b>4.9%</b>	<b>5.1%</b>	137,134	<b>140,538</b>	<b>2.5%</b>	184,032
<b>Real estate expenses</b>	9,155	9,418	9,409	9,442	<b>9,457</b>	<b>0.2%</b>	<b>3.3%</b>	27,228	<b>28,309</b>	<b>4.0%</b>	36,647
<b>Office cost</b>	6,653	6,585	6,144	5,779	<b>6,233</b>	<b>7.9%</b>	<b>-6.3%</b>	19,384	<b>18,158</b>	<b>-6.3%</b>	25,969
<b>Depreciation</b>	7,605	7,795	8,404	8,441	<b>8,473</b>	<b>0.4%</b>	<b>11.4%</b>	23,017	<b>25,318</b>	<b>10.0%</b>	30,813
<b>Taxes and dues</b>	2,585	2,753	2,762	2,587	<b>2,707</b>	<b>4.6%</b>	<b>4.7%</b>	7,775	<b>8,057</b>	<b>3.6%</b>	10,529
<b>Other</b>	3,289	3,833	3,842	3,456	<b>3,659</b>	<b>5.9%</b>	<b>11.2%</b>	11,254	<b>10,958</b>	<b>-2.6%</b>	15,088

- SG&A increased (+3.8%).
- Trading related expenses increased (+2.4%) as commission paid and travel / transportation expenses rose.
- Personnel expenses increased (+4.9%) due to a rise in earnings-linked bonuses.
- Office cost rose (+7.9%) due to an increase in non-system related office expenses.

# Consolidated Cost Structure



(¥ Billions)	FY2018			FY2019					FY2020		
	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q
<b>Total SG&amp;A</b>	94.1	94.0	<b>373.9</b>	94.7	89.8	93.2	94.2	<b>371.9</b>	88.8	90.7	<b>94.2</b>
<b>Variable costs</b>	36.7	36.8	<b>145.5</b>	36.6	32.2	35.2	35.4	<b>139.5</b>	30.4	32.2	<b>35.5</b>
<b>Trading related expenses</b>	18.5	17.5	<b>71.9</b>	17.8	16.7	17.3	16.9	<b>68.8</b>	13.2	14.4	<b>14.7</b>
<i>Advertising and promotion expenses</i>	3.6	3.2	<b>12.9</b>	2.5	3.1	3.0	3.2	<b>12.0</b>	1.3	1.9	<b>2.0</b>
<b>Bonus and others</b>	11.7	12.5	<b>47.2</b>	12.3	9.2	12.1	12.4	<b>46.2</b>	11.2	12.4	<b>15.0</b>
<b>Overtime, part-time</b>	2.4	2.4	<b>9.7</b>	2.3	2.1	2.2	2.1	<b>8.9</b>	1.9	1.9	<b>1.9</b>
<b>Fixed costs</b>	57.3	57.2	<b>228.3</b>	58.0	57.6	57.9	58.8	<b>232.4</b>	58.4	58.5	<b>58.7</b>
<b>Personnel expenses</b>	31.9	31.9	<b>127.9</b>	32.0	32.1	32.0	32.2	<b>128.4</b>	31.6	32.1	<b>31.7</b>
<b>Real estate expenses</b>	9.3	9.6	<b>37.3</b>	9.1	8.9	9.1	9.4	<b>36.6</b>	9.4	9.4	<b>9.4</b>
<b>Depreciation</b>	6.4	6.3	<b>25.3</b>	7.7	7.6	7.6	7.7	<b>30.8</b>	8.4	8.4	<b>8.4</b>
<b>Office expenses</b>	6.6	6.1	<b>25.2</b>	6.1	6.0	6.3	6.3	<b>24.7</b>	5.9	5.5	<b>5.9</b>
<b>Taxes and dues</b>	2.6	2.7	<b>10.7</b>	2.5	2.6	2.5	2.7	<b>10.5</b>	2.7	2.5	<b>2.7</b>

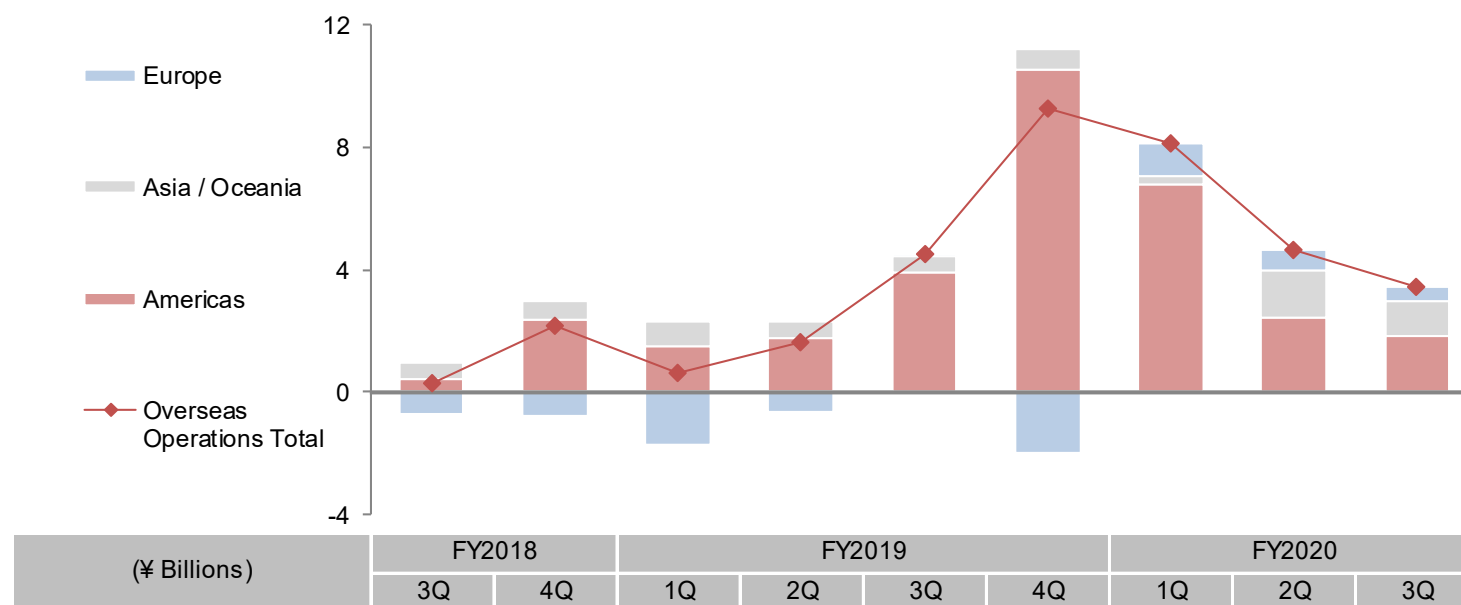
# Ordinary Income of Overseas Operations

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019 1Q-3Q	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q						
<b>Overseas Operations Total</b>	4,486	9,226	8,112	4,610	<b>3,456</b>	<b>-25.0%</b>	<b>-23.0%</b>	6,765	<b>16,179</b>	<b>139.1%</b>	15,992
Europe	57	-1,981	1,043	613	<b>494</b>	<b>-19.3%</b>	<b>754.7%</b>	-2,272	<b>2,151</b>	-	-4,253
Asia / Oceania	550	693	297	1,537	<b>1,100</b>	<b>-28.4%</b>	<b>100.0%</b>	1,907	<b>2,935</b>	<b>53.9%</b>	2,601
Americas	3,878	10,514	6,771	2,459	<b>1,860</b>	<b>-24.4%</b>	<b>-52.0%</b>	7,130	<b>11,091</b>	<b>55.6%</b>	17,644

Overseas operations stayed in the black for 19 consecutive quarters.

- In Europe, ordinary income dropped as primary revenues decreased even though revenues from M&A business increased.
- In Asia / Oceania, ordinary income remained at high level while primary and secondary revenues decreased.
- Americas continued to lead the overseas operations even though revenues from M&A business and FICC declined.

## Ordinary Income

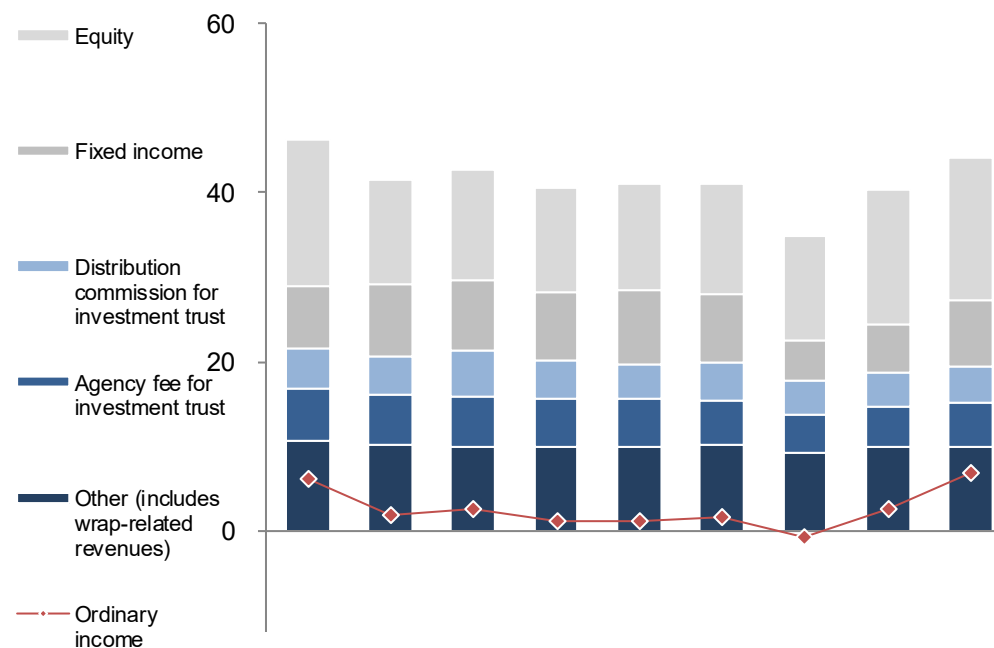


# Retail Division

(¥ Millions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
Net operating revenues	44,310	8.9%	120,161	-4.0%
Ordinary income	6,943	161.0%	8,710	79.5%

- Equity revenues rose as both Japanese and foreign equity trading volume increased.
- Fixed income revenues increased as structured bond sales rose.
- Distribution commission for investment trust rose led by an increase in stock investment trust sales. Investment trust agency fee increased due to a rise in asset under custody.
- Other revenues increased from a rise in investment advisory and account management fees related to wrap business.

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	17.4	12.3	13.2	12.4	12.7	13.1	12.5	16.1	16.9
Fixed income	7.3	8.6	8.4	8.0	8.7	8.1	4.6	5.5	7.7
Distribution commission for investment trust	4.6	4.5	5.4	4.5	4.2	4.4	4.0	4.1	4.4
Agency fee for investment trust	6.4	5.9	5.9	5.7	5.7	5.2	4.5	4.9	5.2
Other (includes wrap-related revenues)	10.5	10.1	9.9	9.9	9.8	10.2	9.3	9.8	9.9
<b>Net operating revenues</b>	<b>46.3</b>	<b>41.5</b>	<b>43.0</b>	<b>40.7</b>	<b>41.3</b>	<b>41.2</b>	<b>35.1</b>	<b>40.7</b>	<b>44.3</b>
<b>Ordinary income</b>	<b>6.1</b>	<b>1.9</b>	<b>2.6</b>	<b>1.1</b>	<b>1.0</b>	<b>1.5</b>	<b>-0.8</b>	<b>2.6</b>	<b>6.9</b>

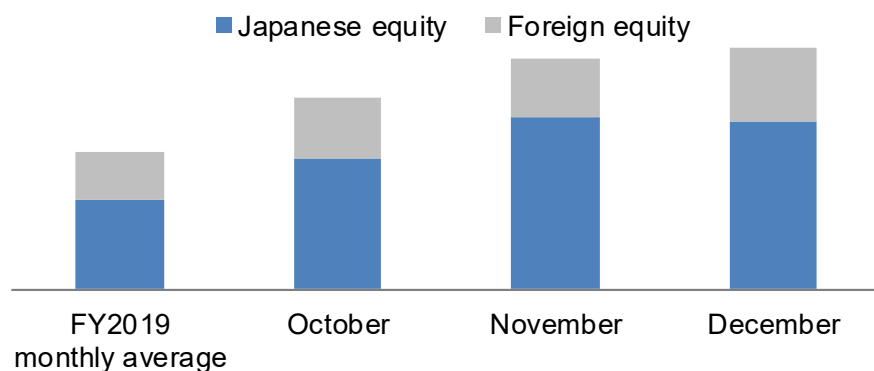
## 【Stock Investment Trusts】

- Asset based fee plan for investment trust, which started from October 19, contributed to sales and distribution amount of investment trust.

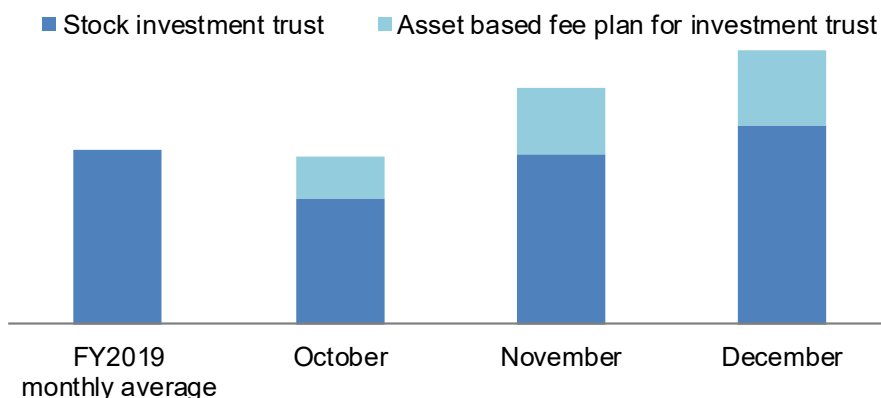
## 【 Wrap Account Service 】

- Contract AUM hit a record high of ¥2.43 trillion\* at the end of December led by an increase in contract amount and market rise.

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

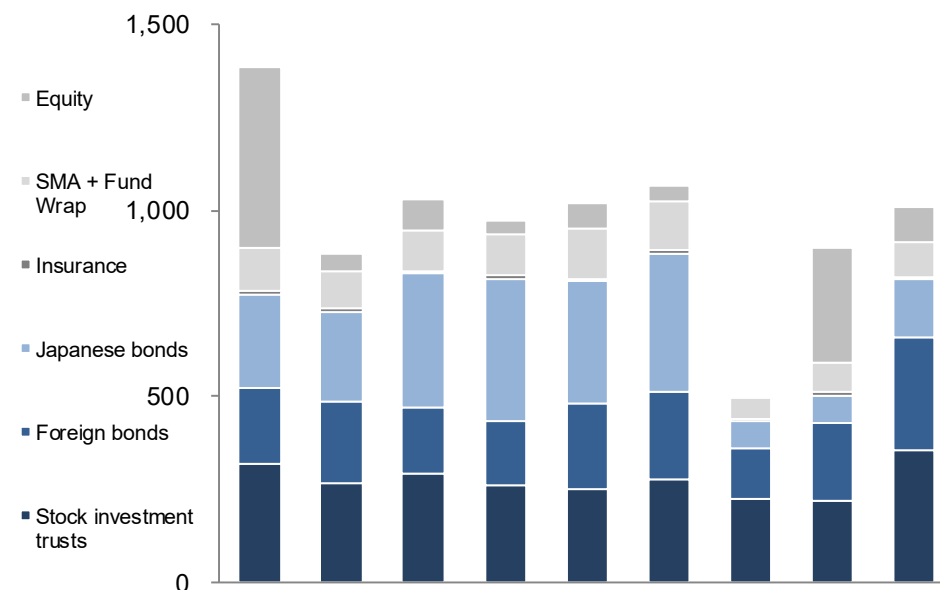


### Sales and Distribution Amount of Stock Investment Trusts



\*Includes contracts AUM of Wholesale Division.

### Sales and Distribution Amount by Product



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity*	486.9	46.7	88.0	35.4	65.7	40.1	1.1	307.0	93.0
SMA + Fund Wrap**	113.5	97.5	105.1	109.8	135.3	133.4	56.9	81.8	95.5
Insurance***	9.8	9.8	8.6	7.5	7.8	8.6	2.4	6.9	7.8
Japanese bonds	248.4	241.9	361.8	385.6	328.6	369.7	76.6	73.8	153.1
Foreign bonds****	203.4	218.9	172.7	171.2	228.0	233.6	133.5	207.8	305.5
Stock investment trusts*****	321.0	267.8	294.8	260.1	251.0	279.2	225.5	221.2	353.8
Asset based fee plan for investment trust									96.3

\*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 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
<b>Net operating revenues</b>	<b>40,112</b>	<b>20.6%</b>	<b>118,631</b>	<b>31.5%</b>
<b>Ordinary income</b>	<b>15,477</b>	<b>72.1%</b>	<b>45,047</b>	<b>110.8%</b>

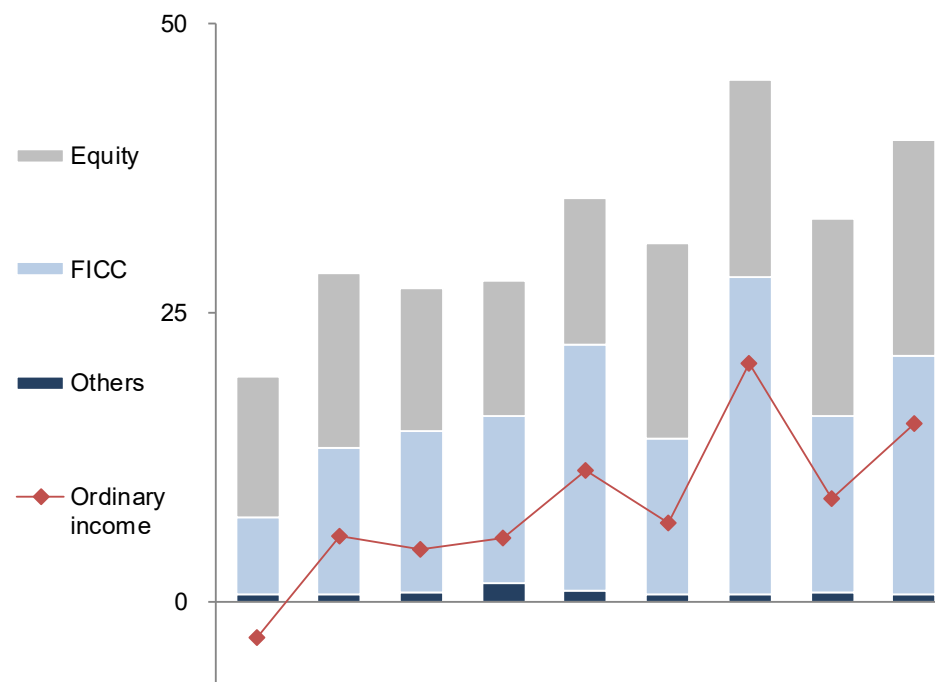
## 【Equity】

- Equity revenues rose as customer order flows of both Japanese and foreign equity increased. Derivatives also contributed to the revenues.

## 【FICC\*】

- FICC revenues increased.
- Domestic FICC revenues increased due to an increase in customer order flows of credit and derivatives. Overseas FICC revenues remained at the same level as the previous quarter.

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	12.2	15.1	12.3	11.6	12.7	16.8	17.1	17.1	<b>18.6</b>
FICC*	6.6	12.6	14.0	14.5	21.3	13.5	27.4	15.2	<b>20.6</b>
Others	0.6	0.6	0.8	1.6	0.9	0.6	0.6	0.8	<b>0.7</b>
<b>Net operating revenues</b>	19.5	28.4	27.3	27.8	35.0	31.1	45.2	33.2	<b>40.1</b>
<b>Ordinary income</b>	-3.1	5.6	4.5	5.5	11.3	6.8	20.5	8.9	<b>15.4</b>

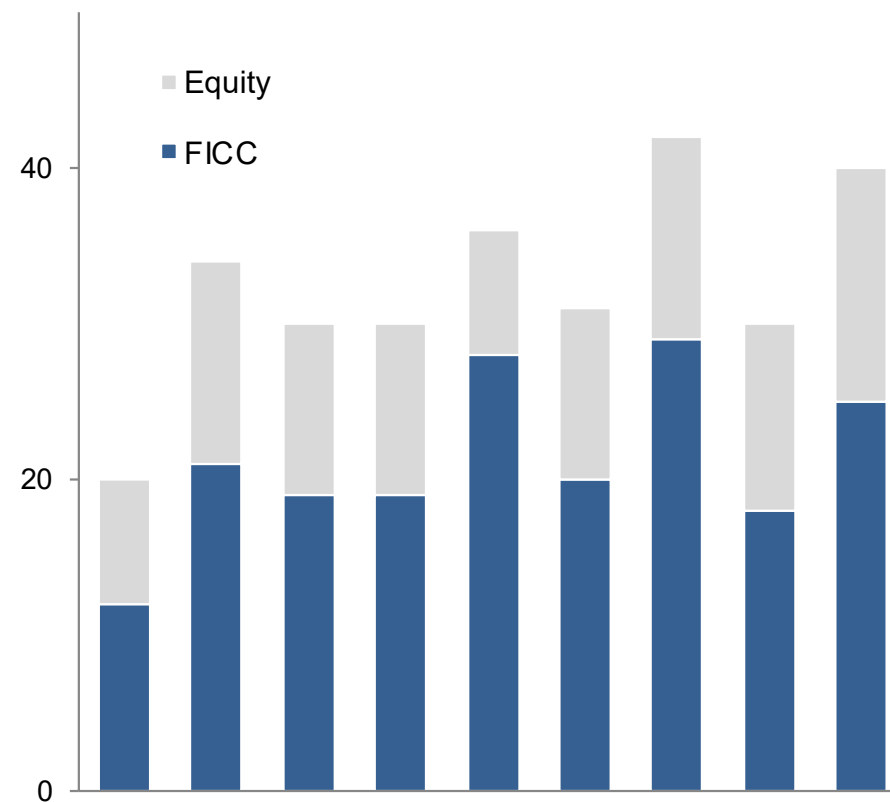
\*FICC: Fixed Income, Currency and Commodities



**【Managerial accounting basis】**

(¥ Billions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
Equity	15	25.0%	40	33.3%
FICC	25	38.9%	72	9.1%
Total	40	33.3%	112	16.7%

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



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	8	13	11	11	8	11	13	12	15
FICC	12	21	19	19	28	20	29	18	25
Total	20	34	30	30	36	31	42	30	40

<Reference>

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

(¥ Billions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
Equity	14.3	21.2%	37.3	27.5%
Bond and forex	18.2	66.7%	50.1	8.7%
Net financial income	13.2	49.8%	33.0	9.5%
Total	45.9	44.9%	120.6	14.1%

# Wholesale Division Global Investment Banking



(¥ Millions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
Net operating revenues	16,966	18.2%	37,552	-0.6%
Ordinary income	5,726	20.1%	8,434	19.6%

## 【Equity】

- Lead managed large PO and SDGs-IPO issued for the first time in Japan. Revenues remained high.

<Selected lead managed deals>

Japan Airlines Co., Ltd.	Global PO	<Offering size>	¥191.6 bn
Nippon Building Fund Inc.	Global PO		¥126.8 bn
Poppins Holdings Inc.	SDGs-IPO		¥10.7 bn
WealthNavi Inc.	IPO		¥19.7 bn
Yapli, Inc.	IPO		¥17.6 bn

## 【Debt】

- Managed a first social bond issued by a national university corporation and subordinated bonds.

<Selected lead managed deals>

The University of Tokyo (40yrs)	Social Bond	<Offering size>	¥20.0 bn
Asahi Group Holdings, Ltd. (3/5/60yrs)	Straight Bond/Subordinated Bond		¥410.0 bn
Rakuten, Inc. (35/37/40yrs)	Subordinated Bond		¥120.0 bn
EBRD (5yrs)	Benchmark Dollar Bond		USD 1.5 bn
Central Nippon Expressway Company Limited (5yrs)	Benchmark Dollar Bond		USD 0.4 bn
SoftBank Corp. (5/7/10yrs)	Straight Bond		¥120.0 bn
NTT FINANCE CORPORATION (3/5/7/10yrs)	Straight Bond		¥1.0 tn
Panasonic Corporation (3/5/7/10yrs)	Straight Bond		¥200.0 bn

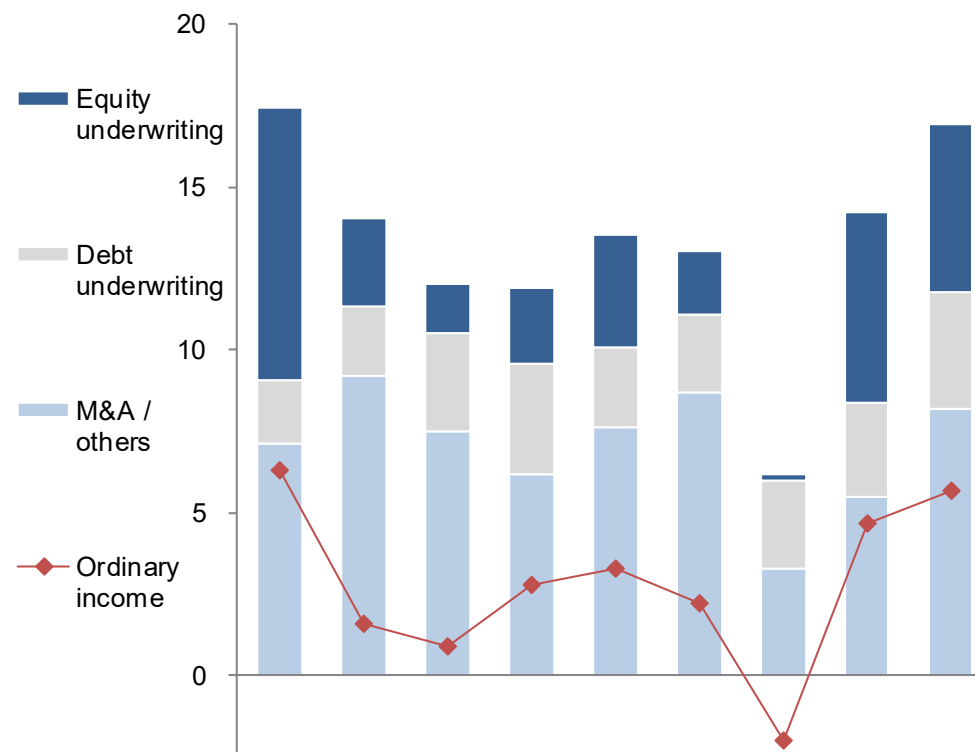
## 【M&A】

- Revenues increased by managing several domestic and overseas deals.

<Selected deals>

Acquisition of SHIMACHU CO., LTD. by Nitori Holdings Co., Ltd.  
 Sale of APRESIA Systems by Nippon Mirai Holdings Co., Ltd.  
 Sale of Texthelp (UK) to FiveArrows (France) by Lloyds Development Capital (UK)  
 Acquisition of EagleDream Technologies (US) by PricewaterhouseCoopers LLP (UK)

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity underwriting	8.3	2.7	1.5	2.3	3.4	1.9	0.2	5.8	5.1
Debt underwriting	2.0	2.1	3.0	3.4	2.5	2.4	2.7	2.9	3.6
M&A / others	7.1	9.2	7.5	6.2	7.6	8.7	3.3	5.5	8.2
Net operating revenues	17.5	14.2	12.1	11.9	13.6	13.2	6.2	14.3	16.9
Ordinary income	6.3	1.6	0.9	2.8	3.3	2.2	-2.0	4.7	5.7

# Asset Management Division

(¥ Millions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
Net operating revenues	12,835	5.5%	37,790	6.0%
Ordinary income	7,683	3.0%	22,714	14.7%

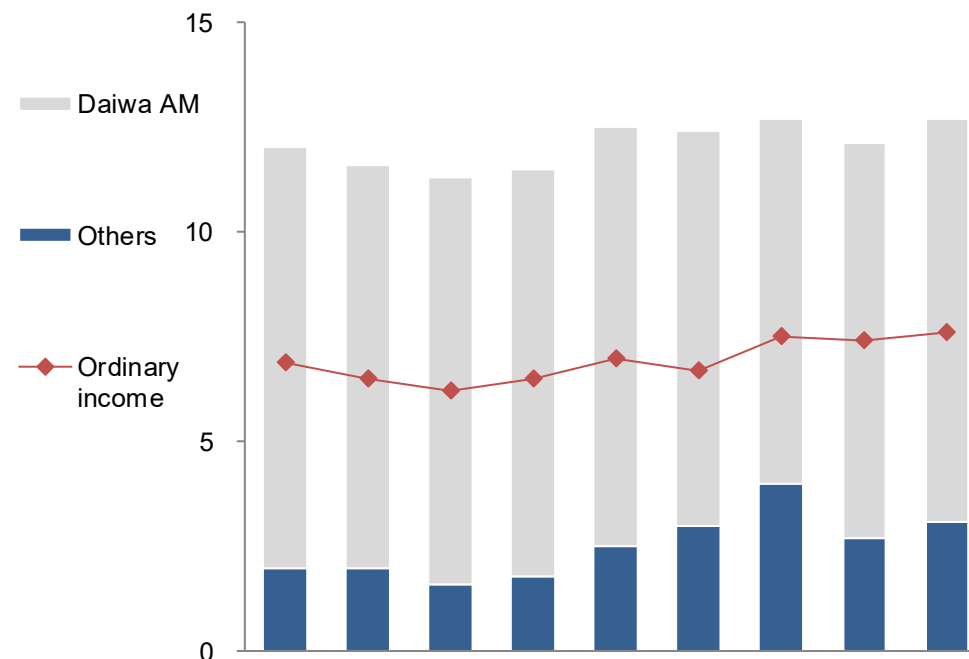
## 【Daiwa Asset Management】

- Revenues rose as average AUM of stock investment trust increased from a rise in stock market.

## 【Others】

- AUM of Daiwa Real Estate Asset Management increased. Management fee rose by acquisition of real estates.

## Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Daiwa AM	10.0	9.6	9.7	9.7	10.0	9.4	8.7	9.4	9.6
Others	2.0	2.0	1.6	1.8	2.5	3.0	4.0	2.7	3.1
<b>Net operating revenues</b>	12.1	11.7	11.3	11.6	12.6	12.4	12.7	12.1	12.8
<b>Ordinary income</b>	6.9	6.5	6.2	6.5	7.0	6.7	7.5	7.4	7.6

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

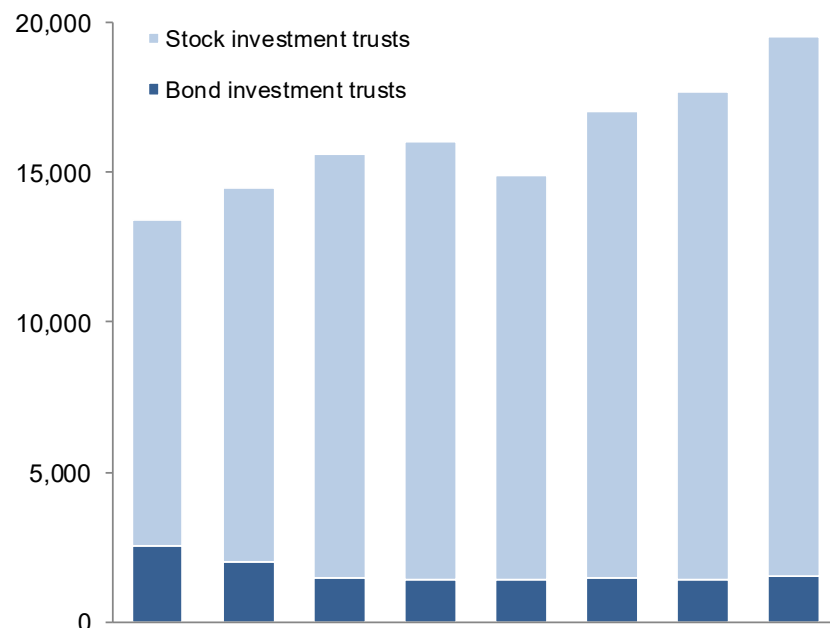
※ Equity in earnings of affiliates is included in non-operating revenues.

# Asset Management Division

Assets Under Management and Net Increase



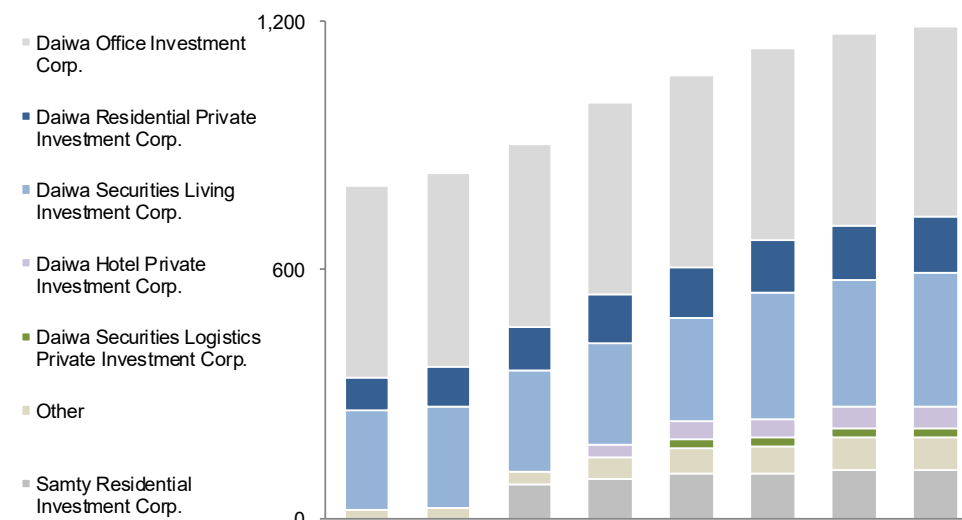
## Daiwa Asset Management AUM



¥ Billions	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		
						1Q	2Q	3Q
Stock investment trusts	10,840	12,454	14,123	14,616	13,478	15,555	16,261	<b>17,952</b>
excl. ETF	7,888	7,805	7,717	7,245	6,063	6,569	6,782	<b>7,115</b>
(Net inflow)	(634)	(168)	(302)	(-339)	(52)	(12)	(41)	<b>(-55)</b>
ETF	2,951	4,648	6,406	7,371	7,414	8,986	9,478	<b>10,837</b>
(Net inflow)	(775)	(1,255)	(1,109)	(1,279)	(363)	(550)	(229)	<b>(91)</b>
Bond investment trusts	2,563	2,036	1,465	1,396	1,421	1,453	1,435	<b>1,542</b>
Total	13,403	14,491	15,588	16,012	14,900	17,008	17,696	<b>19,495</b>
Stock investment trust share	14.5%	14.7%	14.3%	14.2%	14.0%	14.2%	14.0%	<b>14.0%</b>

## 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	2Q	3Q
Daiwa Office Investment Corp.	459	469	439	460	463	463	463	<b>461</b>
Daiwa Residential Private Investment Corp.	82	96	107	118	121	126	132	<b>132</b>
Daiwa Securities Living Investment Corp.**	238	242	244	245	247	302	303	<b>322</b>
Daiwa Hotel Private Investment Corp.				29	45	45	54	<b>54</b>
Daiwa Securities Logistics Private Investment Corp.					20	20	22	<b>22</b>
Other	19	25	30	53	59	64	76	<b>76</b>
<b>Total</b>	<b>800</b>	<b>834</b>	<b>822</b>	<b>907</b>	<b>959</b>	<b>1,023</b>	<b>1,052</b>	<b>1,069</b>
Samty Residential Investment Corp. (Sub sponsor)			81	93	109	109	118	<b>118</b>
<b>Total (Including sub sponsor)</b>	<b>800</b>	<b>834</b>	<b>903</b>	<b>1,000</b>	<b>1,069</b>	<b>1,133</b>	<b>1,170</b>	<b>1,187</b>

\*\* 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.

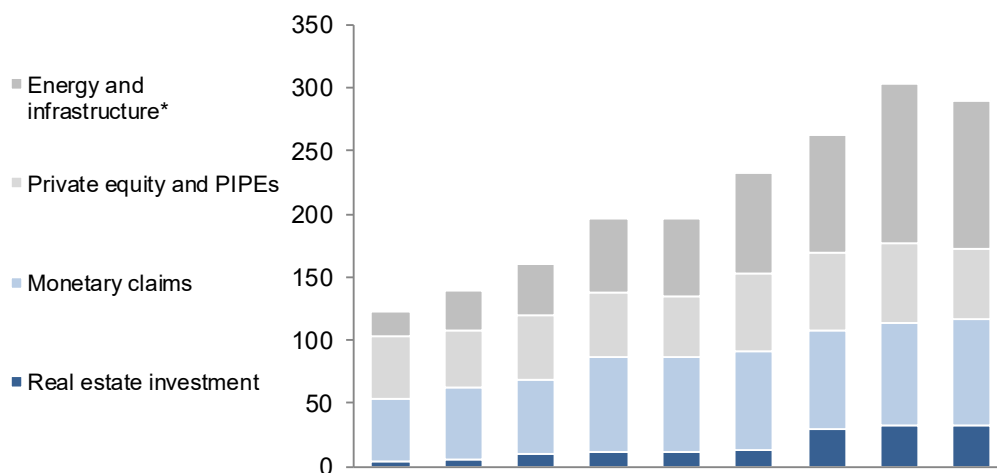
# Investment Division



(¥ Millions)	FY2020 3Q	% Change vs 2Q/FY20	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19
<b>Net operating revenues</b>	<b>3,174</b>	<b>-12.9%</b>	<b>7,848</b>	<b>-</b>
<b>Ordinary income</b>	<b>1,880</b>	<b>-15.6%</b>	<b>4,226</b>	<b>-</b>

- In Daiwa PI Partners, exits from investments in private equity contributed to an increase in revenues.

## Principal Investment Value



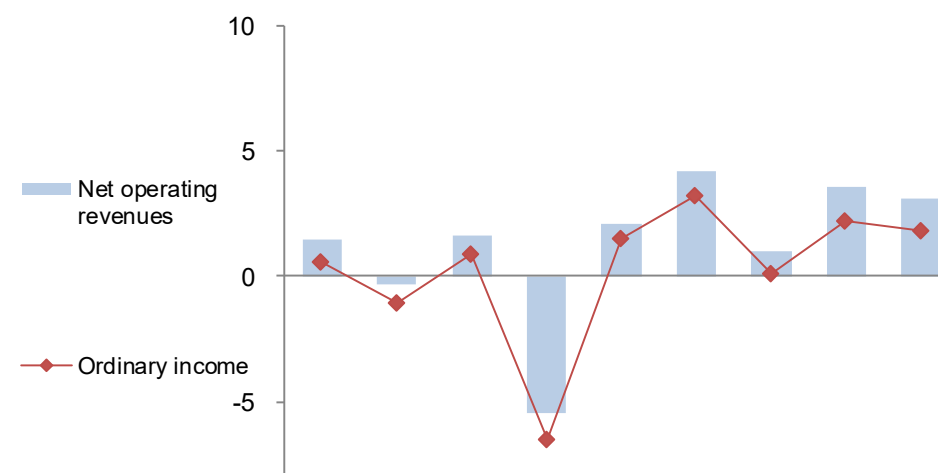
(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Daiwa PI Partners</b>									
Private equity and PIPEs	50	46	50	52	48	61	63	63	<b>56</b>
Monetary claims	49	57	59	75	75	78	77	82	<b>84</b>
Real estate investment	4	5	10	11	11	13	30	32	<b>32</b>
<b>Daiwa Energy &amp; Infrastructure</b>	20	31	41	58	62	81	93	126	<b>118</b>
<b>Total</b>	124	139	163	198	198	235	265	305	<b>290</b>

\* 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		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Net operating revenues</b>	1.5	-0.3	1.6	-5.5	2.1	4.2	1.0	3.6	<b>3.1</b>
<b>Ordinary income</b>	0.6	-1.1	0.9	-6.5	1.5	3.2	0.1	2.2	<b>1.8</b>

# Reference

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**Daiwa Securities Group Inc.**

## Breakdown of Commission

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>Total commission</b>	68,448	68,352	57,749	70,809	<b>76,664</b>	<b>8.3%</b>	<b>12.0%</b>	198,222	<b>205,223</b>	<b>3.5%</b>	266,574
<b>Brokerage commission</b>	13,994	17,406	17,124	16,420	<b>20,287</b>	<b>23.6%</b>	<b>45.0%</b>	39,096	<b>53,831</b>	<b>37.7%</b>	56,503
<b>Underwriting and secondary offering commissions</b>	9,466	5,081	4,430	14,443	<b>11,871</b>	<b>-17.8%</b>	<b>25.4%</b>	24,737	<b>30,745</b>	<b>24.3%</b>	29,818
<b>Distribution commission</b>	5,369	5,816	4,068	4,205	<b>4,613</b>	<b>9.7%</b>	<b>-14.1%</b>	17,438	<b>12,887</b>	<b>-26.1%</b>	23,254
<b>Other commission</b>	39,617	40,047	32,126	35,740	<b>39,892</b>	<b>11.6%</b>	<b>0.7%</b>	116,950	<b>107,758</b>	<b>-7.9%</b>	156,997
<i>Investment advisory and account management fees</i>	7,175	7,344	6,841	7,100	<b>7,299</b>	<b>2.8%</b>	<b>1.7%</b>	21,131	<b>21,241</b>	<b>0.5%</b>	28,476
<i>Insurance sales commission</i>	276	379	104	268	<b>155</b>	<b>-42.1%</b>	<b>-43.7%</b>	956	<b>528</b>	<b>-44.8%</b>	1,336
<i>M&amp;A related commission</i>	7,528	8,320	2,709	5,222	<b>8,100</b>	<b>55.1%</b>	<b>7.6%</b>	20,588	<b>16,032</b>	<b>-22.1%</b>	28,908
<i>Management fee</i>	17,985	16,721	15,210	16,431	<b>16,758</b>	<b>2.0%</b>	<b>-6.8%</b>	53,358	<b>48,401</b>	<b>-9.3%</b>	70,079
<i>Other</i>	6,652	7,281	7,260	6,716	<b>7,578</b>	<b>12.8%</b>	<b>13.9%</b>	20,915	<b>21,555</b>	<b>3.1%</b>	28,197

## Balance Sheet

## Daiwa Securities Balance Sheet (December 31, 2020)

(¥ Billions)

<b>Current assets</b>	<b>13,556</b>	<b>(1,703)</b>	<b>Current liabilities</b>	<b>11,577</b>	<b>(1,673)</b>
Trading products	6,321	(493)	Trading products	3,778	(-485)
Trading securities and other	3,265	(1,123)	Trading securities and other	873	(104)
Derivatives transactions	3,055	(-630)	Derivatives transactions	2,904	(-590)
Margin transaction assets	126	(14)	Margin transaction liabilities	69	(11)
Loans on margin transactions	116	(13)	Loans payables secured by securities	5,079	(1,878)
Cash collateral pledged for securities borrowing on margin transactions	10	(1)	Short-term loans payable	1,223	(58)
Loans secured by securities	4,030	(659)	Current portion of bonds	160	(10)
Short-term guarantee deposits	498	(-97)	<b>Long-term liabilities</b>	<b>1,358</b>	<b>(30)</b>
Short-term loans receivable	410	(-114)	Bonds payable	590	(-5)
<b>Non-current assets</b>	<b>165</b>	<b>(38)</b>	Long-term loans payable	717	(27)
Property, plant and equipment	49	(40)	<b>Total liabilities</b>	<b>12,939</b>	<b>(1,704)</b>
Intangible assets	76	(-0)	<b>Net assets</b>	<b>782</b>	<b>(37)</b>
			Shareholders' equity	781	(37)
			Capital stock	100	—
<b>Total assets</b>	<b>13,722</b>	<b>(1,742)</b>	<b>Total liabilities and net assets</b>	<b>13,722</b>	<b>(1,742)</b>

※ Figures in parentheses show changes from March 31, 2020



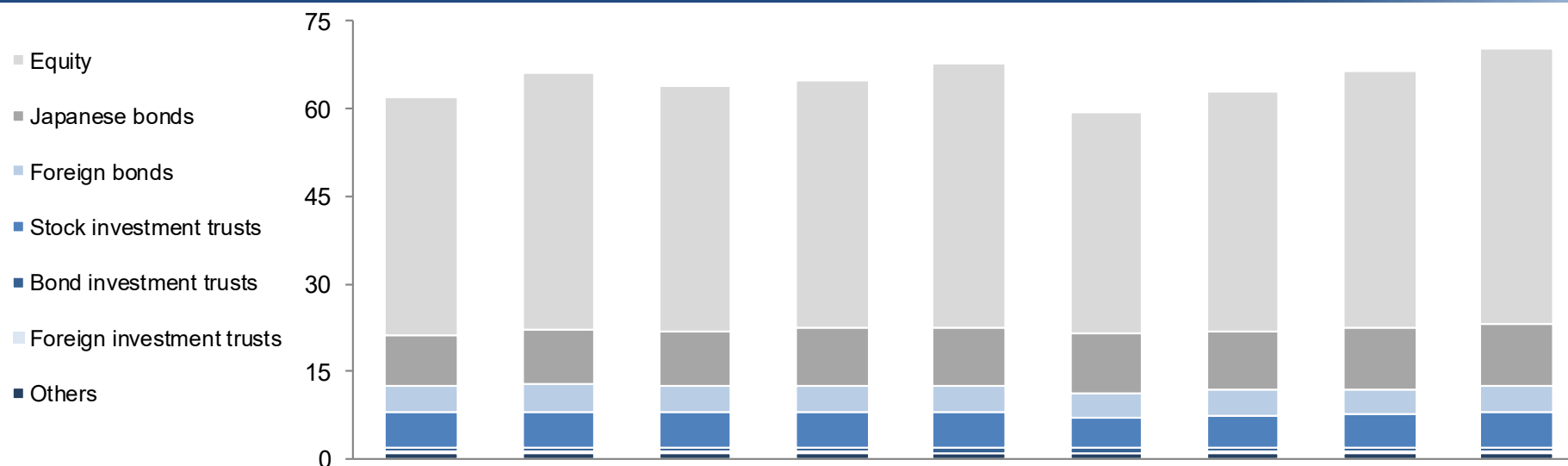
## Financial Summary I

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019	FY2020	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q			1Q-3Q	1Q-3Q		
<b>Operating revenues</b>	78,520	66,653	69,108	72,591	<b>88,281</b>	<b>21.6%</b>	<b>12.4%</b>	231,999	<b>229,981</b>	<b>-0.9%</b>	298,652
<b>Commission received</b>	44,581	45,374	37,882	46,304	<b>50,684</b>	<b>9.5%</b>	<b>13.7%</b>	132,459	<b>134,872</b>	<b>1.8%</b>	177,833
<b>Brokerage commission</b>	10,420	12,735	12,687	11,865	<b>15,683</b>	<b>32.2%</b>	<b>50.5%</b>	28,539	<b>40,237</b>	<b>41.0%</b>	41,274
<i>Stock and others</i>	10,199	11,930	12,012	11,538	<b>15,362</b>	<b>33.1%</b>	<b>50.6%</b>	27,801	<b>38,913</b>	<b>40.0%</b>	39,731
<b>Underwriting and secondary offering commissions</b>	8,305	5,573	4,403	12,946	<b>10,454</b>	<b>-19.2%</b>	<b>25.9%</b>	22,471	<b>27,805</b>	<b>23.7%</b>	28,044
<i>Equity</i>	4,850	2,149	157	8,889	<b>5,829</b>	<b>-34.4%</b>	<b>20.2%</b>	8,732	<b>14,877</b>	<b>70.4%</b>	10,882
<i>Bond and others</i>	3,454	3,423	4,245	4,057	<b>4,624</b>	<b>14.0%</b>	<b>33.9%</b>	13,738	<b>12,927</b>	<b>-5.9%</b>	17,162
<b>Distribution commission</b>	5,309	5,764	4,026	4,150	<b>4,559</b>	<b>9.9%</b>	<b>-14.1%</b>	17,261	<b>12,736</b>	<b>-26.2%</b>	23,025
<i>Investment trust</i>	4,124	4,314	4,020	4,093	<b>4,383</b>	<b>7.1%</b>	<b>6.3%</b>	13,902	<b>12,496</b>	<b>-10.1%</b>	18,217
<b>Other commissions</b>	20,545	21,301	16,765	17,341	<b>19,986</b>	<b>15.3%</b>	<b>-2.7%</b>	64,186	<b>54,093</b>	<b>-15.7%</b>	85,488
<i>Agency fee and others</i>	6,632	6,144	5,342	5,854	<b>6,081</b>	<b>3.9%</b>	<b>-8.3%</b>	20,026	<b>17,278</b>	<b>-13.7%</b>	26,170
<i>Investment advisory and account management fees</i>	7,175	7,344	6,841	7,100	<b>7,299</b>	<b>2.8%</b>	<b>1.7%</b>	21,131	<b>21,241</b>	<b>0.5%</b>	28,476
<i>Insurance sales commission</i>	276	379	104	268	<b>155</b>	<b>-42.1%</b>	<b>-43.7%</b>	956	<b>528</b>	<b>-44.8%</b>	1,336
<i>M&amp;A related commission</i>	3,007	3,631	1,336	716	<b>2,789</b>	<b>289.3%</b>	<b>-7.3%</b>	10,192	<b>4,842</b>	<b>-52.5%</b>	13,823
<b>Net trading income/loss</b>	22,457	11,780	22,537	20,449	<b>30,551</b>	<b>49.4%</b>	<b>36.0%</b>	64,955	<b>73,538</b>	<b>13.2%</b>	76,735
<b>Financial revenues</b>	11,481	9,498	8,688	5,837	<b>7,045</b>	<b>20.7%</b>	<b>-38.6%</b>	34,584	<b>21,570</b>	<b>-37.6%</b>	44,083
<b>Financial expenses</b>	8,158	4,427	5,258	2,849	<b>3,742</b>	<b>31.4%</b>	<b>-54.1%</b>	24,352	<b>11,850</b>	<b>-51.3%</b>	28,780
<b>Net operating revenues</b>	70,361	62,225	63,849	69,742	<b>84,539</b>	<b>21.2%</b>	<b>20.1%</b>	207,646	<b>218,131</b>	<b>5.0%</b>	269,872

## Financial Summary II

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019 1Q-3Q	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q						
<b>SG&amp;A</b>	60,246	59,873	55,940	58,998	<b>59,423</b>	<b>0.7%</b>	<b>-1.4%</b>	180,693	<b>174,363</b>	<b>-3.5%</b>	240,566
Trading related expenses	11,174	11,279	8,159	9,248	<b>9,424</b>	<b>1.9%</b>	<b>-15.7%</b>	33,415	<b>26,833</b>	<b>-19.7%</b>	44,694
Personnel expenses	23,706	23,485	22,626	24,264	<b>24,357</b>	<b>0.4%</b>	<b>2.7%</b>	71,608	<b>71,248</b>	<b>-0.5%</b>	95,094
Real estate expenses	6,226	6,241	6,241	6,413	<b>5,601</b>	<b>-12.7%</b>	<b>-10.0%</b>	18,764	<b>18,256</b>	<b>-2.7%</b>	25,006
Office cost	12,238	11,730	11,436	11,509	<b>11,875</b>	<b>3.2%</b>	<b>-3.0%</b>	35,647	<b>34,821</b>	<b>-2.3%</b>	47,377
Depreciation	4,930	5,053	5,537	5,623	<b>5,938</b>	<b>5.6%</b>	<b>20.4%</b>	15,086	<b>17,098</b>	<b>13.3%</b>	20,140
Taxes and dues	953	906	1,044	1,012	<b>1,191</b>	<b>17.7%</b>	<b>25.0%</b>	3,010	<b>3,248</b>	<b>7.9%</b>	3,916
Other	1,016	1,176	895	926	<b>1,034</b>	<b>11.7%</b>	<b>1.8%</b>	3,160	<b>2,856</b>	<b>-9.6%</b>	4,337
<b>Ordinary income</b>	10,097	2,534	8,125	10,708	<b>25,312</b>	<b>136.4%</b>	<b>150.7%</b>	27,253	<b>44,147</b>	<b>62.0%</b>	29,788
<b>Net income</b>	6,645	2,060	5,527	7,049	<b>17,321</b>	<b>145.7%</b>	<b>160.6%</b>	9,585	<b>29,898</b>	<b>211.9%</b>	11,646
<b>ROE (Annualized)</b>	3.6%	1.1%	3.0%	3.8%	<b>9.1%</b>			1.7%	<b>5.2%</b>		1.5%
<b>Capital adequacy ratio</b>	322.7%	326.9%	351.0%	351.3%	<b>393.6%</b>			322.7%	<b>393.6%</b>		326.9%

# Assets under Custody



(¥ Trillions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	40.8	43.8	41.9	42.5	45.4	38.0	41.0	44.1	<b>47.1</b>
Japanese bonds	8.7	9.3	9.3	9.7	9.8	10.1	10.0	10.5	<b>10.8</b>
Foreign bonds	4.7	4.8	4.7	4.7	4.5	4.3	4.4	4.3	<b>4.3</b>
Stock investment trusts	5.9	6.1	6.0	6.0	6.2	5.2	5.5	5.7	<b>6.1</b>
Bond investment trusts	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	<b>0.8</b>
Foreign investment trusts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	<b>0.1</b>
Others	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.1	<b>1.1</b>
<b>Total</b>	<b>62.4</b>	<b>66.3</b>	<b>64.2</b>	<b>65.2</b>	<b>68.2</b>	<b>59.8</b>	<b>63.2</b>	<b>67.0</b>	<b>70.7</b>
Daiwa Next Bank deposit balance	3.6	3.6	3.8	4.0	4.2	4.0	3.9	4.0	<b>4.2</b>

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

※ ETFs are recorded in 'Equity'.

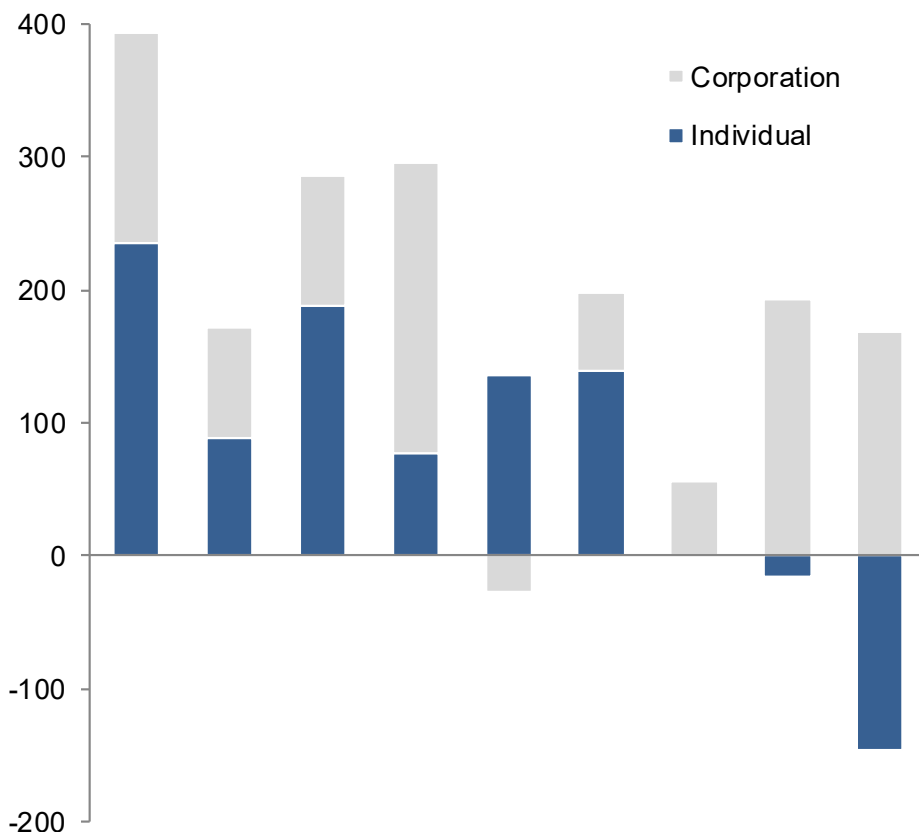
# Number of Accounts and Equity Trading

	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Accounts with balance (thousands)	3,011	3,025	3,021	3,026	3,009	3,022	3,020	3,019	<b>3,010</b>
Accounts holding equity (thousands)	1,438	1,439	1,439	1,438	1,427	1,440	1,445	1,461	<b>1,453</b>
Online trading accounts (thousands)	3,302	3,320	3,329	3,344	3,358	3,373	3,381	3,397	<b>3,411</b>
Newly opened accounts (thousands)	47	34	29	32	31	35	24	36	<b>35</b>
NISA accounts* (thousands)	855	858	860	863	863	866	867	868	<b>866</b>
Wrap account service (end of quarter)									
Contract assets under management (¥ billions)	2,034	2,145	2,171	2,233	2,313	2,087	2,219	2,318	<b>2,430</b>
Number of customers (thousands)	143.7	144.3	144.2	144.3	142.3	141.9	141.0	140.1	<b>137.8</b>
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	2,723	2,198	1,985	1,972	2,392	3,131	3,220	2,606	<b>2,908</b>
Online out of total (thousands)	2,408	1,956	1,745	1,739	2,112	2,788	2,917	2,328	<b>2,537</b>
Total trading value (¥ billions)	2,502	1,993	1,868	1,795	2,169	2,564	2,700	2,447	<b>2,990</b>
Online out of total (¥ billions)	1,935	1,528	1,414	1,365	1,686	2,050	2,172	1,899	<b>2,159</b>
Foreign equity trading value (Retail)									
Trading value (¥ billions)	206	292	354	312	221	300	337	377	<b>403</b>

\* Includes Junior NISA.

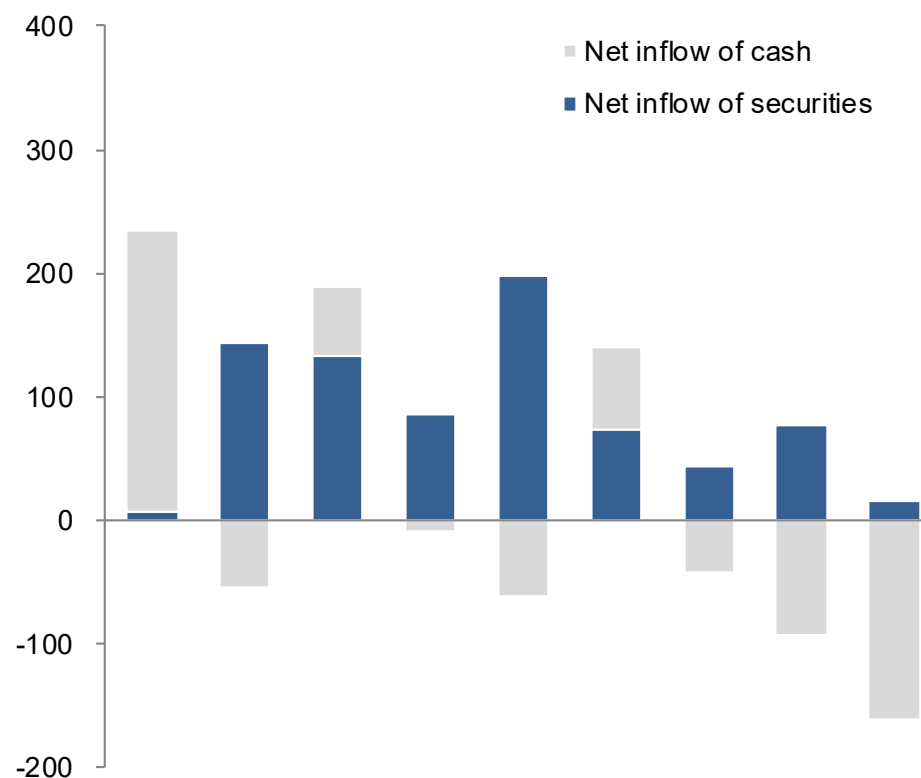
# Net Asset Inflow

Retail Division (Daiwa Securities) Net Asset Inflow



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Corporation	158.8	82.3	96.6	219.1	-26.7	57.7	54.6	192.4	<b>169.2</b>
Individual	234.6	88.9	188.6	76.5	136.6	139.6	0.8	-16.3	<b>-145.8</b>
Total	393.4	171.2	285.2	295.7	109.9	197.3	55.4	176.1	<b>23.3</b>

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

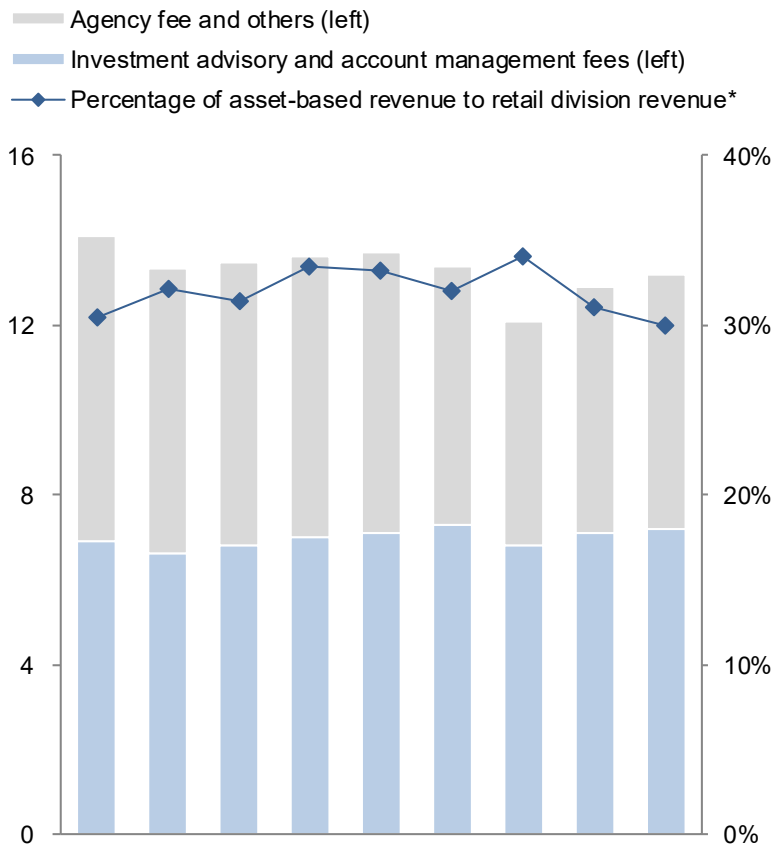


(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow of cash	228.7	-54.1	55.3	-9.2	-61.4	66.2	-41.7	-92.9	<b>-160.7</b>
Net inflow of securities	5.8	143.0	133.3	85.8	198.0	73.4	42.6	76.6	<b>14.8</b>
Total	234.6	88.9	188.6	76.5	136.6	139.6	0.8	-16.3	<b>-145.8</b>

※ Net asset inflow = net inflow of cash and securities

# Stock Investment Trusts & Wrap Accounts

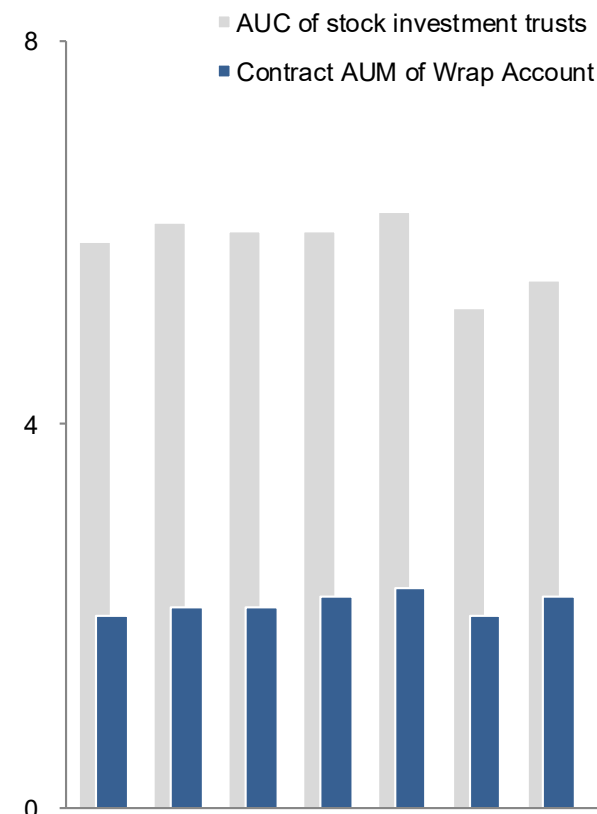
## Agency Fee and Management Fee (Daiwa Securities)



(¥ Billions)	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Agency fee and others	7.2	6.7	6.7	6.6	6.6	6.1	5.3	5.8	<b>6.0</b>
Investment advisory and account management fees	6.9	6.6	6.8	7.0	7.1	7.3	6.8	7.1	<b>7.2</b>
Percentage of asset-based revenue to retail division revenue*	30%	32%	31%	33%	33%	32%	34%	31%	<b>30%</b>

\* 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		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
AUC of stock investment trusts	5.9	6.1	6.0	6.0	6.2	5.2	5.5	5.7	<b>6.1</b>
Contract AUM of Wrap Account	2.0	2.1	2.1	2.2	2.3	2.0	2.2	2.3	<b>2.4</b>

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

## League Table

	Primary and secondary equity offerings	IPO	Straight bonds (excl. family bonds)	Agency bonds	Municipal bonds	Samurai bonds (excl. family bonds)	M&A (Number of deals)
<b>FY2020 3Q League Table</b>							
1st	Nomura	SMBC Nikko	Mizuho	Mitsubishi UFJMS	Nomura	Daiwa	Nomura
	25.4%	27.2%	23.2%	22.5%	19.6%	27.3%	
2nd	Daiwa	Daiwa	Nomura	Mizuho	SMBC Nikko	Nomura	Deloitte
	17.9%	18.5%	20.1%	20.7%	17.9%	25.2%	
3rd	SMBC Nikko	Mizuho	SMBC Nikko	SMBC Nikko	Daiwa	SMBC Nikko	SMFG
	12.5%	17.7%	19.0%	20.2%	17.5%	20.5%	
4th	Bank of America	Nomura	Daiwa	Daiwa	Mitsubishi UFJMS	Mitsubishi UFJMS	Mizuho
	12.5%	16.1%	17.6%	19.4%	17.2%	13.5%	
5th	Mizuho	SBI	Mitsubishi UFJMS	Nomura	Mizuho	Mizuho	Morgan Stanley
	10.7%	10.3%	16.9%	14.0%	16.5%	11.3%	
							6 <sup>th</sup>
							Daiwa

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

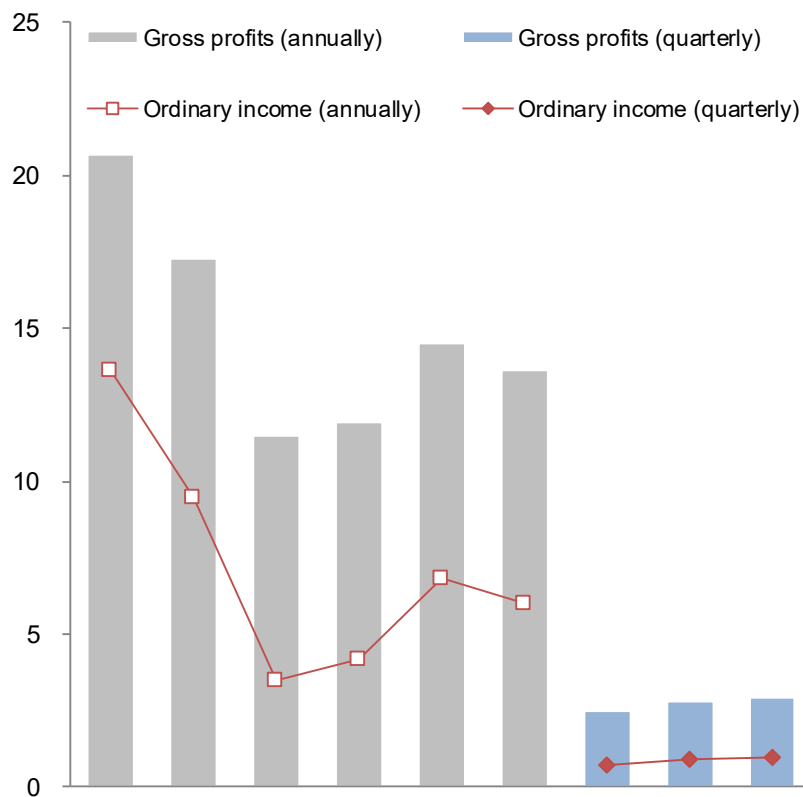
## Financial Summary

(¥ Millions)	FY2019		FY2020			% Change vs 2Q/FY20	% Change vs 3Q/FY19	FY2019 1Q-3Q	FY2020 1Q-3Q	% Change vs 1Q-3Q/FY19	FY2019
	3Q	4Q	1Q	2Q	3Q						
<b>Operating revenues</b>	17,972	16,775	15,168	16,472	<b>16,779</b>	<b>1.9%</b>	<b>-6.6%</b>	53,358	<b>48,420</b>	<b>-9.3%</b>	70,134
<b>Management fee</b>	17,825	16,648	15,048	16,377	<b>16,682</b>	<b>1.9%</b>	<b>-6.4%</b>	52,902	<b>48,108</b>	<b>-9.1%</b>	69,550
<i>Stock investment trust</i>	17,786	16,606	15,010	16,336	<b>16,627</b>	<b>1.8%</b>	<b>-6.5%</b>	52,771	<b>47,973</b>	<b>-9.1%</b>	69,378
<i>Bond investment trust</i>	38	41	38	40	<b>55</b>	<b>35.7%</b>	<b>42.3%</b>	130	<b>134</b>	<b>3.1%</b>	172
<b>Other operating revenues</b>	146	127	119	95	<b>96</b>	<b>1.3%</b>	<b>-34.0%</b>	456	<b>311</b>	<b>-31.6%</b>	583
<b>SG&amp;A</b>	14,022	13,463	12,223	12,819	<b>13,188</b>	<b>2.9%</b>	<b>-5.9%</b>	42,144	<b>38,232</b>	<b>-9.3%</b>	55,608
<b>Commission paid</b>	7,897	7,327	6,454	7,054	<b>7,097</b>	<b>0.6%</b>	<b>-10.1%</b>	23,793	<b>20,606</b>	<b>-13.4%</b>	31,120
<b>Other SG&amp;A</b>	6,124	6,135	5,769	5,764	<b>6,091</b>	<b>5.7%</b>	<b>-0.5%</b>	18,351	<b>17,625</b>	<b>-4.0%</b>	24,487
<b>Operating income</b>	3,949	3,312	2,944	3,653	<b>3,590</b>	<b>-1.7%</b>	<b>-9.1%</b>	11,213	<b>10,188</b>	<b>-9.1%</b>	14,525
<b>Ordinary income</b>	4,013	3,532	3,063	3,616	<b>3,810</b>	<b>5.4%</b>	<b>-5.1%</b>	12,097	<b>10,489</b>	<b>-13.3%</b>	15,629
<b>Net income</b>	2,752	2,028	2,138	2,461	<b>2,641</b>	<b>7.3%</b>	<b>-4.0%</b>	8,538	<b>7,240</b>	<b>-15.2%</b>	10,566



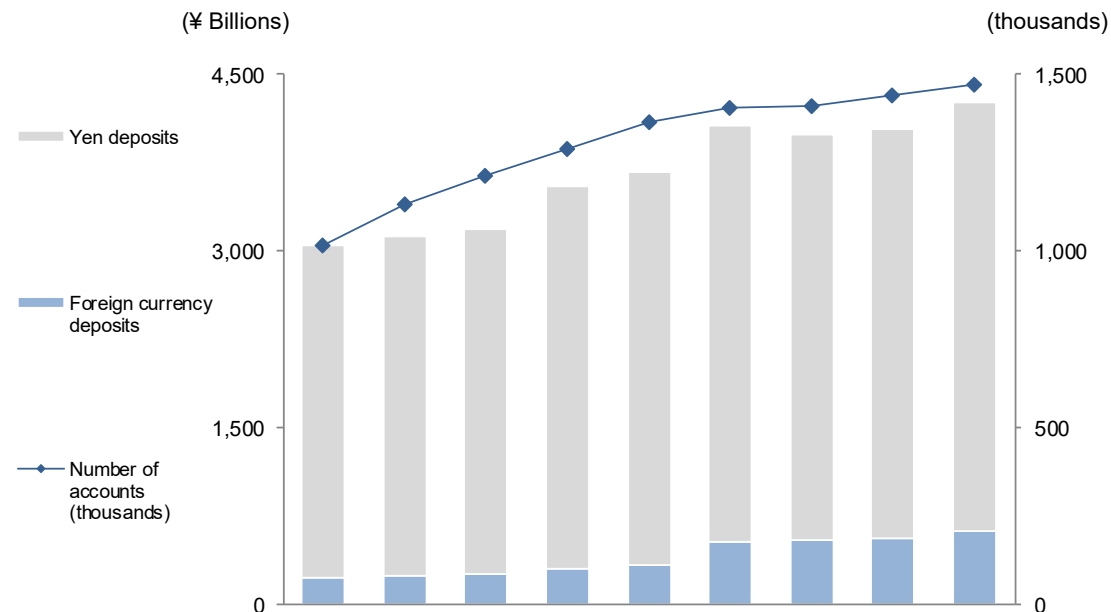
# Earnings and Deposit Balance

## Gross Profits / Ordinary Income



(¥ Billions)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		
							1Q	2Q	3Q
Gross profits	20.7	17.3	11.5	11.9	14.5	13.6	2.5	2.8	2.9
Ordinary income	13.6	9.5	3.5	4.2	6.8	6.0	0.7	0.9	1.0

## Daiwa Next Bank Deposit Balance & Number of Accounts



(¥ Billions)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		
							1Q	2Q	3Q
Ordinary deposits	1,455	1,401	1,653	1,756	1,610	1,873	1,884	1,921	2,185
Time deposits	1,528	1,711	1,480	1,746	1,953	2,067	1,992	2,006	2,044
Negotiable certificate of deposits / Other	62	8	59	53	115	122	117	112	34
Deposit balance	3,047	3,121	3,193	3,556	3,678	4,062	3,994	4,041	4,263
Foreign currency deposits	225	243	253	300	331	539	546	559	619
Number of accounts (thousands)	1,018	1,133	1,213	1,289	1,364	1,405	1,412	1,439	1,470

※ 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		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
VaR (Quarter end)	1.76	1.06	1.33	1.42	0.94	1.22	0.99	1.21	<b>1.20</b>
High	1.87	2.29	1.68	1.55	1.61	1.77	1.43	1.43	<b>1.89</b>
Low	0.95	0.86	0.74	1.02	0.94	0.87	0.75	0.90	<b>0.94</b>
Average	1.34	1.45	1.18	1.27	1.28	1.18	1.08	1.11	<b>1.35</b>
By risk factors (Quarter end)									
Equity	0.40	0.29	0.38	0.39	0.34	0.19	0.21	0.33	<b>0.37</b>
Interest	1.68	1.06	1.16	1.35	1.21	1.12	1.25	0.97	<b>1.16</b>
Currency	0.24	0.18	0.21	0.24	0.20	0.20	0.24	0.29	<b>0.41</b>
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>

※Preliminary results for 2Q FY2020 are modified.

# Number of Group Employees

	FY2018		FY2019				FY2020		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Total</b>	16,519	16,419	16,499	16,306	16,078	15,904	16,120	15,972	<b>15,749</b>
Overseas	1,881	1,921	1,960	1,963	1,963	1,984	1,977	1,989	<b>2,012</b>

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

※ Total figures are the sum of consolidated group companies. Daiwa SB Investments(currently, Sumitomo Mitsui DS Asset Management) was included until 4Q FY2018.

※ Overseas figures are the sum of consolidated group companies under Daiwa International Holdings. The figure also includes overseas subsidiaries of Daiwa Asset Management. 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

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