



# **1Q FY2012 Earnings Announcement**

**August 3, 2012**

**Daiwa Securities Group Inc.**

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## ■ Achieved a surplus for two consecutive quarters

- Consolidated ordinary income: Y 8.5 bil, consolidated net income: Y 2.6 bil

## ■ Domestic business remained firm under the severe economic conditions

- Focused on allocating resources to the mother market.
- Increased in foreign bond / structured bond sales and fixed income revenues rose by 20% q/q in Retail Division due to improved sales capabilities after the integration of two securities subsidiaries. (p16)
- Asset Management Division continued to expand market share of investment trust (reached 19% at our highest level). (p12)
- Investment Division increased revenues and returned to profitability through exiting domestic investments. (p14)

## ■ Continuously pursued management efficiencies and improved cost structure

- Due to fixed costs reduction, SG&A dropped to Y 82.7 bil (-Y 11.2 bil y/y), the lowest level from FY2009 and onward. (p8)
- Continuously promoted management efficiencies especially in overseas operations.
- Reached to an agreement in the transfer of two subsidiaries running non-core businesses in Europe, where operations has been facing difficulties due to the protracted debt crisis.

# Consolidated Summary

## ■ 1Q FY2012 Net operating revenues were Y 87.0 bil (-4.4% q/q)

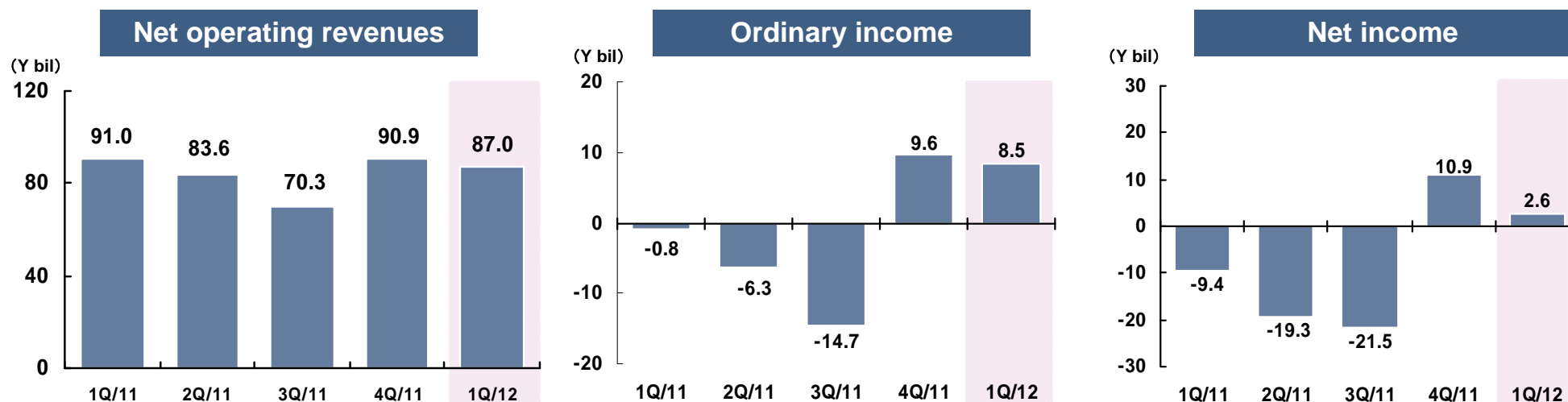
1Q showed decrease in commissions: Y 48.0 bil (-15.8% q/q) and net gain on trading: Y 24.3 bil (-17.9% q/q) under the severe market conditions, while Y 4.8 bil for net gain on private equity and other securities has limited the decrease in the total consolidated net operating revenue.

## ■ 1Q FY2012 Ordinary income was Y 8.5 bil (-11.9% q/q)

Due to cost reduction effect, SG&A decreased to Y 82.7 bil (-3.4% q/q), the lowest level from FY2009 and onward. Particularly decreased in Real estate expenses: Y 10.1 bil (-8.4% q/q), Office cost: Y 6.1 bil (-17.4% q/q), and Depreciation: Y 7.8 bil (-18.7% q/q).

## ■ 1Q FY2012 Net income was Y 2.6 bil (-75.5% q/q)

Extra ordinary income/loss was -Y 0.3 bil, total income taxes were Y 3.9 bil, and minority interests in income were Y 1.5 bil.



# Financial Summary

(Y mil)	FY2011	FY2012	% Change vs 4Q FY11	FY2011	% Change vs 1Q FY11	FY2011
	4Q	1Q		1Q	1Q FY11	
Operating revenues	113,348	113,897	0.5%	113,625	0.2%	422,374
Net operating revenues	90,967	87,003	-4.4%	91,083	-4.5%	336,016
SG&A	85,626	82,756	-3.4%	94,021	-12.0%	359,729
Ordinary income	9,682	8,534	-11.9%	-803	-	-12,200
Net income	10,920	2,678	-75.5%	-9,434	-	-39,434
Total assets	18,924,038	17,827,368		16,282,850		18,924,038
Net assets	951,702	921,695		880,022		951,702
Shareholders' equity*	782,498	755,932		800,563		782,498
EPS (Y)	6.46	1.58		-5.61		-23.41
BPS (Y)	463.04	446.28		475.87		463.04
ROE (Annualized)	5.8%	1.4%		-		-

\* Shareholders' equity = owners' equity + accumulated other comprehensive income

## <Reference>

- Consolidated Capital Adequacy Ratio: 27.4%  
(As of March 31, 2012)

# P/L Summary

(Y mil)	FY2011				FY2012	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	113,625	102,480	92,919	113,348	<b>113,897</b>	<b>0.5%</b>	<b>0.2%</b>	422,374
Commissions	55,060	56,171	52,535	57,077	<b>48,045</b>	<b>-15.8%</b>	<b>-12.7%</b>	220,845
Net gain/loss on trading	26,244	14,895	8,572	29,703	<b>24,395</b>	<b>-17.9%</b>	<b>-7.0%</b>	79,416
Net gain/loss on private equity and other securities	1,251	1,892	1,470	-2,658	<b>4,899</b>	-	<b>291.4%</b>	1,955
Interest and dividend income	20,076	19,865	20,910	18,909	<b>20,948</b>	<b>10.8%</b>	<b>4.3%</b>	79,761
Other operating revenues	10,992	9,656	9,429	10,316	<b>15,608</b>	<b>51.3%</b>	<b>42.0%</b>	40,395
<b>Interest expenses</b>	15,217	12,937	16,329	15,205	<b>16,670</b>	<b>9.6%</b>	<b>9.5%</b>	59,689
<b>Other operating expenses</b>	7,325	5,922	6,245	7,175	<b>10,224</b>	<b>42.5%</b>	<b>39.6%</b>	26,668
<b>Net operating revenues</b>	91,083	83,621	70,344	90,967	<b>87,003</b>	<b>-4.4%</b>	<b>-4.5%</b>	336,016
<b>SG&amp;A</b>	94,021	93,729	86,352	85,626	<b>82,756</b>	<b>-3.4%</b>	<b>-12.0%</b>	359,729
<b>Operating income</b>	-2,938	-10,108	-16,008	5,340	<b>4,246</b>	<b>-20.5%</b>	-	-23,713
<b>Non-operating income/loss</b>	2,134	3,741	1,294	4,341	<b>4,287</b>	<b>-1.3%</b>	<b>100.8%</b>	11,512
<b>Ordinary income</b>	-803	-6,366	-14,713	9,682	<b>8,534</b>	<b>-11.9%</b>	-	-12,200
<b>Extraordinary income/loss</b>	-2,053	-9,055	-1,976	8,412	<b>-308</b>	-	-	-4,673
<b>Income before income taxes</b>	-2,856	-15,422	-16,690	18,095	<b>8,225</b>	<b>-54.5%</b>	-	-16,874
<b>Total income taxes</b>	6,271	4,920	4,544	8,663	<b>3,967</b>	<b>-54.2%</b>	<b>-36.7%</b>	24,399
<b>Net income</b>	-9,434	-19,353	-21,567	10,920	<b>2,678</b>	<b>-75.5%</b>	-	-39,434

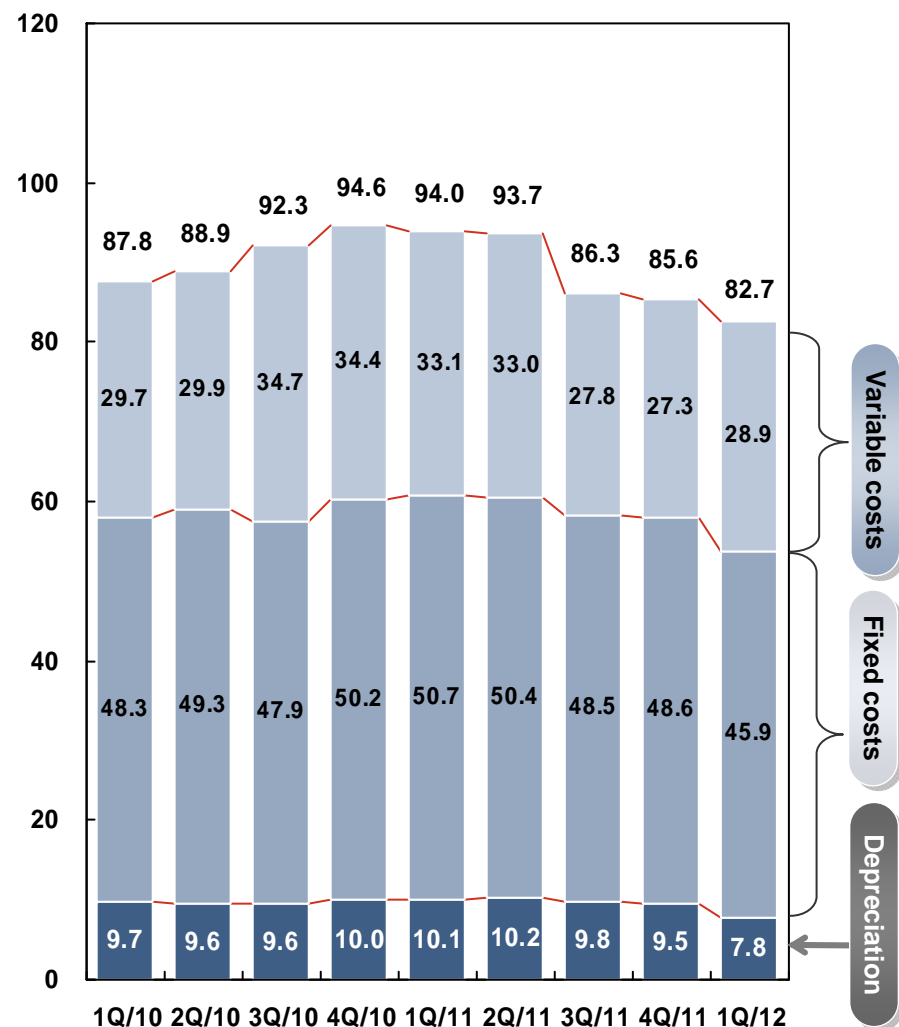
# Break Down of SG&A

(Y mil)	FY2011				FY2012	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	94,021	93,729	86,352	85,626	<b>82,756</b>	<b>-3.4%</b>	<b>-12.0%</b>	359,729
Trading related expenses	17,514	18,639	16,286	16,415	<b>16,928</b>	<b>3.1%</b>	<b>-3.3%</b>	68,856
Personnel expenses	42,268	41,815	37,994	36,219	<b>37,062</b>	<b>2.3%</b>	<b>-12.3%</b>	158,297
Real estate expenses	11,273	11,374	11,203	11,029	<b>10,101</b>	<b>-8.4%</b>	<b>-10.4%</b>	44,880
Office cost	6,954	6,832	6,521	7,443	<b>6,149</b>	<b>-17.4%</b>	<b>-11.6%</b>	27,751
Depreciation	10,153	10,235	9,879	9,592	<b>7,802</b>	<b>-18.7%</b>	<b>-23.2%</b>	39,861
Taxes and dues	2,136	1,465	1,436	1,542	<b>1,426</b>	<b>-7.5%</b>	<b>-33.2%</b>	6,581
Other	3,719	3,365	3,031	3,383	<b>3,283</b>	<b>-3.0%</b>	<b>-11.7%</b>	13,500

# Consolidated Cost Structure



(Y bil)



(Y bil)	FY2010				FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total SG&A	87.8	88.9	92.3	94.6	94.0	93.7	86.3	85.6	82.7
Variable costs	29.7	29.9	34.7	34.4	33.1	33.0	27.8	27.3	28.9
Trading related expenses	17.3	16.3	17.9	18.6	17.5	18.6	16.2	16.4	16.9
Advertising expenses	1.8	1.6	2.3	1.8	1.5	1.6	2.0	1.4	1.2
Bonus	6.4	7.5	10.0	9.2	9.3	8.6	6.5	5.5	6.8
FA remuneration	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.2
Overtime, part-time	2.2	2.4	2.6	2.4	2.6	2.4	2.2	2.1	2.0
Fixed costs	58.0	59.0	57.6	60.2	60.8	60.7	58.4	58.2	53.7
Personnel expenses	28.3	28.8	29.1	29.4	29.8	30.3	28.9	28.2	27.9
Real estate expenses	11.2	11.2	10.9	11.7	11.2	11.3	11.2	11.0	10.1
Depreciation	9.7	9.6	9.6	10.0	10.1	10.2	9.8	9.5	7.8
Office expenses	6.4	7.2	5.5	6.7	6.6	6.5	6.2	7.1	5.8
Taxes other than income taxes	1.9	1.8	1.7	1.4	2.1	1.4	1.4	1.5	1.4



# Consolidated Balance Sheet

## Consolidated Balance Sheet (6/12)

(Y bil)

<b>Current assets</b>	<b>17,132</b>	<b>(-1,084)</b>	<b>Current liabilities</b>	<b>14,958</b>	<b>(-1,044)</b>
Short-term investment securities	1,876	(402)	Trading liabilities	5,006	(-946)
Trading assets	8,508	(-368)	Trading securities and others	2,615	(-954)
Trading securities and others	5,757	(-390)	Stocks, convertible bonds	134	(6)
Stocks, convertible bonds	165	(-124)	Bonds	2,406	(-1,013)
Bonds	5,445	(-275)	CD/CP and others	74	(53)
Beneficiary certificates	53	(-20)	Derivative liabilities	2,391	(7)
CD/CP and others	92	(29)	Collateralized short-term financing agreements	6,202	(134)
Derivative assets	2,750	(22)	Deposits for banking business	1,301	(131)
Private equity and other securities			Short-term borrowings	1,472	(-321)
(after Allowance for possible investment losses)	113	(-25)	Commercial paper	274	(0)
Daiwa Securities SMBC PI+Daiwa PI Partners	99	(-24)	Current portion of bonds	158	(-56)
Daiwa Corporate Investment	13	(0)			
Collateralized short-term financing agreements	4,521	(-1,213)	<b>Non-current liabilities</b>	<b>1,944</b>	<b>(-21)</b>
<b>Non-current assets</b>	<b>694</b>	<b>(-12)</b>	Bonds and notes	1,295	(13)
Tangible fixed assets	395	(1)	Long-term debts	589	(-34)
Intangible fixed assets	96	(-5)	<b>Total liabilities</b>	<b>16,905</b>	<b>(-1,066)</b>
Investments and others	202	(-7)	<b>Net assets</b>	<b>921</b>	<b>(-30)</b>
Investment securities	156	(-2)	Owners' equity	800	(0)
Listed stocks	69	(-6)	Accumulated other comprehensive income	-44	(-25)
Unlisted stocks	32	(0)	Minority interests	160	(-3)
Others	54	(3)			
Others	45	(-5)			
<b>Total assets</b>	<b>17,827</b>	<b>(-1,096)</b>	<b>Total liabilities and net assets</b>	<b>17,827</b>	<b>(-1,096)</b>

Note: Figures in parenthesis indicate changes from 3/12.

# Segment Information

(Y mil)	Net operating revenues							
	FY2011				FY2012	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
Retail Division	42,288	39,661	35,293	42,272	39,468	-6.6%	-6.7%	159,516
Asset Management Division	9,648	9,778	8,871	9,125	11,063	21.2%	14.7%	37,424
Wholesale Division	26,331	21,968	14,660	31,148	21,759	-30.1%	-17.4%	94,109
Global Markets	20,579	16,027	7,192	23,997	17,055	-28.9%	-17.1%	67,796
Global Investment Banking	5,751	5,941	7,468	7,150	4,704	-34.2%	-18.2%	26,312
Investment Division	1,955	1,950	2,101	-2,382	5,333	-	172.8%	3,624
Others/Adjustments	10,859	10,261	9,417	10,803	9,377			41,341
Consolidated total	91,083	83,621	70,344	90,967	87,003	-4.4%	-4.5%	336,016

(Y mil)	Ordinary income							
	FY2011				FY2012	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
Retail Division	9,795	5,620	3,549	9,727	6,762	-30.5%	-31.0%	28,692
Asset Management Division	4,071	4,137	3,206	3,200	4,826	50.8%	18.6%	14,615
Wholesale Division	-16,202	-18,044	-23,347	-1,743	-8,675	-	-	-59,338
Global Markets	-10,191	-13,306	-19,441	-440	-6,103	-	-	-43,380
Global Investment Banking	-6,011	-4,738	-3,905	-1,303	-2,571	-	-	-15,958
Investment Division	1,100	1,059	1,157	-2,765	4,430	-	302.6%	552
Others/Adjustments	432	860	720	1,264	1,189			3,277
Consolidated total	-803	-6,366	-14,713	9,682	8,534	-11.9%	-	-12,200

\*Figures calculated based on managerial accounting of each subsidiary companies.

\*From 1Q/FY2012, the classification of business segment has changed due to adoption of a new management accounting method after internal reorganization. Figures of 4Q/FY2011 and before are retroactively adjusted based on the current method for reference (unaudited).

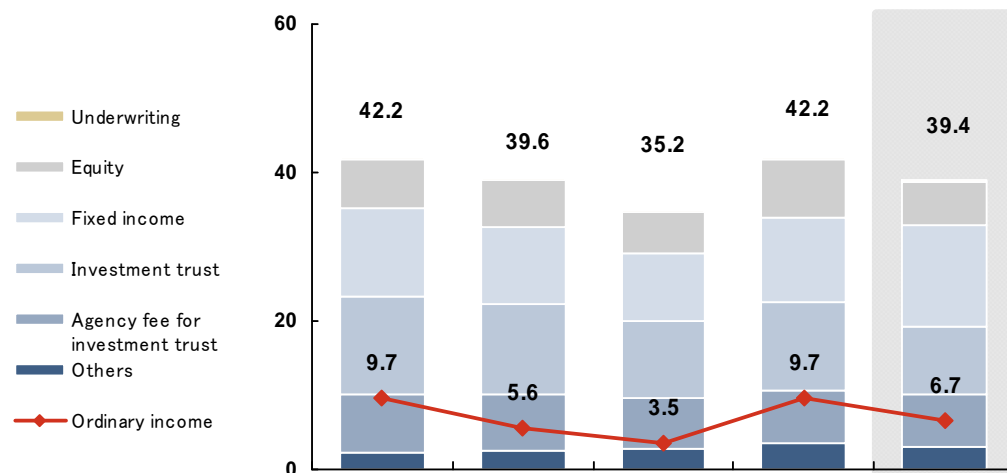
# Consolidated Retail Division

PASSION  
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(Y mil)	FY2012 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Net operating revenues	39,468	-6.6%	-6.7%	159,516
Ordinary income	6,762	-30.5%	-31.0%	28,692

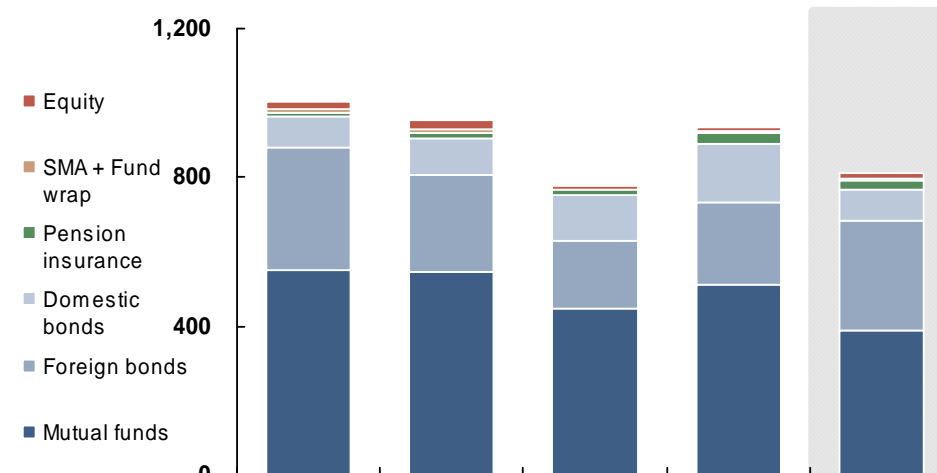
- Fixed income revenues increased mainly due to successful efforts from integration of retail and wholesale subsidiaries, while equity and investment trust related revenues dropped.

## Quarterly figures



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Underwriting	0.4	0.4	0.2	0.2	0.2
Equity	6.6	6.2	5.6	7.7	5.8
Fixed income	11.9	10.3	9.2	11.5	13.8
Investment trust	13.0	12.3	10.4	11.9	9.1
Agency fee for investment trust	7.9	7.5	6.8	7.1	7.0
Others	2.3	2.6	2.7	3.5	3.1
Net operating revenues	42.2	39.6	35.2	42.2	39.4
Ordinary income	9.7	5.6	3.5	9.7	6.7

## Sales and Distribution Amount by Product



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Equity	19.5	23.1	8.1	9.1	10.5
SMA + Fund wrap	11.8	8.5	2.8	7.8	5.4
Pension insurance	9.3	14.0	12.1	29.8	27.6
Domestic bonds	84.4	99.5	124.5	153.0	80.1
Foreign bonds	329.7	263.4	183.0	223.2	298.7
Mutual funds	548.9	543.9	445.2	511.7	387.3

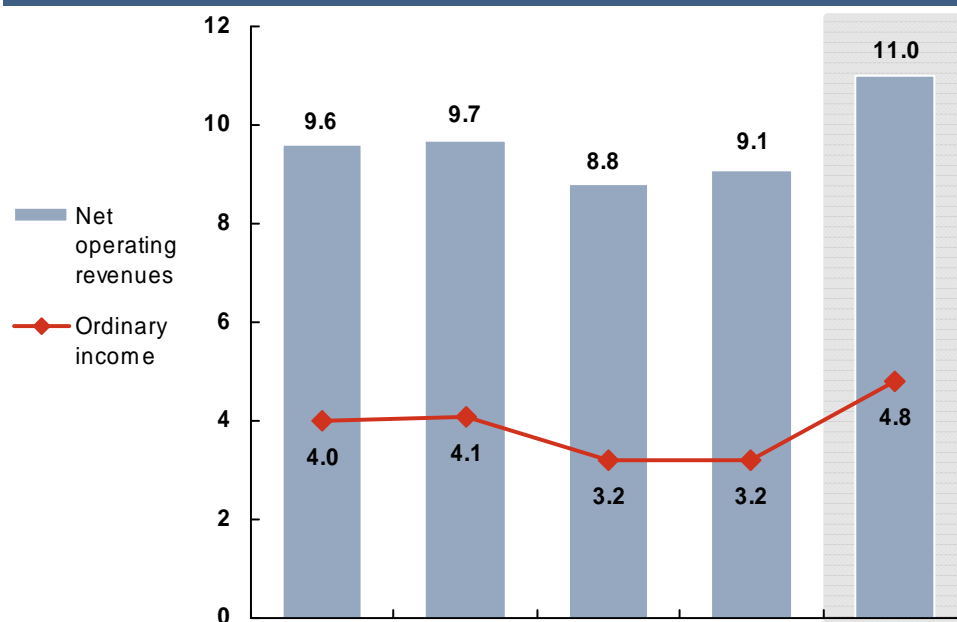
Note: Mutual funds include switching transactions between funds.  
Foreign bonds include yen-denominated bonds.

# Asset Management Division

(Y mil)	FY2012 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Net operating revenues	11,063	21.2%	14.7%	37,424
Ordinary income	4,826	50.8%	18.6%	14,615

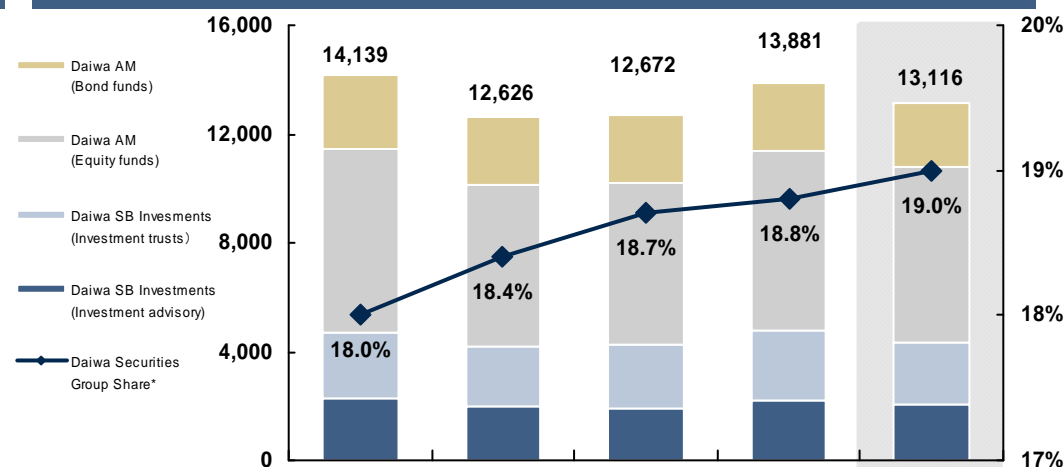
- Market shares in net asset balance of investment trust continuously rose.
- Revenues and profits increased from consolidation of Daiwa Office Investment Corp.

## Quarterly figures



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Net operating revenues	9.6	9.7	8.8	9.1	11.0
Ordinary income	4.0	4.1	3.2	3.2	4.8

## Asset Under Management



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Daiwa AM (Bond funds)	2,705	2,529	2,465	2,500	2,358
Daiwa AM (Equity funds)	6,706	5,937	5,950	6,624	6,409
Daiwa SB Investments (Investment trusts)	2,428	2,170	2,330	2,547	2,318
Daiwa SB Investments (Investment advisory)	2,300	1,990	1,927	2,210	2,031
Total	14,139	12,626	12,672	13,881	13,116
Daiwa Securities Group Share*	18.0%	18.4%	18.7%	18.8%	19.0%

\*Industry balance share totaled Daiwa Asset Management (Bond funds + Equity funds)

+ Daiwa SB Investments (Investment trusts)

※All figures are as of end of quarter.

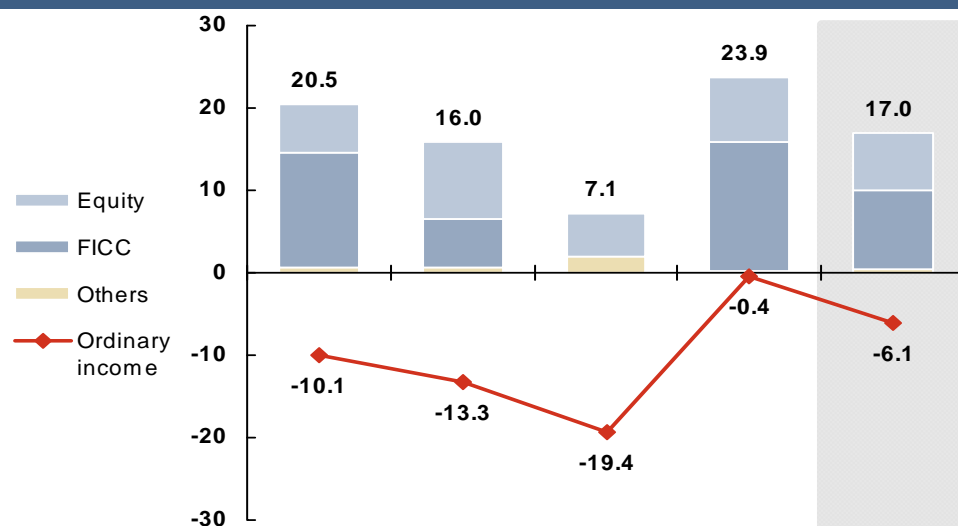
# Consolidated Wholesale Division

PASSION  
FOR THE  
BEST

(Y mil)	FY2012 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Net operating revenues	21,759	-30.1%	-17.4%	94,109
Ordinary income	-8,675	-	-	-59,338

■ Cost / income balance worsened both in GM and GIB Divisions due to the deteriorating market conditions.

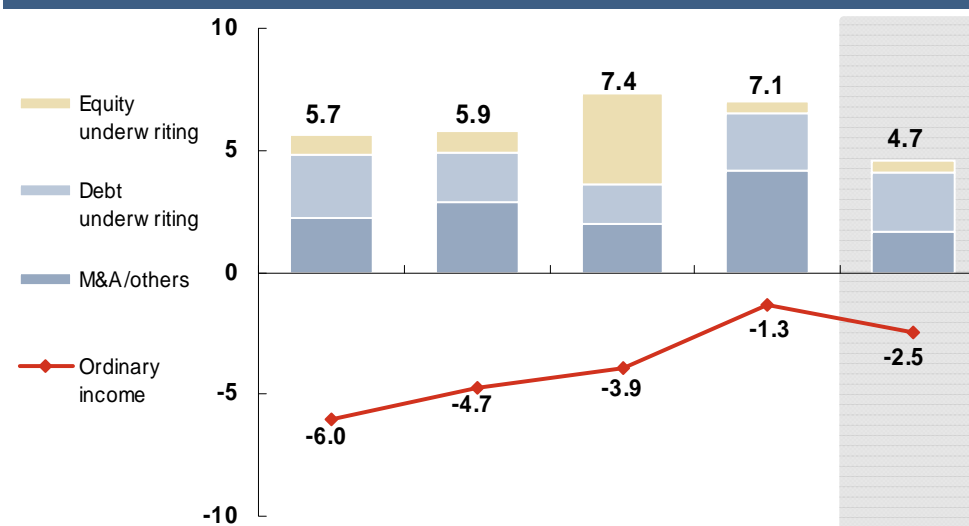
## Global Markets



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Equity	5.8	9.4	5.2	8.0	6.9
FICC	14.0	5.9	-0.1	15.6	9.5
Others	0.6	0.6	2.0	0.2	0.5
Net operating revenues	20.5	16.0	7.1	23.9	17.0
Ordinary income	-10.1	-13.3	-19.4	-0.4	-6.1

FICC: Fixed Income, Currency and Commodities

## Global Investment Banking



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Equity underwriting	0.8	0.9	3.7	0.5	0.5
Debt underwriting	2.6	2.0	1.6	2.3	2.4
M&A/others	2.2	2.9	2.0	4.2	1.7
Net operating revenues	5.7	5.9	7.4	7.1	4.7
Ordinary income	-6.0	-4.7	-3.9	-1.3	-2.5

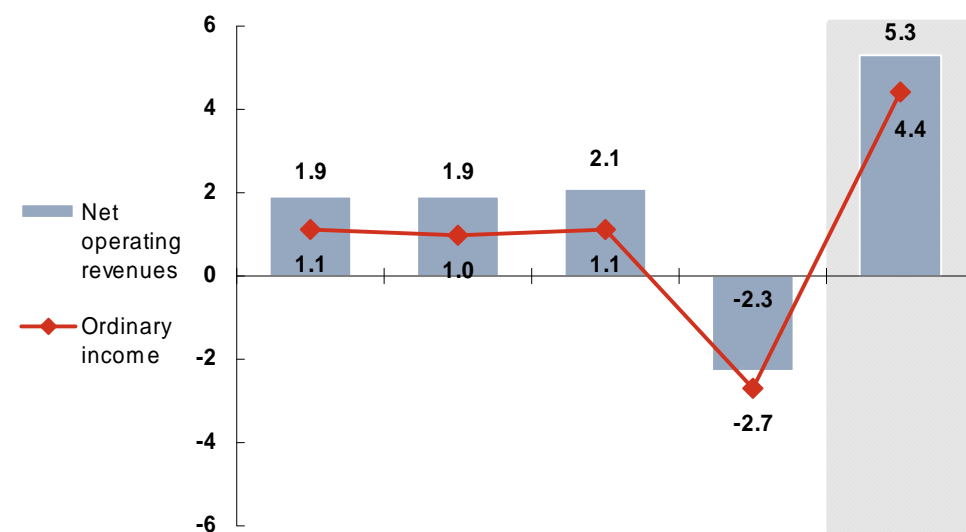
\*See the Major League Tables P.26.

# Investment Division

(Y mil)	FY2021 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Net operating revenues	5,333	-	172.8%	3,624
Ordinary income	4,430	-	302.6%	552

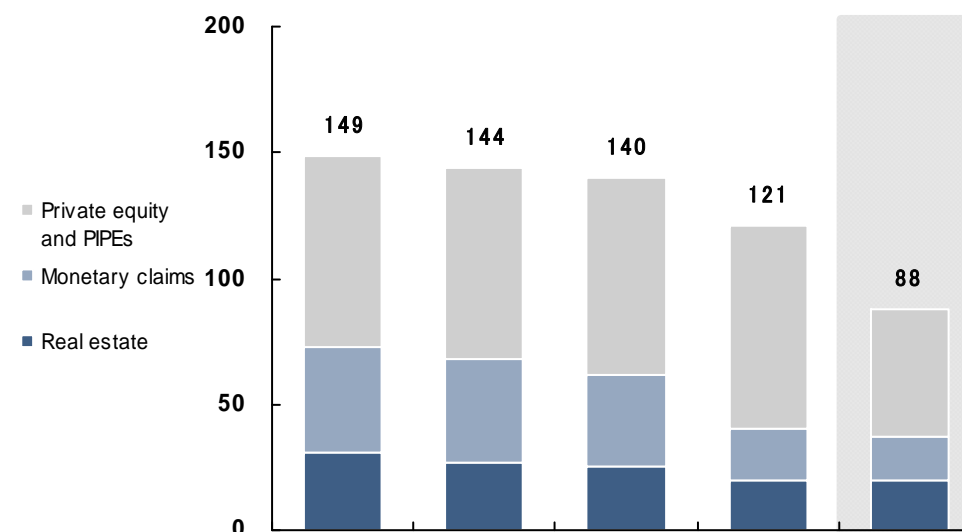
- TOB offer for Meisei Electric Co., Ltd and other investment exits contributed to increase in revenues and profits.

## Quarterly figures



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Net operating revenues	1.9	1.9	2.1	-2.3	5.3
Ordinary income	1.1	1.0	1.1	-2.7	4.4

## Principal Investment Values



(Y bil)	FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q
Private equity and PIPEs	76	76	78	81	51
Monetary claims	42	41	37	20	17
Real estate	31	27	25	20	20
<b>Total</b>	<b>149</b>	<b>144</b>	<b>140</b>	<b>121</b>	<b>88</b>

※ All figures are the sum of Daiwa Securities SMBCPI and Daiwa PI Partners.  
 ※ PIPEs: Private Investment in Public Equities.  
 ※ All figures are as of end of quarter.

## Other Domestic Group Companies and Overseas Operation



# Ordinary Income

### Domestic Group Companies

(Y mil)	FY2011				FY2011	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
<b>DIR Group*</b>	1,804	1,393	1,706	1,459	1,717	17.7%	-4.8%	6,363
<b>Other Domestic Group Companies**</b>	-1,069	-321	108	-721	284	-	-	-2,004

### Overseas

<b>Europe</b>	-2,596	-1,899	-1,007	463	-1,483	-	-	-5,039
<b>Asia/Oceania</b>	-4,935	-4,760	-4,884	-3,139	-3,398	-	-	-17,720
<b>America</b>	-643	-428	-2,091	105	-85	-	-	-3,058
<b>Total</b>	-8,175	-7,088	-7,984	-2,570	-4,968	-	-	-25,818

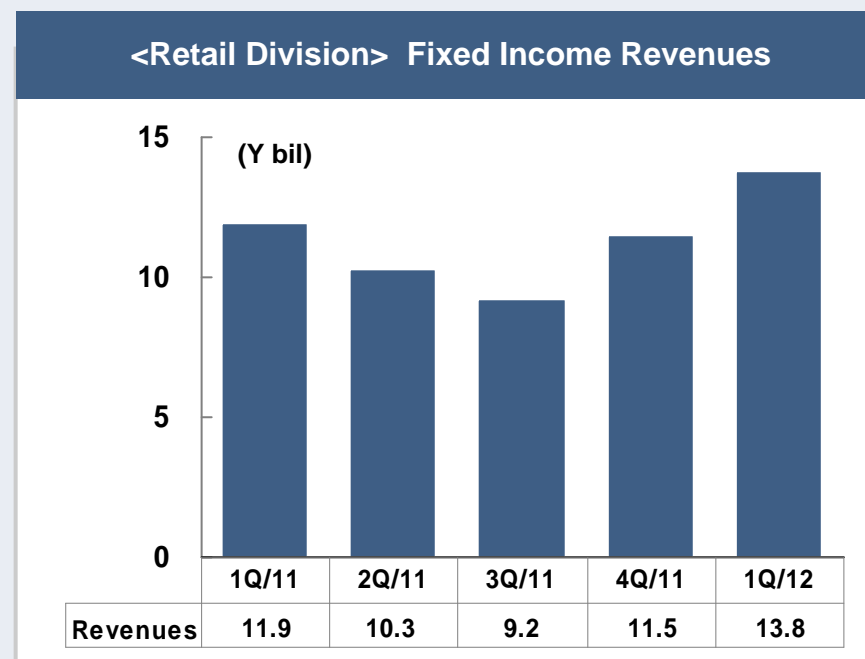
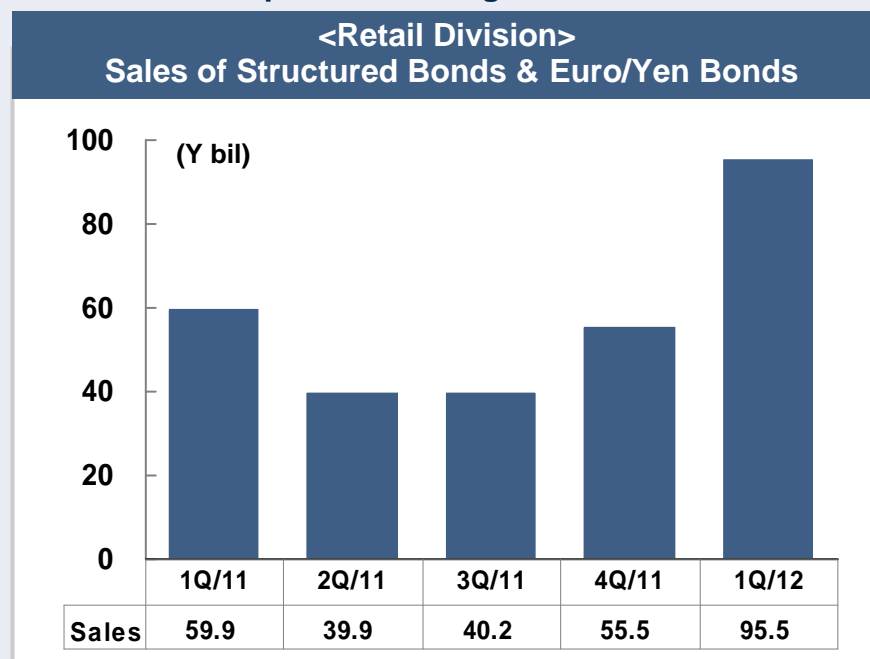
\* DIR Group includes Daiwa Institute of Research Holdings, Daiwa Institute of Research, and Daiwa Institute of Research Business Innovation.  
(Excluding in-group transactions and dividend from subsidiaries)

\*\* Total figure of domestic consolidated subsidiaries excluding Daiwa Securities Group Inc., DIR Group and other subsidiaries belonging to the operating segments.

# “New” Daiwa Securities

“New” Daiwa Securities earned net operating revenues: Y53.4bil, ordinary income: Y3.1bil

- Fixed income sales significantly increased due to the successful integration between retail and wholesale subsidiaries.
  - Expanded structured bond sales through timely provision of attractive products to meet diverse needs of retail investors.
  - Increased fixed income revenues under a favorable cooperation between the expansion of client flow and position management.





# Reference

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# Number of Group Employees

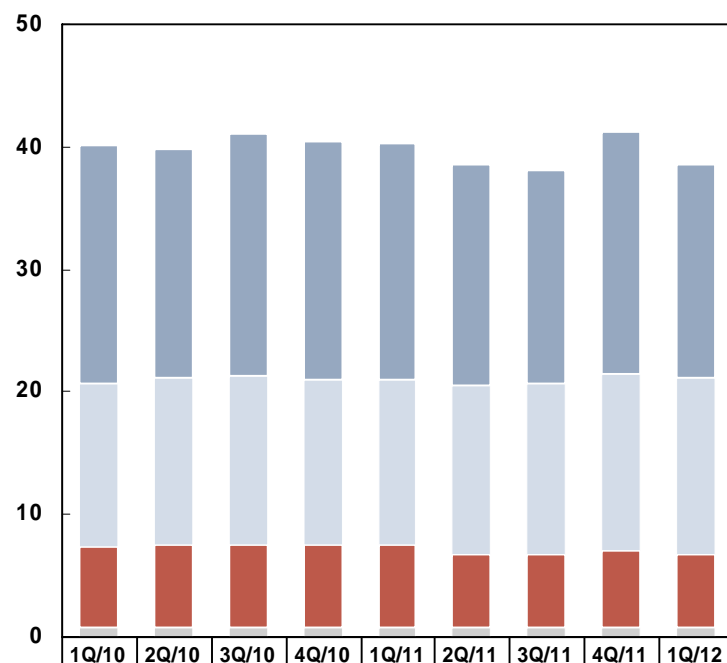
	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11	1Q/12
<b>Total</b>	15,953	15,731	15,733	15,618	15,895	15,592	15,214	14,759	14,675
<b>Daiwa Securities Group Inc.</b>	237	239	220	221	258	744	742	741	8,550
<b>Daiwa Securities</b>	7,310	7,081	6,927	6,772	6,947	6,635	6,500	6,277	
<b>Daiwa Securities Capital Markets (Domestic)</b>	2,287	2,263	2,224	2,199	2,152	1,693	1,591	1,554	
<b>Other domestic companies</b>	4,062	3,991	4,007	3,984	4,051	4,088	4,061	4,012	4,054
<b>Overseas</b>	2,057	2,157	2,355	2,442	2,487	2,432	2,320	2,175	2,071

- Number of employees as of end of quarter.
- Total figure is the sum of consolidated group companies and Daiwa SB Investments.
- Figures for Daiwa Securities include Financial Advisers (FA).
- From 3Q/FY10, figures for overseas include employees gained from acquisition of KBC group's business operations.
- From 1Q/FY12, employees of Daiwa Securities Group Inc. basically combine position at Daiwa Securities.

# Customer Assets, Deposit Balance & Accounts

## Daiwa Securities Assets under Custody

(Y tri)



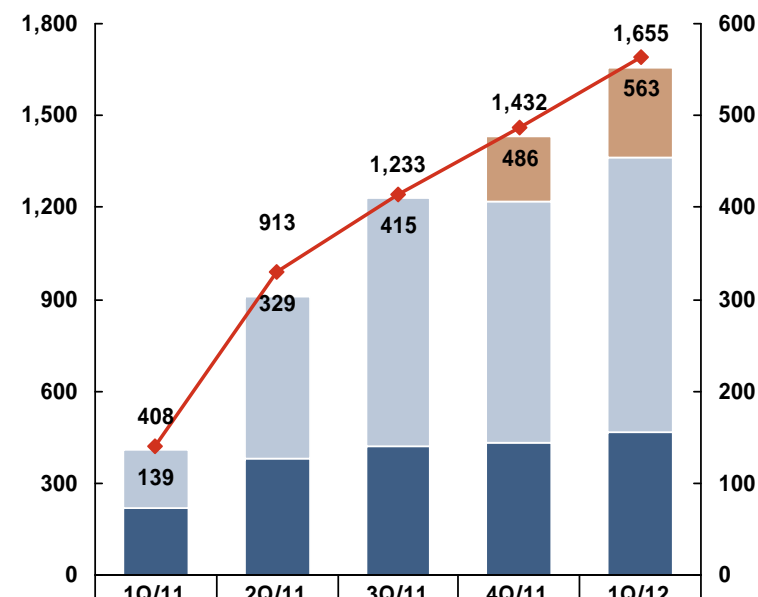
	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11	1Q/12
Equity	19.4	18.6	19.8	19.5	19.3	18.1	17.4	19.8	17.4
Bond	13.3	13.6	13.7	13.4	13.5	13.8	14.0	14.3	14.4
Investment trust	6.6	6.8	6.8	6.8	6.7	5.9	5.9	6.3	5.9
Others	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
<b>Total</b>	<b>40.2</b>	<b>39.9</b>	<b>41.2</b>	<b>40.7</b>	<b>40.5</b>	<b>38.8</b>	<b>38.2</b>	<b>41.4</b>	<b>38.7</b>

\*All figures are as of end of quarter.

## Daiwa Next Bank Deposit Balance & Number of Accounts

(Y bil)

(thousand)



Negotiable Certificates of Deposit / Others	1	0	1	211	291
Time Deposits	187	534	811	792	899
Ordinary Deposits	219	377	420	429	464
<b>Deposit Balance</b>	<b>408</b>	<b>913</b>	<b>1,233</b>	<b>1,432</b>	<b>1,655</b>
<b>Number of Accounts (thousands)</b>	<b>139</b>	<b>329</b>	<b>415</b>	<b>486</b>	<b>563</b>

\*All figures are as of end of quarter.

# Number of Accounts

## <Retail Division> Number of Accounts (thousands)

	FY2010				FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Cash Management Service accounts	3,374	3,383	3,392	3,401	3,414	3,435	3,444	3,455	3,459
Accounts holding equity	1,407	1,406	1,397	1,401	1,399	1,401	1,396	1,391	1,402
Accounts holding equity investment trusts	687	686	679	675	670	666	658	648	645

## <Retail Division> Newly Opened Accounts (thousands)

\*All figures are as of end of quarter.

Newly opened accounts	36	30	29	29	32	42	32	47	25
Daiwa Direct Course	20	17	16	16	15	16	12	16	11

## <Retail Division> Wrap Accounts

Number of customers (thousands)	20.4	21.2	20.7	20.8	20.4	20.4	19.9	19.8	19.4
Daiwa SMA	1.7	1.6	1.8	2.0	2.0	2.0	1.9	1.8	1.8
Daiwa Fund Wrap	18.7	19.5	18.9	18.8	18.3	18.3	17.9	17.9	17.6
Contract asset under management (Y bil)	241	253	261	272	259	235	231	253	235
Daiwa SMA	124	126	136	145	137	123	120	130	121
Daiwa Fund Wrap	117	126	124	126	122	112	110	123	113

\*All figures are as of end of quarter.

## <Retail Division> Online Trading

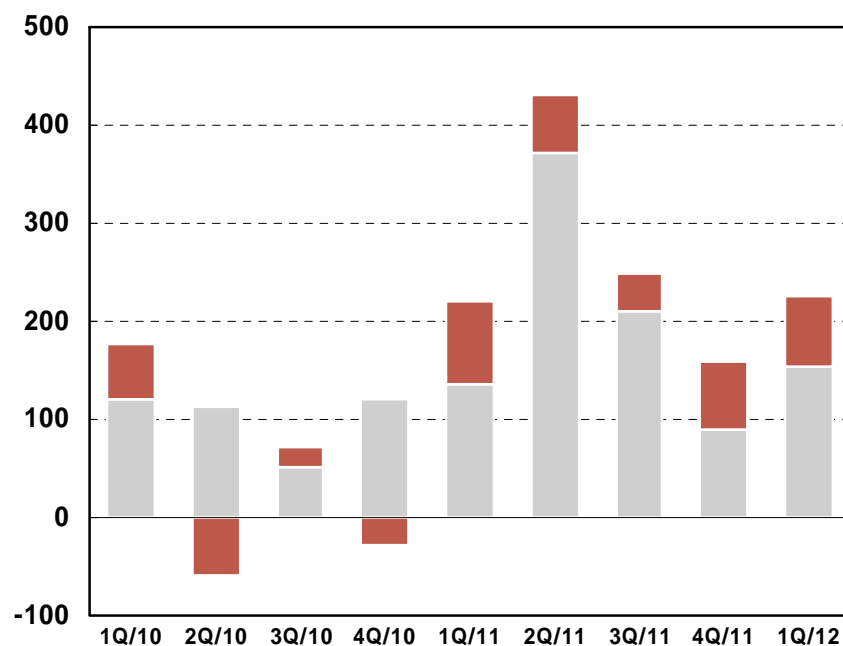
Online Trading									
Number of accounts (thousands)	2,203	2,218	2,233	2,249	2,301	2,381	2,419	2,457	2,493
Assets under custody (Y bil)	10,462	10,570	11,037	11,046	11,745	11,863	12,240	13,887	13,324
Daiwa Direct margin transaction service									
Number of accounts (thousands)	40	41	43	45	47	48	49	50	50
Margin position (Y bil)	100	97	96	89	96	90	90	99	94

\*All figures are as of end of quarter.

# Net Inflow of Assets

## <Retail Division> Net Inflow of Assets

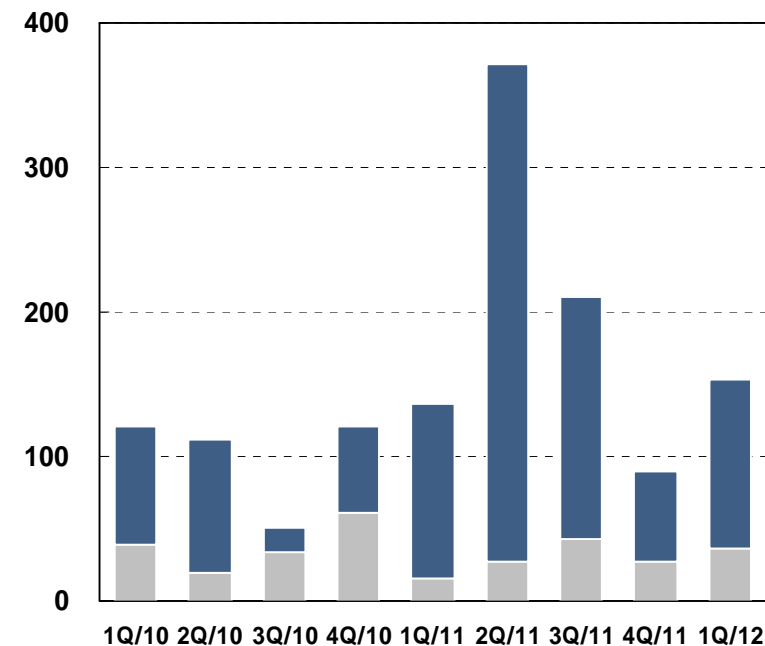
(Y bil)



■ Corporation	55.2	-58.8	21.8	-27.7	82.7	59.8	39.3	71.2	72.2
■ Individual	120.7	112.4	51.0	120.2	136.8	370.8	210.3	89.0	153.0
Total	175.9	53.5	72.9	92.4	219.5	430.6	249.6	160.3	225.2

## <Retail Division> Net Inflow of Cash and Securities (Individuals)

(Y bil)

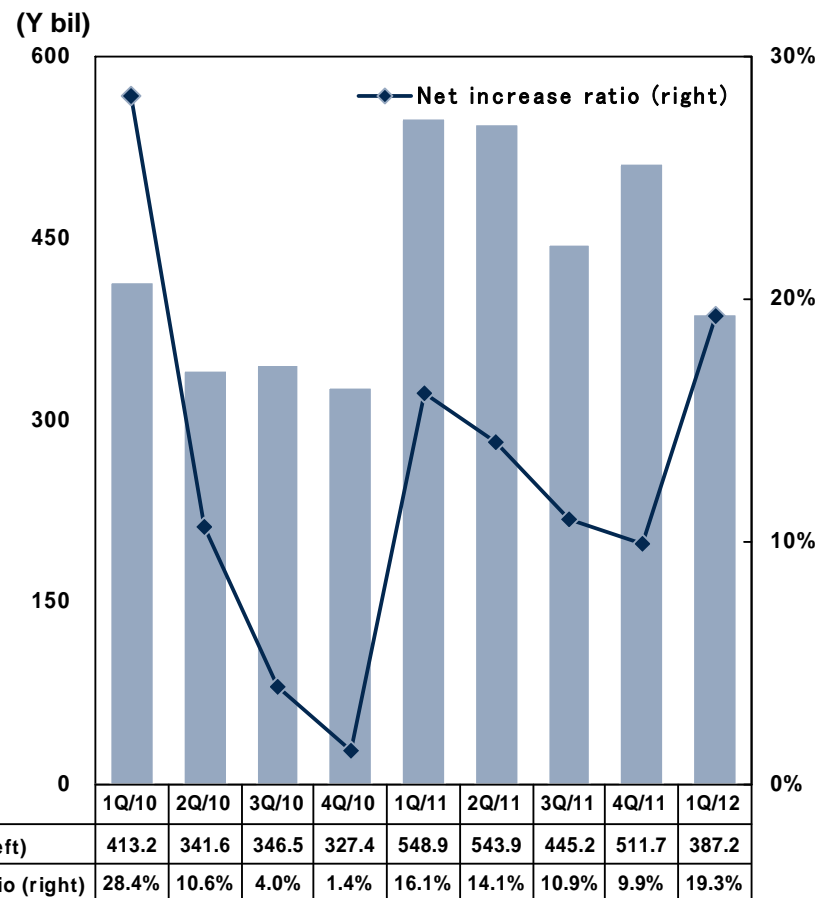


■ Net inflow of cash	81.7	92.4	16.9	59.5	121.0	343.0	167.2	61.4	116.2
■ Net inflow of securities	38.9	19.9	34.0	60.7	15.7	27.8	43.1	27.6	36.7

Note: Net inflow of assets = net inflow of cash and securities

# Mutual Funds & Foreign Equity

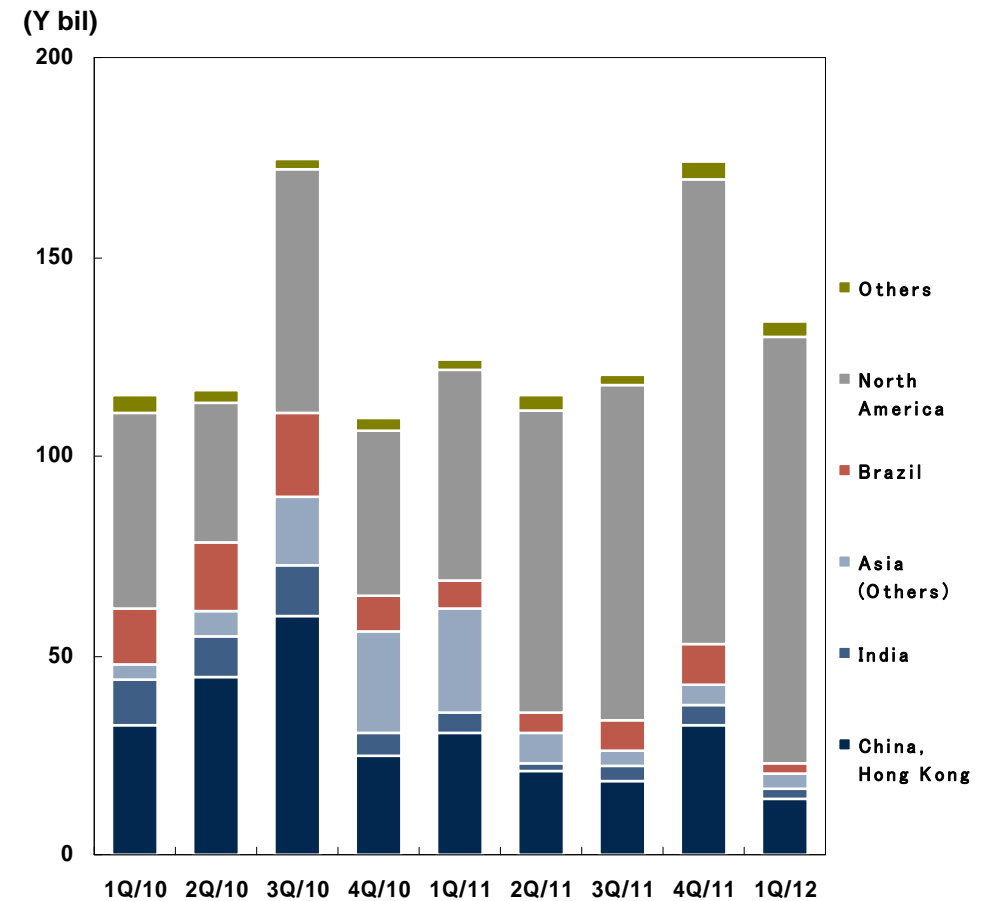
## <Retail Division> Sales and Net Increase Ratio of Mutual Funds



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

Note: Include switching transaction between funds.

## <Retail Division> Foreign Equity Trading Value



# Equity Trading

	FY2010				FY2011				FY2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Market data</b>									
Average daily trading value in TSE, OSE, and NSE (Y bil)	1,598	1,200	1,359	1,790	1,333	1,285	1,009	1,313	1,132
Share of individual investors: (%)	17.5	15.9	17.0	19.0	16.9	16.8	17.7	19.4	16.0
<b>Daiwa Securities' market share (on and off floor) in TSE: (%)</b>									
Market share (%)	7.0	7.0	8.4	7.7	7.1	7.0	7.1	7.9	8.3
<b>Daiwa Securities' share in after-hours and off floor transactions : (%)</b>									
Market share (%)*	11.5	10.0	13.0	10.3	9.9	8.3	7.6	5.6	9.4
<b>Daiwa Securities' share among individual investor transactions at TSE, OSE, and NSE: (%)</b>									
Market share (%)	4.5	4.3	5.0	5.3	4.7	4.8	4.8	5.2	4.8
<b>Contracts, trading value and commision for retail investors at Daiwa Securities (Equity)</b>									
Total # of contracts (thousands)	2,065	1,435	1,785	2,784	1,822	1,887	1,624	2,285	1,715
Total trading value (Y bil)	1,640	1,084	1,488	2,248	1,340	1,398	1,118	1,734	1,170
Total equity comission (Y mil)	6,705	3,686	4,923	7,012	3,964	4,167	3,414	4,933	3,242
<b>Online contracts, trading value and commision for retail investors at Daiwa Securities (Equity)</b>									
Total # of online contracts (thousands)	1,763	1,235	1,516	2,431	1,605	1,656	1,430	2,024	1,528
Total online trading value (Y bil)	1,160	805	1,068	1,730	1,062	1,087	873	1,351	951
Total online equity comission (Y mil)	2,893	1,440	1,723	2,914	1,701	1,756	1,352	2,026	1,434

\*Figures of Daiwa Securities' market share in after-hours and off floor transactions in FY2011 and before indicates Daiwa Securities Capital Markets' share.

# Equity & Fixed Income: Consolidated Trading Gain/Loss

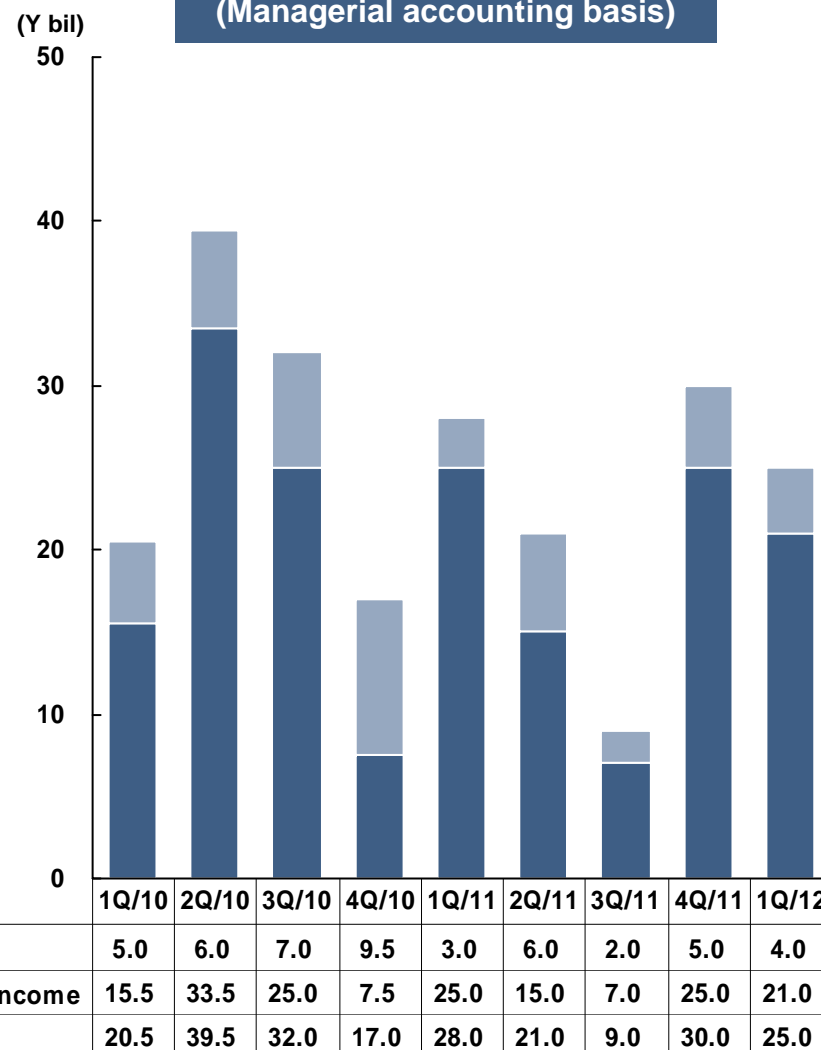
## 【Managerial accounting basis】

(Y bil)	FY2012 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Equity	4.0	-20.0%	33.3%	16.0
Fixed income	21.0	-16.0%	-16.0%	72.0
Total	25.0	-16.7%	-10.7%	88.0

<Reference>  
Financial accounting basis:  
Net Gain/Loss on Trading + Net financial income

(Y mil)	FY2012 1Q	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
Equity	-9,351	-	-	-6,464
Bond and forex	33,746	97.0%	-2.8%	85,880
Net financial income	4,278	15.5%	-11.9%	20,071
Total	28,673	-14.2%	-7.8%	99,488

## Quarterly figures (Managerial accounting basis)





# VaR

## Range and assumption of VaR

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

## Daiwa Securities Group (Consolidated)

(Y bil)	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11	1Q/12
VaR (Quarter end)	6.47	5.63	6.01	5.13	3.81	3.39	1.94	1.49	1.74
High	12.00	8.48	6.91	6.86	4.59	4.21	3.52	2.54	2.15
Low	4.38	4.39	5.44	4.62	2.74	3.04	1.86	1.39	1.38
Average	7.31	6.27	6.08	5.90	3.61	3.62	2.75	1.94	1.71

### By risk factors (Quarter end)

Equity	0.77	1.39	1.34	2.08	1.70	0.77	0.82	0.42	0.68
Interest	4.48	4.84	5.26	4.82	4.00	3.39	1.35	1.62	1.48
Currency	4.04	2.03	1.42	0.68	0.63	0.70	0.68	0.59	0.60
Commodity	—	—	—	—	0.02	0.08	0.23	0.02	0.01

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# Financial Summary

(Y mil)	FY2012
	1Q
Operating revenues	59,647
Commissions	29,631
Brokerage commission	5,627
Stock and others	5,335
Underwriting commission	3,107
Equity	688
Bond and others	2,418
Distribution commission	9,287
Equity	-
Bond and others	215
Investment trust	9,061
Other commissions	11,608
M&A commission	1,013
Life insurance sales commission	1,172
Investment trust	7,259
Net gain/loss on trading	23,936
Equity	-9,687
Bond and forex	33,623
Interest and dividend income	6,080
Interest expenses	6,187
Net operating revenues	53,460

(Y mil)	FY2012
	1Q
SG&A	50,861
Trading related expenses	7,615
Personnel expenses	19,919
Real estate expenses	6,260
Office cost	9,805
Depreciation	5,815
Taxes and dues	553
Other	891
Ordinary income	3,183
Net income	1,902
ROE (Annualized)	1.5%
Capital adequacy ratio	419.0%

# Financial Summary

(Y mil)	FY2011				FY2012	% Change vs 4Q FY11	% Change vs 1Q FY11	FY2011
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	19,123	19,032	17,274	17,901	<b>18,099</b>	<b>1.1%</b>	<b>-5.4%</b>	73,332
<b>Management fee</b>	19,039	18,938	17,170	17,782	<b>17,991</b>	<b>1.2%</b>	<b>-5.5%</b>	72,931
<b>Equity investment trust</b>	18,834	18,746	16,990	17,615	<b>17,830</b>	<b>1.2%</b>	<b>-5.3%</b>	72,187
<b>Bond investment trust</b>	204	191	179	167	<b>160</b>	<b>-3.9%</b>	<b>-21.5%</b>	743
<b>Other operating revenues</b>	84	93	104	118	<b>107</b>	<b>-9.1%</b>	<b>27.9%</b>	401
<b>SG&amp;A</b>	15,690	15,628	14,584	15,238	<b>15,315</b>	<b>0.5%</b>	<b>-2.4%</b>	61,141
<b>Commissions paid</b>	10,754	10,640	9,646	10,009	<b>10,041</b>	<b>0.3%</b>	<b>-6.6%</b>	41,050
<b>Other SG&amp;A</b>	4,935	4,988	4,938	5,228	<b>5,273</b>	<b>0.9%</b>	<b>6.9%</b>	20,091
<b>Operating income</b>	3,433	3,404	2,690	2,663	<b>2,783</b>	<b>4.5%</b>	<b>-18.9%</b>	12,190
<b>Ordinary income</b>	3,505	3,374	2,661	2,791	<b>3,073</b>	<b>10.1%</b>	<b>-12.3%</b>	12,333
<b>Net income</b>	1,932	2,120	1,812	1,157	<b>1,952</b>	<b>68.7%</b>	<b>1.1%</b>	7,022

## Contact

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