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# 1Q FY2011 Earnings Announcement

**July 29, 2011**

**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 conditions 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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# Consolidated Highlights



## 1Q FY11 Overview

- 1Q net operating revenues were Y 91.0bil, up 47% q/q. By segment, net operating revenues in Retail remained almost the same, and increased in Global Markets and Asset Management, while those in Global Investment Banking decreased.
- 1Q SG&A was Y 94.0bil, down 1% q/q.
- 1Q ordinary income was a loss of Y 0.8bil and net income was a loss of Y 9.4bil.
- Consolidated annualized ROE for 1Q : -----  
( Daiwa Securities : 11.8%, Daiwa Securities Capital Markets : ----- )

## 1Q FY11 Highlights

- Net operating revenues: Y 91.0bil, up 47% q/q
- Ordinary income: ▲ Y 0.8bil
- Net income: ▲ Y 9.4bil

# Consolidated Financial Summary



(Y mil)	FY2010	FY2011	% Change vs 4Q FY10	FY2010	% Change vs 1Q FY10	FY2010
	4Q	1Q		1Q		
Operating revenues	83,438	113,625	36.2%	94,151	20.7%	403,042
Net operating revenues	61,998	91,083	46.9%	71,613	27.2%	318,564
SG&A	94,697	94,021	-0.7%	87,859	7.0%	363,919
Ordinary income	-30,591	-803	—	-8,187	—	-32,602
Net income	-33,129	-9,434	—	-1,191	—	-37,331
Total assets	16,842,411	16,282,850		16,209,379		16,842,411
Net assets	921,398	880,022		961,298		921,398
Shareholders' equity*	833,932	800,563		875,996		833,932
EPS (Y)	-19.74	-5.61		-0.68		-21.90
BPS (Y)	496.76	475.87		506.75		496.76
ROE (Annualized)	—	—		—		—

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

ROE (Annualized)	1Q
Daiwa Securities	11.8%
Daiwa Securities Capital Markets (consolidated)	—

Capital Adequacy Ratio	6/11
Daiwa Securities	461.0%
Daiwa Securities Capital Markets	332.5%

# Consolidated P/L Summary



(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	94,151	107,236	118,214	83,438	<b>113,625</b>	<b>36.2%</b>	<b>20.7%</b>	403,042
Commissions	56,106	49,142	54,618	58,763	<b>55,060</b>	<b>-6.3%</b>	<b>-1.9%</b>	218,630
Net gain/loss on trading	10,724	34,160	31,605	15,985	<b>26,244</b>	<b>64.2%</b>	<b>144.7%</b>	92,476
Net gain/loss on private equity and other securities	-1,924	-3,316	8,136	-20,154	<b>1,251</b>	—	—	-17,259
Interest and dividend income	17,516	17,862	17,511	19,026	<b>20,076</b>	<b>5.5%</b>	<b>14.6%</b>	71,915
Other operating revenues	11,729	9,387	6,343	9,818	<b>10,992</b>	<b>12.0%</b>	<b>-6.3%</b>	37,278
<b>Interest expenses</b>	13,993	12,905	16,298	14,864	<b>15,217</b>	<b>2.4%</b>	<b>8.7%</b>	58,061
<b>Other operating expenses</b>	8,544	5,896	5,398	6,576	<b>7,325</b>	<b>11.4%</b>	<b>-14.3%</b>	26,415
<b>Net operating revenues</b>	71,613	88,434	96,517	61,998	<b>91,083</b>	<b>46.9%</b>	<b>27.2%</b>	318,564
<b>SG&amp;A</b>	87,859	88,980	92,381	94,697	<b>94,021</b>	<b>-0.7%</b>	<b>7.0%</b>	363,919
<b>Operating income</b>	-16,245	-546	4,136	-32,699	<b>-2,938</b>	—	—	-45,355
<b>Non-operating income</b>	8,517	-94	3,633	3,580	<b>3,656</b>	<b>2.1%</b>	<b>-57.1%</b>	15,636
<b>Non-operating expenses</b>	458	199	753	1,472	<b>1,522</b>	<b>3.4%</b>	<b>231.7%</b>	2,884
<b>Ordinary income</b>	-8,187	-839	7,017	-30,591	<b>-803</b>	—	—	-32,602
<b>Extraordinary gains</b>	1,776	1,794	2,462	3,043	<b>427</b>	<b>-86.0%</b>	<b>-75.9%</b>	9,077
<b>Extraordinary losses</b>	1,131	1,171	62	8,634	<b>2,480</b>	<b>-71.3%</b>	<b>119.2%</b>	11,000
<b>Net income</b>	-1,191	-4,192	1,182	-33,129	<b>-9,434</b>	—	—	-37,331

# Consolidated Segment Information



(Y mil)	Net operating revenues						Ordinary income					
	FY2010	FY2011	% Change vs 4Q FY10	FY2010	% Change vs 1Q FY10	FY2010	FY2010	FY2011	% Change vs 4Q FY10	FY2010	% Change vs 1Q FY10	FY2010
	4Q	1Q		1Q			4Q	1Q		1Q		
Retail(*1)	45,798	45,593	-0.4%	46,059	-1.0%	178,970	12,951	12,442	-3.9%	11,536	7.8%	41,866
Global Markets(*2)	9,535	16,718	75.3%	7,059	136.8%	61,495	-21,555	-12,835	—	-19,295	—	-52,173
Global Investment Banking(*3)	8,564	5,552	-35.2%	7,225	-23.2%	30,635	-4,032	-5,820	—	-3,545	—	-14,733
Asset Management(*4)	9,151	9,648	5.4%	9,049	6.6%	36,324	3,903	4,071	4.3%	3,738	8.9%	15,948
Investment(*5)	-19,945	1,262	—	-687	—	-15,277	-20,856	402	—	-2,658	—	-21,476
Others(*6)	4,832	7,084		2,863		19,393	-1,925	-1,168		-446		-8,140
<b>Total before adjustment</b>	<b>57,937</b>	<b>85,858</b>		<b>71,569</b>		<b>311,541</b>	<b>-31,514</b>	<b>-2,907</b>		<b>-10,669</b>		<b>-38,708</b>
<b>Adjustment</b>	<b>4,060</b>	<b>5,224</b>		<b>43</b>		<b>7,023</b>	<b>922</b>	<b>2,104</b>		<b>2,482</b>		<b>6,106</b>
<b>Consolidated total</b>	<b>61,998</b>	<b>91,083</b>	<b>46.9%</b>	<b>71,613</b>	<b>27.2%</b>	<b>318,564</b>	<b>-30,591</b>	<b>-803</b>	<b>—</b>	<b>-8,187</b>	<b>—</b>	<b>-32,602</b>

■ Main companies for each segment are as follows:

(\*1) Daiwa Securities, Hinode Securities

(\*2) Daiwa Securities Capital Markets (Global Markets Division)

(\*3) Daiwa Securities Capital Markets (Global Investment Banking Division), Daiwa Corporate Advisory Partners, Sagent Advisors Inc.\*

(\*4) Daiwa Asset Management, Daiwa SB Investments\*, Daiwa Real Estate Asset Management, Daiwa Fund Consulting

(\*5) Daiwa PI Partners, Daiwa Securities SMBCPI, Daiwa Corporate Investment

(\*6) Daiwa Securities Group Inc., Daiwa Securities Capital Markets (Financial Division and others), Daiwa Institute of Research HD, Daiwa Institute of Research, Daiwa Institute of Research Business Innovation, Daiwa Securities Business Center, Daiwa Property, Daiwa Sanko, Daiwa Next Bank

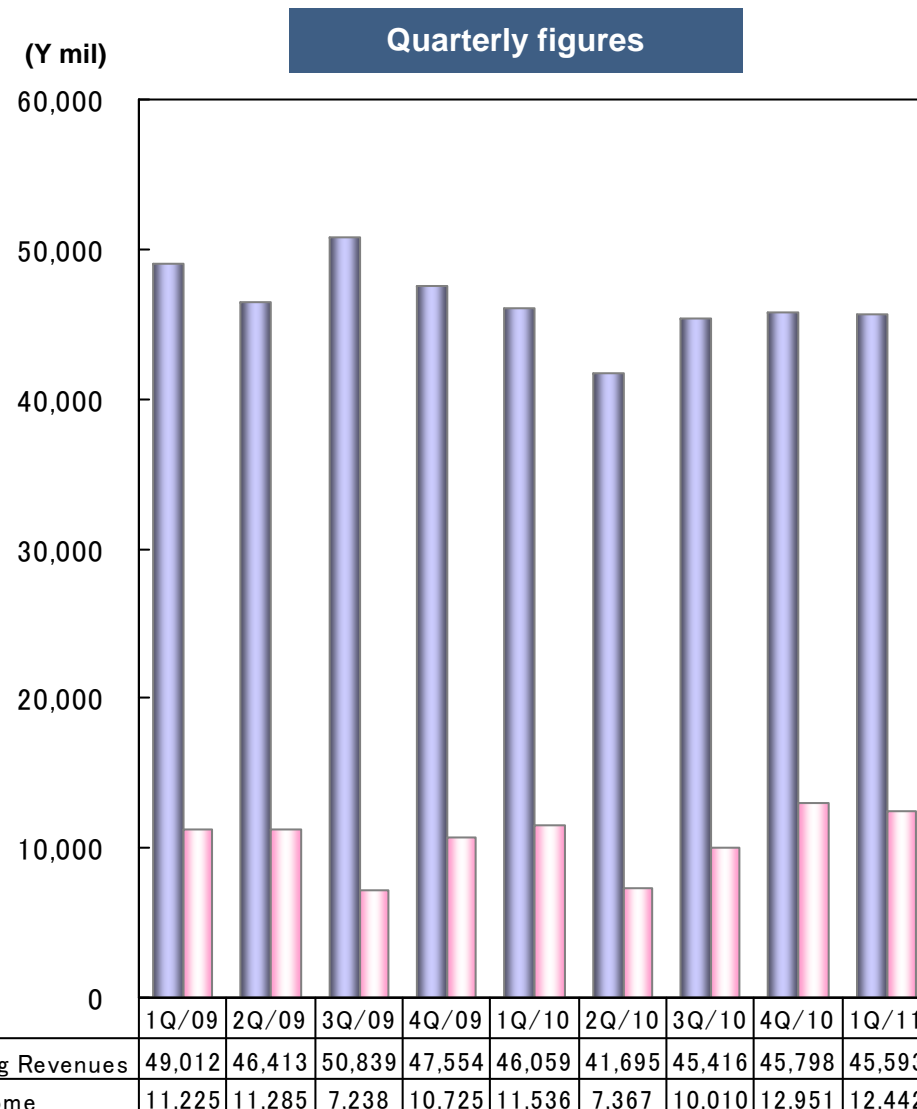
\* Equity in earnings of affiliates is included in ordinary income.

# Consolidated Retail



(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
Net Operating Revenues	45,593	-0.4%	-1.0%	178,970
Ordinary Income	12,442	-3.9%	7.8%	41,866

- Equity brokerage commission decreased from last quarter due to domestic stock market slowdown. On the other hand, trading gains for foreign equity increased.
- Distribution commission increased due to increase in sales of mutual funds compared to last quarter.



# Consolidated Global Markets

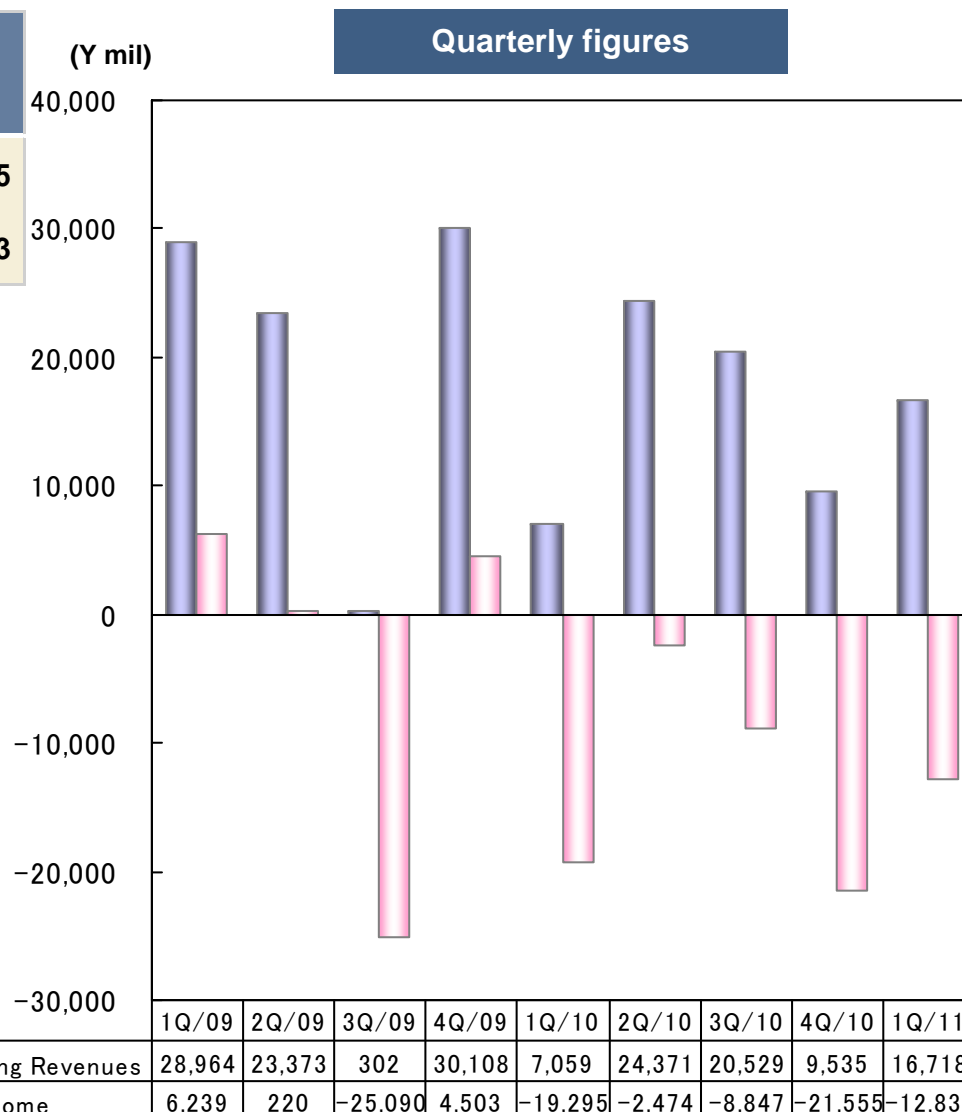


(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
Net Operating Revenues	16,718	75.3%	136.8%	61,495
Ordinary Income	-12,835	—	—	-52,173

- In equity division, brokerage commission and trading gains decreased from last quarter resulting from shrinking of trading value in both domestic and foreign markets.
- In FICC division, trading gains increased from last quarter due to stable condition of foreign exchange and financial markets.

※ Please refer to P.34 for consolidated trading gain/loss.

※ FICC: Fixed Income, Currency and Commodities.

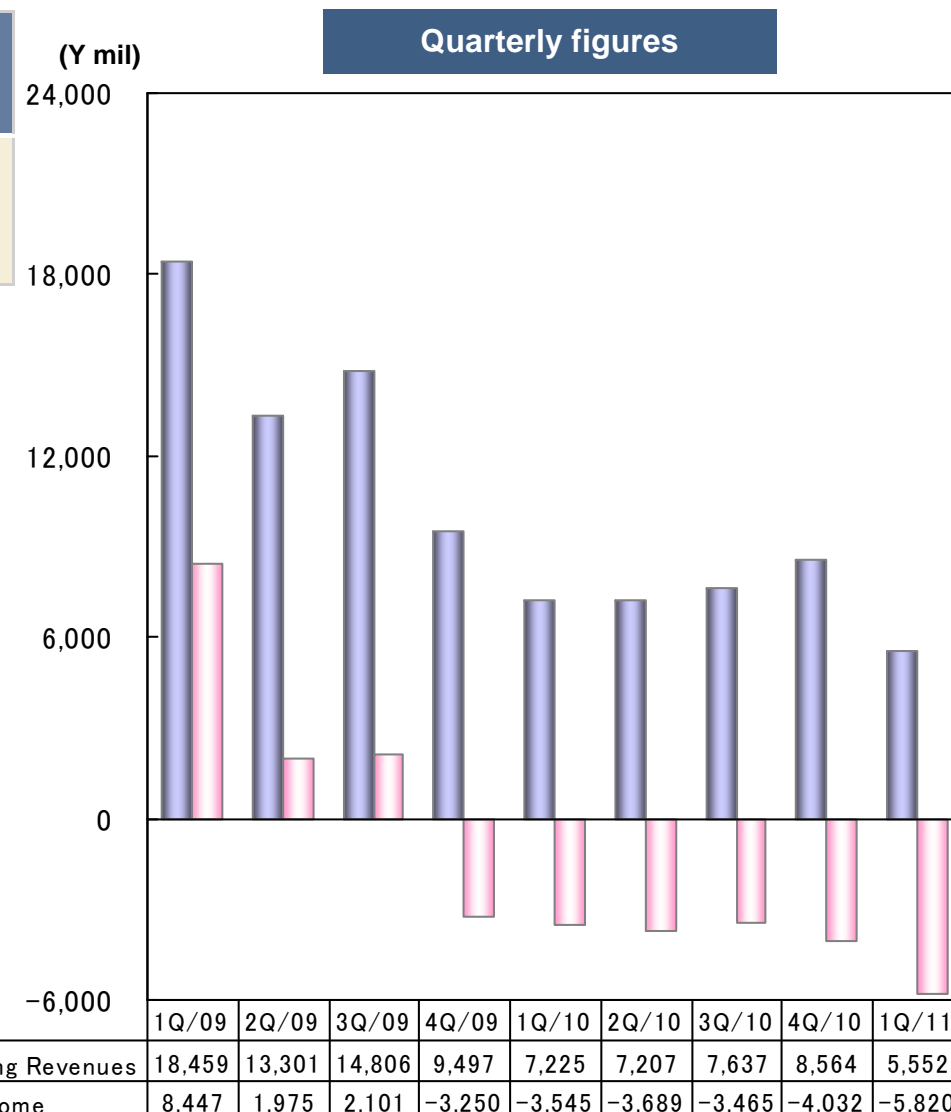


# Consolidated Global Investment Banking



(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
Net Operating Revenues	5,552	-35.2%	-23.2%	30,635
Ordinary Income	-5,820	—	—	-14,733

- As a consequence of cancellation and postponement of equity finance issues because of the earthquake, equity underwriting commission decreased from last quarter.
- Bond underwriting commission increased due to achievement of many lead manager deals in normalizing bond market which was limited to certain issuers in April.



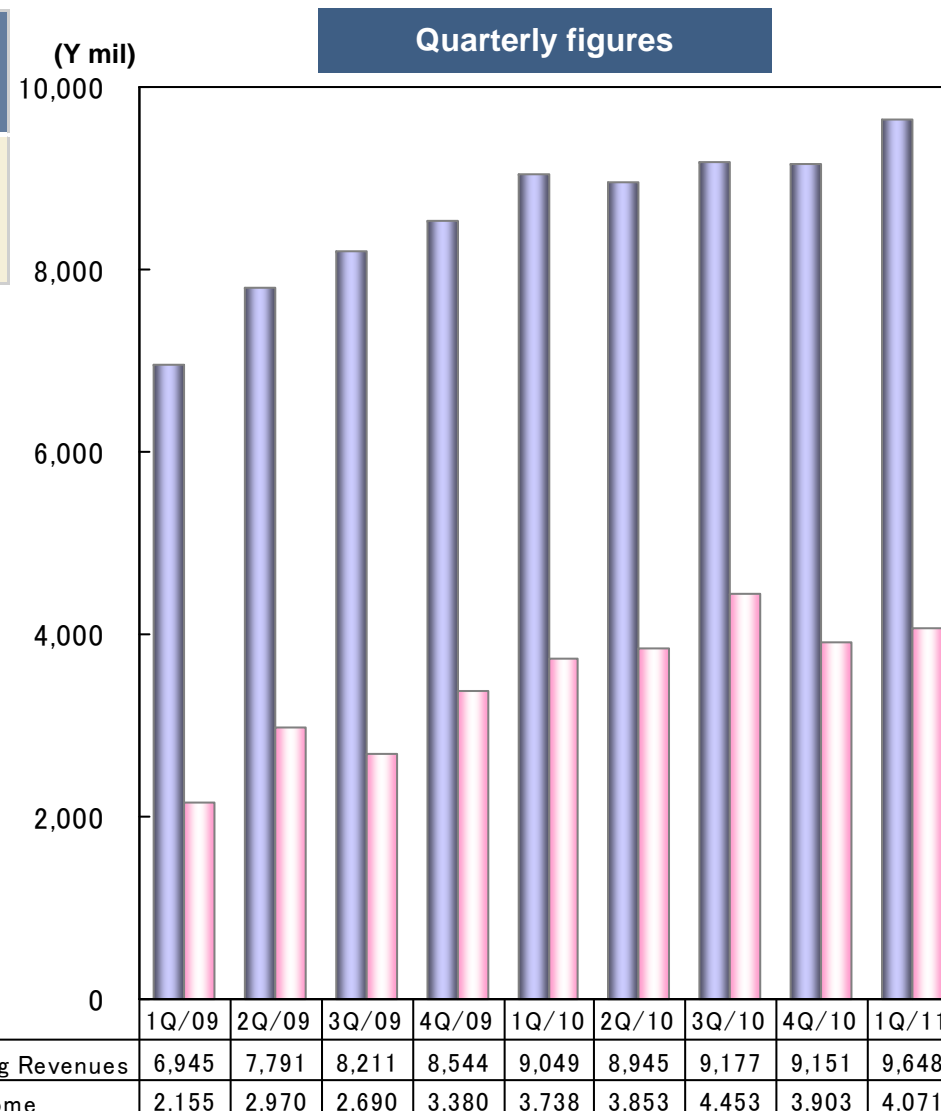
# Consolidated Asset Management



(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
Net Operating Revenues	9,648	5.4%	6.6%	36,324
Ordinary Income	4,071	4.3%	8.9%	15,948

- Net inflow to AUM resulted management fee to increase compared to last quarter.
- Daiwa Asset Management's AUM of equity investment trust as of end of 6/11 was Y 6.7tri.
- Daiwa SB Investments' AUM of publicly offered investment trust as of end of 6/11 was Y 2.4tri.

※ AUM: Asset Under Management.



# Consolidated Investment



(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
Net Operating Revenues	1,262	—	—	-15,277
Ordinary Income	402	—	—	-21,476

■ Net gain/loss on private equity and other securities turned a profit from last quarter's losses due to divestiture of investments and collection of monetary claims.

Quarterly figures

(Y mil)

100,000

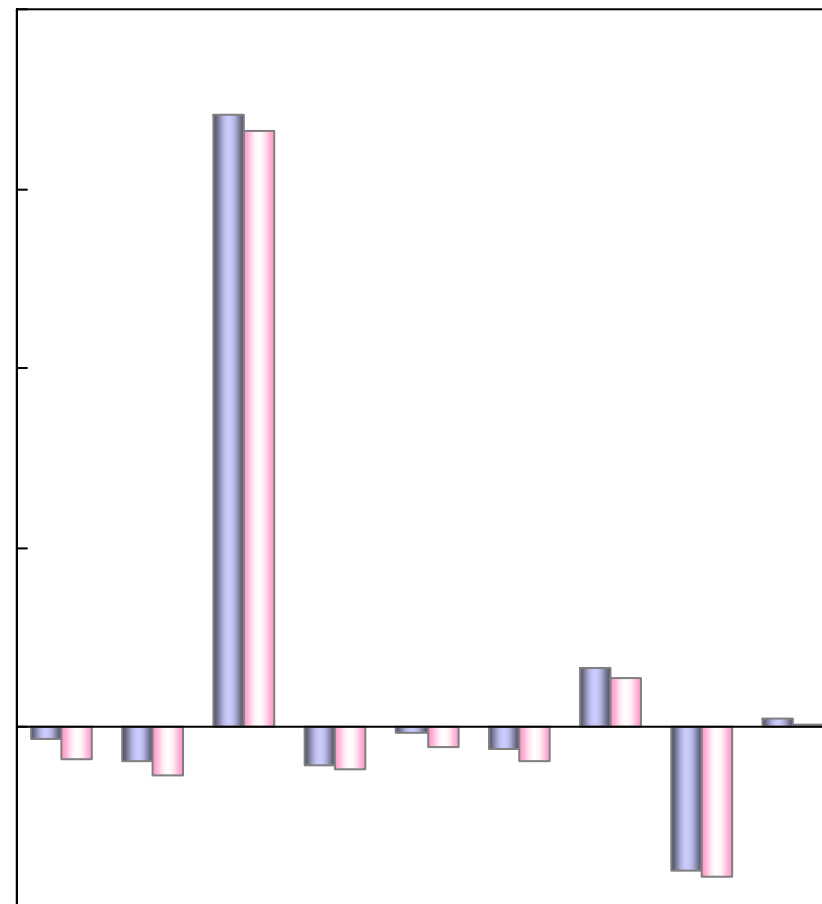
75,000

50,000

25,000

0

-25,000



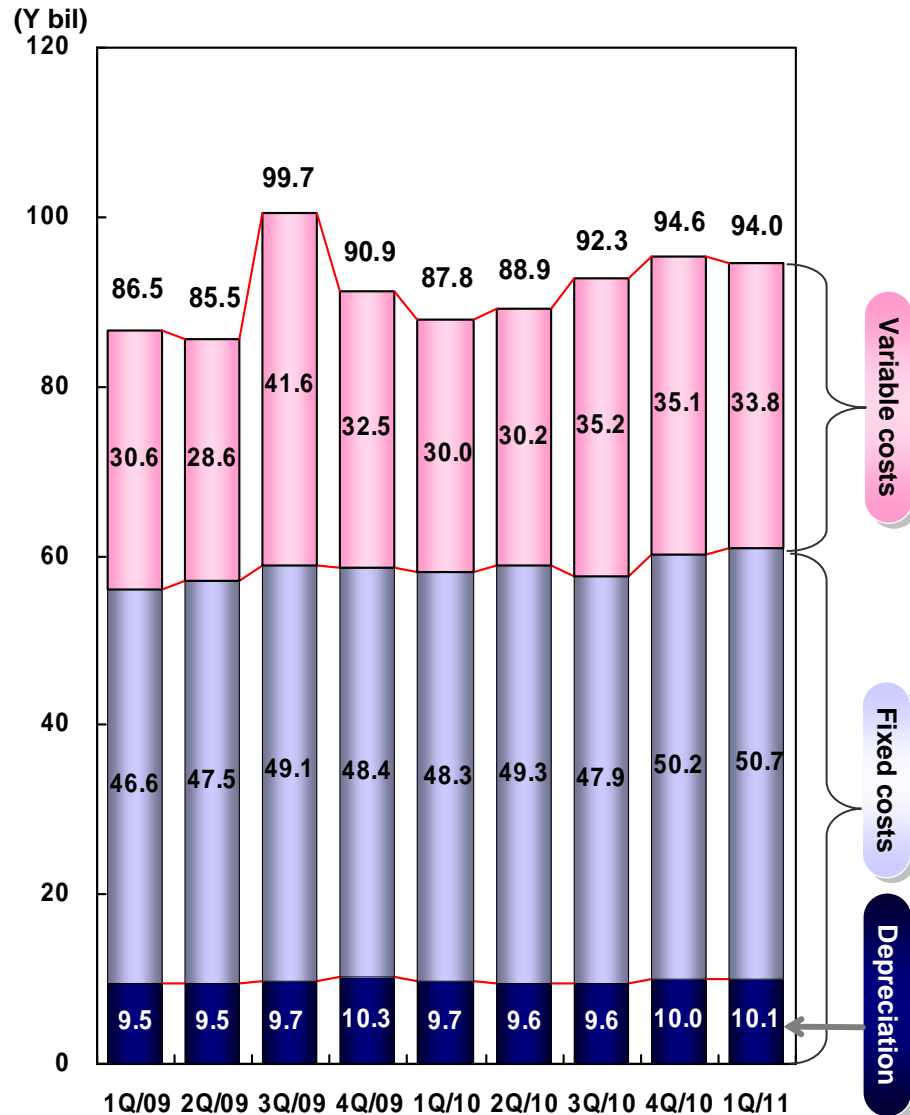
	1Q/09	2Q/09	3Q/09	4Q/09	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11
■ Net Operating Revenues	-1,612	-4,662	85,414	-5,148	-687	-2,977	8,331	-19,945	1,262
■ Ordinary Income	-4,335	-6,568	83,089	-5,940	-2,658	-4,716	6,754	-20,856	402

# Consolidated Breakdown of SG&A



(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	87,859	88,980	92,381	94,697	<b>94,021</b>	<b>-0.7%</b>	<b>7.0%</b>	363,919
Fees and commissions paid	17,376	16,339	17,989	18,692	<b>17,514</b>	<b>-6.3%</b>	<b>0.8%</b>	70,398
Personnel costs	37,483	39,104	42,205	41,441	<b>42,268</b>	<b>2.0%</b>	<b>12.8%</b>	160,234
Real estate expenses	11,290	11,232	10,939	11,795	<b>11,273</b>	<b>-4.4%</b>	<b>-0.1%</b>	45,257
Office expenses	6,714	7,456	5,874	6,981	<b>6,954</b>	<b>-0.4%</b>	<b>3.6%</b>	27,026
Depreciation	9,753	9,686	9,667	10,055	<b>10,153</b>	<b>1.0%</b>	<b>4.1%</b>	39,163
Taxes other than income taxes	1,967	1,814	1,770	1,492	<b>2,136</b>	<b>43.1%</b>	<b>8.6%</b>	7,043
Others	3,273	3,347	3,934	4,238	<b>3,719</b>	<b>-12.2%</b>	<b>13.6%</b>	14,795

# Consolidated Cost Structure



(Y bil)	FY2009				FY2010				FY2011
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Total SG&amp;A</b>	86.5	85.5	99.7	90.9	87.8	88.9	92.3	94.6	94.0
<b>Variable costs</b>	30.6	28.6	41.6	32.5	30.0	30.2	35.2	35.1	33.8
<b>Fees and commissions paid</b>	14.3	15.9	16.0	15.4	17.3	16.3	17.9	18.6	17.5
Advertising expenses	1.5	1.3	1.6	2.3	1.8	1.6	2.3	1.8	1.5
<b>Bonus</b>	9.7	6.7	19.5	10.1	6.4	7.5	10.0	9.2	9.3
<b>FA remuneration</b>	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
<b>Overtime, part-time</b>	1.9	1.8	1.9	1.9	2.2	2.4	2.6	2.4	2.6
<b>Fixed costs</b>	56.1	57.1	58.9	58.7	58.0	59.0	57.6	60.2	60.8
<b>Personnel costs</b>	27.7	28.2	30.1	28.1	28.3	28.8	29.1	29.4	29.8
<b>Real estate expenses</b>	10.5	10.9	10.8	11.7	11.2	11.2	10.9	11.7	11.2
<b>Depreciation</b>	9.5	9.5	9.7	10.3	9.7	9.6	9.6	10.0	10.1
<b>Office expenses</b>	6.0	6.3	5.7	6.0	6.4	7.2	5.5	6.7	6.6
<b>Taxes other than income taxes</b>	2.1	1.7	1.6	2.1	1.9	1.8	1.7	1.4	2.1

# Consolidated Balance Sheet



## Consolidated Balance Sheet (6/11)

(Y bil)					
<b>Current assets</b>	<b>15,758</b>	<b>(-552)</b>	<b>Current liabilities</b>	<b>13,419</b>	<b>(-519)</b>
Trading assets	7,564	(794)	Trading liabilities	5,027	(210)
Trading securities and others	5,174	(625)	Trading securities and others	3,034	(21)
Stocks, convertible bonds	454	(-57)	Stocks, convertible bonds	313	(31)
Bonds	4,547	(624)	Bonds	2,720	(-8)
Beneficiary certificates	68	(4)	Beneficiary certificates	0	(0)
CD/CP and others	105	(54)	Derivative liabilities	1,993	(189)
Derivative assets	2,389	(169)	Short-term borrowings	1,258	(-1,401)
Private equity and other securities	159	(-18)	Commercial paper	414	(18)
(after Allowance for possible investment losses)			Current portion of bonds	162	(7)
Daiwa Securities SMBC PI+Daiwa PI Partners	137	(-17)	Collateralized short-term financing agreements	5,029	(-309)
Daiwa Corporate Investment	22	(0)	<b>Non-current liabilities</b>	<b>1,980</b>	<b>(1)</b>
Collateralized short-term financing agreements	5,746	(-1,581)	Bonds and notes	1,350	(16)
<b>Non-current assets</b>	<b>524</b>	<b>(-6)</b>	Long-term debts	577	(-14)
Tangible fixed assets	133	(0)	<b>Total liabilities</b>	<b>15,402</b>	<b>(-518)</b>
Intangible fixed assets	131	(-4)	<b>Net assets</b>	<b>880</b>	<b>(-41)</b>
Investments and others	259	(-2)	Owners' equity	833	(-13)
Investment securities	188	(0)	Accumulated other comprehensive income	-32	(-20)
Listed stocks	71	(-1)	Minority interests	74	(-8)
Unlisted stocks	30	(-2)			
Others	86	(3)			
Others	71	(-1)			
<b>Total assets</b>	<b>16,282</b>	<b>(-559)</b>	<b>Total liabilities and net assets</b>	<b>16,282</b>	<b>(-559)</b>

Note: Figures in parenthesis indicate changes from 3/11.

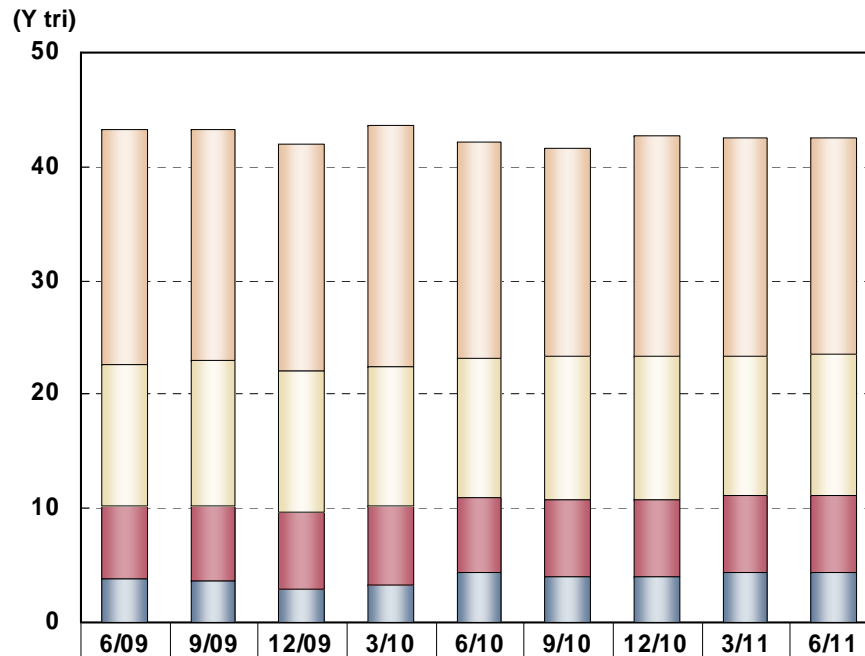
# Consolidated

# Customer Asset and Asset Under Management

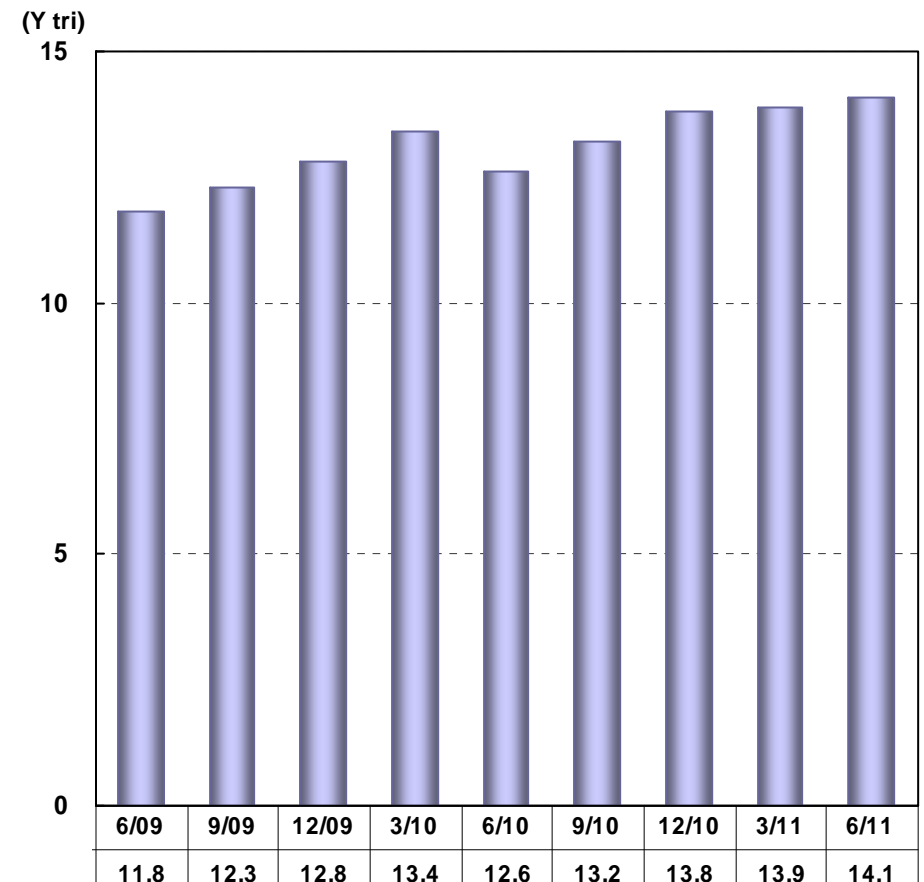


**Customer Asset (Overall Group)**  
**6/11: Y 42.5 tri**

**Asset Under Management (Overall Group)**  
**6/11: Y 14.1 tri**



Equity	20.7	20.3	19.9	21.2	19.1	18.3	19.4	19.1	18.9
Bond	12.4	12.7	12.4	12.2	12.2	12.5	12.5	12.2	12.5
Investment trust	6.4	6.6	6.7	6.9	6.5	6.8	6.8	6.8	6.7
Others	3.8	3.7	3.0	3.3	4.4	4.0	4.0	4.4	4.4
<b>Total</b>	<b>43.4</b>	<b>43.4</b>	<b>42.2</b>	<b>43.8</b>	<b>42.4</b>	<b>41.7</b>	<b>42.9</b>	<b>42.7</b>	<b>42.5</b>



Note: Investment trusts AUM at Daiwa Asset Management and Daiwa SB Investments + contract asset for investment advisory at Daiwa SB Investments

# Financial Summary



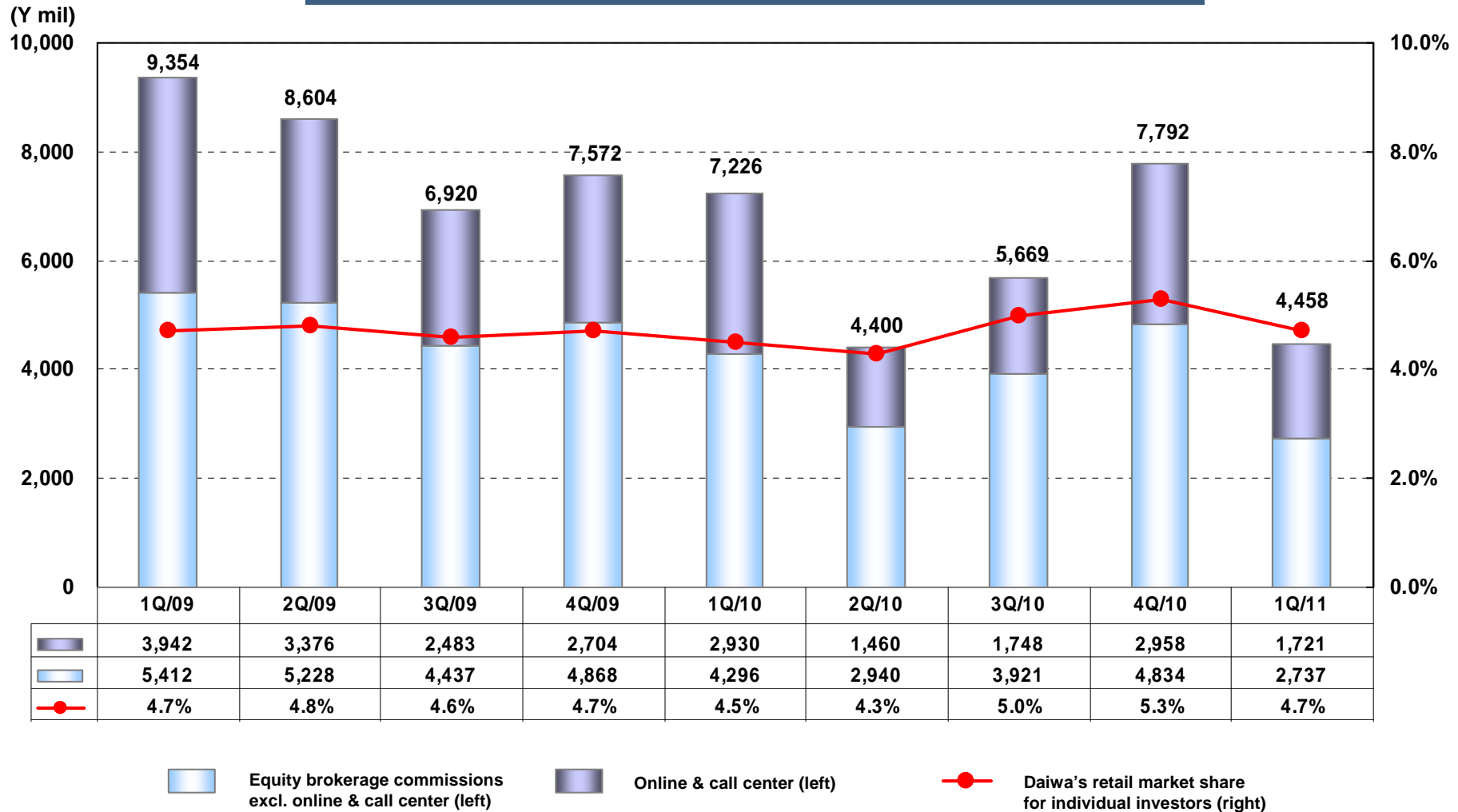
(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	46,209	41,694	45,517	45,689	<b>45,695</b>	<b>0.0%</b>	<b>-1.1%</b>	179,111
<b>Commissions</b>	31,510	27,164	28,939	31,270	<b>30,903</b>	<b>-1.2%</b>	<b>-1.9%</b>	118,885
Brokerage commission	7,414	4,605	6,038	8,252	<b>4,895</b>	<b>-40.7%</b>	<b>-34.0%</b>	26,310
Stock and others	7,226	4,400	5,669	7,792	<b>4,458</b>	<b>-42.8%</b>	<b>-38.3%</b>	25,088
Distribution commission	12,506	11,668	11,974	12,526	<b>15,509</b>	<b>23.8%</b>	<b>24.0%</b>	48,675
Stock and others	830	1,304	2,031	3,013	<b>476</b>	<b>-84.2%</b>	<b>-42.6%</b>	7,180
Bond and others	2,986	3,459	2,417	2,589	<b>2,405</b>	<b>-7.1%</b>	<b>-19.4%</b>	11,451
Investment trust	8,689	6,904	7,525	6,924	<b>12,626</b>	<b>82.4%</b>	<b>45.3%</b>	30,043
Other commissions	11,589	10,891	10,926	10,491	<b>10,497</b>	<b>0.1%</b>	<b>-9.4%</b>	43,898
Investment trust	8,340	8,076	8,216	7,988	<b>8,104</b>	<b>1.5%</b>	<b>-2.8%</b>	32,621
Net gain/loss on trading	13,338	12,778	14,931	12,778	<b>13,096</b>	<b>2.5%</b>	<b>-1.8%</b>	53,826
Equity	1,720	1,704	2,926	2,198	<b>2,499</b>	<b>13.7%</b>	<b>45.2%</b>	8,550
Bond and forex	11,617	11,074	12,004	10,579	<b>10,597</b>	<b>0.2%</b>	<b>-8.8%</b>	45,276
Interest and dividend income	1,360	1,750	1,646	1,641	<b>1,696</b>	<b>3.4%</b>	<b>24.6%</b>	6,398
Interest expenses	353	289	403	329	<b>388</b>	<b>17.8%</b>	<b>10.0%</b>	1,375
<b>Net operating revenues</b>	45,856	41,404	45,114	45,359	<b>45,307</b>	<b>-0.1%</b>	<b>-1.2%</b>	177,735
<b>SG&amp;A</b>	34,588	34,284	35,353	32,937	<b>33,202</b>	<b>0.8%</b>	<b>-4.0%</b>	137,163
<b>Ordinary income</b>	11,457	7,231	9,884	12,699	<b>12,245</b>	<b>-3.6%</b>	<b>6.9%</b>	41,272
<b>Net income</b>	6,301	4,137	5,928	8,099	<b>7,183</b>	<b>-11.3%</b>	<b>14.0%</b>	24,467
<b>Capital adequacy ratio</b>	396.5%	416.9%	441.6%	405.3%	<b>461.0%</b>			405.3%

# Breakdown of SG&A

(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	34,588	34,284	35,353	32,937	<b>33,202</b>	<b>0.8%</b>	<b>-4.0%</b>	137,163
Fees and commissions paid	4,126	4,248	4,275	4,042	<b>3,975</b>	<b>-1.7%</b>	<b>-3.7%</b>	16,692
Personnel costs	14,587	14,289	15,668	13,462	<b>14,063</b>	<b>4.5%</b>	<b>-3.6%</b>	58,007
Real estate expenses	4,618	4,734	4,596	4,651	<b>4,615</b>	<b>-0.8%</b>	<b>-0.0%</b>	18,600
Office expenses	6,118	6,027	5,801	5,892	<b>5,728</b>	<b>-2.8%</b>	<b>-6.4%</b>	23,840
Depreciation	4,102	4,120	4,085	4,072	<b>3,898</b>	<b>-4.3%</b>	<b>-5.0%</b>	16,381
Taxes other than income taxes	382	242	251	282	<b>374</b>	<b>32.5%</b>	<b>-2.2%</b>	1,159
Others	652	622	674	532	<b>546</b>	<b>2.7%</b>	<b>-16.2%</b>	2,480

# Equity Brokerage Commissions

Daiwa Securities Equity Brokerage Commissions and Market Share



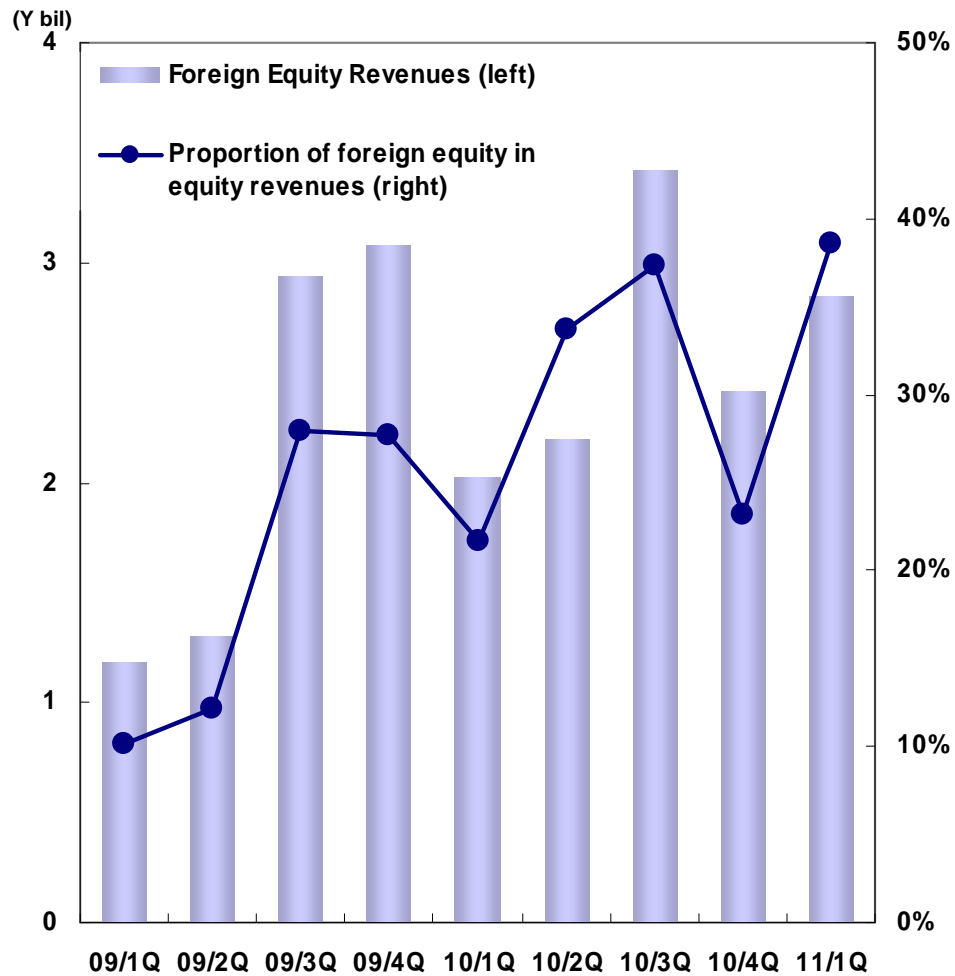
Note: Excludes foreign equities listed on overseas.  
Market share is the share among total trading value by individuals on the Tokyo, Osaka, and Nagoya Stock Exchanges.

# Daiwa Securities – Retail

## Foreign Equity

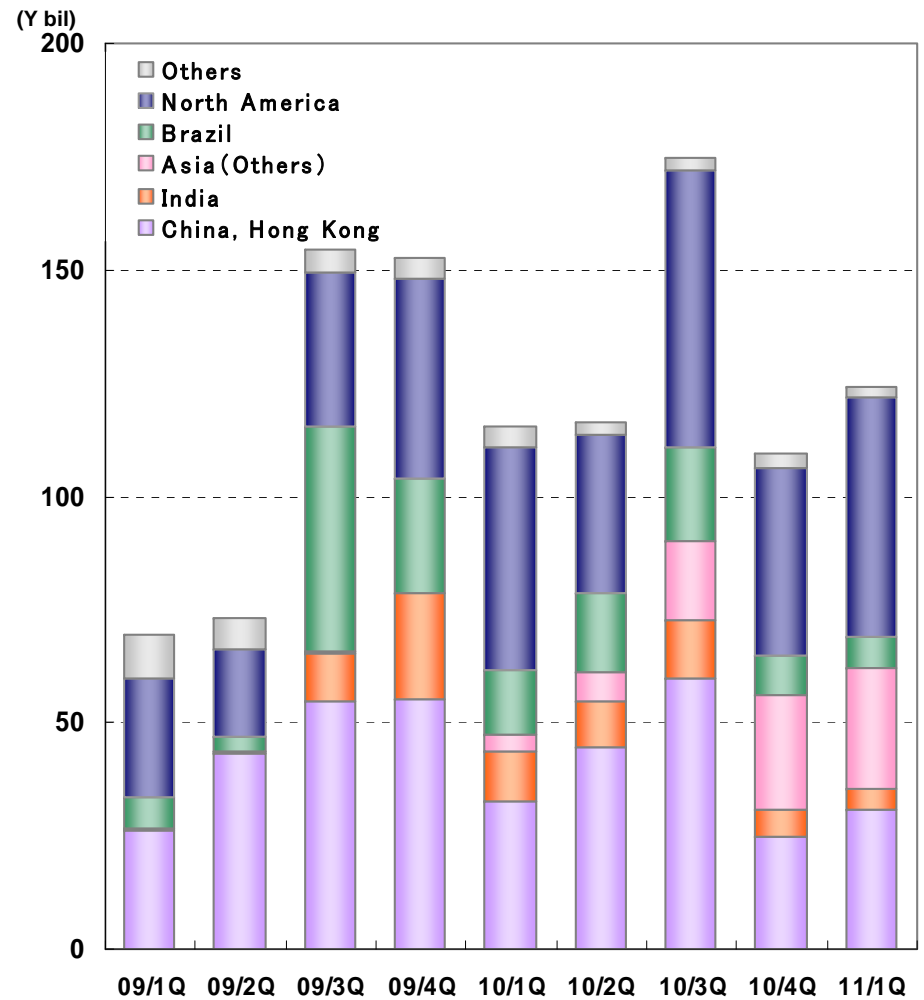


Foreign Equity Revenues



Note: Managerial accounting basis.

Foreign Equity Trading Value



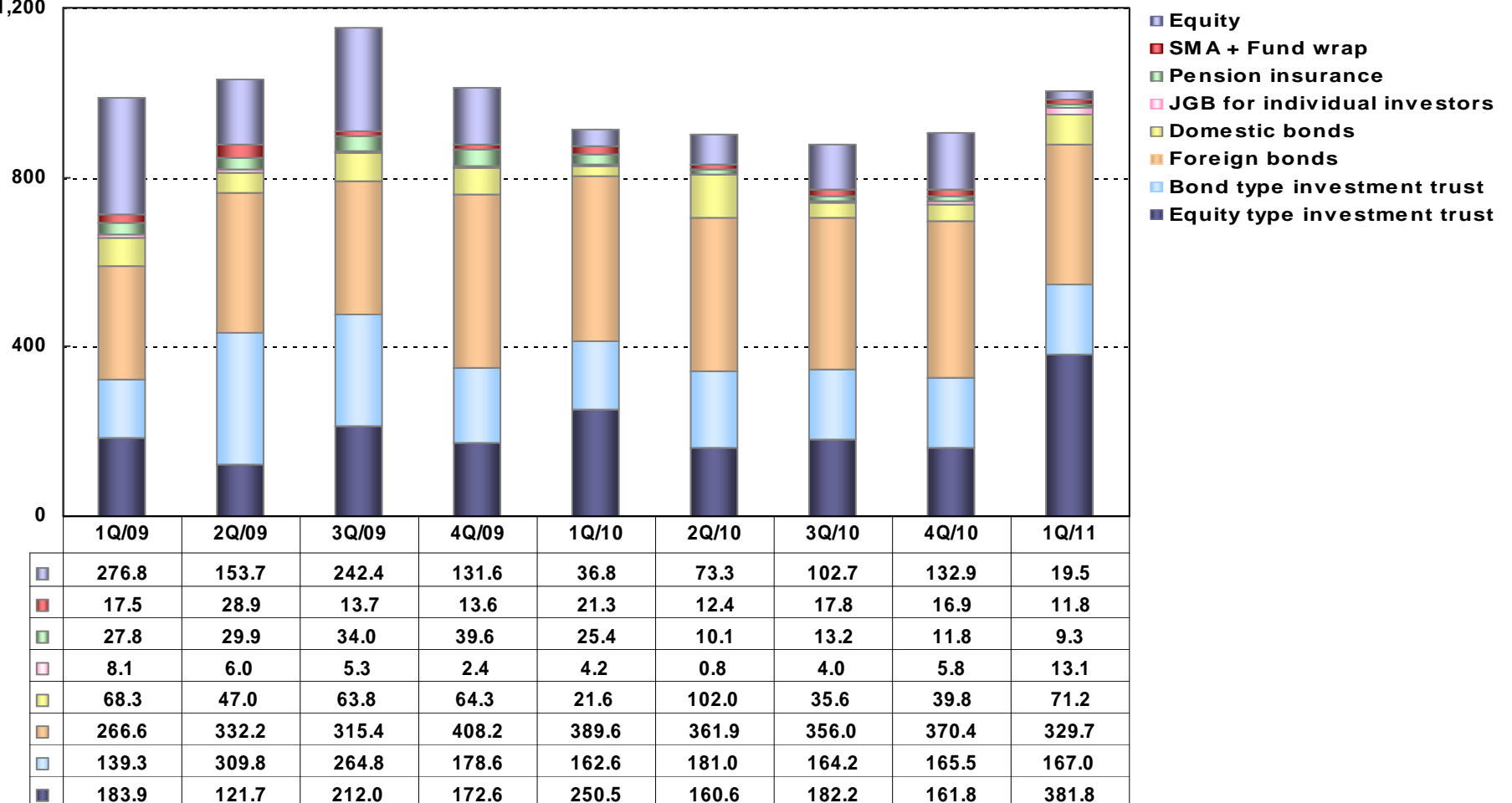
# Daiwa Securities – Retail

## Product Sales



Sales and Distribution Amount by Product Category

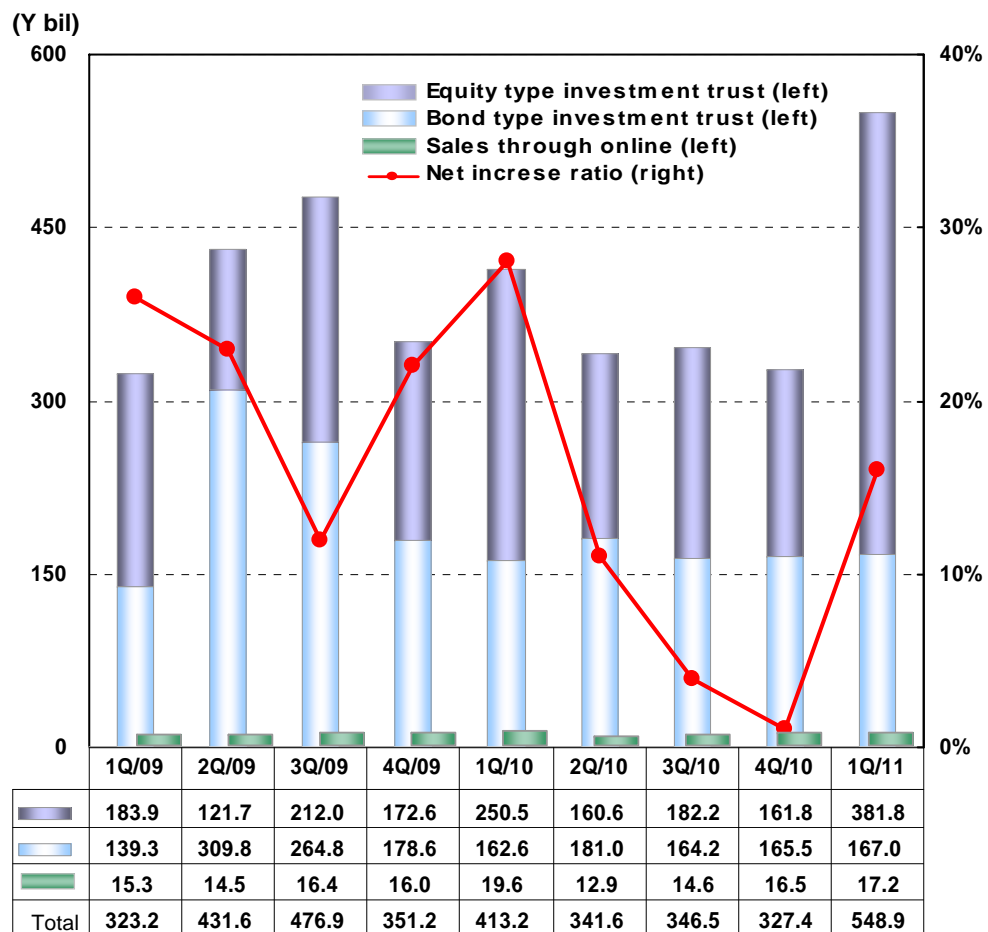
(Y bil)  
1,200



Note: Bond type investment trust and equity type investment trust include switching transaction between funds.  
 JGB for individual investors includes sales in PTS.  
 Domestic bonds exclude sales of JGB for individual investors.  
 Foreign bonds include yen denominated foreign bonds.

# Equity Investment Trusts & Foreign Bonds

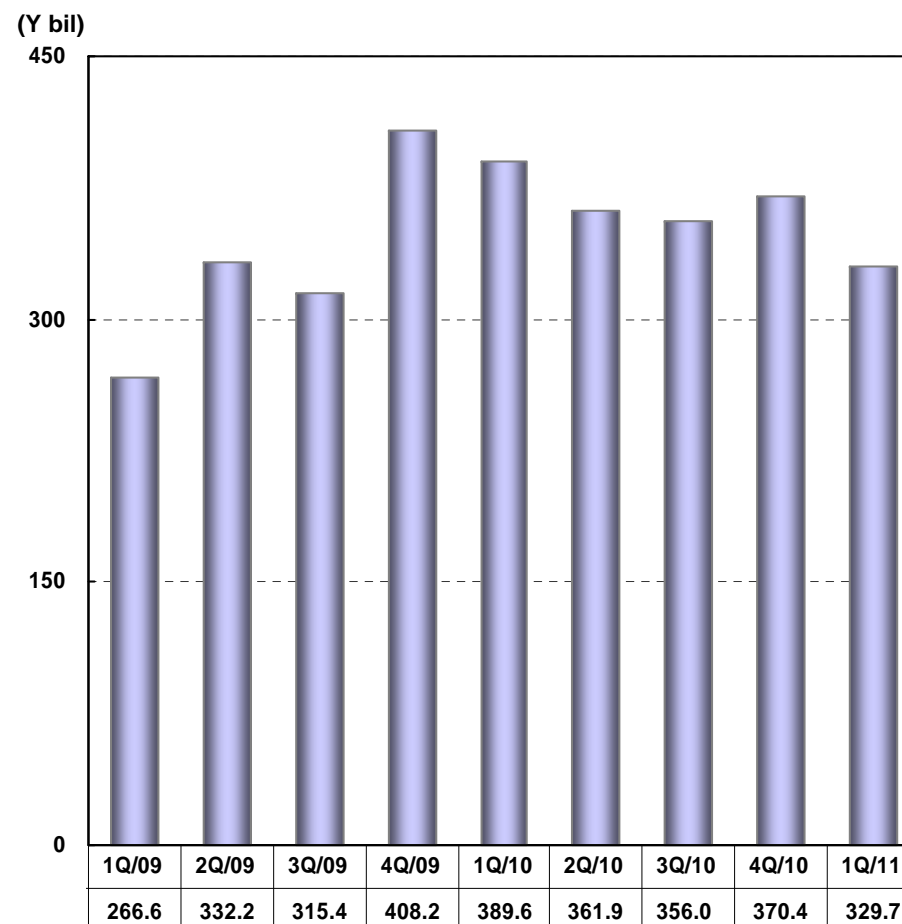
Sales and Net Increase Ratio of Equity Investment Trusts



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

Note: Include switching transaction between funds.

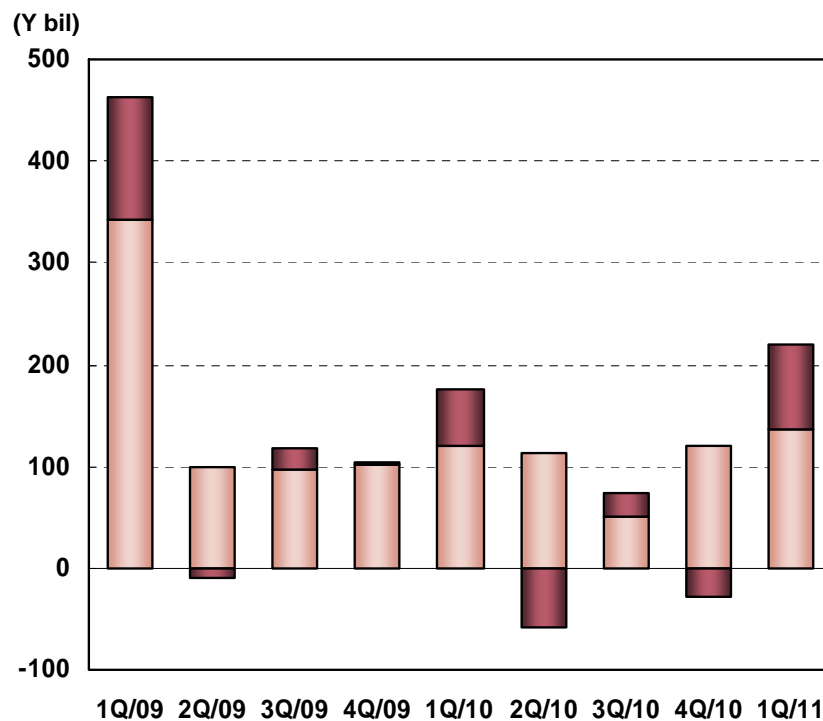
Sales of Foreign Bonds



Note: Includes yen denominated foreign bonds.

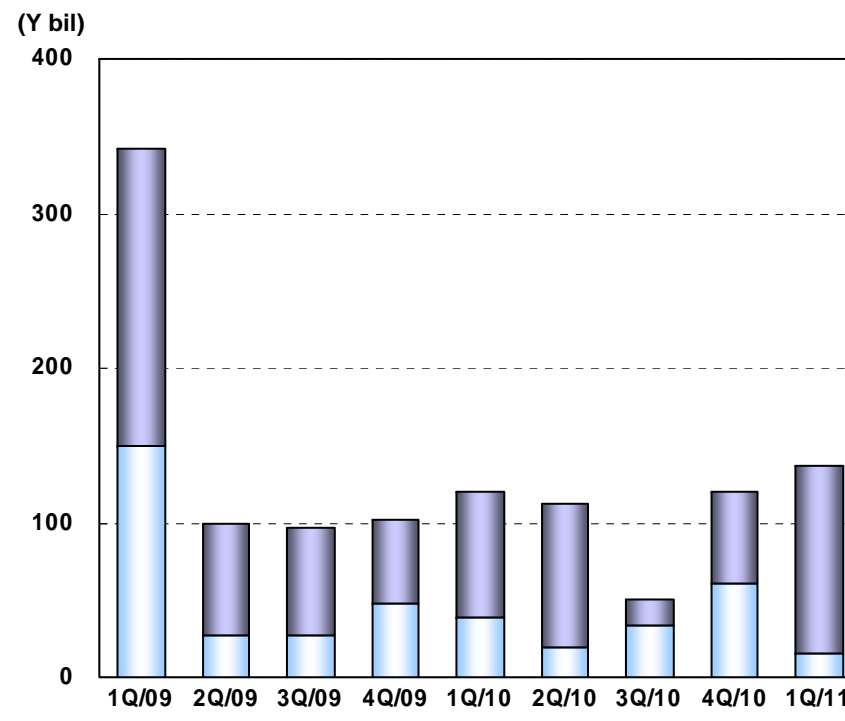
# Net Inflow of Assets under Custody

Net Inflow of Assets



■ Corporation	120.9	-8.8	21.8	2.7	55.2	-58.8	21.8	-27.7	82.7
■ Individual	342.2	99.9	96.5	101.9	120.7	112.4	51.0	120.2	136.8
<b>Total</b>	<b>463.1</b>	<b>91.1</b>	<b>118.4</b>	<b>104.7</b>	<b>175.9</b>	<b>53.5</b>	<b>72.9</b>	<b>92.4</b>	<b>219.5</b>

Net Inflow of Cash and Securities (Individuals)



■ Net inflow of cash	192.6	73.1	69.6	54.7	81.7	92.4	16.9	59.5	121.0
■ Net inflow of securities	149.5	26.8	26.9	47.2	38.9	19.9	34.0	60.7	15.7

Note: Net inflow of assets = net inflow of cash and securities  
 Since FY10/3Q, calculation of net inflow of assets was modified which enabled both inflow and outflow caused by dividend payment from investment trusts to be included.

# Consolidated Financial Summary

(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	31,573	46,839	46,617	37,406	<b>40,911</b>	<b>9.4%</b>	<b>29.6%</b>	162,436
Commissions	15,500	14,260	17,224	19,611	<b>12,758</b>	<b>-34.9%</b>	<b>-17.7%</b>	66,596
Brokerage commission	5,755	4,938	6,279	6,795	<b>5,542</b>	<b>-18.4%</b>	<b>-3.7%</b>	23,769
Stock and others	5,635	4,866	6,169	6,586	<b>5,464</b>	<b>-17.0%</b>	<b>-3.0%</b>	23,257
Underwriting commission	4,658	5,254	7,737	8,851	<b>3,966</b>	<b>-55.2%</b>	<b>-14.8%</b>	26,502
Stock and others	2,538	2,884	3,961	6,983	<b>1,808</b>	<b>-74.1%</b>	<b>-28.8%</b>	16,367
Bond and others	2,068	2,302	3,733	1,866	<b>2,112</b>	<b>13.2%</b>	<b>2.2%</b>	9,970
Distribution commission	205	28	181	161	<b>181</b>	<b>11.9%</b>	<b>-12.1%</b>	577
Other commissions (M&A and others)	4,881	4,037	3,026	3,802	<b>3,068</b>	<b>-19.3%</b>	<b>-37.1%</b>	15,747
Net gain/loss on trading	1,160	16,647	13,413	518	<b>10,218</b>	—	<b>780.7%</b>	31,739
Equity	-17,130	-13,094	3,210	9,345	<b>-10,989</b>	—	—	-17,668
Bond and forex	18,290	29,741	10,203	-8,827	<b>21,207</b>	—	<b>15.9%</b>	49,408
Interest and dividend income	14,912	15,931	15,978	17,276	<b>17,934</b>	<b>3.8%</b>	<b>20.3%</b>	64,099
<b>Interest expenses</b>	11,260	10,005	13,148	11,699	<b>12,392</b>	<b>5.9%</b>	<b>10.1%</b>	46,113
<b>Net operating revenues</b>	20,313	36,833	33,468	25,706	<b>28,518</b>	<b>10.9%</b>	<b>40.4%</b>	116,322
<b>SG&amp;A</b>	44,385	45,714	48,488	53,576	<b>47,409</b>	<b>-11.5%</b>	<b>6.8%</b>	192,164
<b>Ordinary income</b>	-24,050	-9,255	-14,647	-27,210	<b>-18,460</b>	—	—	-75,163
<b>Net income</b>	-23,505	-8,466	-14,656	-30,449	<b>-18,430</b>	—	—	-77,077

# Breakdown of Consolidated SG&A

(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>SG&amp;A</b>	44,385	45,714	48,488	53,576	<b>47,409</b>	<b>-11.5%</b>	<b>6.8%</b>	192,164
Fees and commissions paid	12,169	11,731	12,489	14,619	<b>10,607</b>	<b>-27.4%</b>	<b>-12.8%</b>	51,009
Personnel costs	15,689	16,909	18,730	20,518	<b>19,260</b>	<b>-6.1%</b>	<b>22.8%</b>	71,848
Real estate expenses	4,662	4,693	4,875	5,318	<b>4,833</b>	<b>-9.1%</b>	<b>3.7%</b>	19,550
Office expenses	4,512	4,794	4,222	4,525	<b>4,148</b>	<b>-8.3%</b>	<b>-8.1%</b>	18,054
Depreciation	5,075	5,064	5,139	5,303	<b>5,361</b>	<b>1.1%</b>	<b>5.6%</b>	20,582
Taxes other than income taxes	773	781	817	691	<b>934</b>	<b>35.2%</b>	<b>20.8%</b>	3,064
Others	1,500	1,740	2,213	2,600	<b>2,263</b>	<b>-13.0%</b>	<b>50.8%</b>	8,055

# Daiwa Securities Capital Markets – Wholesale

## Major League Tables



Daiwa Securities Capital Markets 1Q FY2011 Lead Manager League Table

	Straight bonds (excl. own bonds)	Agency bonds	Samurai bonds	IPO	Primary and secondary equity offerings	M&A	
						Transaction value	Number of deals
1st	Nomura	Nomura	Mitsubishi UFJMS	Nomura	Daiwa Capital Markets	Nomura	Nomura
	23.8%	26.2%	16.2%	64.4%	55.7%		
2nd	Mitsubishi UFJMS	Mitsubishi UFJMS	Mizuho	Daiwa Capital Markets	SMBC Nikko	JP Morgan	SMFG
	22.3%	20.6%	15.5%	16.1%	29.7%		
3rd	Mizuho	SMBC Nikko	Daiwa Capital Markets	Mizuho	Ichiyoshi	Goldman Sachs	Mizuho
	17.9%	19.7%	15.4%	12.9%	6.6%		
4th	Daiwa Capital Markets	Mizuho	Nomura	Mitsubishi UFJMS	Mizuho	Credit Suisse	Daiwa Securities Group
	12.8%	14.9%	14.2%	6.6%	4.6%		
5th	SMBC Nikko	Daiwa Capital Markets	SMBC Nikko		Mitsubishi UFJMS	Deutsche Bank	Morgan Stanley (4th)
	11.0%	11.9%	13.8%		3.3%		

Source: Daiwa Securities Capital Markets Apr 2011-Jun 2011

Note: Straight bonds, agency bonds and samurai bonds are based on launch date.  
 Primary and secondary equity offerings are based on settlement date.  
 IPO is based on listing date. Joint lead manager allotment is based on underwritten amount.

Source: THOMSON REUTERS Apr 2011-Jun 2011

"M&A advisory league table for any Japanese involvement announced (AD19)"

# Major Deals in Investment Banking

## Major lead manager deals (including joint lead issues) & Major M&A publicly announced deals during 1Q FY2011

Equity Offerings			Straight Bonds	
Skymark Airlines	Public offering	Y 20.4bil	SoftBank	Y 100.0bil
SBI Holdings	IPO(HDR listing)	HKD 1.6bil (Y 17.5bil)	Mitsubishi Corporation	Y 50.0bil
The Monogatari Corporation	Public offering	Y 1.2bil	NEC	Total Y 30.0bil
			Mitsui O.S.K. Lines	Total Y 30.0bil
REIT			Resona Bank	Y 25.0bil
ORIX JREIT	Public offering	Y 13.5bil	Aeon Credit Service	Y 20.0bil
			East Nippon Expressway	Y 20.0bil
Other Bonds			The Sumitomo Trust and Banking	Y 20.0bil
Commonwealth Bank of Australia	Samurai bond	Total Y 101.0bil	Marubeni	Total Y 20.0bil
The Export-Import Bank of Korea	Samurai bond	Total Y 80.0bil		
Rabobank B.A	Samurai bond	Total Y 77.2bil	Agency Bonds	
Lloyds TSB	Samurai bond	Total Y 61.6bil	Urban Renaissance Agency	Total Y 60.0bil
IFC	Global dollar bond	USD 2.0bil	Welfare and Medical Service Agency	Total Y 52.0bil
ADB	Global dollar bond	USD 1.5bil	JHF (May)	Total Y 44.3bil
			JHF (June)	Total Y 30.9bil
Structured Finance		<ul style="list-style-type: none"> <li>JHF MBS #49 Y 202.8bil (Issue) Y 45.5bil (Underwriting)</li> <li>JHF MBS #50 Y 131.9bil (Issue) Y 40.4bil (Underwriting)</li> <li>ABS of future air cargo receivables by Korean Air Lines (Euroyen bond) Y 20.0bil (Issue) Y 10.0bil (Underwriting)</li> </ul>		
M&A		<ul style="list-style-type: none"> <li>Acquisition of Taiyo Pharmaceutical by Teva Pharmaceuticals (Israel) (Advisor to Taiyo Pharmaceutical)</li> <li>TOB of WebMoney by KDDI (Advisor to WebMoney)</li> <li>Acquisition of Hoepharm (Malaysia) by Taisho Pharmaceutical (Advisor to Hoepharm)</li> <li>Acquisition of Britton Flexibles by Sun European Partners (Advisor to Britton Flexibles)</li> </ul>		

# Daiwa Asset Management – Asset Management

## Financial Summary



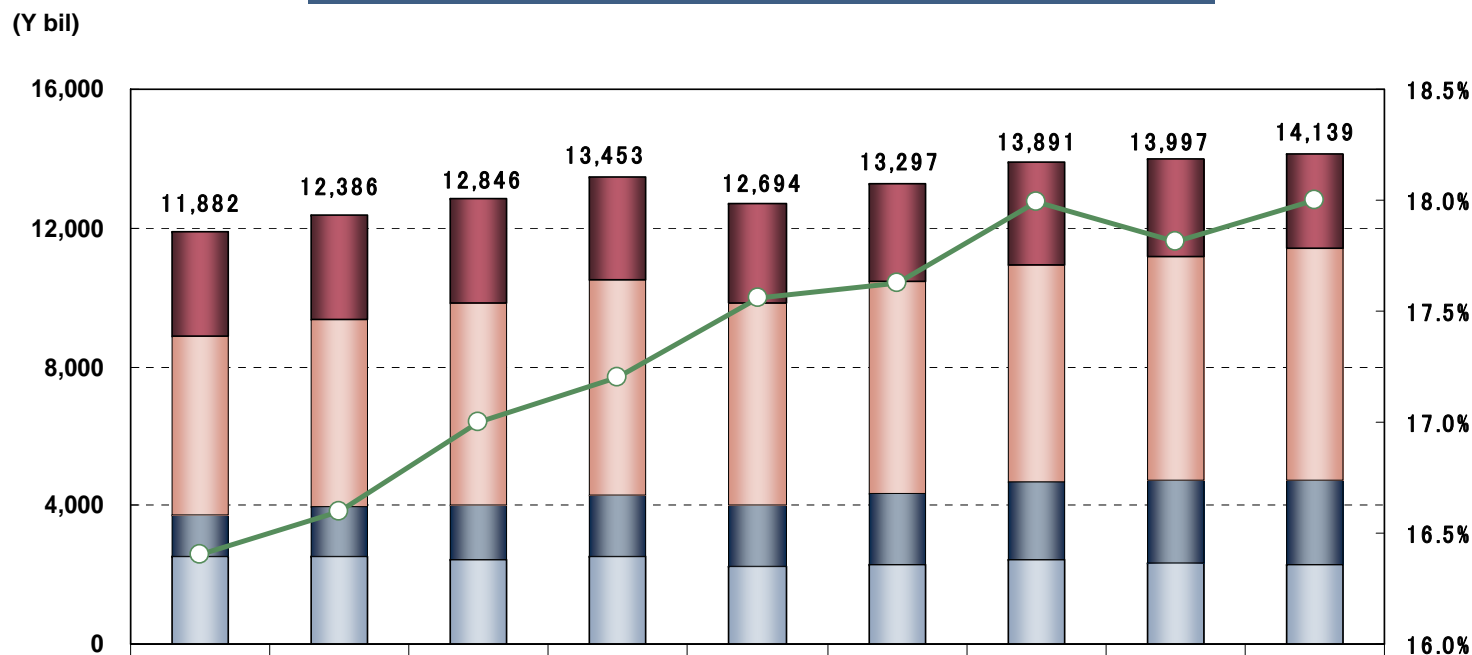
(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>Operating revenues</b>	18,100	17,922	18,451	18,174	<b>19,123</b>	<b>5.2%</b>	<b>5.7%</b>	72,648
Management fee	18,004	17,836	18,367	18,095	<b>19,039</b>	<b>5.2%</b>	<b>5.7%</b>	72,303
Equity investment trust	17,707	17,566	18,110	17,857	<b>18,834</b>	<b>5.5%</b>	<b>6.4%</b>	71,241
Bond investment trust	296	270	256	238	<b>204</b>	<b>-14.0%</b>	<b>-30.9%</b>	1,061
Other operating revenues	95	86	84	78	<b>84</b>	<b>7.0%</b>	<b>-12.1%</b>	345
<b>SG&amp;A</b>	14,803	14,651	15,181	14,915	<b>15,690</b>	<b>5.2%</b>	<b>6.0%</b>	59,551
Commissions paid	10,388	10,248	10,477	10,322	<b>10,754</b>	<b>4.2%</b>	<b>3.5%</b>	41,437
Other SG&A	4,415	4,402	4,704	4,592	<b>4,935</b>	<b>7.5%</b>	<b>11.8%</b>	18,114
<b>Operating income</b>	3,297	3,271	3,270	3,259	<b>3,433</b>	<b>5.3%</b>	<b>4.1%</b>	13,097
<b>Ordinary income</b>	3,247	3,309	3,896	3,287	<b>3,505</b>	<b>6.6%</b>	<b>7.9%</b>	13,741
<b>Net income</b>	2,886	1,939	2,485	1,893	<b>1,932</b>	<b>2.1%</b>	<b>-33.1%</b>	9,205

# Daiwa Asset Management & Daiwa SB Investments – Asset Management

## Asset Under Management



### Asset Under Management



Daiwa AM (Bond funds)	3,022	3,044	3,016	2,947	2,835	2,819	2,933	2,844	2,705
Daiwa AM (Equity funds)	5,125	5,389	5,802	6,217	5,858	6,111	6,276	6,418	6,706
Daiwa SB Investments (Investment trusts)	1,206	1,438	1,599	1,775	1,737	2,098	2,254	2,371	2,428
Daiwa SB Investments (Investment advisory)	2,529	2,515	2,429	2,514	2,264	2,269	2,428	2,364	2,300
<b>Total</b>	<b>11,882</b>	<b>12,386</b>	<b>12,846</b>	<b>13,453</b>	<b>12,694</b>	<b>13,297</b>	<b>13,891</b>	<b>13,997</b>	<b>14,139</b>
<b>Daiwa Securities Group share* (right)</b>	<b>16.4%</b>	<b>16.6%</b>	<b>17.0%</b>	<b>17.2%</b>	<b>17.6%</b>	<b>17.6%</b>	<b>18.0%</b>	<b>17.8%</b>	<b>18.0%</b>

\* Daiwa Asset Management (Bond funds + Equity funds) + Daiwa SB Investments (Investment trusts)

# Other Domestic Group Companies and Overseas Operation

## Ordinary Income



### Domestic Group Companies

(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
DIR Group*	2,206	1,635	2,300	2,196	1,804	-17.9%	-18.2%	8,339
Other Domestic Group Companies	592	691	169	136	-91	—	—	1,590
<b>Total**</b>	<b>2,799</b>	<b>2,326</b>	<b>2,469</b>	<b>2,333</b>	<b>1,712</b>	<b>-26.6%</b>	<b>-38.8%</b>	<b>9,929</b>
Daiwa SB Investments	923	1,030	1,413	1,550	1,534	-1.0%	66.1%	4,918

### Overseas

America	-59	-131	-754	-501	-643	—	—	-1,447
Europe	-1,635	-1,016	-2,745	-3,557	-2,596	—	—	-8,954
Asia/Oceania	-1,100	-2,698	-3,316	-4,017	-4,935	—	—	-11,133
<b>Total</b>	<b>-2,796</b>	<b>-3,846</b>	<b>-6,816</b>	<b>-8,076</b>	<b>-8,175</b>	<b>—</b>	<b>—</b>	<b>-21,536</b>

\* 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)

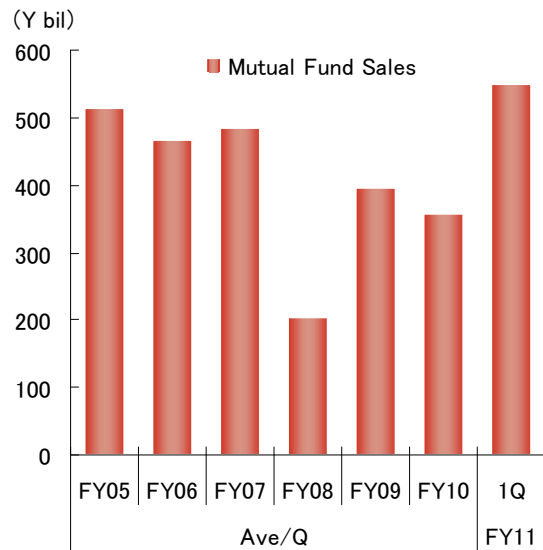
\*\* Total figure of domestic consolidated Group companies excludes Daiwa Securities, Daiwa Securities Capital Markets, Daiwa Securities SMBCPI, Daiwa PI Partners, and Daiwa Corporate Investment.

# Topics①

## Focus to Mutual Funds

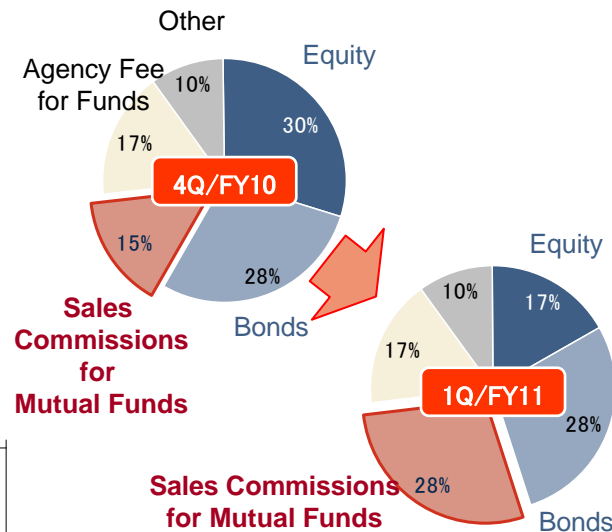
- Retail Division has been focusing on sales of mutual funds to expand stable revenues. The sales results has recovered the levels before the financial crisis of 2008.
- Post East Japan Earthquake, equity related revenues have dropped as for trading value of the domestic stock market has shrunk, though the sales commissions for mutual funds has compensated for the fall in revenues.
- Net inflow to mutual funds for Asset Management Division also increased, worth estimated 30% of market share.

Retail Division Mutual Fund Sales



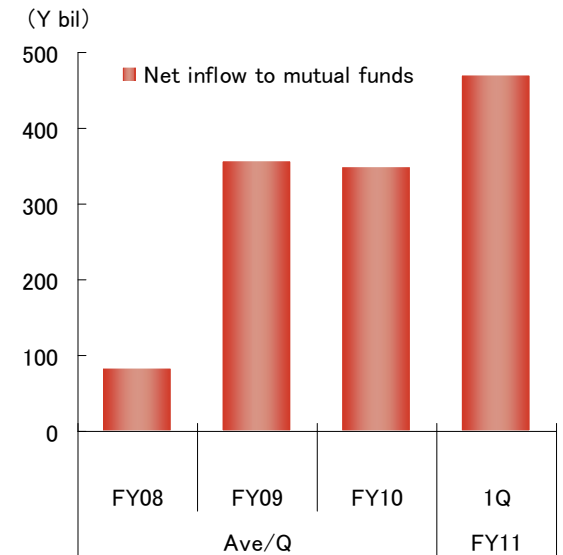
※include switching transaction between funds

Retail Division Revenue by Products



※Managerial accounting basis

Asset Management Division Net Inflow to Mutual Funds



※Daiwa Asset Management + Daiwa SB Investment

## Objective and Context of Reorganizations

**Daiwa Securities Group aims to create a managerial structure with increased flexibility to optimize borderless distributions of business resources by virtue of its internal reorganizations.**

### ■ Integration of Daiwa Securities and Daiwa Capital Markets

- Daiwa Securities Group has set forth “Establishment of a Robust Business Structure” as its management policy, concentrating on drastic improvements in profit generation. It has implemented various measures of expanding stable revenues and streamlining its headquarters for personnel reallocation and reducing various costs, to reach the target of 100 billion yen of annual profit improvements.
- The integration of Daiwa Securities and Daiwa Capital Markets will vastly elevate the reliability of the accomplishment of this management policy, by means of further streamline administration operations and strengthen its ability to meet the highly diversifying client needs.

### ■ Transfer of overseas subsidiaries of Daiwa Capital Markets to Daiwa Securities Group Inc.’s jurisdiction

- The Company, which positions as a group-wide business administrator, overseas subsidiaries of Daiwa Capital Markets transferring to the Company’s jurisdiction will allow a direct management of international operations, intensifying the Group’s global corporate governance structure.
- Current situations leading to the determination of transfer are as follows:
  1. Move toward strict control environment of governance on a global and consolidated basis specified by the guidelines of the Japanese authority.
  2. Rapid expansion of the Group’s international operations through the recent investments in Asian regions.

# Reference

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Consolidated

# Commission by Business Sector



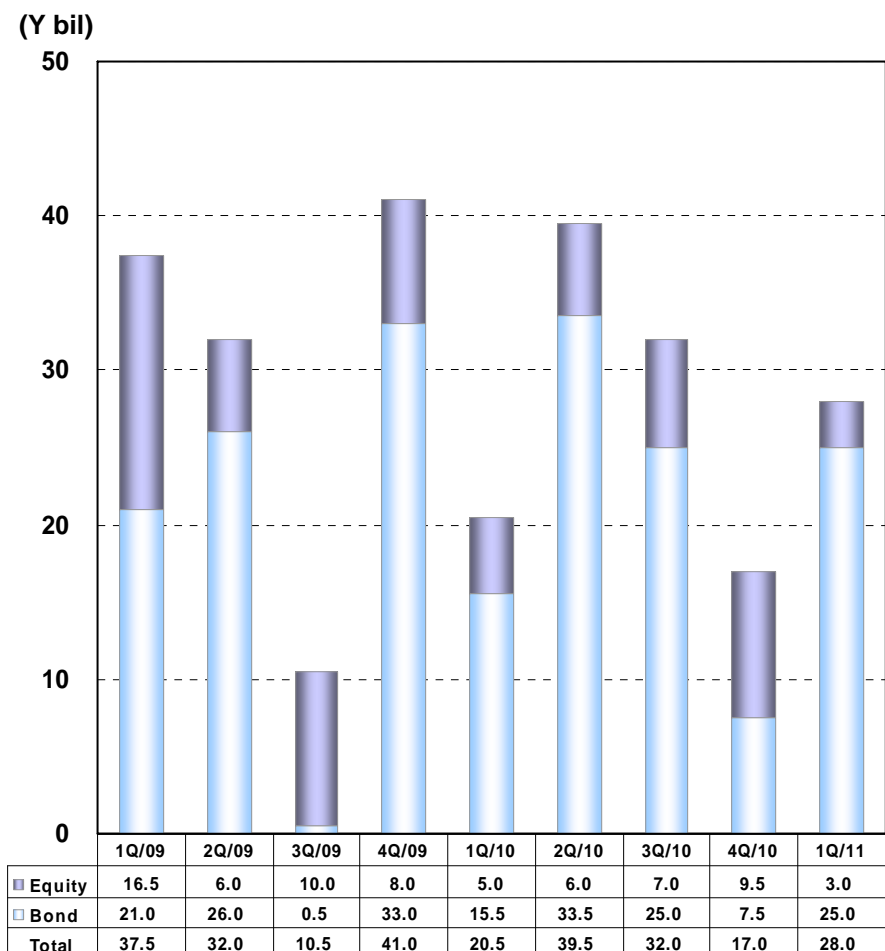
(Y mil)	FY2010				FY2011	% Change vs 4Q FY10	% Change vs 1Q FY10	FY2010
	1Q	2Q	3Q	4Q	1Q			
<b>Total commission</b>	56,106	49,142	54,618	58,763	<b>55,060</b>	<b>-6.3%</b>	<b>-1.9%</b>	218,630
Equity	13,487	9,593	12,280	14,893	<b>10,273</b>	<b>-31.0%</b>	<b>-23.8%</b>	50,254
Brokerage Commission	13,014	9,348	11,985	14,580	<b>10,000</b>	<b>-31.4%</b>	<b>-23.2%</b>	48,929
Others	472	245	294	312	<b>272</b>	<b>-12.7%</b>	<b>-42.2%</b>	1,325
Fixed Income	186	162	179	299	<b>150</b>	<b>-49.6%</b>	<b>-19.1%</b>	827
Investment trust	30,272	28,238	29,564	28,660	<b>35,666</b>	<b>24.4%</b>	<b>17.8%</b>	116,734
Brokerage commission	90	61	118	138	<b>147</b>	<b>6.7%</b>	<b>63.2%</b>	407
Distribution commission	8,991	7,141	7,829	7,182	<b>13,286</b>	<b>85.0%</b>	<b>47.8%</b>	31,144
Mangement fee	21,190	21,035	21,616	21,339	<b>22,232</b>	<b>4.2%</b>	<b>4.9%</b>	85,182
Agency commission	8,552	8,276	8,410	8,160	<b>8,277</b>	<b>1.4%</b>	<b>-3.2%</b>	33,399
Investment banking	8,794	8,109	9,960	11,840	<b>6,183</b>	<b>-47.8%</b>	<b>-29.7%</b>	38,704
Underwriting commission (Equity)	2,538	2,884	3,961	6,983	<b>1,808</b>	<b>-74.1%</b>	<b>-28.8%</b>	16,367
Underwriting commission (Bond)	2,068	2,302	3,534	1,866	<b>1,977</b>	<b>6.0%</b>	<b>-4.4%</b>	9,771
Distribution commission	164	23	107	140	<b>107</b>	<b>-23.1%</b>	<b>-34.6%</b>	434
Others	3,971	2,830	2,315	2,848	<b>2,243</b>	<b>-21.2%</b>	<b>-43.5%</b>	11,966
M&A commission	2,755	2,658	1,968	2,151	<b>1,845</b>	<b>-14.2%</b>	<b>-33.0%</b>	9,533
Other	3,366	3,038	2,634	3,069	<b>2,786</b>	<b>-9.2%</b>	<b>-17.2%</b>	12,108
Life insurance sales commission	722	388	421	444	<b>325</b>	<b>-26.9%</b>	<b>-55.0%</b>	1,977
Investment enterprise partnership administration fee	660	440	377	310	<b>306</b>	<b>-1.1%</b>	<b>-53.6%</b>	1,789
Custody fee	765	729	703	720	<b>755</b>	<b>4.8%</b>	<b>-1.4%</b>	2,919
Others	1,217	1,480	1,130	1,593	<b>1,399</b>	<b>-12.2%</b>	<b>14.9%</b>	5,422

# Equity & Bond Division Revenues (Trading gain/loss)



(Y bil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10
Equity	3.0	-68.4%	-40.0%
Bond	25.0	233.3%	61.3%
<b>Total</b>	<b>28.0</b>	<b>64.7%</b>	<b>36.6%</b>

Quarterly figures  
(Managerial accounting basis)



<Reference>

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

(Y mil)	FY2011 1Q	% Change vs 4Q FY10	% Change vs 1Q FY10
Equity	-8,479	—	—
Bond and forex	34,724	710.4%	33.4%
Net financial income	4,858	16.7%	37.9%
<b>Total</b>	<b>31,103</b>	<b>54.4%</b>	<b>118.3%</b>

# Equity Market Share

	FY2009				FY2010				FY2011
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Market data</b>									
Average daily trading value in TSE, OSE, and NSE: (Y bil)	1,671	1,469	1,388	1,451	1,598	1,200	1,359	1,790	1,333
Share of individual investors: (%)	24.0	22.5	19.1	19.8	17.5	15.9	17.0	19.0	16.9
<b>Market share (on and off floor) in TSE: (%)</b>									
Daiwa Securities Group (on and off floor)	7.7	7.7	8.2	7.5	7.0	7.0	8.4	7.7	7.1
Daiwa Securities	1.0	1.0	0.9	1.0	0.8	0.7	0.9	1.0	0.8
Daiwa Capital Markets	6.8	6.6	7.3	6.5	6.2	6.3	7.6	6.7	6.3
<b>Share of Daiwa Capital Markets in after-hours and off floor transactions : (%)</b>									
Market share	15.0	10.7	12.6	12.4	11.5	10.0	13.0	10.3	9.9
<b>Share of Daiwa Securities among individual investor transactions at TSE, OSE, and NSE : (%)</b>									
Market share	4.7	4.8	4.6	4.7	4.5	4.3	5.0	5.3	4.7
<b>Daiwa Securities equity commission rate : (bp)</b>									
Commission rate*	39	40	42	43	41	36	34	32	31

\* Adjusted rate: Denominator excludes value that generates revenues not reported as brokerage commission.

# Daiwa Securities – Retail

## Online Trading



	FY2009				FY2010				FY2011
	6/09	9/09	12/09	3/10	6/10	9/10	12/10	3/11	6/11
<b>Online trading</b>									
Number of accounts (thousands)	2,089	2,133	2,158	2,183	2,203	2,218	2,233	2,249	2,301
Assets under custody (Y bil)	10,486	10,584	10,789	11,285	10,462	10,570	11,037	11,046	11,745
<b>"Daiwa Direct" Course</b>									
Number of accounts (thousands)	1,151	1,195	1,224	1,251	1,270	1,285	1,299	1,314	1,328
Assets under custody (Y bil)	2,547	2,559	2,581	2,763	2,549	2,547	2,699	2,676	2,666
<b>"Daiwa Direct" margin transaction service</b>									
Number of accounts (thousands)	38	38	39	39	40	41	43	45	47
Margin position (Y bil)	96	96	87	91	100	97	96	89	96
<b>Foreign exchange*</b>									
Number of accounts (thousands)	30	31	35	39	42	47	51	54	56
Trading value (Y bil, quarterly basis)	2,350	2,372	2,524	2,574	4,712	4,875	6,833	7,948	7,319

\* Total figure is the sum of "Daiwa FX" (OTC FX margin trading) and "Daiwa 365FX" (FX margin trading on exchange)

<b>Online ratio for retail investors (Equity)</b>	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Online ratio (number of contracts) (%)	86.1	85.5	83.6	83.4	85.4	86.0	84.9	87.3	88.1
Online ratio (trading value) (%)	72.8	70.2	65.0	66.9	70.7	74.3	71.8	76.9	79.3
Online ratio (commission) (%)	42.9	40.9	37.0	39.0	43.2	39.1	35.0	41.6	42.9
<b>Online contracts, trading value and equity commission for retail investors</b>									
Total # of online contracts (thousands)	2,327	1,928	1,462	1,588	1,763	1,235	1,516	2,431	1,605
Total online trading value (Y bil)	1,639	1,368	979	1,075	1,160	805	1,068	1,730	1,062
Total online equity commission (Y mil)	3,898	3,335	2,451	2,666	2,893	1,440	1,723	2,914	1,701

# Number of Accounts and Wrap Account

## Daiwa Securities' Number of Accounts and Newly Opened Accounts (thousands)

	FY2009				FY2010				FY2011
	6/09	9/09	12/09	3/10	6/10	9/10	12/10	3/11	6/11
<b>Cash Management Service accounts</b>	3,285	3,323	3,340	3,359	3,374	3,383	3,392	3,401	3,414
<b>Accounts holding equity</b>	1,401	1,400	1,408	1,400	1,407	1,406	1,397	1,401	1,399
<b>Accounts holding equity investment trusts</b>	674	681	684	686	687	686	679	675	670
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Newly opened accounts</b>	56	50	35	36	36	30	29	29	32
"Daiwa Direct" Course	36	34	20	21	20	17	16	16	15

## Daiwa Securities' Wrap Account

	6/09	9/09	12/09	3/10	6/10	9/10	12/10	3/11	6/11
<b>Number of customers (thousands)</b>	13.8	17.5	18.3	18.8	20.4	21.2	20.7	20.8	20.4
Daiwa SMA	1.8	1.8	1.8	1.7	1.7	1.6	1.8	2.0	2.0
Daiwa Fund Wrap	11.9	15.7	16.5	17.0	18.7	19.5	18.9	18.8	18.3
<b>Contract asset under management (Y bil)</b>	193	221	233	242	241	253	261	272	259
Daiwa SMA	124	124	128	130	124	126	136	145	137
Daiwa Fund Wrap	68	96	104	112	117	126	124	126	122

## Daiwa Next Bank's Number of Accounts and Deposit Balance (excludes Group's deposits)

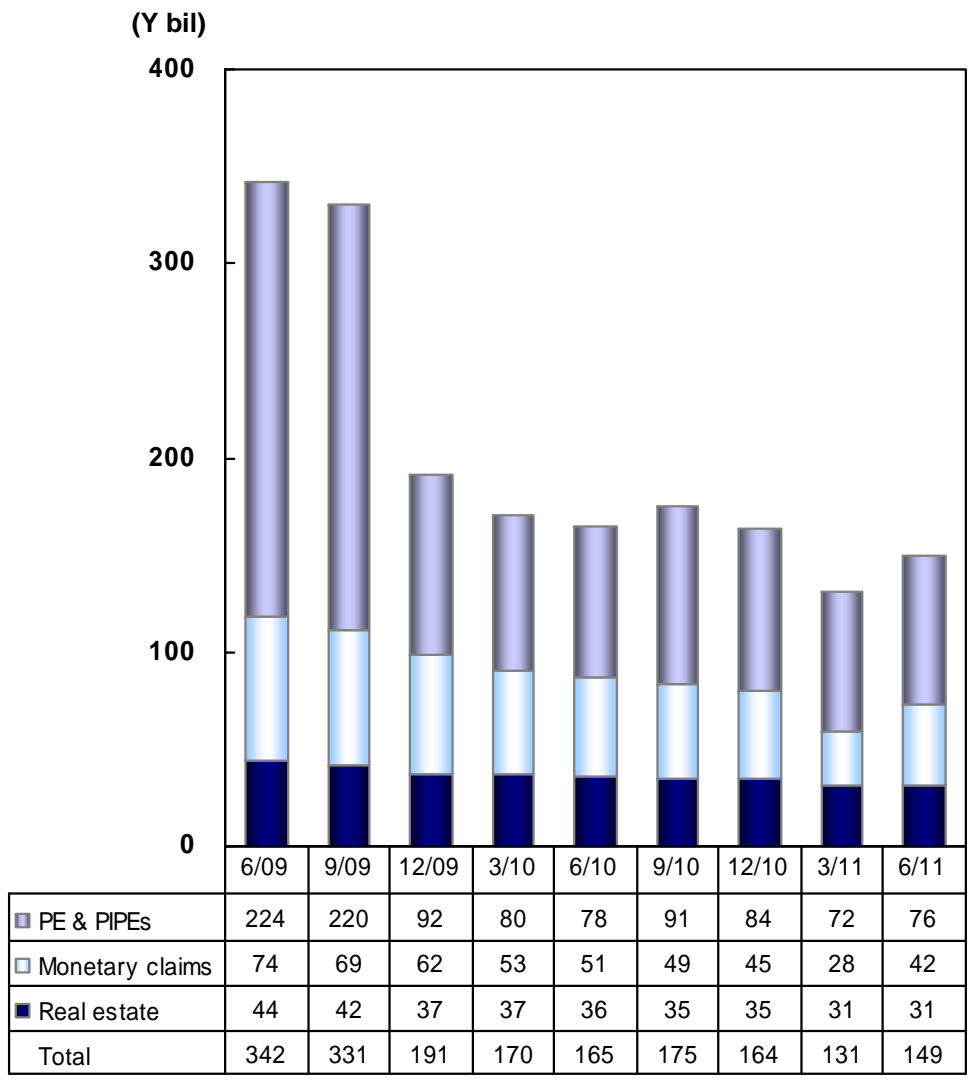
	6/09	9/09	12/09	3/10	6/10	9/10	12/10	3/11	6/11
<b>Number of Accounts (thousands)</b>	—	—	—	—	—	—	—	—	139
<b>Deposit Balance (Y bil)</b>	—	—	—	—	—	—	—	—	227
Ordinary deposits	—	—	—	—	—	—	—	—	123
Time deposits	—	—	—	—	—	—	—	—	104

# Principal Investment Business

## Principal Investment Values

	As of 6/11	(change vs 3/11)
Private equity and PIPEs	Approx. Y 76bil	(+Y 4bil)
Monetary claims	Approx. Y 42bil	(+Y 14bil)
Real estate	Approx. Y 31bil	(±Y 0bil)
<b>Total</b>	<b>Approx. Y 149bil</b>	<b>(+Y 18bil)</b>

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



# Consolidated VaR

## Range and assumption of VaR

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

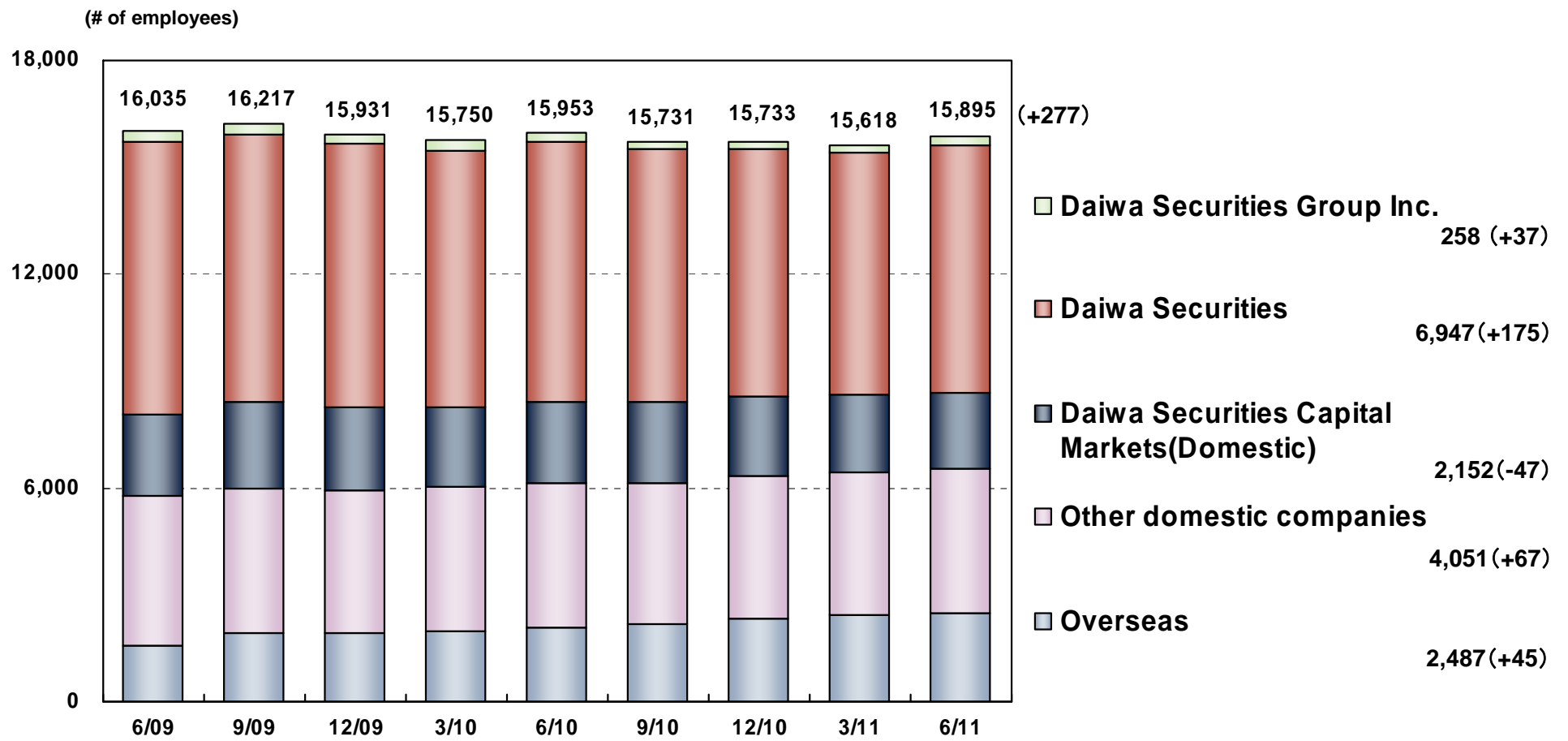
## Daiwa Securities Group (Consolidated)

(Y bil)		6/09	9/09	12/09	3/10	6/10	9/10	12/10	3/11	6/11
VaR (Month end)		1.77	2.81	2.99	4.33	6.47	5.63	6.01	5.13	3.81
Quarterly	High	4.08	3.71	5.13	7.07	12.00	8.48	6.91	6.86	4.59
	Low	1.77	1.62	2.53	2.63	4.38	4.39	5.44	4.62	2.74
	Average	2.89	2.44	3.64	5.26	7.31	6.27	6.08	5.90	3.61

(By risk factors)

Equity	0.89	0.95	0.78	0.57	0.77	1.39	1.34	2.08	1.70
Interest	1.24	0.86	2.36	4.27	4.48	4.84	5.26	4.82	4.00
Currency	1.28	2.57	1.71	1.01	4.04	2.03	1.42	0.68	0.63
Commodity	0.01	0.01	—	—	—	—	—	—	0.02

# Number of Group Employees



(Changes vs 3/11)

- Total figure is the sum of consolidated group companies and Daiwa SB Investments.
- Figures for Daiwa Securities include Financial Advisers (FA).
- Since 3/10, figures for Daiwa Securities SMBCPI and Daiwa PI Partners have been included in other domestic companies.
- Since 12/10, figures for overseas include employees (approximately 150) gained from acquisition of KBC group's business operations.

## Contact

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