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FOR THE  
**BEST**

# **3Q FY2011 Earnings Announcement**

**January 31, 2012**

**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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# Summary

- **3Q FY2011 Net operating revenues were Y 70.3bil**

Though underwriting commission increased by Y 3.3bil q/q to Y 8bil showing recovery signs of investment banking earnings, total commission declined to Y 52.5bil, partly due to shrinking of trading values in domestic stock market.

Trading gains decreased to Y 8.5bil, mainly due to decrease in bond-related gains q/q, under disincentives to invest in foreign bonds by prolonged strong yen.

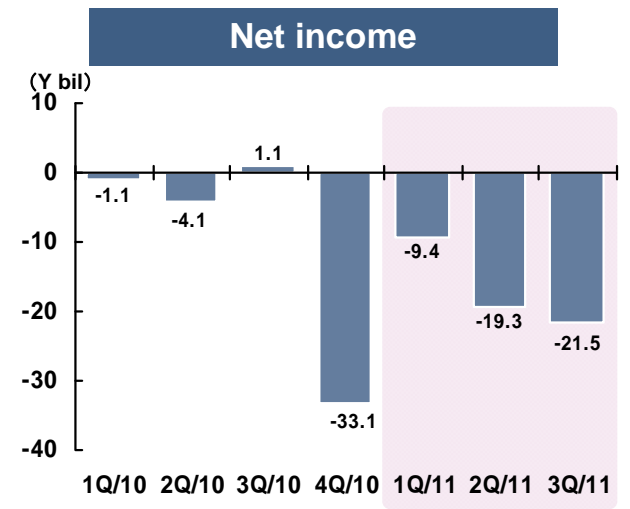
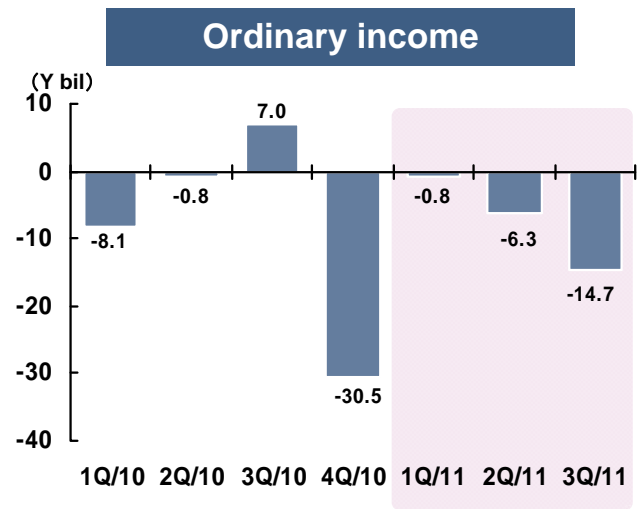
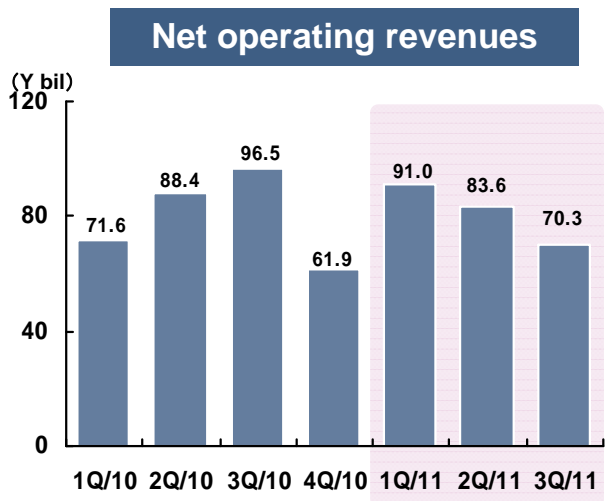
- **3Q FY2011 Ordinary income was -Y 14.7bil**

Effect of cost reduction, including streamlining of overseas operations and Wholesale businesses since 2Q is starting to appear, as 3Q SG&A decreased by Y 7.3bil q/q to Y 86.3bil.

In addition to Retail Division, Asset Management Division, and Investment Division continuously posting profit, newly established Daiwa Next Bank also secured profit on a quarterly basis.

- **3Q FY2011 Net income was -Y 21.5bil**

Extra ordinary income/loss was -Y 1.9bil including temporary expenses involved in the cost cut plan, and total income taxes were Y 4.5bil.



# Highlights

## ■ Strenuous efforts in sales of mutual funds

- AUM (excluding ETFs) in the whole industry was outflow of Y 604.9bil, however, Daiwa Securities made secured net inflow of Y 48.7bil.
  - ✓ Offered Y 23.9bil of newly launched Japanese stock fund in December.
- Both sales share of Retail Division and asset share of bank related channels of Asset Management Division increased steadily. (p13)

## ■ Carried out cost reduction measures in earnest, and enlarged reduction plan from Y 40bil to Y 60bil

- Consolidated SG&A decreased by Y 7.3bil (-7.9%) quarterly bases. (p7)
- Cost reduction plan, announced at the end of October, is making progress smoothly.
  - ✓ Completed reduction of approximately 240 overseas personnel (80%) by the end of December, among the initial plan for more than 300 personnel reduction.
  - ✓ Transferred synthetic prime brokerage operation to Bank of Nova Scotia, Canada, in November.
- Determined additional reduction (p18)
  - ✓ Increased total cost reduction to Y60bil, by additional reduction of Y 20bil.
  - ✓ Increased total personnel reduction to approximately 500 personnel, by additional reduction of 200.

## ■ Daiwa Next Bank succeeded to achieve profit in 3Q FY2011, for its third quarter from establishment

- Deposit balance exceeded Y 1tri in October, less than 6 months from commencing the operation, and reached Y 1.2tri in December.

# Financial Summary



(Y mil)	FY2011		% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	2Q	3Q		1-3Q	1-3Q		
Operating revenues	102,480	<b>92,919</b>	<b>-9.3%</b>	319,603	<b>309,025</b>	<b>-3.3%</b>	403,042
Net operating revenues	83,621	<b>70,344</b>	<b>-15.9%</b>	256,566	<b>245,048</b>	<b>-4.5%</b>	318,564
SG&A	93,729	<b>86,352</b>	<b>-7.9%</b>	269,222	<b>274,103</b>	<b>1.8%</b>	363,919
Ordinary income	-6,366	<b>-14,713</b>	—	-2,010	<b>-21,883</b>	—	-32,602
Net income	-19,353	<b>-21,567</b>	—	-4,202	<b>-50,355</b>	—	-37,331
Total assets	18,406,338	<b>17,220,452</b>		16,867,587	<b>17,220,452</b>		16,842,411
Net assets	828,173	<b>806,065</b>		927,158	<b>806,065</b>		921,398
Shareholders' equity*	753,662	<b>729,977</b>		843,159	<b>729,977</b>		833,932
EPS (Y)	-11.50	<b>-12.79</b>		-2.45	<b>-29.91</b>		-21.90
BPS (Y)	447.54	<b>432.39</b>		502.68	<b>432.39</b>		496.76
ROE (Annualized)	—	—		—	—		—

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

## <Reference>

- Consolidated Capital Adequacy Ratio: 25.8% (As of September 30, 2011)

## Consolidated

# P/L Summary

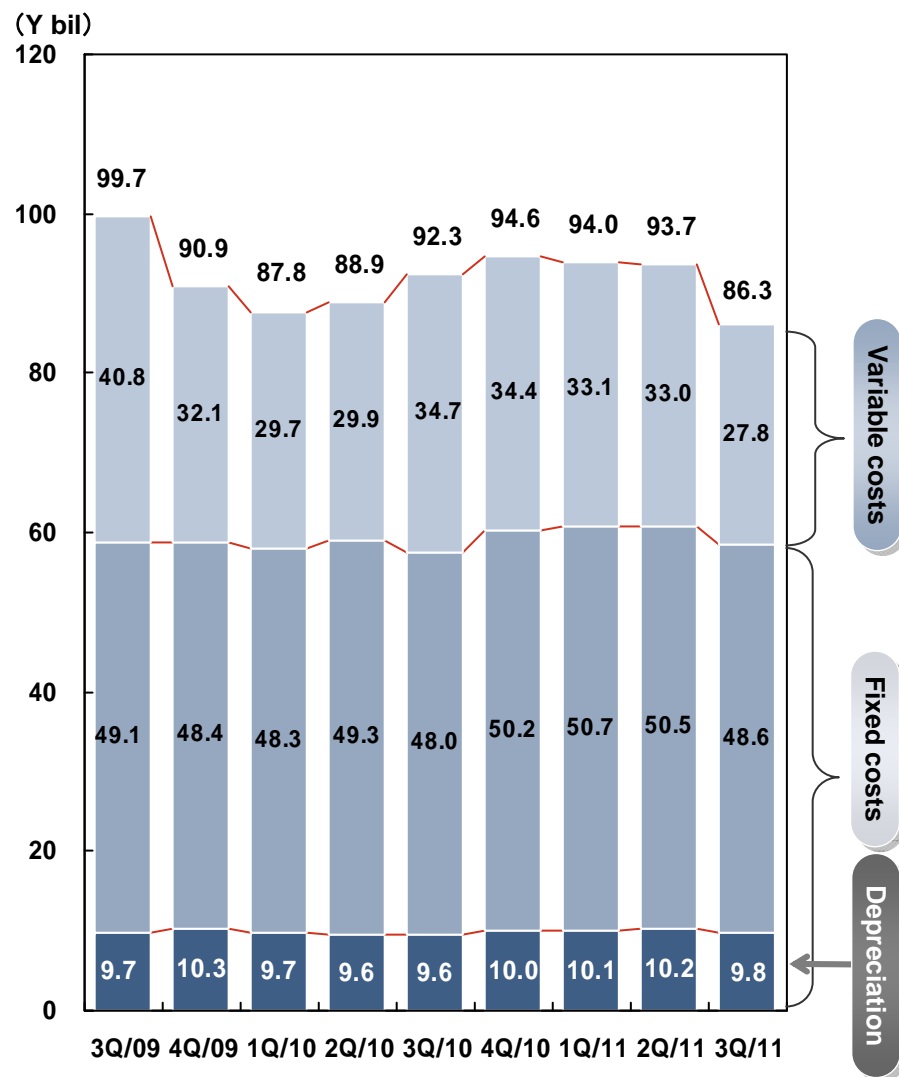


(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>Operating revenues</b>	118,214	83,438	113,625	102,480	<b>92,919</b>	<b>-9.3%</b>	319,603	<b>309,025</b>	<b>-3.3%</b>	403,042
Commissions	54,618	58,763	55,060	56,171	<b>52,535</b>	<b>-6.5%</b>	159,867	<b>163,767</b>	<b>2.4%</b>	218,630
Net gain/loss on trading	31,605	15,985	26,244	14,895	<b>8,572</b>	<b>-42.4%</b>	76,490	<b>49,712</b>	<b>-35.0%</b>	92,476
Net gain/loss on private equity and other securities	8,136	-20,154	1,251	1,892	<b>1,470</b>	<b>-22.3%</b>	2,895	<b>4,614</b>	<b>59.4%</b>	-17,259
Interest and dividend income	17,511	19,026	20,076	19,865	<b>20,910</b>	<b>5.3%</b>	52,889	<b>60,852</b>	<b>15.1%</b>	71,915
Other operating revenues	6,343	9,818	10,992	9,656	<b>9,429</b>	<b>-2.3%</b>	27,459	<b>30,078</b>	<b>9.5%</b>	37,278
<b>Interest expenses</b>	16,298	14,864	15,217	12,937	<b>16,329</b>	<b>26.2%</b>	43,197	<b>44,484</b>	<b>3.0%</b>	58,061
<b>Other operating expenses</b>	5,398	6,576	7,325	5,922	<b>6,245</b>	<b>5.4%</b>	19,839	<b>19,492</b>	<b>-1.7%</b>	26,415
<b>Net operating revenues</b>	96,517	61,998	91,083	83,621	<b>70,344</b>	<b>-15.9%</b>	256,566	<b>245,048</b>	<b>-4.5%</b>	318,564
<b>SG&amp;A</b>	92,381	94,697	94,021	93,729	<b>86,352</b>	<b>-7.9%</b>	269,222	<b>274,103</b>	<b>1.8%</b>	363,919
<b>Operating income</b>	4,136	-32,699	-2,938	-10,108	<b>-16,008</b>	—	-12,655	<b>-29,054</b>	—	-45,355
<b>Non-operating income/loss</b>	2,880	2,107	2,134	3,741	<b>1,294</b>	<b>-65.4%</b>	10,645	<b>7,170</b>	<b>-32.6%</b>	12,752
<b>Ordinary income</b>	7,017	-30,591	-803	-6,366	<b>-14,713</b>	—	-2,010	<b>-21,883</b>	—	-32,602
<b>Extraordinary income/loss</b>	2,399	-5,590	-2,053	-9,055	<b>-1,976</b>	—	3,667	<b>-13,085</b>	—	-1,923
<b>Income before income taxes</b>	9,416	-36,182	-2,856	-15,422	<b>-16,690</b>	—	1,657	<b>-34,969</b>	—	-34,525
<b>Total income taxes</b>	5,352	4,582	6,271	4,920	<b>4,544</b>	<b>-7.6%</b>	5,131	<b>15,736</b>	<b>206.7%</b>	9,713
<b>Net income</b>	1,182	-33,129	-9,434	-19,353	<b>-21,567</b>	—	-4,202	<b>-50,355</b>	—	-37,331

# Break Down of SG&A

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>SG&amp;A</b>	92,381	94,697	94,021	93,729	<b>86,352</b>	<b>-7.9%</b>	269,222	<b>274,103</b>	<b>1.8%</b>	363,919
Trading related expenses	17,989	18,692	17,514	18,639	<b>16,286</b>	<b>-12.6%</b>	51,705	<b>52,441</b>	<b>1.4%</b>	70,398
Personnel expenses	42,205	41,441	42,268	41,815	<b>37,994</b>	<b>-9.1%</b>	118,793	<b>122,078</b>	<b>2.8%</b>	160,234
Real estate expenses	10,939	11,795	11,273	11,374	<b>11,203</b>	<b>-1.5%</b>	33,462	<b>33,851</b>	<b>1.2%</b>	45,257
Office cost	5,874	6,981	6,954	6,832	<b>6,521</b>	<b>-4.5%</b>	20,044	<b>20,307</b>	<b>1.3%</b>	27,026
Depreciation	9,667	10,055	10,153	10,235	<b>9,879</b>	<b>-3.5%</b>	29,107	<b>30,268</b>	<b>4.0%</b>	39,163
Taxes and dues	1,770	1,492	2,136	1,465	<b>1,436</b>	<b>-2.0%</b>	5,551	<b>5,038</b>	<b>-9.2%</b>	7,043
Other	3,934	4,238	3,719	3,365	<b>3,031</b>	<b>-9.9%</b>	10,556	<b>10,116</b>	<b>-4.2%</b>	14,795

# Consolidated Cost Structure



(Y bil)	FY2009		FY2010				FY2011		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Total SG&amp;A</b>	99.7	90.9	87.8	88.9	92.3	94.6	94.0	93.7	<b>86.3</b>
<b>Variable costs</b>	40.8	32.1	29.7	29.9	34.7	34.4	33.1	33.0	<b>27.8</b>
<b>Trading related expenses</b>	16.0	15.4	17.3	16.3	17.9	18.6	17.5	18.6	<b>16.2</b>
Advertising expenses	1.6	2.3	1.8	1.6	2.3	1.8	1.5	1.6	<b>2.0</b>
<b>Bonus</b>	19.5	10.1	6.4	7.5	10.0	9.2	9.3	8.6	<b>6.5</b>
<b>FA remuneration</b>	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	<b>0.2</b>
<b>Overtime, part-time</b>	1.9	1.9	2.2	2.4	2.6	2.4	2.6	2.4	<b>2.2</b>
<b>Fixed costs</b>	58.9	58.7	58.0	59.0	57.6	60.2	60.8	60.7	<b>58.4</b>
<b>Personnel expenses</b>	30.1	28.1	28.3	28.8	29.1	29.4	29.8	30.3	<b>28.9</b>
<b>Real estate expenses</b>	10.8	11.7	11.2	11.2	10.9	11.7	11.2	11.3	<b>11.2</b>
<b>Depreciation</b>	9.7	10.3	9.7	9.6	9.6	10.0	10.1	10.2	<b>9.8</b>
<b>Office expenses</b>	5.7	6.0	6.4	7.2	5.5	6.7	6.6	6.5	<b>6.2</b>
<b>Taxes other than income taxes</b>	1.6	2.1	1.9	1.8	1.7	1.4	2.1	1.4	<b>1.4</b>

# Balance Sheet

## Consolidated Balance Sheet (12/11)

(Y bil)

<b>Current assets</b>	<b>16,730</b>	<b>(419)</b>	<b>Current liabilities</b>	<b>14,430</b>	<b>(491)</b>
Trading assets	7,894	(1,123)	Trading liabilities	5,123	(306)
Trading securities and others	5,007	(457)	Trading securities and others	2,615	(-397)
Stocks, convertible bonds	255	(-256)	Stocks, convertible bonds	183	(-98)
Bonds	4,610	(688)	Bonds	2,431	(-298)
Beneficiary certificates	34	(-28)	Beneficiary certificates	—	(0)
CD/CP and others	105	(54)	CD/CP and others	—	—
Derivative assets	2,886	(666)	Derivative liabilities	2,507	(703)
Private equity and other securities (after Allowance for possible investment losses)	139	(-38)	Short-term borrowings	2,260	(-400)
Daiwa Securities SMBC PI+Daiwa PI Partners	122	(-31)	Commercial paper	427	(31)
Daiwa Corporate Investment	16	(-6)	Current portion of bonds	143	(-11)
Collateralized short-term financing agreements	5,281	(-2,046)	Collateralized short-term financing agreements	4,840	(-498)
<b>Non-current assets</b>	<b>489</b>	<b>(-41)</b>	<b>Non-current liabilities</b>	<b>1,981</b>	<b>(2)</b>
Tangible fixed assets	132	(-1)	Bonds and notes	1,351	(17)
Intangible fixed assets	115	(-19)	Long-term debts	580	(-11)
Investments and others	241	(-20)	<b>Total liabilities</b>	<b>16,414</b>	<b>(493)</b>
Investment securities	175	(-13)	<b>Net assets</b>	<b>806</b>	<b>(-115)</b>
Listed stocks	64	(-7)	Owners' equity	789	(-56)
Unlisted stocks	32	(0)	Accumulated other comprehensive income	-59	(-47)
Others	78	(-4)	Minority interests	70	(-12)
Others	65	(-7)			
<b>Total assets</b>	<b>17,220</b>	<b>(378)</b>	<b>Total liabilities and net assets</b>	<b>17,220</b>	<b>(378)</b>

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

# Segment Information

(Y mil)	Net operating revenues							
	FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	1Q	2Q	3Q		1-3Q	1-3Q		
Retail	45,593	42,716	37,808	-11.5%	133,171	126,119	-5.3%	178,970
Asset Management	9,648	9,778	8,871	-9.3%	27,173	28,298	4.1%	36,324
Global Markets	16,718	12,296	3,074	-75.0%	51,960	32,090	-38.2%	61,495
Global Investment Banking	5,552	5,851	8,299	41.8%	22,070	19,702	-10.7%	30,635
Investment	1,262	1,249	1,527	22.3%	4,667	4,039	-13.4%	-15,277
Others/Adjustments	12,308	11,727	10,761		17,523	34,798		26,416
<b>Consolidated total</b>	<b>91,083</b>	<b>83,621</b>	<b>70,344</b>	<b>-15.9%</b>	<b>256,566</b>	<b>245,048</b>	<b>-4.5%</b>	<b>318,564</b>

(Y mil)	Ordinary income							
	FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	1Q	2Q	3Q		1-3Q	1-3Q		
Retail	12,442	8,186	5,467	-33.2%	28,915	26,096	-9.7%	41,866
Asset Management	4,071	4,137	3,206	-22.5%	12,045	11,414	-5.2%	15,948
Global Markets	-12,835	-15,827	-22,475	-	-30,617	-51,138	-	-52,173
Global Investment Banking	-5,820	-4,436	-2,731	-	-10,700	-12,987	-	-14,733
Investment	402	377	579	53.4%	-620	1,360	-	-21,476
Others/Adjustments	936	1,194	1,239		-1,031	3,370		-2,034
<b>Consolidated total</b>	<b>-803</b>	<b>-6,366</b>	<b>-14,713</b>	<b>-</b>	<b>-2,010</b>	<b>-21,883</b>	<b>-</b>	<b>-32,602</b>

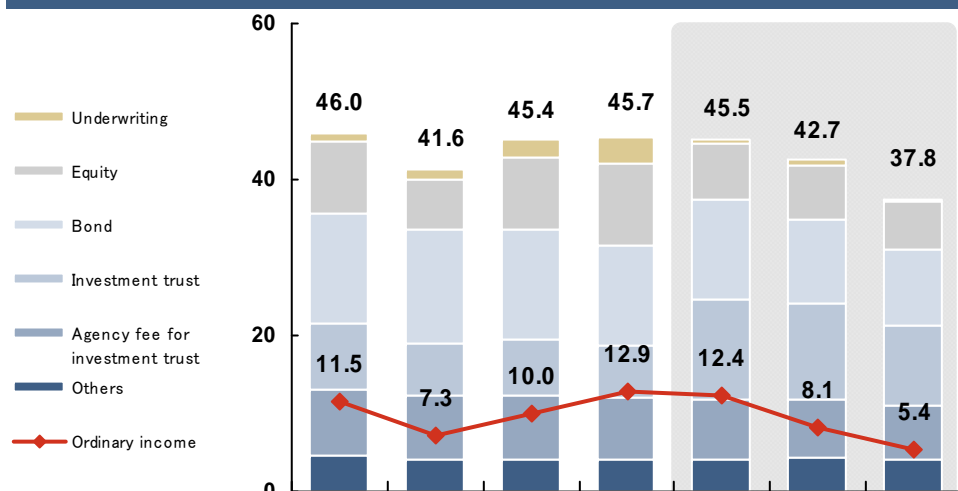
# Consolidated Retail



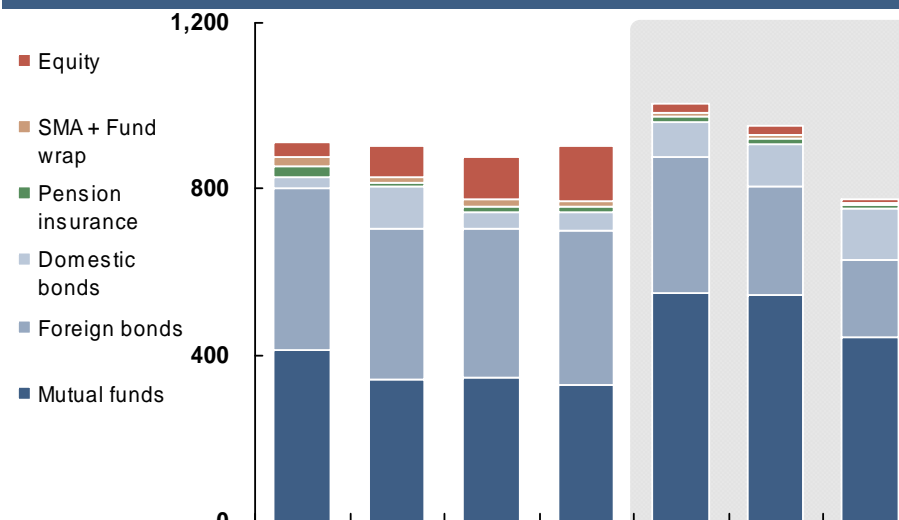
(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Net operating revenues	37,808	-11.5%	126,119	-5.3%
Ordinary income	5,467	-33.2%	26,096	-9.7%

- Though sales of mutual funds were below 1H FY2011 level, maintained net inflow of mutual funds, while the industry experienced net outflows.

## Quarterly figures



## Sales and Distribution Amount by Product



(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Underwriting	0.8	1.4	2.3	3.3	0.5	0.6	0.3
Equity	9.4	6.5	9.2	10.6	7.3	6.9	6.1
Bond	14.0	14.6	14.1	12.8	12.8	11.0	9.8
Investment trust	8.6	6.7	7.3	6.7	12.7	12.1	10.3
Agency fee for investment trust	8.4	8.1	8.2	8.0	7.9	7.5	6.8
Others	4.6	4.1	4.0	4.0	4.0	4.4	4.2
<b>Net operating revenues</b>	<b>46.0</b>	<b>41.6</b>	<b>45.4</b>	<b>45.7</b>	<b>45.5</b>	<b>42.7</b>	<b>37.8</b>
<b>Ordinary income</b>	<b>11.5</b>	<b>7.3</b>	<b>10.0</b>	<b>12.9</b>	<b>12.4</b>	<b>8.1</b>	<b>5.4</b>

(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	36.8	73.3	102.7	132.9	19.5	23.1	8.1
SMA + Fund wrap	21.3	12.4	17.8	16.9	11.8	8.5	2.8
Pension insurance	25.4	10.1	13.2	11.8	9.3	14.0	12.1
Domestic bonds	25.8	102.9	39.6	45.6	84.4	99.5	124.5
Foreign bonds	389.6	361.9	356.0	370.4	329.7	263.4	183.0
Mutual funds	413.2	341.6	346.5	327.4	548.9	543.9	445.2

Note: Figures calculated on managerial accounting basis of Daiwa Securities and Hinode Securities.

Note: Mutual funds include switching transactions between funds.

Foreign bonds include yen-denominated bonds.

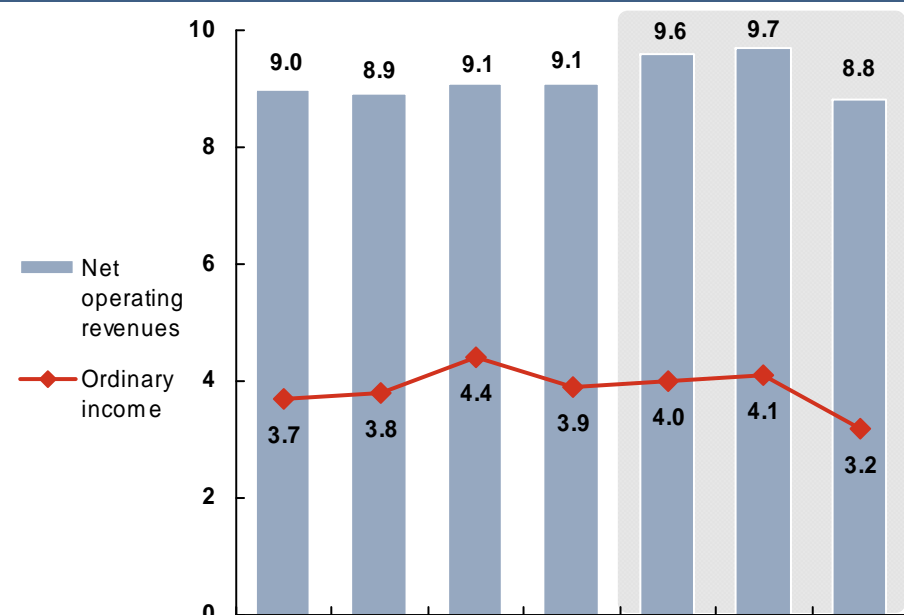
# Asset Management



(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Net operating revenues	8,871	-9.3%	28,298	4.1%
Ordinary income	3,206	-22.5%	11,414	-5.2%

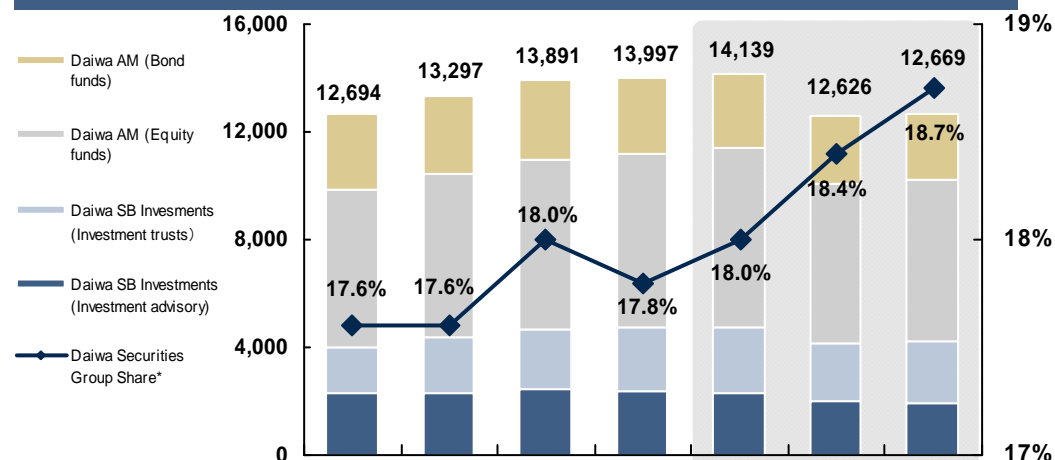
■ While balance of AUM in the whole industry decreased, Daiwa Securities Group's AUM increased, and continuously gained market share.

## Quarterly figures



(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net operating revenues	9.0	8.9	9.1	9.1	9.6	9.7	8.8
Ordinary income	3.7	3.8	4.4	3.9	4.0	4.1	3.2

## Asset Under Management



(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Daiwa AM (Bond funds)	2,835	2,819	2,933	2,844	2,705	2,529	2,465
Daiwa AM (Equity funds)	5,858	6,111	6,276	6,418	6,706	5,937	5,950
Daiwa SB Investments (Investment trusts)	1,737	2,098	2,254	2,371	2,428	2,170	2,330
Daiwa SB Investments (Investment advisory)	2,264	2,269	2,428	2,364	2,300	1,990	1,924
Total	12,694	13,297	13,891	13,997	14,139	12,626	12,669
Daiwa Securities Group Share*	17.6%	17.6%	18.0%	17.8%	18.0%	18.4%	18.7%

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

+ Daiwa SB Investments (Investment trusts)

※All figures are as of end of quarter.

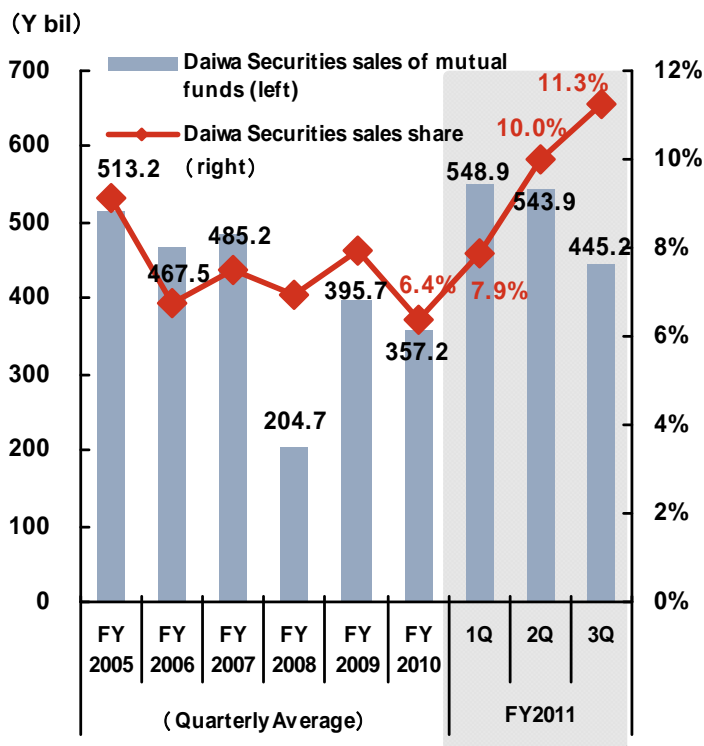
# Consolidated Mutual Funds



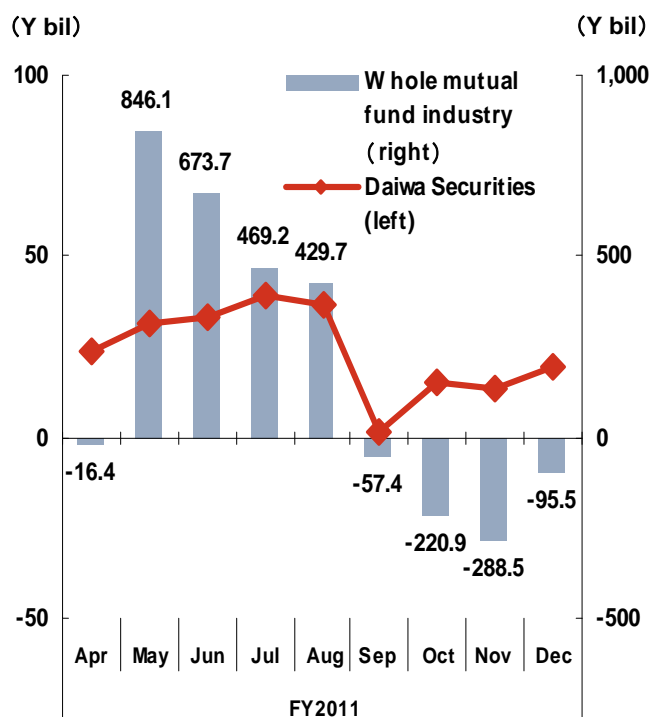
- As incentive for investing in overseas assets have gone through recession due to basic trend of the strong yen, mutual funds sales of Daiwa Securities slowed down compared to 1H FY2011, though still kept level further gaining market share.
- Daiwa Securities maintained net inflow while net outflow overall in the mutual fund industry.

- With numerous sales net work and strong supporting functions, Asset Management Division continuously gained market share of AUM in bank related channels.

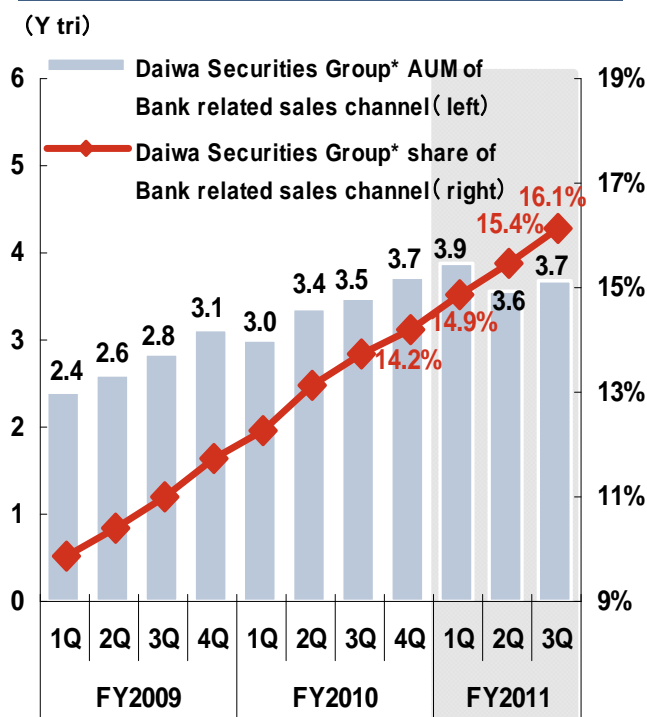
【Daiwa Securities】 Sales of Mutual Funds



【Daiwa Securities】 Net Increase of Mutual Funds



【Asset Management】 Asset Under Management of Bank related sales channel



\* Daiwa Asset Management + Daiwa SB Investments

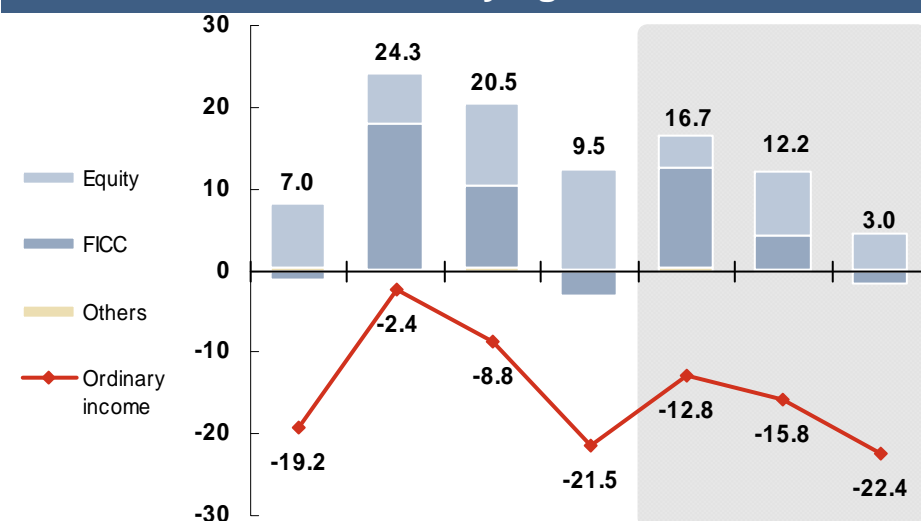
\* All figures are as of end of quarter.

# Consolidated Global Markets



(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Net operating revenues	3,074	-75.0%	32,090	-38.2%
Ordinary income	-22,475	—	-51,138	—

## Quarterly figures



(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	7.8	6.3	10.0	12.2	4.1	7.8	4.3
FICC	-1.1	17.7	10.1	-3.0	12.2	4.2	-1.5
Others	0.2	0.2	0.3	0.2	0.3	0.2	0.2
Net operating revenues	7.0	24.3	20.5	9.5	16.7	12.2	3.0
Ordinary income	-19.2	-2.4	-8.8	-21.5	-12.8	-15.8	-22.4

Note: figures calculated on managerial accounting basis of Daiwa Capital Markets.

FICC: Fixed Income, Currency and Commodities

## Equity

- Brokerage commission decreased due to shrinking trading values of domestic stock market.

## FICC

- Trading opportunities have generally decreased, as risk allowance in the overall market lowered.
  - Due to prolonged appreciation of the yen, foreign bond sales to individual investors of the Retail Division decreased.
  - Trading of institutional investors showed tendency to shift toward high-rating government guaranteed bonds from SBs to avoid risks, and thus lead to a decline in bond trading profitability.

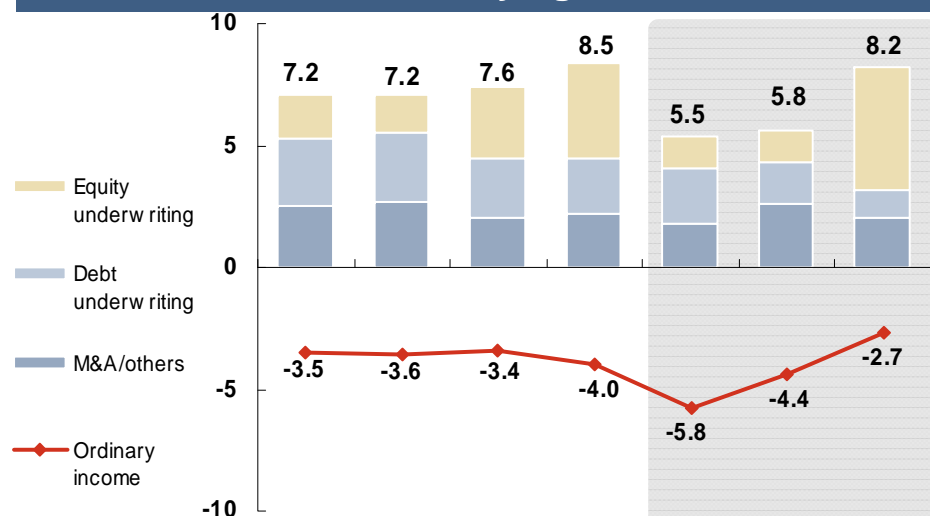
# Global Investment Banking



(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Net operating revenues	8,299	41.8%	19,702	-10.7%
Ordinary income	-2,731	—	-12,987	—

- Synergy with Global CB team acquired from KBC group contributed to act as sole bookrunner mega CB deal (Y 200bil), despite difficult market environment.
- Won various awards such as IFR Yen Bond House of the Year 2011.

## Quarterly figures



(Y bil)	FY2010				FY2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity underwriting	1.8	1.6	2.9	3.9	1.3	1.3	5.0
Debt underwriting	2.8	2.8	2.5	2.3	2.3	1.7	1.2
M&A/others	2.5	2.7	2.0	2.2	1.8	2.6	2.0
Net operating revenues	7.2	7.2	7.6	8.5	5.5	5.8	8.2
Ordinary income	-3.5	-3.6	-3.4	-4.0	-5.8	-4.4	-2.7

Note: figures calculated on managerial accounting basis of Daiwa Capital Markets.

## Major deals in 3Q FY2011

### Equity Finance

- KDDI (Euro/Yen CB) Y 200bil

### Debt Finance

- Achieved lead managing roles for Global Benchmark Bonds (Total of FY2011: 11deals, USD 18.55bil)
  - ▣ ADB USD 1.25bil
  - ▣ IBRD USD 6.25bil in total
  - ▣ KDB USD 1.0bil

### M&A

- Integration of Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. (Financial Advisor to Tokyo Stock Exchange Group, Inc.)

Note: Refer to P.35 for major league tables.

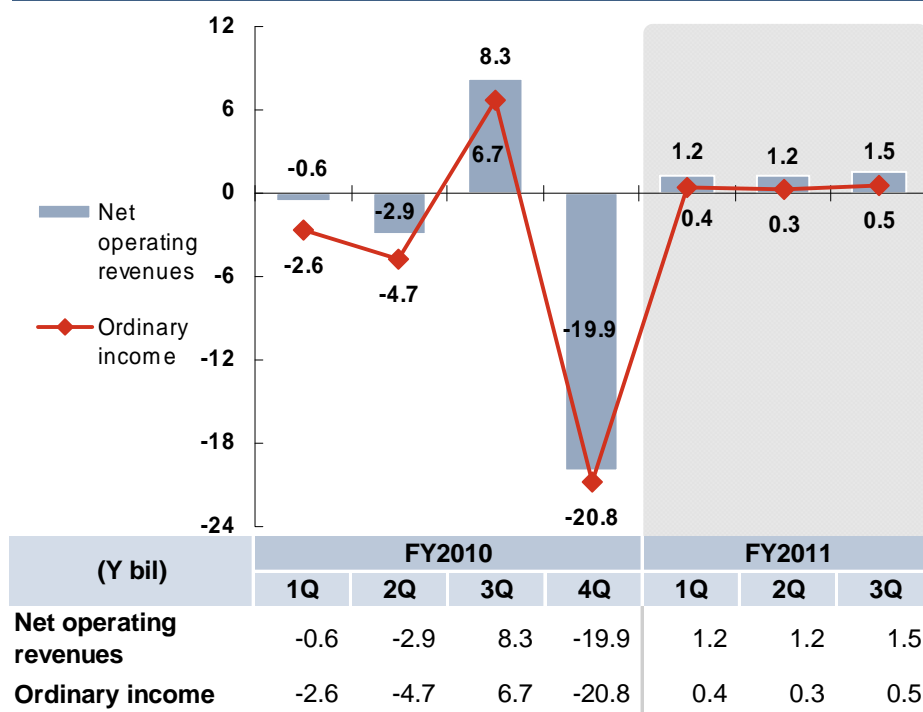
# Consolidated Investment



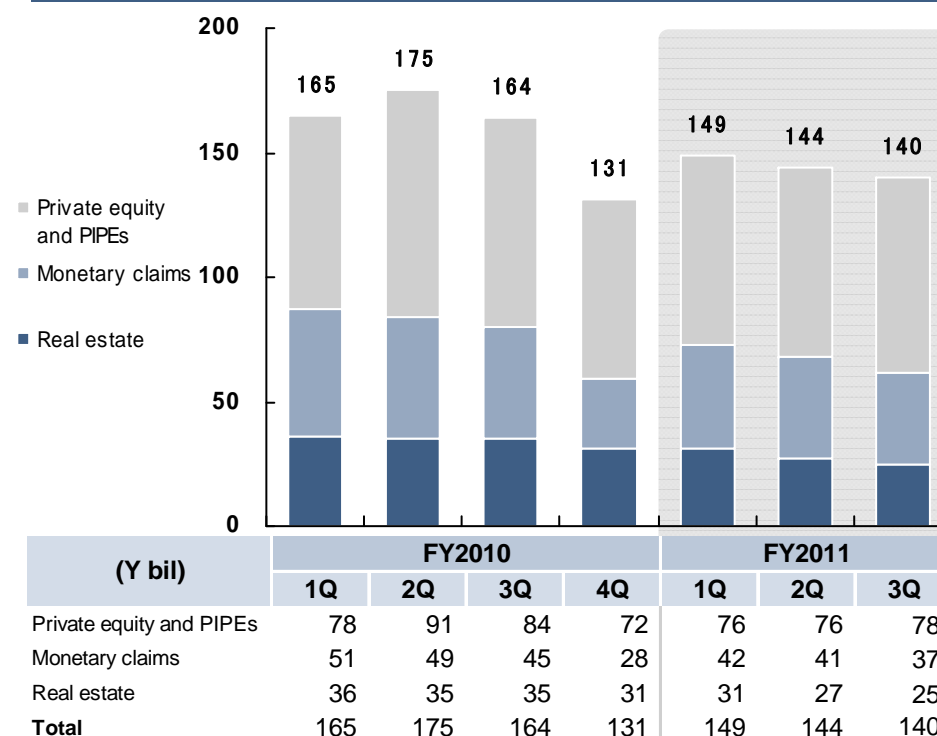
(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Net operating revenues	1,527	22.3%	4,039	-13.4%
Ordinary income	579	53.4%	1,360	—

■ Sales of monetary claims contributed to maintain profitability for three quarters successively.

### Quarterly figures



### Principal Investment Values



※ 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)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>DIR Group*</b>	2,300	2,196	1,804	1,393	<b>1,706</b>	<b>22.5%</b>	6,142	<b>4,904</b>	<b>-20.2%</b>	8,339
<b>Other Domestic Group Companies</b>	169	136	-91	787	<b>823</b>	<b>4.6%</b>	1,453	<b>1,518</b>	<b>4.5%</b>	1,590
<b>Total**</b>	2,469	2,333	1,712	2,180	<b>2,530</b>	<b>16.0%</b>	7,595	<b>6,423</b>	<b>-15.4%</b>	9,929

### Overseas

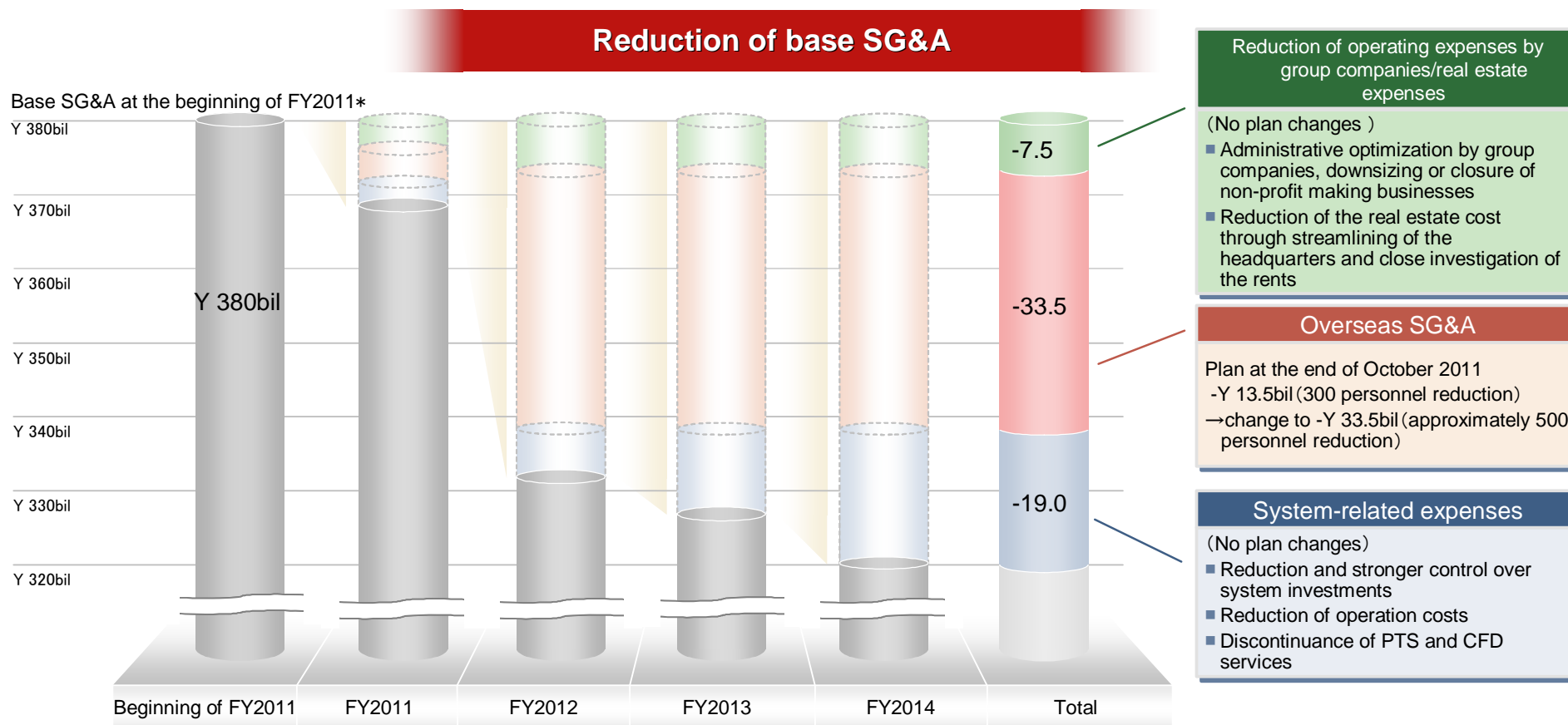
<b>America</b>	-754	-501	-643	-428	<b>-2,091</b>	—	-946	<b>-3,163</b>	—	-1,447
<b>Europe</b>	-2,745	-3,557	-2,596	-1,899	<b>-1,007</b>	—	-5,397	<b>-5,502</b>	—	-8,954
<b>Asia/Oceania</b>	-3,316	-4,017	-4,935	-4,760	<b>-4,884</b>	—	-7,116	<b>-14,581</b>	—	-11,133
<b>Total</b>	-6,816	-8,076	-8,175	-7,088	<b>-7,984</b>	—	-13,459	<b>-23,247</b>	—	-21,536

\* 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 excluding Daiwa Securities, Daiwa Capital Markets, Daiwa Securities SMBCPI, Daiwa PI Partners, Daiwa Corporate Investment and Daiwa Investment Management.

# Reduction of Base SG&A

- Aiming SG&A reduction of over Y 60bil, with an additional Y 20bil to the reduction plan announced at the end of October, 2011.
- Additional reduction mainly due to overseas personnel reduction (reduce about 500 personnel, with an additional 200 personnel reduction to previous plan of 300 personnel ).
- Cost reduction will come into effect at 80% progress to base SG&A level of Y 330bil by FY2012, and under Y 320bil level by FY2014.



\* Base SG&A = Estimated latest consolidated SG&A when ordinary income is zero

# Reference

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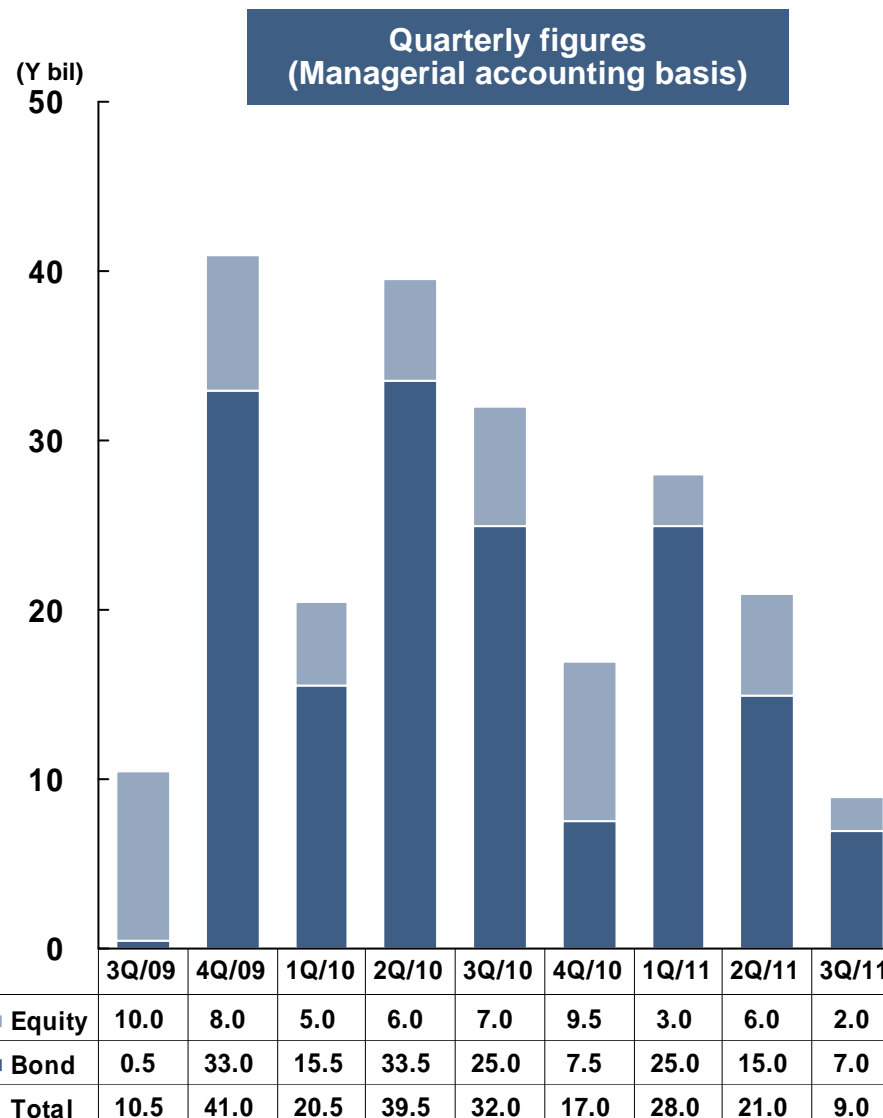
# Commission by Business Sector

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>Total commission</b>	54,618	58,763	55,060	56,171	<b>52,535</b>	<b>-6.5%</b>	159,867	<b>163,767</b>	<b>2.4%</b>	218,630
Equity	12,280	14,893	10,273	9,952	<b>8,177</b>	<b>-17.8%</b>	35,361	<b>28,404</b>	<b>-19.7%</b>	50,254
Brokerage Commission	11,985	14,580	10,000	9,702	<b>7,863</b>	<b>-19.0%</b>	34,348	<b>27,567</b>	<b>-19.7%</b>	48,929
Others	294	312	272	250	<b>313</b>	<b>25.5%</b>	1,012	<b>836</b>	<b>-17.4%</b>	1,325
Fixed Income	179	299	150	581	<b>199</b>	<b>-65.8%</b>	528	<b>931</b>	<b>76.4%</b>	827
Investment trust	29,564	28,660	35,666	34,654	<b>30,834</b>	<b>-11.0%</b>	88,074	<b>101,154</b>	<b>14.9%</b>	116,734
Brokerage commission	118	138	147	135	<b>90</b>	<b>-33.7%</b>	269	<b>373</b>	<b>38.5%</b>	407
Distribution commission	7,829	7,182	13,286	12,498	<b>10,630</b>	<b>-14.9%</b>	23,962	<b>36,415</b>	<b>52.0%</b>	31,144
Mangement fee	21,616	21,339	22,232	22,019	<b>20,113</b>	<b>-8.7%</b>	63,842	<b>64,365</b>	<b>0.8%</b>	85,182
Agency commission	8,410	8,160	8,277	7,786	<b>7,112</b>	<b>-8.7%</b>	25,239	<b>23,176</b>	<b>-8.2%</b>	33,399
Investment banking	9,960	11,840	6,183	8,010	<b>10,650</b>	<b>33.0%</b>	26,864	<b>24,844</b>	<b>-7.5%</b>	38,704
Underwriting commission (Equity)	3,961	6,983	1,808	2,134	<b>6,041</b>	<b>183.0%</b>	9,384	<b>9,983</b>	<b>6.4%</b>	16,367
Underwriting commission (Bond)	3,534	1,866	1,977	2,652	<b>2,049</b>	<b>-22.7%</b>	7,905	<b>6,680</b>	<b>-15.5%</b>	9,771
Distribution commission	107	140	107	163	<b>96</b>	<b>-41.2%</b>	294	<b>367</b>	<b>24.4%</b>	434
Others	2,315	2,848	2,243	3,059	<b>2,462</b>	<b>-19.5%</b>	9,117	<b>7,766</b>	<b>-14.8%</b>	11,966
M&A commission	1,968	2,151	1,845	2,734	<b>2,152</b>	<b>-21.3%</b>	7,381	<b>6,732</b>	<b>-8.8%</b>	9,533
Other	2,634	3,069	2,786	2,971	<b>2,674</b>	<b>-10.0%</b>	9,039	<b>8,432</b>	<b>-6.7%</b>	12,108
Life insurance sales commission	421	444	325	489	<b>530</b>	<b>8.3%</b>	1,532	<b>1,345</b>	<b>-12.2%</b>	1,977
Investment enterprise partnership administration fee	377	310	306	304	<b>300</b>	<b>-1.4%</b>	1,479	<b>912</b>	<b>-38.3%</b>	1,789
Custody fee	703	720	755	704	<b>653</b>	<b>-7.2%</b>	2,198	<b>2,112</b>	<b>-3.9%</b>	2,919
Others	1,130	1,593	1,399	1,472	<b>1,190</b>	<b>-19.2%</b>	3,828	<b>4,062</b>	<b>6.1%</b>	5,422

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

## 【Managerial accounting basis】

(Y bil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Equity	2.0	-66.7%	11.0	-38.9%
Bond	7.0	-53.3%	47.0	-36.5%
Total	9.0	-57.1%	58.0	-37.0%



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

(Y mil)	FY2011 3Q	% Change vs 2Q FY11	FY2011 1-3Q	% Change vs 1-3Q FY10
Equity	1,259	—	-19,040	—
Bond and forex	7,312	-72.6%	68,753	-29.1%
Net financial income	4,581	-33.9%	16,368	68.9%
Total	13,153	-39.7%	66,080	-23.3%

# Equity Market Share



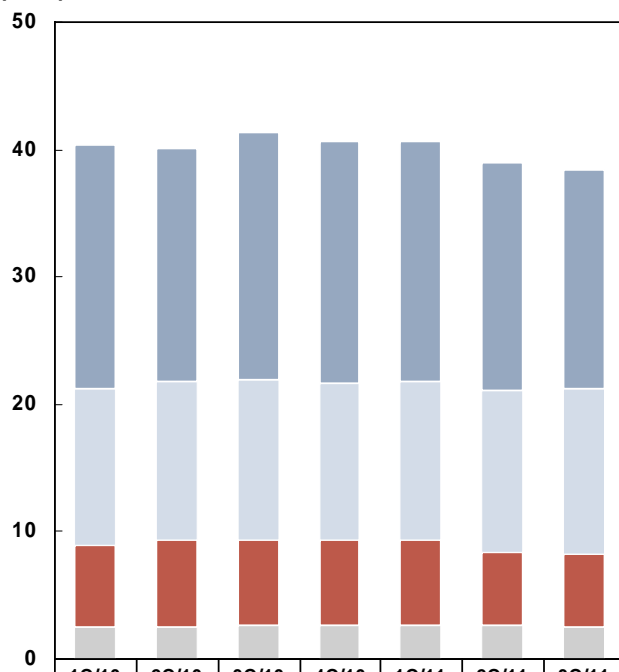
	FY2009		FY2010				FY2011		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Market data</b>									
Average daily trading value in TSE, OSE, and NSE: (Y bil)	1,388	1,451	1,598	1,200	1,359	1,790	1,333	1,285	1,009
Share of individual investors: (%)	19.1	19.8	17.5	15.9	17.0	19.0	16.9	16.8	17.7
<b>Market share (on and off floor) in TSE: (%)</b>									
Daiwa Securities Group (on and off floor)	8.2	7.5	7.0	7.0	8.4	7.7	7.1	7.0	7.1
Daiwa Securities	0.9	1.0	0.8	0.7	0.9	1.0	0.8	0.8	0.9
Daiwa Securities Capital Markets	7.3	6.5	6.2	6.3	7.6	6.7	6.3	6.2	6.2
<b>Share of Daiwa Securities Capital Markets in after-hours and off floor transactions : (%)</b>									
Market share	12.6	12.4	11.5	10.0	13.0	10.3	9.9	8.3	7.6
<b>Share of Daiwa Securities among individual investor transactions at TSE, OSE, and NSE : (%)</b>									
Market share	4.6	4.7	4.5	4.3	5.0	5.3	4.7	4.8	4.8
<b>Daiwa Securities equity commission rate : (bp)</b>									
Commission rate*	42	43	41	36	34	32	31	31	31

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

# Customer Asset & Sales of Equity Investment Trust

Customer Asset (Overall Group)

(Y tri)

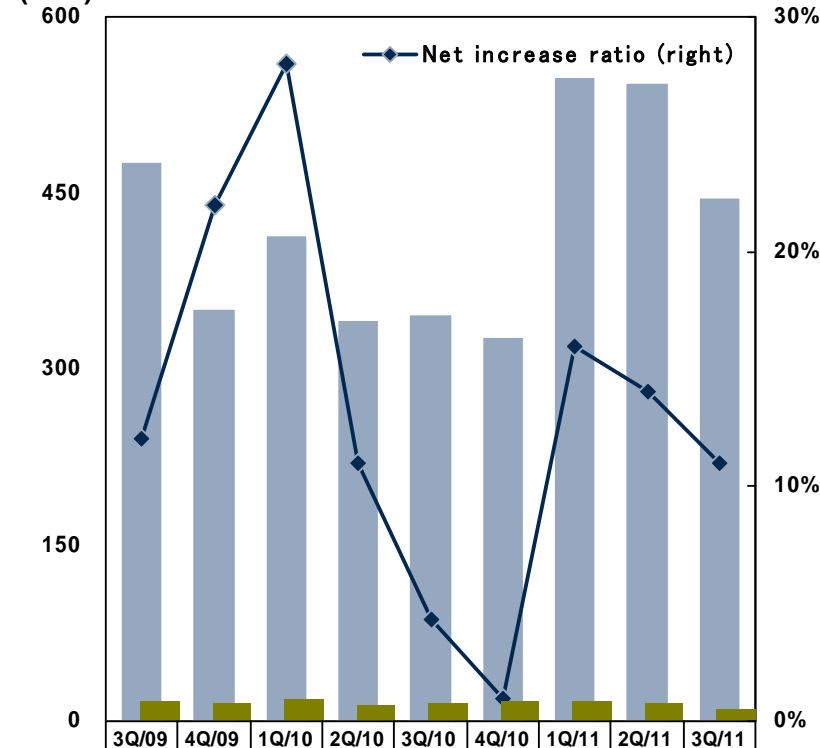


Equity	19.1	18.3	19.4	19.1	18.9	17.8	17.2
Bond	12.2	12.5	12.5	12.2	12.5	12.7	12.9
Investment trust	6.5	6.8	6.8	6.8	6.7	5.8	5.8
Others	2.5	2.5	2.6	2.6	2.6	2.6	2.5
<b>Total</b>	<b>40.5</b>	<b>40.2</b>	<b>41.5</b>	<b>40.9</b>	<b>40.8</b>	<b>39.0</b>	<b>38.5</b>

\*All figures are as of end of quarter.

Sales and Net Increase Ratio of Equity Investment Trusts

(Y bil)



Equity type investment trust (left)	476.9	351.2	413.2	341.6	346.5	327.4	548.9	543.9	445.2
Sales through online (left)	16.4	16.0	19.6	12.9	14.6	16.5	17.2	15.9	10.0

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

Note: Include switching transaction between funds.

# Consolidated 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)	3Q/09	4Q/09	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11
VaR (Quarter end)	2.99	4.33	6.47	5.63	6.01	5.13	3.81	3.39	1.94
High	5.13	7.07	12.00	8.48	6.91	6.86	4.59	4.21	3.52
Low	2.53	2.63	4.38	4.39	5.44	4.62	2.74	3.04	1.86
Average	3.64	5.26	7.31	6.27	6.08	5.90	3.61	3.62	2.75

(By risk factors)

Equity	0.78	0.57	0.77	1.39	1.34	2.08	1.70	0.77	0.82
Interest	2.36	4.27	4.48	4.84	5.26	4.82	4.00	3.39	1.35
Currency	1.71	1.01	4.04	2.03	1.42	0.68	0.63	0.70	0.68
Commodity	—	—	—	—	—	—	0.02	0.08	0.23

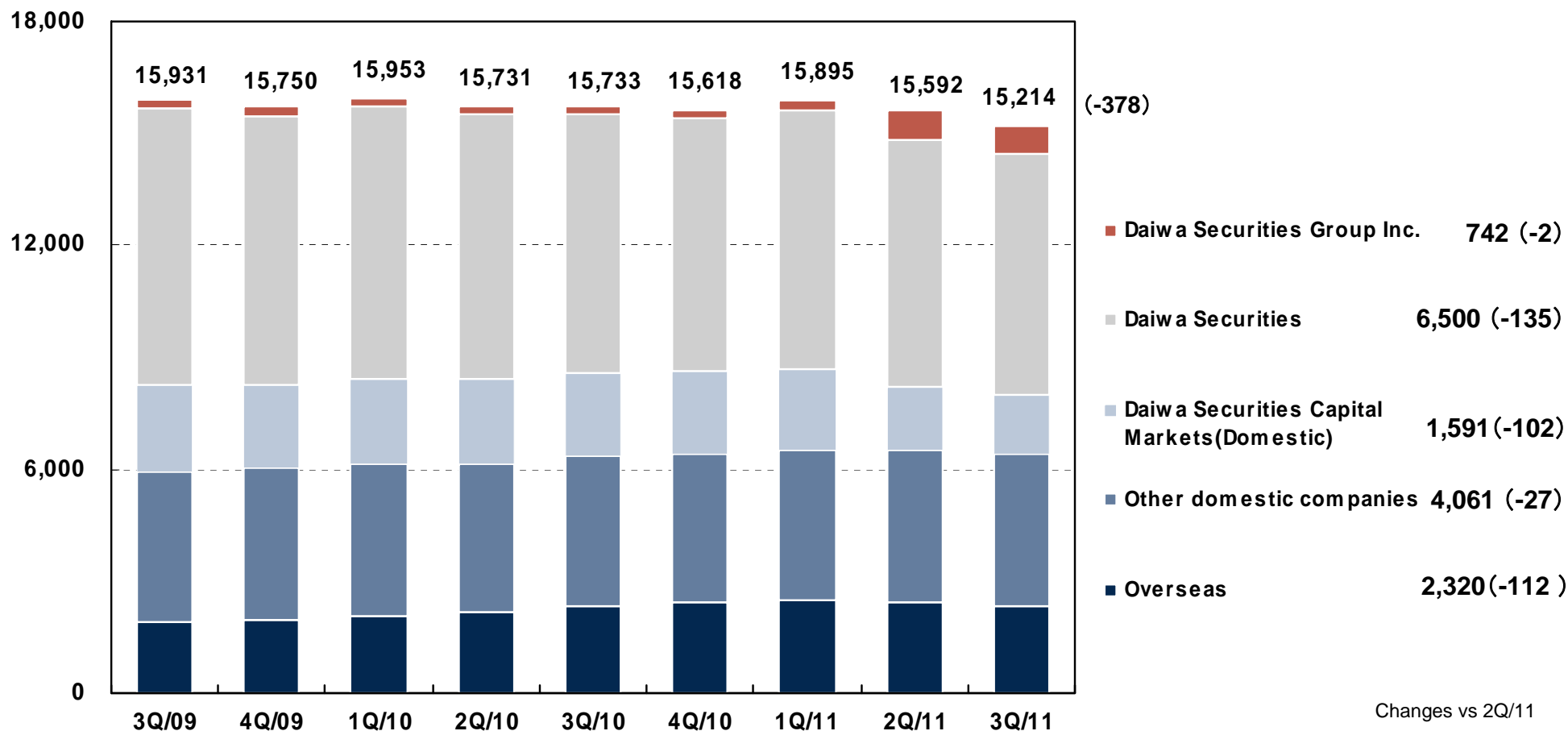
\*All figures are as of end of quarter

Consolidated

# Number of Group Employees



(# of employees)



- 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).
- Since FY09/4Q, figures for Daiwa Securities SMBCPI and Daiwa PI Partners have been included in other domestic companies.
- Since FY10/3Q, figures for overseas include employees (approximately 150) gained from acquisition of KBC group's business operations.

# Financial Summary

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>Operating revenues</b>	45,517	45,689	45,695	42,843	<b>38,030</b>	<b>-11.2%</b>	133,421	<b>126,570</b>	<b>-5.1%</b>	179,111
<b>Commissions</b>	28,939	31,270	30,903	29,501	<b>25,976</b>	<b>-11.9%</b>	87,615	<b>86,381</b>	<b>-1.4%</b>	118,885
<b>Brokerage commission</b>	6,038	8,252	4,895	5,064	<b>4,019</b>	<b>-20.6%</b>	18,058	<b>13,978</b>	<b>-22.6%</b>	26,310
<b>Stock and others</b>	5,669	7,792	4,458	4,669	<b>3,739</b>	<b>-19.9%</b>	17,296	<b>12,868</b>	<b>-25.6%</b>	25,088
<b>Distribution commission</b>	11,974	12,526	15,509	14,229	<b>12,245</b>	<b>-13.9%</b>	36,149	<b>41,984</b>	<b>16.1%</b>	48,675
<b>Stock and others</b>	2,031	3,013	476	574	<b>284</b>	<b>-50.5%</b>	4,166	<b>1,336</b>	<b>-67.9%</b>	7,180
<b>Bond and others</b>	2,417	2,589	2,405	1,623	<b>1,612</b>	<b>-0.7%</b>	8,862	<b>5,641</b>	<b>-36.3%</b>	11,451
<b>Investment trust</b>	7,525	6,924	12,626	12,031	<b>10,349</b>	<b>-14.0%</b>	23,119	<b>35,007</b>	<b>51.4%</b>	30,043
<b>Other commissions</b>	10,926	10,491	10,497	10,207	<b>9,711</b>	<b>-4.9%</b>	33,407	<b>30,417</b>	<b>-9.0%</b>	43,898
<b>Investment trust</b>	8,216	7,988	8,104	7,644	<b>6,980</b>	<b>-8.7%</b>	24,633	<b>22,730</b>	<b>-7.7%</b>	32,621
<b>Net gain/loss on trading</b>	14,931	12,778	13,096	11,663	<b>10,509</b>	<b>-9.9%</b>	41,048	<b>35,269</b>	<b>-14.1%</b>	53,826
<b>Equity</b>	2,926	2,198	2,499	1,870	<b>2,194</b>	<b>17.3%</b>	6,351	<b>6,563</b>	<b>3.3%</b>	8,550
<b>Bond and forex</b>	12,004	10,579	10,597	9,792	<b>8,314</b>	<b>-15.1%</b>	34,696	<b>28,705</b>	<b>-17.3%</b>	45,276
<b>Interest and dividend income</b>	1,646	1,641	1,696	1,679	<b>1,544</b>	<b>-8.1%</b>	4,757	<b>4,919</b>	<b>3.4%</b>	6,398
<b>Interest expenses</b>	403	329	388	323	<b>338</b>	<b>4.5%</b>	1,046	<b>1,050</b>	<b>0.5%</b>	1,375
<b>Net operating revenues</b>	45,114	45,359	45,307	42,520	<b>37,691</b>	<b>-11.4%</b>	132,375	<b>125,519</b>	<b>-5.2%</b>	177,735
<b>SG&amp;A</b>	35,353	32,937	33,202	34,763	<b>32,336</b>	<b>-7.0%</b>	104,226	<b>100,302</b>	<b>-3.8%</b>	137,163
<b>Ordinary income</b>	9,884	12,699	12,245	8,033	<b>5,447</b>	<b>-32.2%</b>	28,573	<b>25,726</b>	<b>-10.0%</b>	41,272
<b>Net income</b>	5,928	8,099	7,183	3,037	<b>2,261</b>	<b>-25.6%</b>	16,367	<b>12,481</b>	<b>-23.7%</b>	24,467
<b>ROE( Annualized)</b>	9.8%	13.0%	11.8%	5.1%	<b>4.2%</b>	—	8.8%	<b>7.5%</b>	—	9.7%
<b>Capital adequacy ratio</b>	441.6%	405.3%	461.0%	487.5%	<b>365.2%</b>	—	441.6%	<b>365.2%</b>	—	405.3%

# Breakdown of SG&A

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>SG&amp;A</b>	35,353	32,937	33,202	34,763	<b>32,336</b>	<b>-7.0%</b>	104,226	<b>100,302</b>	<b>-3.8%</b>	137,163
Trading related expenses	4,275	4,042	3,975	4,481	<b>3,966</b>	<b>-11.5%</b>	12,649	<b>12,423</b>	<b>-1.8%</b>	16,692
Personnel expenses	15,668	13,462	14,063	14,981	<b>13,903</b>	<b>-7.2%</b>	44,544	<b>42,948</b>	<b>-3.6%</b>	58,007
Real estate expenses	4,596	4,651	4,615	4,608	<b>4,420</b>	<b>-4.1%</b>	13,949	<b>13,645</b>	<b>-2.2%</b>	18,600
Office cost	5,801	5,892	5,728	6,014	<b>5,469</b>	<b>-9.1%</b>	17,947	<b>17,212</b>	<b>-4.1%</b>	23,840
Depreciation	4,085	4,072	3,898	3,886	<b>3,832</b>	<b>-1.4%</b>	12,308	<b>11,617</b>	<b>-5.6%</b>	16,381
Taxes and dues	251	282	374	254	<b>222</b>	<b>-12.5%</b>	877	<b>851</b>	<b>-2.9%</b>	1,159
Other	674	532	546	535	<b>521</b>	<b>-2.7%</b>	1,948	<b>1,603</b>	<b>-17.7%</b>	2,480

## Number of Accounts and Balance of Client Assets

### Daiwa Securities' Number of Accounts (thousands)

	FY2009		FY2010				FY2011		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Cash Management Service accounts	3,340	3,359	3,374	3,383	3,392	3,401	3,414	3,435	3,444
Accounts holding equity	1,408	1,400	1,407	1,406	1,397	1,401	1,399	1,401	1,396
Accounts holding equity investment trusts	684	686	687	686	679	675	670	666	658

\*All figures are as of end of quarter.

### Daiwa Securities' Newly Opened Accounts (thousands)

Newly opened accounts	35	36	36	30	29	29	32	42	32
Daiwa Direct Course	20	21	20	17	16	16	15	16	12

### Daiwa Securities' Wrap Account

Number of customers (thousands)	18.3	18.8	20.4	21.2	20.7	20.8	20.4	20.4	19.9
Daiwa SMA	1.8	1.7	1.7	1.6	1.8	2.0	2.0	2.0	1.9
Daiwa Fund Wrap	16.5	17.0	18.7	19.5	18.9	18.8	18.3	18.3	17.9
Contract asset under management (Y bil)	233	242	241	253	261	272	259	235	231
Daiwa SMA	128	130	124	126	136	145	137	123	120
Daiwa Fund Wrap	104	112	117	126	124	126	122	112	110

\*All figures are as of end of quarter.

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

Number of Accounts (thousands)	—	—	—	—	—	—	139	329	415
Deposit Balance (Y bil)	—	—	—	—	—	—	408	913	1,233
Ordinary deposits	—	—	—	—	—	—	219	377	420
Time deposits	—	—	—	—	—	—	187	534	811

\*All figures are as of end of quarter.

# Online Trading

	FY2009		FY2010				FY2011		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Online trading</b>									
Number of accounts (thousands)	2,158	2,183	2,203	2,218	2,233	2,249	2,301	2,381	2,419
Assets under custody (Y bil)	10,789	11,285	10,462	10,570	11,037	11,046	11,745	11,863	12,240
<b>Daiwa Direct Course</b>									
Number of accounts (thousands)	1,224	1,251	1,270	1,285	1,299	1,314	1,328	1,340	1,350
Assets under custody (Y bil)	2,581	2,763	2,549	2,547	2,699	2,676	2,666	2,541	2,522
<b>Daiwa Direct margin transaction service</b>									
Number of accounts (thousands)	39	39	40	41	43	45	47	48	49
Margin position (Y bil)	87	91	100	97	96	89	96	90	90
<b>Foreign exchange*</b>									
Number of accounts (thousands)	35	39	42	47	51	54	56	59	60
Trading value (Y bil, quarterly basis)	2,524	2,574	4,712	4,875	6,833	7,948	7,319	6,375	4,632

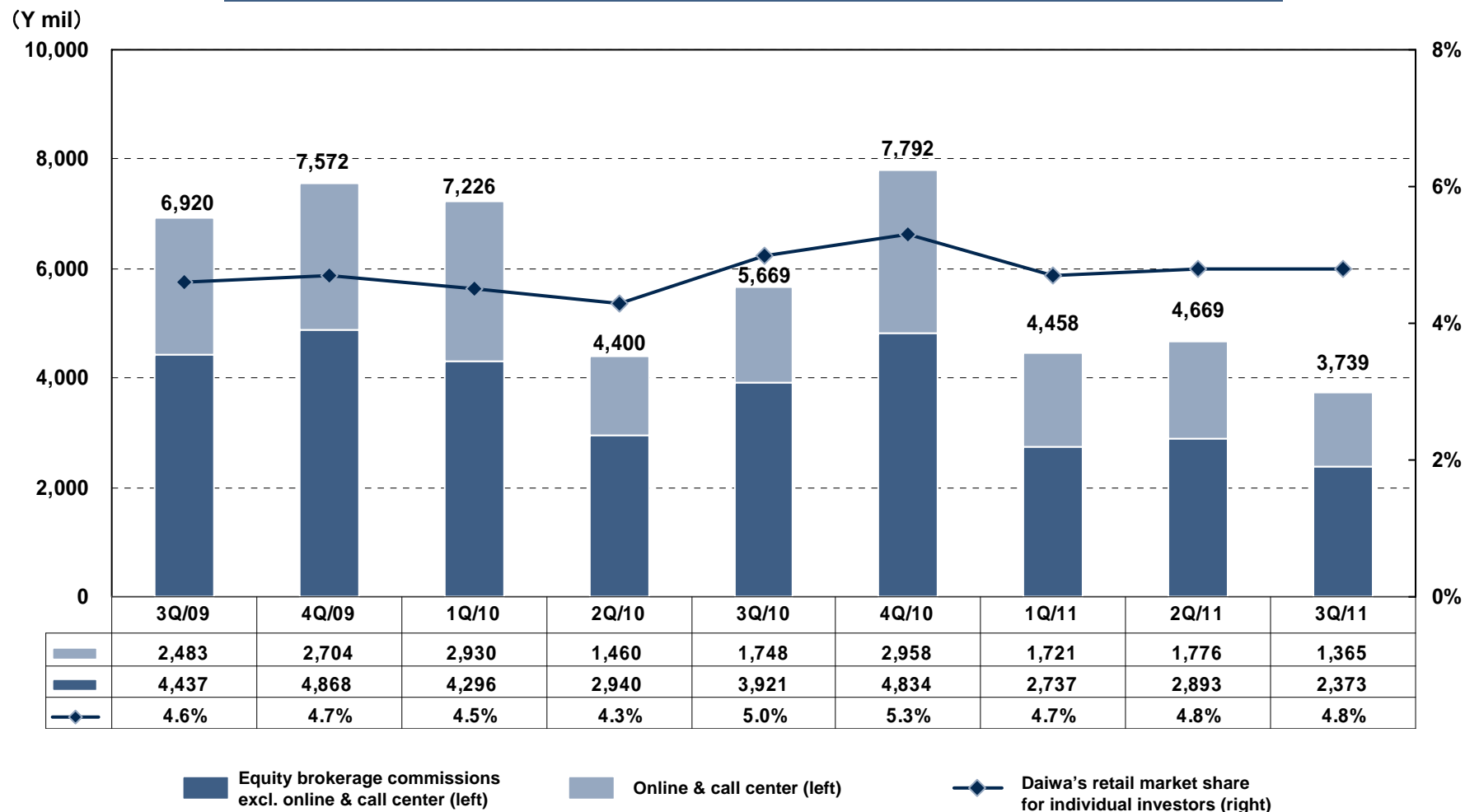
\* Total figure is the sum of "Daiwa FX" (OTC FX margin trading) and "Daiwa 365FX" (FX margin trading on exchange)

※All figures are as of end of quarter.

<b>Online ratio for retail investors (Equity)</b>									
Online ratio (number of contracts) (%)	83.6	83.4	85.4	86.0	84.9	87.3	88.1	87.8	88.1
Online ratio (trading value) (%)	65.0	66.9	70.7	74.3	71.8	76.9	79.3	77.7	78.1
Online ratio (commission) (%)	37.0	39.0	43.2	39.1	35.0	41.6	42.9	42.1	39.6
<b>Online contracts, trading value and equity commission for retail investors</b>									
Total # of online contracts (thousands)	1,462	1,588	1,763	1,235	1,516	2,431	1,605	1,656	1,430
Total online trading value (Y bil)	979	1,075	1,160	805	1,068	1,730	1,062	1,087	873
Total online equity commission (Y mil)	2,451	2,666	2,893	1,440	1,723	2,914	1,701	1,756	1,352

# Equity Brokerage Commissions

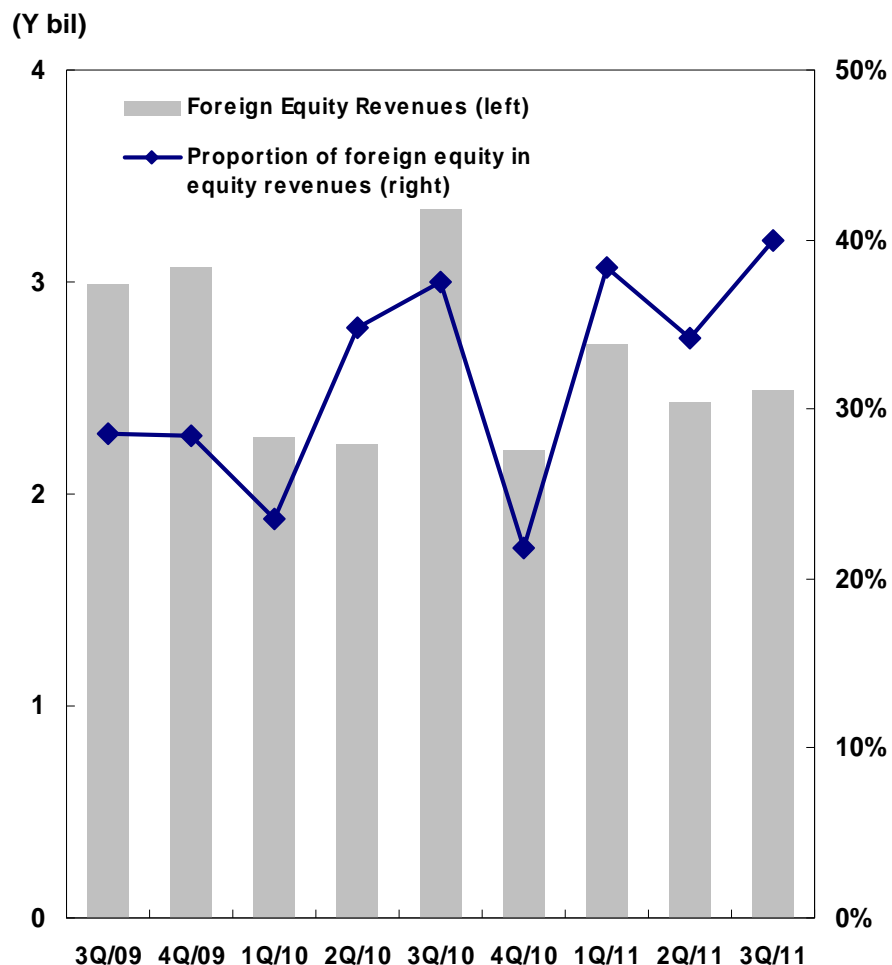
Daiwa Securities Equity Brokerage Commissions and Market Share



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.

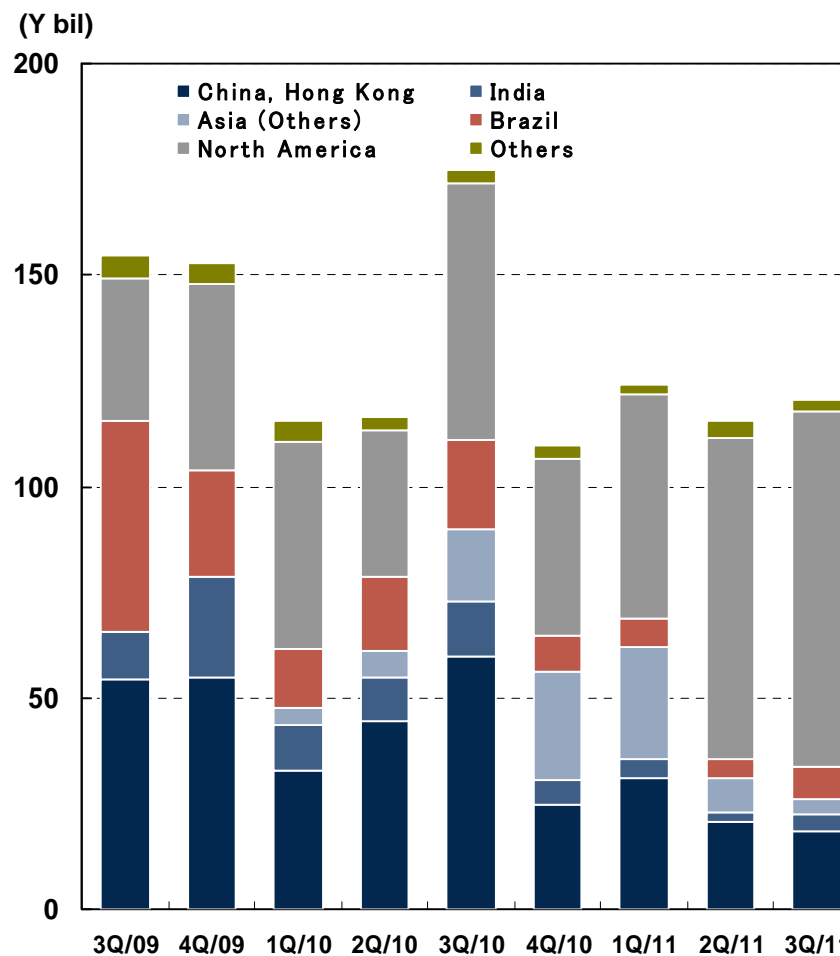
# Foreign Equity

Foreign Equity Revenues



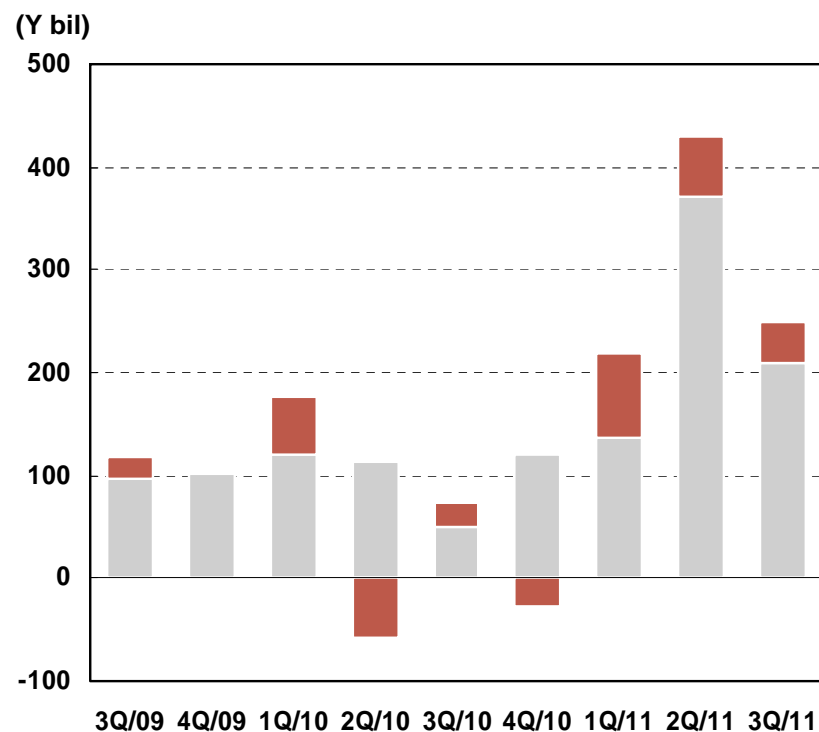
Note: Managerial accounting basis.

Foreign Equity Trading Value

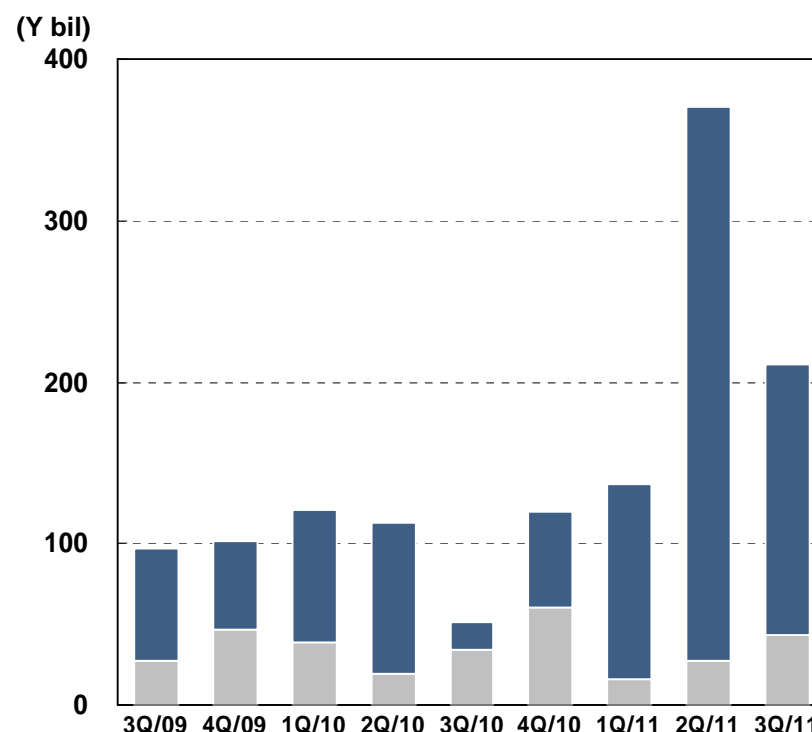


# Net Inflow of Assets under Custody

Net Inflow of Assets



Net Inflow of Cash and Securities (Individuals)



■ Corporation	21.8	2.7	55.2	-58.8	21.8	-27.7	82.7	59.8	39.3
■ Individual	96.5	101.9	120.7	112.4	51.0	120.2	136.8	370.8	210.3
<b>Total</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>	<b>430.6</b>	<b>249.6</b>

■ Net inflow of cash	69.6	54.7	81.7	92.4	16.9	59.5	121.0	343.0	167.2
■ Net inflow of securities	26.9	47.2	38.9	19.9	34.0	60.7	15.7	27.8	43.1

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

# Consolidated Financial Summary

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>Operating revenues</b>	46,617	37,406	40,911	35,530	<b>29,025</b>	<b>-18.3%</b>	125,030	<b>105,467</b>	<b>-15.6%</b>	162,436
Commissions	17,224	19,611	12,758	14,341	<b>15,453</b>	<b>7.8%</b>	46,985	<b>42,552</b>	<b>-9.4%</b>	66,596
Brokerage commission	6,279	6,795	5,542	5,072	<b>4,170</b>	<b>-17.8%</b>	16,974	<b>14,784</b>	<b>-12.9%</b>	23,769
Stock and others	6,169	6,586	5,464	4,967	<b>4,064</b>	<b>-18.2%</b>	16,670	<b>14,495</b>	<b>-13.0%</b>	23,257
Underwriting commission	7,737	8,851	3,966	4,787	<b>8,090</b>	<b>69.0%</b>	17,650	<b>16,845</b>	<b>-4.6%</b>	26,502
Stock and others	3,961	6,983	1,808	2,134	<b>6,041</b>	<b>183.0%</b>	9,384	<b>9,983</b>	<b>6.4%</b>	16,367
Bond and others	3,733	1,866	2,112	2,652	<b>2,049</b>	<b>-22.7%</b>	8,104	<b>6,815</b>	<b>-15.9%</b>	9,970
Distribution commission	181	161	181	29	<b>71</b>	<b>142.9%</b>	415	<b>282</b>	<b>-32.1%</b>	577
Other commissions (M&A and others)	3,026	3,802	3,068	4,452	<b>3,120</b>	<b>-29.9%</b>	11,945	<b>10,640</b>	<b>-10.9%</b>	15,747
Net gain/loss on trading	13,413	518	10,218	4,521	<b>-2,918</b>	—	31,221	<b>11,821</b>	<b>-62.1%</b>	31,739
Equity	3,210	9,345	-10,989	-13,734	<b>-909</b>	—	-27,014	<b>-25,633</b>	—	-17,668
Bond and forex	10,203	-8,827	21,207	18,256	<b>-2,009</b>	—	58,235	<b>37,454</b>	<b>-35.7%</b>	49,408
Interest and dividend income	15,978	17,276	17,934	16,667	<b>16,491</b>	<b>-1.1%</b>	46,823	<b>51,093</b>	<b>9.1%</b>	64,099
<b>Interest expenses</b>	13,148	11,699	12,392	10,702	<b>12,889</b>	<b>20.4%</b>	34,414	<b>35,984</b>	<b>4.6%</b>	46,113
<b>Net operating revenues</b>	33,468	25,706	28,518	24,827	<b>16,136</b>	<b>-35.0%</b>	90,615	<b>69,483</b>	<b>-23.3%</b>	116,322
<b>SG&amp;A</b>	48,488	53,576	47,409	44,502	<b>39,946</b>	<b>-10.2%</b>	138,587	<b>131,859</b>	<b>-4.9%</b>	192,164
<b>Ordinary income</b>	-14,647	-27,210	-18,460	-20,499	<b>-24,652</b>	—	-47,952	<b>-63,612</b>	—	-75,163
<b>Net income</b>	-14,656	-30,449	-18,430	-27,797	<b>-26,776</b>	—	-46,627	<b>-73,004</b>	—	-77,077

# Breakdown of Consolidated SG&A

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>SG&amp;A</b>	48,488	53,576	47,409	44,502	39,946	<b>-10.2%</b>	138,587	<b>131,859</b>	<b>-4.9%</b>	192,164
Trading related expenses	12,489	14,619	10,607	10,090	8,147	<b>-19.3%</b>	36,390	<b>28,846</b>	<b>-20.7%</b>	51,009
Personnel expenses	18,730	20,518	19,260	17,941	15,937	<b>-11.2%</b>	51,329	<b>53,139</b>	<b>3.5%</b>	71,848
Real estate expenses	4,875	5,318	4,833	4,615	4,507	<b>-2.3%</b>	14,232	<b>13,955</b>	<b>-1.9%</b>	19,550
Office cost	4,222	4,525	4,148	4,063	4,262	<b>4.9%</b>	13,529	<b>12,473</b>	<b>-7.8%</b>	18,054
Depreciation	5,139	5,303	5,361	5,357	4,934	<b>-7.9%</b>	15,278	<b>15,653</b>	<b>2.5%</b>	20,582
Taxes and dues	817	691	934	526	556	<b>5.7%</b>	2,372	<b>2,018</b>	<b>-14.9%</b>	3,064
Other	2,213	2,600	2,263	1,907	1,600	<b>-16.1%</b>	5,455	<b>5,771</b>	<b>5.8%</b>	8,055

# Major League Tables

	IPO	Primary and secondary equity offerings	Straight bonds (excl. own bonds)	Agency bonds	Samurai bonds	M&A	
						Transaction value	Number of deals
<b>1-3Q FY2011 League Table</b>							
1st	Nomura	Daiwa Capital Markets	Nomura	Nomura	Mizuho	Nomura	Nomura
	47.1%	27.7%	23.2%	22.4%	19.0%		
2nd	Morgan Stanley MUFG	SMBC Nikko	Mitsubishi UFJMS	Mitsubishi UFJMS	Nomura	Goldman Sachs	SMFG
	16.9%	23.4%	19.8%	21.2%	16.9%		
3rd	Daiwa Capital Markets	Nomura	Mizuho	Mizuho	Daiwa Capital Markets	Deutsche Bank	Mizuho
	12.5%	23.1%	18.8%	19.6%	16.7%		
4th	SMBC Nikko	Mizuho	Daiwa Capital Markets	SMBC Nikko	Mitsubishi UFJMS	Mizuho	Daiwa Securities Group
	9.0%	15.8%	16.7%	13.5%	15.9%		
5th	Goldman Sachs	Morgan Stanley MUFG	SMBC Nikko	Daiwa Capital Markets	SMBC Nikko	BoA Merrill Lynch	Morgan Stanley
	6.1%	6.0%	12.3%	12.8%	9.8%		
<b>3Q FY2011 League Table</b>							
1st	Nomura	Nomura	Mitsubishi UFJMS	Mitsubishi UFJMS	Mizuho	Nomura	Nomura
	48.0%	83.5%	25.3%	31.2%	29.2%		
2nd	Morgan Stanley MUFG	Daiwa Capital Markets	Nomura	Mizuho	Mitsubishi UFJMS	Mizuho	Mizuho
	19.6%	11.9%	21.8%	29.2%	19.9%		
3rd	SMBC Nikko	Mitsubishi UFJMS	Mizuho	Daiwa Capital Markets	Daiwa Capital Markets	BoA Merrill Lynch	SMFG
	10.5%	4.6%	19.9%	15.5%	13.8%		
4th	Goldman Sachs		Daiwa Capital Markets	Nomura	Nomura	Goldman Sachs	Daiwa Securities Group
	7.1%		15.9%	13.8%	12.8%		
5th	Daiwa Capital Markets		SMBC Nikko	SMBC Nikko	SMBC Nikko	UBS	GCA Savvian
	6.5%		9.4%	4.6%	10.8%		

Source: Daiwa Securities Capital Markets Apr 2011-Dec 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-Dec 2011  
 "M&A advisory league table for any Japanese involvement announced (AD19)"

# Financial Summary

(Y mil)	FY2010		FY2011			% Change vs 2Q FY11	FY2010	FY2011	% Change vs 1-3Q FY10	FY2010
	3Q	4Q	1Q	2Q	3Q		1-3Q	1-3Q		
<b>Operating revenues</b>	18,451	18,174	19,123	19,032	<b>17,274</b>	<b>-9.2%</b>	54,474	<b>55,430</b>	<b>1.8%</b>	72,648
<b>Management fee</b>	18,367	18,095	19,039	18,938	<b>17,170</b>	<b>-9.3%</b>	54,208	<b>55,148</b>	<b>1.7%</b>	72,303
<b>Equity investment trust</b>	18,110	17,857	18,834	18,746	<b>16,990</b>	<b>-9.4%</b>	53,384	<b>54,571</b>	<b>2.2%</b>	71,241
<b>Bond investment trust</b>	256	238	204	191	<b>179</b>	<b>-6.5%</b>	823	<b>576</b>	<b>-30.0%</b>	1,061
<b>Other operating revenues</b>	84	78	84	93	<b>104</b>	<b>11.5%</b>	266	<b>282</b>	<b>6.0%</b>	345
<b>SG&amp;A</b>	15,181	14,915	15,690	15,628	<b>14,584</b>	<b>-6.7%</b>	44,636	<b>45,903</b>	<b>2.8%</b>	59,551
<b>Commissions paid</b>	10,477	10,322	10,754	10,640	<b>9,646</b>	<b>-9.3%</b>	31,114	<b>31,040</b>	<b>-0.2%</b>	41,437
<b>Other SG&amp;A</b>	4,704	4,592	4,935	4,988	<b>4,938</b>	<b>-1.0%</b>	13,521	<b>14,862</b>	<b>9.9%</b>	18,114
<b>Operating income</b>	3,270	3,259	3,433	3,404	<b>2,690</b>	<b>-21.0%</b>	9,838	<b>9,527</b>	<b>-3.2%</b>	13,097
<b>Ordinary income</b>	3,896	3,287	3,505	3,374	<b>2,661</b>	<b>-21.1%</b>	10,453	<b>9,541</b>	<b>-8.7%</b>	13,741
<b>Net income</b>	2,485	1,893	1,932	2,120	<b>1,812</b>	<b>-14.5%</b>	7,312	<b>5,865</b>	<b>-19.8%</b>	9,205

## Contact

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