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4Q FY2011 Earnings Announcement

April 27, 2012

Daiwa Securities Group Inc.

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Highlights



■ FY2011: Net operating revenues increased by 5.5% y/y to Y 336 bil

- Retail: sales of investment trusts exceeded Y 2 tri, and its commissions rose by 60% y/y (p11).
- Asset Management: achieved an increase in net operating revenue compared to FY2010 (p12).

■ 4Q FY2011: Operating performances are bottoming out by increased revenue and cost reduction effect, achieving ordinary income Y 9.6 bil

- Retail: increased in revenues of Equity, Bond and Investment trust.
- Wholesale: cost/income structure substantially improved with cost reduction effect.
- Overseas business: completed approx. 500 personnel reduction by the end of March 2012, and cost reduction plan has steadily progressed.
- Europe and America have returned to profitability (p16).

■ Asset Management Division succeeded to expand market share in net asset balance of investment trust, achieving our historically highest level

- Asset Management: net asset balance of investment trust continued to expand successfully, reaching 18.8% at our highest level as of the end of 4Q FY2011.

Consolidated Summary

- **4Q FY2011 Net operating revenues were Y 90.9 bil (+29.3% q/q)**

Under the upturn in the market, Retail and Global Markets Divisions reached FY2011's highest net operating revenues in 4Q, achieving a large increase in commission received; Y 57.0 bil (+8.6% q/q) and in net trading income; Y 29.7 bil (+246.5% q/q).

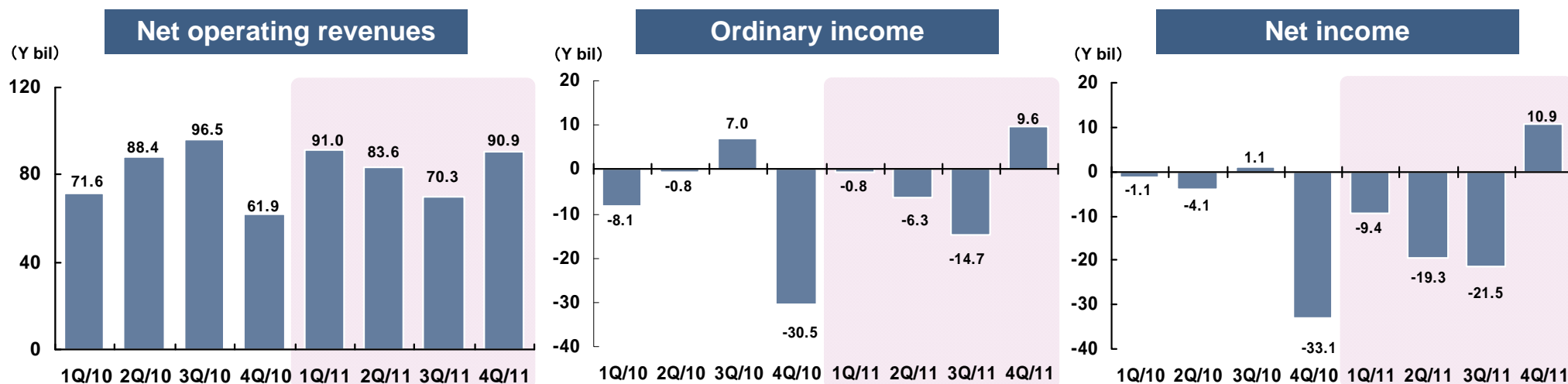
- **4Q FY2011 Ordinary income was Y 9.6 bil**

Ordinary income/loss returned to profitability through increased revenue in Retail Division and drastic improvement of cost/income balance in Wholesale Division. Consolidated personnel costs decreased to Y 36.2 bil (down Y 6 bil compared to 1Q). Overseas operation in Europe and America achieved a surplus.

- **4Q FY2011 Net income was Y 10.9 bil**

Extraordinary income regarding consolidation of Daiwa Office Investment Corporation and booking of its negative goodwill were Y 37.3 bil, being offset by extraordinary loss of Y 29.9 bil including restructuring cost Y 7.9 bil and impairment loss Y 17.1 bil, resulted in extraordinary income Y 8.4 bil in total.

- **FY2011 Proposed Dividend per Share is 6 yen (including interim: 3 yen)**



Financial Summary

(Y mil)	FY2011		% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	3Q	4Q				
Operating revenues	92,919	113,348	22.0%	403,042	422,374	4.8%
Net operating revenues	70,344	90,967	29.3%	318,564	336,016	5.5%
SG&A	86,352	85,626	-0.8%	363,919	359,729	-1.2%
Ordinary income	-14,713	9,682	-	-32,602	-12,200	-
Net income	-21,567	10,920	-	-37,331	-39,434	-
Total assets	17,220,452	18,924,038		16,842,411	18,924,038	
Net assets	806,065	951,702		921,398	951,702	
Shareholders' equity*	729,977	782,498		833,932	782,498	
EPS (Y)	-12.79	6.46		-21.90	-23.41	
BPS (Y)	432.39	463.04		496.76	463.04	
ROE (Annualized)	—	5.8%		—	-	

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

<Reference>

- Consolidated Capital Adequacy Ratio: 24.5%
(As of December 31, 2011)

FY11 Dividend

FY11 Proposed Dividend per Share: 6 yen
(including 3 yen interim dividend)

Consolidated

P/L Summary



(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
Operating revenues	83,438	113,625	102,480	92,919	113,348	22.0%	403,042	422,374	4.8%
Commissions	58,763	55,060	56,171	52,535	57,077	8.6%	218,630	220,845	1.0%
Net gain/loss on trading	15,985	26,244	14,895	8,572	29,703	246.5%	92,476	79,416	-14.1%
Net gain/loss on private equity and other securities	-20,154	1,251	1,892	1,470	-2,658	-	-17,259	1,955	-
Interest and dividend income	19,026	20,076	19,865	20,910	18,909	-9.6%	71,915	79,761	10.9%
Other operating revenues	9,818	10,992	9,656	9,429	10,316	9.4%	37,278	40,395	8.4%
Interest expenses	14,864	15,217	12,937	16,329	15,205	-6.9%	58,061	59,689	2.8%
Other operating expenses	6,576	7,325	5,922	6,245	7,175	14.9%	26,415	26,668	1.0%
Net operating revenues	61,998	91,083	83,621	70,344	90,967	29.3%	318,564	336,016	5.5%
SG&A	94,697	94,021	93,729	86,352	85,626	-0.8%	363,919	359,729	-1.2%
Operating income	-32,699	-2,938	-10,108	-16,008	5,340	-	-45,355	-23,713	-
Non-operating income/loss	2,107	2,134	3,741	1,294	4,341	235.4%	12,752	11,512	-9.7%
Ordinary income	-30,591	-803	-6,366	-14,713	9,682	-	-32,602	-12,200	-
Extraordinary income/loss	-5,590	-2,053	-9,055	-1,976	8,412	-	-1,923	-4,673	-
Income before income taxes	-36,182	-2,856	-15,422	-16,690	18,095	-	-34,525	-16,874	-
Total income taxes	4,582	6,271	4,920	4,544	8,663	90.6%	9,713	24,399	151.2%
Net income	-33,129	-9,434	-19,353	-21,567	10,920	-	-37,331	-39,434	-

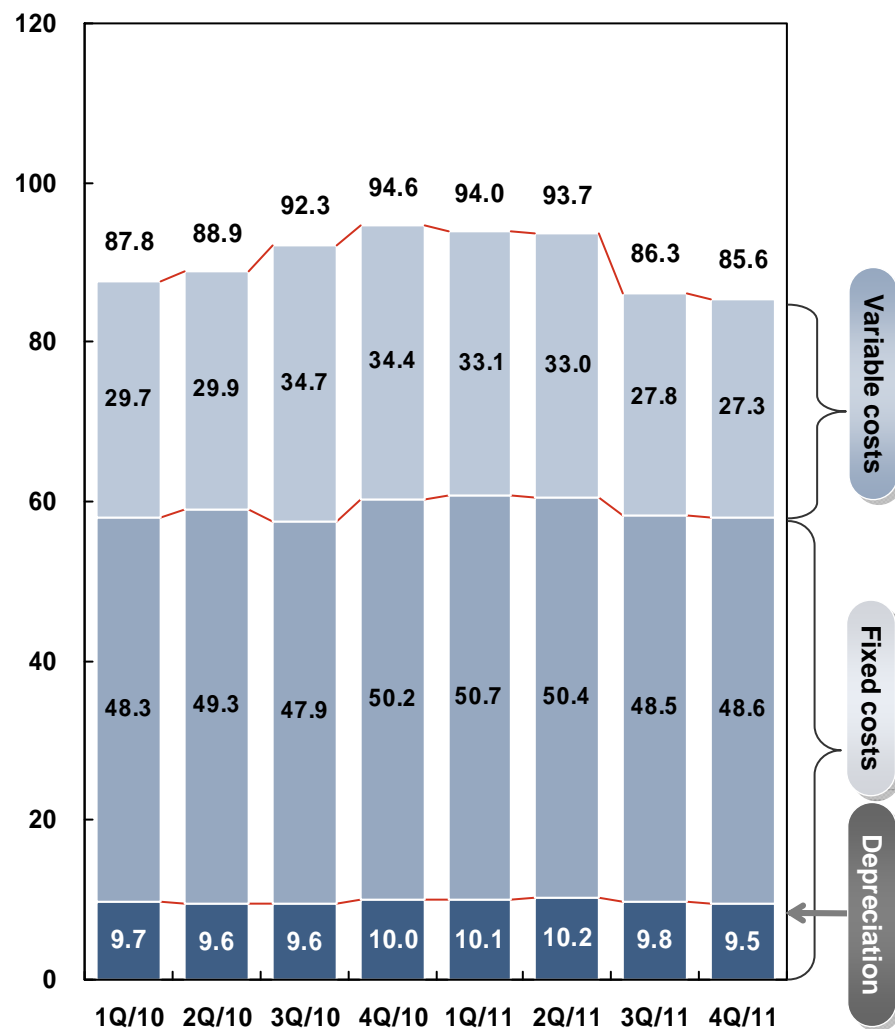
Break Down of SG&A

(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
SG&A	94,697	94,021	93,729	86,352	85,626	-0.8%	363,919	359,729	-1.2%
Trading related expenses	18,692	17,514	18,639	16,286	16,415	0.8%	70,398	68,856	-2.2%
Personnel expenses	41,441	42,268	41,815	37,994	36,219	-4.7%	160,234	158,297	-1.2%
Real estate expenses	11,795	11,273	11,374	11,203	11,029	-1.6%	45,257	44,880	-0.8%
Office cost	6,981	6,954	6,832	6,521	7,443	14.1%	27,026	27,751	2.7%
Depreciation	10,055	10,153	10,235	9,879	9,592	-2.9%	39,163	39,861	1.8%
Taxes and dues	1,492	2,136	1,465	1,436	1,542	7.4%	7,043	6,581	-6.6%
Other	4,238	3,719	3,365	3,031	3,383	11.6%	14,795	13,500	-8.8%

Consolidated Cost Structure



(Y bil)



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

Balance Sheet

Consolidated Balance Sheet (3/12)

(Y bil)

Current assets	18,217	(1,905)	Current liabilities	16,003	(2,064)
Short-term investment securities	1,474	(1,389)	Trading liabilities	5,953	(1,136)
Trading assets	8,876	(2,106)	Trading securities and others	3,570	(557)
Trading securities and others	6,148	(1,598)	Stocks, convertible bonds	128	(-153)
Stocks, convertible bonds	290	(-221)	Bonds	3,420	(690)
Bonds	5,720	(1,798)	Beneficiary certificates	—	(0)
Beneficiary certificates	74	(10)	CD/CP and others	20	(20)
CD/CP and others	62	(11)	Derivative liabilities	2,383	(579)
Derivative assets	2,728	(507)	Collateralized short-term financing agreements	6,068	(729)
Private equity and other securities	138	(-39)	Deposits for banking business	1,169	(1,169)
(after Allowance for possible investment losses)			Short-term borrowings	1,794	(-866)
Daiwa Securities SMBC PI+Daiwa PI Partners	123	(-30)	Commercial paper	275	(-120)
Daiwa Corporate Investment	14	(-8)	Current portion of bonds	215	(60)
Collateralized short-term financing agreements	5,735	(-1,592)			
Non-current assets	706	(175)	Non-current liabilities	1,966	(-12)
Tangible fixed assets	394	(261)	Bonds and notes	1,282	(-51)
Intangible fixed assets	102	(-32)	Long-term debts	623	(30)
Investments and others	209	(-52)	Total liabilities	17,972	(2,051)
Investment securities	159	(-29)	Net assets	951	(30)
Listed stocks	75	(2)	Owners' equity	801	(-45)
Unlisted stocks	33	(0)	Accumulated other comprehensive income	-18	(-6)
Others	50	(-31)	Minority interests	163	(80)
Others	50	(-22)			
Total assets	18,924	(2,081)	Total liabilities and net assets	18,924	(2,081)

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

Segment Information

(Y mil)	Net operating revenues							
	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	1Q	2Q	3Q	4Q				
Retail	45,593	42,716	37,808	45,913	21.4%	178,970	172,033	-3.9%
Asset Management	9,648	9,778	8,871	9,125	2.9%	36,324	37,424	3.0%
Global Markets	16,718	12,296	3,074	19,924	548.0%	61,495	52,014	-15.4%
Global Investment Banking	5,552	5,851	8,299	6,770	-18.4%	30,635	26,473	-13.6%
Investment	1,262	1,249	1,527	-2,949	-	-15,277	1,090	-
Others/Adjustments	12,308	11,727	10,761	12,181		26,416	46,980	
Consolidated total	91,083	83,621	70,344	90,967	29.3%	318,564	336,016	5.5%

(Y mil)	Ordinary income							
	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	1Q	2Q	3Q	4Q				
Retail	12,442	8,186	5,467	12,742	133.0%	41,866	38,839	-7.2%
Asset Management	4,071	4,137	3,206	3,200	-0.2%	15,948	14,615	-8.4%
Global Markets	-12,835	-15,827	-22,475	-3,294	-	-52,173	-54,433	-
Global Investment Banking	-5,820	-4,436	-2,731	-1,296	-	-14,733	-14,284	-
Investment	402	377	579	-3,337	-	-21,476	-1,976	-
Others/Adjustments	936	1,194	1,239	1,668		-2,034	5,039	
Consolidated total	-803	-6,366	-14,713	9,682	-	-32,602	-12,200	-

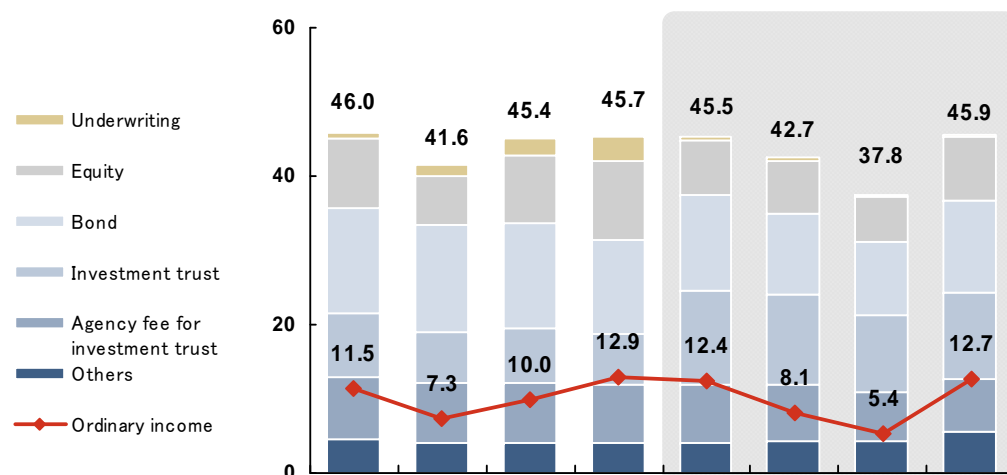
Consolidated Retail



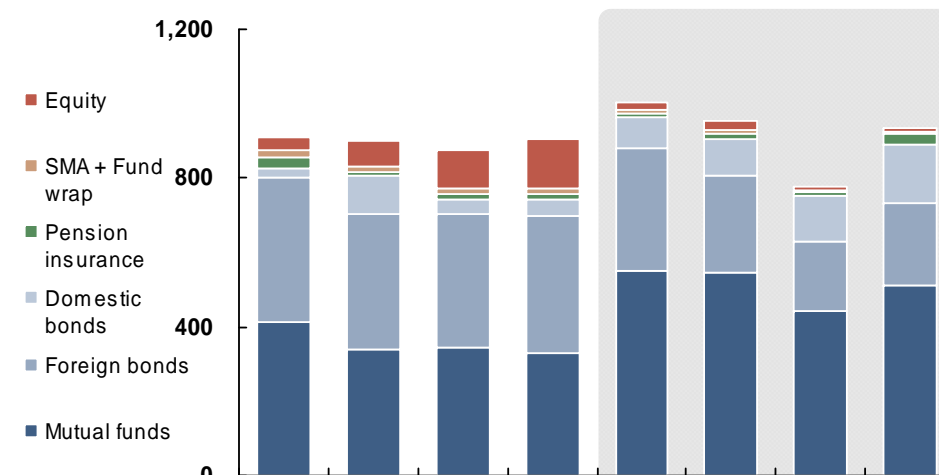
(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Net operating revenues	45,913	21.4%	172,033	-3.9%
Ordinary income	12,742	133.0%	38,839	-7.2%

- Increased revenues in equity, bond and investment trust, with individual investors' return to the market.

Quarterly figures



Sales and Distribution Amount by Product



(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Underwriting	0.8	1.4	2.3	3.3	0.5	0.6	0.3	0.2
Equity	9.4	6.5	9.2	10.6	7.3	6.9	6.1	8.8
Bond	14.0	14.6	14.1	12.8	12.8	11.0	9.8	12.2
Investment trust	8.6	6.7	7.3	6.7	12.7	12.1	10.3	11.7
Agency fee for investment trust	8.4	8.1	8.2	8.0	7.9	7.5	6.8	7.1
Others	4.6	4.1	4.0	4.0	4.0	4.4	4.2	5.6
Net operating revenues	46.0	41.6	45.4	45.7	45.5	42.7	37.8	45.9
Ordinary income	11.5	7.3	10.0	12.9	12.4	8.1	5.4	12.7

(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity	36.8	73.3	102.7	132.9	19.5	23.1	8.1	9.1
SMA + Fund wrap	21.3	12.4	17.8	16.9	11.8	8.5	2.8	7.8
Pension insurance	25.4	10.1	13.2	11.8	9.3	14.0	12.1	29.8
Domestic bonds	25.8	102.9	39.6	45.6	84.4	99.5	124.5	153.0
Foreign bonds	389.6	361.9	356.0	370.4	329.7	263.4	183.0	223.2
Mutual funds	413.2	341.6	346.5	327.4	548.9	543.9	445.2	511.7

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.

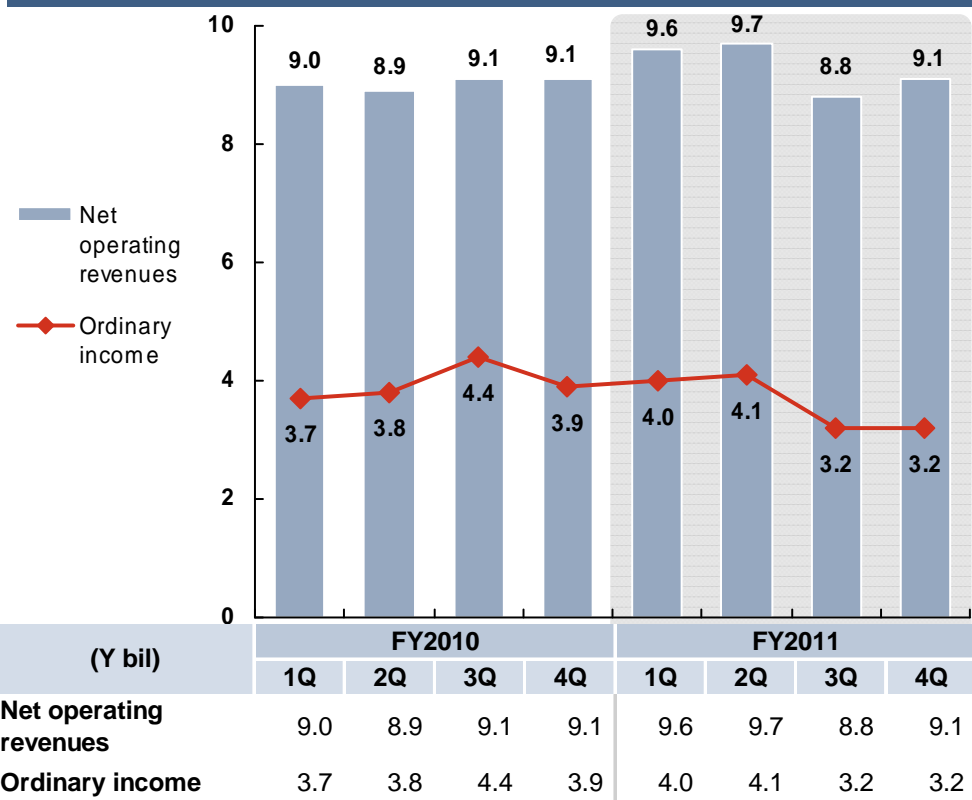
Asset Management



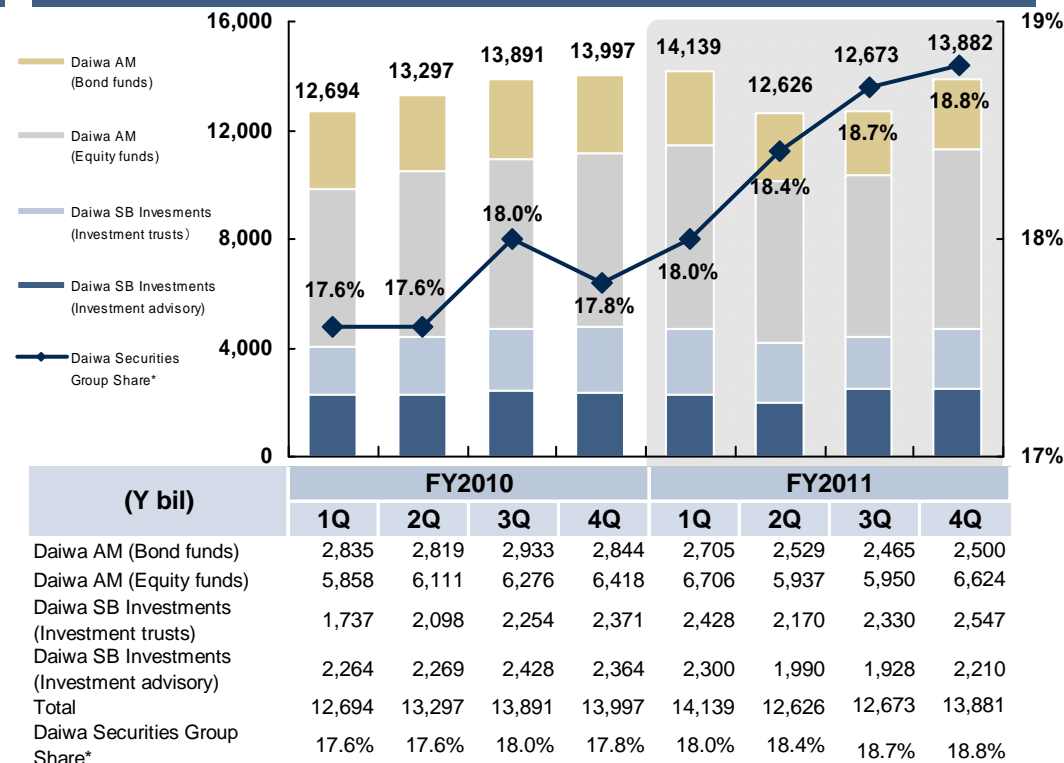
(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Net operating revenues	9,125	2.9%	37,424	3.0%
Ordinary income	3,200	-0.2%	14,615	-8.4%

■ Continuously expanded market shares in net asset balance of investment trust, reached 18.8%

Quarterly figures



Asset Under Management



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

+ Daiwa SB Investments (Investment trusts)

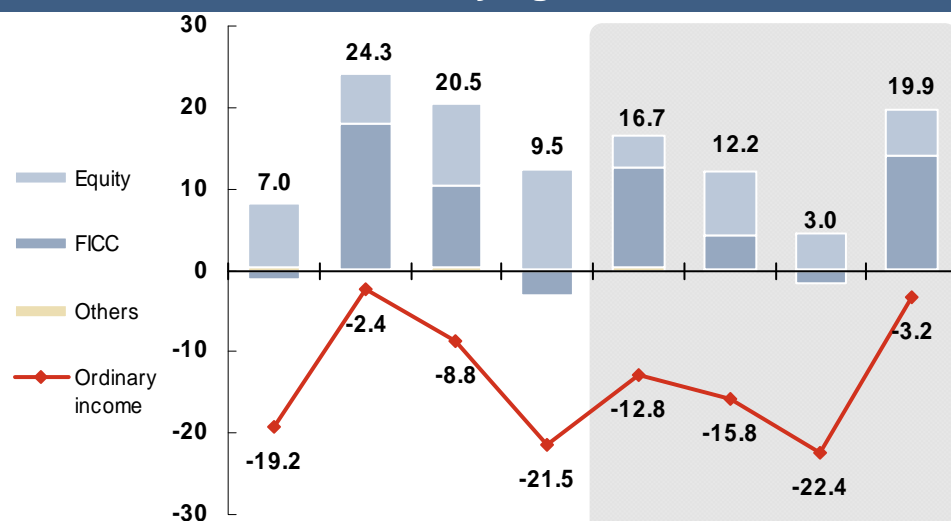
※All figures are as of end of quarter.

Consolidated Global Markets



(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Net operating revenues	19,924	548.0%	52,014	-15.4%
Ordinary income	-3,294	-	-54,433	-

Quarterly figures



(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity	7.8	6.3	10.0	12.2	4.1	7.8	4.3	5.8
FICC	-1.1	17.7	10.1	-3.0	12.2	4.2	-1.5	13.8
Others	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.2
Net operating revenues	7.0	24.3	20.5	9.5	16.7	12.2	3.0	19.9
Ordinary income	-19.2	-2.4	-8.8	-21.5	-12.8	-15.8	-22.4	-3.2

Note: figures calculated on managerial accounting basis of Daiwa Capital Markets.
FICC: Fixed Income, Currency and Commodities

- Improved trading income/loss under a favorable market transition from settle-down of the market turmoil to upturn.

Equity

- Revenues increased compared with 3Q through expansion of Block trade of Japanese stocks and Basket trade.

FICC

- Structured bonds / Derivatives
 - Hedge costs declined under the calming of market turmoil.
 - Client flow improved under environmental change such as Yen depreciation.
- Credit bonds
 - Improved q/q as calming of European debt crisis caused a favorable turn in overseas trading and recovered risk appetite of individuals for foreign bonds.

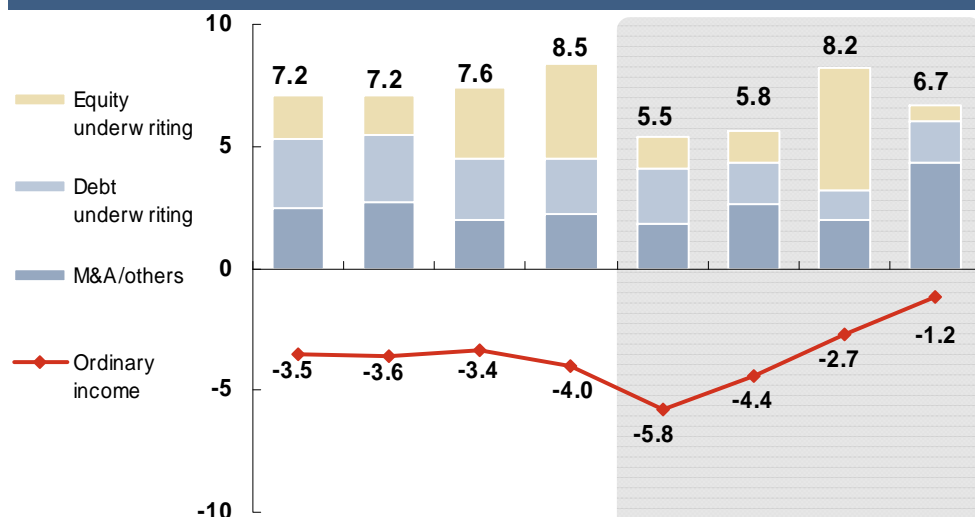
Global Investment Banking



(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Net operating revenues	6,770	-18.4%	26,473	-13.6%
Ordinary income	-1,296	-	-14,284	-

- Expanded lead managing deals for Global Benchmark Bonds (16deals, USD 24.3 bil in FY2011).
- Enlarged M&A business in Global, by strengthening of collaboration with DCA* (Europe) and Sagent (America).

Quarterly figures



(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity underwriting	1.8	1.6	2.9	3.9	1.3	1.3	5.0	0.7
Debt underwriting	2.8	2.8	2.5	2.3	2.3	1.7	1.2	1.7
M&A/others	2.5	2.7	2.0	2.2	1.8	2.6	2.0	4.3
Net operating revenues	7.2	7.2	7.6	8.5	5.5	5.8	8.2	6.7
Ordinary income	-3.5	-3.6	-3.4	-4.0	-5.8	-4.4	-2.7	-1.2

Major deals in 4Q FY2011

Debt Finance

- Continuously achieved lead managing deals of Global Benchmark Bonds
 - AfDB USD 1.0 bil
 - NIB USD 1.25 bil
 - Kommuninvest of Sweden USD 1.0 bil
 - EBRD USD 1.5 bil
 - Council of Europe Development Bank USD 1.0 bil

M&A

- Tender offer for the Sankei Building Co., Ltd. by Fuji Media Service, Inc. **[Deal Size] Y 127.5 bil**
(Advisor to Fuji Media Service, Inc. and TOB Agent)
- Acquisition of CPA Global by European private equity firm (Cinven) : **[Deal Size] Y 130.0 bil** (Advisor to CPA Global)
- Acquisition of Special Devices, Inc. by Daicel Corporation (Advisor to Daicel Corporation)

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

* Daiwa Corporate Advisory (its corporate name changed from Daiwa Corporate Advisory Partners)
 ※ See the Major League Tables p.22.

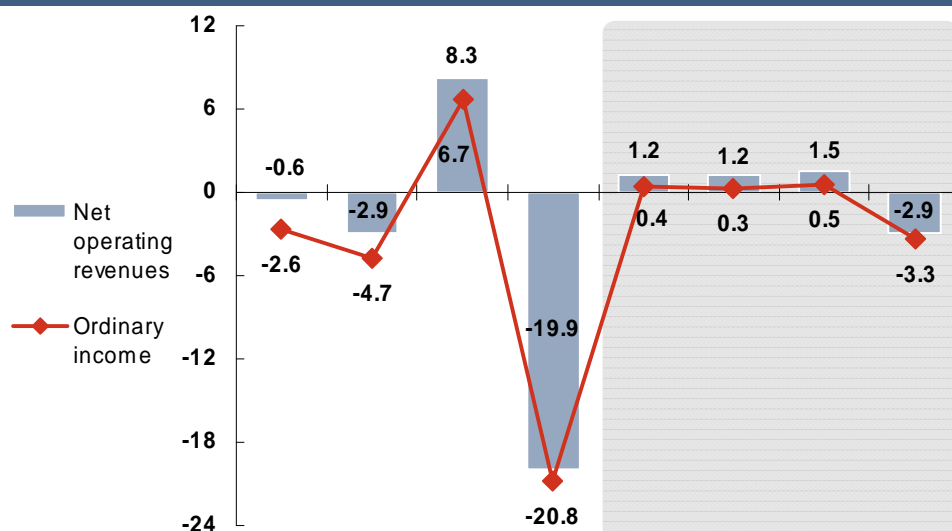
Consolidated Investment



(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Net operating revenues	-2,949	-	1,090	-
Ordinary income	-3,337	-	-1,976	-

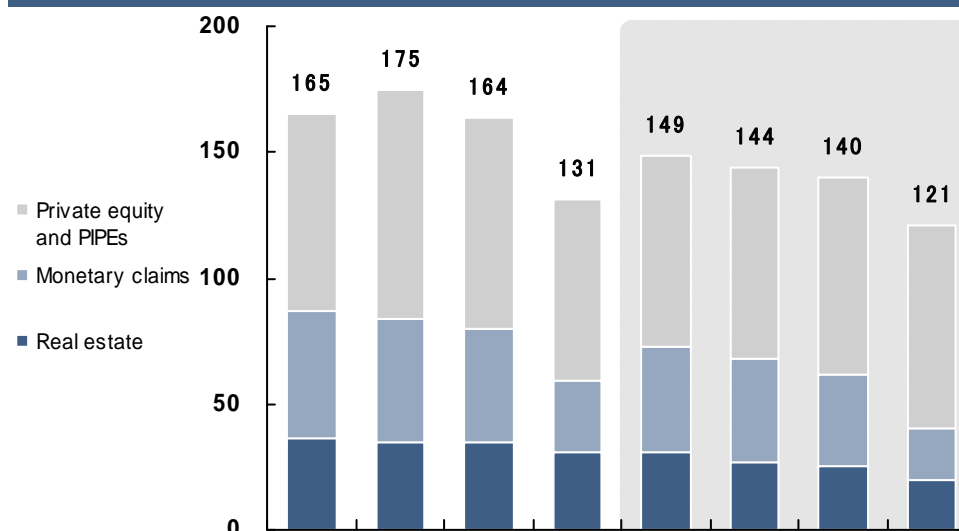
■ Booked ordinary loss mainly due to provision for real estate investments.

Quarterly figures



(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net operating revenues	-0.6	-2.9	8.3	-19.9	1.2	1.2	1.5	-2.9
Ordinary income	-2.6	-4.7	6.7	-20.8	0.4	0.3	0.5	-3.3

Principal Investment Values



(Y bil)	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Private equity and PIPEs	78	91	84	72	76	76	78	81
Monetary claims	51	49	45	28	42	41	37	20
Real estate	36	35	35	31	31	27	25	20
Total	165	175	164	131	149	144	140	121

※ 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.

Ordinary Income

Domestic Group Companies

(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
DIR Group*	2,196	1,804	1,393	1,706	1,459	-14.5%	8,339	6,363	-23.7%
Other Domestic Group Companies	136	-91	787	823	131	-84.0%	1,590	1,650	3.8%
Total**	2,333	1,712	2,180	2,530	1,591	-37.1%	9,929	8,014	-19.3%

Overseas

Europe	-3,557	-2,596	-1,899	-1,007	463	-	-8,954	-5,039	-
Asia/Oceania	-4,017	-4,935	-4,760	-4,884	-3,139	-	-11,133	-17,720	-
America	-501	-643	-428	-2,091	105	-	-1,447	-3,058	-
Total	-8,076	-8,175	-7,088	-7,984	-2,570	-	-21,536	-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 Group companies excluding Daiwa Securities, Daiwa Capital Markets, Daiwa Asset Management, Daiwa Securities SMBCPI, Daiwa PI Partners, Daiwa Corporate Investment and Daiwa Investment Management.

Reference



Commission by Business Sector

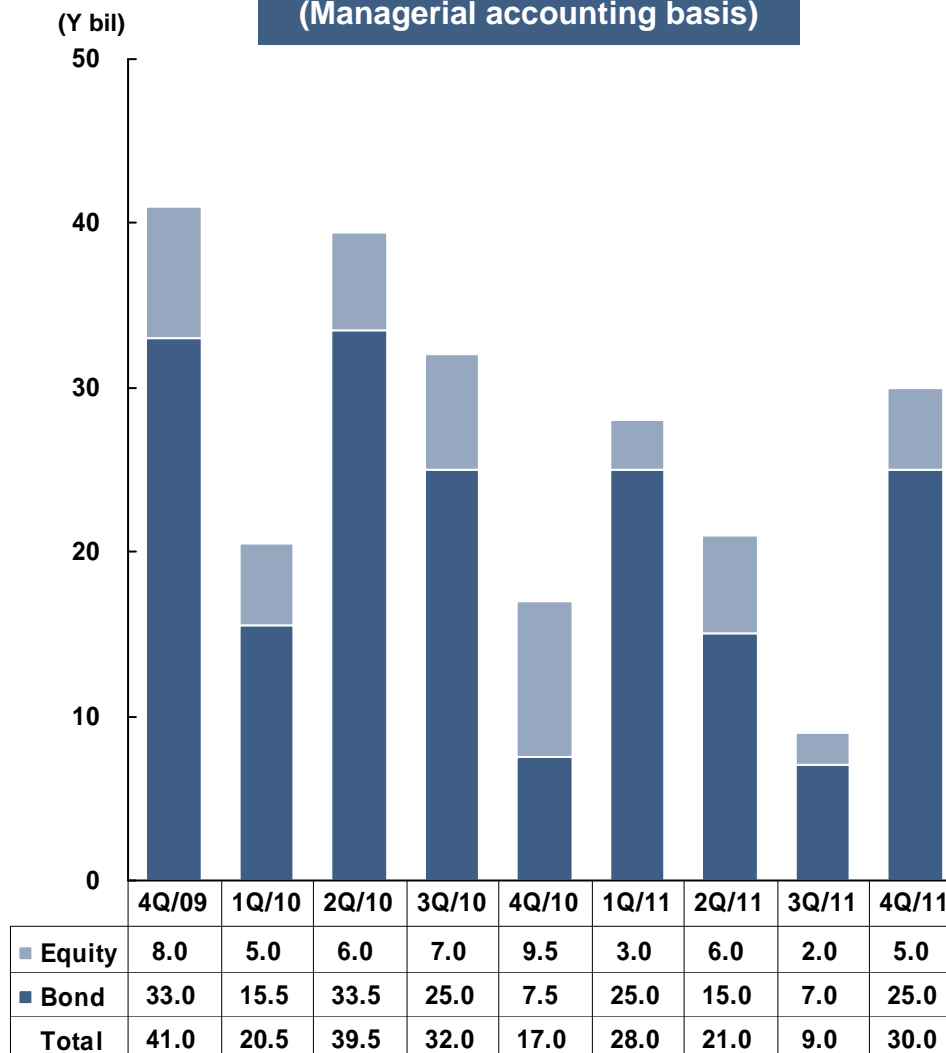
(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
Total commission	58,763	55,060	56,171	52,535	57,077	8.6%	218,630	220,845	1.0%
Equity	14,893	10,273	9,952	8,177	11,817	44.5%	50,254	40,221	-20.0%
Brokerage Commission	14,580	10,000	9,702	7,863	11,384	44.8%	48,929	38,951	-20.4%
Others	312	272	250	313	432	38.0%	1,325	1,269	-4.2%
Fixed Income	299	150	581	199	156	-21.5%	827	1,088	31.5%
Investment trust	28,660	35,666	34,654	30,834	33,114	7.4%	116,734	134,269	15.0%
Brokerage commission	138	147	135	90	77	-13.6%	407	451	10.7%
Distribution commission	7,182	13,286	12,498	10,630	12,071	13.6%	31,144	48,486	55.7%
Mangement fee	21,339	22,232	22,019	20,113	20,965	4.2%	85,182	85,331	0.2%
Agency commission	8,160	8,277	7,786	7,112	7,448	4.7%	33,399	30,625	-8.3%
Investment banking	11,840	6,183	8,010	10,650	7,892	-25.9%	38,704	32,737	-15.4%
Underwriting commission (Equity)	6,983	1,808	2,134	6,041	567	-90.6%	16,367	10,550	-35.5%
Underwriting commission (Bond)	1,866	1,977	2,652	2,049	2,229	8.8%	9,771	8,910	-8.8%
Distribution commission	140	107	163	96	284	196.8%	434	651	49.9%
Others	2,848	2,243	3,059	2,462	4,810	95.4%	11,966	12,577	5.1%
M&A commission	2,151	1,845	2,734	2,152	4,397	104.3%	9,533	11,129	16.7%
Other	3,069	2,786	2,971	2,674	4,096	53.1%	12,108	12,529	3.5%
Life insurance sales commission	444	325	489	530	1,297	144.5%	1,977	2,642	33.7%
Investment enterprise partnership administration fee	310	306	304	300	308	2.8%	1,789	1,221	-31.8%
Custody fee	720	755	704	653	690	5.8%	2,919	2,803	-4.0%
Others	1,593	1,399	1,472	1,190	1,799	51.1%	5,422	5,862	8.1%

Equity & Bond Division Revenues (Trading gain/loss)

【Managerial accounting basis】

(Y bil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Equity	5.0	150.0%	16.0	-41.8%
Bond	25.0	257.1%	72.0	-11.7%
Total	30.0	233.3%	88.0	-19.3%

Quarterly figures (Managerial accounting basis)



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

(Y mil)	FY2011 4Q	% Change vs 3Q FY11	FY2011	% Change vs FY10
Equity	12,576	898.3%	-6,464	-
Bond and forex	17,127	134.2%	85,880	-15.2%
Net financial income	3,703	-19.2%	20,071	44.9%
Total	33,407	154.0%	99,488	-6.4%

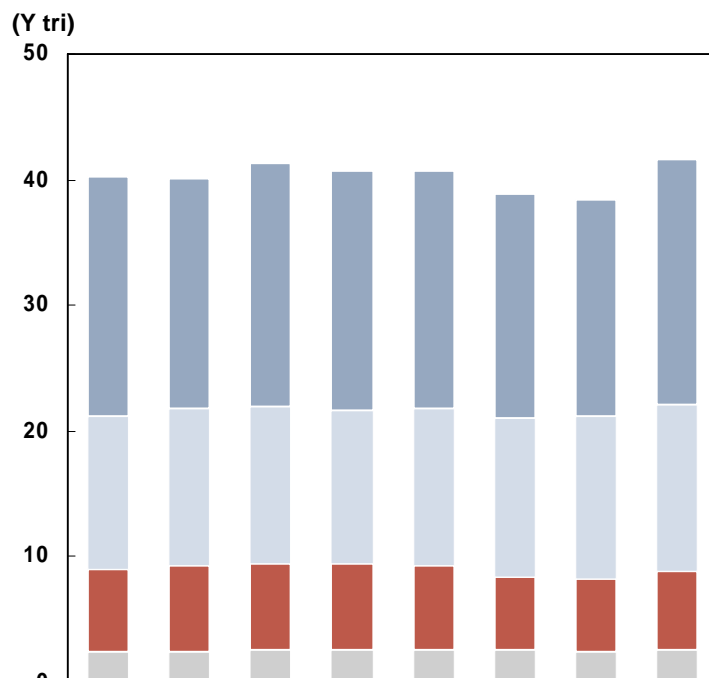
Equity Market Share

	FY2009	FY2010				FY2011			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Market data									
Average daily trading value in TSE, OSE, and NSE: (Y bil)	1,451	1,598	1,200	1,359	1,790	1,333	1,285	1,009	1,313
Share of individual investors: (%)	19.8	17.5	15.9	17.0	19.0	16.9	16.8	17.7	19.4
Market share (on and off floor) in TSE: (%)									
Daiwa Securities Group (on and off floor)	7.5	7.0	7.0	8.4	7.7	7.1	7.0	7.1	7.9
Daiwa Securities	1.0	0.8	0.7	0.9	1.0	0.8	0.8	0.9	1.0
Daiwa Securities Capital Markets	6.5	6.2	6.3	7.6	6.7	6.3	6.2	6.2	6.9
Share of Daiwa Securities Capital Markets in after-hours and off floor transactions : (%)									
Market share	12.4	11.5	10.0	13.0	10.3	9.9	8.3	7.6	5.6
Share of Daiwa Securities among individual investor transactions at TSE, OSE, and NSE : (%)									
Market share	4.7	4.5	4.3	5.0	5.3	4.7	4.8	4.8	5.2
Daiwa Securities equity commission rate : (bp)									
Commission rate*	43	41	36	34	32	31	31	31	30

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

Customer Asset & Sales of Equity Investment Trust

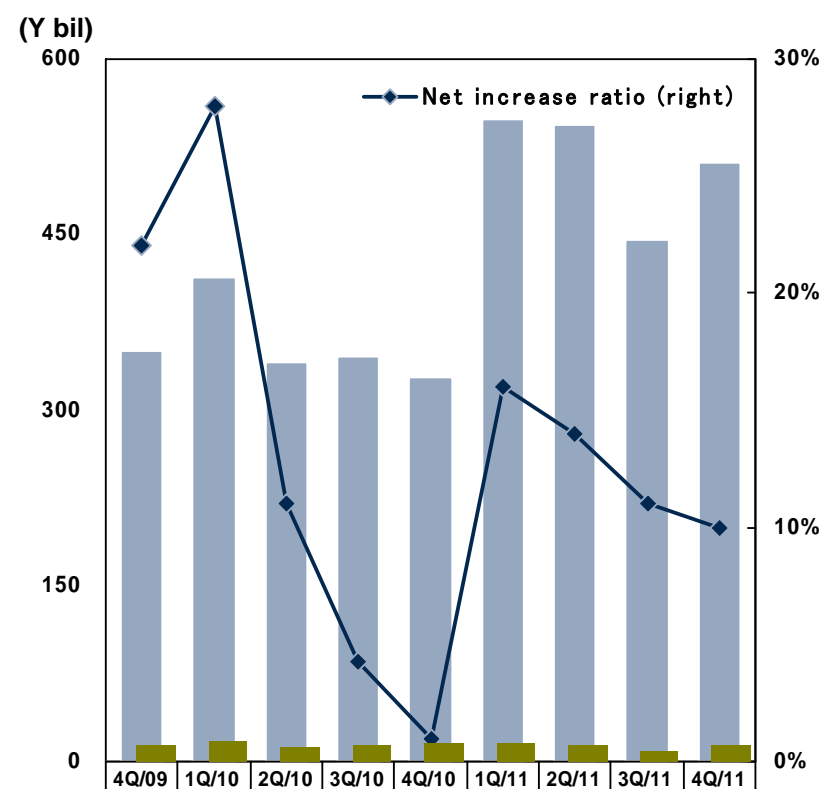
Customer Asset (Overall Group)



	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11
Equity	19.1	18.3	19.4	19.1	18.9	17.8	17.2	19.5
Bond	12.2	12.5	12.5	12.2	12.5	12.7	12.9	13.2
Investment trust	6.5	6.8	6.8	6.8	6.7	5.8	5.8	6.3
Others	2.5	2.5	2.6	2.6	2.6	2.6	2.5	2.6
Total	40.5	40.2	41.5	40.9	40.8	39.0	38.5	41.7

*All figures are as of end of quarter.

Sales and Net Increase Ratio of Equity Investment Trusts



	4Q/09	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11
Equity type investment trust (left)	351.2	413.2	341.6	346.5	327.4	548.9	543.9	445.2	511.7
Sales through online (left)	16.0	19.6	12.9	14.6	16.5	17.2	15.9	10.0	15.8

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

Note: Include switching transaction between funds.

Major League Tables



	IPO	Primary and secondary equity offerings	Straight bonds (excl. own bonds)	Agency bonds	Samurai bonds	M&A (number of deals)
FY2011 League Table						
1st	Nomura	SMBC Nikko	Nomura	Nomura	Mizuho	Nomura
	51.3%	36.5%	25.5%	22.7%	18.0%	
2nd	Morgan Stanley MUFG	Nomura	Daiwa Capital Markets	Mitsubishi UFJMS	Nomura	Mizuho FG
	15.1%	22.7%	18.3%	22.5%	17.2%	
3rd	Daiwa Capital Markets	Daiwa Capital Markets	Mitsubishi UFJMS	Mizuho	Daiwa Capital Markets	SMFG
	11.5%	13.5%	18.2%	19.8%	14.5%	
4th	SMBC Nikko	Mizuho	Mizuho	SMBC Nikko	Mitsubishi UFJMS	Daiwa Securities Group
	8.1%	12.6%	17.4%	13.6%	14.3%	
5th	Goldman Sachs	JP Morgan	SMBC Nikko	Daiwa Capital Markets	SMBC Nikko	Morgan Stanley
	5.5%	3.8%	11.5%	11.6%	8.9%	
4Q FY2011 League Table						
1st	Nomura	SMBC Nikko	Nomura	Mitsubishi UFJMS	JP Morgan	Nomura
	87.2%	46.7%	32.7%	28.2%	24.7%	
2nd	Mizuho	Nomura	Daiwa Capital Markets	Nomura	Nomura	Mizuho FG
	5.2%	22.3%	23.2%	24.0%	17.8%	
3rd	SBI	Mizuho	Mitsubishi UFJMS	Mizuho	Mizuho	SMFG
	4.5%	10.0%	13.3%	21.0%	15.8%	
4th	Daiwa Capital Markets	JP Morgan	Mizuho	SMBC Nikko	Goldman Sachs	Morgan Stanley
	3.1%	6.8%	13.1%	13.7%	12.6%	
5th		Deutsche Bank	SMBC Nikko	Daiwa Capital Markets	Mitsubishi UFJMS	Daiwa Securities Group
		5.4%	9.4%	6.2%	11.0%	

Source: Daiwa Securities Capital Markets Apr 2011-Mar 2012

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-Mar 2012
 "M&A advisory league table for any Japanese involvement announced (AD19)"

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)	4Q/09	1Q/10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4Q/11
VaR (Quarter end)	4.33	6.47	5.63	6.01	5.13	3.81	3.39	1.94	1.49
High	7.07	12.00	8.48	6.91	6.86	4.59	4.21	3.52	2.54
Low	2.63	4.38	4.39	5.44	4.62	2.74	3.04	1.86	1.39
Average	5.26	7.31	6.27	6.08	5.90	3.61	3.62	2.75	1.94

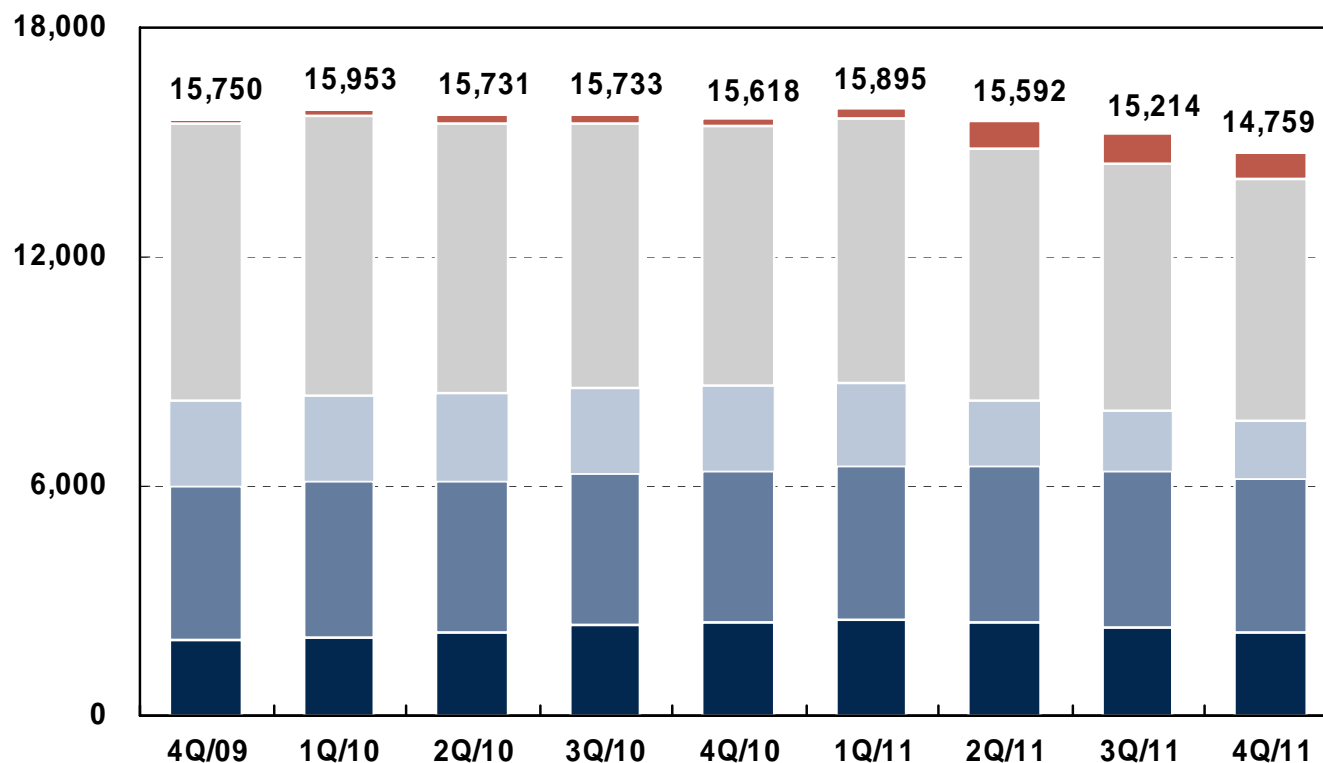
By risk factors (Quarter end)

Equity	0.57	0.77	1.39	1.34	2.08	1.70	0.77	0.82	0.42
Interest	4.27	4.48	4.84	5.26	4.82	4.00	3.39	1.35	1.62
Currency	1.01	4.04	2.03	1.42	0.68	0.63	0.70	0.68	0.59
Commodity	—	—	—	—	—	0.02	0.08	0.23	0.02

*All figures are as of end of quarter

Number of Group Employees

(# of employees)



	Total	Changes vs 3Q/11
Total	14,759	(-455)
Daiwa Securities Group Inc.	741	(-1)
Daiwa Securities	6,277	(-223)
Daiwa Securities Capital Markets(Domestic)	1,554	(-37)
Other domestic companies	4,012	(-49)
Overseas	2,175	(-145)

Changes vs 3Q/11

- 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 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
Operating revenues	45,689	45,695	42,843	38,030	45,997	21.0%	179,111	172,567	-3.7%
Commissions	31,270	30,903	29,501	25,976	30,781	18.5%	118,885	117,162	-1.4%
Brokerage commission	8,252	4,895	5,064	4,019	5,926	47.5%	26,310	19,905	-24.3%
Stock and others	7,792	4,458	4,669	3,739	5,573	49.0%	25,088	18,441	-26.5%
Distribution commission	12,526	15,509	14,229	12,245	13,849	13.1%	48,675	55,834	14.7%
Stock and others	3,013	476	574	284	221	-22.3%	7,180	1,557	-78.3%
Bond and others	2,589	2,405	1,623	1,612	1,891	17.3%	11,451	7,532	-34.2%
Investment trust	6,924	12,626	12,031	10,349	11,736	13.4%	30,043	46,744	55.6%
Other commissions	10,491	10,497	10,207	9,711	11,005	13.3%	43,898	41,422	-5.6%
Investment trust	7,988	8,104	7,644	6,980	7,309	4.7%	32,621	30,039	-7.9%
Net gain/loss on trading	12,778	13,096	11,663	10,509	13,748	30.8%	53,826	49,017	-8.9%
Equity	2,198	2,499	1,870	2,194	2,889	31.7%	8,550	9,453	10.6%
Bond and forex	10,579	10,597	9,792	8,314	10,859	30.6%	45,276	39,564	-12.6%
Interest and dividend income	1,641	1,696	1,679	1,544	1,468	-4.9%	6,398	6,387	-0.2%
Interest expenses	329	388	323	338	325	-3.8%	1,375	1,376	0.0%
Net operating revenues	45,359	45,307	42,520	37,691	45,672	21.2%	177,735	171,191	-3.7%
SG&A	32,937	33,202	34,763	32,336	33,289	2.9%	137,163	133,592	-2.6%
Ordinary income	12,699	12,245	8,033	5,447	12,600	131.3%	41,272	38,327	-7.1%
Net income	8,099	7,183	3,037	2,261	3,555	57.2%	24,467	16,036	-34.5%
ROE(Annualized)	13.0%	11.8%	5.1%	4.2%	7.4%	-	9.7%	7.2%	-
Capital adequacy ratio	405.3%	461.0%	487.5%	365.2%	404.0%	-	405.3%	404.0%	-

Breakdown of SG&A

(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
SG&A	32,937	33,202	34,763	32,336	33,289	2.9%	137,163	133,592	-2.6%
Trading related expenses	4,042	3,975	4,481	3,966	3,782	-4.6%	16,692	16,206	-2.9%
Personnel expenses	13,462	14,063	14,981	13,903	14,854	6.8%	58,007	57,803	-0.4%
Real estate expenses	4,651	4,615	4,608	4,420	4,440	0.5%	18,600	18,086	-2.8%
Office cost	5,892	5,728	6,014	5,469	5,761	5.3%	23,840	22,974	-3.6%
Depreciation	4,072	3,898	3,886	3,832	3,526	-8.0%	16,381	15,143	-7.6%
Taxes and dues	282	374	254	222	267	20.3%	1,159	1,119	-3.5%
Other	532	546	535	521	655	25.8%	2,480	2,259	-8.9%

Number of Accounts and Balance of Client Assets

Daiwa Securities' Number of Accounts (thousands)

	FY2009	FY2010				FY2011			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Cash Management Service accounts	3,359	3,374	3,383	3,392	3,401	3,414	3,435	3,444	3,455
Accounts holding equity	1,400	1,407	1,406	1,397	1,401	1,399	1,401	1,396	1,391
Accounts holding equity investment trusts	686	687	686	679	675	670	666	658	648

※ All figures are as of end of quarter.

Daiwa Securities' Newly Opened Accounts (thousands)

Newly opened accounts	36	36	30	29	29	32	42	32	47
Daiwa Direct Course	21	20	17	16	16	15	16	12	16

Daiwa Securities' Wrap Account

Number of customers (thousands)	18.8	20.4	21.2	20.7	20.8	20.4	20.4	19.9	19.8
Daiwa SMA	1.7	1.7	1.6	1.8	2.0	2.0	2.0	1.9	1.8
Daiwa Fund Wrap	17.0	18.7	19.5	18.9	18.8	18.3	18.3	17.9	17.9
Contract asset under management (Y bil)	242	241	253	261	272	259	235	231	253
Daiwa SMA	130	124	126	136	145	137	123	120	130
Daiwa Fund Wrap	112	117	126	124	126	122	112	110	123

※ 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	486
Deposit Balance (Y bil) *	—	—	—	—	—	408	913	1,233	1,432
Ordinary deposits	—	—	—	—	—	219	377	420	429
Time deposits	—	—	—	—	—	187	534	811	792

* Deposit Balance includes negotiable certificates of deposit.

※ All figures are as of end of quarter.

Online Trading

	FY2009	FY2010				FY2011			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Online trading									
Number of accounts (thousands)	2,183	2,203	2,218	2,233	2,249	2,301	2,381	2,419	2,457
Assets under custody (Y bil)	11,285	10,462	10,570	11,037	11,046	11,745	11,863	12,240	13,887
Daiwa Direct Course									
Number of accounts (thousands)	1,251	1,270	1,285	1,299	1,314	1,328	1,340	1,350	1,363
Assets under custody (Y bil)	2,763	2,549	2,547	2,699	2,676	2,666	2,541	2,522	2,810
Daiwa Direct margin transaction service									
Number of accounts (thousands)	39	40	41	43	45	47	48	49	50
Margin position (Y bil)	91	100	97	96	89	96	90	90	99
Foreign exchange*									
Number of accounts (thousands)	39	42	47	51	54	56	59	60	61
Trading value (Y bil, quarterly basis)	2,574	4,712	4,875	6,833	7,948	7,319	6,375	4,632	4,369

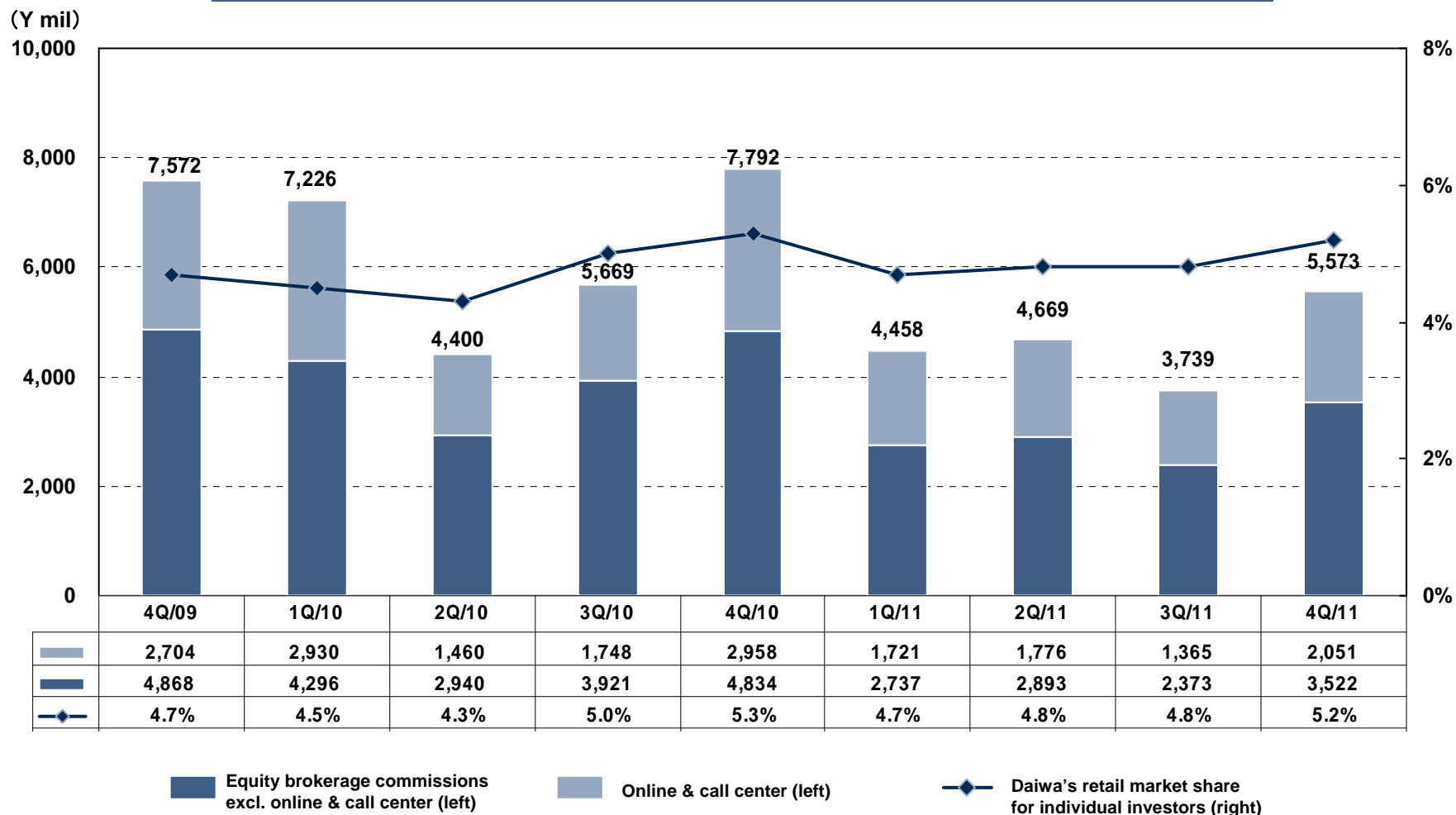
* Total figure is the sum of "Daiwa FX" (OTC FX margin trading) and "Daiwa 365FX" (FX margin trading on exchange)

※All figures are as of end of quarter.

Online ratio for retail investors (Equity)									
Online ratio (number of contracts) (%)	83.4	85.4	86.0	84.9	87.3	88.1	87.8	88.1	88.6
Online ratio (trading value) (%)	66.9	70.7	74.3	71.8	76.9	79.3	77.7	78.1	77.9
Online ratio (commission) (%)	39.0	43.2	39.1	35.0	41.6	42.9	42.1	39.6	41.1
Online contracts, trading value and equity commission for retail investors									
Total # of online contracts (thousands)	1,588	1,763	1,235	1,516	2,431	1,605	1,656	1,430	2,024
Total online trading value (Y bil)	1,075	1,160	805	1,068	1,730	1,062	1,087	873	1,351
Total online equity commission (Y mil)	2,666	2,893	1,440	1,723	2,914	1,701	1,756	1,352	2,026

Equity Brokerage Commissions

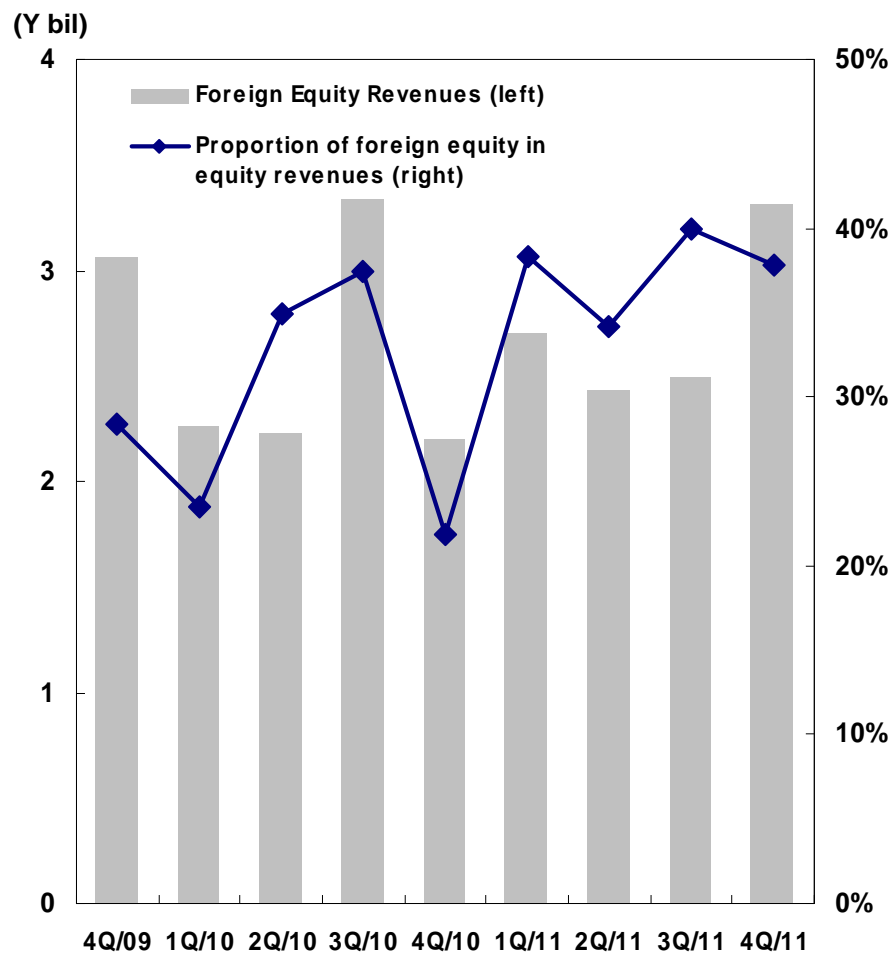
Daiwa Securities Equity Brokerage Commissions and Market Share



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.

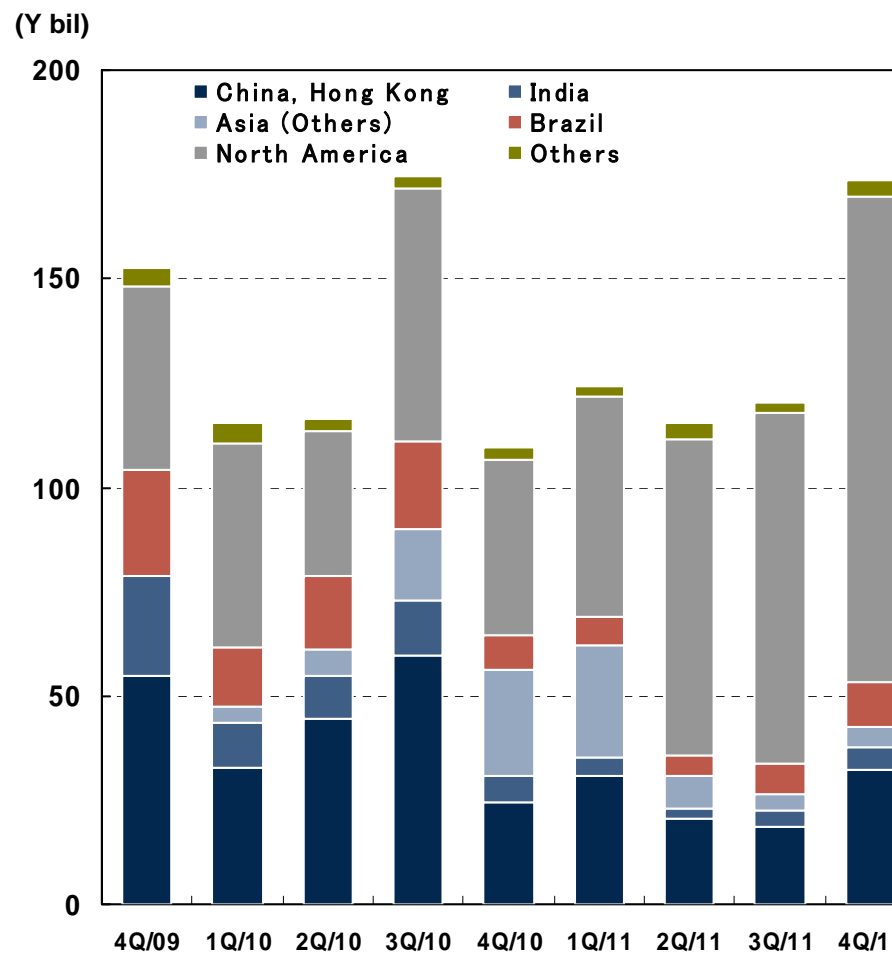
Foreign Equity

Foreign Equity Revenues



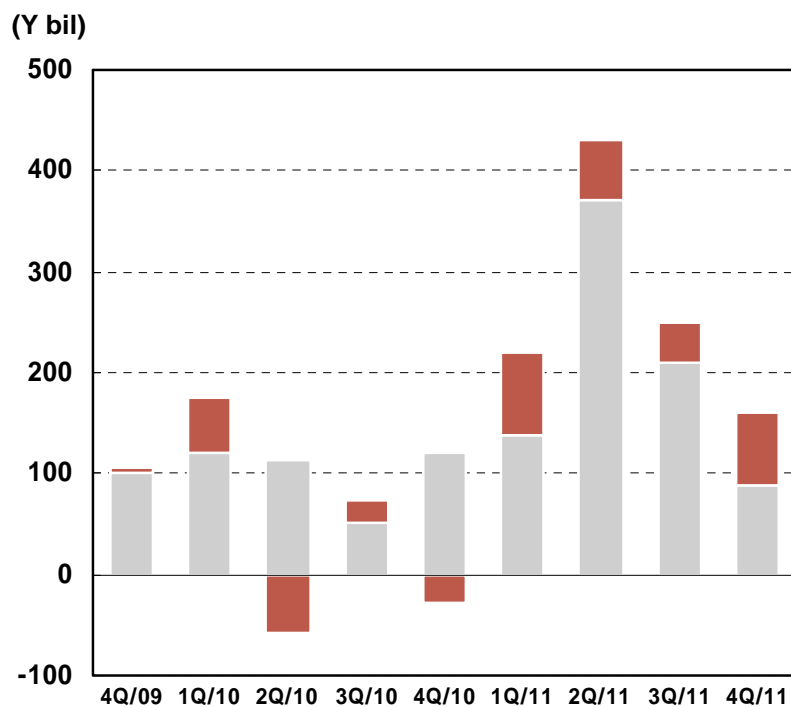
Note: Managerial accounting basis.

Foreign Equity Trading Value



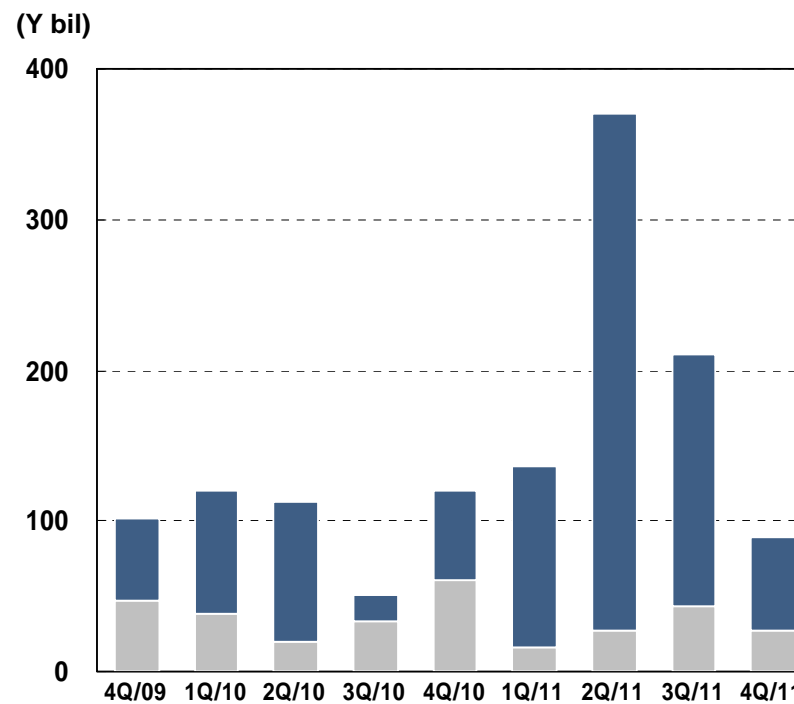
Net Inflow of Assets under Custody

Net Inflow of Assets



■ Corporation	2.7	55.2	-58.8	21.8	-27.7	82.7	59.8	39.3	71.2
■ Individual	101.9	120.7	112.4	51.0	120.2	136.8	370.8	210.3	89.0
Total	104.7	175.9	53.5	72.9	92.4	219.5	430.6	249.6	160.3

Net Inflow of Cash and Securities (Individuals)



■ Net inflow of cash	54.7	81.7	92.4	16.9	59.5	121.0	343.0	167.2	61.4
■ Net inflow of securities	47.2	38.9	19.9	34.0	60.7	15.7	27.8	43.1	27.6

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

Financial Summary

(Y mil)	FY2010	FY2011				% Change vs 3Q FY11	FY2010	FY2011	% Change vs FY10
	4Q	1Q	2Q	3Q	4Q				
Operating revenues	18,174	19,123	19,032	17,274	17,901	3.6%	72,648	73,332	0.9%
Management fee	18,095	19,039	18,938	17,170	17,782	3.6%	72,303	72,931	0.9%
Equity investment trust	17,857	18,834	18,746	16,990	17,615	3.7%	71,241	72,187	1.3%
Bond investment trust	238	204	191	179	167	-6.6%	1,061	743	-30.0%
Other operating revenues	78	84	93	104	118	13.5%	345	401	16.2%
SG&A	14,915	15,690	15,628	14,584	15,238	4.5%	59,551	61,141	2.7%
Commissions paid	10,322	10,754	10,640	9,646	10,009	3.8%	41,437	41,050	-0.9%
Other SG&A	4,592	4,935	4,988	4,938	5,228	5.9%	18,114	20,091	10.9%
Operating income	3,259	3,433	3,404	2,690	2,663	-1.0%	13,097	12,190	-6.9%
Ordinary income	3,287	3,505	3,374	2,661	2,791	4.9%	13,741	12,333	-10.2%
Net income	1,893	1,932	2,120	1,812	1,157	-36.1%	9,205	7,022	-23.7%

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