

# **【IFRS Reference】 Quarterly Consolidated Financial Statements**

For the 9 months ended December 31, 2018

## **Daiwa Securities Group Inc.**

The statutory consolidated financial statements of Daiwa Securities Group Inc. filed under Financial Instruments and Exchange Act of Japan etc. are prepared in accordance with Generally Accepted Accounting Principles in Japan (JGAAP). In contrast, the accompanying IFRS-based financial statements are presented for reference only for the purpose of providing useful information for our shareholders and investors, and are not any requirement by Company Act, Financial Instruments and Exchange Act of Japan, nor listing rules of Tokyo Stock Exchange. Please note that there is no direct comparability between the financial statements prepared under different accounting standards.

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**【Quarterly Consolidated Financial Statements】**
**Quarterly Consolidated Statements of Profit or Loss**

(Unit : millions of Yen)

	<b>FY2017(3Q)</b>	<b>FY2018(3Q)</b>
<b>Operating revenue:</b>		
Commission received	234,009	218,397
Net gain on trading	76,100	62,663
Net gain on operational investment securities	14,762	2,287
Financial revenue	137,053	212,176
Other operating revenue	45,547	26,291
<b>Total operating revenue</b>	<b>507,471</b>	<b>521,814</b>
Financial expenses	(105,927)	(169,532)
Other operating expenses	(21,311)	(20,564)
<b>Net operating revenue</b>	<b>380,233</b>	<b>331,718</b>
Selling, general and administrative expenses	(271,660)	(278,735)
Other profits and losses	50,024	1,017
Share of net profit from investments accounted for using equity method	7,213	6,542
<b>Quarterly profit before income tax</b>	<b>165,810</b>	<b>60,542</b>
Income tax expenses	(37,504)	(19,768)
<b>Quarterly net profit</b>	<b>128,306</b>	<b>40,774</b>
<b>Quarterly net profit attributable to:</b>		
Owners of the parent	128,200	40,773
Non-controlling interests	106	1

(Unit : Yen)

	<b>FY2017(3Q)</b>	<b>FY2018(3Q)</b>
<b>Quarterly earnings per share</b>		
<b>Attributable to owners of the parent:</b>		
Basic	77.07	25.37
Diluted	76.60	25.22

**Quarterly Consolidated Statements of Comprehensive Income**

(Unit : millions of Yen)

	<b>FY2017(3Q)</b>	<b>FY2018(3Q)</b>
<b>Quarterly net profit</b>	<b>128,306</b>	<b>40,774</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	8,726	1,663
Share of other comprehensive income of investments accounted for using equity method	(268)	(186)
Financial assets measured at FVTOCI	(5,982)	609
<b>Items that will not be reclassified to profit or loss:</b>		
Designated financial assets measured at FVTOCI	20,174	(13,123)
Designated financial liabilities measured at FVTPL	(583)	163
<b>Other comprehensive income</b>	<b>22,067</b>	<b>(10,874)</b>
<b>Quarterly comprehensive income</b>	<b>150,373</b>	<b>29,900</b>
<b>Quarterly comprehensive income attributable to:</b>		
Owners of the parent	150,256	29,948
Non-controlling interests	117	(48)

## Quarterly Consolidated Statements of Financial Position

(Unit : millions of Yen)

	FY2017 March 31, 2018	FY2018(3Q) December 31, 2018
<b>Assets:</b>		
Cash and bank deposits	3,610,636	3,623,008
Trading securities and other	4,170,557	4,748,506
Derivative assets	1,761,714	1,631,025
Loans secured by securities	6,042,177	5,604,425
Loans and trade receivables	4,946,762	4,429,342
Operational investment securities	117,790	111,189
Other investments	1,028,276	1,149,720
Other financial assets	711,468	846,507
Designated financial assets measured at FVTOCI	216,655	188,343
Equity method investments	294,262	177,702
Property and equipment	118,897	117,428
Investment property	60,091	84,589
Intangible assets	112,824	122,187
Other assets	24,443	29,358
Current tax assets	19,260	17,418
Deferred tax assets	7,021	6,513
<b>Total assets</b>	<b>23,242,833</b>	<b>22,887,260</b>
<b>Liabilities:</b>		
Trading securities and other	2,830,473	2,495,436
Derivative liabilities	1,509,580	1,446,155
Loans payable secured by securities	5,321,322	5,955,737
Trade payables	3,765,472	3,019,089
Deposits for banking business	3,513,855	3,606,019
Deposits from customers	214,626	241,584
Borrowings	2,519,022	2,611,239
Bonds and notes	1,522,375	1,479,662
Other financial liabilities	505,201	557,007
Provisions	26,985	28,034
Net defined benefit liabilities	41,759	43,231
Other liabilities	46,964	27,936
Current tax liabilities	9,211	2,140
Deferred tax liabilities	48,822	46,041
<b>Total liabilities</b>	<b>21,875,667</b>	<b>21,559,310</b>
<b>Equity:</b>		
Common stock	247,397	247,397
Additional paid-in-capital	232,113	232,033
Retained earnings	822,546	826,550
Treasury stock	(54,310)	(79,374)
Other components of equity	115,269	98,012
<b>Equity attributable to owners of the parent</b>	<b>1,363,015</b>	<b>1,324,618</b>
Non-controlling interests	4,151	3,332
<b>Total equity</b>	<b>1,367,166</b>	<b>1,327,950</b>
<b>Total liabilities and equity</b>	<b>23,242,833</b>	<b>22,887,260</b>

## Other Information

### (1) Basis of preparation

Daiwa Securities Group Inc. (the "Company") presents the accompanying quarterly consolidated financial statements on its homepage for reference only, and this information does not comprise any contents of statutory disclosure under Financial Instruments and Exchange Act of Japan etc.. The statutory disclosures of the Company are continually based on the consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan ("JGAAP").

The accompanying quarterly consolidated financial statements comprise quarterly consolidated statement of profit or loss, quarterly consolidated statement of comprehensive income and quarterly consolidated statement of financial position for the 9 months ended December 31, 2018(3rd Quarter of FY2018), and are not complete set of interim consolidated financial statements required by IAS34 "Interim Financial Reporting." In addition, neither external audit nor review by independent auditors has been conducted.

The accompanying quarterly financial statements have been prepared in accordance to the Company's accounting policies identical to the IFRS-based consolidated financial statements for the period ended March 31, 2018 ("FY2017"). The accompanying quarterly consolidated financial statements are stated in the Company's functional currency, Japanese Yen, and unless otherwise stated, all financial information presented in million yen has been rounded to the nearest million.

### (2) Significant changes in the scope of consolidation

Increase : -, Decrease : -

### (3) Changes in accounting policies, accounting estimates and errors

N/A