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Note: This English translation of the Japanese original version of the notice has been prepared for the sole purpose of the convenience of non-Japanese shareholders and shall by no means constitute an official or binding version of the notice

(Securities Code: 8601)

May 29, 2015

To Our Shareholders

Daiwa Securities Group Inc.
9-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo
President and CEO
Takashi Hibino

Notice of Convocation of The 78th Ordinary General Meeting of Shareholders

The Daiwa Securities Group Inc. ("Company") would like to express its gratitude for your courtesies.

You are hereby notified that the 78th Ordinary General Meeting of Shareholders will be held as stated below. You are respectfully requested to attend the Meeting.

As you may exercise your voting rights in writing, if you are unable to attend the Meeting, please examine the "Reference Documents for the General Meeting of Shareholders" provided below, and indicate on the "Voting Rights Exercise Form" enclosed herewith your approval or disapproval of the bills on the agenda and return the form to the Company.

You may also exercise your voting rights for the Meeting via electronic devices (via the Internet, etc.). If you choose to exercise your voting rights via the Internet, please access the web site of the Company, <http://www.web54.net/>, using the "Voting Rights Exercise Code" and password indicated in the "Voting Rights Exercise Form" enclosed herewith. Please examine the "Reference Documents for the General Meeting of Shareholders" provided below and vote for approval or disapproval of respective bills in accordance with the guidance on the web site.

Particulars

1. Date and time of the Meeting

10:00 a.m., Thursday, June 25, 2015 (Entry from 9:00 a.m.)

2. Place of the Meeting

Convention Hall, B2., The Prince Park Tower Tokyo
8-1, Shiba-koen 4-chome, Minato-ku, Tokyo

3. Matter to be dealt with at the Meeting

Matters to be reported:

1. Report on the contents of the Business Report, the Consolidated Statutory Report, and the outcome of an audit of the Consolidated Statutory Report conducted by Independent Auditors and the Audit Committee, with respect to the 78th fiscal year (from April 1, 2014 to March 31, 2015).
2. Report on the contents of the Non-Consolidated Statutory Report of the 78th fiscal year (from April 1, 2014 to March 31, 2015).

Matters to be resolved:

Bill 1 : Election of Twelve (12) Directors (Members of the Board)

Bill 2 : Granting Stock Options Utilizing Stock Acquisition Rights

4. Matters Regarding the Exercise of Voting Rights

- (1) If you are unable to attend the Meeting, you may exercise your voting rights in writing or via electronic device (via the Internet, etc.).
- (2) The time limit for exercising voting rights in writing or via electronic device shall be 17:00 (5:00 p.m.) on Wednesday, June 24, 2015, the day before the Meeting (Tokyo time).
- (3) If you exercise your voting rights twice, in writing and via electronic device, the one via electronic device shall be deemed to be your vote.
- (4) If you exercise your voting rights multiple times via electronic device or you exercise your voting rights redundantly by PC or cellular phone, the latest one shall be deemed as the valid vote.
- (5) If you exercise your voting rights in writing and submit the “Voting Rights Exercise Form” without any indication in the space for approval or disapproval of respective bills, it shall be deemed as an intention of approval.
- (6) If you exercise your voting rights by proxy, you must delegate your voting rights to a proxy who is a shareholder of the Company entitled to vote. In such case, in addition to the letter of proxy to prove the proxy, the proxy’s own “Voting Rights Exercise Form” would be required. Furthermore, delegation of your voting rights is limited to only one proxy.
- (7) If you choose to exercise your voting rights in a non-uniform manner, please inform the Company, in writing, of your intention to exercise your voting rights in a non-uniform manner and the reason for it three days in advance of the Meeting.

5. Disclosure by the Internet

- (1) By the laws and regulations and Articles of Incorporation no. 23, “Notes to the Consolidated Statutory Report” and “Notes to the Non-Consolidated Statutory Report” which have to be attached with this Notice of Convocation, is posted on the web site of the Company (http://www.daiwa-grp.jp/ir/shareholders/shareholders_04.html) and are not attached with this Notice of Convocation. Therefore, the attachment is only a part of “Consolidated Statutory Report” and “Non-Consolidated Statutory Report” which are audited by Independent Auditors and the Audit Committee to create auditing report.
- (2) If any modification to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Statutory Report and/or the Non-Consolidated Statutory Report is needed before the date of the Meeting, the Company will post such modification on the web as stated above.

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- Please note that any proxy or person accompanying a shareholder, who is not a shareholder of the Company, may not attend the Meeting.
 - When you attend the Meeting, please submit the enclosed “Voting Rights Exercise Form” to the receptionist at the venue of the Meeting.
 - If you are a nominee shareholder of a custodian bank, etc. (including a standing proxy), and if you have applied in advance for utilization of a web-based platform to exercise voting rights for institutional investors that is managed by Investor Communications Japan, Inc. (ICJ), you may use that platform as a method, instead of the Internet, of exercising your voting rights via electronic device.

Reference Documents for the General Meeting of Shareholders

Bills and reference matters

Bill 1. Election of Twelve (12) Directors (Members of the Board)

The terms of office of all members (thirteen (13) Directors) of the Board of Directors are expiring as of the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it is requested to elect twelve (12) Directors pursuant to the decisions of the Nominating Committee.

The nominees for Directors (Members of the Board) are as follows, and Mr. Ryuji Yasuda, Ms. Nobuko Matsubara, Mr. Keiichi Tadaki, Mr. Tadashi Onodera and Mr. Michiaki Ogasawara are the nominees for Outside Directors as defined in Paragraph 3 of Article 2, Item 7 of the Ordinance for Enforcement of the Companies Act.

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
1	Shigeharu Suzuki (Apr. 17, 1947) <u>Reappointment</u>	Apr. 1971 July 1991 May 1997 June 1997 May 1998 June 1998 Feb. 1999 Apr. 1999 July 2000 May 2001 June 2001 Apr. 2002 June 2002 July 2002 June 2003 June 2004 Apr. 2011	Joined the Company Managing Director of Underwriting Dept. I of the Company Head of Corporate Institution Sales Division of the Company Member of the Board of the Company Head of Investment Banking Division of the Company Executive Managing Director of the Company Head of Secretariat, Personnel Dept., Employees' Consultation Dept., Total Planning Dept. and Corporate Communication Dept. of the Company Head of Corporate Planning Group of the Company Head of Corporate Planning, Investors Relations and Corporate Communications of the Company Head of Corporate Planning (Corporate Planning Dept. I), Investors Relations and Corporate Communications of the Company Senior Executive Managing Director of the Company Head of Corporate Planning, Investors Relations and Corporate Communications of the Company Senior Executive Managing Director and Head of Investment Banking Division of Daiwa Securities SMBC Co. Ltd. Head of Investment Banking Division and Corporate Division Planning of the above company Representative Director and Senior Executive Managing Director of the above company Member of the Board, Representative Corporate Executive Officer and President of the Company and CEO, Head of Retail, and Representative Director; and President of Daiwa Securities Co. Ltd. Chairman of the Board and Senior Managing Director of the Company (to date); and Representative Director and Chairman of the Board of Daiwa Securities Co. Ltd. (to date)	common stock 171,000 shares
		(Significant concurrent positions)		
		Representative Director and Chairman of the Board of Daiwa Securities Co. Ltd.		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
2	Takashi Hibino (Sept. 27, 1955) <u>Reappointment</u>	Apr. 1979	Joined the Company	common stock 123,090 shares
		Apr. 2002	Managing Director of Corporate Planning Dept. of the Company	
		June 2002	Senior Managing Director of Daiwa Securities SMBC Co. Ltd., and Head of Equity	
		May 2004	Executive Managing Director of the Company, Head of Corporate Planning, Personnel, Legal and Secretariat, and General Manager of Personnel Dept.	
		June 2004	Member of the Board, and Executive Managing Director of the Company, Head of Planning, Personnel and Legal, and Managing Director of Personnel Dept.	
		July 2004	Head of Planning, Personnel and Legal of the Company	
		Apr. 2005	Head of Planning and Personnel of the Company	
		Apr. 2007	Member of the Board and Senior Executive Managing Director of the Company	
		July 2008	Head of Planning and Personnel, and Deputy Head of Wholesale of the Company; and Senior Executive Managing Director of Daiwa Securities SMBC Co. Ltd.	
		Apr. 2009	Member of the Board and Deputy President of the Company and Deputy Head of Wholesale, and Representative Director and Deputy President of Daiwa Securities SMBC Co. Ltd.	
Apr. 2011	Member of the Board, Representative Corporate Executive Officer and President of the Company (to date), CEO and Head of Retail and Wholesale; Representative Director and President of Daiwa Securities Co. Ltd. (to date); and Representative Director and President of Daiwa Securities Capital Markets Co. Ltd.			
Apr. 2013	CEO of the Company (to date)			
	(Significant concurrent positions) Representative Director and President of Daiwa Securities Co. Ltd.			

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
3	Nobuyuki Iwamoto (June 14, 1956) <u>Reappointment</u>	Apr. 1980	Joined the Company	common stock 63,000 shares
		Apr. 1999	Joined Daiwa Securities SB Capital Markets Co., Ltd.	
		Apr. 2001	Managing Director of International Finance Dept. of the above company	
		Apr. 2005	Senior Managing Director of the Company, and CFO and Deputy Head of Planning	
		June 2006	Member of the Board and Senior Managing Director of the Company	
		Apr. 2007	CFO of the Company	
		Apr. 2008	Member of the Board and Executive Managing Director of the Company	
		Apr. 2009	Member of the Board and Senior Executive Managing Director of the Company, and CFO and Head of Planning and Personnel	
		Apr. 2011	Member of the Board, Representative Corporate Executive Officer and Deputy President of the Company (to date); COO, CFO and Head of Planning and Personnel of the Company; and Representative Director and Deputy President of Daiwa Securities Capital Markets Co. Ltd.	
		Jan. 2012	COO, CFO and Head of Planning, Personnel and Overseas of the Company	
		Apr. 2012	COO, CFO and Head of Personnel and Overseas of the Company; Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)	
		Apr. 2013	COO, Head of Personnel and Overseas of the Company	
		Apr. 2014	COO, Head of Overseas of the Company (to date)	
(Significant concurrent positions)		Representative Director and Deputy President of Daiwa Securities Co. Ltd.		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
4	Yoriyuki Kusaki (Mar. 31, 1958) <u>Reappointment</u>	Apr. 1980	Joined the Company	common stock 66,000 shares
		Apr. 1999	Joined Daiwa Securities Co. Ltd.	
		July 1999	Joined Daiwa Securities SB Capital Markets Co., Ltd.	
		July 2002	Managing Director of Corporate Institution Sales Dept. III of the above company	
		May 2004	Senior Managing Director of the above company, Head of Corporate Institution Sales	
		Apr. 2005	Head of Corporate Institution Sales Dept. III of the above company	
		Apr. 2006	Head of Corporate Institution Sales Dept. II and III of the above company	
		Oct. 2006	Head of Corporate Institution Sales Dept. III and IV of the above company	
		Apr. 2007	Executive Managing Director of the above company	
		Apr. 2008	Head of Corporate Institution Sales of the above company	
		Apr. 2009	Senior Executive Managing Director of Daiwa Securities Co. Ltd. and Head of Sales Division	
		Apr. 2012	Deputy President of the Company, Deputy Head of Retail; Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)	
		June 2012	Member of the Board, Deputy President of the Company (to date)	
		Apr. 2013	Head of Retail of the Company (to date)	
(Significant concurrent positions)		Representative Director and Deputy President of Daiwa Securities Co. Ltd.		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
5	Hiroshi Nakamura (Dec. 3,1957) <u>Reappointment</u>	Apr. 1980	Joined the Company	common stock 34,297shares
		Apr. 1999	Joined Daiwa Securities SB Capital Markets Co., Ltd.	
		May 2001	Managing Director of Fixed Income Dept. of Daiwa Securities SMBC Co. Ltd.	
		Apr. 2005	Senior Managing Director, Daiwa Securities Co. Ltd, Unit I Officer	
		Apr. 2007	Head of product and asset management of the above company	
		Jan. 2008	Head of product, asset management and PTS of the above company	
		Apr. 2008	Executive Managing Director of the above company, Head of Product Division	
		Sep. 2008	Head of Product Division and Head of PTS of the above company	
		Oct. 2008	Head of Product Division of the above company	
		Apr. 2009	Executive Managing Director of the above company, Head of Product Division and Daiwa Direct Division	
		Apr. 2010	Executive Managing Director of the above company	
		Apr. 2011	Senior Executive Managing Director of the above company	
		Apr. 2012	Senior Executive Managing Director of the Company, Head of Global Markets Division Senior Executive Managing Director of Daiwa Securities Co. Ltd., Head of Global Markets Division and Head of Product Solution Division	
		Apr. 2013	Deputy President of the Company, Deputy Head of Wholesale of the Company, Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)	
June 2014	Member of the Board, Deputy President of the Company (to date)			
Apr. 2015	Deputy President of the Company, Head of Wholesale of the Company (to date)			
		(Significant concurrent positions) Representative Director and Deputy President of Daiwa Securities Co. Ltd.		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
6	Keiko Tashiro (Aug. 5, 1963) <u>Reappointment</u>	Apr. 1986	Joined the Company	common stock 23,000 shares
		Sep. 2005	Head of Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd.	
		Apr. 2009	Senior Managing Director of the above company, Head of PTS and Head of Daiwa Direct Business of the above company	
		June 2009	Head of Online Product and Head of Daiwa Direct Business of the above company	
		Apr. 2011	Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd., Head of Fixed Income, Currency and Commodities	
		Apr. 2012	Senior Managing Director of Daiwa Securities Co. Ltd., Head of Fixed Income, Currency and Commodities	
		Apr. 2013	Executive Managing Director of the Company (in charge of America), Chairperson of the Board, Daiwa Capital Markets America Holdings Inc. (to date)	
		July 2013	Chairperson of the Board, Daiwa Capital Markets America Inc. (to date)	
		Apr. 2014	Executive Managing Director of the Company, Deputy Head of Overseas of the Company (in charge of America)	
		June 2014	Member of the Board and Executive Managing Director of the Company (to date)	
		(Significant concurrent positions) Chairperson of the Board, Daiwa Capital Markets America Holdings Inc. Chairperson of the Board, Daiwa Capital Markets America Inc.		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
7	Masaru Shirataki (June 30, 1961) <u>Reappointment</u>	Apr. 1985 Apr. 1999 Oct. 2009 Apr. 2011 Apr. 2013 June.2013 Apr. 2014	<p>Joined the Company</p> <p>Joined Daiwa Securities SB Capital Markets Co., Ltd.</p> <p>Joined the Company</p> <p>Managing Director of Group Internal Audit Dept of the Company; Managing Director of Internal Audit Dept of Daiwa Securities Co. Ltd.; and Managing Director of Internal Audit Dept of Daiwa Securities Capital Markets Co. Ltd.</p> <p>Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); Audit & Supervisory Board Member of Daiwa SB Investments Ltd.; Audit & Supervisory Board Member of Daiwa Property Co., Ltd. (to date); and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. (to date)</p> <p>Member of the Board of the Company (to date)</p> <p>Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd. (to date)</p> <p>(Significant concurrent positions) Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.; Audit & Supervisory Board Member of Daiwa Property Co., Ltd.; Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd.; and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.</p>	common stock 30,000 shares
8	Ryuji Yasuda (Apr. 28, 1946) Nominees of Outside Director <u>Reappointment</u>	July 1976 Jan. 1979 July 1996 Apr. 2002 May 2002 May 2003 June 2003 Apr. 2004 Sept. 2006	<p>Joined Morgan Guarantee Trust Company of NY (currently, JP Morgan Chase & Co.), Investment Research Officer</p> <p>Joined McKinsey & Company (Partner (1986), and Director (1991))</p> <p>A.T. Kearney, Managing Director of Asia and Member of the Board of Management</p> <p>Visiting Professor, Hitotsubashi University, Graduate School of International Business Strategy</p> <p>Chairman of A. T. Kearney, Far East Asia</p> <p>Resigned as Chairman of Far East Asia of the above company</p> <p>Member of the Board of the Company (to date); and Member of the Board and Chairman of J-Will Partners Co., Ltd.</p> <p>Professor of Hitotsubashi University, Graduate School of International Business Strategy (to date)</p> <p>Retired as Member of the Board and Chairman of J-Will Partners Co., Ltd.</p> <p>(Significant concurrent positions) Professor of Hitotsubashi University, Graduate School of International Corporate Strategy; Outside Director of Fukuoka Financial Group, Inc.; Outside Director of the Bank of Fukuoka, Ltd.; Outside Director of Yakult Honsha Co., Ltd.; Outside Audit & Supervisory Board Member of The Asahi Shimbun Company; and Outside Director of ORIX Corporation</p>	common stock 48,000 shares

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
9	Nobuko Matsubara (Jan. 9, 1941) Nominees of Outside Director <u>Reappointment</u>	Apr. 1964 Mar. 1987 Oct. 1991 July 1997 Apr. 1999 Sept. 2002 Nov. 2002 Jan. 2006 July 2006 June 2008 July 2012 Nov. 2014	Entered Ministry of Labor Director of International Labor Division, Ministry of Labor Director-General of Women's Bureau, Ministry of Labor Vice-Minister of Labor President of Japan Association for Employment of Persons with Disabilities Ambassador Extraordinary and Plenipotentiary of Japan to Italy Ambassador Extraordinary and Plenipotentiary of Japan to Albania, to San Marino and to Malta Advisor to Japan Institute of Workers' Evolution Chairman of Japan Institute of Workers' Evolution Member of the Board of the Company (to date) Honorary Chairman of Japan Institute of Workers' Evolution (to date) Representative of a Board of directors and Chairman of Japan Small and Medium Enterprises Welfare Foundation (to date)	common stock 39,000 shares
		(Significant concurrent positions) Honorary Chairman of Japan Institute of Worker's Evolution Representative of a Board of directors and Chairman of Japan Small and Medium Enterprises Welfare Foundation		
10	Keiichi Tadaki (July 1, 1943) Nominees of Outside Director <u>Reappointment</u>	Apr. 1969 Apr. 1996 July 1997 Dec. 1997 Jan. 2002 June 2004 June 2006 June 2008 July 2008 June 2009	Became Prosecutor Chief Prosecutor of the Oita District Public Prosecutors Office Prosecutor of the Supreme Public Prosecutors Office Deputy Vice-Minister of Justice Vice-Minister of Justice Superintending Prosecutor of the Tokyo High Public Prosecutors Office Prosecutor General Retired as Prosecutor General Attorney at law (operating to date) Member of the Board of the Company (to date)	common stock 0 shares
		(Significant concurrent positions) Special Counsel Attorney at law of Mori Hamada & Matsumoto; Outside Director of Aeon Co., Ltd.; Outside Audit & Supervisory Board Member of Nippon Life Insurance Company; and Outside Audit & Supervisory Board Member of Fujita Corporation		

Candidate Number	Name (Date of Birth)	Brief personal history, title and significant concurrent positions		Number of shares of the Company held
11	Tadashi Onodera (Feb. 3, 1948) Nominees of Outside Director <u>Reappointment</u>	June 1989	Director of DDI Corporation (currently known as KDDI Corporation)	common stock 1,000 shares
		June 1995	Associate senior Vice President, Director of the above company	
		June 1997	Executive Vice President, Director of the above company	
		June 2001	President of KDDI Corporation	
		June 2005	President and Chairman of the above company	
		Dec. 2010	Chairman and Representative Director of the above company (to date)	
		(Significant concurrent positions) Chairman and Representative Director of KDDI Corporation; Outside Director of KYOCERA Corporation; and Director of Okinawa Cellular Telephone Company		
12	Michiaki Ogasawara (Jan. 29, 1954) Nominees of Outside Director <u>New appointment</u>	Apr. 1976	Entered Ministry of Posts and Telecommunications	common stock 0 shares
		Jan. 2003	Director-general of Tohoku Bureau of comprehensive communication, Ministry of Internal Affairs and Communications	
		Jan. 2004	Director-general of Kantou Bureau of telecommunication, the above Ministry	
		Feb. 2005	Deputy director general of the above Ministry	
		Aug. 2005	Director-general of Local Public Service Personnel Department, Local Administration Bureau the above Ministry	
		July 2006	Director-general of Civil Protection and Disaster Management Department, Fire and Disaster Management Agency, the above Ministry	
		July 2007	Director-General of the Information and Communications Policy, the above Ministry	
		July 2008	Director-General of the Global ICT Strategy Bureau, the above Ministry	
		Jan. 2010	Assistant Vice-minister of the above Ministry	
		Sep. 2012	Vice-Minister of the above Ministry	
Oct. 2013	Advisor of Daiwa Institute of Research Ltd.			
June 2015	Resigning the Advisor of Daiwa Institute of Research Ltd. (expected)			
		(Significant concurrent positions) Representative of the Board of directors of the ITU Association of Japan Director of the foundation for the Fusion Of Science and Technology		

(Notes)

1. *The Company has been offering long-term loans to Daiwa Securities Co. Ltd.*
2. *The reasons for election of these five nominees as Outside Directors are as follows:*
 - (1) *Mr. Ryuji Yasuda was a partner of a distinguished consulting firm, etc., and currently is a Professor of Hitotsubashi University, Graduate School of International Corporate Strategy. The Company requests shareholders to elect him as an Outside Director since the Company believes that his accumulated ample experience and professional knowledge about management strategy would contribute to the management of the Company. He will have been in office as one of the Company's Outside Directors for twelve (12) years.*
 - (2) *Ms. Nobuko Matsubara was the Vice-Minister of Labor and Ambassador Extraordinary and Plenipotentiary of Japan to Italy, etc. and currently is an Honorary Chairman of the Japan Institute of Workers' Evolution. The Company requests shareholders to elect her as an Outside Director since the Company believes that her broad experience and knowledge accumulated through her career would contribute to the management of the Company. Based on the above-mentioned reasons, the Company made the decision that she could adequately carry out her assignment as one of the Company's Outside Directors, even though she has never been involved in corporate management. She will have been in office as one of the Company's Outside Directors for seven (7) years.*
 - (3) *Mr. Keiichi Tadaki was the Vice-Minister of Justice, the Superintending Prosecutor of the Tokyo High Public Prosecutors Office and the Prosecutor General and is currently an attorney at law. The Company requests shareholders to elect him as an Outside Director since we believe that his accumulated ample experience and professional knowledge about law and compliance would contribute to the management of the Company. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors, even though he has never been involved in corporate management. He will have been in office as one of the Company's Outside Directors for six (6) years.*
 - (4) *Mr. Tadashi Onodera held positions such as President of KDDI Corporation, etc and currently is the Chairman of KDDI Corporation. The Company requests shareholders to elect him as an Outside Director since the Company believes that his accumulated ample experience and knowledge about corporate management would contribute to the management of the Company. He will have been in office as one of the Company's Outside Directors for one (1) year.*
 - (5) *Mr. Michiaki Ogasawara was the Director-General of Global ICT Strategy Bureaus, the Vice-Minister of Ministry of Internal Affairs and Communication. The Company requests shareholders to elect him as an Outside Director since the Company believes that his broad experience and knowledge accumulated through his career would contribute to the management of the Company. Based on the above-mentioned reasons, we made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors, even though he has never been involved in corporate management.*
3. *The Independence of the nominees for Outside Director from the Company is as follows.*
 - * *None of the nominees for Outside Director has executed business of or has become an executive of the Company or its subsidiaries by means other than being the Outside Director of the Company in the past, or has executed business of or has become an executive of any entity that has a special relationship with the Company during the last five (5) years.*
 - * *Mr. Michiaki Ogasawara has received remuneration as the Advisor of Daiwa Institute of Research Ltd., which is entity that has a special relationship with the company. Except for Mr. Michiaki Ogasawara, none of the nominees for Outside Director received a large sum of money or other financial benefits from the Company or any entity that has a special relationship with the Company in the past, and none of them anticipates receiving them in the future.*
 - * *None of the nominees for Outside Director has a spouse or any family within the third degree of kinship who has executed business of or has become an executive of the Company or any entity that has a special relationship with the Company.*
 - * *All of the nominees for Outside Director fulfill the requirements for independent directors as defined by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. The Company is scheduled to appoint all of the nominees for Outside Director as independent directors and submit to the companies mentioned above.*
4. *The current Outside Directors, Mr. Ryuji Yasuda, Ms. Nobuko Matsubara, Mr. Keiichi Tadaki and Mr. Tadashi Onodera have each executed an agreement to limit liability to the Company. Each agreement says that the maximum amount of liability is 10 million yen or the minimum amount of liability provided in Paragraph 1 of Article 425 of the Companies Act, whichever is higher. In case that the election of those*

nominees for Outside Director is duly approved, the Company will continue to engage such agreement with each Outside Director. Also, the Company plans to enter into a similar agreement to limit the liability of Mr. Michiaki Ogasawara as outside director.

5. Tadashi Onodera will be appointed as Chairman and Director of KDDI Corporation on June 17, 2015.

[References]

The Company is scheduled to appoint the following committee members of the Nominating Committee, the Audit Committee and the Compensation Committee respectively through resolutions of the Board of Directors to be held after the conclusion of the Ordinary General Meeting of Shareholders.

Nominating Committee

*Shigeharu Suzuki (Chairman), Takashi Hibino, Ryuji Yasuda, Nobuko Matsubara,
Keiichi Tadaki, Tadashi Onodera*

Audit Committee

Keiichi Tadaki (Chairman), Masaru Shirataki, Nobuko Matsubara, Michiaki Ogasawara

Compensation Committee

Ryuji Yasuda (Chairman), Shigeharu Suzuki, Takashi Hibino, Tadashi Onodera, Michiaki Ogasawara

Bill 2. Granting Stock Options Utilizing Stock Acquisition Rights

The Company requests shareholders' approval to delegate the decision on the terms of issuance for stock acquisition rights, under the provisions of Articles 236, 238 and 239 of the Companies Act, to the Board of Directors of the Company, or to the corporate executive officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company. The stock acquisition rights will be issued to directors, corporate executive officers and executive officers (hereinafter, "Executives"), and employees of the Company and its subsidiaries and affiliates for the purpose of granting stock options.

1. Reasons for Soliciting Candidates to Subscribe for Common Stock Acquisition Rights on Especially Favorable Terms

The Company will issue the following two types of stock acquisition rights stated in 2. and 3. below without consideration as stock options to Executives and employees of the Company and its subsidiaries and affiliates as an incentive to contribute towards increasing consolidated performance and to enable recruitment of talented personnel.

The first type stated in 2. below is stock acquisition rights to be granted to Executives of the Company and its subsidiaries, for which the amount to be paid in per share upon exercise shall be one (1) yen (hereinafter, "Common Stock Acquisition Rights I"). The Company and its subsidiaries revised their system of retirement bonuses for special service and modified a part of it to create a payment linked to stock price. Common Stock Acquisition Rights I equivalent to the value of a certain percentage of base remuneration of executives are allotted to relevant executives as the contents of payment linked to stock price. Because those who are subject to the new bonus system share the same interests with shareholders, the new bonus system contributes to maximizing the value of shareholders compared to a cash bonus system. The new bonus system enables shareholders to expect that this gives those executives an incentive for improving consolidated business results in the medium to long term due to constraints such as not being able to exercise the rights while they are in an executive position at certain group companies. The issuance of the Common Stock Acquisition Rights I to directors and corporate executive officers of the Company will be subject to resolution of items pursuant to Paragraph 3 of Article 409 of the Companies Act as individual compensation of directors and corporate executive officers at the Compensation Committee meeting.

The other type stated in 3. below is stock acquisition rights to be granted to employees of the Company and its subsidiaries and affiliates and to Executives of the Company's subsidiaries and affiliates not subject to the Common Stock Acquisition Rights I above. The amount to be paid in per share upon exercise shall be determined based on the market price of shares of Common Stock on the allocation date of the stock acquisition rights (hereinafter, "Common Stock Acquisition Rights II"). The allocation date (hereinafter, "Allocation Date") means the date on which stock acquisition rights shall be allocated. In order to maintain competitive human resources and provide an effective incentive to improve business results, the Company puts conditions on Common Stock Acquisition Rights II such that those who are granted the rights will not be able to exercise the right until July 2020. Neither Common Stock Acquisition Rights I nor Common Stock Acquisition Rights II above will be granted to outside directors of the Company.

2. Terms, Amount to be Paid In and Maximum Number of Common Stock Acquisition Rights I to be Resolved Pursuant to the Resolution of the Ordinary General Meeting of Shareholders

- (1) Maximum Number of Common Stock Acquisition Rights I to be Resolved Pursuant to the Delegation

Not exceeding 800 common stock acquisition rights set according to (3) below.

The aggregate number of shares to be issued upon exercise of Common Stock Acquisition Rights I shall not exceed 800,000. If the number of granted shares is adjusted pursuant to (3) (a) below, such aggregate number of shares to be issued shall be calculated by multiplying the maximum number of Common Stock Acquisition Rights I to be issued by the number of granted shares after adjustment.

- (2) Amount to be Paid In upon Issuance of Common Stock Acquisition Rights I to be Resolved Pursuant to the Delegation

Common Stock Acquisition Rights I shall be issued without consideration and require no payment.

(3) Terms of Common Stock Acquisition Rights I to be Resolved Pursuant to the Delegation

(a) Class and Number of Shares to be Issued upon Exercise of Common Stock Acquisition Rights I

The number of shares to be issued upon exercise of one (1) Common Stock Acquisition Right I (hereinafter, in 2, "Number of Granted Shares") shall be 1,000 shares of Common Stock.

If the Company splits (including gratis issue of shares, same onwards) or consolidates the shares of Common Stock after the date of resolution of the Ordinary General Meeting of Shareholders (hereinafter, "Resolution Date"), the Number of Granted Shares shall be adjusted in accordance with the following formula. An adjustment shall be made only with respect to the Number of Granted Shares for the Common Stock Acquisition Rights I which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

$$\begin{array}{l} \text{Number of Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Granted Shares} \\ \text{before adjustment} \end{array} \times \text{Ratio of split or consolidation}$$

In addition, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Number of Granted Shares shall be required, in each case after the Resolution Date, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable.

(b) Amount to be Paid In upon Exercise of Common Stock Acquisition Rights I

The amount to be paid in upon exercise of Common Stock Acquisition Rights I shall be one (1) yen per share multiplied by the Number of Granted Shares.

(c) Period during which Common Stock Acquisition Rights I may be Exercised

The period between the Allocation Date of Common Stock Acquisition Rights I and June 30, 2035.

(d) Terms Regarding Increase in Capital Stock and Additional Paid-in Capital upon Exercise of Common Stock Acquisition Rights I

1) The amount of capital stock to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights I shall be half of the limit of the capital increase calculated according to Paragraph 1 of Article 17 of the Ordinance on Accounting of Companies. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.

2) The amount of additional paid-in capital to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights I shall be the difference between the limit of the capital increase and the increase in capital stock, both stated in 1) above.

(e) Restriction on Transfer of Common Stock Acquisition Rights I

Common Stock Acquisition Rights I are non-transferable unless the Board of Directors of the Company approves such transfer.

(f) Conditions for Exercise of Common Stock Acquisition Rights I

1) Each Common Stock Acquisition Rights I cannot be exercised in part.

2) Holders of Common Stock Acquisition Rights I may exercise the rights from the day after they leave from all positions of director or executive officer of the Company and its subsidiaries or affiliates as determined by the Board of Directors of the Company or the executive officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company.

3) Notwithstanding 2) above, Common Stock Acquisition Rights I can be exercised from thirty (30) days prior to the last day of the period for exercise of the Common Stock Acquisition Rights I in accordance with other conditions for exercise.

4) Other conditions for exercise shall be set forth in a Stock Acquisition Rights Allocation Agreement between the Company and each holder of Common Stock Acquisition Rights I.

(g) Terms and Conditions of Acquisition of Common Stock Acquisition Rights I

The Company may acquire Common Stock Acquisition Rights I without consideration when a holder loses all qualifications for exercising Common Stock Acquisition Rights I or waives all or part of his/her Common Stock Acquisition Rights I.

(h) Treatment of Fractional Shares Less Than One Share

Any fraction less than one (1) share of Common Stock issued upon exercise of Common Stock Acquisition Rights I shall be disregarded.

3. Terms, Amount to be Paid In and Maximum Number of Common Stock Acquisition Rights II to be Resolved Pursuant to the Resolution of the Ordinary General Meeting of Shareholders

(1) Maximum Number of Common Stock Acquisition Rights II to be Resolved Pursuant to the Delegation

Not exceeding 4,500 common stock acquisition rights set according to (3) below.

The aggregate number of shares to be issued upon exercise of Common Stock Acquisition Rights II shall not exceed 4,500,000. If the number of granted shares is adjusted pursuant to (3) (a) below, such aggregate number of shares to be issued shall be calculated by multiplying the maximum number of Common Stock Acquisition Rights II to be issued by the number of granted shares after adjustment.

(2) Amount to be Paid In upon Issuance of Common Stock Acquisition Rights II to be Resolved Pursuant to the Delegation

Common Stock Acquisition Rights II shall be issued without consideration and require no payment.

(3) Terms of Common Stock Acquisition Rights II to be Resolved Pursuant to the Delegation

(a) Class and Number of Shares to be Issued upon Exercise of Common Stock Acquisition Rights II

The number of shares to be issued upon exercise of one (1) Common Stock Acquisition Right II (hereinafter, in 3, "Number of Granted Shares") shall be 1,000 shares of Common Stock.

If the Company splits or consolidates the shares of Common Stock after the Resolution Date, the Number of Granted Shares shall be adjusted in accordance with the following formula. An adjustment shall be made only with respect to the Number of Granted Shares for the Common Stock Acquisition Rights II which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

$$\begin{array}{l} \text{Number of Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Granted Shares} \\ \text{before adjustment} \end{array} \times \text{Ratio of split or consolidation}$$

In addition, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Number of Granted Shares shall be required, in each case after the Resolution Date, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable.

(b) Amount to be Paid In upon Exercise of Common Stock Acquisition Rights II

The amount to be paid in upon exercise of Common Stock Acquisition Rights II shall be the amount to be paid in per share (hereinafter, "Exercise Price") multiplied by the Number of Granted Shares.

The Exercise Price shall be 1.05 times the higher price of the following (i) or (ii). Any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

(i) The average of the closing prices of Common Stock in the trading thereof on the Tokyo Stock Exchange (each, "Closing Price") for trading days (excluding days on which there is no Closing Price) during the month prior to the month containing the Allocation Date of Common Stock Acquisition Rights II, or

(ii) The Closing Price on the Allocation Date of Common Stock Acquisition Rights II (if there is no Closing Price on such date, the Closing Price for the immediately preceding trading day).

If the Company splits or consolidates the shares of Common Stock after the Allocation Date, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

$$\begin{array}{l} \text{Exercise Price} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Exercise Price} \\ \text{before adjustment} \end{array} \times \frac{1}{\text{Ratio of split or consolidation}}$$

The Exercise Price shall be adjusted using the following formula, in the event the Company issues shares of Common Stock below the market price (except in the case of conversion of securities to be converted or that can be converted to Common Stock of the Company, or exercise of common stock acquisition rights (including those attached to bonds with common stock acquisition rights) which can claim issuance of Common Stock of the Company). Any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Outstanding number of shares} + \frac{\text{Number of newly issued shares} \times \text{Payment for one share}}{\text{Market price of one share}}}{\text{Outstanding number of shares} + \text{Number of newly issued shares}}$$

“Outstanding number of shares” is the number of shares issued subtracting any treasury stocks of Common Stock.

Other than the above, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Exercise Price shall be required, in each case after the Allocation Date, the Exercise Price shall be appropriately adjusted to the extent reasonable.

- (c) Period during which Common Stock Acquisition Rights II may be Exercised
The period between July 1, 2020 and June 24, 2025.
- (d) Terms Regarding Increase in Capital Stock and Additional Paid-in Capital upon Exercise of Common Stock Acquisition Rights II
- 1) The amount of capital stock to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights II shall be half of the limit of the capital increase calculated according to Paragraph 1 of Article 17 of the Ordinance on Accounting of Companies. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.
 - 2) The amount of additional paid-in capital to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights II shall be the difference between the limit of the capital increase and the increase in capital stock, both stated in 1) above.
- (e) Restriction on Transfer of Common Stock Acquisition Rights II
Common Stock Acquisition Rights II are non-transferable unless the Board of Directors of the Company approves such transfer.
- (f) Conditions for Exercise of Common Stock Acquisition Rights II
- 1) Each Common Stock Acquisition Rights II cannot be exercised in part.
 - 2) Other conditions for exercise shall be set forth in a Stock Acquisition Rights Allocation Agreement between the Company and each holder of Common Stock Acquisition Rights II.
- (g) Terms and Conditions of Acquisition of Common Stock Acquisition Rights II
The Company may acquire Common Stock Acquisition Rights II without consideration when a holder loses all qualifications for exercising Common Stock Acquisition Rights II or waives all or part of his/her Common Stock Acquisition Rights II.
- (h) Treatment of Fractional Shares Less Than One Share
Any fraction less than one (1) share of Common Stock issued upon exercise of Common Stock Acquisition Rights II shall be disregarded.

<Translation>

[Note: This English translation of the Japanese original version of the notice has been prepared for the sole purpose of the convenience of non-Japanese shareholders and shall by no means constitute an official or binding version of the notice.]

Business Report

(From April 1, 2014 to March 31, 2015)

I. Status of the Group's Business Activities

The Daiwa Securities Group strives to improve the corporate value of the Group through its core business, the securities business. The outline of the Group's performance in the current fiscal year (FY2014) is as follows.

Note: In this report, the "Group" means the corporate group consisting of Daiwa Securities Group Inc. (the "Company"), its subsidiaries and affiliates.

1. Economic and Market Environment and Outcome of the Group's Business Activities

(1) Economic and Market Environment

Our country's economy plunged at the first half of FY2014 due to the effect of the increase in consumption tax rate followed by the rebound at the latter half of the fiscal year. Consumer spending declined from the beginning of fiscal year due to the increase in consumption tax in April 2014 as well. It gradually recovered with the favorable environment of employment and earnings as the effect of increase in consumption tax was slowly easing. But the rebound was quite moderate as the purchasing power and the sentiment of consumers stagnated. Investment in houses also significantly decreased responding to the increase in consumption tax. It stopped decreasing by the middle of the fiscal year but stayed at low level.

As the domestic demand weakened, corporate production declined in the first part of the fiscal year. However, as the domestic demand recovered mainly in consumer spending and foreign economy such as the United States regained, the quantity of exports gradually tended to increase and the corporate production turned to recover in the latter half of the fiscal year. In the meantime, the corporate profits continued to increase and stay in the high level as the export amount increasing with the depreciation of the Yen and the oil price abruptly fell in the latter half of the fiscal year.

Regarding the Japanese stock market, the share prices tended to rally from the latter half of the fiscal year. Global economy overall gradually expanded pulled by stable economic environment in the United States although the economy declined in some areas such as Europe or China. This was the main factor to make the share prices soar globally in this fiscal year. In the United States, there was the discussion regarding curtail of monetary easing and turning into tightening stage with the U.S. economy expanding, and the world share prices temporally and violently fluctuated. However, the share prices in Japan tended to rally as the monetary easing by Bank of Japan continued and corporate profits increased with depreciating Yen and the Nikkei 225 index rose to 19,206.99 at the end of FY2014. Furthermore, the average trading volume (total of domestic and foreign stocks) per day on the Tokyo Stock Exchange during FY2014 was 2 trillion 664.1 billion yen, down 7.7% from the previous year.

In the bond market, interest rates stayed at low level as the easing environment continued in the financial market under the "Quantitative and Qualitative Monetary Easing" by Bank of Japan. Interest rates strengthened their downward trend more and the yield for the 10-year Japanese government bond fell down to 0.1% level, the lowest level in history, in January 2015 after the additional monetary easing by Bank of Japan in October. After that, influenced by the U.S. interest rates rise as the monetary tightening became more likely, the yield of Japanese government bond slightly increased to 0.40% at the end of FY2014.

(2) Outcome of the Group's Business Activities

Performance by the Operating Segment

1) Retail Business

Daiwa Securities Co. Ltd. provides broad types of products and services to meet customer's various needs through the two transaction packages, namely the "Daiwa Consulting" course, which provides high-value-added services through sales representatives, and the "Daiwa Direct" course, which provides high-convenience services on the Internet and through contact centers.

In FY2014, Daiwa Securities Co. Ltd. concentrated on distribution of stock investment trusts, fund wraps and foreign equities and established eight new business offices to enhance its clients' convenience and expand its client base in areas where it has no branches. Equity revenue increased through the expansion in Japanese stock transactions with the vigorous stock market and strengthening distribution of foreign equities and it strived to increase its assets under custody of investment trusts with a satisfactory result in this business.

Regarding "Daiwa Fund Wrap", which provides diversification based on each customer's investment policy by combining investment trusts that are established especially for this service, it made an effort to expand its customers' assets under its custody. On December 2014, assets of wrap account services (Note) exceeded 1trillion yen.

As Daiwa Securities Co. Ltd. deals in yen deposit accounts and foreign currency deposit accounts as the agent of Daiwa Next Bank Co. Ltd., the deposit balance (including foreign currency deposits) as of the end of FY2014 has been approximately 3 trillion yen. It began to provide a service named "Foreign currency sweep service" which automatically transfers redemption proceeds, interest and dividend payments of foreign currency denominated securities to foreign currency deposit account of Daiwa Next Bank Co. Ltd. and also expanded varieties of foreign currencies deposits as well. Daiwa Securities Co. Ltd. extensively provides its customers with favorable interest rates on their deposits through its network of branch offices.

Since October 2014, Daiwa Securities Co. Ltd. provides a high quality consulting service "Daiwa retirement planning service 'Korekara Life'" which provides cash flow analysis and planning best portfolio for the retirees and future retirees.

Japan's new tax exemption scheme for investment by individuals ("NISA" or Nippon (Japan) Individual Savings Account) was introduced in January 2014. In relation to this, Daiwa Securities Co. Ltd. has arranged "Daiwa NISA exclusive funds" by which no distribution fee is charged and also it provides "Daiwa NISA installment plan service" which purchases a certain amount of stocks and investment trusts per month. Daiwa Securities Co. Ltd. promotes the transition from "savings to investments" and endeavors to expand its client base with these services.

(Note)The account services which provide operating and management of assets as property management service for customers, and for which customers need to pay the management fee, transaction fee and custody fee etc. in one lump sum depending on the balance of assets contracted.

2) Wholesale Business

Wholesale business is comprised of Global Markets business and Global Investment Banking business.

In Global Markets business, Daiwa Securities Co. Ltd. conducts sales and trading of equities, bond, forex and financial derivative products to institutional investors and corporate clients and also provides products and sales support to retail business.

In the Japanese market, Daiwa Securities Co. Ltd. consecutively secured solid brokerage commissions of Japanese shares as shares prices rose significantly and trade volume was stable during FY2014. And swift and flexible operation of trading positions depending upon market condition contributed to continue earning favourable trading profits. Also, it has achieved stable profit mainly from bonds and foreign equities by providing its clients the products which suits their needs and the fluctuation of market environment in timely manner with the collaboration between retail and wholesale business.

In Global Investment Banking business, it conducts underwriting, M&A advisory and structured finance etc.

Corporate investments continued to be massive as share prices rallied and corporate earnings improved. Accordingly, Daiwa Securities Co. Ltd. was able to increase its share in underwritings and to expand its profits.

In the domestic underwriting business, it was appointed as the joint-global-coordinator (Note 1) for the large scale PO of Mitsui Fudosan Co. Ltd.

In foreign markets, it was appointed as the book runner (Note 2) for many issues such as United States Dollar denominated benchmark bonds (Note 3) of Asian Development Bank and International Bank for Reconstruction and Development.

Following the business alliance with PT. Bahana Securities in Indonesia, Affin Investment Bank Berhad in Malaysia and Australia and New Zealand Banking group Limited during last financial year, Daiwa Securities Group entered into other business alliance agreements with research and brokerage company, Sanford C. Bernstein Limited in the U.K. and China Securities Co. Ltd. which is affiliated with Chinese governmental industrial and financial conglomerate China International Trust and Investment Corporation, respectively, and promoted the strategy to strengthen its profitability in the foreign markets in middle and long term.

(Note 1) Lead managing securities, which integrates occupations for public offering for both domestic and foreign.

(Note 2) The firm which mainly manages and encourages the distribution in the public offering of shares.

(Note 3) US dollar denominated bonds issued and subscribed to in two or more countries that include the United States.

3) Asset Management Business

Daiwa Asset Management Co. Ltd. and Daiwa SB Investments Ltd. strived to increase their assets under management by providing products through broad distribution channels and strengthening their asset management expertise.

Daiwa Asset Management Co. Ltd. successfully managed “Daiwa U.S. Shares Strategy Alpha Fund (a currency selection type) – triple returns–” (in FY2014: 157.2 billion) distributed through Daiwa Securities Co. Ltd. And “Daiwa Fund Wrap Japan bond select” which is only available for Daiwa Fund Wrap has increased its assets under management by 190.9 billion yen in FY2014. Its assets under management of publicly offered investment trust as of the end of FY2014 increased by 1trillion 60 billion yen, and reached 11 trillion 32.4 billion yen, which is its historical record.

Daiwa SB Investments Ltd. tried to enhance its skill in investment advising relating to domestic and foreign pension funds. Concerning its investment trusts business, it launched series of “Preferred equity securities fund” mainly for local bank to distribute and those funds steadily increased its assets under management to reach 317.1 billion yen as of the end of FY2014.

Concerning the real estate asset management business, the first healthcare facility (Note 1) dedicated investment corporation (REIT (Note 2)) managed by Daiwa Real Estate Asset Management Co. Ltd., Nippon Healthcare Investment Corporation was listed on the Tokyo Stock Exchange in November 2014. And Daiwa Office Investment Corporation continuously acquires office building to grow its portfolio value and raised capital through its first public offering in June 2014 since the Group became the sponsor of Daiwa Office Investment Corporation in July 2009.

(Note 1) elderly facilities (private nursing homes, elderly housing with supportive services, etc.) medical facilities (hospitals, medical malls etc.) and others.

(Note 2) Real Estate Investment Trust

4) Investment Business

Daiwa Corporate Investment Co., Ltd. continued making exits from existing investments. On the other hand, it enhanced its investment function with establishing “Daiwa Venture 1st investment limited partnership” which would invest in domestic and foreign unlisted companies and “Daiwa Japan and Taiwan Biotech Fund Investment Limited Partnership” which would invest in privately-held biotechnology companies centered on the therapeutic field in Japan and Taiwan.

Daiwa PI Partners Co. Ltd. steadily built up investments in non-performing loans as financial institutions’ needs for disposal of non-performing loans expanded and executed investment and loan for corporations. Also, it continued making swift exits from existing investments in non-performing loans and contributed to profits.

5) Others

Daiwa Institute of Research Ltd. has received an order of The Central Bank of Myanmar to construct ICT (Note) infrastructure for streamlining its settlement system in May 2014. Also in December 2014, the Group engaged in the joint venture agreement with Myanma Economic Bank and Japan Exchange Group, Inc. and organised a joint venture company in preparation for the launch of the stock exchange for establishing “Yangon Stock Exchange,” Myanmar’s first-ever stock exchange.
(Note) Information and Communication Technology

[CSR (Note 1)]

The Group positively worked in the development and provision of innovative Impact Investment financial instruments to contribute towards the shaping of a sustainable society by making efficient use of financial functions. The Group underwrote and distributed “Inclusive Business Bonds” reaching 4.5 billion at the BOP (Note 2) through bond investments. And it continued to underwrite and distribute “Cheering the Power of the Women Bonds” the bond program helping women entrepreneurs in emerging markets to increase access to finance and opportunity, “Agri Bonds” that support to enhance the sustainability of agribusiness in developing countries, “Green Bonds” that contribute to a more climate-friendly environment through investment.

As for the continuous support to the area struck by the East Japan Earthquake, the Group donated a part of the trust fees of the Daiwa Nippon Ouen Fund Vol.3 (Phoenix Japan) and helps nine NPOs in that area. Furthermore, the Group continuously works in supporting a pragmatic education program including economics and finance concerning life plan and engages in several volunteer activities.

(Note 1) Corporate Social Responsibility

(Note 2) Base of the Economic Pyramid, the low-income segments in developing countries

2. Outline of the Consolidated Performances

The following is the outcome of our consolidated earnings results for the current fiscal year. The consolidated subsidiaries of the current fiscal year are 50 companies, and the affiliates included under the equity method are 8 companies.

(Note) The consolidated financial statements of the Company for the fiscal year ending March 31, 2015 are prepared in accordance with the “Accounting Regulation Ordinance” (Ministry of Justice Ordinance No. 13, 2006); in addition, these consolidated financial statements are prepared in accordance with the “Cabinet Office Ordinance on Financial Instruments Business, etc.” (Cabinet Office Ordinance, No. 52, 2007), and the “Uniform Accounting Standards for Securities Companies” (set by the board of directors of the Japan Securities Dealers’ Association, November 14, 1974), which are applied to the balance sheet and the statement of income of the company that engages in Securities-Related Business, the main business of the Company, based on Article 118 of the “Accounting Regulation Ordinance.”

(1) Status of Profits and Losses of the Group

The consolidated operating revenues of the current fiscal year were 659.3 billion yen, up 2.6% from the previous fiscal year, and the net operating revenues were 532.2 billion yen, down 1.8% from the previous fiscal year. General and administrative expense increased by 1.1% to 361.3 billion yen and ordinary income was 184.5 billion yen, down 6.3% from the previous fiscal year. After extraordinary income or loss and income taxes and minority interests in income were added to the ordinary income, net income was 148.4 billion yen down 12.4% from the previous year.

(Millions of yen)

	Net Operating Revenues			Ordinary Income		
	Fiscal 2013 (77 th term)	Fiscal 2014 (78 th term)	Change (%) from Previous Term	Fiscal 2013 (77 th term)	Fiscal 2014 (78 th term)	Change (%) from Previous Term
Retail	253,093	232,033	△8.3%	102,120	77,756	△23.9%
Wholesale	175,338	180,568	3.0%	47,428	52,888	11.5%
Asset Management	48,714	55,140	13.2%	25,328	32,142	26.9%
Investment	19,989	8,351	△58.2%	17,171	6,506	△62.1%
Others	44,815	56,126	25.2%	4,996	15,284	205.9%
Total	541,951	532,220	△1.8%	197,045	184,578	△6.3%

[Retail]

Due to the decrease of transaction volume in the stock market, net operating revenue was 232.0 billion yen (down 8.3% from the previous fiscal year) and ordinary income was 77.7 billion yen (down 23.9% from the previous fiscal year).

[Wholesale]

Distribution of bonds continued to be vigorous since the previous fiscal year and contributed to net operating revenue and ordinary income, which increased to 180.5 billion yen (UP 3.0% from the previous fiscal year) and 52.8 billion yen (up 11.5% from the previous fiscal year), respectively.

[Asset Management]

Net operating revenue was 55.1 billion yen (up 13.2% from the previous fiscal year) and ordinary income was 32.1 billion yen (up 26.9% from the previous fiscal year) because asset under management expanded as the distribution of stock investment trusts increased in addition to depreciated Yen and soared share prices.

[Investment]

Net operating revenue was 8.3 billion yen (down 58.2% from the previous fiscal year) and ordinary income was 6.5 billion yen (down 62.1% from the previous fiscal year), as the return of large-scale investment decreased.

(2) Status of Assets, Liabilities and Net Assets of the Group

Total assets increased by 3 trillion 520.7 billion yen to 23 trillion 1.5 billion yen, mainly because cash and deposits, trading products and loans secured by securities increased by, 1 trillion 98.8 billion yen, 1 trillion 193.4 billion yen and 839.7 billion yen, respectively.

Total liabilities increased by 3 trillion 339.5 billion yen to 21 trillion 566.9 billion yen, mainly because trading products, loans payable secured by securities and deposits of banking business increased by 717.8 billion yen, 1 trillion 222.9 billion yen and 547.9 billion yen, respectively.

As for the net assets, retained earnings increased by 95.3 billion yen due to net income, valuation difference on available-for-sale securities increased by 47.8 billion yen due to rise in market value of securities held, and foreign currency translation adjustment increased by 28.2 billion yen due to weakening of yen. As a result, total net assets increased by 181.2 billion yen to 1 trillion 434.6 billion yen. Net assets per share was 725.27 yen.

(3) Status of the Capital Investment of the Group

The Group has been making capital investments for the purpose of enhancing its customers' convenience and the competitive power of its business. During the current fiscal year, we have made total IT investments of approx. 30.0 billion yen, for strengthening products and services such as NISA, enhancing business efficiency by using tablet, strengthening the securities-banking business model (e.g. foreign currency sweep service), making online trades through smart phone and tablets more convenient, corresponding to global regulations (including Liquidity Coverage Ratio), unified taxation on financial products and national identification number system.

Also, regarding premises, Daiwa Securities Co. Ltd. created business premises in Sangenjaya, Senkawa, Shinkoiwa, Gakugei-daigaku, Hiyoshi, Yagoto, Ashiya and Hanakoganei.

(4) Status of Financing of the Group

The Company issued its 16th series of Yen denominated unsecured straight bonds of 30 billion yen (payment date of May 21, 2014), 17th series of Yen denominated unsecured straight bonds of 20 billion yen (payment date of August 28, 2014), 18th series of Yen denominated unsecured straight bonds of 12 billion yen (payment date of August 28, 2014), 19th series of Yen denominated unsecured straight bonds of 25 billion yen (payment date of February 25, 2015), and 20th series of Yen denominated unsecured straight bonds of 20 billion yen (payment date of February 25, 2015).

3. Five-year trend of the status of Consolidated Performance and Assets

(Billions of yen)

	74 th term (Apr 1, 2010 - Mar 31, 2011)	75 th term (Apr 1, 2011- Mar 31, 2012)	76 th term (Apr 1, 2012- Mar 31, 2013)	77 th term (Apr 1, 2013- Mar 31, 2014)	78 th term (current term) (Apr 1, 2014- Mar 31, 2015)
Operating revenues	403.0	422.3	525.4	642.8	659.3
Net operating revenues	318.5	336.0	417.3	541.9	532.2
Ordinary income (loss)	(32.6)	(12.2)	95.1	197.0	184.5
Net income (loss)	(37.3)	(39.4)	72.9	169.4	148.4
Stockholders' equity (Net assets)	921.3	951.7	1,082.5	1,253.4	1,434.6
Total assets	16,842.4	18,924.0	19,049.0	19,480.8	23,001.5
Stockholders' equity (Net assets) per share (Yen)	496.76	463.04	536.72	633.53	725.27
Net income (loss) per share (Yen)	(21.90)	(23.41)	43.00	99.63	87.07
Return on Equity (ROE)%	(4.2%)	(4.9%)	8.6%	17.0%	12.8%
Number of consolidated Subsidiaries	58	60	52	49	50
Number of affiliates	6	5	8	8	8

4. Issues to be Addressed by the Group

During the three years of the previous Medium-term Management Plan, we were able to achieve our targets for high profits, improvement in the fixed cost coverage ratio, and improvement in the group's credit ratings, among other achievements. This is the result of striving to expand stable revenues and diversify our business in order to establish a robust business structure, amid a market climate brought about by Abenomics.

Looking at our current business environment, all four of the prerequisites for the full-scale transition "from savings to investment" have almost been fulfilled; namely, 1) escape from deflation, 2) spread of successful investment experiences, 3) Government support for policy and systems, and 4) enhancement of companies' earnings power.

"Passion for the Best" 2017, the new Medium-term Management Plan for the group extending through FY2017, has been designed amid such a climate. We will move forward with the implementation of our growth strategy with our sights set on the basic policy of attracting customers, with the top quality in the industry, and be their partner, as the transition "from savings to an age of investment" gets fully underway. We will put the virtuous cycles of moving from savings to investment and increasing corporate value into place and will lead the growth of the capital markets by mobilizing the integrated strengths of our group in working to offer investment services that will lead people from savings into the age of investment and striving to provide solutions that will help increase corporate value.

During FY2015, the initial year of the new Medium-term Management Plan for the group, we will steadily implement the action plan to: 1) establish product and service platforms in response to the needs of a wide range of investors; 2) strengthen asset management abilities, 3) identify and develop the next-generation growth companies and help them to raise capital for growth, and 4) provide solutions in response to corporate globalization and M&A needs. We will contribute to Japan's growth strategy by blazing the path from savings to investment as a pioneer in the capital markets.

The Action Plans for Each Business Division for FY2015

Retail Division

- 1) Reinforce sales capabilities in terms of both quality and quantity.
- 2) Expand new customer base with a central focus on Inbound customers.
- 3) Strengthen operational efficiency and proposal support function by utilizing AI (Note 1) and big data.
- 4) Enhance fee-based products and services.
- 5) Further evolve the securities-banking business model.

Wholesale Division

- 1) Improve the ability to offer products that accurately capture the client's needs.
- 2) Pursue a global strategy centered on Asia.
- 3) Identify and develop the next-generation growth companies and help them to raise capital for growth.
- 4) Provide solutions in response to corporate globalization and M&A needs.

Asset Management Division

- 1) Strengthen the management structure and target performance.
- 2) Build and expand leading funds in both the securities and bank OTC channels.
- 3) Develop products suitable for expanding the investor base and long-term asset building.
- 4) Further strengthen system for timely information distribution and sales support.
- 5) Further reinforce the real estate asset management business.

Investment Division

- 1) Secure returns by improving investment management skills.
- 2) Engage in investment linked to group businesses by utilizing principal funds.
- 3) Support sustainable growth of companies and the development of new industries by supplying growth capital, etc.

Other (Daiwa Institute of Research Group)

- 1) Increase group presence by actively communicating information based on the three pillars of the economy, finance, and the environment.
- 2) Expand group revenue opportunities by improving consulting abilities in Japan and Asia.
- 3) Establish the most advanced IT environment among domestic financial institutions.

Other (Daiwa Next Bank)

- 1) Expand new customer base.
- 2) Encourage client transactions by strengthening corporation between securities and banking.
- 3) Strengthen ALM.(Note 2)
- 4) Reinforce all management systems.

(Note 1) AI: Artificial Intelligence

(Note2) ALM: the practice of managing risks that arise due to mismatches between the assets and liabilities.

5. Status of the Group

(1) The Group's Primary Business

The Group, whose businesses are investment and financial services with a core focus on securities-related business, is involved in trading and brokerage of securities and derivative products, underwriting and secondary offering of securities, treatment of public offering for subscription and secondary offering of securities, treatment of private offering for subscription of securities, and banking business or other businesses related to the securities and financial fields.

(2) Status of Major Subsidiaries and Affiliates

Company Name	Location	Capital (millions of yen)	Ratio of Voting Rights (Directly owned)	Business
Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	100,000	100.0% (99.9%)	Securities related business Investment advisory and agency business
Daiwa Asset Management Co. Ltd.	Chiyoda-ku, Tokyo	15,174	100.0% (100.0%)	Investment management business Investment advisory and agency business
Daiwa Institute of Research Holdings Ltd.	Koto-ku, Tokyo	3,898	100.0% (100.0%)	Integration and management of subsidiaries
Daiwa SB Investments Ltd. (Note1)	Chiyoda-ku, Tokyo	2,000	44.0% (44.0%)	Investment management business Investment advisory and agency business
Daiwa Securities Business Center Co. Ltd.	Koto-ku, Tokyo	100	100.0% (100.0%)	Back office operation
Daiwa Property Co., Ltd.	Chuo-ku, Tokyo	100	100.0% (99.4%)	Lending and borrowing of real estate
Daiwa Next Bank, Ltd.	Chiyoda-ku, Tokyo	50,000	100.0% (100.0%)	Banking business
Daiwa Institute of Research Ltd.	Koto-ku, Tokyo	1,000	100.0% (-)	Information service
Daiwa Institute of Research Business Innovation Ltd.	Koto-ku, Tokyo	3,000	100.0% (-)	Information service
Daiwa Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	100	100.0% (-)	Investment business
Daiwa Securities SMBC Principal Investments Co. Ltd.	Chiyoda-ku, Tokyo	100	60.0% (-)	Investment business
Daiwa PI Partners Co. Ltd.	Chiyoda-ku, Tokyo	12,000	100.0% (-)	Investment business
Daiwa Real Estate Asset Management Co., Ltd.	Chuo-ku, Tokyo	200	100.0% (100.0%)	Investment management business Investment advisory and agency business
Daiwa Office Investment Corporation (Note 2)	Chuo-ku, Tokyo	219,155	42.7% (13.5%)	Investment in specified assets
Daiwa Capital Markets Europe Limited	London, U.K.	GBP732 million	100.0% (-)	Securities-related business
Daiwa Capital Markets Asia Holding B.V.	Amsterdam, Netherlands	EUR1,083 million	100.0% (-)	Integration and management of subsidiaries
Daiwa Capital Markets Hong Kong Limited	Hong Kong, China	HKD100 million USD676 million	100.0% (-)	Securities-related business
Daiwa Capital Markets Singapore Limited	Singapore, Singapore	SGD140 Million	100.0% (-)	Securities-related business
Daiwa Capital Markets America Holdings Inc.	New York, U.S.A.	USD621 Million	100.0% (-)	Integration and management of subsidiaries
Daiwa Capital Markets America Inc.	New York, U.S.A.	USD100 Million	100.0% (-)	Securities-related business

(Note 1) Daiwa SB Investments Ltd. is an affiliated company.

(Note 2) Daiwa Office Investment Co. is more likely to be affiliate of our Company, because the Company's shareholding will decrease due to public offering (payment date of June 1, 2015), which is resolved at the board meeting on April 27, 2015.

(3) Status of the Group's Business Combinations, etc.

Both board of directors of Daiwa Securities Co. Ltd., consolidated subsidiary of the Company, and Daiwa Pension Consulting Co., also a consolidated subsidiary of the Company, decided to merge as scheduled effective date of October 1st, 2015.

(4) Status of Major Business Alliances

The company operates joint ventures with Sumitomo Mitsui Financial Group Inc. in the areas of the asset management business.

(5) The Group's Primary Business Locations

1) **The Company's Head Office:** 9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo

2) **Main Subsidiaries' Business Locations**

Daiwa Securities Co. Ltd.

Hokkaido / Tohoku	Sapporo Branch, Sendai Branch, and 8 other branches
Kanto (excluding Tokyo)	Yokohama Branch, Yokohama-eki Nishiguchi Branch, Chiba Branch, Omiya Branch, and 24 other branches
Tokyo	Head Office, Ginza Branch, Shinjuku Branch, Shibuya Branch, Ikebukuro Branch, and 33 other branches
Chubu / Hokuriku	Nagoya Branch, Nagoya-ekimae Branch, Shizuoka Branch, and 17 other branches
Kinki	Kyoto Branch, Osaka Branch, Umeda Branch, Nanba Branch, Kobe Branch, and 16 other branches
Chugoku / Shikoku	Hiroshima Branch, and 12 other branches
Kyushu / Okinawa	Fukuoka Branch, and 9 other branches

(6) Status of Employees

1) **The Group's Employees**

Number of employees	Change from previous fiscal year
13,466	149

(Note 1): The number of employees is calculated by the number of full-time staff.

(Note 2): The annual average number of part-time workers is 847.

2) **The Company's Employees**

Number of employees	Average age	Average years of service
6 [595]	[41yrs. & 10mons.]	[15yrs. & 4mons.]

(Note 1): The number of employees is calculated by the number of full-time staff, and the number of employees who work for both the Company and Daiwa Securities Co. Ltd. is noted in brackets.

(Note 2): In Average age and Average years of service above, the numbers include those of employees who work for both the Company and Daiwa Securities Co. Ltd.

(Note 3): In Average years of service above, the years of service in Daiwa Securities Co. Ltd., etc. are included.

(7) Major Lenders

Name of Lender	Type of Loan	Balance (Millions of yen)
Daiwa Securities Group Inc.		
Sumitomo Mitsui Banking Corporation	Short-Term Borrowings	5,750
	Long-Term Borrowings	93,134
Mizuho Bank Ltd.	Short-Term Borrowings	11,100
	Long-Term Borrowings	52,556
Sumitomo Mitsui Trust Bank, Limited	Short-Term Borrowings	28,000
	Long-Term Borrowings	17,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Short-Term Borrowings	9,000
	Long-Term Borrowings	23,814
Yamaguchi Bank Corporation	Short-Term Borrowings	5,000
	Long-Term Borrowings	19,937
Resona Bank Ltd.	Long-Term Borrowings	23,000
Taiyo Life Insurance Company	Short-Term Borrowings	5,000
	Long-Term Borrowings	15,000
Daiwa Office Investment Corporation		
Sumitomo Mitsui Banking Corporation	Short-Term Borrowings	500
	Long-Term Borrowings	32,900
Sumitomo Mitsui Trust Bank, Limited	Long-Term Borrowings	20,350

(Note) The main borrowings from outside of the Group, excluding call money etc., are stated above.

(8) Other Significant Matters relating to the Group's Current Status

Not applicable.

(Note): This business report is prepared in accordance with the provisions of the "Companies Act" (Act No. 86 of 2005), the "Ordinance for Enforcement of the Companies Act" (Ministry of Justice Ordinance No. 12 of 2006) and the "Accounting Regulation Ordinance" (Ministry of Justice Ordinance No. 13 of 2006). Where it was possible to state the Group's status, we stated the status of the Group instead of the status of the Company alone.

II. Summary of the Company (as of March 31, 2015)

1. Status of Shares

(1) Total number of Shares

Total number of authorized shares: 4,000,000,000 shares

Type of Shares	Issuable total number of Shares
Common Stocks	4,000,000,000
First kind Preferred Stocks	100,000,000
Second kind Preferred Stocks	100,000,000
Third kind Preferred Stocks	100,000,000

(2) Total number of issued and outstanding shares: 1,749,378,772 shares of Common Stocks

(3) Total number of Shareholders: 109,418

(4) Major Shareholders (top ten)

Name	Number of Shares of Common Stocks held (% of total outstanding shares)
STATE STREET BANK AND TRUST COMPANY 505223	165,741 thousand shares (9.66%)
Japan Trustee Services Bank, Ltd. (Trust Account)	61,272 thousand shares (3.57%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	56,078 thousand shares (3.26%)
Sumitomo Mitsui Banking Corporation	30,328 thousand shares (1.76%)
THE BANK OF NEW YORK MELLON SA/NV 10	28,851 thousand shares (1.68%)
Japan Trustee Services Bank, Ltd. Sumitomo Mitsui Trust Pension Account	24,888 thousand shares (1.45%)
STATE STREET BANK WEST CLIENT-TREATY 505234	21,536 thousand shares (1.25%)
Taiyo Life Insurance Company	21,140 thousand shares (1.23%)
Nippon Life Insurance Company	20,867 thousand shares (1.21%)
Japan Trustee Services Bank, Ltd. (Trust Account 1)	19,369 thousand shares (1.12%)

(Note 1) Treasury stock of 33,814,218 shares is excluded for calculating the percentage of the above list of major shareholders.

(Note 2) The Company holds its own shares as treasury stock (33,814 thousand shares) as of March 31, 2015 and those shares are excluded from the above list of major shareholders.

2. Status of Stock Acquisition Rights, etc.

(1) Status of Stock Acquisition Rights (Stock Option) at the end of the current fiscal year

1) Stock Acquisition Rights issued under Article 280-20 and Article 280-21 of the previous Commercial Code

Name (Issued Day)	Number (Class and Number of shares)	Amount to be paid in upon issuance	Amount to be paid in upon exercise	Period of exercise	Conditions for exercise
Stock Acquisition Rights issued in June 2005 (June 24, 2005)	314 (Common stock 314,000 shares)	Gratuitous Grant	1,000 yen (1 yen per share)	From July 1, 2005 To June 30, 2025	(Note 1) (Note 2) (Note 3)

(Note 1) Each stock acquisition right may not be exercised in part.

(Note 2) The holder of the stock acquisition rights may exercise the rights from the next day of the day when they exit all positions as director or Corporate Executive Officer, or Executive Officers of the Company and its subsidiaries which is determined by the Board of Directors of the Company or the Corporate Executive Officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company. However, stock acquisition rights may be exercised after June 1, 2025 in accordance with other conditions for exercise of stock acquisition rights.

(Note 3) Other conditions for exercise shall be set forth in the stock acquisition right grant agreement.

2) Stock Acquisition Rights issued under Article 236, Article 238, and Article 239 of the Companies Act

Name (issued day)	Number (Class and Number of Shares)	Amount to be paid in upon issuance	Amount to be paid in upon exercise	Period to exercise	Conditions for exercise
Stock Acquisition Rights issued in July 2006 (July 1, 2006)	201 (Common stock 201,000 shares)	Gratuitous Grant	1,000 yen (1 yen per share)	From July1, 2006 To June 30, 2026	(Note 1) (Note 2) (Note 4)
Stock Acquisition Rights, Series 3 (September 4, 2006)	2,593 (Common stock 2,593,000 shares)	Gratuitous grant	1,455,000 yen (1,455 yen per share)	From July 1, 2011 to June 23, 2016	(Note 1) (Note 4)
Stock Acquisition Rights issued in July 2007 (July 1, 2007)	225 (Common stock 225,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2007 to June 30, 2027	(Note 1) (Note 2) (Note 4)
Stock Acquisition Rights, Series 4 (September 3, 2007)	2,570 (Common stock 2,570,000 shares)	Gratuitous grant	1,176,000 yen (1,176 yen per share)	From July 1, 2012 to June 22, 2017	(Note 1) (Note 4)
Stock Acquisition Rights issued in July 2008 (July 1, 2008)	283 (Common stock 283,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2008 to June 30, 2028	(Note 1) (Note 2) (Note 4)
Stock Acquisition Rights, Series 5 (September 8, 2008)	2,919 (Common stock 2,919,000 shares)	Gratuitous grant	881,000 yen (881 yen per share)	From July 1, 2013 to June 20, 2018	(Note 1) (Note 4)
Stock Acquisition Rights issued in July 2009 (July 1, 2009)	573 (Common stock 573,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2009 to June 30, 2029	(Note 1) (Note 2) (Note 4)
Stock Acquisition Rights, Series 6 (November 9, 2009)	2,875 (Common stock 2,875,000 shares)	Gratuitous grant	496,000 yen (496 yen per share)	From July 1, 2014 to June 19, 2019	(Note 1) (Note 4)
Stock Acquisition Rights issued in July 2010 (July 1, 2010)	984 (Common stock 984,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2010 to June 30, 2030	(Note 1) (Note 3) (Note 4)
Stock Acquisition Rights, Series 7 (September 1, 2010)	7,399 (Common stock 7,399,000 shares)	Gratuitous grant	380,000 yen (380 yen per share)	From July 1, 2015 to June 25, 2020	(Note 1) (Note 4)
Stock Acquisition Rights issued in July 2011 (July 1, 2011)	1,186 (Common stock 1,186,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2011 to June 30, 2031	(Note 1) (Note 2) (Note 4)
Stock Acquisition Rights, Series 8 (September 5, 2011)	5,855 (Common stock 5,855,000 shares)	Gratuitous grant	326,000 yen (326 yen per share)	From July 1, 2016 to June 24, 2021	(Note 1) (Note 4)
Stock Acquisition Rights issued in February 2013(February 12, 2013)	817 (Common stock 817,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 12, 2013 to June 30, 2032	(Note 1) (Note 3) (Note 4)
Stock Acquisition Rights, Series 9 (February 12, 2013)	6,333 (Common stock 6,333,000 shares)	Gratuitous grant	598,000 yen (598 yen per share)	From July 1, 2017 to June 26, 2022	(Note 1) (Note 4)
Stock Acquisition Rights issued in February 2014 (February 10, 2014)	400 (Common stock 400,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 10, 2014 to June 30, 2033	(Note 1) (Note 3) (Note 4)
Stock Acquisition Rights, Series 10 (February 10, 2014)	3,964 (Common stock 3,964,000 shares)	Gratuitous grant	1,062,000 yen (1,062 yen per share)	From July 1, 2018 to June 25, 2023	(Note 1) (Note 4)
Stock Acquisition Rights issued in February 2015 (February 9, 2015)	461 (Common stock 461,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 9, 2015 to June 30, 2034	(Note 1) (Note 3) (Note 4)
Stock Acquisition Rights, Series 11 (February 9, 2015)	5,418 (Common stock 5,418,000 shares)	Gratuitous grant	931,000 yen (931 yen pre share)	From July 1, 2019 to June 25, 2024	(Note 1) (Note 4)
Total	45,056 (Common stock 45,056,000 shares)				

(Note 1) Each stock acquisition right may not be exercised in part.

(Note 2) The holder of the stock acquisition rights may exercise the rights from the next day of the day when they exit all positions as director, Corporate Executive Officer, or Executive Officer of the Company and its subsidiaries, which is determined by the Board of Directors of the Company or the Corporate

Executive Officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company. However, from 30 days before the last day of the exercise period, the holder can exercise the stock acquisition rights in accordance with other conditions of exercise.

(Note 3) The holder of the stock acquisition rights may exercise the rights from the next day the day when they exit all positions as director, Corporate Executive Officer, or Executive Officer of the Company and its subsidiaries and affiliates, which is determined by the Board of Directors of the Company or the Corporate Executive Officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company. However, from 30 days before the last day of the exercise period, the holder can exercise the stock acquisition rights in accordance with other conditions of exercise.

(Note 4) Other conditions for exercise shall be set forth in the stock acquisition right allocation agreement.

(Note 5) The number of stock acquisition rights above includes the stock acquisition rights held by the Company.

(2) Status of Stock Acquisition Rights (Stock Options) held by the Company's Officers at the end of the current fiscal year

Name of Stock Acquisition Rights	Number of holders	Number of Rights
Stock Acquisition Rights issued in June 2005	8	56
Stock Acquisition Rights issued in July 2006	8	33
Stock Acquisition Rights, Series 3	6	19
Stock Acquisition Rights issued in July 2007	8	33
Stock Acquisition Rights, Series 4	5	16
Stock Acquisition Rights issued in July 2008	9	46
Stock Acquisition Rights, Series 5	4	19
Stock Acquisition Rights issued in July 2009	11	102
Stock Acquisition Rights, Series 6	1	4
Stock Acquisition Rights issued in July 2010	12	157
Stock Acquisition Rights, Series 7	2	18
Stock Acquisition Rights issued in July 2011	13	230
Stock Acquisition Rights, Series 8	1	9
Stock Acquisition Rights issued in February 2013	13	172
Stock Acquisition Rights, Series 9	1	11
Stock Acquisition Rights issued in February 2014	14	92
Stock Acquisition Rights issued in February 2015	14	100

(Note 1) No stock acquisition right as a stock option was allocated to any Outside Director.

(Note 2) The officers at the end of current fiscal year did not hold Stock Acquisition Rights, Series 10 and Series 11

(3) Status of Stock Acquisition Rights (Stock Options) allotted to Employee, etc., during the current fiscal year

Name of Stock Acquisition Rights	Class of holders	No. of holders	No. of rights
Stock Acquisition Rights issued in February 2015	Employee of the Company	7	29
	Directors of Subsidiaries	43	179
	Employees of Subsidiaries	42	153
	Total	92	361
Stock Acquisition Rights, Series 11	Directors of Subsidiaries	7	34
	Employees of Subsidiaries	3,004	5,248
	Directors and Employees of Affiliates	61	136
	Total	3,072	5,418

(Note 1) Above numbers are as of the allocation date of each stock acquisition right.

(Note 2) Executive Officers of the Company are classified as employees of the Company.

(Note 3) Executive Officers of subsidiaries are classified as employees of subsidiaries.

(Note 4) No stock acquisition right as a stock option was allocated to the Audit & Supervisory Board Member of subsidiaries.

3. Status of the Company's Officers

(1) Directors

Title	Name	Area in Charge and Significant Concurrent Positions
Chairman of the Board	Shigeharu Suzuki	See "(2) Corporate Executive Officers"
Member of the Board	Takashi Hibino	See "(2) Corporate Executive Officers"
Member of the Board	Nobuyuki Iwamoto	See "(2) Corporate Executive Officers"
Member of the Board	Akio Takahashi	See "(2) Corporate Executive Officers"
Member of the Board	Yoriyuki Kusaki	See "(2) Corporate Executive Officers"
Member of the Board	Hiroshi Nakamura	See "(2) Corporate Executive Officers"
Member of the Board	Keiko Tashiro	See "(2) Corporate Executive Officers"
Member of the Board	Masaru Shirataki	Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd. Outside Audit & Supervisory Board Member of Daiwa SB Investments Ltd. Audit & Supervisory Board Member of Daiwa Property Co. Ltd. Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.
Member of the Board	Ryuji Yasuda	See "(3) Outside Officers"
Member of the Board	Nobuko Matsubara	See "(3) Outside Officers"

Title	Name	Area in Charge and Significant Concurrent Positions
Member of the Board	Keiichi Tadaki	See “(3) Outside Officers”
Member of the Board	Hiroki Tsuda	See “(3) Outside Officers”
Member of the Board	Tadashi Onodera	See “(3) Outside Officers”

(Note 1) Members of the Board, Ryuji Yasuda, Nobuko Matsubara, Keiichi Tadaki, Hiroki Tsuda and Tadashi Onodera are outside directors as defined under Article 2 item 15 of the Companies Act, and independent directors as defined by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc..

(Note 2) As a “company with committees” (current “company with nominating committee etc.”), the Company installed the following three committees, composed of the following directors.

Nominating Committee: Shigeharu Suzuki (Chairman), Takashi Hibino,
Ryuji Yasuda, Nobuko Matsubara, Keiichi Tadaki,
Tadashi Onodera

Audit Committee: Keiichi Tadaki (Chairman), Masaru Shirataki,
Nobuko Matsubara, Hiroki Tsuda

Compensation Committee: Ryuji Yasuda (Chairman), Shigeharu Suzuki,
Takashi Hibino, Hiroki Tsuda, Tadashi Onodera

(Note 3) Masaru Shirataki resigned Outside Audit & Supervisory Board Member of Daiwa SB Investments Ltd. on April 9, 2015.

(2) Corporate Executive Officers

Title	Name	Area in Charge and Significant Cocurrent Positions
P r e s i d e n t / R e p r e s e n t a t i v e C o r p o r a t e E x e c u t i v e O f f i c e r	Takashi Hibinno	Chief Executive Officer (CEO), Representative Director/president of Daiwa Securities Co. Ltd.
D e p u t y P r e s i d e n t/ R e p r e s e n t a t i v e C o r p o r a t e E x e c u t i v e O f f i c e r	Nobuyuki Iwamoto	Chief Operating Officer (COO), Head of Overseas Representative Director/Deputy President of Daiwa Securities Co. Ltd.
D e p u t y P r e s i d e n t	Akio Takahashi	Head of Wholesale, Representative Director/Deputy President of Daiwa Securities Co. Ltd.
D e p u t y P r e s i d e n t	Yoriyuki Kusaki	Head of Retail, Representative Director/Deputy President of Daiwa Securities Co. Ltd.
D e p u t y P r e s i d e n t	Hiroshi Nakamura	Deputy Head of Wholesale, Representative Director/Deputy President of Daiwa Securities Co. Ltd.
D e p u t y P r e s i d e n t	Makoto Shirakawa	Head of Asset Management, Representative Director/President of Daiwa Asset Management Co. Ltd.
D e p u t y P r e s i d e n t	Takashi Fukai	Head of Think-tank, Representative Director/Deputy President of Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd.

Title	Name	Area in Charge and Significant Cocurrent Positions
Senior Executive Managing Director	Toshihiro Matsui	Head of Planning and Personnel, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Keiko Tashiro	Deputy Head of Overseas (Head of U.S), Chairman of Daiwa Capital Markets America Holdings Inc. Chairman of Daiwa Capital Markets America Inc.
Executive Managing Director	Toshihiko Onishi	Head of Internal Audit, Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Mikita Komatsu	Chief Financial Officer (CFO), Deputy Head of Planning and Overseas, Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Managing Director	Hiroyuki Inose	Chief Risk Management Officer (CRO) Director of Daiwa Securities Co. Ltd.
Senior Managing Director	Shigeharu Suzuki	Representative Director/ Chairman of the Board of Daiwa Securities Co. Ltd.

(Note 1) Corporate Executive Officers Takashi Hibino, Nobuyuki Iwamoto, Akio Takahashi, Yoriyuki

Kusaki, Hiroshi Nakamura, Keiko Tashiro and Shigeharu Suzuki also serve as Directors.

(Note 2) Corporate Executive Officers Akio Takahashi resigned as of March 31, 2015.

(Note 3) Seiji Nakata took his new position as Corporate Executive Officer as of April 1, 2015, and as of said day the responsibilities of the Corporate Executive Officers were changed as follows.

Deputy President	Hiroshi Nakamura	Head of Wholesale
Senior Executive Managing Director	Seiji Nakata	Deputy Head of Retail
Executive Managing Director	Mikita Komatsu	CFO
		Deputy Head of Overseas

(3) Outside Officers**1) Significant concurrent positions held by outside officers in other companies and the relationships between these companies and the Company**

Name	Significant Cocurrent Posutions
Ryuji Yasuda	Professor of Hitotsubashi University, Graduate School of Intenational Corporate Strategy
	Outside Director of Fukuoka Financial Group.
	Outside Director of the Bank of Fukuoka, Ltd.
	Outside Director of Yakult Honsha Co., Ltd.
	Outside Audit & Supervisory Board Member of The Asahi Shimbun Company
	Outside Director of ORIX Corporation
Nobuko Matsubara	Honorary Chairman of Japan Institute of Worker's Evolution
	Representative of a Board of directors and Chairman of Japan Small and Medium Enterprises Welfare Foundation
Keiichi Tadaki	Special Counsel Attorney at law of Mori Hamada & Matsumoto
	Outside Director of Aeon Co., Ltd.
	Outside Audit & Supervisory Board Member of Nippon Life Insurance Company
	Outside Audit & Supervisory Board Member of Fujita Corporation
Hiroki Tsuda	Outside Director of Mitsubishi Heavy Industries Ltd.
	Advisor to Mistui Sumitomo Insurance Co., Ltd.
Tadashi Onodera	Chairman of KDDI Corporation
	Outside Director of Kyocera Co., Ltd.
	Outside Director of Okinawa Cellular Co., Ltd.

(Note) The Company has no special relationships of interest with companies listed above in which outside officers hold concurrent positions.

2) Major activities during the current fiscal year

Name	Major activities (Status of attendance & remarks)
Ryuji Yasuda	Attended all 10 Board of Directors' Meetings held during the current fiscal year, and made remarks on the bills and discussion on meetings, mainly based on his knowledge and experience relating to management strategies.
Nobuko Matsubara	Attended all 10 Board of Directors' Meetings and all 12 Audit Committee held during the current fiscal year, and made remarks mainly on the bills and discussion on meetings, from her ample experience and view as a government officer.
Keiichi Tadaki	Attended all 10 Board of Directors' Meetings and all 12 Audit Committee held during the current fiscal year, held during the current fiscal year, and made remarks mainly on the bills and discussion on meetings, from his professional view as attorney and experience and view as a government officer.
Hiroki Tsuda	Attended all 10 Board of Directors' Meetings and all 12 Audit Committee held during the current fiscal year, and made remarks mainly on the bills and discussion on meetings, from his ample experience and view as a government officer.
Tadashi Onodera	Attended 6 out of 8 Board of Directors' Meetings, after inaugurating. Made remarks mainly on the bills and discussion on meetings, from his experience as an executive.

(Note) Nobuko Matsubara, Keiichi Tadaki and Hiroki Tsuda are members of the Audit Committee.

3) Outline of the Agreement to limit liability

Each outside director executed an agreement to limit liability provided in Article 423, Paragraph 1 of the Companies Act, with the Company. The maximum amount of liability under the said agreement shall be 10 million yen or the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act, whichever is higher.

(4) Remunerations paid to Directors and Corporate Executive Officers

Amounts of Remunerations, etc. Paid based on Resolution of the Compensation Committee	Directors		Corporate Executive Officers		Total	
	Number Paid	Amount Paid	Number Paid	Amount Paid	Number Paid	Amount Paid
	Persons	¥million	Persons	¥million	Persons	¥million
	8	124	13	1,035	21	1,159

(Note 1) The above paid amounts include the estimated amounts payable as payment linked to achievement for the current fiscal year.

(Note 2) The above paid amounts include stock acquisition rights granted as stock options to the Directors and Corporate Executive Officers valued at 85 million yen in total. The details of the stock acquisition rights are as stated in “2. Status of Stock Acquisition Rights, etc.”

(Note 3) The total remuneration, etc. paid to the six (6) outside directors was 88 million yen.

(Note 4) The remunerations to the seven (7) Directors who also serve as Corporate Executive Officers are stated in the column of Amount Paid to the Corporate Executive Officers.

(5) Policies for Determination of Remuneration for Directors and Corporate Executive Officers

Remuneration for Directors and Corporate Executive Officers is determined based on the following fundamental policies.

- To create effectively incentives, which contribute to the increase of shareholders' value through sound business development and lead to improvement of business performance in short-term and medium to long-term.
- To maintain a remuneration standards which are competitive enough to recruit and retain people not only domestically but also globally as global securities company group.
- To make the role-sharing of execution and supervision functions effectively as company with committees (Note).

Remuneration for Directors and Corporate Executive Officers are composed of base remuneration, performance-linked remuneration and stock linked remuneration as defined below.

1) Base remuneration

Base remuneration is a fixed amount calculated based on his/her position, duties and role.

2) Performance-linked Remuneration

Performance-linked Remuneration shall be determined depending on the level of individual contributions, on the basis of consolidated ordinary income, also comprehensively taking into consideration consolidated ROE, achievement status of the managerial goals set in the Medium-Term Management Plan, and the like..

Performance-linked remuneration shall not be applied to Directors who do not serve as a Corporate Executive Officer.

3) Stock-linked remuneration

To increase the link between remuneration and shareholders' value, the Company grants, as stock-linked remuneration, stock options, etc., whose values correspond to a certain percentage of base remuneration.

Stock-linked remuneration shall not apply to Outside Directors.

(Note) The Company became a company with the nomination committee, etc. in accordance with the amendment of the Companies Act which was effective from May 1st, 2015.

4. Status of Independent Auditors

1) Name: KPMG AZSA LLC

2) Amount of Fees, etc.

1. The amount of fees, etc. to be paid by the Company to the independent auditor.

79 million yen

2. The total amount of benefits, etc. to be paid by the Company and subsidiaries of the Company to the independent auditor.

520 million yen

(Note 1) Because the amounts of audit fees for audit services under the Companies Act and audit service under the Financial Instruments and Exchange Act of Japan are not clearly distinguished in the audit engagement contract between the Company and the independent auditor, and it is not practical to categorize them, the fees, etc. above are the aggregated amount of both.

(Note 2) The Company and subsidiaries of the Company also pay a fee to the independent auditor in consideration of its services relating to the assessment of controlled risk and compliance concerning segregation of customers' assets, a service not included in audit duties (audit certificate service) as defined in Article 2, Paragraph 1 of the Certified Public Accountant Law.

3) Policies for Determination of Discharge or Refusal of Reappointment

In the event that the independent auditor violates or conflicts with the Companies Act, Certified Public Accountant Law, etc., or acts against public policy, or if the Audit Committee determines that discharge or refusal of reappointment of the relevant independent auditor needs to be considered, the Audit Committee will examine the facts. When the Audit Committee finds that discharge or refusal of reappointment is reasonable, it will decide to submit a "Discharge or refusal of reappointment of the independent auditor" as a bill to the General Meeting of Shareholders, pursuant to regulations of the Audit Committee.

4) Others

Among major subsidiaries of the Company, Daiwa Capital Markets Europe Limited, Daiwa Capital Markets America Holdings Inc. and other foreign subsidiaries have, only in relation to audits on the basis of the Companies Act or Financial Instruments and Exchange Act of Japan (including comparable foreign law(s)), been audited by certified public accountant(s) or audit corporation(s) (including one(s) who have/has comparable qualification(s) in foreign country(s)) other than the independent auditor of the Company.

(Note) The Company has not executed an agreement to limit liability with the independent auditor, "KPMG AZSA LLC".

5. Policies for Determination of Distribution of Surpluses

The Company pursues continuous enhancement of shareholders' value including profit shares. We plan to pay a dividend every six months with a dividend payout ratio guideline of 30%, reflecting consolidated business performance. Taking care to secure enough internal reserves for future business development after taking stability into consideration, we plan to actively return profits to shareholders including repurchase of the Company's shares, etc.

Further, based on the above basic policies, distribution of the surpluses for the current fiscal year are: 14 yen per share as the mid-term dividend (resolved at the Board of Directors' meeting held on October 30, 2014), and 16 yen per share as the year-end dividend. Accordingly, the annual dividend will be 30 yen per share.

In the meantime, the Group officially announced that it would change its dividend payment policy approximately 40% on 3rd April, 2015. The new dividend payment policy will be taken effect from the fiscal year ending on March 31, 2016 (from interim dividend for FY2015, which will be paid in December, 2015).

6. System to Assure Appropriate Business Operations

Pursuant to provisions of Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and Article 112 of Ordinance for Enforcement of the Companies Act, the Board of Directors resolved matters, as outlined below, as a system to ensure appropriate business operations of the Company.

(1) Matters necessary for execution of Audit Committee's duties (matters provided in Article 112, Paragraph 1 of Ordinance for Enforcement of the Companies Act)

1) Matters with respect to Directors and employees assisting the Audit Committee
To establish a section exclusively to assist in the duties of the Audit Committee.

2) Matters regarding the independence of Directors and employees set forth in the preceding paragraph, from the Corporate Executive Officers

Corporate Executive Officers must give consideration to the significance of the Audit Committee and its independence from business execution departments, and must obtain consent in advance from the Audit Committee or a committee member whom the Audit Committee may appoint (hereinafter referred to as "appointed Audit Committee member") for such section's personnel affairs (transfer, evaluation, etc.), any change of organization of such section, etc.

3) System for Corporate Executive Officers and employees to report to Audit Committee and System for other reports to Audit Committee

Corporate Executive Officers and other officers and employees shall report the following to the Audit Committee or the appointed Audit Committee member:

- a. When an individual discovers any fact that has the possibility of causing substantial damage to the Company.
- b. When any officer or employee performs any act in violation of any law, ordinance or the Articles of Incorporation, or is considered to possibly perform those acts.
- c. Matters requested to be reported by the Audit Committee or the appointed Audit Committee member, and other matters considered helpful for audit.

4) System to ensure effective audit by the Audit Committee

- * Members of the Audit Committee may attend meetings of the Group Risk Management Committee and the Group Internal Audit Committee and may seek explanations and speak. They also may attend other significant meetings.
- * The Audit Committee shall receive periodic reports regarding the preparation to manage the risk and the risk status of the Group, etc., from the relevant divisions which are responsible for management of their respective risks, and regarding the internal audit status of the Group from the Internal Audit Division.
- * The Audit Committee or an appointed Audit Committee member may, as necessary, entrust the Internal Audit Division to perform any necessary investigation.
- * The Audit Committee shall receive periodic reports of the Group's companies regarding respective audit status from the Independent Auditor.
- * The Audit Committee may have outside professionals, who are independent from the divisions conducting business, assist in its audit duties.

(2) System to ensure that the Corporate Executive Officers execute their duties in compliance with laws, ordinances and the Articles of Incorporation, and system to assure appropriateness of stock company's other operations (Systems provided in Article 112, Paragraph 2 of Ordinance for Enforcement of the Companies Act).

1) System to ensure that the Corporate Executive Officers execute their duties in compliance with laws, ordinances and the Articles of Incorporation, and system to ensure that employees execute their duties in compliance with laws, ordinances and the Articles of Incorporation.

a) Compliance System

- * Establish an internal reporting system for the purpose of identifying and correcting any conduct, etc. violating laws, ordinances or other regulations in the Group at an early stage.
- * Enact rules of ethics and standards of ethical conduct for the purpose of officers' and employees' compliance with laws.
- * Hold training seminars, for officers and employees in the Group on compliance addressing the respective business features of each company.
- * Appoint a person in charge of formation and promotion of corporate compliance system across the Group, and establish a section to promote the corporate ethics among officers and employees.
- * Establish a section that gives advice regarding overall legal issues of the Group, and assist each company of the Group in activities relating to formation of systems for compliance with laws, ordinances and other rules and regulations.

b) Group Risk Management Committee

The Group Risk Management Committee, as a sectional committee of the Executive Management Committee, grasps the system for managing risks and the risk status of the Group, etc., discusses and determines the policies and actual implementation of methods relating to risk management.

c) Group Internal Audit Committee

The Group Internal Audit Committee, as a sectional committee under the CEO, discusses and determines the matters relating to development of a system to execute internal audit and verification of the internal controls for the Group's business.

d) Internal Audit Division

- * For sound and effective internal control of the Group, we believe that internal audit is an important function and have established internal audit divisions at major companies of the Group as well as in the Company.
- * The internal audit division evaluates and examines the effectiveness of the Group's internal controls, and makes proposals for improvement and efficiency of the Group's business operation.
- * The internal audit division makes proposals and reports to the Audit Committee and the Group Internal Audit Committee about the plans and results of the internal audit.

e) Internal Control on Financial Reporting

- * For preparing the necessary structure to assure appropriateness of financial statements and other information, the Company establishes basic rules relating to internal control on financial reporting.
- * The Disclosure Committee and the Group Internal Audit Committee discuss and decide important issues concerning internal control on financial reporting.

2) System for storing and managing information relating to execution of Corporate Executive Officers' duties

Information relating to execution of Corporate Executive Officers' duties shall be stored and managed properly in accordance with the rules for filing and storing documents.

3) Systems for rules and others relating to management of loss risk

- * Clarify the systems for managing the risk by establishing basic matters to properly manage various risks belonging to the entire Group for its business in accordance with each characteristic of the Group and enacting risk management regulations for the purposes of securing sound finance and appropriate business operation which provide basic policies of risk management, the category of risks to manage and Corporate Executive Officers to manage and sections to control each category of risks, etc.
- * Each section shall establish its own management rules for each risk it has control over, and shall make reports about the preparation to manage the risk and situation of the risk, etc., to the Group Risk Management Committee, etc.

- 4) System for efficient execution of Corporate Executive Officers' duties
- * Clarify Corporate Executive Officers' duties and methods of executing them, and the business operations they manage in the rules of Corporate Executive Officers.
 - * About matters which have material effect on the Company or its group, clarify the matters to be resolved and matters to be reported in the rules of the Executive Management Committee and Overseas Management Committee, etc.
- 5) System to assure appropriateness of business operation in the corporate group composed of the relevant stock companies and subsidiaries
- * Carry out a business strategy based on the Group's strategy flexibly and efficiently in each company of the Group by way of the Company's Corporate Executive Officers concurrently serving as the representatives of respective major companies of the Group, etc.
 - * Establish rules for management of group companies in Japan and overseas for the purpose of proper management of business activities of group companies in Japan and overseas.
 - * Establish regulations at each group company to grasp important information regarding the management of each group company, and to assure such information is disclosed fairly, timely and appropriately in compliance with laws, ordinances, rules and regulations.

(Note) The outline of the system to Assure Appropriate Business Operation resolved by the Board of Directors on March 31, 2015 is above. By the resolution of the Board of Directors on April 28, 2015, the Company added some necessary amendments in accordance with the amendment of the Companies Act which was effective from May 1st, 2015.

Consolidated balance sheets

(Millions of yen)

	Fiscal 2014 As of Mar. 31, 2015	[References] Fiscal 2013 As of Mar. 31, 2014
<i>Assets</i>		
Current assets:	22,190,674	18,737,101
Cash and deposits	2,985,779	1,886,958
Cash segregated as deposits	349,094	294,069
Notes and accounts receivable-trade	18,286	15,337
Securities	2,629,847	2,583,315
Trading products:	8,304,368	7,110,968
Trading securities and other	5,192,464	4,736,344
Derivatives	3,111,904	2,374,623
Operational investment securities	156,157	143,010
Allowance for investment loss	(36,633)	(35,150)
Operating loans	287,010	237,416
Work in process	1,226	619
Margin transaction assets:	240,971	264,725
Loans on margin transactions	221,524	245,827
Cash collateral pledged for securities borrowing on margin transactions	19,447	18,897
Loans secured by securities:	6,728,201	5,888,420
Cash collateral pledged for securities borrowed	6,727,866	5,886,605
Loans on Gensaki transactions	334	1,814
Advances paid	29,640	15,289
Short-term loans receivable	538	1,240
Accrued income	36,578	33,096
Deferred tax assets	11,944	10,034
Other current assets	447,985	287,954
Allowance for doubtful accounts	(323)	(205)
Non-current assets:	810,911	743,762
Property, plant and equipment:	458,534	432,365
Buildings	114,234	105,772
Equipment	16,109	15,690
Land	328,190	310,901
Intangible assets:	77,082	78,021
Goodwill	4,820	9,425
Leasehold right	5,922	5,921
Software	43,087	45,240
Other	23,251	17,433
Investments and other assets:	275,294	233,375
Investment securities	241,642	200,456
Long-term loans receivable	4,971	4,983
Long-term guarantee deposits	16,903	17,169
Deferred tax assets	1,899	323
Other	11,256	11,478
Allowance for doubtful accounts	(1,378)	(1,035)
Total assets	23,001,585	19,480,863

(Millions of yen)

	Fiscal 2014 As of Mar. 31, 2015	[References] Fiscal 2013 As of Mar. 31, 2014
Liabilities		
Current liabilities:	19,353,884	16,154,730
Notes and accounts payable-trade	5,468	5,581
Trading products:	6,014,287	5,296,428
Trading securities and other	3,374,209	3,426,718
Derivatives	2,640,078	1,869,710
Trade date accrual	288,309	74,472
Margin transaction liabilities:	55,051	52,434
Borrowings on margin transactions	9,326	5,588
Cash received for securities lending on margin transactions	45,725	46,845
Loans payable secured by securities:	7,553,191	6,330,269
Cash received on debt credit transaction of securities	7,550,001	6,299,764
Borrowings on Gensaki transaction	3,189	30,505
Deposits for banking business	2,745,681	2,197,719
Deposits received	249,183	181,509
Guarantee deposits received	503,974	395,406
Short-term loans payable	1,011,879	903,916
Commercial papers	388,380	266,480
Current portion of bonds	264,942	224,344
Income taxes payable	13,804	15,347
Deferred tax liabilities	25,931	17,989
Provision for bonuses	35,438	34,922
Other current liabilities	198,359	157,908
Non-current liabilities:	2,209,094	2,069,198
Bonds payable	1,179,092	1,249,007
Long-term loans payable	946,408	748,973
Deferred tax liabilities	25,983	14,345
Net defined benefit liabilities	36,237	33,739
Provision for loss on litigation	1,877	1,870
Negative goodwill	-	3,424
Other non-current liabilities	19,494	17,838
Reserves under the special laws:	3,926	3,471
Reserve for financial products transaction liabilities	3,926	3,471
Total liabilities	21,566,904	18,227,401
Net assets		
Shareholders' equity:	1,086,668	988,754
Capital stock	247,397	247,397
Capital surplus	231,283	230,765
Retained earnings	623,755	528,406
Treasury stock	(15,771)	(17,817)
Deposit for subscriptions to treasury stock	3	1
Accumulated other comprehensive income:	151,988	89,820
Valuation difference on available-for-sale securities	135,687	87,845
Deferred gains or losses on hedges	(26,815)	(12,935)
Foreign currency translation adjustment	43,116	14,910
Subscription rights to shares	8,205	7,363
Minority interests	187,818	167,525
Total net assets	1,434,680	1,253,462
Total liabilities and net assets	23,001,585	19,480,863

Consolidated statements of income

(Millions of yen)

	Fiscal 2014 Apr. 1, 2014 - Mar. 31, 2015	[References] Fiscal 2013 Apr. 1, 2013 - Mar. 31, 2014
Operating revenue:	659,396	642,829
Commission received:	291,115	301,937
Commission to consignees	69,950	89,634
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	37,553	29,606
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	41,051	52,706
Other fees received	142,559	129,990
Net trading income	157,220	156,499
Net gain (loss) on operational investment securities	7,415	17,454
Financial revenue	125,934	107,974
Other operating revenue	77,710	58,963
Financial expenses	80,070	60,333
Other operating expenses	47,105	40,545
Net operating revenue	532,220	541,951
Selling, general and administrative expenses:	361,380	357,358
Trading related expenses	73,676	74,360
Personnel expenses	181,772	177,049
Real estate expenses	37,009	36,260
Office cost	25,444	24,704
Depreciation	24,084	26,551
Taxes and dues	6,987	6,603
Provision of allowance for doubtful accounts	108	11
Other	12,296	11,817
Operating income (loss)	170,839	184,593
Non-operating income:	16,394	14,987
Interest income	49	224
Dividends income	5,530	4,554
Amortization of negative goodwill	3,424	4,565
Equity in earnings of affiliates	2,071	1,314
Gain on investments in partnership	628	144
Foreign exchange gains	876	-
Other	3,813	4,183
Non-operating expenses:	2,655	2,535
Interest expenses	1,460	1,368
Bond issuance cost	428	461
Foreign exchange losses	-	9
Other	767	695
Ordinary income (loss)	184,578	197,045
Extraordinary income:	5,397	9,664
Gain on sales of non-current assets	2,611	-
Gain on sales of investment securities	557	9,664
Gain on change in equity	1,456	-
Recoveries of write-offs	500	-
Other	271	-
Extraordinary loss:	8,059	11,130
Loss on sales and retirement of non-current assets	-	596
Impairment loss	3,736	5,942
Loss on valuation of investment securities	303	-
Provision of reserve for financial products transaction liabilities	454	916
Office transfer related expenses	-	738
Business restructuring cost	2,028	-
Other	1,536	2,936
Income (loss) before income taxes	181,916	195,579
Income taxes-current	21,716	19,226
Income taxes-deferred	5,727	(1,555)
Income (loss) before minority interests	154,471	177,908
Minority interests in income (loss)	5,981	8,451
Net income (loss)	148,490	169,457

Consolidated statements of changes in net assets

(Apr. 1, 2014 - Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Deposit for subscriptions to treasury stock	Total shareholders' equity
Balance at the beginning of current period	247,397	230,765	528,406	(17,817)	1	988,754
Changes of items during the period						
Dividends from surplus	-	-	(53,141)	-	-	(53,141)
Net income (loss)	-	-	148,490	-	-	148,490
Purchase of treasury stock	-	-	-	(48)	-	(48)
Disposal of treasury stock	-	518	-	2,094	-	2,612
Other	-	-	-	-	1	1
Total changes of items during the period	-	518	95,348	2,046	1	97,914
Balance at the end of current period	247,397	231,283	623,755	(15,771)	3	1,086,668

(Millions of yen)

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at the beginning of current period	87,845	(12,935)	14,910	7,363	167,525
Changes of items during the period					
Net changes of items other than shareholders' equity	47,842	(13,880)	28,205	841	20,293
Total changes of items during the period	47,842	(13,880)	28,205	841	20,293
Balance at the end of current period	135,687	(26,815)	43,116	8,205	187,818

[References]**Consolidated statements of changes in net assets****(Apr. 1, 2013 - Mar. 31, 2014)**

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Deposit for subscriptions to treasury stock	Total shareholders' equity
Balance at the beginning of current period	247,397	230,676	408,647	(19,212)	-	867,509
Changes of items during the period						
Dividends from surplus	-	-	(49,698)	-	-	(49,698)
Net income (loss)	-	-	169,457	-	-	169,457
Purchase of treasury stock	-	-	-	(78)	-	(78)
Disposal of treasury stock	-	89	-	1,473	-	1,562
Other	-	-	-	-	1	1
Total changes of items during the period	-	89	119,759	1,394	1	121,244
Balance at the end of current period	247,397	230,765	528,406	(17,817)	1	988,754

(Millions of yen)

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at the beginning of current period	76,740	(16,765)	(15,709)	6,387	164,406
Changes of items during the period					
Net changes of items other than shareholders' equity	11,104	3,830	30,620	975	3,119
Total changes of items during the period	11,104	3,830	30,620	975	3,119
Balance at the end of current period	87,845	(12,935)	14,910	7,363	167,525

Balance sheet

(Millions of yen)

	Fiscal 2014 As of Mar. 31, 2015
<i>Assets</i>	
Current assets:	566,112
Cash and deposits	147,553
Securities	60,000
Short-term loans receivable	302,705
Accounts receivable	45,749
Accrued income	4,831
Deferred tax assets	4,185
Other current assets	1,087
Non-current assets:	1,771,988
Property, plant and equipment:	44,896
Buildings	504
Equipment	2,309
Land	42,082
Intangible assets:	4,502
Software	2,405
Other	2,097
Investments and other assets:	1,722,589
Investment securities	173,110
Stocks of subsidiaries and affiliates	836,404
Investments in other securities of subsidiaries and affiliates	11,720
Long-term loans receivable	693,871
Long-term guarantee deposits	4,791
Other	2,954
Allowance for doubtful accounts	(263)
Total assets	2,338,100

(Millions of yen)

	Fiscal 2014 As of Mar. 31, 2015
<i>Liabilities</i>	
Current liabilities:	318,505
Short-term loans payable	122,902
Current portion of bonds	99,967
Accrued expenses	3,563
Loans payable secured by securities	53,670
Income taxes payable	116
Provision for bonuses	1,282
Other current liabilities	37,003
Non-current liabilities:	1,024,891
Bonds payable	533,772
Long-term loans payable	466,408
Deferred tax liabilities	22,416
Other non-current liabilities	2,293
Total liabilities	1,343,397
<i>Net assets</i>	
Shareholders' equity:	928,762
Capital stock	247,397
Capital surplus:	227,429
Legal capital surplus	226,751
Other capital surplus	677
Retained earnings:	469,703
Legal retained earnings	45,335
Other retained earnings	424,367
Retained earnings brought forward	424,367
Treasury stock	(15,770)
Deposit for subscriptions to treasury stock	3
Valuation and translation adjustments:	57,736
Valuation difference on available-for-sale securities	57,736
Subscription rights to shares	8,205
Total net assets	994,703
Total liabilities and net assets	2,338,100

Statement of income

(Millions of yen)

	Fiscal 2014 Apr. 1, 2014 - Mar. 31, 2015
Operating revenue:	165,915
Dividends from subsidiaries and affiliates	161,084
Interest on loans receivable from subsidiaries and affiliates	4,722
Other	108
Operating expenses:	22,563
Selling, general and administrative expenses:	15,539
Trading related expenses	2,193
Personnel expenses	6,770
Real estate expenses	1,507
Office cost	2,006
Depreciation	992
Taxes and dues	1,083
Other	986
Financial expenses	7,024
Operating income (loss)	143,352
Non-operating income:	14,546
Interest income	46
Dividend income	3,187
Foreign exchange gains	10,555
Other	757
Non-operating expenses:	11,278
Bond issue cost	863
Derivative loss	10,374
Other	40
Ordinary income (loss)	146,620
Extraordinary income:	857
Gain on sales of investment securities	153
Gain on sales of affiliates	52
Recoveries of write-offs	650
Extraordinary loss:	290
Loss on valuation of investment securities	290
Income (loss) before income taxes	147,187
Income taxes-current	2,374
Income taxes-deferred	(4,259)
Net income (loss)	149,071

Statement of changes in net assets

(Apr. 1, 2014 - Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Retained earnings			Treasury stock	Deposit for subscriptions to treasury stock	Total
		Additional paid-in capital	Other capital surplus	Earned surplus reserve	Other earned surplus reserve				
					General - purpose reserve	Deferred earned surplus			
Balance at the beginning of current period	247,397	226,751	158	45,335	218,000	110,437	(17,817)	1	830,266
Changes of items during the period									
Dividends from surplus	-	-	-	-	-	(53,141)	-	-	(53,141)
Net income	-	-	-	-	-	149,071	-	-	149,071
Purchase of treasury stock	-	-	-	-	-	-	(48)	-	(48)
Disposal of treasury stock	-	-	518	-	-	-	2,094	-	2,612
Others	-	-	-	-	(218,000)	218,000	-	1	1
Total changes of items during the period	-	-	518	-	(218,000)	313,930	2,046	1	98,495
Balance at the end of current period	247,397	226,751	677	45,335	-	424,367	(15,770)	3	928,762

(Millions of yen)

	Valuation and translation adjustments	Subscription Rights to shares
	Others Valuation difference on available-for-sale securities	
Balance at the beginning of current period	34,844	7,363
Changes of items during the period		
Net changes of items other than shareholders' equity	22,891	841
Total changes of items during the period	22,891	841
Balance at the end of current period	57,736	8,205

Independent Auditor's Report

May 13, 2015

The Board of Directors
Daiwa Securities Group Inc.

KPMG AZSA LLC

Hiroyuki Takanami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsunori Sadahiro (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kazuo Uchida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information of Daiwa Securities Group Inc. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Daiwa Securities Group Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Emphasis of Matter

As stated in the Notes of Subsequent events, Daiwa Office Investment Corporation, the Company's consolidated subsidiary, resolved to raise its capital through the issuance and distribution of new units with its payment date scheduled on June 1, 2015. Consequently, Daiwa Office Investment Corporation will be a Company's affiliated entity. Our opinion is not modified in respect to this matter.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 13, 2015

The Board of Directors
Daiwa Securities Group Inc.

KPMG AZSA LLC

Hiroyuki Takanami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsunori Sadahiro (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kazuo Uchida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets, a summary of significant accounting policies and other explanatory information, and the supplementary schedules of Daiwa Securities Group Inc. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Daiwa Securities Group Inc. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report

The Audit Committee has audited the performance of duties by the Directors and the Corporate Executive Officers, the business report, the statutory report (the balance sheet, the statement of income, the statement of changes in net assets, a summary of significant accounting policies and other explanatory information) and the supplementary schedules, and the consolidated statutory report (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information) for the 78th fiscal year from April 1, 2014 to March 31, 2015. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

The Audit Committee monitored and verified the contents of the resolutions of the Board of Directors regarding the matters stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and the status of internal control systems organized based on such resolutions, by receiving the report on the situation of the development and maintenance of the systems by the Directors, the Corporate Executive Officers and the employee at fixed intervals, demanding explanation as needed, expressing an opinion and cooperating with the internal audit department. In conformity with the audit standard of the audit committee and in accordance with audit policies, assignment of duties, etc., the Audit Committee attended significant meetings, received reports from Directors and Corporate Executive Officers, etc. about their execution, requested their explanation when necessary, inspected the contents of the important approval documents and other important documents, and investigated the status of the Company's affairs and assets. The Audit Committee exchanged information with and, when necessary, received reports from subsidiaries' Directors and Audit & Supervisory Board Member, etc..

In addition, the Audit Committee also observed and verified whether the accounting auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the accounting auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the accounting auditor that it had established the "system for ensuring the proper execution of its duties" (as enumerated in Article 131 of the Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, the Audit Committee requested explanations regarding the notification.

2. Results of the Audit

(1) Results of audit of the business report, etc.

- In our opinion, the business report and its supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws, regulations and the Articles of Incorporation.
- In our opinion, none of the actions taken by Directors and Corporate Executive Officers in executing their duties were irregular and none of their actions violated the provisions of applicable laws, regulations or the Articles of Incorporation.
- In our opinion, the content of the resolution by the Board of Directors regarding the organization of the internal control system stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act was appropriate, the contents of the business report regarding internal control systems organized based on such resolution was appropriate, and, furthermore, all actions of the Board of Directors with respect to executing internal control systems were carried out appropriately.

(2) Results of the audit of the statutory report and its supporting schedules

In our opinion, the auditing methods used by the accounting auditor KPMG AZSA LLC and the results of its audit were appropriate.

(3)Results of the audit of the consolidated statutory report and its supporting schedules

In our opinion, the auditing methods used by the accounting auditor KPMG AZSA LLC and the results of its audit were appropriate.

May 14, 2015

Audit Committee
Daiwa Securities Group Inc.

Committee Chairperson
Keiichi Tadaki

Committee Member
Masaru Shirataki (Full time)

Committee Member
Nobuko Matsubara

Committee Member
Hiroki Tsuda

(Note) Mr. Keiichi Tadaki, Ms. Nobuko Matsubara and Mr. Hiroki Tsuda are the outside directors provided under the provisions of Article 2, item 15 and Article 400, Paragraph 3 of the Companies Act.